

Bankia

Covered Bonds Investor Presentation

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2Q19 HIGHLIGHTS

ASSET QUALITY

JUN 2019




JUN 2108

 €bn	NON-PERFORMING LOANS	7.5	10.8
 %	NPL COVERAGE RATIO	54.9%	55.0%
 %	NPL RATIO	5.7%	8.1%
 bps	COST OF RISK	17 6M19	20 6M18

PROFITABILITY & CAPITAL

JUN 2019

JUN 2018

 €mn	ATRIBUTABLE PROFIT	400 6M19	515 6M18
 %	ROE	6.3% 6M19	8.3% 6M18
 %	FULLY LOADED CET1	12.9%	12.7%

CURRENT ISSUER RATINGS

	LONG TERM	OUTLOOK	SHORT TERM
S&P GLOBAL RATINGS	BBB	Stable	A-2
FITCH RATINGS	BBB	Stable	F3
DBRS	BBB (high)	Positive	R-1 (low)
SCOPE RATINGS	BBB+	Stable	S-2

1 COMMERCIAL ACTIVITY

€1,459mnNew mortgages
+5.4% jun19 vs jun19**€1,276**New consumer
lending
+16.2% jun19 vs jun18

2 EFFICIENCY & PROFITABILITY

54.6%Cost to Income
ratio
Jun19**-3.0%**Operating expenses
Jun19 vs Jun18

3 LIQUIDITY

90.5%LTD ratio
Jun19**€32bn**Liquid Assets
Jun19

4 CAPITAL

+483bpsJun19 CET1 Phase in
Buffer vs SREP
2019 requirements**€ 2.750mn**Issuance of TIER2:
€1,000mn.
Issuance of Senior
Non Preferred:
€500mn.
Issuance of Senior
Preferred:
€500mn/€750mn⁽¹⁾.

(1) Issuance date: 2 July 2019

2018 HIGHLIGHTS



ATTRIBUTABLE PROFIT

€703mn



NET INTEREST INCOME

€2,049mn



LOAN TO DEPOSIT RATIO

91,2%



PHASE IN CET1

13.80%



FULLY LOADED CET1

12.39%



BRANCHES

2,298



CUSTOMER FUNDS

€171,793mn



GROSS CUSTOMER LOANS

€122,505mn



- ▶ **UNIVERSAL BANKING MODEL**, based on a multichannel distribution model with a presence throughout Spain, and with leading market shares in core regions which contributes 38% of Spain's GDP.
- ▶ **BEST IN CLASS CORPORATE GOVERNANCE**, optimal organizational structure and highly respected management team.
- ▶ **SOLVENT, EFFICIENT AND PROFITABLE INSTITUTION**, with best in class efficiency and contained costs, and good speed in capturing cost synergies post-merger with BMN.
- ▶ **SOLID BALANCE SHEET**, with proven best class risk management and low real estate developer exposure. Continuing good asset quality dynamics post-merger with BMN, with a reduction of €6.0bn in NPAs in 12M18.
- ▶ **SUSTAINABLE CAPITAL AND LIQUIDITY GENERATION**. Strong and consistent capital generation, with best in class solvency level with a CET1 Fully Loaded of 12.39% as of Dec.18.
- ▶ **A SUCCESSFUL COMMERCIAL APPROACH**, combined with effective cost control and low cost of risk translates into solid profitability levels.

Covered Bonds Ratings

FitchRatings

A+

Stable

STANDARD & POOR'S

AA-

Positive

DBRS

SCOPE

AAA

AAA

Stable

BANKIA'S COVERED BONDS RATINGS HAVE IMPROVED ON THE BACK OF A STRENGTHENED INTRINSIC ASSESMENT OF BANKIA. AT THE SAME TIME THE MATURITY PROFILE OF THE COVERED BONDS OUTSTANDING AND THE OC LEVEL ALSO IMPROVES. RECENT RATING ACTIONS HAVE IMPROVED THE LCR ELIGIBILITY OF OUR COVERED BONDS TO HQLA LEVEL 1.

RECENT RATING ACTIONS

FITCH. On 5 February 2019, following the upgrade of Bankia's long-term rating to BBB, **Fitch raised Bankia's covered bonds to A+, outlook Stable.** The rating had previously been affirmed on 23 January 2018 at "A", outlook Stable upon the merger through absorption of BMN. Additionally, on 23 March 2018, following the application of the European RMBS Rating Criteria published on 2 February 2018 and the calibration of certain Spanish residential mortgage credit assumptions reflecting the upgrade of Spain's long-term Issuer default rating (A-/Stable/F1) on 19 January 2018, Fitch affirmed **Bankia's covered bonds rating at "A", and raised the outlook to Positive.**

S&P. On 27 March 2018, following the upgrade of Spain's long-term rating (A-/Positive/A-2) on 23 March, S&P raised **Bankia's covered bonds rating to "AA-", outlook Positive.**

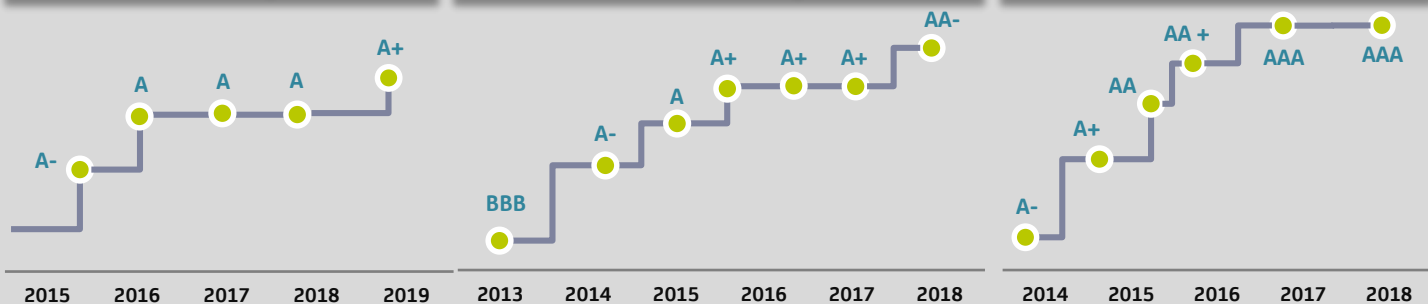
DBRS. On 21 September 2018 **DBRS completed its annual review of Bankia's covered bonds confirming the rating at "AAA".**

Scope Ratings. On 12 July 2018 Scope Ratings affirmed its rating of Bankia's covered bonds at "AAA" with a Stable outlook.

Fitch Ratings

S&P Global Ratings

DBRS



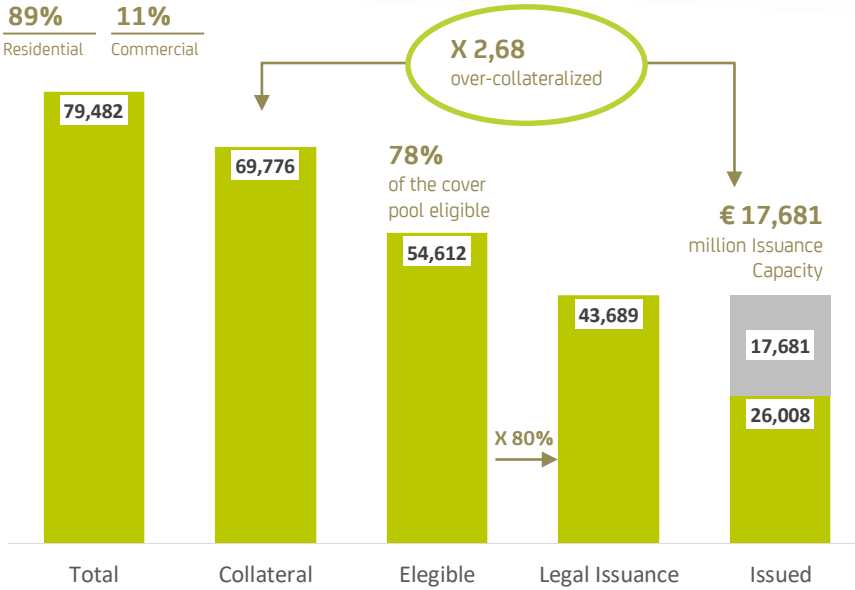
Cover Pool Metrics

**STRONG
ELEGIBLE
COVER
POOL**

**HIGH
OC
LEVEL**

**AMPLE
ISSUANCE
CAPACITY**

89% Residential
11% Commercial



COLLATERAL AND CB'S OUTSTANDING

**ACTIVE OC
MANAGEMENT**

■ Collateral ■ CB's Outstanding



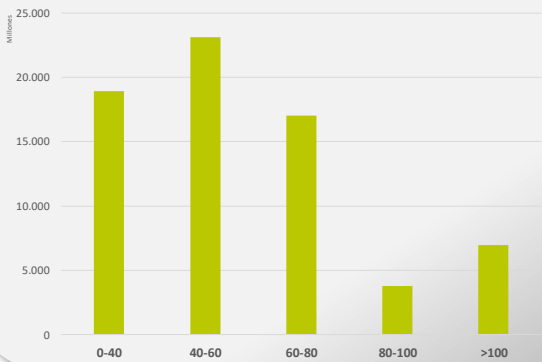
Cover Pool Metrics

B

	Q2 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Outstanding (million €)	69,776	54,612	71,501	55,249
Number of loans	862,712	736,613	870,852	738,143
Number of debtors	771,189	674,239	776,301	675,536
Average Seasoning (months)	109	115	107	113
Time to maturity (months)	232	220	236	222
Average LTV	58	47	59%	47%

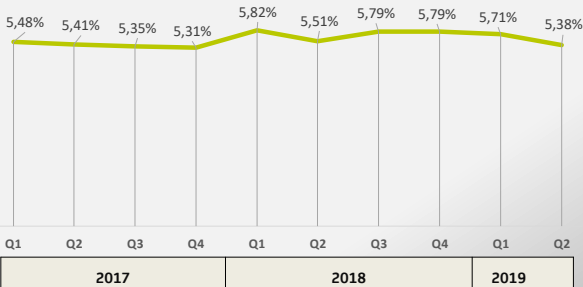
	Q2 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Residential	60,779	49,549	61,873	50,054
Commercial	8,997	5,063	9,628	5,194

COLLATERAL LTV DISTRIBUTION



85% OF THE COVER POOL HAS A LTV RATIO BELOW 80%

NPL RATIO ⁽¹⁾



NPL'S DECLINING TREND ALTERED BY THE MERGER WITH BMN

(1) Includes BMN's cover pool since 4Q17. (2) Considering more than 90 days doubtful loans.

Residential Sub-Pool

B

**RESIDENCIAL
PORTFOLIO
ELIGIBILITY
STANDS AT 82%**

**AVERAGE LTV
OF THE
ELIGIBLE
PORTFOLIO IS
48%**

RESIDENCIAL PORTFOLIO

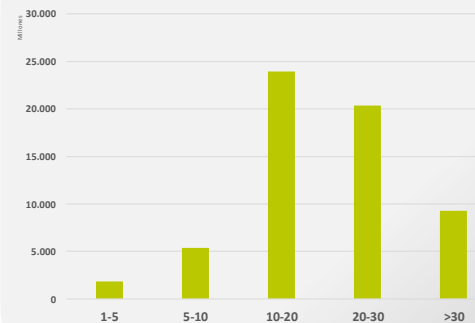


84%
LOANS FOR PRIMARY
RESIDENCE

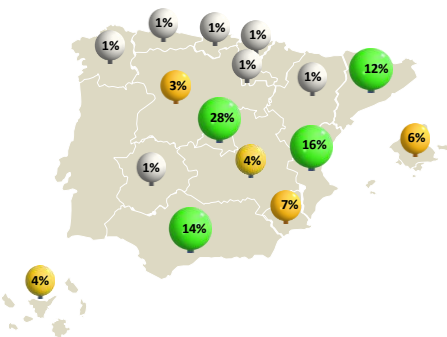
	Q2 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible

Outstanding (million €)	60,779	49,549	61.873	50.054
Number of loans	813,880	702,076	818.391	702.945
Number of debtors	739,791	650,278	742.882	650.705
Average Seasoning (months)	114	119	111	116
Time to maturity (months)	248	231	252	233
Average LTV	57.5	48.2	58.1	48.4

MATURITY DISTRIBUTION



GEOGRAPHIC DISTRIBUTION



Collateral (€mn)	Q2 2019
Madrid	16,745
C. Valenciana	9,584
Andalucía	8,384
Catalunya	7,572
Murcia	4,135
Baleares	3,660
Castilla La Mancha	2,586
Canarias	2,527
Castilla y León	1,985
Rest	3,603



98%
FIRST RANKED
MORTGAGES

Commercial Sub-Pool

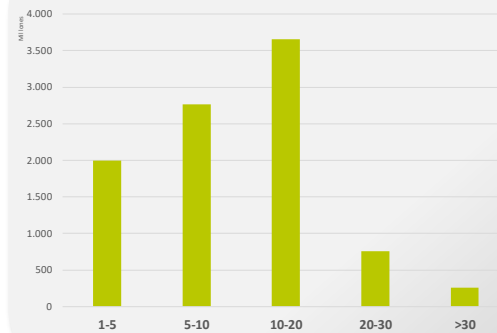
B

**AVERAGE LTV
OF THE ELIGIBLE
COMMERCIAL
PORTFOLIO
STANDS AT 35%**

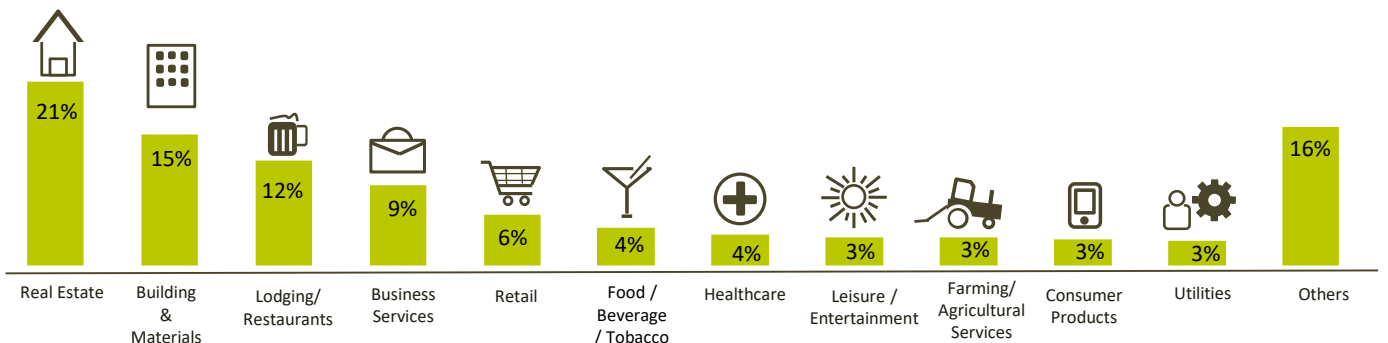
COMMERCIAL PORTFOLIO

	Q2 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Outstanding	8,997	5,063	9,628	5,194
Number of loans	48,832	34,537	52,461	35,198
Number of debtors	34,104	25,426	36,272	26,370
Average Seasoning (months)	80	84	79	84
Time to maturity (months)	126	117	133	121
Average LTV	61.3	35.3	62.6	35.2

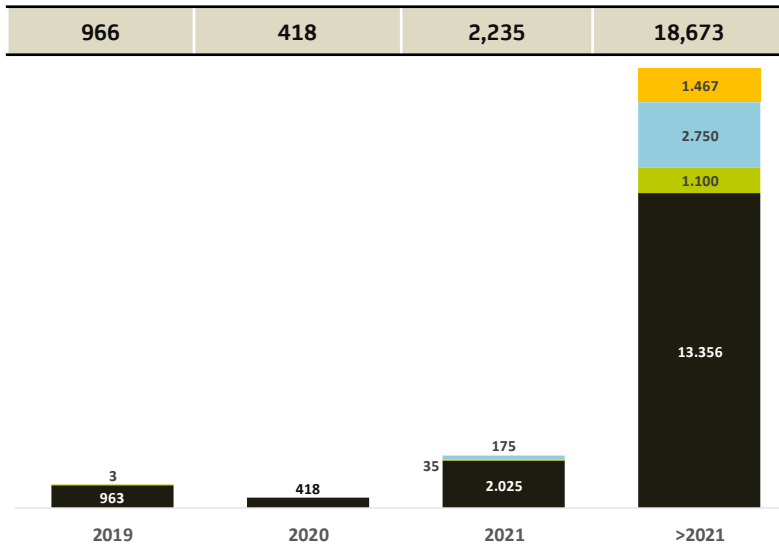
MATURITY DISTRIBUTION



SPLIT BY INDUSTRY CODE



Wholesale Maturities Amortizing Profile



	Amount Outstanding (€mn)	22,292
Covered Bonds (1)	16,761	
Senior Debt	1,139	
Subordinated debt	2,925	
Securitizations sold to third parties	1,467	

(1) Not including retained covered bonds

Bankia