

# Bankia

## Covered Bonds Investor Presentation

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

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## 1Q20 HIGHLIGHTS

## ASSET QUALITY

MAR 20




MAR 19

 €bn	<b>NON-PERFORMING LOANS</b>	<b>6.4</b>	<b>8.0</b>
 %	<b>NPL COVERAGE RATIO</b>	<b>55.3%</b>	<b>55.0%</b>
 %	<b>NPL RATIO</b>	<b>4.9%</b>	<b>6.2%</b>
 bps	<b>RECURRENT COST OF RISK<sup>(1)</sup></b>	<b>24</b> 3M20	<b>18</b> 3M19

## PROFITABILITY &amp; CAPITAL

MAR 20

MAR 19

 €mn	<b>ATTRIBUTABLE PROFIT</b>	<b>94</b> 3M20	<b>205</b> 3M19
 %	<b>ROE</b>	<b>3.0%</b> 3M20	<b>6.5%</b> 3M19
 %	<b>FULLY LOADED CET1</b>	<b>12.95%</b>	<b>12.61%</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

**€772mn**New mortgages  
+5.5% Mar20 vs Mar19**20.9bn**Mutual Funds  
+4.1% Mar20 vs Mar 19

## 2 EFFICIENCY &amp; DIGITALIZATION

**56.1%**Cost to Income  
ratio  
Mar 20**40.2%**

Digital Sales

## 3 LIQUIDITY

**92.3%**LTD ratio  
Mar20**€30bn**Liquid Assets  
Mar20

## 4 CAPITAL

**+560 bps**Mar20 CET1 Phase in  
Buffer vs SREP  
2019 requirements**+117 bps**Higher CET1 FL ratio  
with respect to the  
sector average<sup>(2)</sup>

(1) Excluding the extraordinary COVID-19 provision

(2) Regulatory ratios CET1 FL Bankia Mar 20 vs Sector Dec 19. Sector: Caixabank, Sabadell, Bankinter, BBVA, Santander, Liberbank &amp; Unicaja

## 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

STANDARD & POOR'S

**AA**

Stable

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 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. Previousl, on 18 December Fitch affirmed Bankia's covered bonds at "A+", outlook Stable. Prior to that, on 5 February, as a result of the upgrade of Bankia's long-term rating to BBB, Fitch raised Bankia's covered bonds to A+, outlook Stable.

**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.

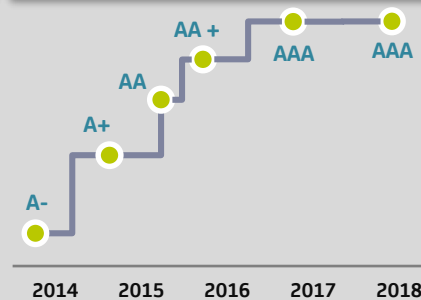
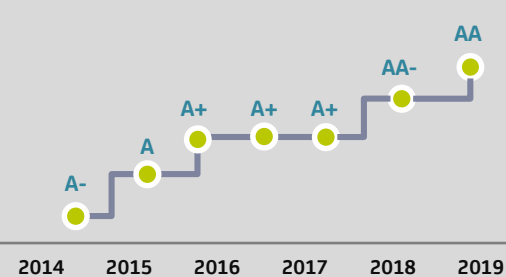
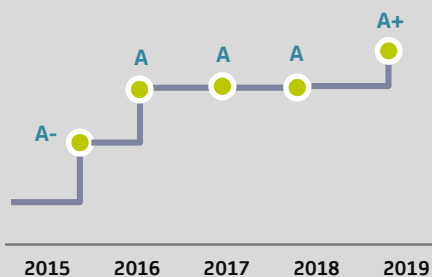
**DBRS.** On 20 September 2019 DBRS completed its annual review of Bankia's covered bonds confirming the rating at "AAA".

**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



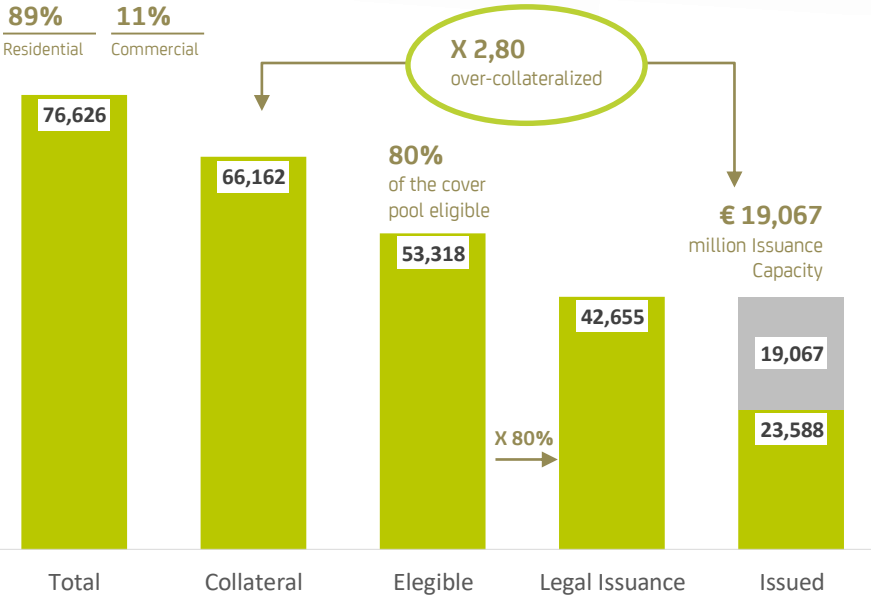
# Cover Pool Metrics

**STRONG  
ELEGIBLE  
COVER  
POOL**

**HIGH  
OC  
LEVEL**

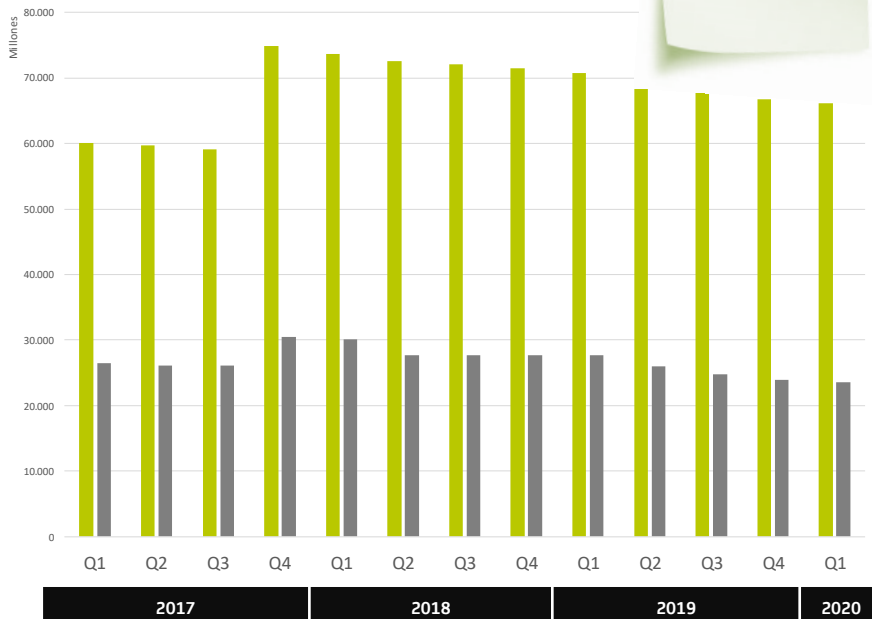
**AMPLE  
ISSUANCE  
CAPACITY**

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

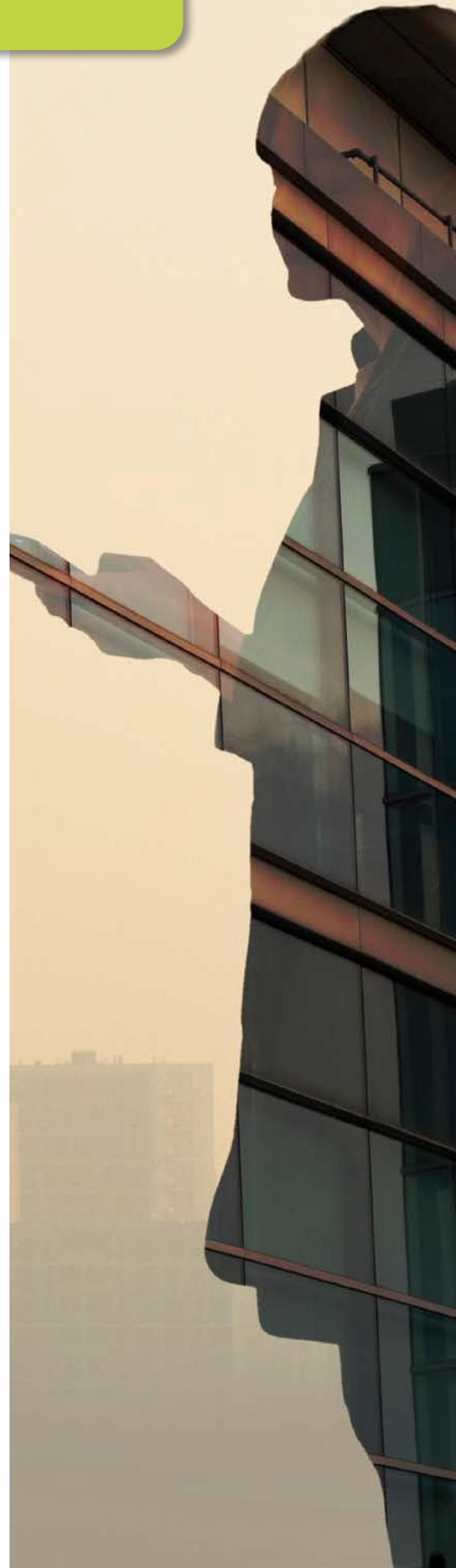


## COLLATERAL AND CB'S OUTSTANDING

Collateral CB's Outstanding



**ACTIVE OC  
MANAGEMENT**

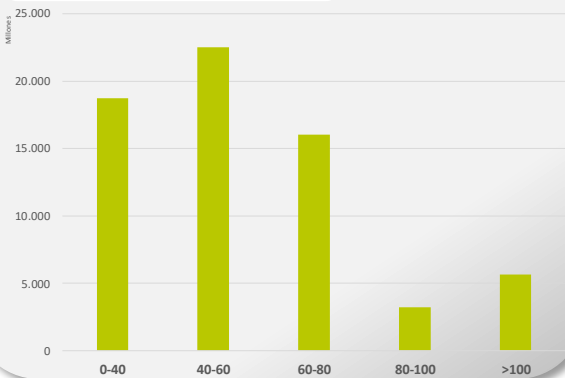


# Cover Pool Metrics

	Q1 2020		Q4 2019	
	Collateral	Eligible	Collateral	Eligible
Outstanding (million €)	66,162	53,318	66,701	53,464
Number of loans	830,720	726,883	837,452	728,022
Number of debtors	746,618	666,379	756,279	669,493
Average LTV	56%	47%	56%	47%

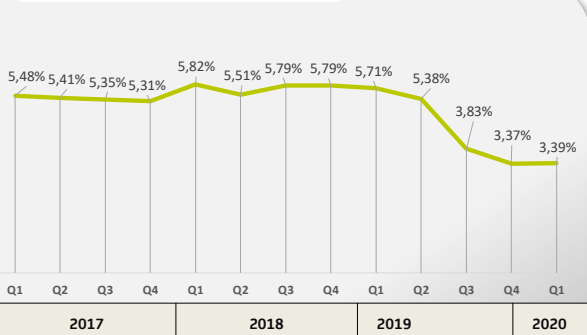
	Q1 2020		Q4 2019	
	Collateral	Eligible	Collateral	Eligible
Residential	57,518	48,574	58,050	48,601
Commercial	8,644	4,745	8,650	4,863

### 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.



# Residential Sub-Pool

B

**RESIDENCIAL  
PORTFOLIO  
ELIGIBILITY  
STANDS AT 84%**

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

## RESIDENCIAL PORTFOLIO

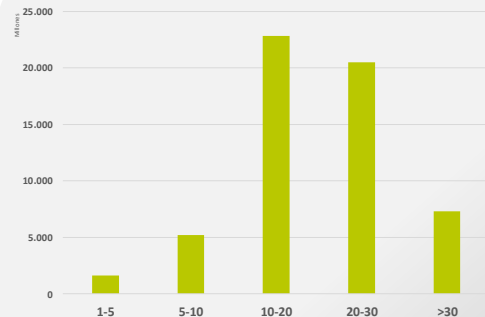


**84%**  
LOANS FOR PRIMARY  
RESIDENCE

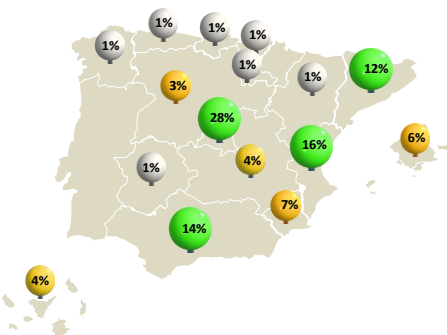
	Q1 2020		Q4 2019	
	Collateral	Eligible	Collateral	Eligible

Outstanding (million €)	57,518	48,574	58,050	48,601
Number of loans	786,085	694,683	791,807	694,966
Number of debtors	717,700	644,061	725,931	646,071
Average LTV	55,4	47,9	55,8	47,9

### MATURITY DISTRIBUTION



### GEOGRAPHIC DISTRIBUTION



Collateral (€mn)	Q1 2020
Madrid	16,127
C. Valenciana	8,975
Andalucía	7,878
Catalunya	6,973
Murcia	3,873
Baleares	3,537
Castilla La Mancha	2,440
Canarias	2,407
Castilla y León	1,884
Rest	3,423



**98%**  
FIRST RANKED  
MORTGAGES



# Commercial Sub-Pool

B



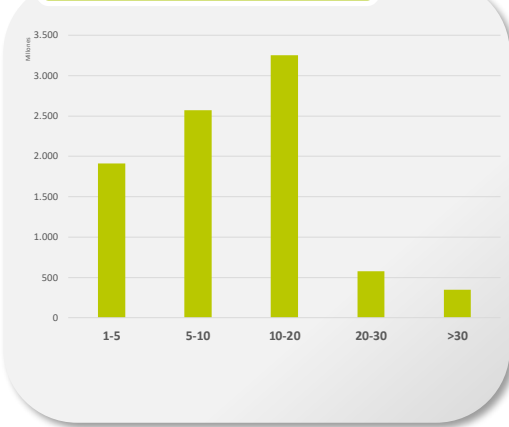
**AVERAGE LTV OF THE ELIGIBLE COMMERCIAL PORTFOLIO STANDS AT 34%**

## COMMERCIAL PORTFOLIO

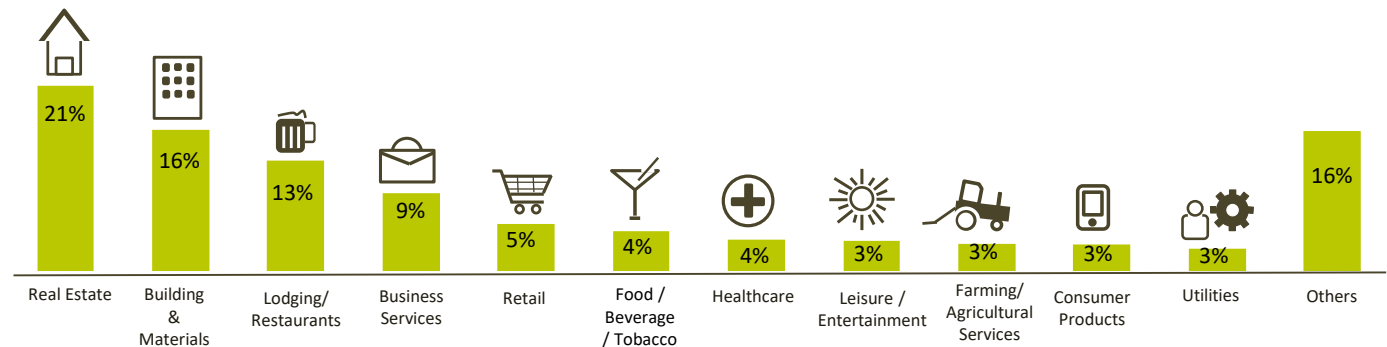
**Q1 2020**      **Q4 2019**

	Collateral	Eligible	Collateral	Eligible
Outstanding	8,644	4,745	8,650	4,863
Number of loans	44,635	32,200	45,645	33,056
Number of debtors	31,190	23,674	32,778	24,844
Average LTV	61,3	33,8	60,5	34,3

### MATURITY DISTRIBUTION



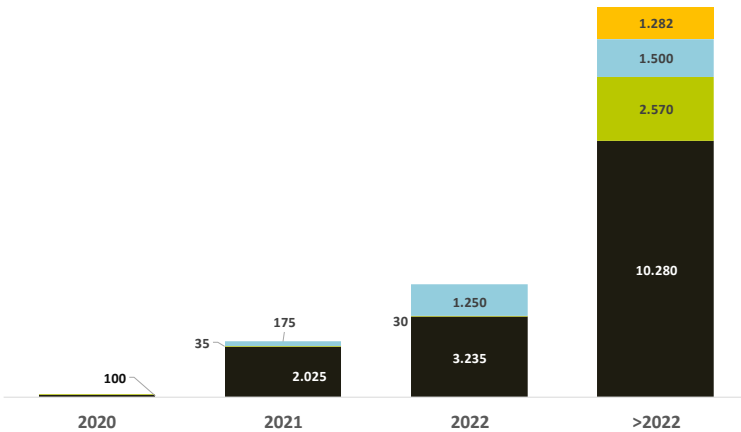
### SPLIT BY INDUSTRY CODE







# Wholesale Maturities Amortizing Profile



102	2,235	4,515	15,632
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**Amount Outstanding (€mn)** **22,484**

 Covered Bonds <sup>(1)</sup>	15,641
 Senior Debt	2,637
 Subordinated debt	2,925
 Securitizations sold to third parties	1,282

*(1) Not including retained covered bonds*

**Bankia**  
THAT SIMPLE