General Meeting of Shareholders

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Good morning, ladies and gentlemen.

First of all, thank you for joining us here at this General Meeting.

I intend to briefly review financial year 2020 as a frame of reference for the financial statements presented at this meeting for your approval.

My speech will be divided in three parts.

I will start with some comments on the environment in which we operated in in 2020.

After that, I will discuss our business performance.

Lastly, I will consider the performance of Bankia's balance sheet and income statement.

1. Environment in 2020

Last year was dominated by the Covid-19 crisis and its painful impact on the lives of many people around the world and in our country.

The pandemic has had a very adverse impact on the economy, resulting in the worst recession since the Second World War.

In the eurozone, GDP dropped almost 7%. In this context, the economic policy response has been key to mitigating the effects of the crisis. The historic agreement to set up a 750 billion euro Recovery Fund, coupled with the SURE Employment Programme and other additional measures, brought the overall stimulus package for the European economy to 1.3 trillion euros.

In Spain, GDP fell by 11%, above the European average, while measures were taken to alleviate the impact of the drop in GDP on economic activity.

Those measures include temporary employment adjustment programmes (ERTEs) and government guarantees for loans to businesses (ICO facilities).

Despite the swift economic policy response, the number of people in employment in Spain fell by 357,000 in 2020, reversing the positive job creation trend seen in recent years.

The fall in employment would have been much greater had it not been for the 757,000 employees furloughed under the ERTE scheme as of the end of 2020.

Another very important factor for our income statement, besides the economic environment, is the level of interest rates—specifically, the 12-month Euribor, which affects the profitability of our credit portfolio in particular.

During the pandemic, the European Central Bank's monetary policy has been especially expansionary, driving the 12-month Euribor down to an all-time low of -0.5%.

As I will explain in the last part of my speech, this decline in Euribor has had an adverse impact on our net interest income for 2020.

In this context, Bankia worked hard throughout last year to help to reduce the impact of the crisis on society.

Throughout the pandemic, we have continued to deliver services to our customers, while at the same time meeting the new financial needs of both households and businesses.

The measures we have taken to assist our household and families include advance payment of pensions and unemployment benefits and moratoria on mortgage and consumer loans for all interested customers.

Specifically, we granted 113,000 loan moratoria for a total of 5,625 million euros.

To assist businesses, SMEs and self-employed entrepreneurs, we focused on extending the term of working capital facilities and granting new credit, much of it backed by ICO guarantees.

We granted 54,000 ICO-backed loans, with a drawn balance of over 8.2 billion euros.

In short, we completed what may well have been the most complicated year in our history, in which Bankia worked to support society at large while at the same time ensuring satisfactory business and income statement performance.

2. Business performance

I now turn to the performance of our business over the course of 2020. I shall focus on:

- Our most relevant credit portfolios, i.e. businesses and mortgages;
- Payment services; and
- The channelling of savings into mutual funds.

I shall start with lending to businesses. As the accompanying table shows, 2020 saw strong growth in our portfolio, which increased by 6 billion euros, i.e. approximately 17%, year-on-year.

This above-industry-average growth resulted in a 33bp gain in our market share, which ended the year at 8.17%.

The main driving force behind lending to businesses was the granting of ICO-guaranteed loans, in which Bankia was especially active. Whereas the guarantees initially allocated to us gave us a share of 7.1%, the share eventually granted was 9.4%, which is much higher than our natural market share in the businesses segment.

The highlight in the portfolio of mortgages to individuals is the 14% growth in new originations. Despite the sharp fall in GDP, we granted 3,348 million euros of new mortgages, the largest amount in Bankia's history. This growth, well above the industry average, brought our market share to 7.97%, an increase of 117bp.

In the payments business we once again gained market share in 2020, both in number of cards in circulation and, more importantly, in card spend, where our share rose 63bp to more than 13%.

Lastly, another key business line is the channelling of savings into mutual funds.

The balance of funds held by our customers in mutual funds rose 7.3%, well above the market average, driving our market share up a further 46bp to 7.51%.

The net cash inflow to assets under management was 1,013 million euros, representing almost 90% of the net inflow of all fund managers in Spain.

Thus, in the complex market environment of 2020 Bankia gained market share in the key segments of the banking business, indicating that business performance last year was highly satisfactory.

3. Balance sheet and income statement management

In the third part of my presentation I would like to comment on the changes in our balance sheet and income statement.

The two main balance sheet items, loans and deposits, grew during the year.

The credit book grew 3,561 million euros, or 3.0%, reversing the downward trend seen in recent periods due to deleveraging by customers.

Customer deposits, mostly retail deposits, increased by 4,093 million euros, or 3.4%.

We thus have a conservative balance sheet structure, in which the credit book is more than financed by customer deposits, and last year's growth in lending was likewise financed by growth in deposits.
This situation is also reflected in the Bank's liquidity position. Liquid assets increased by 1,931

million euros, while wholesale debt maturities decreased by 770 million euros. The excess of liquid assets over maturities thus increased from 45% to 58% and at year-end 2020 already amounted to almost 13 billion euros.

The trend in balance sheet quality, despite last year's weak economic environment, was similarly positive.

Non-performing loans (NPLs) decreased by 252 million euros, resulting in a 30bp improvement in the NPL ratio, which ended the year at 4.7%.

The increase in provisioning pushed NPL coverage up 420bp, to 58.2%.

The ratio of non-performing assets on the balance sheet—that is, the sum of non-performing loans and foreclosed assets—improved by 31bp decreasing to 2.98%. Thus, despite the economic headwinds, we have achieved a better ratio than the 3% target we had set ourselves in the Strategic Plan.

Turning now to equity, the capital ratio rose 246bp to 15.48%.

As of year-end 2020, we have the highest solvency ratio of all the large Spanish banks.

As our Chairman pointed out, in our Strategic Plan we set ourselves the target of generating 2.5 billion euros of capital, measured as the excess of capital above 12%, plus dividends distributed to shareholders, from 2018 to 2020.

In the end we generated 2,932 million euros, far exceeding our target for the period.

In terms of balance sheet strength, therefore, 2020 was a very positive year, with an increase in liquidity, an improvement in asset quality and a significant increase in capital strength.

I turn now to the income statement.

Ordinary profit before tax was up 60 million euros, or 8.0%.

This increase is attributable mainly to the 49 million euros growth in core result, while the other income statement items—other income and expenses—contributed only with a positive of 11 million euros.

I will now look more closely at the performance of these two components of profit: core result and other income and expenses.

The accompanying table shows the trend in Bankia's core result, i.e. net interest income plus net fee and commission income, less operating expenses. Core result is the most recurring item in the income statement and a good indicator of the performance of the traditional banking business.

In 2020, the core result grew 49 million euros, or 3.8%, to a total of 1,336 million euros. This growth was the net result of a 0.4% increase in income and a 2% decrease in operating expenses.

The growth in core income was driven by growth in net fee and commission income, which offset the decline in net interest income.

The 12.2% growth in net fee and commission income is attributable largely to the increase in the volume of funds managed by the Bank in mutual funds, the growth in the payments business and the new commercial positioning strategy implemented at the end of 2019.

In contrast, net interest income was penalised by the decline in Euribor, which fell from -0.22% in 2019 to -0.5% at the end of 2020.

As you know, ladies and gentlemen, negative interest rates reduce the margin in our banking business, so that despite growth of 1.3% in average balance sheet balances, the further decline in the Euribor reduced our net interest income by 5.9%.
As I mentioned earlier, other income and expenses contributed with a positive of 11 million

euros.

This includes 576 million euros of provision expense for credit portfolios and other financial assets, an increase of 94 million euros, or 19%.

Other gains and losses, meanwhile, contributed a positive 105 million euros. The main components of this result are the gain on the sale of the depository business for 155 million euros and lower net trading income from bond portfolio turnover.

In addition to the provisions for credit portfolios and other assets mentioned earlier, we have set aside an additional 505 million euros to cover the impact of Covid-19.

The purpose of these provisions is to anticipate any foreseeable impairment of our portfolios resulting from the pandemic and comply with the current accounting and prudential framework, in line with the pronouncements issued by the various regulators and supervisors.

The amount of the Covid-19 provisions is almost 90% of the ordinary provisions for the year mentioned previously, bringing total provisions and write-downs to 1,081 million euros.

After deducting these provisions, profit before tax was 311 million euros, down 59% compared to 2019.

Net profit after tax and minority interests was 230 million euros, down 58%.

As I told you at the beginning of my presentation, we now look back at a year of enormous complexity, in which economic activity suffered an unprecedented setback and interest rates continued to fall.

In this context, Bankia's performance in 2020 has to be seen as very positive.

In our banking business, we have grown more than our competitors in key segments.

Our balance sheet has been strengthened, with a reduction in non-performing assets and a very significant increase in solvency.

Core result is up 4% and profit before Covid provisions is up 8%. We have also recorded substantial additional provisions, in line with prudential criteria, to mitigate any future effects of the pandemic.

In addition to all this, in 2020 we reached agreement on the proposed merger with CaixaBank, which you, ladies and gentlemen, approved at the General Meeting on 1 December.

The merger is clearly focused on long-term value creation for shareholders and has already received market recognition in the short term.

As our Chairman noted, since the merger was announced on 3 September, Bankia's share has risen 69%, well above the 21% increase in the Ibex-35 and also outperforming the European benchmark index.

All these achievements have been possible thanks to the contribution made by the Bankia team.

A team which, at the times of greatest difficulty and uncertainty, made it their priority to meet customers' needs.

A team which drove business growth ahead of competitors, while prudently managing risk.

A team which has also worked enthusiastically to create value for you, ladies and gentlemen.

A team I'm proud to be a part of.

Today we present for your approval what will be Bankia's last annual accounts. I would like to thank all the members of your Board of Directors, both those here today at this General Meeting and those who have accompanied us throughout this stage at Bankia, for their hard work and help. It has been a privilege to be a member of this Board.

Finally, ladies and gentlemen, I would like to thank you for the trust you have placed in Bankia over the years. It has been an honour to work for you.

Thank you.