Earnings report

January-June 2020

28 July 2020

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Bankia Group posts half-year attributable profit of 142 million euros

Extraordinary COVID-19 provisions total 310 million euros.

- Quarterly performance of Core Result is very positive (+19.6% vs. the first quarter of the year), thanks to buoyant net interest income (1.3%) and fee and commission income (+5.8%). In the half-year it falls 3.6% compared to the same period in 2019, due to the impact of the 12-month Euribor curve on net interest income and the reduced contribution from fixed income securities.
- The group has set aside 310 million euros to cover the potential impact of COVID-19 on its loan portfolio and real estate assets. Of this total, 185 million euros were recognised in the second quarter.
- Profit before tax is 480 million euros (-11.2% compared to the first half of 2019), not including the impact of the extraordinary COVID-19 provision. After the provision, profit before tax is 170 million euros and attributable profit is 142 million euros.
- Excluding the COVID-19 provision, second-quarter profit before tax totals 233 million euros, which is 5.6% less than in the previous quarter, on account of the annual contribution to the Single Resolution Fund (60 million euros).

The loan book has grown, driven by ICO guaranteed financing, and sales of high-value products have recovered after the impact of COVID-19 on economic activity in the period from March to May.

- Performing loans to corporates and SMEs grow 5.1% in the half-year, driven by new lending with ICO guarantees, totalling a disbursed amount of 7,450 million euros (18% of the Group's total loans to corporates and SMEs). Bankia's market share rises to 8% in loans to corporates and SMEs (+59 basis points year-on-year) and 6.09% in consumer loans (+38 basis points year-on-year).
- Net flows into mutual funds recover in the second quarter, with the market share at the end of June up 59 basis points year-on-year at 7.38%. Assets in pension plans (+4.6% quarter-on-quarter) and new insurance business (+41.5% month-on-month in June) also recover.
- The situation resulting from COVID-19 has accelerated the digitisation of the bank's customers. In June 2020, digital sales have reached 39.9% of the group's total sales (+15.5 percentage points year-on-year), and 57.1% of customers operated through digital channels (+7.4 percentage points).

Conservative risk profile, high liquidity and capital strength to face the possible impact of COVID-19 with confidence.

- The bank's credit portfolio has a low risk profile. At the end of the first half, 53% of the loan portfolio consists of mortgage financing with an average loan-to-value (LTV) ratio of 70.6% and an average seasoning of 11.9 years. In consumer finance loans, 85% of the outstanding balance consists of pre-approved loans, and 73% of loans to corporates and SMEs are to large and medium-sized companies, with no concentration in the sectors most affected by COVID-19.
- At the end of June, the gross NPA ratio stands at 6.2%, with NPA coverage of 50% after the provisions set aside for COVID-19, an increase of 1.3 percentage points compared to December.
- The institution has drawn the maximum amount available under the ECB's TLTRO III facility (22,919 million euros).
- Turning to capital ratios, Bankia has a CET1 ratio phase-in of 14.32% and a CET1 fully loaded of 13.27%. These levels entail a buffer of +594 basis points above the regulatory minimum for 2020 at the phase-in CET1 level and +489 basis points on a fully loaded basis. Moreover, the easing of capital requirements in response to the COVID-19 crisis has had a positive impact on capital amounting to +68 basis points for the Group, which has not yet been recognised and which would place the CET 1 fully loaded regulatory ratio 13.95% at 30 June 2020.

1. RELEVANT DATA

	Jun-20	Dec-19	Change
Balance sheet (€ million)			
Total assets	218,455	208,468	4.8%
Loans and advances to customers (net)	122,310	117,444	4.1%
Loans and advances to customers (gross)	125,603	120,623	4.1%
On-balance-sheet customer funds	146,896	143,464	2.4%
Customer deposits and clearing houses	128,318	124,785	2.8%
Borrowings, marketable securities	15,619	15,697	(0.5%)
Subordinated liabilities	2,959	2,983	(0.8%)
Total customer funds	177,218	174,267	1.7%
Equity	12,883	13,142	(2.0%)
Common Equity Tier I - BIS III Phase In	10,957	11,120	(1.5%)
Solvency (%)			
Common Equity Tier I - BIS III Phase In	14.32%	14.32%	-
Total capital ratio - BIS III Phase In	18.34%	18.09%	+0.25 p.p.
Ratio CET1 BIS III Fully Loaded	13.27%	13.02%	+0.25 p.p.
Ratio CET1 BIS III Fully Loaded without unrealised gains on the fair value sovereign (FV) portfoli	13.20%	12.84%	+0.36 p.p.
Risk management (€ million and %)			
Total risk	133,076	128,156	3.8%
Non performing loans	6,464	6,465	(0.0%)
NPL provisions	3,591	3,491	2.9%
NPL ratio	4.9%	5.0%	+0.1 p.p.
NPL coverage ratio	55.6%	54.0%	+1.6 p.p.
	Jun-20	**Jun-19**	**Change**
Results (€ million)			
Net interest income	922	1,018	(9.4%)
Gross income	1,607	1,671	(3.9%)
"Core" result (Net interest income + Net fees and commissions - Operating Expenses)	616	639	(3.6%)
Pre-provision profit	717	759	(5.6%)
Profit before taxes pre-COVID-19 provision	480	540	(11.2%)
COVID-19 provision	(310)	-	-
Profit before taxes post COVID-19 provision	170	540	(68.6%)
Profit/(loss) attributable to the Group	142	400	(64.4%)
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	55.4%	54.6%	+0.8 p.p.
R.O.A. (Profit after tax / Average total assets) (1)	0.1%	0.4%	-0.3 p.p.
RORWA (Profit after tax / RWA) (2)	0.4%	1.0%	-0.6 p.p.
ROE (Profit attributable to the group / Equity) (3)	2.2%	6.3%	-4.1 p.p.
ROTE (Profit attributable to the group / Average tangible equity) (4)	2.3%	6.5%	-4.2 p.p.
ROE (Profit attributable to the group / Equity) pre COVID-19	5.6%	6.3%	-0.7 p.p.
ROTE (Profit attributable to the group / Average tangible equity) pre COVID-19	5.8%	6.5%	-0.7 p.p.
	Jun-20	**Dec-19**	**Change**
Bankia share			
Number of shareholders	173,082	173,949	(0.5%)
Number of shares in issue (million)	3,070	3,070	0.0%
Closing price (end of period, €) (5)	0.95	1.90	(50.1%)
Market capitalisation (€ million)	2,911	5,840	(50.1%)
Earnings per share (6) (€)	0.09	0.18	(47.1%)
Tangible book value per share (7) (€)	4.09	4.21	(3.0%)
PER (Last price (5) / Earnings per share (6))	10.17x	10.79x	(5.7%)
PTBV (Last price (5) / Tangible book value per share)	0.23x	0.45x	(48.6%)
Cash dividend per share (cents) (8)	-	11.576	-
Additional information			
Number of branches	2,267	2,275	(0.4%)
Number of employees	15,947	16,035	(0.5%)

(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 Jun-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 Jun-20 is not deducted any expected dividend payment against 2020 result.
(5) Using the last price as of 30 June 2020 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 Jun-20 is not contemplated any dividend payment against 2020 result.

2. ECONOMIC AND FINANCIAL ENVIRONMENT

The rapid spread of the COVID-19 virus, especially in March and April, has sparked a **historic global recession**, the most severe since the Second World War, as a result of lockdown measures to stem the epidemic. Although since May the restrictions on mobility and gatherings have been relaxed and business activity has picked up strongly in general, we estimate that world GDP dropped 5% in the second quarter of 2020, following a fall of 3% in the first quarter. The recession affects all the main economies except China, which suffered a shock in the first quarter and started to recover in March. In the US and the euro area, the quarterly fall in GDP is expected to be between 8% and 9%, although in Europe there will be significant differences between countries: the contraction could exceed 10% in the countries most dependent on tourism and with less fiscal muscle (France, Spain and Italy) but is likely to be less severe in Germany (an estimated fall of 7%).

The scenario is still highly adverse, but the situation is improving, thanks to the exceptional fiscal support measures (more than $10 trillion worldwide) and the most expansionary monetary policy ever seen. The Federal Reserve established a set of 11 lending facilities, involving practically all market segments, and has boosted the volume of some of them, while the ECB introduced new long-term refinancing operations for banks and improved the terms of existing facilities. The ECB also decided to increase the Pandemic Emergency Purchase Programme (PEPP), launched in March, from 750 billion euros to 1,350 billion and extended it until at least June 2021. All this has meant that, in just one quarter, the balance sheet of both central banks has grown substantially (+23% for the ECB and +35% for the Fed).

These measures have clearly been effective, as tensions have eased in all markets, especially the interbank market. The increase in the 12-month Euribor in the early stages of the crisis, due, among other things, to an increase in the risk premium, has been largely corrected. Peripheral bonds have also been another major beneficiary of the ECB's strategy: Spanish and Italian 10-year yields fell by just over 20 bp and the two governments have had no difficulty meeting their borrowing needs.

In Spain, the crisis resulting from COVID-19 and the restrictions imposed in order to stop its spread have given rise to a historic decline in activity and employment. The extraordinary fall in GDP in the first quarter of 2020 (-5.2% quarter-on-quarter) will be amply exceeded in the second quarter, given that the lockdown measures have been in place for much of that period, compared to only two weeks in the previous quarter. Despite the mitigating effect of the temporary layoff schemes (ERTEs), employment fell 4.9% during the quarter (950,000 fewer registered employed than in the first quarter), making this the worst quarter in the series. Nevertheless, the drop in employment is consistent with the unprecedented decline in GDP (the Banco de España estimates a fall of between 16% and 21.8% quarter-on-quarter). On the positive side, households are in a better financial position to face the crisis. Although the growth of household income slowed in the first quarter of 2020, the slower growth has been cushioned by the support measures, while consumption has fallen sharply under lockdown. As a result, the household savings rate has soared (8.8 per cent of gross disposable income, the highest level in eight years), as also has household financing capacity (2.3 per cent of GDP, a new record).

At the end of this second quarter, the impact of the health crisis on **the banking sector** is evident. In this crisis, however, the banks have started from a strong position, underpinned by improved balance sheet quality and the major capital strengthening undertaken in recent years. Lending to corporates and SMEs is growing strongly, driven by intensive use of state-guaranteed lines of credit, while loans to households have been affected by the decrease in home mortgages and, above all, consumer loans, which would have been more severe without payment holidays. On the funding side, deposits by households and corporates and SMEs have increased strongly, reflecting the increase in the savings rate and the preference for low-risk assets. The positive market effect has partly offset the sharp decline in mutual and pension fund assets in March. The measures to increase operational, prudential and regulatory flexibility to facilitate the proper functioning of the banking system and the recommendations to suspend dividend payments and be prudent in paying bonuses to employees have proven effective in channelling funds to strengthen capital positions and facilitate the flow of credit to the economy in recent months. The current situation of high uncertainty has significantly increased the downward pressure on bank profitability, in view of a potential deterioration in asset quality, which will require additional efforts to reduce costs and improve efficiency, while addressing other more recent challenges in relation to digitisation and cyber security.

3. SUMMARY OF RESULTS

The Bankia Group posts attributable profit of 142 million euros, after setting aside extraordinary provisions of 310 million euros for COVID-19.

Attributable profit for **the first half** of 2020 is down 64.4% compared to June 2019, at 142 million euros. This decline is due mainly to the **extraordinary provisions** of 310 million euros set aside to face the scenario created by the COVID-19 crisis.

Attributable profit for **the second quarter** totals 48 million euros, 49% less than in the first quarter, due to the expense of the annual contribution to the Single Resolution Fund (60 million euros) and the quarterly allocation to the COVID-19 risk coverage fund (185 million euros).

Core Result rises 19.6% in the quarter, to 335 million euros, driven by strong fee and commission income and reduced costs.

INCOME STATEMENT

			Change	
(€ million)	1H 2020	1H 2019	Amount	%
Net interest income	**922**	**1,018**	**(96)**	**(9.4%)**
Dividends	1	14	(14)	(96.4%)
Share of profit/(loss) of companies accounted for using the equity method	24	29	(4)	(15.4%)
Total net fees and commissions	584	533	51	9.5%
Gains/(losses) on financial assets and liabilities	130	140	(9)	(6.8%)
Exchange differences	13	7	6	79.5%
Other operating income/(expense)	(67)	(70)	3	(3.8%)
Gross income	**1,607**	**1,671**	**(64)**	**(3.9%)**
Administrative expenses	(796)	(813)	18	(2.2%)
Staff costs	(540)	(571)	31	(5.5%)
General expenses	(256)	(243)	(13)	5.5%
Depreciation and amortisation	(94)	(99)	4	(4.5%)
Pre-provision profit	**717**	**759**	**(42)**	**(5.6%)**
Provisions	(210)	(186)	(24)	12.8%
Provisions (net)	(25)	(45)	20	(44.8%)
Impairment losses on financial assets (net)	(185)	(141)	(44)	31.1%
Operating profit/(loss) pre COVID-19 provision	**507**	**573**	**(66)**	**(11.5%)**
Impairment losses on non-financial assets	(8)	(9)	2	(18.2%)
Other gains and other losses	(19)	(23)	4	(16.7%)
Profit/(loss) before tax pre COVID-19 provision	**480**	**540**	**(60)**	**(11.2%)**
Extraordinary COVID-19 provision	(310)	-	(310)	-
Profit/(loss) before tax post COVID-19 provision	**170**	**540**	**(370)**	**(68.6%)**
Corporate income tax	(27)	(140)	113	(80.6%)
Profit/(loss) in the period	**142**	**400**	**(258)**	**(64.4%)**
Profit/(Loss) attributable to minority interests	0.1	0.8	(0.7)	(85.9%)
Profit/(loss) attributable to the Group	**142**	**400**	**(257)**	**(64.4%)**
Cost to Income ratio (1)	**55.4%**	**54.6%**	**+0.8 p.p.**	**0.8%**
Recurring Cost to Income ratio (2)	**60.8%**	**59.8%**	**+1.0 p.p.**	**1.0%**
PRO-MEMORY				
"Core" Result (3)	**616**	**639**	**(23)**	**(3.6%)**

(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)	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
Net interest income	**464**	**458**	**503**	**502**	**516**	**502**
Dividends	0	0	3	1	14	1
Share of profit/(loss) of companies accounted for using the equity	12	12	18	13	15	14
Total net fees and commissions	300	284	284	263	273	260
Gains/(losses) on financial assets and liabilities	66	64	62	97	102	37
Exchange differences	4	9	3	5	4	3
Other operating income/(expense)	(63)	(4)	(174)	(5)	(66)	(4)
Gross income	**784**	**823**	**699**	**875**	**858**	**813**
Administrative expenses	(381)	(415)	(394)	(409)	(407)	(407)
Staff costs	(255)	(285)	(267)	(282)	(286)	(285)
General expenses	(126)	(130)	(127)	(127)	(121)	(122)
Depreciation and amortisation	(48)	(47)	(53)	(49)	(49)	(50)
Pre-provision profit	**355**	**361**	**252**	**417**	**402**	**357**
Provisions	(111)	(99)	(173)	(119)	(121)	(65)
Provisions (net)	(11)	(14)	17	14	(35)	(10)
Impairment losses on financial assets (net)	(100)	(85)	(189)	(132)	(86)	(55)
Operating profit/(loss) pre COVID-19 provision	**245**	**262**	**80**	**299**	**281**	**292**
Impairment losses on non-financial assets	(5)	(3)	(5)	(5)	(6)	(4)
Other gains and other losses	(7)	(12)	(110)	(42)	(4)	(19)
Profit/(loss) before tax pre COVID-19 provision	**233**	**247**	**(36)**	**252**	**271**	**269**
Extraordinary COVID-19 provision	(185)	(125)	-	-	-	-
Profit/(loss) before tax post COVID-19 provision	**48**	**122**	**(36)**	**252**	**271**	**269**
Corporate income tax	0	(27)	2	(76)	(76)	(64)
Profit/(loss) in the period	**48**	**94**	**(34)**	**176**	**196**	**205**
Profit/(Loss) attributable to minority interests	0.1	0.1	0.1	0.0	0.8	(0.0)
Profit/(loss) attributable to the Group	**48**	**94**	**(34)**	**176**	**195**	**205**
Cost to Income ratio (1)	**54.7%**	**56.1%**	**63.9%**	**52.3%**	**53.2%**	**56.1%**
Recurring Cost to Income ratio (2)	**60.1%**	**61.5%**	**70.4%**	**59.2%**	**60.7%**	**59.0%**
PRO-MEMORY						
"Core" Result (3)	**335**	**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

- **Cumulative net interest income for the half-year totals 922 million euros**, a decrease of 9.4% compared to June 2019, due to the impact which the interest rate curve (fall in the 12-month Euribor) has had on the return of the credit book (mainly mortgage loans) and to the decline in interest income from fixed income securities and non-performing loans. Part of this decline has been offset by the lower cost of deposits and the positive effect of the measures taken by the ECB in October 2019, when the portion of excess liquidity holdings that is exempt from negative interest rates (tiering) was increased.

  Compared to the first quarter of 2020, net interest income is up 1.3%, under the positive impact of the increase in ECB funding remunerated at positive rates and the savings in finance costs resulting from the measures introduced by the central bank in October the previous year. These effects have offset the lower loan yield associated with the change in portfolio mix, with a larger proportion of loans to corporates and SMEs and a smaller proportion of consumer loans, as well as lower collections on non-performing loans.

REVENUES AND EXPENSES

	2Q 2020			1Q 2020			2Q 2020			2Q 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)	17,143	43	1.00%	17,604	29	0.67%	17,143	43	1.00%	16,477	27	0.66%
Net loans and advances to customers (a)	120,324	457	1.53%	117,092	464	1.59%	120,324	457	1.53%	118,299	517	1.75%
Debt securities	48,836	57	0.47%	45,148	56	0.50%	48,836	57	0.47%	49,070	80	0.65%
Other interest earning assets (3)	989	1	0.42%	1,049	1	0.39%	989	1	0.42%	1,022	3	1.31%
Other non-interest earning assets	26,210	-	-	26,480	-	-	26,210	-	-	27,401	-	-
Total Assets (b)	**213,503**	**557**	**1.05%**	**207,372**	**551**	**1.07%**	**213,503**	**557**	**1.05%**	**212,269**	**628**	**1.19%**
Deposits from central banks and credit (2)	44,370	16	0.14%	40,342	18	0.18%	44,370	16	0.14%	41,033	25	0.24%
Customer deposits (c)	126,222	22	0.07%	123,121	21	0.07%	126,222	22	0.07%	128,328	31	0.10%
Strict Customer Deposits	*121,106*	*10*	*0.03%*	*117,857*	*8*	*0.03%*	*121,106*	*10*	*0.03%*	*121,449*	*10*	*0.03%*
Repos	*215*	*1*	*1.15%*	*81*	*1*	*3.02%*	*215*	*1*	*1.15%*	*655*	*1*	*0.37%*
Single-certificate covered bonds	*4,900*	*12*	*0.97%*	*5,182*	*13*	*1.00%*	*4,900*	*12*	*0.97%*	*6,223*	*21*	*1.33%*
Marketable securities	15,597	35	0.91%	15,761	37	0.94%	15,597	35	0.91%	14,646	29	0.80%
Subordinated liabilities	2,952	15	2.09%	2,969	15	2.10%	2,952	15	2.09%	3,478	20	2.28%
Other interest earning liabilities (3)	1,371	4	1.22%	1,569	1	0.33%	1,371	4	1.22%	1,552	7	1.79%
Other liabilities with no cost	10,055	-	-	10,327	-	-	10,055	-	-	10,023	-	-
Equity	12,937	-	-	13,284	-	-	12,937	-	-	13,209	-	-
Total equity and liabilities (d)	**213,503**	**93**	**0.18%**	**207,372**	**93**	**0.18%**	**213,503**	**93**	**0.18%**	**212,269**	**112**	**0.21%**
Customer margin (a-c)			**1.46%**			**1.52%**			**1.46%**			**1.65%**
Net interest margin (b-d)		**464**	**0.87%**		**458**	**0.89%**		**464**	**0.87%**		**516**	**0.98%**

(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) as according to accounting standards, income arising from the application 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) as according to accounting standards, income arising from the application 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 fee and commission income performed strongly, posting year-on-year growth of 9.5%**, thanks to the good performance of fee income from the more recurring banking business with customers and the fees and commissions generated by the wholesale business, which offset the decrease in fees and commissions on cards and foreign exchange due to the slump in activity in April and May.

  The positive trend is also apparent in the quarterly result, with net fee and commission income up 10% in the quarter, reflecting increased revenue from customer services as a result of the new commercial positioning and the growth of wholesale transactions. The strong performance of these two business lines offset the lower volume of fee and commission income from payment and asset management services due to the impact of COVID-19 on transaction volume in the second quarter.

NET FEE AND COMMISSION INCOME

(€ million)	6M 2020	6M 2019	Change Amount	Change %
Assets under management	**208**	**206**	**1**	**0.6%**
Securities brokerage service	37	33	4	11.4%
Mutual funds, Pension funds and insurances	171	174	(2)	(1.4%)
Payments services	**146**	**165**	**(19)**	**(11.4%)**
Bills of exchange	10	10	(1)	(6.4%)
Debit and credit cards	107	125	(17)	(13.9%)
Payments services	29	30	(1)	(2.7%)
Origination	**103**	**99**	**4**	**4.5%**
Contingent risks and commitments	50	49	2	4.1%
Forex	15	19	(4)	(19.1%)
Structuring and design of transactions and others	37	31	6	19.5%
Management of NPLs, write offs and others	**58**	**67**	**(9)**	**(13.0%)**
Management of NPLs and write offs	0	1	(1)	(90.8%)
Claims on Past due	58	66	(8)	(11.9%)
Accounts administration (sight deposits)	**102**	**39**	**64**	**164.5%**
Sight deposits	102	39	64	164.5%
Fees and commissions received	**618**	**575**	**42**	**7.3%**
Fees and commissions paid	**34**	**42**	**(8)**	**(20.0%)**
TOTAL NET FEE AND COMMISSION INCOME	**584**	**533**	**51**	**9.5%**

(€ million)	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	Change 2Q 2019	Change 1Q 2020
Assets under management	**103**	**105**	**104**	**101**	**106**	**100**	**(2.9%)**	**(1.5%)**
Securities brokerage service	19	17	18	17	16	17	19.1%	12.5%
Mutual funds, Pension funds and insurances	84	87	86	83	90	84	(6.8%)	(4.2%)
Payments services	**65**	**81**	**90**	**83**	**86**	**79**	**(24.6%)**	**(20.5%)**
Bills of exchange	4	6	6	5	5	5	(23.5%)	(31.3%)
Debit and credit cards	47	60	69	64	66	59	(28.1%)	(21.0%)
Payments services	13	16	15	14	15	15	(9.1%)	(14.8%)
Origination	**55**	**48**	**57**	**54**	**50**	**49**	**9.5%**	**13.0%**
Contingent risks and commitments	25	25	26	25	24	24	2.9%	(1.7%)
Forex	7	9	10	11	10	9	(30.0%)	(22.5%)
Structuring and design of transactions and ot	23	14	21	18	16	15	42.7%	60.5%
Management of NPLs, write offs and othe	**26**	**32**	**35**	**30**	**33**	**33**	**(21.0%)**	**(17.2%)**
Management of NPLs and write offs	0	0	2	1	1	0	(94.6%)	(37.7%)
Claims on Past due	26	32	33	30	33	33	(19.6%)	(17.1%)
Accounts manteinance (Sight deposits)	**67**	**36**	**19**	**18**	**20**	**19**	**239.1%**	**87.2%**
Fees and commissions received	**316**	**302**	**306**	**286**	**295**	**281**	**7.0%**	**4.6%**
Fees and commissions paid	**16**	**18**	**22**	**23**	**22**	**20**	**(29.2%)**	**(14.5%)**
TOTAL NET FEE AND COMMISSION INCOM	**300**	**284**	**284**	**263**	**273**	**260**	**10.0%**	**5.8%**

- **Operating expenses are down 2.4% compared to the first half of 2019**, reaching 890 million euros at the end of June 2020, the sharpest decrease being in staff costs (-5.5%, due to, among others, temporary lay-offs because of COVID-19). The fall in costs brings the efficiency ratio at the end of the first half to 55.4%.

  Quarter-on-quarter, operating expenses are down 5.9%, due to the impact of temporary lay-offs on staff costs and cost savings during the state of alarm decreed by the Government in mid-March.

OPERATING EXPENSES

			Change	
(€ million)	6M 2020	6M 2019	Amount	%
Staff costs	**540**	**571**	**(31)**	**(5.5%)**
Wages and salaries	380	419	(39)	(9.3%)
Social security costs	119	113	5	4.4%
Pension plans	29	26	3	13.7%
Others	12	13	(1)	(5.2%)
General expenses	**256**	**243**	**13**	**5.5%**
From property, fixtures and supplies	27	31	(5)	(14.6%)
IT and communications	109	103	6	6.3%
Advertising and publicity	26	28	(2)	(6.1%)
Technical reports	18	17	1	3.9%
Surveillance and security courier services	8	9	(1)	(7.5%)
Levies and taxes	15	15	(0)	(0.2%)
Insurance and self-insurance premiums	2	2	(0)	(10.0%)
Other expenses	51	38	13	35.2%
ADMINISTRATIVE EXPENSES	**796**	**813**	**(18)**	**(2.2%)**
AMORTISATIONS	**94**	**99**	**(4)**	**(4.5%)**
TOTAL OPERATING EXPENSES	**890**	**912**	**(22)**	**(2.4%)**

							Change	
(€ million)	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	2Q 2019	1Q 2020
Staff costs	**255**	**285**	**267**	**282**	**286**	**285**	**(10.9%)**	**(10.7%)**
Wages and salaries	176	203	192	206	211	208	(16.5%)	(13.4%)
Social security costs	59	60	57	56	57	57	3.5%	(1.7%)
Pension plans	14	15	12	13	11	14	23.4%	(5.1%)
Others	6	7	5	7	7	7	(15.8%)	(20.4%)
General expenses	**126**	**130**	**127**	**127**	**121**	**122**	**4.3%**	**(2.6%)**
From property, fixtures and supplies	12	14	12	16	16	15	(24.0%)	(11.9%)
IT and communications	54	55	52	53	51	52	7.0%	(1.7%)
Advertising and publicity	13	14	13	14	14	14	(11.3%)	(8.2%)
Technical reports	10	8	9	10	11	6	(12.3%)	15.6%
Surveillance and security courier services	4	4	5	5	4	4	(15.4%)	(15.6%)
Levies and taxes	7	7	8	10	8	7	(6.4%)	1.5%
Insurance and self-insurance premiums	1	1	1	1	1	1	(5.3%)	5.4%
Other expenses	25	26	27	20	16	22	62.3%	(1.6%)
ADMINISTRATIVE EXPENSES	**381**	**415**	**394**	**409**	**407**	**407**	**(6.4%)**	**(8.2%)**
AMORTISATIONS	**48**	**47**	**53**	**49**	**49**	**50**	**(2.6%)**	**2.7%**
TOTAL OPERATING EXPENSES	**429**	**461**	**447**	**458**	**456**	**456**	**(5.9%)**	**(7.1%)**

- The Group ends the first half of 2020 with Core Result (net interest income and fee and commission income, less operating expenses) of 616 million euros, 3.6% less than in June 2019 but still showing a good performance on a quarterly basis, thanks to higher fee and commission income and lower expenses, which brings Core Result for the second quarter to 335 million euros, up 19.6% compared to the previous quarter.

- **Not including the extraordinary provision of 310 million euros** recorded in the first half of the year to cover the potential impact of the crisis caused **by COVID-19**, provision expense and other results for the first half of 2020 totals a net expense of 237 million euros, an increase of 8.3% compared to the first half of 2019.

  Including the COVID-19 provision, provision expense and other results come to **547 million euros at June 2020.** The allocation of 310 million euros to the risk coverage fund has been made in compliance with applicable accounting standards (IFRS 9), under which prospective macroeconomic information on the future effects of changes in variables to which the credit risk models are sensitive is included in the calculation of provisions. The provision has been recorded as an adjustment (overlay approach) on the basis of the expected deterioration of economic conditions as a result of the pandemic and taking the mitigating effects of state and industry-sponsored support measures in response to the crisis into account. However, the future development of the macroeconomic situation and the effectiveness of the support measures once implemented remain highly uncertain, so additional provisions may be required in the future.

  Not including the extraordinary COVID-19 provision, net provision expense and other results has increased by 9 million euros (+7.9%) compared to the first quarter, or 69 million euros (+28.9%) if the extraordinary COVID-19 provision is included.

  Other results includes gains and losses on the sale of real estate assets and equity interests and shows a decrease of 30 million euros (-61.7%) in the first half of 2020, on account of the gains recorded the previous year on the sale of singular real estate assets.

- Recurring provisions for credit risk (excluding the extraordinary COVID-19 provision) **bring the group's ordinary cost of risk to 0.27**% at the end of June 2020, in line with previous quarters. If the extraordinary COVID-19 provision is included, the cost of risk rises to 0.73%.

PROVISION EXPENSE AND OTHER INCOME AND EXPENSE

			Change	
(€ million)	6M 2020	6M 2019	Amount	%
Impairment losses on:	**(193)**	**(151)**	**(42)**	**28.0%**
Financial assets	(185)	(141)	(44)	31.1%
Non-financial assets	(8)	(9)	2	(18.2%)
Other provisions	**(63)**	**(117)**	**54**	**(46.3%)**
Impairment losses on Real Estate Assets	(38)	(72)	34	(47.2%)
Rest	(25)	(45)	20	(44.8%)
TOTAL ORDINARY PROVISIONS	**(256)**	**(268)**	**12**	**(4.5%)**
OTTHER RESULTS	**19**	**49**	**(30)**	**(61.7%)**
Provision expense and other results pre COVID-19 provision	**(237)**	**(219)**	**(18)**	**8.3%**
Extraordinary provision COVID-19 (1)	**(310)**	**-**	**(310)**	**-**
Provision expense and other results	**(547)**	**(219)**	**(328)**	**149.9%**

(1) Includes impairment losses on financial assets of €295mn and on Real Estate assets of €15mn.

							Change on	
(€ million)	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	2Q 2019	1Q 2020
Impairment losses on:	**(105)**	**(88)**	**(195)**	**(137)**	**(92)**	**(59)**	**14.2%**	**19.4%**
Financial assets	(100)	(85)	(189)	(132)	(86)	(55)	16.3%	17.6%
Non-financial assets	(5)	(3)	(5)	(5)	(6)	(4)	(16.7%)	73.7%
Other provisions	**(34)**	**(29)**	**(40)**	**(58)**	**(76)**	**(41)**	**(56.0%)**	**13.8%**
Impairment losses on Real Estate Assets	(23)	(15)	(56)	(72)	(41)	(31)	(44.3%)	50.8%
Rest	(11)	(14)	17	14	(35)	(10)	(69.7%)	(25.8%)
TOTAL ORDINARY PROVISIONS	**(139)**	**(117)**	**(235)**	**(195)**	**(168)**	**(100)**	**(17.6%)**	**18.0%**
OTTHER RESULTS	16	3	(54)	29	38	12	(57.3%)	-
Provision expense and other results pre COVID-19 provision	**(123)**	**(114)**	**(288)**	**(165)**	**(131)**	**(88)**	**(6.2%)**	**7.9%**
Extraordinary provision COVID-19 (1)	**(185)**	**(125)**	**-**	**-**	**-**	**-**	**-**	**48.0%**
Provision expense and other results	**(308)**	**(239)**	**(288)**	**(165)**	**(131)**	**(88)**	**135.4%**	**28.9%**

(1) In 2Q 2020 includes €185mn of impairment losses on financial assets and in 1Q 2020, €110mn of impairment losses on financial assets and €15mn of impairment losses on Real Estate assets.

4. BALANCE SHEET PERFORMANCE

Performing loan book increases due to ICO guaranteed financing to corporates and SMEs and Bankia's market shares rise in profitable segments. Off-balance-sheet products recover in the second quarter, after the impact of COVID-19 in the period from March to May

			Change	
(€ million)	Jun-20	Dec-19	Amount	%
Cash and balances at central banks	15,982	13,203	2,779	21.0%
Financial assets held for trading	7,162	6,691	471	7.0%
Trading derivatives	6,890	6,519	371	5.7%
Debt securities	271	171	100	58.6%
Equity instruments	0.9	1.4	(0.5)	(36.9%)
Financial assets designated at fair value through profit or loss	11	35	(24)	(69.8%)
Debt securities	0.2	0.2	(0.0)	(20.3%)
Loans and advances to credit institutions	0	23	(23)	(100.0%)
Loans and advances to customers	10	11	(1)	(8.3%)
Financial assets designated at fair value through equity	9,701	11,982	(2,281)	(19.0%)
Debt securities	9,624	11,906	(2,282)	(19.2%)
Equity instruments	76	76	1	0.9%
Financial assets at amortised cost	165,841	155,968	9,873	6.3%
Debt securities	37,776	33,068	4,708	14.2%
Loans and advances to credit institutions	5,766	5,467	298	5.5%
Loans and advances to customers	122,299	117,433	4,866	4.1%
Hedging derivatives	2,432	2,499	(66)	(2.7%)
Investments in subsidaries, joint ventures and associates	451	455	(4)	(0.8%)
Tangible and intangible assets	3,062	3,019	44	1.4%
Non-current assets held for sale	1,750	2,152	(401)	(18.7%)
Other assets	12,063	12,465	(402)	(3.2%)
TOTAL ASSETS	**218,455**	**208,468**	**9,987**	**4.8%**
Financial liabilities held for trading	6,985	6,750	234	3.5%
Trading derivatives	6,732	6,479	253	3.9%
Short positions	253	271	(19)	(6.9%)
Financial liabilities at amortised cost	195,700	185,176	10,524	5.7%
Deposits from central banks	23,026	13,809	9,218	66.8%
Deposits from credit institutions	23,830	26,460	(2,630)	(9.9%)
Customer deposits and funding via clearing houses	128,318	124,785	3,533	2.8%
Debt securities	18,579	18,680	(101)	(0.5%)
Other financial liabilities	1,947	1,443	504	35.0%
Hedging derivatives	99	87	12	13.4%
Provisions	1,453	1,754	(301)	(17.1%)
Other liabilitiess	1,207	1,365	(158)	(11.6%)
TOTAL LIABILITIES	**205,444**	**195,133**	**10,311**	**5.3%**
Minority interests	13	13	0	1.0%
Other accumulated results	114	180	(66)	(36.5%)
Equity	12,883	13,142	(259)	(2.0%)
TOTAL EQUITY	**13,011**	**13,335**	**(324)**	**(2.4%)**
TOTAL EQUITY AND LIABILITIES	**218,455**	**208,468**	**9,987**	**4.8%**

- Gross **loans and advances to customers** ended June 2020 at **125,603** million euros, 4.1% more than in December 2019, thanks to new ICO guaranteed lending in the corporate and SME segment. Non-performing loans are up 0.9%, after non-performing assets grossing approximately 288 million euros which were reclassified from non-current assets held for sale (see section 5, Risk Management).

  New state-backed lending raises the balance of performing loans to corporates and SMEs by 5.5% in the half-year. In contrast, consumer and mortgage loans are down 0.4% and 1.3%, respectively, due to the impact of COVID-19 on new lending and scheduled maturities in the mortgage portfolio.

  Despite this, Bankia's market shares have grown in key segments, reaching 6.09% in consumer loans (+38 basis points year-on-year) and 8% in loans to corporates and SMEs (+59 basis points year-on-year), according to data for the end of May 2020.

LOANS AND ADVANCES TO CUSTOMERS

			Change	
(€ million)	Jun-20	Dec-19	Amount	%
Spanish public sector	4,684	4,702	(18)	(0.4%)
Other resident sectors	109,163	104,932	4,232	4.0%
Secured loans	68,699	70,049	(1,350)	(1.9%)
Other term loans	32,675	26,993	5,682	21.1%
Commercial credit	4,192	5,326	(1,133)	(21.3%)
Receivable on demand and other	3,597	2,565	1,033	40.3%
Non-residents	4,533	3,940	594	15.1%
Repo transactions	57	15	42	-
Other financial assets	1,008	950	58	6.1%
Other valuation adjustments	250	232	18	7.9%
Non-performing loans	5,907	5,853	54	0.9%
TOTAL GROSS LOANS AND ADVANCES TO CUSTOMERS	**125,603**	**120,623**	**4,980**	**4.1%**
Loan loss reserve	(3,293)	(3,179)	(114)	3.6%
NET LOANS AND ADVANCES TO CUSTOMERS	**122,310**	**117,444**	**4,866**	**4.1%**
GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPLs & REF	**119,639**	**114,755**	**4,884**	**4.3%**

- **Retail customer funds are up 2.3% in the half-year, due to growth in strict deposits (+3.3%)**, as the business shutdown and economic uncertainty caused by COVID-19 have encouraged saving. In contrast, inflows into mutual funds and pension funds show a slight decline (-0.9% and -3.3%, respectively), due to the fall in customer funds and adverse market behaviour caused by the effects of COVID-19, albeit with a marked recovery in the second quarter.

RETAIL CUSTOMER FUNDS

						Change on Dec-19	
(€ million)	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Amount	%
Spanish public sector	**5,762**	**4,980**	**4,778**	**7,130**	**6,825**	**984**	**20.6%**
Other resident sectors	**115,541**	**111,163**	**112,509**	**112,935**	**114,256**	**3,032**	**2.7%**
Current accounts	81,121	62,205	40,712	40,208	40,134	40,409	99.3%
Savings accounts	9,596	22,394	41,897	40,055	40,208	(32,301)	(77.1%)
Term deposits	24,824	26,564	29,900	32,672	33,914	(5,076)	(17.0%)
Non-residents	**2,161**	**2,271**	**2,226**	**2,427**	**2,409**	**(65)**	**(2.9%)**
Strict Customer Deposits	**123,465**	**118,415**	**119,514**	**122,492**	**123,489**	**3,951**	**3.3%**
Mutual funds	22,124	20,640	22,329	21,326	20,717	(205)	(0.9%)
Pension funds	8,198	7,840	8,474	8,329	8,234	(276)	(3.3%)
Total customer off-balance funds (1)	**30,322**	**28,480**	**30,803**	**29,655**	**28,951**	**(481)**	**(1.6%)**
TOTAL	**153,787**	**146,894**	**150,316**	**152,147**	**152,440**	**3,470**	**2.3%**

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

TOTAL CUSTOMER FUNDS

(€ million)	Jun-20	Dec-19	Change Amount	Change %
Spanish public sector	5,762	4,778	984	20.6%
Other resident sectors	120,394	117,780	2,614	2.2%
Current accounts	81,121	40,712	40,409	99.3%
Savings accounts	9,596	41,897	(32,301)	(77.1%)
Term deposits	24,824	29,900	(5,076)	(17.0%)
Repo transactions	36	36	0	0.0%
Singular mortgage securities	4,817	5,235	(418)	(8.0%)
Non-residents	2,161	2,226	(65)	(2.9%)
Funding via clearing houses and customer deposits	**128,318**	**124,785**	**3,533**	**2.8%**
Debentures and other marketable securities	15,619	15,697	(78)	(0.5%)
Subordinated loans	2,959	2,983	(24)	(0.8%)
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**146,896**	**143,464**	**3,432**	**2.4%**
Mutual funds	22,124	22,329	(205)	(0.9%)
Pension funds	8,198	8,474	(276)	(3.3%)
Off-balance-sheet customer funds(1)	**30,322**	**30,803**	**(481)**	**(1.6%)**
TOTAL CUSTOMER FUNDS	**177,218**	**174,267**	**2,951**	**1.7%**

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

- **Customer deposits** total 128.318 billion euros, an increase of 2.8% over the six-month period, due to the above-mentioned growth in strict deposits, net of maturities of single-certificate mortgage covered bonds (-418 million euros).

- **Wholesale funding** (debentures and other marketable securities and subordinated debt) stand at 18,578 million euros at the end of June 2020, with no significant changes in volume since December 2019.

5. RISK MANAGEMENT

NPL ratio holds steady at 4.9% and NPL coverage rises to 55.6%

- The effects of COVID-19 have not yet materialised in the Group's risk indicators. For that reason, **non-performing loans (NPLs) show no significant change in the half-year**, with a total of 6,464 million euros at the end of June 2020, leaving **the NPL ratio at 4.9%.** Provisions recorded in the first half of the year push the NPL coverage ratio up 1.6 percentage points to 55.6% in June 2020.

  At the end of June 2020, the total for NPLs includes a gross amount of approximately 288 million euros of NPLs that have been reclassified from non-current assets held for sale in the second quarter because they are not expected to be sold in 2020, given the uncertainties arising from the COVID-19 crisis. Without this reclassification, the balance of the Group's NPLs would have fallen during the quarter.

- The volume of NPAs (non-performing loans and foreclosed assets) totals 8,315 million euros gross, **bringing the gross NPA ratio to 6.2%** at the end of June 2020.

NPL RATIO AND COVERAGE RATIO

						Change on Dec-19	
(€ million and %)	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Change	% / p.p.
Non-performing loans	6,464	6,363	6,465	7,117	7,514	(1)	(0.0%)
Total risk-bearing assets	133,076	128,676	128,156	129,702	130,810	4,919	3.8%
Total NPL ratio [1]	**4.9%**	**4.9%**	**5.0%**	**5.5%**	**5.7%**		**-0.1 p.p.**
Total provisions	3,591	3,516	3,491	3,823	4,122	100	2.9%
NPL coverage ratio	**55.6%**	**55.3%**	**54.0%**	**53.7%**	**54.9%**		**+1.6 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)

NPLs

(€ million and %)	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
Non-performing loans at the begining of the period	**6,363**	**6,465**	**7,117**	**7,514**	**7,969**	**8,416**
Net outflows	7	(13)	(119)	(90)	(144)	(92)
Write offs	(194)	(89)	(245)	(306)	(72)	(69)
Disposals related to NPLs sale of portfolios	-	-	(288)	-	(239)	(286)
Transfer from "Non-current assets held for sale" [1]	288	-	-	-	-	-
Dudosos cierre del periodo	**6,464**	**6,363**	**6,465**	**7,117**	**7,514**	**7,969**

(1) Includes portfolios which sale is not expected to be finished in 2020 due to the market conditions

FORECLOSED ASSETS

	Gross Amount [1]				
(€ million)	Jun-20 [3]	Mar-20 [3]	Dec-19 [3]	Sep-19	Jun-19 [2]
Total	**2,328**	**2,329**	**2,347**	**2,793**	**2,852**
(-) Assets assigned to the Social Housing Fund and rented [4]	(477)	(458)	(463)	(436)	(438)
Total gross foreclosed assets	**1,851**	**1,871**	**1,884**	**2,358**	**2,414**

	Impairments [1]				
(€ million)	Jun-20 [3]	Mar-20 [3]	Dec-19 [3]	Sep-19	Jun-19 [2]
Total	**667**	**667**	**672**	**820**	**784**
(-) Assets assigned to the Social Housing Fund and rented [4]	(101)	(95)	(95)	(85)	(83)
Total foreclosed assets impairments	**566**	**572**	**577**	**735**	**701**

	Net Amount [1]				
(€ million)	Jun-20 [3]	Mar-20 [3]	Dec-19 [3]	Sep-19	Jun-19 [2]
Total	**1,661**	**1,662**	**1,675**	**1,974**	**2,068**
(-) Assets assigned to the Social Housing Fund and rented [4]	(377)	(363)	(367)	(351)	(355)
Total net foreclosed assets	**1,284**	**1,299**	**1,308**	**1,623**	**1,713**

(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) Jun-19 data is calculated assuming the asset disposal due to the sale of portfolios to institutional investors closed in 3Q19
(3) Jun-20, Mar-20 and Dec-19 data is calculated assuming the disposals of assets signed in 2019 and peding formalization
(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 %)	Jun-20 (2)	Mar-20 (2)	Dec-19 (2)	Sep-19	Jun-19 (1)	Change on Dec-19	
						Amount	% / p.p.
Gross Non-performing loans	6,464	6,363	6,465	7,117	7,514	(1)	(0.0%)
Gross foreclosed assets	1,851	1,871	1,884	2,358	2,414	(34)	(1.8%)
Gross NPAs	**8,315**	**8,234**	**8,350**	**9,475**	**9,928**	**(35)**	**(0.4%)**
NPL provisions	3,591	3,516	3,491	3,823	4,122	100	2.9%
Impairments on foreclosed assets	566	572	577	735	701	(11)	(1.9%)
NPAs provisions	**4,157**	**4,088**	**4,068**	**4,558**	**4,823**	**89**	**2.2%**
Net NPL	2,873	2,847	2,974	3,294	3,392	(101)	(3.4%)
Net forclosed assets	1,284	1,299	1,308	1,623	1,713	(23)	(1.8%)
Net NPAs	**4,157**	**4,146**	**4,282**	**4,917**	**5,105**	**(125)**	**(2.9%)**
Total risk	**134,926**	**130,547**	**130,041**	**132,060**	**133,224**	**4,885**	**3.8%**
Gross NPAs ratio	**6.2%**	**6.3%**	**6.4%**	**7.2%**	**7.5%**		**-0.2 p.p.**
Net NPAs ratio	**3.1%**	**3.2%**	**3.3%**	**3.7%**	**3.8%**		**-0.2 p.p.**
NPAs Coverage	**50.0%**	**49.7%**	**48.7%**	**48.1%**	**48.6%**		**+1.3 p.p.**

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

RESTRUCTURED LOANS

(€ million and %)	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Change on Dec-19	
						Amount	% / p.p.
Non-performing loans	3,145	3,147	3,287	3,725	4,029	(142)	(4.3%)
Performing loans	2,894	3,098	3,448	3,702	3,657	(554)	(16.1%)
Total refinanced	**6,039**	**6,245**	**6,735**	**7,427**	**7,687**	**(696)**	**(10.3%)**
Non-performing loans	1,037	1,145	1,217	1,373	1,470	(180)	(14.8%)
Performing loans	110	114	127	160	162	(17)	(13.5%)
Total Impairments	**1,147**	**1,258**	**1,344**	**1,533**	**1,632**	**(197)**	**(14.7%)**
Non-performing loans	33.0%	36.4%	37.0%	36.9%	36.5%		-4.0 p.p.
Performing loans	3.8%	3.7%	3.7%	4.3%	4.4%		+0.1 p.p.
Total coverage	**19.0%**	**20.2%**	**20.0%**	**20.6%**	**21.2%**		**-1.0 p.p.**

6. FUNDING STRUCTURE AND LIQUIDITY

- The Bankia Group has a solid liquidity position. At the end of June 2020, total liquid assets stood at 31,797 million euros, covering the group's debt maturities 1.4 times and bringing the liquidity coverage ratio (LCR) to 181%.
- In the second quarter of 2020, Bankia drew the maximum amount available under the ECB's TLTRO III facility, entailing an additional drawdown of 9,168 million euros. At the end of the half-year, borrowing under the TLTRO III programme totals 22,919 million euros.
- The Group's loan-to-deposit (LTD) ratio is 92.3%, a change of 1.3 percentage points in the half-year, reflecting the growth in ICO guaranteed loans to corporates and SMEs.

LTD RATIO AND COMMERCIAL GAP

			Change	
(€ million)	Jun-20	Dec-19	Importe	%
Net Loans and advances to customers	**122,310**	**117,444**	**4,866**	**4.1%**
o/w Repo transactions [1]	57	15	42	270.5%
a. Strict Net Loans and advances to customers	**122,253**	**117,429**	**4,824**	**4.1%**
Strict customer deposits and retail commercial paper	123,465	119,514	3,951	3.3%
Single-certificate covered bonds	4,817	5,235	(418)	(8.0%)
ICO/EIB deposits [2]	4,164	4,287	(123)	(2.9%)
b. Total Deposits	**132,446**	**129,036**	**3,410**	**2.6%**
LTD ratio (a/b)	**92.3%**	**91.0%**		**+1.3 p.p.**

(1) Reverse repurchase agreements
(2) Jun-20 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.

			Change	
(€ million)	Jun-20	Dec-19	Amount	%
Net Loans and advances to customers	**122,310**	**117,444**	**4,866**	**4.1%**
o/w Repo transactions [1]	57	15	42	270.5%
Strict Net Loans and advances to customers	**122,253**	**117,429**	**4,824**	**4.1%**
(-) Strict customer deposits and retail commercial paper	123,465	119,514	3,951	3.3%
(-) ICO/EIB deposits [2]	4,164	4,287	(123)	(2.9%)
Strict Comercial GAP	**(5,376)**	**(6,372)**	**996**	**(15.6%)**

(1) Reverse repurchase agreements
(2) Jun-20 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.

DEBT MATURITIES

(€ million) [1]	2020	2021	2022	>2022	TOTAL
Covered bonds	-	2,025	3,235	10,280	15,541
Senior debt	1	35	30	2,570	2,636
Subordinated debt	-	175	-	2,750	2,925
Securitisation	-	-	-	1,226	1,226
Total issuance maturities	**1**	**2,235**	**3,265**	**16,826**	**22,328**

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

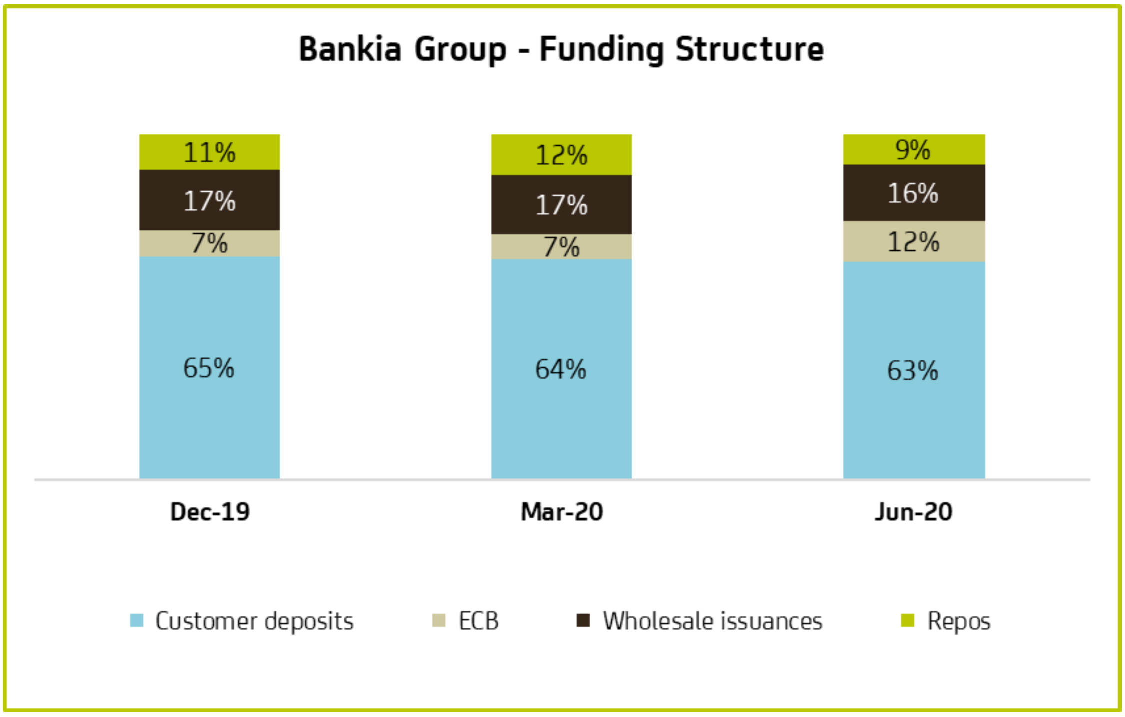
LIQUID ASSETS

			Change	
(€ million)	Jun-20	Dec-19	Amount	%
Treasury account and deposit facility (1)	14,289	11,418	2,871	25.1%
Undrawn amount on the facility	4,600	6,161	(1,561)	(25.3%)
Available high liquidity assets (2)	12,908	15,538	(2,630)	(16.9%)
Total	**31,797**	**33,117**	**(1,320)**	**(4.0%)**

(1) Cash and Central Banks accounts reduced by minimal reserves

(2) Market value considering ECB haircut

FUNDING STRUCTURE



7. EQUITY

- **The Group's equity** at the end of the first half of 2020 stands at 13,011 million euros, not including the dividend paid out of profit for 2019, which was recognised in the accounts in March.

EQUITY

(€ million)	Jun-20	Mar-20 (1)	Dec-19	Sep-19	Jun-19
Equity at the beginning of the period	**12,863**	**13,142**	**13,191**	**13,037**	**12,859**
+ Result from the period	48	94	(34)	176	195
- Capital Reduction					(15)
+/- Movementes in reserves:	(28)	(373)	(15)	(21)	(2)
- Dividend paid (1)		(352)			
- AT1 coupon (2)	(25)	(13)	(14)	(13)	(13)
+/- Other movements	(3)	(8)	(2)	(8)	12
Equity at the closing of the period	**12,883**	**12,863**	**13,142**	**13,191**	**13,037**
Global other accumulated result	114	78	180	186	291
Minority interests	13	14	13	13	13
Total Equity	**13,011**	**12,954**	**13,335**	**13,391**	**13,341**

(1) At the end of 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) and paid in April

(2) Since April includes the accumulated impact including the tax payment of the coupon according to the IFRS 12 (€12mn)

8. SOLVENCY

- **In June 2020, the Bankia Group has a CET1 ratio, on a fully loaded basis, of 13.27%** (13.20% stripping out the gains on sovereign holdings in the fair value portfolio) and a Total Capital ratio, also on a fully loaded basis, of 17.29% (17.21% without sovereign gains). These ratios include the effect of certain measures adopted in response to COVID-19, as set out in EU Regulation 2020/873 (incentives for support to SMEs and infrastructure projects). On a phase-in basis, the CET1 ratio is 14.32% and the Total Capital ratio 18.34%, which entails a CET1 surplus of +594 basis points and a Total Capital surplus of +559 basis points above the SREP minimum capital requirements for 2020. The foregoing is after applying the early implementation of CRD V Article 104(a) authorised by the supervisor on 12 March 2020, which allows banks to use AT1 and Tier 2 instruments to cover part of their Pillar 2 requirements (P2R) (2% for the Bankia Group).

- On 17 July 2020, in the context of the regulatory changes brought about by the COVID-19 crisis, Bankia requested authorisation from the supervisor to apply the transitional calendar to the impact of first-time application of IFRS 9 on provisions and is currently awaiting authorisation. At the same time, the Group informed the supervisor of its decision to exclude the effect on CET1 of the changes since 31 December 2019 in unrealised gains on the sovereign debt portfolio accounted for at fair value. Likewise, the exemption from the deduction from CET1 of intangible assets associated with software (under Regulation (EU) 2020/873 of 24 June) will come into force in the next few months.

  Together, **these capital mitigation measures will have a positive impact (not yet recognised) of +68 basis points**, bringing the regulatory CET1 ratio at 30 June 2020 to 13.95%, on a fully loaded basis, and the Total Capital ratio to 17.96%.

	Jun-20 (1)	
(€ million and %)	Phase In	Fully Loaded
Management ratios (2)		
Common equity Tier I - CET1 (%)	14.25%	13.20%
Total capital ratio (%)	18.26%	17.21%
Regulatory capital ratios (incl. FV unrealised gains):		
Common equity Tier I - CET1	14.32%	13.27%
Total capital ratio (%)	18.34%	17.29%
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	**5.94%**	**4.89%**
Total Solvency surplus over SREP requirement	**5.59%**	**4.54%**

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

SOLVENCY RATIOS AND LEVERAGE

FULLY LOADED RATIOS

(€ million and %)	Jun -20 [1]	Dec -19 [1]
Eligible capital	13,228	13,027
Common equity Tier I (CET 1)	10,154	10,105
Capital	3,689	3,689
Reserves (as per reserve perimeter)	9,101	9,016
Result attributable net of dividend accrual	142	132
Deductions	(2,791)	(2,824)
Others (treasury stocks, Non-controlling interests and	13	91
Tier I Capital	11,404	11,355
Instruments	1,250	1,250
Tier II Capital	1,824	1,672
Instruments	1,672	1,672
Others	152	0
Risk-weighted assets	76,514	77,635
Common equity Tier I (CET 1) (%)	**13.27%**	**13.02%**
Tier I Capital	14.90%	14.63%
Tier II Capital	2.38%	2.15%
Solvency ratio - Total capital ratio (%)	**17.29%**	**16.78%**
Leverage ratio (Fully Loaded)	**5.16%**	**5.43%**
Leverage ratio total exposure	**221,024**	**209,083**

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

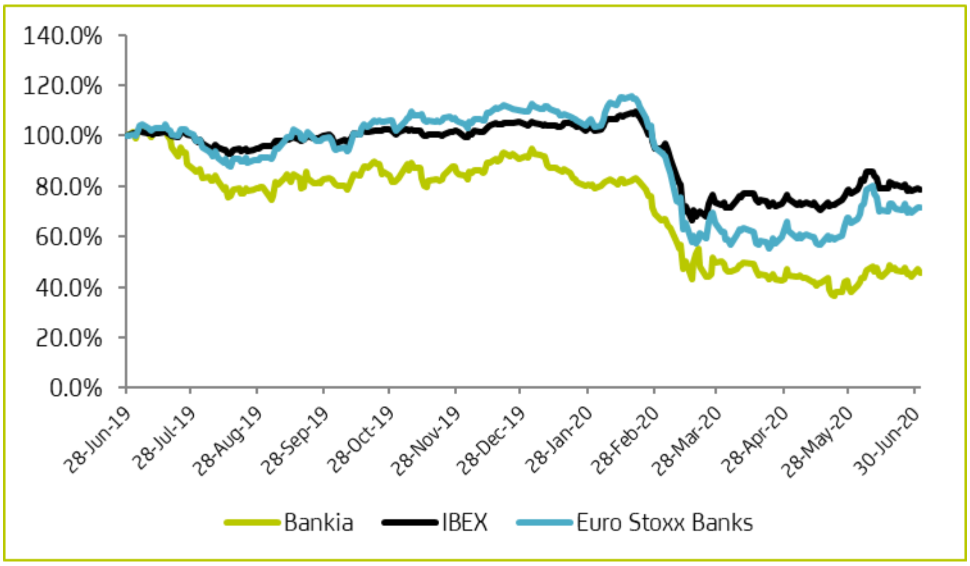
PHASE IN RATIOS

(€ million and %)	Jun -20 [1]	Dec -19 [1]
Eligible capital	14,032	14,042
Common equity Tier I (CET 1)	10,957	11,120
Capital	3,689	3,689
Reserves (as per reserve perimeter)	9,101	9,016
Result attributable net of dividend accrual	142	132
Deductions	(1,988)	(1,808)
Others (treasury stocks, Non-controlling interests and	13	91
Tier I Capital	12,207	12,370
Instruments	1,250	1,250
Others	0	0
Tier II Capital	1,824	1,672
Instruments	1,672	1,672
Others	152	0
Risk-weighted assets	76,514	77,635
Common equity Tier I (CET 1) (%)	**14.32%**	**14.32%**
Tier I Capital	15.95%	15.93%
Tier II Capital	2.38%	2.15%
Solvency ratio - Total capital ratio (%)	**18.34%**	**18.09%**
MREL eligible issuances	2,600	2,976
MREL ratio on RWAs (%)	**21.74%**	**21.92%**
Leverage ratio (Phase In)	**5.50%**	**5.89%**
Leverage ratio total exposure	**221,827**	**210,098**

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

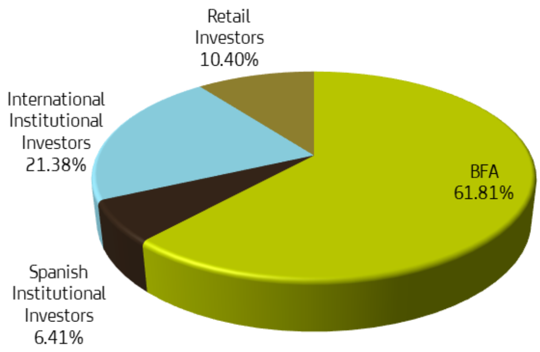
9. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Jun-2020
Number of shareholders	173,082
Daily average volume (num. shares)	12,526,356
Daily average turnover (euros)	13,970,340
Maximum closing price (€/share)	1,970 (2-Jan)
Minimum closing price (€/share)	0,764 (21-May)
Closing price (€/share)	0,948 (30-Jun)



10. RATING

The main rating actions in relation to Bankia during the first half of 2020 were as follows:

- On 27 March, Fitch Ratings (Fitch) placed the outlook on Bankia's long-term rating on Rating Watch Negative (RWN).
- On 8 April, reflecting the action taken on banks on 27 March, Fitch placed the rating of Bankia's mortgage covered bonds on Rating Watch Negative (RWN).
- On 15 April, DBRS confirmed Bankia's rating at BBB (high) and lowered Bankia's outlook from Positive to Stable.
- On 29 April, after its annual review, S&P Global Ratings confirmed Bankia's long-term rating at BBB with a Stable outlook.
- After the close of the first half, on 2 July 2020, DBRS confirmed Bankia's long-term rating at BBB (high) with a Stable outlook.
- Also, after the end of the first half, on 10 July, Scope confirmed the rating of Bankia's mortgage covered bonds at AAA with a Stable outlook.

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	29-Apr-20	27-Mar-20	02-Jul-20	09-May-19
Mortgage Covered Bonds Ratings	**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	10-Jul-20

11. MANAGEMENT OF THE IMPACT OF THE COVID-19 CRISIS

On 11 March 2020, the public health emergency declared by the World Health Organization as a result of COVID-19 was escalated to a global pandemic. The rapid pace of events at national and international level has required the adoption of various immediate measures to address the health crisis. In Spain, the first such measures were introduced by Royal Decree 463/2020 of 14 March declaring a state of alarm, which was extended successively, in varying degrees, until 21 June.

Below are details of the state and industry financial support for households and corporates and SMEs, the financial support granted by Bankia within the framework of those measures, the additional steps Bankia has taken to support households, corporates and SMEs and the self-employed, and the impact of the pandemic on the Group's results and financial position and how the Group has managed that impact.

- **State financial support measures for households and businesses**

Royal Decree-Law 8/2020 of 17 March on extraordinary urgent measures to address the economic and social impact of COVID-19 ("RDL 8/2020") provides, among other things, for a (state or legislative) moratorium on payments on mortgage loans for the acquisition of primary residences or other properties used by entrepreneurs and professionals in their business activity for people in a situation of economic vulnerability due to COVID-19 and also approves a State guarantee facility to support lending to corporates and SMEs and self-employed individuals, provided they meet certain requirements.

Royal Decree-Law 11/2020 of 31 March adopting additional urgent social and economic measures to address COVID-19 ("RDL 11/2020") supplements the first battery of measures by extending the payment moratorium to other types of financing, including consumer loans. Additionally, the State guarantee facility was extended to loans to pay rent for a primary residence by households in a situation of economic vulnerability due to the COVID-19 crisis.

If the specified requirements are met, the RDL 8/2020 and RDL 11/2020 moratoria grant a grace period of three months, in which all payments of loan instalments and any other item that includes loan instalments will be suspended for the term of the moratorium and no interest will accrue during that period.

At the same time, the State guarantee facilities, channelled through the Ministry of Economic Affairs and Digital Transformation and managed by the ICO, are intended to ensure that, provided the specified requirements are met, new or renewed loans are guaranteed by the State for a maximum period of up to five years.

In addition, Royal Decree-Law 25/2020 of 3 July on urgent measures to support economic recovery and employment establishes a 12-month moratorium for obligors under financing transactions linked to assets used in tourism activities who, subject to meeting certain conditions, experience financial difficulties as a result of COVID-19.

Lastly, Royal Decree-Law 26/2020 of 7 July on economic recovery measures to address the impact of COVID-19 in transport and housing introduces measures to defer for six months the payments under loan, lease and rental agreements entered into by self-employed individuals and road transport corporates and SMEs who meet certain requirements for the purchase of vehicles.

- **Private financial support measures for Bankia customers**

On 16 April 2020, the banking association CECA reached a financial-industry-wide agreement (industry or private moratorium) aimed at establishing a common framework that sets out general criteria for the deferral of payments by certain obligors affected by the health and economic crisis (those who have no access to the state moratorium and so either cannot benefit from it or find it insufficient), allowing payments to be deferred for a specified period. Bankia, as a member of CECA, is a signatory to this industry moratorium.

The modifications permitted under this agreement include the suspension of principal payments for 12 months for secured loans and mortgage loans and six months for personal loans, with the customer paying interest on the outstanding principal during the suspension. On 22 June 2020, this industry agreement was extended until 29 September 2020.

- **Financing granted under state and industry financial support measures**

As of 30 June 2020, nearly 95,000 moratoria requests have been granted, with a gross book value of approximately 4.5 billion euros. Of this total, approximately 3.2 billion have been granted under the RDL 8/2020 mortgage moratorium, 250 million under the RDL 11/2020 non-mortgage moratorium and approximately 1.05 billion under the industry moratorium. Almost all of the financing has been granted to households, 89% is mortgage-backed and 75% falls due in less than three months, the vast majority of the balances being classified in the performing portfolio.

At 30 June 2020, new state-guaranteed credit (with an ICO guarantee) amounted to more than 7,450 million euros, of which nearly 6,200 million euros had been drawn at that date. Of that total, more than 95% relates to corporates and SMEs, of which approximately 65% are SMEs. The guaranteed amount of these loans is approximately 75% of the loan amount.

- **Additional measures taken by Bankia to support households, self-employed individuals and businesses**

In addition to the state and industry financial support measures, since the start of the crisis Bankia has implemented numerous measures aimed at building economic resilience and meeting the financial needs of its customers, most notably:

- Bridge financing until the ICO guaranteed credit is disbursed.
- Extension of the terms of the working capital finance granted to self-employed individuals, micro-enterprises and corporates and SMEs.
- Reduction or temporary suspension of fees and commissions (flexibility in the charging of fees under the "Por Ser Tú" programme, no fees for cash withdrawals throughout the ATM network, and refunding of the maintenance fee for point-of-sale terminals for self-employed individuals and small businesses that have been unable to operate because of the COVID-19 crisis).
- Refund of accident insurance contributions paid by self-employed customers during the months of lockdown.
- Proactive efforts to meet customers' needs (advance payment of pensions and unemployment benefits, free home shopping service for pensioners, payment of insurance premiums in instalments, online mortgage moratorium simulator).

- **Measures taken by Bankia to ensure the normal conduct of the bank's business and operations**

Since the onset of the crisis Bankia has taken numerous steps to ensure the normal functioning of the bank's operations, including the following (among others):

- A Contingency Committee, made up of executives and senior managers, has been set up to monitor the situation on a daily basis, coordinating the action taken in different areas during the most critical months of the pandemic.
- The various areas identified their critical functions, segregated IT equipment and infrastructure, and introduced a shift system for critical staff members and their substitutes.
- Protocols have been put in place to prevent and protect against COVID-19. These protocols have been updated regularly in coordination with the health authorities and are supplemented by various internal guides.
- Depending on the characteristics of each work centre, various preventive and work-life measures for employees have been put in place, ranging from rotating shifts to teleworking for a significant number of Bankia professionals (nearly 95% in central services and 40% in the branch network).
- The IT area has expanded system and transmission capacity and has made equipment available to allow the organisation to adapt to remote working.
- Contingency plans have enabled the vast majority of branches to remain open during the state of alarm and almost all of the bank's ATMs to remain operational.
- A working group has been set up to ensure a gradual and safe return of Bankia staff to their workplace, through completion of a health questionnaire, COVID-19 testing, a new desk-sharing model that facilitates rotation, and flexible working measures. It is anticipated that off-site working will be combined with face-to-face service provision in such a way as to minimise risks.

- **Impact of the crisis on the Group's results, activity and financial position**

  - **In the first half of 2020, the Group recorded a provision of 310 million euros for COVID-19**, based on the expected deterioration of economic conditions as a result of the pandemic and taking the mitigating effects of the state and industry-sponsored support measures mentioned above into account. Recognition of this provision has had a significant impact on attributable profit for the half-year, which is down 64.4% compared to June 2019.

  - In **risk management**, the Group is monitoring the main indicators continuously to anticipate possible impacts of the crisis. The effects of COVID-19 have not yet materialised in the risk indicators for the first half of 2020, which show total NPLs of 6,464 million euros, similar to the figure recorded in December the previous year (6,465 million euros), and an NPL ratio of 4.9%, compared to 5% at the end of 2019.

  - In **solvency**, despite the economic scenario resulting from the crisis, the Group has maintained its capacity to generate capital organically, reaching a fully loaded CET 1 ratio of 14.32% and a Total Capital ratio of 18.34%, providing ample buffers above the regulatory minimums for 2020. In addition, the implementation over the coming months of the capital easing measures approved in response to the COVID-19 crisis are expected to have an impact on CET1 of +68 basis points, bringing the regulatory CET1 ratio to 15.00% and the Total Capital ratio to 19.02% at 30 June 2020, both on a phase-in basis.

  - The **liquidity** position has remained solid throughout the pandemic. The Group ended the first half with a liquidity coverage ratio of 181.1 and available liquid assets of 31,797 million euros, sufficient to cover its debt maturities 1.4 times. In addition, Bankia has drawn the maximum amount available under the ECB's TLTRO III facility (22,919 million euros).

  - The most significant impact on the **business** in the first six months of 2020 has been on new consumer loans (-48.5% compared to the first half of 2019), due to the business shutdown and mobility restrictions during the state of alarm and the slowdown in economic activity since the onset of the pandemic. In contrast, new loans to corporates and SMEs have driven the outstanding balance of loans up 15.1% since December 2019, due to the new lines of credit issued with an ICO guarantee. Overall, loans and advances to customers have grown by 4,866 million euros (+4.1%) in the half-year.

    On the liabilities side, customer deposits have grown by 3,533 million euros (+2.8%), as the reduced business activity during the state of alarm and the economic uncertainty resulting from the crisis have encouraged saving. This growth in deposits has offset the decline in off-balance sheet products (-1.6% in the half-year) caused by the severe market volatility and the impact of the crisis on fund inflows, although a recovery trend has been observed in the second quarter.

  - As regards the Group's **strategic orientation and objectives**, on 27 March 2020, following the ECB's recommendations, Bankia's Board of Directors decided that, given the potential impact of the situation resulting from COVID-19, the institution should exercise great prudence when setting shareholder remuneration. For this reason, the Board has revised the capital distribution target set in the Group's 2018-2020 Strategic Plan, forgoing any extraordinary distribution for 2020 and assuming the application of extremely prudent criteria when setting the dividend, if any, to be paid out of profit for the current period. Accordingly, Bankia does not currently plan to pay ordinary dividends out of profit for 2020.

- **Future impact of COVID-19 on the Bankia Group**

Although the specific impact the current crisis and the mitigating effect of the state and industry support measures will have in future periods remains largely unpredictable, the Group faces a number of risks—risks common to the entire banking sector—linked to the future development of the pandemic. These include the risk of a significant increase in delinquency, the risk of a decrease in new lending to individuals (mainly consumer loans), an increased risk of asset impairment (including financial instruments measured at fair value, which may be subject to significant fluctuations, and securities held for liquidity purposes), and the risk of an increase in the Bank's cost of funding (especially in the event of credit rating downgrades in the future).

The decline in production and consumption caused by the pandemic and the government support measures and the measures taken by Bankia to protect households, corporates and SMEs and the self-employed are also likely to have an adverse impact on results and operations, mainly through an increase in impairment losses associated with an increase in non-performing loans. Nevertheless, the Group expects a gradual recovery of the main revenue streams over the next few quarters, as business gradually recovers, combined with cost containment. Accordingly, the Group will continue to monitor its credit portfolios and the main risk indicators continuously to anticipate possible impacts of the crisis on asset quality.

12. SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2020

Sale of the stake in Caser

On 23 January 2020, Bankia, S.A. entered into an agreement with Helvetia Schweizerische Versicherungsgesellschaft AG for the sale of Bankia's interest in Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. ("Caser"), classified at 31 December 2019 in "Non-current assets and disposal groups classified as held for sale".

Once the necessary regulatory approvals had been obtained, the sale was completed on 25 June 2020. The sale has generated a gain of 53 million euros, which is recorded in the consolidated income statement under "Gains or (-) losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations".

Transfer of the depository business to Cecabank

On 29 May 2020, Bankia, S.A. reached an agreement with Cecabank, S.A. for the transfer of its depository business for collective investment schemes and pension funds, which currently includes a volume of approximately 26 billion euros held in safekeeping. The fixed amount of the consideration to be received on the transaction date was set at 170 million euros, not including further amounts subject to meeting certain business targets. The effectiveness of the agreement was subject to compliance with certain conditions, such as obtaining the necessary regulatory approvals.

13. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Jun-20 [1]	Dec-19 [1]	Change Amount	Change %
ALCO Portfolio	25,821	23,441	2,380	10.2%
NON ALCO Portfolio	536	648	(112)	(17.3%)
SAREB Bonds	18,510	18,639	(129)	(0.7%)
Total Fixed Income Portfolio	**44,867**	**42,728**	**2,139**	**5.0%**

(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 definition, 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.

Use: figure used as indicator of performance of the total volume of funds captured by the Group in the market.

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)		Jun-20	Dec-19
Sum	+ Customer Deposits	128,318	124,785
	+ Debt securities in issue	18,579	18,680
	+ Mutual funds without SICAVS	22,124	22,329
	+ Pension funds	8,198	8,474
=	**Total Customer Funds**	**177,218**	**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.

Use: figure routinely used in the banking sector to monitor revenue performance in activities outside the standard banking business.

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)			Jun-20	Jun-19
Sum	+	Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net.	138	143
	+	Gains or losses on financial assets and liabilities held for trading, net.	2	8
	+	Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net.	(0.9)	0.8
	+	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	(9)	(12)
=		**Net trading income (NTI)**	**130**	**140**

- **Pre-provision profit**

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

Use: parameter commonly used in banking sector to track the bank's operating performance without taking provisions for contingencies, credit risk and impairment of real estate assets and equity investments into account

Calculation: aggregate amount of the following items on the income statement:

- Gross income
- Administrative expenses
- Depreciation and amortisation

(€ million)			Jun-20	Jun-19
Sum	+	Gross income	1,607	1,671
	+	Administrative Expenses	(796)	(813)
	+	Amortisations	(94)	(99)
=		**Pre-provision profit**	**717**	**759**

- **Core earnings**

Definition: profit or loss obtained by the Group from its core activity (net interest income plus fee and commission income), after deducting operating expenses (administrative expenses and depreciation and amortisation charges).

Use: used to relate operating costs to the generation of revenue from the bank's recurring business.

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)			Jun-20	Jun-19
Sum	+	Net interest income	922	1,018
	+	Total net fees and commissions	584	533
	+	Administrative expenses	(796)	(813)
	+	Amortisations	(94)	(99)
=		**"Core" Result**	**616**	**639**

- **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.

Use: metric routinely used in the banking business to measure the return earned by banks on standard operations with customers.

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 & %)		2Q 2020	1Q 2020
%	**A Average interest rate on loans and advances to customers (b)/(c)**	**1.53%**	**1.59%**
	(a) Interest income on loans and advances to customers	457	464
Numerator	(b) Annualised interest income on loans and advances to customers	1,837	1,867
Denominator	(c) Average month-end balance of loans and advances to customers	120,324	117,092
%	**B Average interest rate paid on customer deposits (e)/(f)**	**0.07%**	**0.07%**
	(d) Interest expenses on customer deposits	22	21
Numerator	(e) Annualised interest expenses on customer deposits	90	85
Denominator	(f) Average month-end balance of customer deposits	126,222	123,121
A-B =	**Customer margin (%)**	**1.46%**	**1.52%**

- **Interest margin**

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

Use: metric commonly used by financial institutions to measure the return obtained on all their asset investments.

Calculation: the average interest rate on assets is the total interest income reported in the income statement divided by the average of the closing balance of total assets for each month of the reference period.

The average interest rate on liabilities and equity is the total interest expense reported in the income statement divided by the average of the closing balance of equity and liabilities for each month of the reference period. If the interest spread is presented prior to year-end, the numerator of both quotients (interest income and expense) is annualised.

(€ million & %)		2Q 2020	1Q 2020
%	**A Average return on assets (b)/(c)**	**1.05%**	**1.07%**
	(a) Total interest income	557	551
Numerator	(b) Total annualised interest income	2,241	2,216
Denominator	(c) Average month-end balances of assets	213,503	207,372
%	**B Average cost of liabilities and equity (e)/(f)**	**0.18%**	**0.18%**
	(d) Total interest expenses	93	93
Numerator	(e) Total annualised interest expenses	375	374
Denominator	(f) Average month-end balances of total equity and liabilities	213,503	207,372
A-B =	**Interest margin (%)**	**0.87%**	**0.89%**

- **ROA**

Definition: measures the return on the bank's assets.

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

Calculation: the profit or loss for the period as reported in the income statement (numerator), divided by the average month-end balance of assets for each month in the reference period. If this metric is presented prior to year-end, the numerator is annualised.

(€ million & %)		Jun-20	Jun-19
	(a) Profit/(loss) in the period	142	400
Numerator	(b) Annualised profit/(loss) in the period	286	807
Denominator	(c) Average month-end balance of assets	210,438	209,079
(b)/(c) =	**ROA (%)**	**0.1%**	**0.4%**

millones euros y %		Jun-20	Jun-19
	Profit/(loss) in the period	142	400
	+ COVID-19 provision net of taxes	217	-
	= Attributable profit/(loss) pre COVID-19 provision	359	400
Numerador	(c) Resultado del periodo anualizado incluyendo FGD y FUR	723	807
Denominador	(d) Promedio de saldos finales mensuales de activos	210,438	209,079
(c)/(d) =	**ROA pre COVID-19 provision (%)**	**0.3%**	**0.4%**

- **RORWA**

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

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.

Calculation: the profit or loss for the period 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 & %)		Jun-20	Jun-19
	(a) Profit/(loss) in the period	142	400
Numerator	(b) Annualised profit/(loss) in the period	286	807
Denominator	(c) Regulatory risk-weighted assets	76,514	81,826
(b)/(c) =	**RORWA (%)**	**0.4%**	**1.0%**

(€ million & %)			Jun-20	Jun-19
		Profit/(loss) in the period	142	400
	+	COVID-19 provision net of taxes	217	0
	=	Attributable profit/(loss) pre COVID-19 provision	359	400
Numerator	(c)	Annualised profit/(loss) in the period including the accrual of DGF and SRF	723	807
Denominator	(d)	Regulatory risk-weighted assets	76,514	81,826
(c)/(d)	**=**	**RORWA pre COVID-19 provision (%)**	**0.9%**	**1.0%**

- **ROE**

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

Use: profit metric routinely used by banks and other businesses to measure the return obtained by a bank on its shareholders' funds.

Calculation: the attributable profit or loss of the controlling company divided by the average month-end equity of the 12 months preceding the period-end, adjusted for expected dividends for the period. If this metric is presented prior to year-end, the numerator is annualised.

(€ million & %)			Jun-20 (1)	Jun-19
	(a)	Profit/(loss) in the period attributable to the parent entity	142	400
Numerator	(b)	Annualised Profit/(loss) in the period attributable to the parent entity	286	806
Denominator	(c)	Average equity	12,848	12,761
(b)/(c)	**=**	**ROE (%)**	**2.2%**	**6.3%**

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

(€ million & %)			Jun-20 (1)	Jun-19
		Profit/(loss) in the period attributable to the parent entity	142	400
	+	COVID-19 provision net of taxes	217	-
	=	Attributable profit/(loss) pre COVID-19 provision	359	400
Numerador	(a)	Annualised attributable profit/(loss) pre COVID-19 provision	723	806
Denominador	(b)	Average equity	12,848	12,761
(a)/(b)	**=**	**ROE pre COVID-19 provision (%)**	**5.6%**	**6.3%**

(1) Jun-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.

Use: indicator used to measure the rate of return on a bank's tangible common equity.

Calculation: the attributable profit of the controlling 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 & %)			Jun-20 (1)	Jun-19
	(a)	Profit/(loss) in the period attributable to the parent entity	142	400
Numerator	(b)	Annualised Profit/(loss) in the period attributable to the parent entity	286	806
Denominator	(c)	Average tangible equity	12,437	12,452
(b)/(c)	**=**	**ROTE (%)**	**2.3%**	**6.5%**

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

(€ million & %)			Jun-20 [1]	Jun-19
		Profit/(loss) in the period attributable to the parent entity	142	400
	+	COVID-19 provision net of taxes	217	--
	=	Attributable profit/(loss) pre COVID-19 provision	359	400
Numerator	(a)	Annualised attributable profit/(loss) pre COVID-19 provision	723	806
Denominator	(b)	Average tangible equity	12,437	12,452
(a)/(b)	**=**	**ROTE pre COVID-19 provision (%)**	**5.8%**	**6.5%**

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

- **Cost to income ratio**

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

Use: a metric commonly used in the banking sector to relate costs to revenue.

Calculation: operating expenses (administrative expenses + depreciation and amortisation charges) divided by gross income for the period, both as recognised in the income statement. If this metric is presented prior to year-end, the operating expenses and gross income for the last 12 months will be used in order to eliminate the effect of the time lag in the accrual of certain costs, such as the contribution to the Deposit Guarantee Fund, which normally is paid in the last quarter of the year.

(€ million & %)			Jun-20	Jun-19
Numerator	(a)	Operating expenses	890	912
		Administrative expenses	796	813
		Amortisation	94	99
Denominator	(b)	Gross Income	1,607	1,671
(a)/(b)	**=**	**Cost to income (%)**	**55.4%**	**54.6%**

3.- Risk management

- **Cost of risk**

Definition: measures the bank's provisions for non-performing loans as a percentage of total credit and contingent risks.

Use: metric used to monitor the cost of loan loss provisions in relation to the bank's loan portfolio as a whole.

Calculation: Sum of impairment losses on financial assets and provisions for contingent risks included under "Provisions (net)" on the income statement, divided by average gross loans and advances to customers (before provisions) and contingent risks in the period. Impairment losses on financial assets are measured net of movements in impairment losses on fixed-income instruments. If this metric is presented prior to year-end, the numerator is annualised. When calculating the ordinary cost of risk, total impairment losses are calculated net of non-recurring extraordinary provisions.

(€ million & %)		Jun-20	Jun-19
	A Total impairment for calculation of cost of risk (a)+(b)+(c)+(d)	**174**	**141**
	(a) Impairment losses on financial assets (net)	480	141
	(b) (-) Impairment of fixed-income instruments	1	(1)
	(c) (+) Provisions/release of provisions for contingent risks	(13)	--
	(d) (-) COVID-19 extraordinary provisions	(295)	--
Numerator	**B Annualised total impairments for calculation of cost of risk**	**350**	**284**
Denominator	**C Total average credit and contingent risk in the period (e) + (f)**	**129,759**	**129,336**
	(e) Average gross value of loans and advances to customers in the period	120,937	120,924
	(f) Average gross value of contingent risks in the period	8,822	8,413
B/C =	**Ordinary Cost of risk (%)**	**0.27%**	**0.22%**

(€ million & %)		Jun-20	Jun-19
	A Total impairment for calculation of cost of risk (a)+(b)+©	**469**	**141**
	(a) Impairment losses on financial assets (net)	480	141
	(b) (-) Impairment of fixed-income instruments	1	(1)
	(c) (+) Provisions/release of provisions for contingent risks	(13)	--
Numerator	**B Annualised total impairments for calculation of cost of risk**	**943**	**284**
Denominator	**C Total average credit and contingent risk in the period (e) + (f)**	**129,759**	**129,336**
	(e) Average gross value of loans and advances to customers in the period	120,937	120,924
	(f) Average gross value of contingent risks in the period	8,822	8,413
B/C =	**Total Cost of risk (%)**	**0.73%**	**0.22%**

- **Write-offs as a percentage of total NPAs**

Definition: loan loss provisions and impairment losses on foreclosed assets as a percentage of the bank's total loans, contingent risks and foreclosed assets.

Use: metric used to monitor the cost of provisions for non-performing loans and foreclosed assets as a percentage of the bank's total loans and foreclosed assets.

Calculation: Sum of impairment losses on financial assets, provisions for contingent liabilities and impairment losses on foreclosed assets, divided by average loans and advances to customers (before provisions), contingent liabilities and foreclosed assets for the period. Impairment losses are calculated net of any changes in impairment losses on fixed income instruments. If the metric is calculated prior to year-end, the numerator is annualised. To calculate the ratio of total write-offs to ordinary NPAs, total impairment losses are calculated net of non-recurring extraordinary provisions.

(€ million & %)		Jun-20	Jun-19
	A Total impairments (a)+(b)+(c)+(d)+(e)+(f)	**212**	**213**
	(a) Impairment losses on financial assets (net)	480	141
	(b) (-) COVID-19 extraordinary provisions on financial assets	(295)	--
	(c) (-) Impairment of fixed-income instruments	1	(1)
	(d) (+) Provisions/release of provisions for contingent risks	(13)	--
	(e) Impairments on foreclosed assets	53	72
	(f) (-) COVID-19 extraordinary provisions on foreclosed assets	(15)	--
Numerator	**B Total annualised impairments**	**427**	**430**
Denominator	**C Total Average of credit, contingent risk and foreclosed asset (g)+(h)+(i)**	**131,627**	**131,787**
	(g) Average of Loans and advances to customers	120,937	120,924
	(h) Average Contingent risks	8,822	8,413
	(i) Average of foreclosed assets in the period [1]	1,868	2,450
B/C =	**Total ordinary impairments on NPAs (%)**	**0.32%**	**0.33%**

(1) Data is calculated assuming the disposals of assets signed in 2019 pending formalitation in each period

(€ million & %)		Jun-20	Jun-19
	A Total impairment for calculation of cost of risk (a)+(b)+(c)+(d)	**522**	**213**
	(a) Impairment losses on financial assets (net)	480	141
	(b) (-) Impairment of fixed-income instruments	1	(1)
	(c) (+) Provisions/release of provisions for contingent risks	(13)	--
	(d) (+) Impairments on foreclosed assets	53	72
Numerator	**B Total annualised impairments**	**1,050**	**430**
Denominator	**C Total Average of credit, contingent risk and foreclosed asset (f)+(g)+(h)**	**131,627**	**131,787**
	(e) Average of Loans and advances to customers	120,937	120,924
	(f) Average Contingent risks	8,822	8,413
	(g) Average of foreclosed assets in the period [1]	1,868	2,450
B/C =	**Total impairments on NPAs (%)**	**0.80%**	**0.33%**

(1) Data is calculated assuming the disposals of assets signed in 2019 pending formalitation in each period

- **NPL ratio**

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.

Use: one of the main indicators used by banks to track the state and evolution of their credit risk.

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

(€ million & %)		Jun-20	Dec-19
Numerator	**A Non-performing loans and contingent liabilities (NPEs) (a)+(b)+(c)**	**6,464**	**6,465**
	(a) Non-performing Loans and advances to customers	5,907	5,853
	(b) Contingent risks	545	600
	(c) Credit institutions and fixed income	12	13
Denominator	**B Total credit and contingent risk (d)+(e)+(f)**	**133,076**	**128,156**
	(d) Total Loans and advances to customers	124,344	119,440
	(e) Total Contingent risks	8,720	8,703
	(f) Credit institutions and fixed income	12	13
A/B =	**Total NPL ratio (%)**	**4.9%**	**5.0%**

- **NPL coverage ratio**

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

Use: indicator routinely used in the banking industry to monitor provision coverage of non-performing loans.

Calculation: the Group's allowances for loan losses divided by non-performing loans. Allowances for loan losses include the provisions set aside by the Group to cover non-performing loans. Non-performing loans include both non-performing loans and advances to customers and non-performing contingent risks, receivables from credit institutions and receivables from fixed income securities.

(€ million & %)		Jun-20	Dec-19
Numerator	(a) Impairments of loans and contingent liabilities	3,591	3,491
Denominator	(b) Non-performing loans and contingent liabilities (NPEs)	6,464	6,465
(a)/(b) =	**NPL coverage ratio (%)**	**55.6%**	**54.0%**

- **Gross NPA ratio**

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

Use: an indicator used by banks to track the state and evolution of the risks associated with their non-performing assets.

Calculation: gross book amount (before provisions) of non-performing 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 & %)			Jun-20	Dec-19
Numerator	**A**	**Gross NPAs (a)+(b)**	**8,315**	**8,350**
	(a)	Non-performing loans and contingent liabilities (NPEs)	6,464	6,465
	(b)	Gross foreclosed assets (1)	1,851	1,884
Denominator	**B**	**Total credit and contingent risk and foreclosed assets (c)+(d)**	**134,926**	**130,041**
	(c)	Total credit and contingent risk	133,076	128,156
	(d)	Gross foreclosed assets (1)	1,851	1,884
A/B	**=**	**Gross NPA ratio (%)**	**6.2%**	**6.4%**

(1) Data is calculated assuming the disposals of assets signed in 2019 pending formalitation in each period

- **Net NPA ratio**

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

Use: an indicator used by banks to track the state and evolution of the risks associated with their non-performing assets.

Calculation: net book amount (after provisions and impairment losses) of non-performing 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 & %)			Jun-20	Dec-19
Numerator	**A**	**Net NPAs (a)+(b)+(c)+(d)**	**4,157**	**4,282**
	(a)	Non-performing loans and contingent liabilities (NPEs)	6,464	6,465
	(b)	Gross foreclosed assets (1)	1,851	1,884
	(c)	Impairments of loans and contingent liabilities	(3,591)	(3,491)
	(d)	Impairments of foreclosed assets	(566)	(577)
Denominator	**B**	**Total credit and contingent risk and foreclosed assets (c)+(d)**	**134,926**	**130,041**
	(e)	Total credit and contingent risk	133,076	128,156
	(f)	Gross foreclosed assets (1)	1,851	1,884
A/B	**=**	**Net NPAs ratio (%)**	**3.1%**	**3.3%**

(1) Data is calculated assuming the disposals of assets signed in 2019 pending formalitation in each period

- **NPA coverage ratio**

Definition: measures the extent to which impairment losses on non-performing assets and foreclosed assets are covered by provisions.

Use: indicator routinely used by banks to monitor the provision coverage of their non-performing assets.

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 & %)			Jun-20	Dec-19
Numerator	**A**	**Impairments of NPAs (a)+(b)**	**4,157**	**4,068**
	(a)	Impairments of loans and contingent liabilities	3,591	3,491
	(b)	Impairments of foreclosed assets	566	577
Denominator	**B**	**Gross NPAs (c)+(d)**	**8,315**	**8,350**
	(c)	Non-performing loans and contingent liabilities (NPEs)	6,464	6,465
	(d)	Gross foreclosed assets (1)	1,851	1,884
A/B	**=**	**NPAs´ coverage (%)**	**50.0%**	**48.7%**

(1) Data is calculated assuming the disposals of assets signed in 2019 pending formalitation in each period

4.- Liquidity

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

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

Use: indicator routinely used by financial institutions to show the degree to which customer deposits are funded by loans to customers.

Calculation: net loans and advances to customers on the balance sheet, divided by customer deposits on the balance sheet plus funds raised through second-floor loans received from the EIB and ICO. Loans and advances to customers on the balance sheet are calculated net of reverse repos and customer deposits on balance sheet are calculated net of repos.

(€ million & %)			Jun-20	Dec-19
Numerator	**A**	**Net Loans and advances to customers (a)+(b)-(c)**	**122,253**	**117,429**
	(a)	Net Loans and advances to customers (non held for trading)	10	11
	(b)	Net Loans and advances to customers (Financial assets at amortised cost)	122,299	117,433
	(c)	Reverse repo transactions	(57)	(15)
Denominator	**B**	**Total deposits (d)-(e)+(f)**	**132,446**	**129,036**
	(d)	Customer deposits	128,318	124,785
	(e)	Repo transactions	(36)	(36)
	(f)	ICO/EIB deposits	4,164	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.

Use: indicator that reflects the bank's equity value in the market and that, unlike the bank's book value, fluctuates with the supply and demand for the bank's shares in the market.

Calculation: the number of shares multiplied by the share price at period-end.

(€ million)			Jun-20	Dec-19
		(a) Shares outstanding at period-end (million)	3,070	3,070
		(b) Share price at period-end (euros)	0.95	1.90
(a)*(b)	**=**	**Market capitalisation (€ million)**	**2,911**	**5,840**

- **Earnings per share**

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

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.

Calculation: profit or 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.

			Jun-20	Dec-19
		(a) Profit/(loss) attributable to the Group (€ million)	142	541
Numerator		(b) Annualised profit/(loss) attributable to the Group (€ million)	286	541
Denominator		(c) Shares outstanding at period-end (million)	3,070	3,070
(b)/(c)	**=**	**Earnings per share (€)**	**0.09**	**0.18**

- **Tangible book value per share**

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

Use: indicator used to measure the book value of a company per share issued, after discounting the company's intangible assets. This ratio is commonly used not only in the banking sector but in other industries as well.

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

			Jun-20	Dec-19
Numerator		**A Total Equity less intangible assets(€ million) (a)+(b)**	**12,542**	**12,934**
		(a) Total Equity (€ million)	13,011	13,335
		(b) Intangible assets (€ million)	(469)	(401)
Denominator		**B Shares outstanding at period-end (million)**	**3,070**	**3,070**
(A)/(B)	**=**	**Tangible book value per share (€)**	**4.09**	**4.21**

- **P/E ratio**

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

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

Calculation: share price at period-end divided by earnings per share in the period.

			Jun-20	Dec-19
		(a) Closing price at the end of period (€)	0.95	1.90
		(b) Earnings per share (€)	0.09	0.18
(a)/(b)	**=**	**P/E ratio**	**10.17x**	**10.79x**

- **Price to tangible book value**

Definition: ratio comparing the bank's share price to its tangible book value.

Use: measures the relationship between the market price of a listed company and its book value.

Calculation: share price at period-end divided by tangible book value per share in the period

			Jun-20	Dec-19
		(a) Closing price at the end of period (€)	0.95	1.90
		(b) Tangible book value per share (€)	4.09	4.21
(a)/(b)	**=**	**PTBV (x)**	**0.23x**	**0.45x**

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

(%)	Bankia [1] 6M 2019
Common equity Tier I (CET1) (Group) BIS III Phase In (incl. FV unrealised gains) [2]	14.32%
Common equity Tier I (CET1) (Group) BIS III Fully Loaded (incl. FV unrealised gains) [2]	13.27%
Common equity Tier I (CET1) (Individual) BIS III Phase In (incl. FV unrealised gains) [2]	13.70%
Common equity Tier I (CET1) (Individual) BIS III Fully Loaded (incl. FV unrealised gains) [2]	12.67%
Total capital ratio (Group) BIS III Phase In (incl. FV unrealised gains) [2]	18.34%
Total capital ratio (Group) BIS III Fully Loaded (incl. FV unrealised gains) [2]	17.29%
Solvency	
(€mn)	
Available distributable items (Individual) [3]	8,826

(1) Solvency ratios include the result 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

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