

04.8 INVESTEES.

BANKIA HAS CHOSEN TO DEVELOP A CLEAR COMMERCIAL BANKING PROPOSITION, AIMING TO MAINTAIN A LEADERSHIP POSITION IN THE SECTOR. FOR THE LAST SEVERAL YEARS IT HAS THEREFORE BEEN CARRYING OUT AN AMBITIOUS PLAN TO DISPOSE OF NON-FINANCIAL ASSETS.

Disposals of non-core businesses are carried out at all times in an orderly manner, after minutely weighing all available options and choosing those that offer the highest return.

As the disposals proceed, the number and volume of transactions has naturally decreased. In 2015 the bank disposed of 220 companies, with proceeds of 909 million euros, as against 65 disposals in 2016, with proceeds of 566.57 million.

The 65 companies sold in 2016 included 16 manufacturing companies, which brought proceeds of 130.72 million euros and gains of 16.45 million, not including the deferred price for Globalvía, 50% of which was transferred to various international funds in October 2015. The 41 real estate companies sold (18 subsidiaries and 23 associates of associates) brought proceeds of 24.78 million euros, 10.48 million more than their carrying value. The total gains from disposals of non-strategic assets came to 34.58 million.

As of 31 December, the group had 87 investees, of which 69 were consolidated.

DOUBTFUL LOANS

In July, BFA-Bankia completed the sale of a portfolio of doubtful and defaulted loans to various sectors, some of them backed by real estate collateral and other collateral, valued at 385.9 million euros. The sale met a dual objective: reduce the non-performing loan (NPL) ratio and free up resources for new lending. Of the 385.9 million total, 253.9 were from Bankia and the other 132, from BFA.

To maximise the price obtained for the portfolios, the sale was carried out through competitive bidding among institutional investors and top-ranking



financial institutions. After disposing of this portfolio, the group's stock of non-performing loans dropped 230.2 million euros, as the remaining 155.7 million euros was fully covered by provisions.

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TOTAL GAINS ON
DIVESTMENTS OF
NON-STRATEGIC ASSETS,
IN MILLIONS OF EUROS

34.58

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