



Bankia

QUARTERLY RESULTS
PRESENTATION

3Q 2020

28 October 2020



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> 3Q 2020 Highlights

Introduction

1

MERGER PROCESS

- Shareholders' General Meetings scheduled for December

2

BUSINESS

- **Corporate & SME** lending continues to grow
- Recovery of retail business continues

3

ASSET QUALITY

- **Reduction** of NPAs, achieving the Strategic Plan target
- Increase in coverage due to **extraordinary provisions**

4

RESULTS

- **Net interest income and fees** on the rise
- **Core Result** improves further **in the quarter**

5

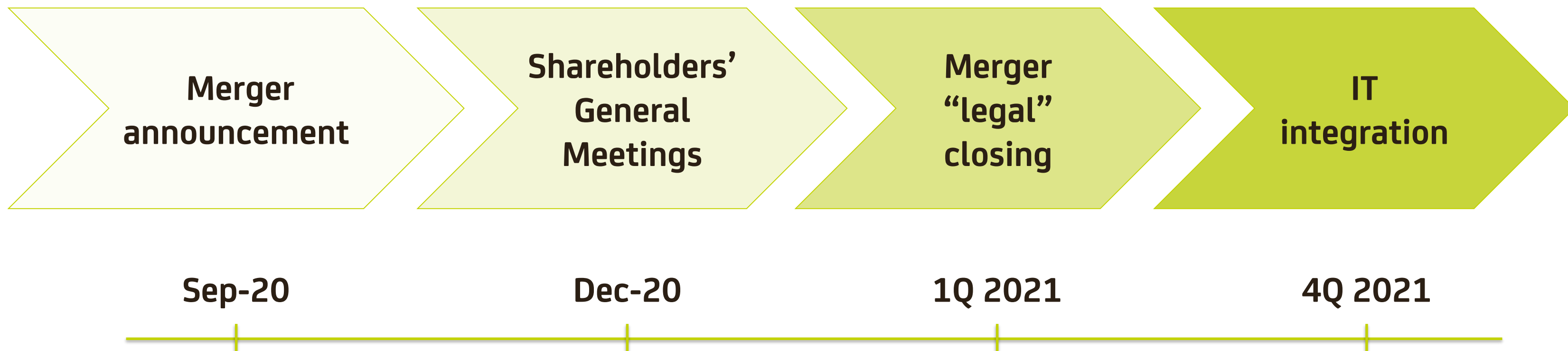
CAPITAL

- **Capital generation target set in Strategic Plan** achieved

> **3Q 2020 Highlights**

CaixaBank-Bankia merger

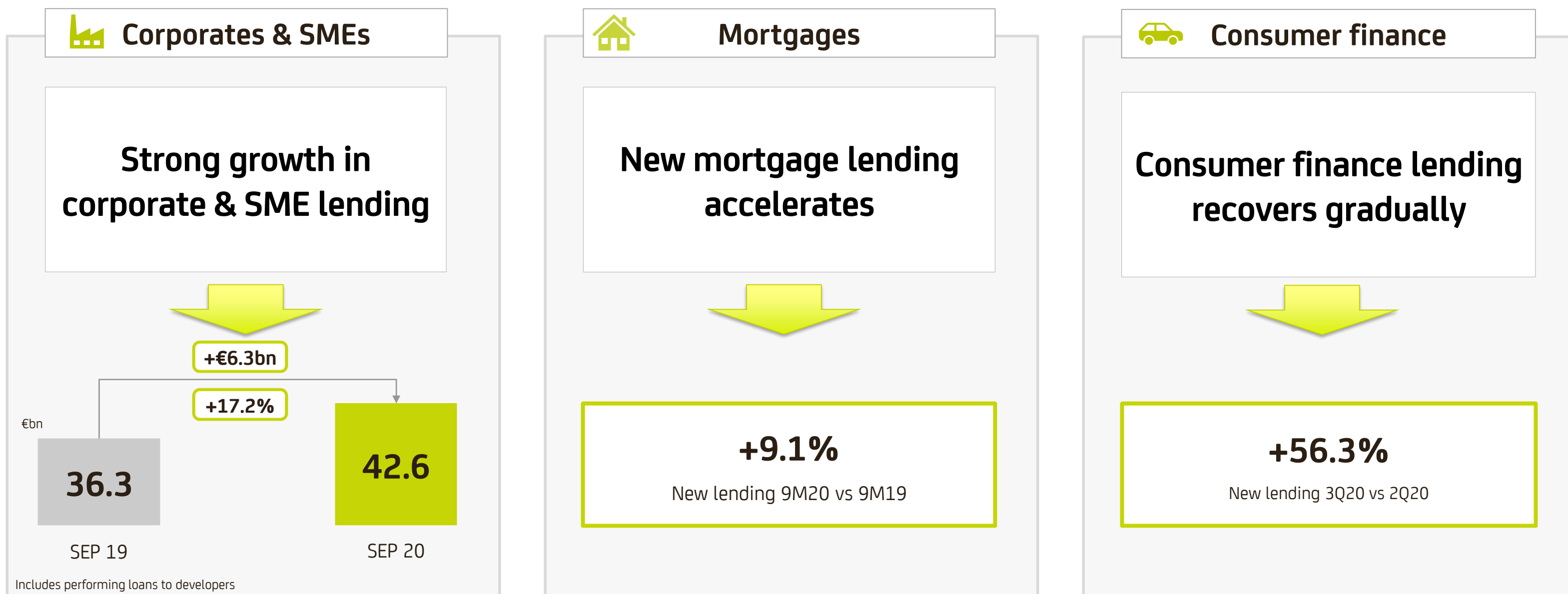
Key milestones



> 3Q 2020 Highlights

Loan performance

Core⁽¹⁾ performing loan book stands at €110.1bn at quarter end

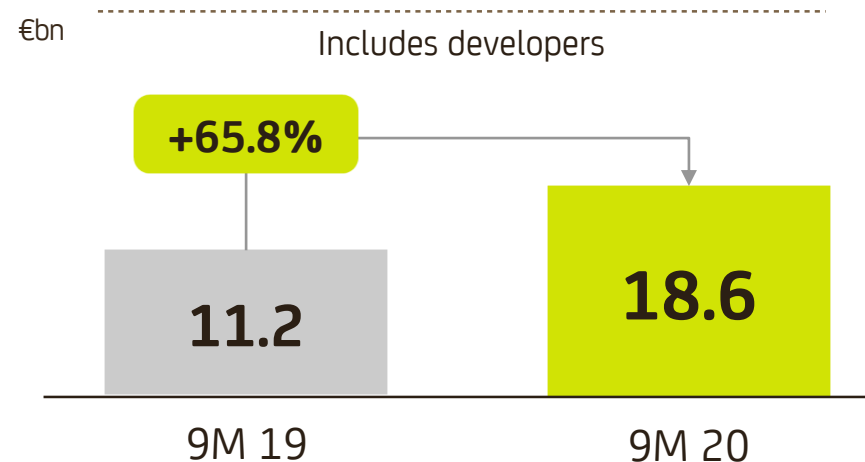


> 3Q 2020 Highlights

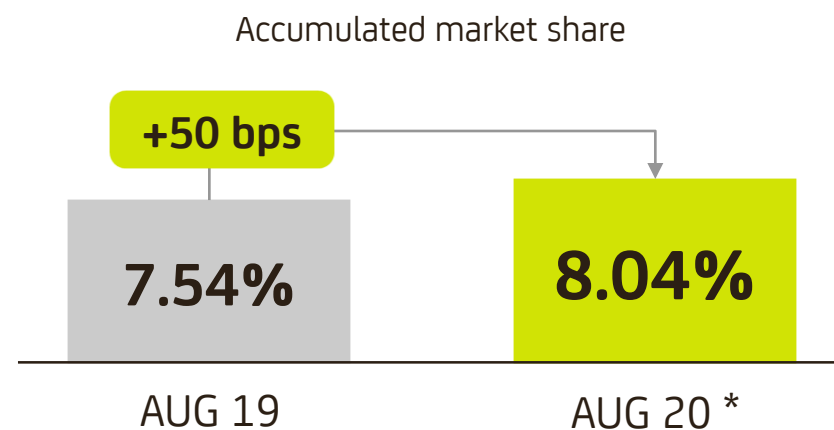
Strong growth in Corporate & SME lending

Loans to corporates and SMEs increase supported by ICO guarantees

CORPORATES & SMEs – NEW LENDING



CORPORATES & SMEs - MARKET SHARE



* Last available market share. Source BoS.



ICO Guaranteed lending (Data as at 30 September)

Share: 9.06%

Quota: €8.4bn

Loans granted: €9.0bn

TOTAL GUARANTEED: €6.7bn

TRANCHE A – SMEs & SELF-EMPLOYED

TRANCHE B – LARGE CORPORATES

Share: 7.81%

Quota: €5.3bn

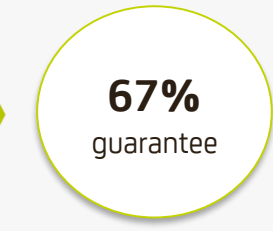
Share: 12.44%

Quota: €3.1bn

€bn



ICO amount granted
Amount guaranteed



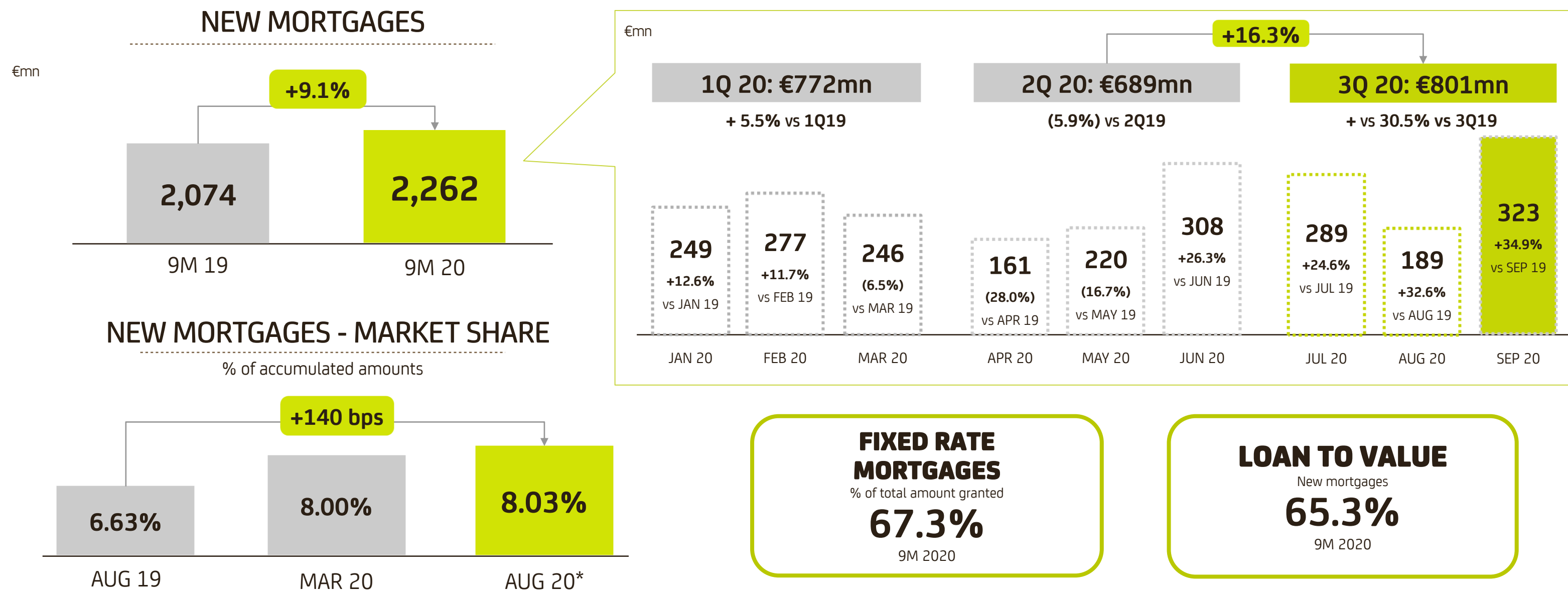
ICO amount granted
Amount guaranteed

ICO loans granted divided by total corporate & SME loans: 21.1%

> 3Q 2020 Highlights

Retail business recovery: mortgages

New mortgage lending accelerates and reaches historic high in a third quarter



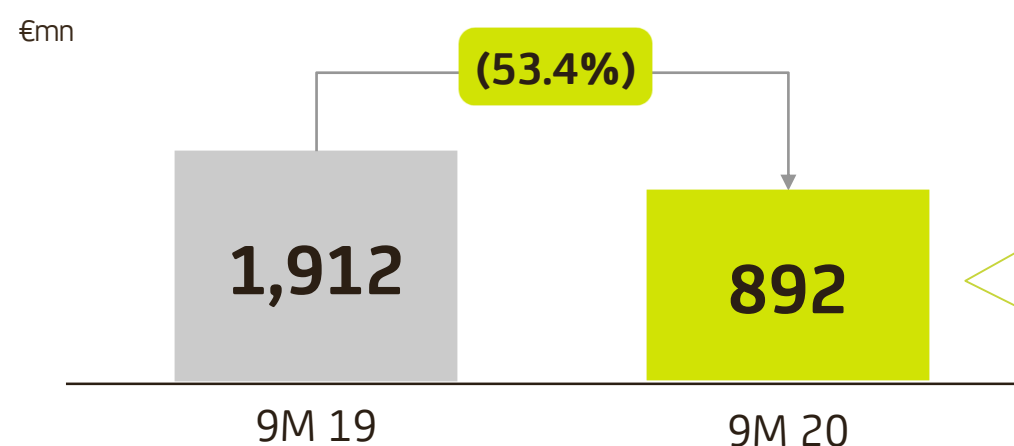
* Last available market share. Source BoS.

> 3Q 2020 Highlights

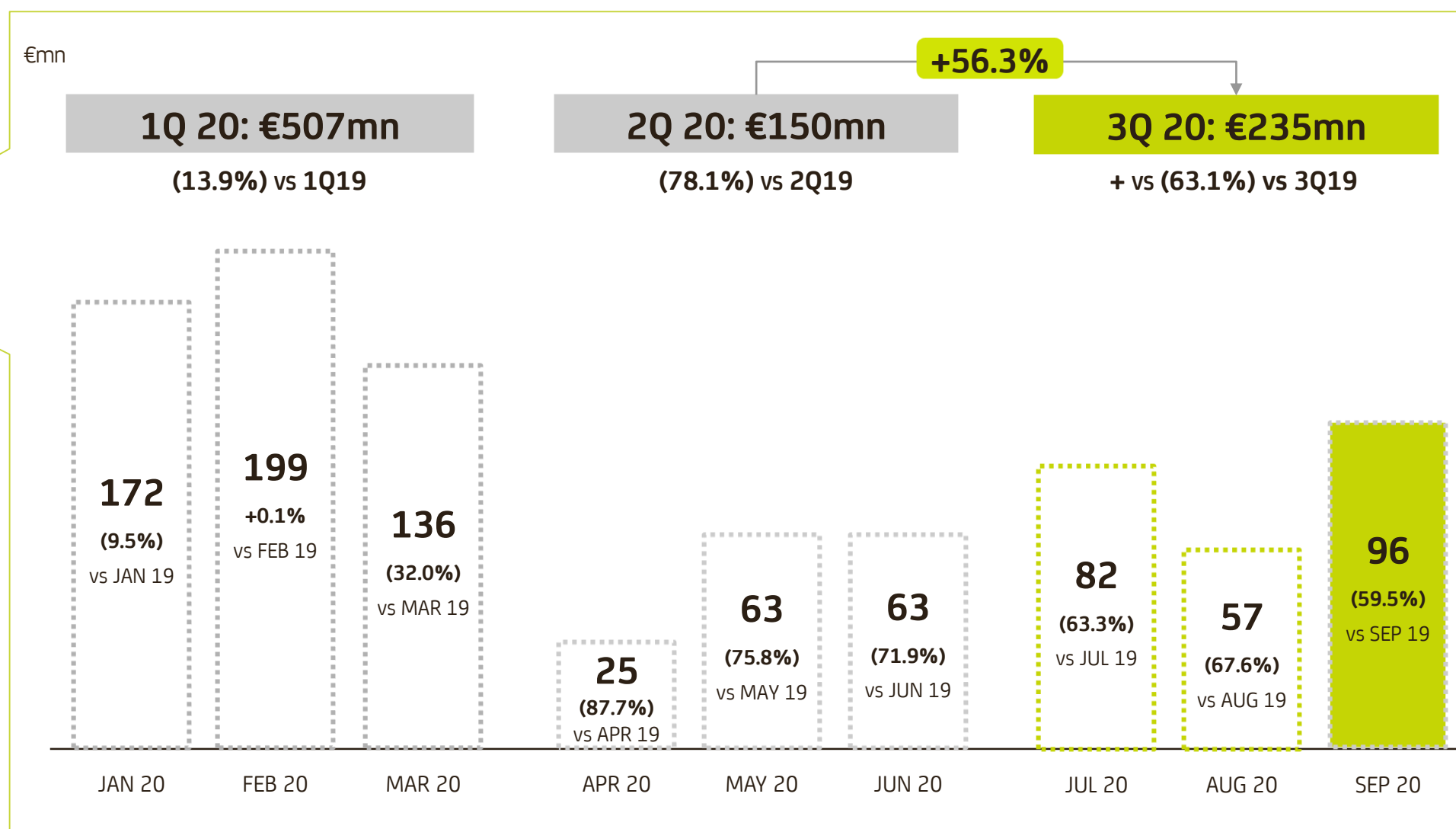
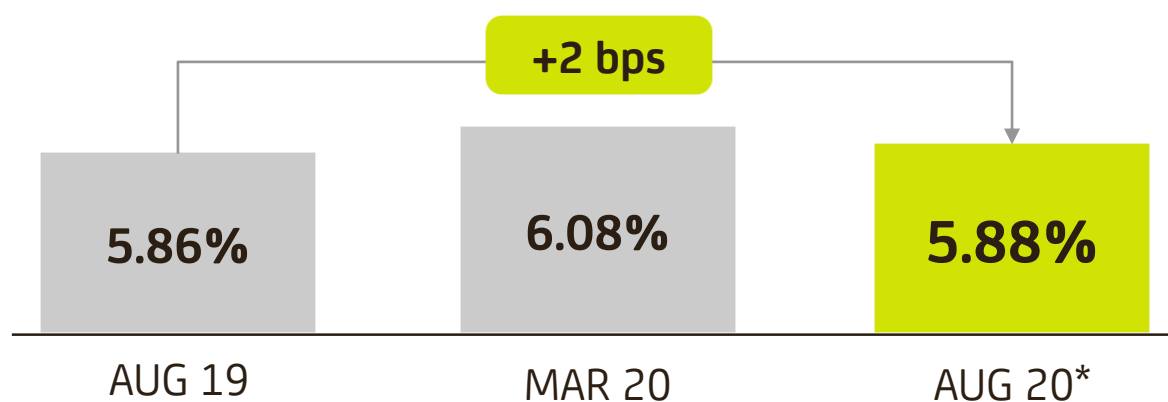
Retail business recovery: consumer finance

Gradual recovery of consumer finance lending

CONSUMER FINANCE - NEW LENDING



CONSUMER FINANCE - MARKET SHARE

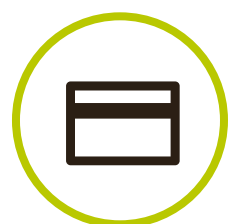


* Last available market share. Source BoS.

> 3Q 2020 Highlights

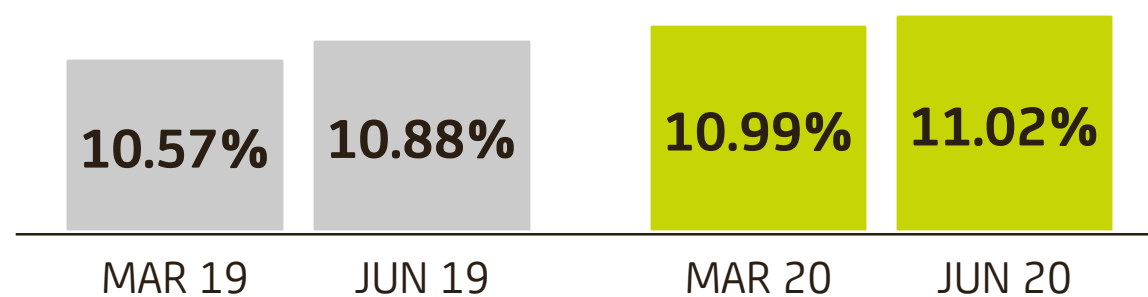
Retail business recovery: cards turnover

Card spending maintains its positive trend



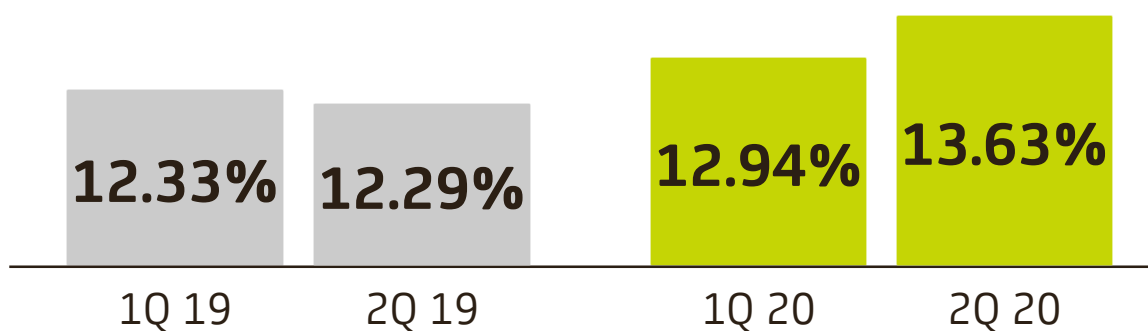
CARDS

Debit and credit cards market share*



CARDS TURNOVER

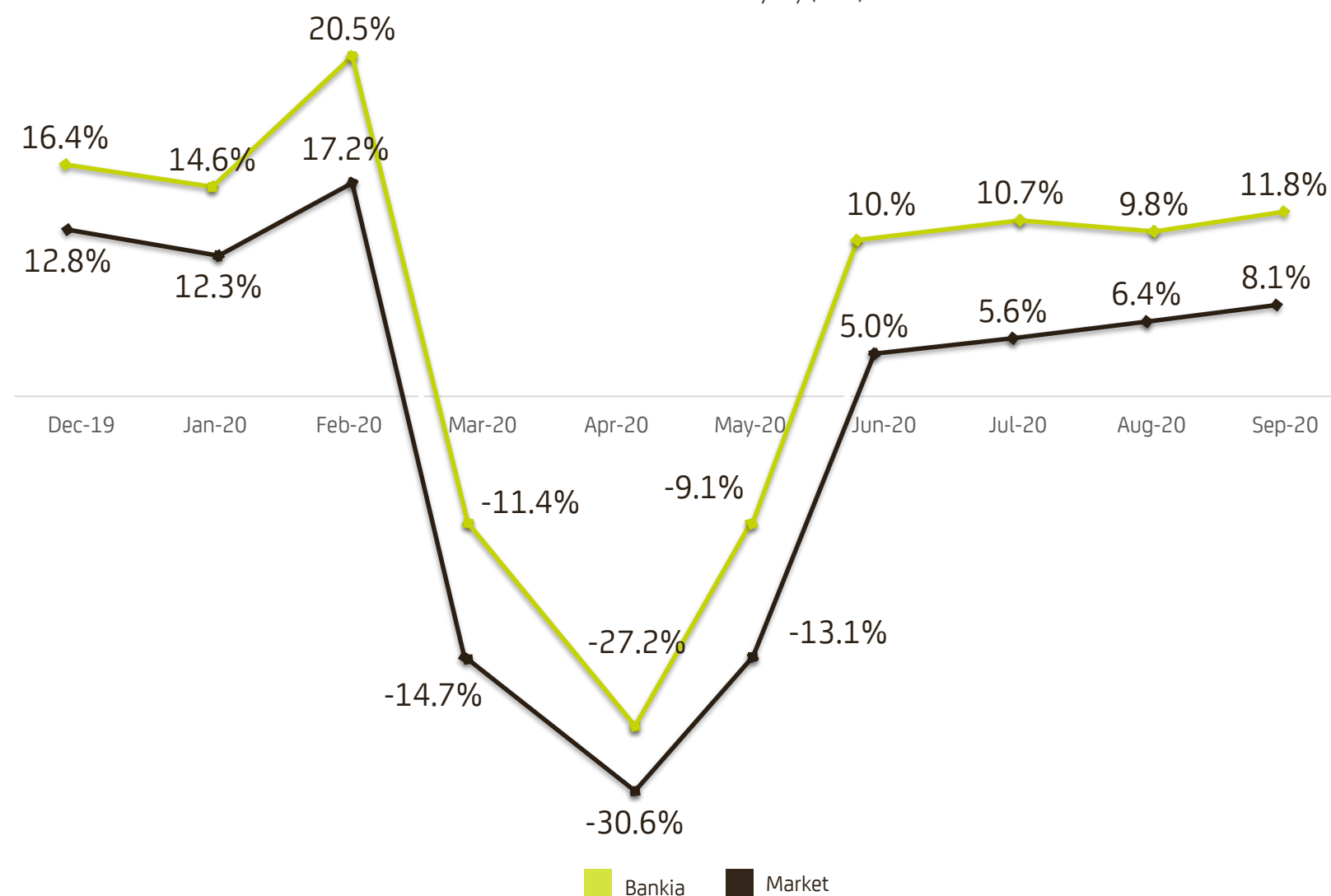
Debit and credit cards accumulated market share*



* Last available market share. Source BoS.

CARD PURCHASES TURNOVER

2020 vs 2019 y-o-y (€mn)



> **3Q 2020 Highlights**

Retail business recovery: supporting customers

Financial relief measures to help families

Moratoriums (Data as at 30 September)



Mortgages

Requests granted: 40,266

2Q 2020

€4,079mn

6.4%

of Bankia's total performing mortgage book

3Q 2020

€4,136mn

6.6%

of Bankia's total performing mortgage book



Consumer Finance

Requests granted: 49,429

2Q 2020

€330mn

6.7%

of Bankia's total performing consumer finance book

3Q 2020

€346mn

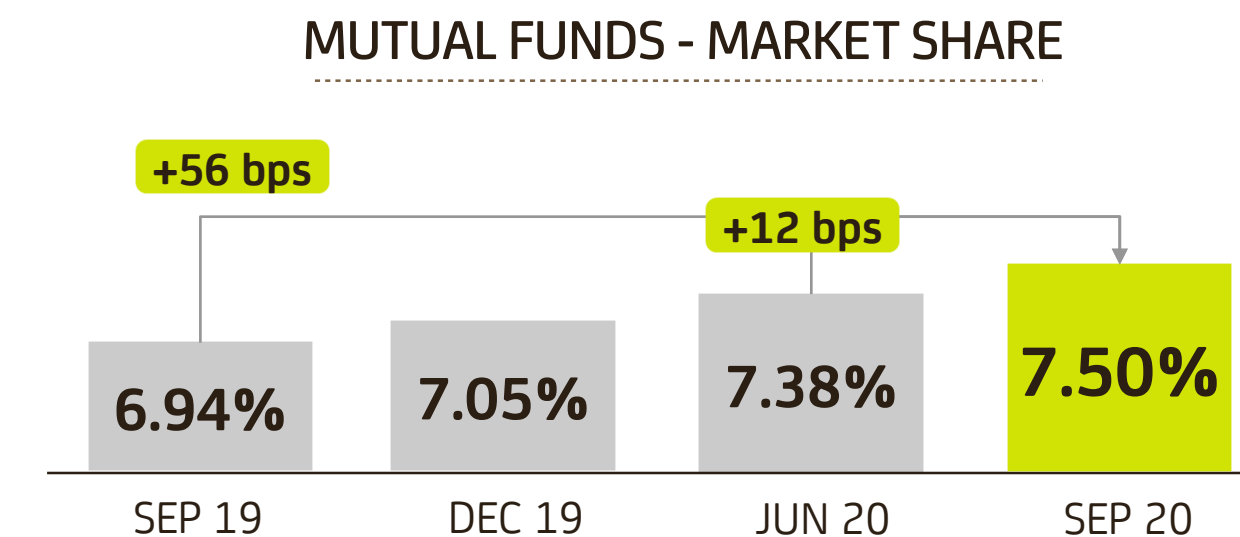
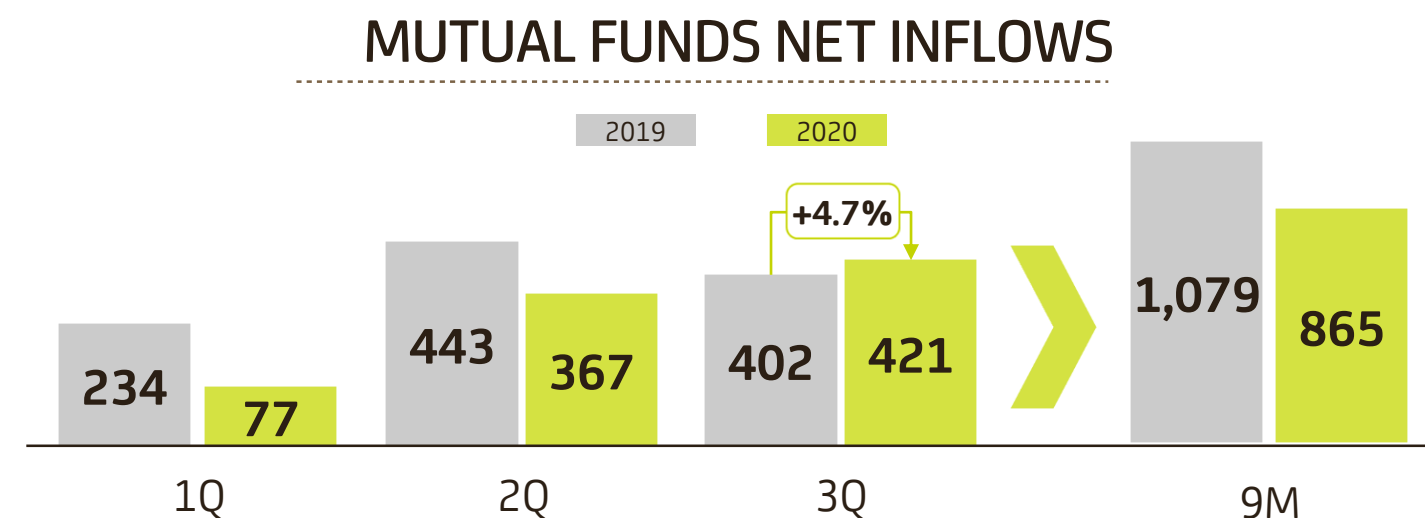
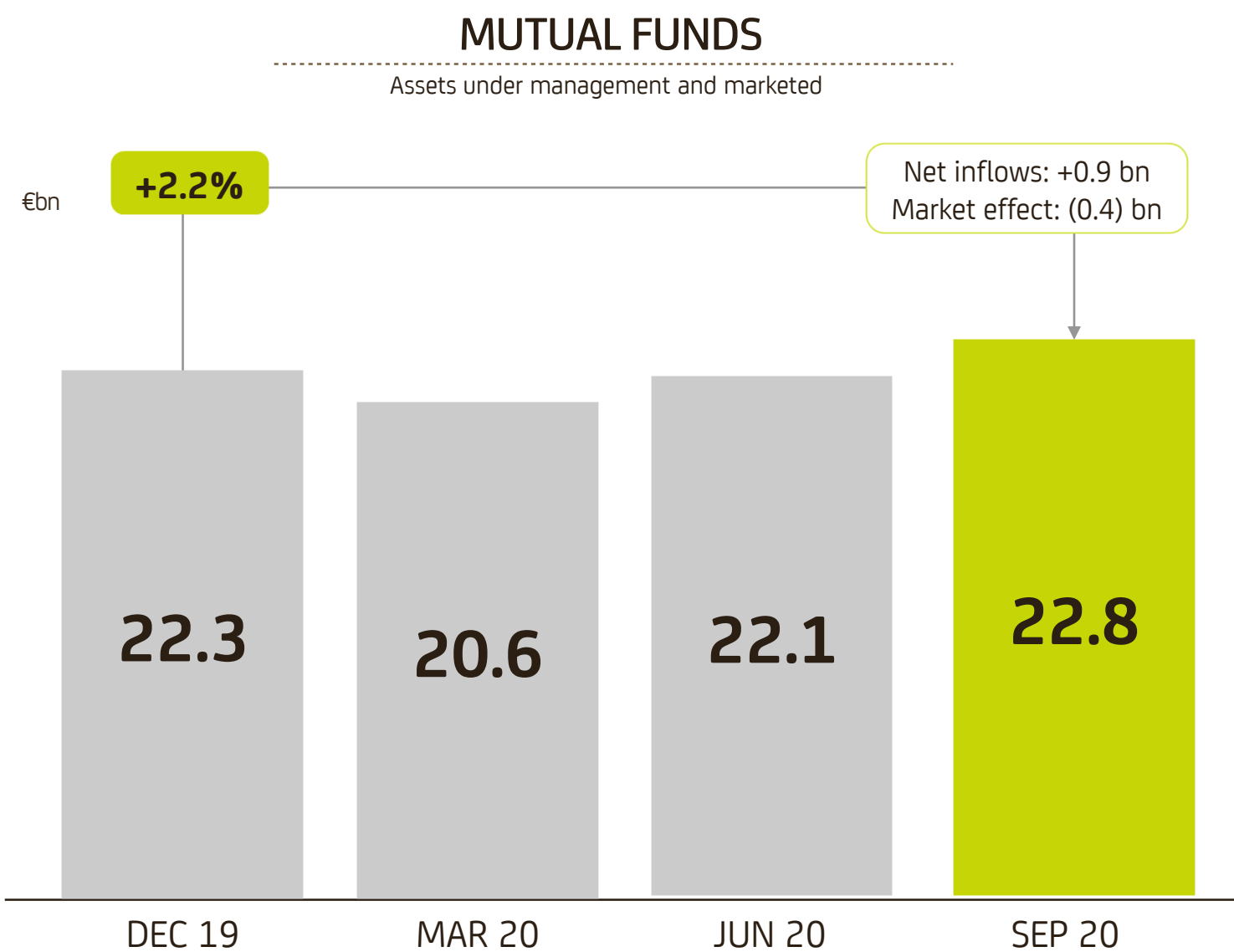
7.3%

of Bankia's total performing consumer finance book

> 3Q 2020 Highlights

Retail business recovery: high value products

Mutual funds market share increases 56 bps year-on-year



Source: Inverco

> 3Q 2020 Highlights

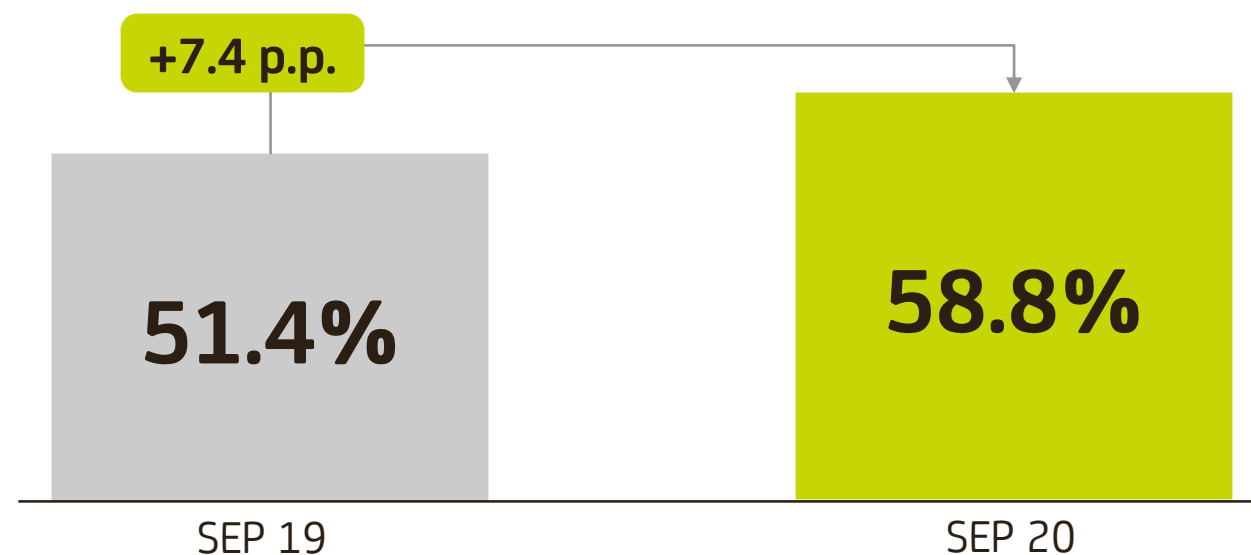
Retail business recovery: digitalisation

Digital sales continue to gain ground



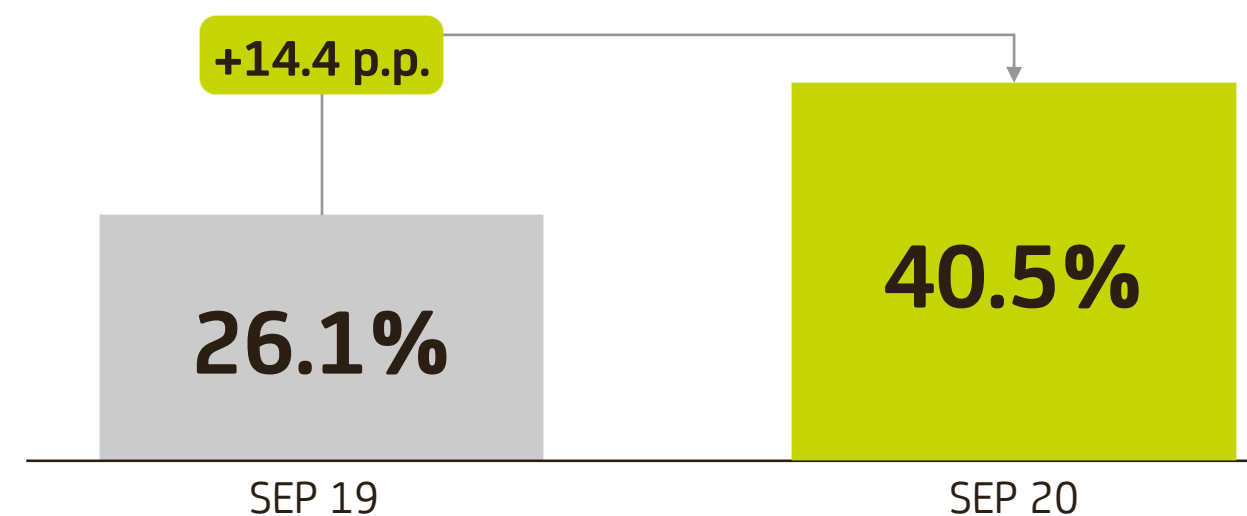
DIGITAL CUSTOMERS ⁽¹⁾

Percentage of total customers (%)



DIGITAL SALES ⁽²⁾

Digital sales divided by total Bankia sales (%)



WEB ONBOARDING (New customers):

+25% 3Q 20 vs 2Q 20

WEBRANKING 2020-2021 ⁽³⁾

1st FINANCIAL SYSTEM SPAIN CORPORATE WEBSITE
2nd ALL SECTORS SPAIN CORPORATE WEBSITE

(1) Over 18 years active customers who in the last 12 months have connected at least once via an online channel (App, Bankia Online or Bankia Online-Companies). The denominator for the percentage is the number of over 18 years customers.

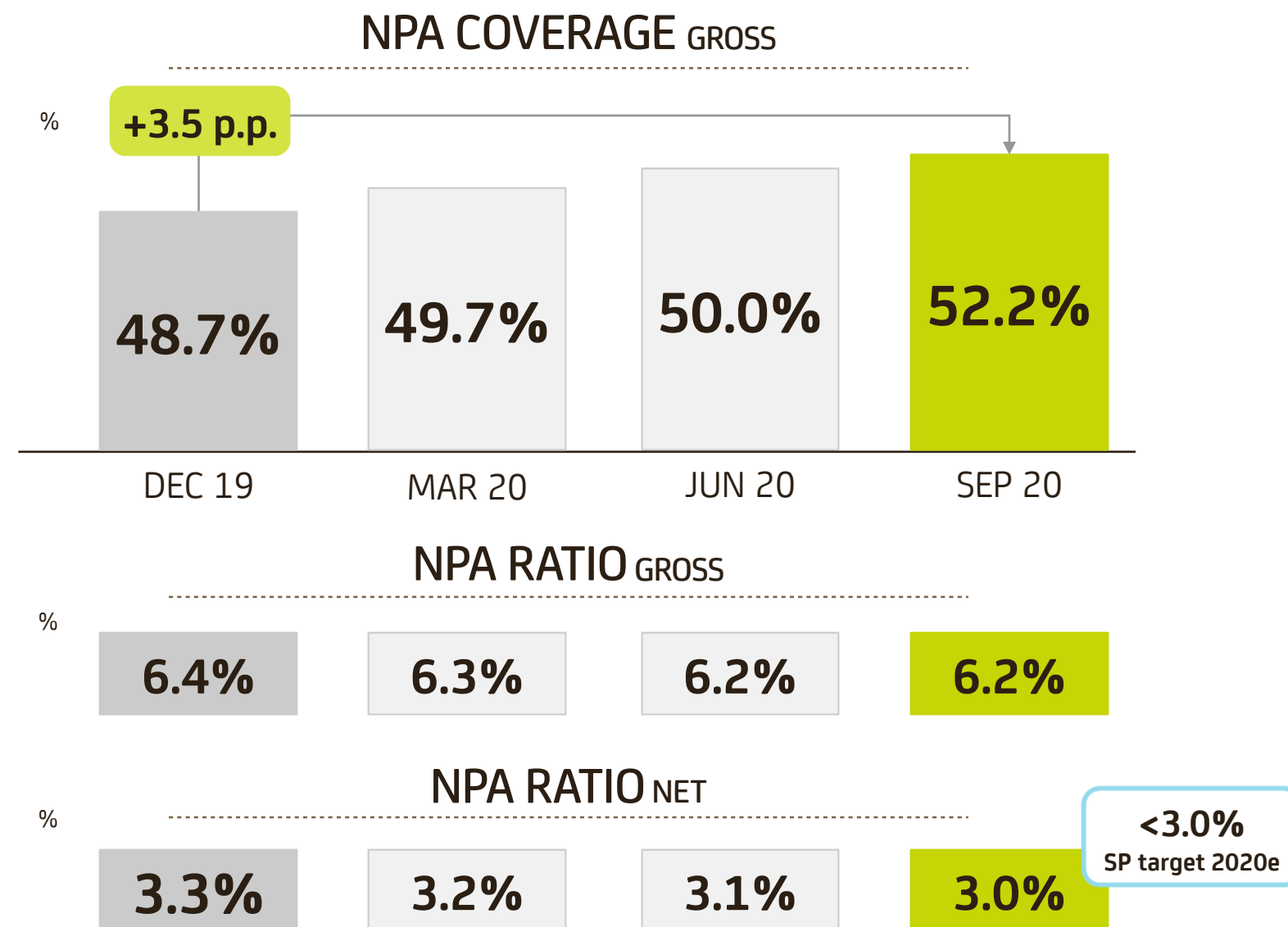
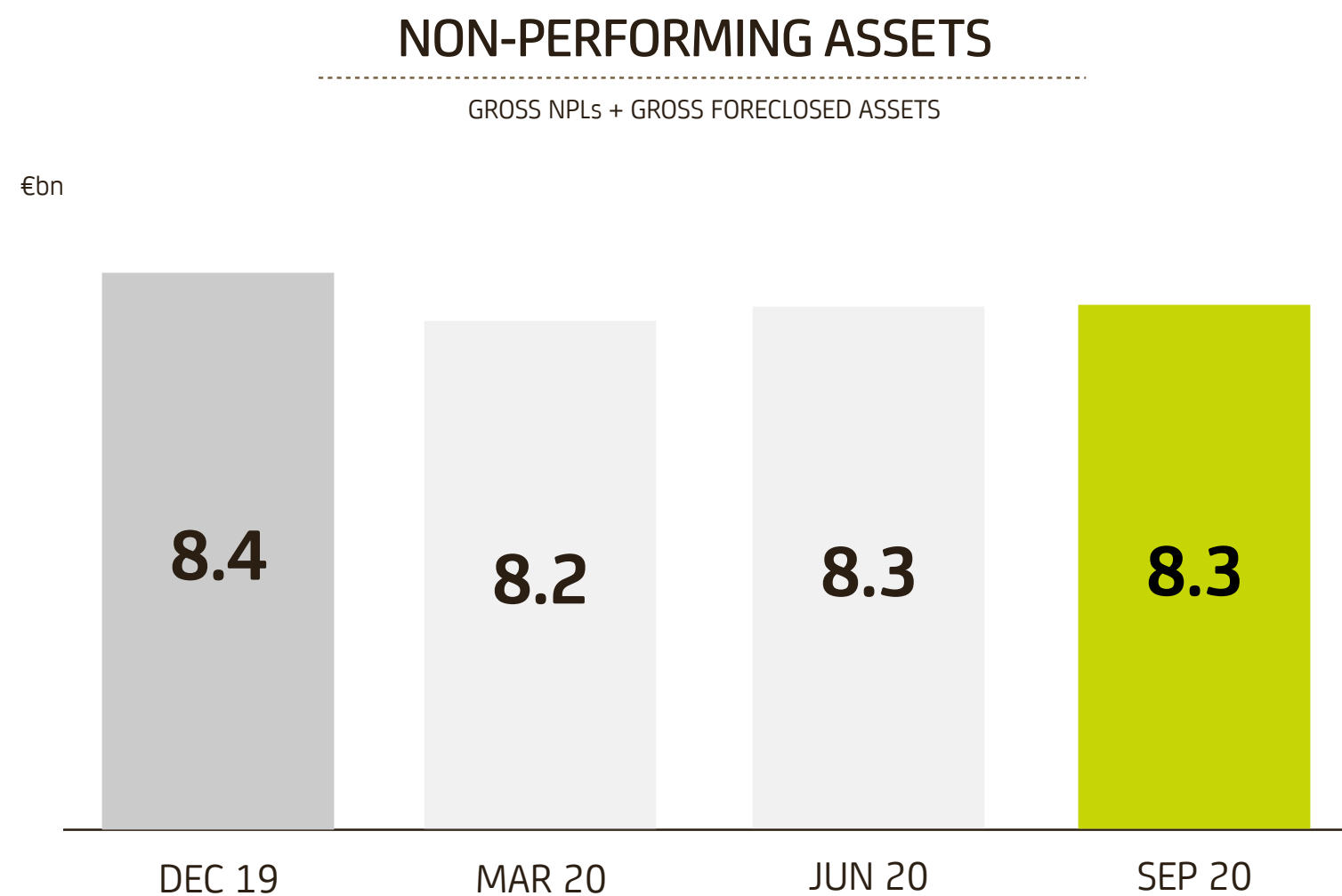
(2) Number of sales realized through digital channels divided by total Bankia sales

(3) Source: Webranking by Compend. Bankia has been assessed despite not forming part of the official ranking of the top 500 companies in Europe according to the STOXX All Europe index.

> 3Q 2020 Highlights

Asset quality: coverage ratios increase

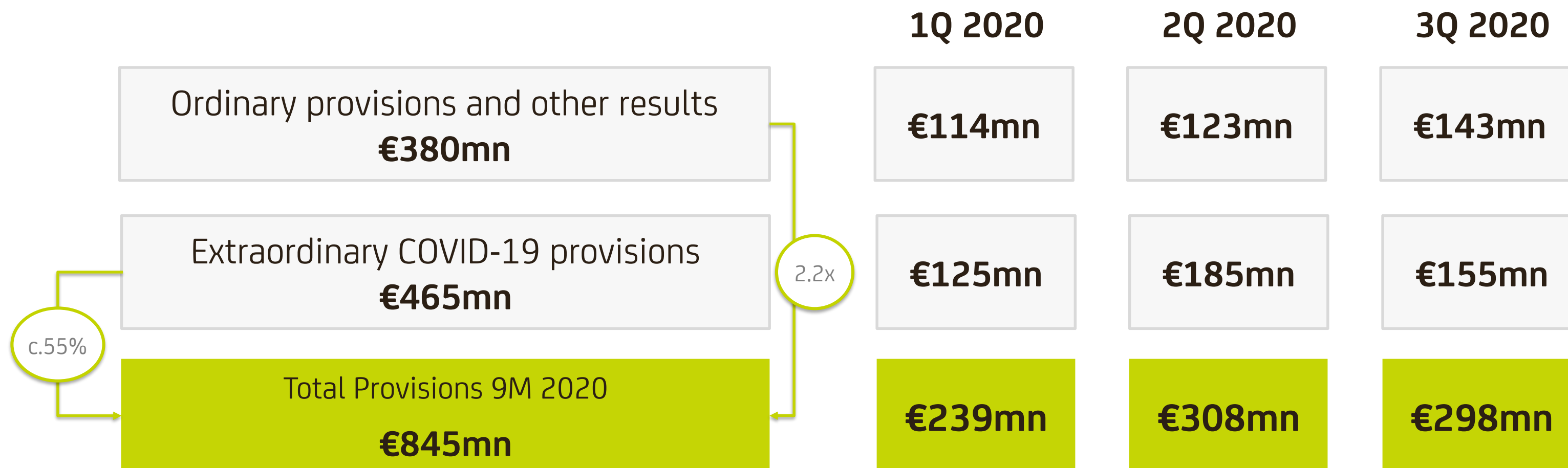
NPAs reduce and the Strategic Plan target is reached



> **3Q 2020 Highlights**

Asset quality: Large volume of extraordinary provisions

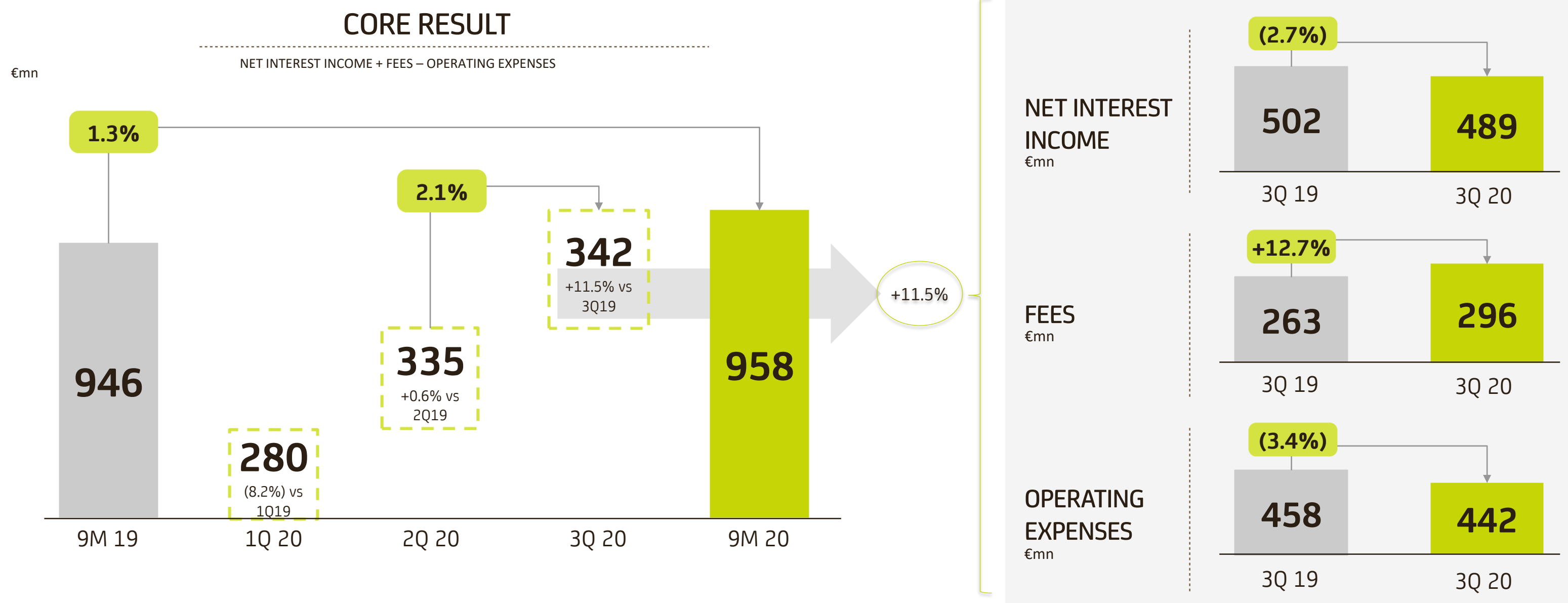
Extraordinary provisions of €465mn for COVID-19 in the year



> 3Q 2020 Highlights

Core Result increases

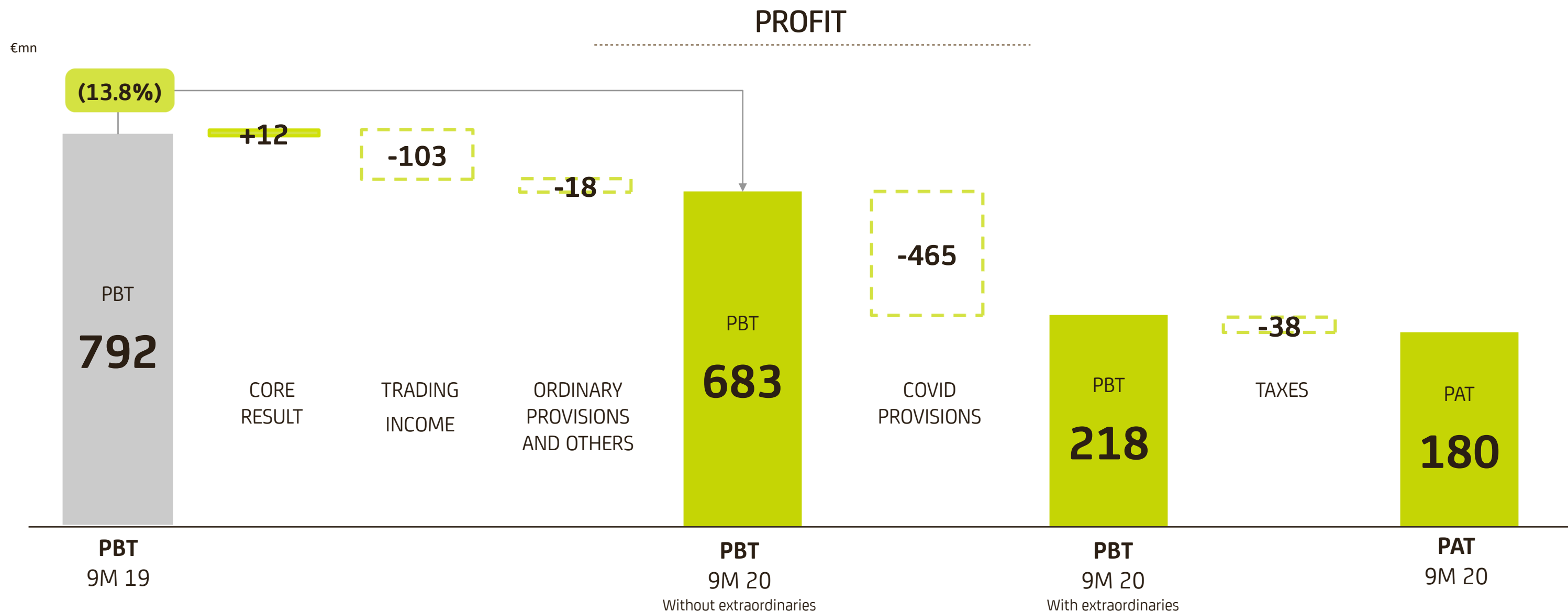
Core Result growth continues supported by increased fees



> **3Q 2020 Highlights**

Attributable Profit

Lower trading income and COVID provisions hit profit

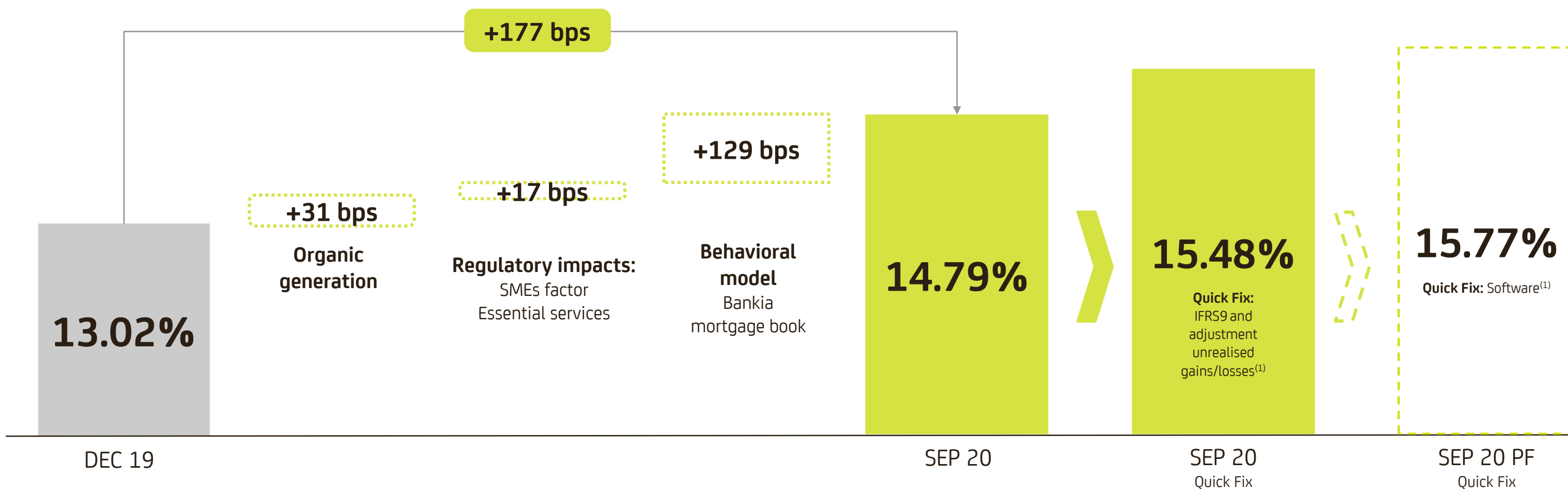


> **3Q 2020 Highlights**

High capital generation

Capital generated in the year supported by the approval of internal models

CET1 FULLY LOADED (REGULATORY RATIO)



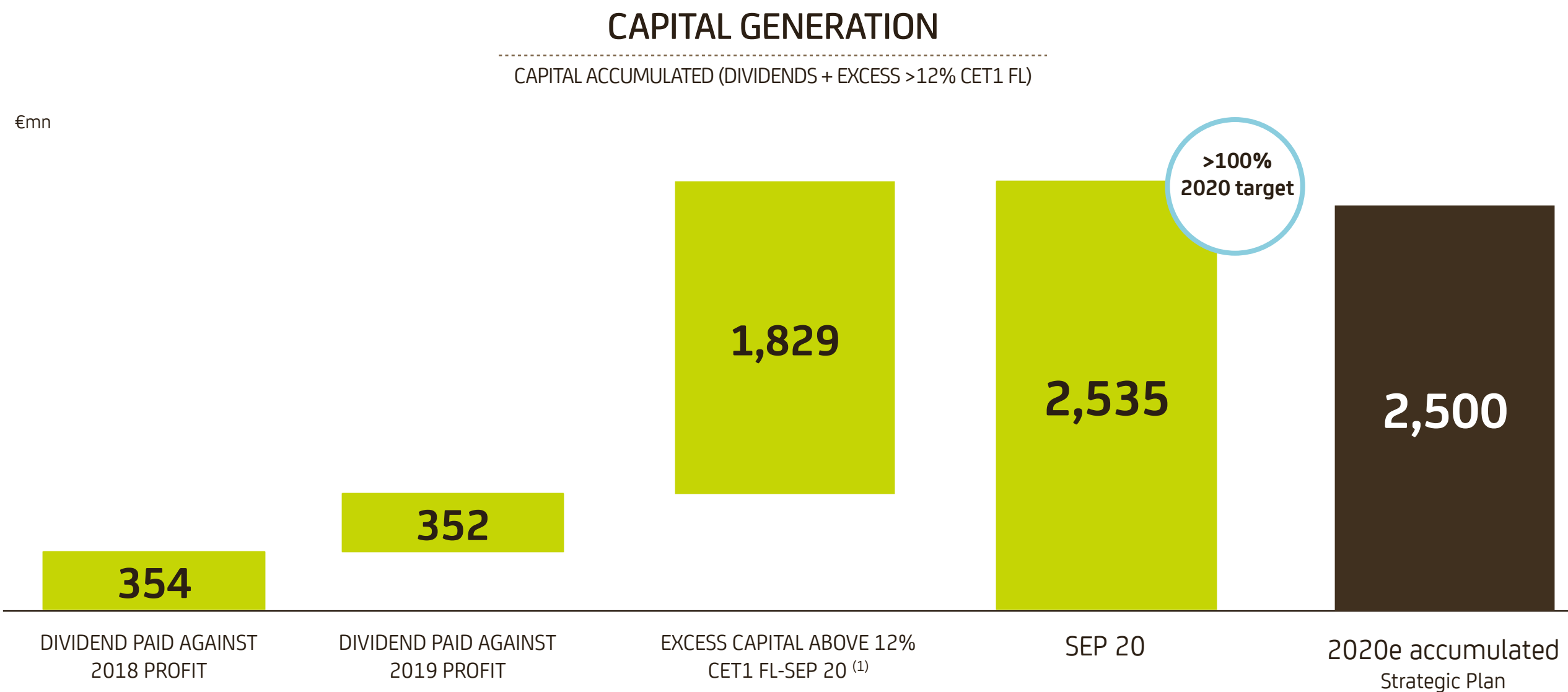
Maintaining the leadership position in the sector

(1) Flexibility measures (“CRR 2 Quick Fix”): IFRS9 transitional impact (+68 bps); adjustment of unrealised gains/losses of fair value portfolio (+2 bps) and prudential treatment of intangible assets associated with software (+29 bps). Ratio CET1 Fully Loaded excludes sovereign gains: 12.84% y 14.66%, December 2019 and September 2020, respectively. If the Quick Fix impact associated to IFRS9 were to be included, in September 2020, the ratio would rise to 15.33%.

> **3Q 2020 Highlights**

High capital generation

Excess capital accumulated during Strategic Plan reaches €2,500mn target



⁽¹⁾ Excess capital above 12% CET1 Fully Loaded excluding gains on sovereign holdings in the fair value portfolio and Quick Fix measures (+266bps).

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> 3Q 2020 Results

Accumulated income statement – Bankia Group

€mn	9M 19	9M 20	Var. 9M 20 vs 9M 19
Net interest income	1,520	1,411	(7.2%)
Fees	796	880	10.5%
Net trading income	236	133	(43.6%)
Other income	(6)	(29)	-
Gross income	2,546	2,395	(5.9%)
Operating expenses	(1,370)	(1,332)	(2.8%)
Pre-provision profit	1,176	1,063	(9.7%)
Total provisions and other results	(384)	(380)	(0.9%)
Of which financial and non-financial asset provisions	(288)	(372)	29.3%
Of which other provisions and other results	(96)	(8)	(91.4%)
Profit before tax before COVID-19 provision	792	683	(13.8%)
Extraordinary COVID-19 provision	-	(465)	-
Profit before tax after COVID-19 provision	792	218	(72.5%)
Profit attributable to the Group	575	180	(68.8%)
“Core” Result ⁽¹⁾	946	958	1.3%

> 3Q 2020 Results

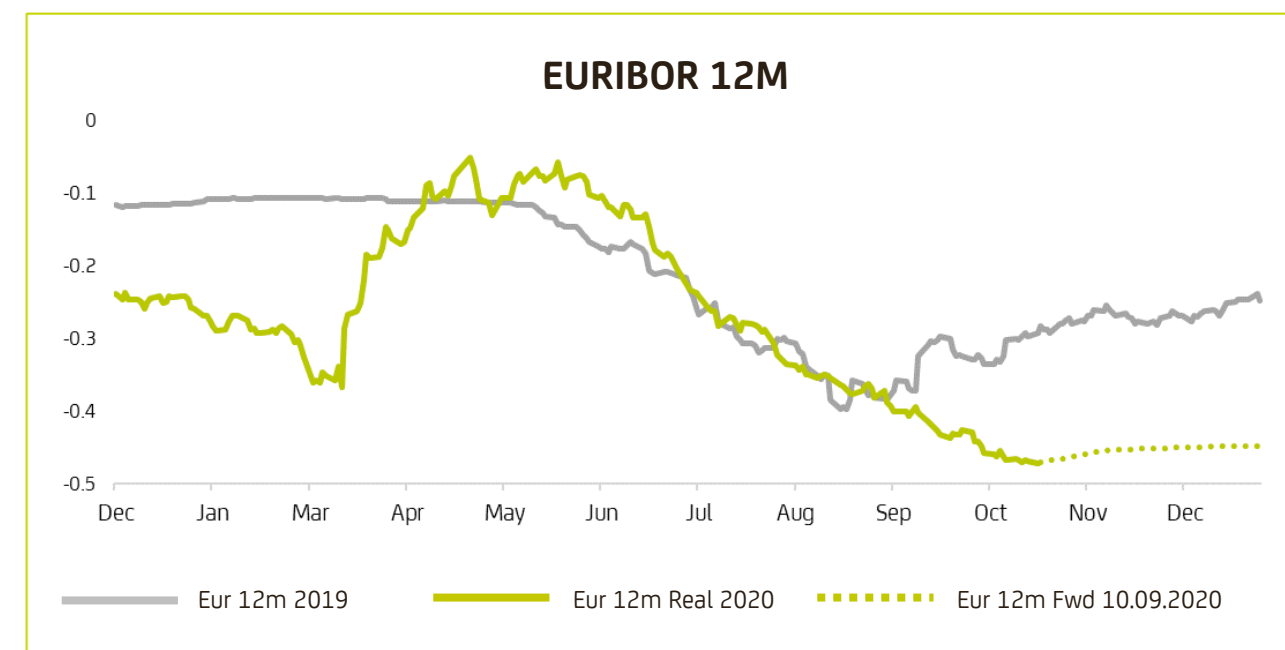
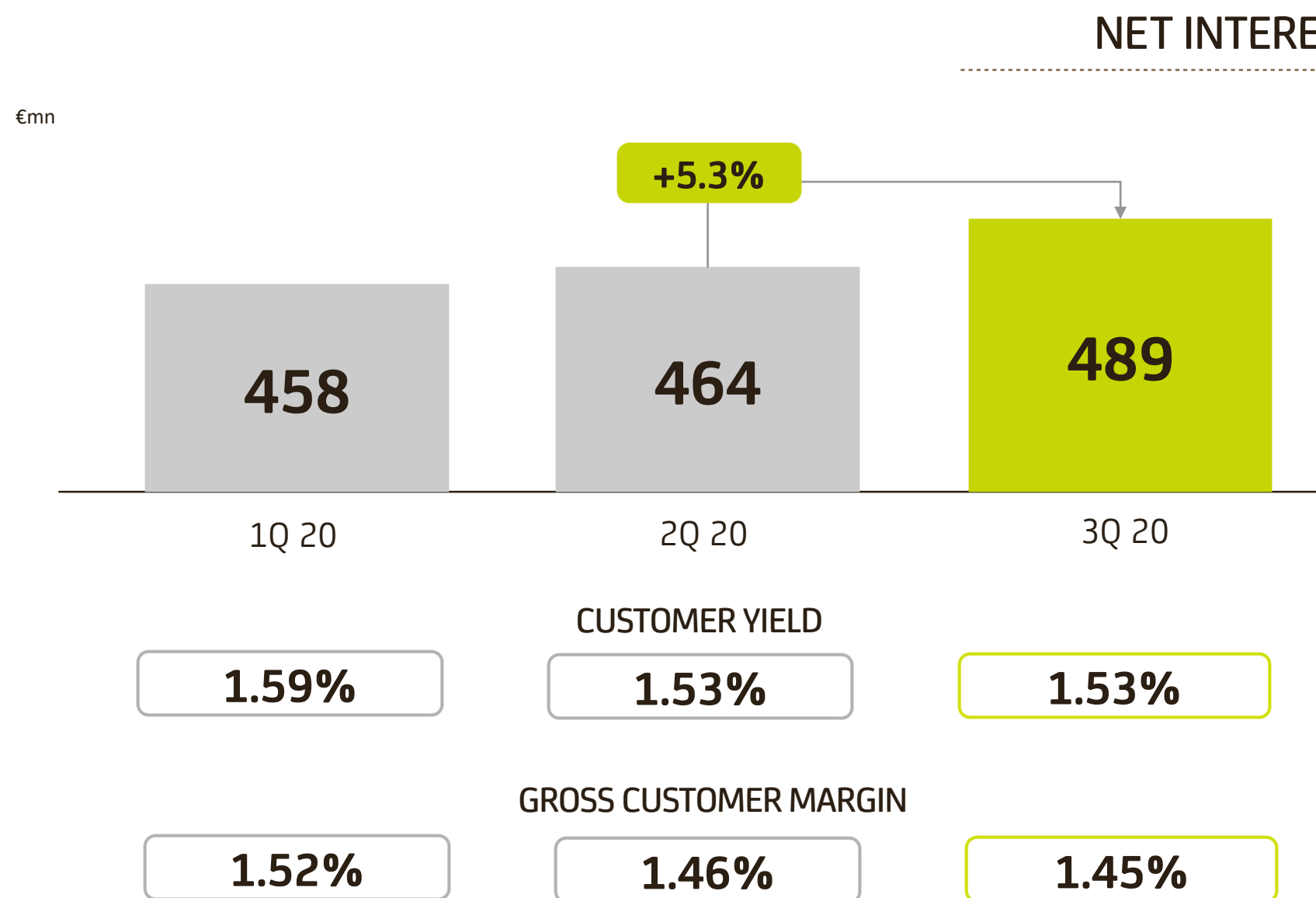
Quarterly income statement – Bankia Group

€mn	1Q 20	2Q 20	3Q 20	Var. 3Q 20 vs 2Q 20
Net interest income	458	464	489	5.3%
Fees	284	300	296	(1.3%)
Net trading income	64	66	3	(95.1%)
Other income	17	(46)	0	-
Gross income	823	784	788	0.5%
Operating expenses	(461)	(429)	(442)	3.2%
Pre-provision profit	361	355	346	(2.7%)
Total provisions and other results	(114)	(123)	(143)	16.6%
Of which financial and non-financial asset provisions	(88)	(105)	(179)	70.1%
Of which other provisions and other results	(26)	(18)	36	-
Profit before tax before COVID-19 provision	247	233	203	(12.8%)
Extraordinary COVID-19 provision	(125)	(185)	(155)	(16.2%)
Profit before tax after COVID-19 provision	122	48	48	0.3%
Profit attributable to the Group	94	48	37	(22.0%)
“Core” Result ⁽¹⁾	280	335	342	2.1%

> 3Q 2020 Results

Net interest income

NII grows 5.3% in 3Q 2020



- **Customer margin:**
 - Fixed rate mortgages increase
 - Volumes increase (corporates & SMEs)

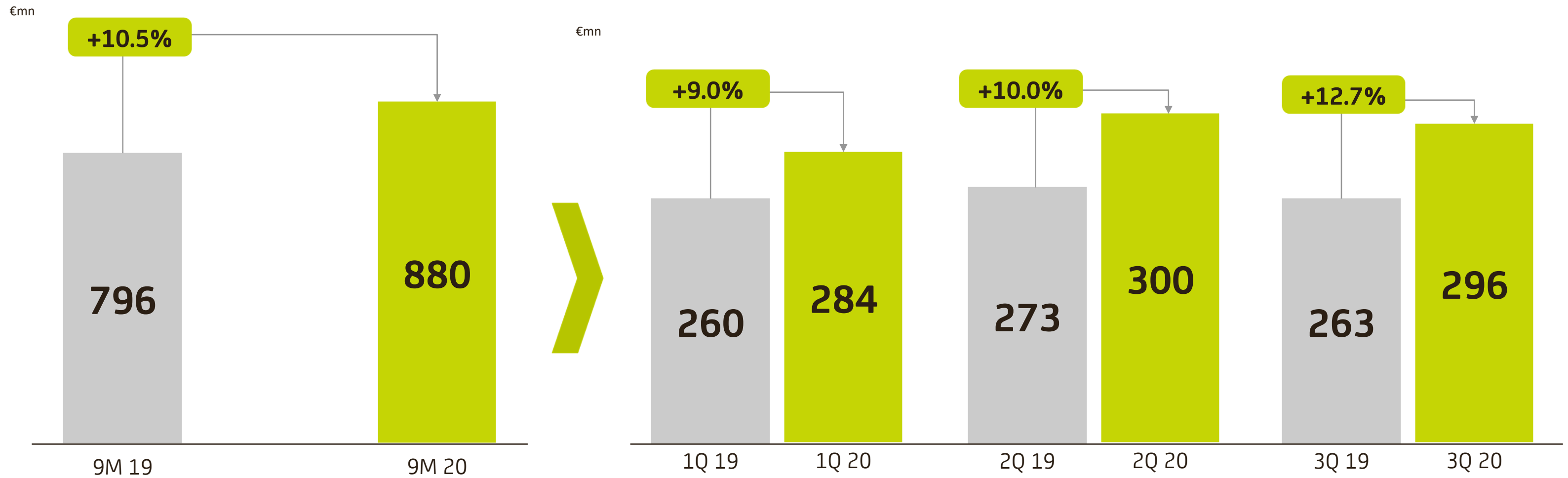
- **Reduced EURIBOR impact in 3Q20**

> **3Q 2020 Results**

Fees

Fee growth at double digit rate

NET FEES



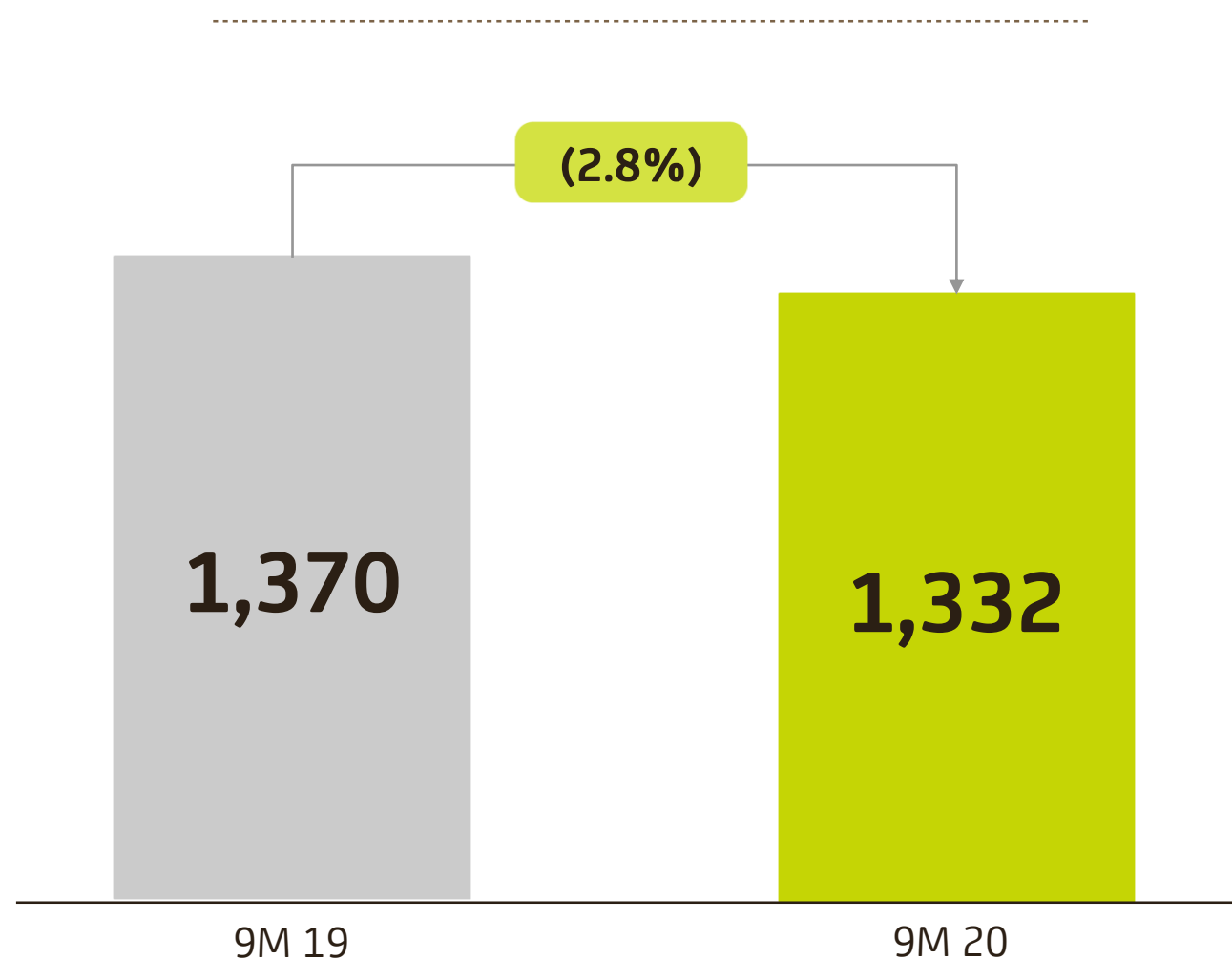
> **3Q 2020 Results**

Operating expenses

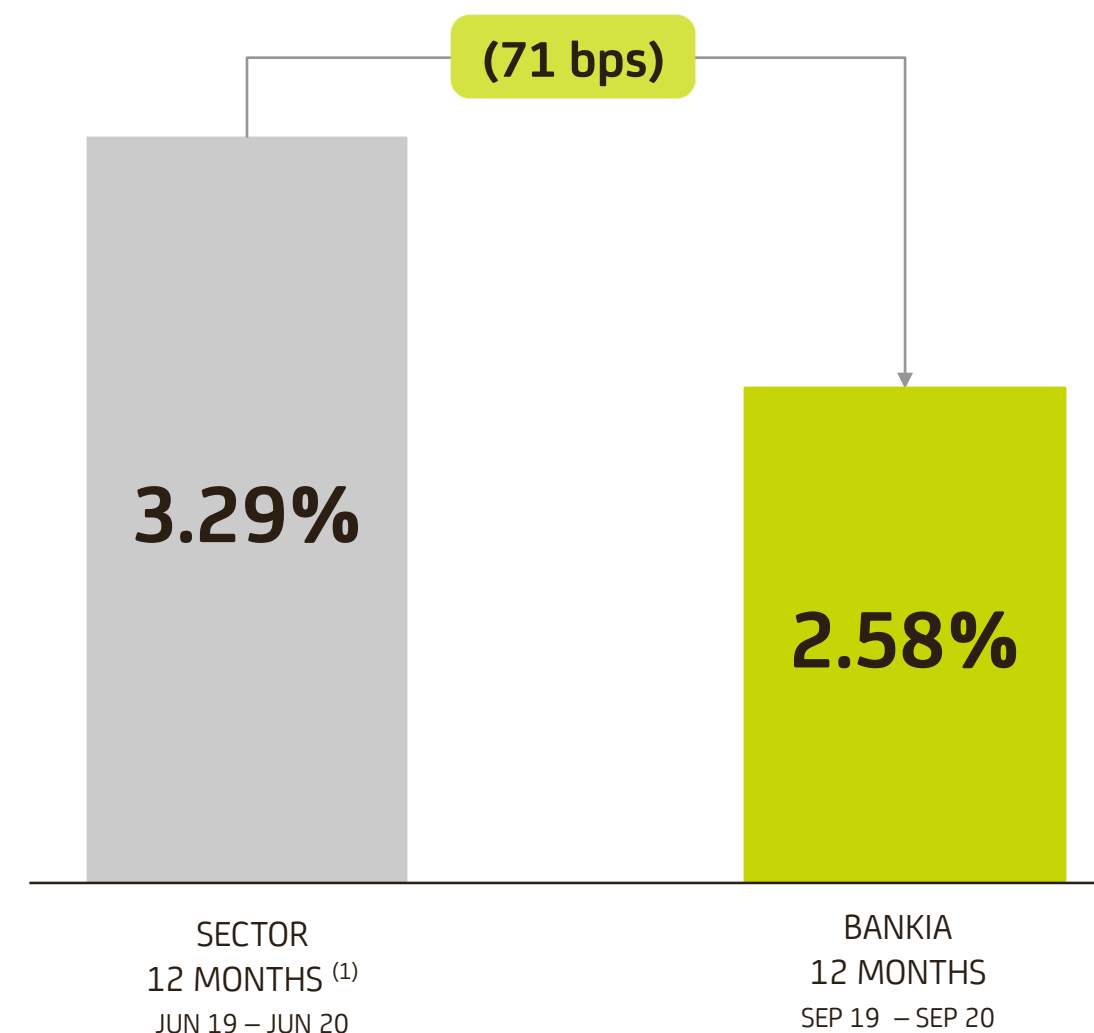
Operating expenses reduce by 2.8% y-o-y

OPERATING EXPENSES

€mn



OPERATING EXPENSES/RWA

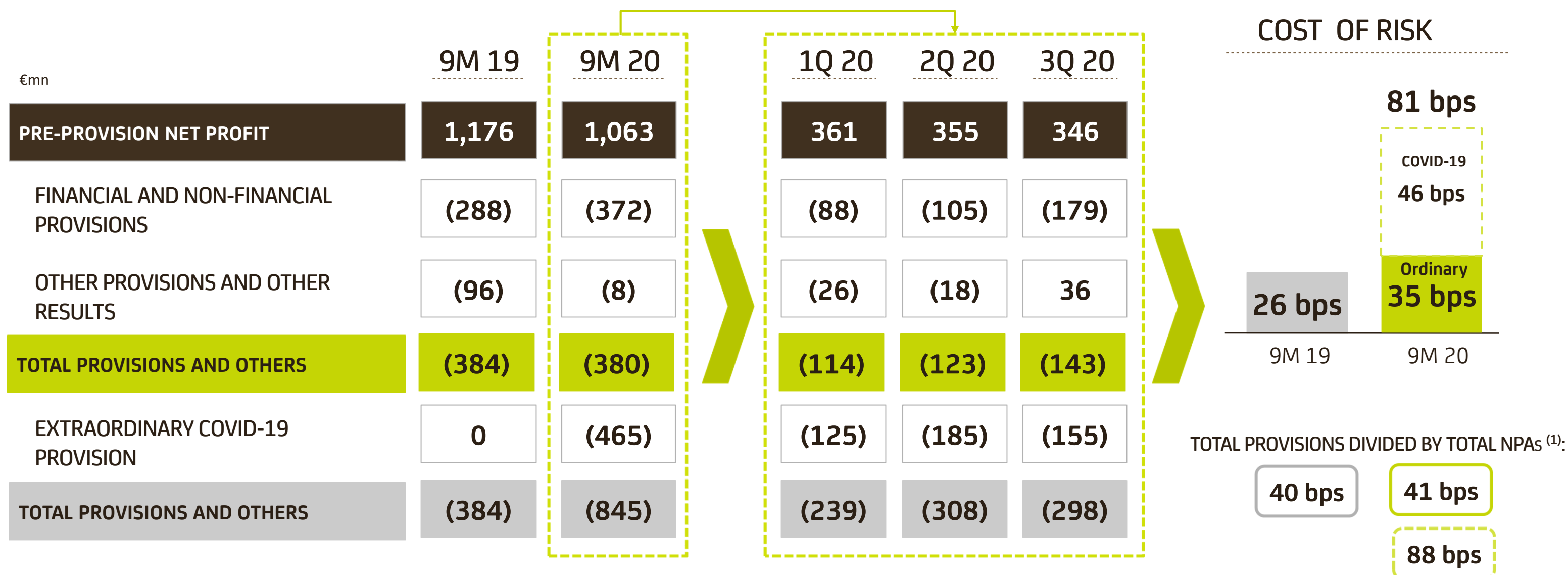


⁽¹⁾ Sector data includes peers: Santander, BBVA, CaixaBank, B. Sabadell & Bankinter.

> 3Q 2020 Results

Cost of risk

Ordinary cost of risk at expected levels



(1) Provisions, related to loans, guarantees and foreclosed assets divided by total credit risks, guarantees and foreclosed assets.

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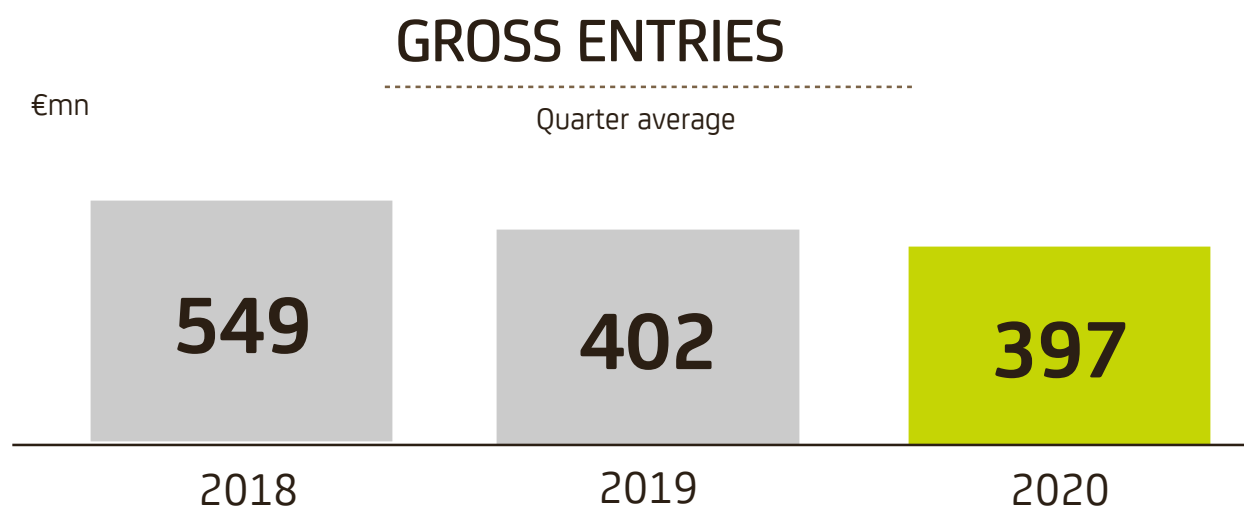
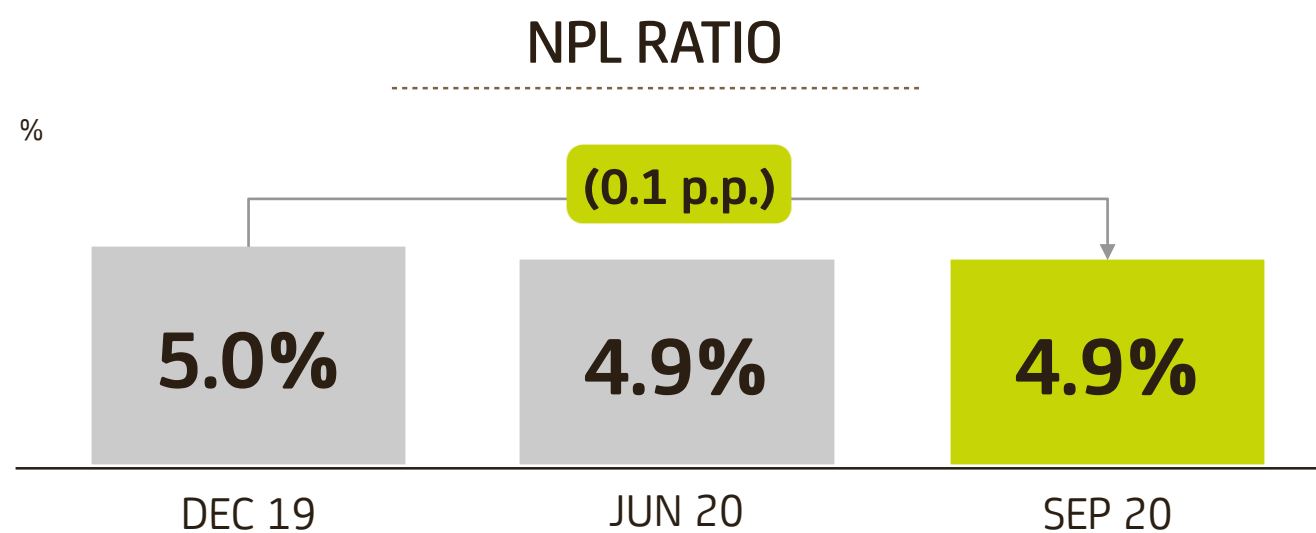
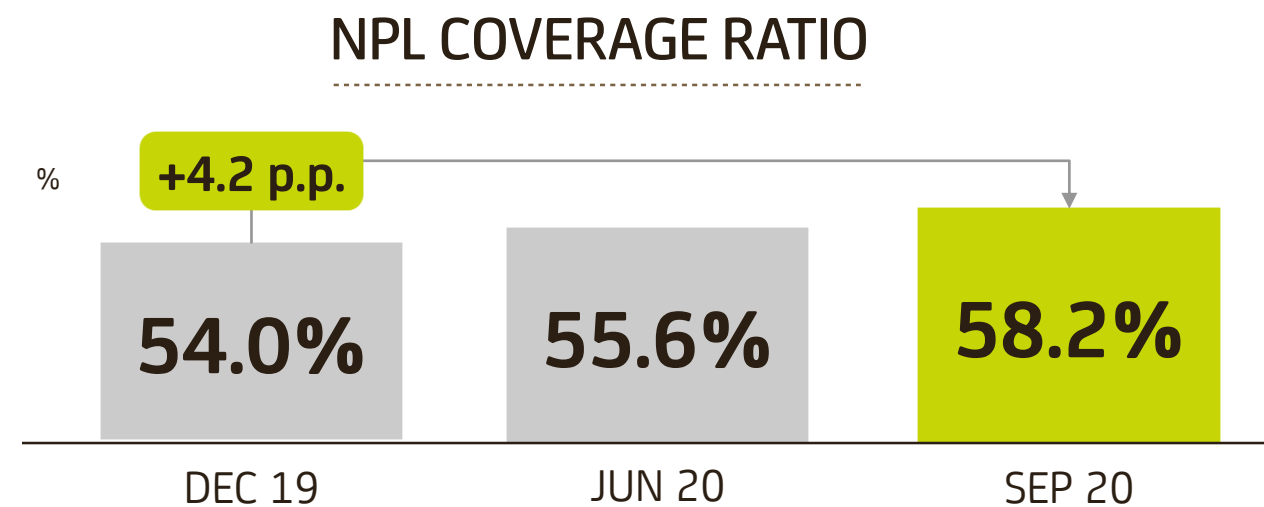
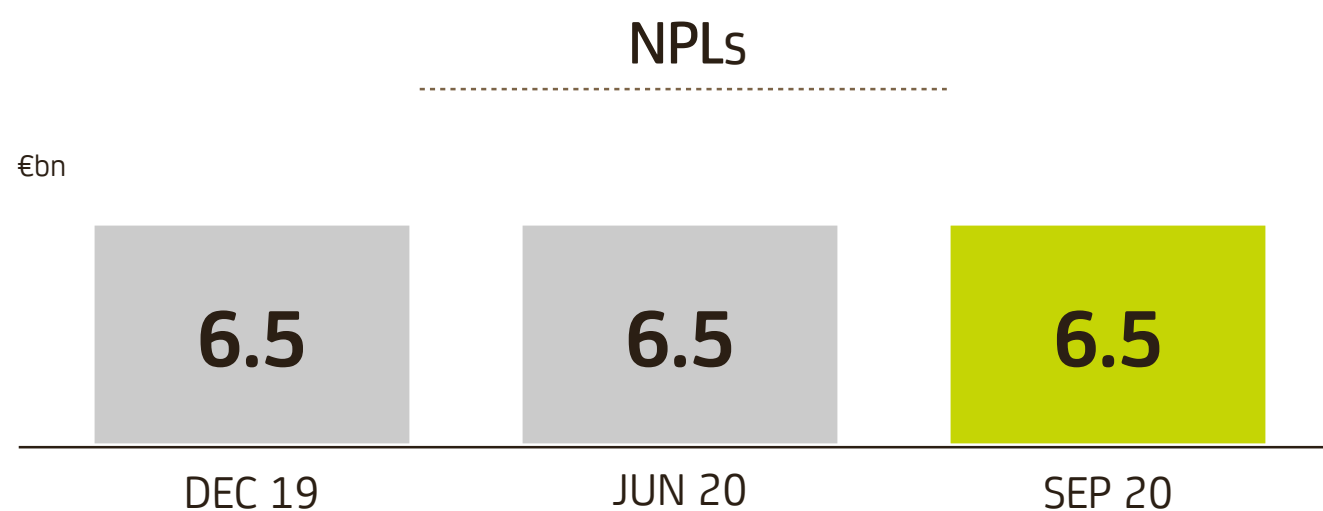


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> **Asset quality and risk management**

Credit quality

Good performance of key asset quality figures continue



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> **Liquidity** and solvency

Liquidity and rating

Solid liquidity ratios and improved credit ratings

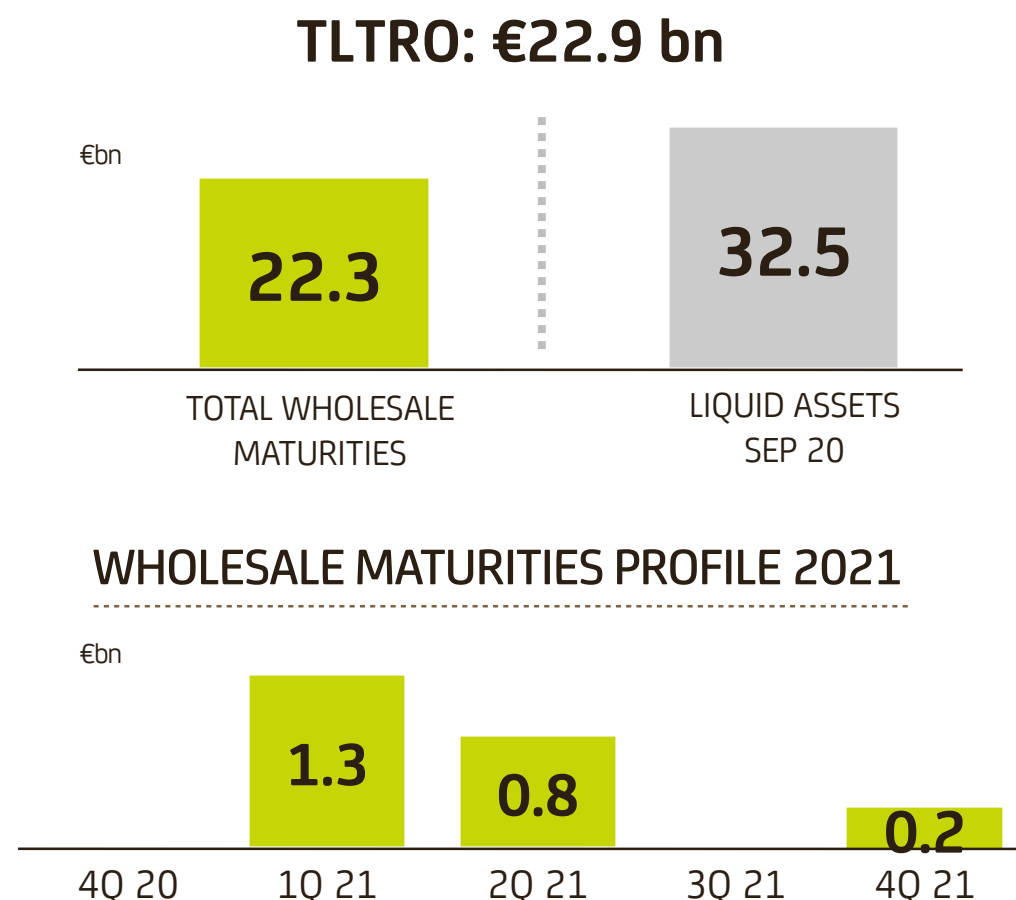
LOAN TO DEPOSIT RATIO



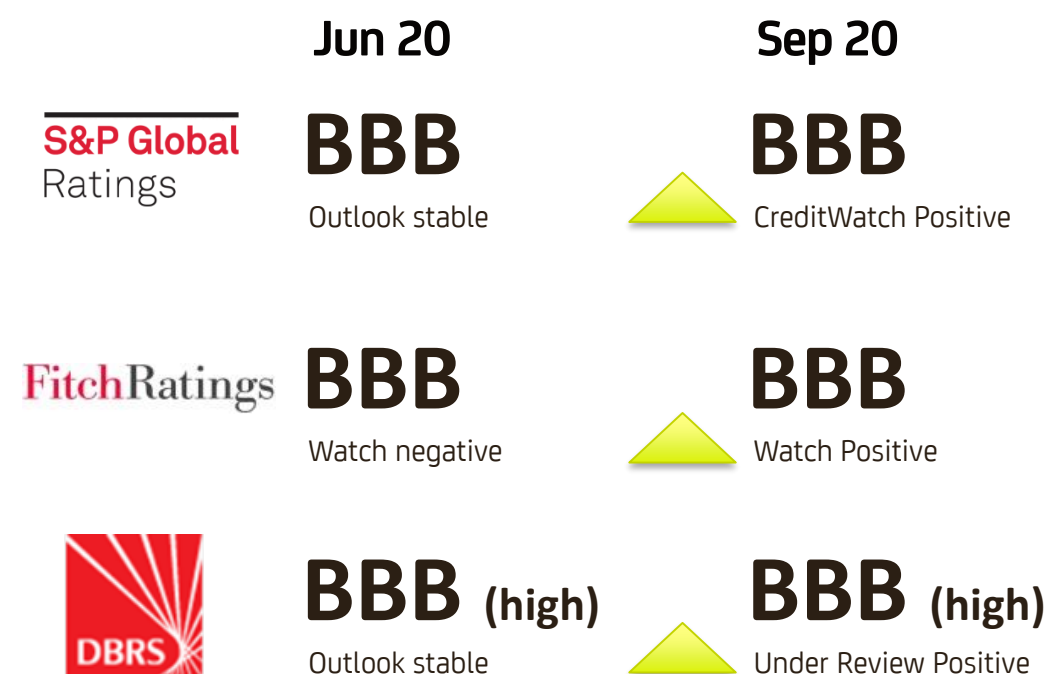
> LCR
Sep 2020 **191%**

> NSFR
Sep 2020 **126%**

LIQUIDITY



RATING



The credit rating agencies improve the outlook after the merger announcement

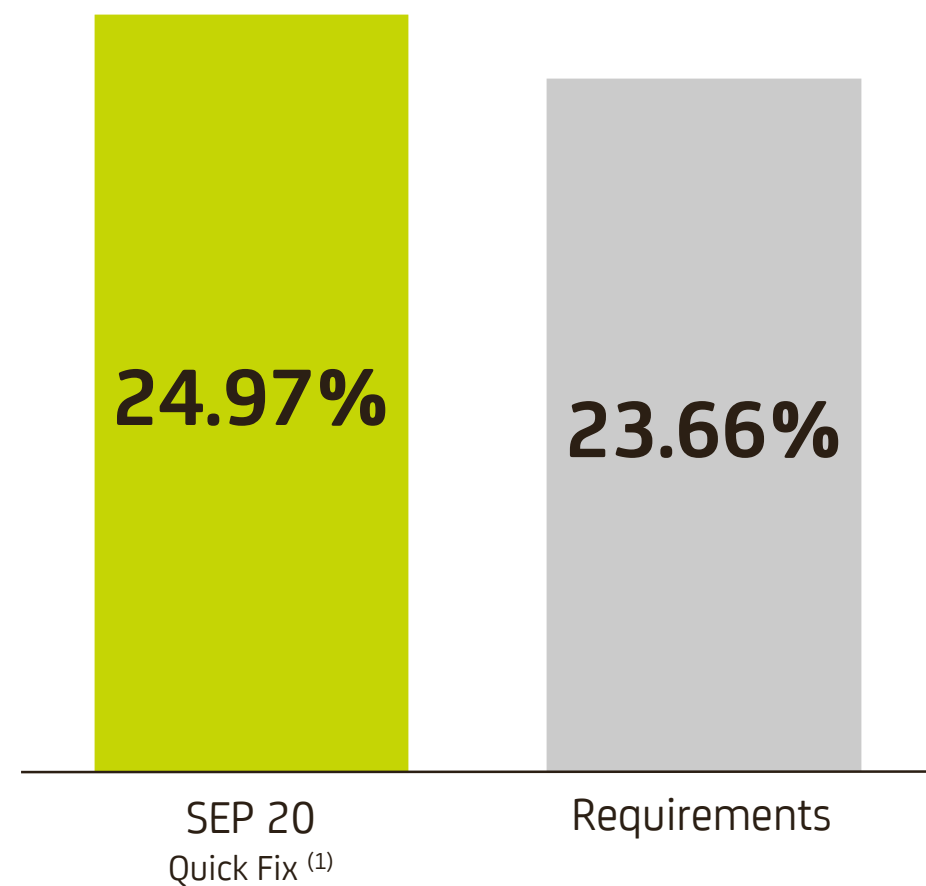
> **Liquidity** and solvency

Liquidity and rating

MREL Ratio above requirement including ample capital buffers

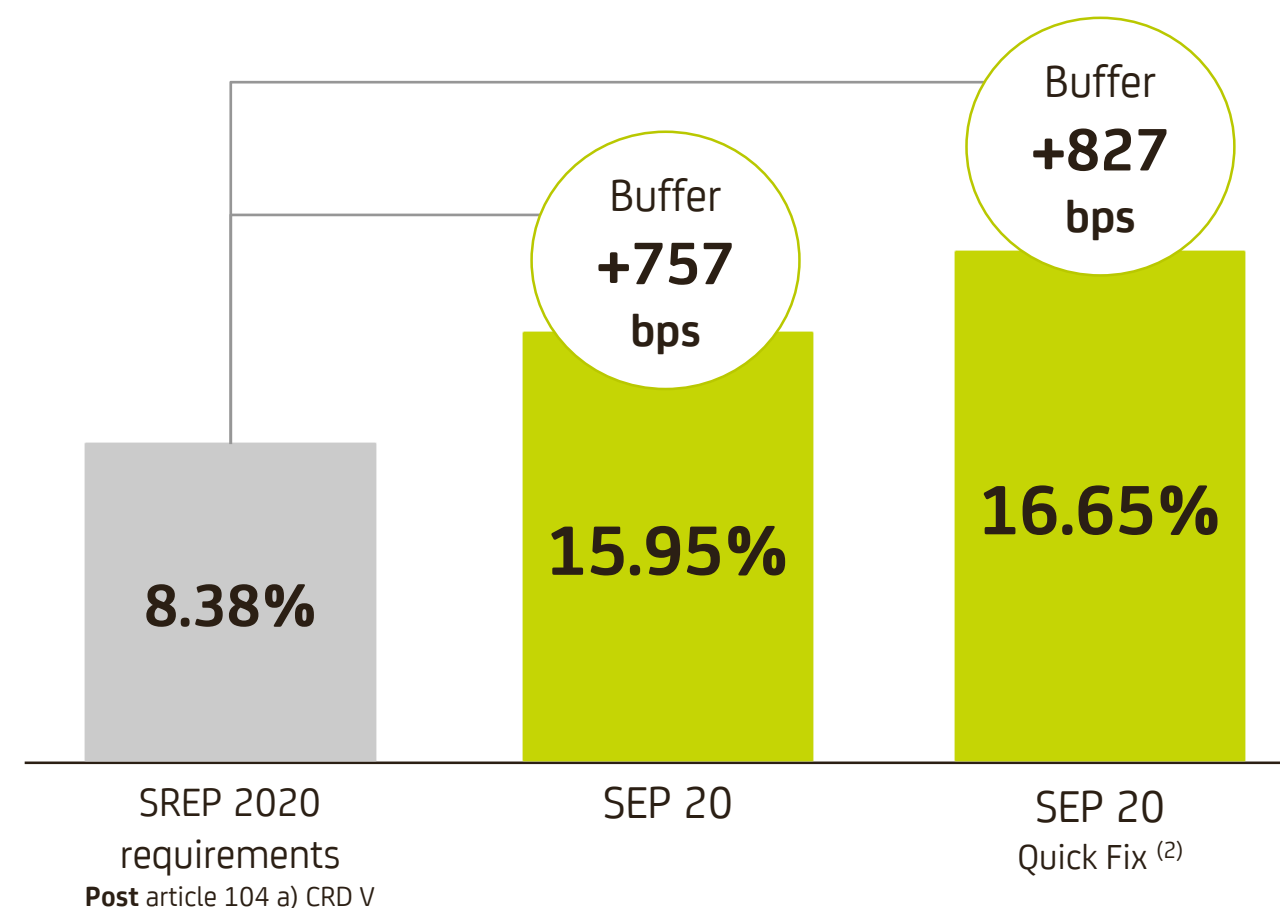
MREL RATIO PHASE IN

%



CAPITAL BUFFERS (CET1 PHASE IN)

%



(1) SEP 20 MREL ratio includes impacts from Quick Fix measures: IFRS9 transitional effect (+63 bps) and adjustment of unrealised gains/losses of fair value portfolio (+2 bps). Excludes prudential treatment of intangible assets associated with software post CRR 2 review (+26 bps).

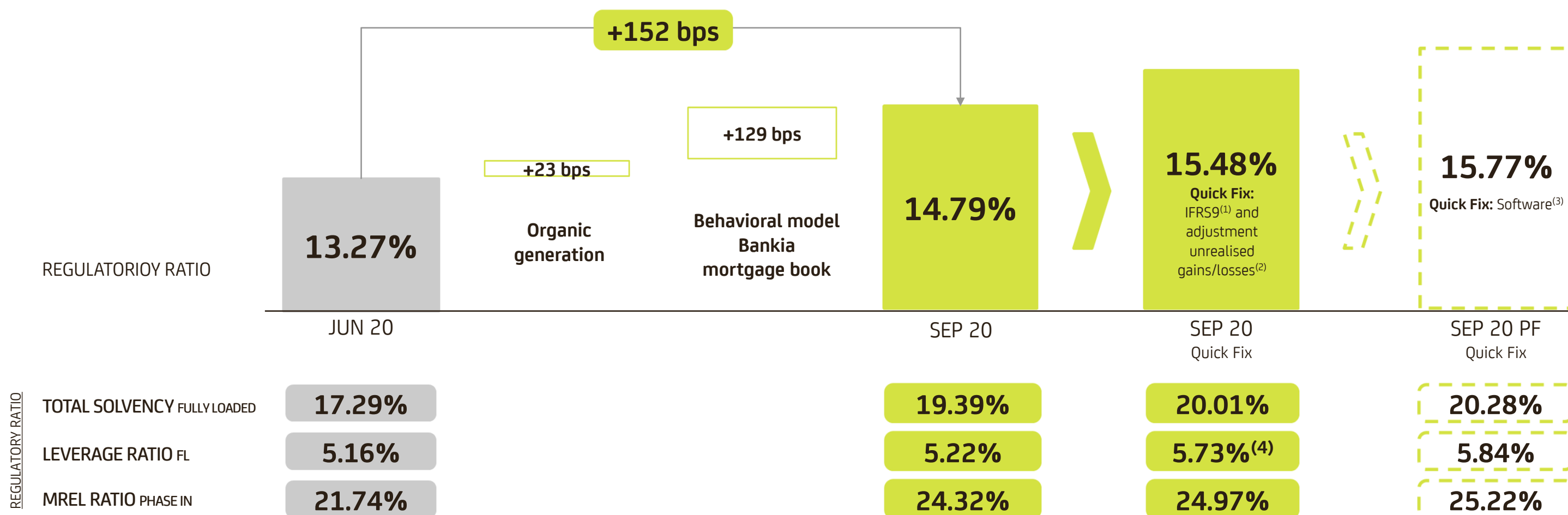
(2) Flexibility measures ("CRR 2 Quick Fix"): IFRS9 transitional impact (+68 bps CET1 and +61 bps Total Solvency); adjustment of unrealised gains/losses of fair value portfolio (+2 bps CET1 y Total Solvency).

> Liquidity and **solvency**

Solvency ratios – Fully Loaded

CET 1 FL increases 250 bps in 3Q 2020 boosted by approval of internal risk models

CET1 FULLY LOADED (REGULATORY RATIO)



The solvency ratios include the profit attributable to the Group in the period and does not deduce any dividend payment in 2020.

(1) Calendar transitional impact of IFRS9 static approach first implementation. Requested to supervisor and pending authorization) (+68 bps CET1).

(2) Calendar transitional impact of adjustment of unrealised gains/losses of fair value portfolio since Dec-19, as per CRR 2 review ("Quick Fix") (+2 bps CET1).

(3) Prudential treatment of intangible asset associated to software after CRR 2 review ("Quick Fix") according to the EBA's RTS (+29 bps CET1).

(4) Temporary exclusion of leverage exposure to central Banks ("Quick Fix") (+29 bps).

Ratio CET1 Fully Loaded excludes sovereign gains: 13.20% y 14.66%, June and September 2020, respectively. If the Quick Fix impact associated to IFRS9 were to be included, in September 2020, the ratio would rise to 15.33%.

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> Closing remarks

1	BUSINESS	<ul style="list-style-type: none"> ▪ Corporate & SME lending continues to grow ▪ Recovery of retail business continues 	<p>+17.2% SEP 20 vs SEP 19</p> <p>+9.1% mortgages granted 9M20 vs 9M19</p>
2	ASSET QUALITY	<ul style="list-style-type: none"> ▪ Reduction of NPAs, achieving the Strategic Plan target ▪ Increase in coverage due to extraordinary provisions 	<p><3% Net NPA ratio SEP 20</p> <p>€465mn 9M20</p>
3	RESULTS	<ul style="list-style-type: none"> ▪ Net interest income and fees on the rise ▪ Core Result improves further in the quarter 	<p>+5.3% NII / +12.7% Com 3T20 vs 2T20 3Q20 vs 3Q19</p> <p>+2.1% 3Q20 vs 2Q20</p>
4	CAPITAL	<ul style="list-style-type: none"> ▪ Capital generation target set in Strategic Plan achieved 	<p>>2.5bn excess capital s/12% CET1 FL</p>

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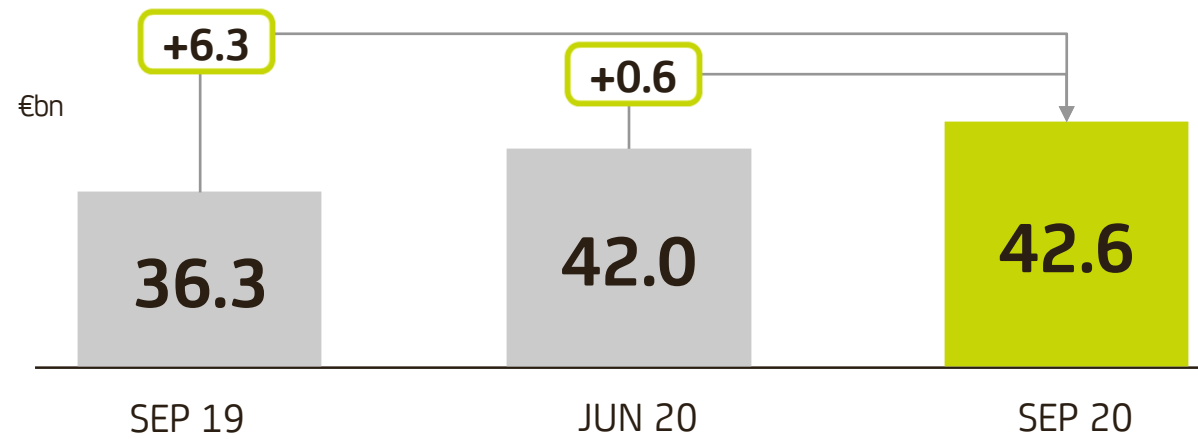


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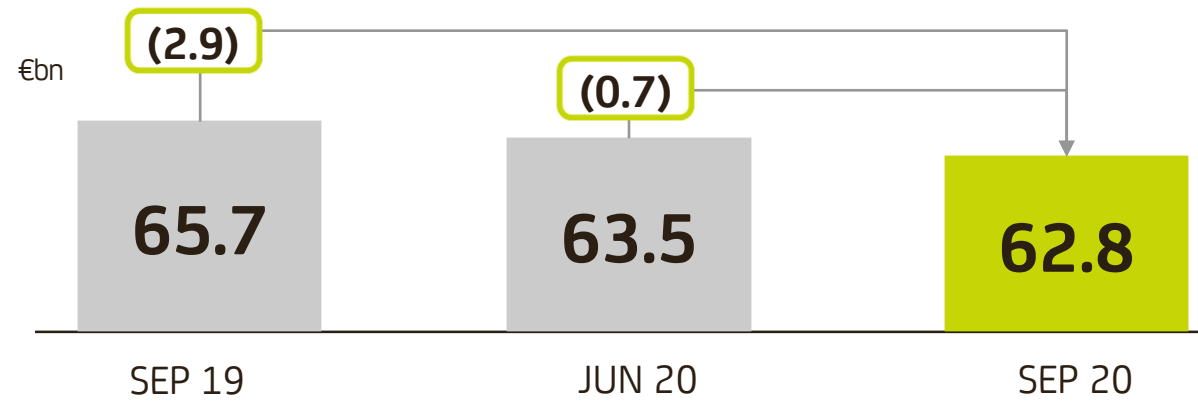
> **Appendix**

Loan volumes

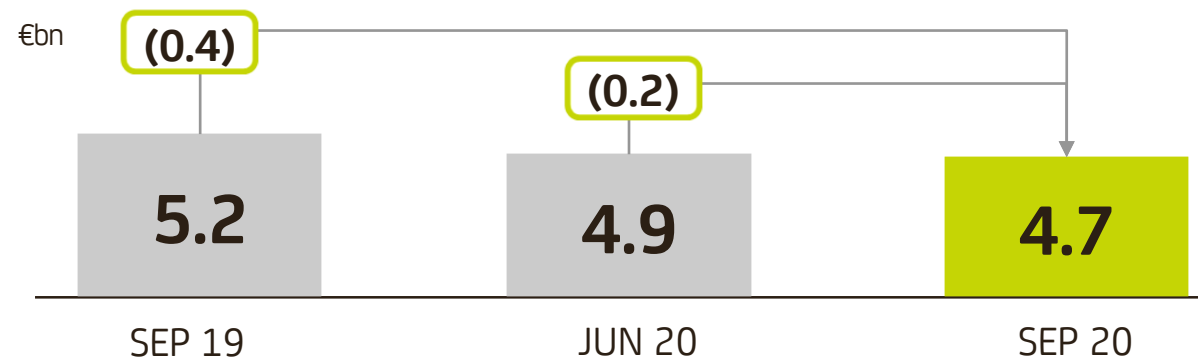
CORPORATE & SME LOANS (1)



HOME MORTGAGE LOANS



CONSUMER FINANCE LOANS

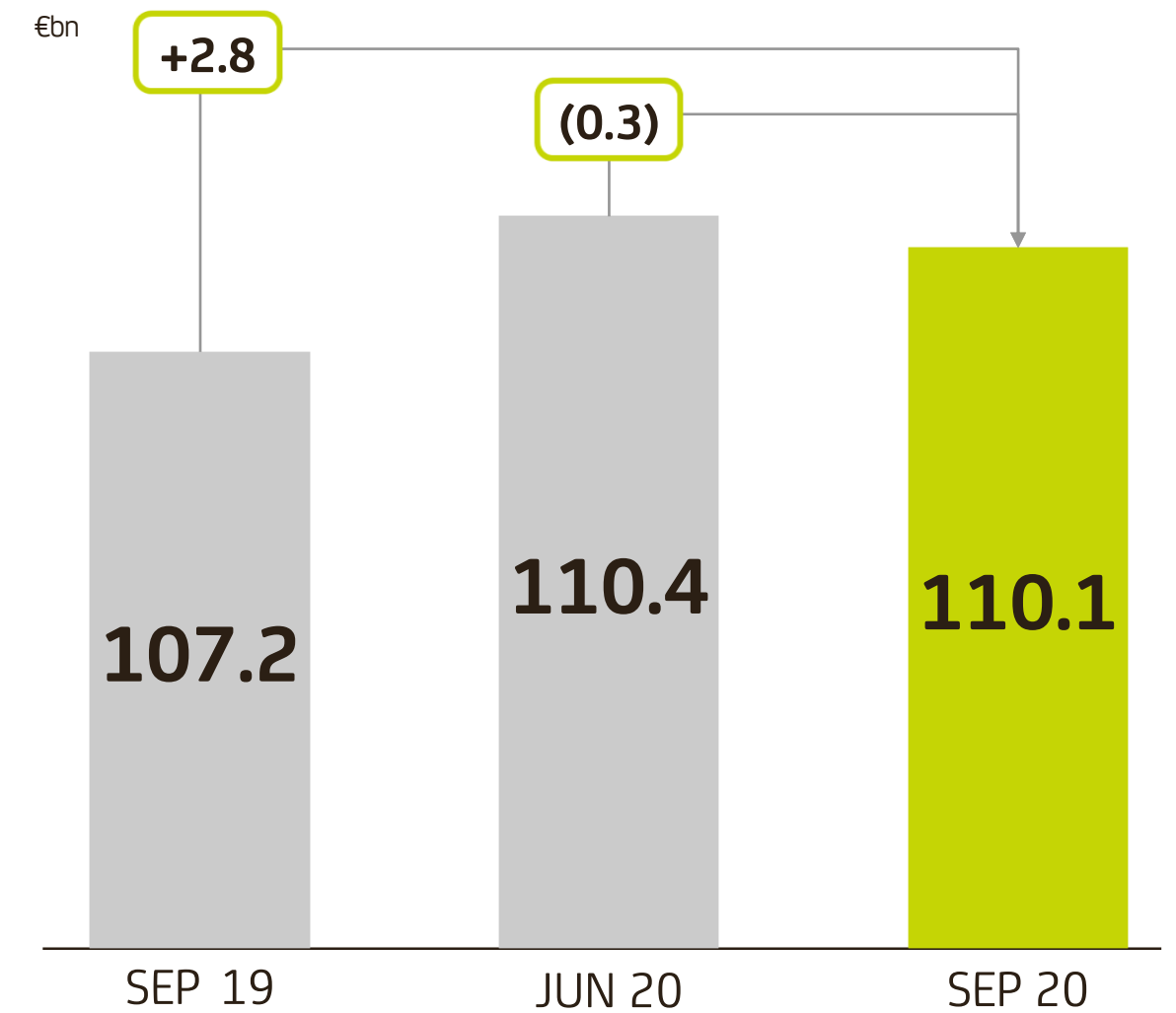


(1) Includes performing loans to developers



PERFORMING LOANS

HOME MORTGAGES + CONSUMER LENDING + CORPORATES & SMES + DEVELOPERS



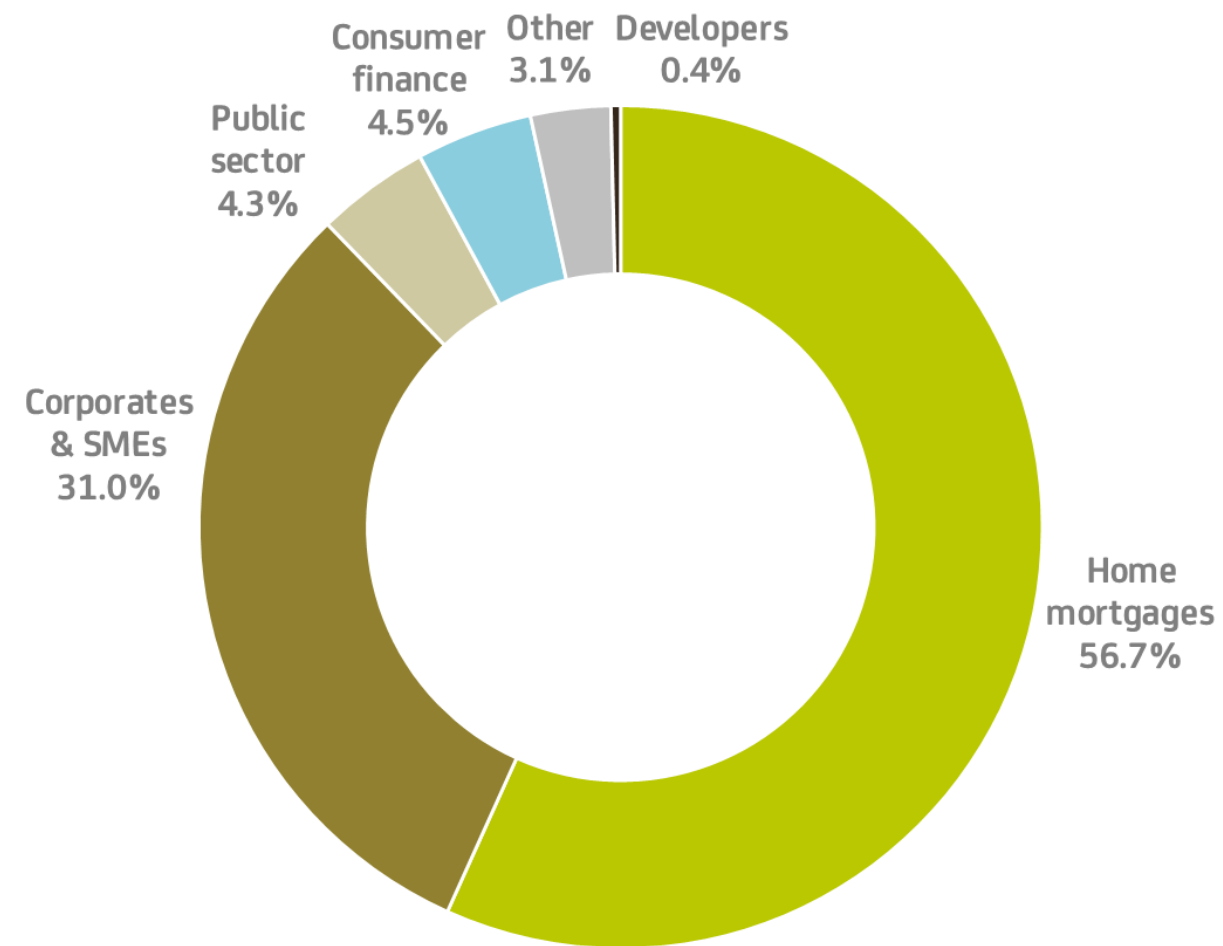
> **Appendix**

Performing loans breakdown

GROSS PERFORMING LOANS

SEPTEMBER 2019

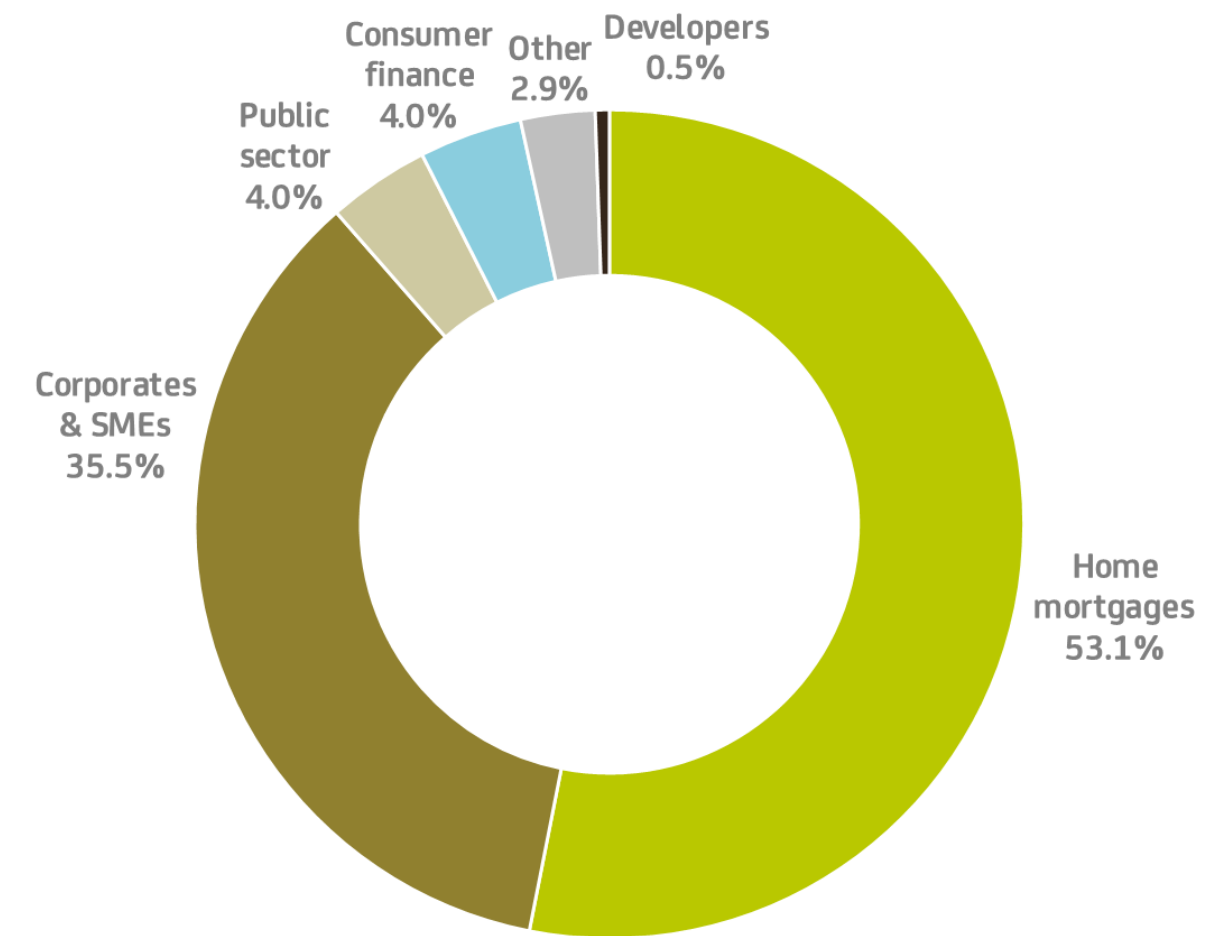
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GROSS PERFORMING LOANS

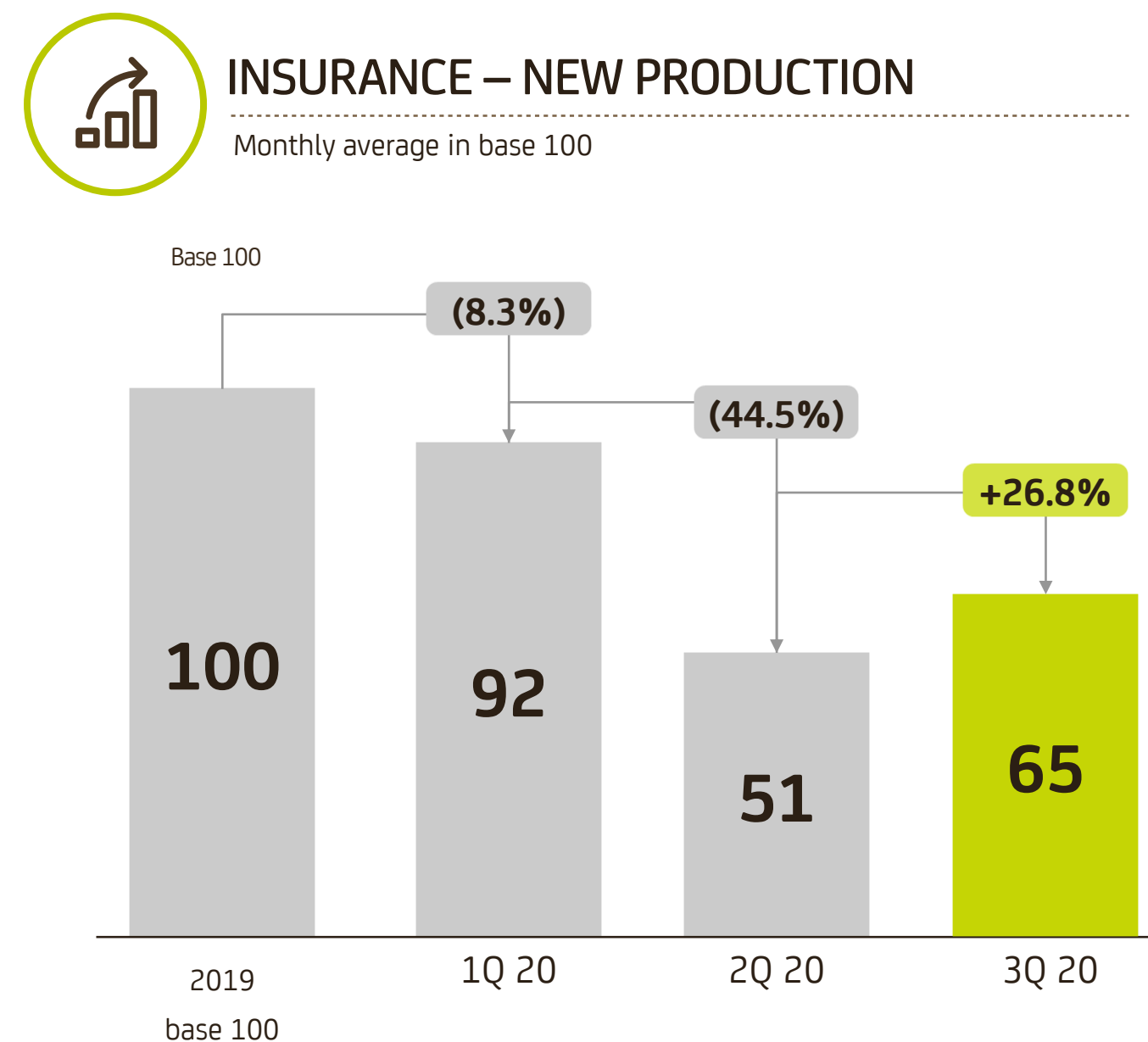
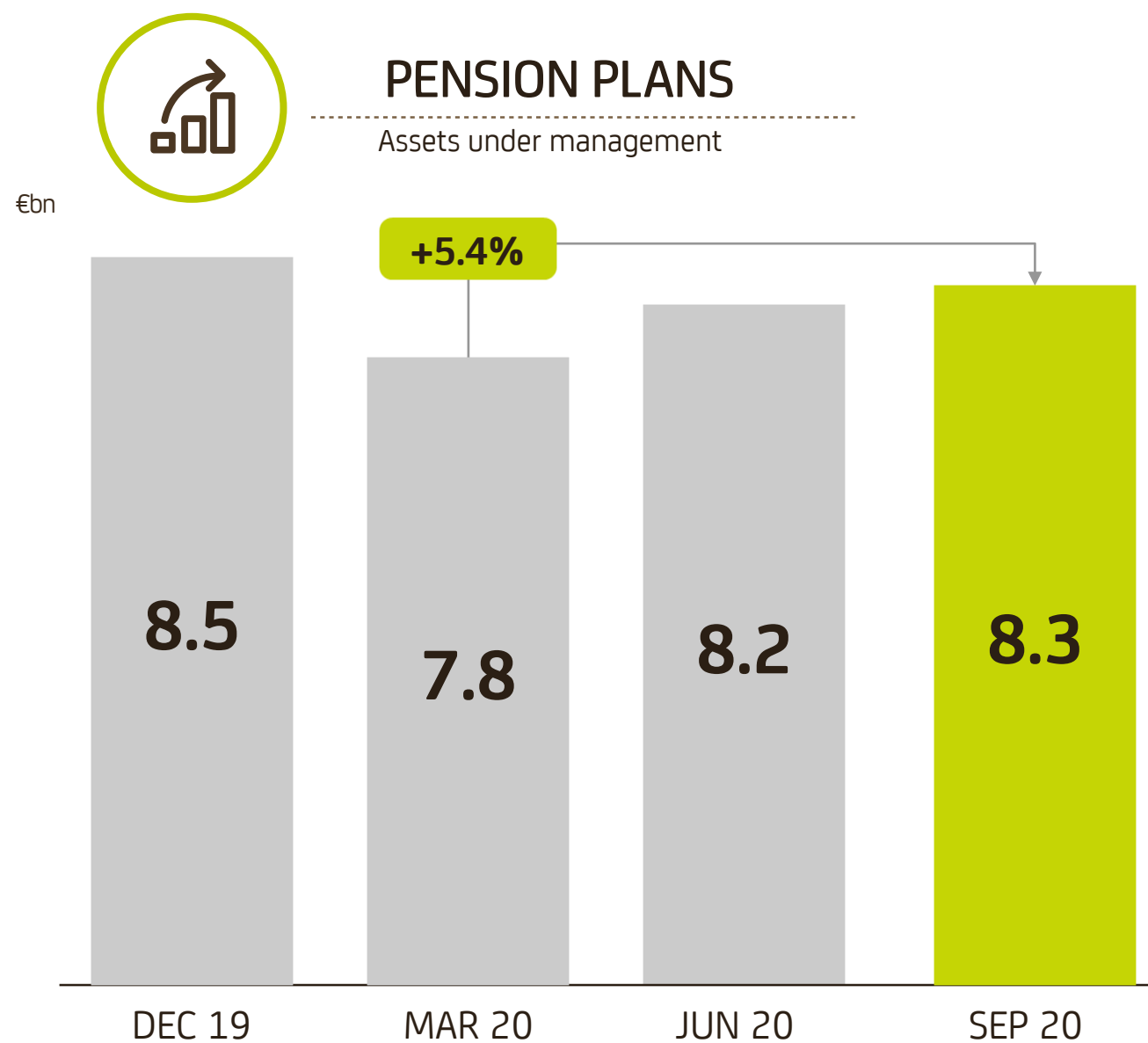
SEPTEMBER 2020

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> **Appendix**

Pension plans and insurance

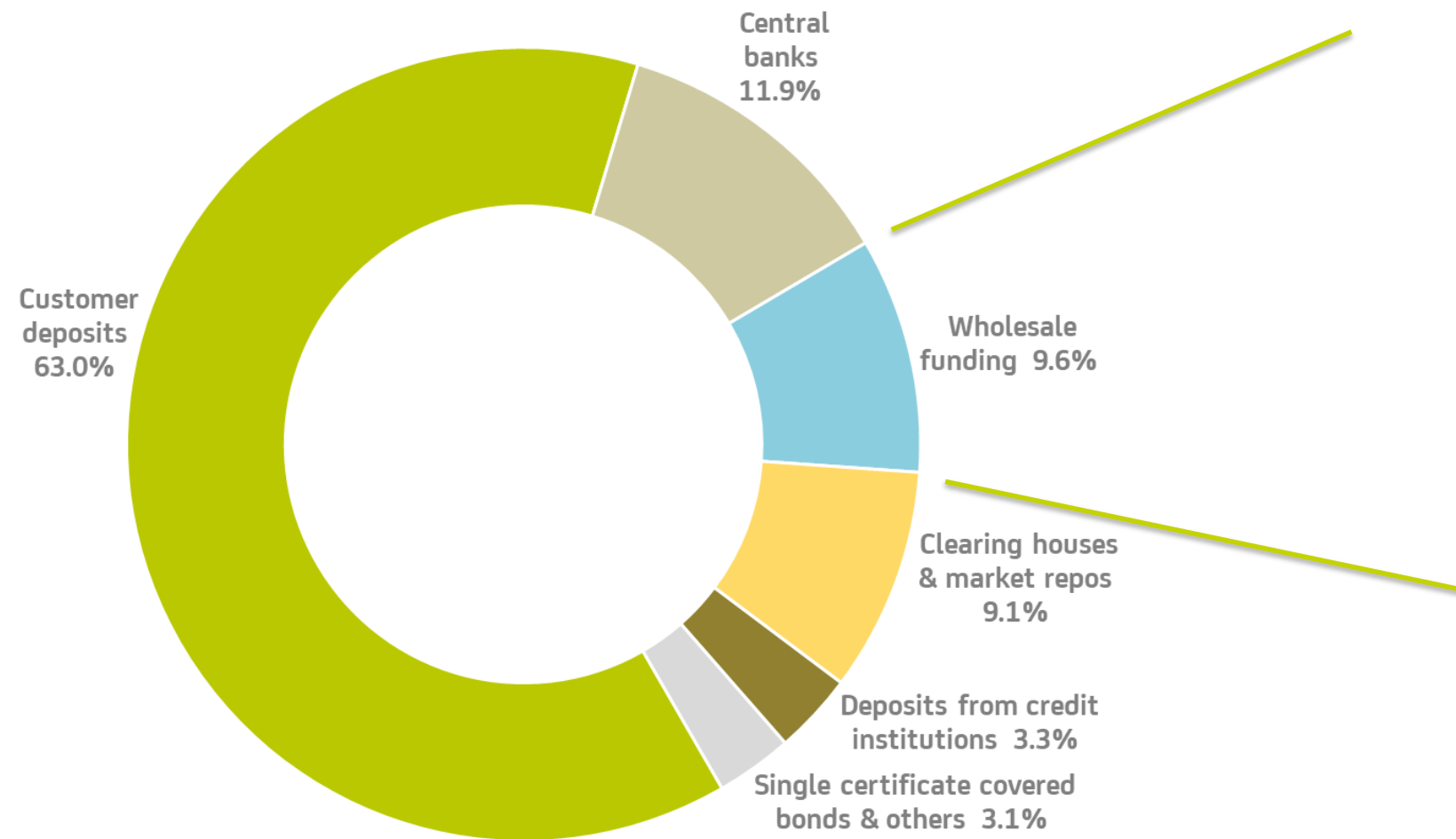


> Appendix

Funding structure

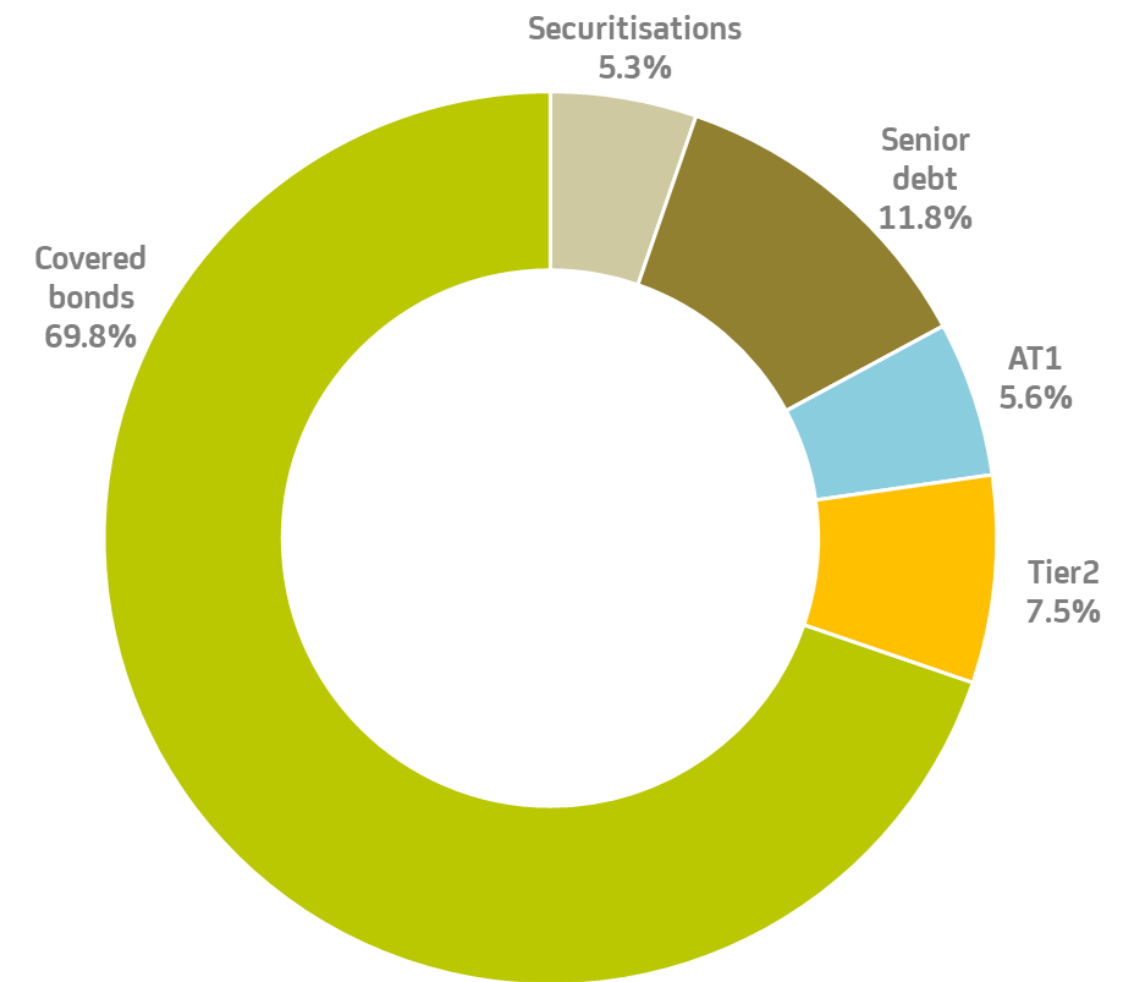
Funding structure

SEPTEMBER 2020



Wholesale market breakdown

SEPTEMBER 2020



> Appendix

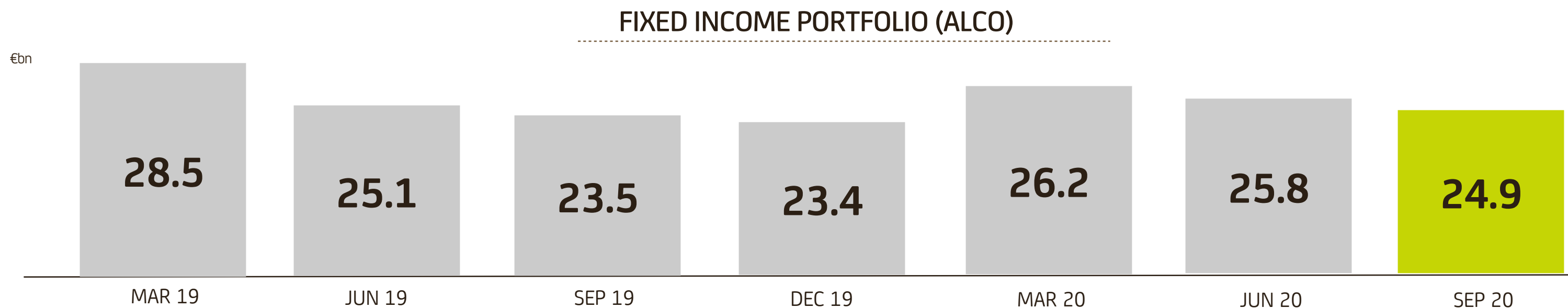
The share

	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
Shareholders & trading					
Shareholders (#)	167,868	173,082	172,420	173,949	178,374
Average number of shares (mn)	3,070	3,070	3,070	3,070	3,070
Share price					
End of quarter (€)	1.24	0.95	1.02	1.90	1.73
Market cap. (€mn)	3,811	2,911	3,125	5,840	5,318
Multiples					
EPS (€)	0.08	0.09	0.12	0.18	0.25
Book value (€mn)	13,038	13,011	12,954	13,335	13,391
Book value per share (€)	4.25	4.24	4.22	4.34	4.36
Tangible book value (€mn)	12,553	12,542	12,515	12,934	13,017
Tangible book value per share (€)	4.09	4.09	4.08	4.21	4.24
P/BV (Price end of quarter/Book value) (x)	0.29	0.22	0.24	0.44	0.40
P/TBV (Price end of quarter/Tangible book value) (x)	0.30	0.23	0.25	0.45	0.41
P/E (Price end of quarter/EPS) (x)	15.87	10.17	8.24	10.79	6.91

> **Appendix**

Portfolio breakdown

€24.9bn ALCO portfolio as at September 2020



	Mar 19	Jun 19	Sep 19	Dic 19	Mar 20	Jun 20	Sep 20
ALCO fixed income portfolio (€bn)	28.5	25.1	23.5	23.4	26.2	25.8	24.9
Non-hedged fair value portfolio	6.3	4.0	2.4	2.4	2.7	3.3	2.4
Hedged fair value portfolio	7.8	7.8	7.7	7.6	6.2	4.7	4.7
Portfolio at amortised cost	14.4	13.3	13.4	13.4	17.3	17.8	17.8
FV average duration IRS adjusted			0.49	0.26	0.9	1.3	1.4
ALCO portfolio average duration IRS adjusted			3.08	2.85	3.17	3.36	3.15

> Appendix

Alternative Performance Measures (APR)

Glossary

In addition to the financial information prepared in accordance with generally accepted accounting principles (IFRS), the Bankia Group uses certain alternative performance measures (“APMs”) that are normally used in the banking sector as indicators for monitoring the management of the Group’s assets and liabilities and its financial and economic position. In compliance with the ESMA guidelines on transparency and investor protection in the European Union, published in October 2015, the following tables give details of all the APMs used in this document, including their definition and a reconciliation with the balance sheet and income statement line items used in their calculation.

Performance Measure	Definition
RWAs	Risk Weighted Asset
Digital customers	Active customer aged over 18 who in the last 12 months has connected at least once to a digital channel (App, Bankia Online or Bankia Online-Companies). The denominator for the percentage is the number of customers aged over 18
Cost of risk (%)	Measures the ratio of loan loss provisions to total amount of loans and advances to customers and contingent liabilities
CRD V	Directive (UE) 2019/878 of the European Parliament and of the Council, of 20 May 2019 and Directive (UE) 2019/879 of the European Parliament and of the Council, of 20 May 2019, that modify CRD 5, which forms part of the legislative package known as “CRD V”
CRR II	Regulation (UE) 2019/876 of the European Parliament and of the Council, of 20 May 2019 and Regulation (UE) 2019/877 of the European Parliament and of the Council, of 20 May 2019, that modify CRR, which forms part of the legislative package known as “CRR 2”
SRF	Single Resolution Fund
Operating Expenses / RWAs	Operating Expenses divided by Risk Weighted Assets
IFRS	<i>International Financial Reporting Standards</i>
LCR (%)	<i>Loan Coverage Ratio</i>
LTD (%)	<i>Loan to Deposit Ratio</i> . Relationship between loans granted to customers and deposits taken from customers
Net pre-provision profit	Gross income minus administrative expenses minus depreciation and amortization
MREL	Minimum Requirement of Eligible Liabilities with a loss absorbing capacity
NPAs	Non Performing Assets (Includes non-performing exposures + gross unprofitable foreclosed assets)
NSFR	<i>Net Stable Funding Ratio</i> .
NTI	Net trading income. Sum of the gains or losses obtained from management of portfolios of financial assets and liabilities and accounting hedges
SREP	<i>Supervisory Review and Evaluation Process</i>
TLTRO	<i>Targeted longer-term refinancing operations</i>

Bankia

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