Rating Report

Bankia SA

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DBRS

Insight beyond the rating.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
Bankia SA	Long-Term Issuer Rating	BBB (high)	Tr. Change Jul` 19	Positive
Bankia SA	Short-Term Issuer Rating	R-1 (low)	Confirmed Jul` 19	Stable
Bankia SA	Intrinsic Assessment	BBB (high)	--	--

See back of report for complete rating list.

Rating Drivers

Factors with Positive Rating Implications

1. Further positive rating pressure on the Long-Term Issuer rating would require a continued reduction in the stock of NPAs and demonstration of improved recurrent profitability.

Factors with Negative Rating Implications

1. Negative rating pressure could occur from a material deterioration in Bankia's franchise or a material weakening of the Group's capital position.

Rating Considerations

Franchise Strength: Large nationwide retail franchise in Spain. Recently successfully integrated Banco Mare Nostrum (BMN), which complements its business mix.	**Strong/ Good**
Earnings Power: Net interest income remains negatively impacted by low interest rates, but the bank is offsetting this pressure by growing commissions. Low asset provisions and cost base optimization backed by BMN synergies continue to support profits.	**Good**
Risk Profile: Continued progress on asset quality improvement, through organic reduction and sales. NPA ratio has reached levels closer to peers.	**Good**
Liquidity and Funding: Large and stable retail customer deposit base underpinned by strong retail franchise. Strong liquidity buffer.	**Good**
Capitalisation: Sound capital levels with ample cushion over minimum regulatory requirement. Diversification of capital instruments and recurrent issuances.	**Good**

Financial Information

Bankia, SA EUR Millions	2018Y	2017Y	2016Y	2015Y	2014Y
Total Assets	205,223	213,932	190,167	206,970	233,649
Equity Attributable to Parent	13,177	13,588	12,792	12,630	12,547
Income Before Provisions and Taxes (IBPT)	1,441	1,556	1,524	2,393	2,557
Net Attributable Income	703	505	804	1,040	747
IBPT over Avg RWAs (%)	1.71	1.91	1.95	2.76	NA
Cost / Income ratio (%)	56.62	49.86	50.44	40.46	39.06
Return on Avg Equity (ROAE) (%)	5.28	3.91	6.30	8.21	6.05
Gross NPLs over Gross Loans (%)	6.30	8.78	9.69	10.38	12.89
CET1 Ratio (Fully-Loaded) (%)	12.39	12.66	13.60	12.26	10.56

Source: DBRS Analysis, Copyright © 2019, S&P Global Market Intelligence*

Issuer Description

Bankia SA is the fourth largest commercial bank by total assets in Spain resulting from the merger of seven saving banks. It is largely focused on providing retail business to individuals, small and medium sized businesses (SMEs) and corporates.

Rating Rationale

The confirmation of the ratings and the change of Trend to Positive reflects the Group's strong improvement in asset quality. This is evidenced by a material reduction of problematic exposures organically over the past few years, but also through the sale agreement reached with Lone Star in December 2018 to dispose of a large stock of non-performing assets (NPAs). DBRS estimates that when the sale is completed, the group will have reached levels of NPAs closer to domestic and international peers. The change in Trend also reflects the resiliency of the Group's franchise in Spain, reinforced by the integration of Banco Mare Nostrum (BMN), which DBRS considers as a key element to further support core revenue growth. The ratings also reflect the solid capital position, with large buffers over regulatory requirements, that the Bank has reinforced through organic capital generation and access to the capital markets.

Franchise Strength

Grid Grade: Strong/Good

Bankia was created in May 2011 after the integration of seven saving banks and has a significant presence in different regions in Spain, particularly in Madrid, Valencia and the Balearic Islands since the acquisition of Banco Mare Nostrum (BMN). It serves more than 8 million customers through its nationwide branch network of 2,298 branches and 16,069 employees at end-March 2019.

Bankia is part of BFA Group, which integrates the holding company BFA Tenedora de Acciones. Bankia is 61.4% owned by BFA at end-March 2019. A stake of around 29.3% is held by institutional shareholders and 9.3% by other retail investors, including those retail customers that were subject to a coercive exchange of subordinated debt and preference shares for Bankia's shares in 2013. BFA is 100% owned by the Spanish Fund for Orderly Restructuring (FROB), 100% state owned.

Bankia - BFA received EUR 18 billion of state aid in 2012 and the Group transferred circa EUR 22.3 billion of net real estate assets to Sociedad de Gestión de Activos Procedentes de la Restructuración Bancaria (SAREB) in exchange for SAREB bonds. Bankia's restructuring plan agreed with European Commission was completed in December 2015. In the context of the State aid, the only pending item was the sale of the FROB's stake.

The merger between Bankia and Banco Mare Nostrum (BMN) was completed on January 8th, 2018. DBRS considers BMN has strengthened Bankia's franchise position as the fourth-largest Spanish lender and has further reinforced its market shares in the regions of Madrid, Valencia, Murcia and Baleares. In 1Q18, Bankia completed the IT integration of BMN and has realized, at end-2018, EUR 130 million of the EUR 190 million cost synergies targeted with this merger.

Description of operations

Bankia structures its operations into three main segments: Retail Banking, Business Banking and a Corporate Centre.

Retail Banking (Income Before Taxes - IBT of EUR 580 million in 2018; 53% of end-2018 assets) – This segment includes services to individuals, self-employees and companies with annual income of less than EUR 6 million. It also includes the private banking, asset management and insurance activities. At end-2018, Bankia had assets under management (AuM) of EUR 26.7 billion including investment, pension and saving funds, and discretionary portfolios.

Business Banking (IBT of EUR 655 million in 2018; 19% of end-2018 assets) – It includes business with SMEs and corporates with annual income of more than EUR 6 million.

Corporate Centre (loss before taxes of EUR 315 million in 2018, 28% of end-2018 assets) – This segment largely includes the activity in owned companies and non-current assets for sale.

Earnings Power

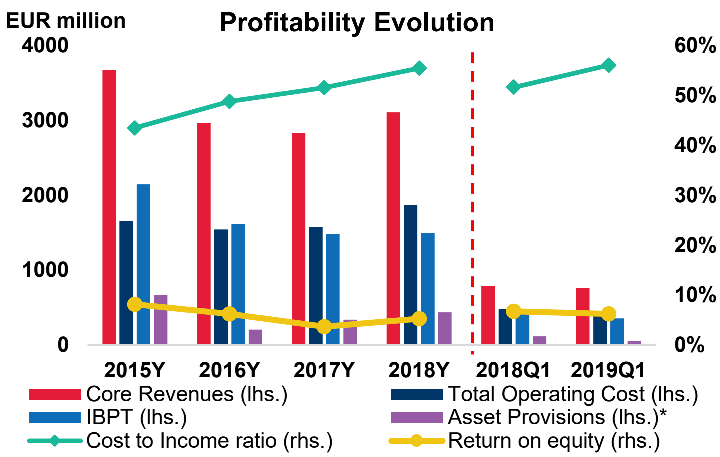
Grid Grade: Good

DBRS considers Bankia's profitability is currently below its franchise potential, partly affected by the low interest rate environment which continues to put pressure on net interest income (NII). Nevertheless, Bankia was able to partly, but not fully, offset this pressure by growing commissions from asset management and payment services. In addition, DBRS considers that the successful integration of BMN provides the Bank with some flexibility through cost synergies.

Bankia reported net attributable income of EUR 703 million in 2018, up 39.4% year-on-year (YoY) from EUR 505 million in 2017, mainly driven by the BMN integration. Excluding the impact in provisions from the NPA portfolio sale, net attributable income would have stood at EUR 788 million. In 1Q19, net attributable income was EUR 205 million, down 10.8% YoY mainly impacted by lower trading gains from the sale of sovereign debt.

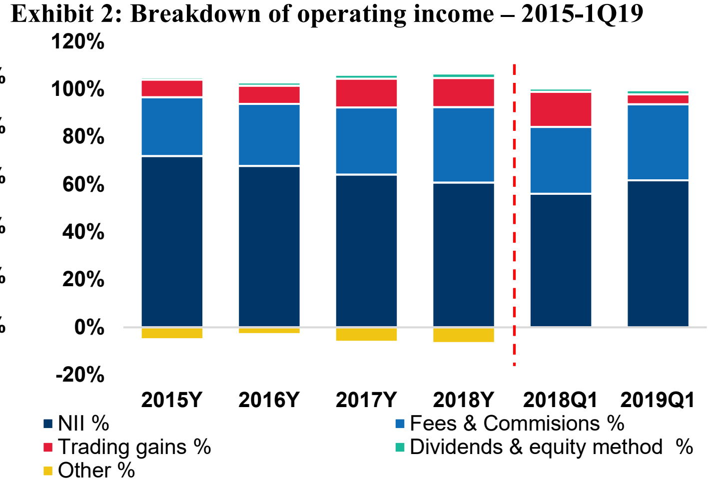
Core revenues increased by 10% YoY to EUR 3.1 billion from EUR 2.8 billion. Bankia's NII was up 4.1% YoY to EUR 2.0 billion from EUR 1.9 billion in 2017. However, on a like-for-like basis (including BMN in 2017), Group's NII would have been lower by 9.6%, mainly due to lower return from the fixed-income portfolio and ongoing negative impact of the low interest rate environment. DBRS notes that this pressure was partly alleviated through the growth of new lending to SMEs and a reduction in funding costs. In addition, Bankia managed to slightly offset the pressure on NII through fees and commissions which improved by 23.3% YoY at EUR 1.0 billion (EUR 864 million in 2017). This was due to higher customer transactions and the integration of BMN. On a like-for-like basis, they would have been up 3.4% YoY, driven mainly by higher fees and commissions for collection and payment services as well as asset management. The same trend continued in 1Q19 YoY, with core revenues down 3.5% YoY.

Exhibit 1: Profitability Evolution – 2015-1Q19



Source: Company reports, DBRS * Includes loan loss and other assets provisions

Exhibit 2: Breakdown of operating income – 2015-1Q19



Source: Company reports, DBRS

Operating costs were up 18.3% YoY in 2018, mostly related to the integration of BMN. On a like-for-like basis, underlying operating expenses would have shrunk 4.3% in 2018 as synergies from the merger with BMN were captured faster than previously envisaged, mainly due to a reduction in the number of employees. This trend continued in 1Q19. The cost-to-income ratio remained sound by international standards at 56.1% at end-March 2019 compared to 55.5% in 2018 and 51.6% in 2017.

In 2018, total group provisions were up 17.6% YoY from EUR 530 million in 2018, on the back of EUR 85 million of provisions booked in 4Q18 related to the sale of the NPA portfolio to Lone Star. Excluding this, provisions would have been down 1.3 % YoY to EUR 445 million from EUR 451 million, mainly thanks to the decline in Non-Performing Loans (NPLs), which brought the cost of risk down to 37 bps (as calculated by DBRS). This trend continued in 1Q19 with total provisions down 36.0%, bringing the cost of risk to 18 bps (as calculated by DBRS). Loan loss provisions absorbed only 19.3% of income before provisions and taxes (IBPT) in 1Q19 compared to 28.5% in 2018 and 29.6% in 2017.

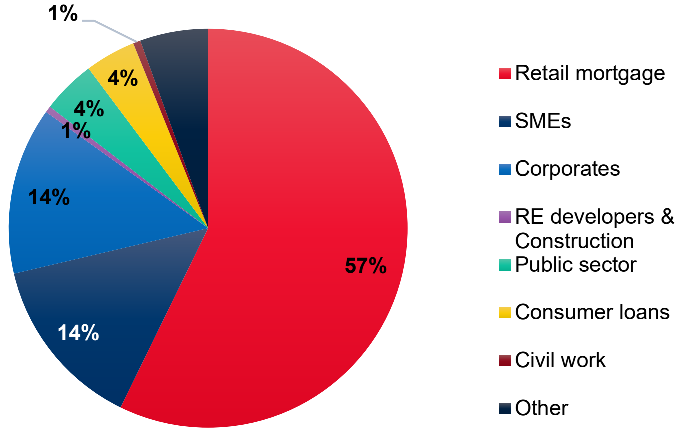
Risk Profile

Grid Grade: Good

DBRS considers that Bankia has effective risk management processes that address the major categories of risk: credit, market (liquidity, interest rates and currency) and operational risk. Bankia's risk profile is dominated by the credit risk encompassed within its commercial banking activities. Interest rate risk is low with market risk mostly arising from the Bank's fixed-income portfolio, including its large exposure to Spanish sovereign debt.

Highlighting the retail focus of the saving banks that formed Bankia today, the Bank's net loan book at end-2018 was largely comprised of retail mortgages (57%), SMEs (14%) and corporates (14%). DBRS notes that exposure to SMEs and consumer finance has increased in accordance with the group's strategic plan for 2020. Concentration in real estate and construction (including civil works) remain low at 1.1% of total net loans at end-2018. Around 65% of total net loans were collateralized by mortgages at that date. Around 6.6% of Bankia's gross loan book was subject to restructuring or forbearance at end-March 2019, of which around 54% were already included in the NPL category.

Exhibit 3: Net loans breakdown at end-2018



Source: Company reports, DBRS

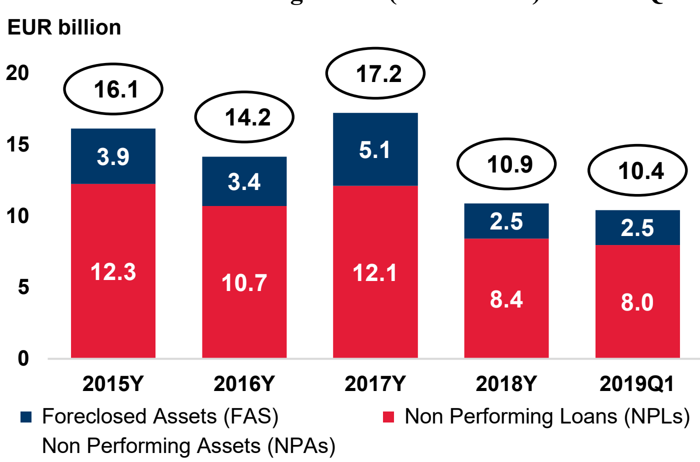
Asset Quality Trends

Bankia's asset quality has continued to improve notably in 2018 and 1Q19, reaching more normalised levels compared with some domestic and international peers. Under its 2018-2020 strategic plan, Bankia targets to reduce its NPA ratio by half by 2020 to around below 6%, with the NPL ratio reaching below 4.0% at end-2020. The bank has reached an agreement to sell a portfolio of EUR 3.1 billion NPAs to Lone Star in December 2018. The transaction should be completed in 1H19 (2H19? 1H19 has finished).

DBRS estimates that Bankia reduced NPAs by EUR 3.3 billion in 2018, almost doubling the reduction rate observed in the last two years, and a further EUR 450 million in 1Q19. Including the transaction with Lone Star, the NPA reduction amounted to EUR 6.8 billion between end-2017 and end-March 2019 according to DBRS's estimates. At end-March 2019, the Bank reported an NPA ratio of 8.3%, down from 8.7% at end-2018 and 12.9% at end-2017 (as calculated by DBRS). The NPL ratio was 6.5% at end-1Q19, a sound improvement from the 9.4% level at end-2017.

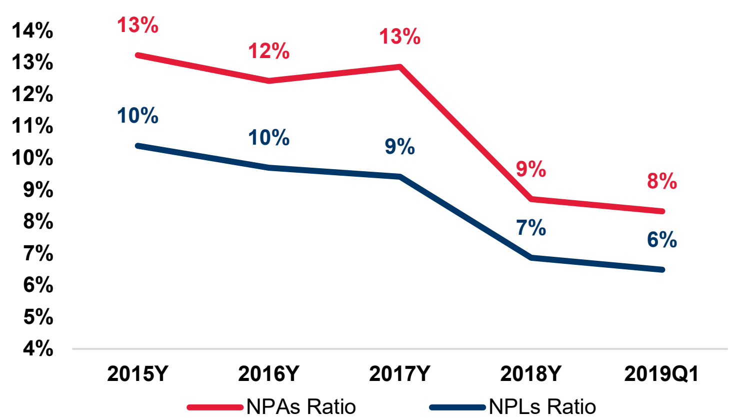
DBRS considers Bankia has good coverage levels of NPAs and NPLs which has also helped to accelerate the reduction of assets in the last years. At end-March 2019, NPLs were 50.1% covered by provisions and 45.0% for NPAs.

Exhibit 4: Non-Performing Assets (EUR billion) – 2015-1Q19



Source: Company reports, DBRS

Exhibit 5: NPL and NPA ratios – 2015-1Q19



Source: Company reports, DBRS

Sovereign Debt Exposure

Bankia's exposure to sovereign risk remained significant at EUR 42.5 billion at end-2018 compared to EUR 47.1 billion in 2017, representing a substantial 3.2x the Bank's equity base. It largely related to Spanish sovereign bonds, especially long term, but it also includes EUR 19.2 billion of SAREB bonds, which are fully and unconditionally guaranteed by the Spanish government. SAREB bonds were issued in 2012 by the SAREB with maturities of one, two and three years, and each of them can be rolled over at maturity at SAREB's discretion for the same tenor and for a period of up to 15 years (i.e. maximum final maturity 2027). Bankia is restricted in selling this portfolio to a third party, and this sets a floor for the Bank's sovereign risk exposure. Excluding SAREB bonds, the Bank's total sovereign exposure reduces to 1.8x its equity base, which is still significant. In addition, Bankia had EUR 12.4 billion of loans granted to the Spanish Treasury and EUR 2.6 billion of Italian sovereign debt.

Market and Interest Rate Risk

Market risk for Bankia is primarily interest rate risk from its large sovereign debt portfolio. Trading risk is almost negligible given the Bank's limited involvement in capital markets activities. The Bank's exposure to interest rate risk is mainly evaluated through balance sheet sensitivity versus the interest rate curve, using various scenarios. Bankia estimates that at end-2018, a parallel shift of 200 basis points (bps) decline on the yield curve would have a negative impact of 1.97% on the Bank's net interest margin, compared to 3.95% at end-2017.

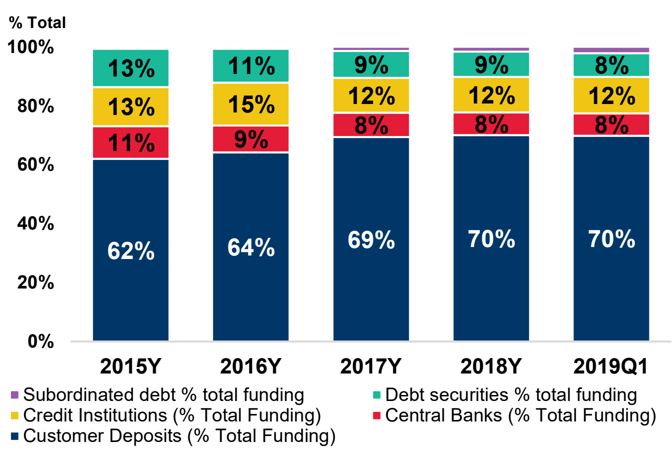
Funding and Liquidity

Grid Grade: Good

DBRS views Bankia's funding position as sound, largely underpinned by the Bank's large and stable customer deposit base. Bankia's main source of funding is customer deposits, representing 69.9% of total funding at end-March 2019. Excluding repos, customer deposits were slightly down 1.1% in 2018, as customers have continued to swap deposits for off-balance-sheet products. Nonetheless, customer deposits grew 1.7% in 1Q19. Off-balance sheet funds were up 2.1% to EUR 28.1 billion in 1Q19 and slightly down 0.7% in 2018 due to the negative impact of market volatility on prices. Bankia's net loan to deposit (LTD) ratio, as calculated by DBRS and excluding repos and covered bonds included in deposits, was 97% at end-March 2019. At end-March 2019, Bankia had EUR 13.9 billion of ECB funding, all related to TLTRO II.

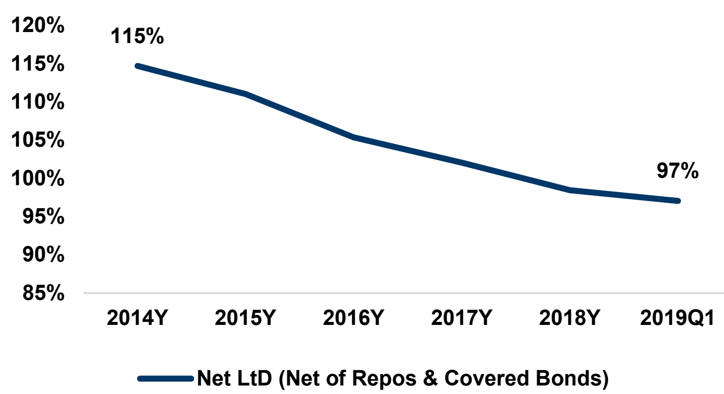
The Bank's wholesale funding is well diversified by instrument and is mainly long term. Debt instruments mainly include wholesale covered bonds (75%), subordinated debt (11%), Additional Tier 1 (5%), securitisation (6%) and senior debt (3%). Bankia has continued to regularly tap the wholesale markets for funding. In 2018, the Bank issued EUR 500 million of Additional Tier 1. In addition, from end-2018 to July 22, 2019, Bankia further issued EUR 1 billion of Tier 2 subordinated bonds, EUR 500 million of Senior Debt, EUR 500 million of Senior Non-Preferred Debt and 750 million of Senior Debt.

Exhibit 6: Funding Mix Evolution, 2015-1Q19



Source: Company reports, DBRS

Exhibit 7: Loans and Deposits Evolution* - 2015-1Q19



Source: Company reports, *DBRS excludes repos and covered bonds included in deposits

With EUR 34.3 billion of unused liquid assets and EUR 16.2 billion of additional capacity to issue covered bonds in case of need at end-March 2019, DBRS views Bankia as having ample liquidity to face its upcoming wholesale funding maturities. Unpledged liquid assets represented 15% of Bankia's total assets at end-March 2019 and mostly included liquid assets available for discounting purposes at the ECB. The Bank has upcoming debt maturities (excluding covered bonds placed among retail investors) of EUR 3.3 billion in 2019, EUR 418 million in 2020, EUR 2.2 billion in 2021 and EUR 18.2 billion beyond 2021. At end-March 2019, Bankia reported a sound liquidity coverage ratio (LCR) of 191%.

Capitalisation

Grid Grade: Good

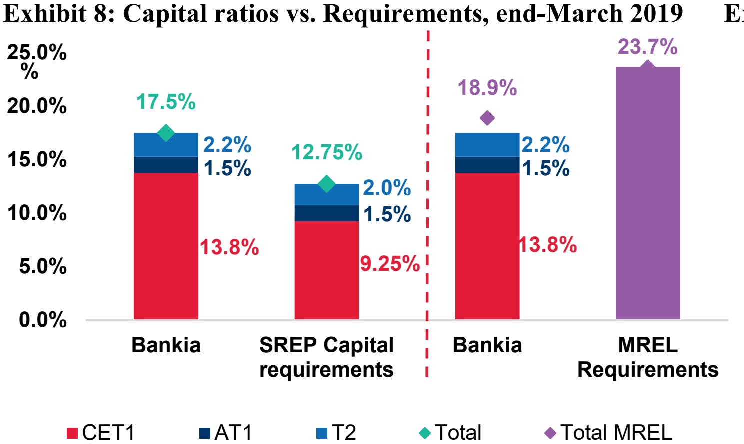
DBRS views Bankia's capitalisation as supported by its capacity to generate capital through retained earnings, as well as accessing the capital markets, for example its recent issuance in the capital markets of AT1 and Tier 2 capital instruments. The Common Equity Tier 1

(CET1) fully loaded ratio was 12.6% at end-March 2019 compared to 12.4% at end-2018 and 12.7% at end-2017. Excluding the unrealised capital gains on the available-for-sale sovereign portfolio, the CET1 ratio fully loaded would be 12.4% at end-March 2019, fairly stable from 12.3% at end-2018. DBRS notes that Bankia's solid capital generation in 2018 (83 bps) was more than enough to absorb the impact of the TRIM review (23 bps), the reorganization of the insurance business (17 bps) and provisions made for the sale of the NPA portfolio (10 bps). Pro-forma for the deconsolidation of the EUR 3.1 billion NPA portfolio the Bank is selling, the fully loaded CET1 ratio would stand at 12.5%. Bankia's tangible common equity (calculated by DBRS) stood at 6.1% of tangible assets at end-March 2019 and the Group reported a fully loaded leverage ratio of 5.6% at end-March 2019, which DBRS considers as strong when compared to international peers. The total capital ratio (fully loaded) was 16.5% under the fully loaded criteria at end-March 2019 (16.3% excluding unrealised capital gains in the AFS portfolio).

Bankia is required by the European authorities to meet a minimum Overall Capital Requirement (OCR) for CET1 (phased-in) ratio of 9.25% according to the Supervisory Review and Evaluation Process (SREP), which includes the minimum Pillar 1 requirement (4.5%), the Pillar 2 requirement (2.0%), the capital conservation buffer (2.5%) and the capital buffer for Other Systematically Important Institutions (O-SIIs – 0.25%). The minimum Overall Capital Requirement (OCR) for total capital (phased-in) according to the SREP, which includes the AT1 and Tier 2 buckets, was set at 12.75%. DBRS considers Bankia maintains ample capital cushions over minimum regulatory requirements at 453 bps for CET1 and 476 bps for Total Capital. DBRS considers that this places the Bank in a comfortable position to comply with the MREL requirements of 23.66%, binding from July 2021.

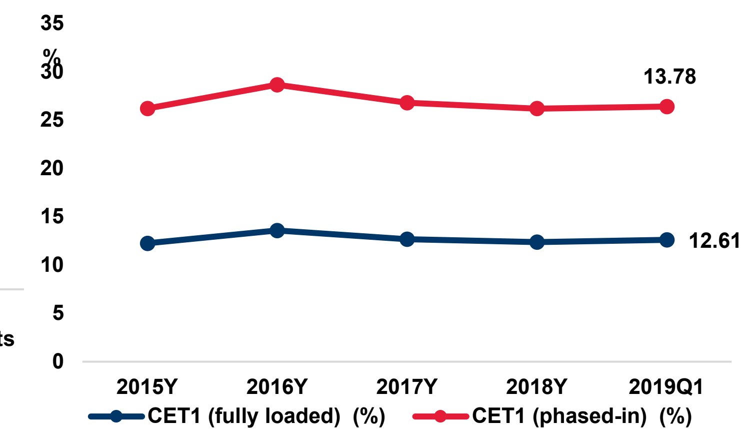
Bankia had EUR 7.5 billion of deferred tax assets that are guaranteed by the Spanish Government at end-2018. According to Spanish regulation, tax credits related to loans and FAs impairments are not deducted from the calculation of CET1 capital but are added to the level of risk weighted assets. For Bankia, the level of these guaranteed DTAs represent around 66% of its total CET1 phased-in capital.

Exhibit 8: Capital ratios vs. Requirements, end-March 2019



Source: Company reports, DBRS

Exhibit 9: Regulatory Capital Ratios (%)



Source: Company reports, DBRS

EUR Millions	Bankia, SA	Bankia, SA	Bankia, SA	Bankia, SA	Bankia, SA
	2018Y	2017Y	2016Y	2015Y	2014Y
Balance Sheet	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Cash and Deposits w ith Central Banks	4,754	4,504	2,854	4,042	2,927
Lending to/Deposits w ith Credit Institutions	4,433	3,028	3,578	5,381	10,967
Financial Securities	49,664	55,479	53,579	55,678	63,159
Financial Derivatives Instruments	8,649	9,765	11,887	16,149	23,987
Net Lending to Customers	118,295	123,025	104,677	110,570	112,691
- Gross Lending to Customers	*122,505*	*128,782*	*110,595*	*117,977*	*121,769*
- Loan Loss Reserves	*4,210*	*5,757*	*5,918*	*7,407*	*9,077*
Investment in Associates or Subsidiaries	306	321	282	285	298
Total Intangible Assets	298	237	220	203	197
Fixed Assets	2,190	2,424	1,658	2,058	1,862
Insurance Assets	NA	NA	NA	NA	NA
Other Assets (including DTAs)	16,634	15,150	11,434	12,603	17,561
Assets	**205,223**	**213,932**	**190,167**	**206,970**	**233,649**
Deposits from Banks	35,644	37,650	38,962	42,702	60,465
Deposits from Central Banks	13,856	15,356	14,969	19,474	36,500
Deposits from Credit Institutions	21,788	22,294	23,993	23,228	23,965
Deposits from Customers	126,283	127,728	103,946	103,465	102,661
Issued Debt Securities	15,370	17,274	18,801	22,881	23,350
Issued Subordinated Debt	2,990	2,511	1,045	1,046	1,043
Financial Derivatives Instruments	6,108	7,456	9,248	13,372	20,556
Insurance Liabilities	0	0	0	0	0
Other Liabilities	5,638	7,700	5,328	10,808	13,040
Equity Attributable to Parent	13,177	13,588	12,792	12,630	12,547
Minority Interests	12	25	45	66	-13
Liabilities & Equity	**205,223**	**213,932**	**190,167**	**206,970**	**233,649**

EUR Millions	Bankia, SA	Bankia, SA	Bankia, SA	Bankia, SA	Bankia, SA
	2018Y	2017Y	2016Y	2015Y	2014Y
Income Statement	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Interest Income	2,454	2,309	2,652	3,677	4,687
Interest Expenses	405	341	504	937	1,760
Net Interest Income	**2,049**	**1,968**	**2,148**	**2,740**	**2,927**
Net Fees and Commissions	1,065	864	824	938	948
Results from Financial Operations	425	377	254	311	225
Equity Method Results	56	40	38	32	32
Net Income from Insurance Operations	0	0	0	0	-4
Other Operating Income	-275	-147	-189	-2	66
Total Operating Income	**3,321**	**3,102**	**3,076**	**4,019**	**4,195**
Staff Costs	1,161	945	907	971	987
Other Operating Costs	545	428	483	509	495
Depreciation/Amortisation	174	174	161	147	156
Total Operating Expenses	**1,880**	**1,547**	**1,551**	**1,626**	**1,639**
Income Before Provisions and Taxes (IBPT)	**1,441**	**1,556**	**1,524**	**2,393**	**2,557**
Loan Loss Provisions	426	334	215	626	973
Securities & Other Financial Assets Impairments	1	-6	6	-44	-23
Other Impairments	94	157	277	174	383
Other Non-Operating Income (Net)	0	-445	-35	-184	-312
Income Before Taxes (IBT)	**920**	**625**	**991**	**1,452**	**912**
Tax on Profit	223	131	189	391	226
Discontinued Operations	6	0	0	0	85
Other After-tax Items	0	0	0	0	0
Minority Interest	0	-11	-2	21	24
Net Attributable Income	**703**	**505**	**804**	**1,040**	**747**

Source: DBRS Analysis, Copyright © 2019, S&P Global Market Intelligence*

	Bankia, SA	Bankia, SA	Bankia, SA	Bankia, SA	Bankia, SA
	2018Y	2017Y	2016Y	2015Y	2014Y
Earnings Power					
Earnings					
Net Interest Margin (%)	1.09	1.14	1.16	1.36	1.29
Yield on Average Earning Assets (%)	1.30	1.34	1.43	1.82	2.07
Cost of Interest Bearing Liabilities (%)	0.21	0.20	0.27	0.46	0.77
IBPT over Avg Assets (%)	0.70	0.85	0.76	1.08	1.03
IBPT over Avg RWAs (%)	1.71	1.91	1.95	2.76	NA
Expenses					
Cost / Income ratio (%)	56.62	49.86	50.44	40.46	39.06
Operating Expenses by Employee	118,074	87,109	114,876	119,824	113,696
LLP / IBPT (%)	29.54	21.48	14.11	26.18	38.06
Profitability Returns					
Return on Avg Equity (ROAE) (%)	5.28	3.91	6.30	8.21	6.05
Return on Avg Assets (ROAA) (%)	0.34	0.27	0.40	0.48	0.31
Return on Avg RWAs (%)	0.84	0.61	1.03	1.22	NA
Dividend Payout Ratio (%)	47.90	67.07	37.35	19.40	0.00
Internal Capital Generation (%)	3.07	1.40	4.31	7.27	6.58
Risk Profile					
Gross NPLs over Gross Loans (%)	6.30	8.78	9.69	10.38	12.89
Net NPLs over Net Loans (%)	2.96	4.51	4.58	4.38	5.87
NPL Coverage Ratio (%)	54.56	50.93	55.22	60.46	57.83
Net NPLs over IBPT (%)	243.35	356.57	314.85	202.46	258.88
Net NPLs over CET1 (%)	30.85	45.57	41.35	42.91	60.87
Texas Ratio (%)	44.35	58.36	57.14	60.94	72.63
Cost of Risk (%)	0.35	0.32	0.19	0.56	0.82
Level 2 Assets/ Total Assets (%)	4.24	4.59	6.52	8.57	13.11
Level 3 Assets/ Total Assets (%)	0.13	0.16	0.06	0.08	0.06
Funding and Liquidity					
Bank Deposits over Funding (%)	19.60	21.28	24.35	27.19	33.54
- Interbank over Funding (%)	11.99	13.17	15.28	16.14	14.59
- Central Bank over Funding (%)	7.61	8.10	9.07	11.04	18.94
Customer Deposits over Funding (%)	69.39	67.40	63.01	58.68	53.28
Wholesale Funding over Funding (%)	11.01	11.32	12.64	14.14	13.18
- Debt Securities over Funding (%)	8.45	9.12	11.40	12.98	12.12
- Subordinated Debt over Funding (%)	2.56	2.21	1.24	1.16	1.06
Liquid Assets over Assets (%)	28.68	29.45	31.56	31.45	32.98
Non-Deposit Funding Ratio (%)	34.24	36.24	41.38	46.74	53.57
Net Loan to Deposit Ratio (%)	93.67	96.32	100.70	106.87	109.77
LCR (Phased-in) (%)	163.00	172.00	NA	NA	NA
NSFR (%)	NA	NA	NA	NA	NA
Capitalisation					
CET1 Ratio (Phased-In) (%)	13.80	14.15	15.08	13.96	12.28
CET1 Ratio (Fully-Loaded) (%)	12.39	12.66	13.60	12.26	10.56
Tier 1 Capital Ratio (Phased-In) (%)	15.31	14.94	15.08	13.96	12.28
Total Capital Ratio (Phased-In) (%)	17.58	16.84	16.42	15.24	13.82
Tang. Equity / Tang. Assets (%)	6.29	6.26	6.64	6.04	5.28
Leverage Ratio (DBRS) (%)	5.72	5.90	6.42	5.84	5.11
Growth					
Net Attributable Income YoY (%)	39.4	-37.3	-22.7	39.2	83.3
Net Fees and Commissions YoY (%)	23.3	4.9	-12.2	-1.0	1.3
Total Operating Expenses YoY (%)	21.6	-0.3	-4.6	-0.8	-21.4
IBPT YoY (%)	-7.4	2.1	-36.3	-6.4	45.1
Assets YoY (%)	-4.1	12.5	-8.1	-11.4	-7.1
Gross Lending to Customers YoY (%)	-4.9	16.4	-6.3	-3.1	-6.2
Net Lending to Customers YoY (%)	-3.8	17.5	-5.3	-1.9	-5.4
Loan Loss Provisions YoY (%)	27.4	55.4	-65.7	-35.6	-21.3
Deposits from Customers YoY (%)	-3.1	24.0	-3.3	1.8	-1.6

Source: DBRS Analysis, Copyright © 2019, S&P Global Market Intelligence*

Rating Methodology

The applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (June 2019), which can be found on our website under Methodologies.

Ratings

Issuer	Debt	Rating	Rating Action	Trend
Bankia SA	Long-Term Issuer Rating	BBB (high)	Trend Changed	Positive
Bankia SA	Short-Term Issuer Rating	R-1 (low)	Confirmed	Stable
Bankia SA	Long-Term Senior Debt	BBB (high)	Trend Changed	Positive
Bankia SA	Short-Term Debt	R-1 (low)	Confirmed	Stable
Bankia SA	Long-Term Deposits	BBB (high)	Trend Changed	Positive
Bankia SA	Short-Term Deposits	R-1 (low)	Confirmed	Stable
Bankia SA	Long Term Critical Obligations Rating	A	Trend Changed	Positive
Bankia SA	Short-Term Critical Obligations Rating	R-1 (low)	Trend Changed	Positive
Bankia SA	Senior Non-Preferred	BBB	Trend Changed	Positive
Bankia SA	Additional Tier 1 Instruments	BB (low)	Trend Changed	Positive
Bankia SA	Subordinated Debt	BBB (low)	Trend Changed	Positive

Ratings History

Issuer	Debt	Current	2018	2017	2016
Bankia SA	Long-Term Issuer Rating	BBB (high)	BBB (high)	BBB (high)	BBB (high)
Bankia SA	Short-Term Issuer	R-1 (low)	R-1 (low)	R-1 (low)	-
Bankia SA	Long-Term Senior Debt	BBB (high)	BBB (high)	BBB (high)	BBB (high)
Bankia SA	Short-Term Debt	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Bankia SA	Long-Term Deposits	BBB (high)	BBB (high)	BBB (high)	-
Bankia SA	Short-Term Deposits	R-1 (low)	R-1 (low)	R-1 (low)	-
Bankia SA	Long Term Critical Obligations Rating	A	A	A	A
Bankia SA	Short-Term Critical Obligations Rating	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Bankia SA	Senior Non-Preferred	BBB	-	-	-
Bankia SA	Additional Tier 1 Instruments	BB (low)	-	-	-
Bankia SA	Subordinated Debt	BBB (low)	-	-	-

Previous Actions

- DBRS Confirms Bankia's Long-Term Issuer Rating at BBB (high), Trend Revised to Positive, July 2, 2019.
- DBRS Assigns Ratings to Certain Debt Instruments of Bankia, May 13, 2019
- DBRS Confirms Bankia at BBB (high), Stable Trend, July 4, 2018.

Related Research

- DBRS Publishes What's Next For European Banks' NPLs, June 4, 2019
- An Overview of Spanish Banks' 2019 SREP Requirements, February 25, 2019
- Will 2019 Bring Further Banking Consolidation in Spain?, February 7, 2019
- Spanish Banks' 9M18 Confirms Sector's Capacity to Absorb Shocks, November 21, 2018

- Spanish Supreme Court Ruling Fuels Uncertainty for Banks, October 23, 2018
- Spanish Banks: Prepared to Start a New Chapter on Asset Quality, October 2, 2018
- Asset Quality Issues Reduced at Spanish Banks; Profitability Ready to Move Forward, September 17, 2018

Previous Report

- Bankia SA, Rating Report, July 19, 2018.
- Bankia SA, Rating Report, August 8, 2017.
- Bankia SA, Rating Report, July 19, 2016.