
2020 Annual Accounts of FROB and the National Resolution Fund

Madrid, 02/07/2021. On 29 June, FROB's Governing Committee approved the annual accounts and the directors' report of FROB and of the National Resolution Fund (NRF) for 2020.

Annual Accounts of FROB

The loss for the year amounted to EUR 3.64 billion, mainly due to the impairment resulting from the accounting effects of the merger between Bankia and CaixaBank in the BFA Group. This loss, however, is not a reflection of the positive performance, since the announcement of the merger, of the market value of BFA's stake in Bankia and, subsequently, in CaixaBank, which has risen by EUR 1.42 billion, over 73%, up to the date the accounts were authorised for issue.

At the end of 2020, FROB had a negative equity amounting to EUR 1.39 billion, although there are no legal issues for FROB to operate with this equity. It should also be noted that FROB's accounting result has no impact whatsoever on the government deficit or debt.

The main movements recorded in the 2020 financial statements compared with the previous year are as follows:

(i) Valuation of investees

- In 2020, in accordance with accounting standards and as in previous years, FROB has estimated the carrying amount of its stake in BFA, 100% owned by FROB and holder at 31 December 2020 of 61.83% of Bankia's shares (currently 16.12% of CaixaBank's shares), taking as reference the corresponding percentage of the consolidated equity of the BFA Group recorded in its consolidated annual accounts as at 31 December 2020.

In 2020, as a result of the accounting effects of the merger, the consolidated equity of the BFA Group attributable to the parent company, i.e. excluding minority interests, fell to EUR 5.97 billion. The result for FROB was a negative impact on the income statement of EUR 3.56 billion.

- FROB had already recorded the total write-down of its stake in Sareb in 2019, so there was no impact on the 2020 accounts for this item.

(ii) Contingencies for guarantees

- In 2020, a net negative impact of EUR 12 million was recognised in the income statement as a result of updating the estimate of the cost of the guarantees granted by FROB in the sale of institutions.

(iii) Net interest income (expense)

- The assets side of FROB's balance sheet mainly includes its stake in BFA and FROB's cash position. On the liabilities side, FROB is basically financed through the loan received from the State, which had a balance of EUR 7.46 billion at 31 December 2020. This means that FROB recurrently records a net interest expense as the assets do not generate finance income to offset said expense. In 2020, the net interest expense amounted to EUR 85 million.

(iv) Cash and banks

- At 31 December 2020, the amount of FROB's cash totalled EUR 754 million, which is invested in Government Debt assets and in a current account with the Bank of Spain.

(v) Fee to fund FROB's activity

- FROB finances its operating expenses without any charge to the General State Budget, but rather through a fee paid by the financial industry. This resulted in income of EUR 21 million in 2020.

Annual accounts of the National Resolution Fund

The National Resolution Fund (NRF) recorded a profit of EUR 970,000 resulting from the collection of contributions to the NRF from those entities required to pay, which are investment firms not included under the scope of the consolidated supervision of the parent company by the European Central Bank and by the branches in Spain of credit institutions and investment firms established outside the European Union. The net assets of the fund amount to EUR 5.8 million, comprising the contributions made by these entities between 2015 and 2020 (both inclusive).

Both FROB and the NRF (managed by FROB) prepare their annual accounts in accordance with Spanish general accounting standards (which use criteria that are not comparable with those used in national accounting). These accounts are audited.

The annual accounts and directors' reports of FROB and the FRN together with their auditor's reports are available at the website: www.frob.es