

Bankia will define its dividend policy with “utmost prudence” and will not make an extraordinary payment to shareholders this year

- According to Bankia's Chairman, José Ignacio Goirigolzarri, “this is the best way to anticipate an uncertain environment and also, to ensure we have the necessary financial muscle to be able to support and finance our economy, our companies and Spanish households”
- The goal of paying out 2.5 billion euros in dividends to shareholders during the three-year period 2018-2020 “needs to be reviewed and is conditional on the impact this crisis may have”
- The bank ended 2019 with Fully Loaded CET 1 capital of 13.02%, thus retaining its position as leader in solvency among the large Spanish banks
- Goirigolzarri announced that the bank will offer a six-month moratorium on principal payments for mortgages, consumer loans and customers who have been affected by the situation caused by the coronavirus
- He appreciated the efforts being made by the bank's professionals in tackling the Covid-19 crisis because “they are demonstrating an enormous composure and ability to adapt, virtues which are basic at times like these”
- He highlighted the bank's “key strengths” and “competitive advantages”: “Significant financial strength, strong commercial muscle and a responsible management framework that defines our strategy”
- “The 2019 financial year was marked by strong business growth in the branch network, allowing us to achieve our highest ever market shares in mutual funds, credit cards, and consumer and business loans,” he explained to shareholders.

Madrid, 27/03/2020. Bankia chairman José Ignacio Goirigolzarri stated that the Bank's Board of Directors will apply “utmost prudence” in setting the future dividend policy because, in the current situation, maintaining a high level of



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solvency “will be top priority”, and announced that the Board of Directors had decided not to make any extraordinary distributions in 2020.

Thus, the goal to distribute 2.5 billion euros to shareholders that was set in the 2018-2020 Strategic Plan, and which was determined in a very different economic context, “clearly needs to be reviewed and is contingent on the impact this crisis may have”, he added.

“Moreover, we believe that our dividend policy for 2020 should be extremely prudent,” Goirigolzarri said, adding that “since we do not pay interim dividends, we have the whole year to analyse the real impact of this crisis before deciding the final remuneration for the year”.

He also stressed that “in making that policy decision, which will already start with the first quarter results, I repeat that we will act with extreme prudence”, since “one of our bank’s strengths is its high level of solvency, and maintaining that advantage is a priority”.

The importance of solvency in helping and financing the economy

Bankia’s chairman has defended that, “this is the best way to provide for an uncertain environment and also the best way to ensure we have the necessary financial muscle to be able to support and finance our economy, our companies and Spanish households”.

In his address to the Annual General Meeting, which was held online, he said, “we are facing a situation that is putting the fabric of our society and our coexistence to the test – and now is when we must all show the best of ourselves in terms of solidarity, commitment and individual responsibility.”

“Capital is the best insurance against any kind of unforeseen circumstances and is what allows financial institutions to operate safely,” said Goirigolzarri, who recalled that the bank ended 2019 with an “extraordinary” capital position, with Fully Loaded CET 1 capital of 13.02%, thus maintaining its position as leader among the large Spanish banks.

In this respect, he stated that “although a sound, well capitalised balance sheet is important at all times in the banking business, it is especially important at times of great uncertainty such as we are facing at present”.



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Goirigolzarri highlighted Bankia's "key strengths" and "competitive advantages" to confront the current situation: "Significant financial strength, strong commercial muscle and a responsible management framework that defines our strategy."

While conveying his "support" and "solidarity" to those affected by the Covid-19 crisis, the Bankia chairman acknowledged that "we have a lot of work ahead of us and it will not be easy" because, from the point of view of the economy, "it is difficult to foresee the longer-term effects and duration" of the coronavirus crisis.

Nevertheless, after highlighting the heroic efforts of the health sector and many industries to keep basic services going, he called for "hope" because, although "this crisis is not to be compared with the one we endured in the last decade", the lessons learned "will help us manage this one much more effectively".

By way of example, he noted that the European Central Bank (ECB) has reacted swiftly and forcefully right from the start; that Spain now has a forward-looking fiscal strategy with a clear purpose and end in sight; that the government deficit will be proactive; and that funds have been injected into the economy quickly and in large volume.

Although "we still have gaps in our response, especially in Europe, where fiscal policy lacks force, harmonisation and solidarity", he pointed out that "this whole discussion is taking place in a matter of weeks, not years, as in the previous crisis". This has led him to the conclusion that "although to succeed, which is to contain the economic impact, is not assured, we are reacting better and faster, which means that, on this occasion, the chances of success are better".

Goirigolzarri also highlighted the strength with which the financial sector confronts this economic situation arising from the spread of Covid-19 – a strength which he considers decisive and which gives banks a key role to work hand in hand with the government to help households and businesses. "Today, thanks to the work done over the last few years, the banking sector is not the problem but part of the solution," he concluded.

Support measures and adaptive capacity

In this regard, the Bankia chairman explained the measures the bank has put in place over the last two weeks to support its customers. Besides adapting its internal processes and systems to comply with the measures promoted by the



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Spanish government through the new Royal Decree on the state of alarm, the bank is offering additional solutions.

Goirigolzarri announced that in the next few days the bank will offer a six-month moratorium on principal payments on consumer loans for individuals and self-employed people affected by the situation caused by the coronavirus and will also extend up to six months the moratorium on mortgages for individuals who meet the requirements under the government's Royal Decree, which initially set the moratorium at one month.

Alongside these measures the bank is adapting payment terms and providing new lines of credit to the self-employed, SMEs and large companies and offering flexible terms for the payment of fees for users with direct income deposits who are suffering the consequences of the crisis. It has also decided not to charge Bankia customers when they make cash withdrawals from ATMs belonging to other banks, so that they do not have to move further away from their homes.

From the point of view of customer service, Goirigolzarri emphasised the bank's great responsibility to its customers in order to meet their needs, both through digital channels and, where possible, through the branches.

"We will fulfil that responsibility because our team is very aware that we are here to serve all our customers. And I can assure you that the commitment of our employees that are in contact with our customers is extraordinary," he added.

He also took the opportunity to thank the bank's professionals for their efforts: "They are showing great composure and capacity to adapt, which are basic virtues at times like these."

"Our team is adapting extraordinarily well to the current situation. More than 95% of our central services staff and more than 50% of our branch staff are teleworking. This represents a tremendous change in our way of working, and our team is doing it brilliantly," he said.

Business activity

Goirigolzarri gave shareholders an overview of the results for 2019, which he said "has been the bank's best year yet for business growth". He explained that the



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bank had met the “two main objectives” set for 2019: growth in market shares and growth in the loan book.

“The 2019 financial year was marked by strong business growth throughout the branch network, allowing us to achieve our highest ever market shares in mutual funds, credit cards and loans (both consumer loans and loans to companies),” he said.

The Bankia chairman pointed out that despite the difficulties of an environment marked by negative interest rates, the institution’s core result, which consists of banking revenue less overhead costs, rose 3.5% in 2019 to 1,287 million euros. “This growth in recurring profit demonstrates the strength of our commercial banking and asset management business,” he said.

As regards non-performing assets (NPAs), he reminded shareholders that in 2019 the bank decided to accelerate the rate of reduction, with the result that NPAs fell 2.5 billion euros during the year. This means that in just two years NPAs have fallen by 8.4 billion. This was the “right” decision, he said, and a “prudent” one, though “tough”, allowing the bank to achieve 94% of the NPA reduction target set in its Strategic Plan for the end of 2020.

As regards solvency, the bank has continued to improve its capital position, reaching a CET1 ratio of more than 13%, which means that Bankia has some 3 billion euros of capital in excess of regulatory requirements and continues to be the leader in solvency among the large Spanish banks.

“The strength of our balance sheet and our capacity to generate capital organically makes it possible for us to propose that the Company pay a dividend of 355 million euros (out of profit for 2019), which represents 11.576 cents per share, the same amount as last year,” Goirigolzarri said.

The bank’s chairman also addressed the outlook for the banking business, pointing out that “we are going to have negative interest rates for a long time”. “In fact, this situation will become the new normality, especially after the events we are experiencing at the moment,” he said.



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Responsible management and sustainable financing

Goirigolzarri also stressed Bankia's commitment to responsible management, "a great strength that is actually part of our DNA". "The sustainability of any project, industry or company depends on whether society finds it useful – whether society wants it to exist," he said.

Accordingly, he described the four pillars of Bankia's responsible management: "Well-established principles and values, excellent corporate governance, a commitment to sustainability and the environment, and a commitment to a fairer, more inclusive society."

He stressed that Bankia is committed to "making our society fairer and more inclusive, a society in which there is real equality of opportunity for all". He explained that the bank puts this commitment into practice by promoting diversity; investing in education, through the Bankia Foundation for Dual Education; and organising the Bankia in Action programme, through which the bank has allocated 123.5 million euros to social projects throughout Spain in the last seven years.

In particular, he pointed out that as a result of Bankia's Diversity Plan, 50% of the 267 senior management positions filled in 2019 were taken by women. "We continue to work towards our goal of having 40% women in management positions and closing the wage gap", he said.

He also mentioned the bank's policy on the selection, diversity, induction and training of directors, under which the Board has proposed that Ms. Nuria Oliver be appointed an independent director, a proposal to be ratified at this General Meeting.

Regarding the commitment to sustainability, the Bankia chairman told shareholders that "in 2019 we took a huge qualitative leap forward" with the bank's accession to the United Nations Principles for Responsible Banking and the creation of the Sustainable Business and Financing Directorate.

In 2019, Bankia helped to channel 9 billion euros of credit to projects with sustainability objectives, including corporate loans, project finance, bond issuance and real estate development finance. It also directly financed nearly 1 billion euros of investment.



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