

Bankia



24th Annual Financials CEO Conference

DELIVERING IN A WORLD OF EXTREMES

José Sevilla CEO

September 2019

> 3 YEAR PLAN UPDATE AND DELIVERY

3y Plan's main targets

At the beginning of last year, we launched a 3y Plan based on 5 pillars:

BMN integration and synergies

Commercial activity

Accelerated reduction of NPAs

Capital generation

Profitability improvement

> 3 YEAR PLAN UPDATE AND DELIVERY

BMN Integration and synergies

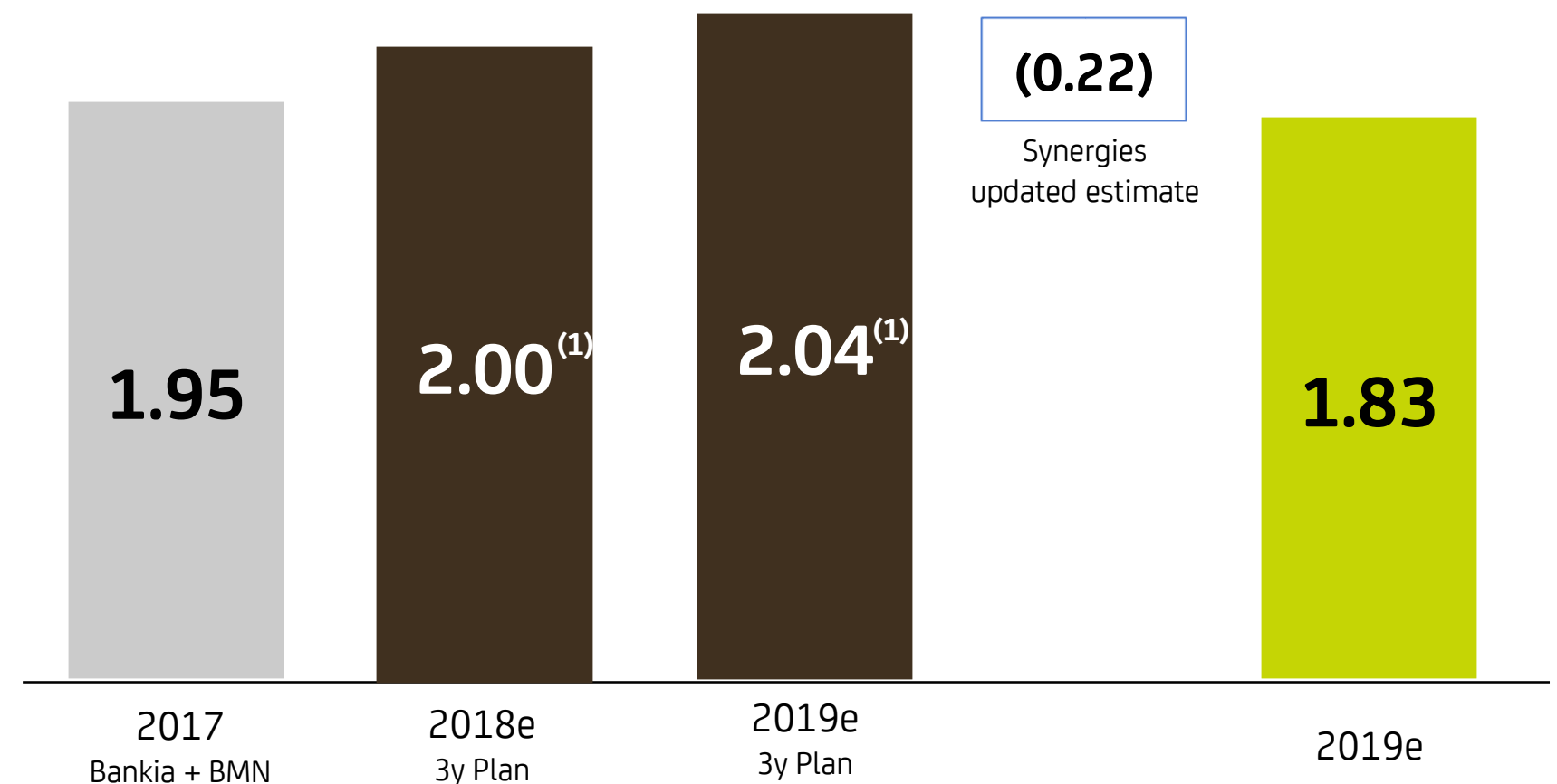
Cost synergies of €190mn in 3 years achieved in 2019e, one year ahead

€ Bn



OPERATING EXPENSES

- Integration process completed in Q1 2018
- Workforce restructuring of 2,000
- BMN integration synergies: €190Mn (40% of BMN pre-merger cost base)



(1) Increase includes Labour agreements and other costs increase

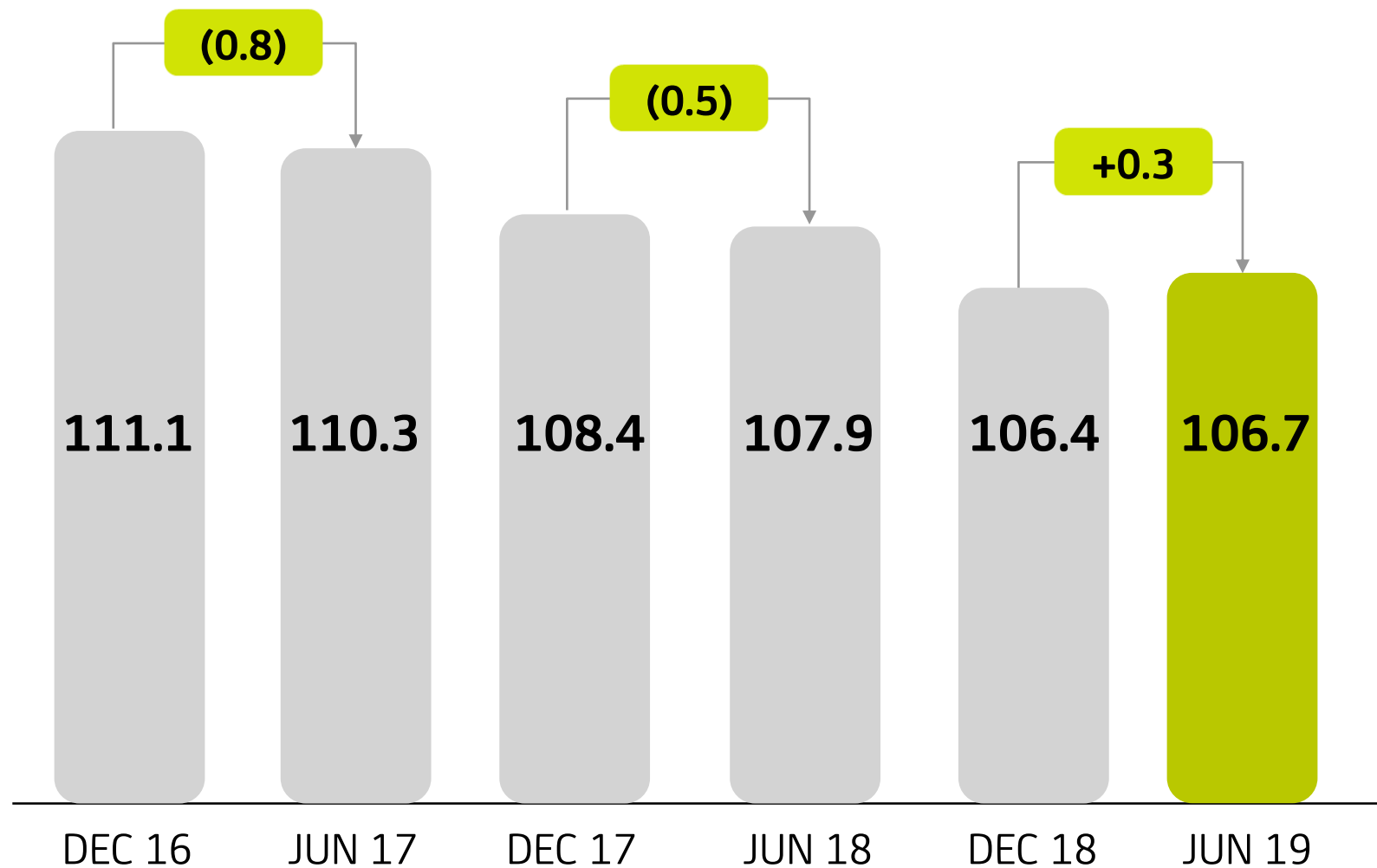
> 3 YEAR PLAN UPDATE AND DELIVERY

Commercial Activity

Change in trend in the credit stock





PERFORMING CREDIT STOCK PERFORMANCE

HOME MORTGAGES + CONSUMER LENDING + COMPANIES + REAL ESTATE DEVELOPERS



CREDIT PORTFOLIO BREAKDOWN JUNE 19

Var. Jun19 vs Jun 18

	HOME MORTGAGES	€ 66.6bn	-5%
	COMPANIES	€ 34.7bn	+5%
	CONSUMER LENDING	€ 5.0bn	+15%
	DEVELOPERS	€ 0.4bn	+16%

> 3 YEAR PLAN UPDATE AND DELIVERY

Commercial Activity

Increase in performing credit stock in strategic segments and in high value products, is reflected in market shares



MARKET SHARES

	DEC17		JUN19		DEC20 SP
CONSUMER LENDING STOCK	5.5	+10 pbs	5.6	+100 pbs	6.6
COMPANIES STOCK	6.9	+70 pbs	7.6	+10 pbs	7.7
MUTUAL FUNDS STOCK	6.4	+40 pbs	6.8	+40 pbs	7.2

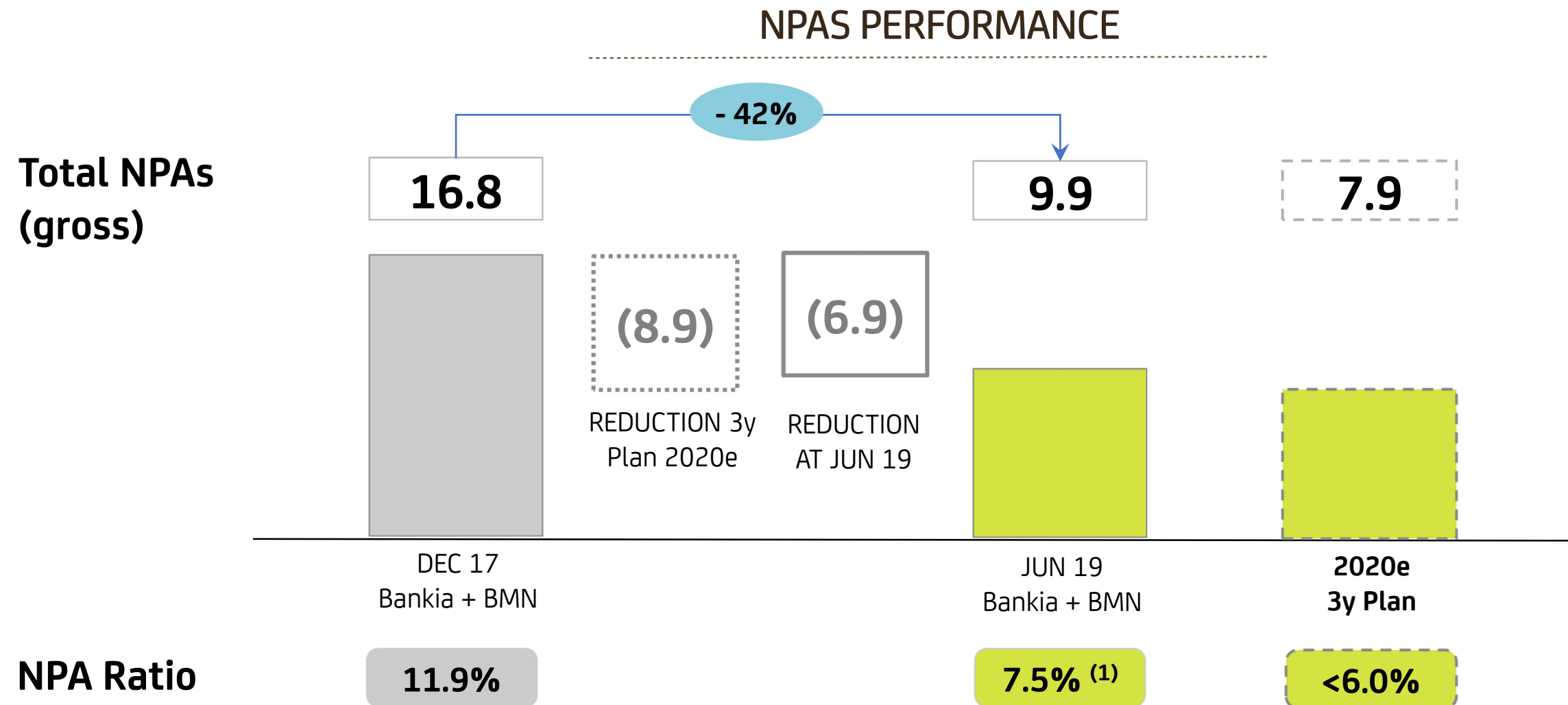
Source: Bank of Spain

> 3 YEAR PLAN UPDATE AND DELIVERY

Accelerated reduction of NPAs

Almost 80% of the estimated reduction of NPAs projected in the 3y Plan already executed

€ Bn



⁽¹⁾ Proforma data after the non-performing asset portfolio sales (including the impact of Green which closed in July 2019 and Fire which is expected to close during 2019)

> 3 YEAR PLAN UPDATE AND DELIVERY

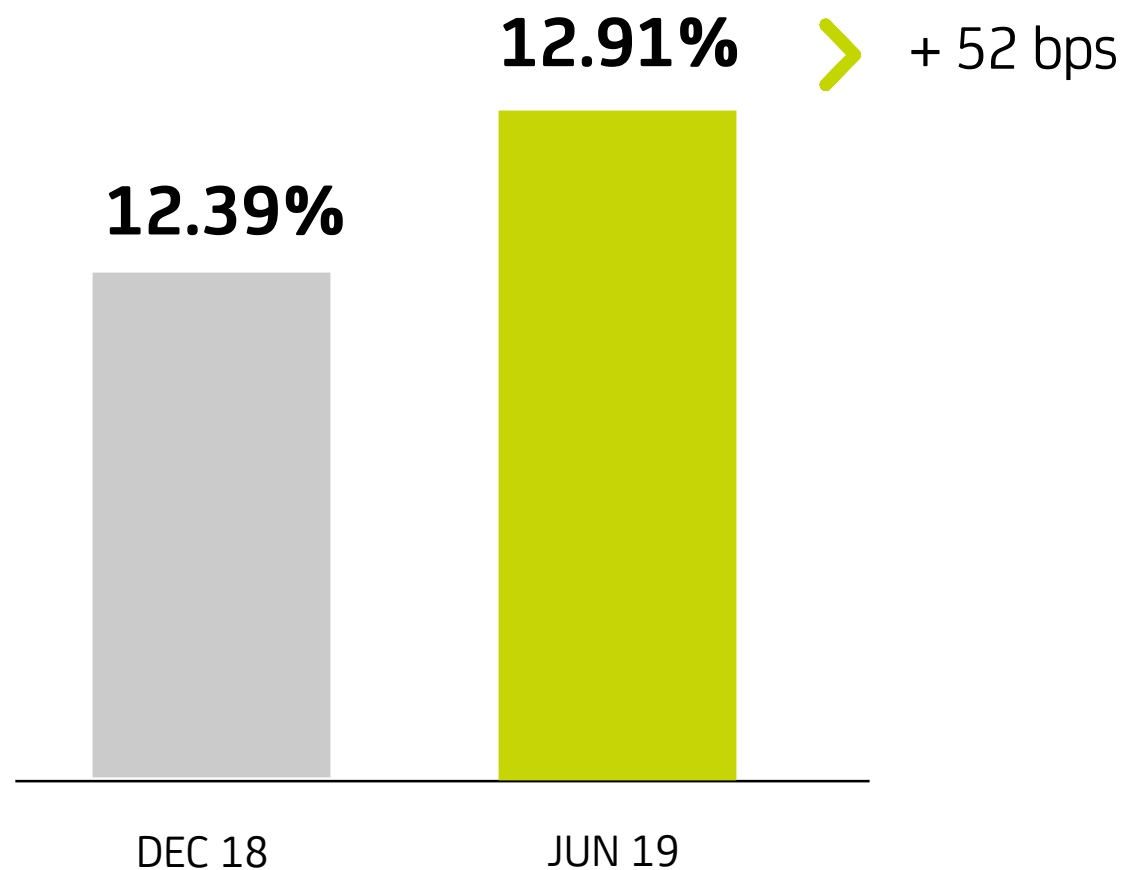
Capital Generation

> 100 pbs of CET1 FL generated from the merger including TRIMIX and IFRS 16 negative impacts

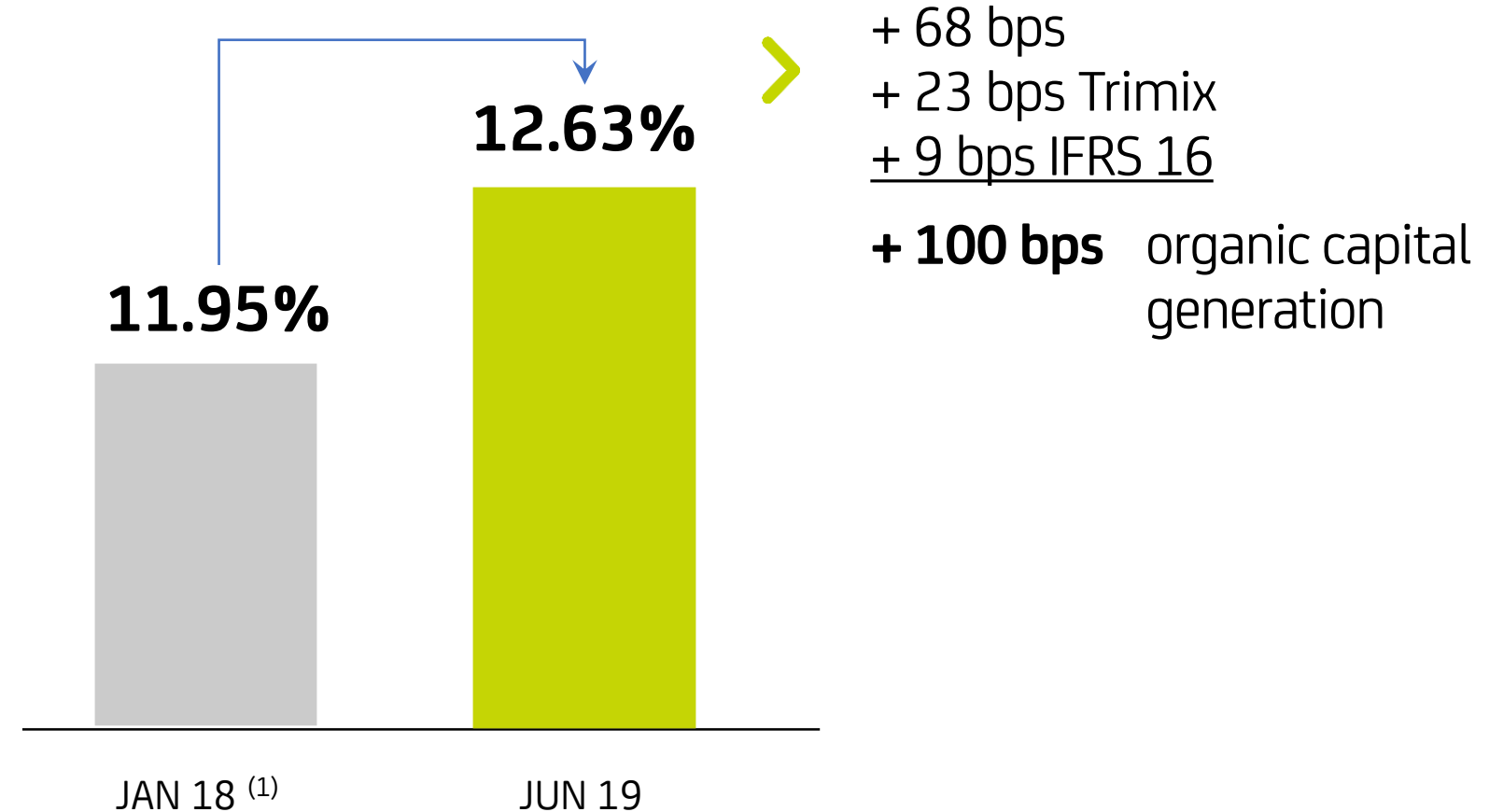
CET 1 FULLY LOADED



REGULATORY RATIOS



MANAGEMENT RATIOS



The solvency ratios include the profit attributable to the Group and discount the regulatory adjustment for the 2018 expected dividend payout (50.8%).

⁽¹⁾ Post BMN merger and IFRS 9 impact

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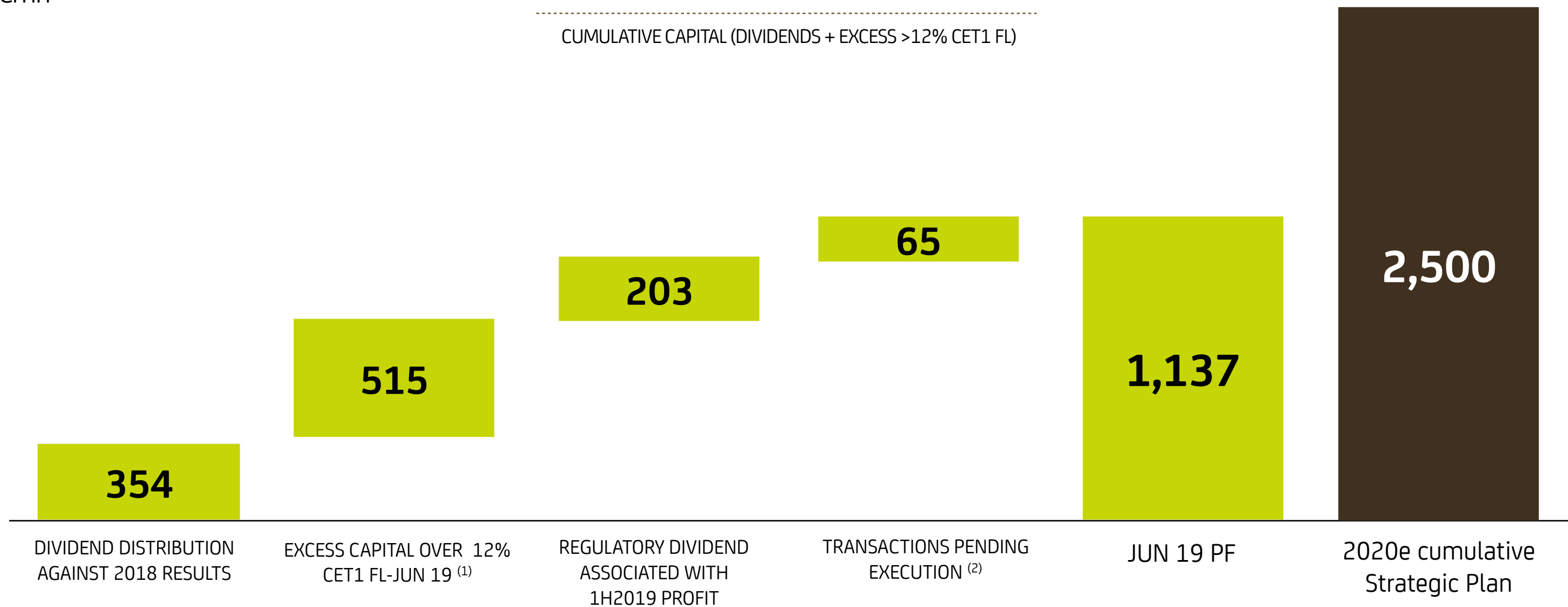
Capital Generation

More than €1,130mn of excess capital accumulated in 18 months in a negative interest rate environment

€mn

CAPITAL GENERATION

CUMULATIVE CAPITAL (DIVIDENDS + EXCESS >12% CET1 FL)



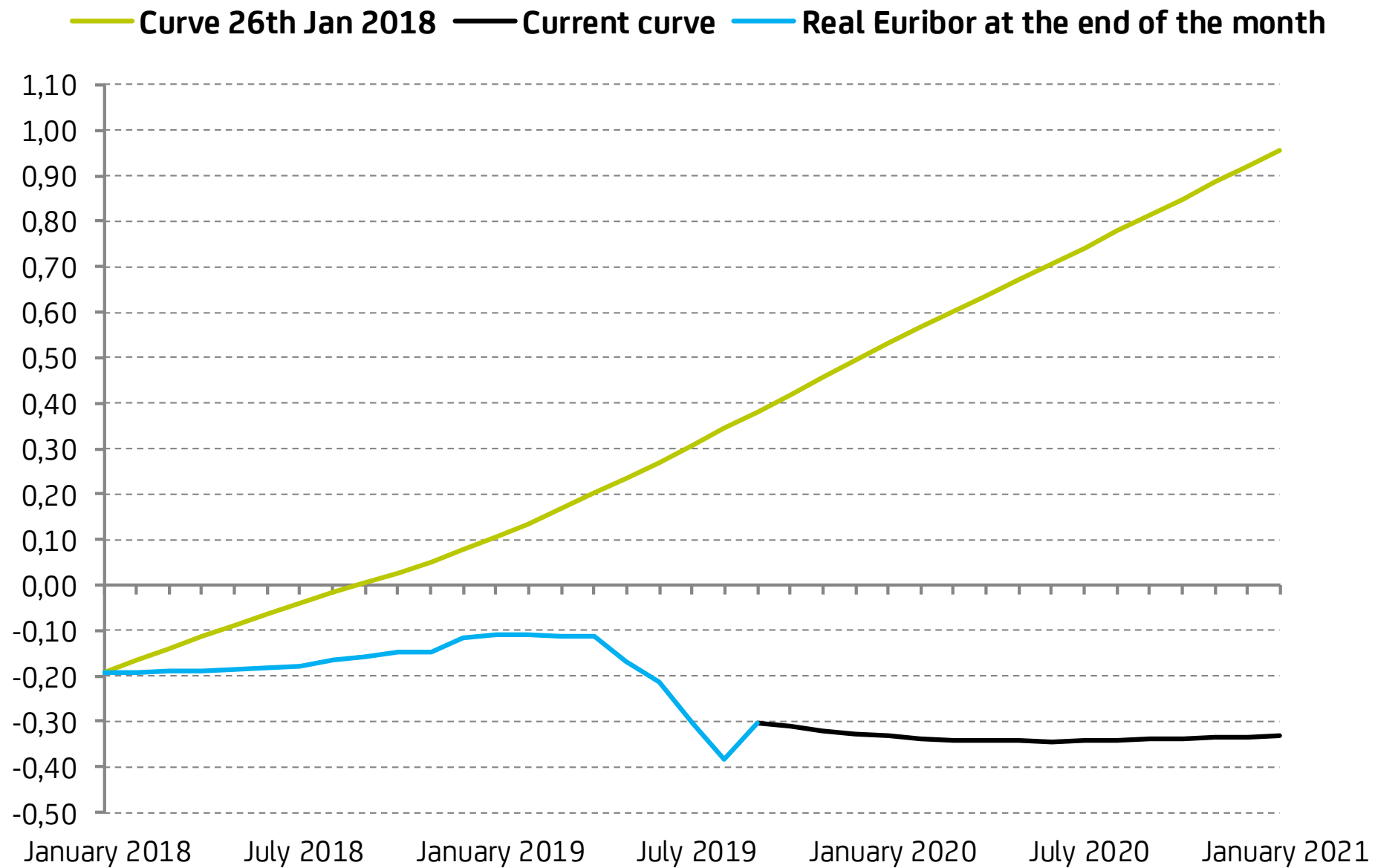
⁽¹⁾ Excess capital over 12% (63bps) calculated excluding unrealized gains on fair value sovereign portfolio

⁽²⁾ Includes the estimated impact from the RWA reduction associated with the sale of NPA portfolios

> 3 YEAR PLAN UPDATE AND DELIVERY

Profitability improvement

1Y Euribor Forward Curve



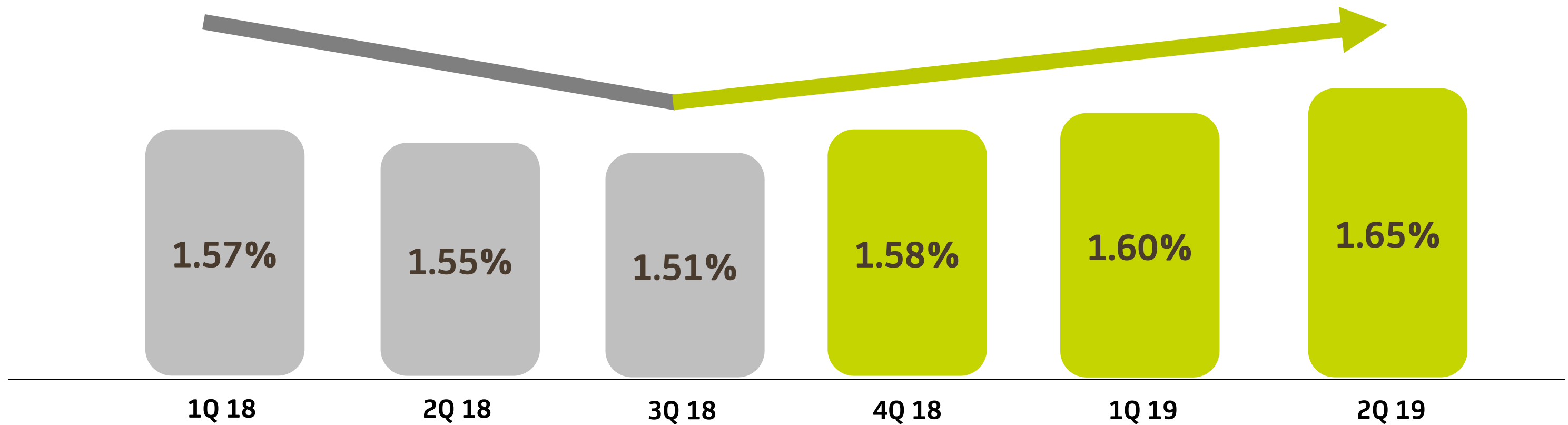
> 3 YEAR PLAN UPDATE AND DELIVERY

Profitability improvement

In this environment, we are improving our credit yield and the gross customer margin...



GROSS CUSTOMER MARGIN (%)



> 3 YEAR PLAN UPDATE AND DELIVERY

Profitability improvement

...that together with an increase in fees and cost control leave us on track to meet our Core result target for the year

€ Mn

	1H18	2H18	2018	1H19
NET INTEREST INCOME	1,047	1,002	2,049	1,018
FEE INCOME	534	531	1,065	533
OPERATING EXPENSES	(944)	(926)	(1,870)	(912)
CORE RESULT	637	607	1,244	639

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THAT SIMPLE