

Bankia

Covered Bonds Investor Presentation

December 2019

Index

01 EXECUTIVE SUMMARY	
Bankia Results.....	3
Covered Bonds Ratings.....	5
02 MORTGAGE COVER POOL	
Cover Pool Metrics.....	6
Residential Sub-Pool.....	8
Commercial Sub-Pool.....	9
03 WHOLESALE MATURITIES	
Wholesale Maturities profile.....	10

Disclaimer

This document has been prepared by Bankia, S.A. ("Bankia") and is presented exclusively for information purposes. It is not a prospectus and does not constitute an offer or recommendation to invest.

This document does not constitute a commitment to subscribe, or an offer to finance, or an offer to sell, or a solicitation of offers to buy securities of Bankia, all of which are subject to internal approval by Bankia.

Bankia does not guarantee the accuracy or completeness of the information contained in this document. The information contained herein has been obtained from sources that Bankia considers reliable, but Bankia does not represent or warrant that the information is complete or accurate, in particular with respect to data provided by third parties. This document may contain abridged or unaudited information and recipients are invited to consult the public documents and information submitted by Bankia to the financial market supervisory authorities. All opinions and estimates are given as of the date stated in the document and so may be subject to change. The value of any investment may fluctuate as a result of changes in the market. The information in this document is not intended to predict future results and no guarantee is given in that respect.

Distribution of this document in other jurisdictions may be prohibited, and therefore recipients of this document or any persons who may eventually obtain a copy of it are responsible for being aware of and complying with said restrictions. By accepting this document you accept the foregoing restrictions and warnings.





This document does not reveal all the risks or other material factors relating to investments in the securities/ transactions of Bankia. Before entering into any transaction, potential investors must ensure that they fully understand the terms of the securities/ transactions and the risks inherent in them. This document is not a prospectus for the securities described in it. Potential investors should only subscribe for securities of Bankia on the basis of the information published in the appropriate Bankia prospectus, not on the basis of the information contained in this document.

4Q19 HIGHLIGHTS

ASSET QUALITY

DEC 2019




DEC 2108

 €bn	NON-PERFORMING LOANS	6.5	8.4
 %	NPL COVERAGE RATIO	54.0%	54.6%
 %	NPL RATIO	5.0%	6.5%
 bps	COST OF RISK	26 12M19	18⁽¹⁾ 12M18

PROFITABILITY & CAPITAL

DEC 2019

DEC 2018

 €mn	ATRIBUTABLE PROFIT	541 12M19	703 12M18
 %	ROE	4.2% 12M19	5.6% 12M18
 %	FULLY LOADED CET1	13.02%	12.39%

CURRENT ISSUER RATINGS

	LONG TERM	OUTLOOK	SHORT TERM
S&P GLOBAL RATINGS	BBB	Stable	A-2
FITCH RATINGS	BBB	Stable	F2
DBRS	BBB (high)	Positive	R-1 (low)
SCOPE RATINGS	BBB+	Stable	S-2

1 COMMERCIAL ACTIVITY

€2,922mnNew mortgages
Dec19**22.3bn**Mutual Funds
+16.8% dec19 vs dec18

2 EFFICIENCY & PROFITABILITY

56.0%Cost to Income
ratio
Dec19**-4.6%**Operating expenses
Dec19 vs Dec18

3 LIQUIDITY

91.8%LTD ratio
Dec19**€33bn**Liquid Assets
Dec19

4 CAPITAL

+508 bpsDec19 CET1 Phase in
Buffer vs SREP
2019 requirements**€ 3.500mn**Issuance of TIER2:
€1,000mn.
Issuance of Senior
Non Preferred:
€1,250mn.
Issuance of Senior
Preferred:
€500mn/€750mn.

(1) In December 2018, the cost of risk is calculated stripping out the extraordinary allowances associated with the sale of distressed assets to the institutional investor, Lone Star XI.

2019 HIGHLIGHTS



ATTRIBUTABLE PROFIT

€541mn



NET INTEREST INCOME

€2,023mn



LOAN TO DEPOSIT RATIO

91,8%



PHASE IN CET1

14.33%



FULLY LOADED CET1

13.02%



BRANCHES

2,275



CUSTOMER FUNDS

€174,267mn



GROSS CUSTOMER LOANS

€120,623mn



- ▶ **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 with a reduction of €2.5bn in NPAs in 12M19.
- ▶ **SUSTAINABLE CAPITAL AND LIQUIDITY GENERATION**. Strong and consistent capital generation, with best in class solvency level with a CET1 Fully Loaded of 13.02% as of Dec.19.
- ▶ **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 Ratings. On 18 December **Fitch affirmed Bankia's covered bonds at "A+", outlook Stable.** Previously on 5 February, following the upgrade of Bankia's long-term rating to BBB, **Fitch raised Bankia's covered bonds to A+, outlook Stable.** The rating had formerly 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 Global. 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.

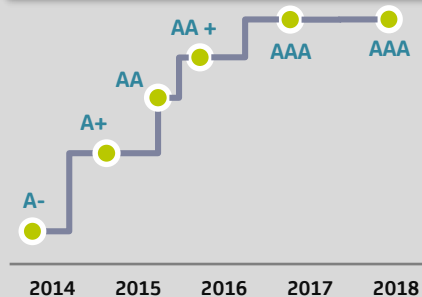
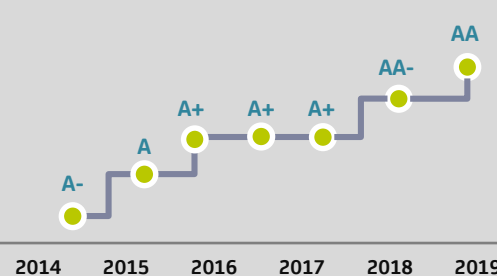
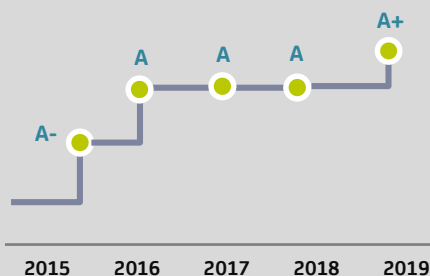
DBRS. On 20 September 2019 **DBRS completed its annual review of Bankia's covered bonds confirming the rating at "AAA".**

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**

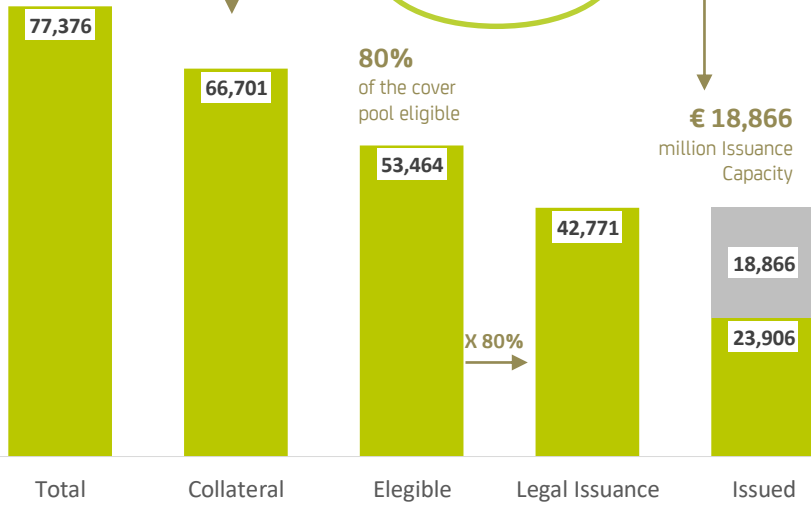
**AMPLE
ISSUANCE
CAPACITY**

89% Residential
11% Commercial

X 2,79
over-collateralized

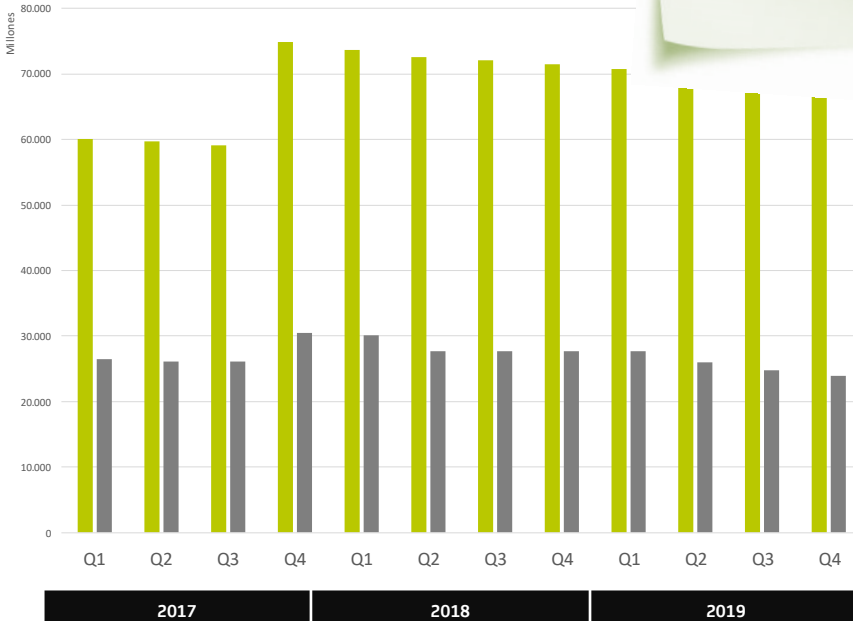
80%
of the cover
pool eligible

€ 18,866
million Issuance
Capacity

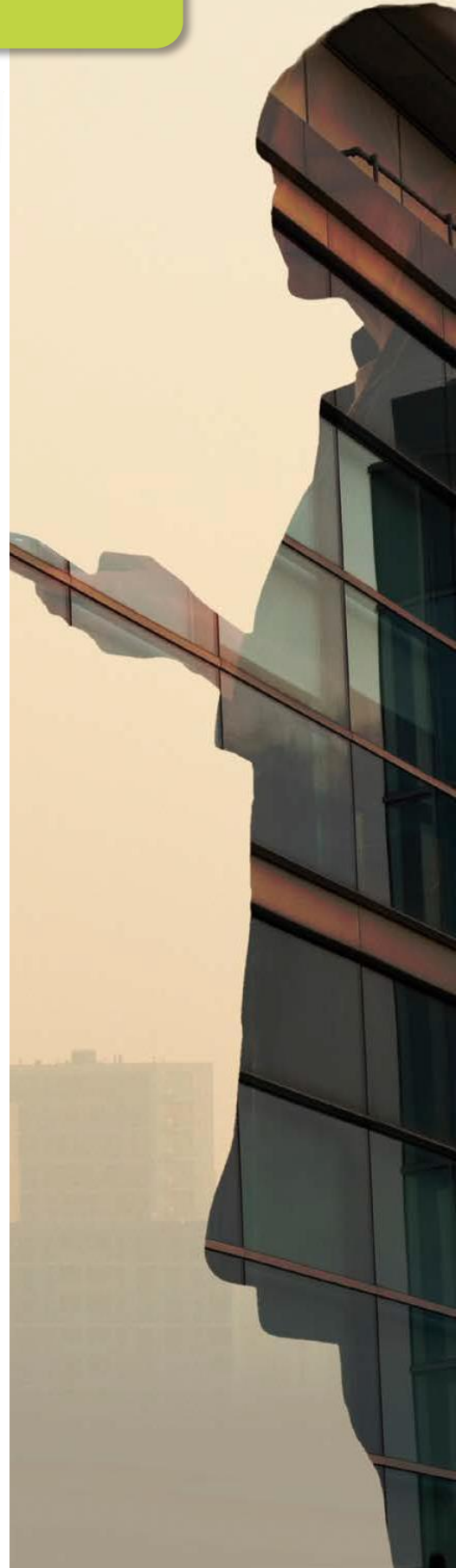


COLLATERAL AND CB'S OUTSTANDING

Collateral CB's Outstanding



**ACTIVE OC
MANAGEMENT**

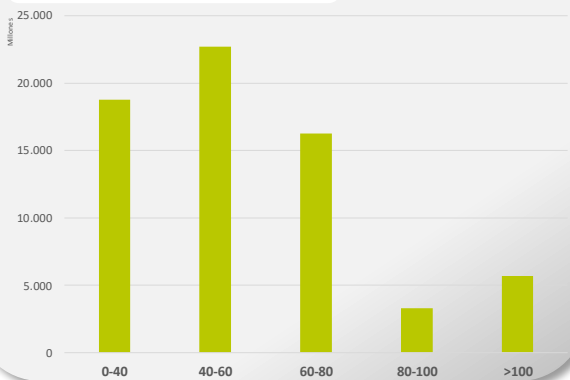


Cover Pool Metrics

	Q4 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Outstanding (million €)	66,701	53,464	71,501	55,249
Number of loans	837,452	728,022	870,852	738,143
Number of debtors	756,279	669,493	776,301	675,536
Average Seasoning (months)	110	116	107	113
Time to maturity (months)	232	220	236	222
Average LTV	56%	47%	59%	47%

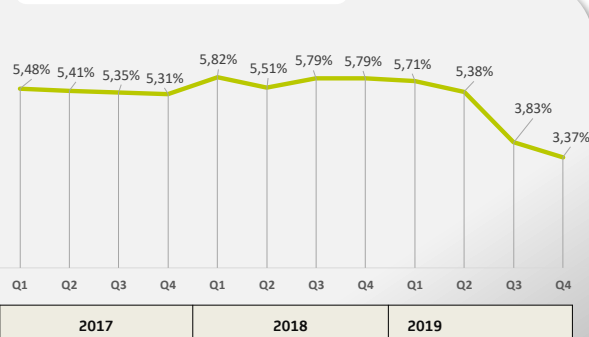
	Q4 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Residential	58,050	48,601	61,873	50,054
Commercial	8,650	4,863	9,628	5,194

COLLATERAL LTV DISTRIBUTION



87% 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.

Residential Sub-Pool

B

**RESIDENCIAL
PORTFOLIO
ELIGIBILITY
STANDS AT 84%**

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

RESIDENCIAL
PORTFOLIO

84%

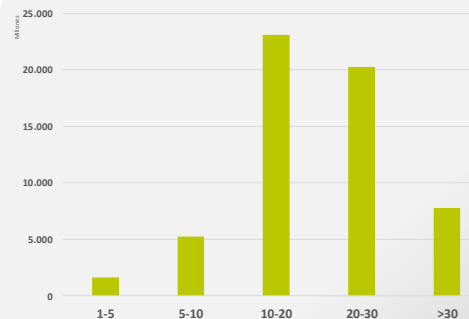
LOANS FOR PRIMARY
RESIDENCE

Q4 2019 Q4 2018

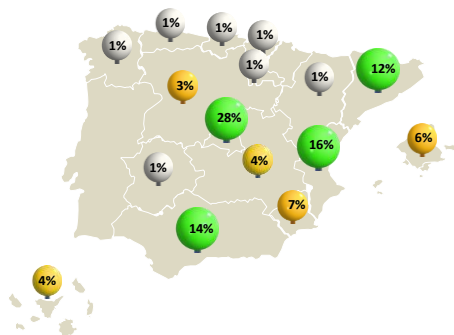
Collateral Eligible Collateral Eligible

	Q4 2019 Collateral	Q4 2019 Eligible	Q4 2018 Collateral	Q4 2018 Eligible
Outstanding (million €)	58,050	48,601	61.873	50.054
Number of loans	791,807	694,966	818.391	702.945
Number of debtors	725,931	646,071	742.882	650.705
Average Seasoning (months)	115	119	111	116
Time to maturity (months)	247	230	252	233
Average LTV	55.8	47.9	58.1	48.4

MATURITY DISTRIBUTION



GEOGRAPHIC DISTRIBUTION



Collateral (€mn)

Q4 2019

Madrid	16,235
C. Valenciana	9,059
Andalucía	7,982
Catalunya	7,028
Murcia	3,927
Baleares	3,562
Castilla La Mancha	2,472
Canarias	2,428
Castilla y León	1,909
Rest	3,449



98%

FIRST RANKED
MORTGAGES

Commercial Sub-Pool

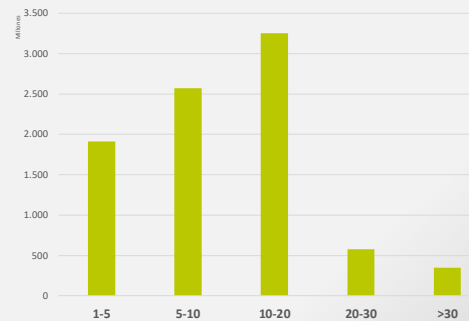
B

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

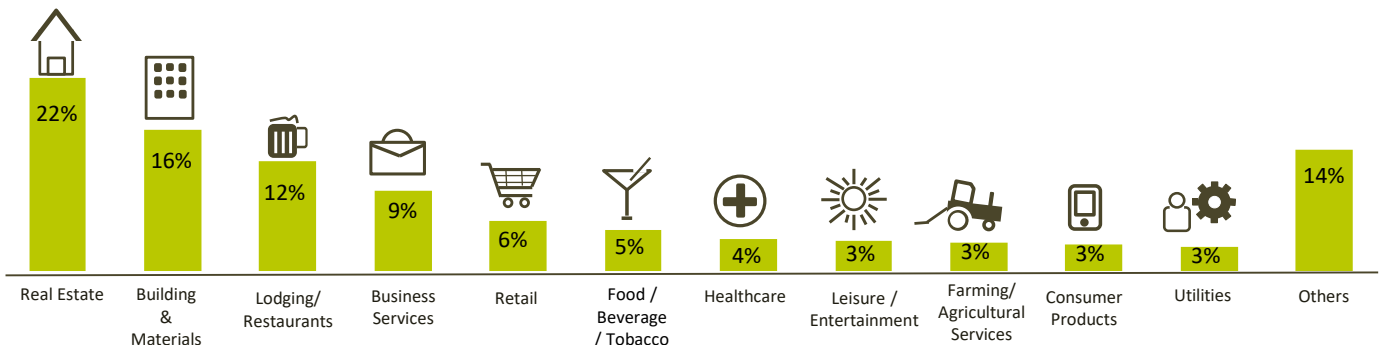
COMMERCIAL PORTFOLIO

	Q4 2019		Q4 2018	
	Collateral	Eligible	Collateral	Eligible
Outstanding	8,650	4,863	9,628	5,194
Number of loans	45,645	33,056	52,461	35,198
Number of debtors	32,778	24,844	36,272	26,370
Average Seasoning (months)	80	85	79	84
Time to maturity (months)	133	119	133	121
Average LTV	60.5	34.3	62.6	35.2

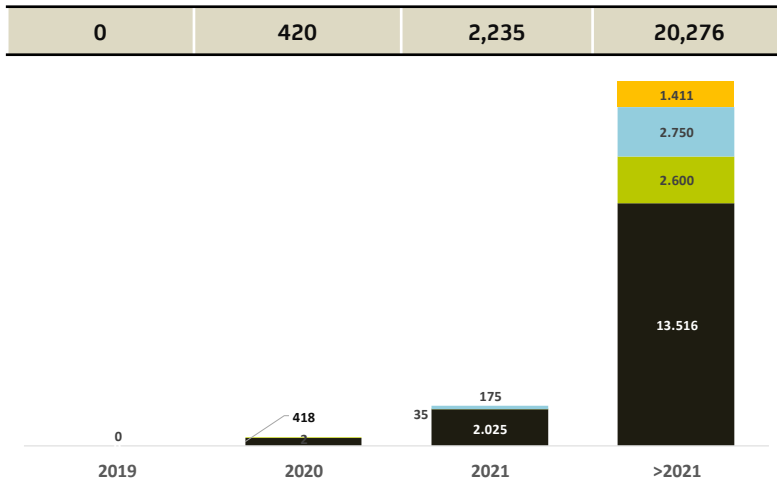
MATURITY DISTRIBUTION



SPLIT BY INDUSTRY CODE



Wholesale Maturities Amortizing Profile



	Amount Outstanding (€mn)	22,890
Covered Bonds ⁽¹⁾	15,958	
Senior Debt	2,637	
Subordinated debt	2,925	
Securitizations sold to third parties	1,370	

(1) Not including retained covered bonds

Bankia
THAT SIMPLE