Quarterly results presentation

1Q 2015

27 April 2015

LET´S KEEP WORKING

Disclaimer

This document has been prepared by Bankia, S.A. ("Bankia") and is presented exclusively for information purposes. It is not a prospectus and does not constitute an offer or recommendation to invest.

This document does not constitute a commitment to subscribe, or an offer to finance, or an offer to sell, or a solicitation of offers to buy securities of Bankia, all of which are subject to internal approval by Bankia.

Bankia does not guarantee the accuracy or completeness of the information contained in this document. The information contained herein has been obtained from sources that Bankia considers reliable, but Bankia does not represent or warrant that the information is complete or accurate, in particular with respect to data provided by third parties. This document may contain abridged or unaudited information and recipients are invited to consult the public documents and information submitted by Bankia to the financial market supervisory authorities. All opinions and estimates are given as of the date stated in the document and so may be subject to change. The value of any investment may fluctuate as a result of changes in the market. The information in this document is not intended to predict future results and no guarantee is given in that respect.

Distribution of this document in other jurisdictions may be prohibited, and therefore recipients of this document or any persons who may eventually obtain a copy of it are responsible for being aware of and complying with said restrictions. By accepting this document you accept the foregoing restrictions and warnings.

This document does not reveal all the risks or other material factors relating to investments in the securities/ transactions of Bankia. Before entering into any transaction, potential investors must ensure that they fully understand the terms of the securities/ transactions and the risks inherent in them. This document is not a prospectus for the securities described in it. Potential investors should only subscribe for securities of Bankia on the basis of the information published in the appropriate Bankia prospectus, not on the basis of the information contained in this document.

Contents

Bankia

Highlights of the quarter

Adapting our business model to the new macroeconomic scenario

Positive trend in main macro indicators

GDP 2015e: +2.8% vs 1.4% GDP 2014

Source: BdE

Fall in interest rates

EUR 12m: 0.20% Mar15 vs 0.59% Mar14

1-year bills: 0.02% Mar15 vs 0.58% Mar14

1. **Increase in commercial activity**
2. **Increase in productivity**
3. **Cost control and efficiency improvement**
4. **Reduction in NPL ratio and active management of NPLs**

Claves del trimestre

1

Increase in commercial activity: customer funds

€ Bn

	MAR 14		DEC 14		MAR 15	Var. y-o-y
STRICT CUSTOMER DEPOSITS	90.8	+4.1	94.9	+1.2	96.1	+ 5.8%
OFF-BALANCE SHEET CUSTOMER FUNDS	19.5	+1.5	21.0	+1.4	22.4	+ 14.9%
TOTAL	110.3	+5.6	115.9	+2.6	118.5	+ 7.4%

Nota: Cifras excluyendo la aportación de Aseval (€2,1 bn) vendida en el 4T 2014

Share of term deposits households and businesses

%

MAR 14		FEB 15
9.58%	+99 bps	10.57%

Fuente: BdE

Share of securities mutual funds

%

MAR 14		MAR 15
4.85%	+24 bps	5.09%

Fuente: BdE

Substantial increase in mutual funds in the quarter:
+1.2 bn (+12.0% vs Dec 14), bringing managed assets to more than €11.6 bn

Bankia

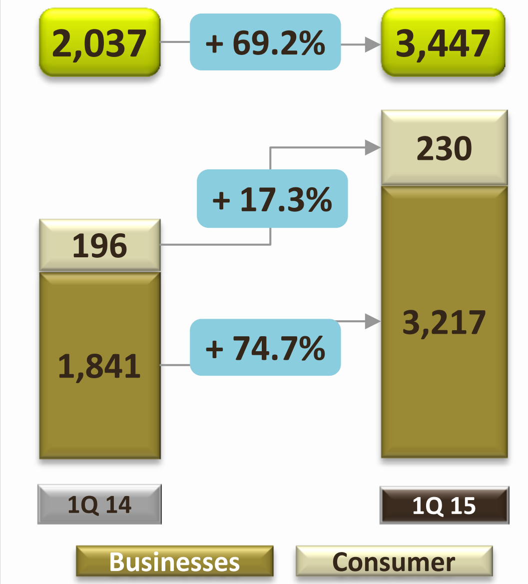
Claves del trimestre

1

Increase in commercial activity: lending

NEW LENDING

€Mn



Note: Does not include forbearance

TOTAL LOANS

€ Bn

	MAR 14	DEC 14	MAR 15	MAR15 vs DEC14
Total gross loans	127.6	121.8	121.2	-0.6
Mortgages	76.6	72.4	71.2	-1.2
Developer	3.5	3.0	2.7	-0.3
Businesses and consumer	47.5	46.4	47.3	+0.9
Sales of portfolios	*0.9*			
Bus. and consumer, organic	46.6	46.4	47.3	

€ +0.7bn (+1.5%)

The balance of businesses includes public sector
Gross loans exclude securities purchased under resale agreements with BFA

In line with the aim of increasing lending to businesses and consumers in 2015

+ €0.9 bn of growth in key segments, businesses and consumer finance

Bankia

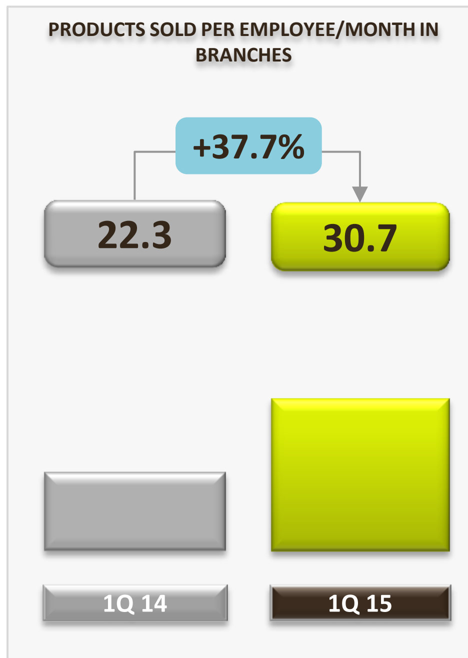
Highlights of the quarter

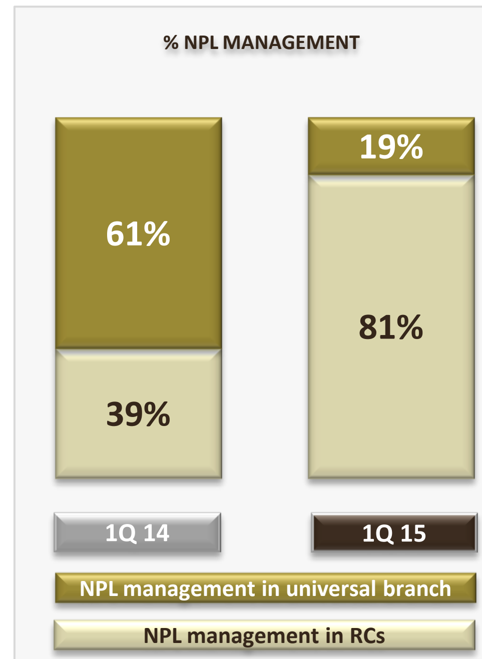
2

Increase in productivity

Network segmentation…	…allows us to continue increasing productivity per employee…	…and apply a more specialised, more efficient management of non-performing loans

~1,800	Commercial branches
150	Transactional branches
30	Recovery centres (RCs)



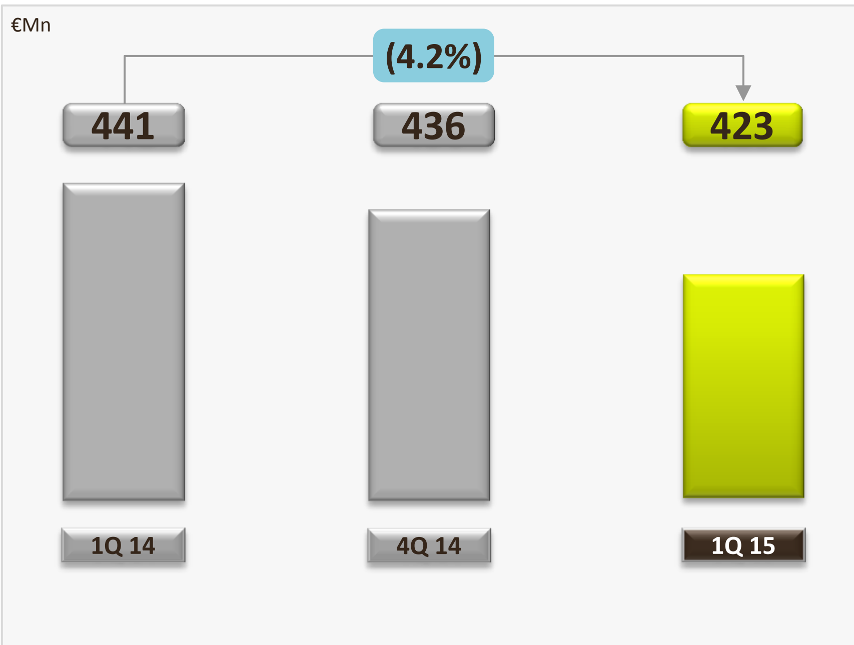


Highlights of the quarter

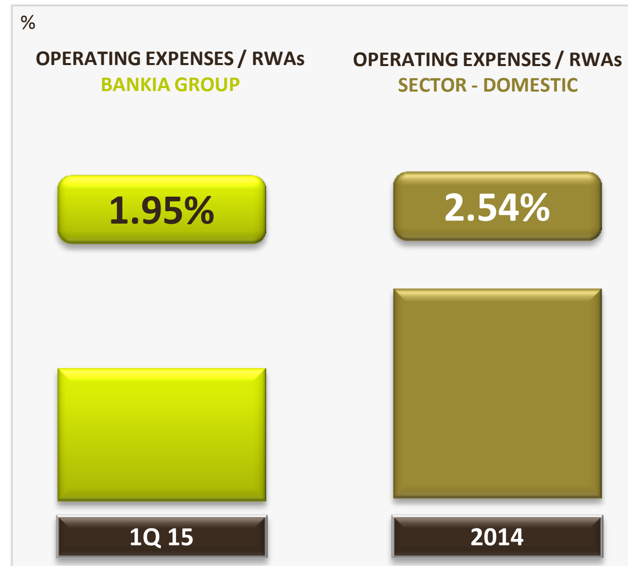
3

Cost control and efficiency improvement

OPERATING EXPENSES PERFORMANCE



EFFICIENCY INDICATORS



Operating expenses 1Q2015 annualised

Sector - Domestic: Includes top 10 domestic banks (ex Bankia)

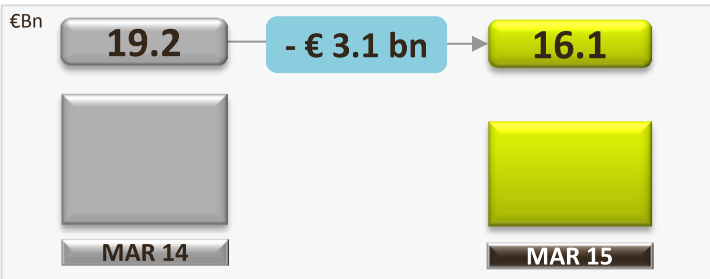
Cost control is still a priority…

…as a competitive advantage to increase profitability

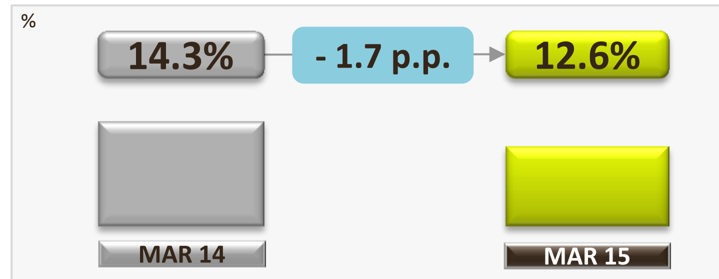
Highlights of the quarter

4 Reduction in NPL ratio and active management of NPLs

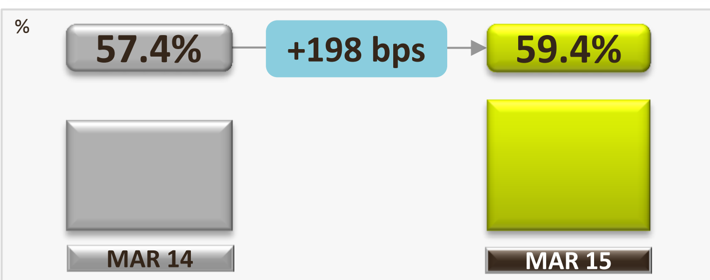
NON-PERFORMING LOANS



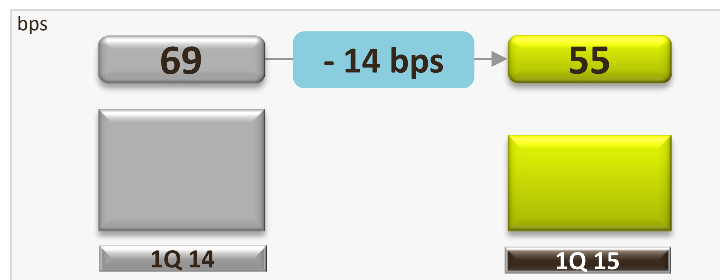
NPL RATIO



NPL COVERAGE RATIO



COST OF RISK



Decrease in NPLs and increase in NPL coverage...

...reducing the volume of recurring provisions and maintaining recovery management capacity

Bankia

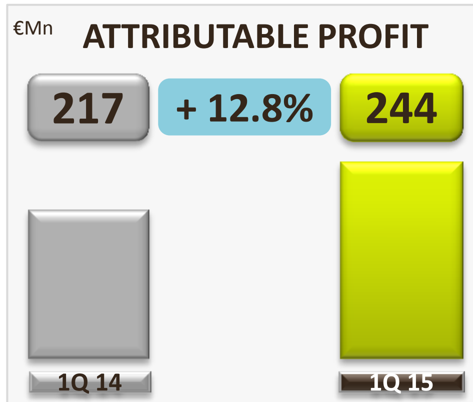
Highlights of the quarter

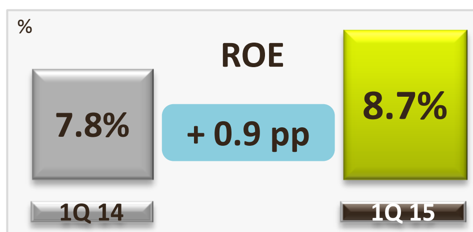
Managing the profitability levers in today's environment…

+7.2%
Pre-provision profit
1Q 2015 vs. 1Q 2014

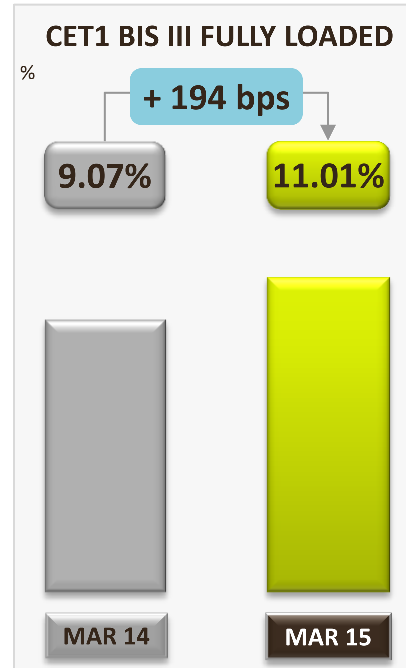
-14 bps
Cost of risk
55 bps 1Q2015 vs. 69 bps 1Q2014

…allow us to further increase profits…





…and to continue to generate capital



+ 12.8% increase in attributable profit year-on-year

Bankia

Highlights of the quarter

1Q 2015 Income statement – BFA Group vs. Bankia Group

€ Mn

	BFA	Bankia
Gross income	1,016	992
Operating expenses	(424)	(423)
Pre-provision profit	591	569
Provisions and Others	(223)	(233)
Profit before tax	369	336
Profit after tax	**285**	**250**
BFA Group Net Trading Income	634	
Reported Profit after tax	**919**	**250**

Note: As a result of applying IFRIC 21 on accounting for levies , DGF contributions will be recognized in the P&L as a one single payment at year–end, rather than accrued on a straight line basis.

Contents

1Q 2015 Results

Income statement – Bankia Group

€Mn

		1Q 2014 [1]	1Q 2015	Diff. %
A	Net interest income	698	693	(0.6%)
A	Fee and commission income	231	233	0.8%
	Gross income	972	992	2.0%
B	Operating expenses	(441)	(423)	(4.2%)
C	Pre-provision profit	531	569	7.2%
D	Provisions	(303)	(219)	(27.7%)
D	Results from sales and Others	77	(14)	-
D	Taxes and minority interests	(88)	(92)	4.5%
D	Profit attributable to the Group	217	244	12.8%

[1] In 2014 the result from Aseval was accounted before tax.

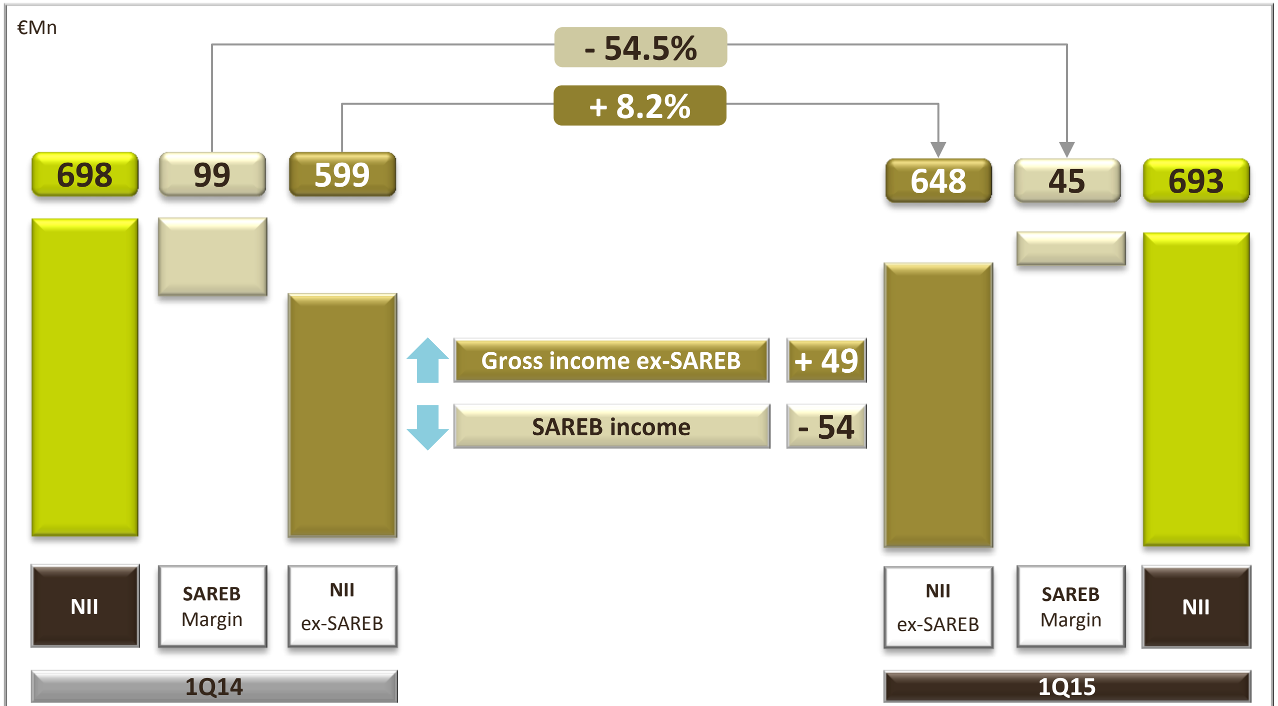
Note: As a result of applying IFRIC 21 on accounting for levies , DGF contributions will be recognized in the P&L as a one single payment at year–end, rather than accrued on a straight line basis.

1Q 2015 Results

A Net interest income

Net interest income performance penalised by repricing of SAREB portfolio

Net interest income performance analysis



Net interest income performance in the quarter influenced by...

- Lower yield of SAREB bonds
- Downward trend in interest rates

... which has been offset by:

- Reduction of cost of customer deposits
- Increase in lending

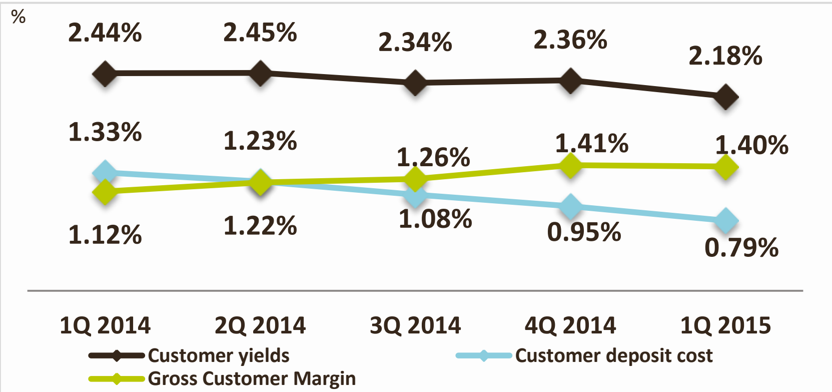
The negative effect of the repricing of the SAREB bonds amounts to €54 million

1Q 2015 Results

A Net interest income

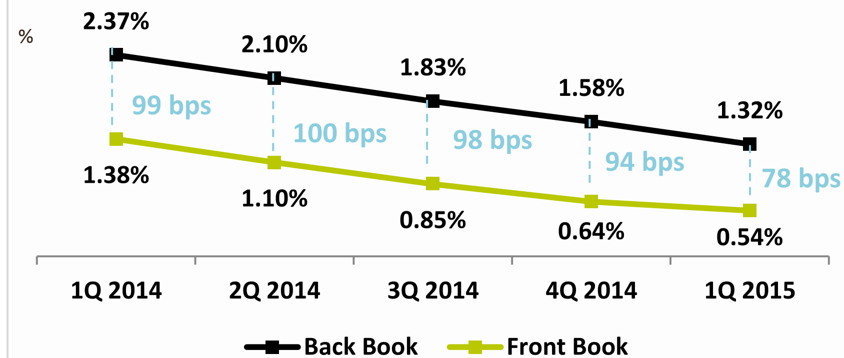
Lending yield hit by decline in Euribor

Loan yield vs. cost of deposits [1]



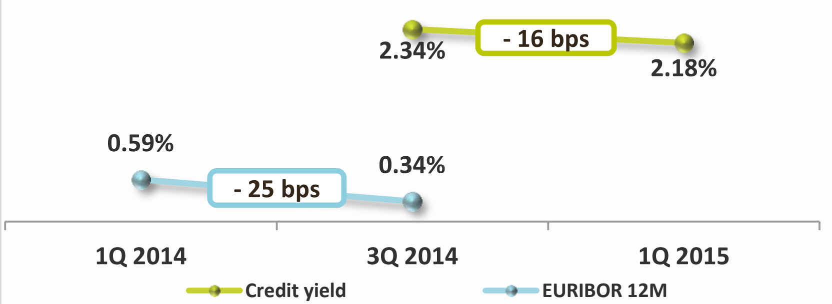
[1] The impact of City National Bank has been excluded from the series.

Cost of term deposits –Back book vs. Front book



Back book and front book, quarterly average (excluding impact of City National Bank)

Credit yield vs. EURIBOR 12 M [1]



[1] The impact of City National Bank has been excluded from the series.

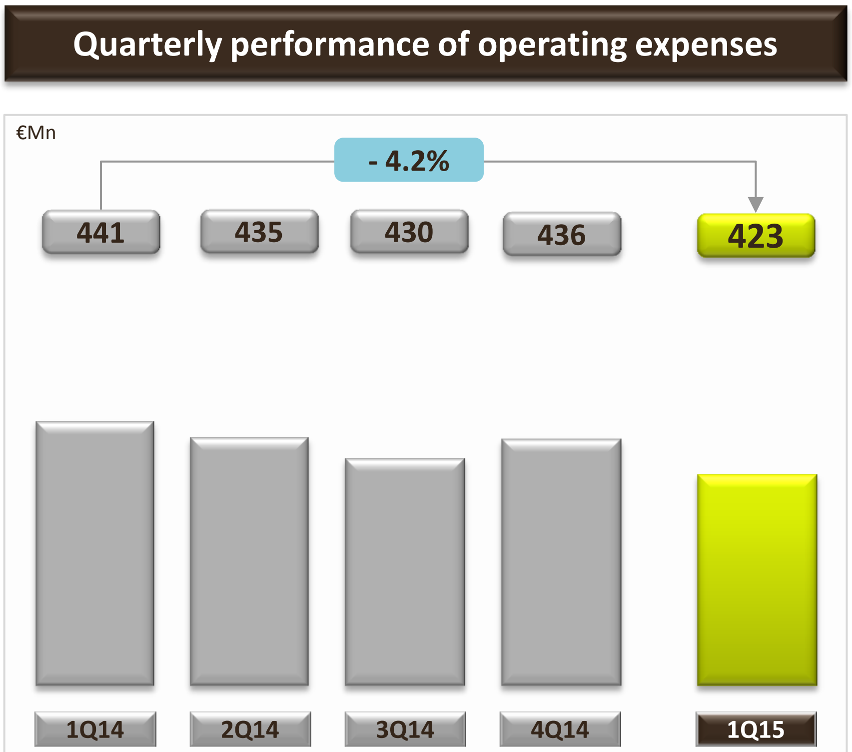
Performance in the cost of customer deposits offsets the impact on the loan yield due to the fall in Euribor

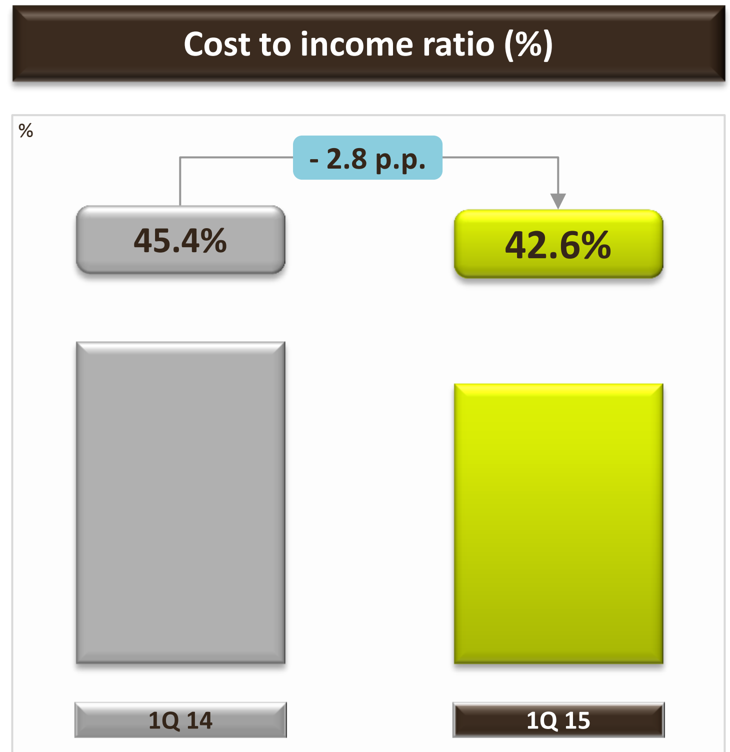
Euribor variation impacts the credit book with a 6 to 9 months time lag

1Q 2015 Results

B Operating expenses

Operating expenses continue to decline





Additional reduction in operating expenses having concluded the Restructuring Period

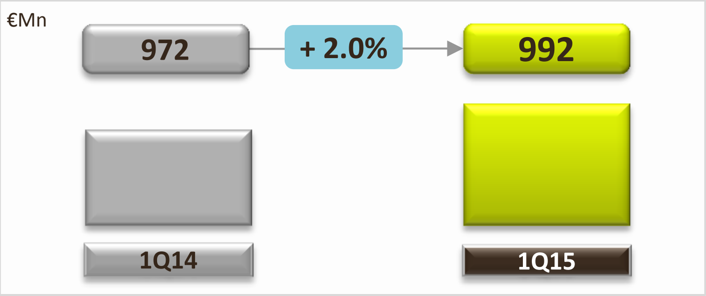
Bankia

1Q 2015 Results

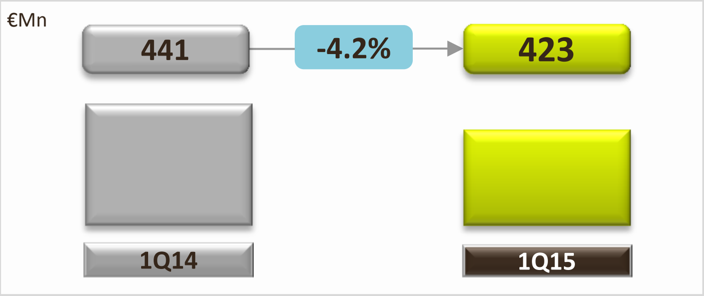
C Pre-provision profit

Pre-provision profit increases 7.2% compared to 1Q 2014

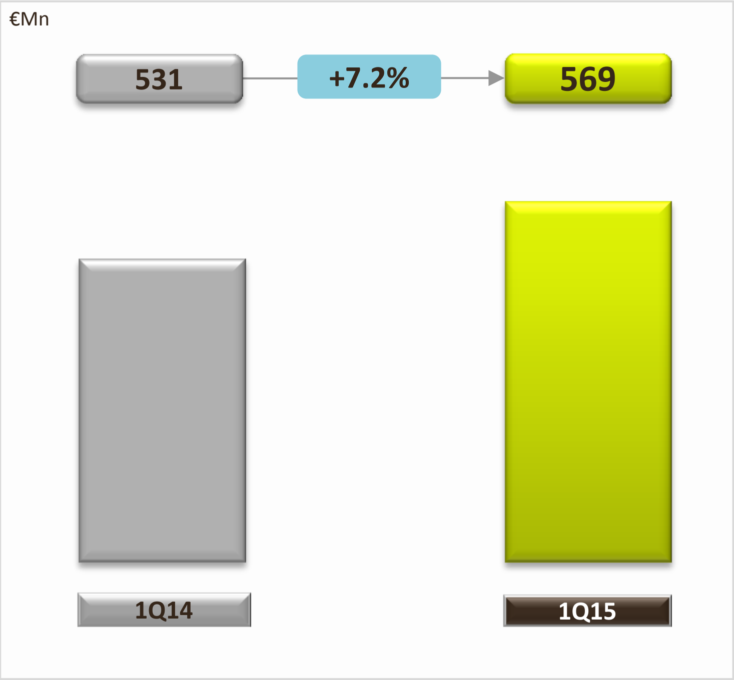
Gross income



Operating expenses



Pre-provision profit



Increased revenues and cost containment drive continued growth in pre-provision profit

1Q 2015 Results

D Cost of risk

Cost of risk stands at 55 bps in the first quarter

€Mn

	1Q 14	1Q 15
Pre-provision profit	531	569
Provisions	(231)	(176)
Impairment of foreclosed assets	(72)	(43)
Profit after provisions	228	350

Recurring cost of risk

1Q 2014		1Q 2015
69 bps	- 14 bps →	55 bps

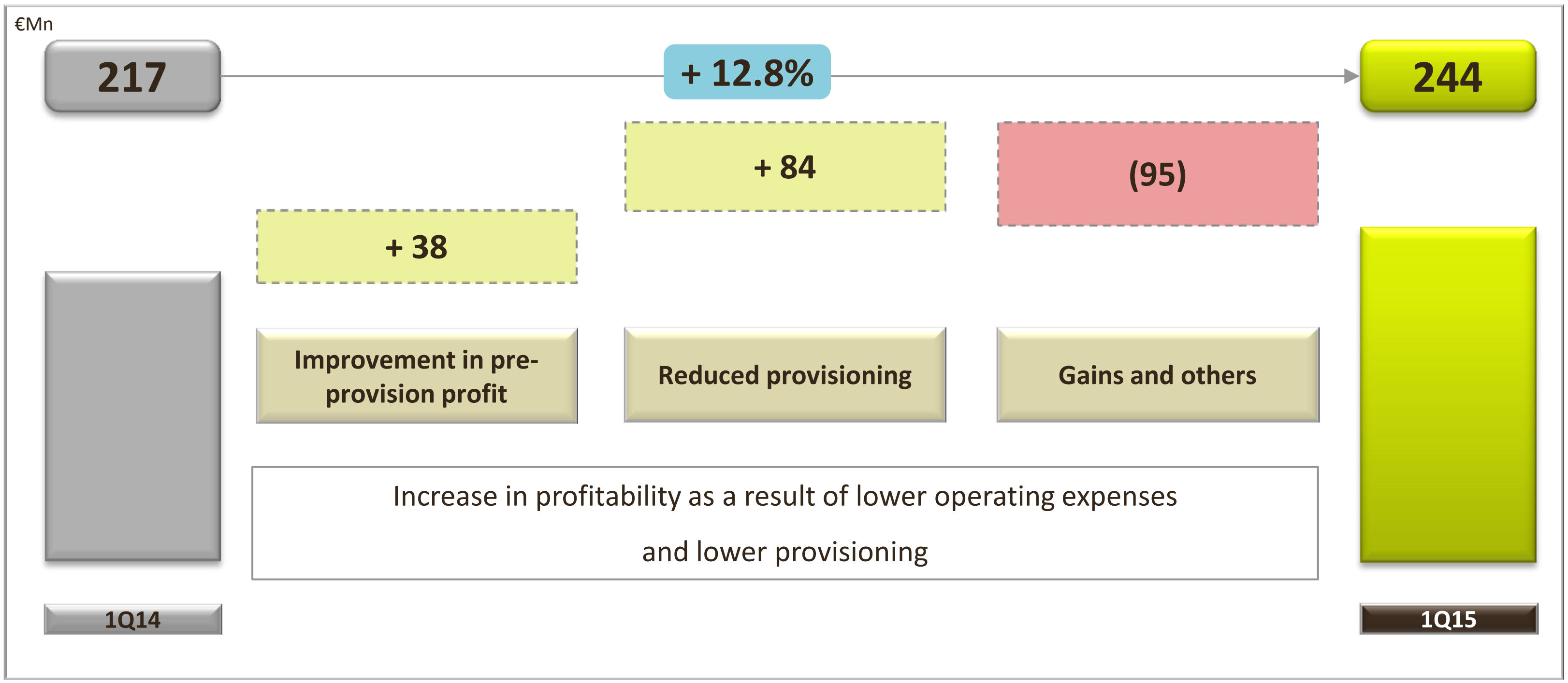
Provisions decreasing quarter by quarter

1Q 2015 Results

D Attributable profit

Attributable profit increases to €244 million in the quarter

Attributable profit performance



Attributable profit up 12.8% year on year

Contents

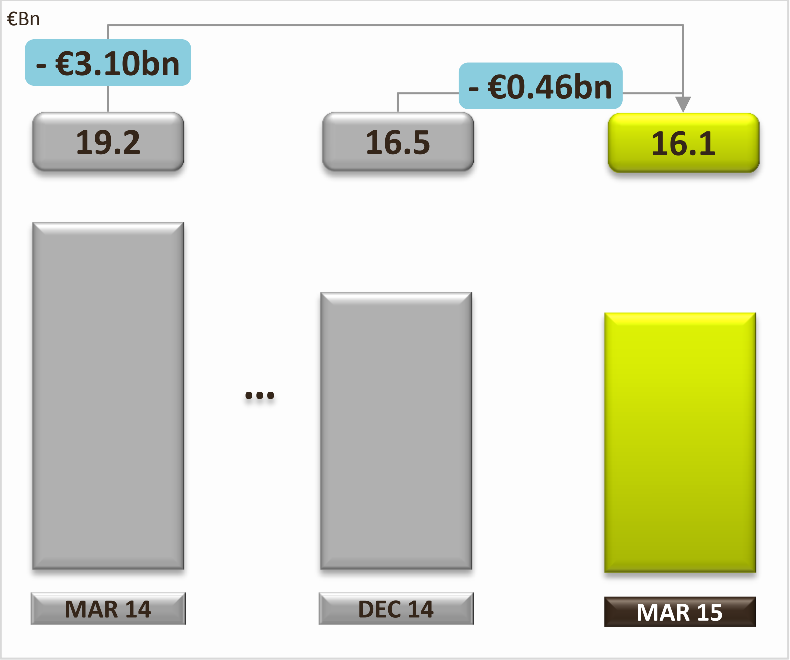
Bankia

Asset quality and risk management

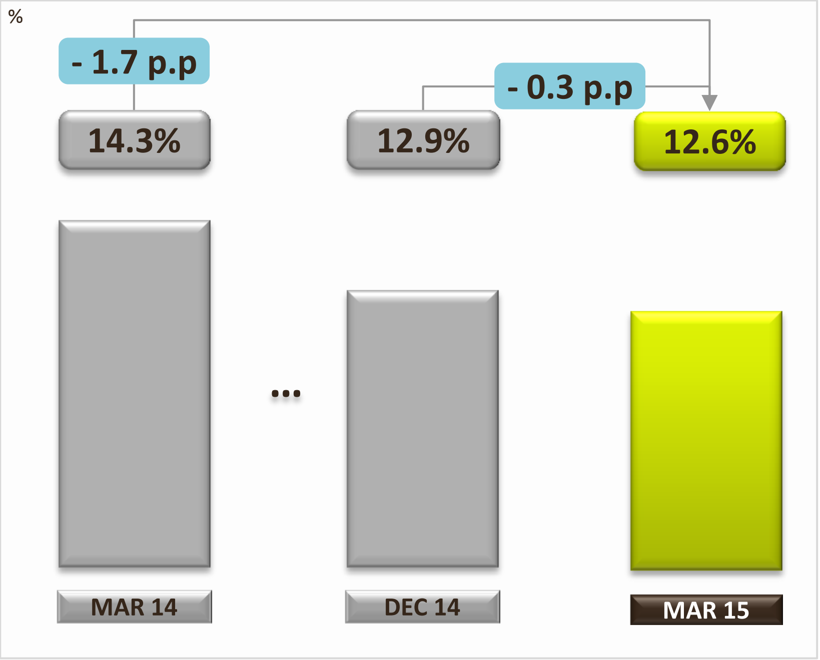
Credit quality

NPL ratio falls to 12.6%

Non-performing loans



NPL ratio



Downward trend in NPLs and NPL ratio continues during the quarter

Asset quality and risk management

Credit quality

NPLs down €0.46Bn in the quarter

NPLs, NPL ratio and NPL coverage performance

€Bn

	DEC 2014	Change	MAR 2015
NPL ratio	12.9%	↓ 0.3 p.p	12.6%
NPL coverage (1)	57.6%	↑ 182 bps	59.4%
Foreclosed assets (2)	2.9	= €0 Bn	2.9

(1) Loan loss provisions / NPLs
(2) Net foreclosed assets

NPLs performance

€Bn

NPLs Dec 2014	16.54	
+ Gross additions	+ 0.86	Total reduction
- Recoveries	- 1.21	
Net additions	- 0.35	-0.46
- Write-offs	- 0.11	
NPLs Mar 2015	16.08	

Reduction of NPLs by €462m in one single quarter without portfolio sales

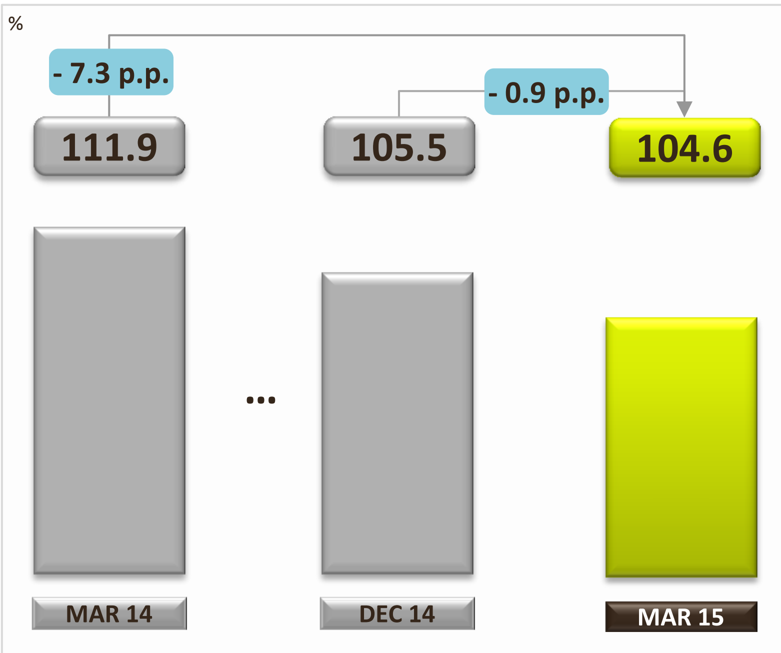
Contents

Liquidity and solvency

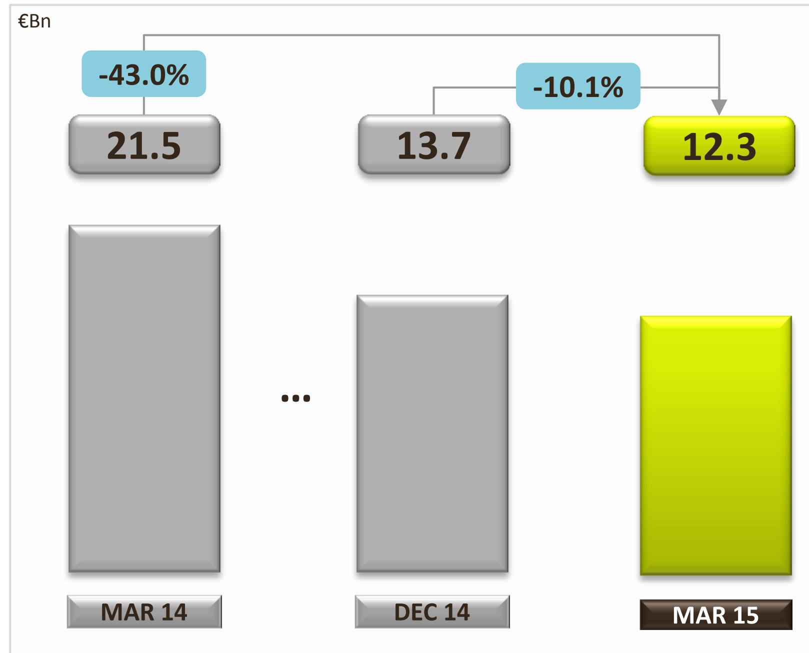
Liquidity indicators

LtD ratio below 105%

LTD ratio performance



Commercial gap performance



LCR substantially above regulatory requirements

Bankia

Liquidity and solvency

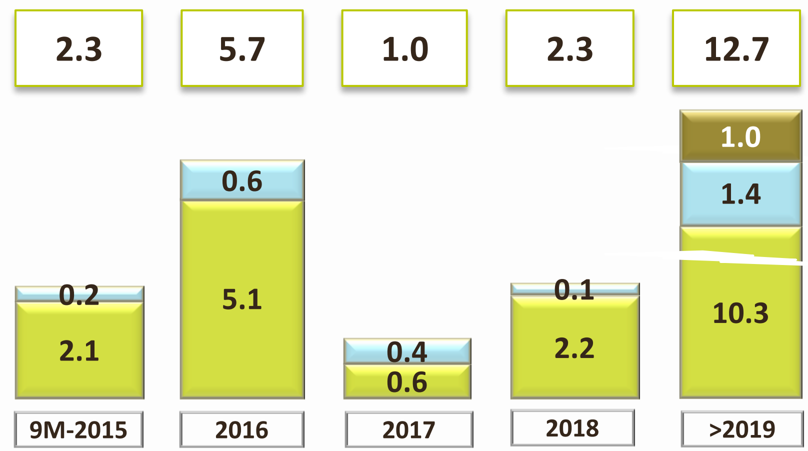
Wholesale maturities and liquid assets

The Group's liquid assets comfortably cover wholesale maturities

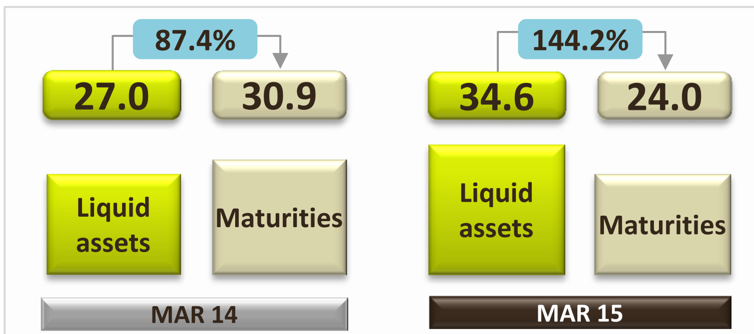
Wholesale maturities amortising profile

Amount Outstanding	24.0
Senior debt	2.7
Covered bons	20.3
Subordinated debt	1.0

€ bn



Liquid assets and wholesale maturities



Liquid assets account for 144% of Group's wholesale maturities

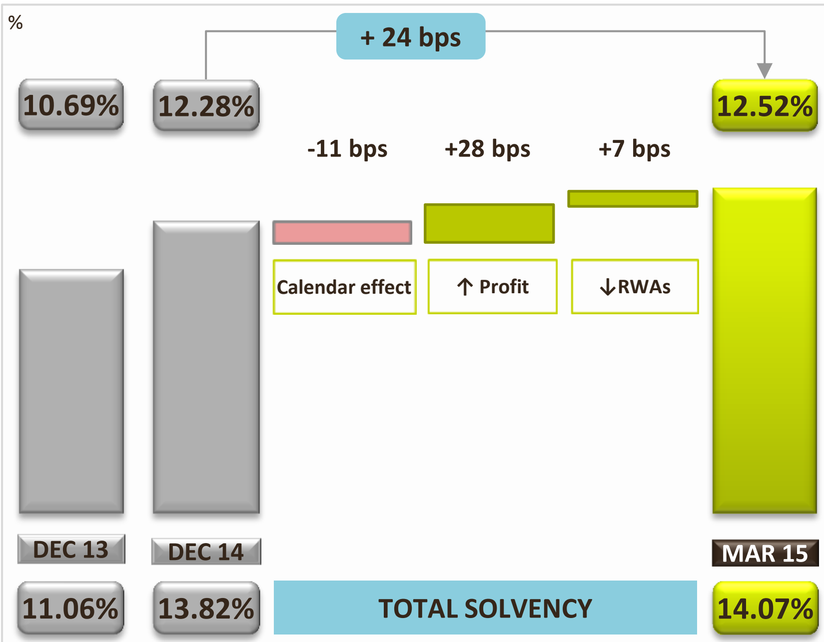
Bankia

Liquidity and solvency

Solvency ratios

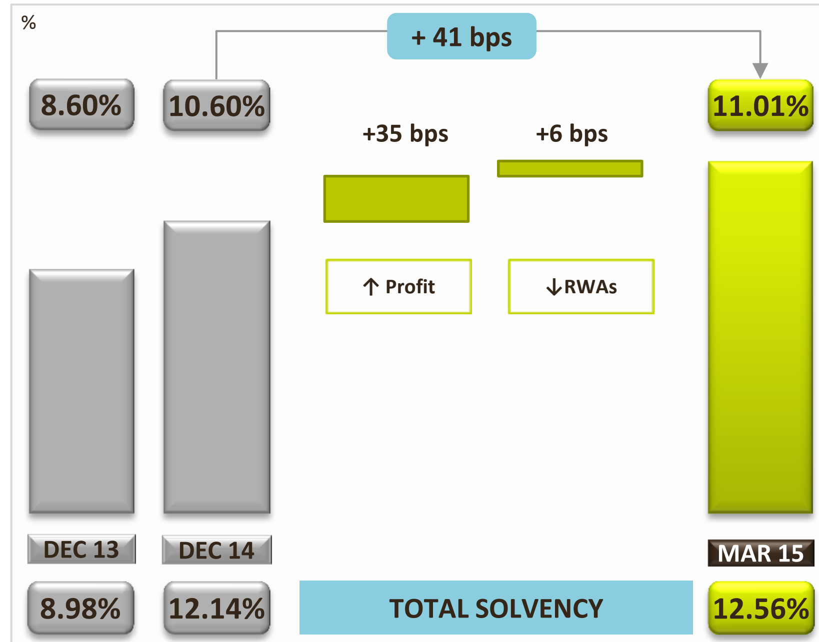
Further capital generation in the quarter

CET 1 BIS III Phase in ratio performance



The ratios include the result of each period.

CET 1 BIS III Fully Loaded ratio performance



Phase-in CET1 BIS III ratio increases to 12.52%

Fully loaded CET1 BIS III ratio stands at 11.01%

Bankia

Contents

Conclusions

Entering final year of our Strategic Plan…

Mantaining commercial activity acceleration, with significant increases in customer funds and strategic lending segments

Increased network productivity improving efficiency levels

NPL's continue to decline while increasing coverage, driving cost of risk towards targeted levels

Increasing once again our solvency ratios (+41bps Fully Loaded)

All of which contributing to increase our attributable profit by 13% with respect to 1Q 2014

…with ROE standing at 8.7% in line with our 10% target

Bankia

LET´S KEEP WORKING

Investor Relations

ir@bankia.com