



# Bankia

QUARTERLY RESULTS  
PRESENTATION

1Q 2020

29 April 2020



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> **1Q 2020 Highlights**

**IN THE CURRENT DIFFICULT ENVIRONMENT...**



**...ADAPTING OUR BUSINESS MODEL...**

**...SUPPORTING HOUSEHOLDS, BUSINESSES & EMPLOYEES...**

**...PROVIDING MAXIMUM CAPACITY AND FLEXIBILITY...**



**...WITH HIGH CAPITALISATION AND A STRENGTHENED BALANCE SHEET**

> **1Q 2020 Highlights**

**Adapting our business model with the aim of supporting households, businesses and employees**

**Employees**

Protect the health and working environment of Bankia's employees by implementing new ways of working

**Operating model**

Reinforce digital channels and remote working assistance

**Customers**

Design of a support package for households and businesses by implementing new solutions and financial relief tools

## > 1Q 2020 Highlights

### Adapting our operating model

#### Reacting quickly and with determination in the new environment



Contingency plans and maintenance of level of services



>90% branches operating

>98% ATMs available



Isolation of critical teams and homeworking



>94% central services employees working remotely

≈ 50% Branch employees working remotely



Reinforcement of IT, cyber security and IT teams



Cybersecurity teams reinforced

Employee assistance: remote working infrastructure



Digital channels impulse



Customer service reinforced

Support to the bank's digital channels



#### Ensuring the bank's normal operation in the current environment

## > 1Q 2020 Highlights

Adapting our operating model

### Relying on our leadership in digital channels

#### APP

1

Entities	Rating
Bankia	AA
Peer 2	AB
Peer 3	AB
Peer 4	BA
Peer 5	BA
Sector average	BC

#### RANKING PERFORMANCE



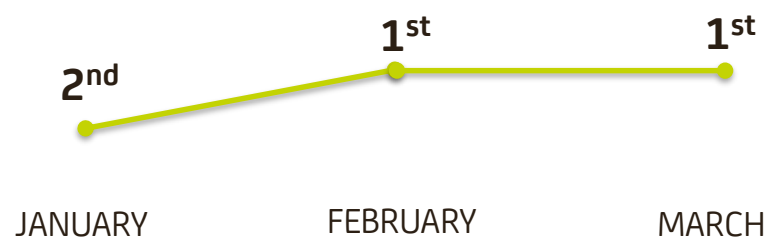
#### BOL

Bankia online retail

1

Entities	Rating
Bankia	AA
Peer 2	AB
Peer 3	BA
Peer 4	BB
Peer 5	BC
Sector average	C

#### RANKING PERFORMANCE



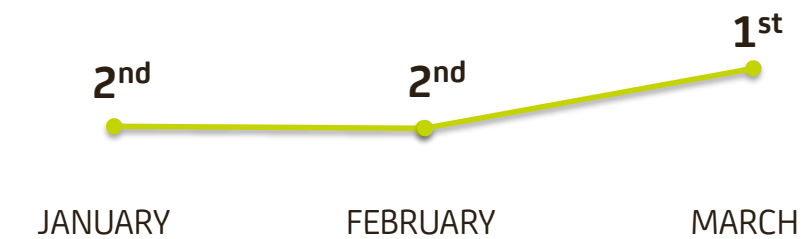
#### BOLE

Bankia online businesses

1

Entities	Rating
Bankia	AAA
Peer 2	AB
Peer 3	AB
Peer 4	BB
Peer 5	BC
Sector average	BB

#### RANKING PERFORMANCE



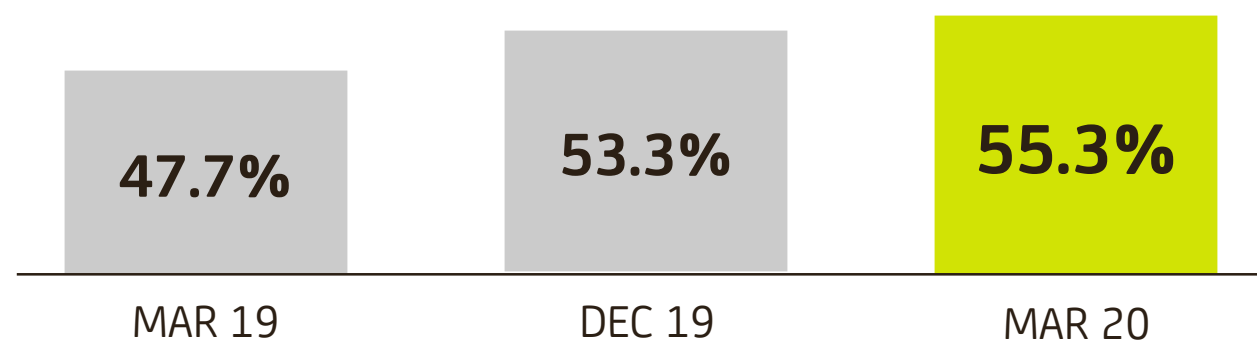
**Bankia's APP, BOL & BOLE are the leaders in 1Q 2020 Aqmetrix ranking**

## > 1Q 2020 Highlights

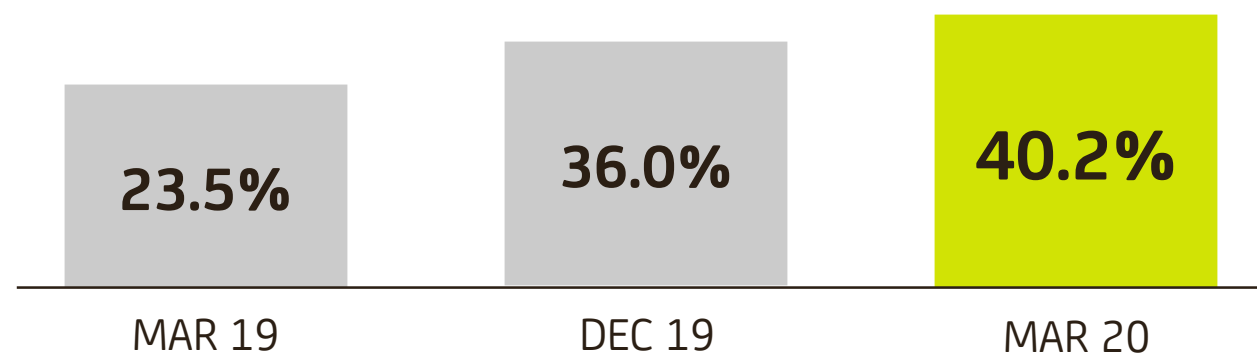
Adapting our operating model

### Supporting digital channels is more important than ever

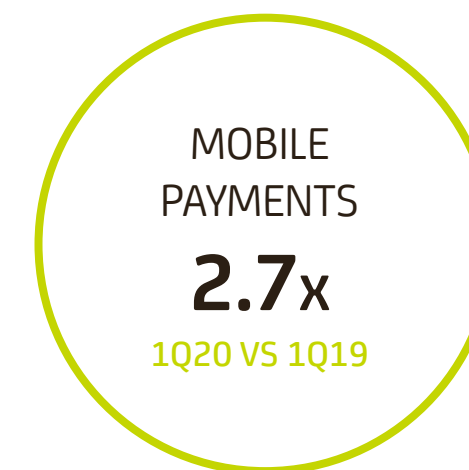
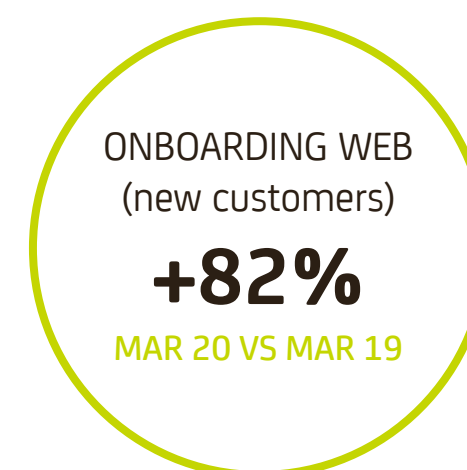
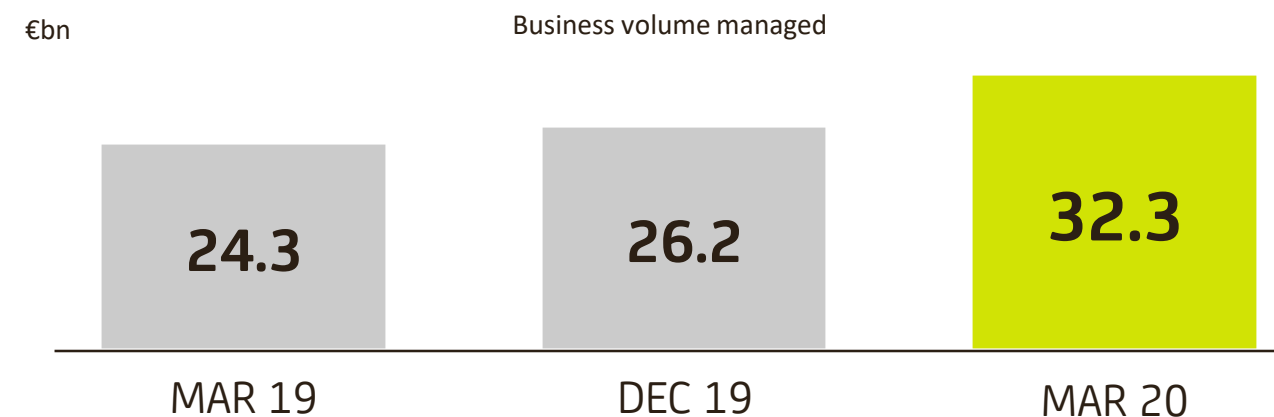
#### DIGITAL CUSTOMERS



#### DIGITAL SALES



#### CONNECT WITH YOUR EXPERT

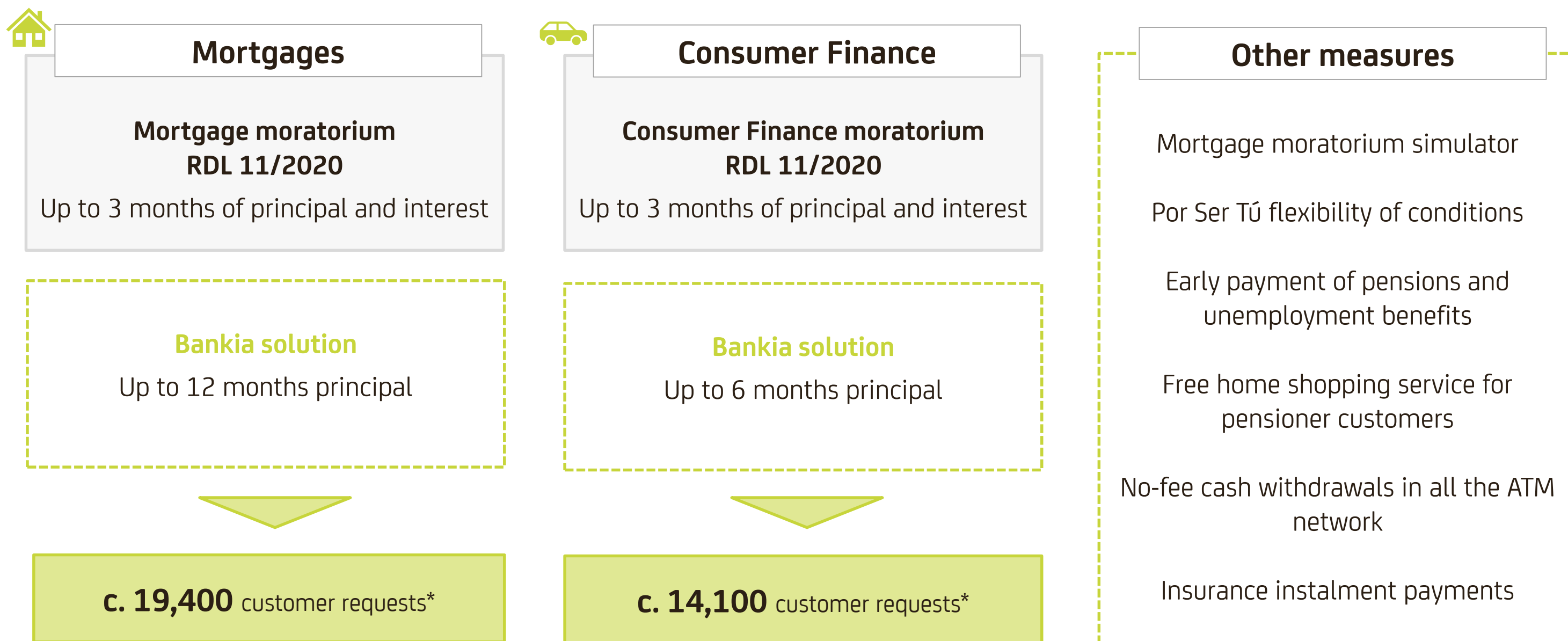




## > 1Q 2020 Highlights

### Support to customers

## Relief measures to help households are expanded...



\* As of 28 de Abril 2020

## > 1Q 2020 Highlights

Support to customers

### ...and businesses

#### Bridge financing

##### Bankia solution

3 month revolving bridge financing, which will be cancelled against ICO financing drawdown

#### Government Guarantee Programme - ICO Financing

##### ICO loans

New money: maximum 5 years with 70-80% guarantee and 1 year grace period

Renewals: maximum 5 years with 60-80% guarantee and 1 year grace period

##### ICO revolving facilities

Same conditions as ICO loans

**€ 7,320mn**

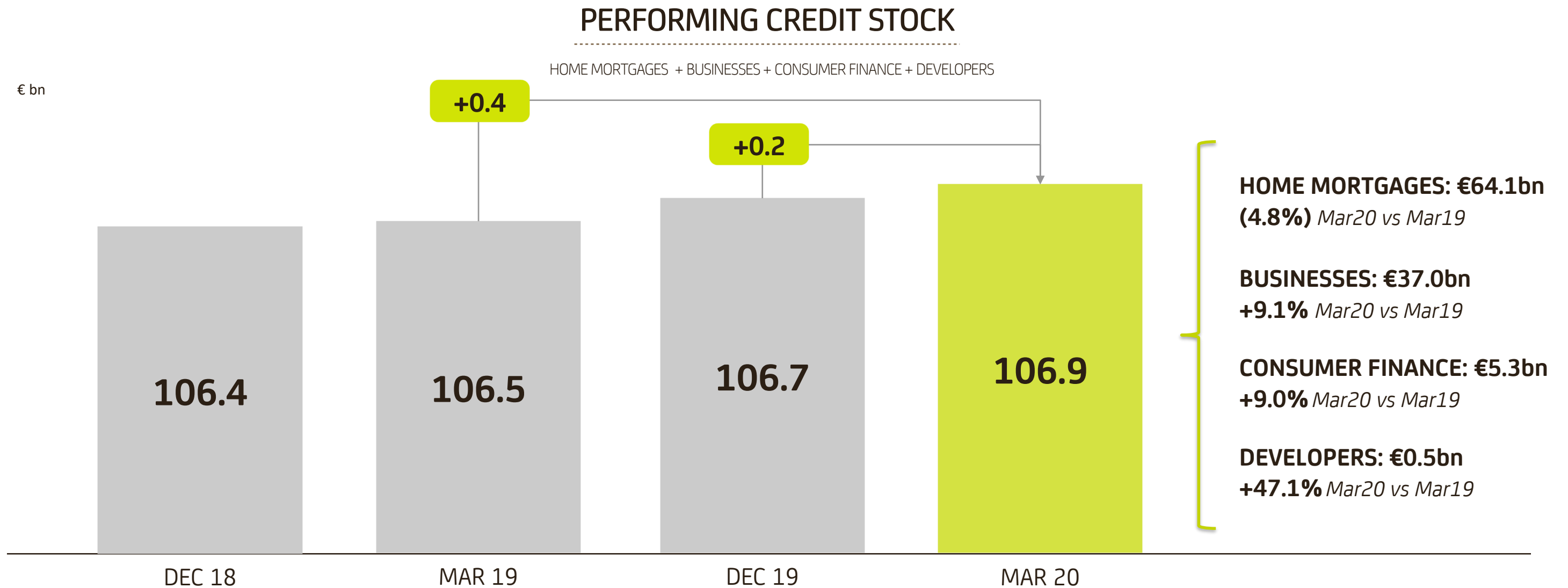
Customer requests\*

\* As of 28 April 2020

> **1Q 2020 Highlights**

Credit stock

**Performing credit stock grows in the quarter, mainly due to businesses**

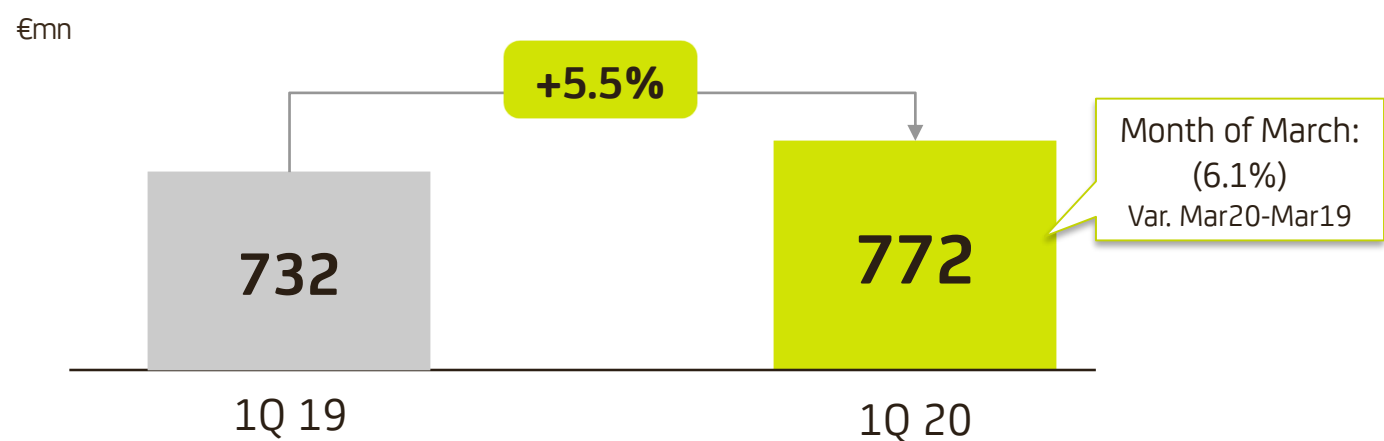


> **1Q 2020 Highlights**

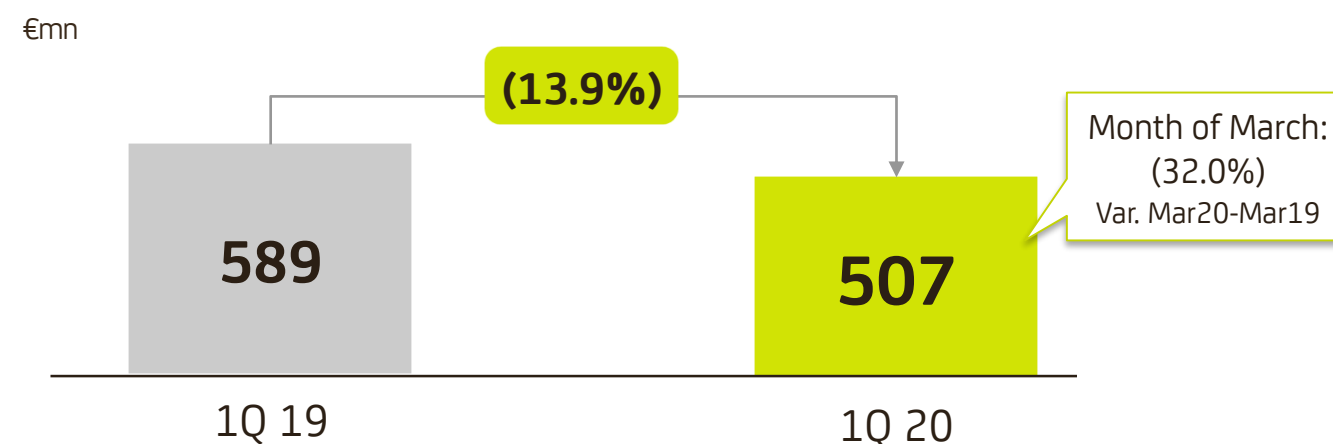
Credit: mortgage and consumer finance

**March's new production figures reflect the COVID-19 effect**

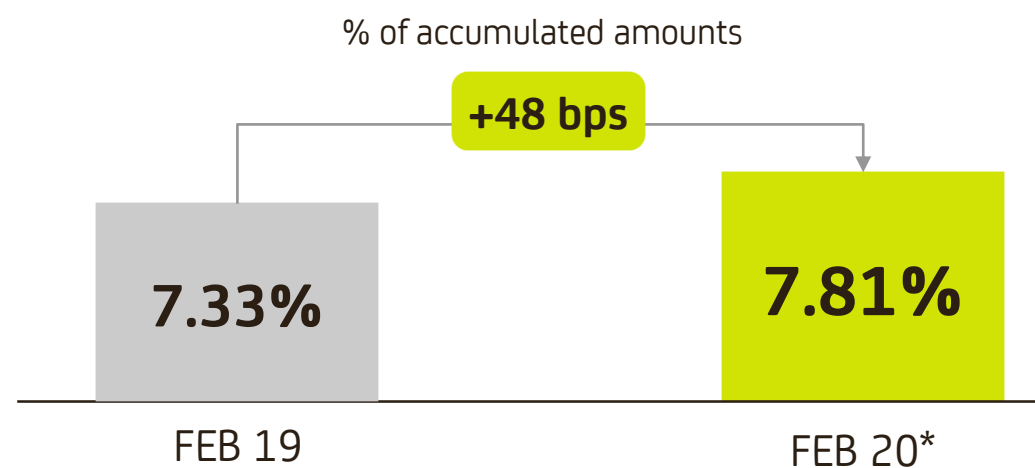
**MORTGAGES**



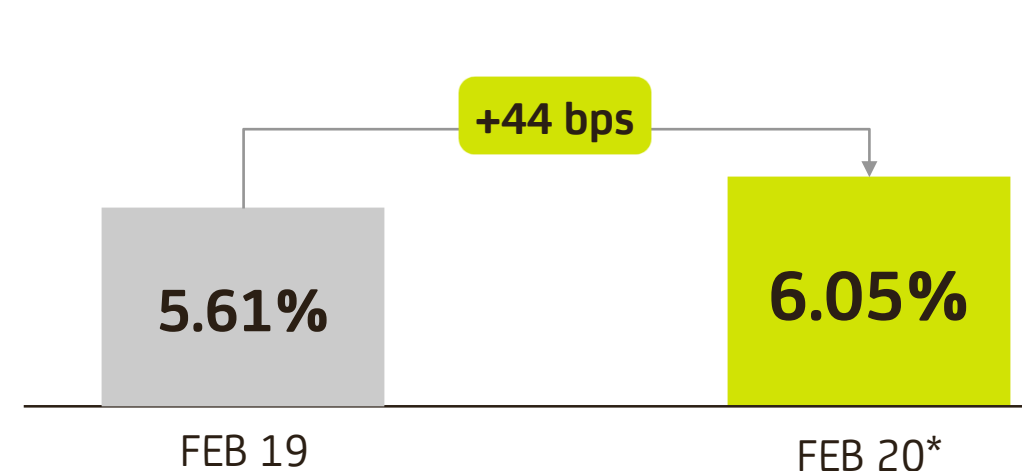
**CONSUMER FINANCE**



**MORTGAGES MARKET SHARE (NEW LENDING)**



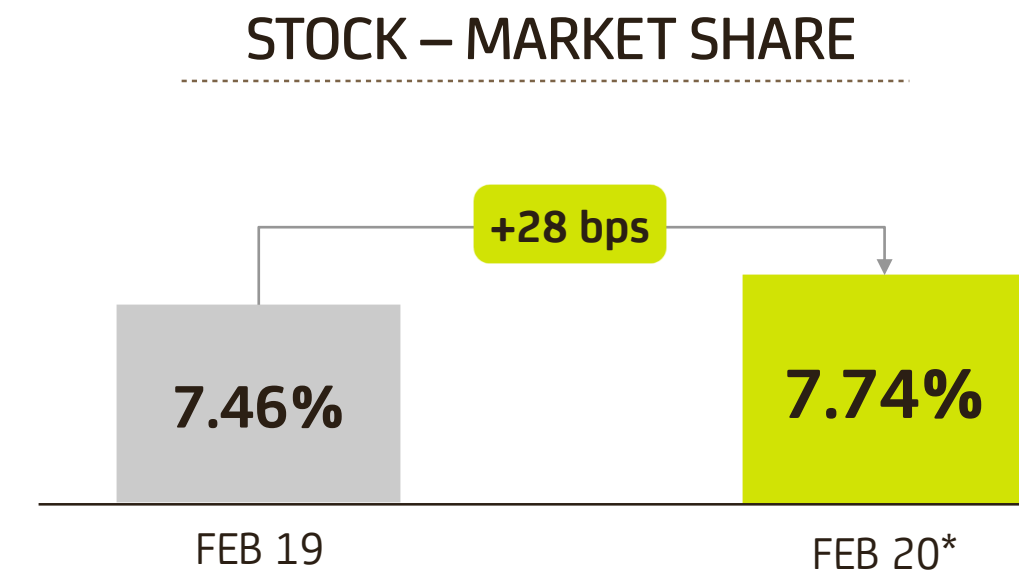
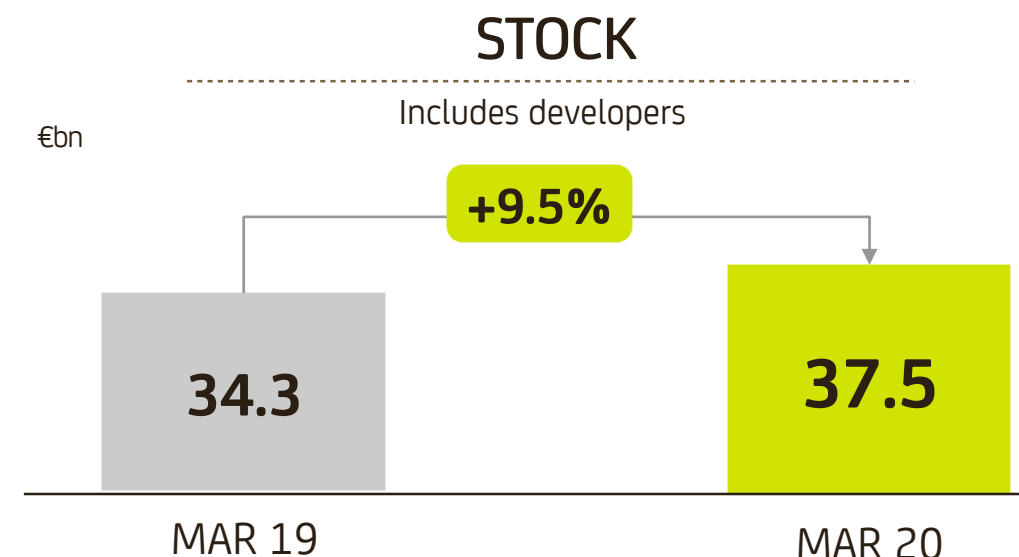
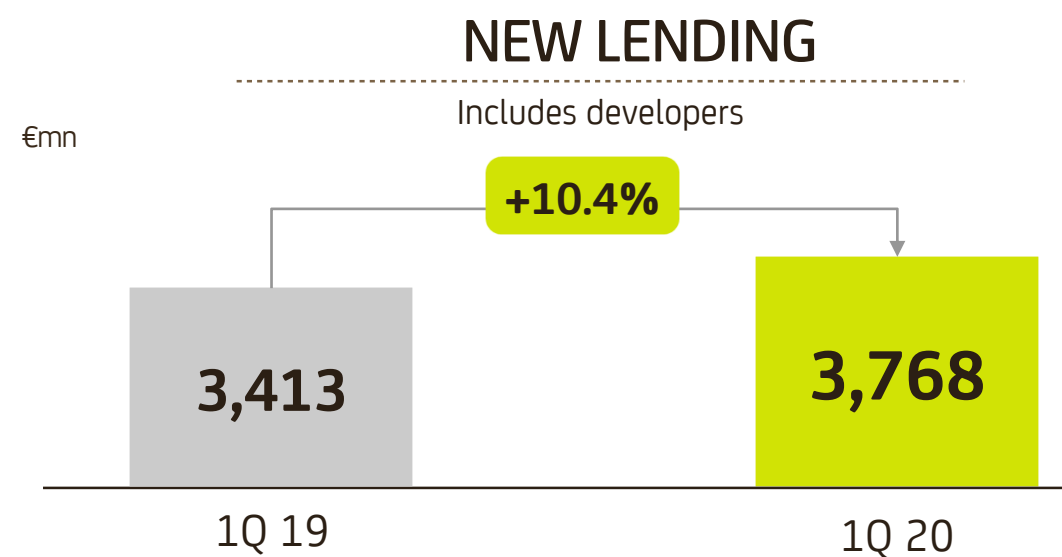
**CONSUMER FINANCE MARKET SHARE (STOCK)**



> **1Q 2020 Highlights**

Credit: businesses

**Volume of loans to businesses increases**

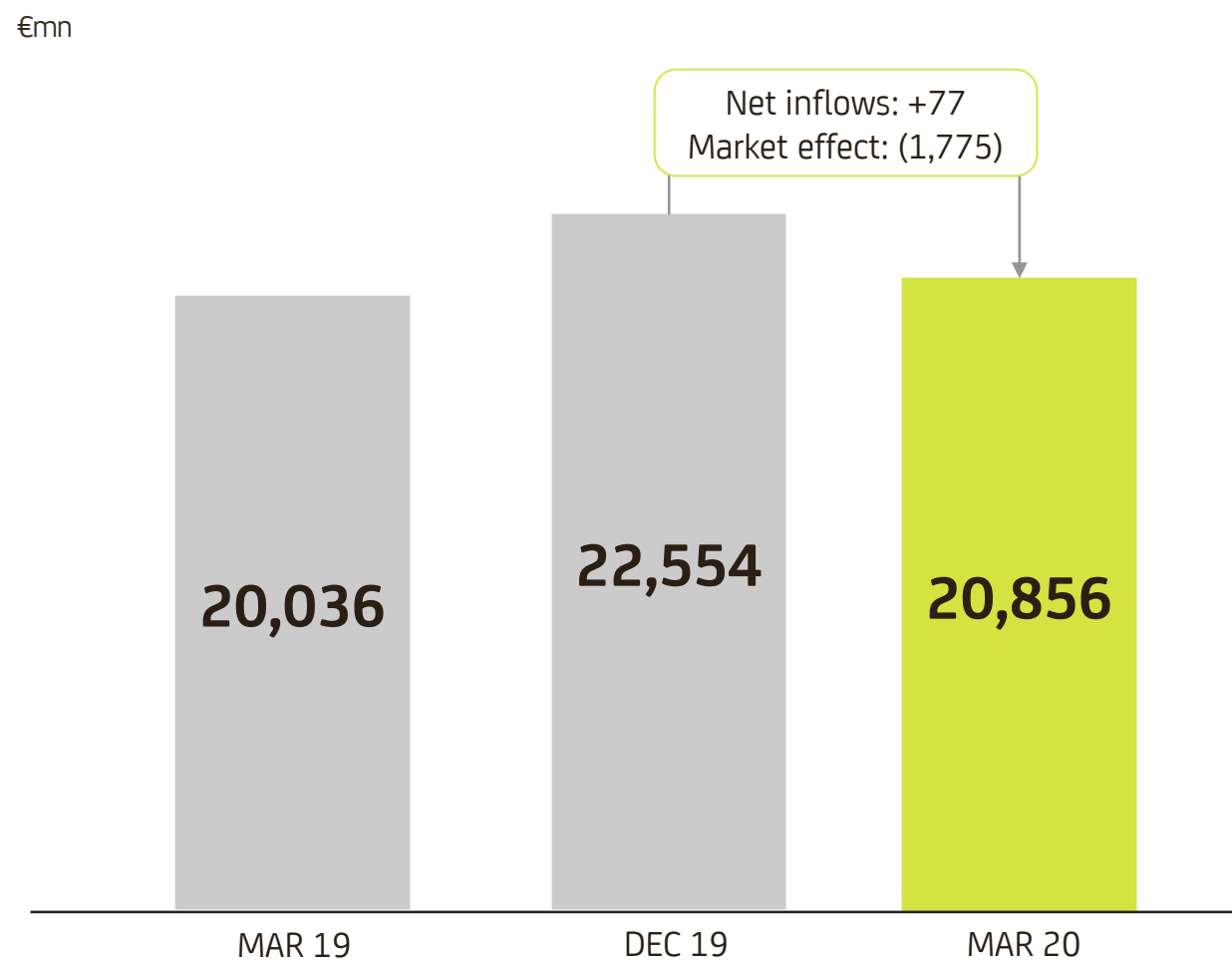


> **1Q 2020 Highlights**

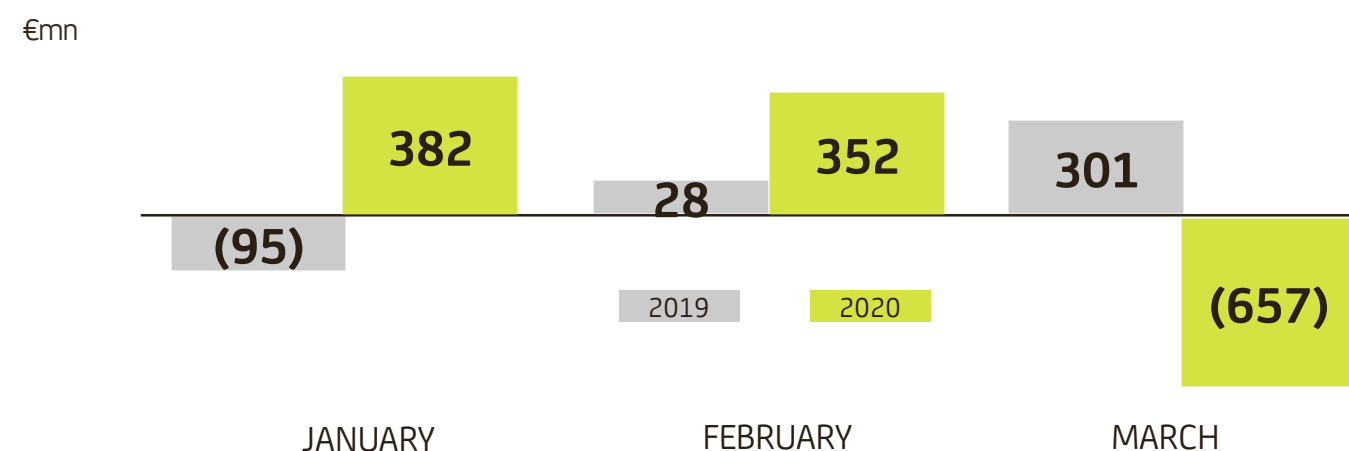
Mutual funds

**Negative impact of Market effect in mutual funds**

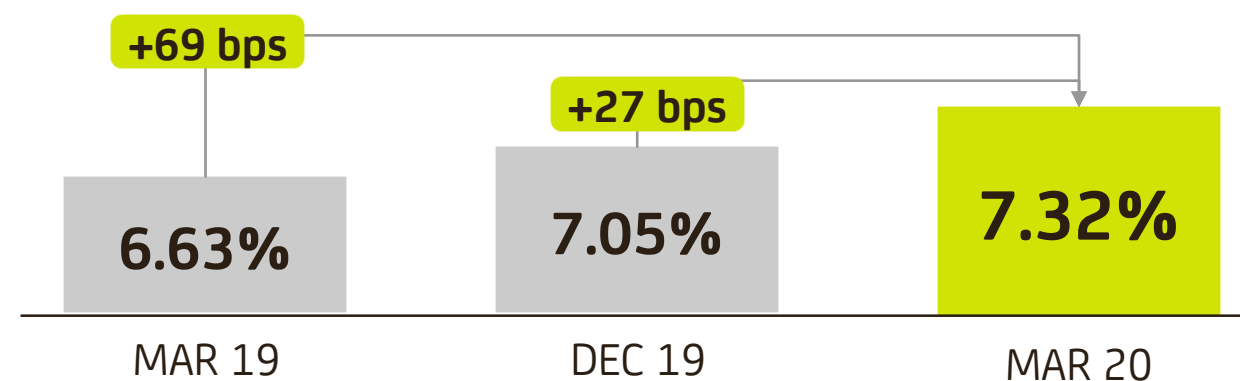
MUTUAL FUNDS



NET INFLOWS PERFORMANCE



MUTUAL FUNDS MARKET SHARE



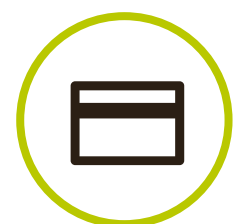
Source: Inverco

## > 1Q 2020 Highlights

### High value products

# High value product sales perform well

## PAYMENT SERVICES AND INSURANCE



### CARDS STOCK

Debit & Credit. Market share\*

**10.88%** 4Q19

+ 34 bps vs 4Q18



### CARDS TURNOVER

Debit & Credit. Market share\*

**12.35%** 4Q19

+ 71 bps vs 4Q18



### POS TERMINALS TURNOVER

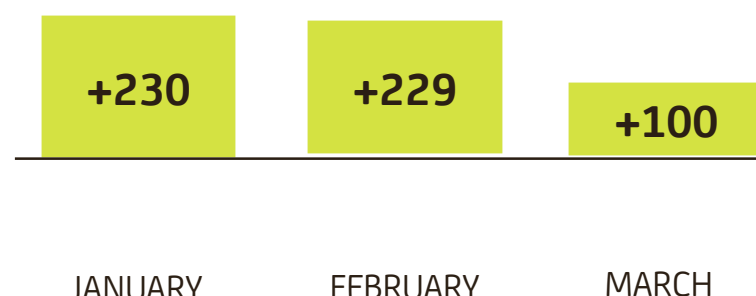
Market share\*

**12.79%** 4Q19

+ 26 bps vs 4Q18

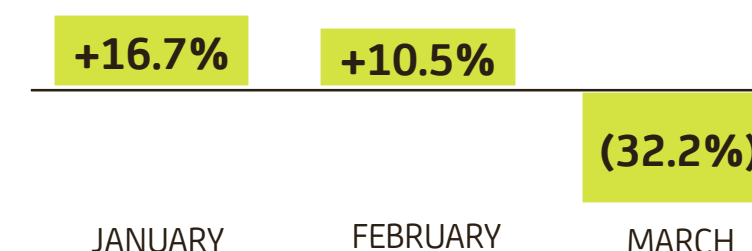
### CREDIT CARDS

New additions (thousands)



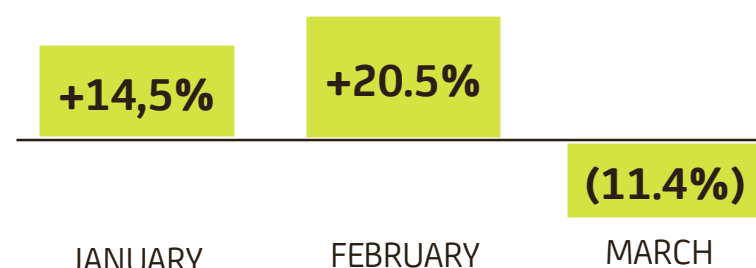
### INSURANCE

Monthly production (€mn)  
2020 vs 2019 y-o-y



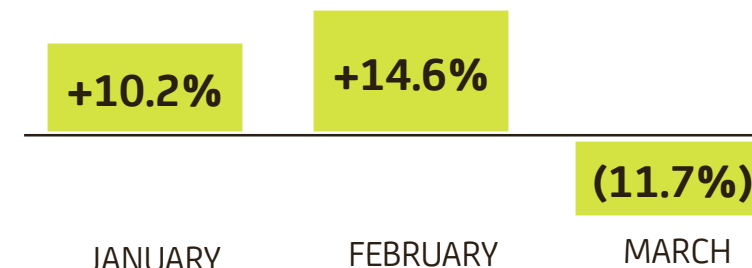
### CARDS TURNOVER

2020 vs 2019 y-o-y (€mn)



### POS TERMINALS TURNOVER

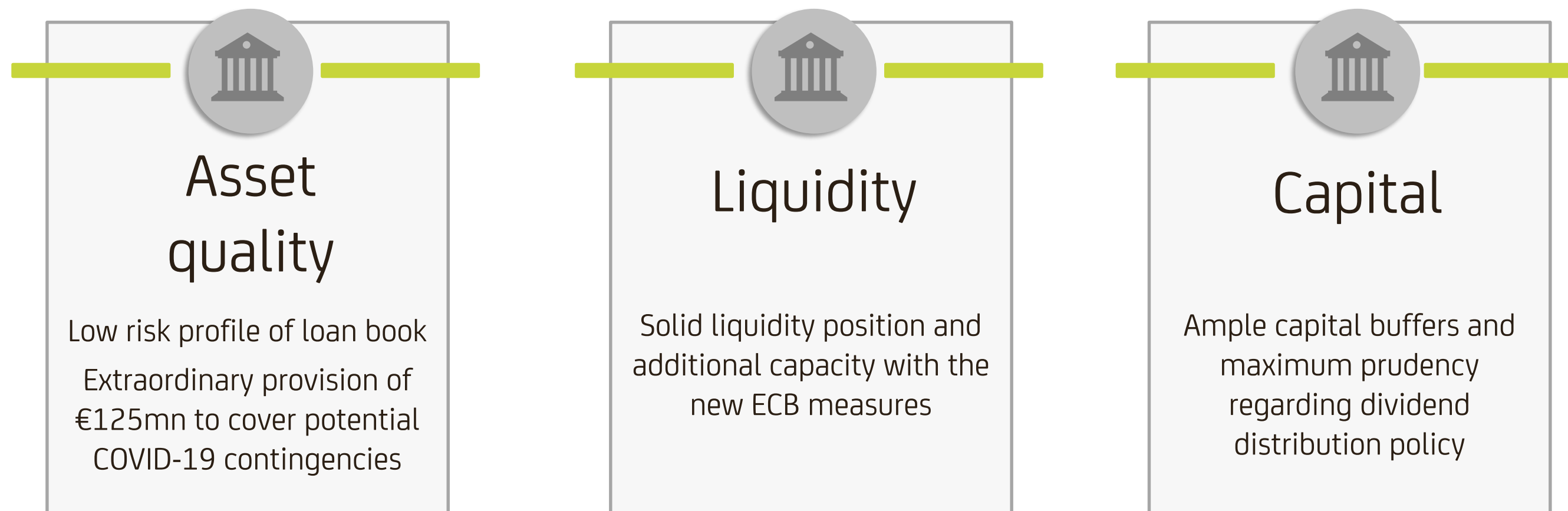
2020 vs 2019 y-o-y (€mn)



> **1Q 2020 Highlights**

Strong balance sheet

**Strength of our balance sheet allows us to face the new environment**



**TARGET**

**Rely on maximum flexibility to meet the financing needs of households and businesses**

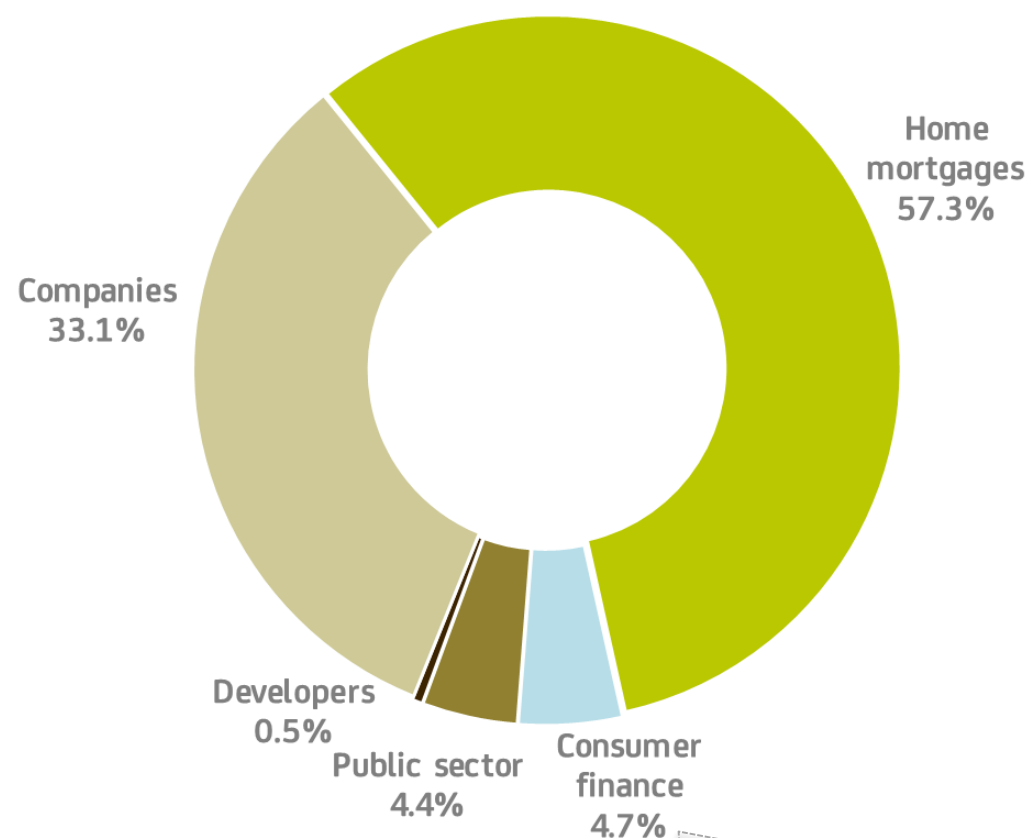


> **1Q 2020 Highlights**

Strong balance sheet

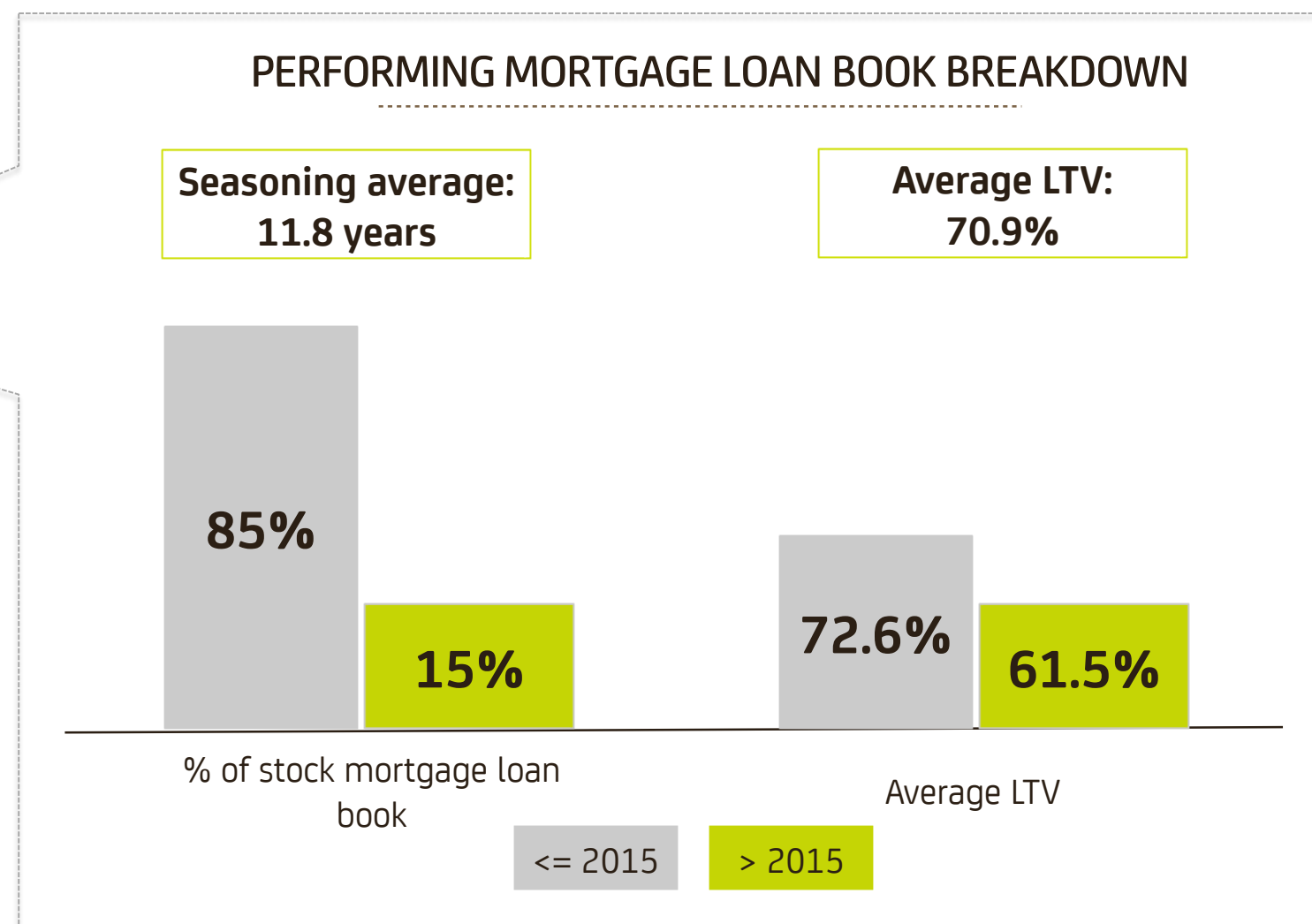
**Conservative and defensive balance sheet risk profile, significant weight of mortgages**

**PERFORMING CREDIT BREAKDOWN**



**CONSUMER FINANCE WITH CUSTOMERS**  
85% pre-approved

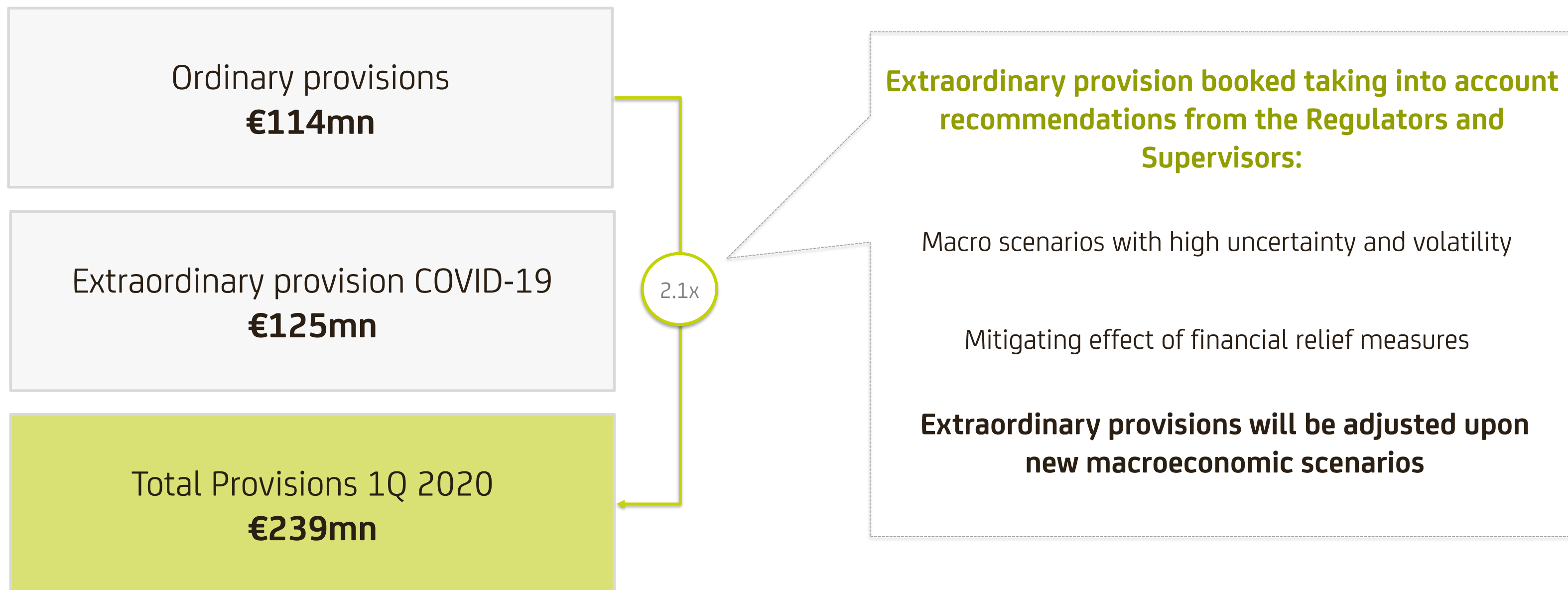
**Conservative profile of mortgage book**



## > 1Q 2020 Highlights

Strong balance sheet

### Extraordinary provision of €125mn for COVID-19



> **1Q 2020 Highlights**

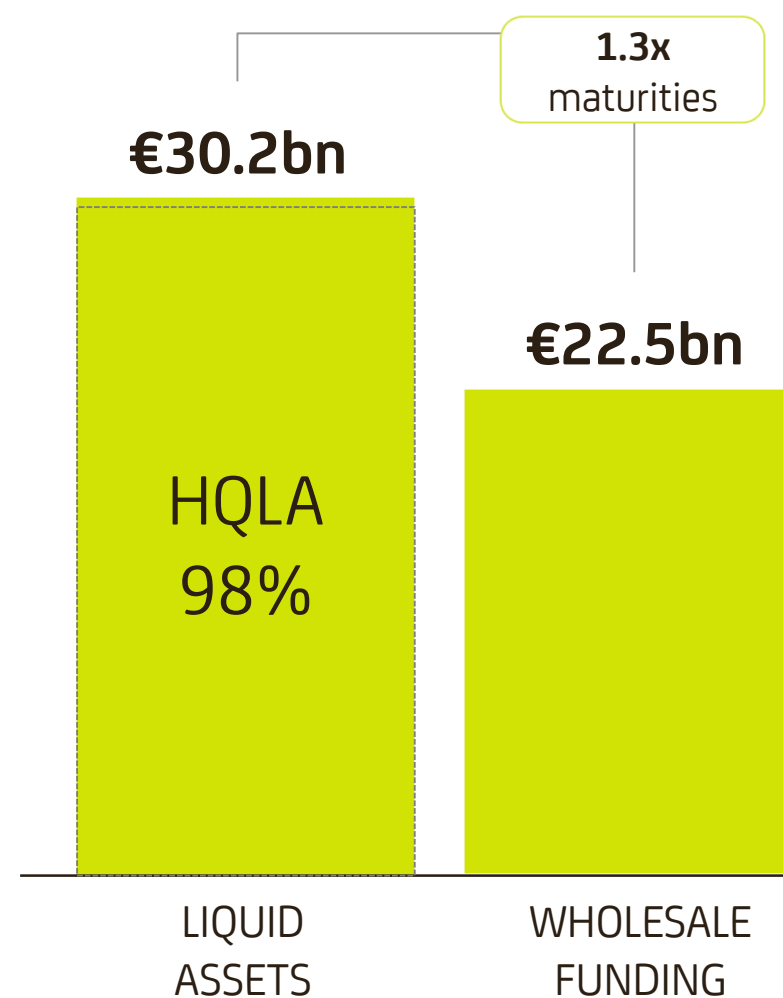
Strong balance sheet

## Privileged liquidity profile

Solid liquidity metrics...

> LTD	<b>92.3%</b> Mar 20
> LCR	<b>189%</b> Mar 20
> NSFR	<b>125%</b> Mar 20
> TLTRO	<b>€13.8bn</b> Mar 20

...without pressure because of funding needs...



...with access to additional funding sources

Additional liquidity  
TLTRO: **€9.2bn**

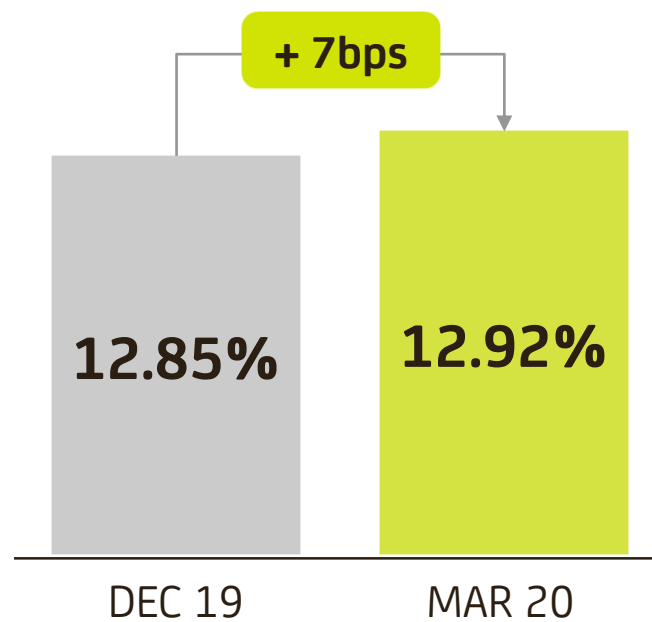
Additional issuance  
capacity: **>€20bn**  
(covered bonds)

> **1Q 2020 Highlights**  
Strong balance sheet

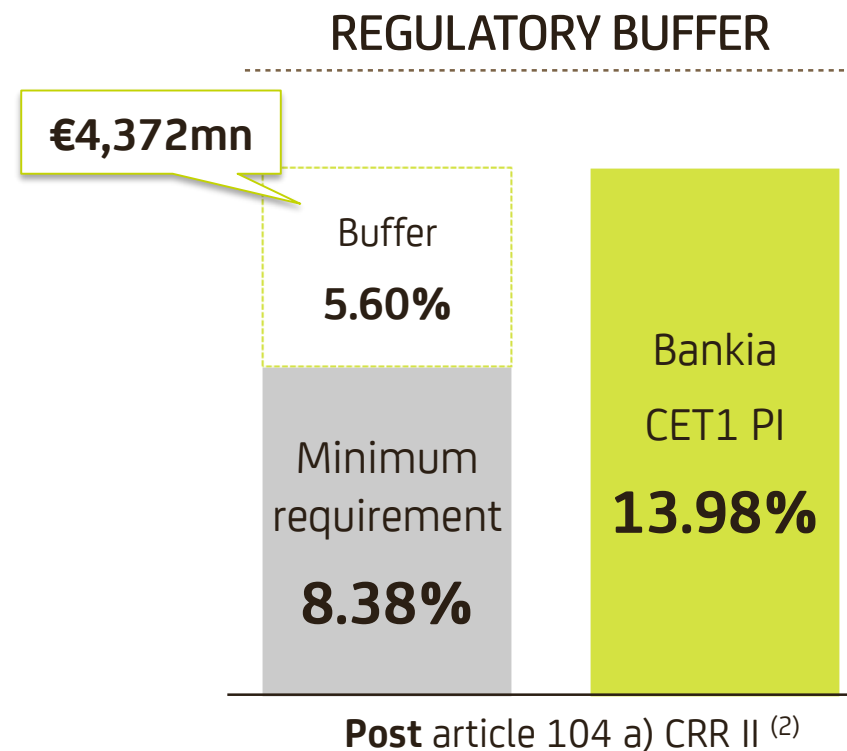
**Solid capital position**

Capital is generated organically...

CET 1 RATIO FULLY LOADED <sup>(1)</sup>



...maintaining ample buffers above minimum requirements...



...and maintaining our leadership

**+117 bps**

Higher CET1 FL ratio with respect to the sector average <sup>(3)</sup>

**Maximum prudent criteria when defining the year 2020 dividend payment**

(1) Ratios exclude unrealized capital gains on fair value sovereign portfolio

(2) Capital structure is considered to be optimized with AT1 and T2 filled

(3) Regulatory ratios CET1 FL Bankia Mar 20 vs Sector Dec 19. Sector: Caixabank, Sabadell, Bankinter, BBVA, Santander, Liberbank & Unicaja

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## > 1Q 2020 Results

### Income statement— Bankia Group

€mn	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	Var. 1Q 20 vs 1Q 19	Var. 1Q 20 vs 4Q 19
Net interest income	502	516	502	503	458	(8.7%)	(9.0%)
Fees	260	273	263	284	284	9.0%	(0.2%)
Net trading income	37	102	97	62	64	71.9%	3.4%
Other income	14	(33)	13	(151)	17	18.3%	-
<b>Gross income</b>	<b>813</b>	<b>858</b>	<b>875</b>	<b>699</b>	<b>823</b>	<b>1.1%</b>	<b>17.7%</b>
Operating expenses	(456)	(456)	(458)	(446)	(461)	(1.1%)	(3.3%)
<b>Pre-provision profit</b>	<b>357</b>	<b>402</b>	<b>417</b>	<b>252</b>	<b>361</b>	<b>1.2%</b>	<b>43.2%</b>
Financial and non-financial assets provisions	(59)	(92)	(137)	(196)	(88)	49.2%	(55.1%)
Other provisions and other results	(29)	(39)	(28)	(93)	(26)	(10.3%)	(72.0%)
<b>Profit before tax before COVID-19 provision</b>	<b>269</b>	<b>271</b>	<b>252</b>	<b>(36)</b>	<b>247</b>	<b>(8.2%)</b>	<b>-</b>
COVID-19 Extraordinary provision	-	-	-	-	(125)		
<b>Profit after tax after covid-19 provision</b>	<b>269</b>	<b>271</b>	<b>252</b>	<b>(36)</b>	<b>122</b>	<b>(54.7%)</b>	<b>-</b>
<b>Profit attributable to the Group</b>	<b>205</b>	<b>195</b>	<b>176</b>	<b>(34)</b>	<b>94</b>	<b>(54,0%)</b>	<b>-</b>
<b>“Core” Result <sup>(1)</sup></b>	<b>306</b>	<b>333</b>	<b>307</b>	<b>341</b>	<b>280</b>	<b>(8.2%)</b>	<b>(17.8%)</b>

## > 1Q 2020 Results

### Net interest income

## Interest rate curve affects net interest income in the quarter

### NET INTEREST INCOME

- Negative impact from the interest rate curve performance in 2019
- Lower contribution of ALCO portfolio in the quarter
- Lower contribution from NPLs

**Gross customer margin 1Q 20: 1.52%**

EURIBOR 12 MONTH

1Q19 Average	1Q20 Average	27 Apr 20
-0.11%	-0.27%	-0.11%

### Rise of 12m Euribor

### ALCO PORTFOLIO

Balance quarter-end

€bn

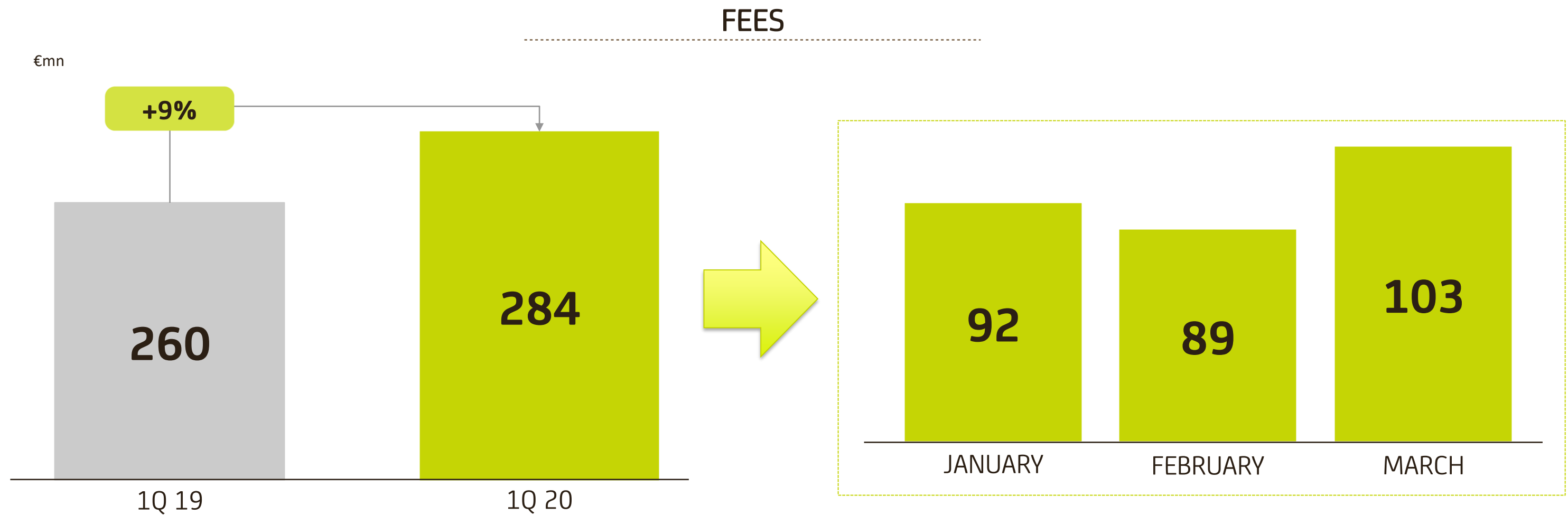
1Q 19	4Q 19	1Q 20
28.5	23.4	26.2

Fixed income portfolio  
reinvested (end of march) after  
increase in yields

## > 1Q 2020 Results

### Fees

Fees increase 9% with just one month of implementation of the new fee policy



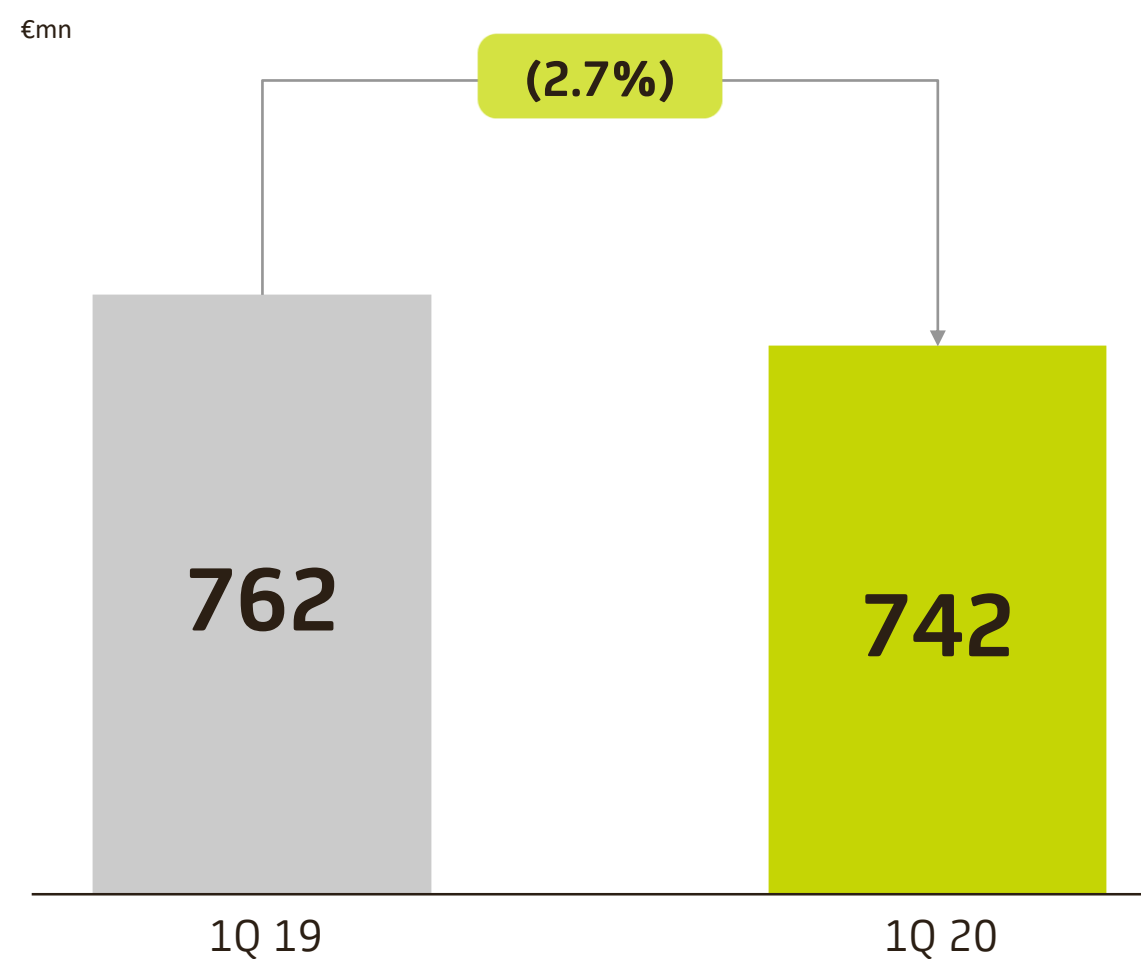


## > 1Q 2020 Results

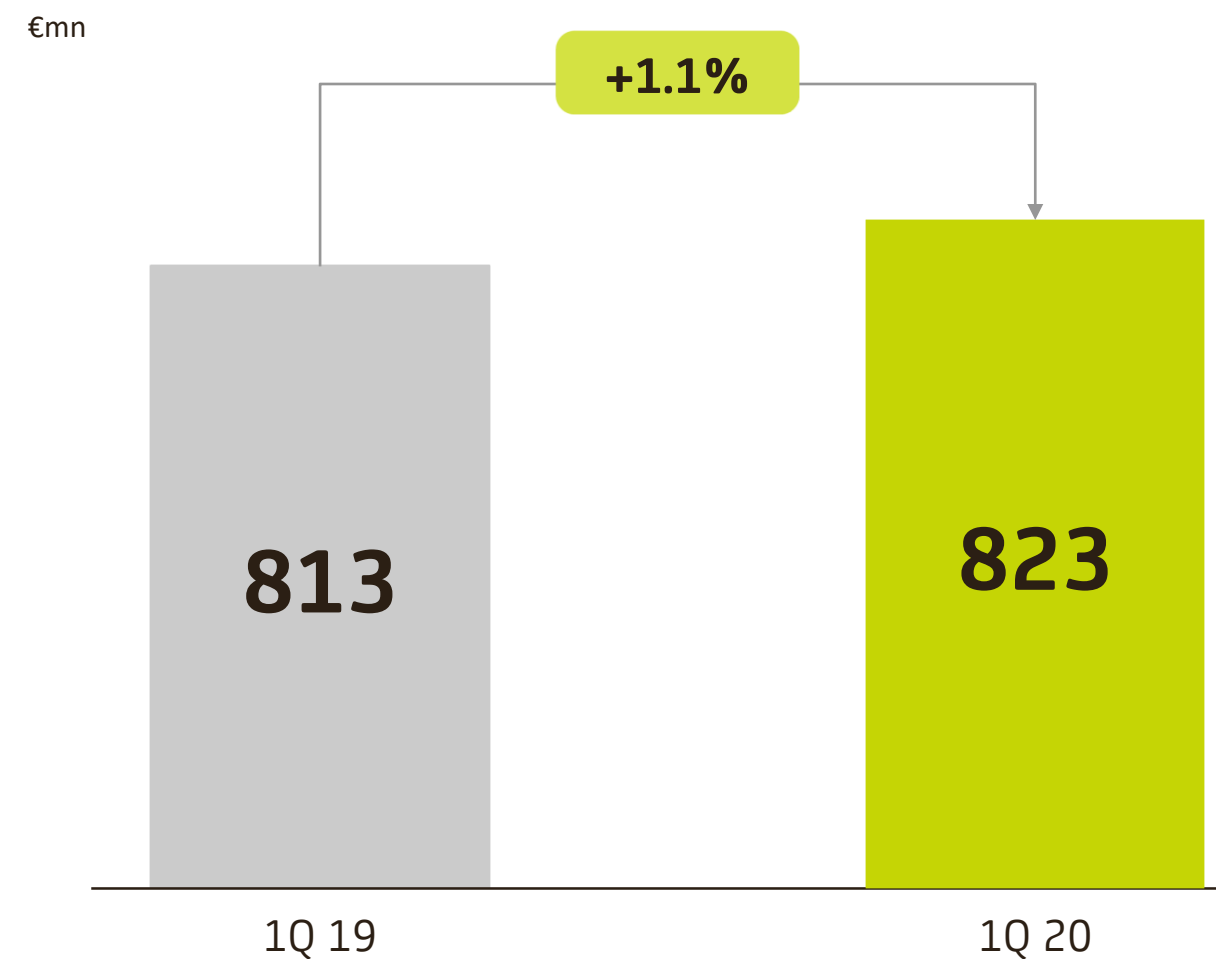
### Gross income

## Higher fees and Trading Income underpin the gross margin

### NET INTEREST INCOME + FEES



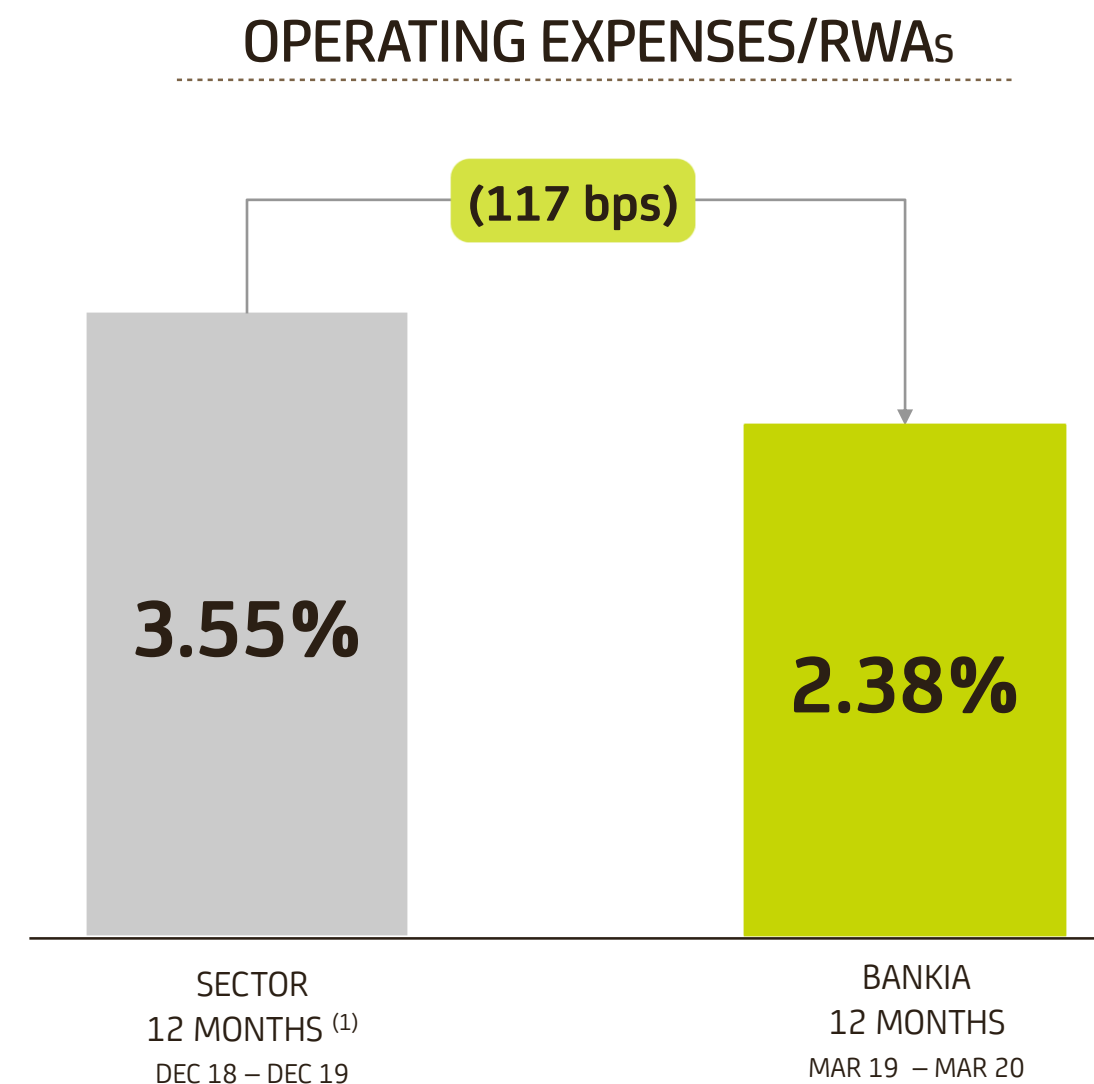
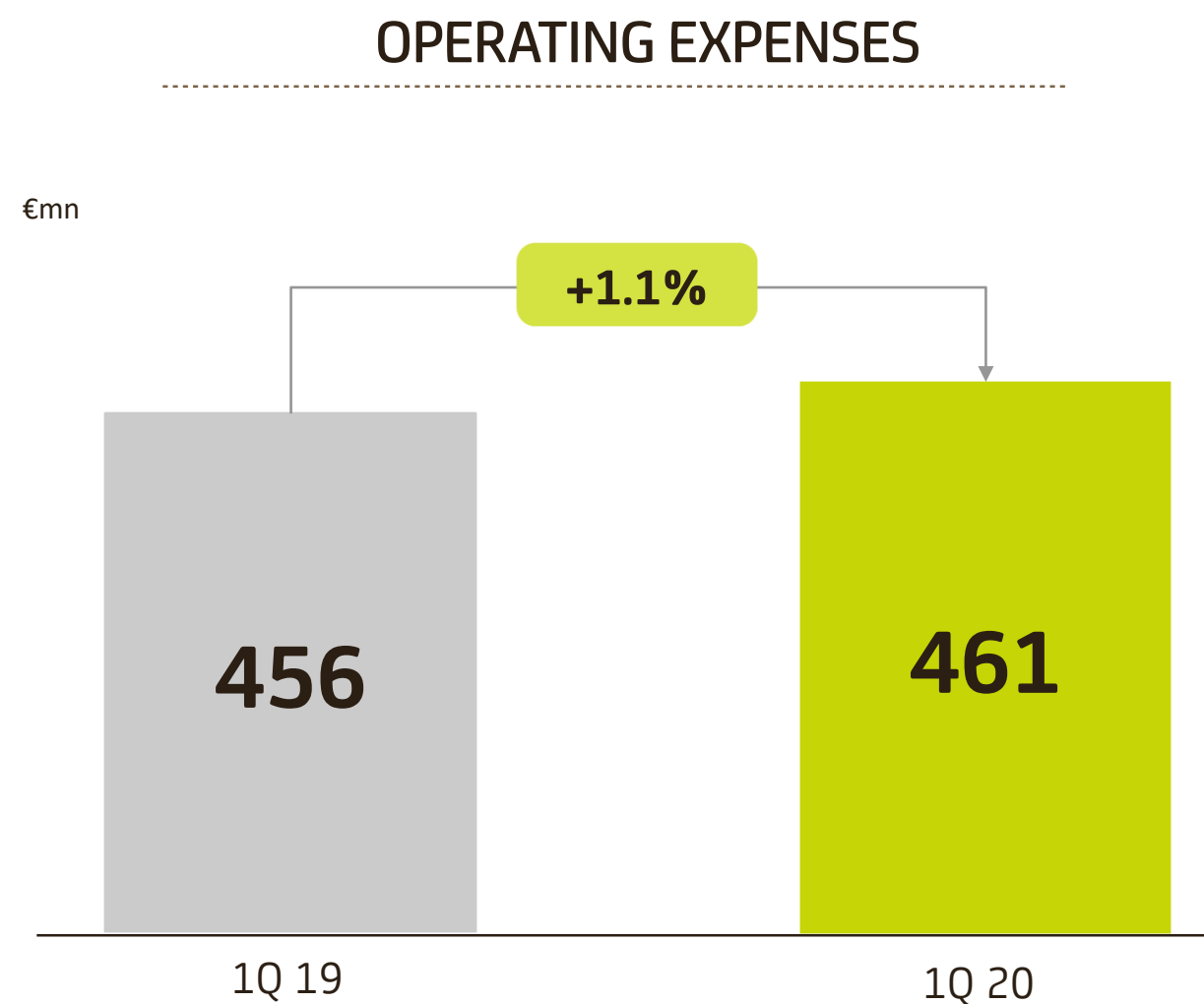
### GROSS MARGIN



> **1Q 2020 Results**

Operating expenses

**Contained growth of operating expenses**



<sup>(1)</sup> Sector data includes peers: Santander, BBVA, Caixabank, B. Sabadell & Bankinter.

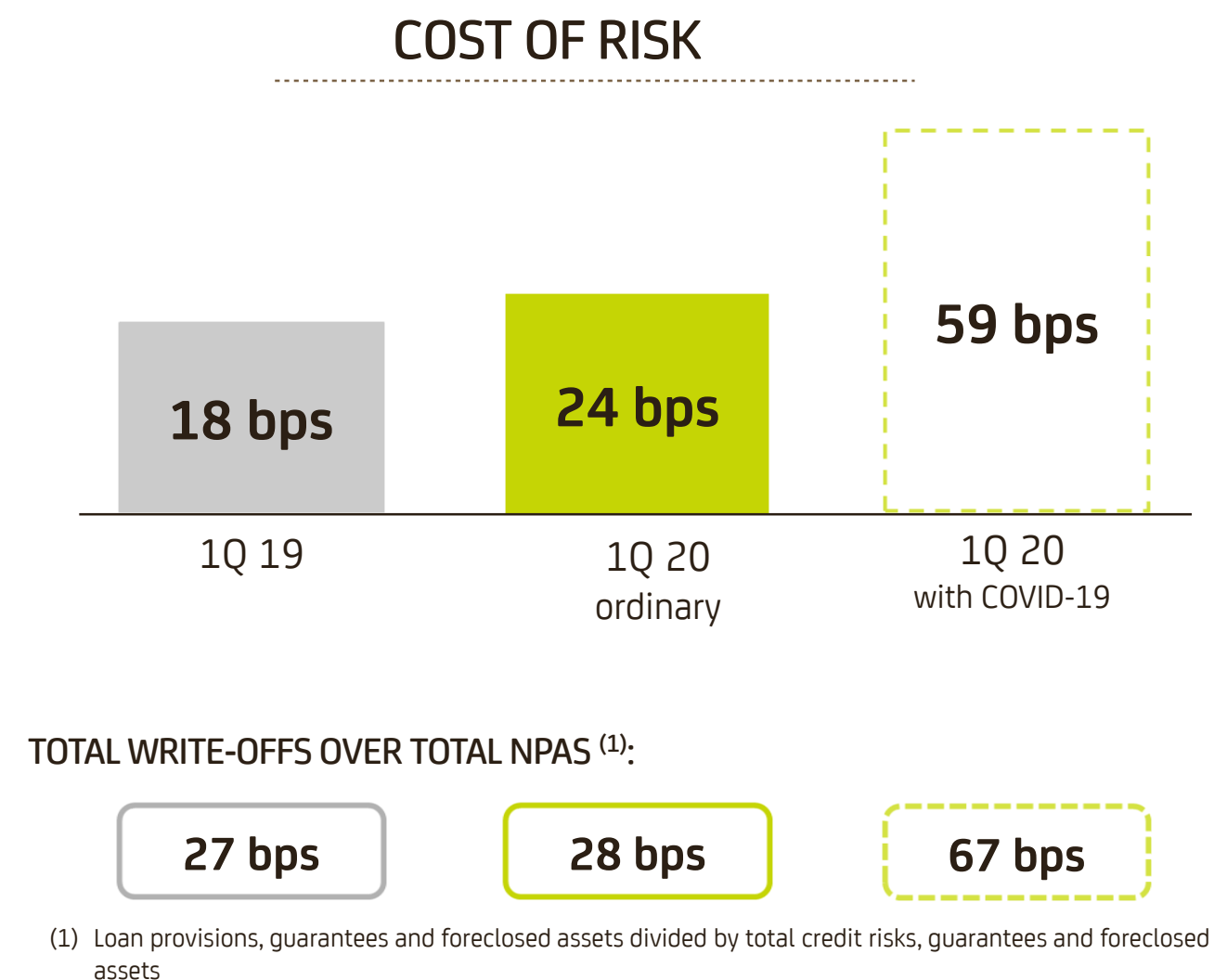
## > 1Q 2020 Results

### Cost of risk

#### Ordinary cost of risk at expected levels

€mn	1Q 19	1Q 20
<b>PRE-PROVISION NET PROFIT</b>	<b>357</b>	<b>361</b>
FINANCIAL AND NON-FINANCIAL PROVISIONS	(59)	(88)
OTHER PROVISIONS AND OTHER RESULTS	(29)	(26)
<b>TOTAL ORDINARY PROVISIONS AND OTHERS</b>	<b>(88)</b>	<b>(114)</b>
COVID-19 EXTRAORDINARY PROVISION	-	(125)
<b>TOTAL PROVISIONS AND OTHERS</b>	<b>(88)</b>	<b>(239)</b>

2.7x

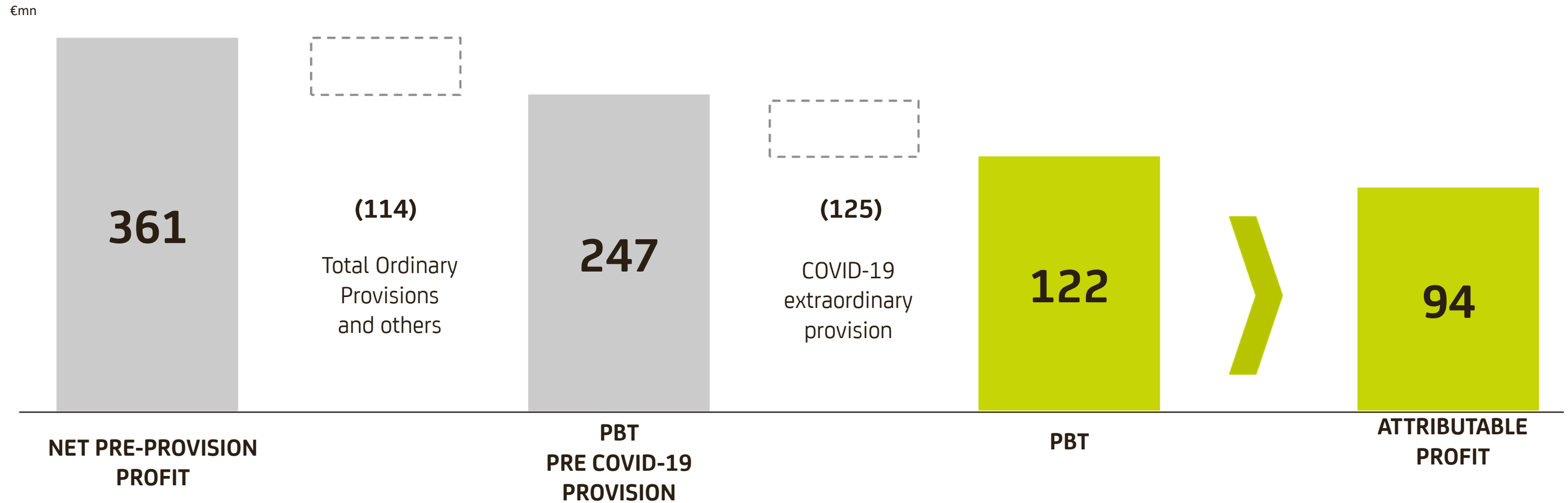


> **1Q 2020 Results**

Attributable profit

**Attributable profit in the quarter rises to €94Mn after the extraordinary provision**

ATTRIBUTABLE PROFIT



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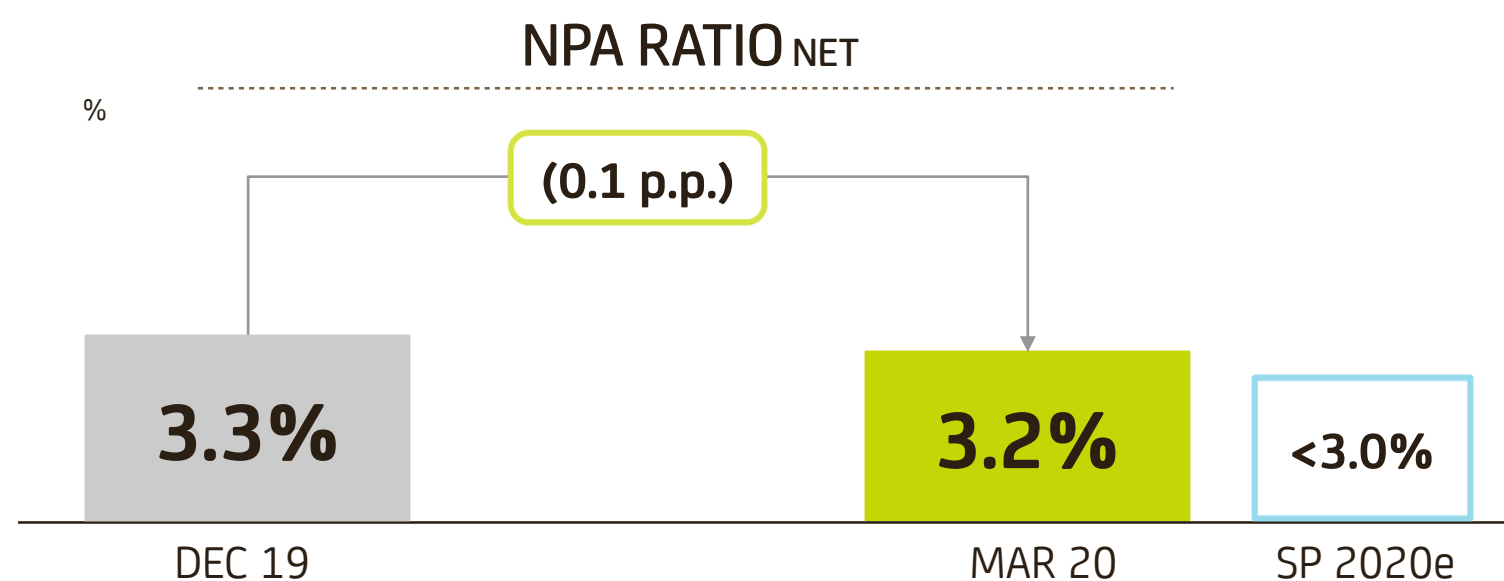
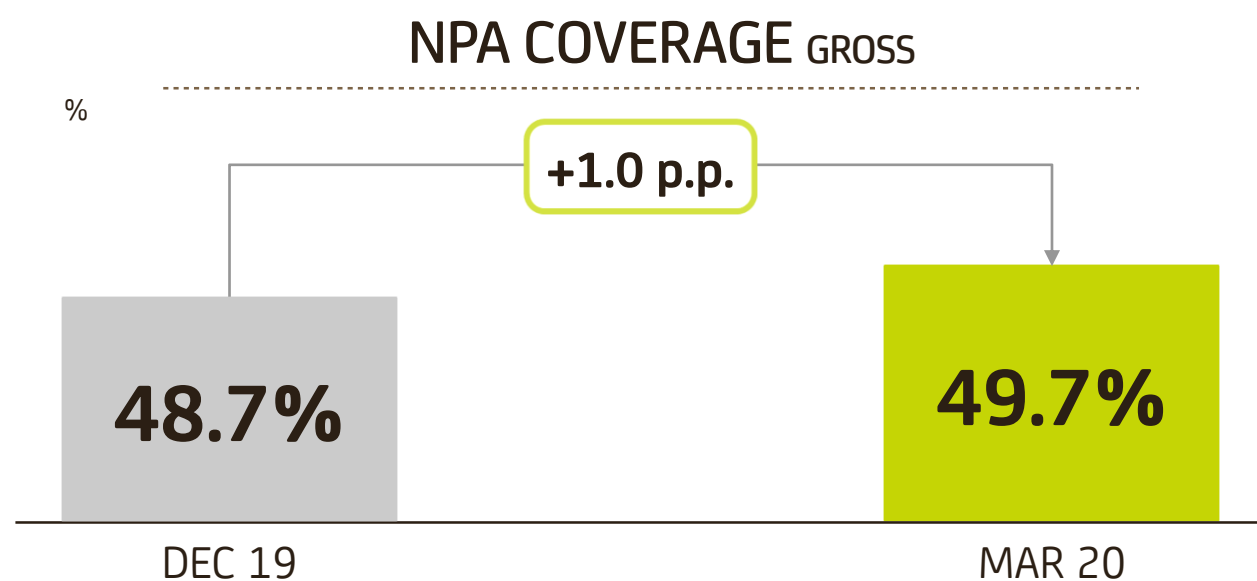
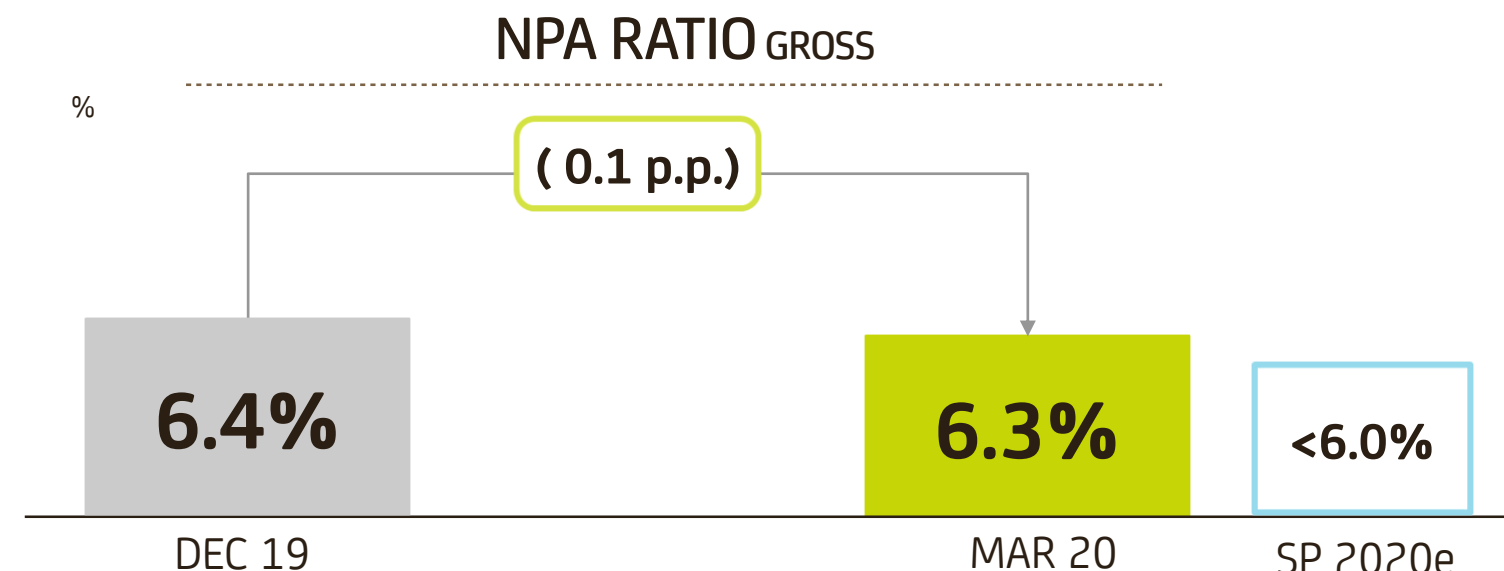
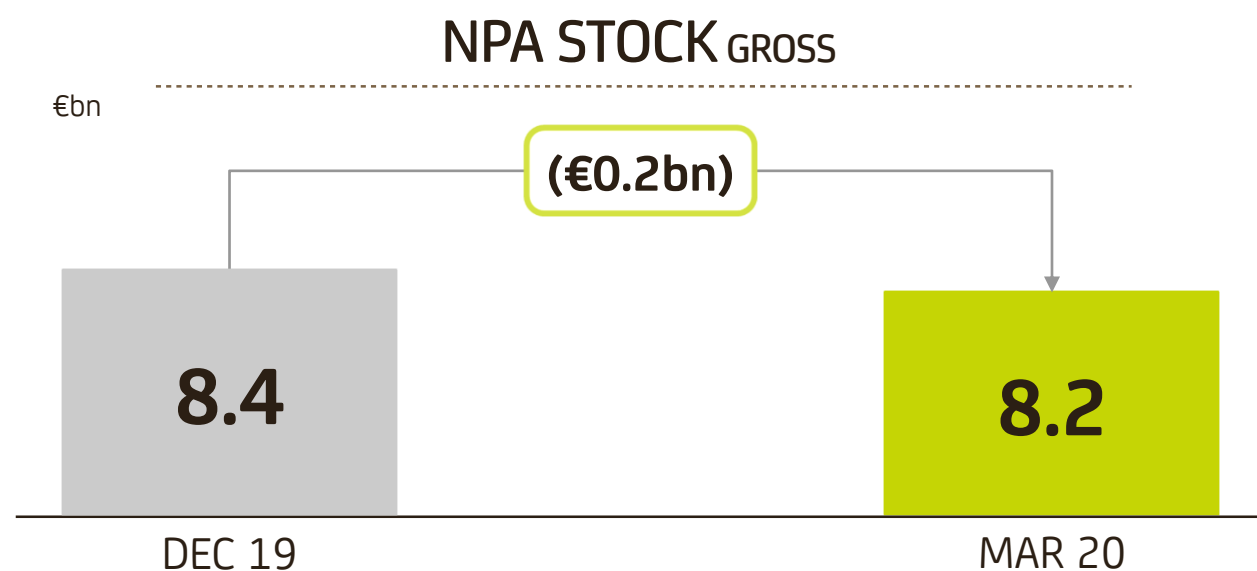


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## > Asset quality and risk management

### Credit quality

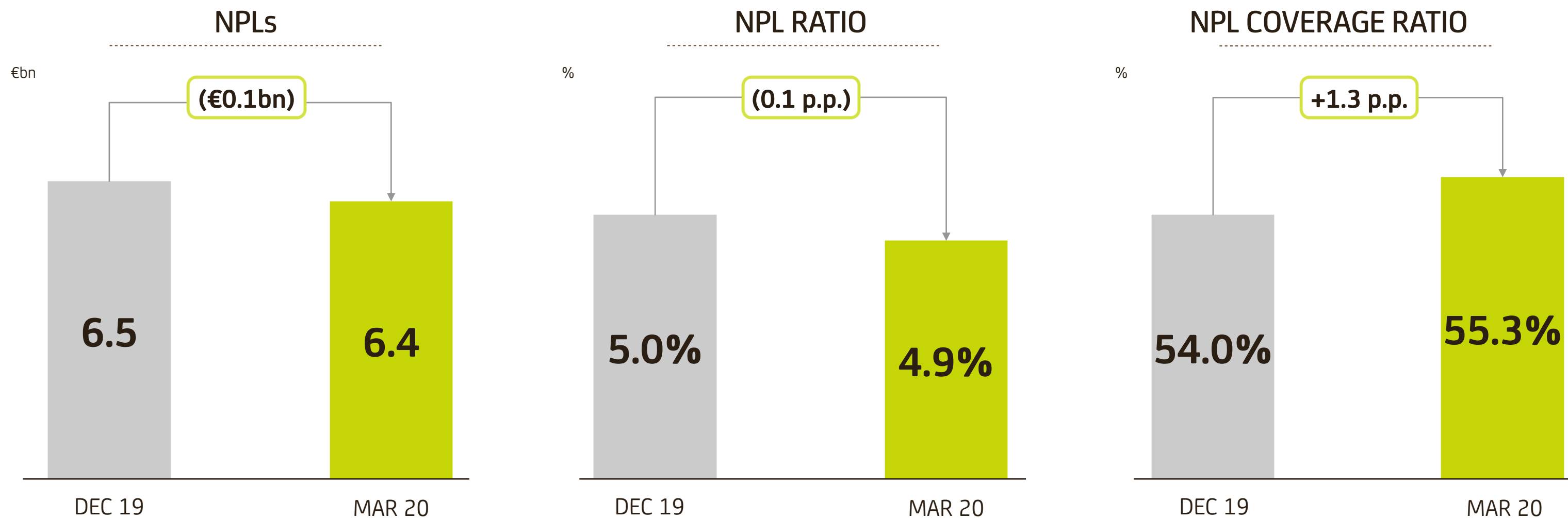
#### NPAs reduction continues despite the economic context <sup>(1)</sup>



## > Asset quality and risk management

### Credit quality

#### NPL ratio stands at 4.9%



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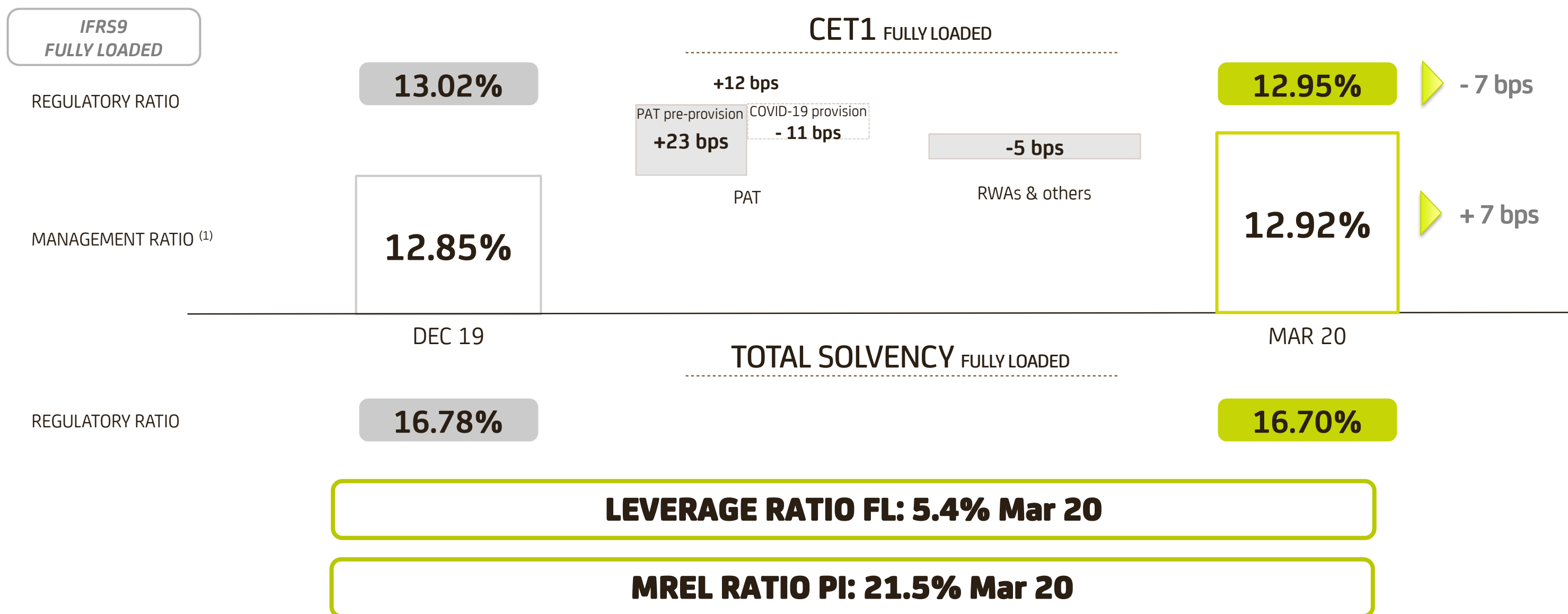
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## > Solvency

### Solvency ratios – Fully Loaded

Despite the extraordinary provision, CET 1 FL increases 7 bps in the quarter



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

(1) Ratios exclude unrealised capital gains on fair value sovereign portfolio

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> **Closing remarks**

**In an environment of great uncertainty...**

**Low risk profile Balance sheet**

**Ample liquidity position**

**Organic capital generation despite booking additional provisions for COVID-19**

**...we rely on a solid liquidity and capital position to support households and businesses**

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remarks

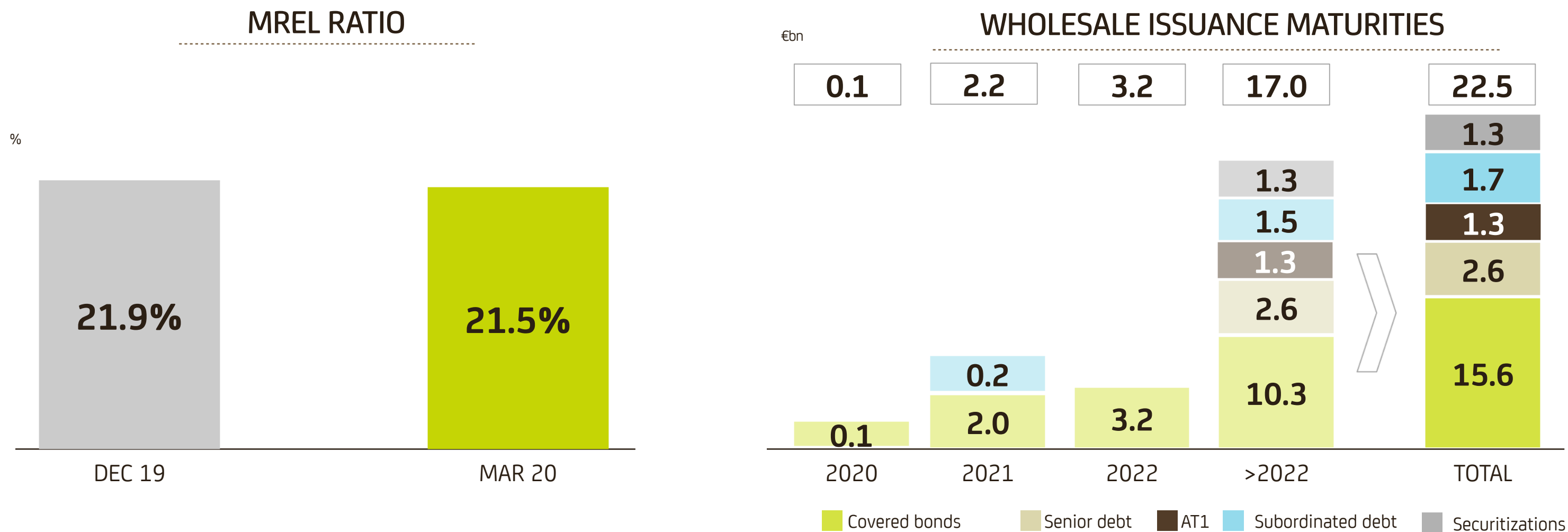


**06. Appendix**

> **Appendix**

MREL ratio and maturities

**Comfortable position of wholesale issuance maturities**



**... without the need of MREL issuances**

## > Appendix

### The share

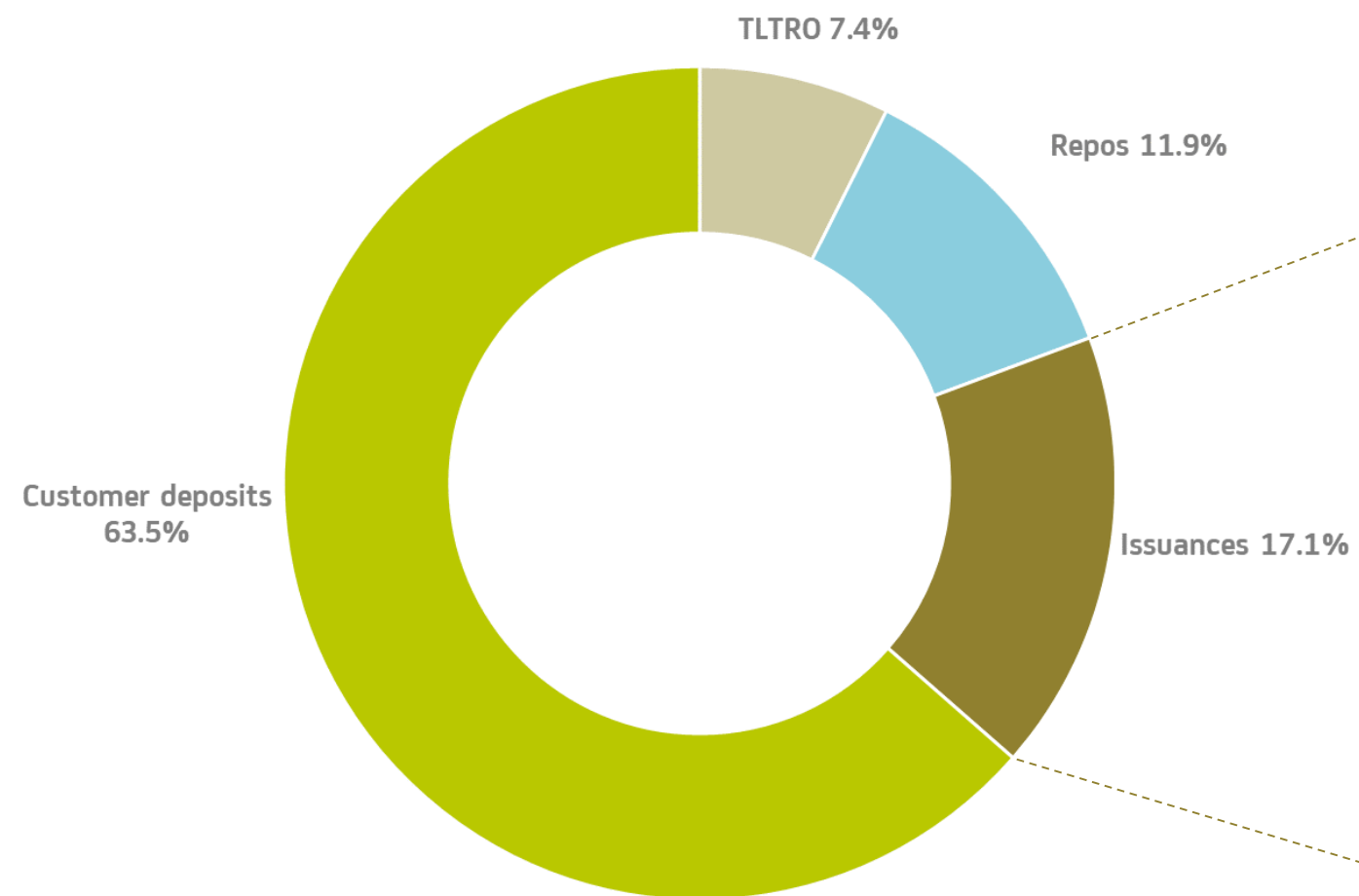
	MAR 20	DEC 19	SEP 19	JUN 19	MAR 19
<b>Shareholders &amp; trading</b>					
Shareholders (#)	172,420	173,949	178,374	180,724	183,472
Average number of shares (mn)	3,070	3,070	3,070	3,070	3,085
<b>Share price</b>					
End of quarter (€)	1.02	1.90	1.73	2.08	2.31
Market cap. (€mn)	3,125	5,840	5,318	6,378	7,126
<b>Multiples</b>					
EPS (€)	0.12	0.18	0.25	0.26	0.27
Book value (€mn)	12,954	13,335	13,391	13,341	13,441
Book value per share (€)	4.22	4.34	4.36	4.35	4.36
Tangible book value (€mn)	12,515	12,934	13,017	12,987	13,119
Tangible book value per share (€)	4.08	4.21	4.24	4.23	4.25
P/BV (Price end of quarter/Book value) (x)	0.24	0.44	0.40	0.48	0.53
P/TBV (Price end of quarter/Tangible book value) (x)	0.25	0.45	0.41	0.49	0.54
P/E (Price end of quarter/EPS) (x)	8.24	10.79	6.91	7.92	8.58

> **Appendix**

Funding Structure

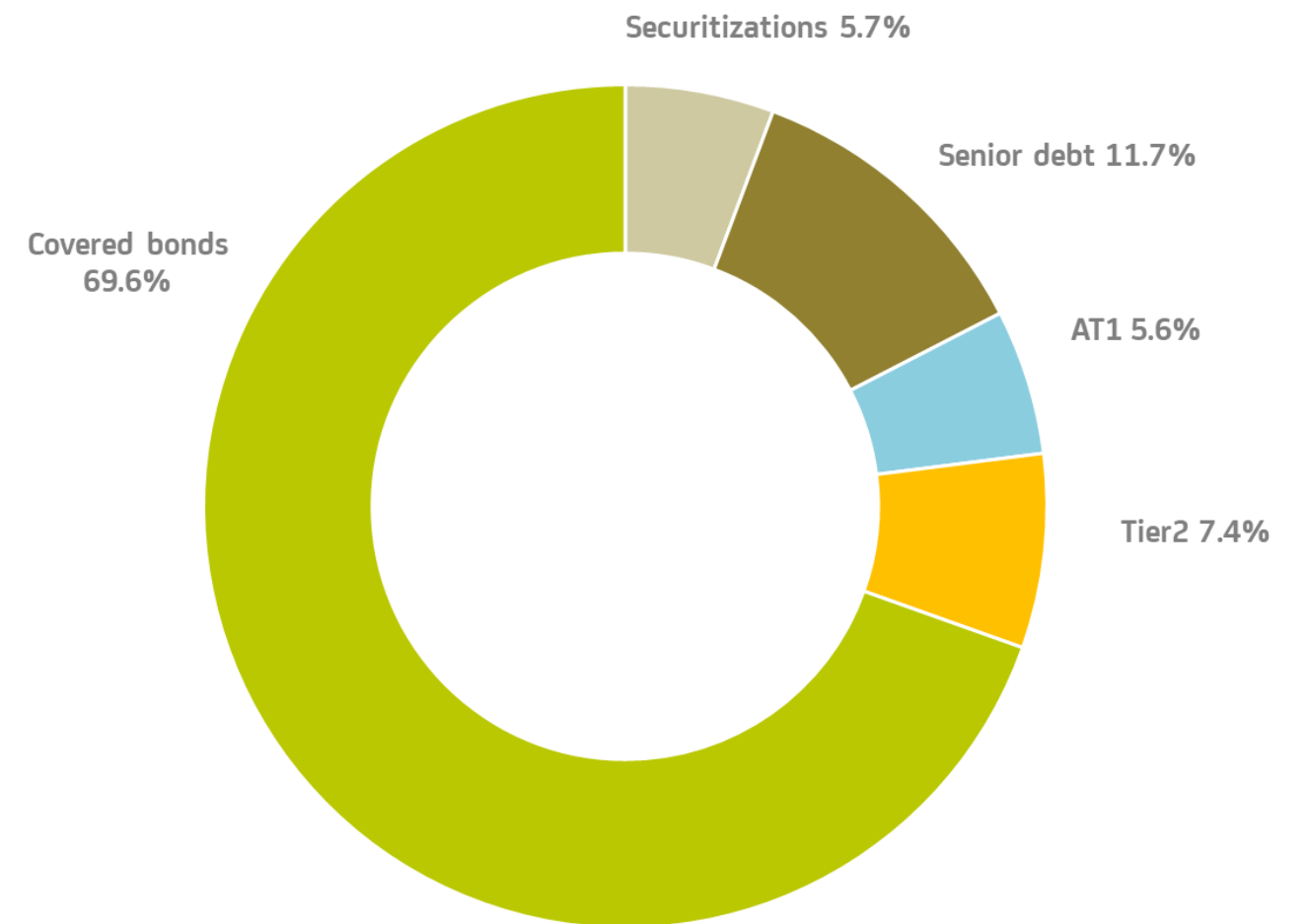
**Funding structure**

MARCH 2020



**Wholesale market breakdown**

MARCH 2020

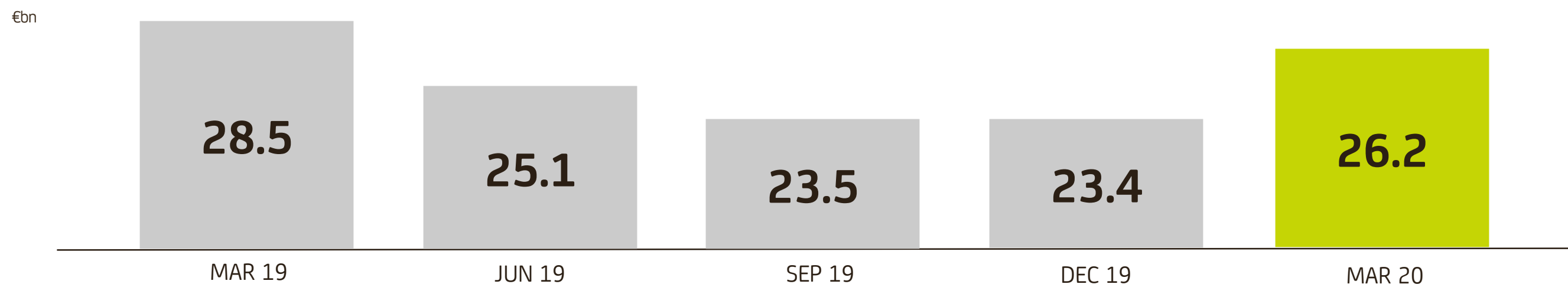


> **Appendix**

ALCO Portfolio breakdown

**€26.2bn ALCO portfolio as of March 2020**

FIXED INCOME PORTFOLIO (ALCO)



	MAR 19	JUN 19	SEP 19	DEC 19	MAR 20
ALCO fixed income portfolio (€Bn)	28.5	25.1	23.5	23.4	26.2
Non-hedged fair value portfolio	6.3	4.0	2.4	2.4	2.7
Hedged fair value portfolio	7.8	7.8	7.7	7.6	6.2
At amortised cost	14.4	13.3	13.4	13.4	17.3
<b>FV average duration IRS adjusted</b>			<b>0.49</b>	<b>0.26</b>	<b>0.88</b>
<b>ALCO portfolio average duration IRS adjusted</b>			<b>3.08</b>	<b>2.85</b>	<b>3.17</b>



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