

Bankia

Covered Bonds Investor Presentation

September 2019

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

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3Q19 HIGHLIGHTS

ASSET QUALITY

SEP 2019




SEP 2108

 €bn	NON-PERFORMING LOANS	7.1	10.4
 %	NPL COVERAGE RATIO	53.7%	54.8%
 %	NPL RATIO	5.5%	7.8%
 bps	COST OF RISK	21 9M19	18 9M18

PROFITABILITY & CAPITAL

SEP 2019

SEP 2018

 €mn	ATRIBUTABLE PROFIT	575 9M19	744 9M18
 %	ROE	6.0% 9M19	7.9% 9M18
 %	FULLY LOADED CET1	13.0%	12.46%

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

€2,074mnNew mortgages
+1.3% sep19 vs sep18**21,3bn**Mutual Funds
+7.0% sep19 vs sep18

2 EFFICIENCY & PROFITABILITY

53.8%Cost to Income
ratio
Sep19**-2.3%**Operating expenses
Sep19 vs Sep18

3 LIQUIDITY

89.9%LTD ratio
Sep19**€34bn**Liquid Assets
Sep19

4 CAPITAL

+497bpsSep19 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.

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

B

FitchRatings

A+

Stable

STANDARD & POOR'S

AA

Stable

DBRS

AAA

SCOPE

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 4 October, following the upgrade of Spain's long-term rating (A/Stable/A-1) on 20 September, S&P raised **Bankia's covered bonds rating to "AA", outlook Stable.** On 27 March 2018, S&P had previously raised Bankia's covered bonds rating to "AA-", outlook Positive.

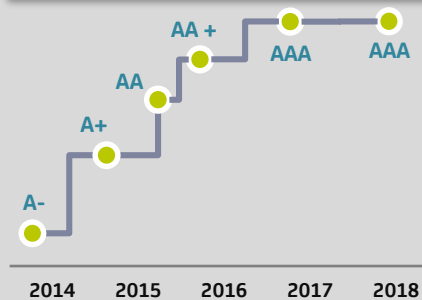
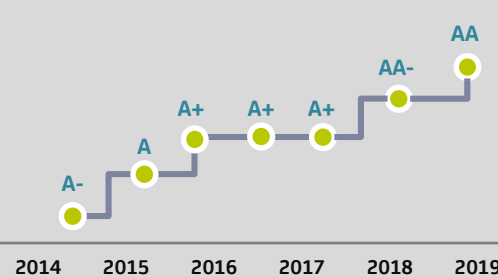
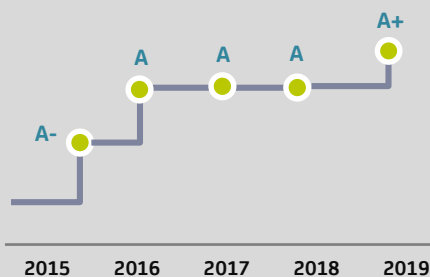
DBRS. On 20 September 2019 **DBRS completed its annual review of Bankia's covered bonds confirming the rating at "AAA".**

Scope Ratings. On 12 July 2019 Scope Ratings affirmed its rating of Bankia's covered bonds at "AAA" with a Stable outlook.

Fitch Ratings

S&P Global Ratings

DBRS



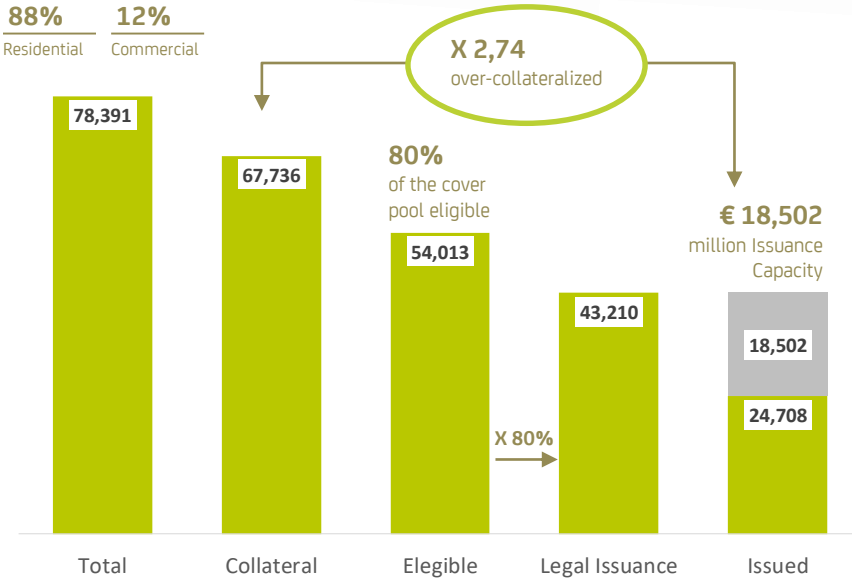
Cover Pool Metrics

**STRONG
ELEGIBLE
COVER
POOL**

**HIGH
OC
LEVEL**

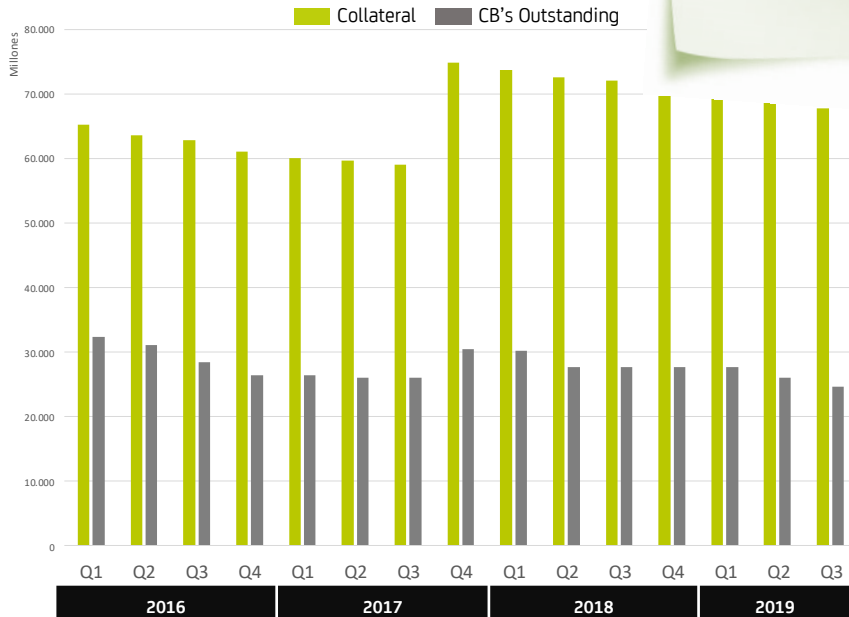
**AMPLE
ISSUANCE
CAPACITY**

88% Residential
12% Commercial



COLLATERAL AND CB's OUTSTANDING

**ACTIVE OC
MANAGEMENT**



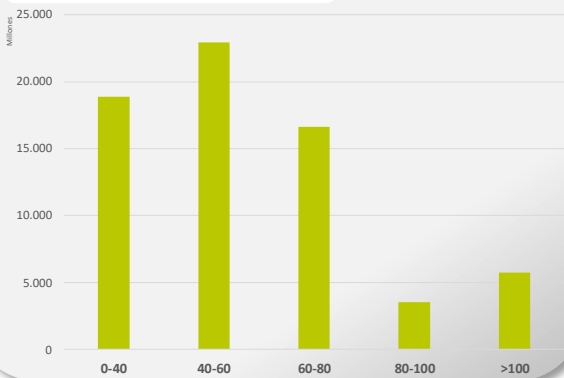
Cover Pool Metrics

B

	Q3 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Outstanding (million €)	67,736	54,013	71,501	55,249
Number of loans	848,375	733,179	870,852	738,143
Number of debtors	759,648	671,218	776,301	675,536
Average Seasoning (months)	110	116	107	113
Time to maturity (months)	232	220	236	222
Average LTV	57	47	59%	47%

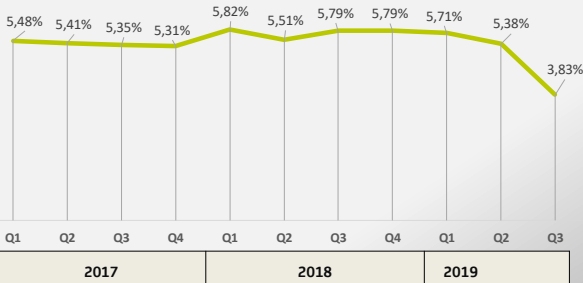
	Q3 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Residential	58,836	49,102	61,873	50,054
Commercial	8,900	4,911	9,628	5,194

COLLATERAL LTV DISTRIBUTION



86% OF THE COVER POOL HAS A LTV RATIO BELOW 80%

NPL RATIO ⁽¹⁾



NPL'S DECLINING TREND ALTERED BY THE MERGER WITH BMM

(1) Considering more than 90 days doubtful loans.

**RESIDENCIAL
PORTFOLIO
ELIGIBILITY
STANDS AT 83%**

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

RESIDENCIAL PORTFOLIO



84%

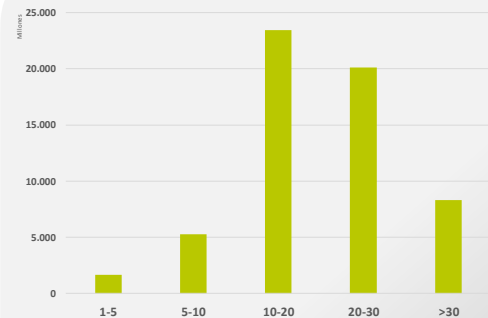
LOANS FOR PRIMARY
RESIDENCE

Q3 2019 Q4 2018

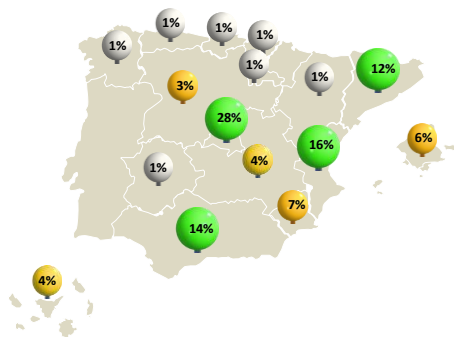
Collateral Eligible Collateral Eligible

	Q3 2019	Q4 2018	Q3 2019	Q4 2018
	Collateral	Eligible	Collateral	Eligible
Outstanding (million €)	58,836	49,102	61.873	50.054
Number of loans	800,377	698,910	818.391	702.945
Number of debtors	728,825	647,476	742.882	650.705
Average Seasoning (months)	115	119	111	116
Time to maturity (months)	247	230	252	233
Average LTV	55.8	48.0	58.1	48.4

MATURITY DISTRIBUTION



GEOGRAPHIC DISTRIBUTION



Collateral (€mn)

Q3 2019

Madrid	16,388
C. Valenciana	9,194
Andalucía	8,129
Catalunya	7,096
Murcia	4,002
Baleares	3,605
Castilla La Mancha	2,503
Canarias	2,455
Castilla y León	1,944
Rest	3,519



98%

FIRST RANKED
MORTGAGES

Commercial Sub-Pool

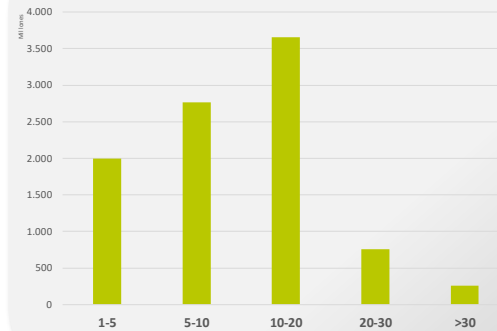
B

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

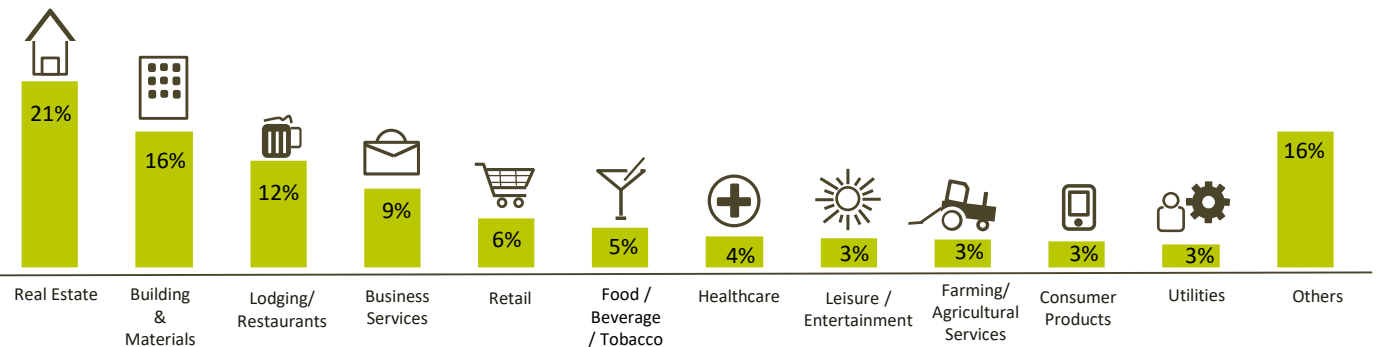
COMMERCIAL PORTFOLIO

	Q3 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Outstanding	8,900	4,911	9,628	5,194
Number of loans	47,898	34,269	52,461	35,198
Number of debtors	34,104	25,426	36,272	26,370
Average Seasoning (months)	80	85	79	84
Time to maturity (months)	133	119	133	121
Average LTV	61.3	34.6	62.6	35.2

MATURITY DISTRIBUTION



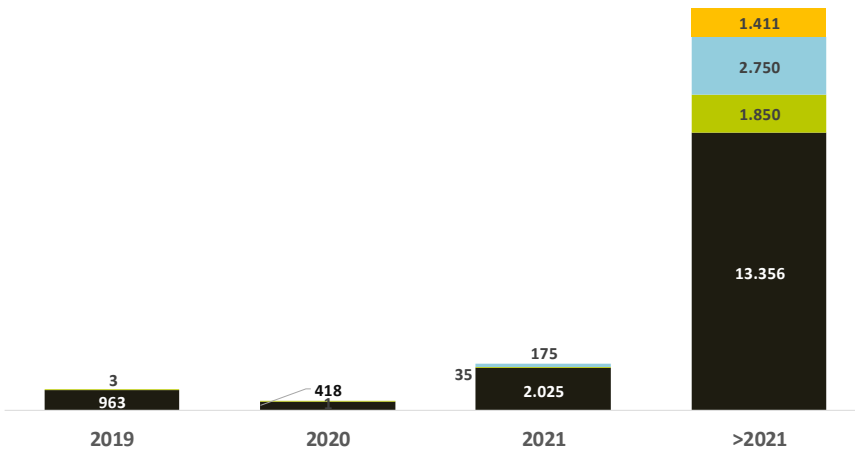
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Wholesale Maturities Amortizing Profile



966	418	2,235	19,366
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Amount Outstanding (€mn)	22,985
Covered Bonds ⁽¹⁾	16,761
Senior Debt	1,888
Subordinated debt	2,925
Securitized sold to third parties	1,411

(1) Not including retained covered bonds

Bankia
THAT SIMPLE