

# Bankia

Covered Bonds Investor Presentation

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

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## 2Q20 HIGHLIGHTS

## ASSET QUALITY

JUN 20




JUN 19

 €bn	<b>NON-PERFORMING LOANS</b>	<b>6.5</b>	<b>7.5</b>
 %	<b>NPL COVERAGE RATIO</b>	<b>55.6%</b>	<b>54.9%</b>
 %	<b>NPL RATIO</b>	<b>4.9%</b>	<b>5.7%</b>
 bps	<b>RECURRENT COST OF RISK<sup>(1)</sup></b>	<b>27</b> 6M20	<b>22</b> 6M19

## PROFITABILITY &amp; CAPITAL

JUN 20

JUN 19

 €mn	<b>ATRIBUTABLE PROFIT</b>	<b>142</b> 6M20	<b>400</b> 6M19
 %	<b>ROE<sup>(2)</sup></b>	<b>2.2%</b> 6M20	<b>6.3%</b> 6M19
 %	<b>FULLY LOADED CET1</b>	<b>13.3%</b>	<b>12.9%</b>

## CURRENT ISSUER RATINGS

	LONG TERM	OUTLOOK	SHORT TERM
<b>S&amp;P GLOBAL RATINGS</b>	<b>BBB</b>	<b>Stable</b>	<b>A-2</b>
<b>FITCH RATINGS</b>	<b>BBB</b>	<b>Watch Negative</b>	<b>F2</b>
<b>DBRS</b>	<b>BBB (high)</b>	<b>Stable</b>	<b>R-1 (low)</b>
<b>SCOPE RATINGS</b>	<b>BBB+</b>	<b>Stable</b>	<b>S-2</b>

## 1 COMMERCIAL ACTIVITY

**€1.461mn**

New mortgages

**€7.450mn**

New lending to corporates &amp; SMEs with ICO guarantee

## 2 EFFICIENCY &amp; DIGITALIZATION

**55.4%**Cost to Income ratio  
Jun 20**39.9%**

Digital Sales

## 3 LIQUIDITY

**92.3%**LTD ratio  
Jun20**€31.8bn**Liquid Assets  
Jun20

## 4 CAPITAL

**+594 bps**Jun20 CET1 Phase in  
Buffer vs SREP  
2020 requirements**+489 bps**Jun20 CET1 FL ratio  
Buffer vs SREP  
2020 requirements

(1) Excluding the extraordinary COVID-19 provision

(2) In Jun-20 is not deducted any expected dividend payment against 2020 result.

## 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+**

Watch Negative

DBRS

**AAA**

STANDARD & POOR'S

**AA**

Stable

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 8 April 2020, Fitch placed Bankia's covered bonds rated "A+" on Rating Watch Negative, following the corresponding rating action on Bankia's long-term rating on 27 March.

**S&P Global.** On 4 October 2019, 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.

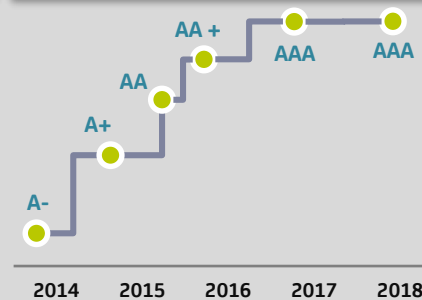
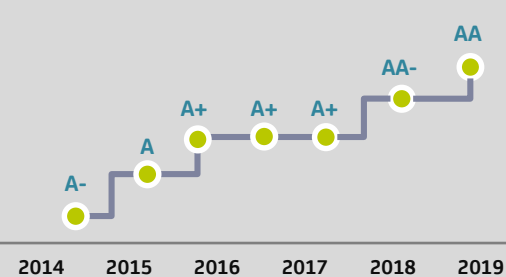
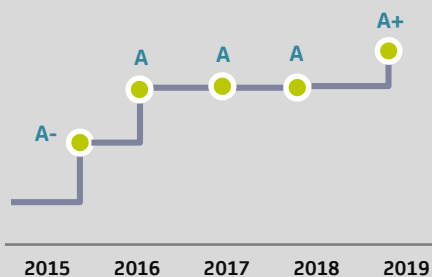
**DBRS.** On 20 September 2019 DBRS completed its annual review of Bankia's covered bonds confirming the rating at "AAA".

**Scope Ratings.** On 10 July 2020 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**

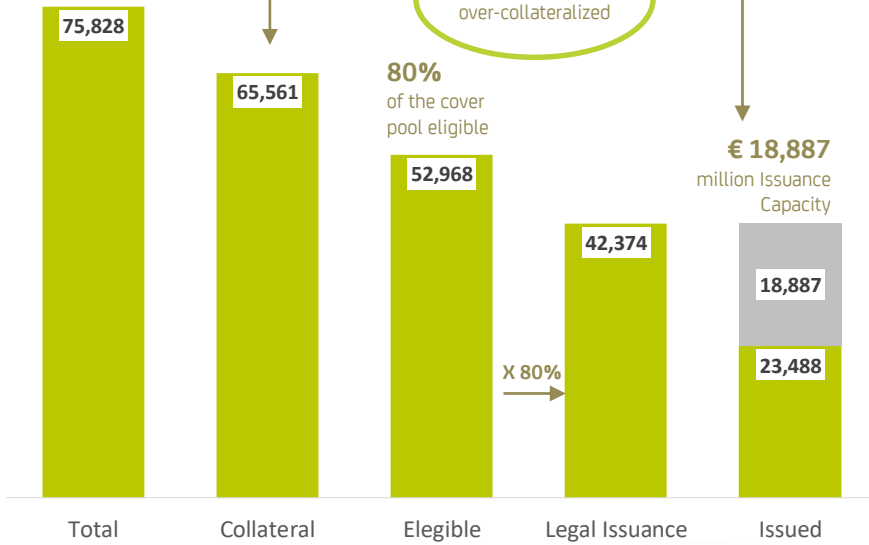
**89%** Residential  
**11%** Commercial

**X 2,79**  
over-collateralized

**80%**  
of the cover  
pool eligible

**€ 18,887**  
million Issuance  
Capacity

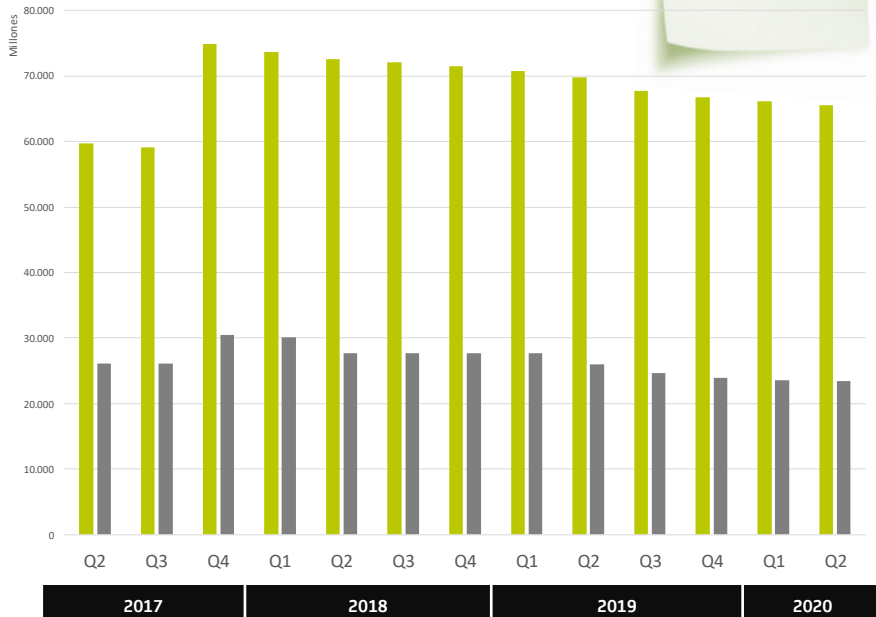
X 80%



## COLLATERAL AND CB'S OUTSTANDING

Collateral    CB's Outstanding

**ACTIVE OC  
MANAGEMENT**

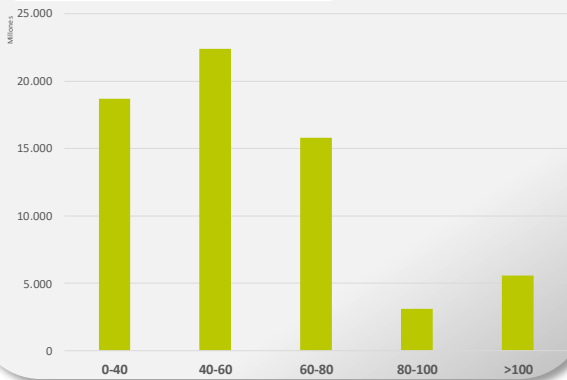


# Cover Pool Metrics

	Q2 2020		Q4 2019	
	Collateral	Eligible	Collateral	Eligible
Outstanding (million €)	65,561	52,968	66,701	53,464
Number of loans	826,183	724,334	837,452	728,022
Number of debtors	743,147	664,185	756,279	669,493
Average LTV	56%	47%	56%	47%

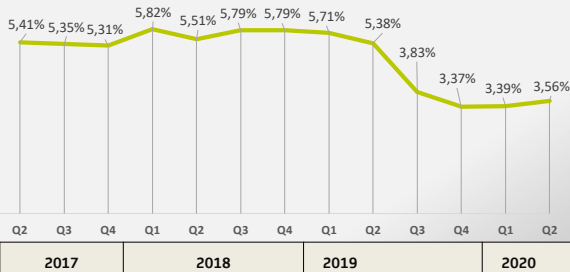
	Q2 2020		Q4 2019	
	Collateral	Eligible	Collateral	Eligible
Residential	57,084	48,258	58,050	48,601
Commercial	8,477	4,710	8,650	4,863

### COLLATERAL LTV DISTRIBUTION



**87% OF THE COVER POOL HAS A LTV RATIO BELOW 80%**

### NPL RATIO <sup>(1)</sup>



(1) Considering more than 90 days doubtful loans.

**RESIDENCIAL  
PORTFOLIO  
ELIGIBILITY  
STANDS AT 85%**

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

## RESIDENCIAL PORTFOLIO

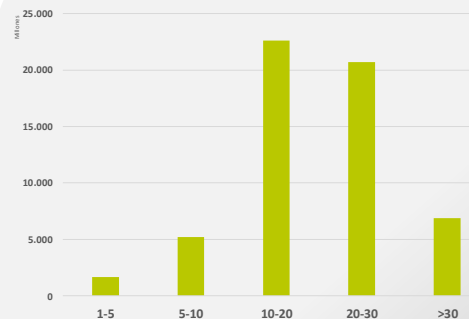


**84%**  
LOANS FOR PRIMARY  
RESIDENCE

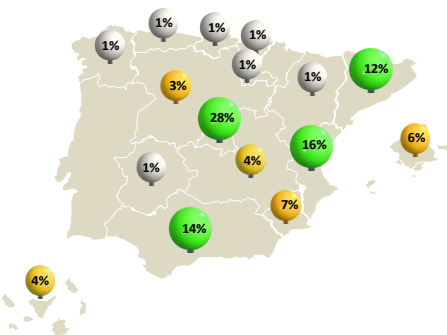
	Q2 2020		Q4 2019	
	Collateral	Eligible	Collateral	Eligible

Outstanding (million €)	57,084	48,258	58,050	48,601
Number of loans	782,207	692,570	791,807	694,966
Number of debtors	714,733	642,184	725,931	646,071
Average LTV	55,3	47,8	55,8	47,9

### MATURITY DISTRIBUTION



### GEOGRAPHIC DISTRIBUTION



Collateral (€mn)	Q2 2020
Madrid	16,049
C. Valenciana	8,893
Andalucía	7,803
Catalunya	6,935
Murcia	3,826
Baleares	3,521
Castilla La Mancha	2,411
Canarias	2,386
Castilla y León	1,862
Rest	3,398



**98%**  
FIRST RANKED  
MORTGAGES



# Commercial Sub-Pool

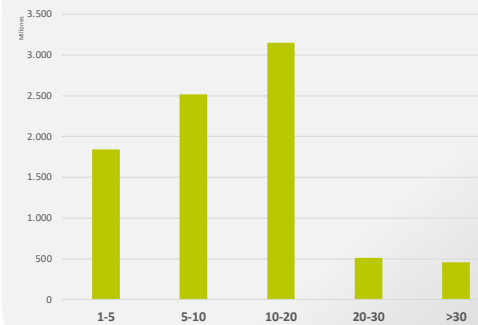
B

**AVERAGE LTV  
OF THE ELIGIBLE  
COMMERCIAL  
PORTFOLIO  
STANDS AT 34%**

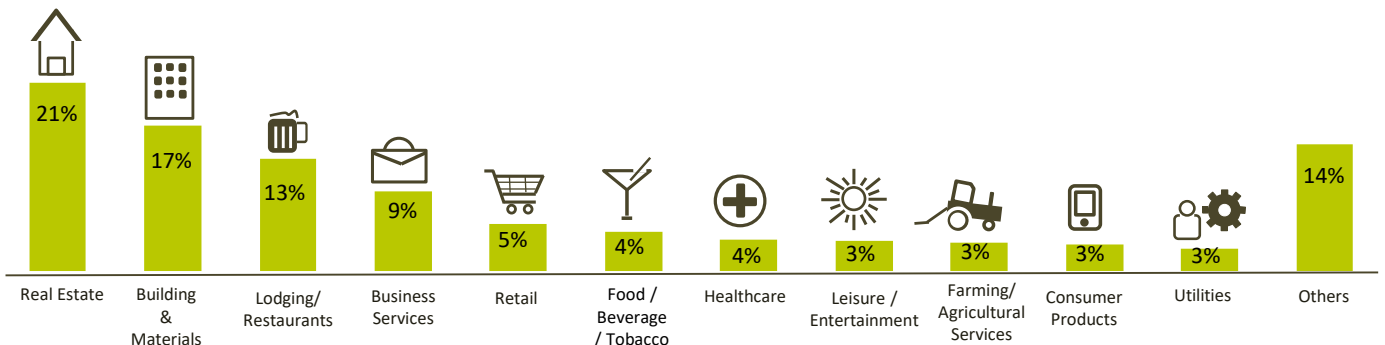
## COMMERCIAL PORTFOLIO

	Q2 2020		Q4 2019	
	Collateral	Eligible	Collateral	Eligible
Outstanding	8,477	4,710	8,650	4,863
Number of loans	43,976	31,764	45,645	33,056
Number of debtors	31,190	23,674	32,778	24,844
Average LTV	61,5	34,1	60,5	34,3

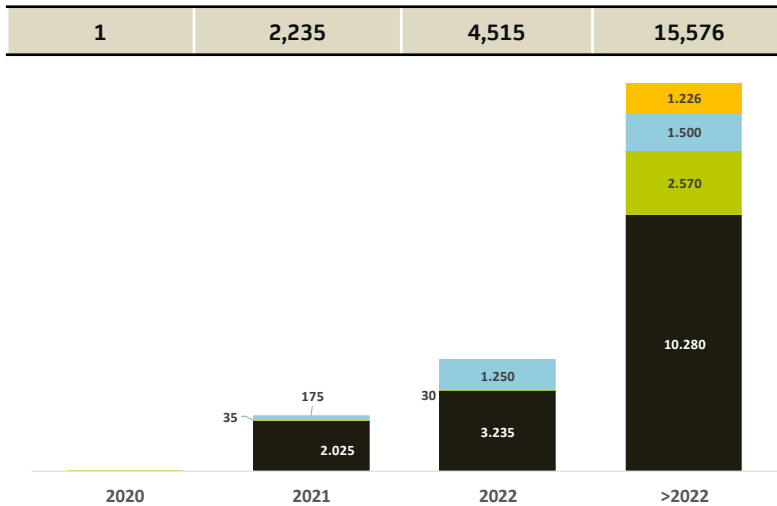
### MATURITY DISTRIBUTION







### SPLIT BY INDUSTRY CODE



# Wholesale Maturities Amortizing Profile



**Amount Outstanding (€mn)** **22,328**

 Covered Bonds <sup>(1)</sup>	15,541
 Senior Debt	2,636
 Subordinated debt	2,925
 Securitizations sold to third parties	1,226

*(1) Not including retained covered bonds*

**Bankia**  
THAT SIMPLE