

Quarterly results presentation

3Q 2016

26 October 2016

Bankia

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LET'S KEEP WORKING



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BOOSTING THE NEW COMMERCIAL POSITIONING...

Improvement in customer satisfaction

With growth in consumer finance and lending to businesses



... WITH ADVANCES IN THE MULTI-CHANNEL STRATEGY...

Continuing to increase multichannel customers

Strong development at “Connect with your expert”



...WITH SOLID BUSINESS FUNDAMENTALS...

Inclusion in the Dow Jones Sustainability Index



CET1 FL Ratio: **13.24%**
Sep16

...TO MAINTAIN OUR COMPETITIVE ADVANTAGE IN EFFICIENCY AND PROFITABILITY

Maintaining our advantage in efficiency: **47.7%**

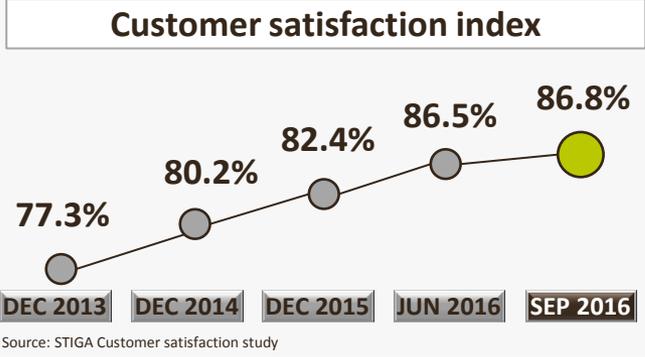
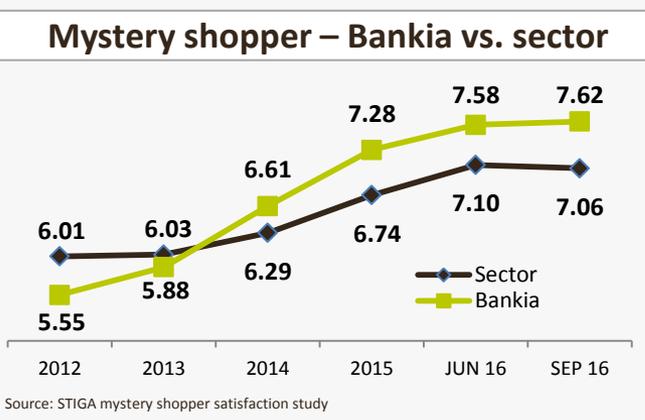
9M16
Attrib. Profit: **€731mn**
9M16

Highlights 9M 2016



COMMERCIAL POSITIONING

Increasing customer satisfaction...



...contributes positively to business performance

Credit cards

Net new credit cards issued (units)

+246,349 9M 2016

3x vs 9M15

Direct income deposit

Net new direct deposit (units)

+109,212 9M 2016

+4.4% of stock vs Dec 15

POS Sales Volume

POS Sales Volume (€mn)

+19.9% 9M 16 vs 9M15

New loans

Consumer loans

+26.1% 9M 16 vs 9M 15

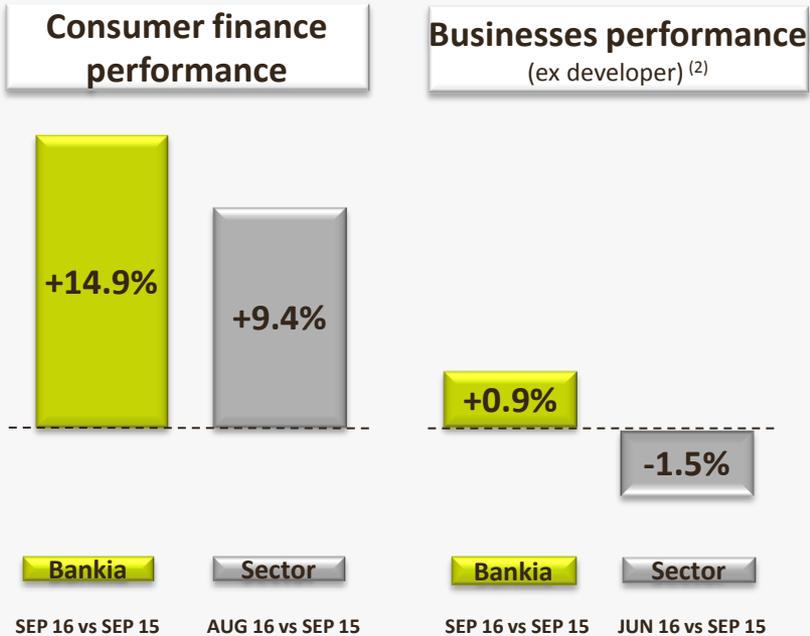
Micro-enterprises & self-employed

+7.6% 9M 16 vs 9M 15

COMMERCIAL POSITIONING

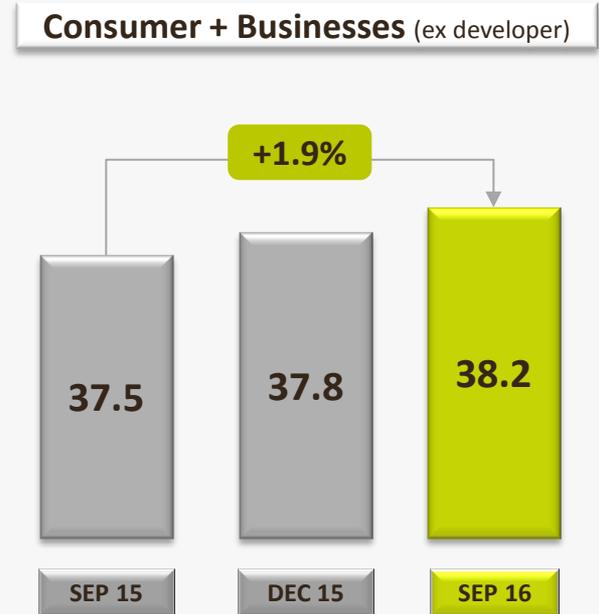
Credit outstanding balance maintains its good performance

Outstanding gross loans performance (ex portfolio sales ⁽¹⁾)
Consumer + Businesses (€bn)



⁽¹⁾ Portfolio sales include non-performing and substandard loans
⁽²⁾ Business sector excludes financial intermediation

Outstanding gross loans performance (ex portfolio sales ⁽¹⁾)
Consumer + Businesses (€bn)



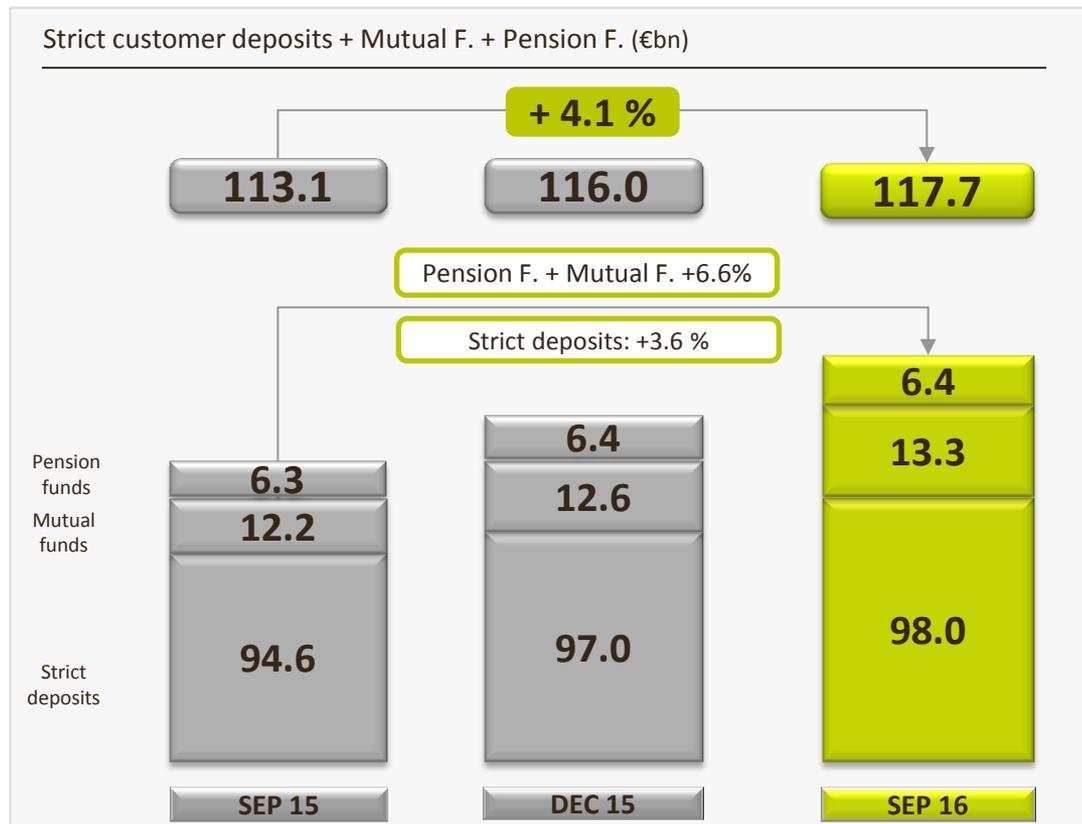
⁽¹⁾ Portfolio sales include non-performing and substandard loans

Highlights 9M 2016



COMMERCIAL POSITIONING

New customer funds performs positively



Mutual funds

Mutual F. market share
(%)
5.60% in Sep 16
+16 bps vs Dec 15

New production market share (%)
7.46% in 9M 16

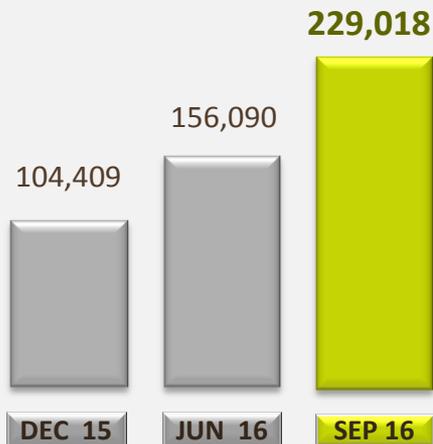
Assets under management performance
(%)
+6.2% Bankia
vs 3.2% sector in 9M 16

MULTI-CHANNEL STRATEGY

Advances continue in multi-channel strategy

CONNECT WITH YOUR EXPERT

Users



Business volume managed

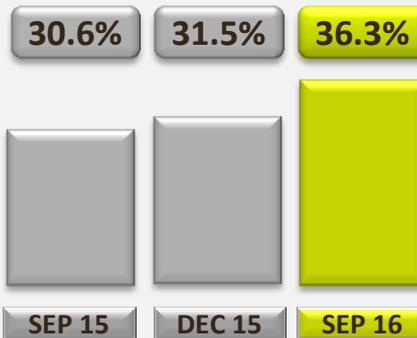
€mn

9,300mn

vs €4,470mn in Dec 15

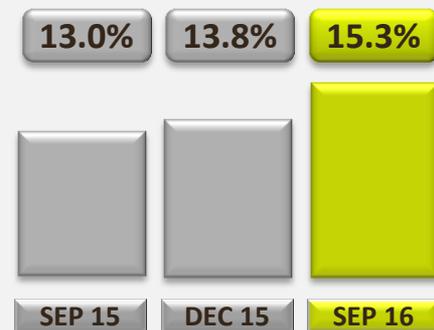
MULTI-CHANNEL CUSTOMERS

% multi-channel customers out of Bankia's total customers



DIGITAL-ONLY CUSTOMERS

% digital customers out of Bankia's total customers



Note: digital-only = >90% online interactions

NEW TOOLS

LANZAMOS
UNA NUEVA
WEB PENSADA
PARA TI.

Más intuitiva, más sencilla
y con muchos más servicios.
Descóbreala próximamente en bankia.es



Neo mobile



Highlights 9M 2016



INCOME STATEMENT

€mn

INCOME STATEMENT PERFORMANCE

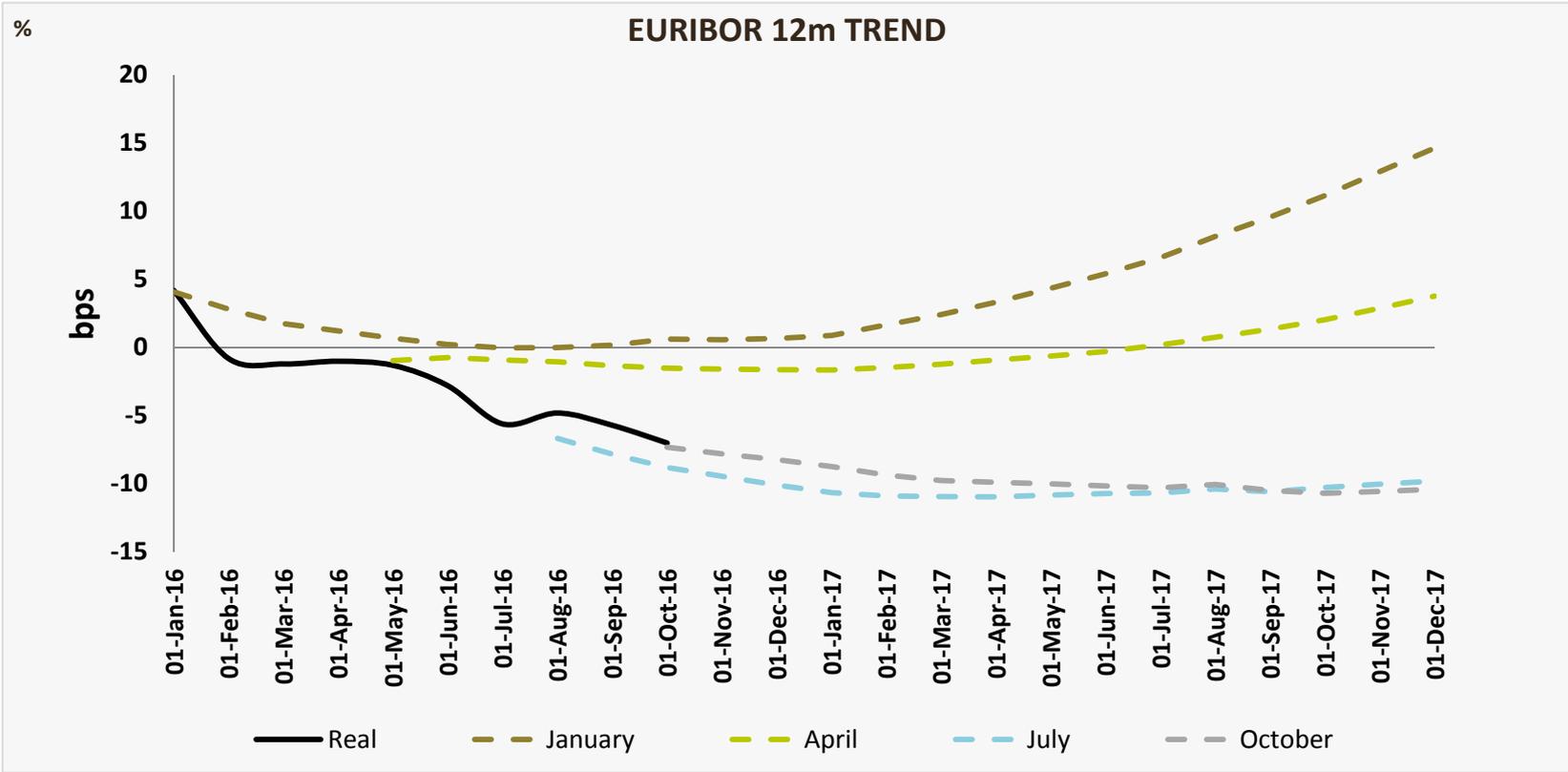
	With CNB	Ex CNB		Diff. %
	9M 15	9M 15	9M 16	
Net interest Income	2,075	1,964	1,631	(16.9%)
Gross Income ⁽¹⁾	3,030	2,910	2,460	(15.5%)
Operating Expenses	(1,257)	(1,200)	(1,172)	(2.3%)
Pre-Provision Profit	1,773	1,710	1,288	(24.7%)
Provisions	(612)	(611)	(321)	(47.5%)
Other ⁽²⁾	306	(286)	(235)	(18.0%)
Profit attributable to the Group	855	812	731	(9.9%)

⁽¹⁾ Includes €61.4m contribution to Single Resolution Fund (SRF) and €57.8m capital gain from sale of VISA Europe in 2Q 2016

⁽²⁾ Includes gains from sales and other results, taxes and minority interests

INCOME STATEMENT

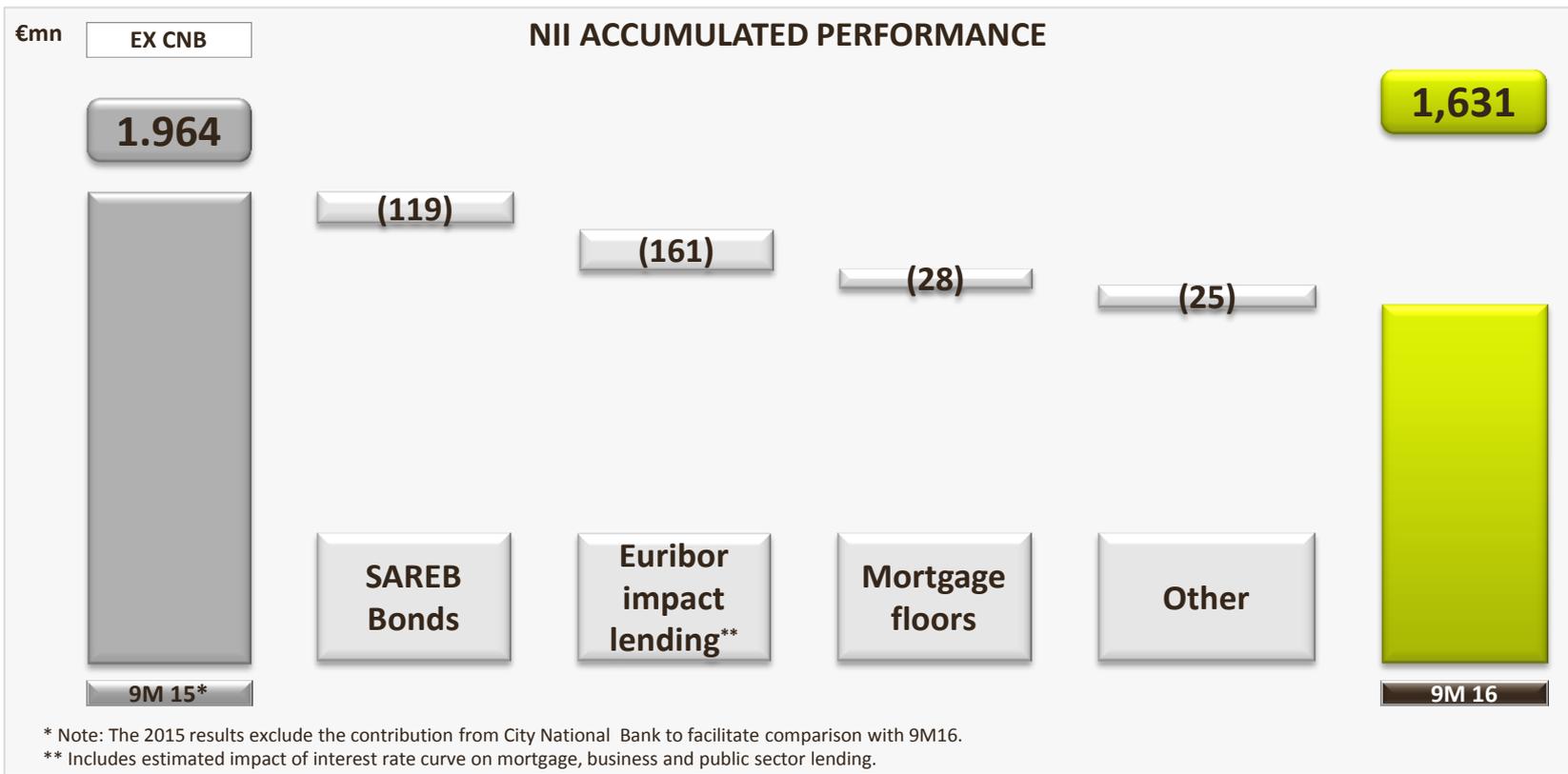
Euribor's performance conditions the net interest income





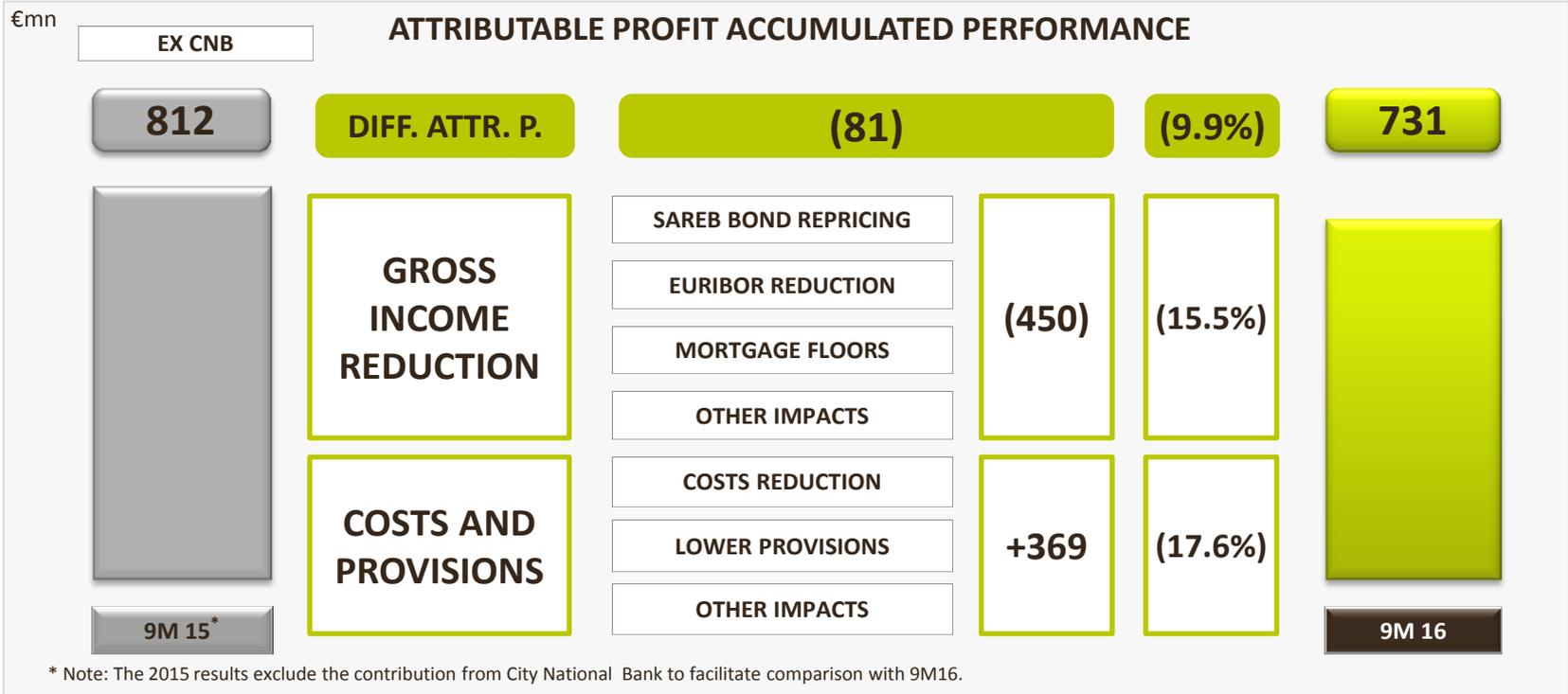
INCOME STATEMENT

Net interest income declines due to Euribor and bonds effect



INCOME STATEMENT

Cost reduction and decrease in provisions...



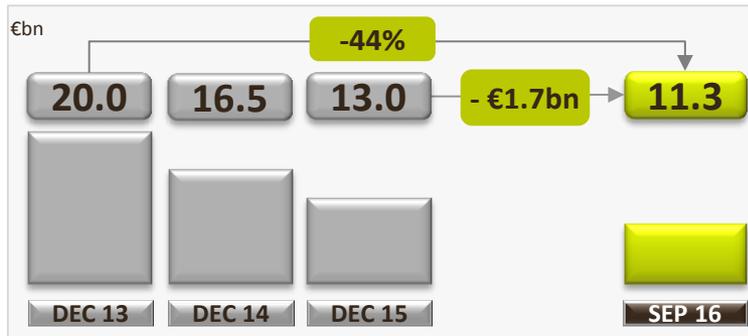
...to mitigate interest rates impact in top line of income statement

Highlights 9M 2016

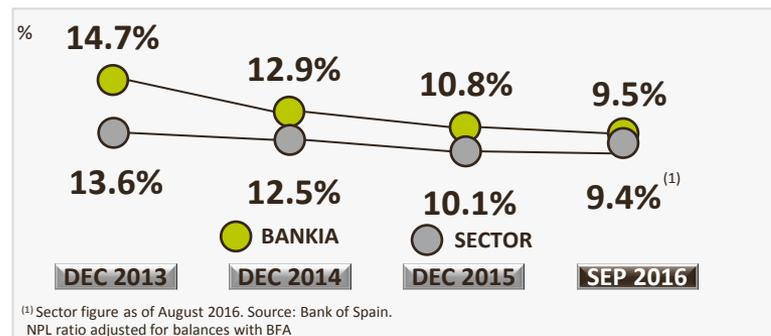


ASSET QUALITY

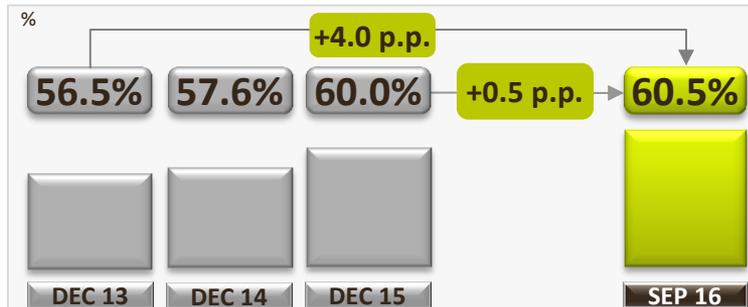
NPLs



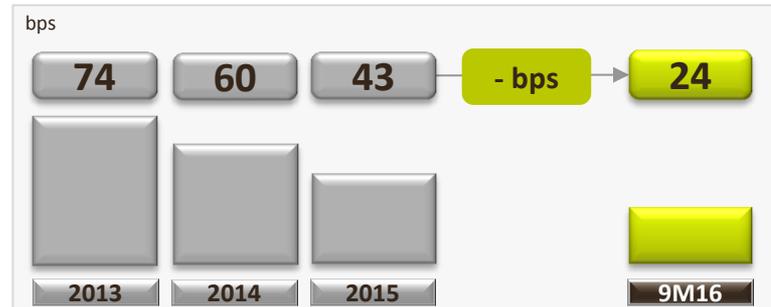
NPL RATIO



COVERAGE RATIO



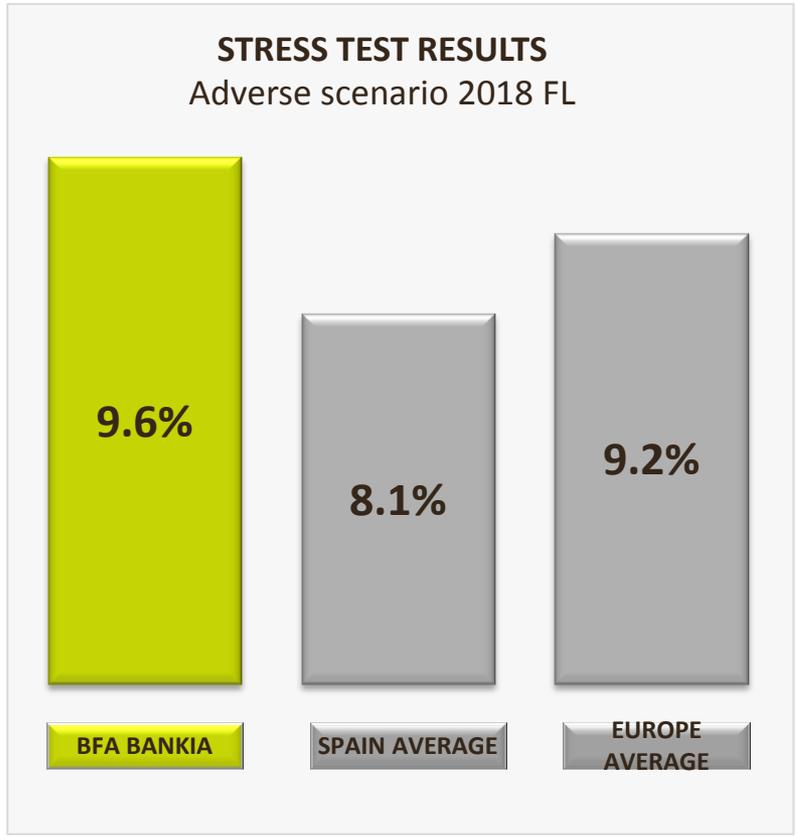
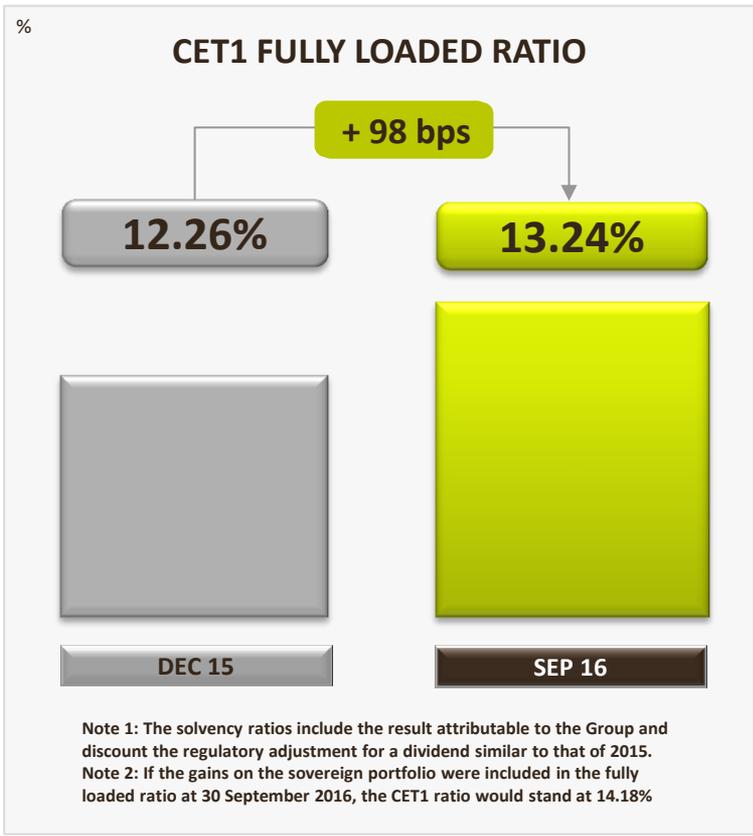
COST OF RISK



Asset quality continues to improve

CAPITAL GENERATION

Capital generated at strong rate despite difficult environment



Highlights 9M 2016



Competitive advantage in expenses...



...in provisions...



...and also in profitability



Sector includes: BBVA Spain, Caixabank, Popular, Sabadell and Santander Spain. BBVA Spain and Santander Spain include real estate business. Sector data at June 2016

ROE: 8.24%



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3Q 2016 Results

Income statement – Bankia Group



	2Q 2016	3Q 2016	Diff. %
Net interest income	546	507	(7.1%)
Fees and commissions	207	204	(1.0%)
Gross income ⁽¹⁾	833	774	(7.0%)
Operating expenses	(387)	(386)	(0.2%)
Pre-provision profit	446	388	(13.0%)
Provisions	(106)	(87)	(17.5%)
Results from sales and others	(16)	1	
Taxes and minority interests	(80)	(51)	
Profit attributable to the Group	245	250	2.2%

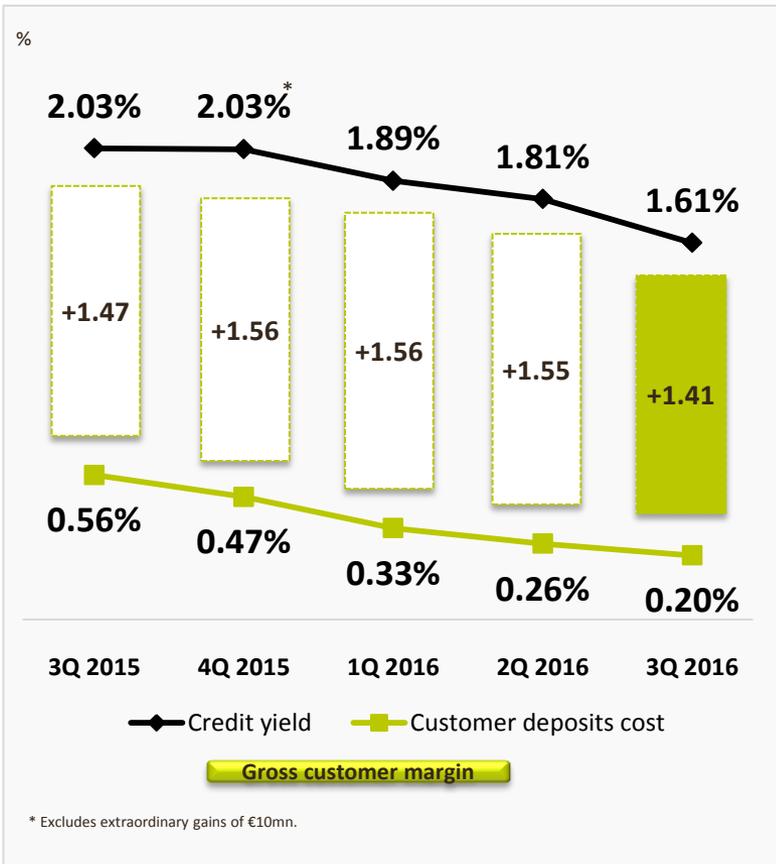
(1) Includes €61.4mn contribution to the Single Resolution Fund (SRF) and €57.8mn profit from the sale of VISA Europe in 2Q 2016

3Q 2016 Results

Net interest income

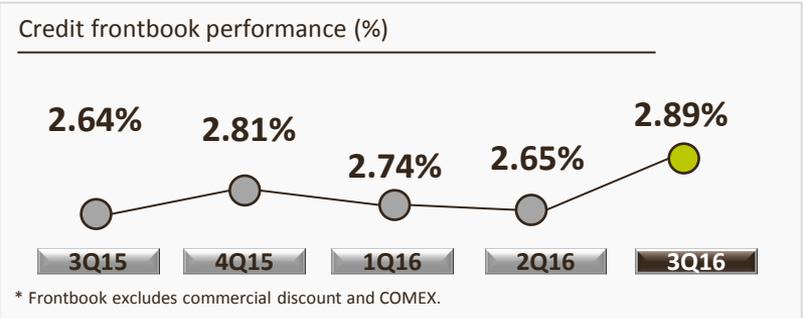


Loan yield and cost of deposits



Quarter impacted by repricing of mortgages and accrual of NPLs

Price of new loans above “backbook”, but with volumes below target levels

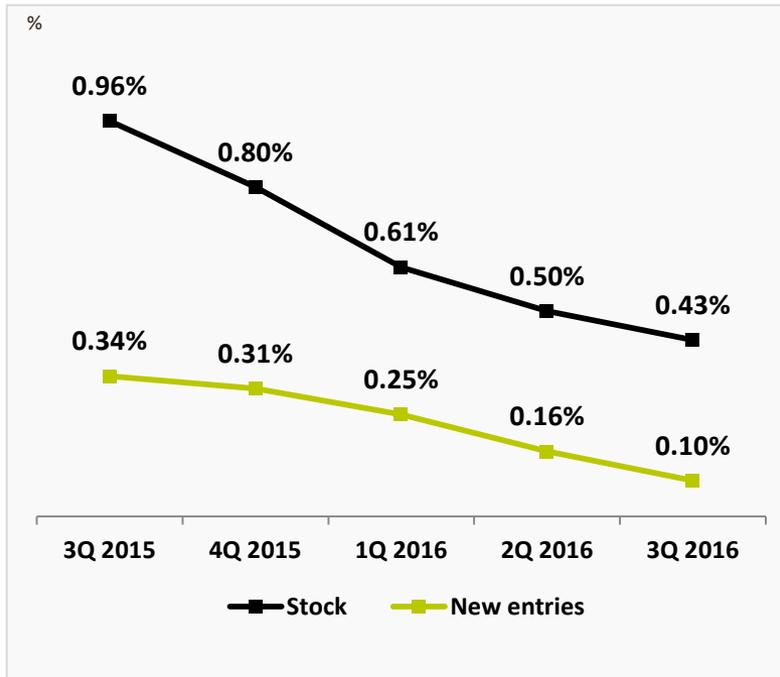




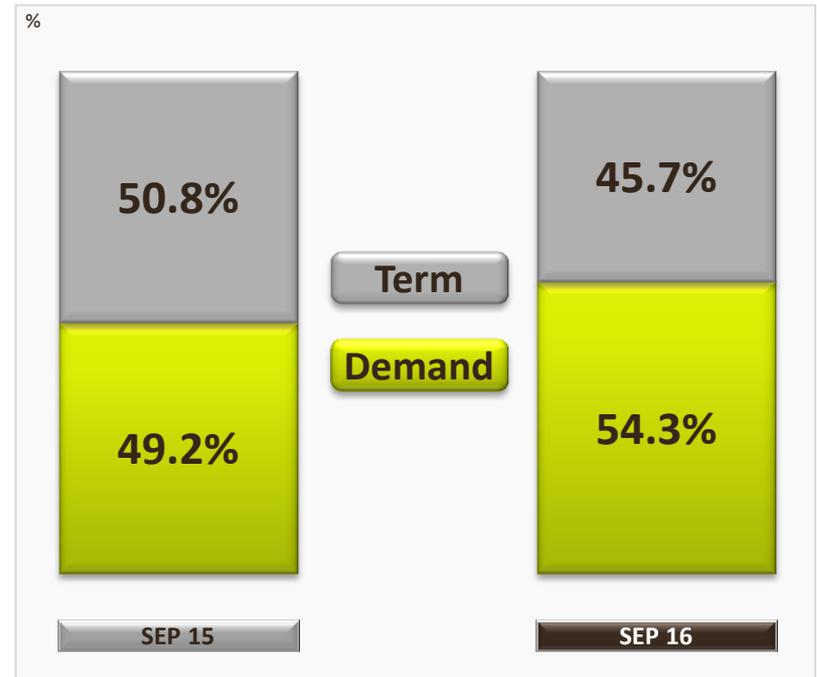
3Q 2016 Results

Net interest income

Cost of term deposits



Demand and term breakdown



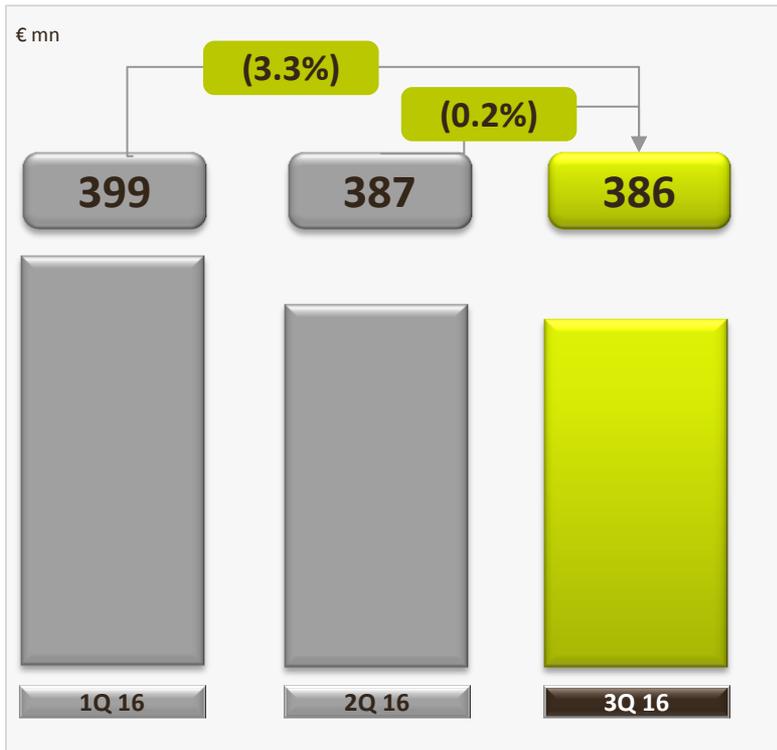
Estimated average cost of the stock of term deposits for full year 2016 is 45 bps



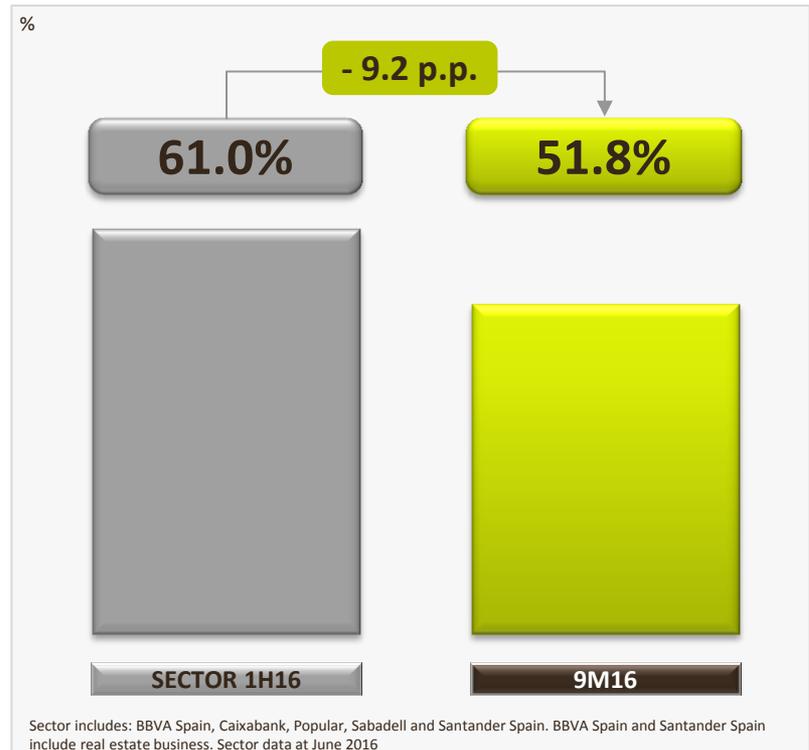
3Q 2016 Results

Operating expenses

Operating expenses



Efficiency ratio ex NTI



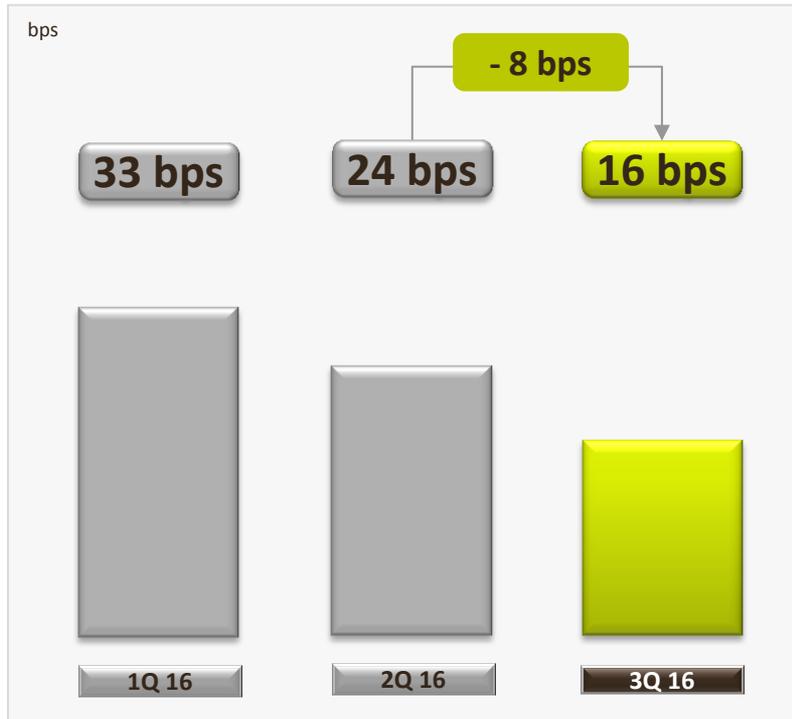
Total efficiency ratio at 46.5% for 9M 2016

3Q 2016 Results

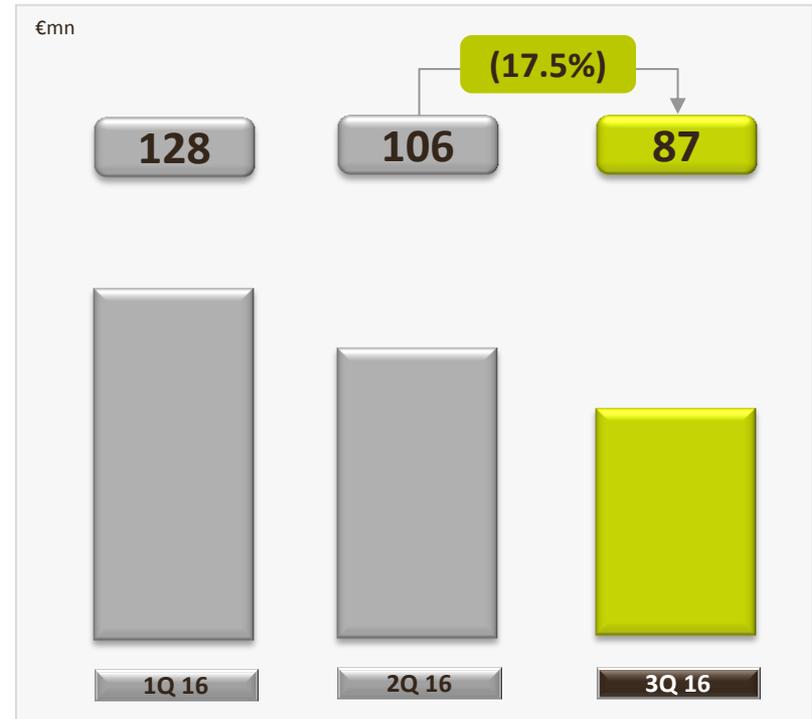
Cost of risk and provisions



Cost of risk (bps)



Credit and foreclosed assets provisions



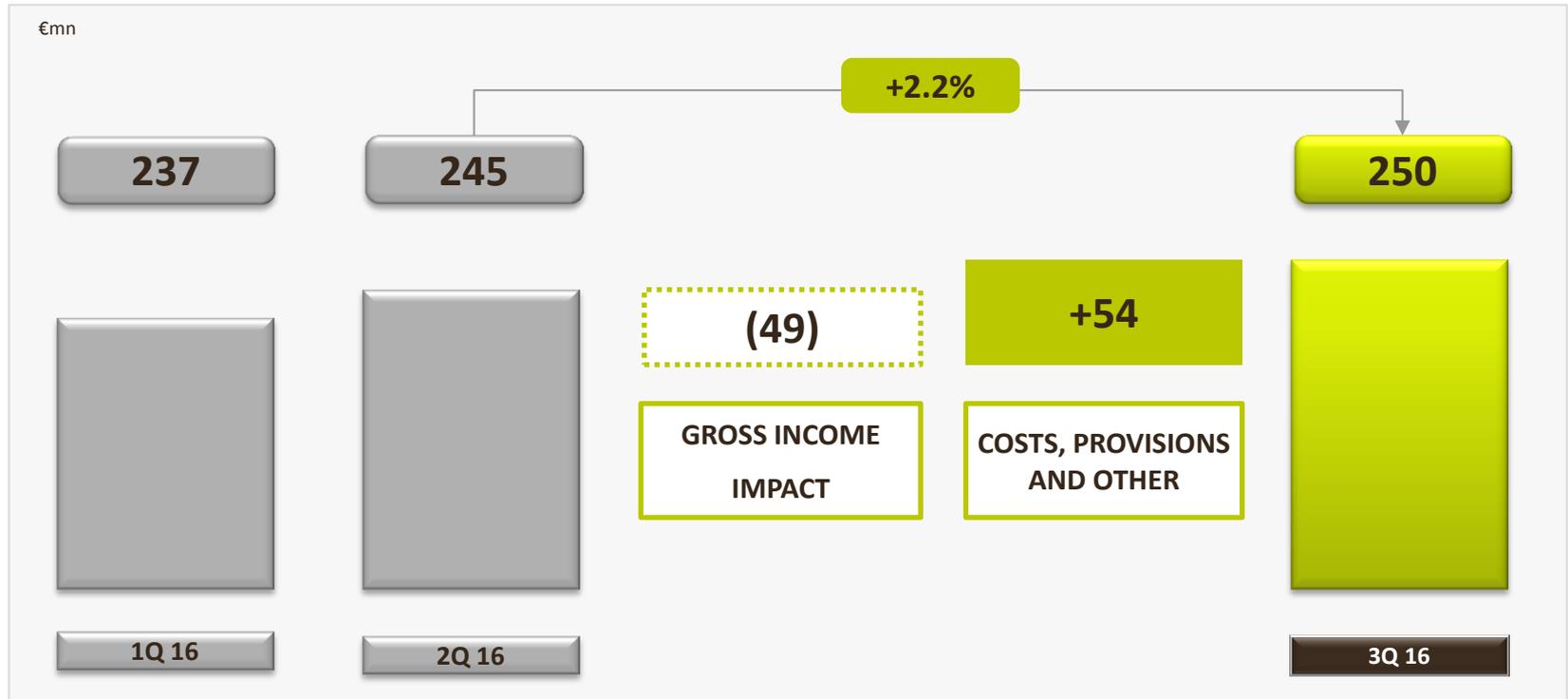
Cost of risk declines to minimum levels: 16 bps in 3Q 2016

3Q 2016 Results

Attributable profit



Attributable profit



+2.2% growth in attributable profit compared to 2Q 2016



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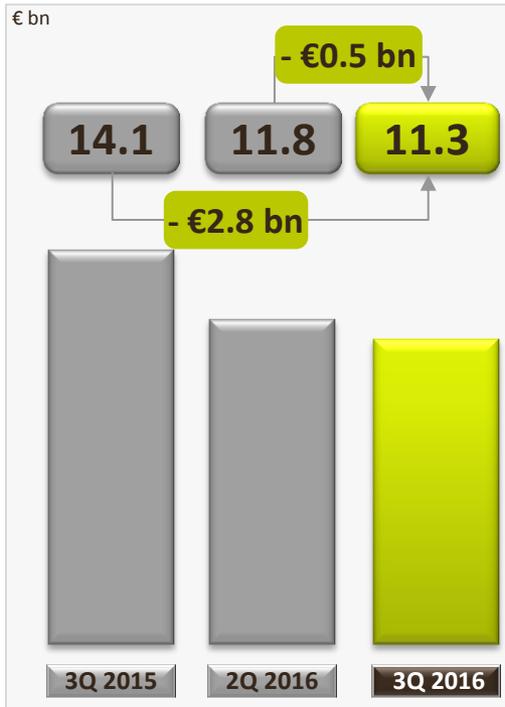
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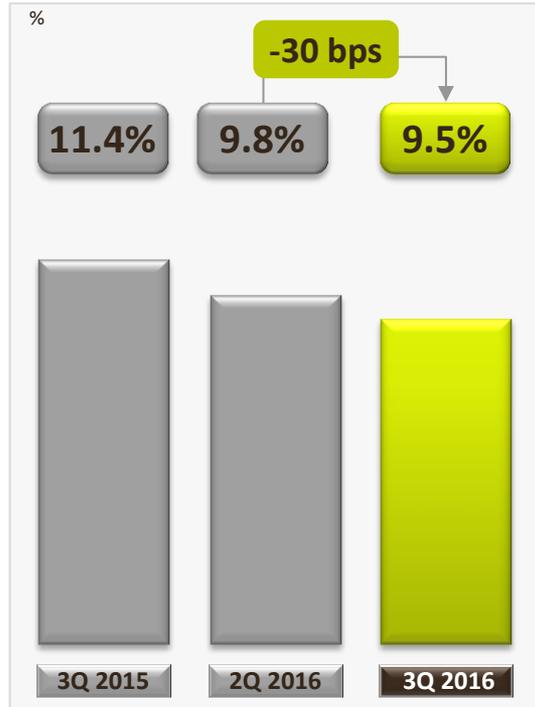
Asset quality and risk management

Credit quality

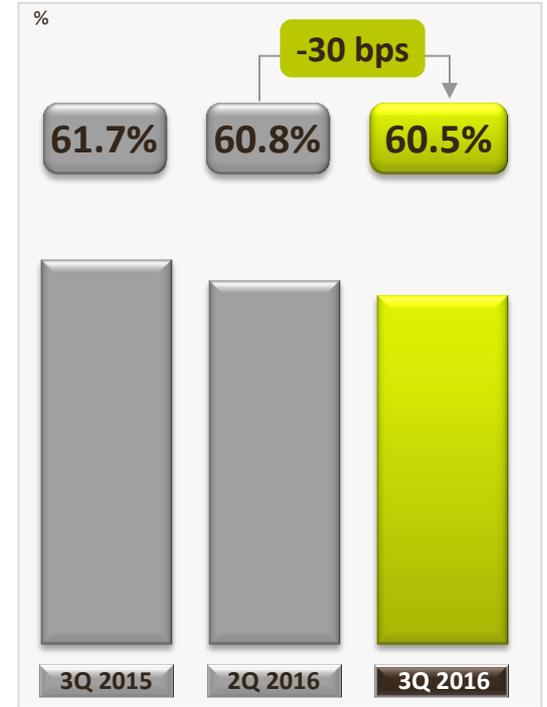
NPLs



NPL ratio



Coverage ratio



NPL ratio at 9.5%



Asset quality and risk management

Credit quality

NPLs are down €0.5bn in just one quarter

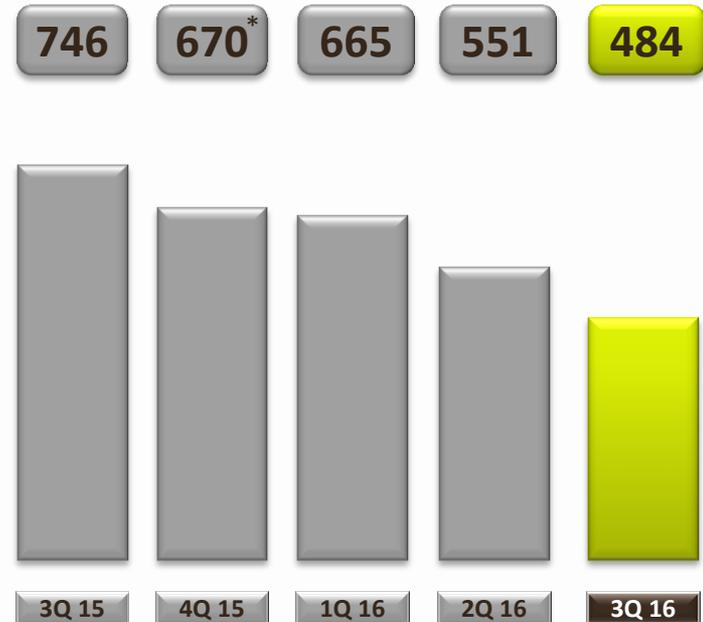
NPL performance

€ mn

NPLs Jun 2016		11,751
+ Gross entries	+ 484	Total reduction € - 453 mn
- Recoveries	- 785	
Net entries	- 301	
- Write-offs	- 83	
- Sales	- 69	
NPLs Sep 2016		11,298

Gross NPLs entries performance

€ mn



* Gross NPLs entries excluding singular transactions

NPLs down €453 mn in the quarter



Asset quality and risk management

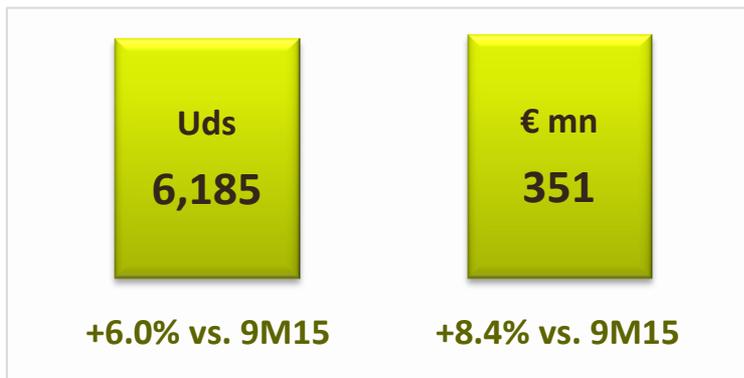
Credit quality

Good performance in foreclosed assets, with healthy pace of sales

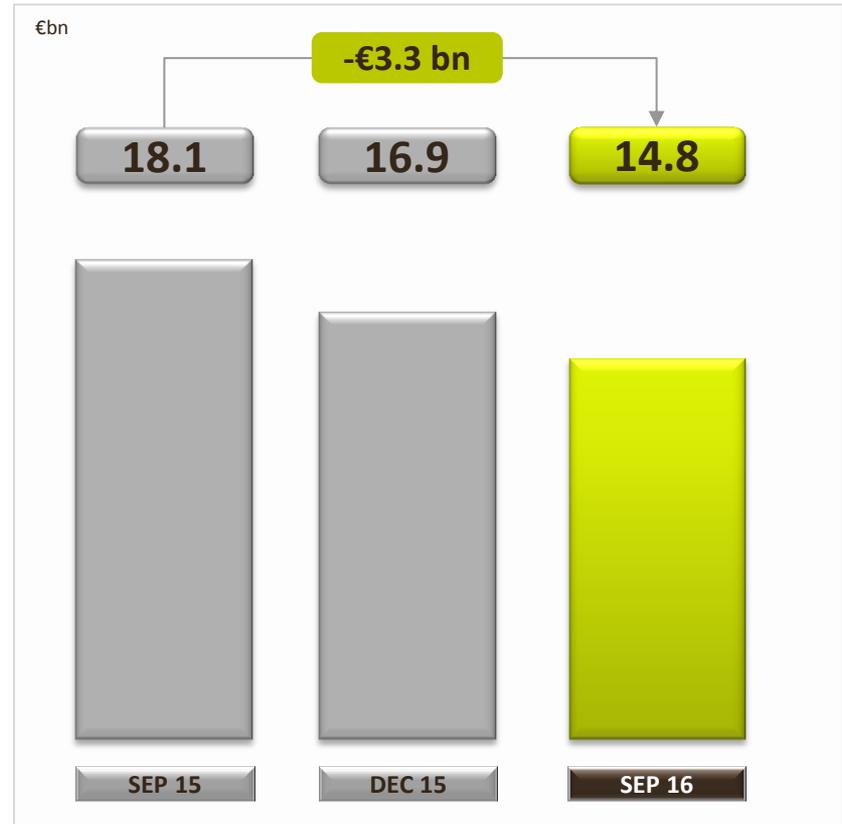
Foreclosed assets



Foreclosed assets sales - 9M16



NPLs + foreclosed assets





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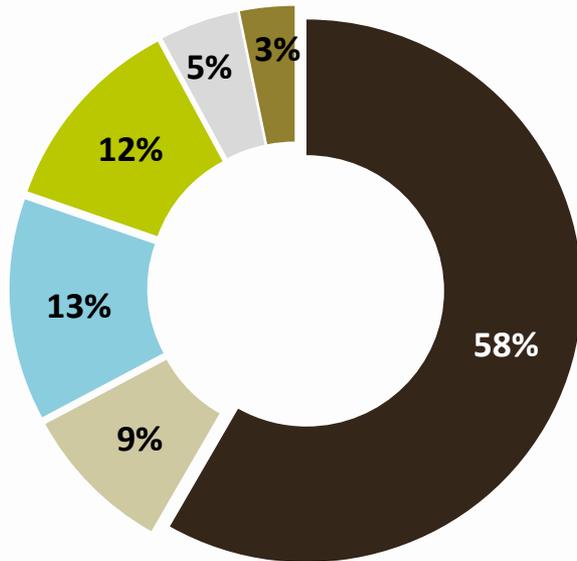
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Liquidity and solvency: liquidity

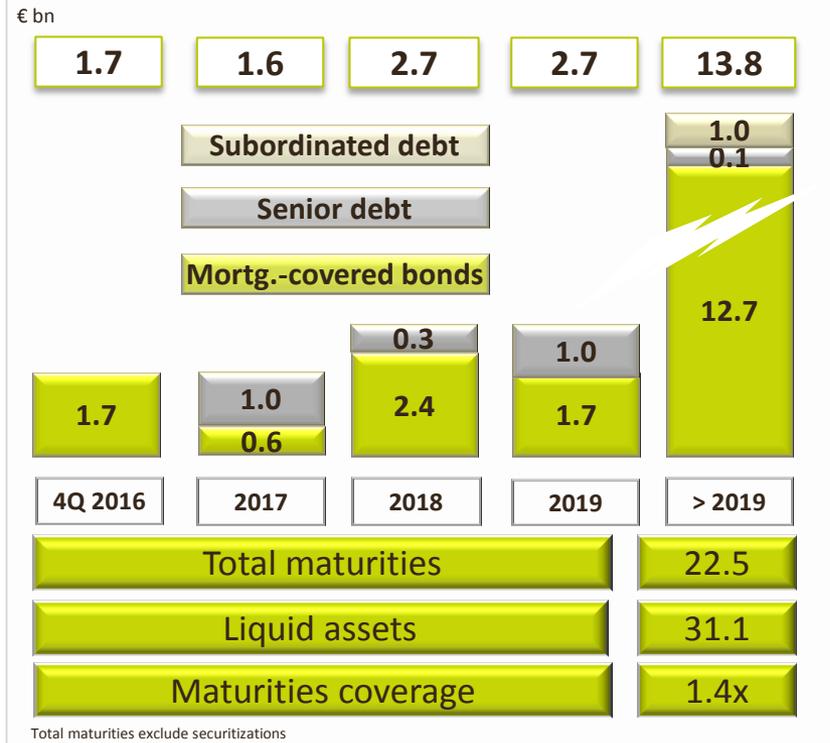
Funding structure, maturities and liquid assets

Funding structure



- Customer deposits
- Wholesale issues
- Deposits credit institutions
- TLTRO
- Clearing houses and repos
- Singular mortgage securities

Maturities and liquid assets



Balanced funding structure with comfortable maturities profile

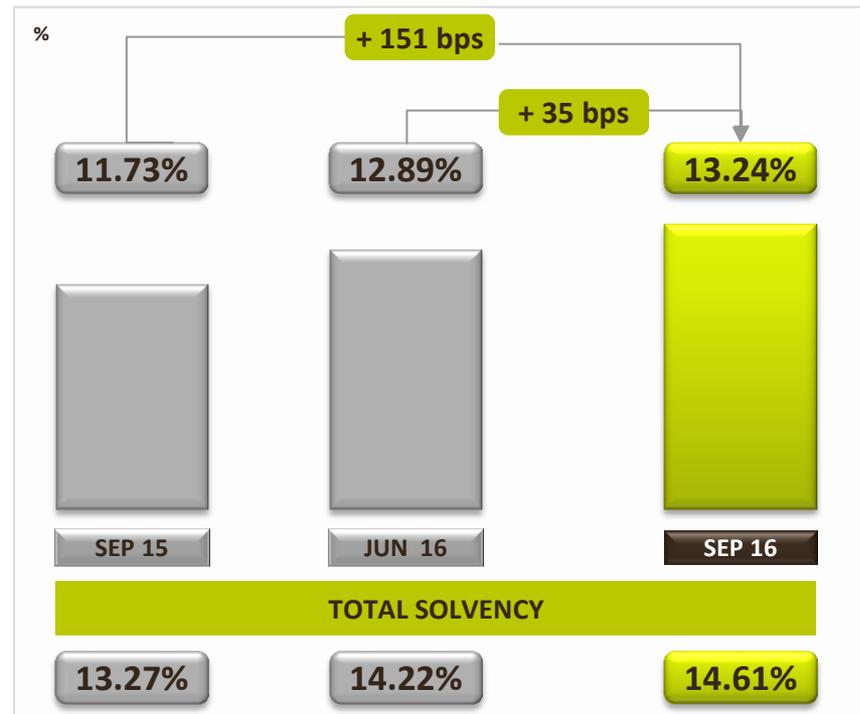
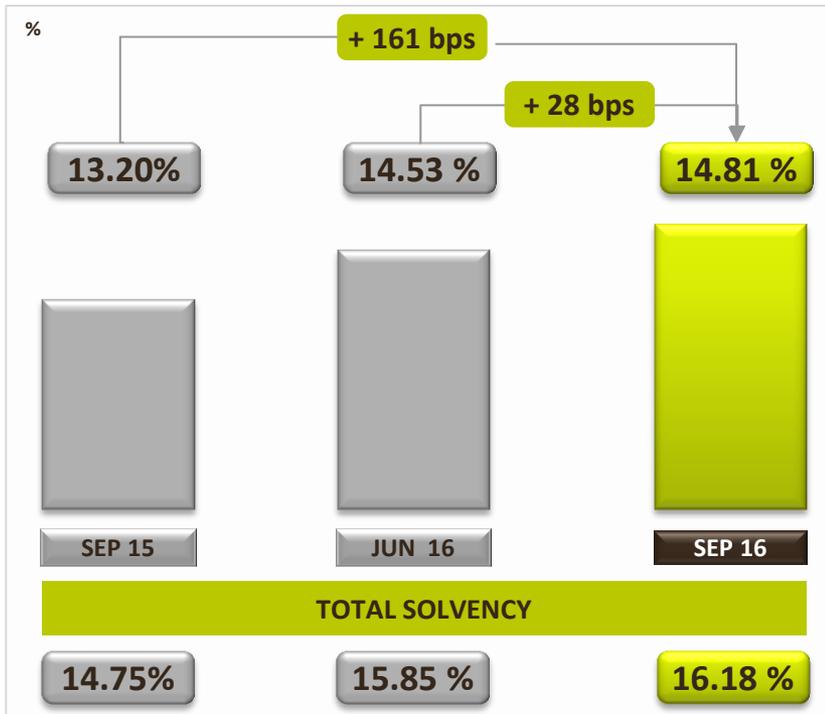


Liquidity and solvency: solvency ratios

Generation of 35 bps of new CET1 FL capital

CET 1 phase-in ratio performance

CET 1 fully loaded ratio performance



Note 1: The solvency ratios include the attributable profit for the Group and discount the regulatory adjustment for a dividend similar to that of 2015.

Note 2: If the gains on the sovereign portfolio were included in the fully loaded ratio at 30 September 2016, the CET1 ratio would stand at 14.18% and the Total Solvency ratio at 15.55%

€693mn of capital generation in the first nine months of the year



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Conclusions



**Our new commercial positioning boosts business growth
in an increasing multichannel environment**

Interest rates continue to adversely impact net interest income

**Our competitive advantages in costs and risk management are key to
sustain high levels of profitability**

We continue to generate capital organically

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