

ANNUAL  
REPORT



Bankia

Bankia is a financial institution operating mainly in Spain with a focus on retail and business banking and a growing commitment to multi-channel banking.

It is the fourth largest bank in Spain by volume of assets and the market leader in six of Spain's autonomous communities (Community of Madrid, Valencian Community, Region of Murcia, La Rioja, Balearic Islands and Canary Islands).

Its main objective is to generate sustainable, recurring, long-term value that meets the expectations of its shareholders, customers, employees and society at large.

At Bankia we work from principles to be the bank of choice for society.



## S&P Dow Jones Indices

A Division of **S&P Global**



## BANKIA IN 2020

FINANCIAL POSITION	ECONOMIC INDICATORS	CORPORATE GOVERNANCE	PEOPLE	ENVIRONMENT	SOCIETY
Liquidity €35,048 million	Attributable profit €230 million	AGM attendance <b>81.897%</b>	Number of professionals <b>15,522</b>	Carbon neutrality	Social investment €22.9 million
Solvency <b>15.48% CET1 fully loaded</b>	Core earnings €1,336 million	Number of directors <b>13</b>	Women managers <b>1,669</b>	<b>100%</b> green energy	Beneficiaries of social action <b>647,184</b>
NPL ratio <b>4.7%</b>	Dividend €352 million	Independent directors <b>69.2%</b>	Hours of training per employee <b>82.6</b>	<b>59.8%</b> reduction in CO <sub>2</sub> emissions since 2018	Foundations and associations supported <b>925</b>
NPL Coverage ratio <b>58.2%</b>	Total State aid repaid €3,303 million	Board meetings held <b>21</b>	Professionals promoted <b>125</b>	<b>99.8%</b> recycled paper	Direct beneficiaries of employment projects <b>55,739</b>

# ANNUAL REPORT 2020

## 01. SUMMARY OF ACTIVITY

- 01.1 Chairman's statement
- 01.2 Macroeconomic environment
- 01.3 Milestones
- 01.4 Contribution to SDGs
- 01.5 Economic, social and environmental value
- 01.6 Business map
- 01.7 Sales activity
- 01.8 CaixaBank-Bankia merger
- 01.9 Annual earnings

This document is a translation of an original text in Spanish. In case of any discrepancy between the English and the Spanish version, the Spanish version will prevail.

## 02. STRATEGY

- 02.1 Strategic Plan 2018-2020
- 02.2 Responsible Management Plan 2019-2020
- 02.3 Innovation
- 02.4 Digital transformation

This document summarises Bankia's activity in 2020. For more details, please see the Consolidated Annual Report – Consolidated Financial Statements 2020.

## 03. VALUE CREATION

- 03.1 Banking as a solution to the health crisis
- 03.2 Value creation system
- 03.3 Customers
- 03.4 People
- 03.5 Shareholders
- 03.6 Society
- 03.7 Suppliers

## 04. BUSINESS MODEL

- 04.1 Business model definition
- 04.2 Business areas

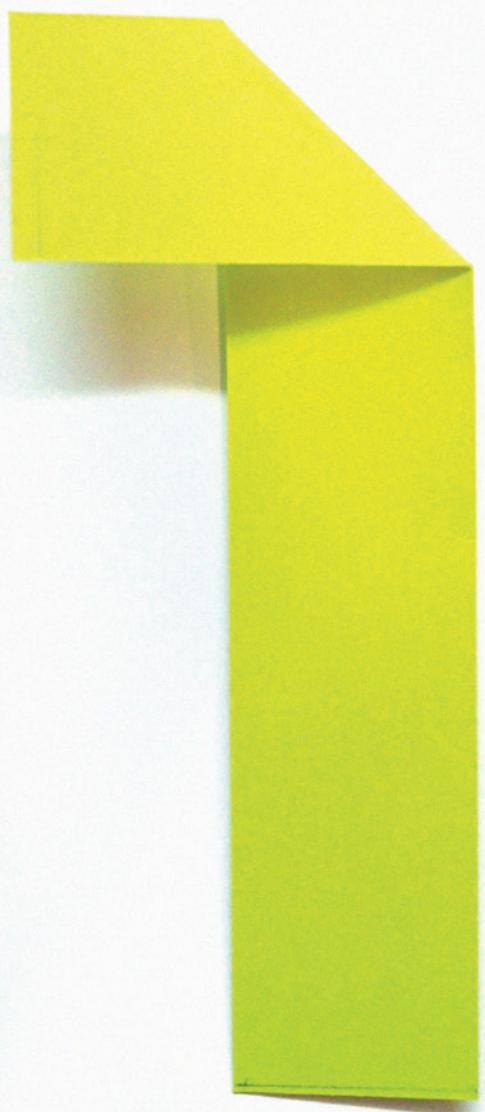
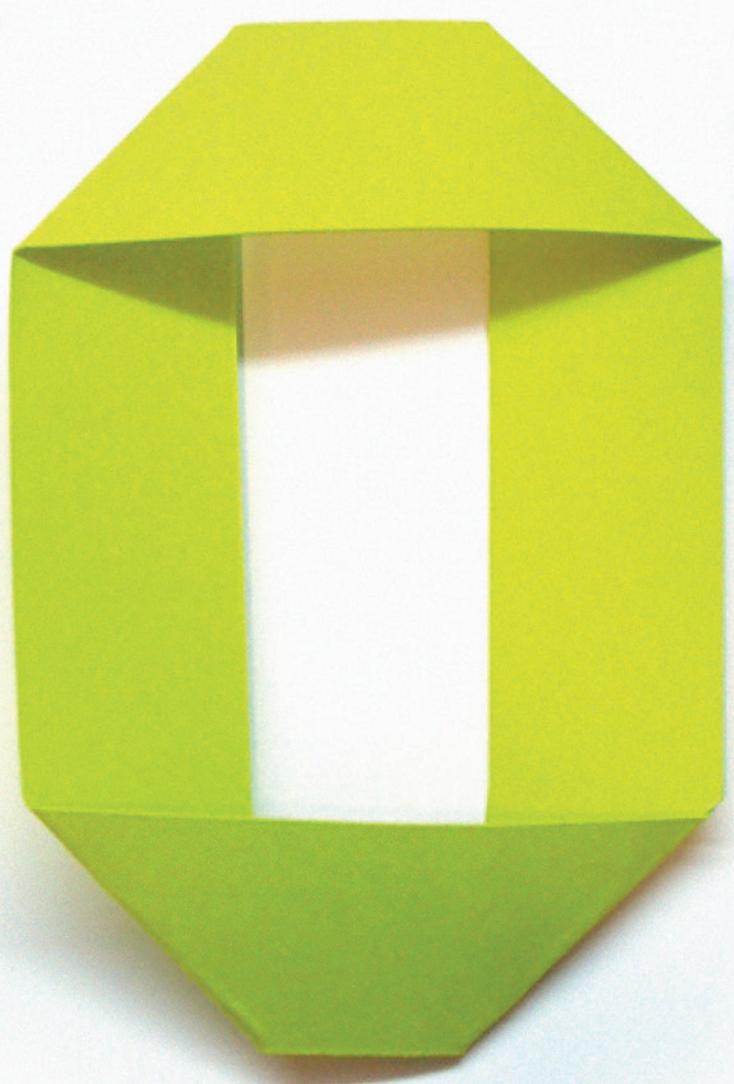
## 05. RESPONSIBLE BANKING

- 05.1 Culture, values and corporate integrity
- 05.2 Corporate governance model
- 05.3 Board of Directors
- 05.4 Management Committee
- 05.5 Good banking practices

## 06. RISK MANAGEMENT

## 07. BANKIA'S HISTORY

## 08. APPENDIX KEY HISTORICAL DATA



# SUMMARY OF ACTIVITY

IN BUSINESS TERMS, 2020 WAS A  
GOOD YEAR FOR BANKIA, WHICH  
ENDED ITS 2018-2020 STRATEGIC  
PLAN HAVING MET THE MAIN  
MANAGEMENT TARGETS,  
DESPITE DIFFICULT CIRCUMSTANCES.



# 01.1

## CHAIRMAN'S STATEMENT

2020 will be remembered as the year of the covid-19 pandemic.

It has been one of the most difficult years in our recent history. As a society, we have had to battle with a health crisis which even today continues to cause serious losses, both in human life and in the economy.

In 2020, Spanish GDP fell 11%. Although we anticipate a vigorous recovery in 2021 and 2022, we do not expect to return to pre-crisis levels until the year after that.

To a greater or lesser extent, every sector of our economy has suffered the consequences not only of the strict lockdown and its implications for consumption and investment decisions but also of the uncertainty caused by the spread of the disease.

As a cyclical industry, banking has not been immune to this situation, the consequences of which have been apparent in our institution. From the start of lockdown in March, we made great efforts to stand by our customers at a time when they needed us more than ever.

As banking is an essential activity, we kept practically all our branches open, aiming to provide the best possible service. These efforts, together with the excellent performance and security of our digital channels, helped ensure that our bank continued to provide the financial services our customers need.

This would not have been possible without the commitment of Bankia's professionals, who once again showed, throughout the year, an enormous capacity for adaptation and a wholehearted dedication to customer service.



## BANKIA AND THE FINANCIAL SECTOR AS A WHOLE HAVE BEEN PART OF THE SOLUTION TO THE PROBLEMS CAUSED BY THE CRISIS, HELPING TO MAINTAIN HOUSEHOLD INCOME AND THE COUNTRY'S PRODUCTIVE INDUSTRY



Moreover, in response to the impact of the health crisis on the economy, we designed solutions and products to support families and businesses affected by the shutdown of the economy.

We granted mortgage and consumer credit moratoria for households that had lost a large part of their income during the year.

At the same time, in partnership with the state financial agency ICO, we helped finance thousands of companies and self-employed entrepreneurs, providing new lines of financing to help them keep their businesses afloat.

In this way, not just our bank but the banking sector as a whole has become part of the solution to the problems caused by the crisis, helping to maintain household income and the productive sectors of our country's economy.

This time around, thanks to the efforts put into improving solvency and liquidity in recent years and the support provided by the monetary authorities, banks have the capital and financial strength to continue to finance companies and households.

The economic consequences of the crisis and the steps taken by the bank have had a direct impact on the results for the year.

During 2020, we set aside 505 million euros in extraordinary provisions to cover the impact the covid-19 crisis may have on our loan book in the future. These provisions have directly affected our profit after tax, which came to 230 million euros.

Nevertheless, our bank continues to perform strongly in the market, as evidenced by the fact that once again last year we achieved record market shares in the high-value products we had set as priorities. Our performance in mutual fund management, where we reached a market share of 7.5%, and in lending to companies, where our share rose above 8% for the first time, is particularly notable.

Strong sales, combined with significant cost containment, resulted in a 3.8% increase in core earnings.

Despite this complex environment, we were able to further strengthen our capital ratio through organic capital generation, ending the year with a CET1 ratio above 15%.

This improvement in the main management indicators has been constant over the last three years, allowing us to meet many of the targets we had set for the end of the 2018-2020 Strategic Plan, including the targets for reduction of non-performing assets and capital generation.

With these results for 2020 we thus conclude the last cycle in Bankia's history, with the satisfaction of having achieved major milestones, despite having had to operate in a macroeconomic and, above all, interest rate environment very different from the one envisaged in our strategic plan.

The crisis caused by covid-19 is having a tremendous impact on the financial environment, significantly affecting interest rates. There is now little doubt that Europe will have negative rates for years to come.

This entails a structural change in our business, forcing banks to respond strategically.



## 01.1 CHAIRMAN'S STATEMENT

### BANKIA CONTINUED TO SHOW GREAT SALES MOMENTUM, REACHING RECORD MARKET SHARES IN PRODUCTS IT HAD SET AS PRIORITIES

It is in this perspective that Bankia's Board of Directors, which had already devoted several meetings to analysing the consolidation of the banking industry in Spain and the role Bankia might play, came to the view that anticipation was key.

At a time of abrupt change in the environment, anticipation not only gives a bank more options but also allows it to meet the challenges of integration from a position of greater financial strength.

In current circumstances the Board of Directors decided that anticipation should take the form of a search for a partner with whom we could achieve three key objectives:

- A critical size, so as to obtain economies of scale and thus improve efficiency, while having greater capacity for sustained investment in technology and innovation.
- Greater financial strength, with a strongly provisioned and well capitalised balance sheet, so as to more reliably face the consequences of the economic crisis.
- Sustainable profitability, thanks to a balanced business mix and strong capacity to generate revenue from diversified sources.

I believe that the planned merger with CaixaBank, which was approved at the Extraordinary General Meeting on 1 December, meets all these criteria, making us part of our country's largest financial group, with total assets in excess of 660,000 million euros and the backing of more than 20 million customers.

A venture that starts out with high balance sheet quality and a unique distribution model, coupled with significant and balanced revenue-generating capacity and the synergies to be realised after integration, will be capable of improving efficiency and profitability for all its shareholders.



## THE PLANNED MERGER WITH CAIXABANK WILL DRIVE THE GROWTH OF THE SPANISH ECONOMY AND GIVE IT NEW STRENGTH

And while all this is fundamental, no less fundamental is the requirement that these goals be achieved on the basis of common values and a common culture, as that is the only way to mitigate the implementation risk that any merger entails.

Bankia and CaixaBank both have a management model in which priority is given to improving customer satisfaction, which is vital in order to sustainably generate value for all our stakeholders.

We do this in the conviction that we must develop a model that incorporates the best of both entities. It is not just a matter of joining forces, but of creating a franchise that enhances the practices currently employed by each entity separately.

And this is something we must do on the basis of certain principles which, given our origin, we both share and must strengthen as we go along.

Principles that encapsulate the expectations of the different stakeholder groups: customers, our team, our shareholders and, of course, the society of which we are a part and which we serve. A project aimed at assisting and driving the growth we expect to see in the Spanish economy and making it stronger, both through advances in digitisation and through the development of a more sustainable economic environment.

On this basis, together we now engage in a project which, with all necessary humility, has an enormous ambition: the ambition to lead the Spanish banking system through the huge transformation we expect to see in the near future, with the sole objective of fulfilling our purpose, which is to continue to finance companies and households, because that is the best way to support the social and economic recovery of our country.



JOSÉ IGNACIO GOIRIGOLZARRI  
CHAIRMAN OF BANKIA

# 01.2

## MACROECONOMIC ENVIRONMENT

2020 was an exceptionally bad year for the world economy. The rapid spread of covid-19 between March and April sparked the deepest global recession since the Second World War, due to the lockdown measures.

Apart from China, which controlled the pandemic very effectively and ended the year with positive GDP growth, the other major economies suffered severe contractions, albeit of unequal intensity, depending on their economic structure, the scale of public aid and the effectiveness of their health management efforts. In the euro area, the effects of the crisis were so uneven as to pose a new threat of fragmentation. This prompted the EU to sign a landmark agreement, giving the go-ahead to a 750 billion euro Recovery Fund, which, together with the SURE employment protection programme and soft credit lines made available to governments under the

ESM and to businesses by the EIB, boosted EU aid to 1.3 trillion euros.

The impact on the economy triggered massive sell-offs of risky assets, which, coupled with liquidity strains in the commercial paper, interbank and government bond markets, drove central banks to act swiftly and firmly.

The Fed cut its benchmark rates by 150 basis points, set the cash reserve ratio at 0%, launched a new QE programme for an unlimited amount and time, and activated various facilities that allowed it to intervene in practically all segments of the market. The ECB expanded its asset purchase programme (APP) by 120 billion euros until the end of 2020 and launched a new programme (PEPP) for 750 billion, subsequently increased to 1.85 trillion. It also approved new long-term liquidity injections with relaxed requirements.

The actions of the central banks and the progress made in covid-19 treatments and vaccines led to a steady recovery of risky assets, a sharp drop in 12-month Euribor, which fell to record low levels close to -0.51%, and a decrease in risk premiums for peripheral bonds, with the Spanish 10-year yield approaching 0%.

### SPANISH ECONOMY HARD HIT BY THE PANDEMIC

The performance of the Spanish economy was determined entirely by covid-19. The pandemic triggered a major negative shock and overturned initial forecasts, which had pointed to a continuation of the previous expansion phase. The declaration of the state of alarm on 14 March limited movement in the country and paralysed large parts of productive activity, resulting in a record contraction in GDP in the first half of the year.

Although the subsequent lifting of restrictions allowed a gradual reopening of the economy, the reopening was incomplete and asymmetrical across regions, sectors and actors. Moreover, from the summer onward the recovery slowly lost momentum as infections surged, leading to a new state of alarm.

By the end of 2020, GDP had fallen by 11%, a contraction on a scale

unseen since at least the Spanish Civil War. The impact of the crisis was more severe in Spain than in neighbouring countries because of the faster spread of the pandemic and a stricter lockdown at the beginning of the crisis. The relative importance of tertiary activities, especially those linked to tourism, combined with certain features of Spain's productive sectors, such as high levels of temporary employment and small firm size, helped amplify the impact.

The economic policy response was decisive in mitigating the impact of the crisis on the most disadvantaged groups, businesses, employment and income, as well as in alleviating companies' liquidity problems.

Measures were aimed at protecting businesses, so as to facilitate a rapid reactivation of the economy after the crisis. They included temporary employment adjustment programmes (ERTEs) and state guarantees for loans to businesses (ICO facilities).

The effects of the pandemic were felt in the labour market, especially in the sectors most affected by social distancing measures, although the rate of job destruction was slowed by widespread use of ERTEs.

After falling by one million between mid-March and the end of April, the number of workers registered with Social Security subsequently improved, making up for a large proportion of the job losses. By year-end 2020 the number of people registered as employed stood at 18.9 million, as against 19.26 million at the end of 2019. Moreover, at 31 December there were still more than 755,000 workers laid off under ERTEs, well below the peak of nearly 3.6 million recorded at the end of April.

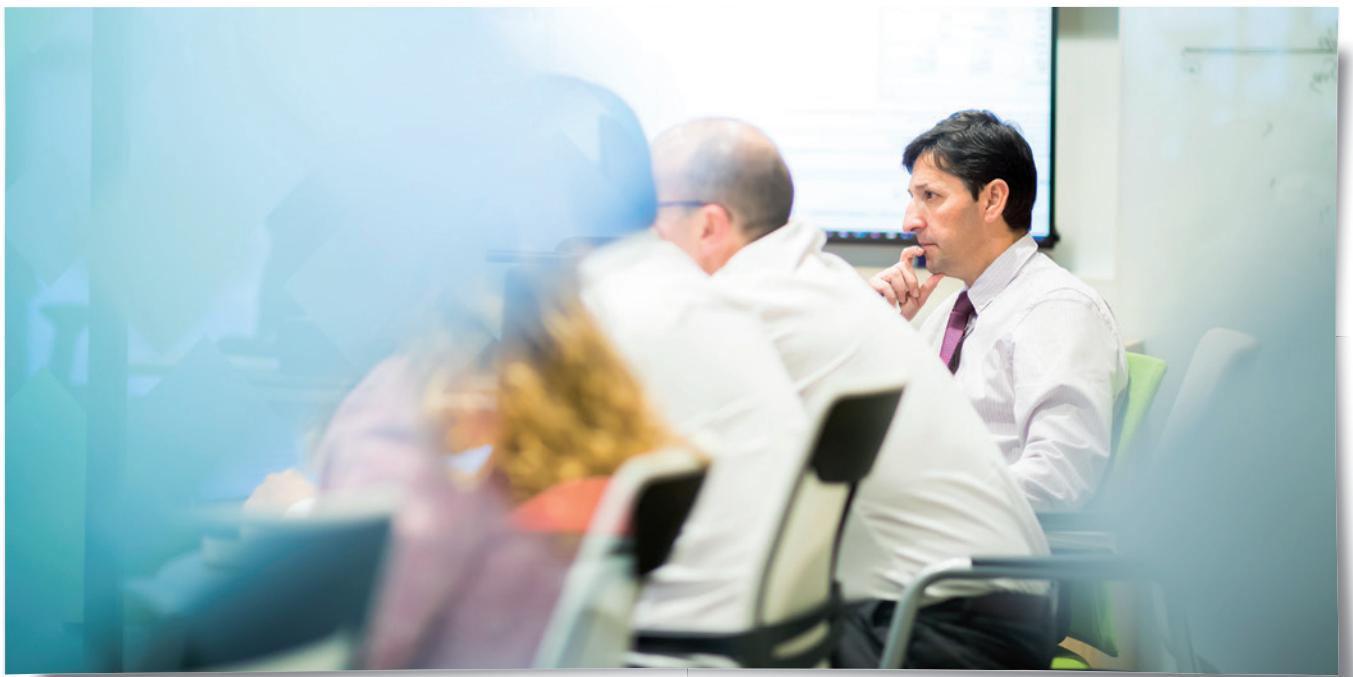
All components of demand contributed to the collapse of GDP, except for general government expenditure, given the funds earmarked to cushion the impact of the pandemic on households and businesses. Household spending slowed significantly, but less than household income, so the savings rate

climbed to an all-time high. Although some of the saving was precautionary, most of it was forced or involuntary, given the impossibility of spending with shops closed.

The component that saw the sharpest decline was investment, hampered by the restrictions on business activity, the weakening of expectations, the high level of under-utilisation of installed production capacity and the deterioration in companies' financial position.

External demand contributed negatively to GDP due to the collapse of tourism revenue.

The Spanish economy was able to maintain its financing capacity, albeit with a marked reduction in the positive balance (1.3% of GDP in 3Q20, the lowest since 2012). The rapid increase in the public deficit, burdened by pandemic spending, and the effect of the automatic stabilisers were partially offset by the significant improvement in the financial position of households.



## 01.2

### MACROECONOMIC ENVIRONMENT

#### ECONOMIC OUTLOOK FOR 2021

The outlook for the global economy in 2021 is substantially better than it has been in 2020, thanks to the provisional results of the most advanced vaccines, allowing hope that the covid-19 shock may gradually recede.

Economic activity is also likely to be buoyed by further fiscal and monetary measures, both in Europe and in the United States, coupled with an easing of political uncertainty (completion of Brexit and a more predictable new US government).

The most probable scenario, therefore, is that the recovery in the major developed economies will continue and that the relapses seen in 2020 as a result of the close link between mobility/ social life and contagion will be avoided.

On the monetary front, central banks will maintain the stimulus for much of the year with a view to creating accommodative financial conditions that will allow the productive sectors to absorb the costs of the current crisis as soon as possible, while keeping inflation on target.

The ECB, in particular, will continue its emergency asset purchase programme and long-term refinancing operations until the end of the year and is very unlikely to lower the reference rate.

The effect of this monetary policy and the improvement in the economic environment that should follow from vaccinating the population against covid-19 is likely to result in an increase in the value of risk-bearing assets, a slight rise in 12-month Euribor (which should oscillate around -0.50% and -0.40%) and a continuing, albeit gradual, upward trend in debt yields.

After the 2020 debacle, the outlook for the Spanish economy in 2021 is encouraging, with consumer and business confidence rising, thanks to the development of effective covid-19 vaccines and an increase in treatment capacity.



Even so, the weakening observed at the end of last year and the resurgence of the health crisis at the beginning of 2021 adds uncertainty to the scenario and points to a weaker, slower recovery, with GDP expected to grow at around 6% in 2021. Activity is not expected to return to pre-crisis levels before late 2022, as the economy's productive potential will have suffered as a result of the damage inflicted on the business sector and the labour market.

Aside from the spread of the pandemic itself, this scenario is not without risks. At the global level, the main challenge will be the future direction of trade relations between the United States and China. In Spain, a critical factor will be whether economic policy is able to adapt to a highly complicated and fast-changing environment. Efforts must remain focused on combating the health crisis and dealing with the economic consequences of the anti-covid measures, until a strong,

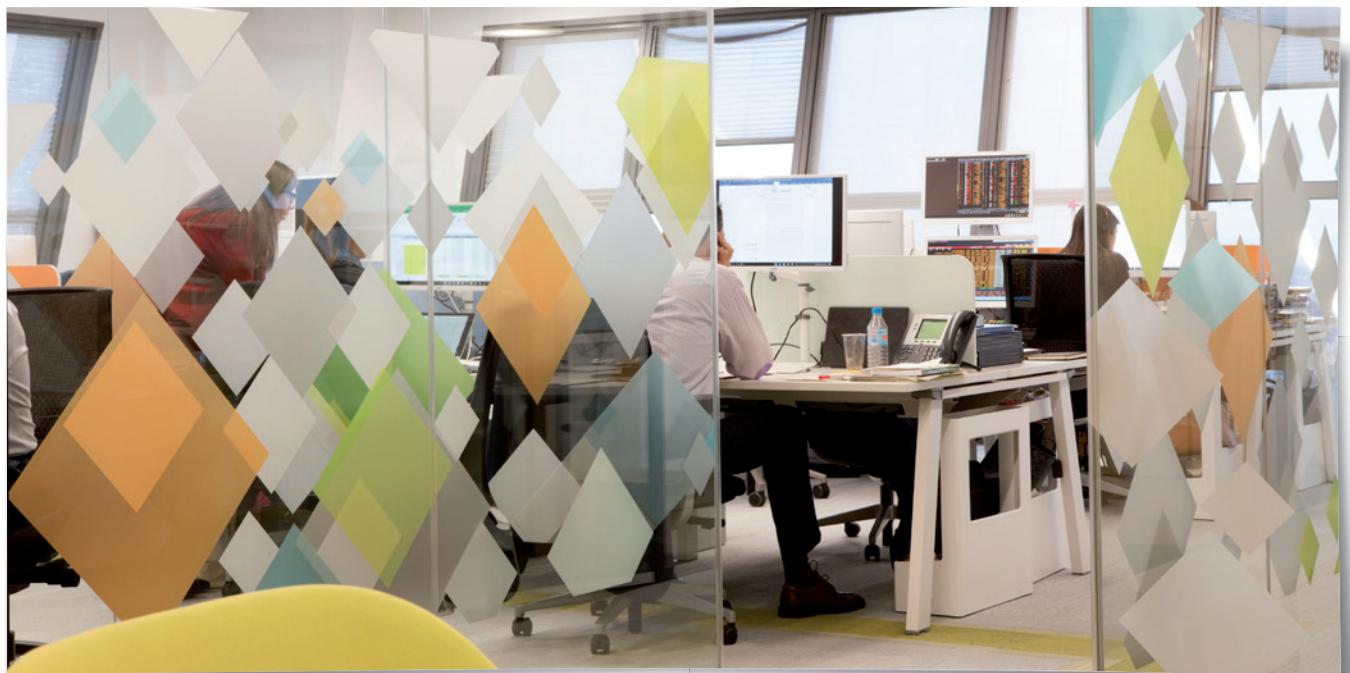
sustained recovery is in place. Particular attention must be paid to the economic agents and sectors most affected by the crisis, providing ongoing aid and promoting policies for active training and reskilling of the workforce.

At the same time, other economic policy measures aimed at fostering growth in the medium and longer term should not be neglected. An important factor in this regard will be how efficiently the economy is able to mobilise and allocate the European funds for reconstruction (Next Generation EU), insofar as they can be used to decisively support recovery and raise potential growth capacity.

## ESTIMATED GDP GROWTH IN 2021

6%

APPROXIMATELY



# 01.3

## MILESTONES

### MARCH



Bankia holds its Annual General Meeting, at which shareholders approve payment of a dividend out of profit for 2019.

Fitch places Bankia's ratings on Rating Watch Negative.

Covid measures: Bankia strengthens its digital channels to facilitate customer transactions during lockdown, pays cash advances on state pensions, relaxes bank charges for customers with direct income deposit affected by the crisis, and launches a package of measures to help self-employed entrepreneurs, SMEs and large companies cope with the difficult economic situation generated by covid-19. It also starts to offer moratoriums on mortgages and consumer loans for vulnerable customers.

### JANUARY



Bankia announces the sale of 15% of Caser to Helvetia for 166 million euros, with an estimated positive impact of 13 basis points on Bankia's total capital ratio.

### APRIL



DBRS Ratings confirms Bankia's long-term issuer rating at 'BBB (high)' and revises the outlook from positive to stable, while S&P Global Ratings confirms Bankia's long-term rating at 'BBB' with a stable outlook.

### FEBRUARY



Bankia is included in Bloomberg's Gender Equality Index and joins the Spanish Sustainable Finance Observatory.



Covid measures: Bankia pays cash advances on unemployment benefit, launches the ICO-backed covid-19 business loan and credit account, starts a free home shopping service for pensioners in collaboration with Alares, and offers an online simulator for customers affected by the crisis to check whether they are eligible to apply for a mortgage or consumer loan moratorium.

## MAY



Bankia's Board of Directors approves the creation of the Technology and Innovation Committee.



Covid measures: Bankia pays a cash advance on the first benefit payment to customers laid off under an ERTE.



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

## SEPTEMBER



The ECB approves the internal models (IRB) for calculating the credit risk of Bankia's retail mortgage portfolio.

Bankia's Board of Directors approves the merger of Bankia with CaixaBank.

After the merger agreement is announced, S&P Global Ratings places Bankia's long-term rating, 'BBB', on CreditWatch positive; DBRS places Bankia's 'BBB (high)' rating Under Review Positive; and Fitch places Bankia's ('BBB') long-term rating on Rating Watch Positive.

## JUNE



Bankia and CREA SGR sign an agreement for a 50 million euro facility to support the creative and cultural industries throughout Spain.



Bankia launches Bankia Shop and the Agro Digital space within Bankia.es.

## OCTOBER



Bankia presents 'digital humanism', its customer relationship model based on personal advice backed by the most advanced technology.

## JULY



Bankia, through Bankia Fintech Venture, announces the acquisition of 20% of the capital of Finweg, a fintech platform that builds new electronic payment systems on blockchain technology that can be used to manage contracts between companies.



## NOVEMBER

Bankia holds its third meeting with shareholders virtually to explain the merger agreement with CaixaBank.

Bankia is recognised by the Dow Jones European Sustainability Index as one of the most sustainable companies.

## AUGUST



Bankia and Acciona sign a 100 million euro 'green' loan for the development of a wind project in Australia.



## DECEMBER

Bankia's Extraordinary General Meeting approves the merger of Bankia with CaixaBank.

# 01.4

## CONTRIBUTION TO SDGs

Bankia is committed to the Sustainable Development Goals and focuses its efforts on four priority SDGs (4, 8, 11 and 13) and one cross-cutting SDG (17). This contribution also allows it to influence other SDGs, such as Affordable and clean energy (SDG 7), Industry, innovation and infrastructure (SDG 9), Gender equality (SDG 5) and Reduced inequalities (SDG 10), in addition to Responsible production and consumption (SDG 12), Life below water (SDG 14), No poverty (SDG 1), and Peace, justice and strong institutions (SDG 16).

SDG	BANKIA'S CONTRIBUTION	STRATEGY	IMPACT
 <b>SDG 13</b> Climate action			CO <sub>2</sub> emissions neutrality in 2020
Take urgent action to combat climate change and its impacts	Bankia has included respect for the environment and the fight against climate change in its responsible management model as variables to be taken into consideration	2017-2020 Eco-Efficiency and Climate Change Plan  Sustainable financing  Calls for applications for environmental and sustainable development projects  Plan to increase the proportion of assets managed under ESG criteria  Bankia AM signs up to UN Principles for Responsible Investment  Marketing of sustainable investment funds and investment in clean infrastructure and technologies	CO <sub>2</sub> emissions reduced by 59.8% since 2018  Strategy implemented for setting an internal carbon price  Contribution to raising 18,675 million euros of sustainable financing  31 loans totalling more than 800 million euros for clean energy projects  11 environmental calls for applications, with awards totalling 480,000 euros to support 49 projects  Assets managed under ESG criteria expected to increase by 26% in 2021  6,100 million euros in assets managed under socially responsible investment criteria  Sustainable funds: 'Bankia Futuro Sostenible', 'Bankia Mixto Futuro Sostenible', 'Bankia Garantizado Valores Responsables' and 'Bankia Index Clima Mundial'



**Bankia**

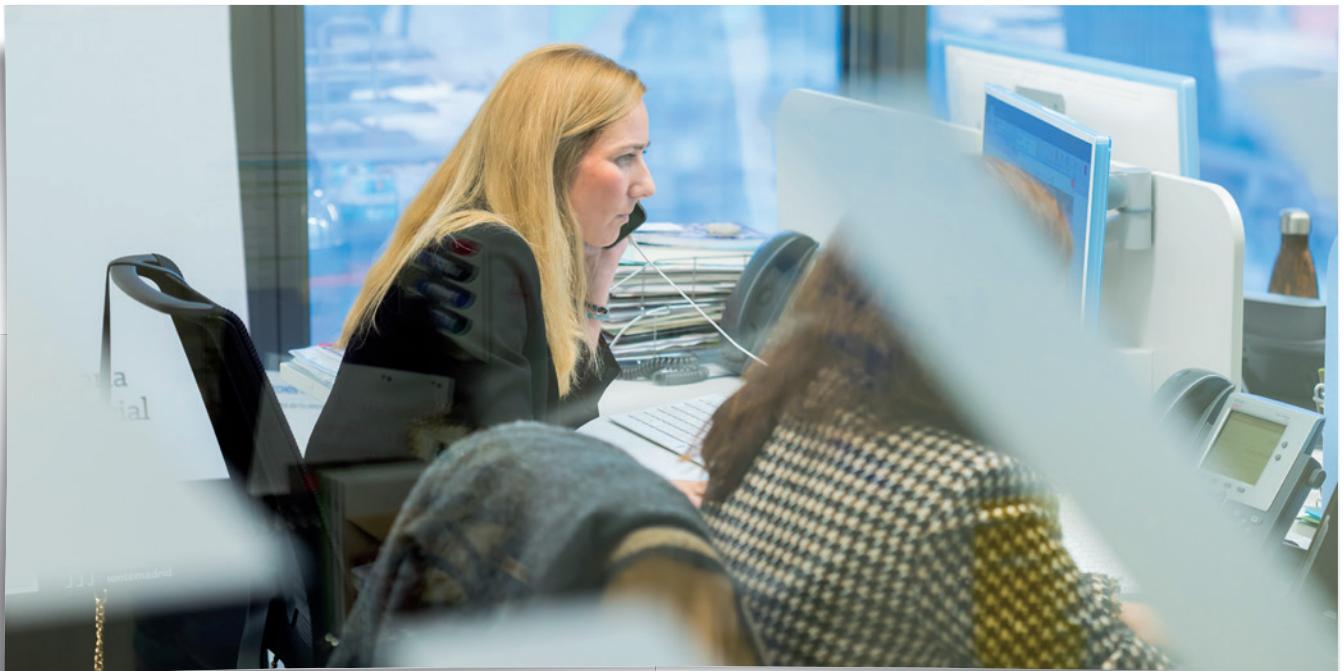
**BANKIA ACHIEVED CO<sub>2</sub>  
EMISSIONS NEUTRALITY  
IN 2020**

SDG	BANKIA'S CONTRIBUTION	STRATEGY	IMPACT
 <b>SDG 11</b> Sustainable cities and communities  Make cities inclusive, safe, resilient and sustainable	Bankia promotes investment, financing and innovation in infrastructure and services that improve the quality of life and the sustainability of cities	Financial products that will help individuals and businesses to thrive both personally and professionally	6,513 mortgages in a total amount of 695.54 million euros granted to people under 35
		Agribusiness	305 social rent agreements signed in 2020 for vulnerable groups
			13.5 million euros in loans and lease agreements for low-emission vehicles
			378 specialised branches
			56,857 crop and livestock farmers financed
			5.8 million invested
			605,000 direct beneficiaries in 506 supported projects
		Promoting sustainable mobility	More than 97% of the vehicles in the bank's fleet are hybrids

# 01.4

## CONTRIBUTION TO SDGs

SDG	BANKIA'S CONTRIBUTION	STRATEGY	IMPACT
<b>SDG 8</b> Decent work and economic growth	<p>Promote inclusive and sustainable economic growth, employment and decent work for all</p> <p>As a financial institution, Bankia provides decent employment with decent conditions for its employees and value chain, while fostering entrepreneurship and professional development. It also supports SMEs and self-employed people in carrying on their businesses and promotes access to employment through its social action</p>	<p>Company that acts responsibly towards its professionals</p> <p>Support for financing of SMEs and self-employed</p> <p>Job creation and access to employment projects with a special focus on vulnerable groups</p>	<p>Signing of UN Principles for the Empowerment of Women and of the Code of Principles of Generational Diversity</p> <p>100% of staff on open-ended contracts</p> <p>99,9% of professionals receive a contribution to the pension plan</p> <p>125 professionals promoted internally in 2020, 52% women</p> <p>417.7 million euros granted to self-employed people in 2020</p> <p>8,782 million euros granted to SMEs in 2020</p> <p>55,739 direct beneficiaries</p>



SDG	BANKIA'S CONTRIBUTION	STRATEGY	IMPACT
 SDG 4 Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Bankia is firmly committed to the promotion of financial literacy in Spanish society, inclusive quality education that promotes the knowledge and skills required for better personal and professional management, and improved access to employment and entrepreneurship	Education and employability projects
		Dual VET programme	3.04 million euros invested
		VET foundation: Fundación Bankia por la Formación Dual	28.6% of students from the three graduation classes of the Bankia Dual VET programme joined the Bank's workforce
		Financial education	440 participating companies
		Specific programmes with non-profit entities to promote employment in high-demand sectors and employability among vulnerable groups	96 courses completed
			308 collaboration agreements with schools
			4,560 students trained
			469,342 Bankademia users
			51,689 beneficiaries
SDG	BANKIA'S CONTRIBUTION	STRATEGY	IMPACT
 SDG 17 Partnerships for the goals	Revitalise the global partnership for sustainable development	Through industry groups and public-private partnerships, Bankia protects the interests of its stakeholders in economic, social, environmental and corporate governance matters. Alliances are key to sharing knowledge and driving projects that will contribute to the Sustainable Development Goals	National and international alliances
		Collaboration with publicly owned financial institutions	ICO, EIB and Mutual Guarantee Companies
		Partnerships with NGOs to promote environmental conservation	Support for 925 NGOs through 25 calls for social and environmental project proposals, with more than 645,000 beneficiaries
		Innovation and fintech partnerships for sustainable development	Alliance with Everis Energía and Aenor to develop a market place for the management of greenhouse gas emission reductions
			Alliance with Finweg to operate a service that avoids paper consumption and reduces operational risks for companies by searching for digital securities with full legal validity
			80% of startups taking part in Bankia Fintech by Innsomnia sign a business agreement with Bankia: examples include an agreement with The Logic Value to develop a company rating that takes ESG parameters into account and agreements with Tickendy and Donext

01.5

## ECONOMIC, ENVIRONMENTAL AND SOCIAL VALUE

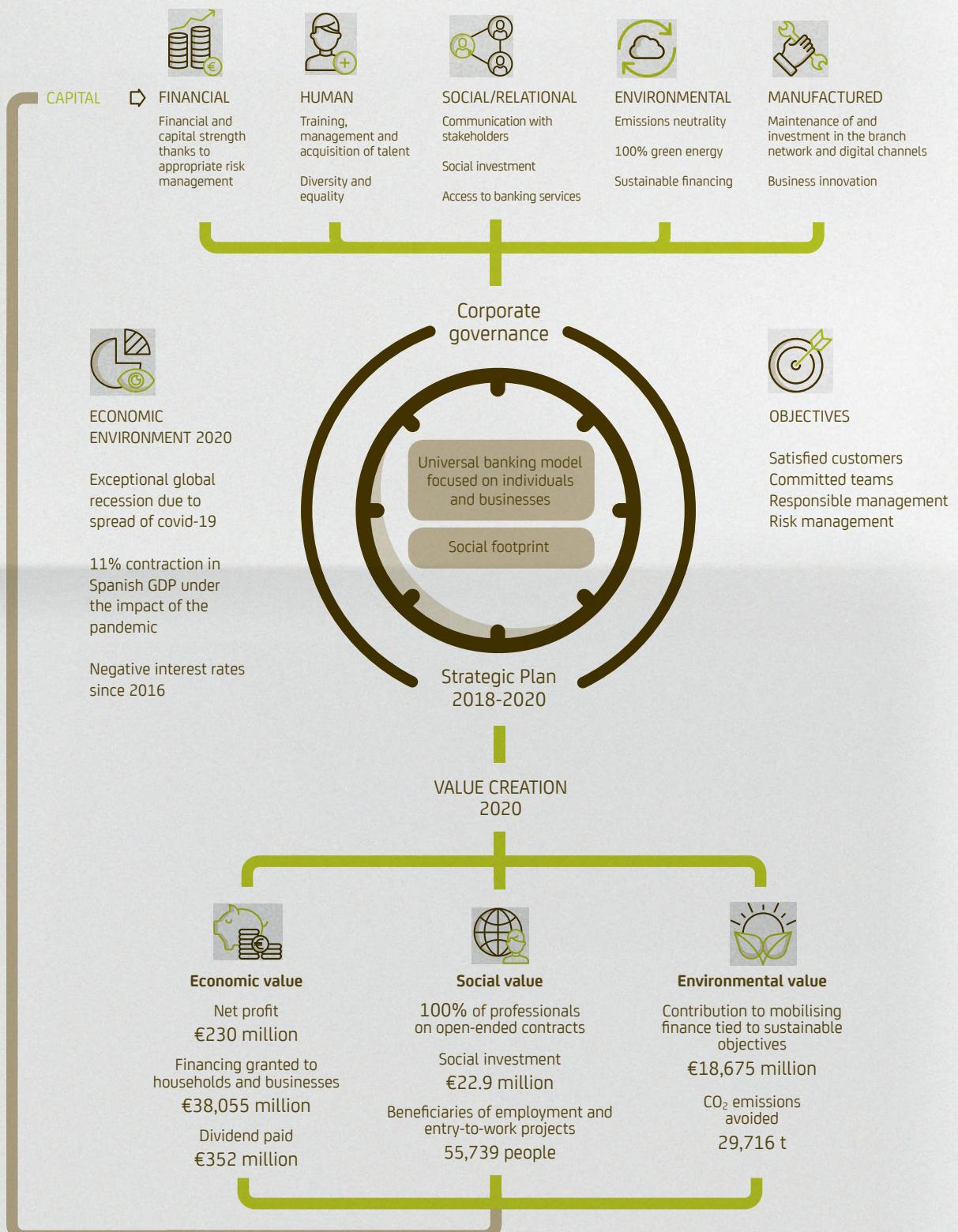
**BANKIA HAS REPAYED  
3,303 MILLION EUROS OF  
THE STATE AID RECEIVED**

Bankia's main objective as a financial institution is to generate value for its shareholders, so as to be able to continue to repay the investment to the State. As of the end of 2020, Bankia had paid back 3,303 million euros of the state aid it had received.

Bankia generates value by listening to stakeholders and meeting their needs, because no company can grow sustainably if it ignores the demands of society, its customers and its professionals. For that reason, the bank has transparent corporate governance, manages risk appropriately and conducts its business in a responsible manner.



## VALUE CREATION PROCESS



# 01.6

## BUSINESS MAP

Bankia operates throughout Spain, with a strong presence in the areas of origin: Community of Madrid, Valencian Community, La Rioja, Canary Islands, Balearic Islands and Region of Murcia. Approximately 5% of the bank's branches and 16% of its ATMs are in sparsely populated areas, thus facilitating access to banking services.

### MARKET SHARE BY BUSINESS VOLUME

- > 14% MARKET SHARE
- 6% - 14% MARKET SHARE
- < 6% MARKET SHARE



## MARKET SHARES

	2020	2019
Market share by business volume <sup>1</sup>	9.41%	9.97%
Market share in retail branches <sup>1</sup>	9.34%	9.15%
Market share in card spend <sup>1</sup>	12.53%	11.79%
Market share in risk insurance <sup>1</sup>	6.19%	6.56%
Share of personal pension plans	7.91%	7.93%
Share of mortgages (stock)	12.17%	12.46%
Share of credit to households (stock)	10.61%	10.91%
Share of household deposits	10.48%	11.01%
Share of mutual funds	7.51%	7.05%

1. Data as of September each year.

Sources: Banco de España, Inverco and ICEA.

## MULTICHANNEL COMMERCIAL NETWORK

	2020	2019
<b>TOTAL BANKIA BRANCHES</b>	<b>2,296</b>	<b>2,432</b>
Universal banking branches	1,578	1,656
Perimeter branches	316	374
Agile branches	122	125
Service outlets	78	82
+Value branches	13	13
'Connect with your Expert' centres	69	61
Company branches	59	65
Business corners	5	5
Private Banking branches	16	16
Recovery centres	34	29
Representative offices (international)	3	3
Corporate Banking branches	3	3
Branches in low population areas	115	115
ATMs	5,182	5,361
ATMs in low population areas	824	535
Number of Ofibuses	14	14



01.7

## SALES ACTIVITY

Despite the difficult circumstances arising from covid-19, 2020 was a good year for Bankia in business terms, with significant growth in lending to businesses, mortgage production and mutual fund sales.

The bank increased the total amount of new loans granted to households and businesses to 38,055 million euros (+67.6%). The volume of lending to SMEs grew 154%, to 8,782 million euros, while lending to self-employed individuals reached 417.7 million euros at the end of 2020, compared to 230.2 million one year earlier.

Lending to companies reached 23,377 million euros, compared to 12,629 million one year earlier. At the same time, the stock of loans granted to Corporate Banking customers rose above 22,331 million euros.

New mortgage lending reached 3,348 million euros, compared to 2,929 million in 2019. Of the total amount of new lending, 67% consisted of fixed-rate mortgage loans and the average loan-to-value ratio of all the mortgages advanced in the year was 65%.

The volume of assets managed in mutual funds crossed the 20,000 million euro threshold. In pension plans, the figure grew to 8,388 million euros.

Home confinement in March led to a spike in use of the bank's digital channels: more than 3.6 million people used Bankia Online during the year and nearly 3.6 million users transacted via the new Bankia app.

The number of digital customers exceeded 4 million, representing more than 60% of the bank's total

VOLUME OF  
LENDING TO  
COMPANIES

+85.1%

'CONNECT WITH  
YOUR EXPERT'  
CUSTOMERS

+28.8%

customers, and the number of users of the 'Connect with your Expert' service grew to 965,898.

2020 was also a good year in the card segment: more than 9.6 million cards were issued and card spend reached 33,032 million euros. E-commerce card payments came to 4,145.1 million euros.

## VOLUME OF FINANCING, ASSETS MANAGED AND PAYMENT SERVICES

Figures in millions of euros	2020	2019
Volume of new financing granted	38,055	22,704
Volume of financing granted to individuals	4,374	5,276
Volume of financing granted to SMEs	8,782	3,456
Volume of financing granted to self-employed	417.7	230.2
Volume of financing granted to mid-sized and large companies	23,377	12,629
New mortgages granted	3,348	2,929
Bankia Banca Privada business volume	7,379	7,313
Stock of loans granted to Corporate Banking customers	22,331	16,963
Assets managed in mutual funds	20,756	19,497
Assets managed in pension plans	8,388	8,243
Net premiums written in Bancassurance	507	530
Cards issued (million)	9.6	9.3
Card spend in e-commerce	4,145.1	3,434.9
POS terminals	173,926	170,327

**BANKIA GRANTED  
38,055 MILLION  
EUROS OF FINANCING  
TO HOUSEHOLDS AND  
BUSINESSES IN 2020**

## CUSTOMERS AND INVESTEES

	2020	2019
Individual customers	7,086,601	7,386,168
Self-employed customers	512,582	533,738
SME customers	189,643	201,423
Agribusiness customers	60,430	67,030
Business Banking customers	28,542	29,697
Private Banking customers	12,145	10,628
Bancassurance customers (risk and savings insurance)	1,556,407	1,605,286
Digital customers	4,083,644	3,738,666
'Connect with your Expert' customers	965,898	749,881
Bankia Online users	3,608,487	3,217,298
Bankia Online Empresas users	180,929	191,190
Bankia app users	3,598,118	2,881,310
Bankia Fondos unitholders	367,310	368,692
Bankia Pensiones unitholders	847,996	856,141

# 01.8

## CAIXABANK-BANKIA MERGER

Interest rate trends and the economic and financial situation in 2020 provided ideal conditions for bank mergers.

In the financial sector in general, bank profits fell sharply during the year as a result of the decline in net interest income and fee and commission income and, above all, the increase in impairment provisions to cover the adverse impact the pandemic is expected to have on credit quality.

The profit outlook has also deteriorated as growth forecasts have been revised downwards, while negative interest rates have been maintained for longer than expected.

In this context, given the limitations on revenue growth, the best way to boost efficiency and profitability was to reduce operating expenses. Cost reduction enhances banks' ability

to generate sustainable, diversified revenue and maintain a more appropriate credit profile on their balance sheets.

Mergers are a useful means of achieving that objective because they allow banks to create economies of scale and thus enhance their capacity to face other structural challenges, such as the digital transformation.

So the way lies open to a new phase of consolidation in the European banking system, driven by the regulatory and supervisory bodies, which in recent months have not only voiced repeatedly their support for mergers but have also relaxed the conditions imposed on mergers, most notably the minimum capital requirements for the resulting entities. The aim is to make the financial sector more resilient and better able to continue to support the real economy.

The consolidation process, which so far has taken place mainly at a domestic level (partly because of the greater scope for synergies), has been led by Spanish banks, with the CaixaBank-Bankia and Unicaja-Liberbank mergers.

### A LEADING BANK IN THE SPANISH MARKET

On 1 December 2020, Bankia's Extraordinary General Meeting of Shareholders approved a merger with CaixaBank to create what will be Spain's largest bank by volume of assets (valued at 664 billion euros). The merger is expected to be completed in the first quarter of 2021.

The exchange ratio for the proposed merger by absorption of Bankia by CaixaBank is 0.6845 new ordinary shares of CaixaBank for each Bankia share. The agreed price includes a premium of 20% over the exchange ratio at market close on 3 September, before the market was notified of the merger talks. This price also represents a premium of 28% over the average exchange ratio of the three months prior to the closing of the accounting period on 3 September.

The merged bank, which will operate under the CaixaBank brand, will be the leading bank in Spain, with more than 20 million customers, a market share of 25% in loans and 24% in deposits, and a diversified and balanced geographic presence.

It will also have market shares of 29% in long-term savings, around 23% in consumer credit and around 28% in mortgage lending.

Over a five-year horizon, the combination is expected to generate annual revenue synergies totalling 290 million euros.

On the expense side, the new bank is expected to achieve recurring cost savings of 770 million euros per year (in full as from 2023), which will improve the cost-income ratio to highly competitive levels (pro forma cost-income ratio of 47.9% for 2019, including 100% of the synergies).

After additional write-downs resulting from the transaction, the combined entity will have a non-performing loans ratio of 4.1%, the lowest in Spain, and a comfortable coverage ratio of 64%, one of the highest among the top Spanish banks.

CaixaBank and Bankia's strong capital position will ensure the capacity to absorb restructuring costs and valuation adjustments, giving the combined entity a CET1 ratio of 11.6%, well above (310 basis points) the regulatory minimum. Strong liquidity (128 billion euros) will continue to be the entity's hallmark and will enable it to support economic recovery through growth in lending.

The generation of synergies will improve the expected return, with a RoTE of more than 8% in 2022, according to market consensus estimates.

The CaixaBank-Bankia merger is a great opportunity to create value for customers, professionals, shareholders and society at large and will help drive Spain's economic recovery.

CriteriaCaixa will own 30% of the shares of the new company, while the Fund for Orderly Bank Restructuring (FROB) will hold 16.1%. The remaining 54% will be free float: 37% institutional and 17% retail.

The merged entity's Board of Directors will have 15 members, nine of whom will be independent, three proprietary, two executive and one other non-executive. Forty percent of the directors will be women.

José Ignacio Goirigolzarri will be executive chairman of the new entity and Gonzalo Gortázar will be CEO.



# 01.9

## ANNUAL EARNINGS

Bankia ended 2020 with attributable profit of 230 million euros, 57.6% less than the previous year on account of extraordinary provisions of 505 million euros, set aside to cover possible future impacts arising from covid-19, and reduced net trading income.

Even so, core earnings (net interest income + net fee and commission income - expenses) grew 3.8% in the year, to 1,336 million euros, thanks to strong fee and commission income and a decrease in operating expenses (-2%).

Net interest income fell 5.9%, to 1,904 million euros, under the impact of the decline in the yield curve, the change in the loan mix (with a relative increase in business loans and a relative decrease in consumer lending), and lower interest income from the fixed-income portfolio.

Net fee and commission income came to 1,213 million euros, a year-on-year increase of 12.2%, driven by fees and commissions on business with customers and on asset management and origination activities.

Operating expenses fell 2% during the year, to 1,781 million euros. As a result, the ratio of operating expenses to total risk-weighted assets (RWAs) ended the year at 2.64%, compared to an average of 3.29% for Bankia's peers.

Not counting the 505 million euros of extraordinary covid-19 provisions, the Group's provision expense and other income and expense in 2020 reached a total of 492 million euros, which is 26.7% less than in 2019.

Lending to businesses increased during the year as a result of ICO-backed loans, while new mortgage production reached record levels and

consumer lending gradually recovered after the initial impact of covid-19.

Bankia's NPL ratio was down 4.7% at the end of December, thanks to credit growth, risk management, and sales of portfolios and individual loans in the fourth quarter of the year. The NPL coverage ratio was up 4.2 percentage points compared to 2019, at 58.2%.

The bank reduced the ratio of net non-performing assets to 2.98%, thus reaching the target set in the Strategic Plan (net NPA ratio below 3%).

At the end of December 2020, the Group had total liquid assets of 35,048 million euros, covering its debt maturities 1.6 times. At year-end, the liquidity coverage ratio stood at 195%, well above the regulatory minimum of 100%.

The bank increased its lead in capital strength among the large Spanish banks, after reaching a fully loaded CET1 ratio of 15.48%, rising to 16.12% if regulatory flexibility measures are included.

The accumulated capital surplus above 12% CET1 on a fully loaded basis, not including unrealised sovereign gains, came to 2,226 million euros. With this and the 706 million euros of dividends distributed between 2018 and 2020, Bankia exceeded the capital generation target of 2.5 billion set in the Strategic Plan.

## BANKIA GROUP INCOME STATEMENT

(million euros)	2020	2019
Net interest income	1,904	2,023
Fees	1,213	1,081
Net trading income	147	298
Other income	(176)	(157)
<b>GROSS INCOME</b>	<b>3,088</b>	<b>3,245</b>
Operating expenses	(1,781)	(1,817)
<b>PRE-PROVISION PROFIT</b>	<b>1,308</b>	<b>1,428</b>
<b>TOTAL PROVISIONS AND OTHER INCOME AND EXPENSES</b>	<b>(492)</b>	<b>(672)</b>
of which financial and non-financial assets provisions	(576)	(482)
of which other provisions and other results	84	(190)
<b>PROFIT BEFORE TAXES BEFORE COVID-19 PROVISION</b>	<b>816</b>	<b>756</b>
Extraordinary COVID-19 provision	(505)	-
<b>PROFIT BEFORE TAXES AFTER COVID-19 PROVISION</b>	<b>311</b>	<b>756</b>
Profit attributable to the Group	230	541
Core result <sup>1</sup>	1,336	1,287

1. Core result: net interest income + fees - operating expenses.





# STRATEGY

BANKIA'S STRATEGY IS AIMED AT  
ENSURING THE SUSTAINABILITY OF  
THE PROJECT AND GENERATING  
SHAREHOLDER VALUE. ITS BUSINESS IS  
BUILT ON PEOPLE AND TECHNOLOGY,  
WITH THE CUSTOMER AT THE CENTRE.

# 02.1

## STRATEGIC PLAN 2018-2020

In February 2018, Bankia presented its 2018-2020 Strategic Plan, which was intended to make it the best bank in Spain in terms of solvency, efficiency and profitability.

The four main thrusts of this plan were: integration with BMN; efficiency and cost control; revenue growth through increased sales of high-value products; and accelerated reduction of non-performing assets.

The plan's financial and management targets were set on the basis of a macroeconomic scenario that assumed Spanish GDP growth of more than 2% in 2020, Euribor of 0.73% at the end of 2020, and a gradual recovery of credit.

Under the 2018-2020 Strategic Plan, the bank was expected to achieve after-tax profit of 1.3 billion euros in 2020, a fully loaded CET1 ratio of 12%, ROE of 10.8% (based on the 12%

CET1 ratio) and a cost-to-income ratio below 47%. The non-performing assets ratio was expected to be below 6% and the net NPA ratio, below 3%.

Other targets included generating 2.5 billion euros of capital, which was to be distributed to shareholders in the form of dividends (raising the payout ratio to 45-50%) and through the return of capital in excess of the 12% fully loaded CET1 ratio.

To increase revenue, the plan envisaged growth of 5% in the number of personal customers (+400,000) and 20% in the number of business customers (+12,500), as well as increases in the bank's market shares in mortgage origination (from 7.3% to 10.8%), loans to companies (from 6.9% to 7.7%), consumer loans (from 5.5% to 6.6%), mutual funds (from 6.4% to 7.2%) and payment services (from 8.1% to 9% in number of credit cards).

The synergies from the 2017 merger with BMN were projected to reach 190 million euros.

The achievement of Bankia's financial targets for 2020 was affected by the persistence of negative interest rates for longer than expected and the outbreak of the covid-19 pandemic.

Even so, the bank succeeded in meeting the targets directly related to the management of the business.

Beyond the financial parameters, the 2018-2020 Strategic Plan entailed a strong commitment to digitisation, with an investment of 1 billion euros in technology, more than half of which was to be allocated to transforming the business model. The targets were to reach 35% of purchases through online channels and 65% of digital customers by the end of 2020.

An increase in the commitment of the teams was another target, with 40% of management positions to be held by women by the end of the three-year period.

To boost social recognition, Bankia put the focus on education and employment through Fundación Bankia por la Formación Dual; the environment, with an eco-efficiency and climate change plan; and responsible digitisation, with advances in cybersecurity and customer data protection.

## EVOLUTION OF MANAGEMENT TARGETS

EFFICIENCY AND COST CONTROL	2018	2019	2020	STRATEGIC PLAN TARGET	TARGET MET
Synergies (million euros)	130	220	220	190	✓
DIGITISATION	2018	2019	2020	STRATEGIC PLAN TARGET	TARGET MET
Digital customers (% of total customers)	45.4%	53.3%	60.5%	65%	
Digital sales	25.8%	36%	46.9%	35%	✓
PAYMENT SERVICES	2018	2019	2020	STRATEGIC PLAN TARGET	TARGET MET
Share of card spend	11.97%	12.54%	13.1%*	12%	✓
SHARE OF LENDING AND HIGH VALUE PRODUCTS	2018	2019	2020	STRATEGIC PLAN TARGET	TARGET MET
Share of business loans stock	7.42%	7.83%	8.17%	7.7%	✓
Share of consumer loans stock	5.58%	6.08%	5.81%	6.6%	
Share of mutual funds	6.55%	7.05%	7.51%	7.2%	✓
MIX OF PERFORMING LOANS STOCK	2018	2019	2020	STRATEGIC PLAN TARGET	TARGET MET
Housing	64%	61%	57%	58%	✓
Consumer finance	4%	5%	4%	5%	
Businesses and real estate developers	31%	34%	39%	37%	✓
BALANCE SHEET QUALITY	2018 <sup>1</sup>	2019	2020	STRATEGIC PLAN TARGET	TARGET MET
Balance of non-performing assets (million euros)	10,900	8,400	8,300	8,400	✓
Net non-performing assets ratio	4.3%	3.3%	2.98%	<3%	✓
Non-performing loans (NPL) ratio	6.5%	5.0%	4.7%	<4%	
NPL coverage ratio	54.6%	54.0%	58.2%	~ 56%	✓

1. Pro forma data after sales of portfolios of non-performing assets.

CAPITAL GENERATION	PERIOD 2018-2020 <sup>1</sup>	STRATEGIC PLAN TARGET	TARGET MET
Accumulated capital surplus (million euros)	2,932	2,500	✓

1. Capital surplus above 12% fully loaded CET1 at Dec-20 (not including unrealised sovereign gains) of 2,226 million euros + 706 million euros distributed in dividends in the Strategic Plan period.

# 02.2

## RESPONSIBLE MANAGEMENT PLAN 2019-2020

In 2020, Bankia concluded its 2019-2020 Responsible Management Plan, with 82.4% of the initiatives completed or making good progress. The main aims of the plan are to prevent social, environmental and governance risks and to support management through tighter process control, so as to respond effectively to stakeholders' expectations.

Aligned with the 2018-2020 Strategic Plan and the Sustainable Development Goals (SDGs), the Responsible Management Plan is based on sound corporate governance and is divided into four strategic themes. In 2020, a total of 51 projects or initiatives containing 100 specific targets and involving 20 management units were carried out within this framework.

### **1. Customer satisfaction and customer relationship:**

- Take the opinions of stakeholders into account when developing new products.
- Develop a privacy panel within the Bankia app to allow customers to manage their consents.
- Establish a system to ensure consistent written communication with customers.
- Develop external awareness-building campaigns around cybersecurity and a safety first culture in the use of information technology.

### **2. Develop employees' talent and commitment:**

- Organise training and development actions that promote diversity

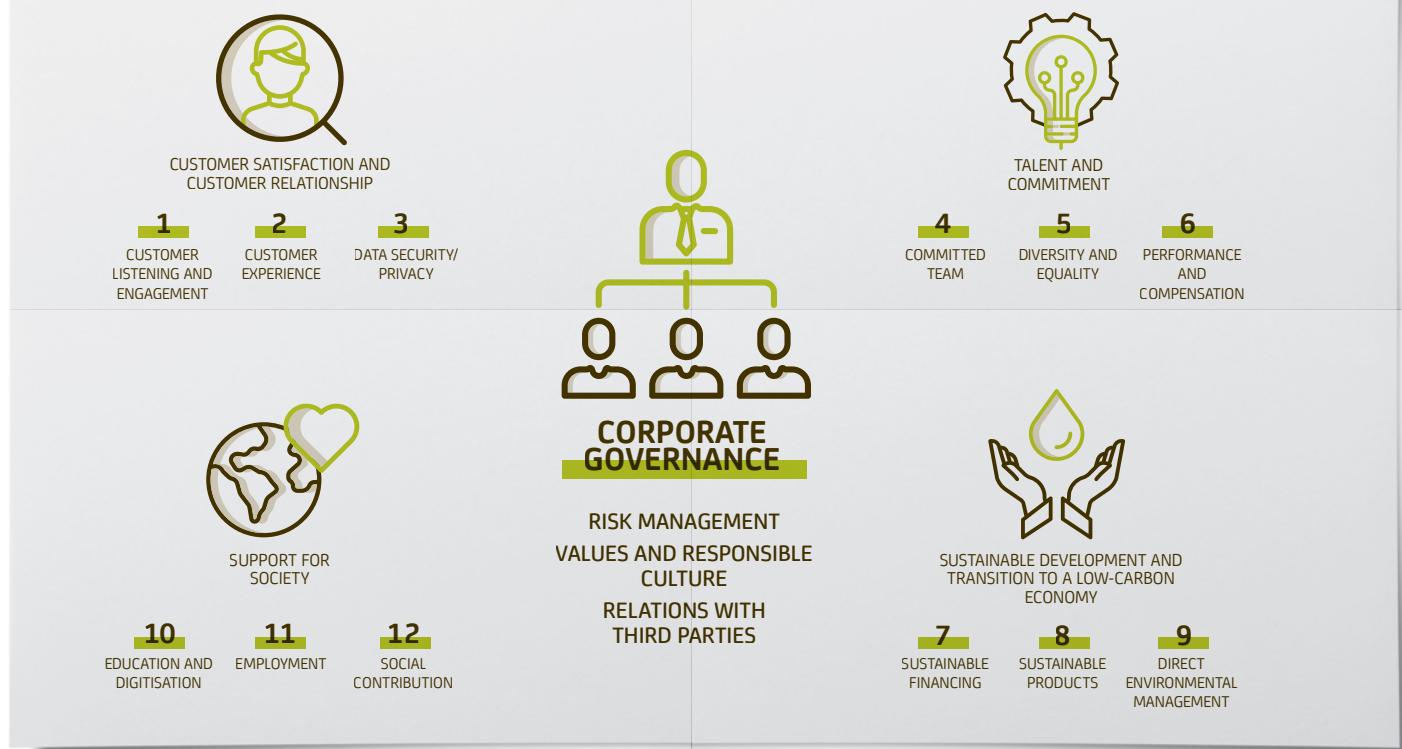
and facilitate the hiring and promotion of women into positions of responsibility.

- Implement the Wellness Programme to improve people's physical, mental and emotional well-being.
- New talent management and development model.
- Promote social commitment by professionals through digitisation and align social actions with the 2030 Agenda, so as to encourage volunteering and social partnerships.
- Start up the Agile project.
- Measure employee satisfaction continuously through focus groups.

### **3. Sustainable development and low-carbon economy:**

- Conclude the 2017-2020 Eco-Efficiency and Climate Change Plan.
- Expand the portfolio of products and services that contribute to the development of society and care for the environment.
- Source 100% of energy from renewable sources.
- Adopt a sustainable products framework: define internal criteria, traceability in systems.
- Assess ESG risks in operations.
- Reduce emissions and offset 100% of any emissions that cannot be avoided.

## PILLARS OF THE 2019-2020 RESPONSIBLE MANAGEMENT PLAN



- Define an internal carbon pricing strategy.
- Help set up a platform for managing carbon credits from environmental projects for buyers and sellers.

### 4. Support for society:

- Free self-diagnosis tool for NGOs to analyse their level of transparency and digitisation.
- Launch of calls for proposals for environmental projects.
- Development of the 'Empleo en Red' programme to help customers in job search.
- Employment programmes for vulnerable groups.
- Promote and improve VET through Fundación Bankia por la Formación Dual.

- Create a collaborative financing platform for employees.
- Carry out seven social and environmental collaborative financing projects among employees.
- Develop Bankademia, an online tool to bring financial concepts and practices closer to society.

### 5. Corporate governance with strong values:

- Train managers who specialise in non-financial risks.
- Define and establish a governance model for respect for human rights, based on the National Business and Human Rights Plan. Establish a due diligence process.
- Innovation Observatory and Laboratory.

- Disseminate training clips on responsible management and SDGs within the organisation.
- Promote sustainable communication through internal and external communication pieces.
- Engage proactively with analysts, investors and proxy advisors.
- Establish more frequent contact with investors and shareholders to proactively provide and update information, fostering transparency and reciprocity.
- Increase number of active suppliers in the Supplier Portal subject to ESG risk analysis.
- Share Bankia's Code of Ethics with third parties.

## 02.2

# RESPONSIBLE MANAGEMENT PLAN

## 2019-2020

### MATERIALITY

In 2019, Bankia performed a materiality analysis in which it identified the issues that matter most to its stakeholders and mapped the issues judged most important, the relative importance of each issue and who each one is important to.

The bank repeats this exercise every two years and takes risk into account in the materiality analysis, so as to assess stakeholders' tolerance, trust and attitudes should their expectations in respect of any given issue be disappointed.

The knowledge gathered through the materiality analysis allowed the bank to respond more quickly to the situation that arose in 2020 with the spread of covid-19, crucially affecting relations with stakeholders and business activities.

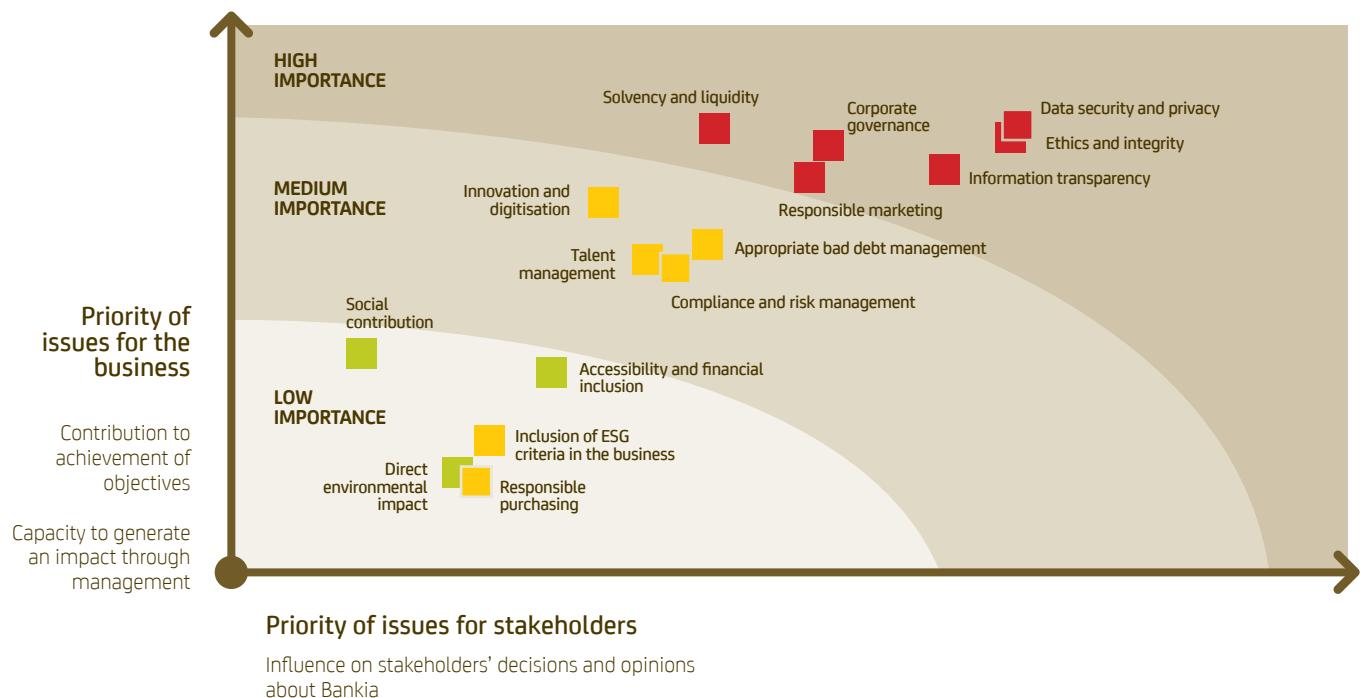
Bankia faces the same challenges as before the pandemic but with more restrictions, fewer resources and urgent new needs, which it seeks to address through its commitment to financing the economy and generating economic and social solutions by accelerating its digitisation and adapting its business.



### INQUIRIES MADE IN CONDUCTING THE MATERIALITY ANALYSIS

2,200

## MATERIALITY MATRIX



### RANKING OF MATERIAL ISSUES

(in order of importance to Bankia and to stakeholders)

- DATA SECURITY AND PRIVACY
- ETHICS AND INTEGRITY
- INFORMATION TRANSPARENCY
- CORPORATE GOVERNANCE
- SOLVENCY AND LIQUIDITY
- RESPONSIBLE MARKETING
- APPROPRIATE BAD DEBT MANAGEMENT
- INNOVATION AND DIGITISATION
- COMPLIANCE AND RISK MANAGEMENT
- TALENT MANAGEMENT
- ACCESSIBILITY AND FINANCIAL INCLUSION
- SOCIAL CONTRIBUTION
- INCLUSION OF ENVIRONMENTAL AND SOCIAL ASPECTS IN THE BUSINESS
- RESPONSIBLE PURCHASING
- DIRECT ENVIRONMENTAL IMPACT

### RISK LEVEL<sup>(1)</sup>

- HIGH
- MEDIUM
- LOW

(1) The risk level shown reflects stakeholders' reaction or attitude towards Bankia should the bank disappoint their expectations on any given issue.

# 02.3

## INNOVATION

Bankia's innovation mission is to catalyse new opportunities in the community and develop new business models to support and assist organisations in setting and meeting strategic priorities and challenges and to foster innovation at all levels, acting as an agent of cultural change.

Bankia's innovation philosophy is structured around three main objectives:

- Open innovation.
- Business-aligned innovation.
- Innovation as business-as-usual and innovation culture.

Bankia's innovation model relies on seven key components to drive its agenda:

### STRATEGY AND KNOWLEDGE

**1. Innovation Observatory.** A team dedicated to defining and coordinating the bank's innovation strategy, knowledge generation, trend assessment and project execution. Since 2016, the Observatory has produced more than 20 eminent reports (in-depth analyses of trends, opportunities and innovative ideas) and has identified more than 100 lines of action, besides the creation of the Bankia Fintech accelerator. Bankia's innovation agenda is designed to address the strategic challenges set jointly by the Innovation Observatory and the Management Committee.

### ECOSYSTEMS

**2. Bankia Fintech by Innsomnia.** A startup accelerator and company digitiser whose main goals are to capture and generate value through open innovation and project and proof-of-concept development, positioning itself in the entrepreneurial ecosystem as a link between startups and SMEs.

Since the programme was launched in 2016, Bankia Fintech by Innsomnia has received more than 750 applications from Spanish and international candidates, and more than 65 projects have been accelerated in five calls for proposals. The fourth quarter of 2020 saw the launch of the Sixth Bankia Fintech call for proposals, in which the strategic challenges were expanded to include two new areas: Contribution to the Sustainable Development Goals (SDGs) and The Future of Health, in response to the current health crisis due to covid-19.

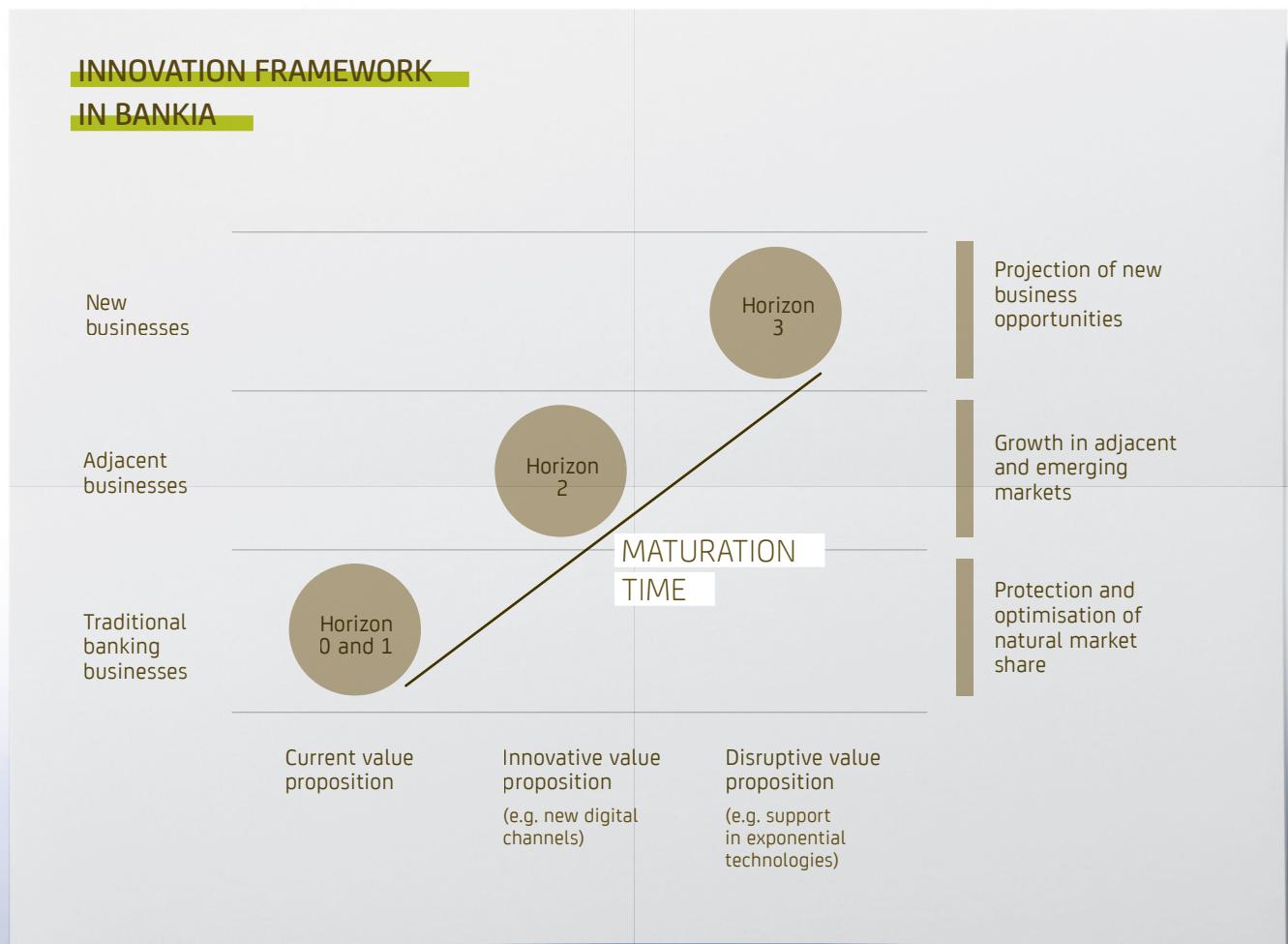
**3. Bankia Fintech – Venture.** Over a five-year period starting from 2020, the bank aims to invest up to 20 million euros in this company, which has been set up as a vehicle for investment in fintech ecosystems. Bankia has created the fund specifically to promote and scale up fintech projects undertaken by startups. Its verticals include startups in

the fields of fintech, proptech, insurtech, legaltech, data analytics, regtech, cybersecurity, and financial operations and intermediation. In 2020, five investments were made in investees, three of which came from the Bankia Fintech programme.

**4. Partnerships and agreements with third parties.** The bank seeks agreements and alliances with relevant players in the technological and entrepreneurial ecosystem, such as Alastria, Niuron and Iberpay.

## SPACES

**5. Bankia Fintech's physical and virtual offices.** Bankia has workplaces and training centres for Bankia Fintech members: the Innsomnia Hub in Valencia and the Fuencarral Hub in Madrid, as well as the virtual headquarters at [www.bankiafintech.com](http://www.bankiafintech.com).



Bankia

## 02.3 INNOVATION

### NEW WAYS OF WORKING

**6. Fast-track.** Fast-track is an innovation proof-of-concept process (PoC) based on the agile management methodology. It has reduced proof-of-concept evaluation and approval time from the initial six months to a maximum of six weeks.

**7. Sectoral sandbox.** Bankia is managing the submission of initiatives to the regulatory fintech sandbox approved by the Spanish parliament in November 2020.

Bankia's innovation action adds tangible value to Bankia in the form of:

1. Product, service and risk models that foster innovation and the adoption of new business and operational models in the various banking verticals, especially in areas of strategic importance to the bank such as Businesses and Risks.
2. New channels to drive digitisation and user experience.
3. Sustainability. Development of green solutions and promotion of innovation in strategic sectors such as Agro.
4. Research in artificial intelligence to adapt it to specific solutions for particular use cases (e.g. natural language processing or quantum computing).
5. Data-centric. Researching and testing new technological solutions that will allow the banking core to evolve, reduce its cost and enhance its ability to offer new products and services.
6. DLT (Distributed Ledger Technology) business models. Exploiting the opportunities offered by blockchain technology to develop new solutions, with an emphasis on asset tokenization, digital identity management and business process platforms.

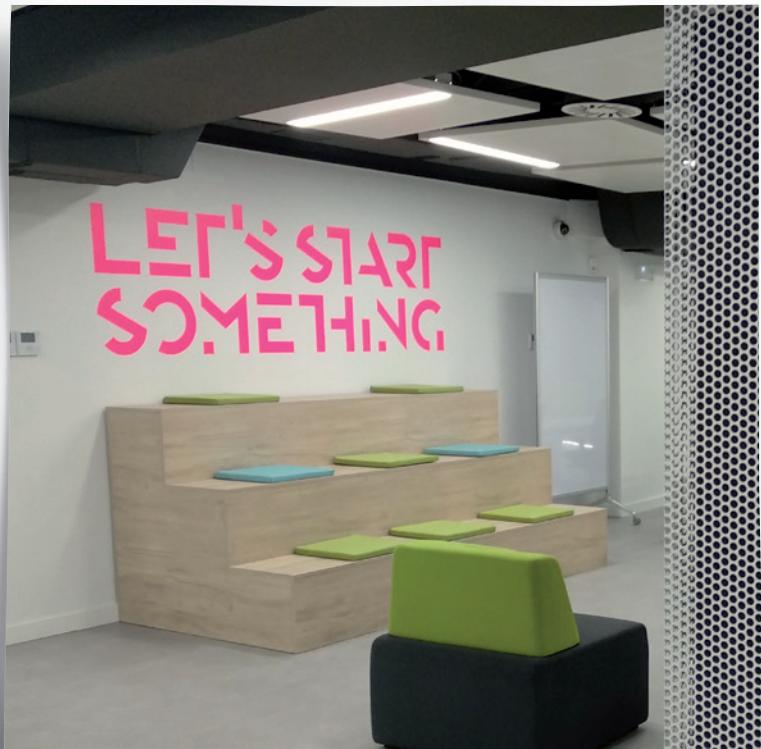
### BANKIA, THE FIRST SPANISH BANK WITH AN OFFICIAL WHATSAPP ACCOUNT

Since launching, in 2019, the first verified WhatsApp account of a bank in Spain, Bankia has continued to expand this channel, adding customer service for personal loans to the service already provided for mortgages. The number of users of the Bankia WhatsApp channel increased by 873% compared to the previous year.

Bankia's goal is to offer closer, more direct and simpler contact, which is something users (both customers and non-customers) value positively, with a score of 9.1 out of 10.

Some of the responses in the WhatsApp channel are automated using natural language processing, but most are provided in person by Bankia service centre staff.

Also during 2020, as part of the Bankia Fintech programme, a pioneering application was developed that allows Banca Privada customers to contact their account managers directly via Bankia's corporate WhatsApp account. This makes Bankia the first financial institution





## BANKIA IS A MEMBER OF WORLD BANK'S ADVISOR GROUP FOR ARTICLE 6 WITH THE 'CLIMATE MARKETS' PROJECT

to provide an official communication channel between customers and their account managers via WhatsApp.

### CHAT ASSISTANTS

During 2020, the bank continued to develop Bankia's virtual assistant in Google Assistant to respond to a wider range of user queries.

One of the main enhancements, due to be launched in early 2021, is a new natural language processing system that enables the assistant to understand many more questions and provide the user with a greater variety of information, while making it possible to retrain the assistant faster and more efficiently whenever there is a change in the data. It also allows a wider range of interactions between the assistant and other official Bankia channels, so as to maintain the bank's top rating among Spanish banks in Google Assistant.

### COMMITMENT TO ENVIRONMENTAL PROTECTION

At the COP 25 conference, held in December 2019, Bankia presented a project carried out in collaboration with Aenor and Everis Ingeniería to create a national market for the generation and exchange of carbon credits. The bank's contribution to this project is the Stockmind asset tokenisation platform (based on blockchain technology), which creates an immutable record that prevents double counting of GHG emission reductions, thus making the exchange and clearing of verified credits more transparent.

Thanks to this innovative project, Bankia continues to be part of the World Bank's advisory group.

Further improvements were made to the platform in 2020 and an agreement was reached with Everis and Aenor to build a minimum

### STARTUPS ACCELERATED IN BANKIA FINTECH BY INNSOMNIA IN 2020



viable product based on photovoltaic energy, with the aim of incorporating future product types, such as waste management, mobility and forestry, which are expected to be completed during the first quarter of 2021.

The 'Climate Markets' project has been selected for presentation in the first call for proposals for the industry sandbox in Spain, scheduled to open in the first quarter of 2021.

# 02.4

## DIGITAL TRANSFORMATION

Bankia's digital transformation has two main objectives: to provide excellent customer service and to ensure an efficient operating model.

To achieve this, the bank has expanded the options it offers its customers, so that, if they wish, they can conduct all their business with the bank through digital channels (app and website). Also, through machine learning techniques and advanced modelling on a Big Data platform, the bank offers the products or services that best suit customers' needs, as well as personal advice through the business branch account managers, which reinforces and brings the services provided through all the channels into a coherent whole.

In addition, the bank has made the operating model more efficient by implementing new technologies and designs in operational processes, organisational structure and other operating models.

In 2020, Bankia continued to develop and implement the 2019-2020 IT Plan, passing the following milestones:

### **1. Digital channels.**

- Bankia App. Summer 2020 saw the launch of the new Bankia app, with a focus on simple structure and easy browsing, while offering customers the bank's full capabilities. The new app provides the user with an experience that facilitates daily transactions and at the same time is more oriented towards marketing the bank's products.

With the new app, customers can see at a glance, on the first screen, the balances of all their accounts and the most recent transactions. Attention has been given to making access as fast as possible. The most frequently used processes have been simplified and optimised.

The account opening process has been completely redesigned to achieve a digital experience comparable in speed and simplicity with the processes found in other sectors, without neglecting regulatory and security aspects.

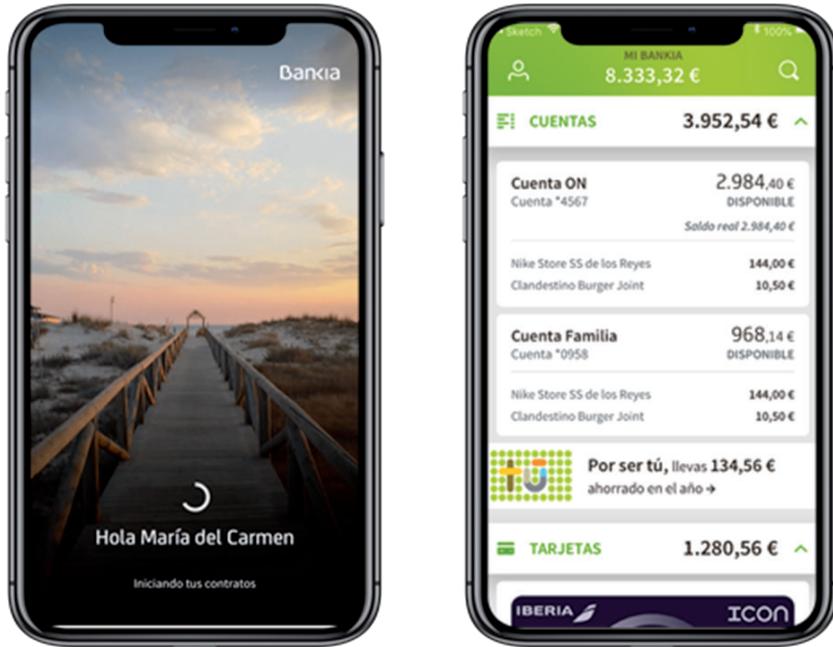
- Bankia Online Empresas. 2020 also saw the launch of a revamped Bankia Online Empresas, which is intended to become an everyday working tool for customers. The user experience has been improved and the main transactions, simplified.

According to Aqmetrix, Bankia's channels have led the industry in this last year.

### **2. Customer processes.**

Bankia seeks to streamline business processes and expand the range of products and services available via digital channels:

The bank has redesigned the customer onboarding process via the public website, using video identification for greater security and convenience.



Nearly 50,000 new customers benefited from this improvement during 2020.

It also launched the 'Préstamo ON' and 'Hipoteca ON' loan and mortgage products for all customers, with an entirely online application and approval process, significantly reducing processing time. Around 1,000 loans were granted during the year through these two digital products.

In addition, customers are now able to manage their investments more easily in digital channels: the overall investment position provides an aggregate view of all a customer's products and their performance; investment and savings simulators available through the digital channels help customers make financial decisions; and the Bankia Gestión Experta advisory service has been made available through Bankia Online and the Bankia app.

The range of insurance products available in the digital channels has also been expanded, with simulations and online home and car insurance, as well as linking life insurance to financial transactions carried out via Bankia Online Empresas and the app.

The new digital guarantee products allow business customers to apply for, submit and consult guarantees entirely online, without having to go to the branch, making for greater efficiency and safety, especially in the current health situation.

At the same time, the Personal Finance Manager (PFM) has also been redesigned to provide richer information on a customer's positions and offer a set of predictions that will help the customer make decisions about expenditures and savings. This, together with the possibility of adding any accounts they may have at other banks through the financial aggregator, means that users can manage the whole of their family finances through Bankia's digital channels.

To facilitate online sales, the bank has launched Bankia Shop, an online sales portal with a wide range of top brand products at competitive prices with 0% APR financing.

Having analysed the main transactions customer have carried out in-branch in recent years, such as bill and tax payments and the issuance of certificates, the bank has made significant efforts to make these

transactions available through digital channels. This will relieve branch managers of administrative tasks, so that they can devote more time to commercial and advisory work.

### 3. Chat assistants.

Bankia's chat assistant, Bianka, allows customers and employees to transact and make inquiries in everyday language. Bianka is a powerful tool, thanks to a large knowledge base developed through extensive training and learning based on the roughly one million interactions that have taken place since it was implemented, as well as its ability to connect with the bank's main operating systems.

Integrated in the Bankia app and customer and employee telephone channels, Bianka simplifies and humanises the use of technology.

Bankia customers can use this chat assistant to make payments via Bizum and credit transfers, learn about new account features, view recent transactions or search for a particular type of payment, consult their balance, view paid bills or ask general questions about products and services.

## 02.4

### DIGITAL TRANSFORMATION

# BIANKA



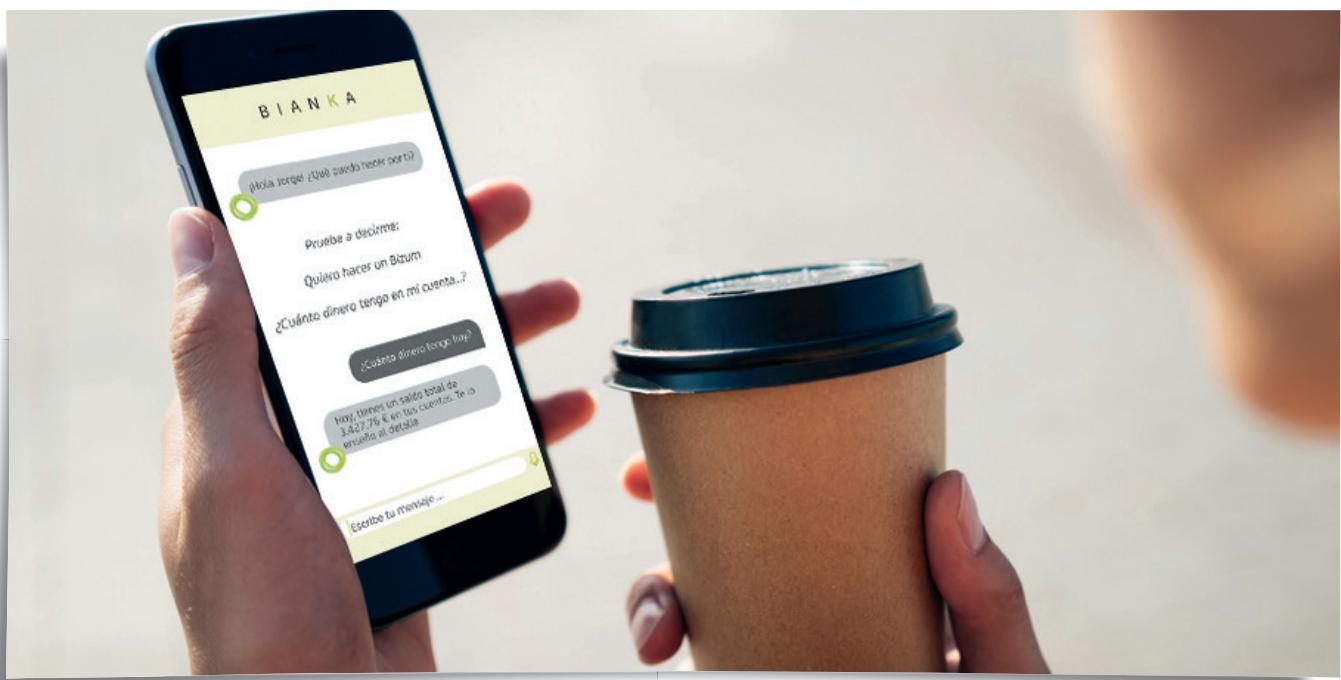
#### 4. Big data.

In 2020 Bankia continued to develop the user journeys started one year earlier, through which a customer can be contacted precisely when the bank's help is most needed through the most appropriate channel for each occasion. The year saw significant advances in channel intelligence, which has given the bank a better understanding of customers' behaviour, allowing it to analyse relationship processes and improve the customer experience.

In the area of customisation, customer profiles have been constructed based on customers' income and expenses, so as to understand their financial patterns. Predictive analyses are carried out on these patterns with the aim of offering customers timely recommendations and relevant information in relation to their finances.

Transformation initiatives have been undertaken using the latest machine learning techniques, most notably to identify relationships between companies and account managers by analysing payment transactions, with a view to assisting customer acquisition.

Major progress has been made in recovery management based on customer profiles, so as to make the debt recovery process more effective and more efficient.



## 5. Artificial intelligence.

One of the milestones on the way to establishing an efficient operating model is the end-to-end digitisation of the loan approval process by incorporating artificial intelligence into the manual tasks (document validation and recording of financial information). This has allowed the bank to incorporate the loan approval process in the digital channels, thus significantly reducing costs and improving customer response time. This new system is flexible, scalable and much more responsive than traditional platforms. That is because it runs on cloud infrastructure and is based on independent microservices that communicate with one another through events and work together to accomplish tasks.

The platform uses state-of-the-art artificial intelligence capabilities (state-of-the-art in terms of R&D, using Bankia's own intellectual property), including quantum-inspired algorithms, which use the principles of quantum physics to solve complex problems. This platform uses various techniques that combine to generate the following cognitive capacities:

- Perception: ability to transform and interpret unstructured information.
- Knowledge: ability to use information retrieved from experience and context to improve perceptual abilities.
- Reasoning: ability to solve problems, draw conclusions and learn consciously from the facts, establishing necessary causal and logical connections between them.

The platform is designed to allow automatic task processing, with accuracy ratios above 98%, and assists agents when they detect situations in which their confidence does not reach the required level.

The platform is able to execute the 'Document validation' task automatically and autonomously, assessing the suitability of 17 different types of documents provided by customers during the loan approval process in accordance with documentary quality guidelines.

During 2020 the volume of documents processed automatically reached a monthly average of 137,000 and in the last quarter the level of automation in document processing in lending transactions reached 53%.

The platform also automatically and autonomously records and checks financial information in loan approval processes for loans to individuals, entering the information provided by customers into the financial terminal.

In this area, the platform achieved, within its scope, a rate of 28% complete automatic recordings, generating a saving of more than 55% in the time spent on recordings by back-office staff.

Another important milestone in this connection has been the creation of an autonomous customer understanding system, based on artificial intelligence capabilities (NLP, on a proprietary platform), which allows the bank to uniformly analyse all conversations with customers (calls, chat, email),

## BANKIA HAS ACHIEVED END-TO-END DIGITISATION OF THE LOAN APPROVAL PROCESS THROUGH THE USE ARTIFICIAL INTELLIGENCE

resolving situations of dissatisfaction and improving remote processes, products and channels. All this leads to better customer care, with systematic, personalised attention.

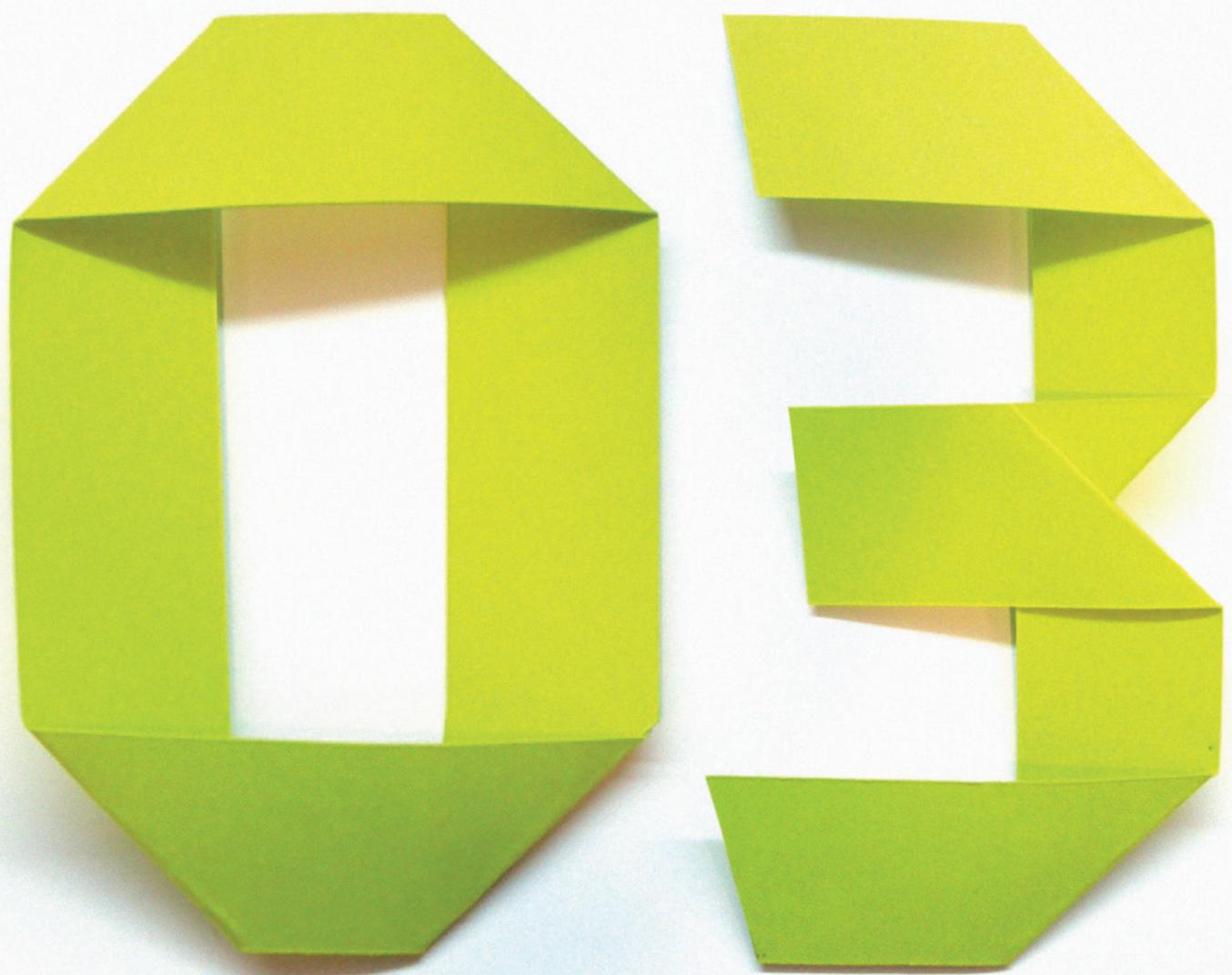
This system is able to detect the reason for the customer interaction, infer the implicit satisfaction with the conversation and detect whether the customer's request has been fully resolved.

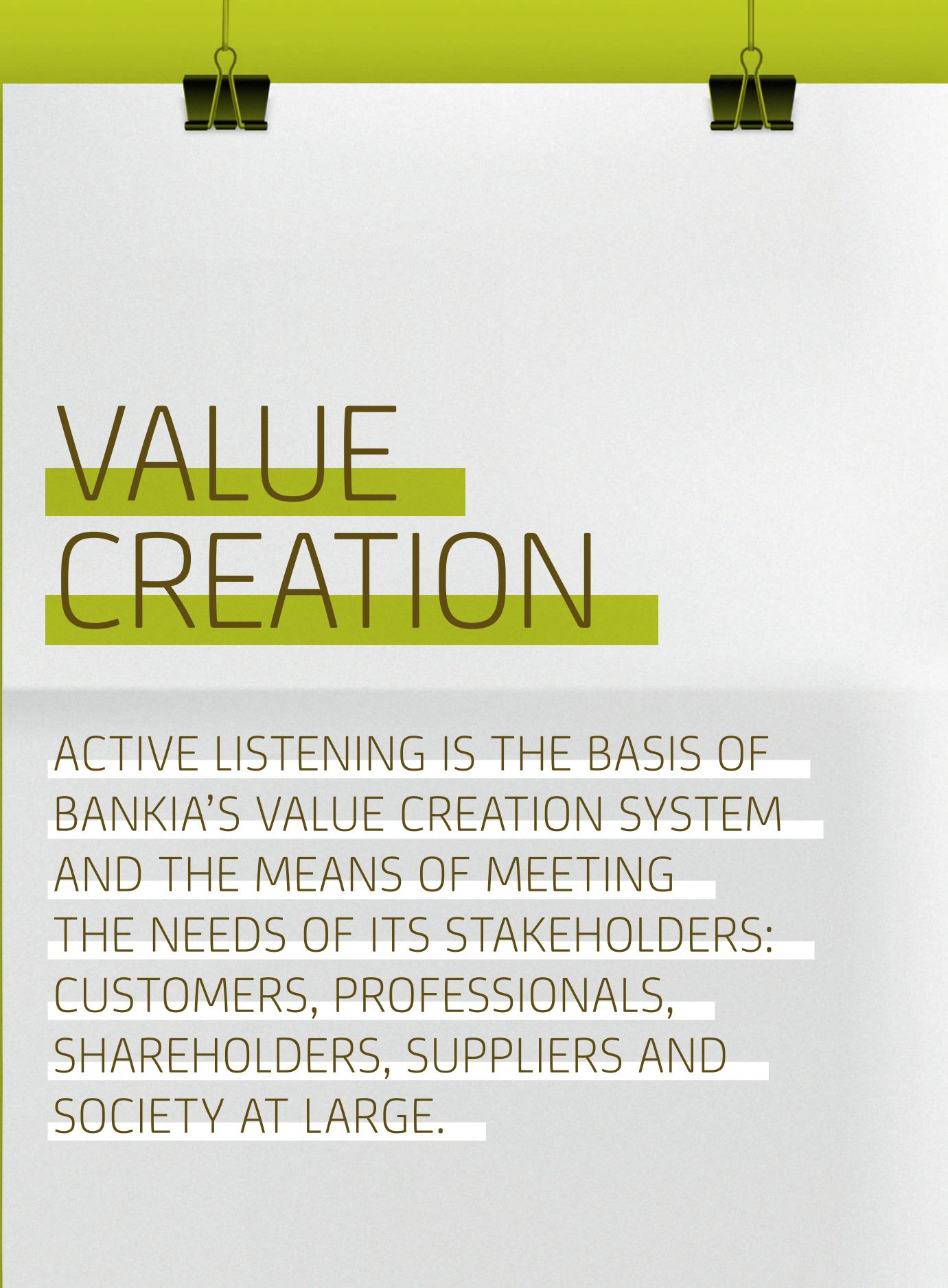
All this information is generated daily and is managed via a Customer Care dashboard.

## 6. Technology enablers.

Bankia's digital transformation is based on the use of cloud technology, which allows more secure, scalable and efficient information processing than traditional technologies. The bank currently has a hybrid cloud made up of thousands of processing nodes, including the main public cloud providers in the market.

Combining cloud technology with modern kubernetes architectures and DevSecOps processes has made it possible to accelerate the deployment of new features and services, with greater cost flexibility under pay-per-use models.





# VALUE CREATION

ACTIVE LISTENING IS THE BASIS OF  
BANKIA'S VALUE CREATION SYSTEM  
AND THE MEANS OF MEETING  
THE NEEDS OF ITS STAKEHOLDERS:  
CUSTOMERS, PROFESSIONALS,  
SHAREHOLDERS, SUPPLIERS AND  
SOCIETY AT LARGE.

# 03.1

## BANKS AS PART OF THE SOLUTION TO THE HEALTH CRISIS

The risks to financial stability have increased since the outbreak of the pandemic but have been mitigated by monetary, fiscal and prudential measures.

The Spanish banking sector has played, and continues to play, a key role in mitigating the economic impact of the crisis by providing households and businesses with the financing they need. The banks are starting from a much stronger position than in the 2008 global financial crisis, with improved balance sheet quality, good liquidity and much greater capital strength, largely thanks to the regulatory reforms implemented over the last decade.

In 2020, bank lending to the private sector grew for the first time since the 2008 financial crisis, supported by government and regulatory measures, including legislative and sectoral moratoriums and liquidity programmes for businesses and the self-employed. The renewed flow of credit towards productive activities – backed by the ICO guarantee programme, which has facilitated more than 110 billion euros in loans (equivalent to 9% of Spanish GDP) – has been key to meeting the financing and liquidity needs of the businesses most affected by the pandemic. In the households segment, there was a marked drop in consumer lending, whereas new lending for home purchase recovered significantly in the last few months of the year. Lastly, the non-performing loans ratio has been kept in check, thanks to the support measures (such as the payment moratoria) and the aforementioned credit growth, reaching 4.57% in November, a fall of 22 basis points in the year.

Meanwhile, the growth of bank deposits has accelerated (+9.5% year-on-year), as household saving has soared to historically high levels and companies have hoarded cash against the uncertainty caused by the health crisis. Following sharp corrections in the financial markets after the onset of the crisis, by year-end assets in mutual funds had recovered almost all the losses recorded in the first quarter.



## **BANKIA ADAPTED TO THE NEW SITUATION CREATED BY COVID-19 IN RECORD TIME, IMPLEMENTING TELEWORKING AND KEEPING BRANCHES OPEN AS AN ESSENTIAL SERVICE**

The comprehensive regulatory and supervisory response to the impact of the health crisis provided vital support to the financial sector. Both in Spain and abroad, temporary microprudential, accounting and macroprudential measures were taken to ensure that banks continued to lend to households and creditworthy businesses.

The most important include: measures aimed at relaxing the prudential treatment of, and application of accounting rules to, non-performing

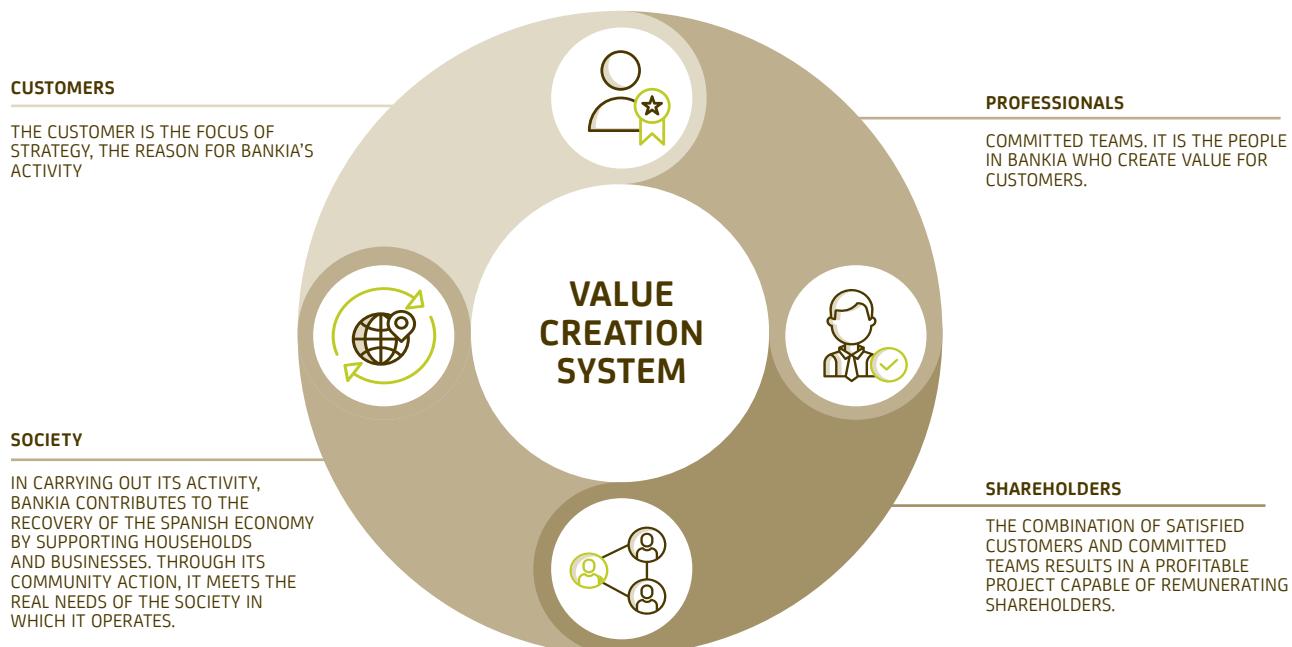
loans, refinanced exposures and provisions; an urgent review of the European rules on capital requirements (CRR Quick Fix) to help financial institutions absorb losses and strengthen their solvency ratios; capital and liquidity relief; and other measures relating to the relaxation of macroprudential rules. These measures, together with restrictions on the distribution of dividends, enabled the Spanish banks to raise their capital levels, so that, according to the latest stress tests conducted by the Banco de España, their loss-absorbing capacity is generally high.

# 03.2

## VALUE CREATION

The sustainability of any enterprise over time depends both on its profitability and on its usefulness to the wider community, the two being closely interconnected. This is the framework within which Bankia sets out to fulfil its purpose, which is to support businesses and families in an efficient and sustainable manner and so contribute to the social and economic advancement of the country.

### VALUE CREATION SYSTEM

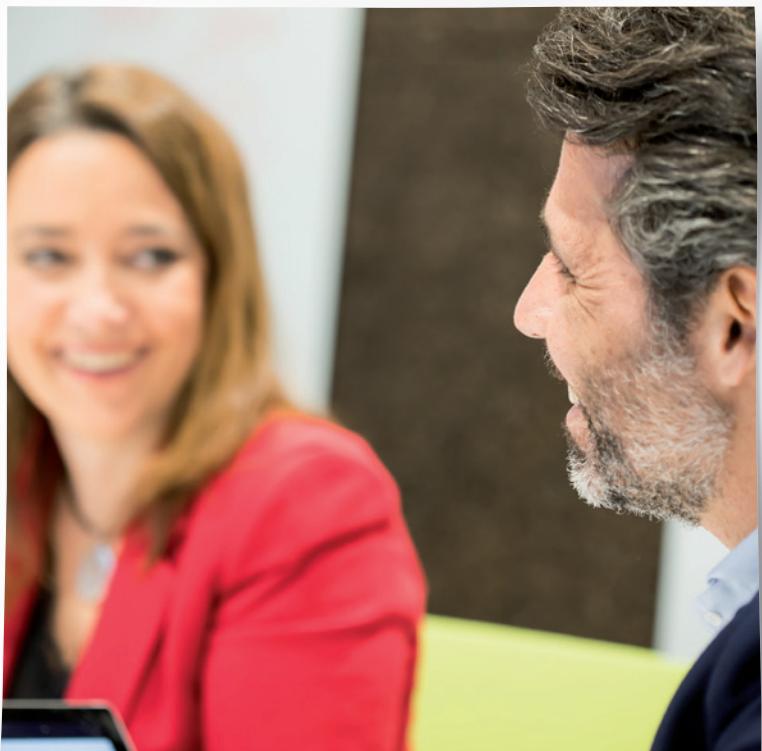


Bankia's value generation system is based on active listening to stakeholders (customers, professionals, shareholders, suppliers and society at large), with whom it interacts through various channels.

The bank uses the knowledge gathered through this communication to guide its actions and projects in such a way as to build committed teams that increase customer satisfaction and make Bankia a profitable enterprise capable of remunerating shareholders and adding value to society.

To that end, Bankia promotes information transparency and simple, responsible communication practices in relation to all stakeholders, avoiding misinformation and exercising integrity and respect.

The bank has appropriate mechanisms in place for the proper conduct of relations with all its stakeholders and offers them multiple channels of ongoing two-way dialogue.



## BANKIA'S COMMUNICATION CHANNELS

### WITH STAKEHOLDERS



#### CUSTOMERS

SALES NETWORK

SURVEYS, INTERVIEWS AND FOCUS GROUPS

CUSTOMER SERVICE

SOCIAL MEDIA

WHATSAPP

CORPORATE PORTALS

NEWSLETTER



#### PROFESSIONALS

PEOPLE MANAGERS

HR PEOPLE LINE

FOCUS GROUPS

CONFIDENTIAL WHISTLEBLOWING CHANNEL

INTRANET

NEWSLETTERS

CORPORATE PORTALS



#### SHAREHOLDERS

GENERAL MEETING OF SHAREHOLDERS

ROADSHOWS, CONFERENCES AND MEETINGS

SHAREHOLDERS' OFFICE

CORPORATE PORTALS

NEWSLETTERS AND PERIODIC BULLETINS

TEXT MESSAGES, EMAILS, PUSH NOTIFICATIONS



#### SOCIETY

SALES NETWORK

CORPORATE PORTALS

SPECIFIC NEWSLETTERS

MEETINGS AND CONFERENCES



#### SUPPLIERS

SUPPLIER PORTAL

SUPPLIER SERVICE CENTRE

CONFIDENTIAL WHISTLEBLOWING CHANNEL

SATISFACTION SURVEYS

# 03.3

## CUSTOMERS

Bankia has nearly eight million customers (more than seven million of whom are individuals and the rest, companies), to whom it offers a wide range of products and services tailored to their profile, taking the close relationship between risk and return into account and incorporating added value components such as ethical, social and environmental factors.

The bank engages in active listening to learn what customers expect from their bank, so as to be able to offer them what they need, and involves its customers in the process of designing and creating new products. The network of physical branches, ATMs and digital channels together form the meeting point between customers and Bankia.

Customers are at the heart of the bank's strategy and improving customer satisfaction is one of the goals set in the 2018-2020 Strategic Plan. Bankia therefore has resources for gathering and recording customers' opinions, so as to adopt measures that will reinforce their preference, loyalty and word of mouth.

One such tool is the Customer Observatory, developed in 2020 with the aim of learning about Bankia customers' real needs during the pandemic. The more than 10,000 surveys administered to individuals, self-employed professionals and entrepreneurs, micro-enterprises and SMEs during the year allowed the bank to identify what customers need and how to help them in the current situation.



During the year, Bankia also carried out a project to develop the Voice of the Customer model. Through in-depth qualitative research with customers and employees, this project served to design a new information collection model with a special focus on the ‘moments of truth’ for the customer (account opening, purchase of products or services, incident management, pension plan redemption and wills service).

These two tasks were supplemented by the customer surveys carried out each year to gather customer input and opinions and improve their experience in the relationship with Bankia in all the channels through which they have contact with the bank. This information is used to devise initiatives targeted to each customer segment.

For Bankia, using technology to manage the customer relationship and elicit opinions is essential in order to interact swiftly and immediately, as it allows potential incidents or account closures to be managed almost entirely

online and improves customers’ opinion of the bank. All the relevant information on quality is available in the Digital Quality Dashboard, which is enriched each year with new studies and reports.

In 2020, Bankia continued to improve its position in the mystery shopper ranking. The overall rating of 8.49 shows the high standards of quality offered by the bank.

In 2020, the bank conducted a total of 36,800 after-sales product surveys, involving 189,400 people. The volume of surveys was affected by the pandemic, as surveys had to be discontinued after the end of the first quarter and throughout the second quarter of the year.



## 03.3 CUSTOMERS

### ACTIVE LISTENING

In 2020, in pursuit of its commitment to put the customer at the centre of the business, the bank reinforced the Bankia Experience Lab online community, which generated important value propositions for the co-creation of new products and services. The Lab gets customers involved in the pre-design, design, post-design and marketing process. It also provides deeper insight into customers' experience with the bank.

The input received from panellists during the year was directly reflected in the customer experience and the launch of new products and services. One example is the 'Hipoteca Verde Bankia', a 'green' loan to finance the acquisition of sustainable homes, with lower rates for homes with a

high energy efficiency rating and no requirement to purchase other products or services, these being attributes that customers taking part in an activity organised by the Lab mentioned as decisive in this type of sustainable product.

Through Bankia Experience Lab, the bank was able to explore customers' perceptions regarding the design, usability, functionality, utility, content and security of the different digital channels, while testing new digital processes and functional improvements in existing processes.

These lessons learned were incorporated in the new Bankia app, which at the end of 2020 ranked third among traditional banking apps in the Banca Mobile Performance Index ranking prepared by Smartme Analytics, which studies smartphone user behaviour through passive tracking technology.

### CUSTOMER EXPERIENCE

Bankia has turned customer experience into an organisational strength that sets it apart and positions it as a bank that is devoted to its customers and their needs, delivering satisfactory experiences in all channels.

Its customer experience model earned it the DEC Award for Best Customer Experience Strategy in 2020. Bankia's customer experience model combines internal customer experience certification with academic certification.



The Bankia Customer Experience Certification connects customer experience to the business through a business model based on two dimensions: commercial intensity and customer perception. The bank has worked steadily on these two key factors in the difficult environment in which the branches have had to operate during the pandemic.

Internal training is supplemented with academic training in customer experience management provided by Lasalle IGS Business School. During 2020, this training was delivered online to 50 branch managers, who thus join the more than 150 professionals who completed the programme in previous years.

## SALES APPROACH

In 2020, besides continuing to develop the sales model throughout the branch network, the model was extended to the more specialised areas of business banking, insurance and loan recovery.

After the design work based on the Customer Experience, the main projects were aimed at: developing sales conversations around the key points of the new 'Por Ser Tú' relationship programme, tailored to each customer profile and relationship channel; introducing an approach to remote working that provides staff with instructions and guidelines for working in the new situation and reinforces proactive sales management; developing a digital sales approach that enables the physical branches to improve customers' digital experience and enhances their capacity to resolve issues; and developing a sales capacity upgrade model in the area

headquarters and branches focused on sales excellence and conversion.

## BUSINESS INTELLIGENCE

During the year, Bankia continued to develop the analyses that enable it to understand each customer more precisely and tailor its products and services accordingly. At the same time, it developed the 'customer journeys', which shape the multi-channel bank-customer sales relationship, adapting the offering of products and services to each channel.

The bank also worked on an event detection system that will enable it to respond in real time, or very quickly, to all its customers' needs. Thanks to these analyses, a best next offer has been identified for 100% of Bankia's customers.

The bank aims to have a 360 degree view of its customers, so as to be able to serve them more effectively in any channel. Alongside all these activities, it has been working to improve the descriptive analytics and has incorporated early warnings into the dashboards so that managers can refocus sales actions as needed.

Focusing on the business relationship, Bankia was able to make more attractive offers to the customers with whom it has a deeper relationship, thanks to analytical tools that identify such customers.

## RESPONSIBLE MARKETING

Bankia complies with applicable regulations on the marketing of banking products and with the regulators' instructions and controls; and it reinforces the relationship of trust with customers through the conduct and sales behaviour of its professionals.

The bank's commitment to responsibility in its dealings with customers is set out in the Code of Ethics and Conduct, the Responsible Management Policy and the Responsible Marketing Code. This latter specifies how responsibility should be made tangible in daily operations by offering and marketing products and services appropriate to each type of customer and tailored to their needs.

Some 40,000 surveys are conducted each year to collect detailed information on the marketing process and customer perceptions, and immediate action is taken whenever an adverse assessment is detected.

## 03.3 CUSTOMERS

### CUSTOMER SERVICE

To foster good relations with customers and provide proper customer protection, Bankia has a Customer Service Policy, which is approved by the Board of Directors. The Customer Service Department covers the entire bank. It handles complaints and claims submitted by individuals and companies regarding the services provided by the bank or its affiliates, which must be resolved in accordance with applicable regulations.

The main initiatives and projects carried out by the department in 2020 are as follows:

- Average complaint resolution times were maintained at the levels recorded in 2019.
- Solutions were investigated to minimise the impact of complaints and claims on the business.
- Complaint and claim handling procedures were reviewed and adapted to new case-law.
- The service Bankia offers its customers was improved as a result of the supervisors' recommendations and good practice standards.

	2020	2019
No. of complaints received from customers	90,728	43,206
No. of complaints accepted for investigation	87,343	41,304
No. of complaints resolved in the customer's favour	40,687	16,756
Amount of compensation paid for customer complaints (million euros)	7.3	5.1
Average response time for accepted customer complaints (days)	11.3	9.4



## MULTICHANNEL DISTRIBUTION MODEL

Bankia has a multi-channel distribution model that combines face-to-face with remote service and in which digital channels include a human component that maximises the service. This system helps the bank adapt to changes in customers' behaviour and the way they choose to interact with the bank. It is flexible, responsive and personalised, as each customer can be assigned a relationship manager.

At year-end 2020, Bankia had 2,296 branches and 5,182 ATMs throughout Spain (824 of them in sparsely populated areas), through which 205.4 million transactions were carried out during the year.

Bankia's retail network is overseen by 12 regional headquarters: Madrid norte; Madrid este; Madrid suroeste; Andalucía; Murcia y Alicante; Valencia and Castellón; Castilla-La Mancha and Extremadura; Cataluña; Baleares; Norte; Castilla y León and Canarias.

The business banking network is made up of five business headquarters: Sur-Canarias, Centro, Levante, Cataluña-Baleares and Norte.

## NO. OF ATMS AND BRANCHES BY PROVINCE



## 03.3

### CUSTOMERS

#### TYPES OF PHYSICAL BRANCHES

Universal banking branch	Traditional branch with face-to-face service
Agile branch	Branch for individuals (not companies) who require transactional services (cash withdrawals, paying-in, account inquiries, tax payments, etc.) within a given micro-market. Open continuously Monday to Thursday from 8:15 to 18:00, and Fridays from 8:15 to 14:15
Perimeter branch	Full-service branch belonging to the micro-market of an agile branch, with a reduced or no cash service. Geared to providing personalised service and advice to customers
Corporate banking centre	Advisory centre for customers with a strong focus on international business and more complex and sophisticated financial needs. Staffed by teams of account managers specialising in particular industries, working in coordination with the product teams in the Capital Markets area
Business banking centre	Branch specialising in business banking. Staffed by managers who serve business customers segmented into customer portfolios, using specific management tools
Private banking branch	Branch offering specialised tax and financial advice to high net worth or high income customers
Recovery centres	Branch specialising in bad debt management
Mobile branch (Ofibus)	Mobile branch serving low population areas





## Una oficina pensada para usted

### DIGITAL CHANNELS

'Connect with your Expert'	Personalised customer service through an online financial adviser, for customers who do not go to their local physical branch
+Valor	A platform providing access to Bankia products and services for customers with a less digital relationship, aimed at detecting their needs and directing them to the appropriate service channel
Bankia Online	Online banking channel for personal customers
Bankia Online Autónomos	Online banking channel for self-employed customers
Bankia Online Empresas	Online banking channel for business customers
Bankia App	The bank's mobile app

### HELPING FAMILIES AND BUSINESSES COPE WITH THE COVID-19 CRISIS

Since the onset of the health crisis in March, Bankia has taken various steps to help customers cope with the consequences of the pandemic.

The bank continued to serve customers through the branch network (with 90% of branches open throughout the worst of the first wave) and through digital channels. The bank reinforced the 'Connect with your Expert' service, launched a new app with enhanced features, enabled its customers to pay in stores through any mobile payment platform and offered the Bankia

Gestión Experta Online fund portfolio management service.

Under the slogan 'We are closer than ever', Bankia paid an advance on pensions, the first instalment of the benefits paid to furloughed employees (ERTE) and the unemployment benefits paid by the State Public Employment Service (SEPE). It also offered retired

## 03.3

### CUSTOMERS

customers over the age of 65 a free, personalised home support service, so they did not have to leave home to do their shopping.

To facilitate day-to-day transactions, the bank allowed customers to withdraw cash from ATMs belonging to any bank in the country free of charge and raised the limit on contactless payments without having to enter a pin from 20 to 50 euros. It also relaxed fees and commissions for customers with direct income deposit who were affected by the crisis.

The range of products and services was adapted in record time to meet customers' new needs and new products were launched that did not exist at the beginning of the year.

For business customers, Bankia launched a package of measures under the slogan '#JuntosEsMásFácil' to extend the terms of working capital finance granted to self-employed individuals, micro-enterprises and companies.

At the same time, it offered bridge financing to companies that needed it to service their longer-term debt.

For self-employed individuals and small businesses, Bankia waived the maintenance fee on point-of-sale (POS) terminals that could not be used because of the covid-19 crisis. The bank automatically refunded the POS terminal maintenance fees charged at the beginning of April to customers who had not been operating since 15 March.



## **MEASURES TO SUPPORT HOUSEHOLDS**

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### **GOVERNMENT-APPROVED MEASURES IMPLEMENTED BY BANKIA**

Mortgage moratoria. Deferral of up to three months of principal and interest payments

Non-mortgage loan moratoria. Deferral of up to three months of principal and interest payments

Cards moratoria

Aid for rent payments

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### **BANKIA SOLUTIONS THAT SUPPLEMENT GOVERNMENT-APPROVED MEASURES**

Mortgage aid through a 12-month grace period for principal payments

Aid through suspension of principal payments for six months

Aid through suspension of payment of the end-of-month credit card fee for two months

## **MEASURES TO SUPPORT BUSINESSES**

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### **GOVERNMENT-APPROVED MEASURES IMPLEMENTED BY BANKIA**

ICO COVID-19 Business Loan and ICO COVID-19 Credit Account

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### **BANKIA SOLUTIONS THAT SUPPLEMENT GOVERNMENT-APPROVED MEASURES**

Renewal of working capital facilities, extending due date by three months

Three-month extension for working capital finance

Liquidity credit line for up to three months

Bridge financing, to be cancelled against ICO-backed credit

Refund of accident insurance contributions paid by self-employed customers during the lockdown months

Refund of maintenance fee on POS terminals for self-employed individuals and small businesses that were unable to work during the health crisis

# 03.4

## PEOPLE

Having a well-trained team who are committed to raising customer satisfaction helps Bankia grow and achieve better results that add value to society and contribute to the repayment of State aid.

People are one of Bankia's most valuable assets, which is why the bank promotes personal and professional development in an attractive, safe and healthy environment and fosters an efficient, collaborative teamwork

atmosphere, combining professionalism and commitment.

The Group promotes equality of opportunity in access to employment and career development, avoiding at all times discrimination or inequality on grounds of birth, gender, race, social status, sexual orientation, marital status, religion, union membership or any other personal or social circumstance.

As of year-end 2020, Bankia, S.A. employed a total of 15,522 professionals: 13,229 in the business divisions and 2,293 in central services. Of this total, 15,514 worked in Spain and eight abroad.



**€3.7 million**

INVESTMENT  
IN TRAINING



**125**

PROFESSIONALS PROMOTED  
INTERNALY



**100%**

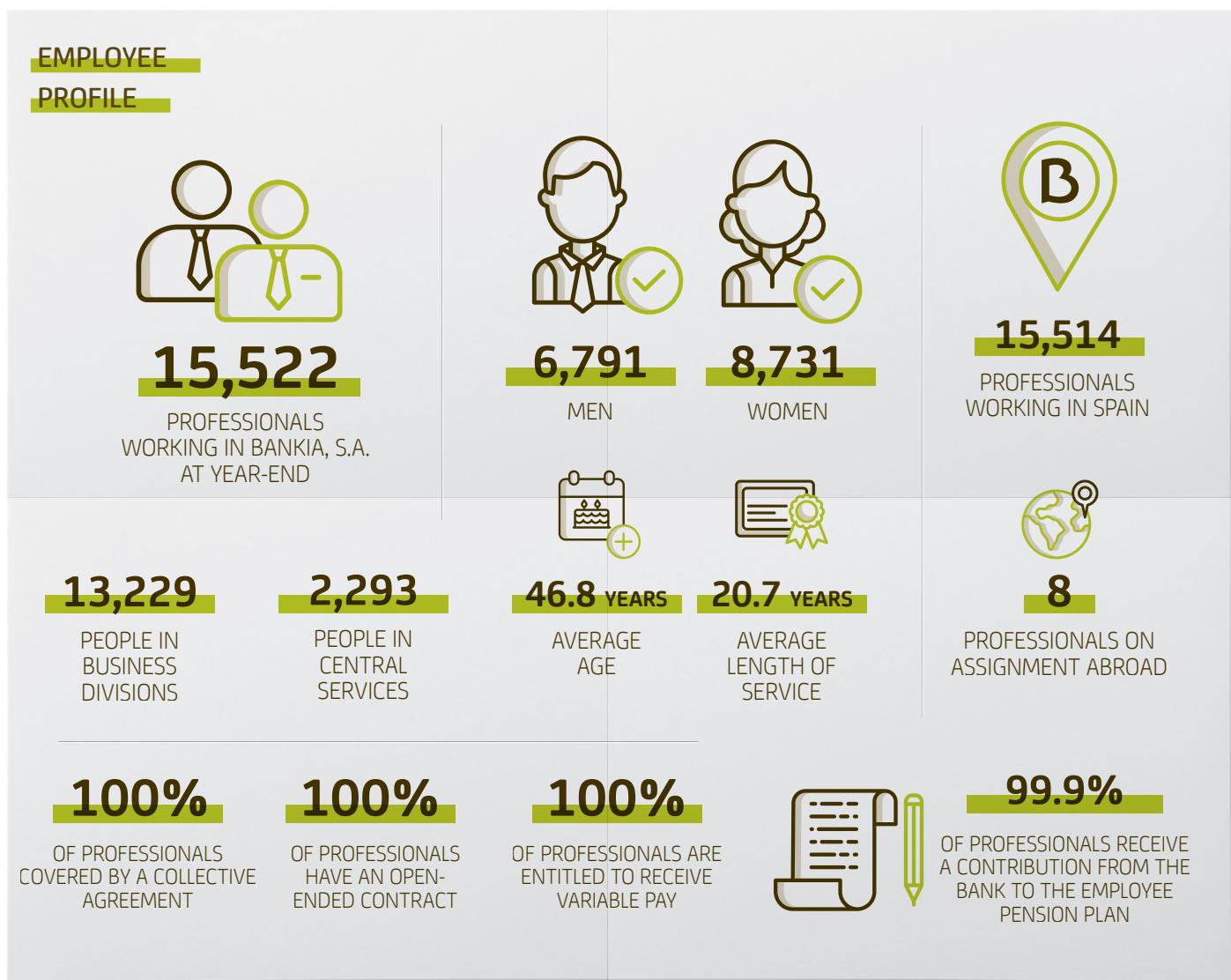
PROFESSIONALS WITH  
OPEN-ENDED CONTRACTS

Bankia's workforce at the end of 2020 was made up of 8,731 women and 6,791 men, with an average age of 46.8 and an average length of service of 20.7 years. 100% of the bank's professionals had open-ended contracts and 100% were entitled to receive variable pay. 100% of the professionals were covered by a collective agreement and 99.9% received a contribution from the bank to the employee pension plan.

During 2020, a total of 31,697 of the professionals and their family members (spouses or civil partners and children up to age 25) were covered by the employee health insurance policy and 13,177 employees received payroll advances, loans or subsidised mortgages during the year.

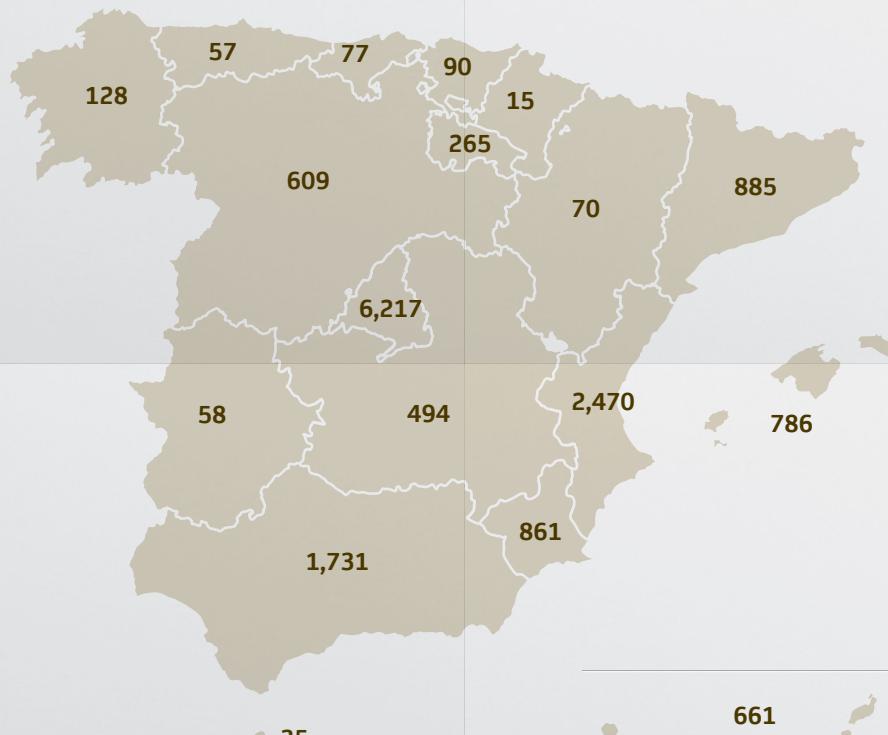
disabilities or for nights spent away from home, and 10.4 million euros of aid to 10,763 professionals for their children's schooling. During the year, 302 professionals took maternity leave and 240 took paternity leave. A total of 75 employees took leave of absence for personal reasons.

The percentage of women in management posts reached 43.24%, as against 56.76% of men. These figures include central service managers, branch managers and assistant branch managers.



HISTORICAL DATA ON EMPLOYEES, PAGE 183.

## GEOGRAPHIC DISTRIBUTION OF WORKFORCE



## EMPLOYEE SELECTION

In Bankia, external selection processes are used to recruit professionals for positions that cannot be filled internally.

These processes and actions are part of Bankia's strategy in pursuit of excellence. The purpose of external selection is to increase the organisation's value by recruiting the best candidate in the market for each vacancy. Responsible management of external selection reinforces the bank's competitive advantages and leadership, which are necessary to achieve a common goal.

The job description and candidate selection are aligned with the bank's values and the competencies required for each role, always taking the technical requirements of the position into account.

Each new hire has the support of the Deputy General Directorate of People and Culture, which monitors the employee's performance and adaptation, so as to ensure the quality of the external selection process.

During 2020, most vacancies were filled internally. However, the bank's digital, organisational and cultural transformation created a need for external talent, mainly of a specialised nature, to fill specific, especially technical or technological positions (41 hires).

A total of 372 vacancies (26% managerial and 74% non-managerial) were advertised internally, 63% of them in the branch network and the remaining 37% in other areas. Applications were submitted by 956 people, reaching a total of 1,532 applications (some applied for more than one vacancy). By year-end, 56% of the advertised vacancies had been filled satisfactorily.

Meanwhile, the FP Dual Bankia programme started its fifth year. Since its launch in 2015, a total of 42 students from the programme have joined Bankia's branch network. Classroom training is combined with internships in the bank, and students are assisted by bank professionals, who act as tutors and support them in their learning.

Despite covid-19, the fourth batch of FP Dual Bankia graduates completed their training successfully and their places were taken by a new batch of students, following the same training plan as in previous years: two years of alternating classroom learning and company internship. FP Dual Bankia is the only Dual VET programme provided by a bank.

## EQUALITY

Bankia seeks to foster a healthy and productive working environment in which its professionals can develop their full potential, promoting equal opportunities between women and men.

On 15 July 2020, Bankia and a large majority of the workers' representatives agreed on a new Equality Plan, which provides an orderly set of measures to achieve equality of treatment and opportunity for men and women and to eliminate all trace of gender discrimination.

One of the plan's aims is to ensure that the promotion system does not discriminate against any group on the grounds of gender, so that the suitability of candidates for each vacancy is assessed on the basis of competence, skills and job-person fit, while also ensuring that positions of responsibility are held by the most appropriate people within a framework of equal treatment and opportunity, without gender discrimination.

To this end, the bank is committed to promoting access of the under-represented gender to senior management positions, so that by 2020 at least 45% of new executive vacancies are filled by people of the under-represented gender. Specific targets have been set for representation of the under-represented gender in each managerial function.

Since 2016, Bankia has had a protocol for the prevention of sexual, occupational and gender-based harassment, which was agreed upon with a majority of the workers' representatives. The protocol prohibits any physical or verbal action or

conduct that undermines the dignity of professionals and creates an intimidating, hostile or humiliating working environment.

The bank actively seeks to prevent and eliminate all sexual, occupational or gender-based harassment from the workplace. For this purpose, it has a procedure to arbitrate, prevent and channel any reports or complaints that may be made in this regard and to correct and punish such behaviour.

## DIVERSITY

To close the gap between men and women at the different management levels, the Management Committee approved the 2018-2020 Diversity Plan, aimed at balancing the presence of women in management positions and ensuring sustainability in the medium term through talent identification and development programmes that guarantee women's growth.

In early 2020, Bankia joined Bloomberg's 2020 Gender Equality Index (GHG), which gave positive recognition to the policies the bank has implemented in recent years in this area. This recognition, which was reaffirmed in January 2021, places the bank among the world's top companies in terms of gender equality.

Along similar lines, Bankia has adopted various initiatives that promote women's equality, including the signing of the 'Principles for the Empowerment of Women (WEP)', promoted by the United Nations Global Compact and UN Women.

## 03.4

## PEOPLE

Within the framework of the 2030 Agenda of the United Nations Global Compact, Bankia has reinforced its commitment to gender equality through SDG 5 (Gender Equality) by undertaking to strengthen gender diversity in managerial positions. With the aim of promoting training for women in STEM (science, technology, engineering and mathematics), 50 women in these fields of knowledge have been awarded scholarships in collaboration with the UNIR Foundation.

Bankia has also signed the Code of Principles on Generational Diversity (Generation & Talent Observatory), aimed at promoting equality of opportunity regardless of age, and is one of the founding partners of the ClosinGap – Women for a Healthy Economy platform.

### **TALENT AND DIVERSITY MANAGEMENT**

The covid-19 health crisis prompted Bankia to consider new ways of organising its professionals and new ways of working and communicating within the bank, so as to safeguard employee health and ensure business continuity and customer support and service at all times.

The circumstances in 2020 forced the bank to rethink the planned employee development activities and to redesign the planned interviews and actions so as to adapt them to a virtual format. Despite the complexity this entailed, 570 interviews were conducted.

This talent detection and development work resulted in 125 promotions during the year: 14 in the Top 300, 20 in the Top 600, 52 branch managers and 39 assistant branch managers. In addition, three female corporate directors were appointed.

To achieve the best job-person fit and meet the bank's needs, a total of 2,862 job reassignments were carried out during the year, counting both management and non-management positions.

A total of 23 initiatives with 1,223 participants were carried out to develop internal talent, including the eSports Digital Development Programme, which took place 100% online. The programme meets the need to develop new digital skills, such as critical thinking, forward vision, decision making, trust, autonomy and communication. It relies on the advantages offered by the new technologies and is carried out in an innovative, disruptive environment. Since it was first launched in a virtual format, the bank has organised 11 calls for participants, in which 127 professionals took part, in addition to the three held in 2021.

At the beginning of 2020, the last four groups completed the fifth Senior Management Programme, launched the previous year, in which a total of 133 Top 300 executives worked on the customer experience from a strategic point of view, focusing on diversity management for leadership excellence.

The 'Take the initiative' programme, launched at the end of 2018, came to an end in December 2020. It was attended by 20 female managers from the branch network and central services talent group, who were mentored by 20 of the



	2020	2019
Professionals promoted internally (men)	60	133
Professionals promoted internally (women)	65	135
Senior management positions filled internally	125	268
Professionals reassigned	2,862	3,366

bank's senior managers, including corporate executives and members of the Management Committee. The programme covered a range of topics, with particular emphasis on networking, on account of its impact on female leadership.

The 'Acelera' and 'Dinamización' programmes were centred on developing the bank's female and management-track talent, respectively. The 'Acelera' programme took in an additional 15 people during 2020. At year-end, this group consisted of 297 women.

Added to these programmes were the 'Atrévete' and 'Talleres de Liderazgo Inclusivo', with a total of 282 participants in 2020; the '12 Habits, 12 Challenges' training day, focusing on the most common habits that can slow women's access to positions of greater responsibility; and the Diversity training days for people managers, aimed at raising awareness and exploring specific, critical issues, such as networking and personal branding, with 41 participants.

Bankia also collaborated in the design and launch of a cross-mentoring programme between companies in the ClosinGap – Women for a Healthy Economy platform, which the bank joined in 2019. The bank contributed two mentors and two mentees to the programme.

## CAREER AND TALENT DEVELOPMENT

As part of its cultural transformation, in the last quarter of 2019 Bankia adopted a skills and roles framework aimed at equipping the bank with the talent and knowledge needed to meet future challenges and evolve towards a new paradigm in which professionals are responsible for their own development, with a view to improving their current and future employability.

The bank is responsible for making the necessary resources available and for fostering interest in self-development and continuous training, while also fostering responsive learning

by providing visibility on career opportunities (managerial or technical) and relevant development pathways.

The role of the executive as the person responsible for the professional development of his or her team, and of the people manager (HRBP), is thus evolving towards the role of mentor or guide to managers and team members, providing knowledge of critical roles and skills and the means and tools to achieve them. In this environment, the ability to respond swiftly to change and to acquire new critical skills (reskilling) are major competitive advantages.

Accordingly, during 2020 an in-depth debate was conducted within the organization to define a comprehensive map of roles and skills, identifying the ones most critical to the organisation today and in the future, from a strategic perspective.

This bottom-up exercise involved more than 40 interviews with corporate executives and 31 panels with managers from each area of the organisation, including a total of 230 managers. It concluded with a top-down calibration exercise, starting from the enterprise-wide view of the bank's senior management, whose medium- and long-term strategic vision served to determine the definitive map of roles and skills in Bankia.

A digital community was set up to implement this model and promote meritocracy and transparency in talent and employee development processes, working in an agile system to develop Bankia's new development and talent model.

This community had two teams, which worked together to develop and define the new model and configure the HCM Cloud tool, which was acquired to support the model and manage

## 03.4

## PEOPLE

the resulting talent information. Both teams were made up of people with different specialisations from within the People Directorate as well as from other areas of the bank (Digital Internal Communication, Technology and Operations, Digital Strategy and Transformation, Business, etc.).

One of the first lines of action within the digital community was to conduct a listening exercise in different areas of the organisation to gather perceptions on matters relating to meritocracy and other key aspects of the development and talent model.

Initially, the digital community's work was focused on defining and implementing the skills assessment process for determining the development areas in each group within the bank.

To ensure the assessment was carried out correctly, a pilot was conducted in the Corporate Private Banking Directorate between June and July. Supervisors and employees worked on the gaps detected in this pilot assessment through Individual Development Plans. This exercise also provided an opportunity to draw up training programmes to meet any resulting shortcomings.

During 2020, an in-depth review of the role of senior managers and people managers in Bankia was conducted, with the aim of reinforcing and focusing their activity on team development and professional growth.

### TRAINING

Bankia's professionals received more than 1.2 million hours of training during the year, 88% of which were completed using digital methodologies and 12% in-person.

In March, because of the health crisis, the bank cancelled all scheduled face-to-face training and converted the training content into webinar format, so that participants could join sessions simultaneously from their computers.

Training on customer advice and marketing became particularly important. The investment fund training programme was expanded to more than 5,000 branch staff. The sales training on micro-enterprises and self-employed individuals was strengthened with a plan targeted at more than 500 branch managers and a new component was launched to help build the key skills of business account managers.

A new Customer Experience Certification course was launched, with more than 100 participants.

Bankia continued to implement a range of training plans to meet the bank's obligation, under current regulations, to have branch staff who are highly qualified in the fields of financial advice and mortgage management. These plans accounted for a significant proportion of the training hours given during the year.

- 485 professionals took the examination for the Expert Financial Adviser certificate, having previously completed the training.
- 11,400 people took part in the 30-hour MiFID II Recertification Programme.





- 6,200 people applied for the Real Estate Credit Expert certificate course. A total of 4,300 people started the training.
- Training to reinforce anti-money laundering and anti-terrorist financing guidelines.

The bank worked to strengthen the digital culture by delivering the 'How to be a Digital Salesperson' programme to a group of 1,449 branch sales staff. In this programme they learned about practical aspects of Bankia's digital transformation and the tools they can use to assist and monitor customers in digital channels, as these are key to providing quality service and customer care in the complex social and health context of 2020.

The Digital Talent programme for central services staff aimed at building knowledge in specialised digital subjects, with a focus on practical applications in the financial sector, continued during the year.

New ways of working based on agile methodology were introduced, with a special training plan for all the professionals involved in projects carried out using agile methodology.

Another mainstay of Bankia's training activities was the ESG (Environmental, Social and Corporate Governance) training given to a group of 200 central services staff. Participants studied different valuation methods, data sources and tools, the problems involved in taking ESG criteria into account in investment decisions, the opportunities and limits of measurement, and the impact on risk and return.

More than 50 of these professionals took examinations for international ESG certification. For Bankia it is important to demonstrate, through external recognition, that the professionals who make investment decisions are ESG certified and so make decisions in line with sustainable finance criteria.

Added to all these programmes are those aimed at selected professionals in central services, where a personal learning plan is drawn up for each individual to address the need for specific technical and regulatory knowledge.

## WORK-LIFE BALANCE

Bankia has in place a wide range of measures, in addition to those required by law, to promote work-life balance and sharing of family responsibilities. These measures include leave for school matters; leave to accompany family members requiring medical care; advances on holiday leave to look after seriously ill family members; extended leave in the event of the birth, adoption or fostering of a child with a disability; priority in transfers, working hours, days off and leave for victims of harassment and gender-based violence; and extended leave to engage in recognised charitable activities, with the right to re-join.

## 03.4

### PEOPLE

Other measures include remote working and teleworking as innovative ways of organising and carrying out work, allowing work to be done outside the company's facilities. Teleworking is voluntary both for the worker and for the company and can be reversed at either's discretion. The bank provides teleworkers with the means, equipment and tools needed to do their job.

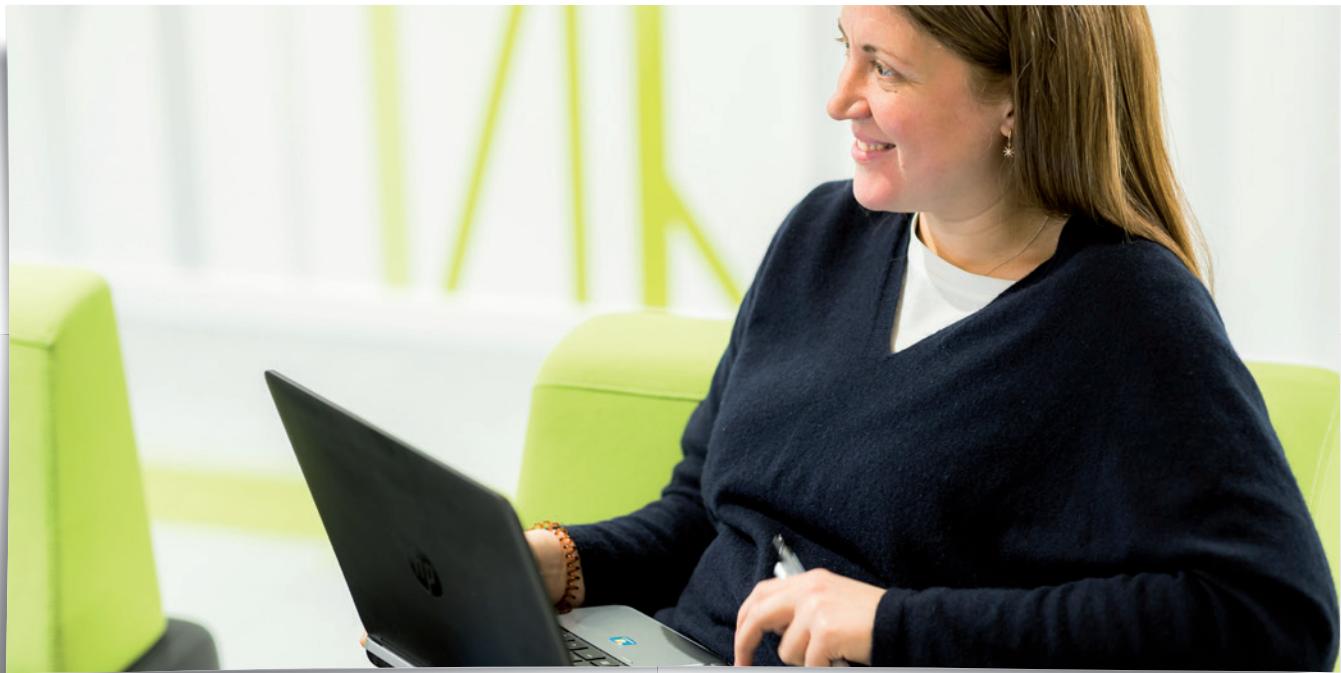
The bank also guarantees all its professionals, both those who work on-site and those who work remotely, the right to disconnect outside working hours. Exercising this right entails no sanction and must not adversely influence decisions on promotion, performance assessment or evaluation.

In Bankia, the right to disconnect outside working hours is understood as imposing a limit on the use of communication technologies, so as to ensure respect for rest periods, leave and holidays for all employees outside the legally specified or agreed upon working hours. On 15 July 2020, the Bank signed an agreement with almost all the trade union representatives on the right to disconnect.

The bank has at the disposal of all its professionals a series of basic principles of work organisation that are summed up in good practices for meeting management, rational use of corporate email and telephone, and teamwork.

It also offers them training and awareness-raising on the right to disconnect and what constitutes reasonable and appropriate use of ICT, as well as useful recommendations on how to optimise their time and that of their colleagues, so as to improve

**BANKIA GUARANTEES  
ALL ITS PROFESSIONALS  
THE RIGHT TO DISCONNECT**



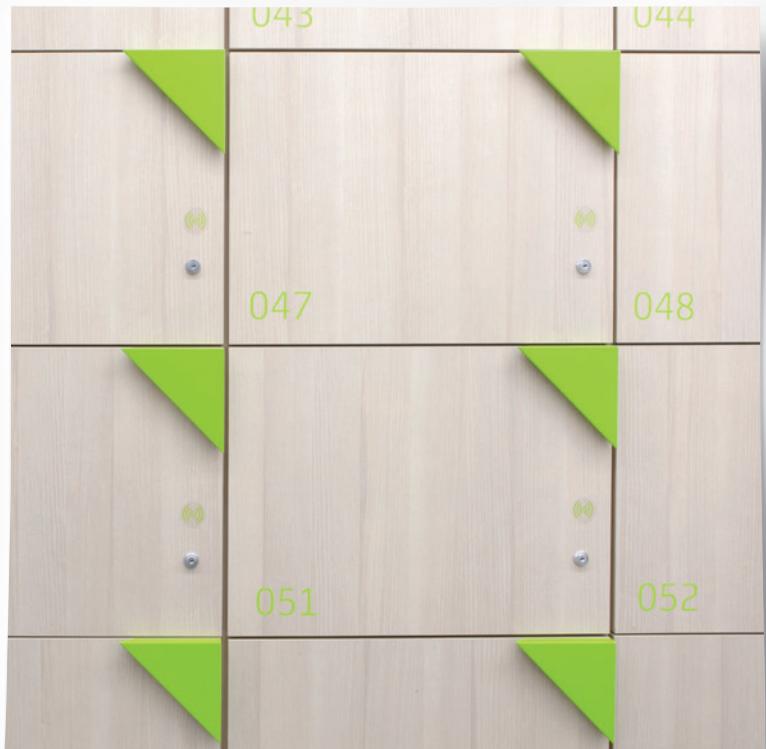
the working environment and strike a reasonable balance between work and family life.

The bank retains its ESR Seal as a 'Company that shows social responsibility towards its staff', awarded by Fundación Alares and Fundación para la Diversidad.

### **MEASURES TO INCLUDE PEOPLE WITH DISABILITIES**

Bankia has maintained its exceptional certificate (issued by SEPE) of compliance with the Alternative Measures provided for in Article 2.1(a) and (b) of Royal Decree 364/2005 of 8 April 2005 on exceptional alternatives for compliance with quotas of workers with disabilities.

Each year, the bank engages the services of various Special Employment Centres to provide professional services. Also, the branches and customer service centres have material, technological and accessibility resources to ensure that people with disabilities are able to access the bank's services.



### **LABOUR AGREEMENTS, COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION**

	2020	2019
Employees with a disability rating >=33% and <65% and reduced mobility	7	8
Employees with a disability rating >=33% and <65%	172	162
Employees with a disability rating >=65%	14	13
Total Bankia	193	183

Bankia supports freedom of association and the right to collective bargaining. The bank respects the right of all workers to form unions and to freely join the union they choose, as well as the right to engage in union activity within the company. There is no discrimination against employees who do so.

It also guarantees application of the Organic Law on Freedom of Association through a workforce agreement entered into for this purpose, setting out criteria to effectively guarantee the exercise of freedom of association by

## 03.4

### PEOPLE

workers' representatives and allocating budgets for this purpose beyond the requirements of law.

At year-end 2020, Bankia had 477 union representatives. During the year, a total of 219,820 hours were spent on union activities.

The Labour Agreement of 15 July 2020, backed by a majority of the employees' representatives, sets out rules on employees' working conditions. These include rules on remuneration and professional development, improvements to employee benefits, special working hours for certain services, a policy on the right to disconnect, and undertakings in respect of equality and non-discrimination.

The bank has also maintained an ongoing, fluid dialogue with employee representatives to address the health crisis caused by covid-19, holding extraordinary meetings with the State Health and Safety Committee and all the union branches represented in Bankia.

In 2020, the institutions affiliated to the Spanish Confederation of Savings Banks (CECA), including Bankia, and a majority of the union representatives signed the Collective Agreement for Savings Banks and Savings Institutions for the years 2019-2023.

This agreement establishes the framework financial and working conditions that will apply for the

next three years. The main measures concern salary reviews, improvements to holidays and leave, rules on teleworking and remote working (including the material resources to be provided by the company and special provisions covering covid-19) and the right to disconnect, together with good practices to balance work with personal and family life.

### REMUNERATION

Bankia has a remuneration policy based on nine principles:

- Balance between the different components of remuneration.
- Results orientation: recognition of excellence.
- Strategy: remuneration reflects a medium- and long-term view that provides strategic motivation, besides achieving short-term results.
- Linkage between the bank, shareholders and customers: the amount of remuneration is directly correlated with the degree of achievement of the bank's objectives and the interests of shareholders and customers.
- Simplicity: the various systems that make up Bankia's remuneration policy are regulated so that professionals know the total amount they can earn at the end of the year and what they must do to earn it.





- Compatible with risk and management: the remuneration policy is compatible with sound, effective risk management, the business strategy and long-term values and interests and includes measures to avoid conflicts of interest.
- Internal fairness.
- External competitiveness.
- Gender equality.

The remuneration of each of Bankia's professionals remunerates everything that person does in the performance of his or her duties, both in the bank and in other bodies or investees.

Remuneration comprises a fixed part, linked to the level of responsibility, the job role and the principles of internal equity and external competitiveness; and a variable part, linked to the additional, extraordinary contribution in job performance and determined by the degree of achievement of agreed targets.

The variable remuneration policy helps prevent conflicts of interest that may work to customers' disadvantage, ensures compliance with the rules of conduct for the provision of investment services, and prevents incentives from arising that might lead professionals to put their own or the company's interests before those of customers.

The individual performance assessments that are used to determine variable remuneration are

not based solely on sales volumes but also take other qualitative criteria into account, including compliance with regulatory standards of conduct, fair treatment of customers and customer satisfaction.

Variable remuneration is reviewed each year to check that it does not limit Bankia's ability to maintain a sound capital base and that the interests of shareholders, customers and other stakeholders are protected.

	2020	2019
Average annual remuneration of the workforce (fixed and variable remuneration, not including the total annual remuneration of the best paid person) (euros)	53,621	52,543
Median total annual remuneration of all employees (not including the total annual remuneration of the best paid person) (euros)	50,209	49,106

## RESPONSE TO COVID-19

At the end of March, Bankia launched a covid-19 Infection Monitoring Committee, with members from different areas of the bank. The committee passed a number of measures aimed at protecting the health of the bank's professionals while ensuring that all the services considered essential continue to function properly during the pandemic.

Cross-organisational teams within the bank were able to implement the measures in an agile and coordinated way, so as to address the constraints imposed by the pandemic. As a result, Bankia was the first financial institution in Spain to obtain the covid-19 Secure Protocol certification issued by the independent firm Applus+ Certification.

When the state of alarm was declared, more than 95% of central services staff started teleworking. Teams that were considered critical or essential, on account of their importance for the conduct of the business, and whose physical presence was required were divided to ensure business continuity.

More than 50% of the branch staff worked from home in rotating shifts, so that the branches were able to stay open and continue to provide in-person service to customers.

The preventive measures were adapted as the pandemic evolved and in line with government recommendations, providing public-facing workers with protective screens, hydrogel, masks and gloves. Workplace cleaning and disinfection were reinforced and workplace occupancy was limited.

Bankia has followed all the recommendations of the health authorities and has implemented the official protocols, exercising prudence, active surveillance and care for people.





The ‘Bankia Facilita’ service provided support for the bank’s professionals, especially in matters arising from covid-19, such as medical and psychological guidance, telepharmacy, shopping and home help.

The bank provided support for its professionals’ emotional well-being during the year by increasing the availability of the psychological service and offering training pills in webinar format.

For the second year in a row, Bankia was a finalist (in the Large Company category) for the Healthy Company award organised by the Human Resources Observatory in recognition of the ‘Tu Bienestar’ programme, designed and implemented across the organisation to foster a healthy business culture based on a healthy lifestyle. This programme is designed to encourage changes in habits, on the understanding that a healthy workplace is a part of a healthy life.

	2020	2019
Absenteeism rate	3.2%	3.5%
Occupational accident rate <sup>1</sup>	0.1%	0.1%
Ordinary sick leaves <sup>2</sup>	3,712	4,771

1. Employees who suffered occupational accidents (not including accidents in transit) as a percentage of the average workforce for the period.

2. Common contingencies and accidents at work (not including covid-19).

**BANKIA WAS THE FIRST  
FINANCIAL INSTITUTION TO  
OBTAIN COVID-19 SECURE  
PROTOCOL CERTIFICATION**

# 03.5

## SHAREHOLDERS

Throughout its history, the Bankia Group's goal has been to maintain and improve shareholder remuneration as another way of returning the investment to the state, aiming for

sustainable capital generation that will allow the payment of dividends.

At year-end 2020, Bankia's share capital stood at 3,069,522,105 euros,

represented by 3,069,522,105 fully subscribed and paid-up registered shares with a nominal value of 1 euro per share, all of the same class and series. All the shares have the same voting rights and rank pari passu; no shareholder has different voting rights from any other shareholder.

38.17% of Bankia's shares are traded freely on the stock market, while 61.83% of the shares are held by BFA Tenedora de Acciones, Bankia's parent company, which is owned by the state through the Fund for Orderly Bank Restructuring (FROB).



**€352 million**

DIVIDEND  
PAID



**11.576 cents/share**

SHAREHOLDER  
REMUNERATION



**200**

MEETINGS WITH  
SHAREHOLDERS

## BANKIA'S MAIN SHAREHOLDERS BY INVESTOR TYPE

	% SHARE CAPITAL AT 31/12/2020	% SHARE CAPITAL AT 31/12/2019
BFA	61.83%	61.80%
Spanish institutional	6.34%	6.09%
Foreign institutional	22.76%	23.07%
Retail	9.07%	9.05%
<b>REGISTERED SHARES</b>	<b>3,069,522,105</b>	<b>3,069,522,105</b>
<b>SHAREHOLDERS</b>	<b>162,870</b>	<b>173,949</b>

As of year-end, a total of 29 analyst firms actively covered and provided a price target for the Bankia share (the average price at that time was 1.34 euros/share). 13.79% of the recommendations were buy, 13.79% sell, 62.07% hold and 10.34% unavailable (some analysts

withdrew the price target and/or recommendation because the company was in the middle of a merger or directly offered forecasts for the merged entity). During 2020, more than 550 reports with references to Bankia were published, the price target set by analyst firms was updated more than

130 times and the recommendations were modified on more than 30 occasions.



# 03.5

## SHAREHOLDERS

### SHARE PERFORMANCE

Average daily trading volume (no. of shares)	9,471,160
Average daily trading volume (euros)	10,993,747
Share price – high (euros)	1.970
Share price – low (euros)	0.764
Quoted price at 31/12/2020 (euros)	1.449
Market capitalisation at close on 31/12/20 (million euros)	4,447,737,530

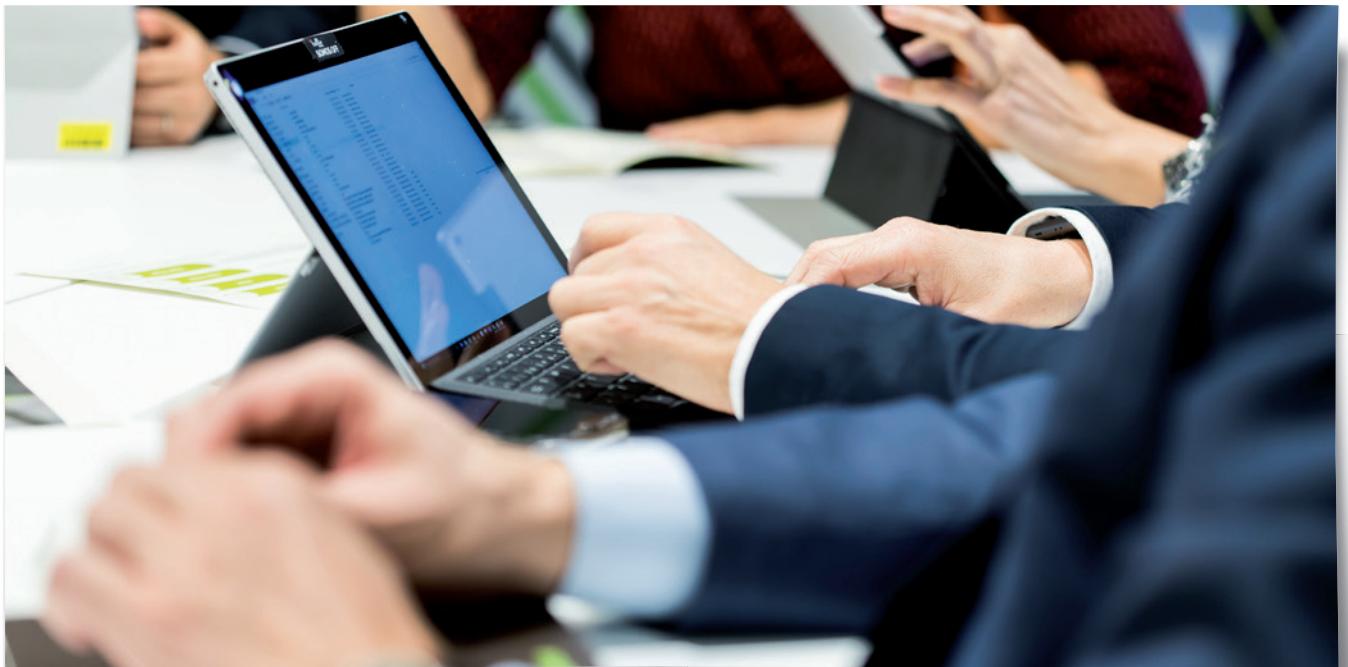
### SHAREHOLDER REMUNERATION



The General Meeting of Bankia shareholders held on 27 March 2020 approved the payment of a cash dividend of 11.576 euro cents per share out of profit for 2019, the same dividend per share as was paid out of profit for 2018.

The dividend was paid in cash on 20 April to the holders of shares that carried dividend rights on the payment date. The total amount paid, after deducting treasury shares, which are not entitled to dividend payments, was 352,109,750.87 euros. This represents a payout ratio of 65.6% of the Bankia Group's attributable profit for 2019.

Of the total amount paid, the state received 220 million euros for its holding in Bankia through BFA, bringing the amount of state aid repaid to 3,303 million euros.



**THE STATE RECEIVED  
220 MILLION EUROS  
OF DIVIDENDS FOR ITS  
INVESTMENT IN BANKIA**

**DIVIDEND**  
**HISTORY**

YEAR	DIVIDEND PER SHARE	NET AMOUNT (€ CENTS) *	TOTAL DIVIDEND (€)	TYPE	ITEM
2020	11.576 cents/share	9.37656	352,109,750.87	Ordinary	Results 2019
2019	11.576 cents/share	9.37656	353,514,598.26	Ordinary	Results 2018
2018	11.024 cents/share	8.92944	338,014,844.39	Ordinary	Results 2017
2017	11.024 cents/share	8.92944	315,956,894.67	Ordinary	Results 2016
2016	10.500 cents/share	8.505	300,716,808.87	Ordinary	Results 2015
2015	7.000 cents/share	5.62496	201,553,249.52	Ordinary	Results 2014

Pro forma dividends per share in 2015, 2016 and 2017 taking the effect of the 1x4 reverse split executed in June 2017 into account.

\* For the purpose of the calculations, a 19% tax withholding is assumed.

# 03.5

## SHAREHOLDERS

### COMMUNICATION WITH MINORITY SHAREHOLDERS

	2020	2019
Shareholder inquiries answered by email (Shareholder's Office)	248	112
Shareholder inquiries answered by telephone (Shareholder's Office)	631	681
Visits to the Shareholders and Investors section of the corporate website	379,942	281,330
Notices sent to shareholders by SMS (number of SMS sent)	231,748	90,013
Meetings with shareholders	1	2
Shareholder and investor digital newsletters sent (Spanish+English)	20	18
Shareholders present in person or by proxy at the General Meeting	1,726	3,842
Percentage of share capital represented in person or by proxy at the General Meeting	81.897	80.316
New shareholder newsletter and alert service subscribers (Spanish+English email)	272	490
Alerts sent to shareholders subscribed to the alert service (Spanish+English email)	180	34
Marketing communications (no. of emails and push messages sent) (2020: Extraordinary General Meeting voting campaign + Notice of virtual shareholders meeting)	90,233	18,324
'Shareholder Welcome Campaign' communications sent (email, app, Bankia Online)	2,708	1,801

### LISTENING AND ONGOING DIALOGUE

Bankia uses various communication channels to meet its commitment to ongoing dialogue with shareholders, including most notably the Bankia.com corporate website, the shareholder and investor newsletter, the new Shareholder Alerts subscription service and the Shareholders' Office.

The bank also seeks to maintain a dialogue with institutional investors. Thus, the Investor Relations and Ratings Directorate took part in 12 roadshows, 12 international conferences, 6 field trips and numerous individual meetings and calls to present the bank's performance and results, answer questions and share opinions. A total of 200 meetings with shareholders were held and 335 direct contacts were made.

Apart from financial content, Bankia also offers stakeholders information on social and environmental matters and corporate governance, which is increasingly in demand by the public. 82.61% of Bankia's institutional investors apply responsible investment policies.

Bankia held two general meetings in 2020: an ordinary general meeting in March and an extraordinary meeting in December, at which the shareholders approved the merger with CaixaBank. Both took place during the health crisis, so the Bank's Board of Directors decided that the March meeting should be virtual rather than face-to-face, so as to protect shareholders, customers, employees and investors in general.

The bank adapted to the exceptional circumstances and took all the necessary steps to ensure that shareholders were able to exercise their rights remotely. Among other things, it extended the deadline for voting by means of distance communication and made it possible for shareholders to send written requests for information physically or electronically, in this case through the Online Right to Information Service provided via the corporate website. An electronic attendance platform was also put in place for the extraordinary general meeting.

## **CAIXABANK-BANKIA MERGER MAXIMISING SHAREHOLDER VALUE**

The merger by absorption of Bankia by CaixaBank, approved by 78.490% of the bank's share capital at the Extraordinary Meeting of Shareholders held on 1 December 2020, is a project to create value for Bankia's shareholders. The combined entity will not only be more efficient and more profitable but will also have the necessary critical mass to achieve economies of scale and gain financial strength, so as to have a well provisioned and well capitalised balance sheet.

The agreed exchange ratio means that, initially, CaixaBank shareholders will hold 74.2% of the shares of the new entity and Bankia shareholders, 25.8%.

According to the merger plan, estimated earnings per share for 2022 will increase by 28% for CaixaBank shareholders and by 69% for Bankia shareholders.

When the deal was presented to the market in September, the credit rating agencies upgraded their outlook on Bankia's rating.

## **BANKIA RATINGS PERFORMANCE IN 2020**

	<b>S&amp;P Global</b>		<b>FITCH Ratings</b>		<b>DBRS</b>		<b>SCOPE</b>	
<b>ISSUER RATINGS</b>	Dec.20	Dec.19	Dec.20	Dec.19	Dec.20	Dec.19	Dec.20	Dec.19
<b>LONG-TERM</b>	BBB	BBB	BBB	BBB	BBB (high)	BBB (high)	BBB+	BBB+
<b>SHORT-TERM</b>	A-2	A-2	F2	F2	R-1 (low)	R-1 (low)	S-2	S-2
<b>OUTLOOK</b>	CW Positive	➡ Stable	RW Positive	➡ Stable	UR Positive	➡ Positive	UR Upgrade	➡ Stable
<b>MORTGAGE COVERED BOND RATINGS</b>	Dec.20	Dec.19	Dec.20	Dec.19	Dec.20	Dec.19	Dec.20	Dec.19
<b>LONG-TERM</b>	AA	AA	A+	A+	AAA	AAA	AAA	AAA
<b>OUTLOOK</b>	Negative	➡ Stable	RW Positive	➡ Stable	---	---	Stable	Stable

# 03.6

## SOCIETY

Through its social action, Bankia seeks to generate wealth in the community and support the most vulnerable groups, for which it allocated 22.9 million euros in 2020, which is 1.9% more than the previous year. The bulk of this budget went to training and

employment programmes, local and rural development, housing and new poverty, and disability. The number of beneficiaries of the bank's social action increased by 6.3% to 647,184, while the number of NGOs supported grew by 9.3% to 925.

To boost employability, especially at a time of economic crisis, the Bank promotes dual vocational and educational training (VET) through Fundación Bankia por la Formación Dual. Since 2016 this foundation has benefited more than 14,000 young people, 1,698 companies and 652 schools throughout Spain.

Bankia's social contribution is also reflected in respect and care for the environment, climate change being seen as an emergency that needs to be addressed. The bank is carbon neutral (Scope 1 and 2) and is recognised by CDP as a leading company in the fight against climate change.



**€22.9 million**

SOCIAL  
INVESTMENT



**55,739**

BENEFICIARIES OF  
EMPLOYMENT PROGRAMMES



**29,716 t**

CO<sub>2</sub> EMISSIONS  
AVOIDED

## FOUNDATIONS AND ASSOCIATIONS SUPPORTED

**925**

## SOCIAL ACTION BENEFICIARIES

**647,184**

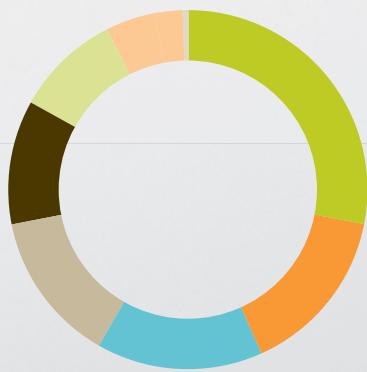
### SOCIAL ACTION

The onset of the health crisis in the first quarter of the year changed Bankia's social investment priorities, as the most important thing was speed, responsiveness and agility in launching aid facilities and effective projects.

Despite the special circumstances, the bank maintained all its social aid programmes, helped NGOs with management difficulties and adapted project submission times. It also advanced payments and developed innovative ideas for joining forces among stakeholders.

### SOCIAL INVESTMENT

**2020**



**€22.9 million**

- LOCAL DEVELOPMENT **25.3%**
- HOUSING **22.1%**
- SPONSORSHIP **14.5%**
- EDUCATION **13.3%**
- DISABILITY **10.2%**
- EMPLOYEE PROJECTS **6.7%**
- EMPLOYMENT **3.6%**
- ENVIRONMENT **2.7%**
- NEW POVERTY **1.6%**



## LOCAL DEVELOPMENT

In March, together with the 11 original foundations, the bank launched the various calls for grant proposals, receiving applications from 1,043 local entities. As a result of these calls, support was provided to 506 projects. Because of the health emergency, applications and grants were processed through a digital platform.

Bankia continued to support the original foundations, to which it allocated 4.4 million euros, so that they could continue their activities, while also supporting local welfare projects, social and cultural initiatives, and programmes to combat depopulation and poverty.

In addition, the bank continued to support Fundación Lo Que De Verdad Importa's conferences on values, which this year were held online, except in Madrid and A Coruña.

### CALLS FOR PROPOSALS, IN PARTNERSHIP WITH THE ORIGINAL FOUNDATIONS

	PROJECTS SUPPORTED	NUMBER OF BENEFICIARIES
Fundación Montemadrid	79	103,401
Fundación Bancaja	60	329,480
Fundación Caja Rioja	23	2,964
Fundación Ávila	26	1,444
Fundación Caja Segovia	29	3,196
Fundación La Caja de Canarias	42	9,947
Fundació Iluro	12	806
Fundació Caixa Castelló	40	22,828
Fundación Cajamurcia	67	34,868
CajaGranada Fundación	86	77,716
Fundació Sa Nostra	42	18,319
<b>TOTAL</b>	<b>506</b>	<b>604,969</b>



## EMPLOYMENT

The Red Cross and Caritas employment programmes supported by Bankia also adapted to the circumstances in 2020, focusing on employment but also reorienting some programmes towards more urgent, priority aid. These programmes reached more than 4,600 beneficiaries and were present in all the Spanish provinces.

The bank maintained the 'Empleo en Red' programme, in collaboration with the Randstad Foundation, for unemployed customers, whom it assists with job search and retraining. In all, since it was started in 2013, this programme has had 1,625 participants. During 2020, itineraries were developed for 133 people. Altogether, 46% of participants found employment.

One of the good practices detected during the year was the implementation of the 'Empleo en Red' programme in the bank's Recoveries Directorate as another way of helping customers with economic difficulties who have a loan to repay.

2020 also saw the launch of a new, fully digital employment programme in partnership with La Rioja International University (UNIR). Aimed at 300 participants, the programme creates incubators to drive the job search process, while researching sectors, strategies and trends in job creation.

## NEW POVERTY

To mitigate the effects of the covid-19 crisis, Bankia launched a comprehensive emergency aid programme with a budget of more than 300,000 euros, with special emphasis on 10 food banks in areas of particular need in Spain (Granada, Murcia, Valencia, Alicante, Castellón, Mallorca, Barcelona, Madrid, Las Palmas de Gran Canaria and Ávila). In addition to financial support, the bank launched a book donation campaign to support families with school-age children.

The bank also maintained a direct covid-19 aid system for associations, nursing homes and other entities with urgent needs for protective equipment or food for vulnerable families. It sought to involve personal and business customers in this challenge, some of whom made urgent donations and promoted their own micro-donation campaigns, such as one carried out for the Spanish Food Banks Federation.

## ENVIRONMENT

In autumn 2020, together with nine of the original foundations, the bank launched its first call for environmental proposals and maintained the two programmes of grants launched in 2019 in partnership with Fundación Montemadrid and Fundación Bancaria. A total of 49 projects were supported in 18 Spanish provinces.

# 03.6

## SOCIETY

For the third year running, Bankia collaborated with WWF Adena in rehabilitating 60 hectares of Mediterranean woodland in Las Tablas de Daimiel National Park (Ciudad Real), so as to allow natural regeneration and preserve a landscape that is more resistant to climate change.

### EMPLOYEE PROJECTS

2020 saw the eighth edition of the 'Red Solidaria' programme, which converts business performance into support for projects run by associations or foundations in which the bank's professionals are personally involved. This year, the employees selected 250 projects throughout Spain, with representatives in Retail Banking (167 projects), Business Banking (73 projects) and central services (10 projects), to which the bank allocated 1.25 million euros in two extraordinary grants in June and September, so as to accelerate delivery in the midst of the covid-19 crisis.



## BENEFICIARIES OF GRANT PROGRAMMES IN PARTNERSHIP WITH ORIGINAL FOUNDATIONS

604,969

This figure increased to 1.35 million euros at year-end, thanks to the achievement of targets by the various units involved in the project. The best initiatives earned additional funding.

Given the situation faced by NGOs during the pandemic, the programme strategy in 2020 followed an emergency plan, so that all the projects received a linear allocation of 5,000 euros and a maximum of 7,000 euros, depending on their results.

The seventh 'Planta tu proyecto' call for proposals resulted in five finalists, which received a total of 35,000 euros. Since its launch in 2013, this programme has supported 71 projects with nearly 500,000 euros and has benefited 57,662 people.

In addition to the direct emergency relief, in November Bankia launched the seventh 'Contigo 2 puede ser 4' micro-donation programme, which raised 21,568 euros, resulting in a total donation of 41,568 euros to the Spanish Food Banks Federation.

### VOLUNTEERING

2020 marked a turning point in volunteering, as 70% of the 111 volunteer days organised during the year were held online because of covid-19. A total of 87 workshops or 1,860 hours of distance learning were given. The most noteworthy initiatives included:

- Randstad Foundation. In the volunteer training programme 'Enseña lo que sabes', Bankia professionals give workshops for Foundation users who are unemployed or in a situation of vulnerability.
- Secot (Spanish seniors for technical cooperation), which promotes a programme aimed at reducing the digital divide among older people.
- Fundación Integra. Training workshops for various groups, including victims of gender violence, prisoners and former prisoners, and others at risk of exclusion.
- Action Against Hunger. Bankia volunteers give mentoring workshops as part of the NGO's programme for entrepreneurs.

- Spanish Red Cross. The Red Cross's pathways to employment for women include financial education workshops given by Bankia volunteers.

The last quarter of the year saw the launch of online solidarity breakfasts, in which Bankia professionals and a local NGO meet to give publicity to its cause and at the same time set up a donations account to collect funds for the featured entity, using Bizum payments.

### DISABILITY

Bankia maintained its strategic focus on normalising disability by taking part in projects for the inclusion of differently abled people and promoting the procurement of goods and services from Special Employment Centres.

Highlights include the seventh 'Capaces' call for grant applications, in collaboration with Fundación Bancaria, which awarded 150,000 euros to 15 not-for-profit associations in the Valencian Community involved in labour market integration and social inclusion projects for people with functional diversity.

The bank took part in Fundación Randstad's 'Integrados' programme, in which 227 users (unemployed people with a disability rating of 33% or more) followed tailored pathways into employment and integration in the workplace in ordinary companies.

## HOUSING

Bankia maintains a pool of homes for vulnerable people, who are offered a social rent on favourable terms, adapted to their ability to pay. In the last year, the bank signed 305 social rent agreements (122 homes ceded under Catalonia's Law 4/2016), bringing the total number of social rent housing agreements to 4,071. As a result, Bankia fully complied with its commitment to social housing through the Social Housing Pool.

The bank also allocated 5 million euros for the maintenance of these homes, to ensure they are kept in good condition and reduce the cost for tenants.

Bankia also has agreements to expedite social housing allocation in the Comunidad de Madrid, Castilla-La Mancha, Canarias, Cataluña, Comunidad Valenciana and La Rioja.

## VOCATIONAL EDUCATION AND TRAINING AND FINANCIAL EDUCATION

Bankia encourages, promotes and drives an educational model aimed at expanding young people's employment opportunities. It is the first European financial institution to have joined the European Alliance for Apprenticeships (AEFA).

The commitment to education is put into effect through Fundación Bankia por la Formación Dual. Since this foundation was created in 2016, it has gradually increased the scope of its activity, making 2020 a year of consolidation.

In the business world, Bankia is a benchmark for vocational and educational training (VET). In July, the foundation took part in the presentation by the Spanish government of the VET Modernisation Plan, in which it defended the role of VET as a foundation on which to build the future.

In December, it took part in a breakfast organised by the Ministry of Education and Vocational Training, together with ten or more other business organisations and companies, to discuss their main demands and needs in relation to Dual VET.

Fundación Bankia por la Formación Dual has signed 21 agreements with Autonomous Community governments to support dual VET.

As a result of the covid-19 pandemic, many of the proposed training actions have had to be adapted (mostly to a virtual format) or postponed.

The foundation's work is organised in four areas:

1. Stimulus, promotion and improvement of dual VET, aimed at raising standards, increasing students' employability and enhancing companies' competitiveness. It is carried out through public-private partnerships and gets governments, schools, companies, chambers of commerce and other vocational training stakeholders involved in putting programmes and activities into effect.

2. Promotion and dissemination of VET in general and dual VET in particular to enhance their image in society and remove the stigma of their being 'second-class' education.

	2020	2019
Social housing pool applications	147	217
Social housing pool applications signed	17	25
Special rent applications	408	346
Special rent applications signed	288	244
Properties contributed to the social housing fund	4,071	3,766

3. Research and innovation, carried out by the Knowledge and Innovation Centre, whose purpose is to foster research on VET and encourage evidence-based debate for useful, effective decision-making.

4. Professional, academic and personal guidance to help young people choose a career option that suits their personal characteristics, taking the latest labour market trends into account.



## LINES OF WORK OF FUNDACIÓN BANKIA POR LA FORMACIÓN DUAL

Lines of action	Initiatives
STIMULUS AND IMPROVEMENT OF DUAL VET	Dualiza grants in collaboration with FP Empresa to encourage VET projects that enhance innovation, impact on the local economy, sustainability and knowledge transfer  Training actions to improve the professional qualifications of VET teachers and the employability of young people: COMEX and DITEC programmes and training actions targeted at the agricultural sector  Web portal <a href="http://www.recursosefp.com">www.recursosefp.com</a> with digital educational resources to facilitate the work of VET teachers after the pandemic. 5,000 people attended the 11 webinars held  Initiatives to foster innovation in VET: 1st National Hackathon for VET teachers (200 enrolled), 3rd Dualiza Challenge in Comunidad de Madrid, 1st Mostra d'ImpulsFP (1,500 attendees), SANEC grants for top-level biomedical research (40 grants)  Pilot projects in strategic sectors: first mid-level dual VET course in agricultural production, with a specialisation in pig farming (Castilla y León and Aragón), and a course for specialisation in cybersecurity for senior-level VET students (Madrid)  Actions in support of associations, business organisations and chambers of commerce that promote VET
STIMULUS, PROMOTION AND DISSEMINATION	FP conferences: 3rd National Meeting on VET SUMA  Dual VET fairs: Almería, Campo de Gibraltar, Linares, Ceuta, Ciudad Real and Murcia  Organisation or participation in conferences, meetings and events: 6th Dual VET Alliance Forum, 16th CIPFP Ausiàs March 2020 Conference, Foro-Profes, and 5th Logistics Talent Forum
RESEARCH AND INNOVATION	Presentation of the VET Observatory  Research projects: 'Challenges and action strategies around VET research in Spain', 'VET Guidance in Andalusia: Diagnosis, challenges and proposals', 'The VET system in Castilla-La Mancha' and '1st Report on VET in Spain 2020'
PROFESSIONAL, ACADEMIC AND PERSONAL GUIDANCE	Call for proposals for active vocational guidance projects  VET/dual VET promotion days held with the participation of business people to attract young talent to industrial training courses  Support for the development and dissemination of the '1st Study on the role of mothers and fathers in vocational guidance of their children'

## 03.6 SOCIETY

Bankia also upholds its commitment to education and financial culture through two digital assets: Bankademia and the Bankia Blog.

Bankademia is an online multiplatform application that uses videos, podcasts, articles and GIFs to bring the world of finance closer to the general public. During 2020, Bankademia developed a number of calculators, simulators and templates, as well as a private user area, to add value in the field of financial education.

The Bankia Blog, meanwhile, presents informative, topical content in different formats on subjects relating to personal finance, financial culture, economic analysis, taxation and legal services. Through the blog, the bank's experts clear up reader's doubts, especially regarding bank transactions and tax returns.



### ENVIRONMENTAL IMPACT

Bankia aims for sustainability in its business model and works to foster growth that fully respects the environment. Environmental management is therefore an integral part of the bank's decision-making process and is aligned with its business strategies, making environmental governance a part of the bank's overall management.

As part of this commitment, in 2017 the bank's Responsible Management Committee approved the 2017-2020 Eco-Efficiency and Climate Change Plan, which has enabled Bankia to position itself, in 2020, as a carbon neutral entity (Scope 1 and 2) and a leader in the fight against climate change.

The bank has registered its carbon footprint in the Footprint Register kept by the Ministry for the Ecological Transition and the Demographic Challenge since 2014 and has obtained the Calculo/Compenso seal every year since 2016 (2016 to 2019). In 2019, the entity's efforts to reduce CO<sub>2</sub> emissions also earned it the Calculo/Reduzco/Compenso triple seal.

Besides its commitment to reduce CO<sub>2</sub>e emissions, in 2020 Bankia sought to become carbon neutral by offsetting those of its emissions that are unavoidable given the current state of technology. The offsetting was done by acquiring carbon credits from projects that contribute to Sustainable Development Goal 13 (Climate Action), set by the UN, as well as other related SDGs that Bankia has made a priority, such as SDG 11 (Sustainable Cities and Communities), 7 (Affordable and Clean Energy) and 4 (Quality Education).

Also in 2020, Bankia formulated and implemented an internal strategy for setting an internal carbon price (ICP). The setting of this internal price

will become a vital tool for further reducing CO<sub>2</sub>e emissions, mitigating risks and identifying climate-related opportunities, so as to make the company ready for a low-carbon economy.

Bankia's efforts in environmental management have made it one of the world's leading companies in this field, earning recognition from CDP Climate Change analysts with an A-rating.

## 2017-2020 ECO-EFFICIENCY PLAN PROGRESS

TARGET	MEASURES IMPLEMENTED	ACHIEVEMENTS 2020	DEGREE OF COMPLIANCE
Increase to seven the number of buildings/ facilities with a certified environmental	Implement specific environmental management protocols, in accordance with ISO 14001, in four new buildings/ facilities for which specific environmental targets and plans have been set	The bank increased the number of certified buildings/ facilities to seven: Torre Bankia, Las Rozas, Plaza 53 and Centro Fintech (Community of Madrid); Pintor Sorolla, 8 (Valencia); Triana, 20 (Las Palmas) and Miguel Villanueva, 9 (Logroño)	
Reduce greenhouse gas emissions by 20%	- Use 100% green energy in buildings and branch network - Use new technologies (teleworking, video calls) to avoid travel - Vehicle fleet made up of more than 97% hybrids - Parking facilities for bicycles in buildings at Paseo de la Castellana 189, Las Rozas and Pintor Sorolla	59.8% actual reduction in CO <sub>2</sub> emissions	
Reduce waste generation by 5%	- Promote campaigns to donate furniture and electrical and electronic equipment to NGOs that meet social needs - Recycle writing materials - Collect plastic stoppers - Segregate and compost pruning waste in Las Rozas building	43.8% reduction	
Reduce toner, paper and water consumption by 5%	- Eliminate paper correspondence and encourage use of digital media for contract signing with customers and suppliers - Monitor the printer fleet - Push-button taps and double-discharge tanks in toilets	Toner consumption reduced by: 51.0% Water consumption reduced by: 16.3% Paper consumption reduced by: 44.3%	
Reduce energy consumption by 19%	- Renew air conditioning systems in branches and buildings - Implement remote management of branches and buildings, use cogeneration systems in air conditioning equipment and install LED lighting and presence detectors in workplaces	27.7%*	
Sustainable purchasing and services procurement	- Analyse CO <sub>2</sub> emissions linked to suppliers and services provided - Plan training and awareness days	63.7% of suppliers with environmental certification <sup>1</sup>	
Spread an environmental culture in Bankia	- Online environmental management course for Bankia's professionals - Dissemination of practical information environmental through internal communication channels	9,592 hours of environmental training given, 63 publications and articles disseminated through internal channels and corporate website	

\* Base year 2013.

1. Active approved suppliers.

## SPONSORSHIP

Bankia maintains sponsorships aimed at contributing to the local community in the fields of culture, sport and business. Sponsorship activity declined during 2020 because of covid-19, but the bank continued to work closely with sponsees to maintain the relationship and the commitment to society.

The bank's main musical sponsorships are the Bankia Symphony Orchestra, which has acted mainly as resident orchestra at the Gran Teatro Bankia Príncipe Pío, while also giving string quartet performances in the 'Los pases musicales del Botánico' concert series; and the Bankia Escolta Valencia programme, which in 2020, its seventh year, provided grants to 700 students at Valencian music schools. Bankia Escolta Valencia also includes the Bankia Festival of Valencian Community Orchestras, held for the third time last year.

In addition, the Alqueria Julià building was handed over to the Valencia Federation of Musical Societies, which will convert it into a headquarters and cultural centre in which to hold its events.

Also in the field of culture, Bankia supported the Madrid Book Fair, which was held online because of the health restrictions, and the Gran Teatro Bankia Príncipe Pío, which has become a cultural landmark.

In sport, the bank is committed to Valencian pilota, a sport native to the Valencian Community which it has supported for six years in the men's and women's categories; and also to grassroots sport, supporting the sports schools, youth academies and training schools of the Gran Canaria Basketball Club (Las Palmas de Gran Canaria), Valencia Basketball Club (Valencia), Óbila Basketball Club (Ávila), CB





## BANKIA MAINTAINS SPONSORSHIPS AIMED AT CONTRIBUTING TO LOCAL COMMUNITIES IN CULTURE, SPORT AND BUSINESS

Estudiantes (Madrid), Joventut de Badalona, TAU Castellón, UCAM Murcia, CB B The Travel Brand Mallorca (Palma de Mallorca) and Menorca Basketball. Bankia also sponsors the youth academies of the Club El Pozo futsal club, the Bathco-Fusodeba rugby club in Santander and the Rubgy Pozuelo club in Madrid. More than 5,000 boys and girls benefit from these activities.

The bank continued with the 'Triple Solidarios' campaigns it has been carrying out with the first teams of the Valencia Basket, CB Gran Canaria and CB Estudiantes basketball clubs. In all cases, for every three-point shot scored by the first team during the season, Bankia donated money to the clubs' youth teams.

In 2020, in collaboration with basketball clubs and their players, Bankia organised eight online basketball games to raise funds for local Food Banks.

Thanks to the generosity of the fans, these actions raised more than 80,000 euros.

The bank also sponsors the Sierra Nevada adaptive ski school, the Estudiantes women's team (Women in Black) and the female teams of the sports academies it supports.

During the year, the bank concluded agreements with various business associations, employers associations and chambers of commerce for specific sponsorship actions. Because of the pandemic, the events initially planned as in-person were converted to hybrid, half in-person, half online formats. Issues addressed included the impact of covid-19 in different sectors, SMEs and digital transformation, tax reform and company financing.

The bank also sponsored several business awards, some in collaboration with different media, including the 'In4NBankia' awards with *Información de Alicante*; the 'Digital Competitiveness' awards given by the magazine *Castilla y León Económica*; the 'Innobankia' awards with the publishing house Editorial Prensa

Ibérica; the 'Tu Economía' awards given by the newspaper *La Razón*; the 'Comprendedor' awards given by Fundación Empresa y Sociedad; the 'Andaluces del Futuro' awards given by the Joly publishing group; and the 'Talento Joven' awards given by the daily *Levante*.

Bankia promotes the Bankia Forward forums, which is an innovative initiative aimed at helping companies anticipate changes in business models and consumer needs so as to be more competitive in the future. This project is implemented through information days, the publishing of reports and an online space accessible to all companies.

03.7

## SUPPLIERS

For Bankia, suppliers are an integral part of the business strategy, and supplier recruitment is used to support local, regional and national businesses, before a supplier can establish a

SUPPLIERS  
ONBOARDED  
IN 2020

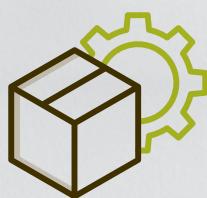
169

and environmental performance. Suppliers are required to comply with the laws and regulations applicable in the jurisdictions in which the bank operates and preference is given to those that align themselves with the principles of the Global Compact, the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization (ILO).

The approval process includes scrutiny of economic, social and environmental risks, and suppliers are required to have the specified economic risk rating and to provide mandatory information.

business relationship with Bankia, it must pass an approval process.

The standard approval form collects details of the supplier's ethical, social



932

APPROVED  
SUPPLIERS



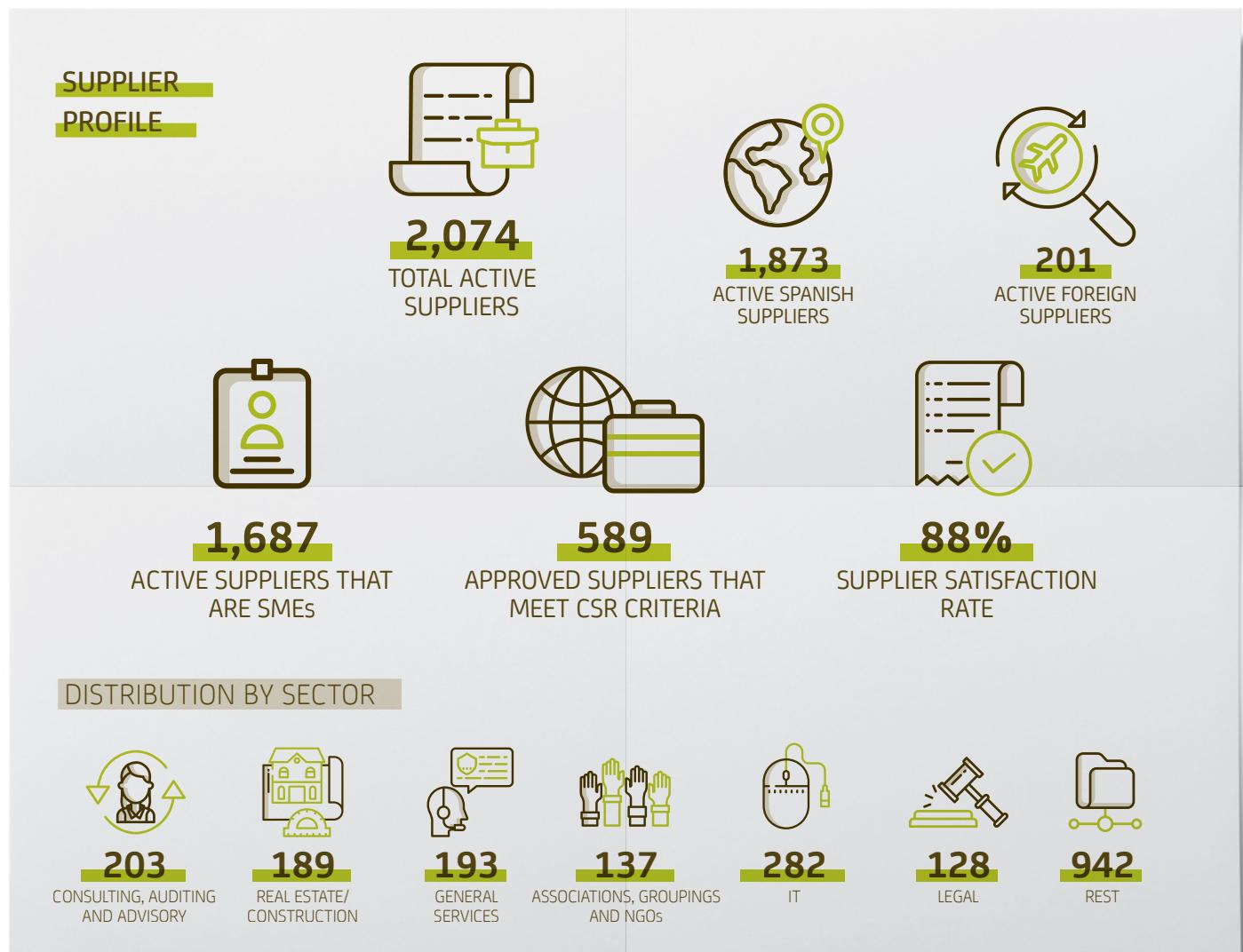
€812.2 million

TOTAL  
BILLING



9.39 DAYS

AVERAGE PAYMENT  
PERIOD



## 03.7

### SUPPLIERS

	2020	2019
Total billing (million euros)	812.2	828.8
Total invoiced by domestic suppliers (million euros)	763.7	792.7
Total invoiced by foreign suppliers (million euros)	38.5	36.0
Average payment period (days)	9.39	9.44
Percentage of invoices paid within legal time limit (30 days)	98.62	98.66

Bankia's Purchasing Policy, which was updated in 2020, is designed to foster business relationships built on professionalism and honesty, with the aim of creating a base of suppliers who share the bank's commitments and values and establishing a mutually profitable partnership.

It is founded on the principles of professionalism and continuous improvement, planning and efficiency, ethics and transparency, equal opportunities, dialogue and cooperation, and commitment and support.

This policy applies to all Bankia Group companies and employees, especially those who play a part in the procurement of goods and services.

In Bankia, the purchasing function adds value to the organisation by aligning its objectives with the business strategy and by procuring the required goods and services in a responsible and sustainable manner. It is managed centrally, so as to apply common standards, minimise risks and exercise leadership in the organisation.

Besides its general Code of Ethics and Conduct, the bank also has specific standards for the purchasing function, based on the code of conduct of the International Federation of Purchasing and Supply Management.





## **TRANSPARENT COMMUNICATION**

As part of its digital transformation, Bankia is developing a system of digital relationship management with its suppliers via the Supplier Portal, which facilitates transparency, impartiality, equal opportunities and active listening.

The bank also provides its suppliers with tools to report their opinion on their relationship with the organisation. Suspected violations of the bank's Code of Ethics and Conduct may be reported through the Confidential Whistleblowing Channel, which is managed by an independent third party.

Suppliers may also file complaints, claims or suggestions about payment of invoices or the services to be provided under their contracts, or register their objection to the supplier selection process, through the Supplier Service Department (SSD).

In 2020, Bankia renewed its UNE 15896 certification for value-added purchasing management, confirming the excellence of the bank's purchasing management system and certifying its conformity with best business practices at the European level.

Bankia was the first financial institution to obtain this certification, which is the first supranational standard of its kind, aimed at fostering continuous improvement, minimising risks and ensuring that procurement management takes sustainability into account.

## **REACTION TO COVID-19**

During the covid-19 crisis, Bankia has continued to pay its suppliers on time, regardless of whether they have been able to provide 100% of the agreed service, so as to help them stay in business and support job preservation. The only requirement has been that they maintain the working conditions of their staff.

The bank also agreed to change the operating procedures of certain covid-affected services to facilitate teleworking by suppliers and revised the inventory of essential services and critical activities.

For critical suppliers, business continuity plans were collected and validated and a map of suppliers providing pandemic-related services or products was developed with a view to initiating their approval process.



# BUSINESS MODEL

BANKIA'S ACTIVITY IS FOCUSED ON  
RETAIL AND BUSINESS BANKING  
AND IS BASED ON A MULTI-CHANNEL  
DISTRIBUTION MODEL THAT ALLOWS IT  
TO ADAPT TO CUSTOMERS' NEEDS.

# 04.1

## DEFINITION OF THE BUSINESS MODEL

The Bankia Group is a nationwide franchise, with a focus on retail and business banking and a growing commitment to multi-channel delivery. Its registered office is at Calle Pintor Sorolla, 8, in Valencia, and its operational headquarters are at Paseo de la Castellana, 189, in Madrid.

The Group's main objective is to generate sustainable, recurring, long-term value that meets the expectations of its shareholders, customers, employees and society at large.

Consistent with the retail business model on which its banking activity is based, the Group's main source of funding is customer deposits.

As of the end of September 2020, Bankia has a 9.41% market share by business volume, with a particularly strong presence in Comunidad de Madrid, Comunidad Valenciana, Región de Murcia, Baleares, Canarias and La Rioja. Its main competitors in Spain are Banco Santander, BBVA, CaixaBank and Banco Sabadell.

Bankia's business model puts the emphasis on the customer and delivery of a trusted, professional service tailored to the customer's needs. This model rests on three pillars:

- Retail Banking, which encompasses the banking business with self-employed individuals and companies with annual turnover of less than six million euros. This business is conducted through an extensive multi-channel network in Spain, with a business model focused on customer satisfaction and profitability.

- Business Banking, which serves companies with annual turnover of more than six million euros and also includes the Capital Market business and specialised Business Development teams, including the Sustainable Business and Financing Directorate, with an enterprise-level approach to the rest of the bank's business areas.
- Asset Management and Investees, which includes private banking, asset management, insurance, strategic alliances and investees.

These three business lines can be broken down into seven business areas:

1. Retail Banking
2. Business Banking
3. Capital Markets
4. Private Banking
5. Asset Management
6. Bancassurance
7. Real Estate Assets

## **STRUCTURE OF BANKIA'S BUSINESS MODEL**



## **BUSINESS CONTINUITY**

Bankia has a Business Continuity Management System aimed at ensuring the organisation's critical operations are able to continue after a disruptive incident. One of the Business Continuity Directorate's main tasks is to develop a sufficient set of procedures to respond appropriately to an incident, from the moment the incident is declared until normal operations resume, so as to minimise the impact on the business.

Following the emergence of covid-19, this directorate, together with other groupings within the bank, analysed the entire organisation with a view to identifying activities and resources that are critical to the bank's operations or for managing uncertainty.

In March, a Monitoring Committee was set up, with representatives from the People, Organisation and Technology directorates; Communication and External Relations; Innovation and Cybersecurity; Occupational Risk Prevention; Services and Procurement; Retail Network; Business Development; Chairman's Office; and Risks and Relations with Supervisors.

In the early days of the pandemic, this committee met virtually once a day and face-to-face once a week. Among other things, its tasks were to monitor the recommendations of the health authorities, analyse Bankia's performance, draw up protocols for different scenarios and take new measures whenever the scenario changed.

The bank's priorities in the face of covid-19 have been to protect the health of all the Group's professionals,

safeguard the security of the bank's information and protect the bank's business, while continuing to deliver top quality customer service.

Bankia extended teleworking to all central services staff in record time and organised shifts in the sales network to keep branches open, following the recommendations of the health authorities, given that banking services were considered essential.

# 04.2

## BUSINESS AREAS

### INDIVIDUALS

The Individuals business area is centred on retail banking, offering a full range of lending and savings products and services under the universal banking model. Its goal is to achieve customer satisfaction and loyalty. To that end, the bank adds value in the products and services it offers, in financial advice and in quality of customer care.

To improve customer satisfaction and loyalty, Bankia has adapted the portfolio model to offer an ever larger group of customers the services of a relationship manager. The relationship manager can be a branch-based financial adviser, a Bankia account manager, or a remote relationship manager via the ‘Connect with your Expert’ service. In 2020, customers served by a relationship manager accounted for 30% of new mortgages, 20% of new consumer loans and 6% of new mutual fund accounts.

### CUSTOMERS EXEMPT FROM PAYING FEES



MILLION

Bankia’s relationship with customers is implemented through two value propositions, which are the result of an active listening process:

- ‘That simple’: Bankia undertakes to make day-to-day life simpler for its customers, so as to improve the quality of the customer relationship and give customers what they need. This value proposition includes a range of services that are available through all the relationship channels, whether face-to-face or remote.
- ‘Por Ser TÚ’: a loyalty programme under which more than 2.9 million individual customers have benefited from an exemption from paying fees for the main banking services. The aim of this positioning is to have more loyal customers, to steadily improve the customer experience and to achieve sustained profitable relationships.

	2020	2019
Number of direct income (salary or unemployment benefit) deposits acquired	501,584	429,443
Number of direct pension deposits acquired	118,779	104,785



PERRO A BORDO

In the current negative interest rate environment, in which it has become increasingly difficult to stand out from the competition, Bankia incorporates value-added components in its offering. Thus, traditional products are enhanced with emotional elements or ethical, environmental or social components that strengthen the bond between the bank and its customers, while also having a positive impact on the community.

For example, Bankia is the first 'dog friendly' bank, offering specific products and services for pets in the 'Dog Friendly Pack'.

It also offers a basic payments account, exempt from fees, for specially vulnerable groups, as well as fee exemptions for digital customers through products such as the 'Cuenta\_ON' account and for young customers who open a 'Mi primera cuenta' or 'Cuenta Joven' account.

During 2020, especially in the second quarter, the bank was deemed to be providing an essential service and so kept its branches open throughout the state of alarm for customers who needed to go to a branch. It also sent customers messages through all channels reminding them of the various ways they could contact the bank and advising them, for example, not to go to the branches on pension payment days or what to do in the event of attempted fraud in digital channels.

### INDIVIDUAL CUSTOMER PROFILE



**7,086,601**

INDIVIDUAL CUSTOMERS



MEN



WOMEN

**48.37%**

PERCENT OF CUSTOMERS

**51.63%**

**50 years**

AVERAGE CUSTOMER AGE

**52.1 years**

## 04.2 BUSINESS AREAS

Aware of the impact the health crisis could have on its customers' finances, Bankia relaxed the conditions of the 'Por Ser Tú' programme, so that families whose income had suffered during the first few months of lockdown were exempt from fees. This measure benefited nearly 300,000 customers.

The battery of measures put in place for individual customers to mitigate the effects of covid-19 included advance payment of unemployment benefit and pensions (256,000 beneficiaries); notifications about the various mortgage and consumer credit

moratoria, both sector and legislative; and notifications about the additional services provided under Mapfre home and health insurance purchased through Bankia (medical helpline, digital protection, remote computer assistance, video consultation, medical chat and telepharmacy).

Also, the 'Estamos a tu lado' initiative, carried out in collaboration with the Alares Foundation, provided home shopping services and medical and psychological support helplines for customers who are pensioners. More than 13,000 customers benefited from this measure.

### HOW INDIVIDUAL CUSTOMERS RELATE TO BANKIA

\* Figures for active customers over 18.



**6.77 MILLION**

ACTIVE INDIVIDUAL  
CUSTOMERS OVER 18



CUSTOMERS WITH  
DIRECT CONTACT

**5.44 MILLION**



**1.34 MILLION**

IN-BRANCH  
(NO CONNECTION TO CHANNELS)

ONLY ATM CONTACT

**405,783**

ONLY BRANCH CONTACT

**936,880**

**4.09 MILLION**

DIGITAL  
(WITH CONNECTION TO CHANNELS)

MIXED CONTACT  
(BRANCH AND DIGITAL CHANNELS)

**2,201,912**

DIGITAL ONLINE CONTACT

**1,895,620**

CUSTOMERS WITH NO  
DIRECT CONTACT

**1.33 MILLION**

WITH DIRECT CONTACT

**783,683**

WITHOUT DIRECT CONTACT

**546,923**



In **Consumer credit**, the simplification and rationalisation of the product catalogue was completed, adopting an omni-channel approach:

- Pre-approved loans: loans for a custom amount, term and price, the main benefit being a three-month grace period before having to pay the first instalment. This gives customers the opportunity to buy now and pay up to three months later.
- ‘Puedes más bonificado’ loan: a loan with a subsidised interest rate, depending on the depth of the customer relationship. The subsidy is reviewed quarterly and can represent a saving of up to 200 basis points if the customer has direct deposit of salary or pension payments or direct debit of insurance premiums with the bank.
- ‘Préstamo ON’ loan: large-scale rollout of this 100% digital product began in 2020 through Bankia Online and the Bankia app, both for ordinary spending purposes and for spending linked to sustainable criteria. For customers with pre-approved limits the prices were tailored to the customer’s credit profile.

- ‘Crédito joven’: a loan with no application fee and the best interest rate the bank has to offer.

In **mortgage finance**, Bankia gave priority to adapting its mortgages to the new requirements of the Real Estate Credit Act (*Ley de Crédito Inmobiliario*). The ‘Hipoteca Sin Comisiones’ mortgage without fees has established itself as one of the best in the market, accounting for 76.8% of the bank’s total mortgage lending, with a total of 2,574 million euros.

In addition, three new products were brought onto the market:

- The new ‘Hipoteca Bonificada’ subsidised mortgage, supplementing the ‘Hipoteca sin Comisiones’ range. It offers the best interest rates without requiring a specified level of income but only certain minimum loyalty requirements, which, besides the usual direct income deposit, include the purchase of home and life insurance. Customers who meet these requirements can benefit from an interest rate discount of up to 140 basis points. This product was launched in two versions: a standard version for new mortgages and a

subrogation version for customers wishing to transfer their mortgage from another lender.

- The new ‘Hipoteca Verde’ mortgage to finance the acquisition of sustainable housing. This product offers the lowest rates in the mortgage catalogue, provided the mortgaged property has the highest energy certification (A or B), with no additional loyalty requirement, while remaining exempt from the main fees.

- ‘Hipoteca ON’ mortgage. A mortgage with a fully online application and approval process, available via Bankia Online and Bankia app. A specialised relationship manager supports and guides the customer throughout the process.

Bankia put considerable effort into marketing and sales to attract customers who have their mortgage with other lenders. In 2020, the bank took over 1,759 loans totalling 220 million euros from other lenders.

## 04.2

### BUSINESS AREAS

	2020	2019
Volume of mortgages granted (million euros)	3,348	2,929
Volume of mortgages granted under 'No Fees' programme (million euros)	2,574	2,402

In June, to facilitate housing solutions for individual customers, the bank launched the new 'Housing Rental Guarantee', an off-balance-sheet product that supplements its mortgage offering. The main difference is that the guarantee is exclusively for rental purposes. This

is a product designed for young people and disadvantaged groups.

The bank has also been an active participant in the various public and sectoral solutions put in place to lighten the financial burden for customers who find themselves in

a socially or financially vulnerable position as a result of the spread of covid-19:

- Mortgage moratoria based on Royal Decree-Law 11/2020 ("RDL 11/2020"), allowing borrowers to defer payments of principal and interest for up to three months.
- Sectoral mortgage moratoria, allowing deferral of principal repayments for up to 12 months.
- Consumer credit moratoria under RDL 11/2020, targeted at individuals, including those who are self-employed, offering a payment holiday on principal and interest for up to three months.
- Sectoral consumer credit moratoria, aimed at individuals, including self-employed professionals and business owners, offering up to six months' deferral of principal payments.
- COVID-19 rental guarantee facility, offering government-backed financing to cover six months' rental on a household's primary residence.



As the pandemic spread, the use of Bankia **cards** in retail establishments increased compared to cash withdrawals from ATMs. Despite

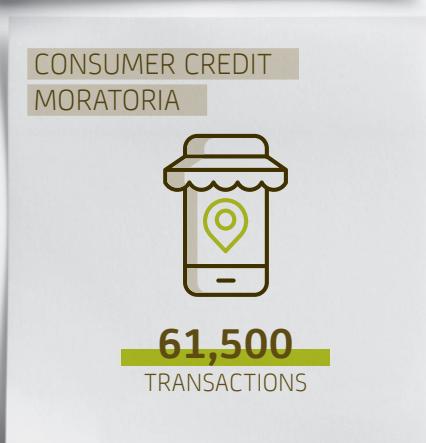
growing more slowly than in previous years, card spending increased (by 4.5% compared to one year earlier), largely thanks to online shopping, which made up for weak performance in physical stores.

ATM withdrawals using Bankia cards dropped 2,081.9 million euros compared to the previous year.

The bank's stock of cards continued to grow, rising above 9.6 million units, due to strong sales of credit cards, which account for 40% of the total.

To encourage card use during the worst months of the health crisis, Bankia raised the limit on card purchases without entering a PIN and on contactless payments (which avoid contact with POS terminals) from 20 to 50 euros. This measure stimulated the use of cards for smaller payments.

Also, between April and July, Bankia cardholders were able to withdraw cash from ATMs belonging to any Spanish financial institution free of charge, as Bankia did not pass on the fee charged by the ATM owner.



	2020	2019
Total cards issued (million)	9.6	9.3
Total contactless cards (million)	7.8	7.16
New credit cards issued to individual customers under 'No Fees' programme	1,129,427	608,373
New debit cards issued to individual customers under 'No Fees' programme	520,900	711,340

## 04.2 BUSINESS AREAS

The bank is well established in the world of **digital payments**, with its cards accepted in all the main mobile platforms: Apple Pay, Samsung Pay, Google Pay and Bankia Wallet. More than one million Bankia customers have taken up the option of paying by card through these platforms. At year-end, mobile payments accounted for more than 11.8% of total purchases in physical stores.

The growth in instant transfers has continued. This type of transfer accounted for 62.1% of total transfers made in the bank.

Bizum exceeded the record numbers of customers and transactions recorded the previous year, reaching 1.5 million users and 23.3 million payments sent by Bankia customers in 2020. Bizum has also become accepted as an alternative means of payment in e-commerce, with usage peaking during the lockdown, Black Friday and the Christmas season.

As an innovative means of payment, Bankia included two new features in Bizum:

- Bizum NGOs, which allows Bankia's NGO customers to receive donations from Bizum users, whether customers or not.
- Bizum SELAE, a mobile payment service for buying lottery tickets and collecting prizes at almost 11,000 points of sale of the Spanish State Lottery and Betting Company, SELAE.

The exceptional situation experienced in 2020 helped extend the use of digital channels among Bankia customers. During the state of alarm, the bank made it possible for customers to use these channels to apply for and manage government aid and manage the additional aid provided by the bank.

Various application forms were made available in digital channels and users were able to submit the documentation required for processing the various mortgage and non-mortgage moratoria provided for in national legislation.

**Bankia Online** continued to evolve, with improvements to the sales journeys, process optimisation and additions to the range of products and services available. In particular, new online products were added, including home insurance and single-premium personal loan repayment insurance.

Improvements were made to the mortgage loan simulators, adding a new functionality that provides customers with an assessment of the economic viability of the transaction.

### PURCHASES MADE BY MOBILE PHONE IN PHYSICAL STORES

11.8%

More than 3.6 million customers used Bankia Online during the year.

One of the main drivers of digital sales was borrowing, especially through consumer credit products and the 'Hipoteca ON' mortgage, whose target customer base grew in 2020.

In submitting applications, the customer is assisted throughout by a specialised relationship manager, with fully online loan approval and disbursement.

As part of this digitisation process, Bankia marketed the 'Iqual Tarifa Plana' instalments scheme, which allows customers to group their policies and pay for the insurance in convenient monthly instalments, thus simplifying their day-to-day finances. Also, a new flat rate was created for buying and selling Spanish securities through Bankia Online and Bankia app.

During the year, Bankia launched the 2020 version of the Bankia app, which represented a complete overhaul of the previous version, with major improvements to the user experience and more advanced functionality, including the sale of digital products. Nearly 3.6 million customers used the app during the year.

Since March, the bank has also allowed financial account aggregation, so that customers can include deposits, loans, funds and pension plans, as well as the accounts and cards already available at the end of 2019. The account aggregation service is available for CaixaBank, BBVA, Sabadell, Santander, OpenBank, Bankinter, ING and Unicaja.

Meanwhile, the **Open Business** strategy was focused on transforming the personal finance management service into a tool for recommending financial products to customers that will help them save on a regular basis.

The **mutual funds** catalogue was expanded during the year with the addition of five UCITS index funds: 'Bankia Index RF Corto', 'Bankia Index RF Largo', 'Bankia Index Emergentes', 'Bankia Index USA' and 'Bankia Index Clima Mundial'. These funds complete the Index Range already on sale: 'Bankia Index USA Cubierto', 'Bankia Index Japan', 'Bankia Index España' and 'Bankia Index Eurozona'. These funds manage a total of 12.2 million euros.

In addition, the fund manager introduced the 'Bankia Garantizado Rentas 16' fund, a guaranteed fixed return fund with a maturity of approximately six years and assets of 200 million euros.

Meanwhile, Bankia Gestión Experta, a mutual fund portfolio management service, continued to achieve very high levels of sales, allowing Bankia customers to earn a considerable return despite the uncertainty in the markets resulting from covid-19. Assets managed in funds reached 4,117 million euros and returns ranged from 2.02% to 6.9% for all types of portfolios.

In **pension plans**, the existing range was expanded with the launch of the 'Bankia Protegido Renta Premium XV', 10-year guaranteed plan with a committed amount of 20 million euros. In addition, a campaign offering a 6% discount was launched to retain and replenish plan assets.

When the state of alarm came into effect, a new exceptional provision, linked to the covid-19 crisis, was introduced that allowed plan members to withdraw vested amounts from pension products (for a period of six months). The products affected included personal pension plans/private pensions (EPSV), retirement insurance plans (PPA), occupational pension plans, employer pension plans (PPSEs) and mutual provident societies.

Created in mid-2019, the **Relational Sales** department worked to offer Bankia customers special offers, discounts and unique products and services. The following are some of the most important projects carried out in 2020:

## 04.2

### BUSINESS AREAS

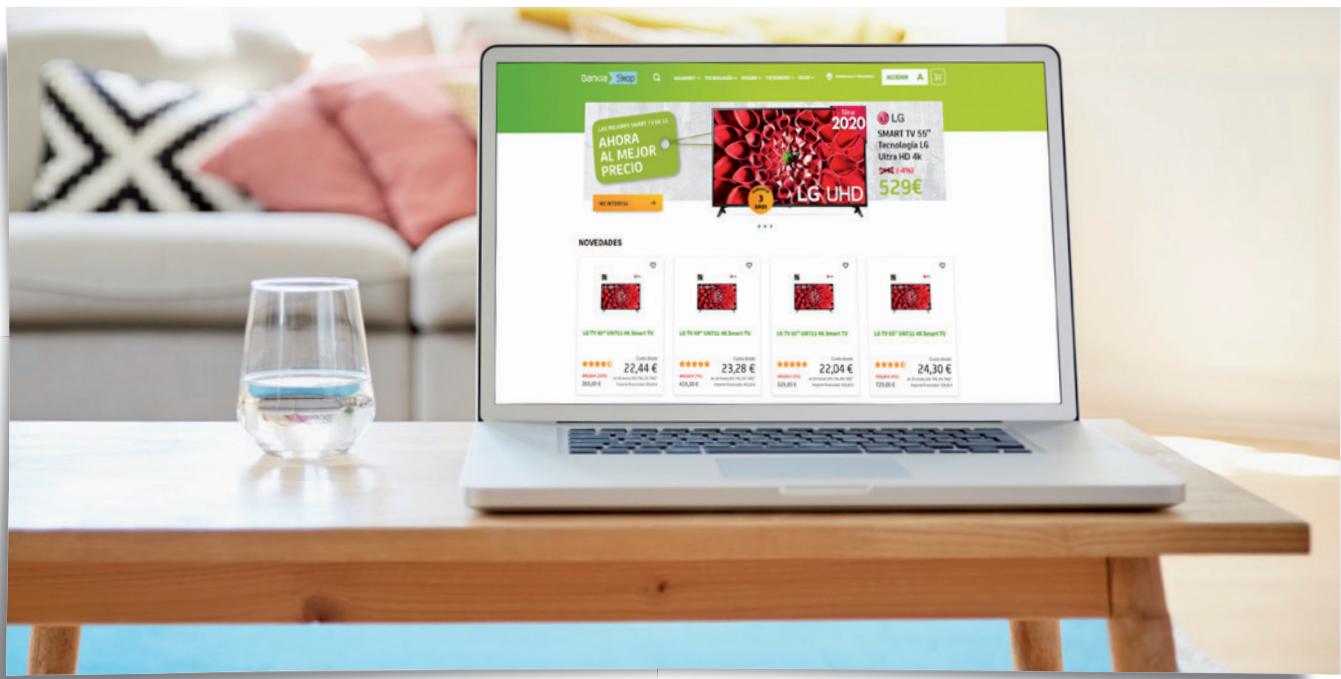
1. Bankia Renting. In partnership with Alphabet (a mobility provider belonging to the BMW automotive group), Bankia offered its customers a vehicle rental service, with vehicles for all segments and with all services included. This product includes the Bankia Quality Guarantee, which allows the customer to return certain cars within 30 days with no charge if they are not satisfied. Hybrid and electric vehicles were part of these campaigns, demonstrating the bank's commitment to sustainability.

To help customers deal with the consequences of covid-19, Bankia reached an agreement with Alphabet that gave customers a three-month grace period, deferring the instalments for those three months over the remainder of the contract. This offer was open to individuals, self-employed professionals and business owners, SMEs and large companies.

Moreover, during June and July, customers employed in essential services (health care workers, security forces and armed forces) received a gift of 200 euros of fuel on hiring a Bankia rental vehicle.

2. Bankia Shop. The online sales portal of the Group company Bankia Commerce SLU, which allows Bankia customers to buy top brand consumer products with 0% TAE financing offered by the bank. In Bankia Shop, shipping and returns are free of charge and purchases can be sent to whatever delivery address the customer chooses. Special services include the installation and removal of large appliances. In the period from June, the service received 143,000 visits and has 38,100 registered users.

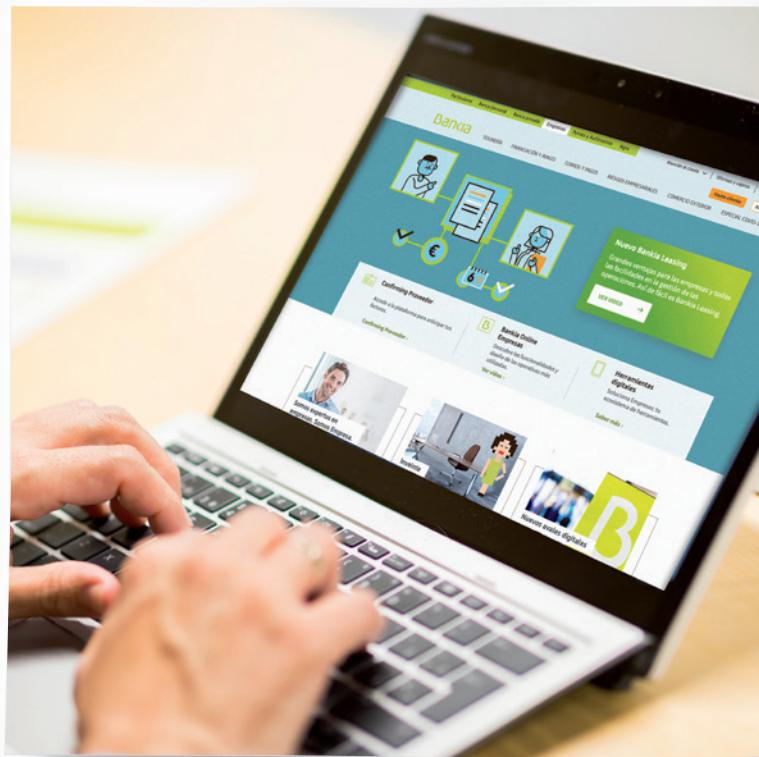
**BANKIA SHOP IS  
BANKIA'S PORTAL  
FOR SALES OF TOP  
BRAND CONSUMER  
GOODS WITH  
FINANCING AT 0% TAE**



3. Energy Services. Under agreements signed with Aldro and Endesa, Bankia offers its customers sustainable 'green' energy and maintenance services at exclusive rates by switching energy supplier. These agreements are in line with the bank's commitment to promoting sustainable development and contributing to the achievement of a low-carbon economy.

4. Alarms Service. Bankia and Prosegur Alarmas signed an agreement to offer financing to the bank's customers for the installation of an alarm system. The bank offers a loan with no cost and 0% TAE and TIN. Customers of the bank with a pre-approved line of credit can obtain the loan immediately, whereas other customers must put in an application. Bankia customers can purchase alarm systems from Prosegur at a special price both for residential properties, to meet the needs of households, and for business premises and retail establishments.

At the beginning of the year, when Movistar SA acquired 50% of Prosegur Alarmas, a new agreement was negotiated and the offer and value proposition for Bankia customers was renewed on even more competitive terms. In addition to the residential and business alarm kits, new options were added to cover, among the residential options, detached homes and ground and top floor flats. The offer was further expanded to include the 'Acuda' service (a surveillance service that allows the customer to call a Prosegur employee to the property, with keys, to check that all is well or to open the door) and the 'Contigo' service (a protection system integrated in the Movistar Prosegur Alarmas app for when the home owner is away or on business).



## COMPANIES

Bankia's other main line of business, together with its service to individual customers, is centred on businesses in all sectors and of all sizes, from self-employed professionals and business owners and micro-enterprises to retailers, SMEs and large corporations.

Bankia's combined market share among businesses, SMEs and property developers is 8.17%.

## SELF-EMPLOYED, RETAILERS AND SMEs

The bank has a network of account managers specialising in **self-employed individuals and retailers**. This network is divided into SME account managers (focused on companies with turnover of one million euros or more); business account managers (turnover up to one million euros); retail branch managers (all

	2020	2019
Self-employed customers	512,582	533,738
Financing granted to self-employed individuals (million euros)	417.7	230.2
Market share of self-employed customers	15.40%	16.20%

## 04.2

### BUSINESS AREAS

	2020	2019
SME customers	189,643	201,423
Market share of SME customers	13.10%	13.30%
Financing granted to SMEs (million euros)	8,782	3,456
Specialised SME and retailer account managers	389	384

other customers); and retailer account managers (for retailers in high footfall areas).

Customer assistance for self-employed individuals is also provided through the ‘Connect with your Expert’ platform, which serves specialised portfolios of self-employed customers. At the end of 2020, ‘Connect with your Expert’ served 39,006 self-employed customers.

To support this segment during the health crisis, Bankia launched a number of measures aimed at providing liquidity to the self-employed, micro-enterprises and companies, before the ICO COVID-19 financing became available:

- Working capital facility renewal, so that Bankia customers did not have to worry about their working capital lines of credit under review during the first three months of the state of alarm.

- Liquidity credit account to cover the most immediate liquidity needs, from March onwards.
- Bridge loan account to meet obligations arising from loan and lease instalments falling due in the period to May 2020, until public aid was received.
- Extension of working capital credit already drawn, offering the possibility of extending the due date of current drawings up to 30/06/20.

After these measures, the bank started to offer finance under the ICO COVID-19 facility, providing 11,794 loans to self-employed customers for a total of 254.6 million euros.

At the same time, Bankia launched the ‘We are closer than ever’ campaign to bring its services to the attention of self-employed customers and encourage the use of digital channels. The conditions of the ‘Por Ser Tú’ programme for self-employed customers were relaxed and adapted to customers’ needs. Thus, the most favourable terms for benefiting from fee exemption were applied.

In insurance, the COVID-19 Self-Employed measures consisted of a refund of two months’ premium on self-employed customers’ accident insurance, subject to renewal of the policy.

During the year, Bankia developed its relationship programme for **SME customers** with the launch of the new ‘Mi Negocio’ account for companies with turnover of up to one million euros. Account holders are exempt from fees for the main services, subject to meeting certain loyalty requirements.

The bank’s specialised account managers performed a particularly important role in identifying customers’ needs and supporting and assisting them in managing their business during the health crisis.

The bank continued to organise the ‘La neurona’ virtual events, which provide a meeting point for top companies in different sectors.

In **e-commerce**, the spread of covid-19 prompted a search for solutions that would allow remote payment. Bankia therefore launched ‘Pago por link’, a formula for handling distance sales without having to have a website. With this service, any self-employed



**60,430**

NO. OF AGRIBUSINESS  
CUSTOMERS (BUSINESS  
ACTIVITY)



**4,246**

MILLION EUROS OF  
AGRIBUSINESS FINANCING



**378**

NO. OF AGRIBUSINESS  
RELATIONSHIP MANAGERS

Individual or company can receive payment from customers by sending a payment request by SMS or email. At year-end, more than 500 customers were using this service and more than 10 million euros had been invoiced.

The bank adapted the service to meet PSD2 requirements, improving security for sellers and maximising transaction acceptance levels.

In view of the difficulties faced by small and medium-sized businesses during the lockdown, Bankia allowed a refund of flat rate fees for the lockdown months and for businesses that had not invoiced any sales through the virtual POS terminal.

One of the sectors Bankia serves most intensively from its branches is **agribusiness**. The bank has specialised management units for this sector in six of its twelve regional headquarters and is rapidly expanding them. These units provide sales and specialised technical support to the sales network and the 378 agribusiness branches, which have a relationship manager with industry expertise to serve farming customers.

The bank has adapted its processes and models to meet the particular needs and characteristics of the farming industry, both in credit approval and in the creation of new insurance solutions, while also identifying possibilities of applying for official aid.

Customers in the agribusiness segment continue to benefit from the advantages of the 'Por Ser Tú' programme, which exempts them from fees on all their accounts, subject to very simple loyalty requirements.

The bank has a general advisory and processing service for CAP aid, making it easier for farming customers to submit their applications in each of the Autonomous Communities in which Bankia has a specialised agribusiness network.

## 04.2

# BUSINESS AREAS

### BUSINESS BANKING

The Business Banking area conducts banking business with customers with turnover of more than six million euros per year (not including customers in the corporate segment).

It has a network of 60 branches throughout Spain, especially in the regions in which banking business is concentrated. Sales and business acquisition are driven by a network of specialised account managers, each of whom is assigned a limited number of customers, with customer portfolios organised based on company turnover, so as to provide a more personalised service. The account managers are supported by experts in legal and tax matters, credit approval and risk management, marketing, and specialised products.

Like other business areas, Business Banking in 2020 was affected by covid-19, which forced the business area to adapt its products at short notice and start marketing products that did not exist at the end of 2019.

In the first few months of the health crisis, Bankia extended the renewal deadlines for working capital lines of credit, until the ICO-backed facilities became available. This solution helped ease cash flow pressures in sales and trade financing activities, where covid-19 had the greatest impact, most notably in foreign trade, reverse factoring, receivables discounting, non-recourse financing, factoring and credit lines.

The bank also offered its customers financing in the form of an emergency bridge line of credit tailored to the situation of the customer's business. Once Royal Decree 8/2020 of 17 March came into effect, Bankia started to offer the ICO COVID-19 products:

- ICO COVID-19 Business loan and credit facility: designed to help companies meet their liquidity needs, including needs arising when other financial obligations fall due (but not refinancings) or arising from tax obligations, so as to preserve jobs and mitigate the effects of the pandemic.

	2020	2019
Business customers	28,542	29,697
Specialised business relationship managers	215	216
Business banking penetration rate	37.6%	39%
Credit granted (new loans) to business customers (million euros)	23,377	12,629
Funds managed for Business Banking customers (million euros)	6,073	5,370

- ICO COVID-19 Line of guarantees, vehicles sub-tranche: guarantees for the purchase or rental (under a finance or operating lease) of new road transport vehicles for professional use by companies or self-employed individuals.
- ICO COVID-19 Reverse factoring facility: aimed at maintaining payments to suppliers, working capital finance and sufficient liquidity to mitigate the economic effects of covid-19.
- ICO COVID-19 Investment loan: to promote and support new lending to self-employed individuals and companies to enable them to make new investments in Spain for the purpose of adapting, expanding or renewing their production or service capacity or restarting or reopening their business.

As a result of all these initiatives, Bankia took a market share of 9.4% in ICO COVID-19 guarantees, with a total loan volume of 10,941 million euros at the end of December.

Some 61% of this figure (6,706 million euros) consists of lending to SMEs and self-employed individuals and 39% (4,235 million euros), of lending to large companies.

The guaranteed amount was 79% in the case of loans to SMEs and self-employed individuals and 67% in the case of loans to large companies.

At the end of 2020, ICO-guaranteed loans accounted for 26% of Bankia's stock of loans to businesses.

To help Spanish companies do business abroad, the bank reached an agreement with CESCE to create the

CESCE COVID-19 Foreign trade facility. This consists of foreign trade finance covered by CESCE's working capital finance insurance product.

2020 saw the deployment of a new version of Bankia Online Empresas, which includes redesigned functionalities (opening balance, account inquiries and credit transfers), making the application simpler and more intuitive. A total of 180,929 customers used this channel.

86.8% of Business Banking customers are digital and 78.7% perform advanced transactions in the channel. 60% of Bankia Online Empresas users sign their documents and contracts in the application and more than half the processes for the acceptance of customer credentials are initiated in this channel.



## 04.2 BUSINESS AREAS



**€22,331 million**  
STOCK OF LOANS TO  
CORPORATE BANKING  
CUSTOMERS



**32**  
CORPORATE BANKING  
ACCOUNT MANAGERS

### CORPORATE BANKING

Bankia has a Corporate Banking unit that conducts business with corporate groups with consolidated turnover of more than 300 million euros, large public institutions (central government, Autonomous Communities and city governments) and corporate customers not resident in Spain.

Corporate Banking offers products and services tailored to its customers' needs, with a focus on investment, structured financing solutions, support for transaction and acquiring services, working capital finance, advisory, and capital market financing solutions.

Its groups customers in specialised industry portfolios (construction and infrastructure; manufacturing; distribution, food and transport; utilities and services; institutional; and tourism) and also has two teams with

a geographical remit (Catalonia and International Clients).

Bankia has three Corporate Banking centres, one each in Madrid, Barcelona and Palma de Mallorca.

Bankia's relationship with Corporate Banking customers is managed by corporate account managers, who specialise in and have extensive knowledge of the industry and the companies in their portfolio. The corporate account managers are supported by teams of product specialists, with the aim of focusing on the customer and building long-term relationships.

Corporate Banking customers can also contact the bank through the online branch (Bankia Online Empresas) and the operational management team, which provides support for working capital products, derivatives, foreign



exchange, foreign trade, syndicated loans and other products.

Between February and March 2020, Bankia migrated customers into the corporate segment based on their turnover; as a result, 239 groups of companies with an investment volume of 2,385 million euros were added to the Corporate Banking book.

The decline in ordinary activity as a result of the closure of the economy in the first two quarters of the year in response to covid-19 was offset by annual growth of 28.4% in new lending, as large companies sought large amounts of liquidity and new debt, in many cases as a preventive measure in view of the uncertainty caused by the pandemic. Large companies made much less use of ICO guarantees than the other types of business, as most provided their own corporate guarantees to secure new lending.

By the end of the year, the bank had granted a total of 7,328 million euros (+19.4%) of new loans and a total of 7,390 million euros (+38.8%) of new lines of credit. Reverse factoring grew 8.7% in the year, to 2,996 million euros, while trade finance grew 12.9% compared to 2019, reaching 6,909 million euros.

During 2020, deposits by corporate customers (companies and public bodies) reached 6 billion euros, a year-on-year increase of 35%, demonstrating the strong liquidity position in this customer segment, despite the special circumstances experienced during the year.

At year-end, the stock of loans to Corporate Banking customers stood at 22,331 million euros, up 20.2% compared to 2019.

## CAPITAL MARKETS

The Capital Market segment comprises a number of specialised product areas offering specific financial solutions used mainly by Business Banking and Corporate Banking customers.

During 2020, Bankia took part in more than 100 syndicated loans, remaining one of the leading banks in Spain in this segment.

In corporate finance, the bank closed more than 60 syndicated loans, 40% more than the previous year, mainly for customers in the medium and large companies segment, to allow them to undertake new investments and, where appropriate, adapt their finance costs to the environment in which they were operating.

Financing to provide companies with liquidity also gained in importance, especially through ICO-guaranteed loans, which accounted for 20% of total syndicated loans.

Bankia played a prominent role in 2020 in providing financing for clean energy in Spain. In a total of 31 transactions, the bank financed 3,533 MW of clean energy.

The bank also took part in infrastructure financing transactions, refinancing roads and using public-private partnerships.

Acquisition finance saw a drop in volume of transactions in the market due to the economic situation resulting from the pandemic, as sponsors reacted with caution to the social and economic uncertainty when considering new acquisitions.

Bankia maintained its position in the market and was involved in the structuring of the year's largest deals, which were concentrated in agriculture, food, technology and telecommunications.

In 2020, the Corporate Finance teams strengthened Bankia's capacity in Fixed Income and M&A, debt advisory and alternative finance.

In fixed-income markets, the bank acted as bookrunner in 19 deals by private and public sector issuers (a total of 22 tranches), placing more than 11 billion euros of debt among Spanish and international institutional investors. These figures put Bankia among the top bond placement agents in Spain in euros in 2020, excluding bonds issued by financial institutions and the Spanish Treasury.

## 04.2 BUSINESS AREAS

The bank took part in transactions such as, among others, the inaugural issue of green bonds by Spain's largest electricity network operator; a 1 billion euro issue of 10-year bonds for a major company in the communications sector; the return to the bond markets of large companies in the distribution sector; and the issue of dual-tranche subordinated debt for a large utility company.

Bankia also increased its business with public sector customers, especially the Autonomous Community governments, which issued bonds in large amounts and for long terms. In private placements, attractive deals were secured (several of them in sustainable format) for customers involved in the development and management of infrastructure and renewable energy facilities.

In financial advice, the M&A and alternative finance teams closed four deals in the renewable energy, education, rail transport and infrastructure sectors, despite M&A activity being severely affected by the health crisis.

In debt advisory (an activity started in 2019), deals totalling more than 50 million euros were signed in the first full year of activity. At year-end, the bank had ongoing mandates for a similar amount due to expire in 2021.

In real estate, Bankia financed the construction of more than 4,000 homes in 2020, some of them in projects noted for their design, such as the Malaga Towers development.

It also reached financial close on several build-to-rent projects and is one of the pioneers in this type of financing in Spain.

The total volume of residential real estate financing reached 750.6 million euros and 46 deals were closed.

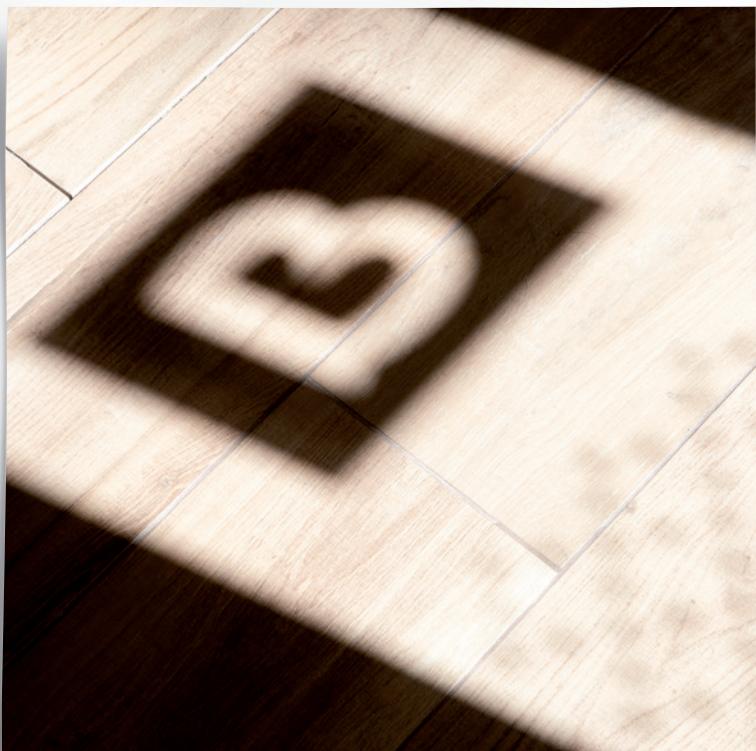
In non-residential real estate assets, the bank focused on projects in the office, student residence and logistics sectors.

### PRIVATE BANKING

Bankia Banca Privada has a team of 84 account managers, plus five regional managers, who oversee 9,404 client portfolios. An additional 112 people make up the rest of the Private Banking team. Turnover reached 7,379 million euros in 2020.

The private banking business model was consolidated during the year, with a 14.3% increase in new client accounts compared to the previous year. In the quality survey sent out at the end of 2020, overall customer satisfaction with Bankia Banca Privada reached a record 95.6%.

Despite good performance over the year as a whole, the arrival of the pandemic brought severe disruption to day-to-day private banking activities. After a positive start to the year, in terms of macroeconomic and market outlook, the onset of covid-19 brought a surge of volatility and uncertainty.



As a result, Bankia Banca Privada staff spent the whole of March and April keeping clients up to date on their positions, preparing personalised investment proposals and bringing each portfolio back to an appropriate risk level, using new communication channels such as video calls.

To stay in touch with clients, Bankia Banca Privada organised a series of webinars on markets, products and investment ideas. It also presented clients with a comprehensive investment catalogue: open architecture investment fund solutions, multi-asset portfolio management, a continuous offer of structured bonds, and alternative products for eligible clients. Products adhering to responsible investment principles were also included in the offering.

In this context, portfolio management became particularly important as a more agile way to seize market opportunities and benefit from centralised management by the bank's professionals.

## ASSET MANAGEMENT

Bankia Asset Management (Bankia AM) is the umbrella brand for Bankia's collective investment management services, which include discretionary portfolio management.

Bankia AM is made up of three companies:

- Bankia Fondos, which manages collective investment schemes (mutual funds and SICAVs).
- Bankia Pensiones.
- Bankia AM International Funds SICAV.

Bankia AM focuses on socially responsible products to create value for investors, society and the environment, with a commitment to sustainability and a viable future.

For that reason, in 2017 it launched the first Spanish fund to invest in liquid assets that have an impact on the Sustainable Development Goals: the 'Bankia Futuro Sostenible' fund, which already has 78.3 million euros of assets under management. The 'sustainable' range was expanded in 2019 with the 'Bankia Mixto Futuro Sostenible' fund, which has 74.8 million euros of assets, and the 'Bankia Valores Responsables garantized' fund.

2020 saw the launch of the 'Bankia Index Clima Mundial' fund, aimed at replicating the MSCI World Climate Change index, therefore applying financial and non-financial criteria for socially responsible investment focused on the fight against climate change, with a maximum deviation of 5% per year.

The volume of assets managed under ESG criteria grew to 6,100 million euros in 2020, as the ESG criteria already integrated into the management of occupational pension plans were also incorporated in life cycle pension plans ('Bankia Soy de los 60', 'Bankia Soy de los 70' and 'Bankia Soy de los 80') and profiled pension funds. In addition, Bankia AM is in the process of shifting the 'Bankia Evolución' range towards a sustainable approach, which would increase the volume of assets managed under ESG criteria by a further 1,200 million euros.

Since 2020, Bankia Asset Management has been a signatory to the United Nations Principles for Responsible Investment. The purpose of membership is to disseminate the implications of sustainability and support signatories in incorporating these principles into their investment decision-making processes and practices.

	2020	2019
Private Banking customers	12,145	10,628
Private Banking portfolios	9,404	7,938
Private Banking business volume (million euros)	7,379	7,313
Specialised Private Banking account managers	84	83

## 04.2 BUSINESS AREAS



**€6,100 million**  
ASSETS MANAGED UNDER  
ESG CRITERIA

To reinforce the commitment to responsible investment, a training plan is in place to enable a number of the bank's professionals (mainly risk management and investment team members) to obtain ESG analyst certification from EFFAS (CESGA), while internal ESG training activities are planned for all employees in general.

2020 was a good year for **Bankia Fondos**, which passed the threshold of 20,000 million euros of assets managed in funds, having added 1,260 million euros in 2020, bringing the total to 20,756 million euros. According to Inverco data, Bankia Fondos had the third highest mutual fund sales in the year (1,013 million euros) among fund managers as a whole and the highest among the large banks.

As a result, its market share grew 46 basis points in the year, to 7.51%, making it the fourth largest fund manager in Spain in the Inverco ranking.

Much of this growth is linked to Bankia Gestión Experta, which accounted for about 70% of net new funds in 2020. Bankia Gestión Experta is a service where the client's assets are managed through a diversified portfolio of mutual funds, taking market opportunities as they arise, in accordance with the client's investor profile. It has four portfolios ('Tranquila', 'Equilibrada', 'Creciente' and 'Avanzada') to suit different investor profiles.

Launched in March 2018, the service is also available through Bankia Online and Bankia app, with a minimum investment of 1,000 euros. As with all the other investment products, customers can also track the performance of their investment through digital channels.

	2020	2019
Mutual fund investors	367,310	368,692
Assets managed in mutual funds (million euros)	20,756	19,497

**BANKIA WAS THE LEADER IN  
MUTUAL FUND SALES AMONG  
THE LARGE BANKS IN SPAIN,  
WITH 1,013 MILLION EUROS**



Bankia Gestión Experta ended 2020 with a return of 2.02% on the 'Tranquila' portfolio, 3.71% on the 'Equilibrada' portfolio, 5.52% on the 'Creciente' portfolio and 6.9% on the 'Avanzada' portfolio.

At year-end, Bankia Gestión Experta had 4,117 million euros of assets under management and 90,813 portfolios.

**Bankia Pensiones**, meanwhile, ended the year with 8,388 million euros of assets, distributed across personal, occupational and associated pension plans aimed at saving for retirement.

Despite the difficult circumstances caused by the health crisis, the pension plans managed by Bankia performed well, most of them posting a positive annual return, thus demonstrating their resilience after the sharp declines seen in the first quarter.

Bankia Pensiones has a wide range of plans to suit all time horizons and investor profiles. The VIVE plans ('Bankia Soy de los 60', 'Bankia Soy de los 70' and 'Bankia Soy de los 80'), launched in 2019 to broaden the range of savings products, completed their first year with positive returns for plan members. The more than 175 million

	2020	2019
Net increase in no. of Bankia Gestión Experta portfolios	10,312	26,215
Assets managed through Bankia Gestión Experta (million euros)	4,117	3,433

euros of assets invested since the product came onto the market shows how attractive it is to customers.

The inflow of funds into personal pension plans was boosted by the launch of two guaranteed plans with total assets of 40 million euros.

At 31 December 2020, the market share in personal pension plans was 7.91%. Total pension plan members stood at 847,996.

## 04.2 BUSINESS AREAS

### BANCASSURANCE

The Bancassurance directorate, which distributes life and non-life insurance and provides specialised support to the bank's sales network in relation to insurance for households (life, home, auto, health and savings) and companies (trade, credit, general liability and comprehensive).

During 2020, Bancassurance concentrated on increasing cross-selling of insurance as a driver of loyalty among Bankia customers, both individuals and businesses; continuously improving sales effectiveness; developing online sales; and promoting the use of sales tools

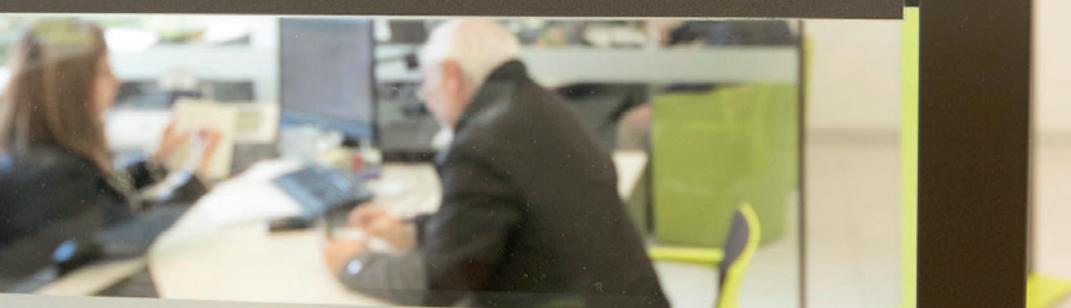
and actions designed to increase the productivity of the bank's employees in this area.

Net premiums written in the bancassurance business reached 507 million euros at year-end, thanks to the good performance of home and health insurance (new business vs. 2019, +25% in home and +46% in health).

At 31 December 2020, policies in force numbered 2.4 million and mathematical provisions for life savings insurance totalled 5,322 million. Bancassurance's contribution in the form of direct fees and commissions from insurance business came to 121 million euros in 2020.

	2020	2019
Bancassurance customers (risk and savings insurance)	1,556,407	1,605,286
Risk and savings policies in force	2,434,626	2,576,529
Net premiums written (million euros)	507	530

# BANCA PERSONAL



## REAL ESTATE ASSETS

Bankia's property disposal programme is aimed at obtaining the maximum return for the bank, strengthening the balance sheet and lifting the share price, in accordance with regulatory requirements.

All Bankia's foreclosed assets are managed, administered and marketed through Haya Real Estate, which is responsible for property maintenance and all sales activities (customer service, dealings with intermediaries, presence at events, publication of offers, etc.).

Since it was created in May 2016, the mission of the Property Management Directorate has been to coordinate real estate activities with Haya Real Estate. It is also tasked with meeting the targets set in the strategic plans for reducing non-performing assets with the least possible impact on the income statement, by overseeing sales and preparing packages of assets that can be sold to non-retail investors.

The quality of the available information has therefore been improved to give greater visibility to the stock of assets. The directorate also collaborates with other areas of the bank to expedite the sale of newly foreclosed properties.

At 31 December 2020, real estate sales had contributed 225.5 million euros to Bankia, with the sale of 2,025 properties (of which 1,478 were homes). In 2020, unlike in previous years, there were no wholesale portfolio sales, and retail sales slowed as the real estate market was affected by covid-19.

## SALES OF REAL ESTATE ASSETS BY AUTONOMOUS COMMUNITY



■ NO. OF PROPERTIES SOLD

■ REVENUE

## 04.2 BUSINESS AREAS

### SUSTAINABLE BUSINESS AND FINANCING

#### BUSINESS STRATEGY WORKING GROUP

In 2019, Bankia created the Sustainable Business and Financing Directorate, which takes a cross-enterprise approach, bringing together initiatives from different areas of the bank, from the business areas to Risks or Reporting. The directorate's mission is to mobilise funds within an ESG framework and to promote financing in accordance with ESG criteria.

As part of its commitment, the bank is a signatory to the UN's Principles for Responsible Banking and has joined the Collective Commitment on Climate Action. It also supports the recommendations on financing and climate change promoted by the Financial Stability Board through the Task Force on Climate-related Financial Disclosure, signed in 2018.

To put these recommendations into practice, Bankia has a Sustainable Financing Master Plan, which is implemented through the Sustainable Financing Project to integrate ESG criteria in the bank's business opportunity identification, business risk management and reporting systems. This project is implemented through five working groups:

This group's mission is to identify business opportunities associated with sustainable financing, design business proposals to exploit those opportunities and ensure that the product base meets the technical requirements to allow proper activity monitoring.

In 2020 two specific sustainable finance products were launched: Sustainable Leasing for Goods and Facilities, and Sustainable Loan for Business Activity. Bankia offers these products to promote sustainable financing in companies of all shapes and sizes, applying social or environmental criteria, such as the installation of renewable energy solutions (photovoltaic panels, biomass, etc.), investment in more energy-efficient equipment, or renewals of vehicle fleets focusing on sustainable mobility.

A collaboration agreement was signed with Endesa to promote investment in sustainable energy solutions by businesses, with a particular focus on photovoltaic self-consumption installations.

In the companies and SMEs segment, Bankia offers two tools in the 'Soluciona Empresas' application that allow companies to assess their own energy efficiency and obtain voluntary energy and environmental management certification.

In mobility solutions, Bankia Renting, in partnership with Alphabet, offers customers hybrid and electric vehicles, both for company fleets and self-employed individuals and for private use.

For individuals, self-employed business owners and companies, Bankia offers the 'Crédito Sostenible' and 'Préstamo Sostenible Negocios' loans to finance the purchase of sustainable goods and services, such as hybrid or electric vehicles, energy-efficient home appliances or business equipment, or

improvements to homes or business premises that increase energy efficiency.

In household finances, the range of sustainable products was expanded with the 'Hipoteca Verde' green mortgage, which supplements the financing granted under the 2019 agreement between Bankia and the European Investment Bank (EIB) to co-finance the construction of homes in Spain with nearly zero energy consumption.

The range of savings and sustainable investment products also grew.

At year-end, Bankia Asset Management had specific pension plans and mutual funds that take ESG factors into account, with a total of 6,100 million euros of assets managed under ESG criteria.

## REPORTING WORKING GROUP

This group's mission is to ensure that sustainable products are implemented and sustainable financing is granted in such a way that Bankia is able to report new transactions through a centralised information system, with tracking and reporting of sustainable transactions; and also to establish specific metrics that can be monitored through special dashboards.

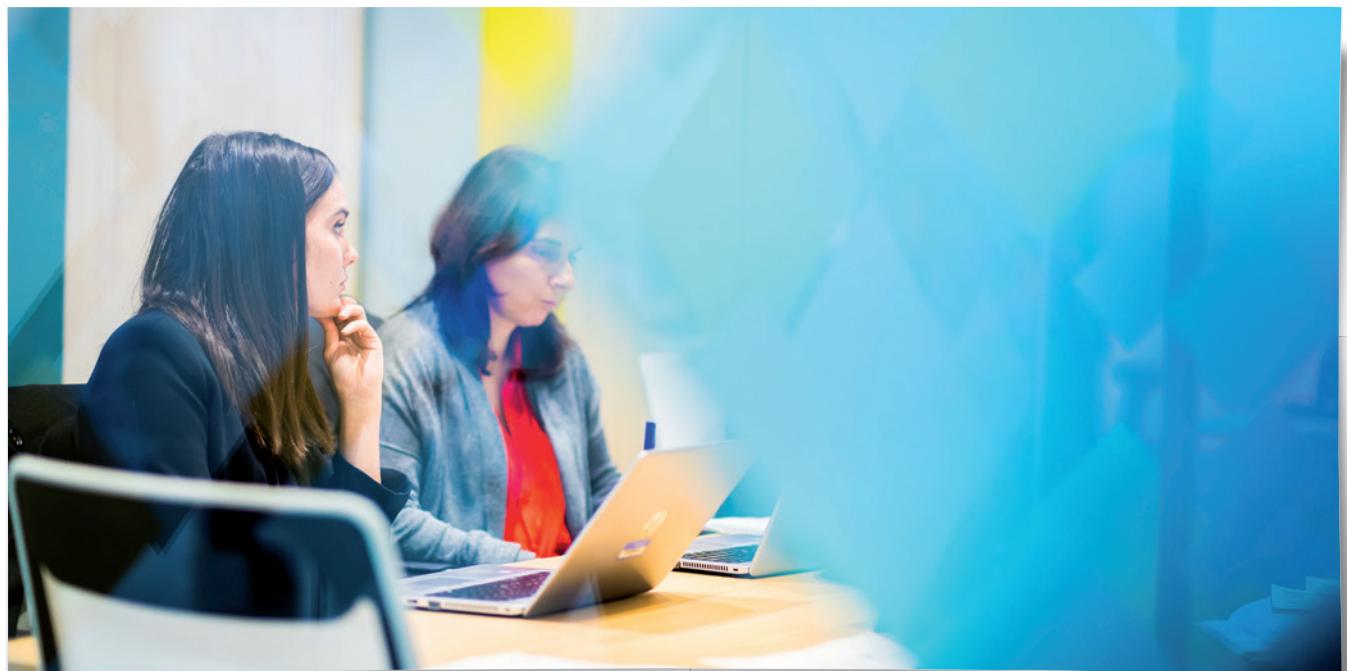
Its work resulted in a Sustainable Financing Dashboard, which is used to monitor new sustainable business at monthly intervals. All wholesale sustainable financing transactions (mainly project finance and corporate loans with sustainable objectives) are likewise monitored.

In 2020, the bank entered into various financing arrangements aligned with the achievement of sustainability goals by customers through financial covenants linked to specific sustainability targets or indicators.

Under these covenants, customers become eligible for more favourable lending terms if they meet the targets and may be penalised with less favourable terms if they fail to meet the targets as specified.

In wholesale financing (corporate loans and project finance), the bank financed transactions totalling 2,616 million euros.

In the sustainable debt capital markets, the bank acted as bookrunner in sustainable bond issues totalling more than 2 billion euros.



## 04.2 BUSINESS AREAS

All in all, Bankia's contribution to mobilising sustainable financial resources came to 18,675 million euros.

Added to this environmentally sustainable lending is the financing specifically designed to help self-employed individuals, SMEs and large companies face the difficult situation resulting from covid-19, which by implication amounts to socially sustainable lending.

Another focus of interest during the year was regulatory developments, with the EU Taxonomy Regulation being adopted in June. In this connection, the Reporting working group made progress on the flagging system that will have to be implemented centrally in the future to comply with the taxonomy and the standards and regulatory requirements on disclosure of non-financial information.

### FUNDING WORKING GROUP

This group's mission is to establish a sustainable debt issuance framework, in line with market best practice in terms of governing principles, so that Bankia is able to issue sustainable debt

whenever it considers it appropriate from a strategic point of view and in line with financial planning.

This group is working to identify transactions suitable for inclusion in a portfolio of sustainable lending assets to support the issuance of a sustainable bond.

In practice, in view of all possible considerations regarding the need to issue instruments of any kind, the bank's funding plan for 2020 did not envisage any need to access the debt market in the first half of the year, so the goal of establishing a sustainable debt issuance framework was postponed to 2021.

### RISK MANAGEMENT WORKING GROUP

This group is made up of team members from both the Deputy General Directorate for Credit Risk and the Corporate Risk Directorate. Its aims are, among other things, to incorporate ESG criteria in the credit approval process, promote the proposal (approved by the Board of Directors) to include climate risk in the Risk Appetite Framework and analyse possible methodologies for preparing climate risk sensitivity scenarios.

As regards taking ESG factors into account in credit decision making, the working group took into account the EBA's recommendations on green lending, as set out in the Guidelines on loan origination and monitoring.

Based on those recommendations, the group designed an ESG questionnaire to collect information on the most relevant environmental, social and governance characteristics of each borrower when submitting a financial





programme to the central Risk Committee. This questionnaire is supplemented by another questionnaire on climate risks prepared by the risk analyst.

Bankia has a tool for assessing corporate customers' environmental risk that provides additional qualitative information to supplement that provided by the financial rating.

In 2020, the bank also took part in the climate risk sensitivity exercise conducted by the European Banking Authority. This exercise, carried out between May and December, consisted of estimating the degree of alignment of credit exposures with the criteria established by the EU Taxonomy, with a view to classifying an exposure as environmentally sustainable.

## GOVERNANCE WORKING GROUP

This group's mission is to review the fit of the sustainable financing project with the responsible management governance framework, develop a sustainable financing framework and ensure that the bank's various policies take ESG criteria into account where applicable.

In April, the Management Committee approved the Sustainable Financing Framework and the Guide to incorporating ESG criteria into corporate policies. Reports on both documents were subsequently submitted to the Appointments and Responsible Management Committee.

The main purpose of the Sustainable Financing Framework is to define the framework for sustainable lending by Bankia. This framework should:

1. Provide the bank with a framework for proposing sustainable financing products.
2. Contribute to the achievement of the UN's Sustainable Development Goals, which Bankia has made a priority in its sustainable strategy.

3. Encourage consideration of climate risk in proposals for new financing transactions (by observing the regulatory principles and standards applicable at any given time).
4. Ensure that the sustainable transactions and assets financed by the bank are suitable for supporting the issuance of sustainable debt in the future.

The Guide to incorporating ESG criteria into corporate policies, on the other hand, is a working tool to guide the staff responsible for updating the bank's corporate policies in accordance with the schedule of annual reviews.

Bankia aims to keep pace with advances in sustainability and sustainable financing within the European Union and, in particular, with any regulations that may soon become applicable in Spain, so as to accelerate the transition to a sustainable economy that is free of greenhouse gas emissions and that contributes effectively to the fight against global warming.



# RESPONSIBLE BANKING

BANKIA CHAMPIONS A FORM OF BANKING BASED ON RESPONSIBLE LEADERSHIP AND TRANSPARENCY, IDENTIFICATION WITH CUSTOMERS, RESPECT FOR THE BANK'S PROFESSIONALS, CLOSENESS TO SOCIETY AND INTEGRATION OF SUPPLIERS IN THE BUSINESS.

# 05.1

## CULTURE, VALUES AND CORPORATE INTEGRITY

Bankia aspires to be the bank of choice for society and believes that this can only be achieved with a strong corporate culture built on well-defined values that represent the entity's essence and allow it to promote practices that will help it achieve its objectives.

Professionalism, integrity, commitment, closeness and achievement orientation are Bankia's core values.

The bank embeds these principles in its policies, so that they become part of its way of working and day-to-day business activity. They therefore determine the business strategy, management model and working philosophy in relation to stakeholders.

### BANKIA'S ASPIRATION AND VALUES

ASPIRATION:  
WE WORK FROM  
PRINCIPLES TO BE THE  
BANK OF CHOICE FOR  
SOCIETY.



WE ARE  
HONEST



WE ARE  
APPROACHABLE



WE ARE  
PROFESSIONAL



WE ARE  
PASSIONATE



WE ARE  
BRAVE



WE MAKE IT  
POSSIBLE

For Bankia, holding to standards of ethical conduct and corporate integrity is essential in order to preserve trust in, and respect for, the bank. Bankia therefore has a Code of Ethics and Conduct setting out rules and standards of professional conduct that must be complied with and put into practice by all the bank's employees and directors, across all the Group's activities and businesses.

The code sets out what constitutes acceptable and unacceptable conduct by the bank and lays down ethical principles and general rules to guide the Group and its employees in their dealings with one another as well as with customers, partners, suppliers and all other individuals or entities with which, directly or indirectly, the bank has dealings.

The code sets out three levels of ethics:

- Corporate: specifying the values that should govern the Group's relations with its professionals, customers, suppliers and society at large.
- Market integrity: establishing a set of procedures and controls to ensure compliance with international standards in this area.
- Personal: prohibiting acceptance of gifts, money or commissions of any kind for transactions carried out by Bankia and the exercise of influence in matters in which there are, or may be, conflicts of interest.

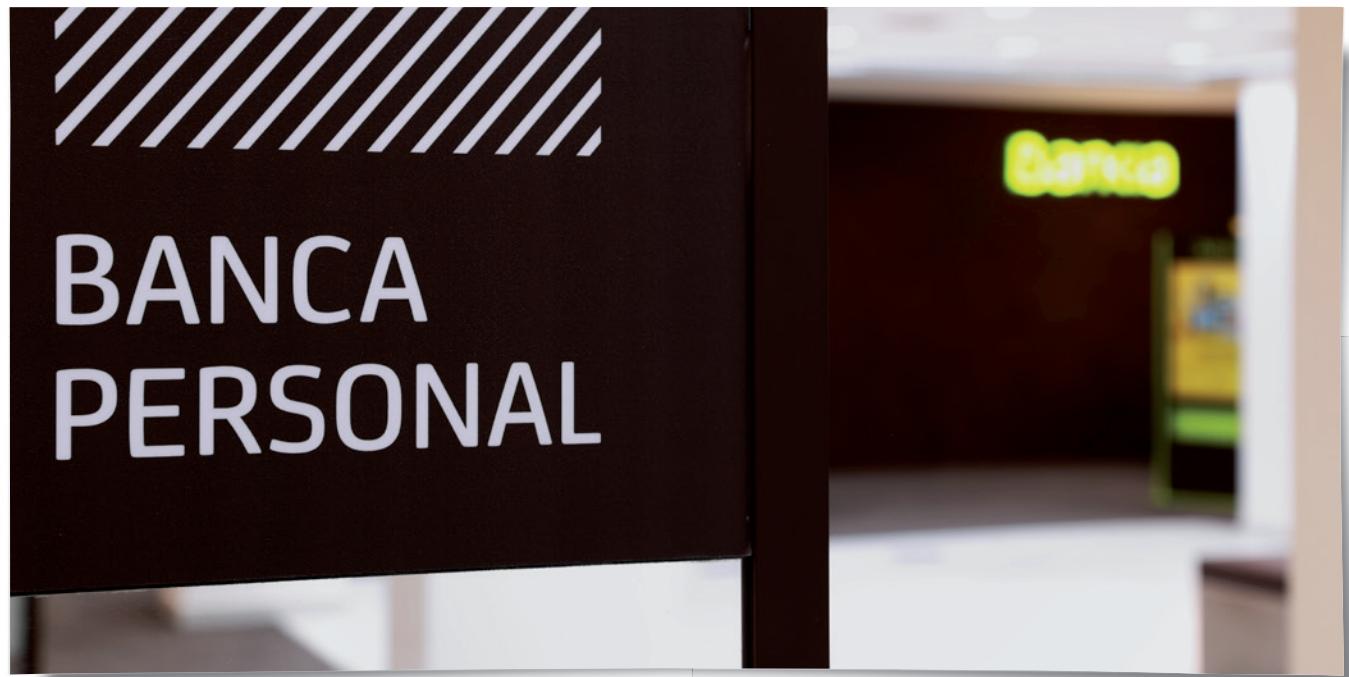
Group employees have an obligation to know, comply with and help to enforce the Code of Ethics and Conduct. To that end, the bank has made channels available through which employees can report any suspected or proven infringement.

Bankia's Ethics and Conduct Committee is responsible for overseeing compliance with the code and promoting ethical conduct within the bank.

To reinforce the Code of Ethics and Conduct, Bankia has a Confidential Whistleblowing Channel, which facilitates the internal flow of information and internal detection of bad practices through a dedicated digital platform or by email.

## **PERCENT OF WORKFORCE TRAINED IN THE CODE OF ETHICS AND CONDUCT**

**92.6%**



## 05.1

### CULTURE, VALUES AND CORPORATE INTEGRITY

The channel is managed by a specialised external company (currently PwC), under the oversight of the Ethics and Conduct Committee, which is responsible for ensuring that all reports received are assessed independently and that the information is shared only with people whose collaboration is strictly necessary to research and resolve the matter.

Since February 2019, the reporting procedure has been fully confidential or anonymous, at the whistleblower's choice.

During 2020, 20 reports were received through the Confidential Whistleblowing Channel: two relating to workplace harassment, one concerning accounting and auditing matters, one on confidentiality or use of inside information, and 16 on other matters. Of the latter, six were set aside as duplicates and two were set aside for lack of information. Two complaints were beyond the remit of the channel and six concerned various other matters (inappropriate conduct in social media, breach of the covid protocol, etc.).

#### REPORTS VIA THE WHISTLEBLOWING CHANNEL





## **ANTI-CORRUPTION**

Compliance with the law is a priority and an imperative in the Bankia Group culture. Consequently, there are no exceptions to the obligation to comply with legislation and internal policies and regulations.

Bankia rejects all corrupt conduct or practices or other form of corruption and expressly prohibits all such conduct, as stated in its Code of Ethics and Conduct.

The bank has policies that prohibit market manipulation and misuse of inside information and that foster free competition and transparency. It has also developed policies to prevent crimes of corruption. Bankia has various anti-corruption mechanisms, as well as specific training plans for Group managers and professionals.

On a broad level, Bankia's anti-corruption standards are embodied in its corporate governance system and the regulatory instruments (bylaws and regulations, policies, powers and delegations, circulars, etc.) that regulate the bank's corporate governance and operations.

The Customer Ombudsman Regulations, Internal Rules of Conduct and Confidential Whistleblowing Channel Regulations also play a role in the prevention of corruption. The whistleblowing channel can also be used by suppliers to report any matters they consider indicative of corruption.

As a signatory to the Ten Principles of the Global Compact since 2013, Bankia shares, supports and applies the principles of the fight against corruption in all its activities. These

principles are core values, founded on the United Nations declarations on human rights, labour rights, the environment and anti-corruption and are universally recognised. The bank submits an annual report to the Global Compact on its implementation of anti-corruption policies and initiatives.

**BANKIA HAS POLICIES  
AGAINST MARKET  
MANIPULATION AND  
PROMOTES FREE  
COMPETITION AND  
TRANSPARENCY**

# 05.2

## CORPORATE GOVERNANCE MODEL

Bankia is an independent corporation committed to sustainable, profitable development and driven by the conviction that the only way to create value is by listening to and satisfying all its stakeholders.

Its corporate governance system is informed by the Group's values and is founded on the good governance principles adopted and set forth in the Bankia Group's Corporate Governance and Organisational Structure Policy.

The General Meeting is the highest decision-making body in matters such as the appointment and removal of directors, the approval of the annual accounts, the distribution of dividends, the acquisition or disposal of core assets and the approval of the directors' remuneration policy.

This governance model, made up essentially of the corporate documents, internal procedures and rules of conduct, and corporate policies, ensures healthy, prudent management of the company and its Group. It is designed to:

- Distribute roles appropriately within the organisation.
- Prevent and resolve conflicts of interest.
- Provide a transparent framework for relations between Bankia and its shareholders.

The company is governed and overseen by the Board of Directors, which is responsible for approving the strategic or business plan and the annual management objectives and budgets. The Board also sets

the company's overall policies and strategies and supervises the work of Board committees and other delegated bodies.

Bankia's Board of Directors has six committees, whose members are appointed on the basis of their suitability, knowledge, aptitudes and experience, as well as each committee's particular tasks.

To comply with the Principles of Good Corporate Governance, Bankia's directors must fulfil the duty of care, the duty of loyalty, the duty to avoid conflicts of interest and the duty of confidentiality.

The bank is committed to the Code of Good Governance of Listed Companies and complies with its recommendations.

### STEPS TAKEN TO IMPROVE GOVERNANCE

In 2020, Bankia increased the number of directors to 13, following the appointment of Nuria Oliver as an independent director, approved by the General Meeting of Shareholders on 27 March.

In May, the Board of Directors set up the Technology and Innovation Committee, whose role is to:

- Report and submit proposals on the company's policies and strategies in technology, innovation, cybersecurity and data analytics to the Board of Directors for approval.
- Supervise and monitor any relevant specific plans and projects arising from those policies and strategies.
- Discuss these matters and propose initiatives to the executive for consideration.

## **BANKIA'S CORPORATE GOVERNANCE MODEL ENSURES SOUND AND PRUDENT MANAGEMENT OF THE COMPANY AND ITS GROUP**

In December, the Board of Directors resolved to amend the Board of Directors Regulations, the Audit and Compliance Committee Regulations and the Appointments and Responsible Management Committee Regulations, so as to adapt them to the CNMV's revised Code of Good Governance of Listed Companies.

The Board also reviewed and updated the Policy on the suitability of directors and managing directors or similar and other key post holders; the Policy on the selection, diversity, integration and training of directors; the Policy on the selection and appointment of members of senior management; and the Policy on conflicts of interest.

In addition, it approved the company's Internal Governance Policy, which systematises Bankia's governance structure, incorporating the recommendations of the EBA's Guidelines on Internal Governance (EBA/GL/2017/11).

Bankia's corporate governance system is evaluated by a number of proxy advisors, including the most influential one, ISS. ISS publishes the 'Governance QualityScore' indicator of potential corporate governance risk, in which Bankia has an overall score of 1, the best possible score on a scale from 1 to 10. This score indicates that Bankia's governance risk is very

## **BANKIA'S GOVERNING BODIES**

**GENERAL MEETING  
OF SHAREHOLDERS**

**BOARD OF  
DIRECTORS**

**AUDIT AND  
COMPLIANCE  
COMMITTEE**

**APPOINTMENTS  
AND RESPONSIBLE  
MANAGEMENT COMMITTEE**

**REMUNERATION  
COMMITTEE**

**RISK  
ADVISORY  
COMMITTEE**

**BOARD RISK  
COMMITTEE**

**TECHNOLOGY AND  
INNOVATION  
COMMITTEE**

low. ISS QualityScore analyses some 200 corporate governance indicators, grouped in four categories: board structure, remuneration/ compensation, shareholder rights, and audit and risk oversight.

# 05.3

## BOARD OF DIRECTORS



**JOSÉ IGNACIO GOIRIGOLZARRI**  
Position: executive chairman  
Date appointed: 09-05-2012  
Re-elected: 24-03-2017  
Technology and Innovation Committee



**JOSÉ SEVILLA**  
Position: CEO  
Date appointed: 25-05-2012  
Last Re-elected: 27-03-2020  
Board Risk Committee



**EVA CASTILLO**  
Position: lead independent director  
Date appointed: 25-05-2012  
Last re-elected: 27-03-2020  
Appointments and Responsible Management Committee/ Board Risk Committee/ Technology and Innovation Committee



**ANTONIO ORTEGA**  
Position: executive director  
Date appointed: 25-06-2014  
Re-elected: 24-03-2017  
Technology and Innovation Committee



**JOAQUÍN AYUSO**  
Position: Independent director  
Date appointed: 25-05-2012  
Last re-elected: 27-03-2020  
Risk Advisory Committee/ Appointments and Responsible Management Committee/ Remuneration Committee



**FRANCISCO JAVIER CAMPO**  
Position: independent director  
Date appointed: 25-05-2012  
Last re-elected: 27-03-2020  
Appointments and Responsible Management Committee/ Audit and Compliance Committee/ Technology and Innovation Committee



**JORGE COSMEN**  
Position: independent director  
Date appointed: 25-05-2012  
Re-elected: 24-03-2017  
Remuneration Committee



**CARLOS EGEA**  
Position: other external director  
Date appointed: 14-09-2017  
Audit and Compliance Committee



**JOSÉ LUIS FEITO**  
Position: independent director  
Date appointed: 25-05-2012  
Re-elected: 24-03-2017  
Audit and Compliance Committee



**FERNANDO FERNÁNDEZ**  
Position: independent director  
Date appointed: 25-05-2012  
Re-elected: 24-03-2017  
Audit and Compliance Committee/ Board Risk Committee/ Risk Advisory Committee



**LAURA GONZÁLEZ**  
Position: independent director  
Date appointed: 25-10-2018  
Appointments and Responsible Management Committee/ Remuneration Committee/ Risk Advisory Committee



**ANTONIO GREÑO**  
Position: independent director  
Date appointed: 15-03-2016  
Re-elected: 27-03-2020  
Audit and Compliance Committee/ Risk Advisory Committee/ Remuneration Committee



**NURIA OLIVER**  
Position: independent director  
Date appointed: 27-03-2020  
Technology and Innovation Committee



**MIGUEL CRESPO**  
Position: non-director secretary



**21**  
MEETINGS OF BANKIA'S  
BOARD OF DIRECTORS  
IN 2020

## 05.3 BOARD OF DIRECTORS

### DIRECTORS' SUITABILITY

At annual intervals, the Appointments and Responsible Management Committee reviews the suitability of the members of the Board of Directors to ensure that they meet at all times the requirements of good repute, honesty and integrity and have the necessary knowledge, competencies and experience to perform their duties.

In addition to these requirements, Board members must be capable of exercising good governance over the institution, have sufficient availability to perform their duties and have independent judgement.

During this review, all Bankia's directors declared themselves capable of exercising good governance over the bank and free of any conflict of interest

or impediment that might prevent them from devoting sufficient time to their duties.

Lack of suitability is grounds for removal from office.

### CONFLICTS OF INTEREST

Detecting and managing potential conflicts of interest is for Bankia a corporate governance priority. Directors must take steps to avoid situations in which their interests, whether they are acting on their own behalf or on behalf of others, conflict with the interests of the company and their duties as directors.





## BANKIA CONSIDERS IT A CORPORATE GOVERNANCE PRIORITY TO DETECT AND MANAGE POTENTIAL CONFLICTS OF INTEREST

They must also exercise personal responsibility in the performance of their duties, using their own judgment and acting independently of any instructions from or ties to others.

Directors must report to the Board of Directors any direct or indirect conflict of interest they or persons related to them may have with the interests of Bankia. They must also refrain from attending or taking part in deliberations on matters that directly or indirectly affect them or persons related to them.

All directors must make an initial statement of potential conflicts at the time of assuming the post and must update the statement immediately in the event of any relevant change in their circumstances.

Bankia has a Conflicts of Interest Policy that sets out certain general principles for managing such situations and these principles are expanded upon and supplemented by other regulations.

Notable among them are the Bankia General Meeting of Shareholders Regulations, the Bankia Board of Directors Regulations, the Audit and Compliance Committee Regulations, the Appointments and Responsible Management Committee Regulations, the Remuneration Committee Regulations, the Bankia Group Corporate Governance and Organisational Structure Policy, the Internal Rules on Conduct in Securities Markets and the Bankia Group Code of Ethics and Conduct.

## ANNUAL ASSESSMENT

In 2020, the performance of the chairman, the CEO and the lead independent director, the Board of Directors as a whole, the chairs of the Board committees and individual directors was the subject of an internal assessment.

# 05.3

## BOARD OF DIRECTORS

### BOARD OF DIRECTORS COMPETENCY MATRIX

	José Ignacio Goirigolzarri	José Sevilla	Eva Castillo	Antonio Ortega	Joaquín Ayuso	Fco. Javier Campo
Category	Executive	Executive	Lead Independent	Executive	Independent	Independent
Number of years on the Bankia Board	7	7	7	5	7	7
Committee membership	(6)	(5)	(2) (5) (6)	(6)	(2) (3) (4)	(1) (2) (6)
Membership of other boards	(A) (B)	(A)	(E)	(A) (C)	(D)	(G)
<b>Prior experience</b>						
Senior management experience in banks/ financial institutions	■	■	■	■		
Senior management experience in other (non-financial) industries	■		■	■	■	■
<b>Areas of experience/ competency</b>						
Credit institutions	■	■	■	■	■	■
Financial markets	■	■	■	■	■	■
Risk management	■	■	■	■	■	■
Auditing/ Accounting	■	■	■	■	■	■
Strategy consulting						
Legal/ Regulatory framework	■	■	■	■	■	■
Public sector						
Technology	■	■	■	■		
Tourism/ Transport sector					■	■
Manufacturing			■		■	■
Consumer goods/ Distribution sector						■
Real estate					■	
Teaching/ Research	■	■		■		
<b>Diversity</b>						
Gender	M	M	F	M	M	M
Training /International Experience	USA, China, Portugal, Mexico, Argentina, Chile, Peru, Colombia, Puerto Rico, Brazil, Venezuela, Italy	Mexico, Argentina, Chile, Peru, Colombia, Puerto Rico, Brazil, Venezuela	Netherlands, Belgium, Luxembourg, Denmark, Norway, Sweden, France, Italy, United Kingdom, Germany, Czech Republic, Slovakia, Ireland, Russia, Greece, Portugal, Turkey, United Arab Emirates, Saudi Arabia, Bahrain, Lebanon, Israel, USA, Brazil, Argentina, Mexico, South Africa	Portugal, Belgium, Morocco, Puerto Rico, Mexico, Peru, Colombia, Venezuela, Argentina, Chile, Italy	USA, Canada, United Kingdom, Italy, Chile, Colombia, Portugal, Ireland, Australia	France, Portugal, Greece, Turkey, Argentina, Brazil, China, Italy
Length of service as director	33	10	14	26	25	34

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>(1) Audit and Compliance Committee</li><li>(2) Appointments and Responsible Management Committee</li><li>(3) Remuneration Committee</li><li>(4) Risk Advisory Committee</li><li>(5) Delegated Risk Committee</li><li>(6) Technology and Innovation Committee</li></ul> | <ul style="list-style-type: none"><li>(A) BFA, Tenedora de Acciones, S.A.U.</li><li>(B) Confederación Española de Cajas de Ahorros (CECA)</li><li>(C) Cecabank, S.A.</li><li>(D) Adriano Care Socimi, S.A.</li><li>(E) Zardoya Otis, S.A.</li><li>(F) National Express Group, Plc</li><li>(G) Meliá Hotels International, S.A.</li><li>(H) General Técnica Industrial, S.L.U.</li><li>(I) Quintorge, S.L.</li><li>(J) Liberty Seguros, Compañía de Seguros y Reaseguros, S.A.</li><li>(K) Acerinox, S.A.</li><li>(L) Grupo Ezentis, S.A.</li><li>(M) Viscofan, S.A.</li></ul> |
|--|---|

Jorge Cosmen	Carlos Egea	José Luis Feito	Fernando Fernández	Laura González	Antonio Greño	Nuria Oliver
Independent	Other Non-Executive	Independent	Independent	Independent	Independent	Independent
7	2	7	7	1	3	-
(3)	(1)	(1)	(1) (4) (5)	(2) (3) (4)	(1) (3) (4)	(6)
(F) (H) (I)	-	-	-	(K) (L) (M)	(J)	-
	■	■	■	■	■	■
	■	■	■	■	■	■
	■	■	■	■	■	■
	■	■	■	■	■	■
	■	■	■	■	■	■
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	■	■	■	■	■	■
	■	■	■	■	■	■
	■	■	■	■	■	■
	■	■	■	■	■	■
	■	■	■	■	■	■
M	M	M	M	F	M	F
USA, United Kingdom, France, Portugal, Switzerland, Belgium, China	USA, France	USA, Chile, Peru, Bolivia, Colombia, Costa Rica, Argentina, Vietnam, Portugal	Portugal, Greece, Norway, Denmark, Finland, Sweden, USA, Hong Kong, Brazil, Mexico, Colombia, Panama, Costa Rica, Guatemala, Venezuela, Ecuador, Peru, Chile, Uruguay, Argentina	United Kingdom, Mexico, Honduras	USA, Japan, China, United Kingdom, Germany, Ireland, Finland, Portugal, Netherlands, Belgium, Italy, Switzerland, Luxembourg, Canada, Mexico, Colombia, Brazil, Peru, Mozambique	
8	30	18	7	12	4	

## 05.3 BOARD OF DIRECTORS

### BOARD MEMBERS TRAINING

The Board of Directors regularly receives the latest economic and financial news, as well as updates on responsible management, technological innovation and banking regulations.

In addition, the Deputy General Directorate of People and Culture prepares an annual training plan for directors, aimed at expanding their knowledge in economic, regulatory, corporate governance and social matters. The training content is tailored to the needs of each Board member, regulatory requirements and best practice recommendations.

During 2020, the directors received training in, among others, the following subjects:

- New regulations.
- Risk models and legal compliance.
- Delegation of functions to credit institutions.
- Cybersecurity model, initiatives and trends.
- Sustainable business and financing.
- New insurance distribution directive.
- Benchmark reform.
- Cryptocurrency, blockchain and innovation.



## **DIRECTORS' REMUNERATION**

The remuneration policy for directors and senior managers is based on a number of principles, including customer orientation, gender equality and a proper balance of remuneration components.

This policy is approved by the General Meeting of Shareholders, at the proposal of the Board of Directors, and is intended to provide incentives for sustainable achievement of the bank's strategic objectives. It is also intended to align the remuneration system with the recommendations of supervisory bodies and to favour shareholders' interests and prudent risk management.

Directors' remuneration comprises a fixed and a variable component.

The fixed remuneration of Bankia's executive directors must not exceed 500,000 euros per year and their variable remuneration is limited to a maximum of 60% of their annual fixed remuneration. The variable remuneration is subject to a number of safeguards, since it vests only if it is sustainable in view of Bankia's overall situation and if the bank's results justify it. The supervisor must expressly authorise the amount, vesting and payment of directors' variable remuneration.

Under the system governed by Bankia's Directors Remuneration Policy, 50% of the variable remuneration of executive directors is paid in Bankia shares, provided the specified conditions and targets are met.

Payment of variable remuneration is subject to malus and clawback provisions should any of the circumstances specified in the policy apply to a Board member (inadequate financial performance, significant failures in risk management, sanction

**BANKIA'S EXECUTIVE  
DIRECTORS CANNOT  
HAVE FIXED ANNUAL  
REMUNERATION OF MORE  
THAN 500,000 EUROS**

for non-compliance with the Code of Conduct or internal regulations, non-compliance with eligibility requirements, etc.).

These provisions apply both to current directors and to those who are no longer directors but still have outstanding remuneration. It is the Board of Directors, at the proposal of the Remuneration Committee, that determines whether the provisions should be applied.

Since the current members of the Board of Directors were appointed in 2012, these provisions have not had to be applied to any director.

In 2020, the chairman, José Ignacio Goirigolzarri; the CEO, José Sevilla, and the executive director Antonio Ortega each received a fixed salary of 500,000 euros. Goirigolzarri, Sevilla and Ortega waived all variable remuneration for the year.

Non-executive directors receive a maximum fixed remuneration of 100,000 euros per year and no variable remuneration.

The members of Bankia's Board of Directors do not receive any additional remuneration in the form of attendance fees or for serving on Board committees.

# 05.3

## BOARD OF DIRECTORS

### BOARD OF DIRECTORS

#### REMUNERATION IN 2020

NAME	SALARY <sup>(1)</sup>	FIXED REMUNERATION <sup>(1)</sup>	SHORT-TERM VARIABLE REMUNERATION	LONG-TERM VARIABLE REMUNERATION	REMUNERATION FOR SERVING ON BOARD COMMITTEES	INDEMNITIES	TOTAL 2020 <sup>(1)</sup>
José Ignacio Goirigolzarri Tellaeché <sup>(2)</sup>	500	0	0	0	0	0	500
José Sevilla Álvarez <sup>(2)</sup>	500	0	0	0	0	0	500
Antonio Ortega Parra <sup>(2)</sup>	500	0	0	0	0	0	500
Carlos Egea Krauel	0	100	0	0	0	0	100
Joaquín Ayuso García	0	100	0	0	0	0	100
Francisco Javier Campo García	0	100	0	0	0	0	100
Eva Castillo Sanz	0	100	0	0	0	0	100
Jorge Cosmen Menéndez- Castañedo	0	100	0	0	0	0	100
José Luis Feito Higueraula	0	100	0	0	0	0	100
Fernando Fernández Méndez de Andés	0	100	0	0	0	0	100
Antonio Greño Hidalgo	0	100	0	0	0	0	100
Laura González Molero	0	100	0	0	0	0	100
Nuria Oliver Ramírez <sup>(3)</sup>	0	74	0	0	0	0	74

1. In thousands of euros.

2. The executive directors have agreed to waive all variable remuneration for 2020.

3. Effective 3 April 2020, Nuria Oliver was appointed director, with total annual remuneration of 100,000 euros for all items. The amounts shown relate to the period from 3 April to 31 December 2020.



## **SUCCESSION PLAN**

To ensure orderly succession of the Group's senior executives, Bankia has a succession plan, which is reviewed periodically, to reduce as far as possible any risks that might arise from an unforeseen or disorderly succession. The lead director is responsible for organising the succession process.

The goal of the succession plan is to ensure business and leadership continuity and identify successors for top positions in the bank, while also creating development and career plans, so that candidates for senior positions in the bank are properly prepared to take on responsibility when the time comes. It covers senior management (chairman, CEO and Management Committee), corporate directors and other key positions.

The succession plan complies with regulatory requirements, regulators' recommendations and corporate governance best practice. Its purpose is to ensure business and leadership continuity and identify successors for top positions in the bank.



## **TOTAL BOARD REMUNERATION**

A large, three-dimensional number "2.47" is displayed in a bright green color. The digits are slightly slanted and have a thick, blocky appearance, giving them a 3D effect as if they are floating in space.

MILLION EUROS

# 05.4

## MANAGEMENT COMMITTEE



**JOSÉ IGNACIO GOIRIGOLZARRI**  
EXECUTIVE CHAIRMAN



**JOSÉ SEVILLA**  
CHIEF EXECUTIVE OFFICER



**AMALIA BLANCO**  
DEPUTY GENERAL DIRECTOR OF  
COMMUNICATION AND EXTERNAL RELATIONS



**ANTONIO ORTEGA**  
GENERAL MANAGER OF PEOPLE,  
ORGANISATION AND TECHNOLOGY



**GONZALO ALCUBILLA**  
DEPUTY GENERAL DIRECTOR OF  
BUSINESS BANKING



**LEOPOLDO ALVEAR**  
DEPUTY GENERAL DIRECTOR OF  
FINANCIAL MANAGEMENT



**MIGUEL CRESPO**  
DEPUTY GENERAL DIRECTOR OF  
THE GENERAL SECRETARIAT



**MANUEL GALARZA**  
DEPUTY GENERAL DIRECTOR OF  
CREDIT RISK



**DAVID LÓPEZ**  
DEPUTY GENERAL DIRECTOR OF  
PEOPLE AND CULTURE



**FERNANDO SOBRINI**  
DEPUTY GENERAL DIRECTOR OF  
ASSET MANAGEMENT AND INVESTEES



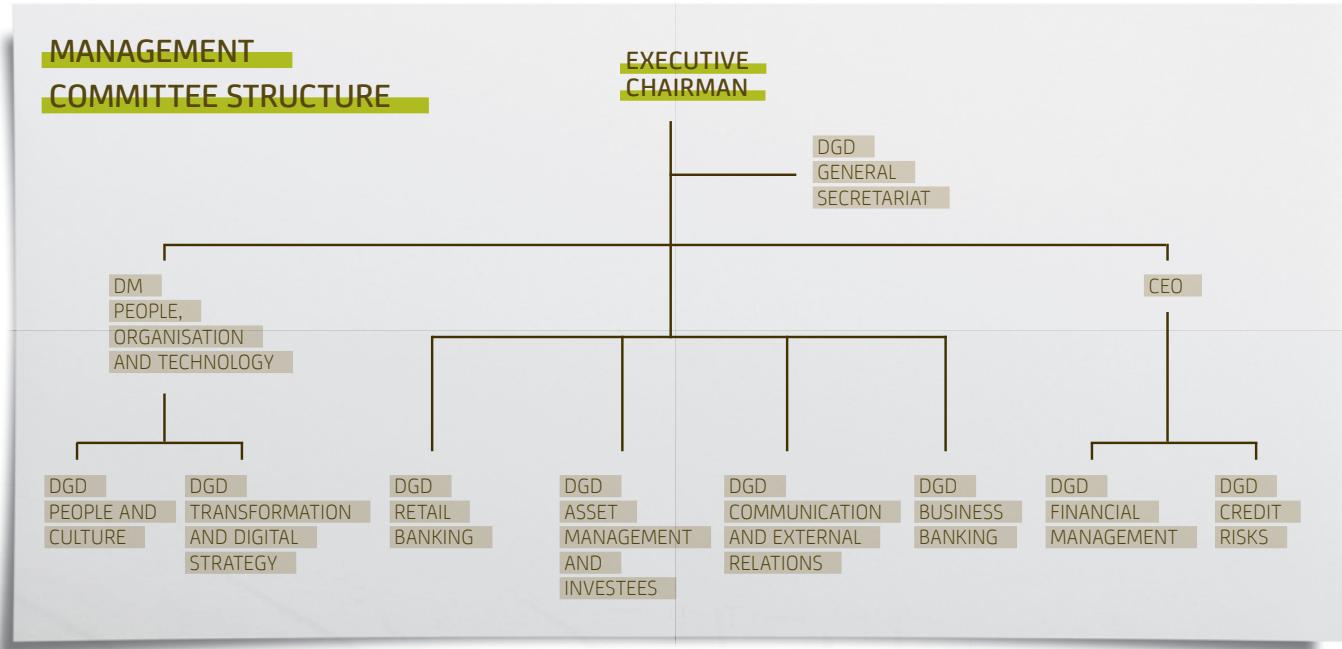
**EUGENIO SOLLA**  
DEPUTY GENERAL DIRECTOR OF  
RETAIL BANKING



**CARLOS TORRES**  
DEPUTY GENERAL DIRECTOR OF  
TRANSFORMATION AND DIGITAL STRATEGY

## 05.4

# MANAGEMENT COMMITTEE





The Management Committee is Bankia's most senior executive body and meets weekly to examine the issues raised by the different areas of the bank, as well as any corporate governance matters. Where applicable, it refers matters to the relevant governance body.

During the year, besides the presentations given by committee members, several corporate executive presented matters directly to the Management Committee, most notably the heads of Risks, Regulatory Compliance, Internal Audit, Technology and Operations, Brand, Services and Purchases, Chairman's Office, Innovation and Cybersecurity, Legal Services, Recoveries, Retail Credit Monitoring, Wholesale Credit Approval and Monitoring, and Business Solutions.

## **MANAGEMENT COMMITTEE REMUNERATION**

	SHORT-TERM REMUNERATION <sup>(2)</sup>	LONG-TERM REMUNERATION <sup>(2)</sup>	POST-EMPLOYMENT BENEFITS <sup>(3)</sup>	TERMINATION BENEFITS	TOTAL 2020
<b>SENIOR MANAGEMENT<sup>(1)</sup></b>	<b>4,771</b>	<b>414</b>	<b>286</b>	<b>0</b>	<b>5,471</b>

(1) In thousands of euros. Includes information on all members of the Management Committee except for the three who are members of the Board of Directors.

(2) The amount of variable remuneration accrued in 2020 is pending the pertinent authorisation and approval envisaged in current legislation.

(3) Reflects contributions made in respect of pensions and life insurance premiums.

# 05.5

## GOOD BANKING PRACTICES

Bankia has a clear organisational structure, with an appropriate division of functions and well defined, transparent and consistent lines of responsibility—a structure that allows sound and prudent conduct of the affairs of the Group and its member entities.

Its internal control framework is commensurate with the nature, size, complexity and risk profile of its business, always taking the Group context into consideration.



This framework is structured on a three-lines-of-defence model, which ensures good banking practices and in which the Board of Directors is responsible for making risk control and risk management policies and for supervising the effectiveness of internal control:

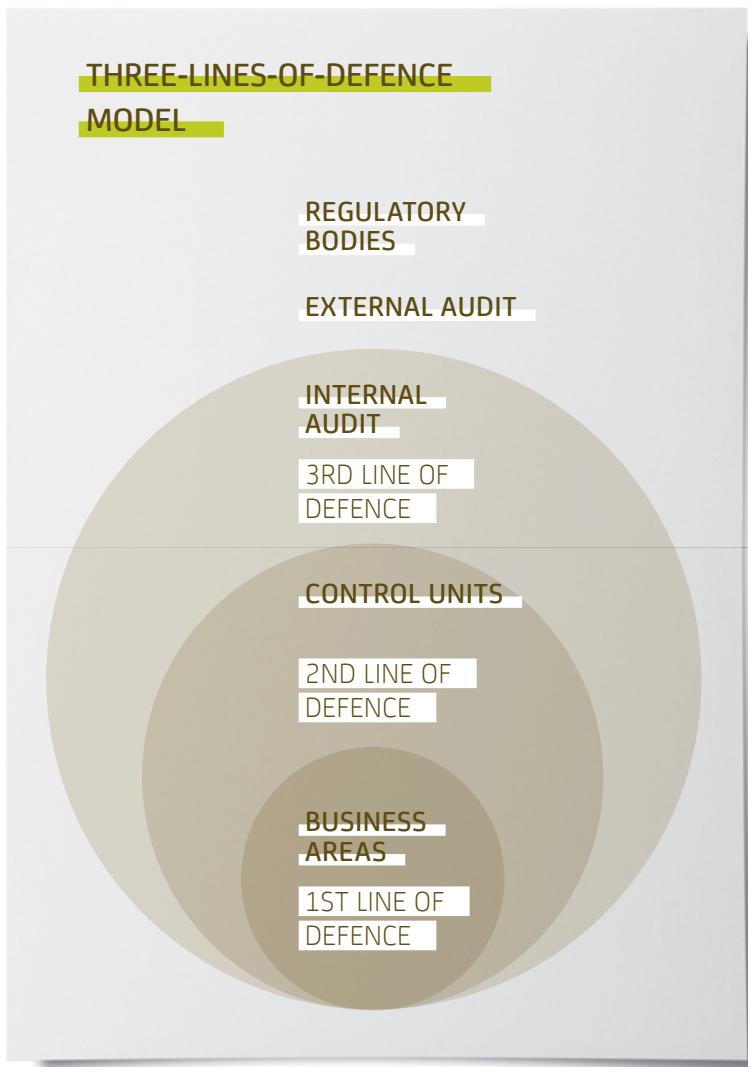
- First line of defence (management and self-control): business units and any Bankia unit that takes risks.

- Second line of defence (control): Corporate Risk Directorate and Corporate Regulatory Compliance Directorate.
- Third line of defence (supervision): Corporate Internal Audit Directorate, which audits the sales network, markets and structural risks unit, central services, processes and systems.

## REGULATORY COMPLIANCE

The Corporate Regulatory Compliance Directorate is responsible for regulatory compliance management, performance and control. It has two executive committees of its own, which meet monthly to discuss priority issues that need closer supervision:

- Bankia's Internal Control Unit: besides ensuring compliance with current regulations, the Committee for the Prevention of Money Laundering, Financing of Terrorism and Sanctions is tasked with improving the bank's internal control by getting the business areas involved and making the organisation more responsive, so as to reduce delays in reporting to SEPBLAC.
- Legal Compliance Committee: its main tasks are to assess and manage the compliance risks associated with investment services, banking services, insurance, and personal data protection; propose codes of conduct for approval and verify compliance; prepare and propose internal policies, procedures and standards within its scope of action, overseeing compliance; monitor the regulations within its remit, as well as their implementation; and monitor compliance with the supervisors' requirements.



## 05.5 GOOD BANKING PRACTICES

### INTERNAL AUDIT

Internal Audit has established seven processes, which summarise the tasks it performs:

- Prepare the Audit Plan.
- Carry out business centre audits.
- Carry out process, centre and system audits.
- Monitor recommendations
- Develop and maintain audit function support applications.
- Report on and communicate internal audits.
- Cooperate with and coordinate external audits.

To optimise its operations and achieve more agile communication between auditors and auditees, the Corporate Internal Audit directorate has automated applications and dashboards, in line with the bank's digital transformation. This has allowed it to improve the gathering of information for review, increase the volume of audits and create more efficient information systems.

After the onset of covid-19 and the adoption by the Spanish government of urgent and extraordinary legislative measures to address the economic and social impact of the pandemic, Bankia set up a COVID-19 Office, headed by Corporate Internal Audit.

The committee's task is to ensure that external requirements and industry and internal agreements are incorporated in policies and procedures and are complied with, and also to report to supervisors and other bodies. The bank's governing bodies have received regular progress reports from the COVID-19 Office since it was set up in April 2020.



**304**

NUMBER OF PROCESS,  
PRODUCT AND CENTRE  
AUDITS CARRIED OUT



**950**

NUMBER OF FRAUD  
PREVENTION ALERTS



## **CRIMINAL RISK PREVENTION**

Bankia has a criminal risk prevention, management and control model that provides the Group with the tools needed to mitigate the risk of being found to have committed criminal offences and consequently incurring penalties, thus ensuring compliance with its Code of Ethics and Conduct.

This model assesses the risks linked to the crimes included in the Spanish Criminal Code that are applicable to the bank's ordinary activity, such as money laundering and financing of terrorism, stock market crimes, scams, discovery and disclosure of secrets and computer break-in, corruption in business, misleading advertising, influence peddling, bribery, and illegal financing of political parties.

These risks are subject to general and specific controls, the ultimate purpose of which is to mitigate any criminal risks that might arise. The results of these controls are reported annually to the Audit and Compliance Committee and the Board of Directors.

**BANKIA HAS A CRIMINAL RISK PREVENTION, MANAGEMENT AND CONTROL MODEL THAT REDUCES THE RISK OF CRIMINAL OFFENCES BEING COMMITTED**

**EMPLOYEES TRAINED IN CRIMINAL RISK PREVENTION IN 2020**



## 05.5 GOOD BANKING PRACTICES

The entity also has a compliance officer, whose mission is to oversee the criminal risk management system and advise the Group on its design and implementation. Among other things, its responsibilities are to ensure that the system operates correctly and is compliant; to report on and coordinate training on the crime prevention model for managers and employees; and to ensure that the risk map is appropriate and accurate.

### **PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM**

Bankia's Anti-Money Laundering and Financing of Terrorism (AMLFT) directorate is responsible for proposing and developing internal regulations to prevent money laundering and the financing of terrorism and for applying international financial sanctions and countermeasures in the bank, in accordance with current legislation, and to perform checks to verify compliance.

Following the risk-based approach stipulated in Law 10/2010, the AMLFT directorate establishes, applies and maintains procedures for preventing and detecting money laundering and the financing of terrorism and mechanisms for the correct application of international financial sanctions and countermeasures, proposing measures to correct and minimise any risk of non-compliance.

### **PROFESSIONALS WHO RECEIVED AMLFT TRAINING IN 2020**



It also adapts and revises screening tools and the risk-based approach and analyses transactional and acceptance or monitoring alerts relating to customers who could be connected to money laundering or the financing of terrorism.

In addition, as provided for in Law 10/2010, the AMLFT directorate has the use of one of the main market tools for generating and managing alerts, whose parameterisation is reviewed periodically and adapted to existing money laundering risks. At the same time, a series of 'dynamic scenarios' have been developed and implemented to facilitate alert detection and analysis.

To fulfil Bankia's commitment to the prevention of money laundering and financing of terrorism, given that this is a task that affects the entire organisation, the AMLFT directorate is divided into three units, according to business type (retail or wholesale) and operational specialisation (UFICs), so as to provide better assistance and support to the network. The aim is to perform the aforementioned general tasks while providing specialised assistance to each area.

The directorate's main obligations in each area are as follows:

#### Retail:

- Support, monitor and control the business of the retail branches.
- Report the required information to the supervisor, along with the monthly transactions report and the account holders file.
- Train and sensitise front-line staff in anti-money laundering and anti-terrorist financing matters.

#### Wholesale:

- Support, monitor and control the business of the Private Banking, Business Banking and Corporate Banking centres, banking correspondents and the agency network.
- Foreign trade transactions.
- Real estate transactions and divestments.

#### UFICs:

- Operational and strategic analysis of risk groups.
- Financing of terrorism: alerts, cases and models.



In May 2020, after the outbreak of covid-19, the Financial Action Task Force (FATF), whose mission is to develop policies that will help combat money laundering and the financing of terrorism, published a guide to the new financial risks arising from the health crisis ('COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses').

The pandemic has brought about a change in behaviour in the financial world. The increase in remote transactions and digital services, coupled with the increase in the need for financing during a prolonged recession, could lead to an increase in crimes such as identity theft, falsification of health supplies

## 05.5 GOOD BANKING PRACTICES

HOURS OF  
AMLFT  
TRAINING

and charity fraud, or the introduction of new, unregulated financial services that could be used by criminal groups. In this environment, the FATF recommends:

- Be alert, so as to mitigate any new money laundering and terrorist financing risks, and look out for and report any signs of suspicious activity.
- Use new technologies and digital identification systems.
- Ensure that the legitimate activities of NGOs are not unnecessarily delayed, interrupted or discouraged, without incurring money laundering or terrorist financing risks.
- Consider adopting new technologies to facilitate rapid, effective adaptation to any recommendations or regulatory changes issued by the authorities or support bodies.

15,751



## TAX POLICY

Fostering responsible tax conduct is an essential part of Bankia's financial activity, supported by tools to prevent and combat fraud and tax transparency programmes.

Bankia's Board of Directors determines the bank's tax strategy. Among other things, it is responsible for approving any presence in territories considered tax havens, the creation of tax structures, divestments in companies, the use of tax incentives and the hiring of external tax advisers.

Bankia does not operate in tax havens to avoid its obligations and does not create structures that facilitate tax evasion or bypass regulations.

Bankia's tax activity is governed by three tax principles: transparency, compliance with obligations, and risk exposure. Bankia maintains a transparent policy on tax management and the payment of its tax liabilities and applies the tax regulations in force in Spain, which is where it conducts all its business. It also follows the guidelines issued by international bodies such as the Organisation for Economic Cooperation and Development (OECD).

The bank analyses all transactions that entail special tax risk, taking their impact on the bank's reputation, shareholders and customers and its relations with the tax authorities into account.

It is a member of the Large Businesses Forum, which promotes a more cooperative relationship between companies and the Spanish Tax Agency (AEAT) with the aim of pooling any general problems that may arise in the application of the tax system, on the basis of mutual trust. The bank is also a signatory to the AEAT's Code of Best Tax Practices (CBTP), which includes recommendations that both sides voluntarily agree to follow.

Collaboration with the AEAT allows the bank to operate with legal certainty, curb compliance costs and reduce the number of disputes with the Tax Agency, while reinforcing the Group's reputation, with the consequent positive impact on its financial performance.

In 2019, as a CBTP member company, Bankia drew up its third Annual Tax Transparency Report, with information for financial year 2018, which it submitted to the Tax Agency in 2019. In 2020, the report was prepared with information for the 2019 financial year and will be submitted in the first few months of 2021.

The Tax Transparency Report contains information on certain aspects of Bankia's economic activity and funding structure, the most significant corporate transactions, the Group tax strategy as approved by the governing bodies and the catalogue of transactions submitted to the Board of Directors. It also sets out the extent to which the bank's tax policy is consistent with the principles of the OECD BEPS (Base Erosion Profit Shifting) package.

Both the organisational structure and the various lines of business conducted by Bankia are located in Spain. The whole of the Group's profit is therefore obtained in Spain.



## 05.5 GOOD BANKING PRACTICES

In 2020, Bankia paid 162.7 million euros in income tax (including interim payments for 2020 and the levy on the conversion of deferred tax assets for 2019).

In the Total Tax Contribution document published in 2019, the Bankia Group reported total taxes paid of 338.7 million euros (including refunds received for corporate income tax). These figures are for the Bankia Group in 2019. The figures for 2020 will be available in the first few months of the 2021, after the close of accounts of all the Group entities.

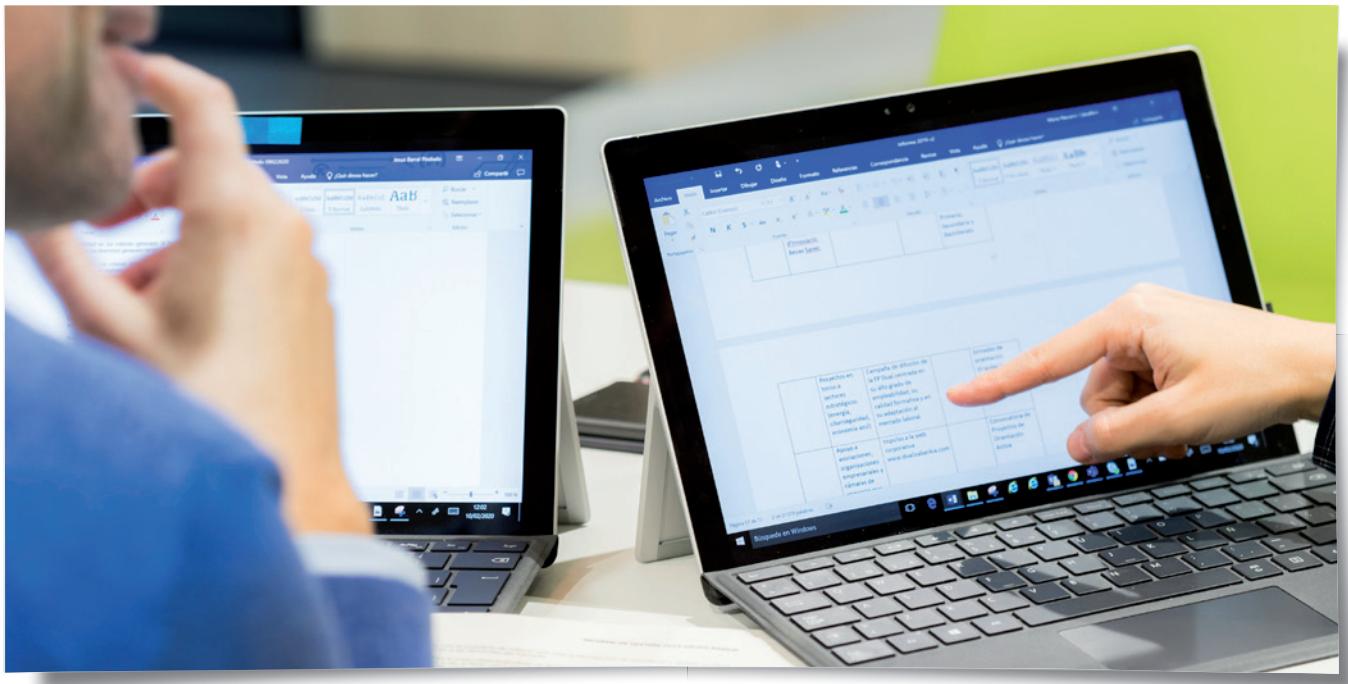
### PREVENTION OF MARKET ABUSE

The primary objective of market abuse regulations is to ensure the integrity of securities markets and to strengthen investor protection and investor confidence.

In 2020, Bankia continued to improve its market abuse control model along the following lines:

- Effective systems and procedures for preventing and detecting suspicious transactions. Bankia has a market abuse tool that detects the use of inside information and market manipulation based on different scenarios. During the year, this tool was calibrated and adjusted to the bank's type of customers and services.
- Employee training in market abuse control. Bankia's professionals have internal procedures and systems for detecting and reporting suspected market abuse.
- Safeguarding of inside information and prevention of unlawful access and disclosure. In 2020, the procedures for keeping areas separate were updated and physical and software barriers, data protection systems and contingency plans were put in place to prevent flows of information between areas. As soon as inside information becomes known, insider lists are created and appropriate containment measures and restrictions are put in place.
- To ensure consent and confidentiality in the disclosure of inside information to third parties, the bank has procedures for identifying issuers and persons receiving market soundings with form data, records and investors contacted.





## MEASURES TO ENSURE BANKING TRANSPARENCY

Transparency and clarity in customer relations is one of Bankia's objectives and therefore a priority line of work for the Regulatory Compliance Directorate.

To protect customers' interests, the bank provides customers with complete, useful and understandable financial information.

In the current context, online marketing and transacting have become a focus of attention, especially when the business relationship is established without in-person contact. Regulatory Compliance works to ensure that the lack of direct contact with a customer does not detract either from the quality of information obtained or the access provided to information and advice.

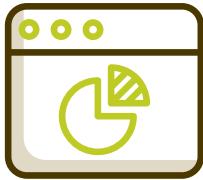
Seeking agility and speed of response, Bankia ensures that customer protection measures are implemented, in compliance with regulatory transparency obligations, as well as good communication practices.

During the year, Regulatory Compliance reviewed product marketing processes from the point of view of transparency, from the very earliest stage (advertising) to subsequent delivery of pre-contractual information and monitoring of the contractual relationship with the customer, along with any information provided in addition to that required by law (information on the website and online banking, improvements in revolving card information, improvements to information in branches through digital bulletin boards, payments information, information on products designed to alleviate the covid-19 situation, information for vulnerable groups, code of good mortgage practices, etc.).

Given the extraordinary situation caused by the health crisis, Regulatory Compliance helped to design and implement specific products, such as moratoria and grace periods, to mitigate situations of vulnerability brought on by the general slowdown in economic activity.

During the worst of the pandemic, the bank made special efforts to communicate with and deliver services to customers by boosting remote channels during lockdown and publishing extensive information on the public website, covering all relevant aspects of the COVID aid and products available. As a result, the bank was able to adapt to the new situation and maintain the necessary levels of service and customer protection.

## 05.5 GOOD BANKING PRACTICES



**91%**

COVERED PROFESSIONALS  
TRAINED IN MIFID

### INVESTMENT SERVICES

Bankia took steps to strengthen its investment product distribution model so as to provide the greatest possible customer protection and deliver quality service and added value. It provided continuous training to those of its professionals tasked with informing or advising on investment products. In more specialised segments, such as Private Banking and Business Banking, the percentage of professionals trained in MiFID II reached more than 95%.

During 2020, the bank updated the internal procedures for the launch, marketing and subsequent monitoring of new products. At the same time, the bank continued to put in place automatic controls in its different channels and investment services

to ensure that products and services are distributed only to customers considered appropriate targets; controls to ensure consistency in the data provided by customers in the different suitability and appropriateness tests; and dashboards for preparing sales reports and for the purpose of monitoring and operational analysis.

Further improvements were made to operational processes to ensure that customers receive, read and understand the information provided before purchasing investment products.

Steps were taken to reinforce the operation and documentation process of the Bankia Gestión Experta scheme, which makes a service initially intended for high net worth customers



available to anyone. The service has been well received by customers, especially in the online channel, where the minimum investment has been cut from 10,000 to 1,000 euros.

## REGULATORY RISKS

Bankia has a compliance risk management and control model designed to identify, evaluate, manage and monitor all regulatory compliance risks in the fields of investment and banking services, insurance, anti-money laundering and personal data protection.

By identifying and assessing these risks, this management and control model helps to improve business processes and performance measures and allows the bank to take compliance risks into account in its decision-making.

## PRIVACY AND DATA PROTECTION

For Bankia, in the context of expanding digitisation, its customers' information and security is a vital asset and a management priority. During 2020 the bank took steps to ensure that data protection principles and customers' data protection rights were respected, in line with the 2018-2020 Strategic Plan.

Data protection not only safeguards people's fundamental rights in respect of their personal information but also protects their privacy and requires that their data be used in accordance with ethical principles, thus representing an added value for customers.

Bankia's internal data protection framework is built around the Personal Data Protection Policy, which is approved by the Board of Directors. This policy upholds the principles of lawful use, transparency, data minimisation and the duty of secrecy and guarantees the data subjects' rights. It is supplemented by the Data Security Policy and the Data Retention Policy.

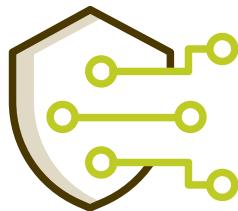
Responsibility for compliance with the policy lies with the bank's directors, managers and employees, especially those who in the course of their work have access to, process or store personal data for which the bank is the data controller.

## INFORMATION SYSTEMS

Bankia aims to optimise data use so as to generate value based on a sustainable data governance and data quality model, built on a robust information architecture.

In recent years, the bank has consolidated this architecture and governance model to build a single, centrally governed information system covering most of the information needs both of internal users and of the supervisor. This system serves the following purposes:

- Risk management reports within the scope of BCBS 239 on Risk Data Aggregation and the Risk Reporting Framework.
- Regulatory reports for the Banco de España and the European Central Bank.



**1,155**  
PROFESSIONALS  
WHO RECEIVED DATA  
PROTECTION TRAINING  
IN 2020

- Corporate management reporting for the business areas: Retail Banking and Business Banking.
- Internal risk reporting.
- Credit risk models.
- Metrics contained in the above models, used by advanced analytics users.

This new way of ordering data has brought about a very significant cultural change, so that now any transformational data project is carried out following strict risk data aggregation principles.

A methodology has been developed internally to quantify the intrinsic value of information projects and thus assess their economic return to the bank.

## 05.5 GOOD BANKING PRACTICES

### INFORMATION SECURITY AND CYBERSECURITY

Bankia has a 2019-2021 Strategic Cybersecurity Plan that was approved by the Cybersecurity Committee at the end of 2018. Following this plan, during 2020 the bank improved its systems' maturity level and cybersecurity protection in a year marked by the pandemic and teleworking.

Specifically, the bank introduced information protection measures, using technology to protect information based on its criticality, and measures to ensure that software development in Bankia is secure and follows best practices, thus reducing the risk of attack due to poor configuration.

A new Cybersecurity Management System was designed and implemented to make all the cybersecurity information available from internal and external sources available for decision-making and appropriate handling of any risk that might affect Bankia.

A total of 1.8 million euros was invested during the year to improve the General Anti-Fraud Unit, with a view to reducing the risk of fraud in banking operations and giving customers a more robust and reliable service. In the process, transactions were made PSD2 compliant, and artificial intelligence and user behaviour analysis were introduced for early detection of potential threats. Following the audit carried out in 2019, the level of compliance with the payment card industry data security standard (PCI DSS) is high.

In connection with the new lines of work, a complete system for measuring indicators and displaying results in dashboards was developed, providing greater control and precision and better traceability of the safety status of the bank's systems and processes.

Significant developments in indicator management include vulnerability management information integrated with state-of-the-art control and detection tools; highly automated information on the new cyber risk management process; and specific hardware health information and indicators, both for the bank's own systems and for third-party and cloud tools.

As a result of the pandemic, services and projects have had to be outsourced to gain access to expert knowledge with less investment. The focus has therefore been on securing and automating the third-party management process, adapting it in accordance with the new Cyber Risk Management System. All outsourcing contracts, agreements and services involving Bankia's systems or information are subject to appropriate risk management, so as to avoid adverse economic and reputational impacts in the event of cyber attacks on the bank or its suppliers.

Specifically, the business continuity process was reviewed and updated, with the result that from March onwards, after the home confinement, the entire workforce was able to telework without major incidents. More than 15 million euros were invested in updating systems to ensure compliance with the objectives and needs of the different areas of the bank, as well as in services outsourced to suppliers.



Cybersecurity was not neglected at any time and there was a continued focus on risk, which increased exponentially, to the point where a tool was acquired to simulate attacks by malicious users, so as to validate the protection afforded by the bank's cyber defences.

In this new context, in which technology and systems are becoming increasingly important, the awareness and training of Bankia professionals is vital to reduce the impact of a possible attack.

Work therefore continued on the implementation of the staff training and awareness plan.

Bankia also promotes a corporate cybersecurity culture by sponsoring various startups that work with new protection technologies, supporting their product design and creation, and collaborating with various masters' courses and conferences on cybersecurity and risk-based cybersecurity management in the public and private sectors.

Meetings of the Cybersecurity Committee	8
Cybersecurity alerts	10,684
Fraud alerts	154,217
Percent of fraud alerts considered critical	66%
Serious cybersecurity threats detected	1,889
Investment in cybersecurity risk prevention (million euros)	8.5

# 05.5

## GOOD BANKING PRACTICES

### HUMAN RIGHTS

As a provider of financial products and services, Bankia operates within the human rights regulatory framework and complies with all applicable international standards.

Bankia's Policy on the Protection of and Respect for Human Rights, which is approved by the Board of Directors, is based on the United Nations Guiding Principles on Business and Human Rights and establishes the bank's duty to:

- Respect human rights in its dealing with professionals, customers, suppliers, business partners and society at large, implementing prevention, communication and sanction mechanisms.
- Assume a commitment to human rights focused on:
  - Assessing and understanding the social and economic environment.
  - Recognising and respecting the identity of individuals and their communities.
  - Creating a system of proactive dialogue with stakeholders.
  - Promoting awareness of and compliance with this commitment.

- Perform due diligence to identify and assess potential impacts, integrate the results of the assessment in internal measures aimed at preventing and mitigating possible impacts, monitor and verify the effectiveness of these measures, and communicate the measures externally.

To implement its Policy on the Protection of and Respect for Human Rights, in 2020 Bankia defined the entire due diligence process, which is currently being developed and implemented. This process serves to:

- Integrate human rights in risk management procedures, decision-making and governance under senior management oversight and with senior management commitment.
- Expand the scope of its existing due diligence procedures to include human rights issues.
- Monitor risks through the relationship with customers, suppliers and business partners.
- Maintain transparency in respect of the policies and procedures in place for managing human rights risks in the different areas of the bank and report on their performance.
- Engage with customers, companies in the industry and other stakeholders to share good practices, address common problems and offer practical solutions.

The bank identifies the human rights on which it has an impact, especially in the field of employment, by reference to Bankia's Policy for the Protection of and Respect for Human Rights, international agreements and frameworks on human, civil and political rights, and international labour standards.

This allows it to draw up a list of threats and opportunities for the bank's business units and corporate areas. The analysis takes financial sector risks, Bankia's risk profile and the bank's control environment into account in matters such as policy making and planning, internal procedures, management indicators, training, communication channels and remediation mechanisms, with a view to focusing attention on the adverse impacts that are most severe and most likely.

Implementing this due diligence procedure will help prevent incidents, design control activities and manage opportunities for continuous improvement.

At the end of the year, Bankia offered its professionals an online training course to increase their knowledge of the human rights context and the instruments that regulate and disseminate these rights, the different categories of rights and the content of each one.

## **MEMBERSHIP OF ADVOCACY GROUPS**

To supplement its efforts to grow and strengthen the financial services industry, the business sector and the economy as a whole, Bankia collaborates with the various industry institutions, trade associations and business organisations of which it is a member.

These organisations are meeting points and forums of debate, where working groups are formed in which companies, government and the third sector share knowledge, experience and good practices.

Bankia does not make contributions to political parties because, although it operates only in Spain and such contributions are prohibited by the Spanish law on the funding of political parties, the bank's Code of Ethics and Conduct expressly states that "on no account may donations be made to political parties or trade unions or their representatives".

In 2017 the bank registered in the EU's Transparency Register, to which it publicly discloses its participation in any associations or institutions which by their nature and activity have influence within Spain or at European Union level.

Bankia is present in the following advocacy groups:

- CECA
- Spainsif
- Forética
- Seres
- Charter de Diversidad
- Corporate excellence
- Dirse
- Grupo Español de Crecimiento Verde
- Plataforma española de acción climática
- RE100
- Advisory Group for Article 6.
- Fundación Lealtad

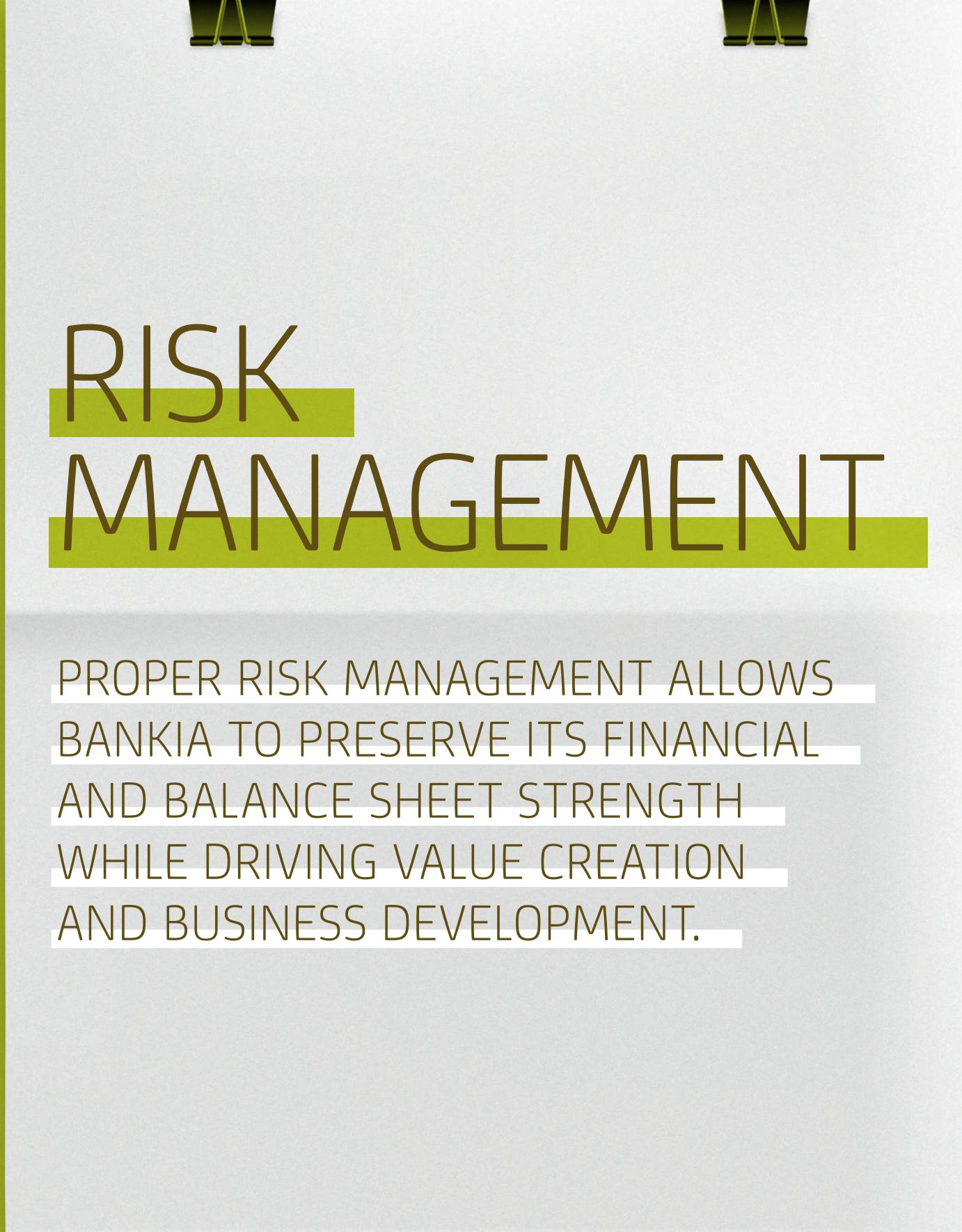


- Fundación Etnor
- Barcelona Centre Financer Europeu
- Observatorio Español de Financiación Sostenible
- CEOE
- UNEP FI
- Fundación Ecodes
- Fundación Diversidad

The bank is a party to the following institutional initiatives:

- United Nations Global Compact
- Ecuator Principles
- UN Principles for Responsible Banking
- UN Commitment to Climate Action
- UN Principles for the Empowerment of Women
- Principles for Responsible Investment
- Green Recovery initiative promoted by GECV
- ICMA
- TFCD





# RISK MANAGEMENT

PROPER RISK MANAGEMENT ALLOWS BANKIA TO PRESERVE ITS FINANCIAL AND BALANCE SHEET STRENGTH WHILE DRIVING VALUE CREATION AND BUSINESS DEVELOPMENT.

# 06

## RISK

### MANAGEMENT

Risk management is a strategic pillar for Bankia. Its main purpose is to preserve the group's financial and capital strength, driving value creation and business development in accordance with the risk appetite and risk tolerance set by the bank's management bodies.

To achieve this purpose, Bankia has an Internal Control Framework structured in accordance with the three lines of defence model, including a series of risk control and risk management policies defined by the Board of Directors. The board also approves

the Risk Appetite and Risk Tolerance Framework, which together with the Capital Planning Framework defines the bank's strategic priorities in matters of risk and capital under normal business conditions.

Both these frameworks influence the planning of the bank's activities and businesses. The bank also has a Recovery Plan, which sets out the measures that may be taken in a hypothetical crisis situation and which is triggered if the level set in the plan is exceeded.

#### CREDIT RISK PROFILE

##### DISTRIBUTION BY RWAs



■ CREDIT RISK **88%**  
■ OPERATIONAL RISK **11%**  
■ MARKET RISK **1%**

##### LOAN PORTFOLIO MIX



■ MORTGAGE **53%**  
■ BUSINESSES **27%**  
■ PUBLIC SECTOR **6%**  
■ CONSUMER FINANCE AND CARDS **5%**  
■ MICRO-ENTERPRISES AND SELF-EMPLOYED **4%**  
■ SPECIALISED LENDING **3%**  
■ FINANCIAL INTERMEDIARIES **1%**  
■ REAL ESTATE DEVELOPERS **0.5%**

##### NON-PERFORMING ASSETS BY COMPONENT



■ DOUBTFUL IN ARREARS **64%**  
■ DOUBTFUL FOR REASONS OTHER THAN ARREARS OR IN CURE PERIOD **36%**

## RISK MODELS

The Bankia Group has a sound governance framework for the approval of risk models:

- Models Committee. This committee's main function is to submit, through the Risk Advisory Committee, any proposed new models and any extensions to or modifications of existing models to the Board of Directors for approval and also to submit for proposal the plan for implementing the models. It has authority to approve minor modifications in accordance with the Risk Model Approval Policy.
- Risk Advisory Committee. This committee has authority to report, advise and submit proposals on risks (both financial and non-financial). It submits proposals for new models or modifications to existing models to the Board and notifies the supervisor of any changes two months before they are implemented.
- Board of Directors. The Board is responsible for approving new models and extensions to or modifications of existing models, taking the relevant rules and protocols into account if the models have an impact on Pillar I (Risk Model Approval Policy).

The bank has made progress with its Internal Models Plan, which entails carrying out a thorough review of the internal models' compliance with applicable regulations and the future compliance of all scoring and rating models and risk parameters (PD/LGD/CCF).

The plan covers both the portfolios classified as 'low default' (large companies, banks, insurance and reinsurance providers and sovereigns) and the 'high default' portfolios (mortgages, consumer credit, cards, self-employed, micro-enterprises and SMEs). 2020 also saw the approval of the new model governance framework.

The main model addressed under the new methodology and model governance framework was the model relating to the behaviour of mortgages held by individuals. This scoring/ PD model substantially improves the measurement of the risk of the bank's mortgage portfolio by leveraging the most up-to-date information available at the time of scoring the mortgage transactions and can be rolled out to the mortgage portfolio of the Institutional Protection System (SIP) from 2011 and, subsequently, that of BMN.

Supervisory approval was received in September and the model was implemented in the calculation of capital requirements for credit risk, thus reducing the bank's risk-weighted assets (RWAs) by 5,969 million euros and bringing Bankia closer to the RWA density benchmark of the other European banks.

## CREDIT RISK

Bankia's Board of Directors annually approves the bank's credit risk policies, which set out general criteria for lending, most notably:

- Responsible lending. It is important to understand the customer's financing needs, taking into account the information and documentation provided by the customer or obtained from external sources, which must be sufficient for the purpose. Steps must be taken to ensure that:
  - The bank offers the financing facilities that best meet the customer's needs.

- The frequency and amount of credit granted are appropriate to the debtor's ability to pay, without compromising business continuity or household finances.

- No new credit must be granted for the purpose of refinancing or restructuring debts to other financial institutions. Subrogations, renewals or renegotiations not arising from financial difficulties on the customer's part are not included in this category.

- In collateralised loans, any real estate collateral must be valued by an independent expert.

• Transparency. All customers, but especially retail customers, must be provided with the necessary information so that they know and understand the risks associated with the financing, as well as clear pre-contractual information and appropriate advice.

• Criteria associated with environmental and social risk. Based on the information available at the time of the decision, the assessment will consider the environmental impact of the business activity, the existence of environmental targets, risk identification, measurement of the use of consumables that may have an impact on the environment and industry comparables for environmental factors, as well as the existence of external ratings and environmental management systems. Efforts will be made to ensure that businesses comply with applicable environmental laws and regulations. The bank will not finance transactions or projects linked to companies known to be involved in human rights violations.

# 06

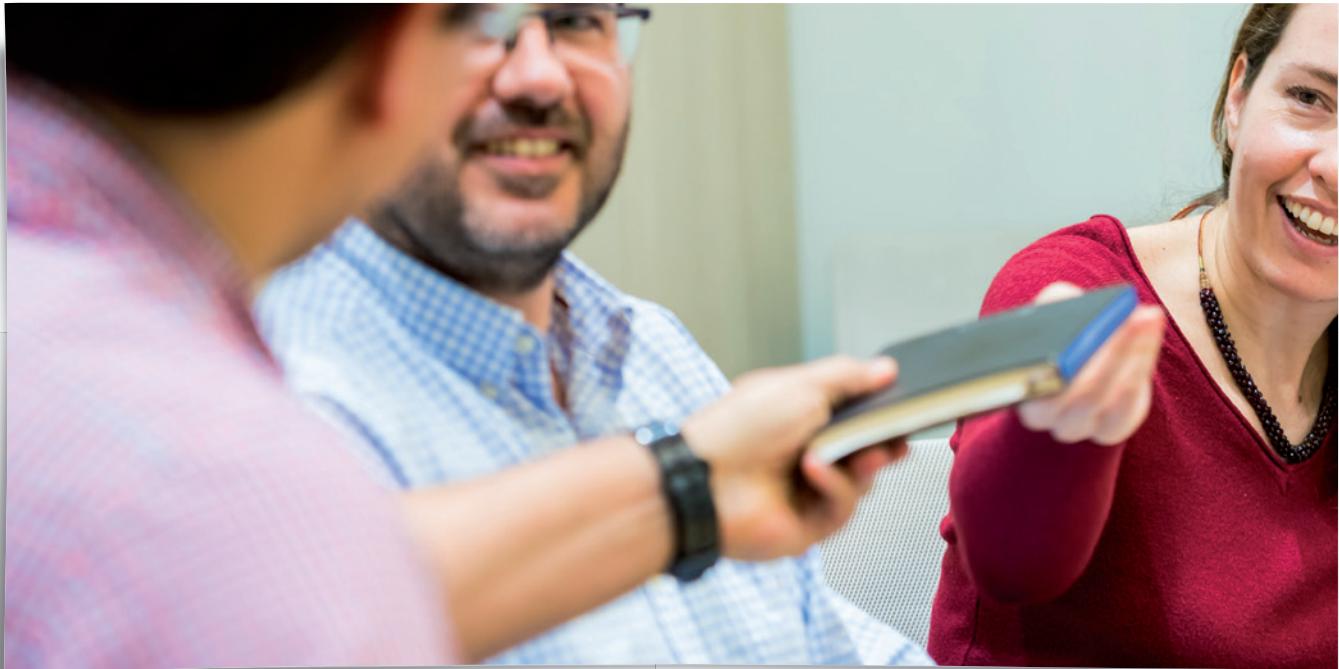
## RISK

### MANAGEMENT

Bankia's aim is to have as diversified a loan book as possible, both in terms of borrowers and in terms of industries. This aim will be taken into account when granting loans, applying a borrower and industry-level diversification policy.

Another important aspect of the risk policies concerns forbearance, which is aimed at adapting the financing to the customer's current ability to meet its payment obligations and giving the borrower or its group the necessary financial stability to be able to continue to operate, provided the business is viable.

**BANKIA HAS IN PLACE  
PROCESSES TO ADAPT THE  
DEBT TO THE CUSTOMER'S  
ABILITY TO PAY AND, WHERE  
NECESSARY, ENSURE THE  
CUSTOMER'S FINANCIAL  
STABILITY**



## **MARKET RISK**

Market risk is the loss that would be incurred in the event of adverse changes in the prices of the financial instruments in which Bankia trades. The bank has a general framework for managing market risk whose purpose is to maintain the bank's capital strength and prevent any impact on results due to the complexity and scale of the risks taken.

During 2020, the bank completed the implementation of the revised standardised approach for the calculation of capital requirements for market risk and made improvements in various areas (policies, guidelines, processes, controls, reconciliations, analyses, reporting templates, etc.). The improvements included automating control and reporting processes; extending a posteriori internal control tests and improving the method of analysis; and developing and implementing the operational process for identifying, measuring and managing risks not included in the models authorised for the calculation of capital requirements for market risk.

The bank also responded to requests from the European Banking Authority (EBA) and the European Central Bank (ECB) and took part in several of their exercises.

## **INTEREST RATE RISK IN THE BANKING BOOK**

Interest rate risk in the banking book is the risk of loss resulting from adverse movements in market interest rates, which affect net interest income and the value of assets and liabilities.

The intensity of the impact depends largely on timing mismatches in the maturity and repricing of assets and liabilities and off-balance sheet positions.

Bankia assesses different sensitivity scenarios, in line with the regulations, including the so-called standard shift (currently ±200 basis points) and non-parallel shifts in curves, as well as shifts that affect the slope of the curve, in line with the EBA guidelines.

Further improvements were made during 2020 to the model architecture and the efficiency of the processes associated with the calculation engine. Progress was also made in the validation and definitive implementation of the baseline risk model; in the recalibration of all the bank's behavioural models, including the NMD (non-maturity deposits) model for current accounts, IPFS (for fixed-term deposits), prepayment of loans and revolving credit; and in the monitoring of credit spread risk in the banking book (CSRBB) through the European Banking Federation approach.

The Internal Capital Adequacy Assessment Process (ICAAP) was adapted to include dynamic scenarios, with greater detail and more in-depth risk analysis.

## **LIQUIDITY AND FUNDING RISK**

The Group's goal is to maintain a long-term funding structure in line with the liquidity of its assets, with maturity profiles that are compatible with the generation of stable and recurrent cash flows, so that the balance sheet can be managed without liquidity strains in the short term.

To that end, the bank's liquidity position is identified, controlled and monitored daily. In line with the retail business model on which its banking activity is based, Bankia's main source of funding is customer deposits. To cover any additional liquidity requirements, Bankia raises funds in the national and international capital markets and has sizeable funding activity in the repo markets.

For reasons of prudence and to protect itself against possible strains or crisis situations, Bankia also holds various assets as collateral at the ECB, which allow it to obtain immediate liquidity. Constant collateral surveillance identifies the assets that can be used immediately as a liquidity reserve in times of market stress, differentiating between those that are accepted by the ECB and those that are accepted by the clearing houses or other financial counterparties (insurance companies, mutual funds, etc.).

# 06

## RISK

### MANAGEMENT

To supplement the monitoring of liquidity risk under normal business conditions, an action framework has been designed that will help prevent and manage liquidity stress events. This framework is built on the Contingency Funding Plan (CFP), which is supported by metrics set in the form of specific CFP monitoring alerts and other metrics developed to supplement the regulatory liquidity and funding risk indicators.

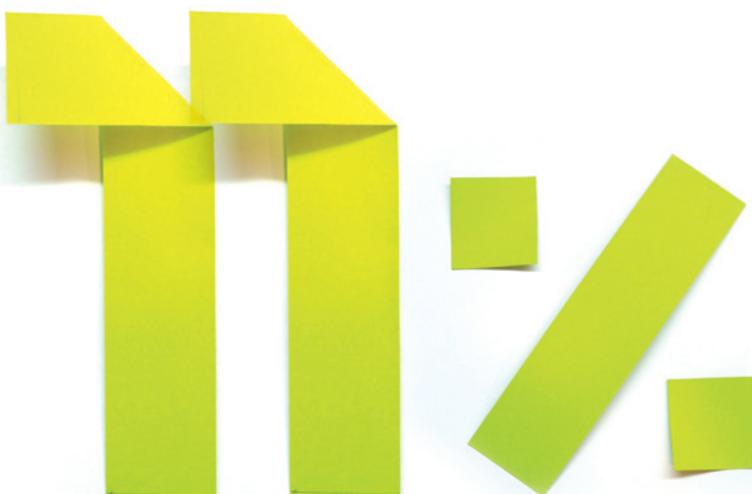
In 2020, the bank continued to strengthen the liquidity and funding risk management framework. Through the Internal Liquidity Adequacy Assessment Process (ILAAP), a variety of qualitative aspects were analysed to determine the extent to which the management framework, built around liquidity and funding risk, complies with regulatory and supervisory principles

and guidelines, always taking the size and complexity of the bank into account.

The ILAAP identified weaknesses and points for improvement, which once again enabled the bank to continue to increase the quality of its liquidity risk management framework. To help overcome these weaknesses, work was done to increase securitisation capacity, improve the automation of the SSM Liquidity Exercise templates and reinforce ALMM reporting (Additional Liquidity Monitoring Metrics). The bank also issued territorial bonds, thus improving its funding capacity, after having completed the necessary developments during 2019 to meet the ECB's registration and harmonised reporting requirements.

Reverse stress tests carried out for the ILAAP were taken into consideration in relation to the Recovery Plan; and the LIST-2019 (Liquidity Stress Test 2019) approach was fully integrated into the monitoring of liquidity metrics under liquidity stress events.

#### OPERATIONAL RISK AS PERCENT OF RWAs



#### OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. This definition includes legal risk but excludes reputational risk.

To manage operational risk, Bankia works to promote an operational risk management culture geared to awareness building, responsibility and commitment, and service quality.



The bank also aims to reliably identify and measure operational risk; implement systems to continuously improve processes, control arrangements and mitigation plans; develop new risk transfer mechanisms to limit exposure; and ensure that contingency and business continuity plans are in place.

In 2020 the bank carried out the risk self-assessment exercise, reviewing its degree of exposure and the applicability of the controls over the most important risks.

New roles and responsibilities were created in the Non-Financial Risk Control Directorate, in line with the three lines of defence model the bank has implemented.

Responsibility for operational risk and internal risk control was unified in a single Non-Financial Risk Control Directorate in order to benefit from synergies, methodologies and shared tools that will strengthen the bank's control framework and expand the directorate's role as second line of defence in the fields of technology, cybersecurity and third-party risk.

The information from the IT risk control indicator continued to be reported in the Risk Appetite Framework, supplementing the information already reported in relation to cyber risk.

Also in 2020, a new operational risk control module for loss events was developed and implemented and the internal risk control module for self-assessment exercises, indicators and action plans was expanded, in line with the internal risk control model (ICRC) already in place in Bankia.

In addition, a tool for managing third-party risk was developed and implemented.

## **REPUTATIONAL RISK**

Bankia integrated reputation risk into its risk model in 2019, using a measurement methodology based on a monitoring indicator in the Risk Appetite Framework.

In 2020, the number of directorates involved was increased to cover practically the whole organisation, so as to provide a more comprehensive view that facilitates decision making.

These measures complete a project that began in 2017 with the design of a synthetic indicator to monitor changes in Bankia's reputation, which is used to identify the main risk events (whether affecting only Bankia or the industry as a whole) and analyse the quality of the control environment Bankia has at its disposal to prevent or mitigate such events. Thanks to this indicator, the Board of Directors is able to monitor Bankia's reputation and the associated risk map, so as to identify actual or potential problems and establish basic principles and guidelines in this respect.

# 06

## RISK

### MANAGEMENT

#### SOCIAL RISK

Bankia continues to promote policies to protect borrowers who, due to unforeseen circumstances, find themselves in financial difficulties and offers negotiated solutions to help them meet their obligations.

Since 2012, when the law protecting mortgage debtors was introduced, the bank has shown sensitivity to the vulnerability of numerous Spanish households and has adopted measures and solutions in the spirit of the law.

Thus, Bankia adopted the Code of Good Practices created by Royal Decree Law 6/2012 of 9 March on urgent measures to protect mortgage debtors without resources, as well as subsequent amendments.

It also takes voluntary measures, where possible, to resolve situations in which families are at risk of losing their home and to prevent situations in which vulnerable families are made homeless.

Such measures may be adopted at the customer's request or as a result of intervention by other bodies (social services departments, NGOs, associations of various kinds, etc.) with which the bank has agreements and a relationship of trust.

During 2020, the bank accepted 1,104 recovery agreements (agreements to cancel the mortgage debt in return for surrender of the home) in the amount of 165 million euros, compared to 1,787 the previous year.

In all cases, these were negotiated solutions, aimed at avoiding evictions among especially vulnerable social groups, while at the same time seeking to minimise the loss to the bank.

Since 2012, Bankia has accepted a total of 13,219 home surrenders and has executed 77,432 mortgage modifications. In doing so it has helped palliate the loss of the family home for many vulnerable families and population groups. During this period, the bank renegotiated the terms of 82,856 consumer loans and 21,572 loans to self-employed individuals and businesses.

In view of the extraordinary circumstances resulting from the pandemic and the declaration of a state of alarm, Bankia demonstrated its commitment to customers by alleviating the financial burden on those affected by this situation. As part of its response, the bank offered housing and consumer credit moratoria under the newly passed Royal Decree-Laws and measures for the tourism and transport sector in line with those laws, while also offering ICO COVID-19 and ICO rental guarantee facilities.

To supplement the moratoria approved by central and local government, Bankia implemented a series of additional measures for customers not covered by these aid mechanisms who had received financing from the bank:

- Bankia housing and consumer credit moratoria.
- Renewal of working capital facilities and bridge credit lines until ICO financing became available.
- Interim grace periods in business loans.

#### EMERGING RISKS

Bankia has a continuous, dynamic risk identification and assessment procedure involving all the directorates affected by potential risks to assess any risks it has incurred, or is likely to incur, as a result of its activity.

This procedure, which is updated at least annually, takes a standardised, economic approach to the assessment of emerging risks, so that the Board of Directors can decide which are material and which will be covered by capital and accordingly include them in the bank's risk map.

#### FINANCING OF CONTROVERSIAL SECTORS

Bankia has a series of principles in its Lending Policy that reflect the guidelines set out in the framework for the provision of finance:

- Environmental and social factors, as well as compliance with the Equator Principles, will be taken into account when assessing investment projects.

- The environmental and social risks associated with any assets taken as collateral will be assessed.
- No financing will be provided for transactions or projects whose counterparty or purpose is a company that manufactures, distributes, markets or promotes the use of controversial weapons, or any company belonging to the arms and ammunition industry whose country of nationality or residence maintains armed conflicts or appears in the list of countries subject to arms embargoes by the United Nations Security Council or the EU, any non-proliferation agreement or any other international obligation in this respect that may arise.
- No new finance will be provided for transactions or projects linked to borrowers who are known to be, or to have been, involved in money laundering, financing of terrorism, tax evasion, fraud or corruption.

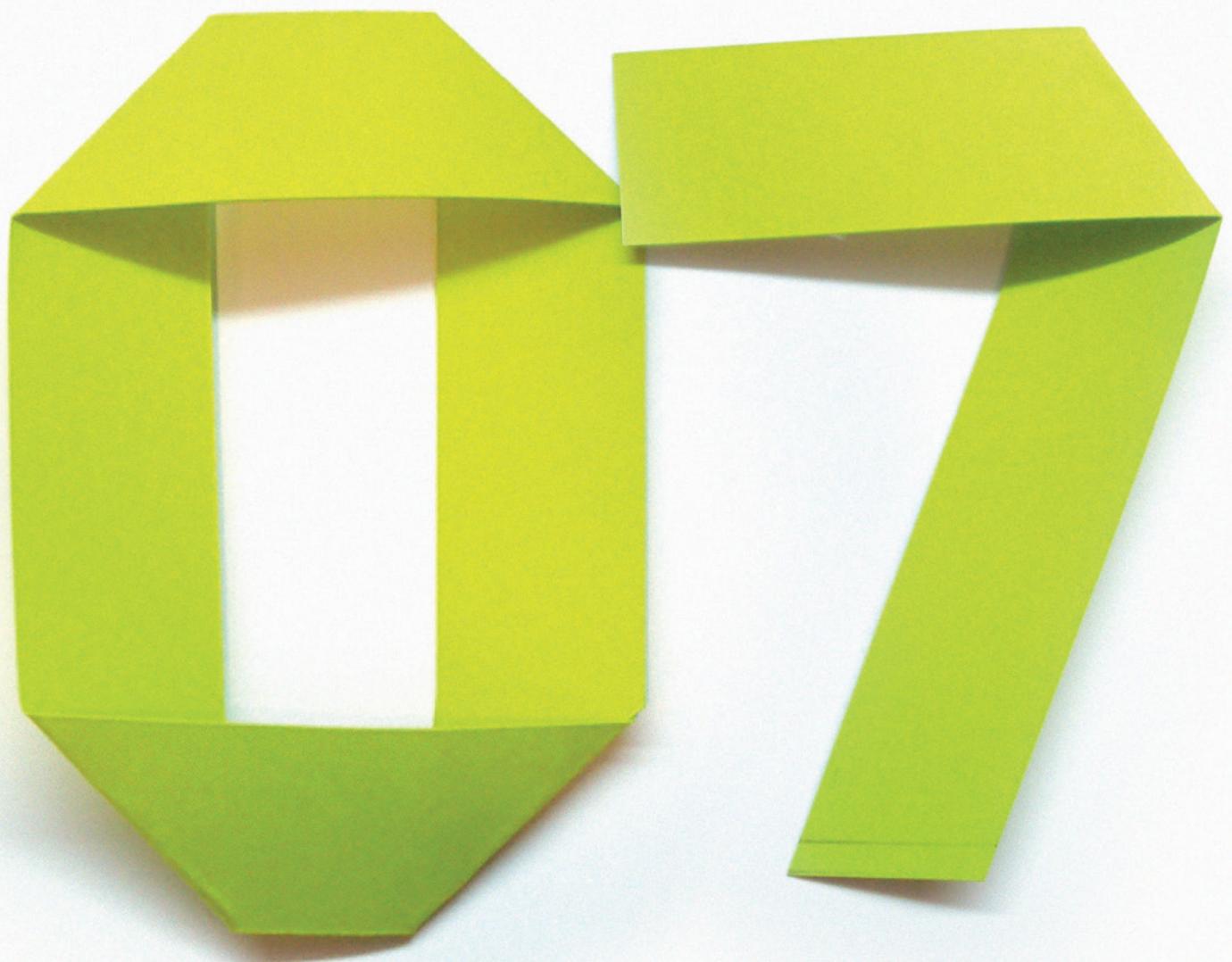
## **COVID-19 RISK MANAGEMENT**

Faced with the new situation resulting from the pandemic, Bankia adapted its systems to meet the new needs and requirements in respect of credit risk identification and measurement.

The bank implemented a raft of measures to adapt to the new regulations and measures introduced to mitigate the impact of the health crisis, including:

- Redesign and improvement of refinancing and flagging processes for Bankia transactions prior to the start of the pandemic.

- SINCE 2012, BANKIA HAS  
ACCEPTED 13,219 HOME  
SURRENDERS AND HAS  
MADE 77,432 MORTGAGE  
MODIFICATIONS**
- System adaptations for COVID transactions in housing, consumer credit and businesses:
    - Adaptation of information and reporting system, adding flags at transaction level (for existing loan modifications) and product level (for newly created COVID products).
    - Changes to risk applications to adapt them to COVID impacts: cost of risk calculation and approval authorities.
  - Customer segmentation by turnover, distinguishing between companies with turnover of more than one million euros, those with less than one million, private individuals and self-employed professionals and business owners, with a view to developing preventive measures (review of risk appetite for different customers and identification of sectors with high COVID impact) and implementing early warning systems, using advanced predictive models to identify customers most likely to become credit impaired. For individuals and self-employed customers, the early warning systems were adapted to capture future arrears even when the customers are in a grace period.
  - Design of 30 COVID portfolio performance indicators (nine in housing, 11 in consumer credit and ten in companies) for monthly monitoring. The COVID portfolio has been divided into three segments:
    - Housing (moratoriums and grace periods), where 95.5% of the COVID Housing portfolio is current.
  - Consumer credit (moratoria and grace periods), where 93.6% of the COVID Consumer Credit portfolio is current.
  - Businesses (ICO guarantees), where 98.7% of the COVID Businesses portfolio is current.
  - Calibration of the quantitative criterion for determining a Significant Increase in Credit Risk (SICR).
  - Credit risk estimates have been made by specifically differentiating the expected behaviour of the COVID portfolio from that of the rest of the portfolio.
- All this work was coordinated between the three lines of defence:
- First line of defence: processing of grace periods and public guarantee schemes for companies (ICO guarantees).
  - Second line of defence: recalibration of IFRS9 parameters to fit the macroeconomic environment; COVID-19 impairment report; and Internal Control Framework, which includes specific monitoring of COVID portfolio indicators.
  - Third line of defence: creation of the COVID-19 Office, with more than 30 professionals assigned to it since April 2020. Its role is to continuously review the processing, classification and accounting of the COVID portfolio.



# BANKIA'S HISTORY

BANKIA CAME INTO BEING AS A RESULT OF THE INTEGRATION OF SEVEN SAVINGS BANKS IN 2010. AFTER COMPLETING A RESTRUCTURING PLAN AND MEETING THE TARGETS OF TWO STRATEGIC PLANS, IT ENDS 2020 AS THE LEADER IN SOLVENCY AMONG THE LARGE SPANISH BANKS.

Bankia's history goes back to July 2010 and the signing of the agreement for the integration of seven savings banks (Caja Madrid, Bancaja, La Caja de Canarias, Caja Ávila, Caixa Laietana, Caja Segovia and Caja Rioja) in the form of an Institutional Protection System (*Sistema Institucional de Protección*).

The seven saving banks were organised and managed as a single entity for accounting and regulatory purposes.

The next step, on 3 December 2010, was the creation of the Banco Financiero y de Ahorros (BFA) grouping, which gave rise to Bankia, the commercial name of the entity resulting from the merger of the seven saving banks.

The bank debuted on the stock exchange in July 2011 and faced market turbulence when the Spanish economy unexpectedly fell back into recession. The economic crisis that had begun in the United States four years earlier hit Spain particularly hard, forcing the rescue of a number of financial institutions, including Bankia, in 2012.

# Bankia

## RESTRUCTURING PLAN AND DEVELOPMENT OF A SHARED CULTURE

### 2012

#### MAY

State nationalises BFA and José Ignacio Goirigolzarri takes over as Bankia chairman.

#### NOVEMBER

Restructuring Plan and 2012-2015 Strategic Plan are approved.

#### DECEMBER

BFA-Bankia Group increases amount of state aid received to 22,424 million euros, with injection of 17,959 million euros between 2012 and 2013, compared to 4,465 million received in 2010.

### 2013

#### FEBRUARY

Bankia launches brand claim 'Let's start from principles'.

#### MARCH

Branch network adjustment begins.

#### MAY

Corporate governance is strengthened with creation of lead director role.

#### OCTOBER

Bank's new Code of Ethics and Conduct is approved.

### 2014

#### FEBRUARY

BFA sells 7.5% of Bankia for 1,304 million euros, allowing State to start to recover the capital invested.

#### MARCH

Bankia simplifies the contracts for its products to make them clearer, simpler and more transparent.

#### APRIL

First Ofibus mobile branch comes into service in province of Castellón.

#### JUNE

José Sevilla is appointed CEO and Antonio Ortega, executive director.

### 2015

#### MAY

Bankia changes brand claim to 'Let's keep working'.

#### JULY

Bankia pays first ever dividend.

**BETWEEN 2012 AND 2020,  
BANKIA WENT FROM NEEDING  
A BAILOUT TO BEING A LEADER  
IN CUSTOMER RELATIONS,  
TECHNOLOGY AND BALANCE  
SHEET QUALITY**



## SHIFT IN SALES DYNAMIC

**2016**

**JANUARY**

Bankia eliminates fees and commissions for all customers with direct deposit of income (salary or pension).

**FEBRUARY**

Bankia starts process to refund entire investment to minority shareholders who subscribed for shares in IPO.

**JULY**

Fundación Bankia por la Formación Dual is created.

**SEPTEMBER**

Bankia joins Dow Jones Sustainability Index.

**2017**

**JANUARY**

Fast-track procedure launched for repayment of amounts paid under floor clause in mortgages.

**SEPTEMBER**

Extraordinary General Meeting of Bankia Shareholders approves merger with BMN.

**DECEMBER**

BFA sells 7% of Bankia's capital for 818 million euros.

**2018**

**JANUARY**

Legal integration of Bankia and BMN is completed.

**FEBRUARY**

Bankia presents 2018-2020 Strategic Plan.

**MARCH**

Technological integration of BMN is finalised.

**AUGUST**

Bankia joins Equator Principles Association.

## GROWTH AND TRANSFORMATION

**2019**

**JANUARY**

Bankia reorganises to support cultural and digital transformation.

**MAY**

Bankia joins Euronext Vigeo Eurozone 120 index of most sustainable companies.

**JUNE**

Bankia joins S&P Europe 350 ESG index.

**SEPTEMBER**

Bankia signs UN Principles for Responsible Banking.

**2020**

**FEBRUARY**

Bankia joins Bloomberg's Gender Equality Index.

**MARCH**

Bankia launches raft of measures to help stakeholders contend with covid-19 health crisis.

**MAY**

Technology and Innovation Committee is set up.

**SEPTEMBER**

Board of Directors approves merger with CaixaBank.

**DECEMBER**

Extraordinary General Meeting gives go-ahead for merger with CaixaBank.

KEY HISTORICAL ECONOMIC DATA	2020		2019		2018		2017		2016	
	BANKIA GROUP	CHANGES 2020-2019	BANKIA GROUP	BANKIA GROUP	BANKIA GROUP	BANKIA GROUP	BANKIA GROUP	BANKIA GROUP	BANKIA GROUP	BANKIA GROUP
NET INTEREST INCOME (MILL.)	1,904	(5.9%)	2,023	2,049	1,968	2,148				
GROSS INCOME (MILL.)	3,088	(4.8%)	3,245	3,368	3,064	3,166				
OPERATING PROFIT BEFORE PROVISIONS (MILL.)	1,308	(8.4%)	1,428	1,498	1,038	1,619				
ATTRIBUTABLE PROFIT (MILL.)	230	(57.6%)	541	703	505	804				
COST-TO-INCOME RATIO	57.7%	1.7 p.p.	56.0%	55.50%	51.6% *	48.9%				
ROA	0.1% <sup>(1)</sup>	-0.2 p.p.	0.3%	0.30%	0.4% <sup>(1)</sup>	0.4% <sup>(1)</sup>				
ROE	1.8% <sup>(2)</sup>	-2.4 p.p.	4.2%	5.60%	6.6% <sup>(2)</sup>	6.7% <sup>(2)</sup>				
TOTAL ASSETS (MILL.)	209,842	0.7%	208,468	205,223	213,932	190,167				
GROSS LOANS AND ADVANCES TO CUSTOMERS (MILL.)	124,328	3.1%	120,623	122,505	123,025	104,677				
TOTAL MANAGED CUSTOMER FUNDS (MILL.)	179,479 <sup>(3)</sup>	3.0%	174,267 <sup>(1)</sup>	171,793 <sup>(1)</sup>	152,860 <sup>(3)</sup>	145,097 <sup>(3)</sup>				
BUSINESS VOLUME (MILL.)	132,221	3.2%	128,156	129,792	295,669	249,773				
TOTAL NPL RATIO	4.7%	-0.3 p.p.	5.0%	6.50%	8.9%	9.8%				
LOAN LOSS PROVISIONS (MILL.)	3,613	3.5%	3,491	4,593	6,151	6,323				
NPL COVERAGE	58.2%	4.2 p.p.	54.00%	54.60%	50.8%	55.1%				
LOAN-TO-DEPOSIT RATIO	91.3%	0.3 p.p.	91.0%	91.20%	93.9%	97.3%				
BASEL III CET 1 FULLY LOADED	15.48% <sup>(4)</sup>	2.46 p.p.	13.02%	12.39%	12.66% <sup>(4)</sup>	13.02%				
BASEL III CET 1 PHASE-IN	16.66% <sup>(4)</sup>	2.34 p.p.	14.32%	13.80%	14.15% <sup>(5)</sup>	14.70%				
NUMBER OF SHARES (MILL.)	3,070	-	3,070	3,085	3,085	2,879 *				
YEAR-END SHARE PRICE (IN EUROS)	1.45 <sup>(5)</sup>	(23.8%)	1.90	2.56	3.99	3.88 *				
MARKET CAPITALISATION	4,448	(23.8%)	5,840	7,898	12,300	11,183				
EARNINGS PER SHARE	0.07 <sup>(6)</sup>	(57.6%)	0.18 <sup>(2)</sup>	0.23 <sup>(2)</sup>	0.26	0.28 **				
NUMBER OF BRANCHES *	2,127	(6.5%)	2,275	2,298	2,423	1,866				
NUMBER OF EMPLOYEES **	15,522	(0.5%)	15,609	15,486	17,217	13,159				
VOLUME OF NEW LOANS GRANTED (IN MILLIONS OF EUROS)	38,055	67.61%	22,704	21,777	17,497	14,669				
MORTGAGE MODIFICATIONS (NO.)	326	(15.7%)	387	1,127	1,236	5,628				
SOCIAL RENTS (NO.)	305	(19%)	377	494	554	549				

\* Number of branches according to annual accounts.

\*\* Employees of Bankia S.A.

**HISTORICAL DATA ON SOCIAL INVESTMENT**

(million euros)	2020	2019	2018	2017	2016	2015	2014	2013
SOCIAL INVESTMENT	22.9	22.5	21.7	19.3	16.7	16.2	13.9	13.8

2015	2014	2013
BANKIA GROUP	BANKIA GROUP	BANKIA GROUP
2,740	2,927	2,567 <sup>(1)</sup>
3,806	4,009	3,772 <sup>(1)</sup>
2,148	2,267	1,867 <sup>(1)</sup>
1,040	747	608 <sup>(1)</sup>
43.6%	43.7%	50.50% <sup>(1)</sup>
0.5%	0.3%	0.23% <sup>(1)</sup>
10.6%	8.6% <sup>(1)</sup>	5.61% <sup>(1)</sup>
206,970	233,649	251,472
110,570	112,691	119,118
155,402	152,242	108,543
265,971	264,933	276,631
10.8% <sup>(1)</sup>	12.9%	14.70%
7,794	9,527	11,312
60.0%	57.6%	56.50%
101.9% <sup>(1)</sup>	105.5%	115.40%
12.26% <sup>(2)</sup>	10.60%	11.71%
13.89% <sup>(2)</sup>	12.28%	
11,517	11,517	11,517
1.074	1.238	1.23
12,370	14,258	14,212
0.09	0.07	0.07
1,944	2,018	2,093
13,318	14,382	15,392
16,600	14,756	14,903
12,341	14,079	23,178
638	654	300

#### 2020

- (1) Profit after taxes as a percentage of average total assets for the period.
- (2) Attributable profit / Average own funds for the 12 months prior to period-end. In Dec-20, no dividend is deducted from profit for 2020.
- (3) Managed customer funds include on-balance-sheet funds (customer deposits and debt securities issued) and off-balance-sheet funds (mutual funds and pension funds).
- (4) Not including flexibility measures approved by the supervisor ('Quick fix' measures).
- (5) Reporting date: 31 December 2020.
- (6) Attributable profit divided by number of shares.

#### 2019

- (1) Managed customer funds include on-balance-sheet funds (customer deposits and debt securities issued) and off-balance-sheet funds (mutual funds and pension funds).
- (2) Attributable profit divided by number of shares.

#### 2018

- (1) Managed customer funds include on-balance-sheet funds (customer deposits and debt securities issued) and off-balance-sheet funds (mutual funds and pension funds).
- (2) Attributable profit divided by number of shares.

#### 2017

- (1) Profit after taxes as a percentage of average total assets for the period. Excludes BMN merger costs.
- (2) Profit for the year attributable to equity holders of the controlling company as a percentage of average equity. Excludes BMN merger costs.
- (3) Made up of customer deposits, debt securities in issue and assets managed off-balance-sheet.
- (4) Ratio according to the definition that will apply when the phase-in is complete.
- (5) Ratio according to the transitional definition of Tier 1 capital.

\* Without taking the costs of the BMN merger into account.

#### 2016

- (1) Profit after taxes as a percentage of average total assets for the period.
- (2) Profit for the year attributable to equity holders of the controlling company as a percentage of average equity.
- (3) Made up of customer deposits, debt securities in issue and assets managed off-balance-sheet.
- \* Data on the number of shares and the share price in 2016 as the base year are calculated pro forma after the reverse split carried out in June 2017.
- \*\* Attributable profit divided by number of shares. In 2017, in calculating the group perimeter, the integration costs arising from the merger with BMN are excluded from attributable profit.

#### 2015

- (1) In 2015, the loans and receivables item does not include either the balances with BFA, mainly for reverse repurchase agreements, or the amounts recoverable from BFA as a result of BFA's having agreed to bear 60% of the estimated contingent liabilities arising from the proceedings associated with the Bankia IPO.
- (2) Includes the net profit for the year, which is expected to be allocated to reserves.

#### 2014

- (1) Calculated as attributable profit / equity in order to facilitate comparison with the criterion used in the 2012-2015 Strategic Plan.

#### 2013

- (1) Pro forma data.

## KEY HISTORICAL ENVIRONMENTAL DATA

MATERIALS CONSUMPTION <sup>(1)</sup>	2020	2019	2018 <sup>(4)</sup>	2017	2016	2015	2014	2013
TOTAL PAPER CONSUMPTION (DIN A4) (TN) <sup>(2)</sup>	484.6	627.5	869.9	736.9	651.3	743.1	658.9	797.7
CONSUMPTION OF PAPER MADE FROM VIRGIN PULP WITH A LOW ENVIRONMENTAL IMPACT (DIN A4) <sup>(3)</sup>	1.1	1.5	1.8	1.6	1.5	1.6	1.3	4.2
CONSUMPTION OF PAPER MADE FROM ECF VIRGIN PULP (DIN A4)	100%	100%	100%	100%	100%	100%	100%	100%
% OF PAPER USED THAT IS RECYCLED (DIN A4)	99.7%	99.7%	99.7%	99.7%	99.7%	99.7%	99.8%	99.5%
TONER CONSUMPTION	9,845	14,417	20,084	13,871	15,057	14,575	13,328	18,906

(1) Figures for Bankia, S.A.

(2) The recycled paper has the following guarantees: European Ecological Label, Ángel Azul and CradletoCradle (Silver).

(3) Paper supplied by manufacturers with FSC and PEFC certifications, which guarantee that the materials used come from sustainably-managed forests.

(4) Year of integration with BMN.

ENERGY AND WATER CONSUMPTION <sup>(1)</sup>	2020	2019	2018 <sup>(5)</sup>	2017	2016	2015	2014	2013
TOTAL WATER CONSUMPTION (CUBIC METRES) <sup>(2) (3) (4)</sup>	388,489.4	317,491	464,393	240,538	244,516	280,446	305,516	89,088
PERCENTAGE OF ELECTRICITY ACQUIRED FROM RENEWABLE ENERGY SOURCES (GREEN ENERGY)	100%	100%	94.27%	100%	100%	100%	100%	100%
TOTAL PRIMARY ENERGY CONSUMPTION (GJ)	13,205	13,181	19,566	15,580	15,550	16,182	16,794	34,321
TOTAL NATURAL GAS CONSUMPTION (GJ)	10,566	9,344	15,501	10,465	10,841	12,644	11,674	25,600
TOTAL LIQUID FUEL (DIESEL AND GASOLINE) CONSUMPTION (GJ)	2,639	3,837	4,065	5,115	4,709	3,538	5,120	8,721
TOTAL ELECTRICITY CONSUMPTION (GJ) <sup>(6)</sup>	345,087	357,357	381,152	312,950	326,127	379,638	369,051	461,490

(1) Figures for Bankia, S.A.

(2) Years 2018, 2019 and 2020: all the water comes from the mains supply. Actual consumption for the buildings at Las Rozas, P. Castellana, 189 in Madrid, Pintor Sorolla in Valencia, Triana 20 in Las Palmas, Miguel Villanueva 9 in Logroño, The Cube in Granada and General Salzillo in Murcia. Rest of buildings: consumption estimated from invoices.

(3) Years 2014, 2015, 2016 and 2017: all the water comes from the mains supply. Actual consumption for the buildings at Las Rozas, P. Castellana, 189 and P. Castellana 259A in Madrid. Rest of buildings: consumption estimated from invoices.

(4) Years 2013 and 2014: actual consumption for the bank's main offices.

(5) Year of integration with BMN.

(6) 100% of the electricity purchased by Bankia comes from renewable energy sources (green energy with guarantees of origin). The former BMN branches were included in Bankia's contract for the supply of green energy in April 2018.

EMISSIONS (tCO <sub>2</sub> e) <sup>(1)</sup>								
	2020	2019	2018	2017	2016	2015	2014	2013
<b>Scope 1 emissions (Total)<sup>(2)</sup></b>	<b>2,982.4</b>	<b>3,527.8</b>	<b>4,364</b>	<b>4,545.7</b>	<b>4,448.5</b>	<b>3,632.3</b>	<b>3,348.1</b>	<b>4,271.3</b>
DIRECT CO <sub>2</sub> e EMISSIONS FROM NATURAL GAS CONSUMPTION	604.1	534.2	886.2	595.2	616.6	717.9	662.8	1,455.1
DIRECT CO <sub>2</sub> e EMISSIONS FROM LIQUID FUEL CONSUMPTION	170.0	246.8	265.1	354.3	316.8	274	346.5	626.7
DIRECT CO <sub>2</sub> e EMISSIONS FROM REFRIGERANT GAS RECHARGING	1,766.3	2,103	2,611.8	2,914.5	2,810.1	2,640.4	2,338.8	2,189.5
DIRECT CO <sub>2</sub> e EMISSIONS FROM FLEET VEHICLES <sup>(3)</sup>	442.4	643.8	600.9	681.7	705	---	---	---

(1) Figures for Bankia, S.A. The carbon footprint (Scopes 1, 2 and 3) is calculated in accordance with the GHG Protocol guidelines. In 2018 Bankia integrated BMN, which entailed an overall increase in CO<sub>2</sub> emissions as a result of the increase in number of branches and buildings managed, as well as in the total number of employees. Since then, however, Bankia has been working on corrective measures to reverse this trend. The result of that work is reflected in this table.

(2) Sources of emission factors used: GHG Inventories Report 1990-2017 (several years), DEFRA (several years), Register of carbon footprint, offsetting and carbon dioxide sequestration projects, MITECO (several years).

(3) Until 2016, the emissions from employees' business travel in leased vehicles were reported as Scope 3. In 2016, following the criteria laid down by the Ministry for the Ecological Transition for the registration of Bankia's carbon footprint, these emissions were transferred from Scope 3 to Scope 1.

	2020	2019	2018	2017	2016	2015	2014	2013
<b>Scope 2 emissions (Total)<sup>(1)</sup></b>	<b>0.0</b>	<b>0</b>	<b>2,418.7<sup>(2)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
INDIRECT EMISSIONS OF CO <sub>2</sub> e FROM ELECTRICITY CONSUMPTION	0.0	0	2,418.7 <sup>(2)</sup>	0	0	0	0	0

(1) Since 2013 Bankia has avoided the emission of 296,637 tonnes of CO<sub>2</sub>. Source: Electricity Guarantee of Origin and Labelling System (several years). Comisión Nacional de los Mercados y la Competencia.

(2) The former BMN branches were included in Bankia's contract for the supply of green energy in April 2018. The Scope 2 emissions come from the former BMN branches during the period from January to March.

	2020	2019	2018	2017	2016	2015	2014	2013
<b>Scope 3 emissions (Total)<sup>(1)</sup></b>	<b>1,879.9</b>	<b>3,717</b>	<b>5,326</b>	<b>4,001.2</b>	<b>3,866.5</b>	<b>5,004.9</b>	<b>4,752.6</b>	<b>4,195.4</b>
INDIRECT CO <sub>2</sub> e EMISSIONS FROM BUSINESS TRAVEL <sup>(2)</sup>	1,028.7	2,689.8	3,353.7	2,352.0	2,366.5	3,315 <sup>(3)</sup>	3,281 <sup>(3)</sup>	2,810.9
INDIRECT CO <sub>2</sub> e EMISSIONS FROM OFIBUS MOBILE BRANCH SERVICE	301.6	324.4	300.2	298.2	294.4	325.0	249.1	47.8
INDIRECT CO <sub>2</sub> e EMISSIONS FROM COMMUTES (SHARED TRANSPORT)	1.4	7.5	8.1	7.9	8.2	9.2	9.2	9.2
INDIRECT CO <sub>2</sub> e EMISSIONS FROM PAPER (DIN A4) AND PRINTER CARTRIDGE CONSUMPTION	402.0	559.9	1,481.8	1,236.5	1,087.1	1,227.1	1,089.0	1,327.5
INDIRECT CO <sub>2</sub> e EMISSIONS FROM WATER CONSUMPTION	133.6	116.1	159.7	82.7	84.1	96.5	105.1	(-)
INDIRECT CO <sub>2</sub> e EMISSIONS FROM WASTE MANAGEMENT	12.6	19.3	22.5	23.9	26.2	32.1	19.2	(-)

(1) Sources of emission factors used: Register of carbon footprint, offsetting and carbon dioxide sequestration projects. MITECO (several years); Guide for calculating GHG emissions (several years) - Catalan Office for Climate Change, and Carbon Impact Studies; Toner Refills at Cartridge World - Comparative Carbon Footprints (2008).

(2) This includes emissions from employees' business trips by plane, train, coach and ship and from employees' travel in their own vehicles for work purposes.

(3) This includes the emissions from employees' business trips by plane, train, coach and ship and from employees' travel in their own vehicles for work purposes. In 2015 it includes employees' business travel by bus and ship.

OTHER EMISSIONS <sup>1</sup>	2020	2019	2018	2017	2016	2015	2014	2013
CO EMISSIONS	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.4
NOx EMISSIONS	1.2	1.1	1.8	1.4	1.4	1.5	1.5	3.1

1. Source: CORINAIR 2007.

WASTE MANAGEMENT (t) <sup>1</sup>	2020	2019	2018	2017	2016	2015	2014	2013
<b>NON-HAZARDOUS WASTE SENT FOR REUSE OR RECYCLING</b>								
PAPER WASTE	343.4	454.5	596.8	613.9	688.9	683.0	812.2	1,521.6
IT EQUIPMENT WASTE	217.7	384.4	370.7	419.0	498.3	785.8	38.9	46.7
TONER WASTE	12.6	36.1	51.2	35.3	38.3	37.1	33.9	33.4
BATTERY WASTE	0.00	0.00	0.00	0.1	0.2	0.2	0.1	0.05
PACKAGING WASTE	17.3	29.9	33.1	26.9	19.7	15.0	9	16.0
GLASS WASTE	0.6	0.8	0.8	0.8	0.4	1.0	0.7	1.3
VEGETABLE OIL WASTE	0.03	0.03	0.05	0.06	0.05	0.02	0.04	0.04
<b>NON-HAZARDOUS WASTE SENT TO LANDFILL</b>								
PORTABLE ELECTRONIC DEVICE WASTE	0.00	0.00	0.09	0.67	0.06	2.04	10.6	0.0
<b>HAZARDOUS WASTE GENERATED</b>								
HAZARDOUS WASTE HANDLED BY AN AUTHORISED WASTE MANAGEMENT COMPANY AND RECYCLED	0.07	0.70	0.10	0.53	0.65	0.76	0.32	0.56
HAZARDOUS WASTE HANDLED BY AN AUTHORISED WASTE MANAGEMENT COMPANY AND SENT TO SECURE LANDFILL	0.016	0.004	0.02	0.04	0.03	0.01	0.33	0.62

1. Figures for Bankia, S.A.

## KEY HISTORICAL DATA ON EMPLOYEES

PROFESSIONALS <sup>(1)</sup>	2020	2019	2018	2017 (*)	2016	2015	2014	2013
NUMBER OF PROFESSIONALS	15,522	15,609	15,486	13,122	13,159	13,318	13,685	14,469
WOMEN	56.25%	56.22%	56.28%	54.63%	54.61%	54.45%	54.13%	53.62%
MEN	43.75%	43.78%	43.72%	45.37%	45.39%	45.55%	45.87%	46.38%
NUMBER OF PROFESSIONALS BY LOCATION								
SPAIN	15,514	15,603	15,481	13,117	13,154	13,313	13,679	14,445
ABROAD	8	6	5	5	5	5	6	24
PROFESSIONALS BY BUSINESS AREA								
BUSINESS	85.23%	85.56%	86.26%	84.32%	85.33%	85.19%	86.12%	79.04%
CENTRAL SERVICES	14.77%	14.44%	13.74%	15.68%	14.67%	14.81%	13.88%	20.96%
PROFESSIONALS BY AGE GROUP								
< 30	0.78%	1.02%	0.24%	0.28%	0.25%	0.54%	1.53%	3.83%
30-50	66.01%	70.61%	75.60%	72.45%	76.59%	79.75%	81.98%	81.87%
> 50	33.21%	28.37%	24.16%	27.27%	23.16%	19.71%	16.49%	14.30%
MANAGERIAL POSITIONS BY GENDER <sup>(2)</sup>								
WOMEN	43.24%	42.68%	42.76%	40.86%	40.72%	40.40%	39.58%	39.23%
MEN	56.76%	57.32%	57.24%	59.14%	59.28%	59.60%	60.42%	60.77%
PROFESSIONALS BY TYPE OF CONTRACT								
OPEN-ENDED	100%	99.99%	99.99%	100%	100%	100%	99.89%	99.24%
OPEN-ENDED PART-TIME	0%	0.01%	0.01%	0.01%				
TEMPORARY	0%	0%	0%	0%	0%	0%	0.11%	0.76%
UNWANTED EXTERNAL TURNOVER								
UNWANTED EXTERNAL TURNOVER RATIO	0.73%	0.83%	0.64%	0.74%	0.59%	0.73%	0.78%	1.07%
MEN	0.35%	0.51%	0.36%	0.41%	0.36%	0.52%	0.52%	0.63%
WOMEN	0.38%	0.32%	0.28%	0.33%	0.23%	0.21%	0.26%	0.44%
< 30	0.04%	0.08%	0.01%	0.01%	0.05%	0.01%	0.01%	0.07%
30-50	0.41%	0.47%	0.48%	0.40%	0.40%	0.59%	0.64%	0.72%
> 50	0.28%	0.28%	0.15%	0.33%	0.14%	0.13%	0.13%	0.28%
EMPLOYEE LENGTH OF SERVICE (YEARS)	20.72	19.77	19.08	19.19	18.33	17.51	16.64	15.86
EMPLOYEE AVERAGE AGE (YEARS)	46.79	45.83	45.08	45.08	44.17	43.32	42.43	41.61

\* Not counting BMN professionals.

1. Figure for Bankia S.A.

2. Includes managers in central services, branch managers and assistant branch managers.

HEALTH & SAFETY <sup>(1)</sup>	2020	2019	2018	2017	2016	2015	2014	2013
ABSENTEEISM RATE	3.20%	3.53%	3.24%	3.45%	3.47%	6.12%	5.64%	5.96%
ACCIDENT RATE	0.10%	0.10%	0.17%	0.18%	0.23%	0.29%	0.23%	0.23%
NO. OF ORDINARY SICK LEAVES	3,712 <sup>(*)</sup>	4,771	4,852	3,733	3,979	3,571	3,042	3,797
NO. OF WORK-RELATED FATALITIES								
AT WORK	0	0	0	0	0	0	0	0
IN TRANSIT	0	1	1	0	0	0	0	0

\* Common contingencies and accidents at work (not including covid-19).

1. Figures for Bankia, S.A.

TRAINING <sup>(1)</sup>	2020	2019	2018	2017	2016	2015	2014	2013
TOTAL TRAINING HOURS	1,288,907	1,382,619	1,024,411	917,436	666,623	774,677	669,293	587,571
TRAINING HOURS PER EMPLOYEE	82.6	86.2	67.5	69.92	50.66	58.17	48.9	38.2

1. Figures for the Bankia Group.

**Edition**  
BANKIA

**Design and layout**  
[laofficinacorporativa.es](http://laofficinacorporativa.es)

**Publication date**  
March 2021