



Bankia

ANNUAL RESULTS PRESENTATION

2020

28 January 2021



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> **Our journey**

2012-2015



Restructuring plan and development of a common Culture

2016-2017



Positioning. Change in commercial strategy

2018-2020



Growth and transformation period

> **Our journey**

Strategic Plan 2018 – 2020

The execution of the strategic plan has been conditioned by external factors

COVID impact

Lower than expected GDP

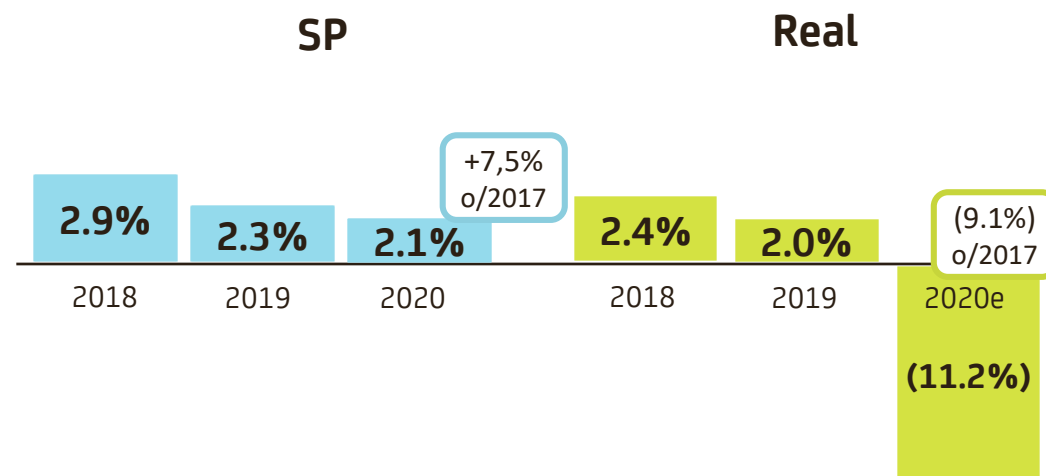
Labour market performed worse

Interest rates

Negative performance of interest rates

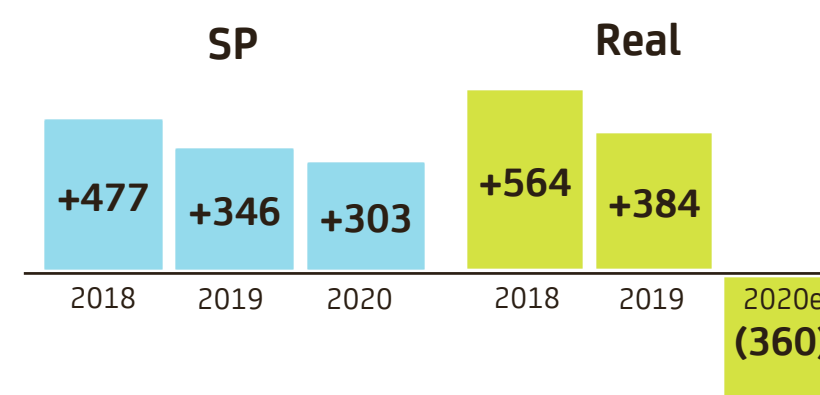
GDP PERFORMANCE

Annual variation (%)



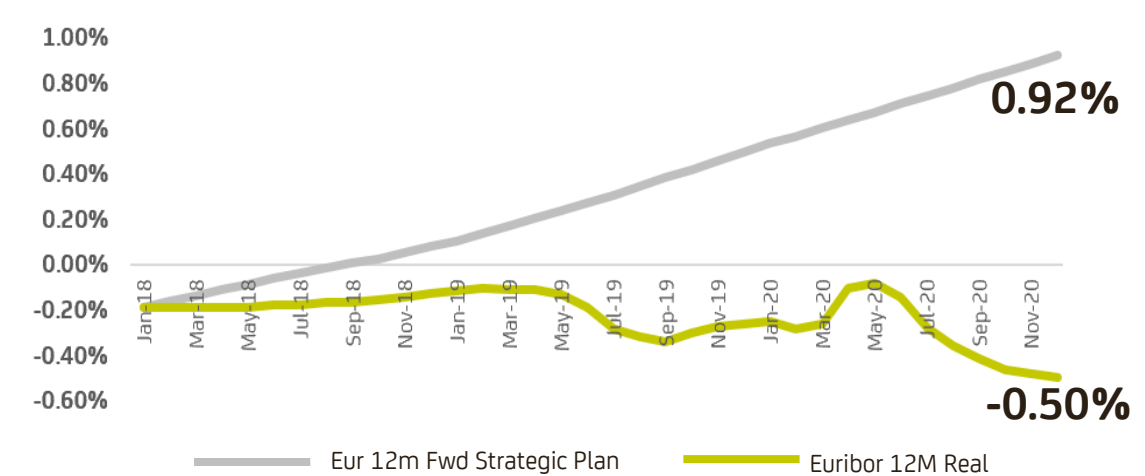
JOB CREATION

Annual variation of social security affiliates



EURIBOR 12M

Performance



Source: Bankia internal research department

Source: Bankia internal research department

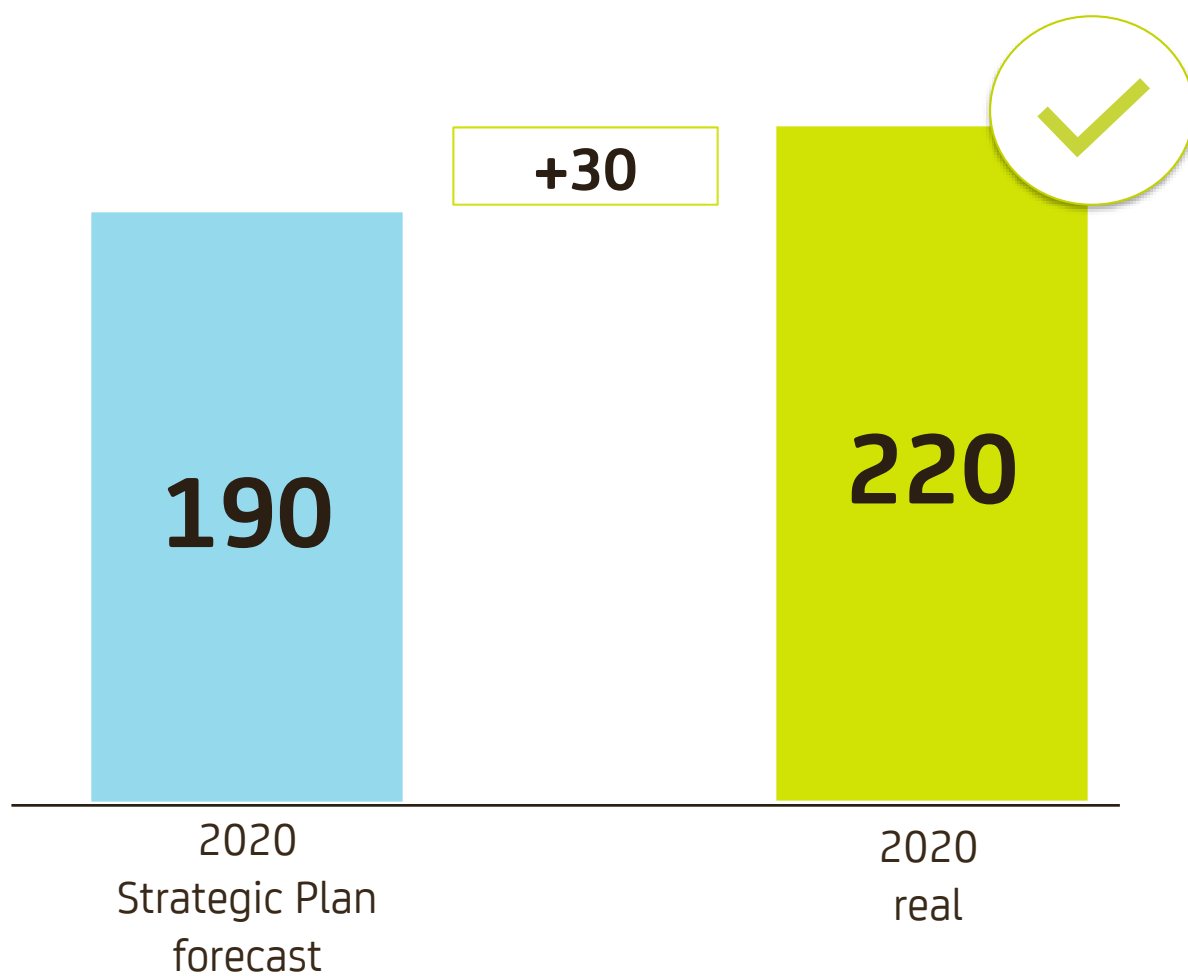
> **Our journey**

1 Strategic Plan 2018 – 2020: BMN integration

Success of BMN merger allowed for increased synergies

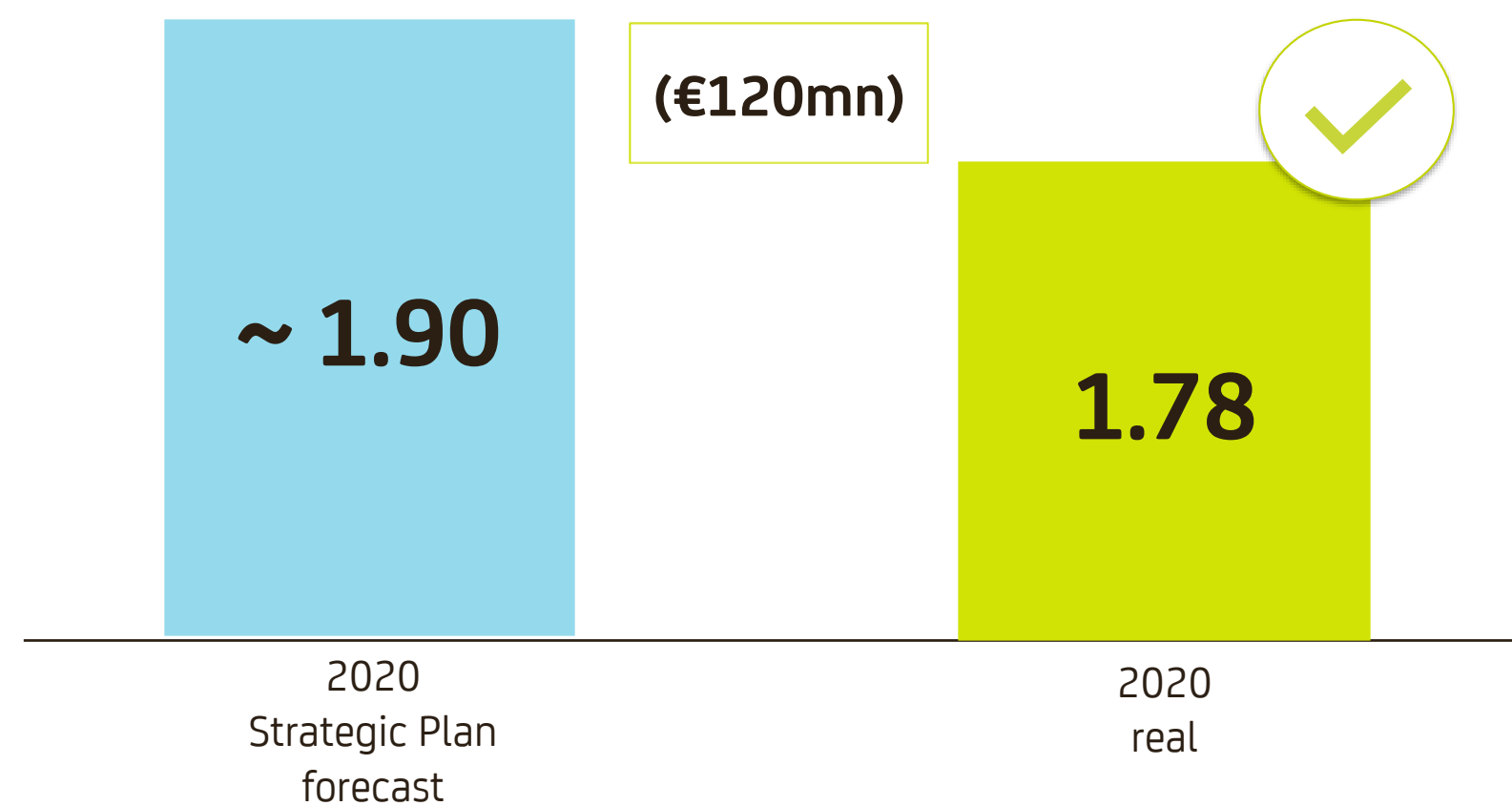
SYNERGIES

€mn



OPERATING COSTS

€bn



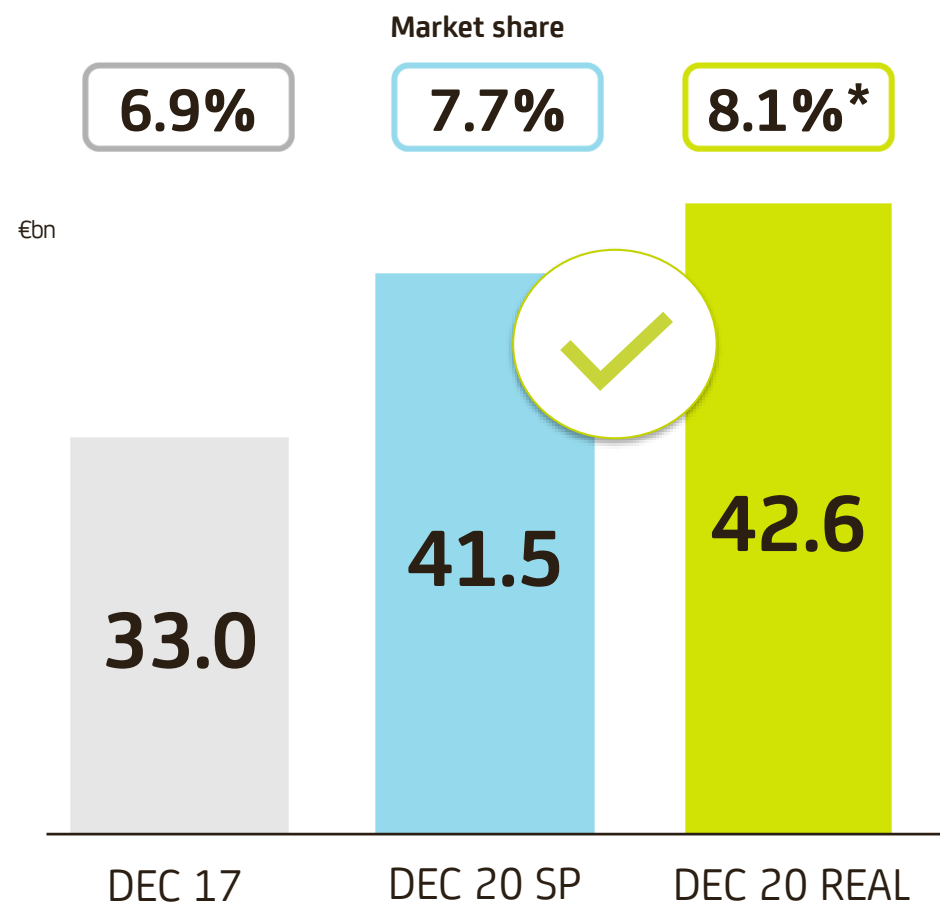
> **Our journey**

2 Strategic Plan 2018 – 2020: business performance

Commercial momentum has allowed us to reach key business objectives

CORPORATES & SMEs

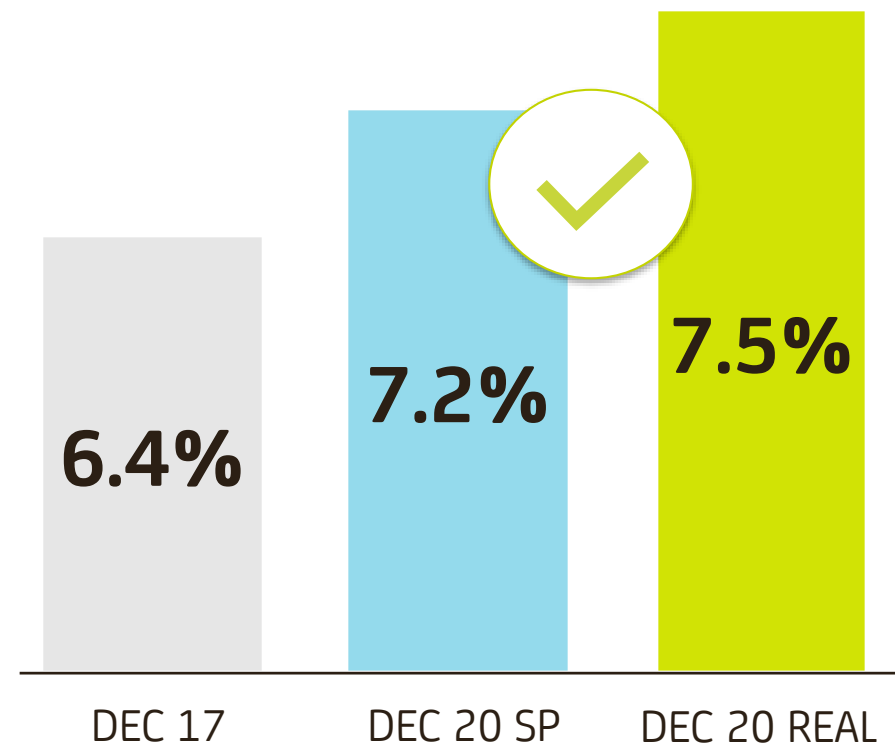
Corporates, SMEs & Developers (excludes non-performing loans)



* Last available market share Nov-20. Source BoS

MUTUAL FUNDS

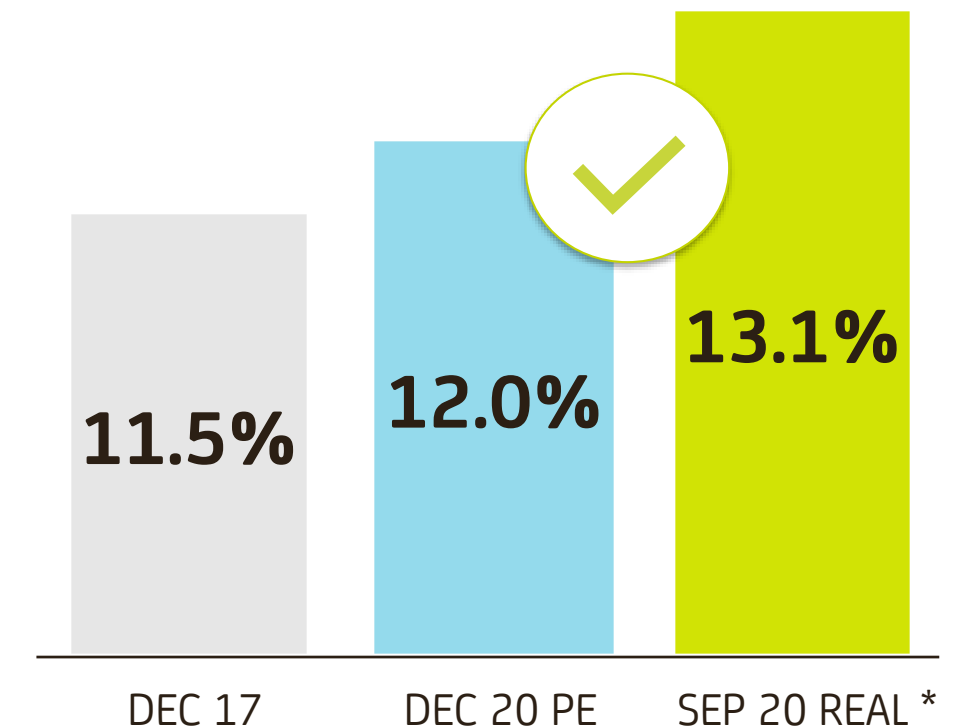
Mutual funds market share



Source: Inverco

CARDS TURNOVER

Market share of accumulated debit and credit card purchases



* Last available market share. Source BoS

> **Our journey**

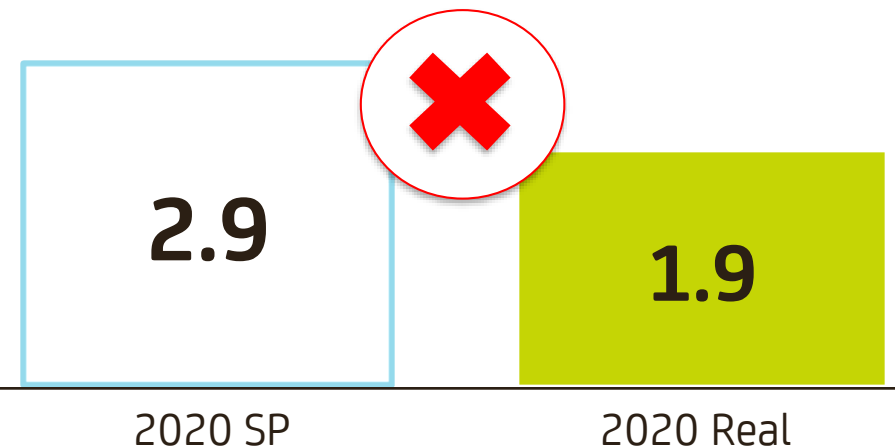
3 Strategic Plan 2018 – 2020: profitability

Management of business focused on compensating NII losses

Net interest income

NII amount

€bn



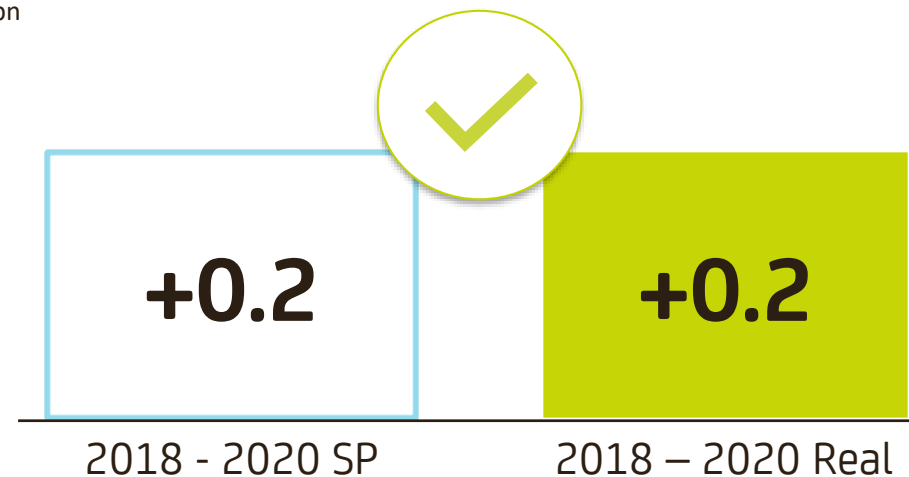
EUR12M impact on mortgage book: **≈ (€0.9bn)**

NII affected by negative performance of interest rates

Fees

Fee volume growth (2018 – 2020)

€bn

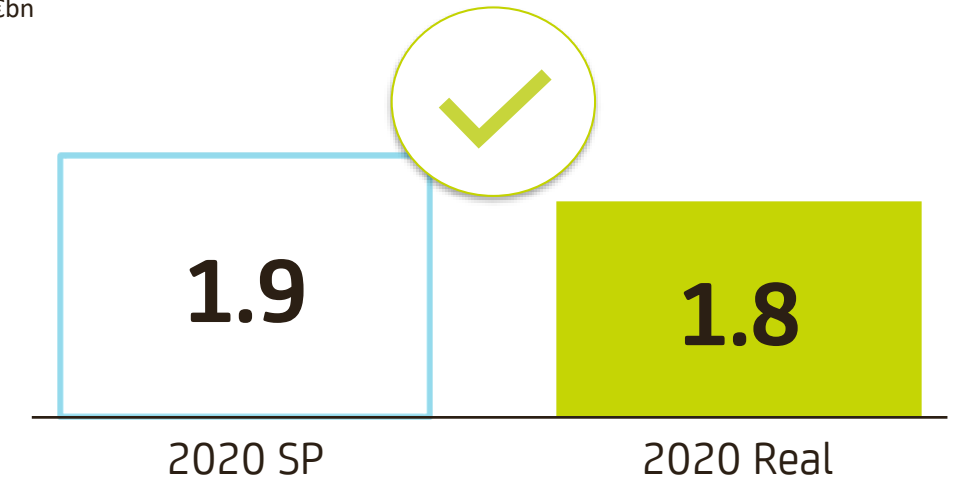


Fee growth target achieved thanks to the commercial momentum

Operating costs

Operating costs amount

€bn



€190mn

Synergies

€220mn

Less expenses as a result of larger synergies after BMN merger and cost control

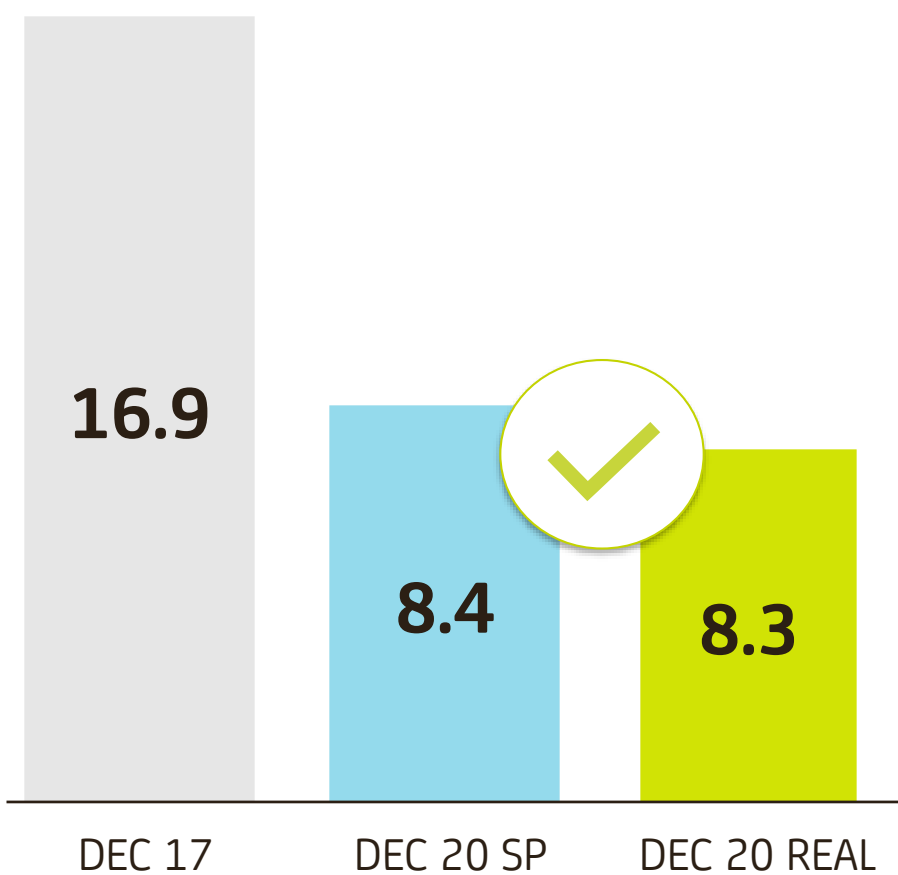
> **Our journey**

4 Strategic Plan 2018 – 2020: asset quality

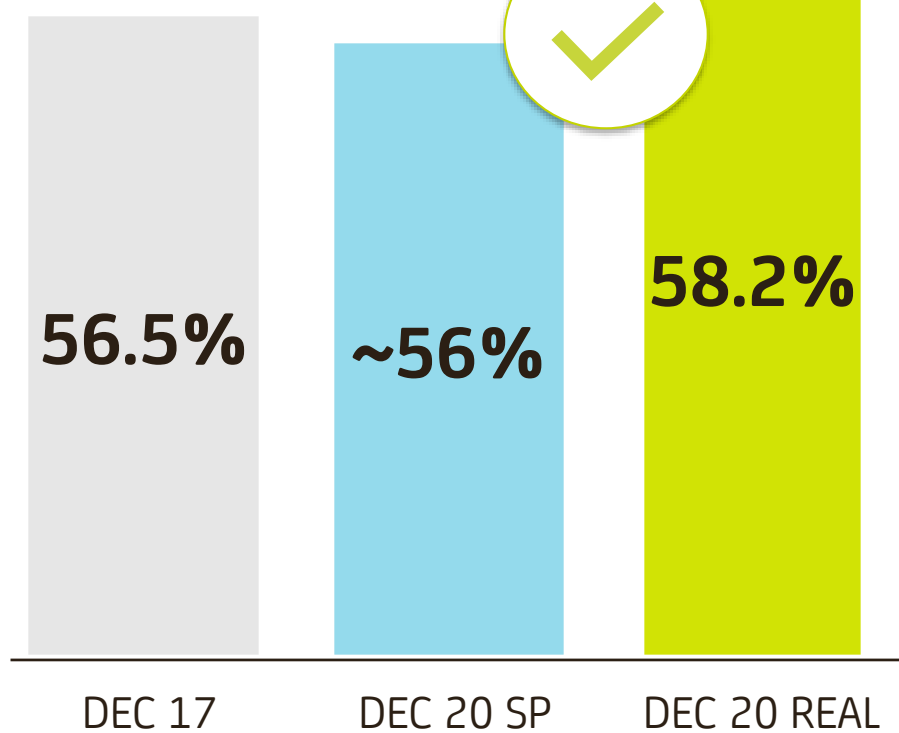
Key asset quality targets achieved

Gross NPAs

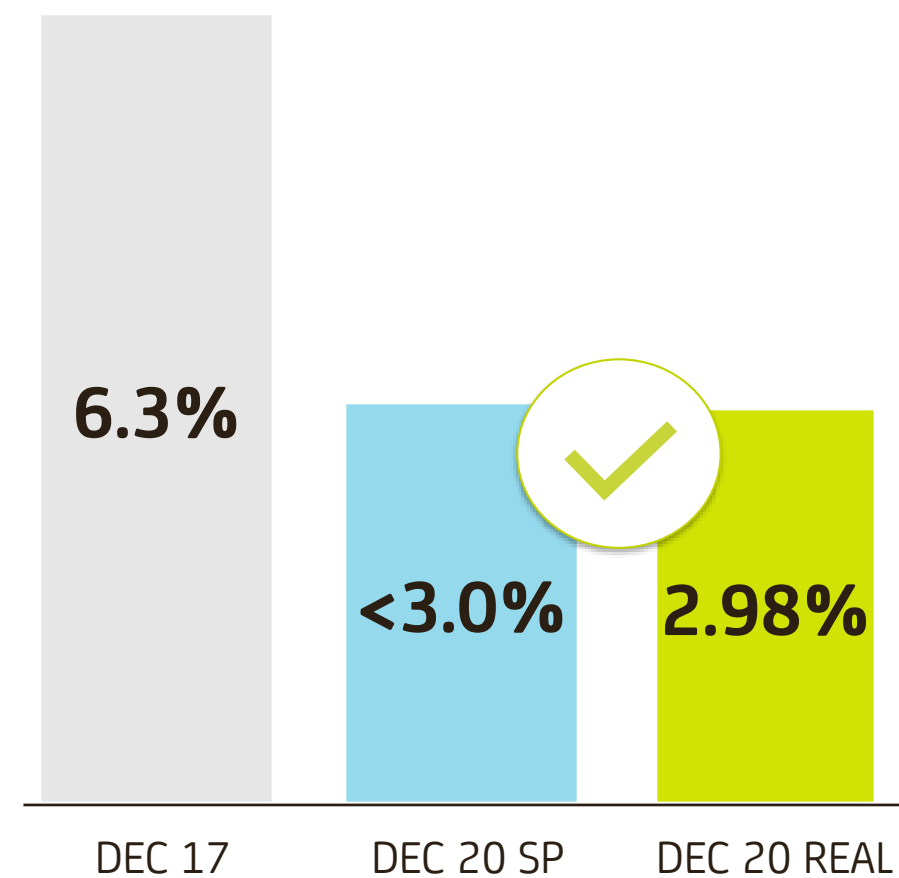
€ bn



NPL coverage



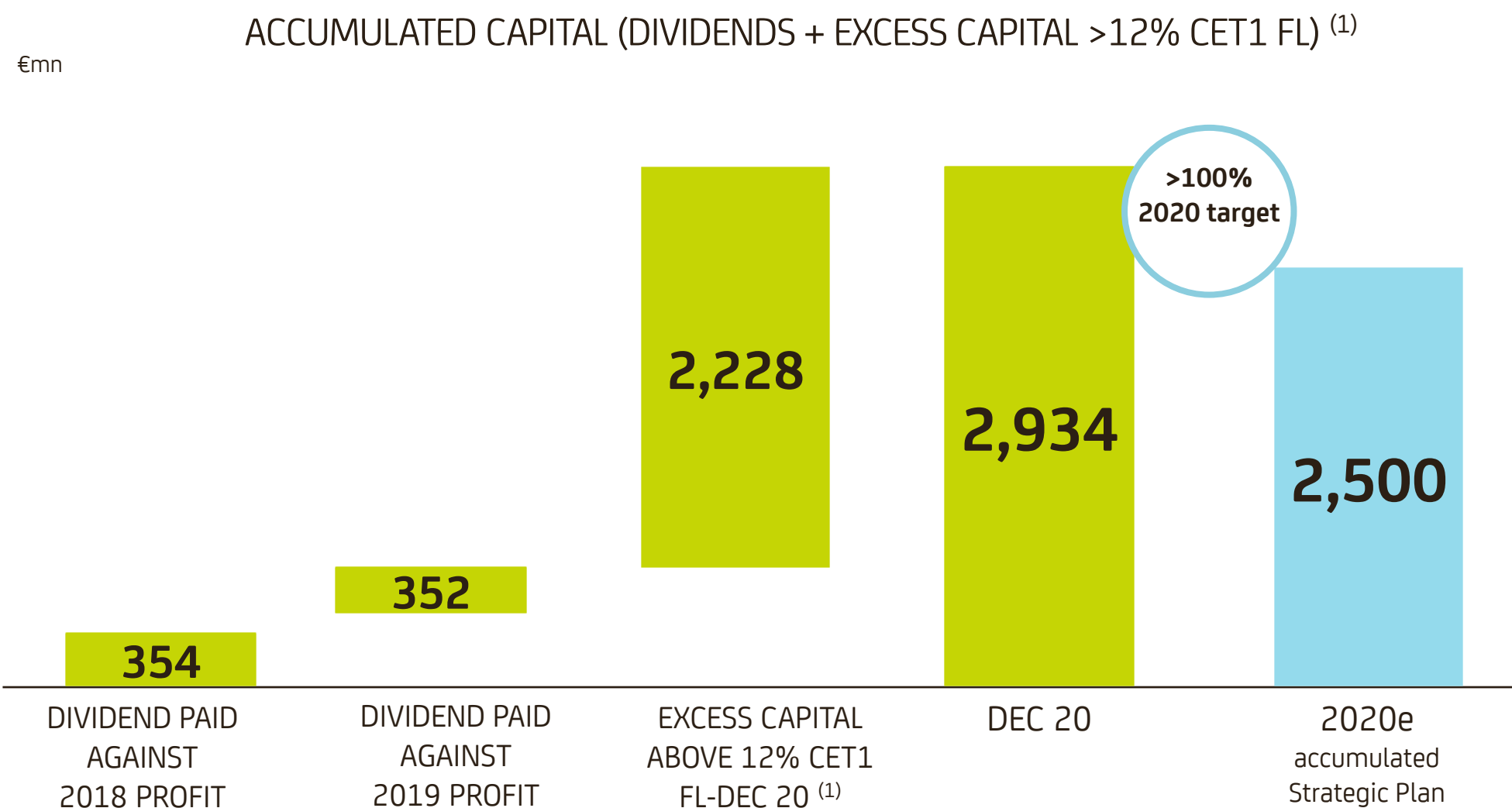
Net NPAs



> **Our journey**

4 Strategic Plan 2018 – 2020: capital generation

Capital generation milestones reached



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> **2020 Highlights**

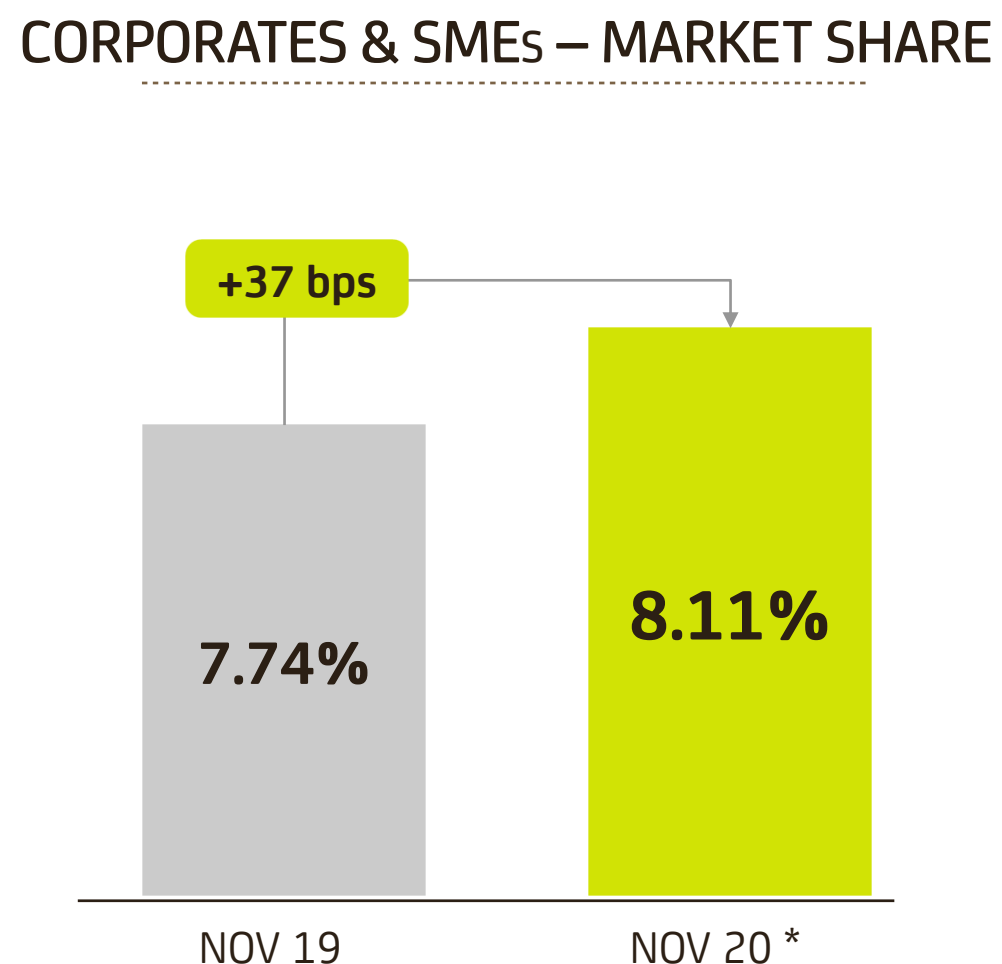
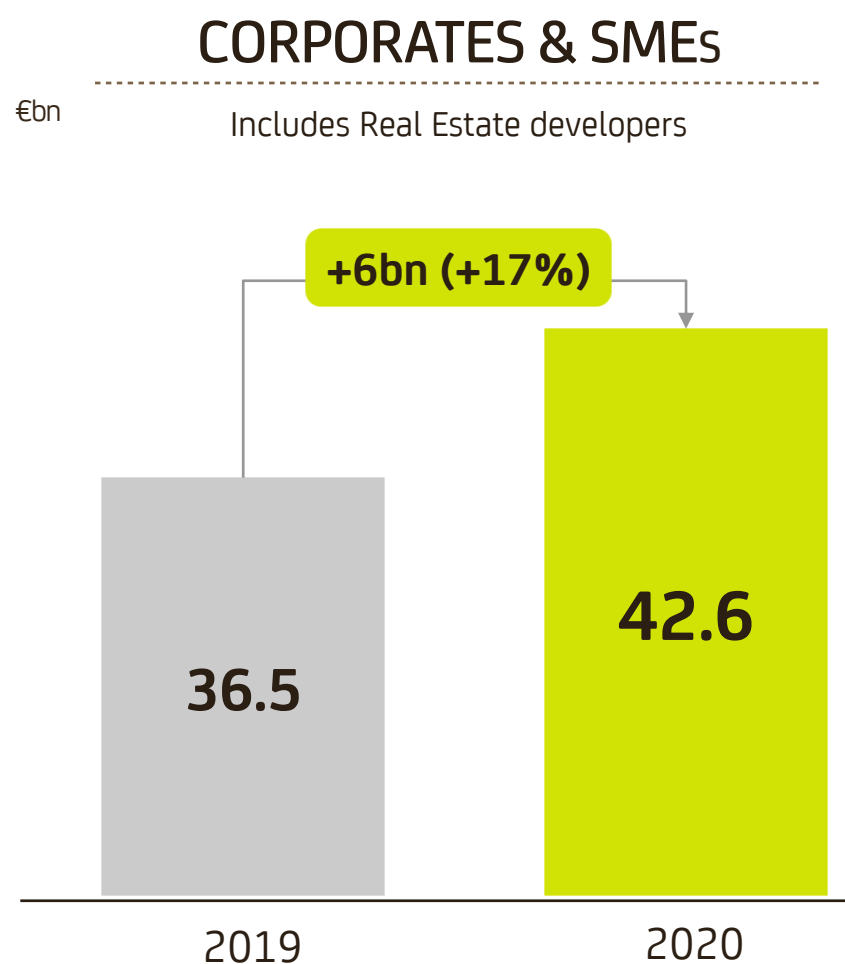
Introduction

- 1 BUSINESS**
- 2 ASSET QUALITY**
- 3 RESULTS**
- 4 CAPITAL**
- 5 MERGER PROCESS**

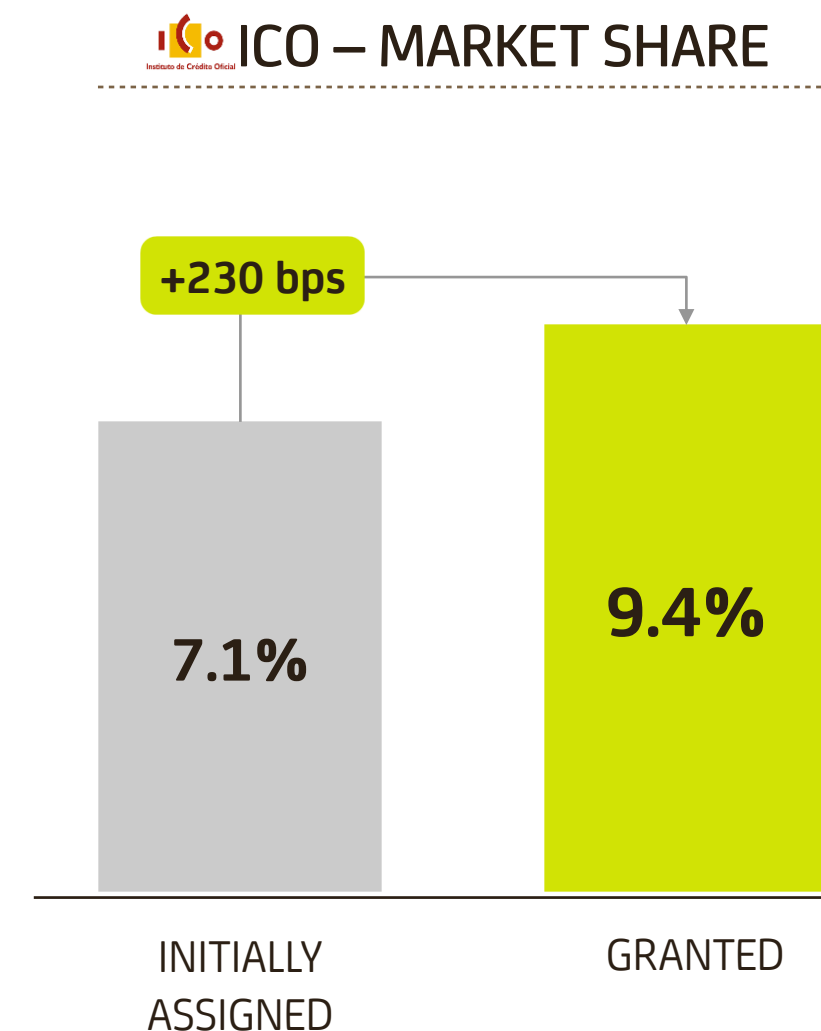
> **2020 Highlights**

Strong growth in Corporate and SME lending

ICO guarantees boost loans to corporates



* Last available market share. Source BoS

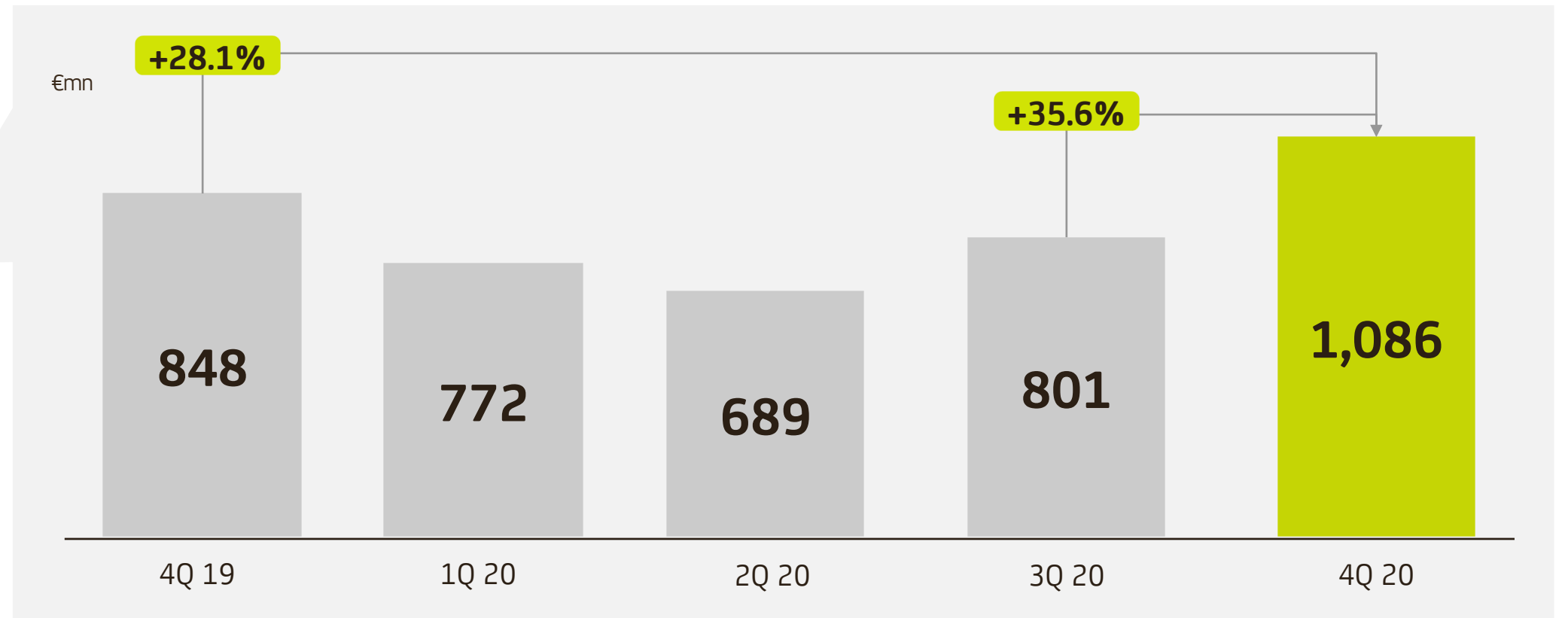
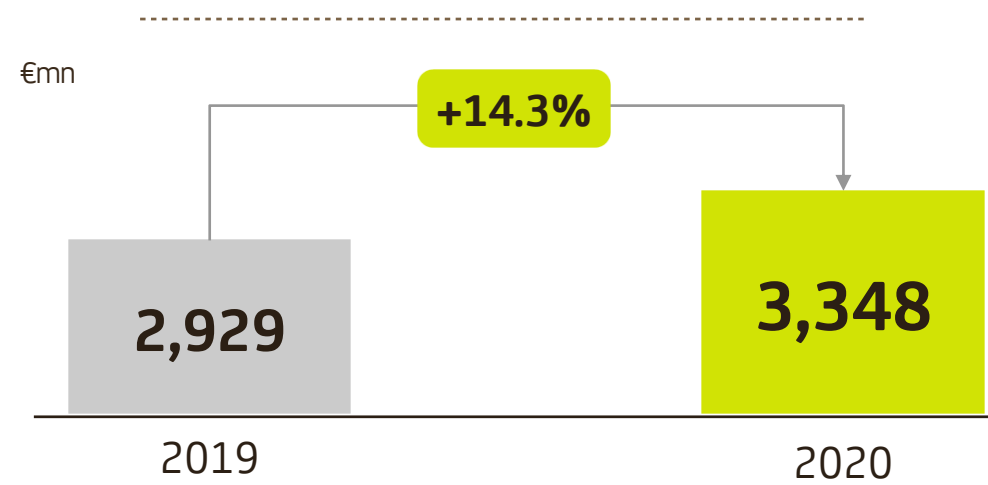


> **2020 Highlights**

Retail business recovery: mortgages

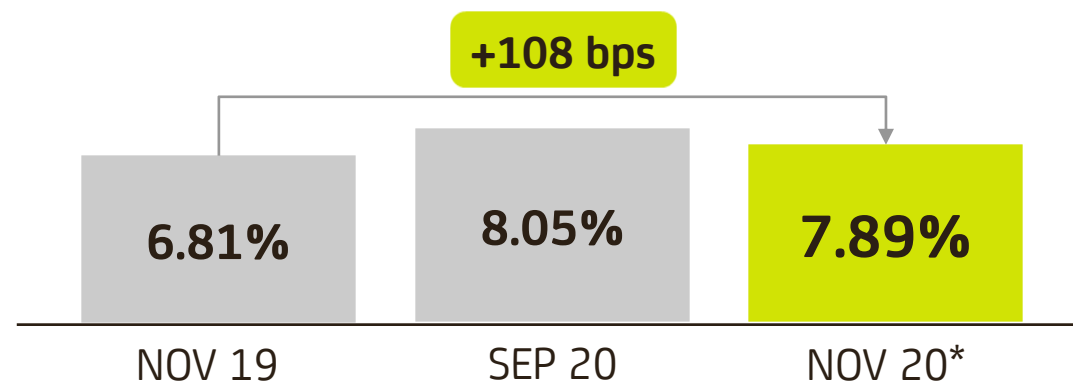
New mortgage lending sets a new record in quarter

NEW MORTGAGES



NEW MORTGAGES MARKET SHARE

% of accumulated amounts



Fixed rate mortgages

of total amount granted

67%

2020

LOAN TO VALUE

New mortgages

65%

2020

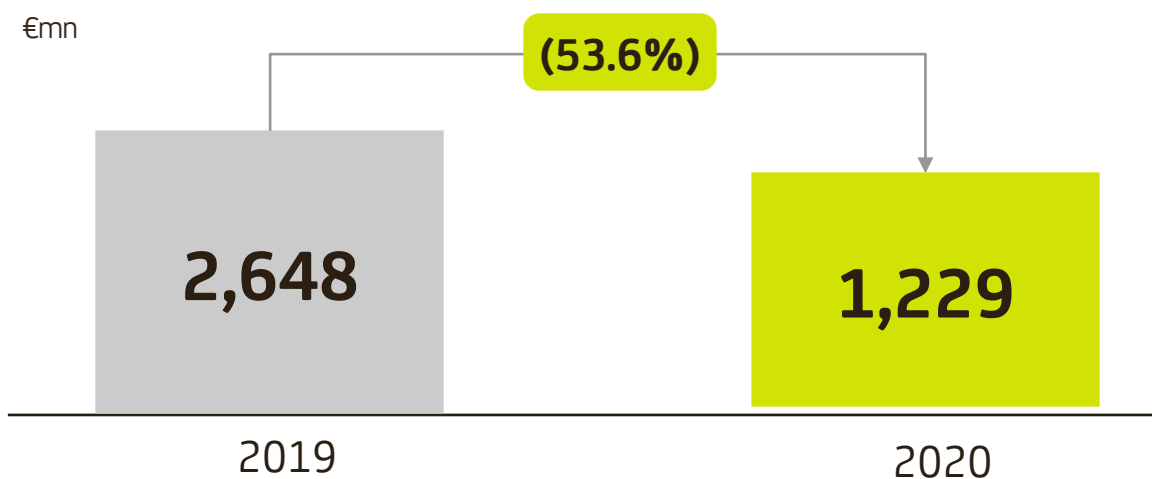
* Last available market share. Source BoS

> **2020 Highlights**

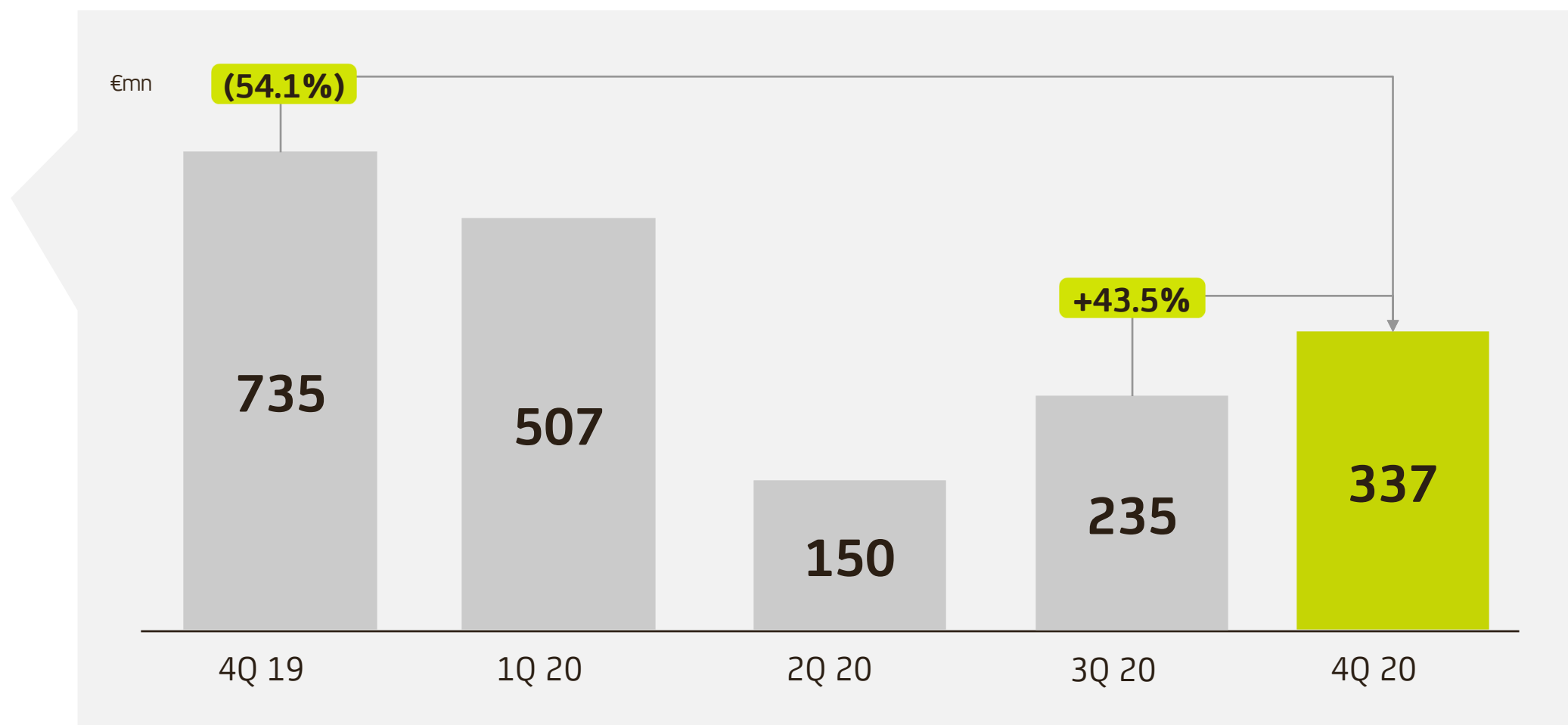
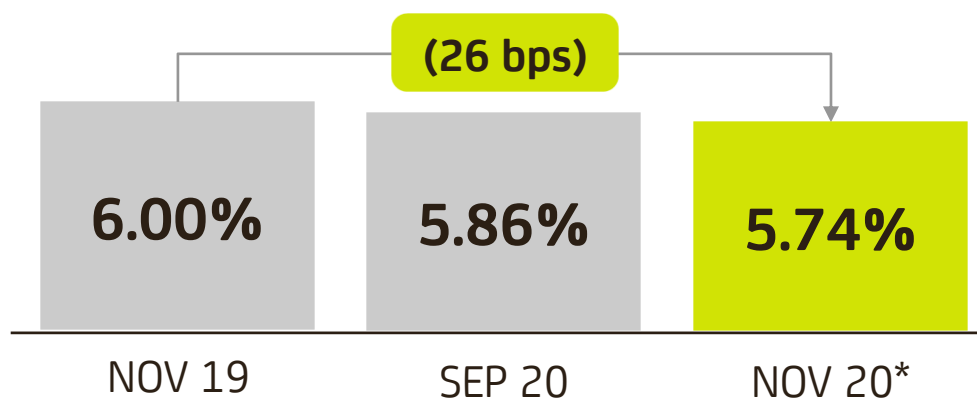
Retail business recovery: consumer finance

Gradual recovery of consumer finance lending during the year

CONSUMER FINANCE – NEW LENDING



CONSUMER FINANCE – MARKET SHARE



* Last available market share. Source BoS.

> 2020 Highlights

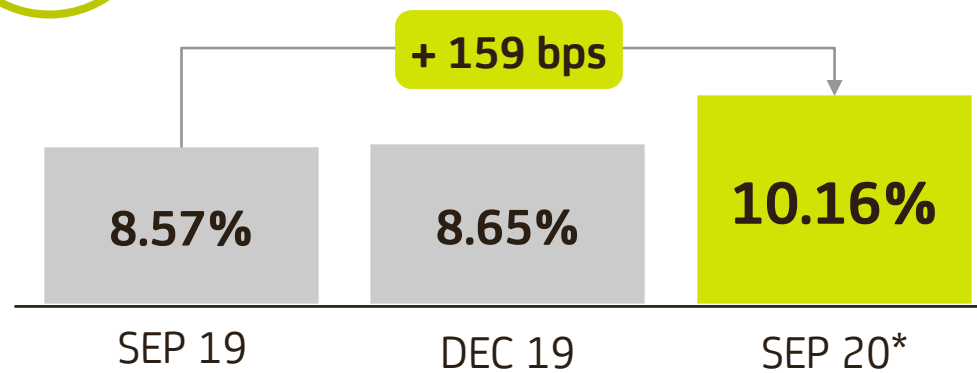
Retail business recovery: cards turnover

Payment services experience an important growth



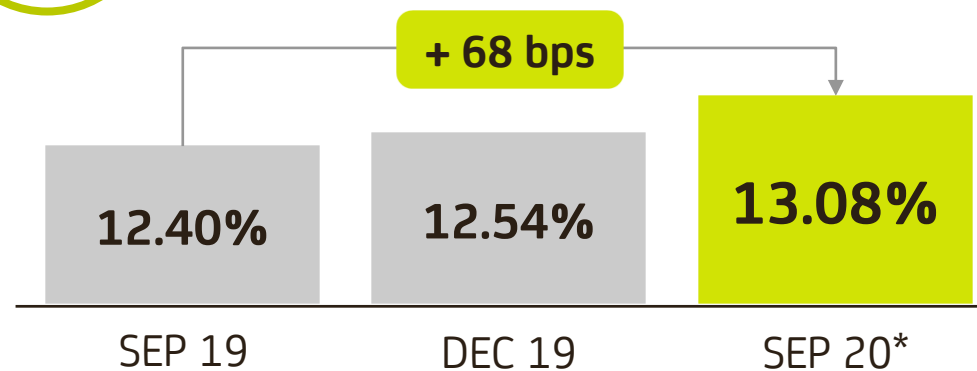
CARDS

Debit and credit cards market share



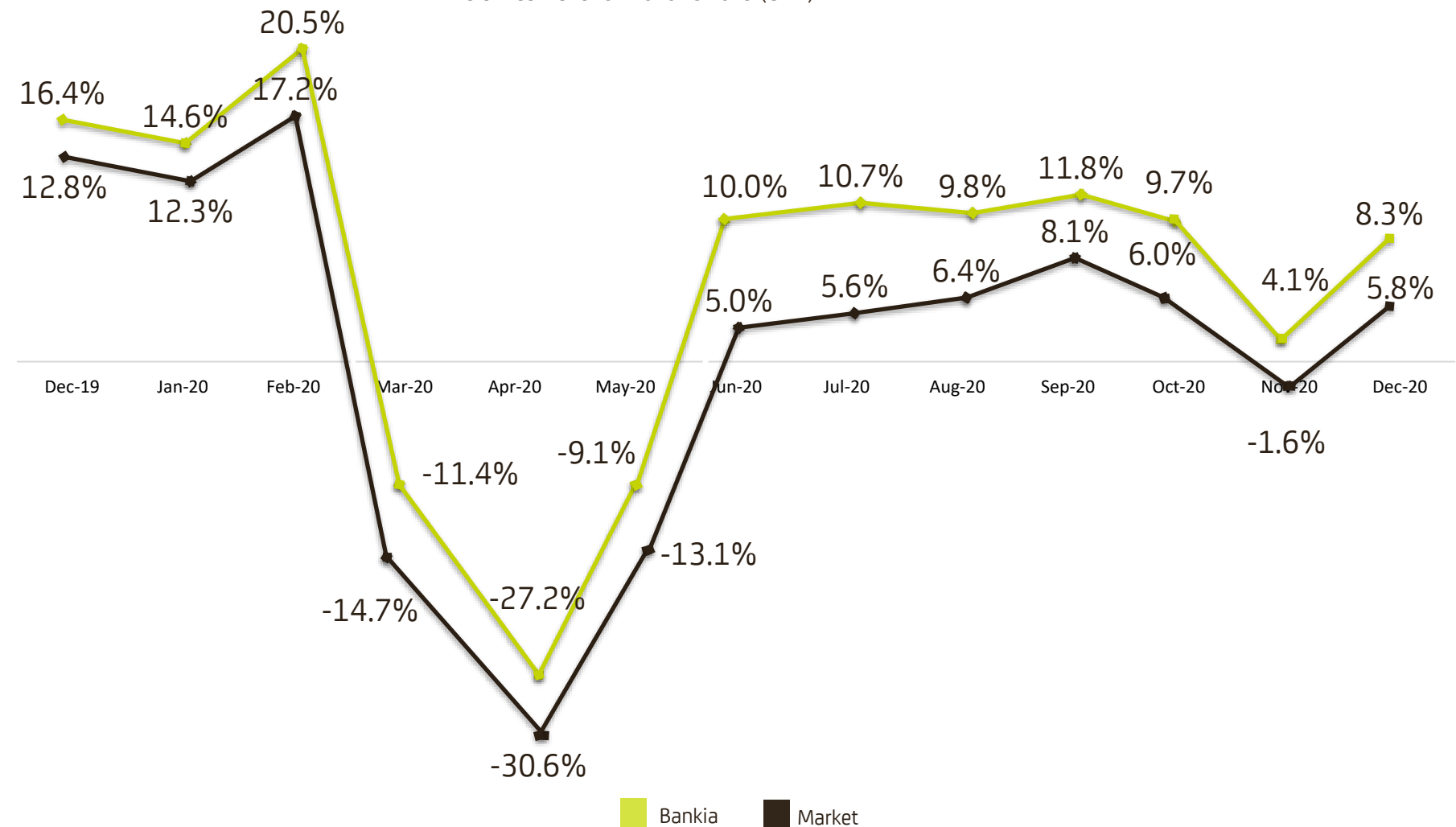
CARDS TURNOVER

Debit and credit cards accumulated market share



CARD PURCHASES TURNOVER

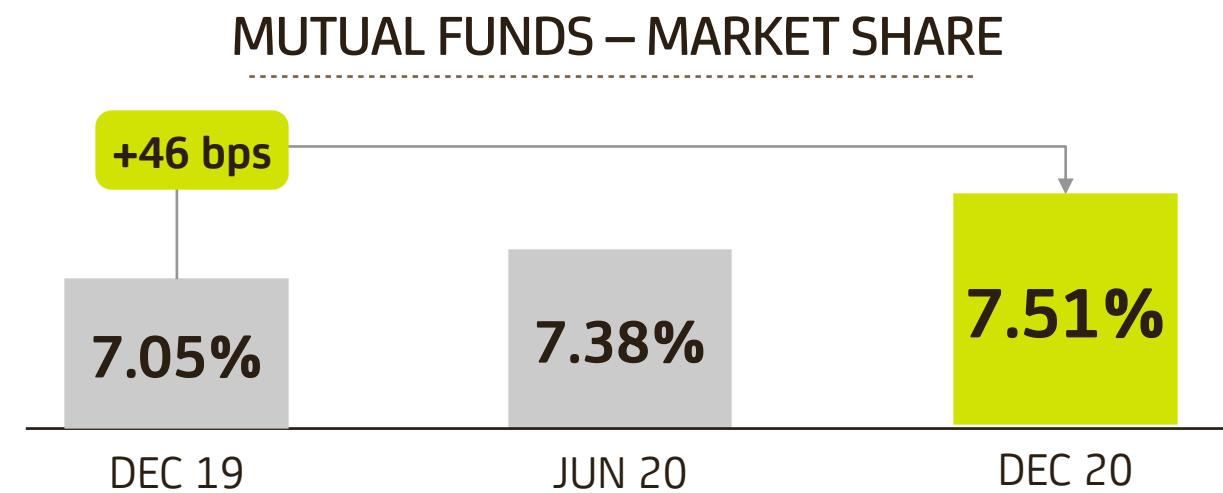
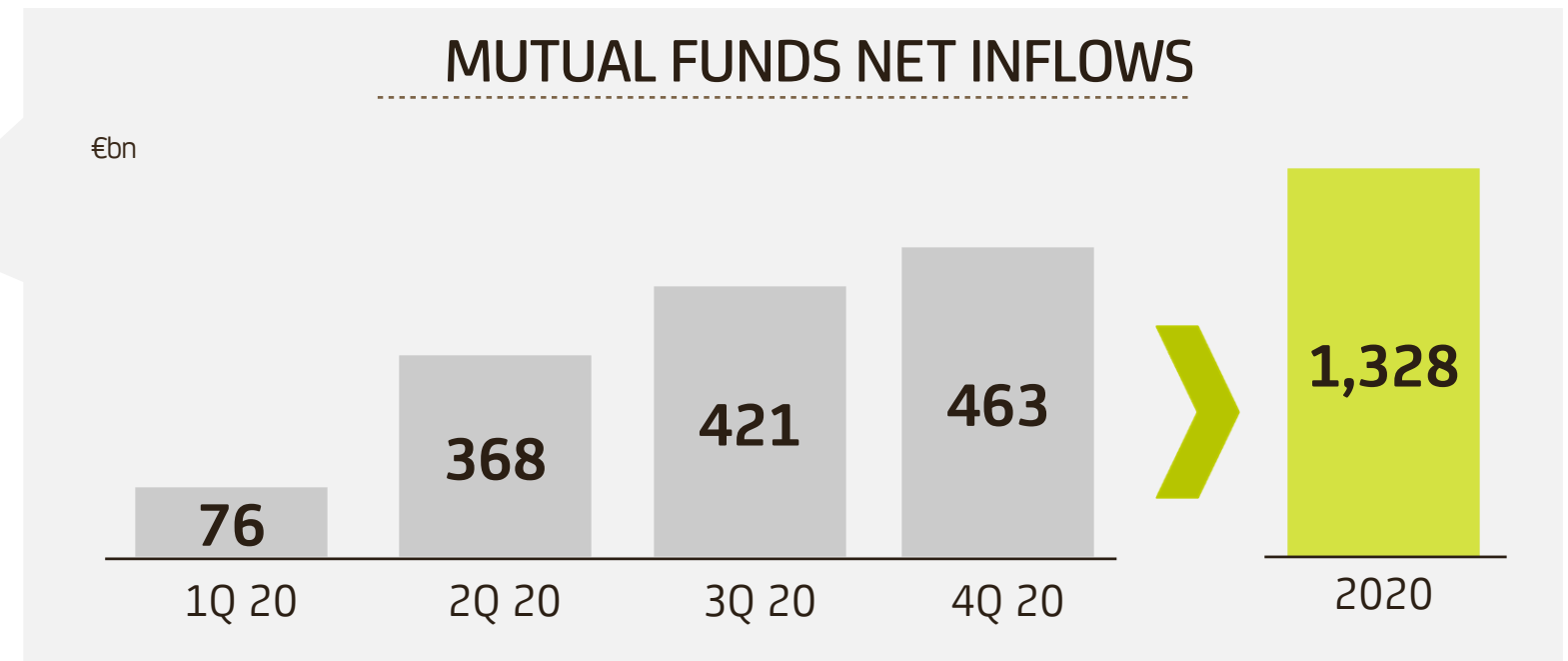
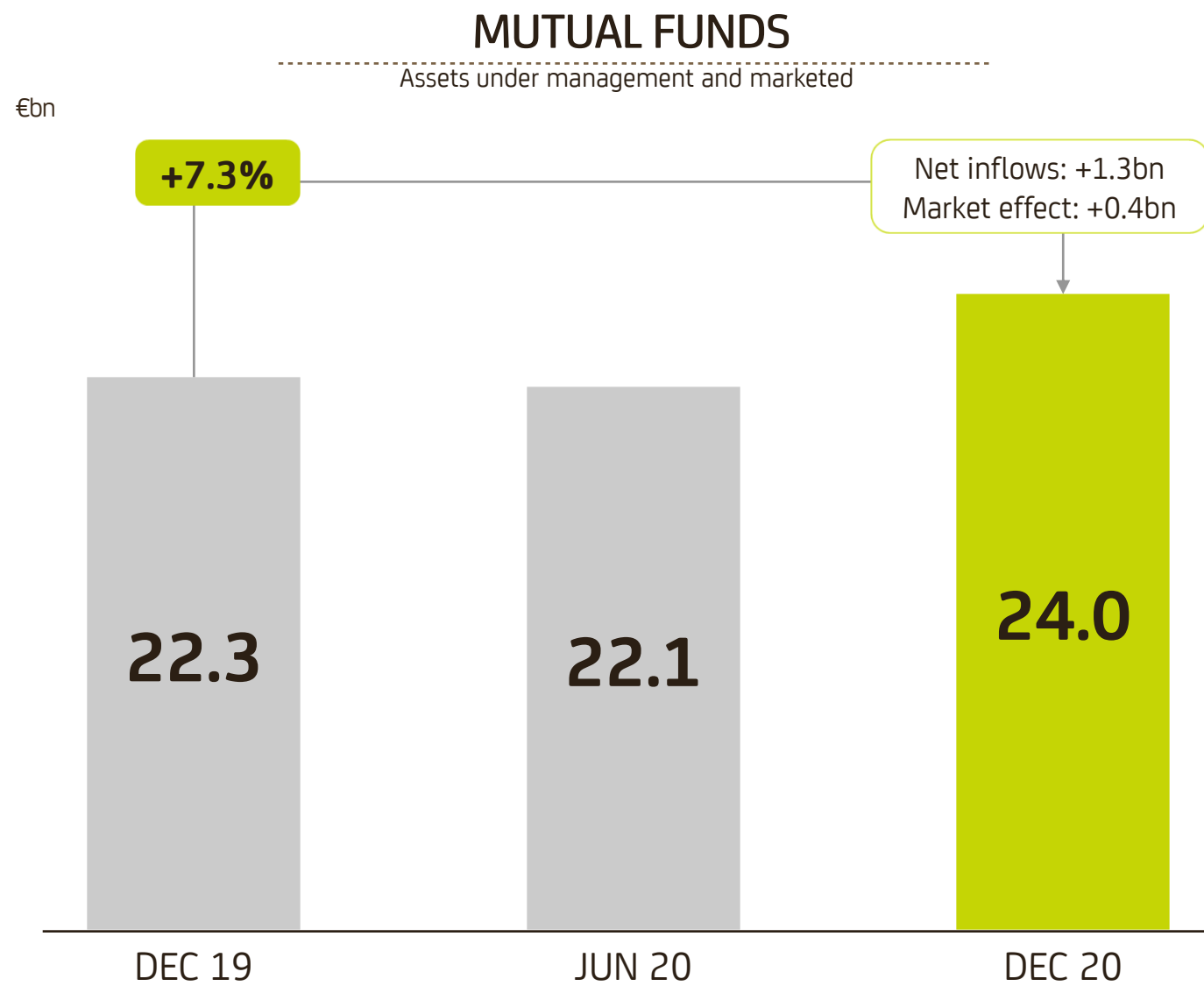
Interannual variation 2020 vs 2019 (€mn)



> **2020 Highlights**

Retail business recovery: high value products

Net inflows of mutual funds increase notably in 4Q 2020



Source: Inverco

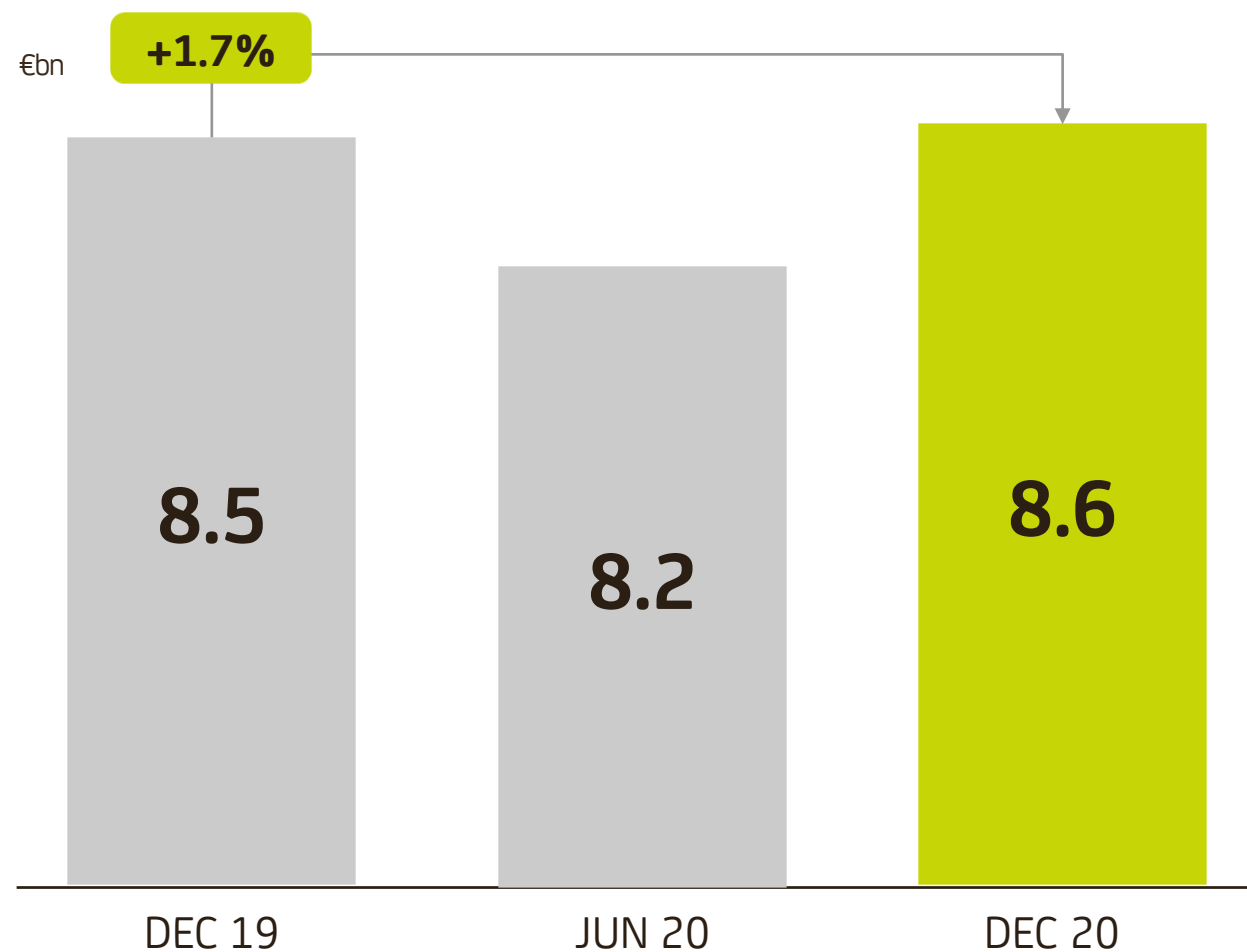
> **2020 Highlights**

Retail business recovery: high value products

Pension plans volumes and insurance turnover recover

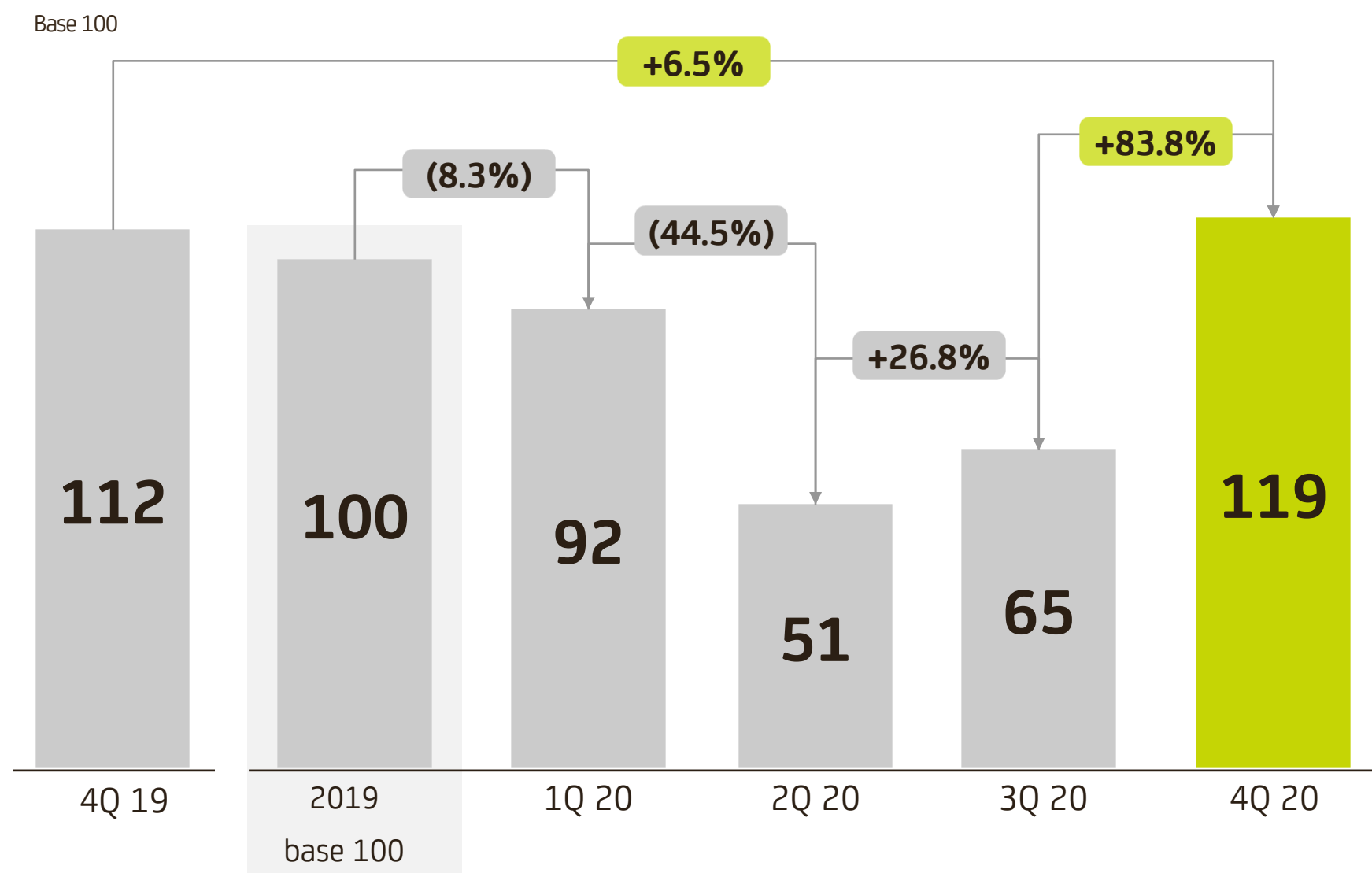
PENSION PLANS

Assets under management and marketed



INSURANCE - NEW PRODUCTION

Monthly average in base 100



> 2020 Highlights

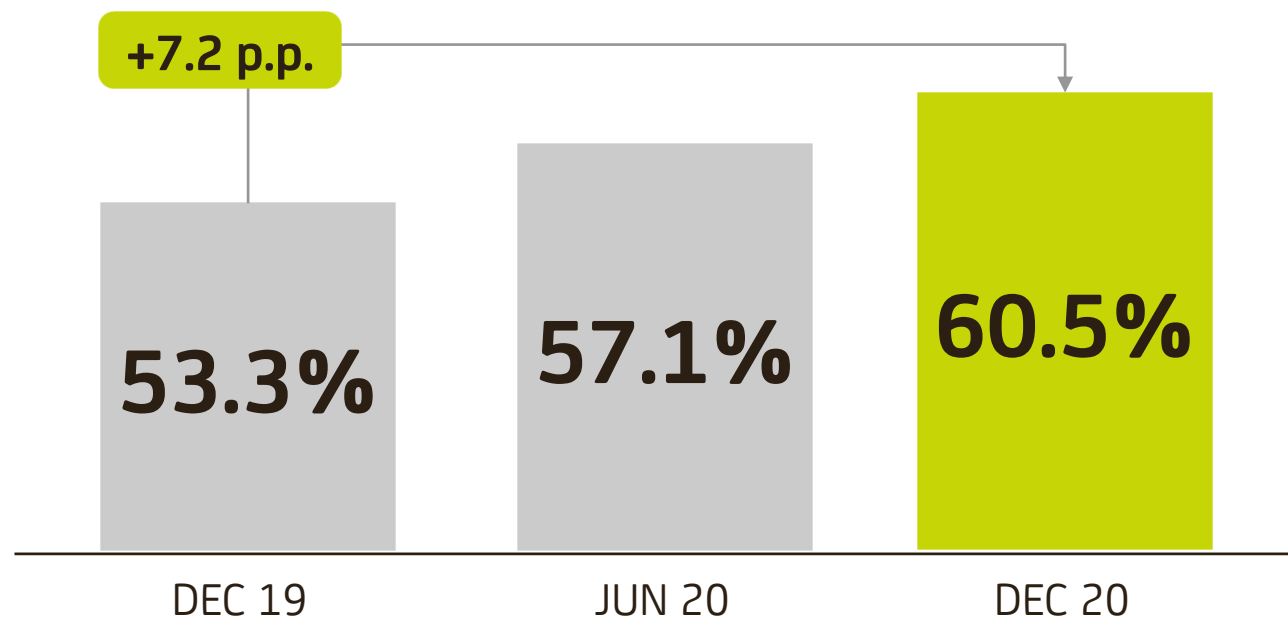
Retail business recovery: digitalization

The digitalization process of our customers continues its upward trend



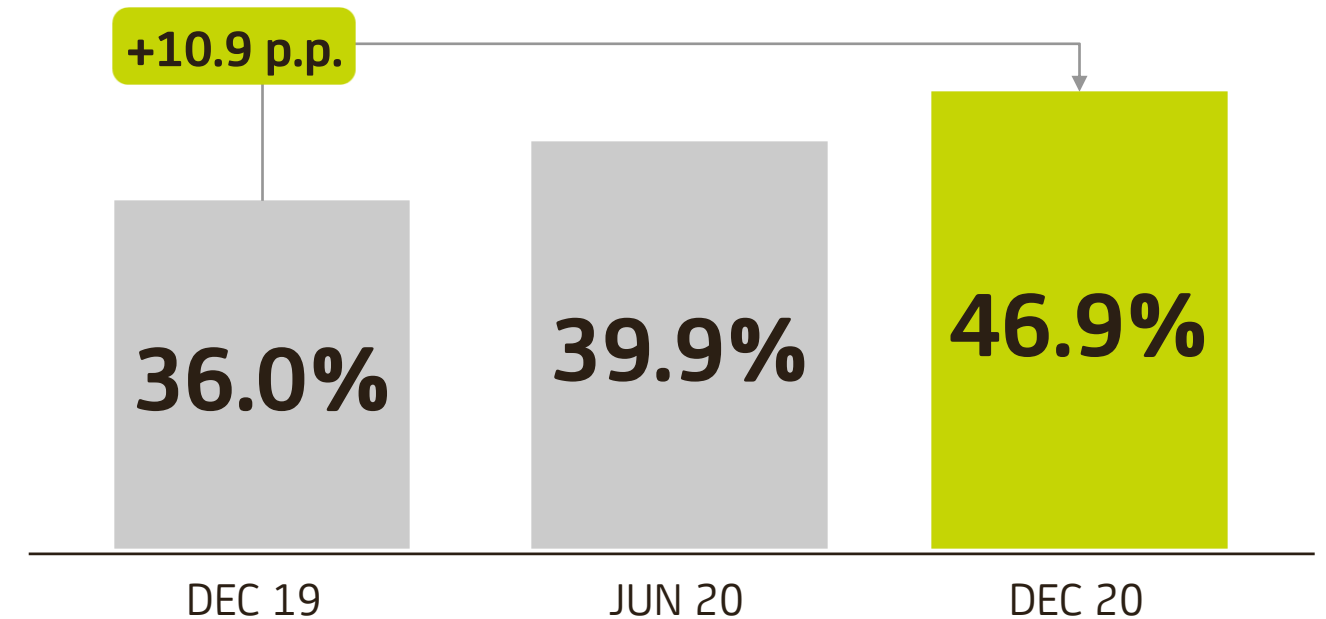
DIGITAL CUSTOMERS ⁽¹⁾

Percentage of total customers (%)



DIGITAL SALES ⁽²⁾

Digital sales divided by total Bankia sales (%)



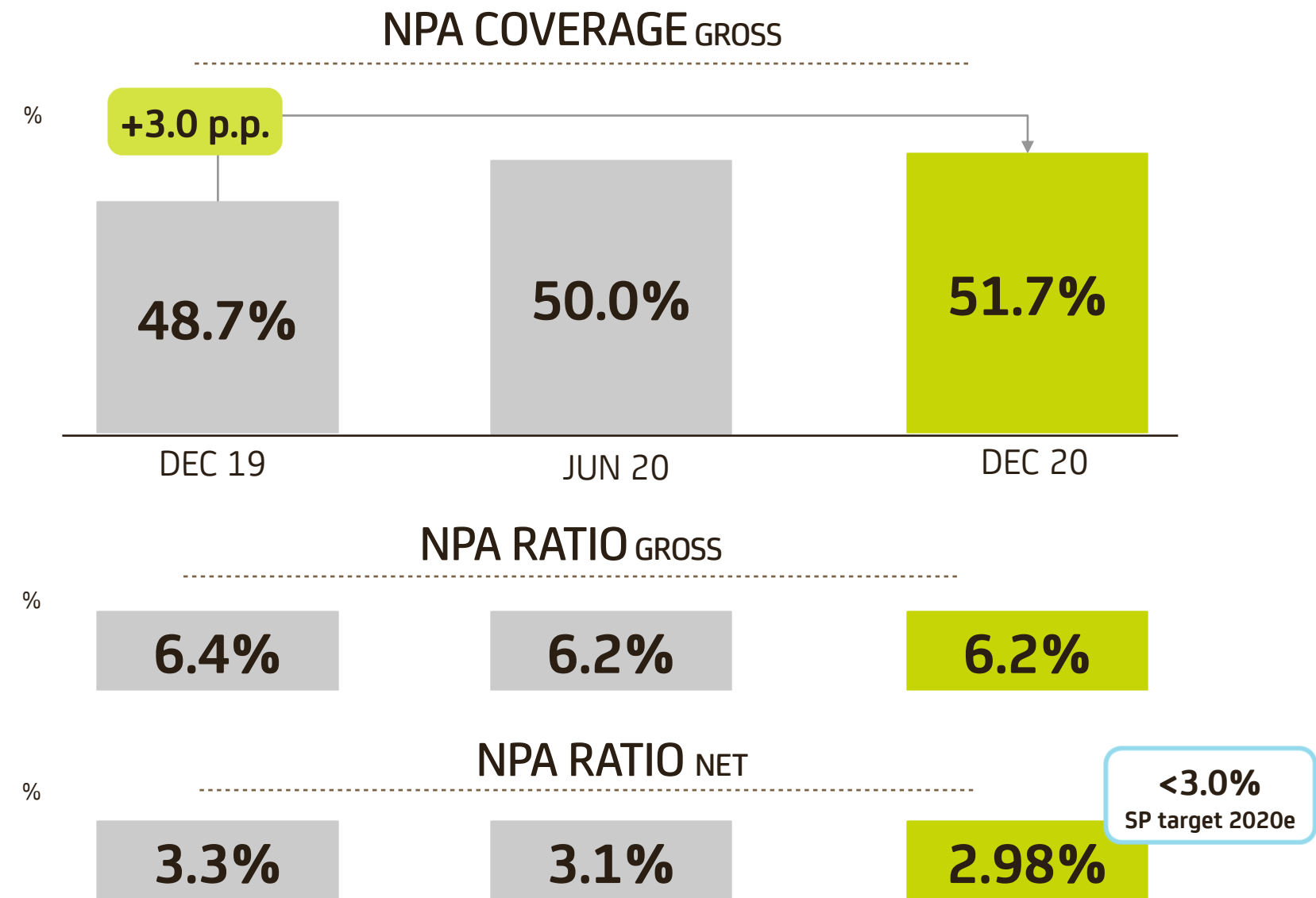
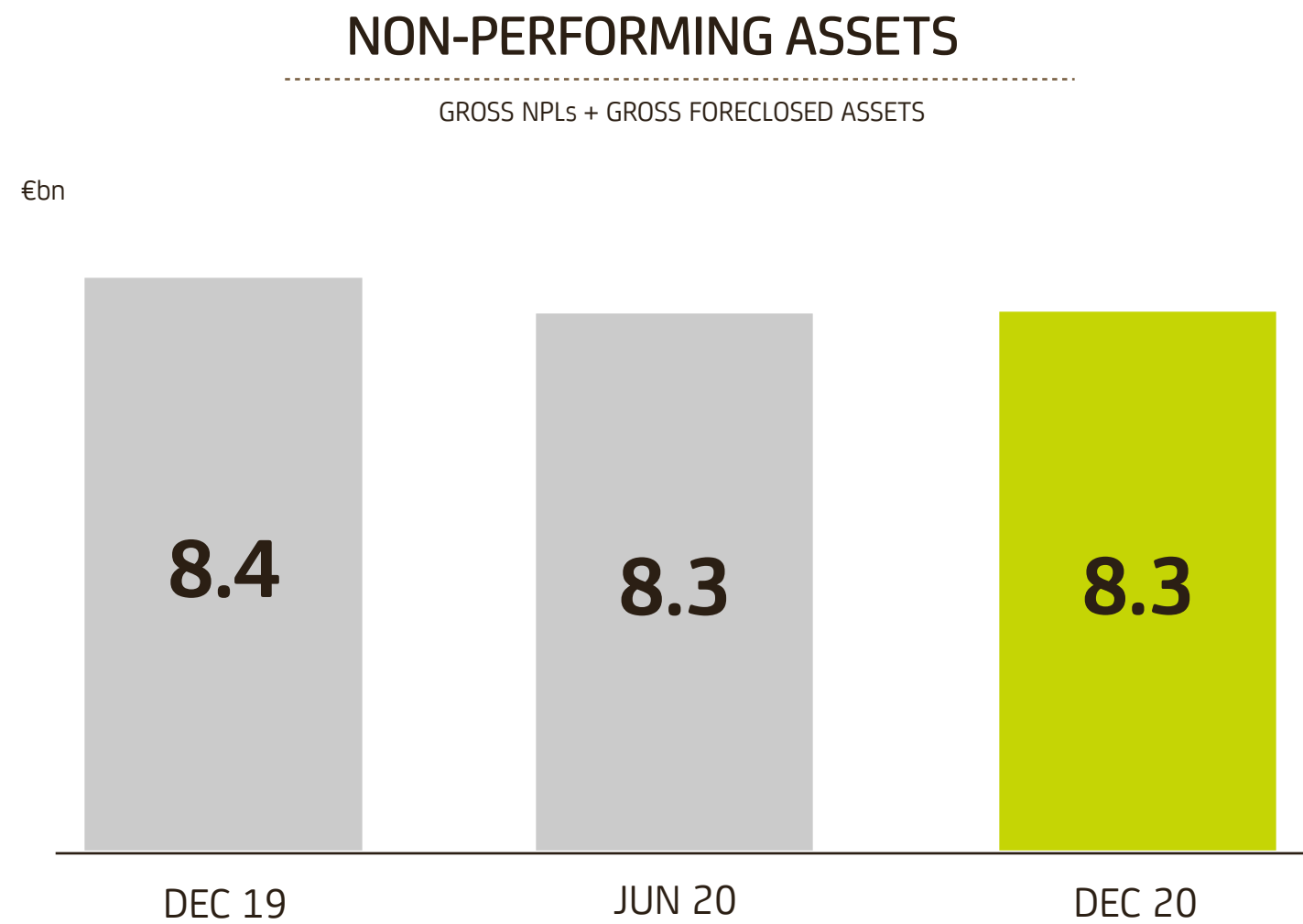
(1) Over 18 years active customers who have connected in the last 12 months at least once to an online channel (App, Bankia Online or Bankia Online-Companies). The denominator for the percentage is the number of active over 18 years customers

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

> **2020 Highlights**

Asset quality: coverage ratios increase

NPAs remain stable at year end and our strategic target is met



> 2020 Highlights

Asset quality: large volume of extraordinary provisions

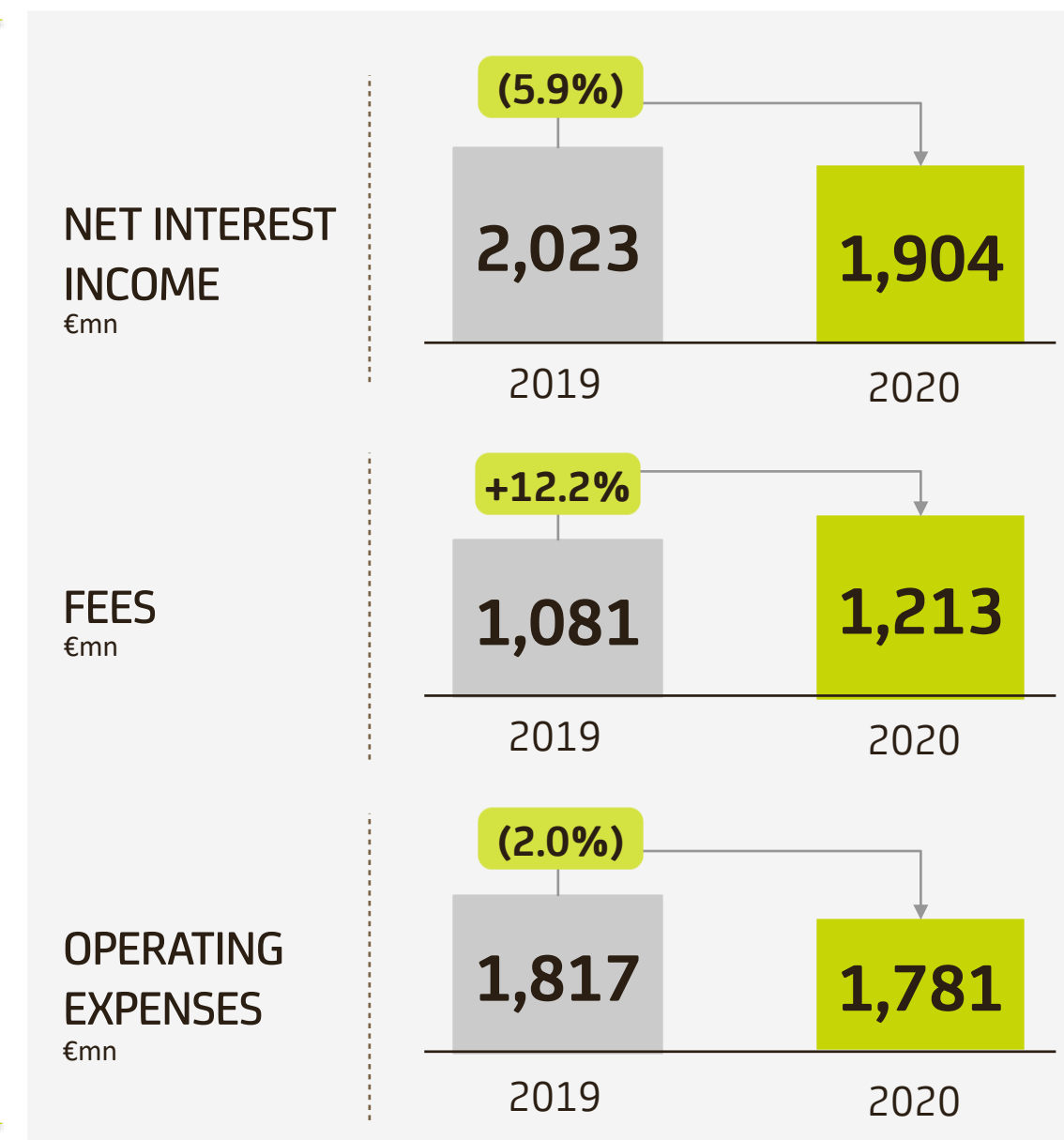
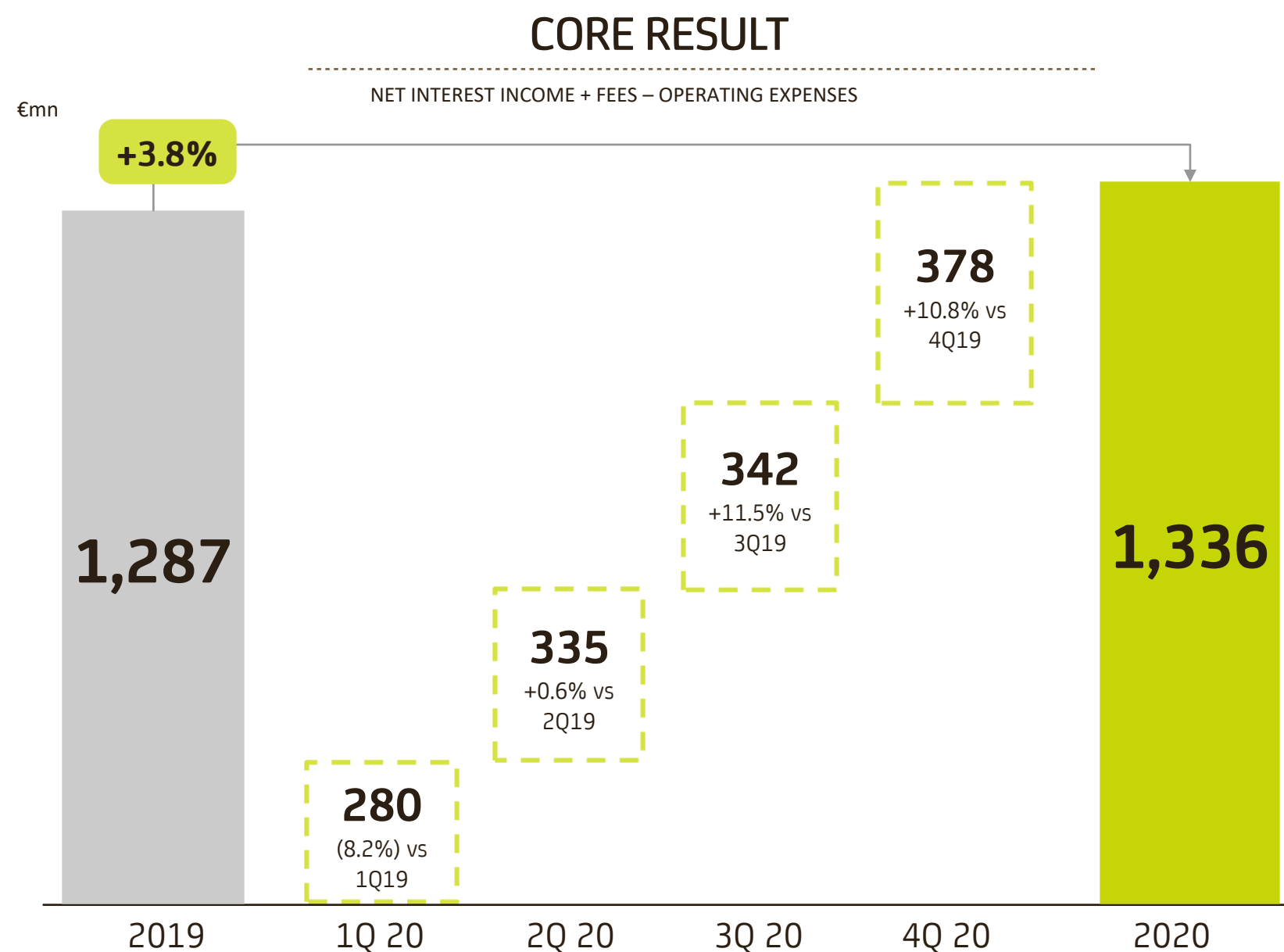
€505mn of Extraordinary COVID-19 provisions in the year



> 2020 Highlights

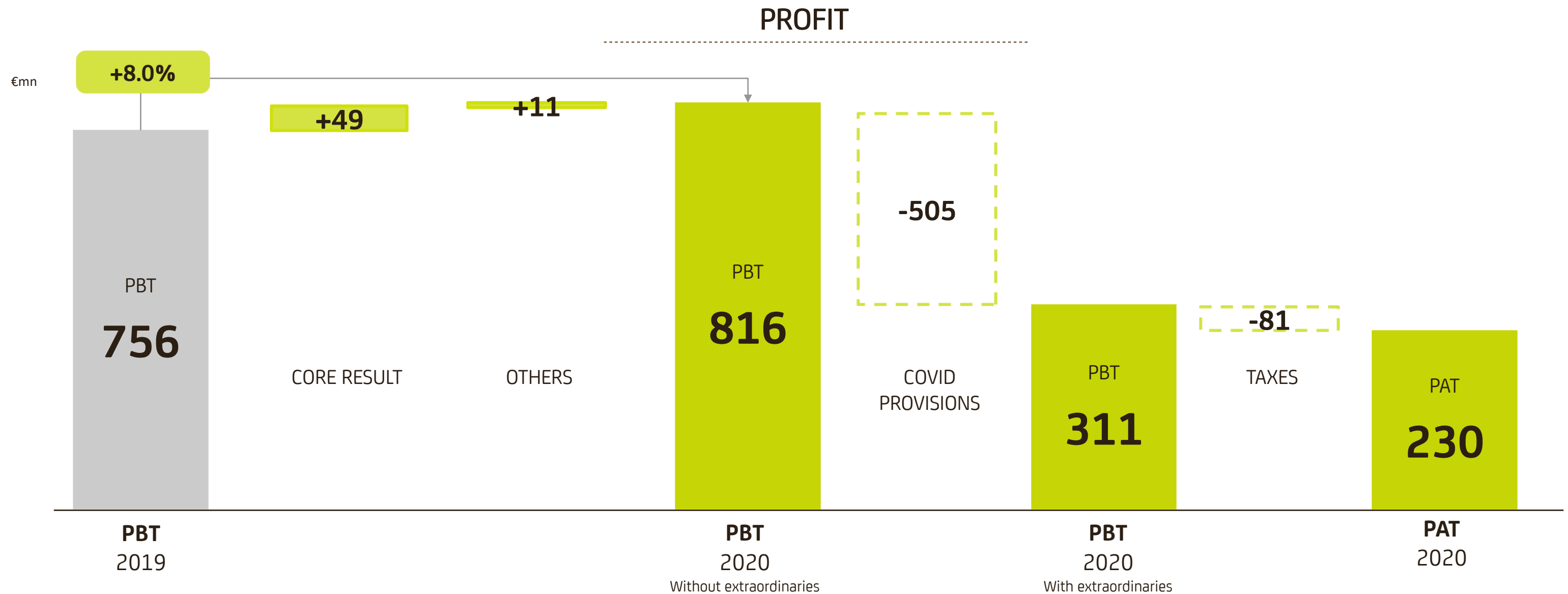
Core Result increases

Core Result grows 3.8% in the year



> **2020 Highlights**
Attributable Profit

PBT increases 8% in the year before COVID provisions

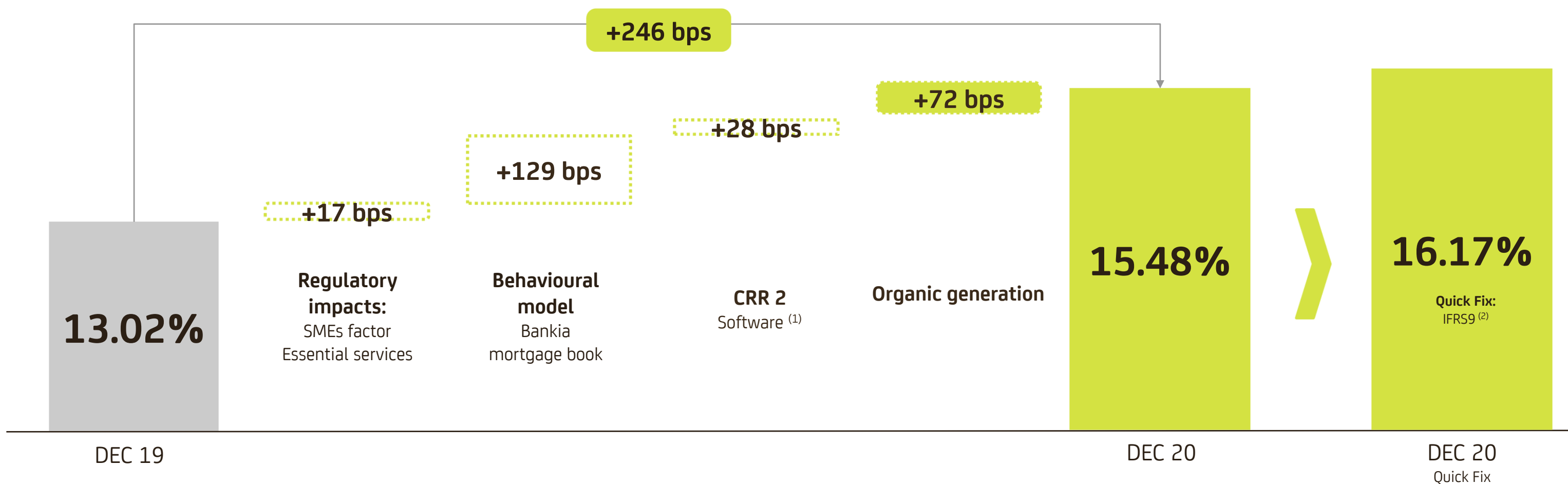


> **2020 Highlights**

High capital generation

CET1 Fully Loaded stands at 16.17%

CET1 FULLY LOADED (REGULATORY RATIO)



Maintaining the sector leadership position in capital

(1) Includes the impact of the implementation of the prudential treatment of intangible assets associated to software that is contemplated in CRR 2

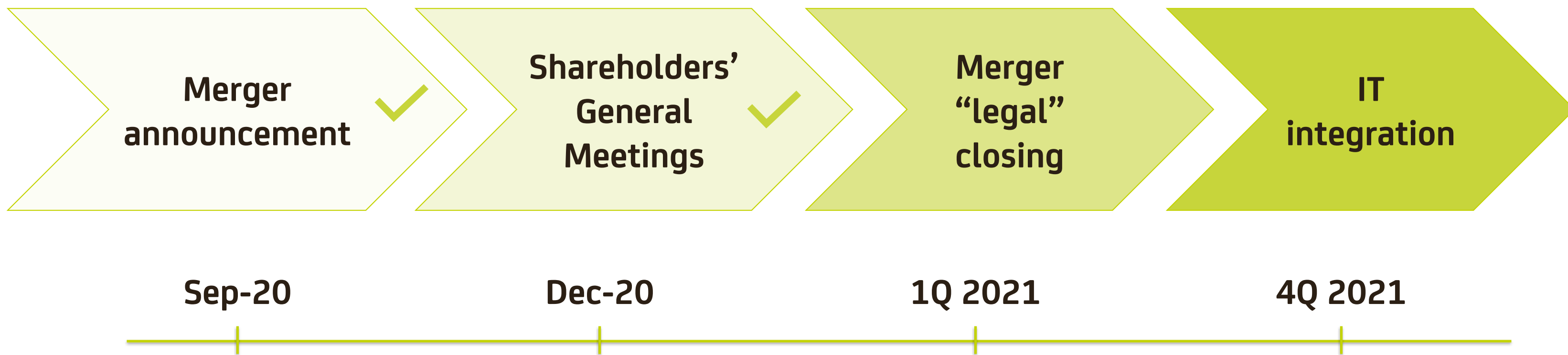
(2) Flexibility measures ("CRR 2 Quick Fix"): IFRS9 transitional impact (+69 bps)

CET1 Fully Loaded ratio excluding gains on sovereign holdings: 12.84% and 15.30%, December 2019 and December 2020, respectively. If the Quick Fix impact associated to IFRS9 were to be included in December 2020, the ratio would rise to 15.99%

> 2020 Highlights

CaixaBank-Bankia merger

Key milestones



Merger already approved in AGM and waiting for pertinent regulatory authorisations

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> 2020 Results

Accumulated income statement – Bankia Group

	2019	2020	Var. 2020 vs 2019
€mn			
Net interest income	2,023	1,904	(5.9%)
Fees	1,081	1,213	12.2%
Net trading income	298	147	(50.7%)
Other income	(157)	(176)	12.0%
Gross income	3,245	3,088	(4.8%)
Operating expenses	(1,817)	(1,781)	(2.0%)
Pre-provision profit	1,428	1,308	(8.4%)
Total provisions and other results	(672)	(492)	(26.7%)
of which financial and non-financial assets provisions	(482)	(576)	19.3%
of which other provisions and other results	(190)	84	-
Profit before taxes before COVID-19 provision	756	816	8.0%
Extraordinary COVID-19 provision	-	(505)	-
Profit before taxes after COVID-19 provision	756	311	(58.8%)
Profit attributable to the Group	541	230	(57.6%)
“Core” Result ⁽¹⁾	1,287	1,336	3.8%

> 2020 Results

Quarterly income statement – Bankia Group

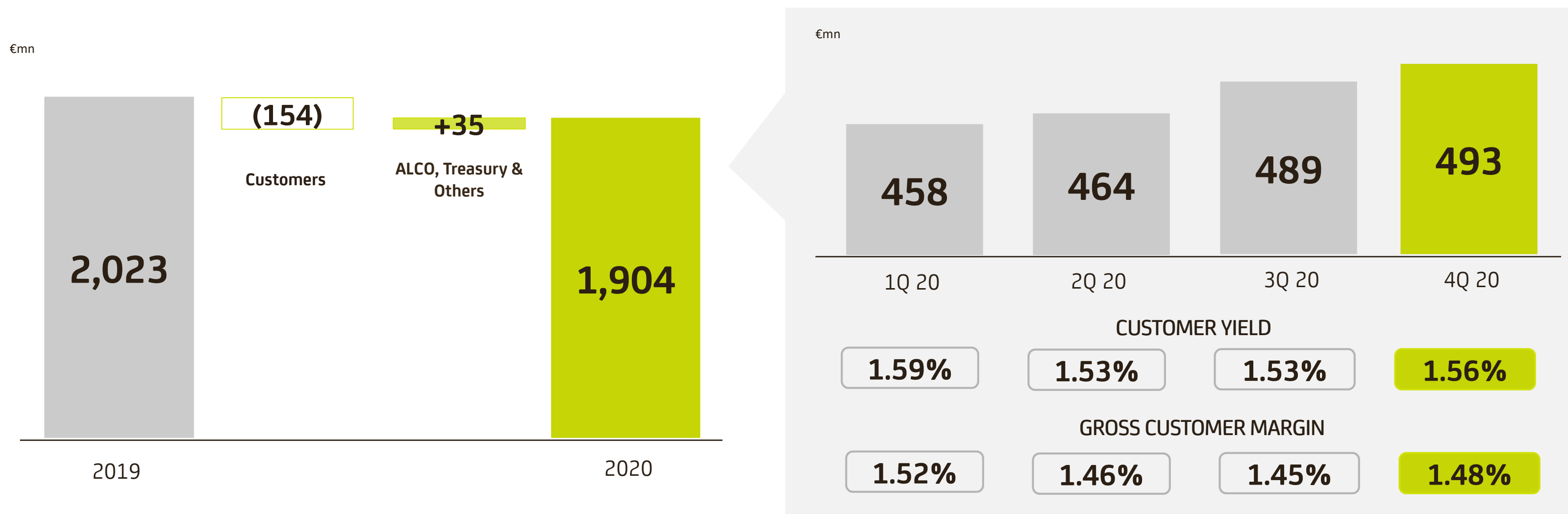
€mn	1Q 20	2Q 20	3Q 20	4Q 20	Var. 4Q 20 vs 3Q 20
Net interest income	458	464	489	493	1.0%
Fees	284	300	296	333	12.3%
Net trading income	64	66	3	14	-
Other income	17	(46)	0	(147)	-
Gross income	823	784	788	693	(12.0%)
Operating expenses	(461)	(429)	(442)	(448)	1.3%
Pre-provision profit	361	355	346	245	(29.1%)
Total provisions and other results	(114)	(123)	(143)	(111)	(22.1%)
of which financial and non-financial assets provisions	(88)	(105)	(179)	(204)	14.1%
of which other provisions and other results	(26)	(18)	36	93	-
Profit before taxes before COVID-19 provision	247	233	203	134	(34.0%)
Extraordinary COVID-19 provision	(125)	(185)	(155)	(40)	(74.2%)
Profit before taxes after COVID-19 provision	122	48	48	94	95.9%
Profit attributable to the Group	94	48	37	50	33.4%
“Core” Result ⁽¹⁾	280	335	342	378	10.4%

> **2020 Results**

Net interest income

NII increases quarter on quarter

NET INTEREST INCOME

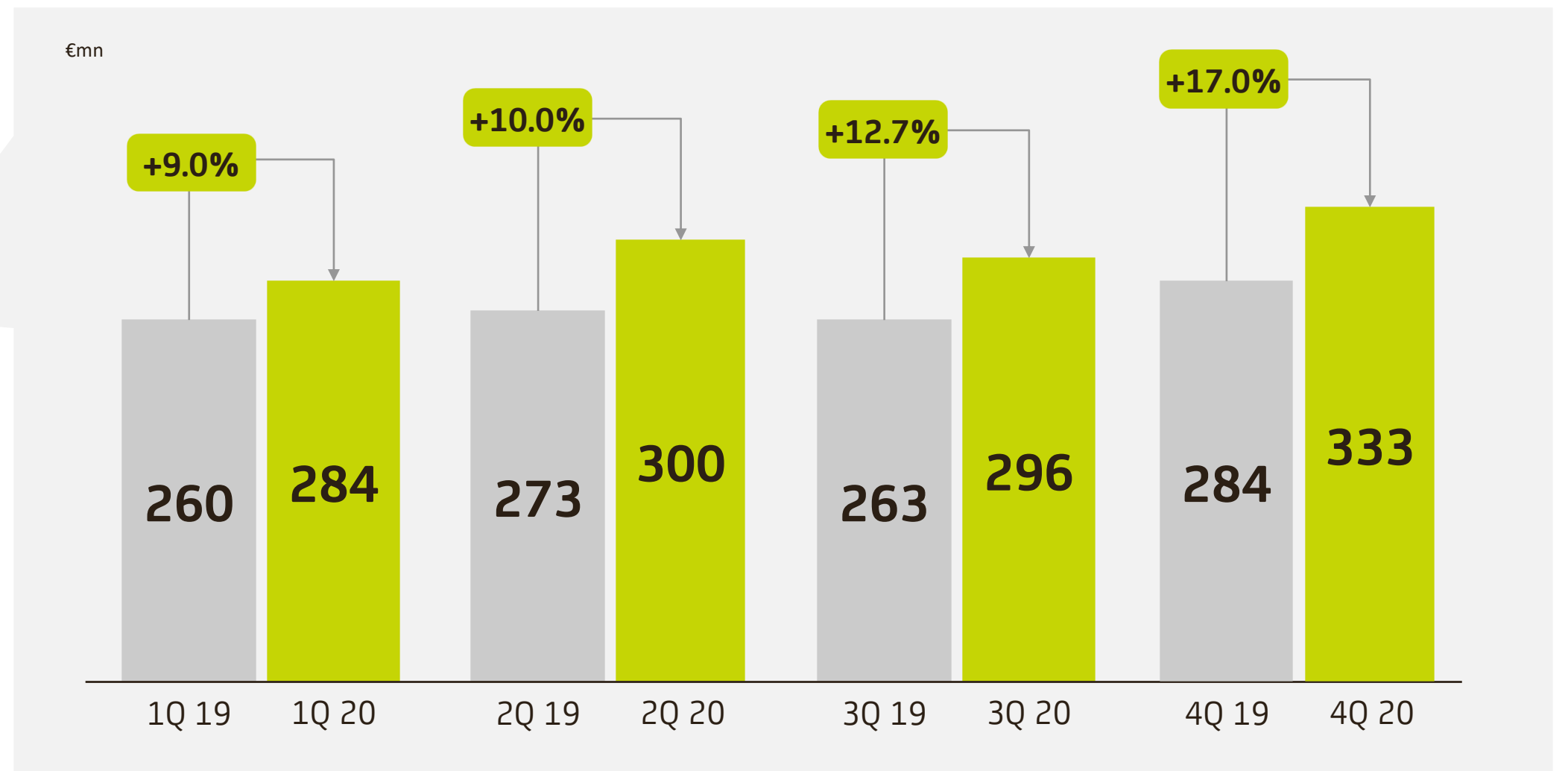
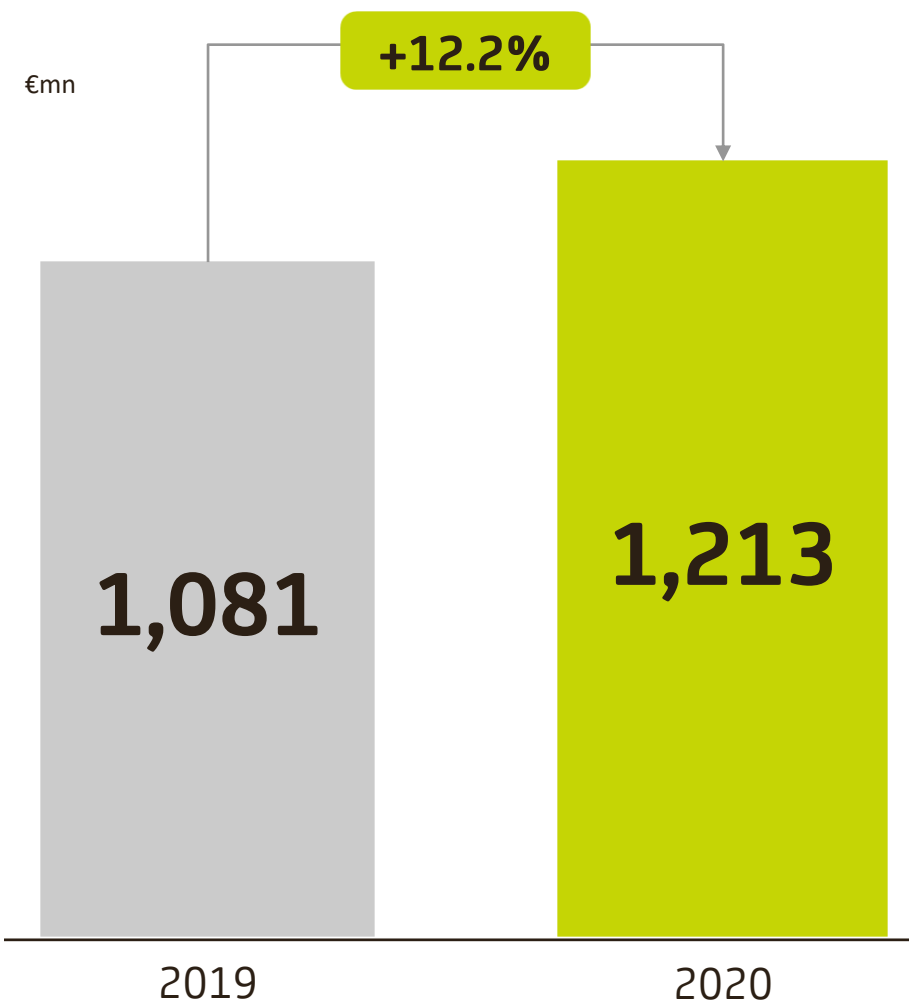


> 2020 Results

Fees

Double digit growth in Fees

NET FEES

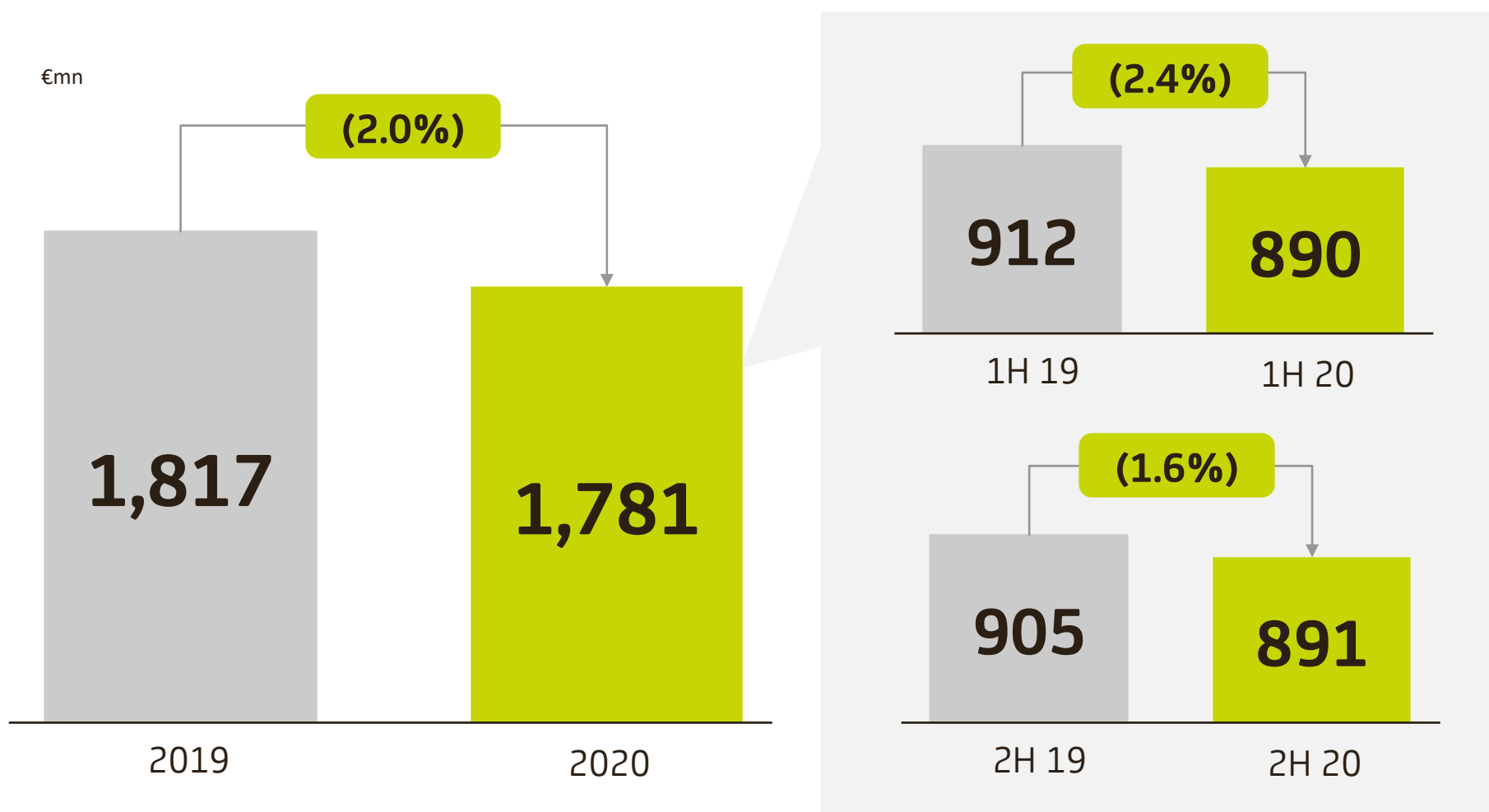


> 2020 Results

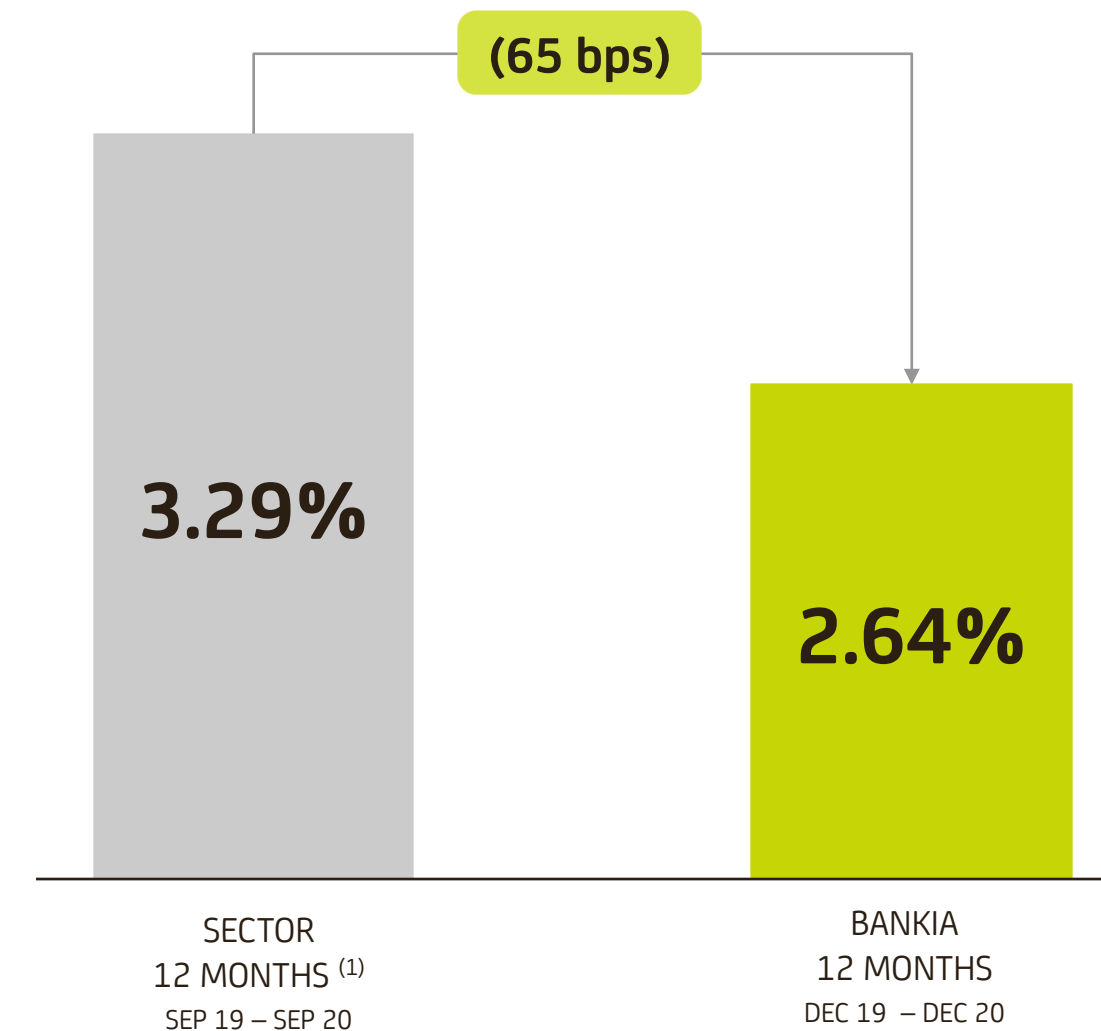
Operating expenses

Operating expenses reduce by 2.0% y-o-y

OPERATING EXPENSES



OPERATING EXPENSES/RWAs

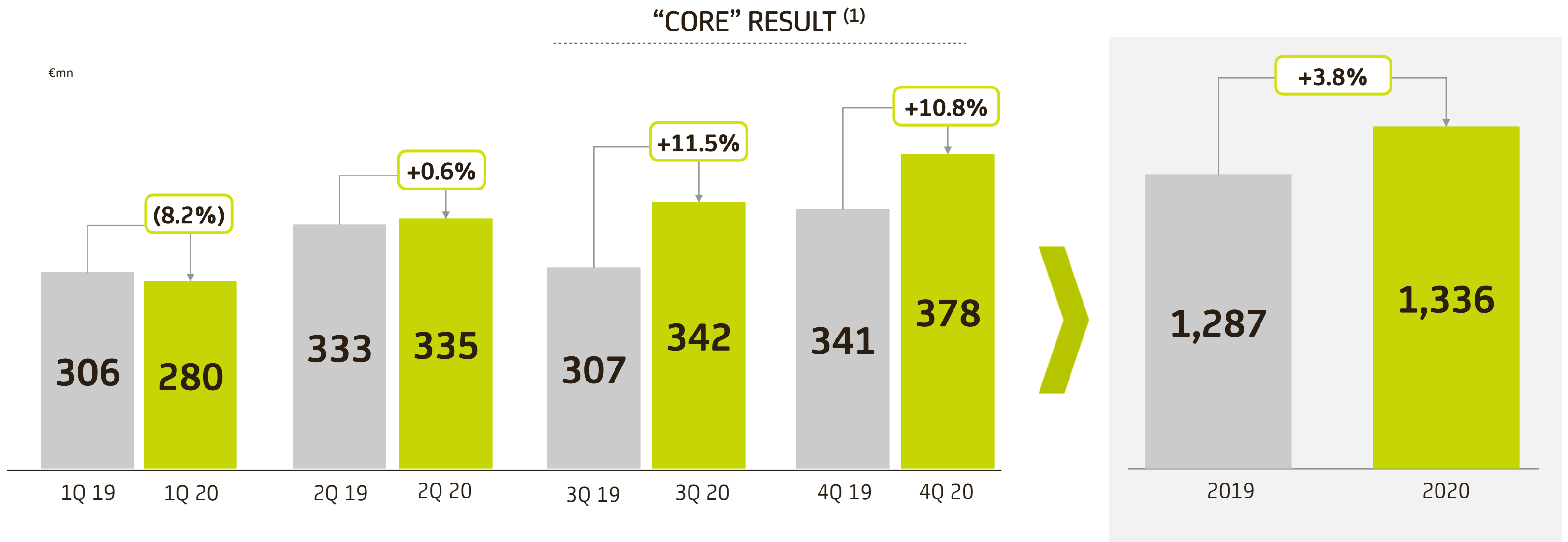


⁽¹⁾ Sector data includes peers: Santander, BBVA, CaixaBank, B. Sabadell & Bankinter

> **2020 Results**

Core Result

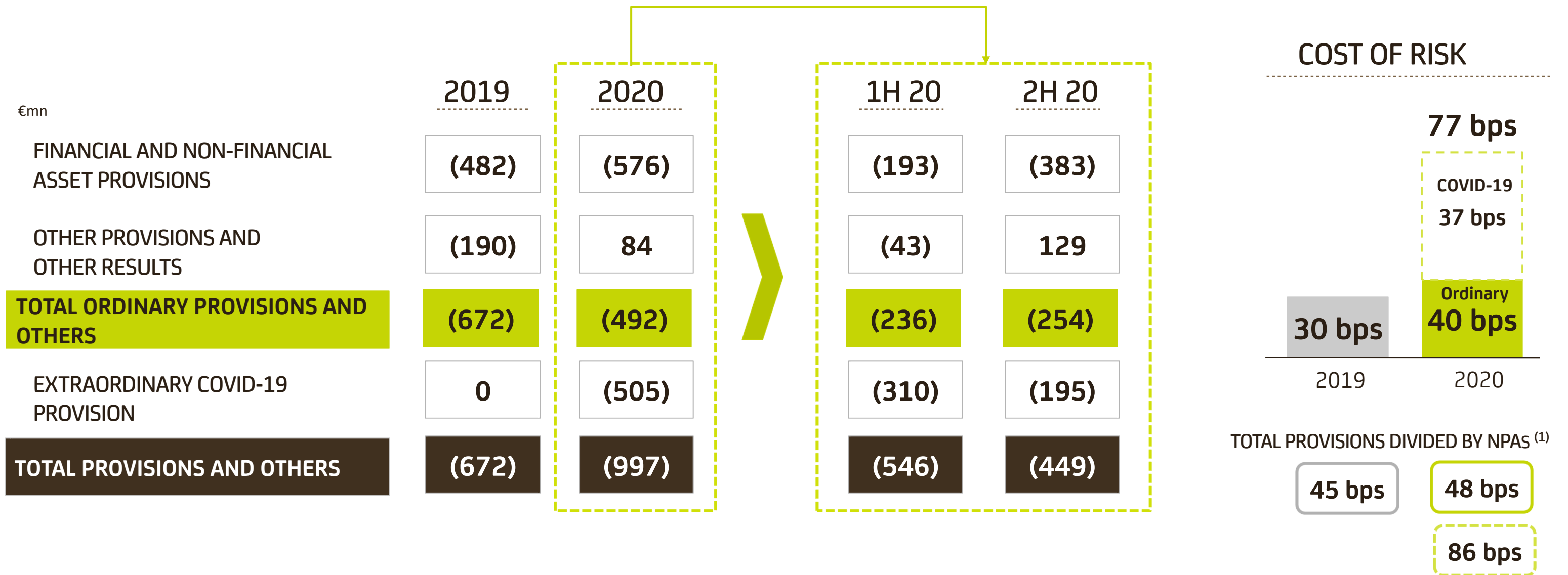
Core Result confirms its positive trend underpinned by fee growth



> **2020 Results**

Cost of Risk

Ordinary cost of risk at expected levels given the pandemic situation



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

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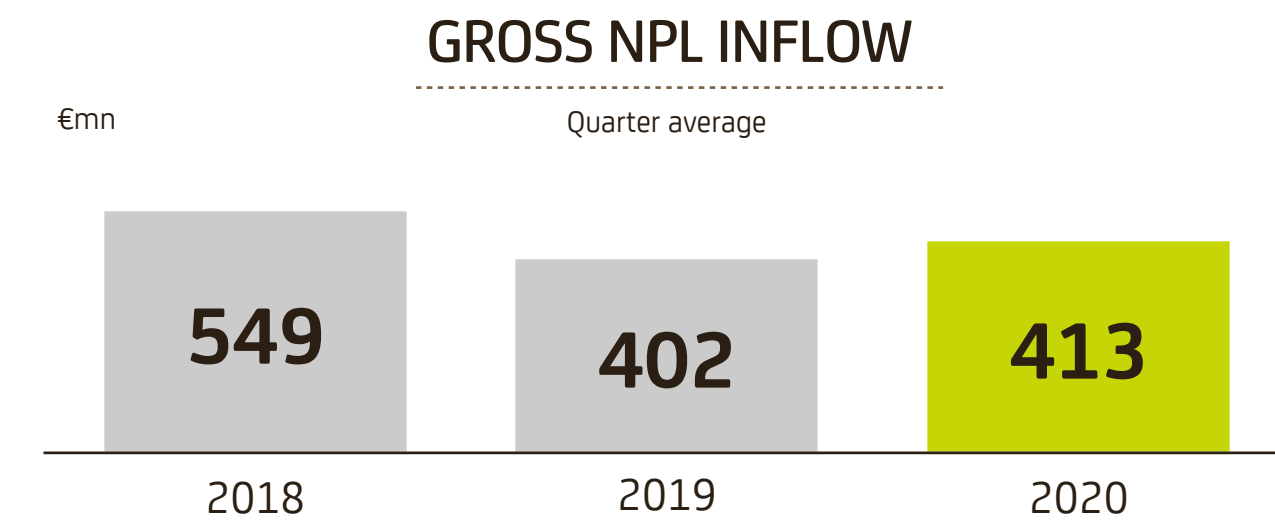
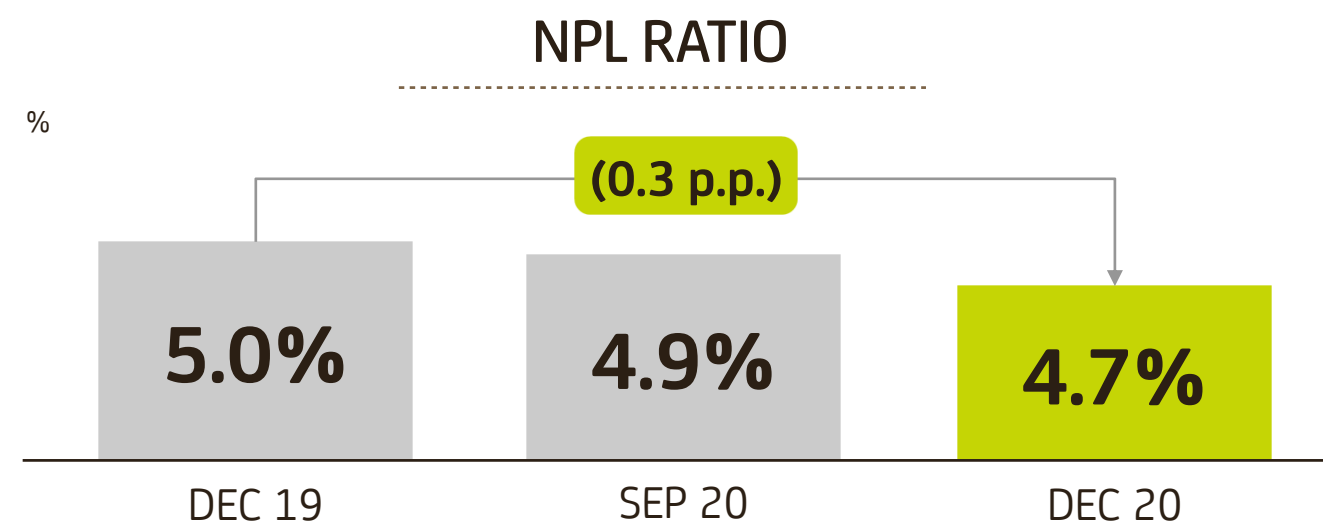
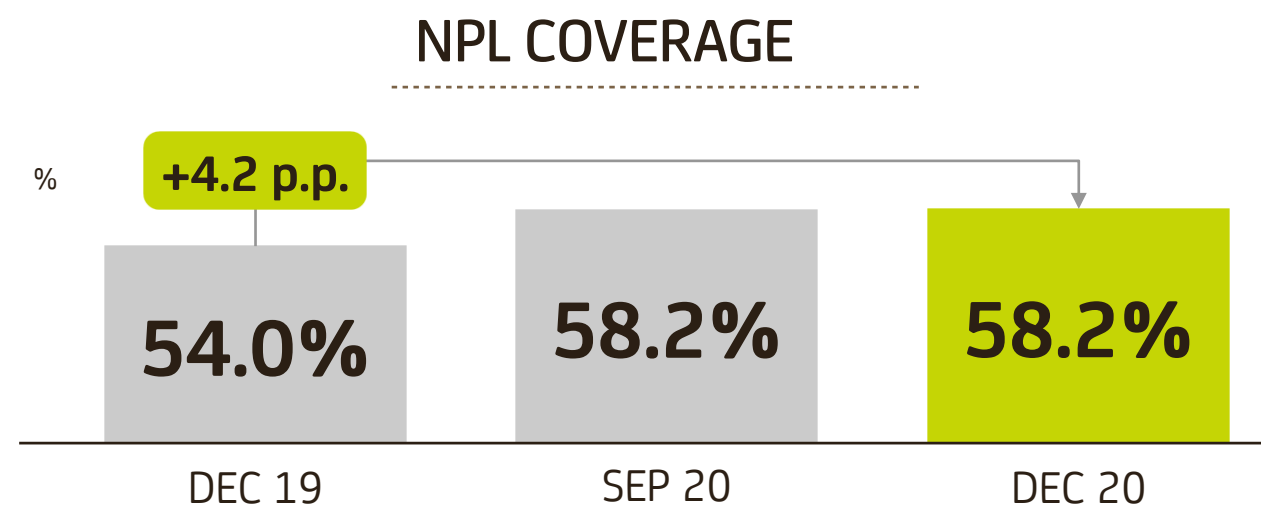
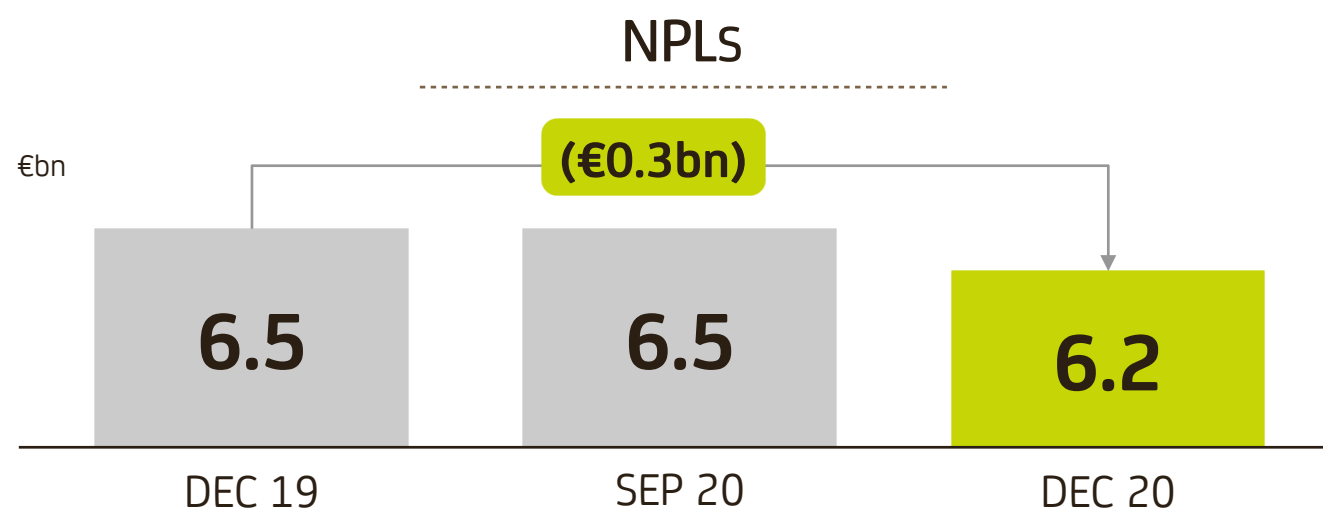


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> **Asset quality and risk management**

Credit quality

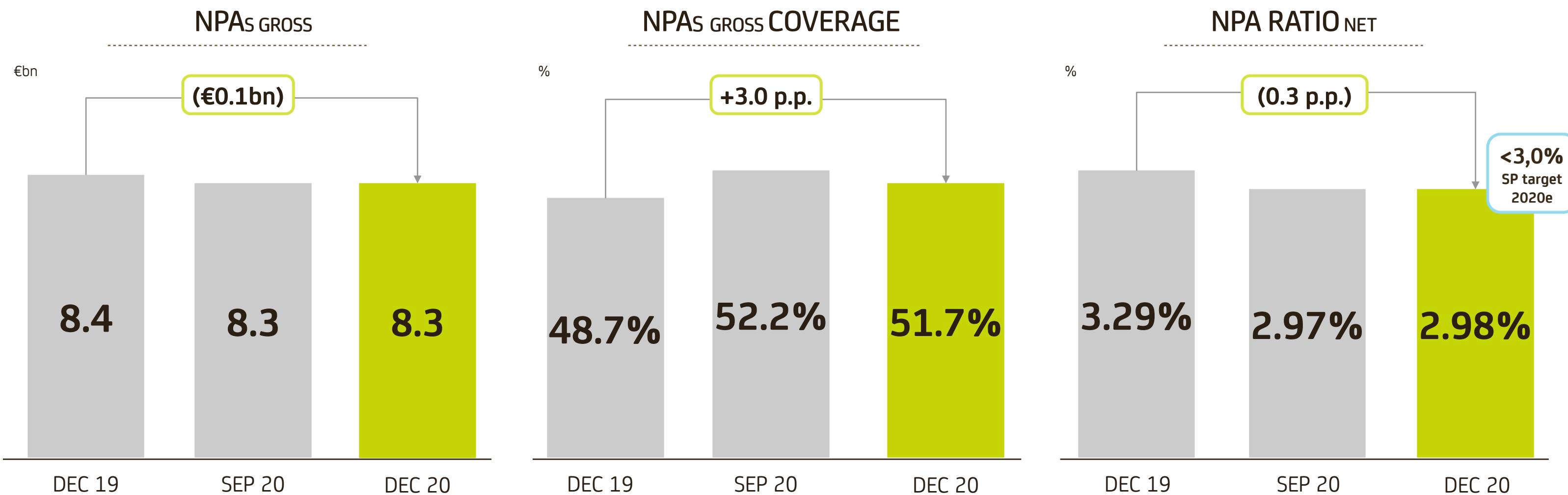
Good performance of key asset quality ratios



> **Asset quality and risk management**

Credit quality

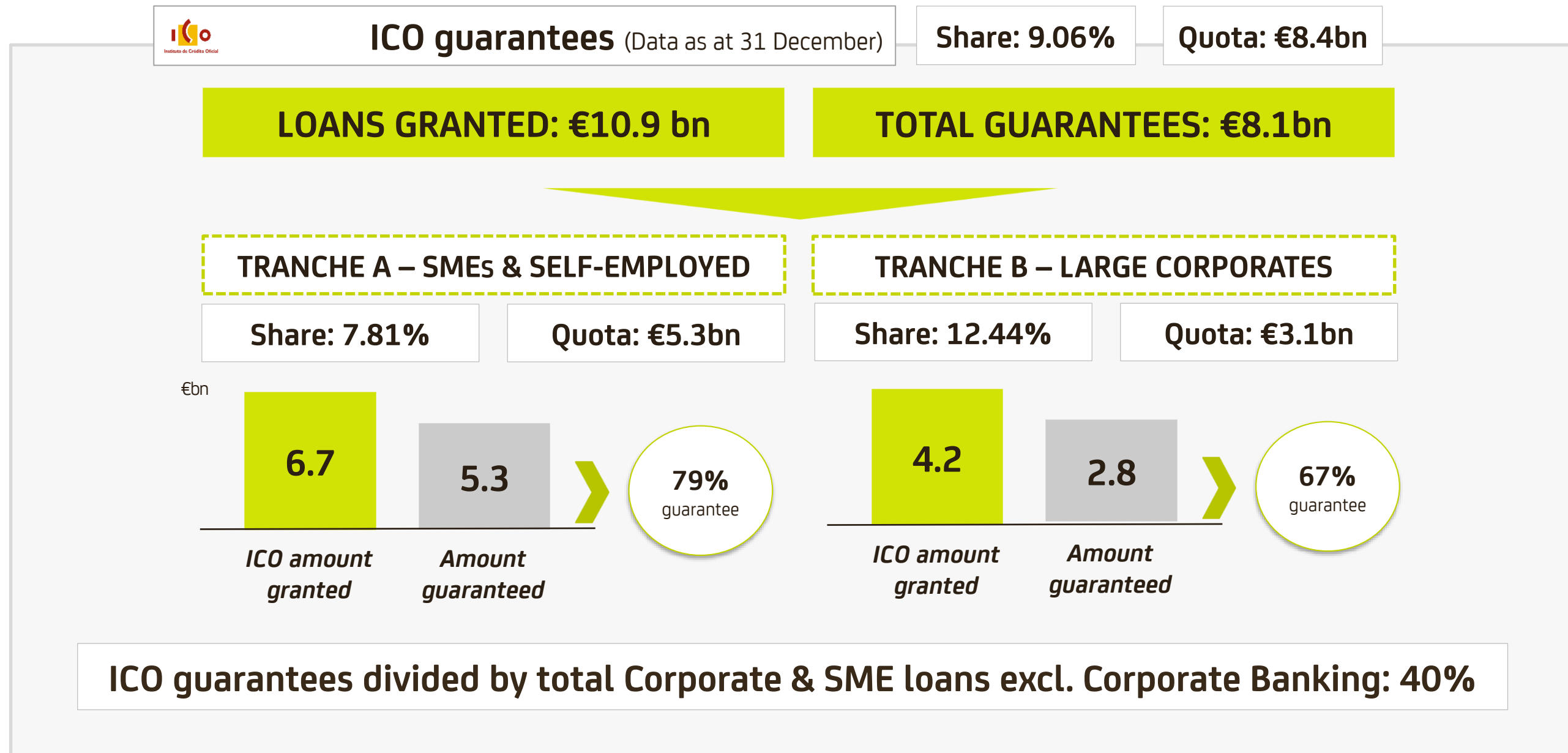
NPAs reduction and coverage increases in 2020



> **Asset quality and risk management**

ICO guarantees

ICO guarantees represent 26% of total Corporate & SME loans



> **Asset quality and risk management**

Retail business gradual recovery: supporting customers

Financial relief measures for families

Moratoriums (Data as at 31 December)



Mortgages

(Data as at 31 December)

Ongoing transactions:

2Q 2020

€4,079mn

3Q 2020

€4,120mn

4Q 2020

€4,261mn



7%

of Bankia's total performing mortgage book



Consumer Finance

(Data as at 31 December)

Ongoing transactions:

2Q 2020

€329mn

3Q 2020

€321mn

4Q 2020

€79mn



2%

of Bankia's total performing consumer finance book

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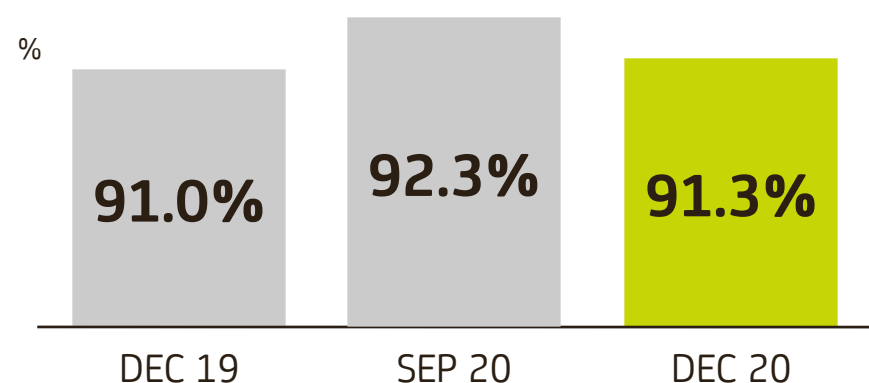
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> **Liquidity** and solvency

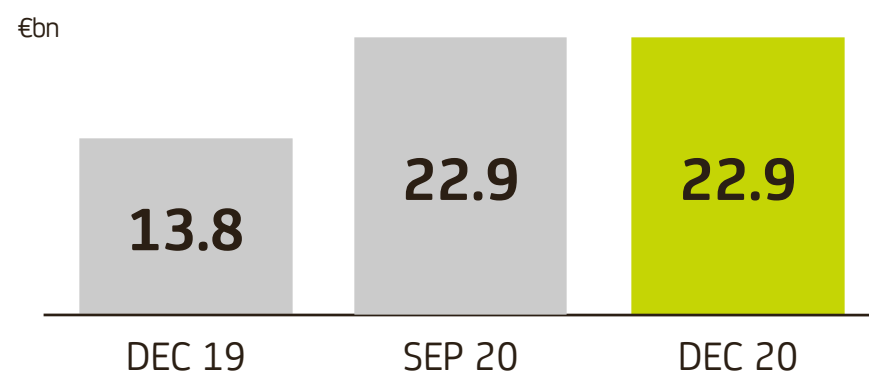
Liquidity and minimum capital requirements

Solid liquidity ratios with ample buffers above minimum regulatory requirements

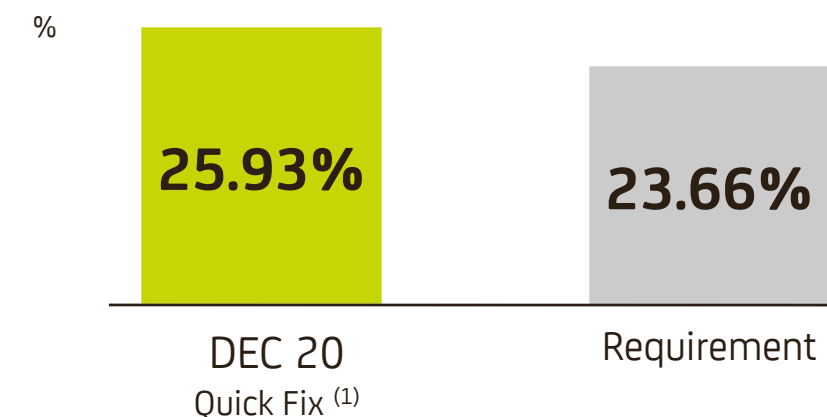
LOAN TO DEPOSIT RATIO



LIQUIDITY - TLTRO



MREL RATIO PHASE IN

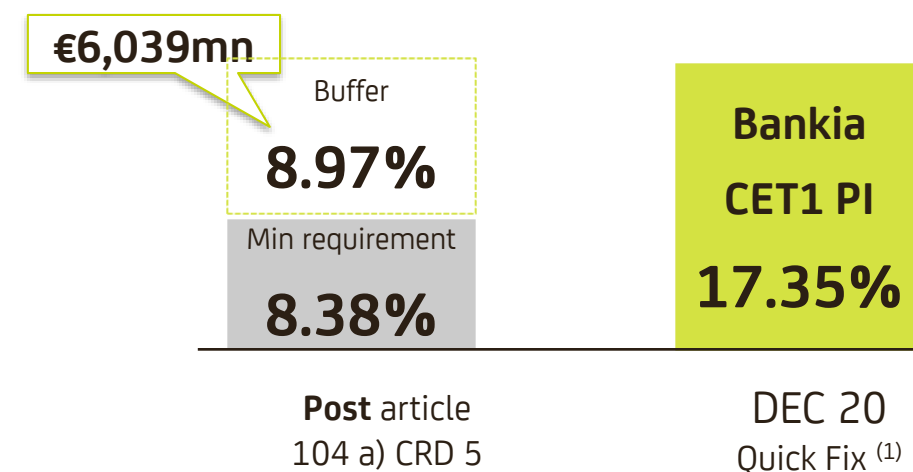


> LCR
Dec 2020
195%

> NSFR
Dec 2020
129%



REGULATORY BUFFER



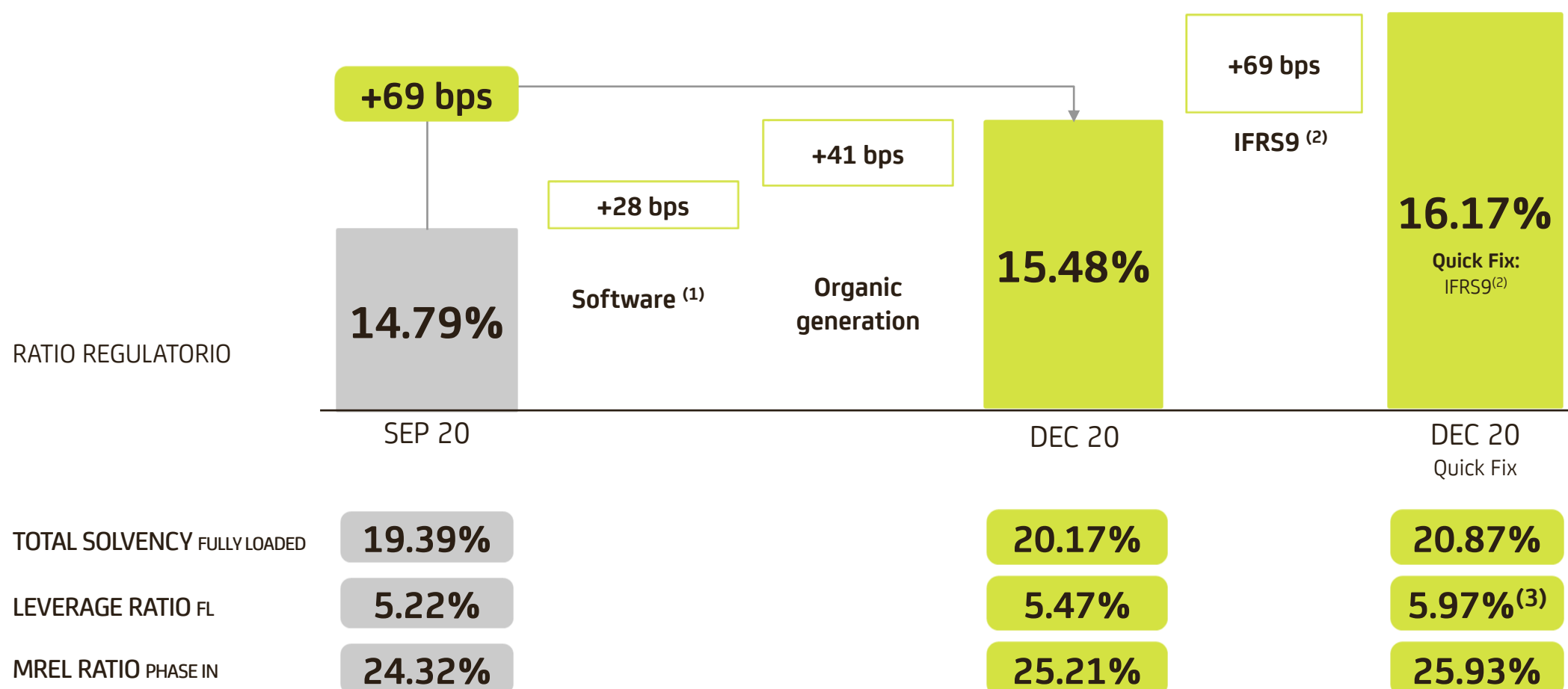
(1) Flexibility measures ("CRR 2 Quick Fix"): IFRS9 transitional impact (+69 bps CET1 ratio and +72 bps MREL ratio)

> Liquidity and **solvency**

Solvency ratios – Fully Loaded

CET1 Fully Loaded stands at 15.48% at year end

CET1 FULLY LOADED (REGULATORY RATIO)



- Bankia’s current capital generation CET1FL June 2020 – March 2021 exceeds the amount estimated at the time the merger was announced by approximately **+60 bps** (+15 bps in the combined entity)

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

(1) Impact from the entry into force of the prudential treatment of intangible assets associated to software as contemplated in CRR 2

(2) Application of the transitional calendar to the implementation of IFRS9. Authorization granted from the Supervisor (+69 bps CET1)

(3) Temporary exemption for leverage exposure to central Banks (“Quick Fix”) (+30 bps)

CET1 Fully Loaded ratio excluding gains on sovereign holdings: 14.66% and 15.30%, September and December 2020, respectively. If the Quick Fix impact associated to IFRS9 were to be included in December 2020, the ratio would increase to 15.99%

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> Closing remarks

In an extraordinarily complex year...

...we have helped families and companies by increasing the amount of loans granted, particularly in 4Q 2020...

+14% new mortgages 2020 vs 2019
+17% corporates & SMEs 2020 vs 2019

...generating a recurring profit that has allowed us to allocate €505mn to extraordinary provisions to strengthen our balance sheet...

+4% Core result 2020 vs 2019
+8% PBT pre-COVID 2020 vs 2019

...meeting our asset quality and NPA reduction targets...

<3% Net NPA Ratio DEC 2020
>58% NPL coverage DEC 2020

...and generating more capital than what was established in the Strategic Plan...

16.2% CET1 FL DEC 2020
€2.9bn excess capital DEC 2020

...that allows us to kick off the merger with CaixaBank from a better starting point

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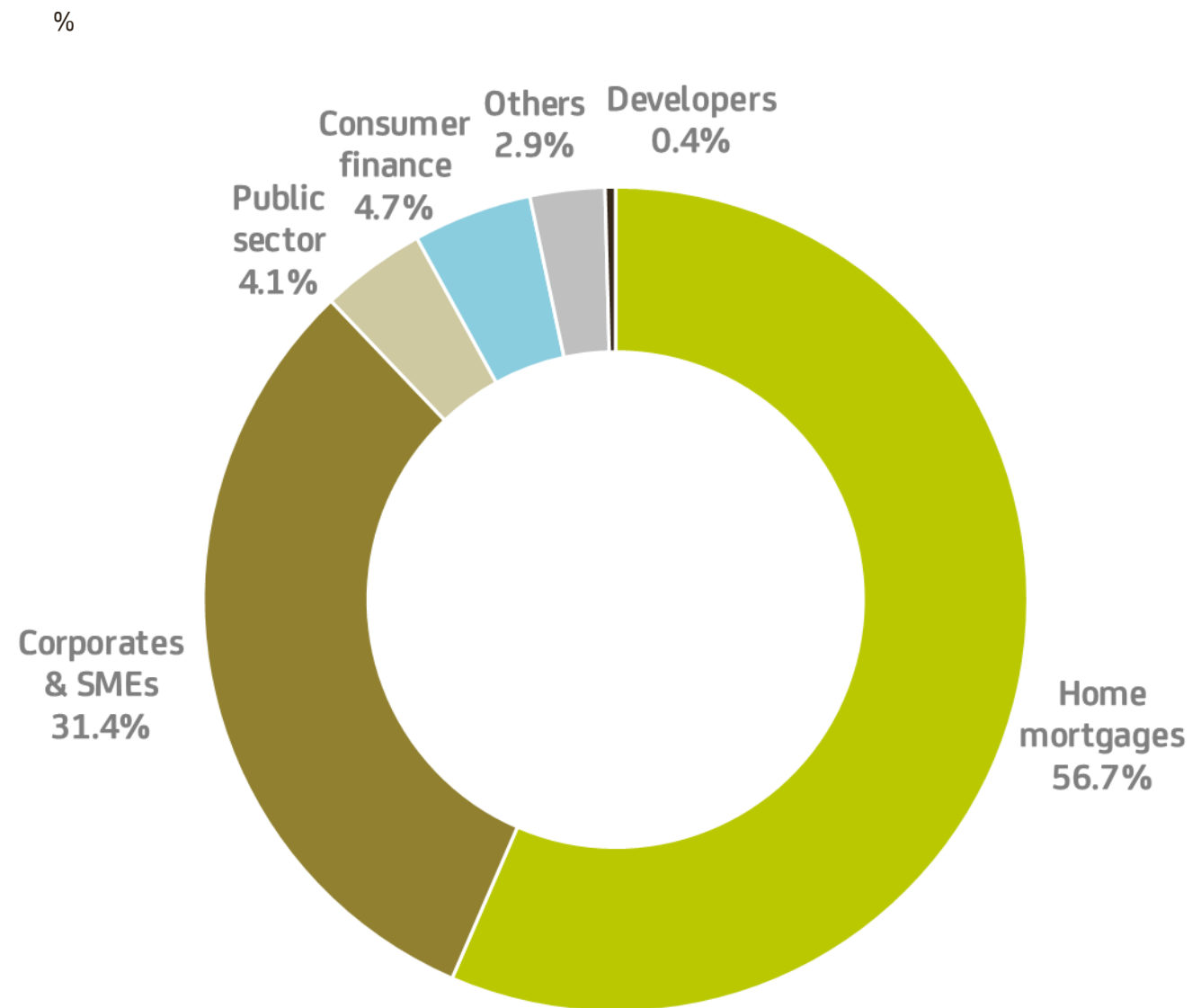
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> **Appendix**

Performing loans breakdown

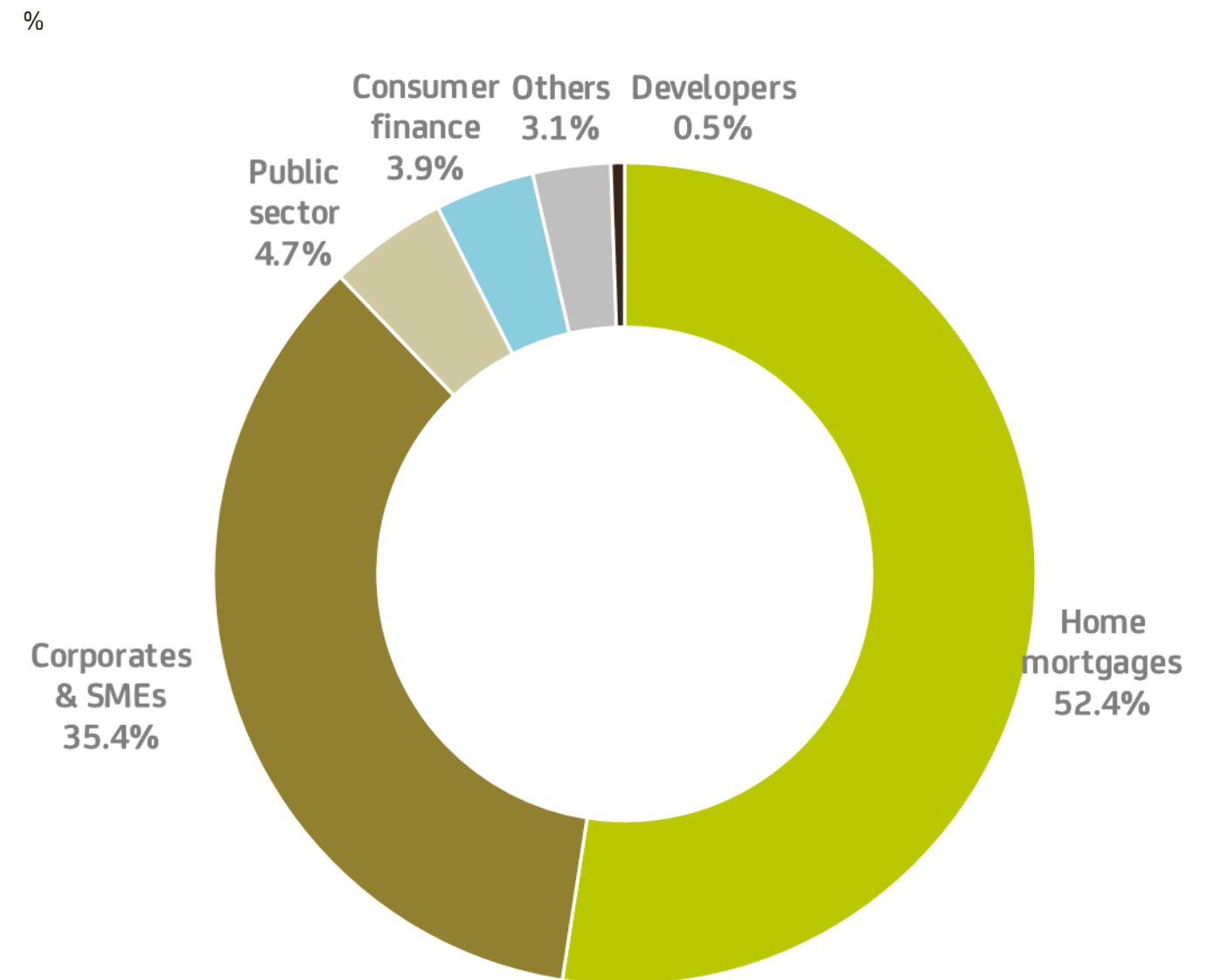
GROSS PERFORMING LOANS

DECEMBER 2019



GROSS PERFORMING LOANS

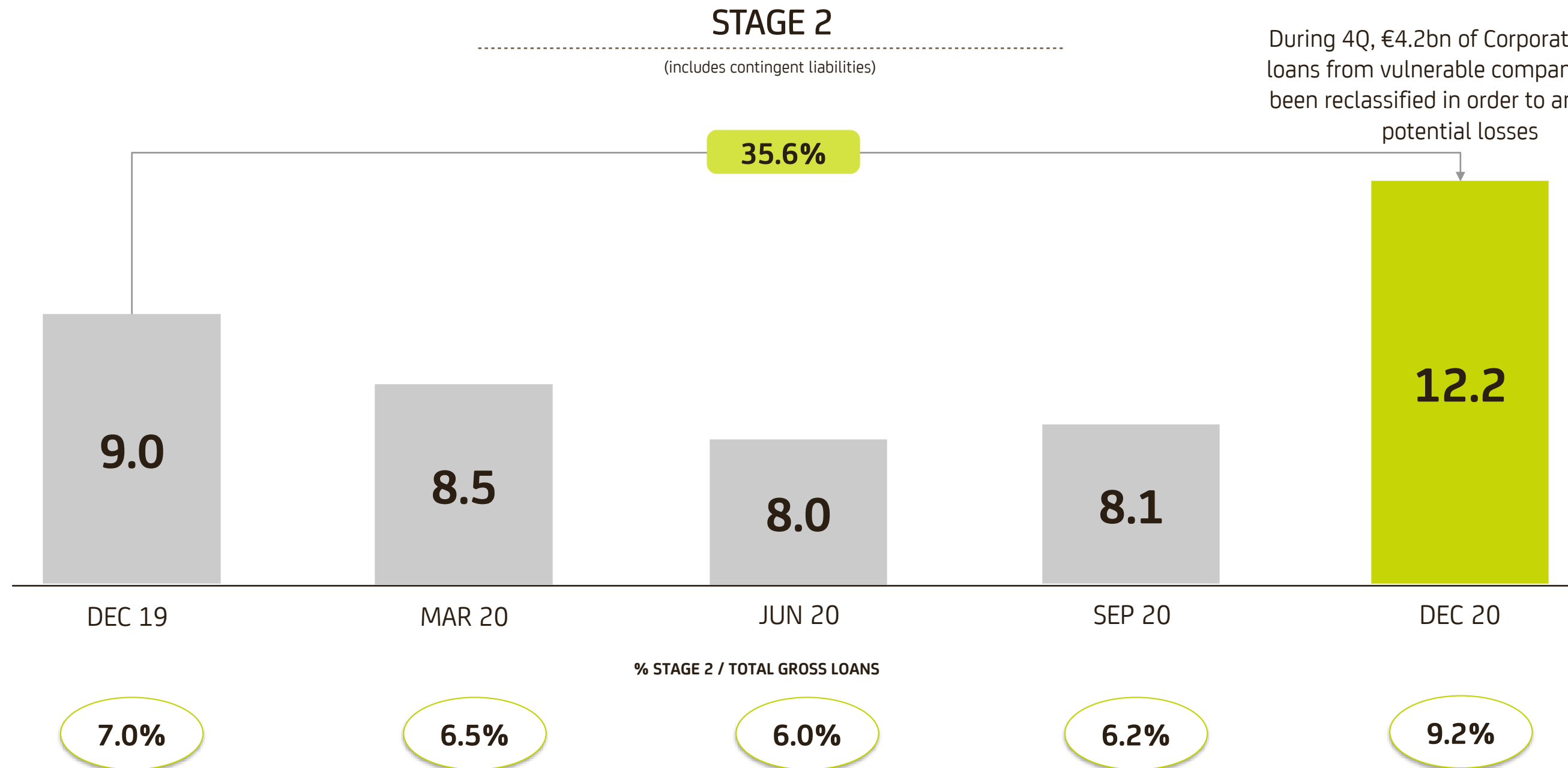
DECEMBER 2020



> **Appendix**

Asset quality: monitoring (stage 2)

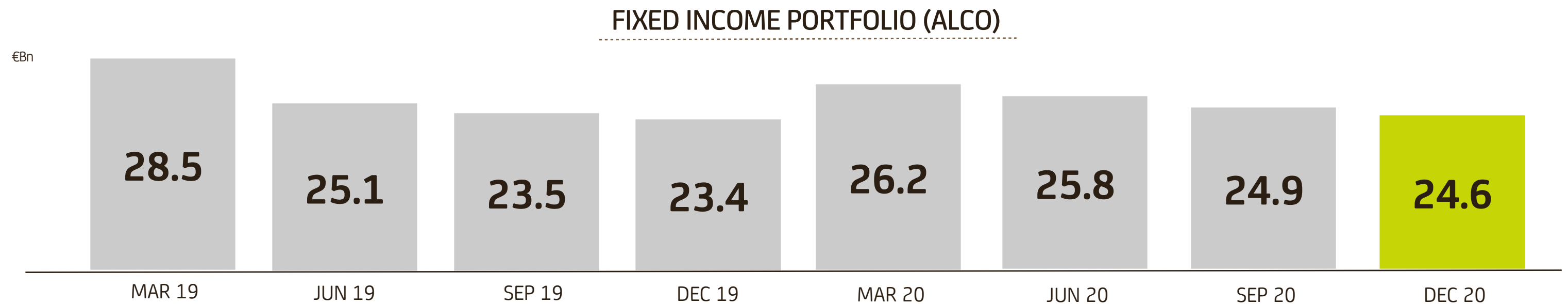
€bn



> Appendix

Portfolio breakdown

€24.6bn ALCO portfolio as at December 2020



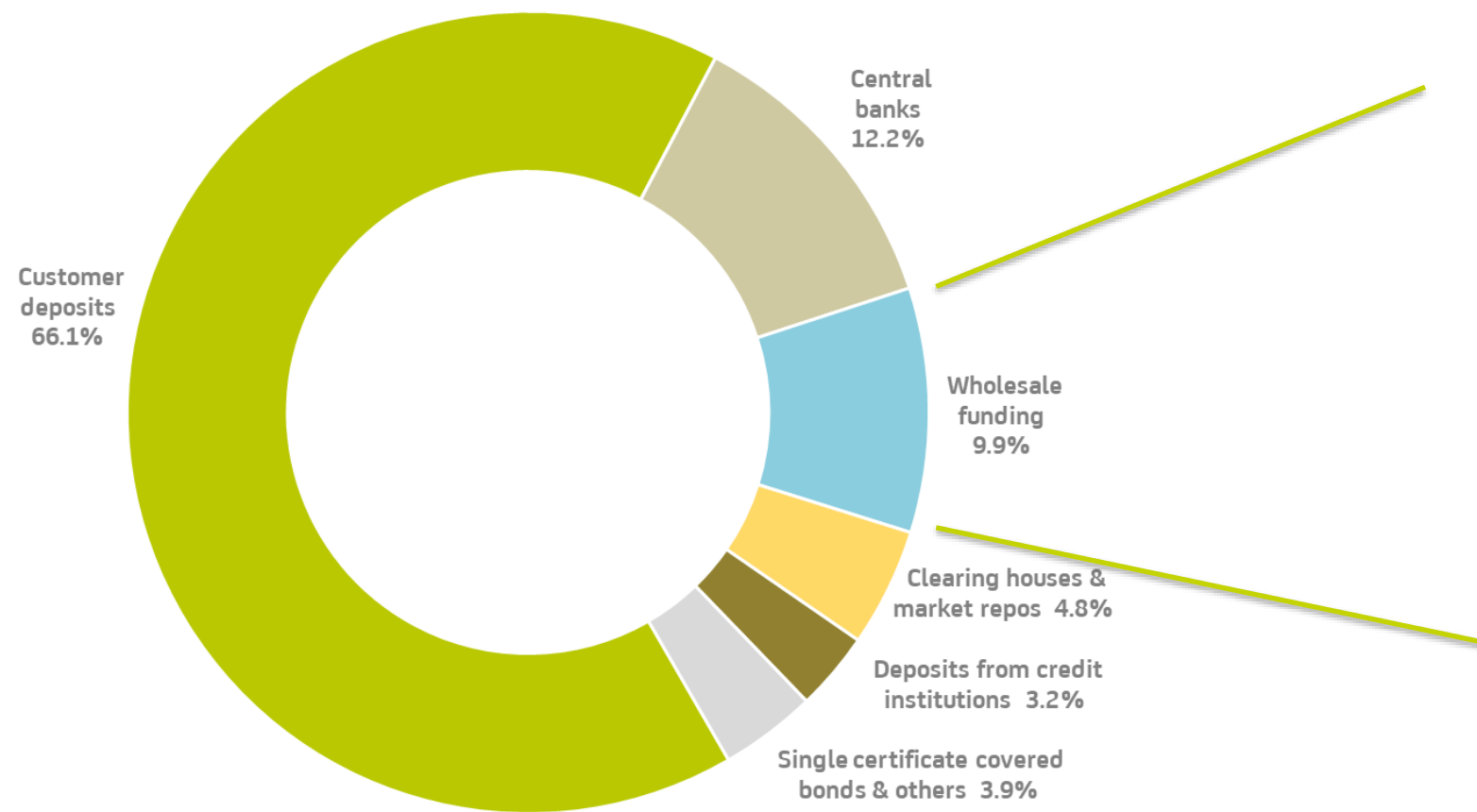
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec20
ALCO fixed income portfolio (€bn)	28.5	25.1	23.5	23.4	26.2	25.8	24.9	24.6
Non-hedged fair value portfolio	6.3	4.0	2.4	2.4	2.7	3.3	2.4	2.3
Hedged fair value portfolio	7.8	7.8	7.7	7.6	6.2	4.7	4.7	4.7
At amortised cost	14.4	13.3	13.4	13.4	17.3	17.8	17.8	17.7
FV average duration IRS adjusted			0.49	0.26	0.9	1.3	1.4	1.3
ALCO portfolio average duration IRS adjusted			3.08	2.85	3.17	3.36	3.15	3.00

> Appendix

Funding structure

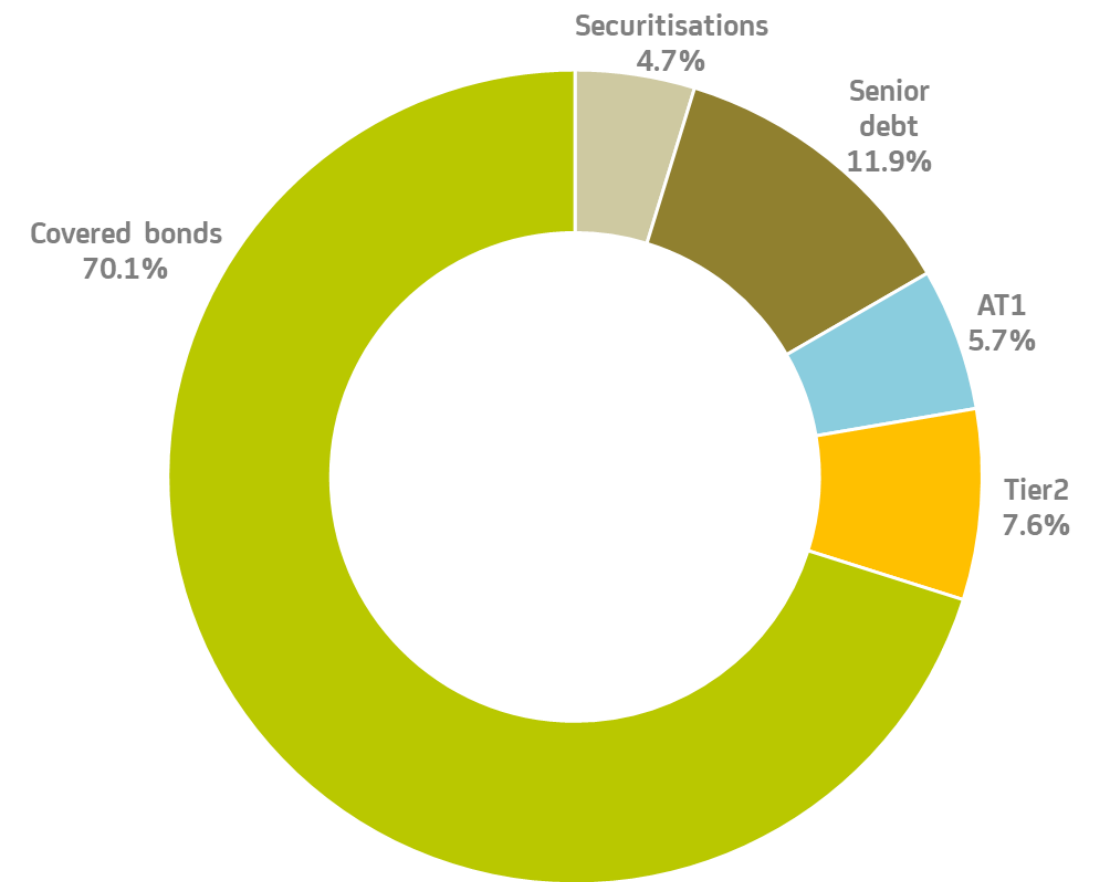
Funding structure

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Wholesale market breakdown

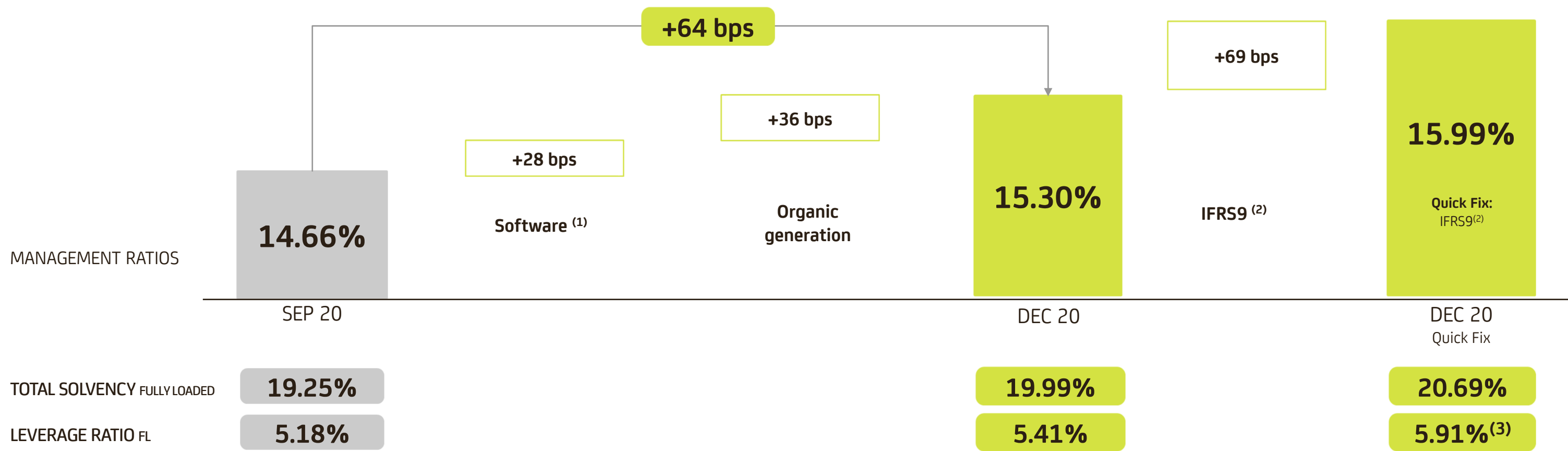
DECEMBER 2020



> **Appendix**

Solvency ratios –Fully Loaded excluding sovereign gains

CET1 FULLY LOADED (MANAGEMENT RATIO)



The solvency ratios include the profit attributable to the Group for the period and does not deduce any dividend payment in 2020. Ratios do not include the gains on sovereign holdings in the fair value portfolio

(1) Impact from the entry into force of the prudential treatment of intangible assets associated to software as contemplated in CRR 2

(2) Application of the transitional calendar to the implementation of IFRS9. Authorization granted by the Supervisor (+69 bps CET1)

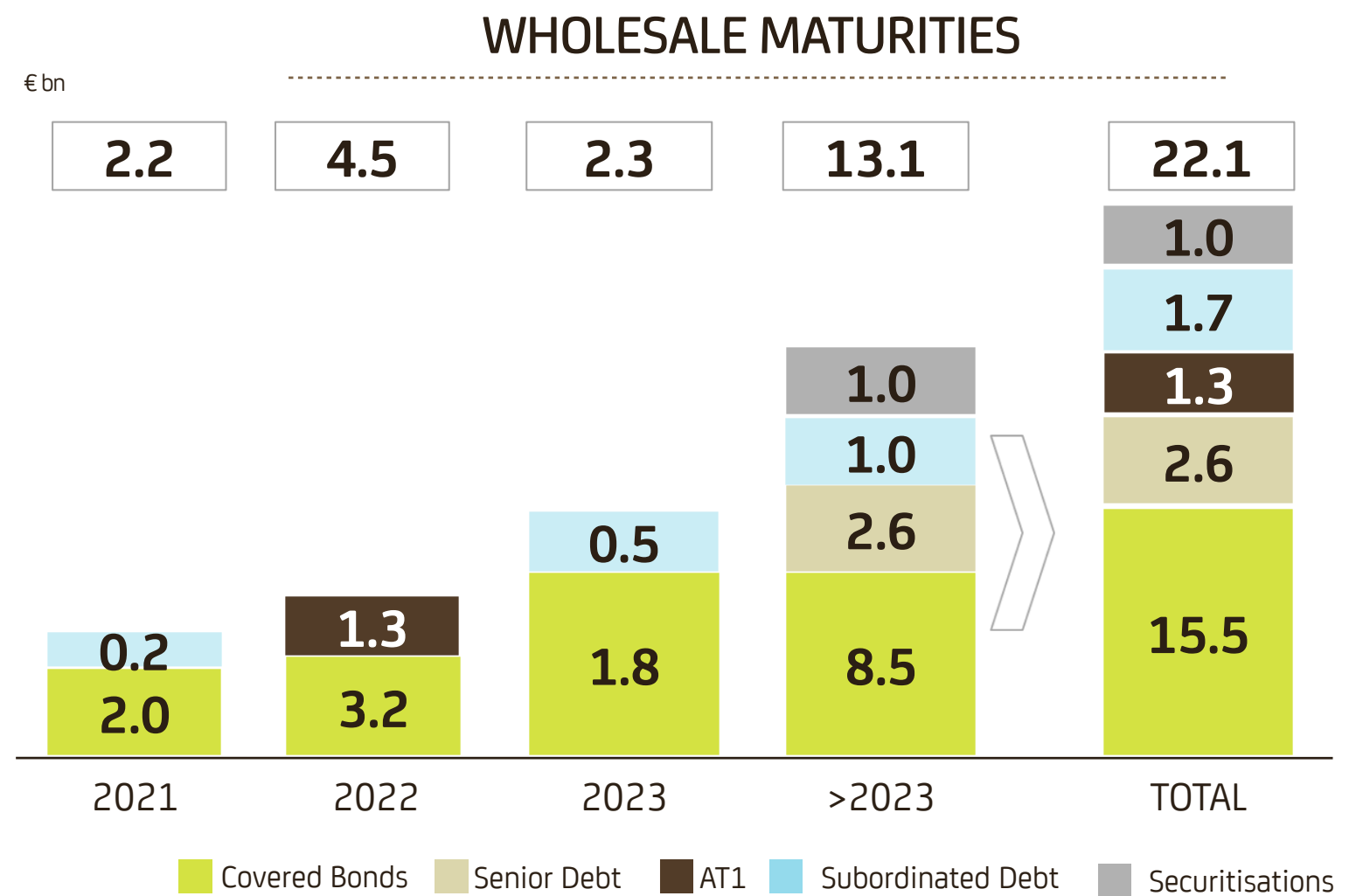
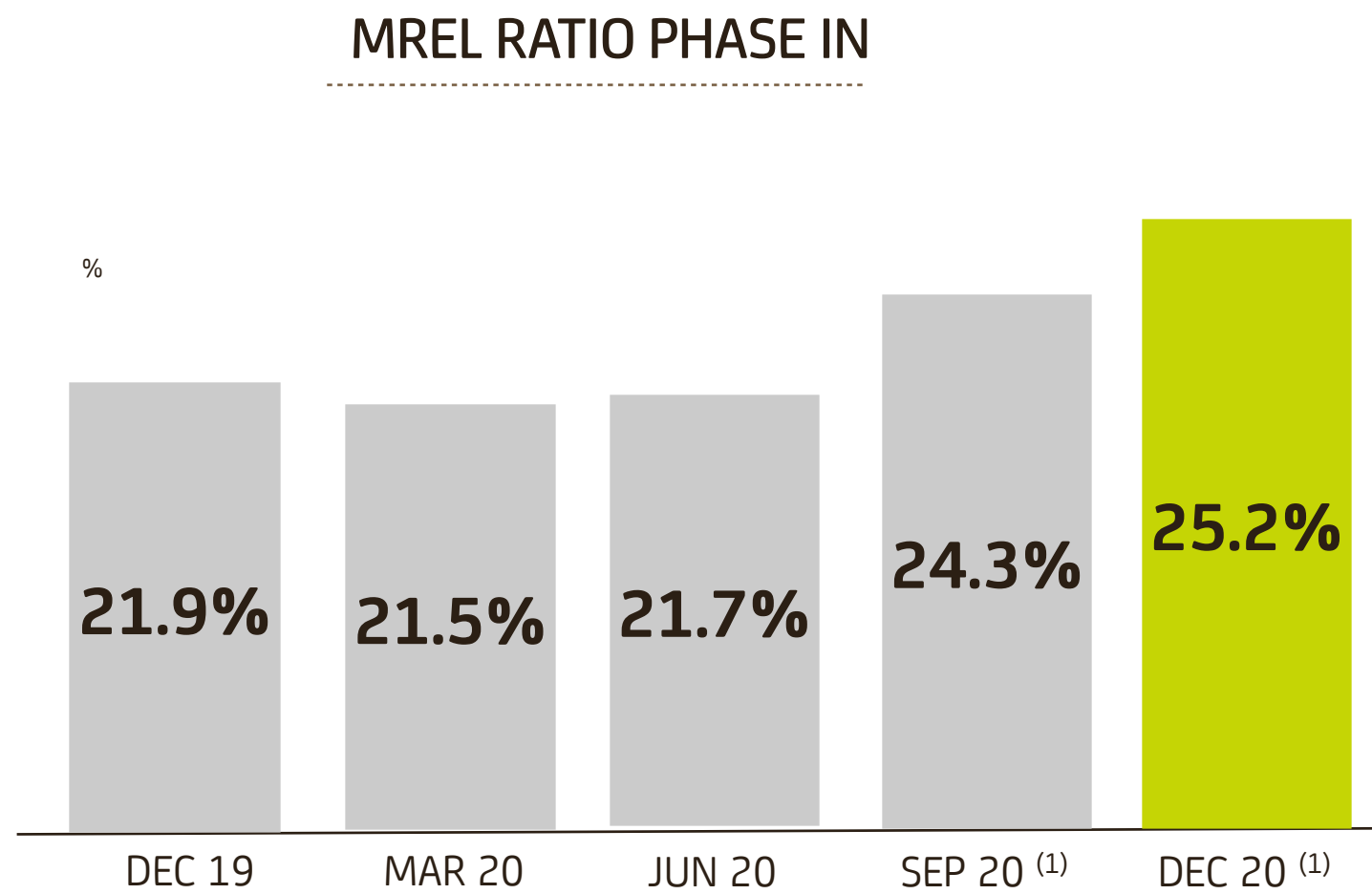
(3) Temporary exemption for leverage exposure to central Banks ("Quick Fix") (+30 bps)

CET1 Fully Loaded ratio including sovereign gains: 14.79% and 15.48%, September and December 2020, respectively. If the Quick Fix impact associated to IFRS9 were to be included in December 2020, the ratio would increase to 16.17%

> **Appendix**

MREL ratio and maturities

Comfortable position of wholesale maturities



(1) Excludes flexibility measures ("CRR 2 Quick Fix"): Transitional impact IFRS9 December 2020 (+72 bps)

> Appendix

The share

	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Shareholders & trading					
Shareholders (#)	162,870	167,868	173,082	172,420	173,949
Average number of shares (mn)	3,070	3,070	3,070	3,070	3,070
Share price					
End of quarter (€)	1.45	1.24	0.95	1.02	1.90
Market cap. (€mn)	4,448	3,811	2,911	3,125	5,840
Multiples					
EPS (€)	0.07	0.08	0.09	0.12	0.18
Book value (€mn)	13,080	13,038	13,011	12,954	13,335
Book value per share (€)	4.26	4.25	4.24	4.22	4.34
Tangible book value (€mn)	12,575	12,553	12,542	12,515	12,934
Tangible book value per share (€)	4.10	4.09	4.09	4.08	4.21
P/BV (Price end of quarter/Book value) (x)	0.34	0.29	0.22	0.24	0.44
P/TBV (Price end of quarter/Tangible book value) (x)	0.35	0.30	0.23	0.25	0.45
P/E (Price end of quarter/EPS) (x)	19.35	15.87	10.17	8.24	10.79

> 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 5	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 5”
CRR 2	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

THAT EASY

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