

Profit before tax, excluding extraordinary items, is up 8%

## **Bankia records a profit of 230 million euros in 2020, after recognising an extraordinary provision of 505 million euros for Covid-19**

- Core earnings (net interest income and fee and commission income, less operating expenses) grew 3.8% in the year to reach 1,336 million euros
- The bank has increased its lead in terms of capital ratios among the large Spanish banks, with a fully loaded CET1 ratio of 15.48% that increases to 16.17%, if regulatory flexibility measures are taken into account
- Cumulative excess capital, including dividends paid, reached 2,934 million euros at year-end, exceeding the target to which Bankia committed in the 2018-2020 Strategic Plan
- Risk management has reduced net non-performing assets (NPAs) to 2.98%, meeting another of the plan's main targets. NPL ratio falls to 4.7% and NPL coverage rises 4.2 points to 58.2%
- Bankia chairman José Ignacio Goirigolzarri: 'Despite all the difficulties, with interest rates sliding deeper into negative territory, it has been a very positive year for Bankia in terms of the business, with significant increases in lending to companies, mortgage production and mutual funds'
- New mortgage lending reached 3,348 million euros in the year, an increase of 14.3% compared to 2019, after a record fourth quarter, with 1,086 million euros of loans granted between October and December
- Bankia's market share in mutual funds has climbed to 7.51%, while net new funds in 2020 amount to 1,328 million euros, the best performance among the large Spanish banks
- Bankia CEO José Sevilla; 'We have advanced approximately 11 billion euros in loans with ICO guarantees to self-employed individuals, SMEs and corporates and have granted 49,000 mortgage moratoriums and more than 61,500 moratoriums on consumer loans'
- The stock of loans to companies ended 2020 at 42,600 million euros, up 17%, having grown 6,100 million euros in the year



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**Madrid, 28/01/2021.** Bankia recorded a net profit of 230 million euros in 2020, down 57.6% compared to the previous year, due to lower net trading income and the recognition of extraordinary provisions totalling 505 million euros to shield against the effects of Covid-19.

The purpose of these extraordinary allocations is to further strengthen the Bank's balance sheet and give it greater flexibility to meet the future financing needs of households and businesses. Bankia has also allocated 576 million euros to ordinary provisions for loans and foreclosed assets.

Bankia chairman José Ignacio Goirigolzarri stated that 'despite all the difficulties, with interest rates sliding deeper into negative territory, it has been a very positive year for Bankia in terms of the business, with significant increases in lending to companies, mortgage production and mutual funds'.

'Thanks to the effort and commitment of all the bank's professionals, we have met the market share targets set for 2020 in the Strategic Plan,' Goirigolzarri said.

The Bankia chairman pointed out that, as it turned out, 2020 'marked the end of Bankia's trajectory as an independent entity'. 'Personally, I believe we can look back on a very impressive record—one of which I am very proud.'

'The entire Bankia team has grappled with enormous management challenges over the last ten years, scoring major successes and thus allowing us to bring this frankly magnificent stage to a close. All this puts us in an extraordinary position with respect to the integration with CaixaBank and I am convinced that, together, we have an enormously exciting and very promising future,' he concluded.

## **Strategic targets for capital generation and asset quality are met**

Bankia CEO José Sevilla, for his part, emphasised that the bank has completed the 2018-2020 Strategic Plan having met the main targets to which it had committed, including the targets for capital generation, reduction of NPAs and sales of high value added products.

'In barely three years Bankia has generated 2,934 million euros of CET1 on a fully loaded basis, well above our committed target and regulatory requirements. The ratio of highest quality capital, CET1, on a fully loaded basis was 15.48%, increasing our lead in solvency among the large Spanish banks,' he said.

At the end of December, Bankia's fully loaded regulatory CET1 ratio was 16.17%, taking the capital flexibility measures adopted by the competent authorities and bodies into account.



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Without those measures, the CET1 ratio at the end of 2020 was 15.48%, compared to 13.02% the previous year, showing strong capital generation in the year and an excess of 710 basis points over and above the regulatory minimum for 2020.

In addition, Bankia has a substantial liquidity buffer to meet contingencies and continue to finance the economy, having sourced more than 22.9 billion euros from the European Central Bank (ECB) through the TLTRO III programme, with the liquidity coverage ratio (LCR) rising to 195%.

Sevilla added that, 'Another of the major achievements of the Strategic Plan has been to improve balance sheet quality. Thanks to the efforts of all of Bankia's professionals, we have succeeded in reducing net non-performing assets to 2.98%, while boosting coverage.'

Specifically, the NPL ratio at year-end 2020 was 4.7%, compared to 5% one year earlier, while coverage rose 4.2 percentage points compared to December 2019, to 58.2%.

## **Strong growth in lending to businesses**

'For me, however, the most important achievement this year has been the support we have provided to our customers in such a difficult period,' Sevilla said. He went on to explain that 'we have advanced approximately 11 billion euros in loans with ICO guarantees to self-employed individuals, SMEs and corporates and have granted 49,000 mortgage moratoriums and more than 61,500 moratoriums on consumer loans.'

The outstanding balance of mortgage moratoriums granted to individuals stands at 4,261 million euros, equal to 7% of Bankia's total performing mortgage credit. Meanwhile, the outstanding balance of moratoriums on consumer loans to individuals amounted to 79 million euros, representing 4% of total performing consumer credit.

At the same time, the bank remains an active participant in the loan guarantee programme sponsored by the Spanish government through the Instituto de Crédito Oficial (ICO), with a market share of 9.06% and disbursements totalling 10,941 million euros (8,100 million with a guarantee). This represents 26.1% of the bank's total balance of loans to businesses.

Thus, the bank's market share of loans to businesses reached 8.11% in November (the last figure available), 37 basis points more than in the same month of the previous year.

All this has permitted a strong growth in the book of loans to businesses, which ended 2020 at 42,600 million euros, up 17%, having grown 6,100 million euros in the year.

## **Record growth in mortgage business**



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Lending to individuals followed an upward trend during 2020, with record mortgage lending in the fourth quarter and solid signs of recovery in consumer credit.

Specifically, new mortgage lending amounted to 3,348 million euros in the year, an increase of 14.3% compared to the end of 2019. The fourth quarter broke all records, with 1,086 million euros of new mortgage loans, 28.1% more than in the same quarter of 2019 and 35.6% more than in the previous quarter, which had already seen record performance.

The market share of new mortgage lending at the end of November (latest data published) is 7.89%, compared to 6.81% in the same month of 2019. Of the total amount of new lending, 67% consists of fixed-rate mortgage loans, while the average loan-to-value ratio of all the mortgages granted in the year is 65%.

Consumer lending once again shows a gradual recovery. In the last quarter of the year, new transactions reached 337 million euros, 43.5% more than in the previous quarter but still 54.1% less than one year earlier. In the year as a whole, new consumer lending totalled 1,229 million euros (-53.6% compared to the previous year).

## **Leader among the large banks in mutual fund sales**

One of Bankia's strengths in recent years has been the growth in sales of high value added products such as mutual funds. In the fourth quarter, Bankia once again turned in a very positive performance in mutual fund sales, ending the year as the leader in mutual fund investing among the large Spanish banks, despite the complicated environment.

Assets managed and marketed reached approximately 24,000 million euros at the end of 2020, compared to 22,300 million euros one year earlier, an increase of 7.3%. Over the year as a whole, net sales of mutual funds amounted to 1,328 million euros.

As a result, Bankia's market share has risen 46 basis points compared to December 2019, to 7.51%, again well above the target set in the 2018-2020 Strategic Plan, which was 7.2%.

The gradual recovery in lending to individuals is also reflected in the performance of the pension plan segment and new insurance business. Assets managed and marketed in pension plans grew 1.7% in the year, while new insurance business is up 83.8% compared to the third quarter of 2020.

## **Cost containment and increase in income from services**

Net interest income improved each successive quarter during 2020, reaching 1,904 million euros at year-end, down 5.9% compared to 2019. This decline is explained by the impact of the decline in the yield curve, the change in the loan portfolio mix (with a larger proportion of business loans and a smaller proportion of consumer loans) and the fall in interest income from fixed income securities.



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On the income side, net fee and commission income increased 12.2% year-on-year, to reach 1,213 million euros. This growth is attributable to the growth in fee and commission income from business with customers and from the asset management and origination businesses.

Enlarging the set of customers eligible for the no-fees policy under the 'Just for being you' programme pulled fees from payment services down by 11.5%, as customers enrolled in that programme stop paying for their cards.

At the same time, Bankia's operating expenses were reduced to 1,781 million euros in the year, a decrease of 2%. The ratio of operating expenses to total risk-weighted assets (RWAs) thus stands at 2.64%, compared to an average of 3.29% for Bankia's peers.

As a result of the reduction in expenses and the increase in fee and commission income, core earnings (net interest income and fee and commission income, less operating expenses) ended the year at 1,336 million euros, an increase of 3.8%. Fourth quarter performance was also notable, with core earnings up 10.8% compared to the same period of 2019.

Bankia's CEO pointed out, in this respect, that fourth quarter core earnings "are the highest in the last three years, 11% more than in 2019 and 24% more than in 2018".

Profit before tax excluding extraordinary Covid-19 provisions, which reflects the more recurring banking activity, reached 816 million euros, representing growth of 8% compared to the previous year.

As a result of all the above, Bankia's net profit for 2020 is 230 million euros, 57.6% less than in 2019, as a result of the impact of the extraordinary provisions and lower net trading income.

## **Record in digital sales**

In a year complicated by the pandemic, Bankia has strengthened all its customer channels (app, Bankia Online, 'Connect with your Expert', branches, etc.), so as to continue to deliver excellent service to all customers, whether they prefer to continue to visit their local branch (90% of the branches have remained open at all times) or use the bank's remote channels.

The bank's digital customers represent 60.5% of total customers at year-end, compared to 53.3% in 2019. Bankia thus has more than four million customers who interact with the bank digitally.



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The share of digital sales in the bank's total sales made a leap in 2020, reaching 46.9% at year-end, the highest figure ever recorded by the bank. This figure represents an increase of almost 11 percentage points compared to 2019 and is well above the target of 35% set in the 2018-2020 Strategic Plan.



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## Main events of 2020

On 23 January, Bankia announced an agreement to sell 15% of Caser to Helvetia for an estimated 166 million euros, with an estimated positive impact of 12 basis points on Bankia's total capital ratio. The sale was completed on 25 June for approximately 182 million, with a positive impact of 13 basis points on the total capital ratio

On 3 February, Bankia joined Bloomberg's Gender Equality Index

On 13 February, Bankia joined the Spanish Observatory for Sustainable Financing

On 2 March, through its original foundations, Bankia launched calls for proposals to distribute 2.15 million euros in financial support for social projects

On 4 March, Bankia AM was named 'Best National Manager' and 'Best Asset Allocation Manager' for 2019 in the 31st Expansi3n-Allfunds Awards

On 15 March, Bankia reinforced its digital channels to facilitate customers' transactions during the lockdown

On 20 March, Bankia announced the advance payment of social security pensions

On 22 March, Bankia launched a broad package of measures to help its self-employed customers, SMEs and large companies face the difficult economic situation

On 23 March, Bankia announced relief from fees for customers with direct income deposit who are affected by the coronavirus crisis

On 27 March, Bankia held its Annual General Meeting, at which it approved the payment of a dividend out of profit for 2019 and announced the waiver of any extraordinary payment to shareholders this year. The bank also announced the implementation of a one-year moratorium on mortgage loans and a six-month moratorium on consumer loans, aimed at helping customers who qualify as 'vulnerable' under Royal Decrees 8/2020 and 11/2020

On 30 March, Bankia announced that its customers can withdraw cash free of charge at the ATMs of any financial institution in Spain and raised the limit for contactless payments without having to enter a PIN from 20 to 50 euros

On 1 April, Bankia announced the advance payment of unemployment benefit



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On 6 April, following the signing of an agreement with ICO, Bankia launched the ICO Covid-19 Loan and Corporate Credit Account

On 14 April, Bankia launched a free home shopping service for one million pensioners, in collaboration with Alares

On 15 April, DBRS Ratings confirmed Bankia's long-term issuer rating at 'BBB (high)' and revised the outlook from positive to stable

On 20 April, Bankia launched an online simulator that allows customers affected by the Covid-19 crisis to find out whether they are eligible to apply for a mortgage or consumer loan moratorium

On 29 April, S&P Global Ratings confirmed Bankia's long-term rating at 'BBB' with a stable outlook

On 8 May, Bankia announced that it would advance the first unemployment benefit instalment to people laid off under a temporary layoff plan (ERTE)

On 13 May, Bankia passed the one million users threshold in Bizum

On 27 May, Bankia's Board of Directors approved the creation of the Technology and Innovation Committee

On 29 May, Bankia reached an agreement with Cecabank for the transfer of Bankia's institutional fund depository business for 170 million euros plus variable amounts depending on targets

On 16 June, Bankia and CREA SGR signed an agreement for a 50 million euro facility to support the creative and cultural industries throughout Spain

On 17 June, through Bankia Commerce, Bankia launched an online sales portal for electronic products with one-click financing at 0% APR

On 24 June, Bankia launched Agro Digital, a space on the Bankia.es website aimed at the agri-food sector that includes a [digital tool](#) to facilitate farmers' access to state aid

On 10 July, Bankia was recognised as the company with the 'Best Customer Experience Strategy' in the Spanish market in the 7th edition of the DEC Awards



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On 15 July, Bankia, through Bankia Fintech Venture, announced the acquisition of 20% of the capital of Finweg, a fintech platform that develops new electronic payment systems based on blockchain technology and enables management of contracts between companies.

On 3 September, Bankia reported to the CNMV that it was in talks with CaixaBank, with the knowledge and authorisation of the Board of Directors, to analyse the possibility of a merger between the two banks

On 15 September, the ECB approved the internal models for calculating the credit risk of Bankia's retail mortgage portfolio (IRB), allowing the bank to raise its fully loaded CET 1 capital ratio and consolidate its leadership in capital amongst Spain's biggest banks

On 16 September, Fitch confirmed Bankia's long-term rating at 'BBB' and the short-term rating at 'F2', taking them off its 'Rating Watch Negative'

On 18 September, Bankia and CaixaBank announced that their respective Boards of Directors have approved the draft terms of their merger. The agreement consists of a share exchange ratio of 0.6845 new ordinary shares of CaixaBank for each share of Bankia, with a premium of 20%. The new bank will maintain the CaixaBank brand and will be led by José Ignacio Goirigolzarri as executive chairman and Gonzalo Gortázar as chief executive officer

On 21 September, Scope Ratings placed its ratings of Bankia under review for an upgrade

On 23 September, S&P Global Ratings placed Bankia's long-term rating on CreditWatch positive, maintaining it at 'BBB'

On 24 September, the rating agency DBRS Morningstar placed its 'BBB (high)' long-term ratings on Bankia on Under Review Positive

On 29 September, the National High Court delivered a ruling on Bankia's IPO acquitting the 34 defendants

On 29 September, Fitch Ratings placed its 'BBB' long-term rating for Bankia and its 'BBB' viability rating for Bankia on Rating Watch Positive. The short-term credit rating was confirmed at 'F2'

On 15 October, Bankia Fintech by Innsomnia, Spain's largest fintech acceleration programme, launched its sixth call for proposals to attract the best national and international banking digitisation projects



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On 14 November Bankia was recognised in the Dow Jones European Sustainability Index as one of the most sustainable companies, having been a component of the index for four years running

On 1 December, the Extraordinary General Meeting of Bankia shareholders approved the draft terms for the merger by absorption of Bankia into CaixaBank

On 14 December, Bankia Asset Management signed up to the UN Principles for Responsible Investment and undertook to incorporate ESG (Environmental, Social and Corporate Governance) criteria into its investment decision-making processes

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## KEY DATA

	Dec-20	Dec-19	Change
<b>Balance sheet (€ million)</b>			
Total assets	209,842	208,468	0,7%
Loans and advances to customers (net)	121,005	117,444	3,0%
Loans and advances to customers (gross)	124,328	120,623	3,1%
On-balance-sheet customer funds	146,896	143,464	2,4%
Customer deposits and clearing houses	128,460	124,785	2,9%
Borrowings, marketable securities	15,462	15,697	(1,5%)
Subordinated liabilities	2,975	2,983	(0,3%)
Total customer funds	179,479	174,267	3,0%
Equity	12,932	13,142	(1,6%)
Common Equity Tier I - BIS III Phase In	11,244	11,120	1,1%
<b>Solvency (%)</b>			
CET 1 Ratio - Fully Loaded <sup>(1)</sup>	15,48%	13,02%	+2,46 p.p.
CET 1 Ratio - Phase In <sup>(1)</sup>	16,66%	14,32%	+2,34 p.p.
Total capital Ratio - Phase In <sup>(1)</sup>	21,35%	18,09%	+3,26 p.p.
MREL Ratio - Phase In <sup>(1)</sup>	25,21%	21,92%	+3,29 p.p.
<b>Risk management (€ million and %)</b>			
Total risk	132,221	128,156	3,2%
Non performing loans	6,213	6,465	(3,9%)
NPL provisions	3,613	3,491	3,5%
NPL ratio	4,7%	5,0%	-0,3 p.p.
NPL coverage ratio	58,2%	54,0%	+4,2 p.p.
<b>Results (€ million)</b>			
Net interest income	1,904	2,023	(5,9%)
Gross income	3,088	3,245	(4,8%)
"Core" result (Net interest income + Net fees and commissions - Operating Expenses)	1,336	1,287	3,8%
Pre-provision profit	1,308	1,428	(8,4%)
Profit/(loss) before tax pre COVID-19 provision	816	756	8,0%
COVID-19 provision	(505)	-	-
Profit/(loss) before tax post COVID-19 provision	311	756	(58,8%)
Profit/(loss) attributable to the Group	230	541	(57,6%)
<b>Key ratios (%)<sup>(4)</sup></b>			
Cost to Income ratio (Operating expenses / Gross income)	57,7%	56,0%	+1,7 p.p.
R.O.A. (Profit after tax / Average total assets) <sup>(2)</sup>	0,1%	0,3%	-0,2 p.p.
RORWA (Profit after tax / RWA) <sup>(3)</sup>	0,3%	0,7%	-0,4 p.p.
ROE (Profit attributable to the group / Equity) <sup>(4)</sup>	1,8%	4,2%	-2,4 p.p.
ROTE (Profit attributable to the group / Average tangible equity) <sup>(5)</sup>	1,9%	4,3%	-2,4 p.p.
ROE (Profit attributable to the group / Equity) pre COVID-19 provision	4,5%	4,2%	+0,3 p.p.
ROTE (Profit attributable to the group / Average tangible equity) pre COVID-19 provision	4,7%	4,3%	+0,4 p.p.
<b>Bankia share</b>			
Number of shareholders	162.870	173.949	(6,4%)
Number of shares in issue (million)	3.070	3.070	0,0%
Closing price (end of period, €) <sup>(6)</sup>	1,45	1,90	(23,8%)
Market capitalisation (€ million)	4.448	5.840	(23,8%)
Earnings per share <sup>(7)</sup> (€)	0,07	0,18	(57,6%)
Tangible book value per share <sup>(8)</sup> (€)	4,10	4,21	(2,8%)
PER (Last price <sup>(6)</sup> / Earnings per share <sup>(7)</sup> )	19,35x	10,79x	79,4%
PTBV (Last price <sup>(6)</sup> / Tangible book value per share)	0,35x	0,45x	(21,7%)
Cash dividend per share (euro cents) <sup>(9)</sup>	-	11,576	-
<b>Additional information</b>			
Number of branches	2.127	2.275	(6,5%)
Number of employees	15.950	16.035	(0,5%)

(1) "Quick Fix" measures Dec-20 (IFRS 9) should have an impact of +69 basis points on CET 1, +70 basis points on Total Capital and +72 basis points on MREL.

(2) Profit after tax divided by average total assets for the year.

(3) Profit after tax divided by risk weighted assets at year-end.

(4) Attributable profit divided by the previous 12 months average equity, excluding the expected dividend payment. In Dec-20 no dividend payout against 2020 earnings is deducted.

(5) Attributable profit divided by the previous 12 months average tangible equity, excluding the expected dividend payment. In Dec-20 no dividend payout against 2020 earnings is deducted.

(6) End of fiscal year dates: December 31, 2020 and December 31, 2019.

(7) Attributable profit divided by the number of shares in issue.

(8) Total Equity less intangible assets divided by the number of shares in issue.

(9) Dividend payout against the results of the year.



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## P&L

(€ million)	2020	2019	Change on 2019	
			Amount	%
<b>Net interest income</b>	<b>1.904</b>	<b>2.023</b>	<b>(119)</b>	<b>(5,9%)</b>
Dividends	2	17	(16)	(89,4%)
Share of profit/(loss) of companies accounted for using the equity method	60	60	(0)	(0,5%)
Total net fees and commissions	1.213	1.081	132	12,2%
Gains/(losses) on financial assets and liabilities	147	298	(151)	(50,7%)
Exchange differences	13	15	(2)	(13,7%)
Other operating income/(expense)	(250)	(249)	(1)	0,3%
<b>Gross income</b>	<b>3.088</b>	<b>3.245</b>	<b>(157)</b>	<b>(4,8%)</b>
Administrative expenses	(1.585)	(1.616)	31	(1,9%)
Staff costs	(1.070)	(1.119)	50	(4,4%)
General expenses	(515)	(496)	(19)	3,9%
Depreciation and amortisation	(195)	(201)	6	(2,8%)
<b>Pre-provision profit</b>	<b>1.308</b>	<b>1.428</b>	<b>(120)</b>	<b>(8,4%)</b>
Provisions	(529)	(477)	(52)	10,9%
Provisions (net)	24	(15)	39	-
Impairment losses on financial assets (net)	(554)	(463)	(91)	19,6%
<b>Operating profit/(loss) pre COVID-19 provision</b>	<b>778</b>	<b>951</b>	<b>(172)</b>	<b>(18,1%)</b>
Impairment losses on non-financial assets	(22)	(19)	(2)	12,7%
Other gains and other losses	60	(176)	236	-
<b>Profit/(loss) before tax pre COVID-19 provision</b>	<b>816</b>	<b>756</b>	<b>61</b>	<b>8,0%</b>
Non-recurring COVID-19 provision	(505)	-	(505)	-
<b>Profit/(loss) before tax post COVID-19 provision</b>	<b>311</b>	<b>756</b>	<b>(444)</b>	<b>(58,8%)</b>
Corporate income tax	(81)	(213)	132	(61,8%)
<b>Profit/(loss) of the exercise</b>	<b>230</b>	<b>542</b>	<b>(312)</b>	<b>(57,6%)</b>
Profit/(Loss) attributable to minority interests	0,2	0,9	(0,6)	(74,3%)
<b>Profit/(loss) attributable to the Group</b>	<b>230</b>	<b>541</b>	<b>(312)</b>	<b>(57,6%)</b>
<b>Cost to Income ratio <sup>(1)</sup></b>	<b>57,7%</b>	<b>56,0%</b>	<b>+1,7 p.p.</b>	<b>1,7%</b>
<b>Recurring Cost to Income ratio <sup>(2)</sup></b>	<b>60,8%</b>	<b>62,0%</b>	<b>(1,2) p.p.</b>	<b>(1,2%)</b>
<b>PRO-MEMORY "Core" Result <sup>(3)</sup></b>	<b>1.336</b>	<b>1.287</b>	<b>49</b>	<b>3,8%</b>

(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.



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## QUARTERLY P&L

(€ million)	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
<b>Net interest income</b>	<b>493</b>	<b>489</b>	<b>464</b>	<b>458</b>	<b>503</b>	<b>502</b>	<b>516</b>	<b>502</b>
Dividends	1	1	0	0	3	1	14	1
Share of profit/(loss) of companies accounted for using the equity method	27	9	12	12	18	13	15	14
Total net fees and commissions	333	296	300	284	284	263	273	260
Gains/(losses) on financial assets and liabilities	14	3	66	64	62	97	102	37
Exchange differences	2	(2)	4	9	3	5	4	3
Other operating income/(expense)	(176)	(7)	(63)	(4)	(174)	(5)	(66)	(4)
<b>Gross income</b>	<b>693</b>	<b>788</b>	<b>784</b>	<b>823</b>	<b>699</b>	<b>875</b>	<b>858</b>	<b>813</b>
Administrative expenses	(396)	(393)	(381)	(415)	(394)	(409)	(407)	(407)
Staff costs	(270)	(260)	(255)	(285)	(267)	(282)	(286)	(285)
General expenses	(126)	(133)	(126)	(130)	(127)	(127)	(121)	(122)
Depreciation and amortisation	(52)	(49)	(48)	(47)	(53)	(49)	(49)	(50)
<b>Pre-provision profit</b>	<b>245</b>	<b>346</b>	<b>355</b>	<b>361</b>	<b>252</b>	<b>417</b>	<b>402</b>	<b>357</b>
Provisions	(216)	(104)	(111)	(99)	(173)	(119)	(121)	(65)
Provisions (net)	(24)	73	(11)	(14)	17	14	(35)	(10)
Impairment losses on financial assets (net)	(192)	(176)	(100)	(85)	(189)	(132)	(86)	(55)
<b>Operating profit/(loss) pre COVID-19 provision</b>	<b>30</b>	<b>242</b>	<b>245</b>	<b>262</b>	<b>80</b>	<b>299</b>	<b>281</b>	<b>292</b>
Impairment losses on non-financial assets	(12)	(2)	(5)	(3)	(5)	(5)	(6)	(4)
Other gains and other losses	116	(37)	(7)	(12)	(110)	(42)	(4)	(19)
<b>Profit/(loss) before tax pre COVID-19 provision</b>	<b>134</b>	<b>203</b>	<b>233</b>	<b>247</b>	<b>(36)</b>	<b>252</b>	<b>271</b>	<b>269</b>
Non-recurring COVID-19 provision	(40)	(155)	(185)	(125)	-	-	-	-
<b>Profit/(loss) before tax post COVID-19 provision</b>	<b>94</b>	<b>48</b>	<b>48</b>	<b>122</b>	<b>(36)</b>	<b>252</b>	<b>271</b>	<b>269</b>
Corporate income tax	(44)	(10)	0	(27)	2	(76)	(76)	(64)
<b>Profit/(loss) in the period</b>	<b>50</b>	<b>38</b>	<b>48</b>	<b>94</b>	<b>(34)</b>	<b>176</b>	<b>196</b>	<b>205</b>
Profit/(Loss) attributable to minority interests	0,1	0,1	0,1	0,1	0,1	0,0	0,8	(0,0)
<b>Profit/(loss) attributable to the Group</b>	<b>50</b>	<b>37</b>	<b>48</b>	<b>94</b>	<b>(34)</b>	<b>176</b>	<b>195</b>	<b>205</b>
<b>Cost to Income ratio <sup>(1)</sup></b>	<b>64,6%</b>	<b>56,1%</b>	<b>54,7%</b>	<b>56,1%</b>	<b>63,9%</b>	<b>52,3%</b>	<b>53,2%</b>	<b>56,1%</b>
<b>Recurring Cost to Income ratio <sup>(2)</sup></b>	<b>66,1%</b>	<b>56,2%</b>	<b>60,1%</b>	<b>61,5%</b>	<b>70,4%</b>	<b>59,2%</b>	<b>60,7%</b>	<b>59,0%</b>
<b>PRO-MEMORY</b>								
<b>"Core" Result <sup>(3)</sup></b>	<b>378</b>	<b>342</b>	<b>335</b>	<b>280</b>	<b>341</b>	<b>307</b>	<b>333</b>	<b>306</b>

(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.



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## BALANCE SHEET

(€ million)	Dec-20	Dec-19	Change on Dec.19	
			Amount	%
Cash and balances at central banks	11.808	13.203	(1.395)	(10,6%)
Financial assets held for trading	6.768	6.691	77	1,2%
Trading derivatives	6.687	6.519	168	2,6%
Debt securities	81	171	(90)	(52,8%)
Equity instruments	0,7	1,4	(0,7)	(50,5%)
Financial assets designated at fair value through profit or loss	11	35	(23)	(67,2%)
Debt securities	0,2	0,2	(0,0)	(18,6%)
Loans and advances to credit institutions	0	23	(23)	(100,0%)
Loans and advances	11	11	(0)	(0,6%)
Financial assets designated at fair value through equity	8.624	11.982	(3.358)	(28,0%)
Debt securities	8.564	11.906	(3.342)	(28,1%)
Equity instruments	60	76	(16)	(21,5%)
Financial assets at amortised cost	163.405	155.968	7.437	4,8%
Debt securities	37.495	33.068	4.427	13,4%
Loans and advances to credit institutions	4.916	5.467	(552)	(10,1%)
Loans and advances to customers	120.994	117.433	3.561	3,0%
Hedging derivatives	2.451	2.499	(48)	(1,9%)
Investments in subsidiaries, joint ventures and associates	469	455	14	3,0%
Tangible and intangible assets	3.023	3.019	5	0,15%
Non-current assets held for sale	1.661	2.152	(491)	(22,8%)
Other assets	11.622	12.465	(843)	(6,8%)
<b>TOTAL ASSETS</b>	<b>209.842</b>	<b>208.468</b>	<b>1.374</b>	<b>0,7%</b>
Financial liabilities held for trading	6.876	6.750	126	1,9%
Trading derivatives	6.687	6.479	208	3,2%
Short positions	189	271	(82)	(30,2%)
Financial liabilities at amortised cost	187.070	185.176	1.894	1,0%
Deposits from central banks	22.900	13.809	9.091	65,8%
Deposits from credit institutions	14.834	26.460	(11.626)	(43,9%)
Customer deposits and funding via clearing houses	128.460	124.785	3.675	2,9%
Debt securities in issue	18.437	18.680	(243)	(1,3%)
Other financial liabilities	2.440	1.443	997	69,1%
Hedging derivatives	153	87	66	75,2%
Provisions	1.285	1.754	(469)	(26,7%)
Other liabilities	1.377	1.365	12	0,9%
<b>TOTAL LIABILITIES</b>	<b>196.762</b>	<b>195.133</b>	<b>1.629</b>	<b>0,8%</b>
Minority interests	3	13	(11)	(80,9%)
Other accumulated results	145	180	(35)	(19,3%)
Equity	12.932	13.142	(209)	(1,6%)
<b>TOTAL EQUITY</b>	<b>13.080</b>	<b>13.335</b>	<b>(255)</b>	<b>(1,9%)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>209.842</b>	<b>208.468</b>	<b>1.374</b>	<b>0,7%</b>



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