BBB+

ISSUER RATING

Long-term Rating

Outlook: Stable

First rating date: 05/07/2019

Analysts

Head of Financial Institutions
Vicente Bustos Izquierdo
vbustos@axesor-rating.es

Chief Rating Officer
Guillermo Cruz Martínez
gcmartinez@axesor-rating.es

Content

Executive Summary

Bankia, S.A. (hereinafter, Bankia), is the fourth largest bank by asset size in Spain, accounting for € 208.7 billion at the end of March 2019, with a workforce of more than 16,000 employees and 2,298 branches. Bankia develops its activity focused on commercial banking where it stands out in its retail, SME and corporate segments. Its geographic positioning is focused on the Spanish market. The acquisition of BMN at the beginning of 2018 lead to a strengthening of its presence in the southeast of Spain.

This rating is applicable to Bankia, S.A. and the subsidiaries guaranteed by it. Therefore, the rating issued is not applicable to the holding company BFA, Tenedora de Acciones, S.A.U. (BFA), parent company of Bankia, S.A., without prejudice to the considerations of corporate structure that could be taken into account for the determination of the credit rating of Bankia, S.A.

Fundamentals

- Bankia has a strong geographical position in the Spanish market boosted by the recent acquisition of BMN, completed in March 2018. The concentration of its activity solely in the domestic market compares negatively with the more internationalized national competitors.
- The entity stands out for its strong presence in the mortgage segment. However, its strategic plan contemplates a rebalancing of its mortgage portfolio in favor of the corporate and consumer segments. The acquisition of BMN has positioned the entity as the fourth by asset size in Spain.
- High degree of professionalisation and effectiveness of its management team. Successful completion of the restructuring plan agreed with the European authorities. Adequate risk control systems through an effective monitoring based on a centralized model.
- Favorable macroeconomic context with growth higher than the European average. Sovereign risk mitigated due to the effectiveness of the unconventional policy of the central bank and the improvement of the macroeconomic indicators of the country.
- Consolidation of the restructuring of the sector. Growth of the banking business reflecting the macroeconomic context. Increasing volumes for new credit granted. Reduction of non performing assets as one of the main concerns of supervisory bodies and the main threat to profitability.
- Stable earnings generation under pressure due to the long low-interest context. The achievment of efficiency objectives and the improvement of its asset quality has partially offset the prevailing low interest rates scenario.
- Continuous reduction of non-performing assets with adequate coverage levels that remain stable over time. The positive performance of the Spanish economy has supported this path of improvement. The acquisition of BMN did not lead to a slowdown in the improvement in asset quality metrics.
- Sound capital ratios above the national average as a result of the continuous improvement in recent years through a high internal capital generation, the successful fulfillment of the sale program of non performing assets and the proven efficiency in accessing the capital markets through the issuance of equity instruments.
- The bank displays an adequate liquidity profile in line with its national peers, a sound deposit base as the main source of funding and the issuance of covered bonds as the main access to wholesale funding. Additionally, Bankia displays an adequate coverage of short-term liquidity that lies above the national and European average.

Sources of information

The credit rating issued in this report is unsolicited. The rated entity or a related third party have not participated in the process. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. All the information published in the Official Bulletins.
5. Prudential Relevance Report.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, Axesor Rating assumes no responsibility for the accuracy of the information and the conclusions drawn from it."

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies, and in accordance with the Outlook Methodology and Banks Rating Methodology that can be consulted on www.axesor-rating.com/en/about-axesor/methodology and according to the Long-term Corporate Rating scale available at www.axesor-rating.com/en/about-axesor/rating-scale.
- Axesor publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months axesor has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

Financial figures

Main financial figures (€ mn)	2016	2017	2018
PROFITABILITY			
Net profit	802	494	703
ROA*	0,40%	0,24%	0,34%
ROE*	6,64%	3,95%	5,36%
(Pre-Imp. Op. Profit) / A.T. Assets*	0,61%	0,47%	0,63%
EFFICIENCY			
Cost-to-income*	48,89%	66,12%	55,53%
Cost-to-income (recurrent)*	52,02%	71,31%	59,85%
ASSET QUALITY			
Cost of risk*	0,24%	0,23%	0,23%
NPL ratio	9,78%	8,89%	6,48%
Loan loss reserves/NPL	55,1%	50,8%	54,6%
LIQUIDITY			
Loan-to-Deposit	97,3%	93,9%	91,2%
SOLVENCY			
CET1 *phased-in*	15,08%	14,15%	13,80%
CET1 *fully loaded*	13,52%	12,46%	12,39%
Solvency ratio *(fully loaded)*	14,85%	15,24%	16,17%
RWA density	40,47%	40,22%	40,14%
Leverage*	6,75%	6,36%	6,43%
MARKET VALUATION			
P/BV	0,83	0,90	0,52

Source: Bankia, Axesor*

Trend

Bankia shows a more than adequate capacity to meet its credit obligations. Its outlook is stable. The growth of the Spanish economy has accompanied the continuous improvement of its asset quality metrics through internal capital generation and access to capital markets. For this reason, we expect capital levels to be maintained in the future until a rebound in yields resulting from the termination of the ECB's non-conventional policies will allow for an increase in capitalization. Any changes in the rating may be motivated by the evolution of its credit metrics and the capacity to generate resources in a possible extension of zero rate context.

05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD

1. Company profile

1.1. Business model

Bankia has a strong geographical position in the Spanish market boosted by the recent acquisition of BMN, completed in March 2018. The concentration of its activity solely in the domestic market compares negatively with the more internationalized national competitors.

Bankia is the fifth bank by asset size in Spain accounting for € 208.7 billion at the end of March 2019, with a workforce of more than 16,000 employees and 2,298 branches. The entity develops its activity focused on commercial banking where it stands out in its retail, SME and corporate segments.

The main business lines are the following:

- **Retail Banking**

  (IBT € 579.9 million in 2018; +34% yoy): constituted by retail banking, including corporates with an annual turnover of less than € 6 million. It includes the Corporate Division of Private Banking and Asset Management and the Division of Bancassurance. At the end of 2018, Bankia managed € 24.5 billion off-balance assets in investment and pension funds.

- **Business Banking**

  (IBT € 655.4 million in 2018; +44% yoy): constituted by SMEs and corporate banking, it is in charge of providing services to companies with an annual turnover of over € 6 million. This line includes the capital market activity.

- **Corporate Centre**

  (IBT € -315.2 million in 2018): constituted by the rest of the businesses other than those already mentioned, among which are its subsidiaries and non-current assets for sale.

The significant weight of the mortgage portfolio in its balance sheet has led the bank in the last 4 years to focus its growth on more profitable segments such as SMEs or consumer lending, where its relevance was lower. This effort, in line with the increase in the diversification of its income, is considered positive in order to face the competitive environment in the sector. However, currently the weight of the mortgage segment (58%) continues to be considerable in its loan portfolio.

Additionally, we consider that the acquisition of BMN has strengthened the entity's footprint in the southeast of the country without incurring in overlaps in terms of branch presence. The highly competitive environment experienced by the sector requires maintaining a solid position in the only market operated by the entity compared to other national competitors whose degree of geographical diversification is high and, therefore, less dependent on the domestic market.

05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD

Figure 1: Loan breakdown by type.

Source: Bankia, Axesor

1.2. Positioning

The entity stands out for its strong presence in the mortgage segment. However, its strategic plan contemplates a rebalancing of its positioning in favor of the corporate and consumer segments. The acquisition of BMN has consolidated the positioning of the entity as the fourth by asset size in Spain.

With the acquisition, Bankia has benefited from an increase of € 22 billion in its loan portfolio and € 29 billion in deposits, which meant increasing its portfolios by 20% and 28% respectively.

Bankia is one of the main entities in the Spanish market by market share in the mortgage segment (14%), exceeding the average of 11% in the share of loans and deposits. The share in consumer and corporate segments is growing by 5.5% and 7.2%, respectively. Additionally, in managed investment funds it recorded a 6.5% increase. However, these market shares are still constrained compared to some of its larger domestic peers.

Regarding the Strategic Plan 2018-2020, at the end of 2018 Bankia was ahead of schedule in its efficiency and improvement of the asset quality objectives. On the contrary, the macroeconomic evolution has behaved worse than what was foreseen in the strategic plan, which has lead to delays in business growth. The strategic objectives set by the entity for 2020 are the following:

- ROE of 10.8%. Profitability is one of the main elements to take into account of the banking sector in the current context of low rates. The delay in rate hikes until at least the second half of 2020 makes it difficult to reach this objective.
- A policy of capital distribution based on a payout of 45-50% with the commitment to return the excess capital above 12% CET1 FL. The total remuneration estimated up to 2020 is expected at € 2.5 billion.
- Cost-to-income less than 47%. The model of cost containment and the achievement of synergies with BMN aims to achieve the efficiency levels of the strategic plan for 2020.
- NPA ratio below 6%. During 2018 the level of NPA was reduced by 35% which meant a decrease of € 6 billion (€ 2.8 billion through portfolio sales).

1.3. Management and strategy

Bankia's management displays a high degree of professionalism and effectiveness. It successfully completed the restructuring plan agreed with the European authorities. The bank has adequate risk control systems through an effective monitoring based on a centralized model.

Bankia's parent company is BFA Tenedora de Acciones, SAU (hereinafter, BFA), whose stake is 61.3% of the bank's share capital. In turn, BFA is fully owned by the Spanish Fund for Orderly Restructuring (hereinafter, FROB), dependent on the Public Treasury through which the bank's bail-out was carried out in 2012. The exit of the FROB in Bankia's shareholding was postponed until the end of 2021 because of the current low market valuations. The consolidation perimeter for supervision by the European authorities is carried out at a consolidated level in BFA despite not having a banking license.

The entity has an adequate corporate governance that has played a significant role in achieving the restructuring plan set by the authorities in 2012. Since that date, it has carried out a comprehensive supervision through the board of directors according to the international quality standards of corporate social responsibility.

At end of 2018, Bankia has a board of directors made up of 12 members, of which 8 were independent. Additionally, all the strategic committees are constituted by a majority of independent members. The management team has a deep knowledge and wide experience in the banking sector.

05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD

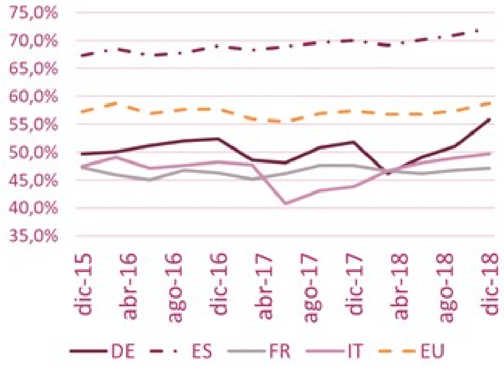
Regarding the mortgage exposure that Bankia has indexed to the IRPH (an index that is calculated by the Bank of Spain and is more stable but usually hgher than the Euribor), estimates place the figure at around € 1,500 million, one of the lowest in the sector. The IRPH has come under the scrutiny of the judiciary and it is expected that a ruling from the Court of Justice of the European Union will be forthcoming in the fourth quarter of the year. In a previous stage, the Supreme Court of Spain ruled in favor of the banks on this issue, so the banking sector believes that the legal basis for considering the use of the IRPH as abusive is quite weak.

The entity's risk profile is moderate, according to the traditional banking activity it performs, mostly represented by credit risk. At the end of 2018 the loan portfolio is dominated by the mortgage segment (59%) followed by the corporate segment and SMEs (22%) and consumer lending (5%). The exposure to Real Estate developers was an irrelevant 0.5%.

Risk control is conservative, with effective monitoring through a centralized system for monitoring exposures. Despite having a moderate exposure to interest rate risk, its main component is the bank’s fixed income portfolio with a high exposure to Spanish public debt.

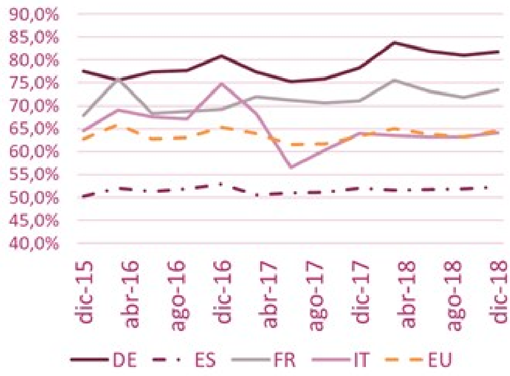
05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD

Gráfico 2: NII / Operating profits.



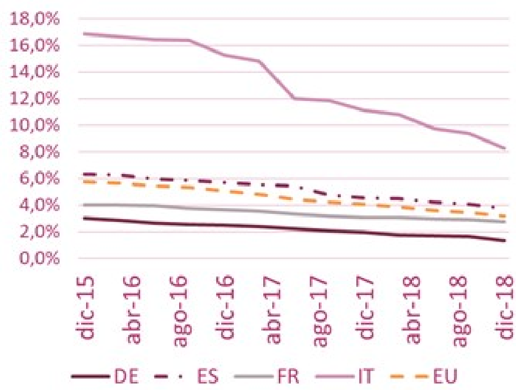
Source: EBA Risk Dashboard Q4 2018

Figure 3: Cost-to-income.



Source: EBA Risk Dashboard Q4 2018

Figure 4: NPL ratio.



Source: EBA Risk Dashboard Q4 2018

2. Macro and Sectorial environment

2.1. Sovereign risk

The sector enjoys a favorable macroeconomic context with a higher growth than the European average. Sovereign risk is mitigated by the effectiveness of the European Central Bank's unconventional monetary policy and the improvement of the macroeconomic indicators of the country.

Bankia is headquartered in Valencia. Axesor Rating, in April 2019, confirmed the Kingdom of Spain's A rating. The current favorable macroeconomic situation in the country where the recovery of private consumption has been supported by the decrease in unemployment, has accompained the improvement of its asset quality metrics.

Although over the last quarters the bank's exposure to public debt has been reduced in favor of credit growth in response to lower sovereign yields, financial institutions have been the main holders of public debt until unconventional monetary policies were implemented in the OECD countries. In this sense, in the OECD, levels of sovereign debt have stabilized during the last three years (over $ 42 trillion) although the stock remains at historically high levels compared to the first years of the financial crisis (2007: $ 22 trillion).

Sovereign debt to GDP in the OECD has increased from 49.8% in 2007 to over 72.6% in 2018, showing, during the last two years, some reduction from the maximum levels thanks to the flattening of long-term rates (1 % in 2018 versus 4% in 2008). The decrease has facilitated lower interest payments mainly on refinanced debt, through the issuance of long-term debt (the average maturity of sovereign debt has increased by 1.5 years since 2007) which has increased in the OECD to represent 45% of the total in the last three years. However, this situation is threatened by the eventual withdrawal of unconventional monetary policies, a scenario to be taken into account in the coming years.

2.2. Sector and regulation

Consolidation of the restructuring of the sector. Growth of the banking business reflecting the macroeconomic context. Increasing volumes for new credit granted. Reduction of non- performing assets as one of the main concerns of supervisory bodies and the main threat to profitability.

Bankia's parent company, BFA, forms the perimeter that is under direct supervision of the European Central Bank and operates under the resolution rules of Pillar II in the Banking Unión.

Over the last 10 years the Spanish banking system has undergone a period of intense adjustments to improve their profitability and asset quality in a highly competitive environment with narrow margins and the entry of new non-banking entities (fintech, bigtech). In this regard, the number of employees in the sector has experienced a decrease of 32% while 37% of branches were closed (Source: ECB, Eurostat). The direct consequence has been a 20% increase in bank concentration. The top 5 Spanish banks represent 62% of the total assets, the highest concetration rate of the four main countries in the euro area (Germany 31%, France 46%, Italy 43%).

Despite this restructuring of the sector, the price war still prevails, with an improvement in funding conditions that in the case of Spain has showed the greatest drop in the euro area in terms of obstacles to SME funding (Source: ECB).

As Figure 2 shows, recurrent earnings (understood as the percentage of operating income represented by interest margin) is above the European average and well above the peer countries. For this reason, Bankia has a greater exposure to interest rate volatility. It is necessary to generate earnings from off-balance sheet commissions based products in a deflationary environment.

Regarding the cost-to-income ratio in figure 3, Spain is positioned as one of the best countries in Europe and the best in respect to its peer countries because of the strong adjustments in personnel and branches mentioned above.

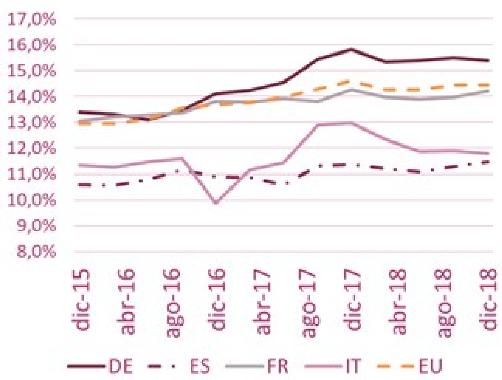
On the the other hand, the Spanish banking system has continued to have a problem with the asset quality that has resulted in high levels of non-performing assets. (The maximum amount was recorded in December 2013, reporting € 274 billion which, after recoveries and sales, was reduced to € 111 billion at the end of 2018). In spite of the adjustment, figure 5 shows the position of Spain is still slightly above the European average and much worse than the peer countries.

As a result of the high-risk profile that the Spanish banking sector has maintained over the last decade, CET1 ratio (figure 5) is positioned as the worst in the European comparison. Despite maintaining leverage levels below its peer countries, high risk-weighted assets impacted on consolidated fully loaded CET1.

The Spanish banking sector, starting from an unfavorable situation in terms of falling profitability and asset quality during the crisis, has managed to implement the necessary restructuring measures for the Basel III adaptation. It is expected that the positive macroeconomic performance will continue to result in a decrease in unemployment and in loan growth, mainly in cyclical portfolios such as consumer finance and SMEs.

Exposure to segments with a higher risk profile and the pressure on profitability due to the high competition between entities, require that internal capital generation be maintained to increase capital ratios which, as has been analyzed, are below those of peer countries.

Figure 5: CET1 *fully loaded*.



Source: EBA Risk Dashboard Q4 2018

3. Financial profile

3.1. Earnings and profitability

Stable earnings generation under pressure due to the persistent low-interest context. This scenario is being offset through efficiency measures and improving asset quality metrics.

Bankia generates stable incomes that have continued to be pressured by the unexpected maintenance of low interest rates (9.6% yoy decrease in interest margin due to the rotation of fixed income portfolios and still negative mortgage yields that they have not been offset by new production). The low profitability of the € 19 billion in Sareb bonds weighs down the contribution of the fixed income portfolio.

The interest rate pressure may be higher in Bankia compared to its peers due to the weight of the mortgage portfolio, the ALCO portfolio of € 26.8 billion mainly invested in Spanish sovereign bonds and the aforementioned portfolio of Sareb bonds. In addition, most of the balance sheet uses low-cost funding such as TLTRO, customer deposits and repos, so we consider it unlikely that a greater decrease in funding costs will offset the reduction in financial income.

However, the profitability of the entity is gradually increasing thanks to the good performance of the Spanish economy supporting the increase in volumes in the most profitable business segments, as well as the improvement of the asset quality. The consumer segment increased + 14% yoy, slightly above the sector. Similarly, the corporate segment, grew by + 4.4% yoy (excluding non-performing loans).

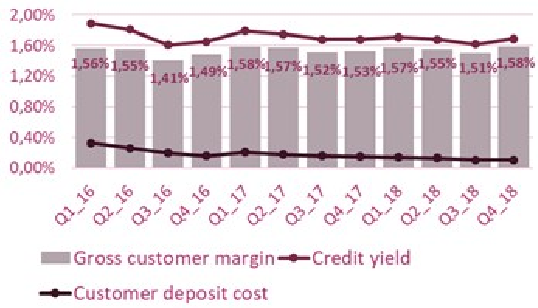
Bankia obtained an attributable profit of € 703.2 million in 2018 (+ 39.2% yoy). This result was driven by the completion of the BMN integration, which lead to the first cost synergies (-7.7% administrative and amortization expenses) after the merger operation and excluding extraordinary personnel expenses in 2017 due to the integration.

Net commissions grew by + 3.4% yoy, which indicates the correct implementation of the business model based on the increase in volumes mainly in the most profitable segments and a multi-channel strategy with the objective of increasing client loyalty. In this respect, credit card activity stands out (+ 38.8% yoy) and asset management (+ 12.4% yoy).

We expect that during 2019 operating margin growth will be maintained with a continuous improvement in the asset quality that will allow for volume growth without incurring in hikes in the cost of risk, which remains below its peers due to a conservative provision recognition policy.

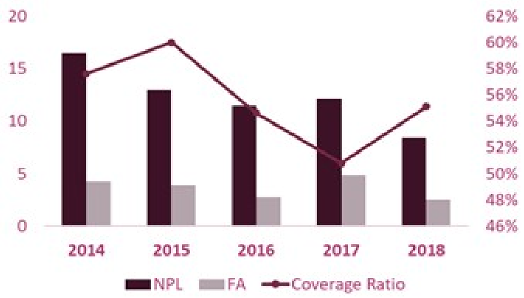
It should be noted that the change in the business model to more profitable segments may make the entity more vulnerable to future downturns due to the greater sensitivity of portfolios such as consumer finance and SMEs to these changes, which would increase impairment charges. However, the growth of the consumer portfolio is due to the historical customers, which implies an additional control over the historical behaviour of the portfolio.

Figure 6: Gross customer margin.



Source: Bankia, Axesor

Figure 7: NPL; FA (LHS.-€ Bn) y Coverage ratio (RHS.-%).



Source: Bankia, Axesor

05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD

3.2. Solvency

Asset quality

Continuous reduction of non-performing assets with adequate coverage levels that remain stable over time. The good performance of the Spanish economy has supported this trend of improvement. The acquisition of BMN did not lead to a slowdown in the improvement in asset quality metrics.

Figure 8: Asset quality.

Source: Bankia, Axesor

Risk management has continuously improved over the last 6 years thanks to a conservative impairment recognition policy at the trough of the financial crisis. The result has been a sustained asset quality improvement that was not negatively impacted by the BMN acquisition completed in March 2018.

At the end of 2018 Bankia posted an NPL ratio of 6.5% (8.9% in 2017) with a gross value of € 8.4 billion (reduction of € 3.7 billion in one year). These calculations take into account the sale of an NPL portfolio and foreclosed assets to Lone Star Fund XI announced in December 2018 and expected to be executed during the first half of 2019. The gross value of the portfolio is € 2.8 trillion. The foreclosed assets are transferred to two entities that are owned 20% by Bankia and 80% by Lone Star. The NPLs are fully transferred to Lone Star.

This operation shows Bankia's commitment to reducing its NPA levels, ahead of the target set by the 2020 strategic plan which envisaged a NPA reduction of 2.1 billion in 2019, which we consider achievable. At the end of March 2019, the NPL ratio was 6.2% (6.5% in December 2018) with a high coverage ratio of 55% (54.6% in December 2018). On the other hand, the NPA ratio stood at 7.9% (8.2% in December 2018) with an adequate coverage of 48.6% (48.2% in December 2018).

Capitalisation

Sound capital ratios above the national average as a result of the continuous improvement in recent years through a high internal capital generation, the successful execution of the sale of non-performing assets and the proven track record in accessing the capital markets through the issuance of equity instruments.

Bankia maintains sound capital levels that have been strengthened over the last years thanks to internal generation and the deleveraging of the entity. In addition, it has launched a series of hybrid instruments to offset the impact on capital had the acquisition of BMN in 2018. The potential contingencies related to regulatory changes and the 2011 IPO are manageable because they have been adequately provisioned.

Figure 9: Capital composition.

Source: Bankia, Axesor

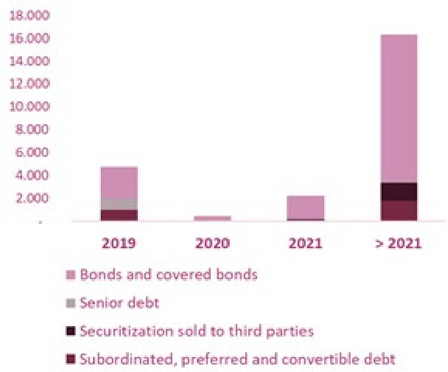
The improvement of Bankia's risk profile has reduced the percentage NPAs that remain uncovered which at the end of 2018 was 55.2% (80% in 2017) and which is expected to continue improving during the current year.

Bankia showed a fully loaded CET1 ratio of 12.39% at the end of 2018, above the 2018 SREP requirements (9.25%) and the fully loaded solvency ratio stood at 16.17%. Also, at the end of March 2019, the fully loaded CET1 ratio remained at 12.43% (2019 SREP requirement of 9.25%). We must take into account the significant balance of DTA guaranteed by the Spanish state (€ 7.4 billion at the end of 2018) that make up the capital ratios. Despite this, Bankia is considered to have adequate solvency according to its risk profile, with a fully loaded leverage ratio of 5.52% at the end of 2018.

Figure 10: Funding.

Source: Bankia, Axesor

Figure 11: Debt maturities (€ mn).



Source: Bankia, Axesor

3.3. Funding and liquidity

Adequate liquidity profile in line with its national peers. Sound deposit base as the main source of funding. Issuance of secured instruments as the main access to wholesale funding. Adequate coverage of short-term liquidity above the national and European average.

Bankia has a deposit base (81.7% from customers), which represents 66% (€ 120 billion) of external funding at the end of 2018 aimed at funding the loan portfolio in line with the activity of the entity.

The adequate evolution of loans and retail deposits showed a loan-to-deposits ratio of 91.2% in 2018. In addition to retail funding, medium and long term financing consists of covered bonds, repos (€ 14.6 billion) and the ECB through TLTRO (€ 13.8 billion) which covers the Sareb bond portfolio.

The funding term structure is adapted to both the entity's liquidity generation and its liquid assets (€ 31.9 billion in 2018), with a solid LCR ratio of 163% in 2018. Bankia maintains adequate access to the capital markets as evidenced by the issuances of hybrid and subordinated instruments over the last two years. Additionally, Bankia must have, as of July 2021, a MREL ratio of 23.66% over risk-weighted assets calculated at the end of 2017. In line with the fulfillment of this objective, Bankia foresees the issuance of € 5 billion in debt MREL. At the end of March 2019, this ratio stood at 18.9%.

4. Adjustments

Bankia, through BFA, is under the Bank Recovery and Resolution Directive and Single Resolution Mechanism. The directive requires to participate in credit losses (bail-in) in the event of non-viability of the bank. Therefore, it is considered unlikely to receive previous support under that scenario.

5. Annexes

5.1. Scorecard

BANKIA, S.A.	dic.18		BBB+
		Weight	Subtotal
MACRO&SECTORIAL ENVIRONMENT	Strong	15,0%	0,47
Sovereign risk		10,0%	
Sovereign rating			
Sector and regulation		5%	
Corruption perception index			
Legal System			
Concentration			
COMPANY PROFILE	Strong-	45,0%	1,79
Business model		12%	
Business model			
Positioning		15%	
Market share			
Asset size			
Peer Analysis			
Management and strategy		18%	
Governance			
Management quality			
Execution			
Market risk			
Growth			
Brand and reputation			
FINANCIAL PROFILE	Strong -	40,0%	1,92
Earnings&Profitability		10,0%	
ROA			
ROE			
Cost to income			
Pre-Imp. Operating Profit / Avg. Total Assets			
Interest margin/Avg. Total Assets			
Solvency		15%	
Equity/total assets			
CET1			
Non performing loans/gross loans			
NPL/Equity + reserves			
Total loan loss reserves/total problem loans			
Off balance sheet items/total assets			
Funding&Liquidity		15%	
Loan to deposits			
Interbank ratio			
Liquidity Coverage Ratio			

05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD

5.2. Peer comparison

FINANCIALS (€ mn)	BANKIA, S.A.		PEER 1		PEER 2		PEER 3	
	2017	dic.18	2017	dic.18	2017	dic.18	2017	dic.18
PROFITABILITY								
Net profit	494	703	805	335	1.719	2.095	692	675
ROA	0,24%	0,34%	0,37%	0,15%	0,46%	0,52%	0,56%	0,54%
ROE	3,95%	5,36%	6,08%	2,53%	7,08%	8,10%	7,80%	7,30%
EFFICIENCY								
Cost to income (ordinary)	66,12%	55,53%	54,5%	65,3%	55,7%	53,1%	65,0%	65,0%
ASSET QUALITY								
NPL ratio	8,89%	6,48%	5,5%	4,5%	5,88%	4,98%	5,20%	5,70%
Loan loss reserves/NPL	50,76%	54,57%	45,7%	54,1%	49,9%	53,7%	58,4%	58,0%
LIQUIDITY								
Loan to Deposit	94%	91%	104,3%	102%	107,70%	104,6%	100,00%	97,00%
SOLVENCY								
CET1 *fully loaded*	12,46%	12,39%	12,8%	11,1%	11,7%	11,5%	13,8%	13,4%
Solvency ratio	15,24%	16,17%	16,0%	14,7%	15,70%	15,30%	20,20%	18,80%
RWA density	40,22%	40,14%	35,0%	36,1%	38,87%	37,89%	36,42%	38,39%
Leverage	6,36%	6,43%	5,97%	5,45%	6,44%	6,22%	6,20%	6,30%
MARKET VALUATION								
P/BV	0,90	0,52	0,69	0,47	0,96	0,70	0,85	0,65

Source: companies, Axesor

05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD

05b52515-c01a-43ed-8178-16437e3b01e5/3fc4113e-b578-69c1-ace6-ff00002baf8c/SD