



MATERIAL DISCLOSURE

Pursuant to article 82 of Law 24/1988 of 28 July on the Securities Market, Bankia, S.A. hereby notifies that the presentation to analysts and investors of the general outlines of the Strategic Plan will take place today, Wednesday, 28 November 2012, at 16:30 CET.

A webcast of the presentation will be posted on the corporate portal www.bankia.com, where the recording will remain available for at least one month.

A presentation to analysts is attached.

The above is notified as a Material Disclosure for all pertinent purposes.

Madrid, 28 November 2012

BANKIA, S.A.

STRATEGIC PLAN 2012-2015

Grupo Banco Financiero y de Ahorros

November 2012

Bankia



Banco Financiero y
de Ahorros S.A.



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Recent events

JUNE 21st

- **Top-down analysis of Spanish financial institutions** (Oliver Wyman – Roland Berger)

JULY AND AUGUST

- **Publication of Memorandum of Understanding (“MOU”) and Royal Decree 24/2012**
 - Requirements for incorporation of the asset management company (SAREB)
 - Imposition for liability management exercises

SEPTEMBER 28th

- **Publication of Oliver Wyman’s stress test results. Identification of BFA Group capital needs:**
 - €13.2 bn in baseline scenario
 - €24.7 bn in adverse scenario

NOVEMBER 16th

- **Definition of Royal Decree regulating SAREB. Definition of the perimeter and transfer prices of the assets to be transferred**

NOVEMBER 28th

- **Final approval of the restructuring plan by the European authorities**

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- 1. BFA Group recapitalisation**
2. BFA Group asset quality, liquidity and solvency
3. BFA Group Strategic Plan for 2012-2015
4. Conclusions

Appendix

Group recapitalisation – stress test

Starting point: results of OW stress test – capital needs

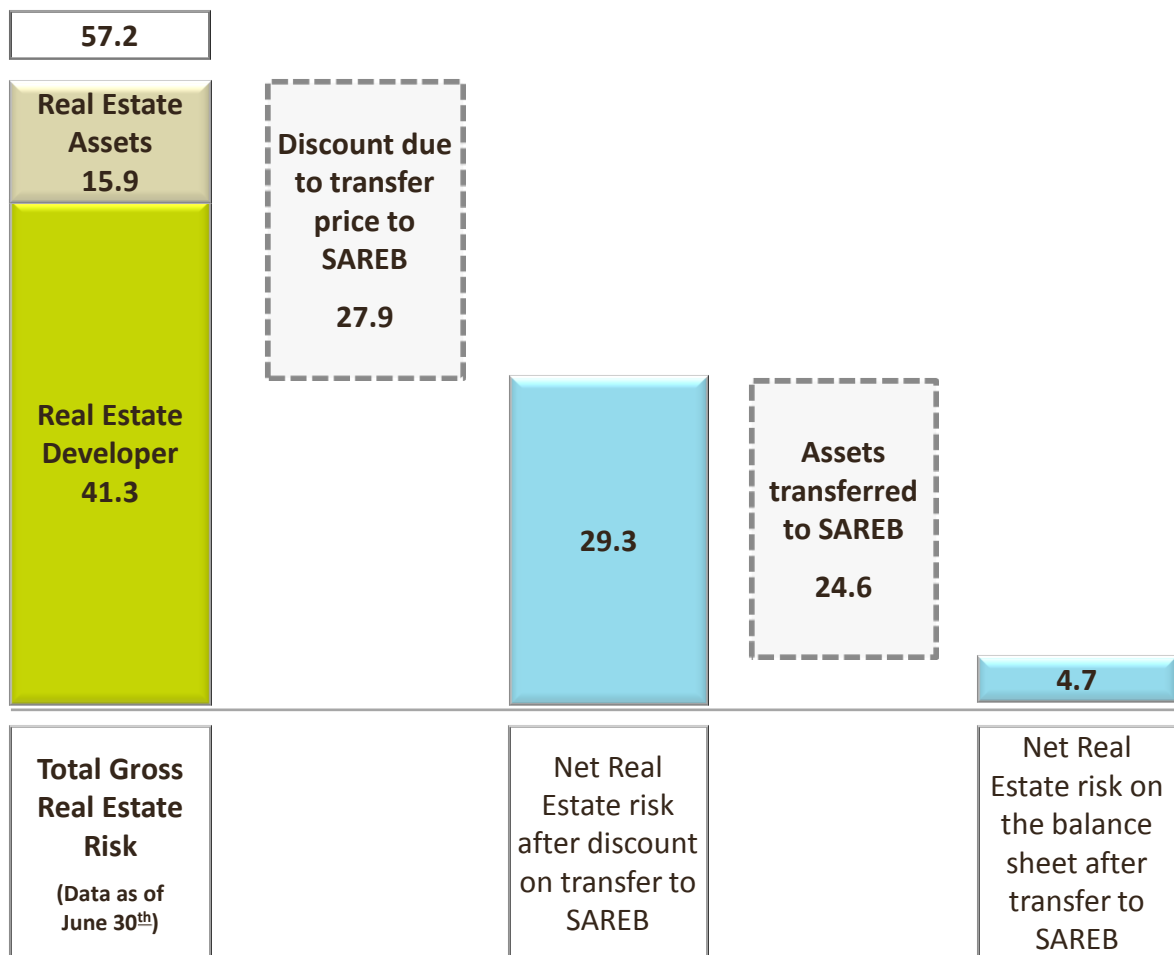
	Baseline (9%)	Adverse (6%)
EXPECTED LOSSES	29.6	42.7
EXISTING PROVISIONS (2011)	(19.8)	(19.8)
PROVISION SHORTFALL	9.8	22.9
OTHER ⁽¹⁾	3.4	1.8
CAPITAL NEEDS FOR 9%/6% CT1 (EBA)	€13.2	€24.7

BFA Group data, € billions

⁽¹⁾ Capital buffer + Pre Provision Profit generation 2012 – 2014 + Tax effect

Group recapitalisation – impact of SAREB

Reduction of Real Estate risk after transfer to SAREB



BFA Group data, € billions

Group recapitalisation – impact of hybrid instruments

Capital impact of the exchange of hybrid instruments

Burden-sharing required by MoU

Exchange of hybrid instruments (preference shares and subordinated debt) for Bankia shares, under the terms and conditions imposed by the authorities

Estimated exchange price (average):

Preference shares	61%
Perpetual subordinated debt	54%
Dated subordinated debt	86%*

Based on the exchange price assumptions and assuming 100% takeup, the exchange could generate capital of up to €6.5 bn at BFA Group level

Of which €4.7 bn generated as equity

And €1.8 bn via trading income

* Dated subordinated debt may be exchanged either for shares, with an appropriate discount (estimated average exchange price: 86%), or for no-interest bonds, with a face value discount of 1.5% per month until maturity.

Group recapitalisation – determination of final capital needs

BFA Group capital needs – Oliver Wyman adverse scenario		24.7
-/+	Impact on capital needs due to transfer of assets to SAREB	-0.2
BFA Group capital needs after SAREB		24.5
Of which: Bankia Group		15.5

Burden sharing		BFA Group	Bankia Group
Capital needs after SAREB		24.5	15.5
Hybrid instruments		Up to 6.5	Up to 4.8
Capital to be contributed by shareholders		18.0	10.7
Of which, injected in September 2012		4.5	

BFA Group data, € billions

Group recapitalisation – timeline

Next steps

- 1 Approval of Recapitalisation Plan (Nov 28th)
- 2 Asset transfer to SAREB (Dec 2012)
- 3 Capital injection in BFA Group (Dec 2012)



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Asset quality

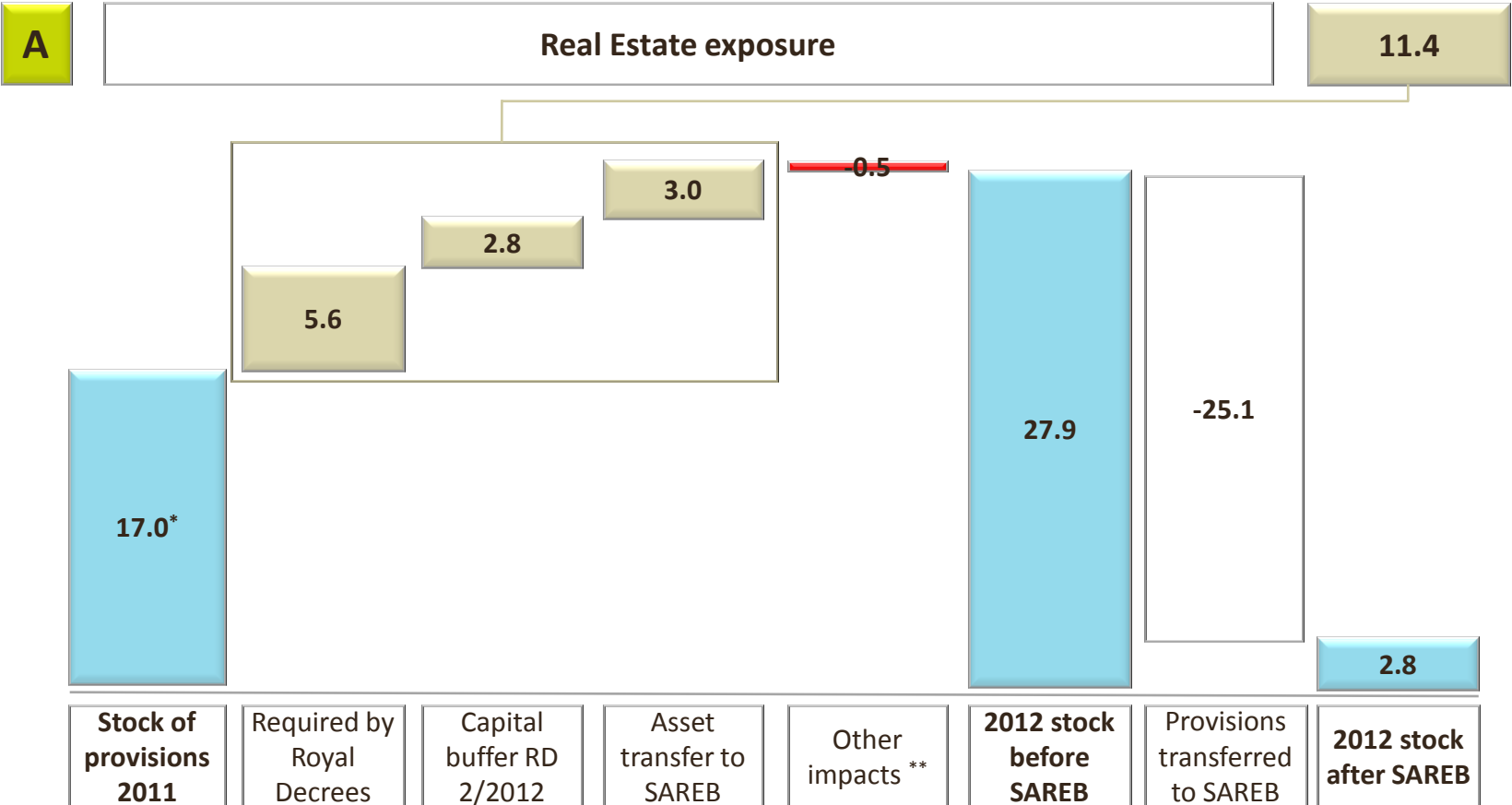
Provisions planned for 2012

A	Real Estate exposure	11.4
B	Rest of credit portfolio (SMEs and retail)	8.1
C	Investees	4.3
	Other	1.0
TOTAL ESTIMATED PROVISIONS		24.8

BFA Group data, € billions

Asset quality: Real Estate exposure

2012 provisions for Real Estate exposure



* Including generic provision

** Transferred to defaulted, foreclosed, etc.

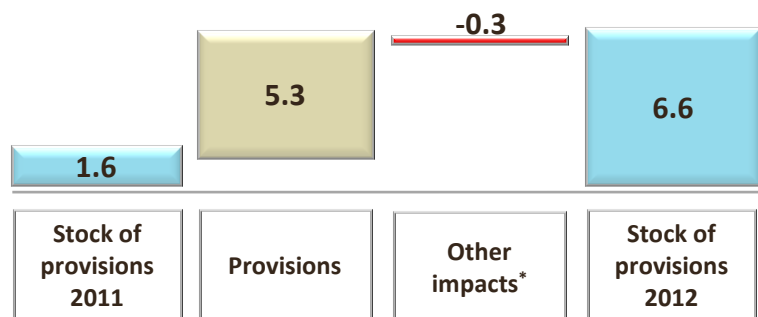
BFA Group data, € billions

Asset quality: rest of credit portfolio

2012 provisions, rest of credit portfolio

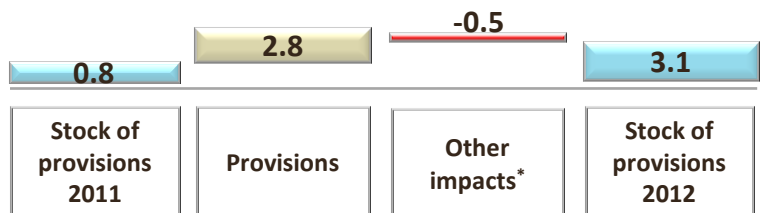
B	Rest of credit portfolio (SMEs and retail)	8.1
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SMEs	5.3
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OW expected loss BFA Group, baseline	11.1%
Coverage for SMEs BFA Group**	13.9%
OW expected loss BFA Group, adverse	18.6%

Retail	2.8
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OW expected loss BFA Group, baseline	2.7%
Coverage for retail BFA Group	3.5%
OW expected loss BFA Group, adverse	5.5%

* Transferred to defaulted, foreclosed, etc.

** Corporates and SMEs coverage

BFA Group data, € billions

Asset quality: investees

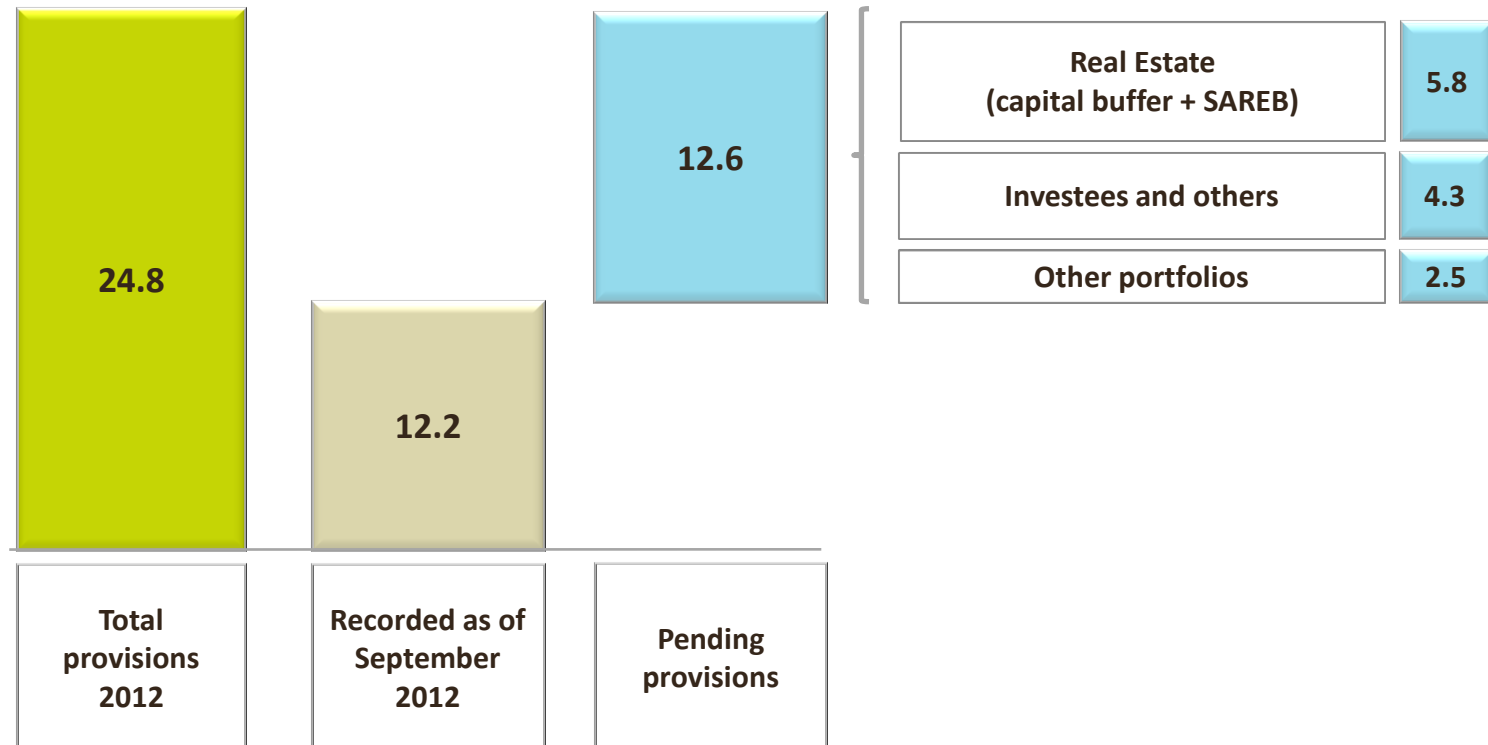
2012 provisions for investees

C	Investees			4.3
		Investee risk 2011	Provisions 2012	Investee risk 2012e
Listed	5.4	2.3	3.1	
Unlisted	2.7	2.0	0.7	
Total	8.1	4.3	3.8	

BFA Group data, € billions

Asset quality: provisioning schedule

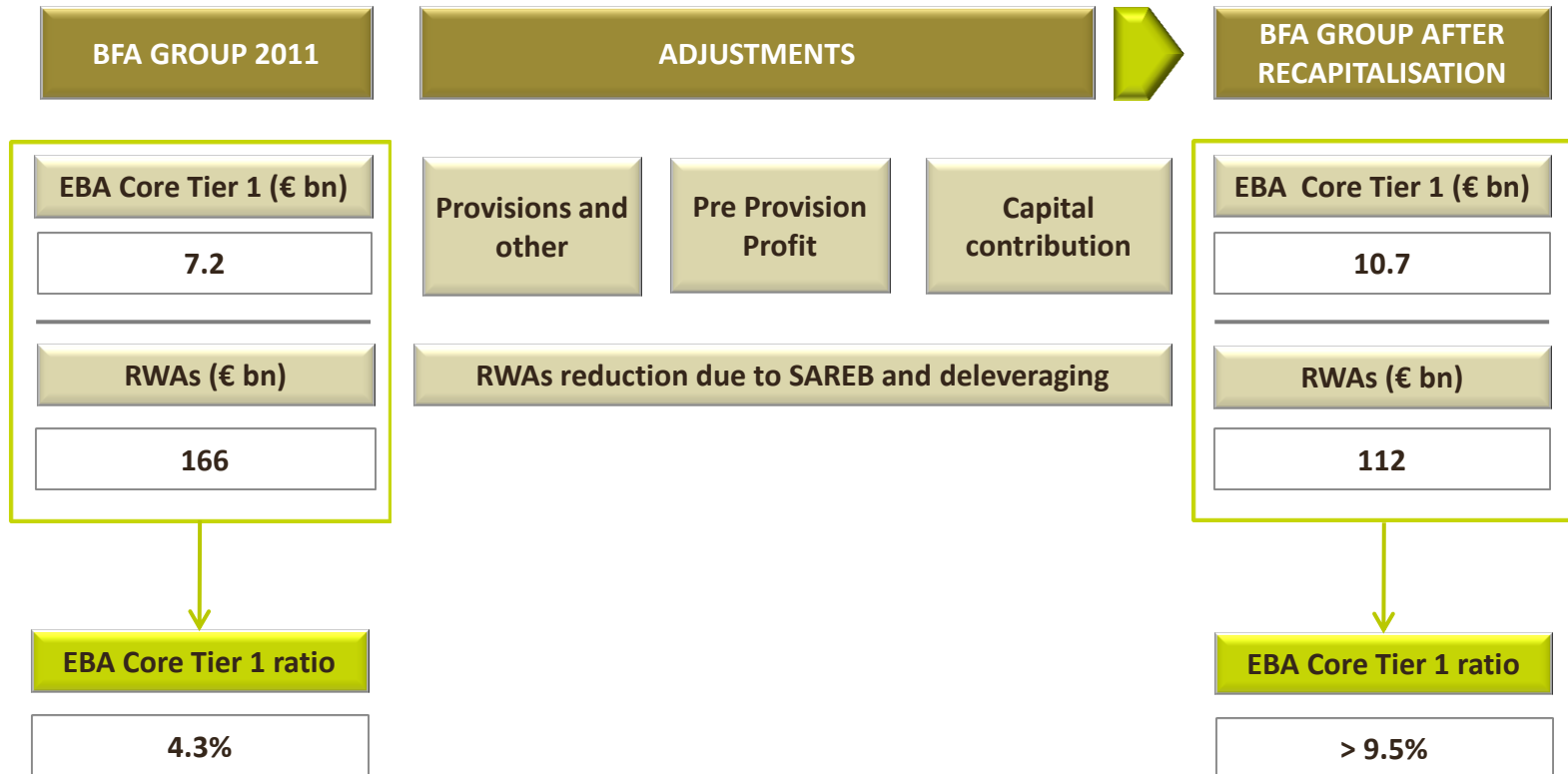
Provisioning schedule



BFA Group data, € billions

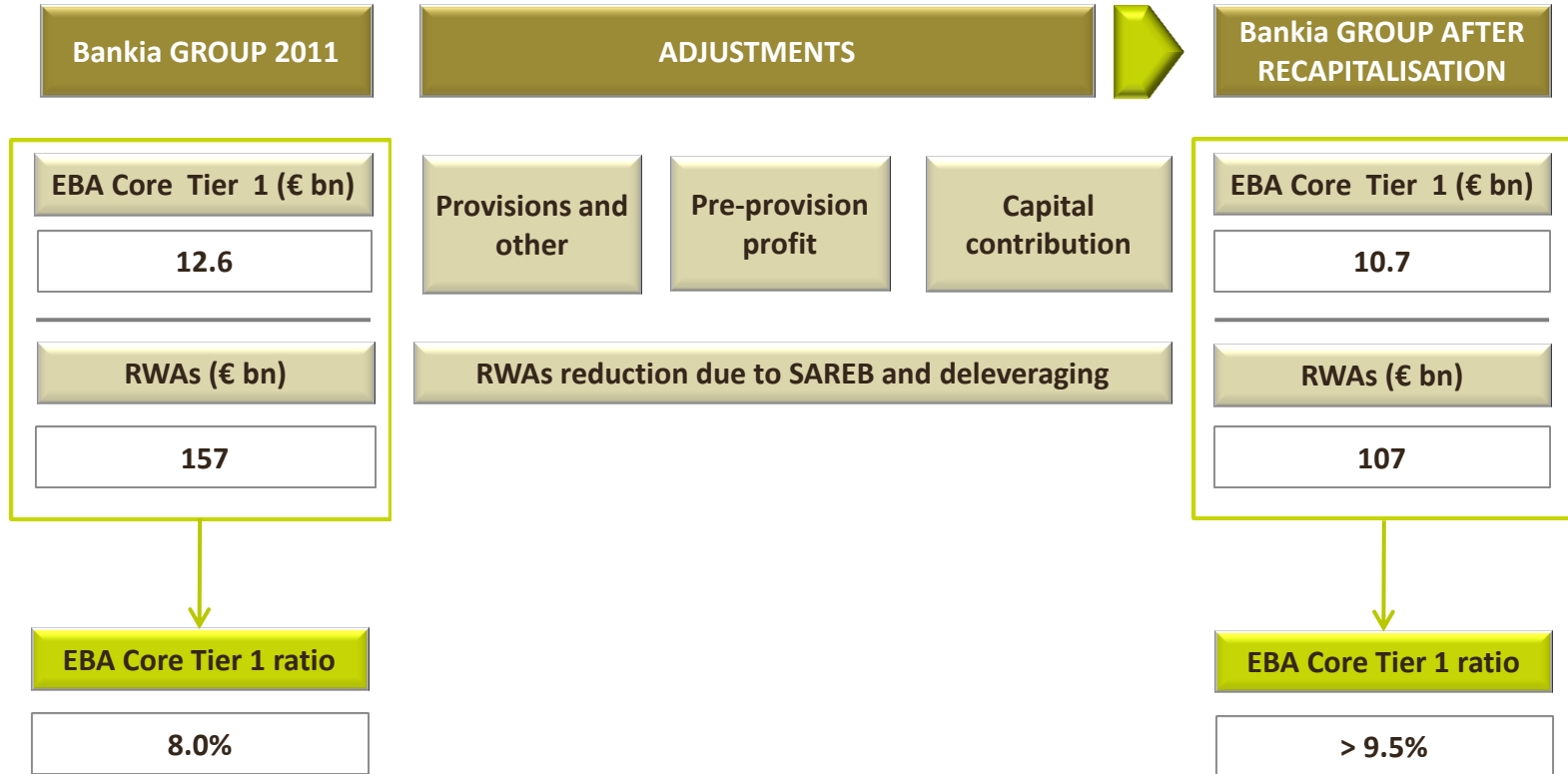
BFA solvency

Compliance with solvency ratios – BFA Group



Bankia solvency

Compliance with solvency ratio – Bankia



BFA Group liquidity position

Recapitalisation plan impact on BFA Group liquidity

Liquid assets – Dec 2012e (€ bn)

Liquid assets (October)	12.2
→ SAREB bonds	24.6
→ Impact on transfer to SAREB on covered bonds	(10.0)
→ Capital injection, BFA Group (net)*	13.5
Total liquid assets	40.3

* Net of the €4.5 bn already injected

Liquid assets cover 89% of the Group's total wholesale maturities, and 1.2x the wholesale maturities outstanding until 2017, inclusive.

Wholesale maturities

Covered bonds (roll-over capacity)	30.5
Rest of maturities	14.8
Total BFA Group maturities	45.3
Of which, maturing until end 2017	32.8

Loan to deposits ratio (%)

164%	Down 21 pps	143%
Jun 2012		Dec 2012e

BFA Group data, € billions

Group recapitalisation - Summary

BFA Group capital increase impact

Asset quality

- ✓ After SAREB, Real Estate loans represent barely 2.5% of credit portfolio
- ✓ SMEs coverage at 13.9%
- ✓ Retail coverage at 3.5%
- ✓ Investees marked to market

Solvency

- ✓ BFA Group solvency > 9.5% EBA
- ✓ Bankia Group solvency > 9.5% EBA

Liquidity

- ✓ All wholesale maturities nearly covered
- ✓ LTD ratio down from 164% to 143%



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Starting point

1

HIGH FRANCHISE VALUE

Broad customer base

- **> 7.5 million customers**, with a close relationship
- **> 260,000 SMEs** and **> 290,000 self-employed**

High market share

- **10% share of Spanish market**
- **4th largest bank in Spain**

Strong presence in original home territories

- **Leader financial institution in its home regions**, with a more than 15% market share

Organisational strengths

- Proved integration **capacity**
- Advanced **IT systems**

Sources: BdE, Bankia, FRS Inmark. Data as of September 2012. Market shares as of June and August 2012

Starting point

2

NONETHELESS, MAJOR CHALLENGES

A

BALANCE SHEET

- ASSET QUALITY
- CAPITAL
- LIQUIDITY

B

PROFIT & LOSS ACCOUNT

- PROFITABILITY
- EFFICIENCY

C

ORGANISATIONAL AND INTEGRATION

Starting point

**STRATEGIC PLAN
2012 -2015**

STRATEGIC PLAN 2012-2015 IS SHAPED BY:

**RESTRUCTURING
PLAN
2012-2017**

**ECONOMIC
OUTLOOK**

Restructuring Plan 2012 - 2017

Improvements from our Starting Point

CAPITALISATION

ASSET
COVERAGE

LIQUIDITY

But, subject to limitations

1

Installed capacity adjustments: profitable branch closure and selective exit from non core territories

2

Burden sharing among shareholders and retail holders of hybrid instruments

3

New credit restrictions

4

Limits on dividend payments until 2014

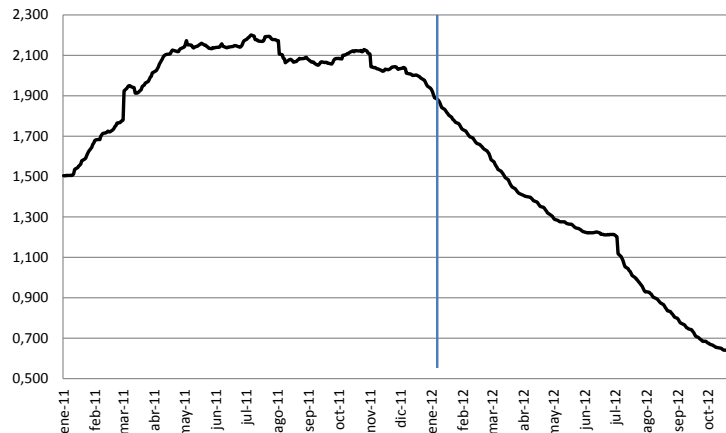
Economic outlook

1 BUSINESS PERFORMANCE

2 HIGH FUNDING COSTS

3 INTEREST RATES EVOLUTION

Euribor 12M, 2011 - today



NII sensitivity to lower interest rates

-50
bps



-€400
million

Strategic Plan 2012-2015

Strategic Plan objectives

1

IMPROVING
OUR
PROFITABILITY

STRENGTHENING OUR COMPETITIVE POSITIONING

ASSET MIX REBALANCING

IMPROVING BANK'S OVERALL EFFICIENCY

MINIMIZING COST OF RISK

2

CONTINUE TO IMPROVE
OUR
FUNDAMENTALS

LIQUIDITY

SOLVENCY

In order to achieve by 2015 **COMPETITIVE ROEs AROUND 10%**

Profitability: Strengthening our COMPETITIVE POSITIONING

1

OUR KEY STRENGTH: LARGE CUSTOMER BASE



OUR OBJECTIVE: RELATIONSHIP WITH OUR CUSTOMERS

RETAIL¹

Compared to a market share of 10%

	Market share
Pension funds	4.9%
Mutual funds	4.6%
Consumer finance	4.6%
Credit cards	5.6%

SMEs

Compared to an average customer investment share of ≈ 26%

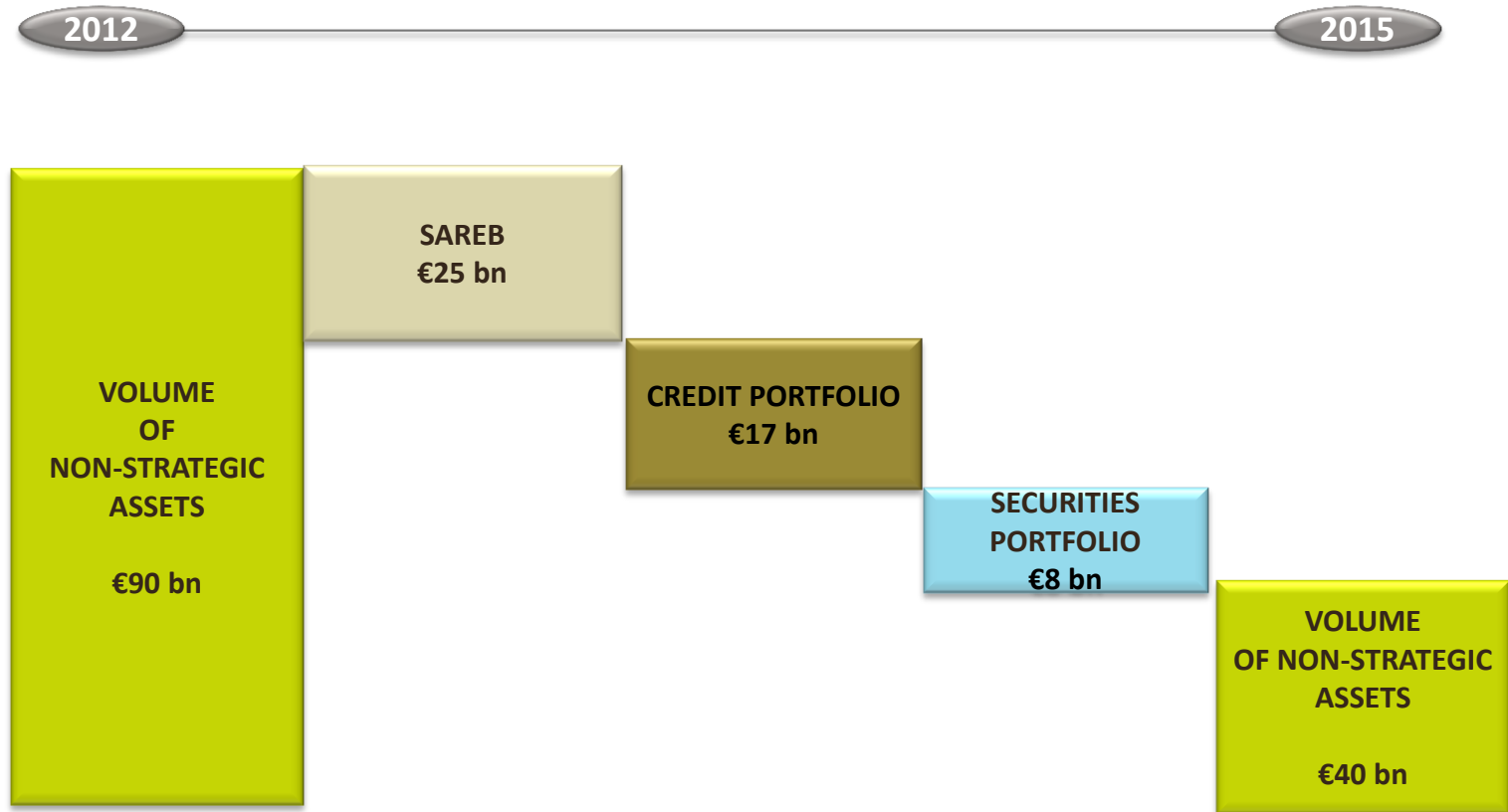
	Share
Commercial effects	11%
Leasing, Factoring, Reverse factoring	10%
Foreign trade activities	7%
Services: Payroll	16%

¹ Sources: Banco de España, Bankia. Data as of September 2012. Market shares at June and September 2012.

Profitability: ASSET MIX Rebalancing

1

1 NON-STRATEGIC ASSETS DISPOSAL



BFA Group data, € billions

Profitability: ASSET MIX Rebalancing

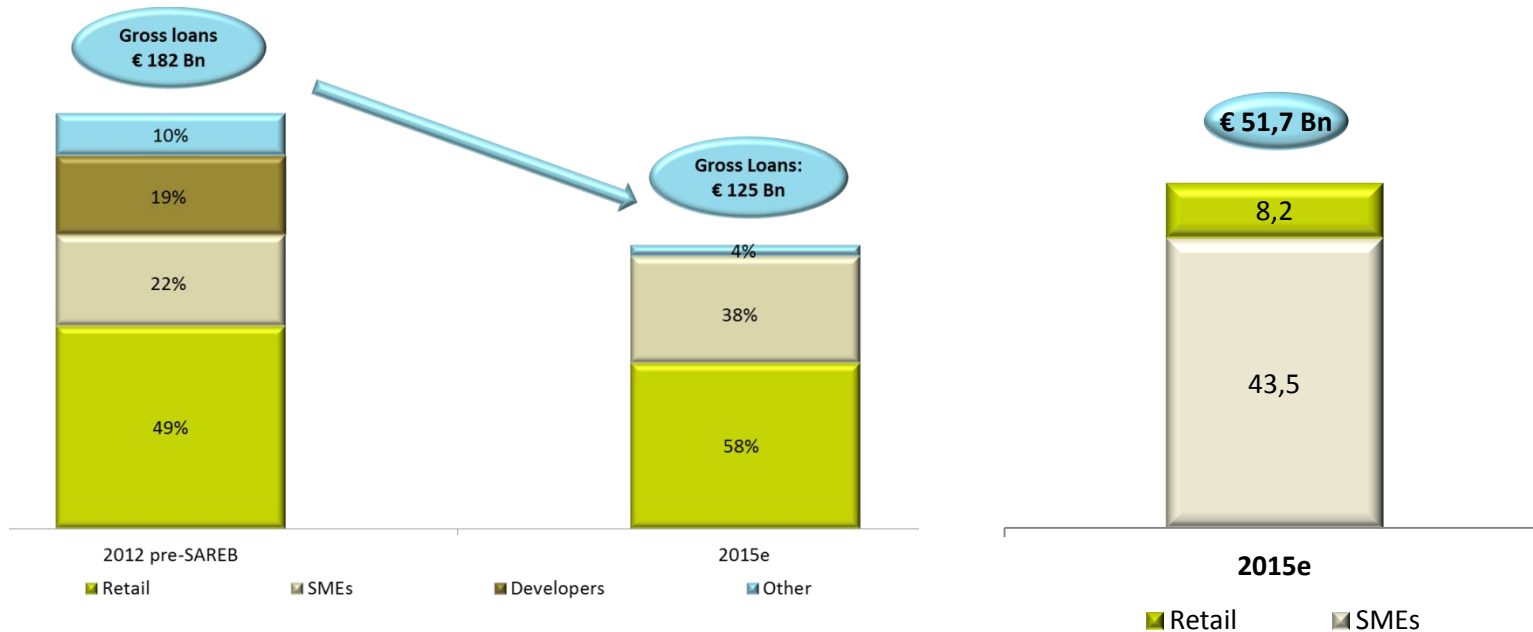
1

B

TRANSFORMATION OF THE CREDIT PORTFOLIO

Breakdown of credit portfolio

New lending 2012 -2015 (cumulative data)



BFA Group data, € billions

A ORGANISATIONAL STRUCTURES

- HQ & CORPORATE CENTER
- INTERMEDIATE NETWORK STRUCTURES

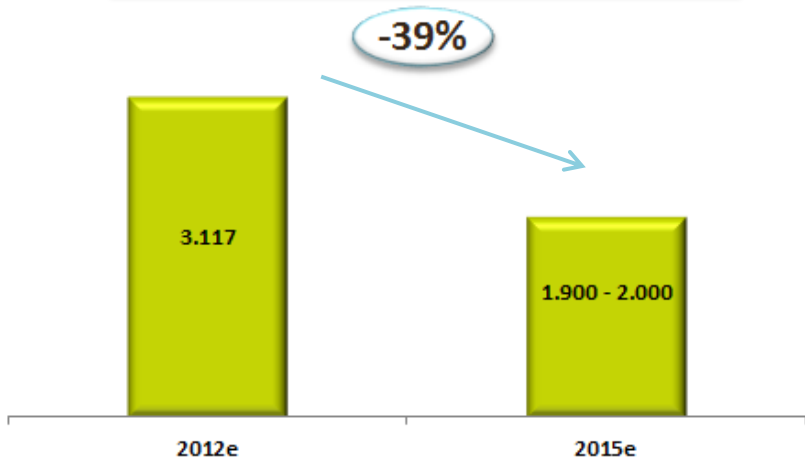
B BIMODAL BRANCH NETWORK

	20% of best branches	20% of worst branches
High Value Customer	44%	5%
Volume of deposits	46%	3%
Loan to deposits ratio	54%	277%
NPLs	1%	65%
Pre Provision Profit	70%	-10%

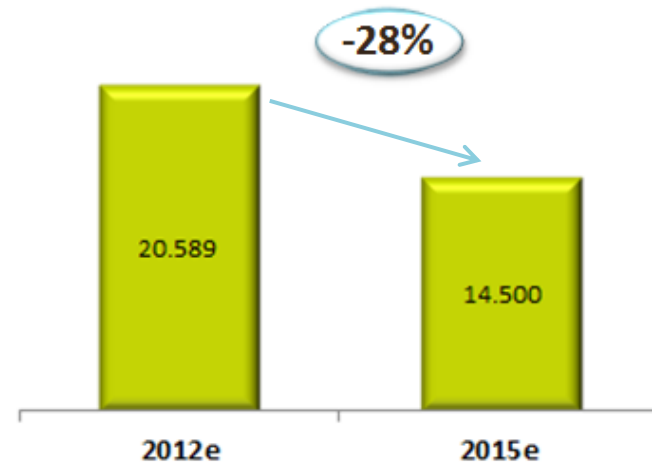
Profitability: Improving our EFFICIENCY

1

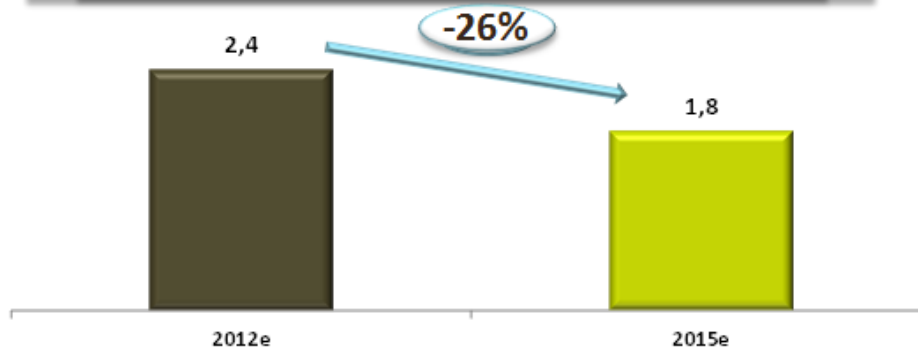
Branches 2012 – 2015



Workforce 2012 – 2015



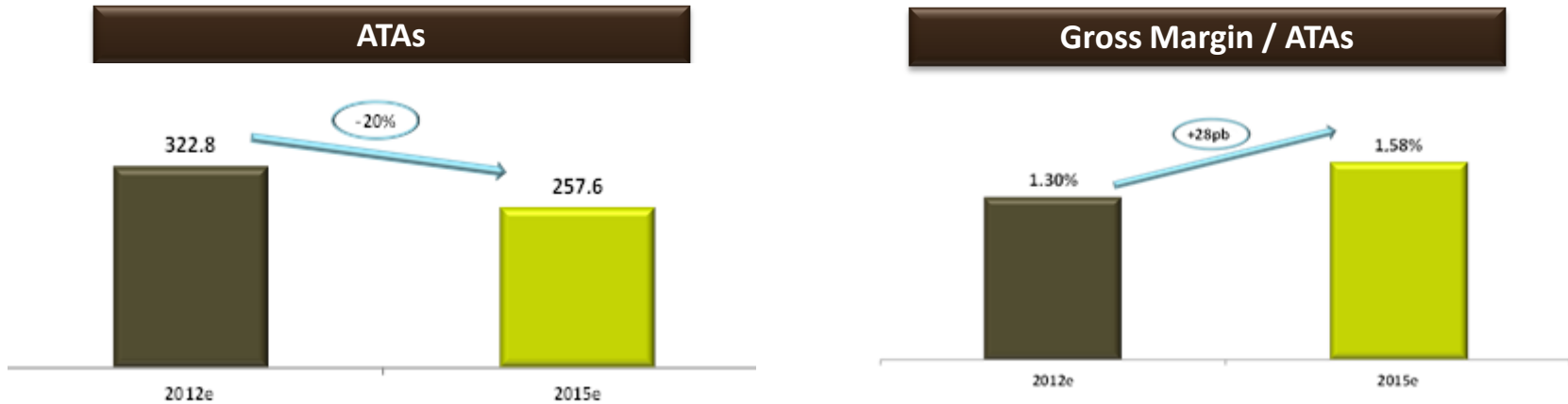
Operating costs 2012 – 2015



BFA Group data, € billions

* Includes depreciation and amortisation

Our way to profitability



In billions of euros

	2012e	2015e
Gross Margin	4.1	4.1
Operating costs*	2.4	1.8
Pre Provision Profit	1.7	2.3

* Includes depreciation and amortisation

The restructuring exercise and revenue-generating initiatives will lead the Group towards an efficiency ratio of 40% - 45% by 2015

BFA Group data, € billions

Profitability: Minimizing our COST OF RISK

1

A GOOD STARTING SITUATION: WELL PROVISIONED PORTFOLIO

B PORTFOLIO BREAKDOWN

- RECOVERY PERSPECTIVE
- BUSINESS VISION

C RISK POLICIES



Cost of risk
2013-2015

≈ 50 - 55 bps

Strategic Plan 2012-2015

Strategic Plan objectives

1

IMPROVING
OUR
PROFITABILITY

STRENGTHENING OUR COMPETITIVE POSITIONING

ASSET MIX REBALANCING

IMPROVING BANK'S OVERALL EFFICIENCY

MINIMIZING COST OF RISK

2

CONTINUE TO IMPROVE
OUR
FUNDAMENTALS

LIQUIDITY

SOLVENCY

In order to achieve by 2015 **COMPETITIVE ROEs AROUND 10%**

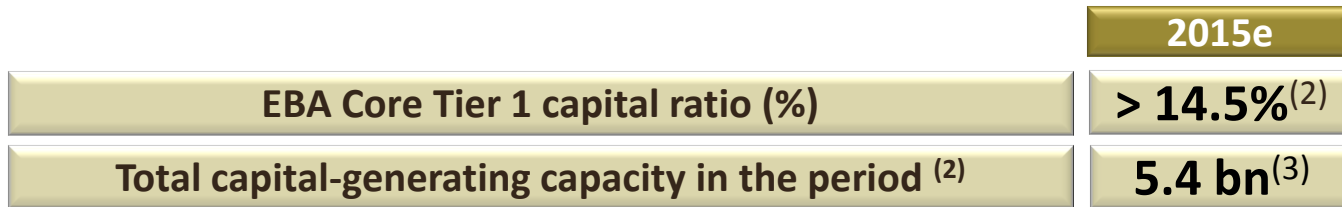
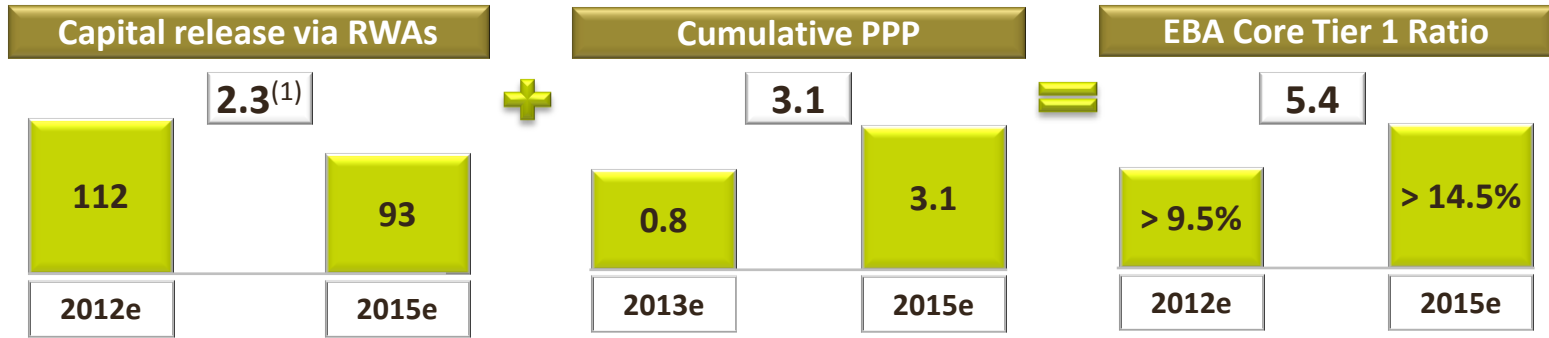
A LIQUIDITY GENERATION CAPACITY

	Cumulative 2013-2015
Organic generation in period (PPP)	3.1
Reduction of commercial gap	11.6
Investees portfolio	10.2
Change in other assets and liabilities	3.9
Liquidity generation	28.8

**LIQUIDITY generated during the period widely covers
Group's wholesale maturities for the next 3 years
(€ 23.5 bn)**

BFA Group data, € billions

B SUSTAINABLE CAPITAL MODEL



During this period, the Group generates an excess of capital equivalent to 50% post-capital increase in 2012

¹ Combination of excess of capital in 2012e (€ 0.6 bn) and capital liberation via reduction in RWAs (€ 1.7 bn)

² It does not envisage dividend payments, although it is expected that the Bank will resume its shareholder's policy remuneration in 2014

³ Excess over 9% EBA

BFA Group data, € billions



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Conclusions

Our goal

Return to be a solid and sustainable financial institution, among the best in Spanish commercial banking



Our strategy

Focus on our customers: individuals, SMEs and businesses in original home territories



Solid and sustainable franchise

Solvent

Profitable

Efficient

Conclusions

Group will make a qualitative leap in terms of resilience, profitability and efficiency

Bankia objective
for 2015

SOLVENCY	ORGANIC CAPITAL GENERATION ⁽¹⁾	> € 5.4 bn
	ASSET QUALITY	Cost of risk 50 -55 bps
EFFICIENCY	EFFICIENCY RATIO	40% - 45%
	ROE	> 10%
PROFITABILITY	NET PROFIT	≈ € 1.2 bn

¹ It does not envisage dividend payments, although it is expected that the Bank will resume its shareholder's policy remuneration in 2014



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APPENDIX – BFA GROUP

Appendix I: BFA Group - Financials

Key financials, BFA Groups

	2012e ¹	2015e
Gross Margin	4.1	4.1
Total expenses	-2.4	-1.8
Pre Provision Profit	1.7	2.3
Net loans	133.8	115.6
Total assets	305.8	252.2
Loan to Deposits	143%	133%
Core capital	> 9.5%	>14.5% ²
ROE	-	>10.5%

¹ Data after transfer to assets to SAREB and after capital increase

² It does not envisage dividend payments, although it is expected that the Bank will resume its shareholder's policy remuneration in 2014

BFA Group data, € billions

Appendix II: Individual BFA – Financial Structure

Banco Financiero y de Ahorros, S.A. – Holding structure

Solid and solvent Holding, assets marked to market and non financial cost (coupon payments) on the liability side

Assets

Fixed Income Portfolio

Government debt
Bonds from capital increase
Bonds from SAREB

Liquid assets

Cash
Interbank deposits

Investees

Liabilities

Guaranteed Government Debt

Wholesale funding

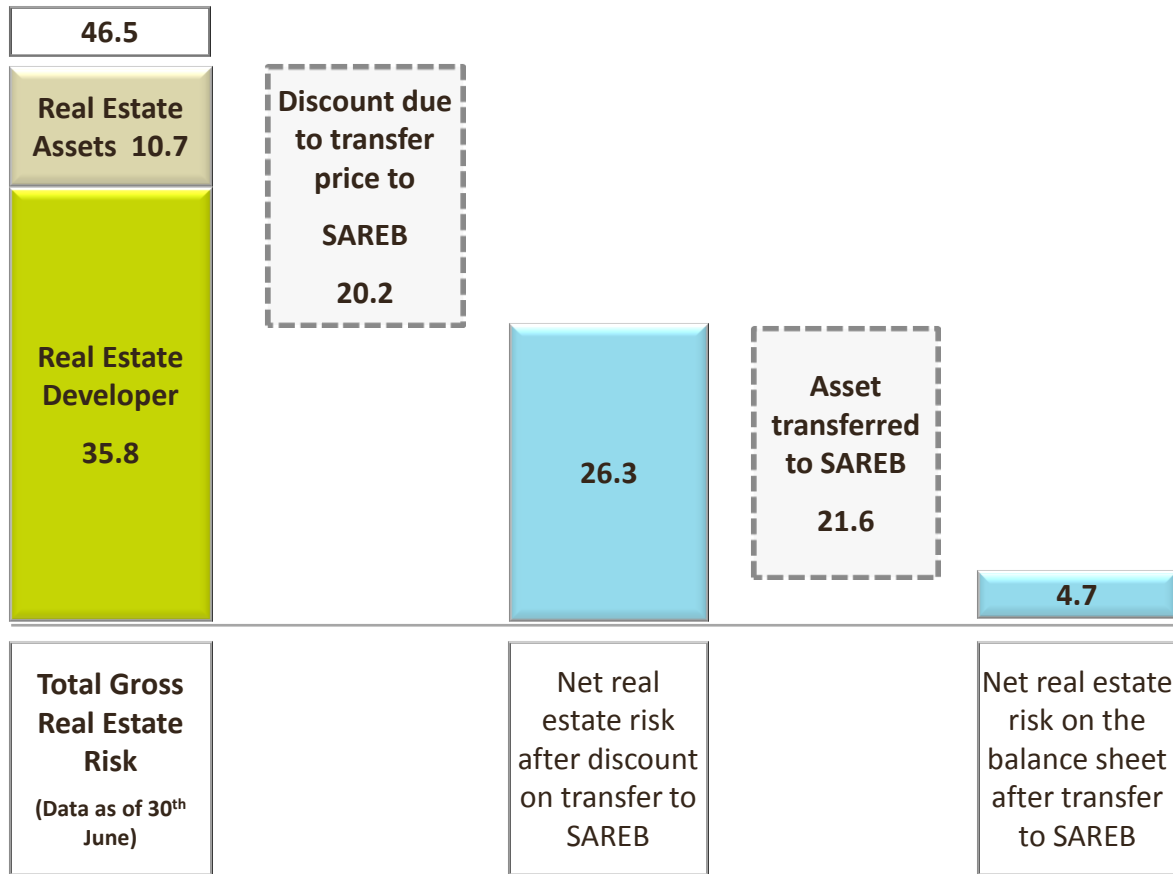
Equity



APPENDIX – BANKIA GROUP

Appendix I: Bankia Group – impact of SAREB

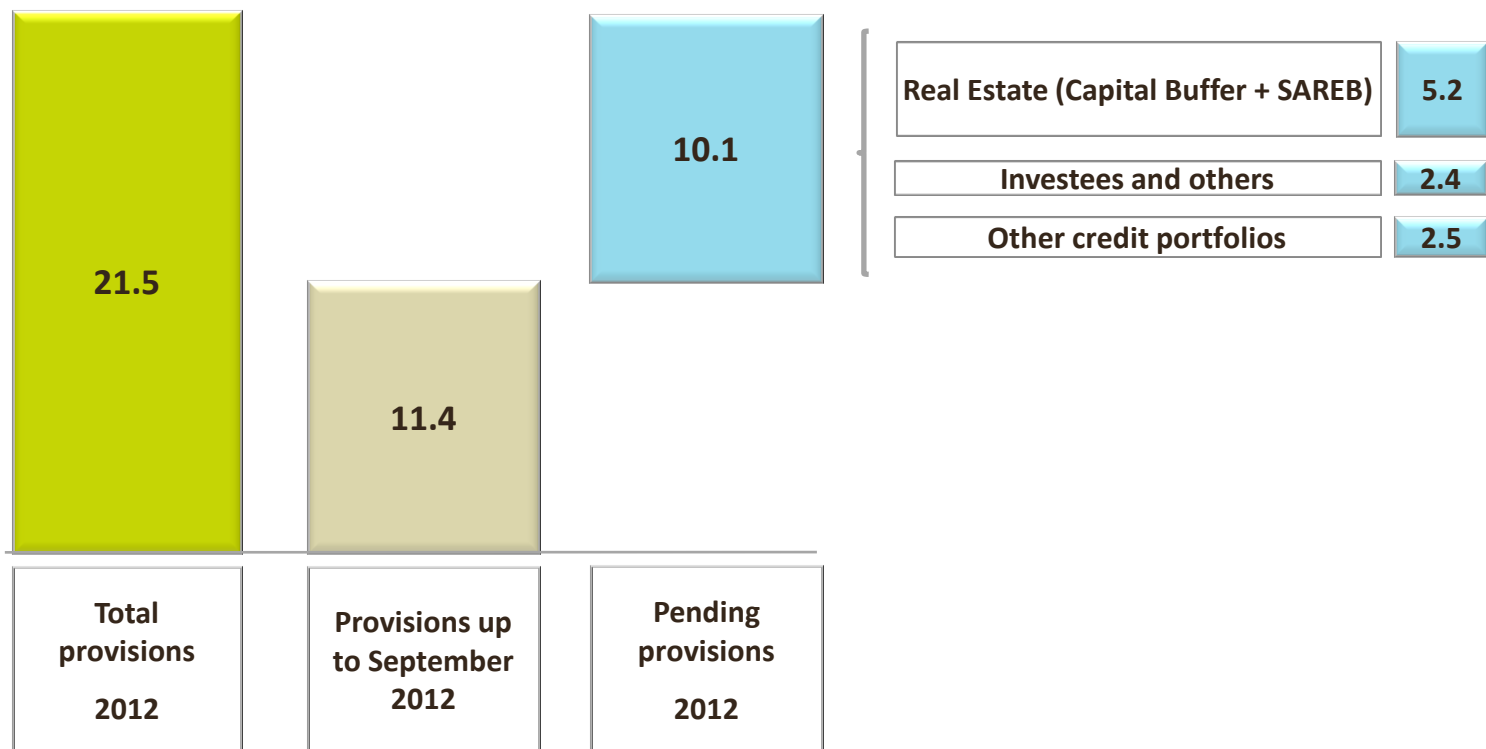
Asset transfer to SAREB – Bankia Group level



Bankia Group data, € bn

Appendix II: Bankia group – Provisions Schedule

Provisions Schedule



Bankia Group data, € bn

Appendix III: Bankia Group liquidity position

Recapitalisation plan impact on Bankia Group liquidity

Liquid assets- Dec 2012e (€ bn)

Liquid assets (October)	9.2
SAREB bonds	21.6
Impact on transfer to SAREB on covered bonds	(10.0)
Capital injection, Bankia Group (net)*	10.8
Total liquid assets	31.6

* Net of the €4,5 bn already injected

Liquid assets cover 85% of the Group's total wholesale maturities, and 1.3x the wholesale maturities outstanding until 2017, inclusive.

Wholesale maturities

Covered bonds (roll over capacity)	30.5
<i>Rest of maturities</i>	6.5
Total Bankia Group maturities	37.0
Of which, maturing until end 2017	24.5

Loan to deposits ratio (%)

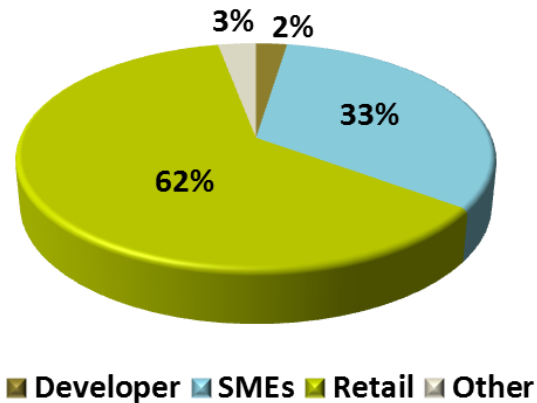
163%	Down 21 pp	142%
Jun 2012		Dec 2012e

Bankia Group data, € bn

Appendix IV: Bankia Group – Credit portfolio risk and coverage

Bankia Group: Breakdown of credit portfolio after SAREB 2012e

Gross credit portfolio: 144,6bn



Credit portfolio coverage

8%¹

Developer portfolio coverage

49%

NPL ratio

12%

¹ Coverage ratio calculated on total gross credit portfolio

Once the asset transfer to SAREB is completed, real estate exposure on the credit portfolio will be barely 2.5%.

Appendix V: Asset Quality: Real Estate exposure

Breakdown of on-balance-sheet Real Estate exposure

A

BFA Group Real Estate exposure after SAREB

	TOTAL	Developer	Foreclosed
Net on-balance-sheet Real Estate risk after SAREB	4.7	1.8	2.9

Real Estate Developers

- They will represent a barely 2.5% of the total credit portfolio and will reach a coverage rate \approx 49%
- 40% are related to international operations, so they are not correlated with the national economic business cycle

Real Estate Assets

- 43% provisioning with respect the original gross loans
- 85% of finished homes

BFA Group data, € billions

Appendix VI: Bankia Group - Financials

Key financials, Bankia Group

Figures in € bn and %

	2012e ¹	2015e
Gross Margin	3.9	3.9
Total expenses	-2.3	-1.7
Pre Provision Profit	1.6	2.2
Net loans	133.6	115.6
Total assets	284.7	249.7
<i>Loan to Deposits</i>	142%	133%
Core capital	>9.5%	>14.3% ²
ROE	-	>10.5% ³

¹ Data after transfer to assets to SAREB and after capital increase

² Does not include any dividend payment, although it is expected that the Bank will resume its shareholder remuneration policy in 2014

Bankia Group data, € bn



Banco Financiero y
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