FitchRatings

Banks

Spain

Bankia S.A.

Full Rating Report

Ratings

Long-Term IDR	BBB
Short-Term IDR	F3
Viability Rating	bbb
Support Rating	5
Support Rating Floor	NF

Sovereign Risk

Long-Term Foreign-Currency IDR	A-
Long-Term Local-Currency IDR	A-

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Bankia S.A.

	31 Dec 2018	31 Dec 2017
Total assets (USDm)	235,062	256,568
Total assets (EURm)	205,223	213,932
Total equity (EURm)	13,189	13,613
Pre-impairment operating profit (EURm)	1,498	1,038
Operating profit (EURm)	1,071	710
Net income (EURm)	704	494
Pre-impairment operating ROAA (%)	0.7	0.6
Operating ROAA (%)	0.5	0.4
Operating ROAE (%)	8.0	5.5
Fitch Core Capital/weighted risks (%)	12.5	12.6
Regulatory common equity Tier 1 ratio (%)	13.8	14.2

Source: Fitch Ratings, Fitch Solutions

Related Research

Bankia S.A - Ratings Navigator

Analysts

Cristina Torrella
+34 93 323 84 05
cristina.torrella@fitchratings.com

Fernando Sanchez
+34 91 076 1987
fernando.sanchez@fitchratings.com

Key Rating Drivers

Asset Quality, Capitalisation: Bankia S.A.'s ratings reflect its reduced, although still high, exposure to problem assets as well as the challenge to rebalance its business mix and improve banking profitability. They also factor in its strengthened national retail franchise following its merger with the former Banco Mare Nostrum S.A. (BMN), management's proven record in integrations as demonstrated with BMN's speedy and trouble-free integration, sustained sound post-merger capitalisation as well as adequate funding and liquidity.

Sound National Franchise: Bankia was the fourth-largest Spanish bank by domestic total assets at end-2018. It has sound national market shares for loans (12% at end-2018) and deposits (11%), strengthened after the acquisition and successful integration of BMN.

Asset Quality Improved: In December 2018, Bankia agreed to sell a portfolio of non-performing loans (NPLs) and foreclosed assets, with a gross book value of EUR2.8 billion at end-2018, to a private equity fund. Fitch Ratings calculates that on a pro forma basis the problem asset ratio will decrease to around 8% from 11.1% at end-2017 and the coverage ratio will remain at around 50%. We expect continued asset quality improvement supported by organic problem-asset reduction under Bankia's 2018-2020 strategic plan.

Reduced Capital Encumbrance: The bank's pro-forma (from the problem assets portfolio sale) fully loaded common equity Tier 1 (CET1) ratio was 12.6% at end-2018, well above the minimum requirements. Capital exposure to unreserved problem assets will improve on completion of the sale to around 55% of the end-2018 fully loaded CET1, compared with around 80% at end-2017. Fitch expects this ratio to improve further by end-2019 if we take into account the planned organic reduction of problem assets.

Modest Profitability: Bankia's profitability is gradually improving but remains constrained by still subdued net loan growth and large exposure to low-yielding retail mortgage loans and SAREB bonds. We expect profitability to remain stable or moderately improve in 2019 from an improving loan mix, BMN-related cost synergies, growing fee-based business and lower loan impairment charges.

Stable Funding, Comfortable Liquidity: Bankia's funding primarily comprises customer deposits, representing about two thirds of total funding. The rest is largely secured in the form of covered bonds, ECB's TLTRO or repos, which are used to fund a large stock of legacy SAREB bonds. Liquidity reserves are adequate for scheduled long-term debt repayments and potential short-term financing risks.

Rating Sensitivities

Asset Quality, Profitability: Upside rating potential over the long term could arise from improved asset-quality metrics, resulting in a reduction of its capital's vulnerability to unreserved problem assets, and further evidence of improved banking profitability. This would have to be accompanied by maintaining sound capital ratios.

Asset Quality, Capital Deterioration: If asset quality and capital deteriorate substantially, which Fitch currently does not expect, Bankia's ratings could be downgraded. Similarly, a significant increase in risk appetite or a weakening of earnings could put pressure on ratings.

Operating Environment

Supportive Economic Environment

Fitch affirmed Spain's rating at 'A-'/Stable in January 2019. The country's sovereign rating is supported by a high value-added and diversified economy, relatively high income per capita (USD30,600 at end-March 2019) and extremely low average yield at issuance. It is also supported by a negligible share of foreign-currency debt and governance indicators in line with the 'A' median. This is set against a very large stock of general government debt, weak structural fiscal adjustment, high external leverage, political risks, and a still high unemployment rate. The country also scores highly on the World Bank's Ease of Doing Business indicators (84.7 in 2018).

Spain is benefiting from a strong economic recovery, with ongoing reduction in macroeconomic imbalances and financial-sector repair. GDP growth in 2018 was robust at 2.6%, with domestic demand being the main driver, and Fitch expects it to slow to 2.3% in 2019 and 1.9% in 2020. The rate of unemployment decreased to a still high 14.4% at end-2018. The ongoing recovery in the real estate market is reflected in a steady increase in property sales and house prices.

Company Profile

Large National Retail Bank; BMN Strengthens Franchise

Bankia is the result of the integration of seven former saving banks. Bankia is strongly present in Madrid, Valencia, Canary Islands and, following the acquisition of BMN, in Murcia, Andalusia and the Balearic Islands. The full integration of BMN in March 2018 added about EUR22 billion of loans (20% of Bankia's stand-alone loan book) and EUR29 billion of deposits (28% of deposits) to the group and complemented Bankia's franchise.

Bankia's franchise is particularly strong in mortgage lending, where it held a market share of around 14% at end-2018, providing good pricing power. However, its scale and market share in other lending segments and other financial complementary services (i.e. insurance) are more limited and Bankia also lacks international diversification compared with its closest domestic peers. We consider that the bank's less diversified revenue profile as well as its large holding of less-liquid and low-yield SAREB bonds constrain, to a certain extent, its business and financial profile compared with some of its more diversified domestic peers.

State Ownership to Reduce in the Medium Term

Bankia's holding company, BFA, Tenedora de Acciones, S.A.U. (BFA), is ultimately wholly owned by the state through the Fund for Orderly Bank Restructuring (FROB) and has a 61.42% stake in Bankia at end-March 2019. Although it does not have a banking licence, BFA remains the consolidating entity of the group and is supervised by the ECB with Bankia being its main asset. The bank's privatisation has proved difficult due to unfavourable market conditions and the timeframe for the FROB to exit from the shareholding has been extended to end-2021. We expect the latter to change the focus of supervision from BFA to Bankia but not the strategic direction of the bank as this has been managed independently.

Management and Strategy

Strategic Focus on Business Mix, Profitability

Bankia's management team has a good degree of depth and experience in banking, evidenced by the successful implementation of the five-year restructuring plan after taking management of the bank in mid-2012. Since then, Bankia's corporate culture and corporate governance has strengthened. At end-2018, the board of directors included 12 members, of whom eight were independent and four were executives. All strategic committees comprise a majority of independent members.

Bankia's strategic objectives are well articulated and reflect a medium-term level of business and financial performance. Under its 2018-2020 strategic plan, Bankia aims to rebalance its

Related Criteria

Bank Rating Criteria (October 2018)
Short-Term Ratings Criteria (May 2019)

Note on Charts

Black dashed lines in the Asset Quality chart and further in the report represent indicative quantitative ranges and corresponding implied scores for Fitch's core financial metrics for banks operating in the environments that Fitch scores in the 'bbb' category.

loan portfolio from retail mortgage to corporate and consumer loans. The bank's financial targets include a return on equity of 10.8% and a cost/income ratio of 47% by end-2020.

Bankia expects profitability improvements to be largely derived from cost containment and synergies related to BMN and lower loan impairment charges (LICs). The bank also expects improvement from higher revenue from its changing loan mix and increased sales of fee-based services and products. Bankia aimed to reduce the stock of problem assets by EUR2.9 billion per year over the next years to 2020. However, the problem assets sale announced in December 2018 accelerates the combined problem assets reduction target. Bankia also expects to pay out a cash dividend of around 45%-50% and return all excess capital above a 12% CET1 fully loaded ratio.

Fitch expects Bankia to achieve most of its 2018-2020 strategic targets, assuming the economy continues to perform well, despite some growth deceleration, and the business cycle holds up. However, we expect the bank's profitability to lag behind its more diversified domestic peers.

Risk Appetite

Underwriting Standards in Line with Sector

Bankia's risk profile is dominated by the credit risk from its lending activities (close to 60% of total assets at end-2018) and is largely focused on retail mortgage loans (just below 55% of the loan book). The bank's underwriting standards are in line with industry standards and risk controls are good. Loan approvals and risk monitoring follow a centralised hierarchical system, with conservative limits and efficient risk-control systems. Bankia uses scoring systems for consumer and mortgage lending, and credit ratings for corporate loans. Borrower concentration is modest given the bank's focus on households and SME. At end-2018, the bank used internal ratings-based models to calculate credit risk associated with around 57% of total credit-risk exposure, whereas the rest was calculated by applying the standardised approach.

The bank's exposure to market risk is average, coming mostly from structural interest-rate risk, and appropriate hedging techniques are being employed. The bank is positioned to interest-rate rises while sensitivity to interest rate cuts is very low. Trading activity is minimal.

Financial Profile

Asset Quality

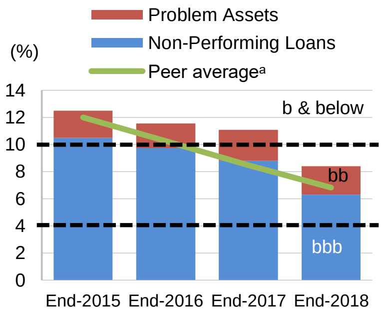
Improvement Continues but Problem Assets Ratio Still Higher than International Peers'

Bankia's loan book is dominated by retail mortgage loans (about 55% at end-2018) followed by corporates and SMEs (35%) and consumer lending (4%). Loans to real-estate developers were small (around 1.5% of total loans), reflecting the transfer to SAREB in the past, but slowly growing as the bank is no longer restricted to lend to this sector from 2018.

In December 2018, Bankia announced an agreement to sell a portfolio of NPLs and foreclosed assets with a gross book value of EUR2.8 billion at end-2018 to Lone Star Fund XI (Lone Star), a private equity fund. The foreclosed assets will be transferred to two entities in which Bankia will ultimately participate through a 20% stake and Lone Star with the remaining 80%. The NPLs will be fully acquired by Lone Star. We calculate that on a pro-forma basis the problem asset ratio (including NPLs and foreclosed assets) would have been around 8% at end-2018, a decrease from 11.1% at end-2017. The reserve coverage ratio will remain at around 50%. The sale is expected to be completed in 2Q19 and we see limited execution risks. Despite the improvement, the problem assets ratio remained above similarly rated international peers.

We expect NPLs to continue declining as recoveries and write-offs exceed new inflow and there are some portfolio sales. Fitch considers this achievable given the bank's track record (reduction in 2018 was EUR3.1 billion without the large portfolio sale) and given the sound prospects for Spain's economic environment. We expect this to bring the problem assets ratio to around 5.5% by end-2019 and coverage levels for problem assets to around 50%.

Asset Quality



[a] Problem assets for domestic banks include NPLs and foreclosed assets
Peers include: Bankia S.A. (Viability Rating: bbb); CaixaBank, S.A. (bbb+); Kutxabank S.A. (bbb+); Intesa Sanpaolo S.p.A. (bbb); Unione di Banche Italiane S.p.A. (bbb-); Bank of Ireland (bbb); Allied Irish Banks, plc (bbb-)
Source: Fitch Ratings, Banks

Other earning assets amounting to EUR49 billion at end-2018 primarily related to fixed-income securities. Of this, EUR26.8 billion were in the ALCO portfolio, EUR0.8 billion in the non-ALCO portfolio and EUR19.2 billion were SAREB bonds, which Bankia is restricted in selling to a third party. Of the total securities, about 68% is held-to-maturity to avoid volatility in equity. Fixed-income securities included about EUR19 billion in Spanish government securities and EUR5 billion in Italian sovereign debt.

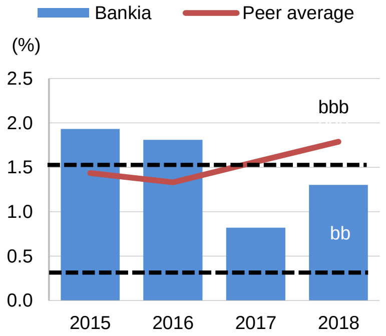
Earnings and Profitability

Modest Profitability but Structurally Improving

Bankia's revenue generation improved in 2018 on account of growing loan volumes and fee-based asset management and insurance business. Improvement was also due to BMN integration synergies and reduced LICs. In recent years, earnings also benefited from non-recurrent contributions from capital gains on securities sales. However, core profitability still falls short compared with the bank's closest domestic peers. This is due to the bank's less diversified revenue profile and a large and low-yielding legacy SAREB bond portfolio.

We expect profitability improving trend to continue in 2019, despite pressured revenue generation from low interest rates, and LICs to remain low. Further improvement in profitability requires higher banking activity, which should boost net interest and commission income through volume growth, and the materialisation of integration synergies. The bank expects EUR190 million cost savings per year from 2019, once the integration process has been completed.

Operating Profit/RWAs



Source: Fitch Ratings, Banks

Capitalisation and Leverage

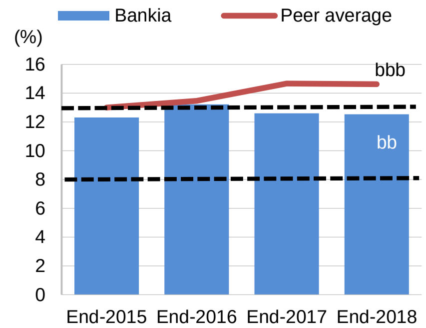
Reduced Capital Encumbrance

At end-March 2019, Bankia reported a fully loaded CET1 ratio of 12.1% (fully phased IFRS 9), well above its 9.25% Supervisory Review and Evaluation Process requirement on a fully loaded basis. This compares well with the peer average and has improved steadily since 2013 owing to asset de-risking and stronger internal capital generation. The ratio also compares well to management's target of a fully loaded CET1 ratio of at least 12% by end-2020. Bankia's Fitch Core Capital ratio remained stable (12.5% at end-2018) and compares well with domestic peers.

Bankia's total regulatory capital ratio was 16.3% at end-March 2019 and was supported by EUR1.7 billion subordinated Tier 2 debt and EUR1.3 billion of Additional Tier 1 notes. Bankia's fully loaded leverage ratio of 5.6% at end-March 2019 compares well with that of international peers.

Better asset quality has also provided relief to capital by reducing its exposure to unreserved problem assets. Capital exposure to unreserved problem assets will improve upon the completion of the sale. We estimate that unreserved problem assets will decline substantially to around 55% of end-2018 fully loaded CET1, compared with around 80% at end-2017. Our expectation is that this ratio will improve further by end-2019 if we take into account the planned organic NPL reduction.

Fitch Core Capital Ratio



Source: Fitch Ratings, Banks

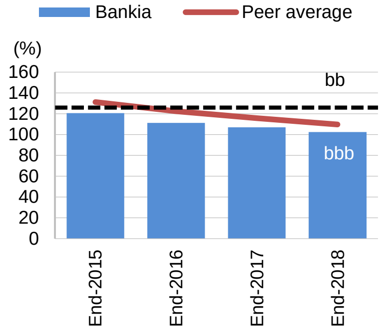
Funding and Liquidity

Stable Funding, Adequate Liquidity

In the past few years, Bankia has successfully rebalanced its funding profile, mainly by deleveraging sharply and significantly reducing its commercial gap. The bank's loans/deposits ratio was 102% at end-2018, down from 160% at end-2011. At end-2018, the liquidity coverage and net stable funding ratios were 163% and 116%, respectively.

Customer deposits remain Bankia's main funding source, representing about two-thirds of total funding. Other funding sources mainly include covered bonds, interbank deposits, and repurchase agreements. We expect Bankia to increase wholesale funding gradually as the bank starts issuing MREL-eligible instruments to comply with its requirement by 1 July 2021. In

Loans/Deposits



Source: Fitch Ratings, Banks

May 2019, MREL were set at 23.66% of end-2017 RWAs, which compares with the bank's MREL ratio of 18.9% at end-March 2019. Bankia issued about EUR1.9 billion of debt during the first three months of 2019, including EUR1 billion of subordinated debt and EUR500 million of senior preferred debt. The bank plans to issue a further EUR5 billion of MREL-eligible instruments to fulfil the gap to meet its MREL.

Funding from the ECB amounted to EUR13.8 billion at end-2018, or around 7% of total assets, and is partly used to finance its legacy bond portfolio. The bank plans to replace ECB funding with long-term repos and other wholesale funding. Bankia also has above-average short-term funding, largely in the form of repos (some are long term) backed by government bonds, to fund its SAREB bonds. These bonds cannot be sold to third parties and have one-to-three year maturities, but can be rolled over at SAREB's discretion until 2027. We expect Bankia to continue financing SAREB bonds mostly with short-to-medium-term funding.

At end-March 2019, maturing wholesale funding in the remainder of the year amounted to EUR2.3 billion, mostly relating to covered bonds, which we view as manageable, and very little in 2020. The liquidity position is adequate for scheduled long-term debt repayments and potential short-term financing risks. At end-March 2019, the stock of unencumbered ECB-eligible assets accounted for about 16% of total assets (EUR34 billion) and was mainly in the form of public debt and self-retained covered bonds.

Support

Sovereign Support Not Reliable

The Support Rating of '5' and Support Rating Floor of 'No Floor' reflect Fitch's belief that Bankia's senior creditors can no longer rely on receiving full extraordinary support from the sovereign it the bank becomes non-viable. The EU's Bank Recovery and Resolution Directive and the Single Resolution Mechanism for eurozone banks provide a framework for resolving banks. This framework is likely to require senior creditors to participate in losses, instead of or ahead of a bank receiving sovereign support.

Debt Ratings

Bankia's senior non-preferred notes (BBB) are rated at the same level as the bank's Long-Term Issuer Default Rating. This reflects Fitch's view that the likelihood of default on the senior non-preferred notes is in line with that of the bank. Lower Tier 2 debt (BBB-) is rated one notch below the Viability Rating for loss severity, reflecting below-average recoveries.

Bankia S.A.
Income Statement

	31 Dec 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Year End USDm Audited - Unqualified	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets	Year End EURm Audited - Unqualified	As % of Earning Assets
1. Interest Income on Loans	2,296.0	2,004.5	1.10	1,762.6	0.91	n.a.	-	0.0	0.00
2. Other Interest Income	515.1	449.7	0.25	546.7	0.28	2,651.8	1.52	2,740.2	1.44
3. Dividend Income	12.4	10.8	0.01	9.4	0.00	4.4	0.00	6.0	0.00
4. Gross Interest and Dividend Income	**2,823.4**	**2,465.0**	**1.35**	**2,318.7**	**1.20**	**2,656.2**	**1.52**	**2,746.2**	**1.45**
5. Interest Expense on Customer Deposits	398.7	348.1	0.19	341.2	0.18	n.a.	-	0.0	0.00
6. Other Interest Expense	65.3	57.0	0.03	0.0	0.00	503.9	0.29	0.0	0.00
7. Total Interest Expense	**464.0**	**405.1**	**0.22**	**341.2**	**0.18**	**503.9**	**0.29**	**0.0**	**0.00**
8. Net Interest Income	**2,359.4**	**2,059.9**	**1.13**	**1,977.5**	**1.03**	**2,152.3**	**1.23**	**2,746.2**	**1.45**
9. Net Fees and Commissions	1,219.9	1,065.0	0.58	864.0	0.45	823.6	0.47	937.7	0.49
10. Net Gains (Losses) on Trading and Derivatives	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
11. Net Gains (Losses) on Assets and Liabilities at FV	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
12. Net Gains (Losses) on Other Securities	470.5	410.8	0.22	367.4	0.19	241.3	0.14	281.1	0.15
13. Net Insurance Income	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
14. Other Operating Income	92.1	80.4	0.04	62.4	0.03	148.3	0.08	(190.0)	(0.10)
15. Total Non-Interest Operating Income	**1,782.5**	**1,556.2**	**0.85**	**1,293.8**	**0.67**	**1,213.2**	**0.69**	**1,028.8**	**0.54**
16. Total Operating Income	**4,141.9**	**3,616.1**	**1.98**	**3,271.3**	**1.70**	**3,365.5**	**1.93**	**3,775.0**	**1.99**
17. Personnel Expenses	1,329.6	1,160.8	0.63	1,389.9	0.72	906.8	0.52	970.5	0.51
18. Other Operating Expenses	1,161.2	1,013.8	0.55	883.0	0.46	878.5	0.50	687.4	0.36
19. Total Non-Interest Expenses	**2,490.8**	**2,174.6**	**1.19**	**2,272.9**	**1.18**	**1,785.3**	**1.02**	**1,657.9**	**0.87**
20. Equity-accounted Profit/ Loss - Operating	64.5	56.3	0.03	39.8	0.02	38.0	0.02	31.9	0.02
21. Pre-Impairment Operating Profit	**1,715.6**	**1,497.8**	**0.82**	**1,038.2**	**0.54**	**1,618.2**	**0.93**	**2,149.0**	**1.13**
22. Loan Impairment Charge	487.4	425.5	0.23	334.1	0.17	215.0	0.12	626.4	0.33
23. Securities and Other Credit Impairment Charges	1.1	1.0	0.00	(5.6)	(0.00)	6.2	0.00	(43.6)	(0.02)
24. Operating Profit	**1,227.1**	**1,071.3**	**0.59**	**709.7**	**0.37**	**1,397.0**	**0.80**	**1,566.2**	**0.83**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Goodwill Impairment	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Income	16.6	14.5	0.01	34.3	0.02	0.2	0.00	263.0	0.14
28. Non-recurring Expense	11.5	10.0	0.01	4.6	0.00	96.5	0.06	224.3	0.12
29. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
30. Other Non-operating Income and Expenses	(178.2)	(155.6)	(0.09)	(114.5)	(0.06)	(309.5)	(0.18)	(152.9)	(0.08)
31. Pre-tax Profit	**1,054.0**	**920.2**	**0.50**	**624.9**	**0.32**	**991.2**	**0.57**	**1,452.0**	**0.77**
32. Tax expense	255.1	222.7	0.12	130.9	0.07	189.0	0.11	391.4	0.21
33. Profit/Loss from Discontinued Operations	6.9	6.0	0.00	n.a.	-	n.a.	-	n.a.	-
34. Net Income	**805.8**	**703.5**	**0.38**	**494.0**	**0.26**	**802.2**	**0.46**	**1,060.6**	**0.56**
35. Change in Value of AFS Investments	(603.1)	(526.5)	(0.29)	(168.2)	(0.09)	n.a.	-	n.a.	-
36. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Currency Translation Differences	0.7	0.6	0.00	(1.8)	(0.00)	n.a.	-	n.a.	-
38. Remaining OCI Gains/(losses)	155.2	135.5	0.07	45.3	0.02	n.a.	-	0.0	0.00
39. Fitch Comprehensive Income	**358.6**	**313.1**	**0.17**	**369.3**	**0.19**	**802.2**	**0.46**	**1,060.6**	**0.56**
40. Memo: Profit Allocation to Non-controlling Interests	0.3	0.3	0.00	(10.5)	(0.01)	(2.0)	(0.00)	20.6	0.01
41. Memo: Net Income after Allocation to Non-controlling Interests	805.4	703.2	0.38	504.5	0.26	804.0	0.46	1,040.0	0.55
42. Memo: Common Dividends Relating to the Period	412.1	359.8	0.20	340.1	0.18	317.0	0.18	301.0	0.16
43. Memo: Preferred Dividends and Interest on Hybrid Capital Accounted for as Equity Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = EUR0.873057		USD1 = EUR0.83382		USD1 = EUR0.9487		USD1 = EUR0.9185	

Bankia S.A.
Balance Sheet

	31 Dec 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	76,986.5	67,213.6	32.75	70,201.1	32.81	61,485.3	32.33	0.0	0.00
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	11,270.2	9,839.5	4.79	9,750.2	4.56	8,533.1	4.49	15,035.0	7.26
4. Corporate & Commercial Loans	49,423.8	43,149.8	21.03	40,227.0	18.80	29,948.9	15.75	0.0	0.00
5. Other Loans	2,611.1	2,279.6	1.11	8,348.0	3.90	10,110.7	5.32	101,846.2	49.21
6. Less: Loan Loss Allowances	4,822.5	4,210.3	2.05	5,757.3	2.69	5,918.0	3.11	7,407.4	3.58
7. Net Loans	**135,469.0**	**118,272.2**	**57.63**	**122,769.0**	**57.39**	**104,160.0**	**54.77**	**109,473.8**	**52.89**
8. Gross Loans	**140,291.5**	**122,482.5**	**59.68**	**128,526.3**	**60.08**	**110,078.0**	**57.88**	**116,881.2**	**56.47**
9. Memo: Impaired Loans included above	8,838.4	7,716.4	3.76	11,304.4	5.28	10,717.0	5.64	12,252.0	5.92
10. Memo: Specific Loan Loss Allowances	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	2,753.5	2,404.0	1.17	2,342.0	1.09	2,730.6	1.44	6,443.4	3.11
2. Reverse Repos and Securities Borrowing	2,340.1	2,043.0	1.00	941.6	0.44	1,364.4	0.72	1,096.1	0.53
3. Derivatives	9,907.1	8,649.5	4.21	9,764.6	4.56	11,887.0	6.25	4,073.5	1.97
4. Trading Securities and at FV through Income	337.7	294.8	0.14	76.0	0.04	75.0	0.04	12,202.1	5.90
5. Securities at FV through OCI / Available for Sale	17,909.1	15,635.7	7.62	22,744.9	10.63	25,249.0	13.28	31,088.9	15.02
6. Securities at Amortised Cost / Held to Maturity	38,648.3	33,742.2	16.44	32,353.4	15.12	27,691.0	14.56	23,700.9	11.45
7. Other Securities	n.a.	n.a.	-	304.7	0.14	563.0	0.30	762.5	0.37
8. Total Securities	**56,895.1**	**49,672.7**	**24.20**	**55,479.0**	**25.93**	**53,578.0**	**28.17**	**67,754.4**	**32.74**
9. Memo: Government Securities included Above	34,013.1	29,695.4	14.47	31,961.2	14.94	31,211.0	16.41	30,023.5	14.51
10. Memo: Total Securities Pledged	33,533.4	29,276.6	14.27	23,115.3	10.80	n.a.	-	0.0	0.00
11. Equity Investments in Associates	350.4	305.9	0.15	320.6	0.15	282.0	0.15	227.3	0.11
12. Investments in Property	596.1	520.4	0.25	666.1	0.31	281.6	0.15	632.0	0.31
13. Insurance Assets	1,184.3	1,034.0	0.50	433.0	0.20	398.4	0.21	0.0	0.00
14. Other Earning Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
15. Total Earning Assets	**209,495.7**	**182,901.7**	**89.12**	**192,715.9**	**90.08**	**174,682.0**	**91.86**	**189,700.5**	**91.66**
C. Non-Earning Assets									
1. Cash and Due From Banks	5,445.0	4,753.8	2.32	4,503.9	2.11	2,854.0	1.50	2,978.9	1.44
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Assets	3,207.6	2,800.4	1.36	3,283.5	1.53	2,251.0	1.18	2,688.7	1.30
4. Fixed Assets	1,912.0	1,669.3	0.81	1,757.5	0.82	1,658.1	0.87	1,426.0	0.69
5. Goodwill	104.1	90.9	0.04	93.3	0.04	95.7	0.05	156.0	0.08
6. Other Intangibles	236.8	206.7	0.10	144.2	0.07	124.2	0.07	104.9	0.05
7. Current Tax Assets	555.9	485.3	0.24	474.9	0.22	357.3	0.19	274.0	0.13
8. Deferred Tax Assets	12,145.1	10,603.4	5.17	10,530.0	4.92	7,962.9	4.19	8,082.3	3.91
9. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Other Assets	1,960.2	1,711.4	0.83	428.7	0.20	182.3	0.10	1,558.3	0.75
11. Total Assets	**235,062.4**	**205,222.9**	**100.00**	**213,931.9**	**100.00**	**190,167.5**	**100.00**	**206,969.6**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Total Customer Deposits	137,479.7	120,027.6	58.49	120,228.9	56.20	98,848.0	51.98	96,880.6	46.81
2. Deposits from Banks	8,183.5	7,144.7	3.48	6,735.8	3.15	8,416.4	4.43	6,669.8	3.22
3. Repos and Securities Lending	16,822.5	14,687.0	7.16	18,225.4	8.52	16,785.7	8.83	21,723.5	10.50
4. Commercial Paper and Short-term Borrowings	0.0	0.0	0.00	0.0	0.00	n.a.	-	8,714.5	4.21
5. Customer Deposits and Short-term Funding	**162,485.7**	**141,859.3**	**69.12**	**145,190.1**	**67.87**	**124,050.1**	**65.23**	**133,988.4**	**64.74**
6. Senior Unsecured Debt	4,036.3	3,523.9	1.72	4,200.2	1.96	3,927.0	2.07	2,717.9	1.31
7. Subordinated Borrowing	3,424.6	2,989.9	1.46	2,510.9	1.17	1,045.0	0.55	1,045.9	0.51
8. Covered Bonds	20,725.2	18,094.3	8.82	20,572.9	9.62	17,356.0	9.13	21,689.3	10.48
9. Other Long-term Funding	15,870.7	13,856.0	6.75	15,356.0	7.18	14,968.8	7.87	15,890.1	7.68
10. Total LT Funding	**44,056.8**	**38,464.1**	**18.74**	**42,640.0**	**19.93**	**37,296.8**	**19.61**	**41,343.2**	**19.98**
11. Memo: o/w matures in less than 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Trading Liabilities	139.9	122.1	0.06	343.4	0.16	459.0	0.24	13.5	0.01
13. Total Funding	**206,682.4**	**180,445.5**	**87.93**	**188,173.5**	**87.96**	**161,805.9**	**85.09**	**175,345.1**	**84.72**
14. Derivatives	6,995.8	6,107.7	2.98	7,456.0	3.49	9,248.0	4.86	13,371.9	6.46
15. Total Funding and Derivatives	**213,678.1**	**186,553.2**	**90.90**	**195,629.5**	**91.44**	**171,053.9**	**89.95**	**188,717.0**	**91.18**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	386.5	0.19
3. Reserves for Pensions and Other	2,201.6	1,922.1	0.94	2,034.6	0.95	1,405.0	0.74	2,511.8	1.21
4. Current Tax Liabilities	0.0	0.0	0.00	1.6	0.00	0.1	0.00	0.3	0.00
5. Deferred Tax Liabilities	636.6	555.8	0.27	705.4	0.33	664.6	0.35	880.8	0.43
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	401.9	350.9	0.17	8.8	0.00	n.a.	-	0.0	0.00
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	3,037.0	2,651.5	1.29	1,938.9	0.91	4,207.1	2.21	1,777.2	0.86
10. Total Liabilities	**219,955.3**	**192,033.5**	**93.57**	**200,318.8**	**93.64**	**177,330.7**	**93.25**	**194,273.6**	**93.87**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	14,923.9	13,029.4	6.35	13,222.4	6.18	12,302.8	6.47	11,933.7	5.77
2. Non-controlling Interest	14.3	12.5	0.01	24.9	0.01	45.0	0.02	66.4	0.03
3. Securities Revaluation Reserves	96.2	84.0	0.04	280.2	0.13	398.0	0.21	602.0	0.29
4. Foreign Exchange Revaluation Reserves	(0.3)	(0.3)	(0.00)	(0.7)	(0.00)	0.5	0.00	3.7	0.00
5. Fixed Asset Revaluations and Other Accumulated OCI	73.1	63.8	0.03	86.3	0.04	90.5	0.05	90.2	0.04
6. Total Equity	**15,107.1**	**13,189.4**	**6.43**	**13,613.1**	**6.36**	**12,836.8**	**6.75**	**12,696.0**	**6.13**
7. Memo: Equity plus Pref. Shares and Hybrid Capital accounted for as Equ	15,107.1	13,189.4	6.43	13,613.1	6.36	12,836.8	6.75	12,696.0	6.13
8. Total Liabilities and Equity	**235,062.4**	**205,222.9**	**100.00**	**213,931.9**	**100.00**	**190,167.5**	**100.00**	**206,969.6**	**100.00**
9. Memo: Fitch Core Capital	11,707.3	10,221.1	4.98	10,719.9	5.01	10,111.7	5.32	9,931.8	4.80
Exchange rate		USD1 = EUR0.873057		USD1 = EUR0.83382		USD1 = EUR0.9487		USD1 = EUR0.9185	

Bankia S.A.
Summary Analytics

	31 Dec 2018 Year End	31 Dec 2017 Year End	31 Dec 2016 Year End	31 Dec 2015 Year End
A. Interest Ratios				
1. Interest Income/ Average Earning Assets	1.31	1.34	1.43	1.35
2. Interest Income on Loans/ Average Gross Loans	1.59	1.56	n.a.	0.00
3. Interest Expense on Customer Deposits/ Average Customer Deposits	0.28	0.32	n.a.	0.00
4. Interest Expense/ Average Interest-bearing Liabilities	0.21	0.20	0.28	0.00
5. Net Interest Income/ Average Earning Assets	1.10	1.14	1.16	1.35
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.87	0.95	1.04	1.04
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.10	1.14	1.16	1.35
B. Other Operating Profitability Ratios				
1. Operating Profit/ Risk Weighted Assets	1.30	0.82	1.81	1.93
2. Non-Interest Expense/ Gross Revenues	60.14	69.48	53.05	43.92
3. Loans and securities impairment charges/ Pre-impairment Op. Profit	28.48	31.64	13.67	27.12
4. Operating Profit/ Average Total Assets	0.51	0.37	0.70	0.71
5. Non-Interest Income/ Gross Revenues	43.04	39.55	36.05	27.25
6. Non-Interest Expense/ Average Total Assets	1.04	1.20	0.89	0.75
7. Pre-impairment Op. Profit/ Average Equity	11.22	7.98	12.64	16.96
8. Pre-impairment Op. Profit/ Average Total Assets	0.72	0.55	0.81	0.97
9. Operating Profit/ Average Equity	8.02	5.46	10.92	12.36
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	5.27	3.80	6.27	8.37
2. Net Income/ Average Total Assets	0.34	0.26	0.40	0.48
3. Fitch Comprehensive Income/ Average Total Equity	2.34	2.84	6.27	8.37
4. Fitch Comprehensive Income/ Average Total Assets	0.15	0.19	0.40	0.48
5. Taxes/ Pre-tax Profit	24.20	20.95	19.07	26.96
6. Net Income/ Risk Weighted Assets	0.85	0.57	1.04	1.30
D. Capitalization				
1. FCC/ FCC-Adjusted Risk Weighted Assets	12.53	12.58	13.22	12.31
2. Tangible Common Equity/ Tangible Assets	5.20	5.23	5.54	4.98
3. Equity/ Total Assets	6.43	6.36	6.75	6.13
4. Basel Leverage Ratio	6.09	5.91	5.97	0.00
5. Common Equity Tier 1 Capital Ratio	13.80	14.15	14.70	12.30
6. Fully Loaded Common Equity Tier 1 Capital Ratio	12.28	12.33	13.02	12.30
7. Tier 1 Capital Ratio	15.31	14.94	14.70	12.30
8. Total Capital Ratio	17.58	16.84	16.03	13.50
9. Impaired Loans less Loan Loss Allowances/ Fitch Core Capital	34.30	51.75	47.46	48.78
10. Impaired Loans less Loan Loss Allowances/ Equity	26.58	40.75	37.38	38.16
11. Cash Dividends Paid & Declared/ Net Income	51.14	68.85	39.52	28.38
12. Risk Weighted Assets/ Total Assets	40.14	40.22	40.53	39.28
13. Risk Weighted Assets - Standardised/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
14. Risk Weighted Assets - Advanced Method/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
E. Loan Quality				
1. Impaired Loans/ Gross Loans	6.30	8.80	9.74	10.48
2. Growth of Gross Loans	(4.70)	16.76	(5.82)	(3.99)
3. Loan Loss Allowances/ Impaired Loans	54.56	50.93	55.22	60.46
4. Loan Impairment Charges/ Average Gross Loans	0.34	0.30	0.19	0.52
5. Growth of Total Assets	(4.07)	12.50	(8.12)	(11.42)
6. Loan Loss Allowances/ Gross Loans	3.44	4.48	5.38	6.34
7. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	0.27
8. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	8.39	11.07	11.54	12.50
F. Funding and Liquidity				
1. Loans/ Customer Deposits	102.05	106.90	111.36	120.64
2. Liquidity Coverage Ratio	163.00	177.00	160.00	n.a.
3. Customer Deposits/ Total Funding (including Pref. Shares & Hybrids)	66.52	63.89	61.09	55.25
4. Interbank Assets/ Interbank Liabilities	33.65	34.77	32.44	96.61
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.
6. Growth of Total Customer Deposits	(0.17)	21.63	2.03	2.19

Bankia S.A.
Reference Data

	31 Dec 2018			31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	8,464.9	7,390.3	3.60	8,010.7	3.74	6,520.9	3.43	0.0	0.00
4. Acceptances and documentary credits reported off-balance sheet	0.0	0.0	0.00	0.0	0.00	n.a.	-	0.0	0.00
5. Committed Credit Lines	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	23,925.9	20,888.7	10.18	22,804.7	10.66	22,772.3	11.97	0.9	0.00
7. Other Off-Balance Sheet items	6,347.7	5,541.9	2.70	868.6	0.41	783.5	0.41	0.0	0.00
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
1. Average Loans	144,349.0	126,024.9	61.41	113,022.2	52.83	114,212.3	60.06	119,642.6	57.81
2. Average Earning Assets	214,867.3	187,591.4	91.41	173,647.6	81.17	185,586.9	97.59	203,006.9	98.09
3. Average Total Assets	238,383.3	208,122.2	101.41	189,636.7	88.64	200,187.7	105.27	221,908.0	107.22
4. Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Average Interest-Bearing Liabilities	217,751.5	190,109.5	92.64	172,279.6	80.53	182,580.8	96.01	199,634.3	96.46
6. Average Common equity	15,089.5	13,174.0	6.42	12,716.5	5.94	12,377.7	6.51	11,858.1	5.73
7. Average Equity	15,296.8	13,355.0	6.51	13,003.9	6.08	12,797.2	6.73	12,673.0	6.12
8. Average Customer Deposits	140,543.1	122,702.1	59.79	105,084.1	49.12	99,718.0	52.44	97,175.7	46.95
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	**3,424.6**	**2,989.9**	**1.46**	**2,510.9**	**1.17**	**1,045.0**	**0.55**	**1,045.9**	**0.51**
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	94,359.5	82,381.2	40.14	86,047.0	40.22	77,078.0	40.53	81,303.0	39.28
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	(907.2)	(792.0)	(0.39)	(831.5)	(0.39)	(585.0)	(0.31)	(596.5)	(0.29)
3. Fitch Core Capital Adjusted Risk Weighted Assets	**93,452.3**	**81,589.2**	**39.76**	**85,215.5**	**39.83**	**76,493.0**	**40.22**	**80,706.5**	**38.99**
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	**93,452.3**	**81,589.2**	**39.76**	**85,215.5**	**39.83**	**76,493.0**	**40.22**	**80,706.5**	**38.99**
E. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	15,107.1	13,189.4	6.43	13,613.1	6.36	12,836.8	6.75	12,696.0	6.13
2. Fair-value adjustments relating to own credit risk on debt issued	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	104.1	90.9	0.04	93.3	0.04	151.3	0.08	156.0	0.08
5. Other intangibles	236.8	206.7	0.10	144.2	0.07	117.7	0.06	104.9	0.05
6. Deferred tax assets deduction	2,696.2	2,353.9	1.15	2,323.1	1.09	2,222.1	1.17	2,249.8	1.09
7. Net asset value of insurance subsidiaries	362.9	316.8	0.15	332.6	0.16	234.0	0.12	238.6	0.12
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	14.9	0.01
9. Fund for general banking risks if not already included and readily convertible into equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Fitch Core Capital	**11,707.3**	**10,221.1**	**4.98**	**10,719.9**	**5.01**	**10,111.7**	**5.32**	**9,931.8**	**4.80**
Exchange Rate		USD1 = EUR0.873057		USD1 = EUR0.83382		USD1 = EUR0.9487		USD1 = EUR0.9185	

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.