

## INSIDE INFORMATION

Pursuant to article 226 of the consolidated text of the Securities Market Act, approved by Legislative Royal Decree 4/2015 of 23 October 2015, it is hereby notified that as of today, 15th September, Bankia has obtained authorization from the Governing Council of the European Central Bank to apply a material change in the parameters of Probability of Default (PD) used in the internal capital model for credit risk applicable to its retail mortgage business, requested in October 2018 and on which it has been updating the market in its results presentations.

The received authorization will allow Bankia to extend, during this third quarter of the current exercise, the abovementioned material change as well as the Loss Given Default (LGD) and Credit Conversion Factor (CCF) to the whole of the retail mortgage portfolio of the Bankia stand-alone portfolio excluding the perimeter originated by BMN before the Group's integration. The entity estimates that the execution of the changes will imply a reduction in Risk Weighted Assets (RWAs) of around 5,970 million euros.

Likewise, the entity expects that, once all prerequisites are met, it would be able to extend the application of these same parameters to the retail mortgage portfolio of the BMN pre-merger perimeter throughout the fourth quarter of this exercise, with an estimated reduction in RWAs of 2,280 million euros.

In this manner, the application of the received authorization will allow Bankia to reduce its RWAs in an amount around 8,250 million euros, which represents a positive impact of 160bps in the CET 1 Fully Loaded ratio of the entity (112bps for the Bankia pre-merger perimeter and 48bps for the BMN pre-merger perimeter) over the second quarter closing ratio (13.27%).

Madrid, 15<sup>th</sup> September 2020

BANKIA, S.A.