

The background of the slide is a grayscale photograph of a modern building's facade, featuring a grid of windows. The word "Bankia" is printed in large, white, sans-serif letters on a dark gray panel of the building. On the left side of the slide, there is a vertical yellow bar. Overlaid on this bar is a semi-transparent white rectangle containing the text.

Quarterly results presentation

1Q 2017

28 April 2017

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1Q 2017 HIGHLIGHTS

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1Q 2017 RESULTS

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ASSET QUALITY AND RISK MANAGEMENT

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LIQUIDITY AND SOLVENCY

5

CONCLUSIONS

> 1Q 2017 Highlights

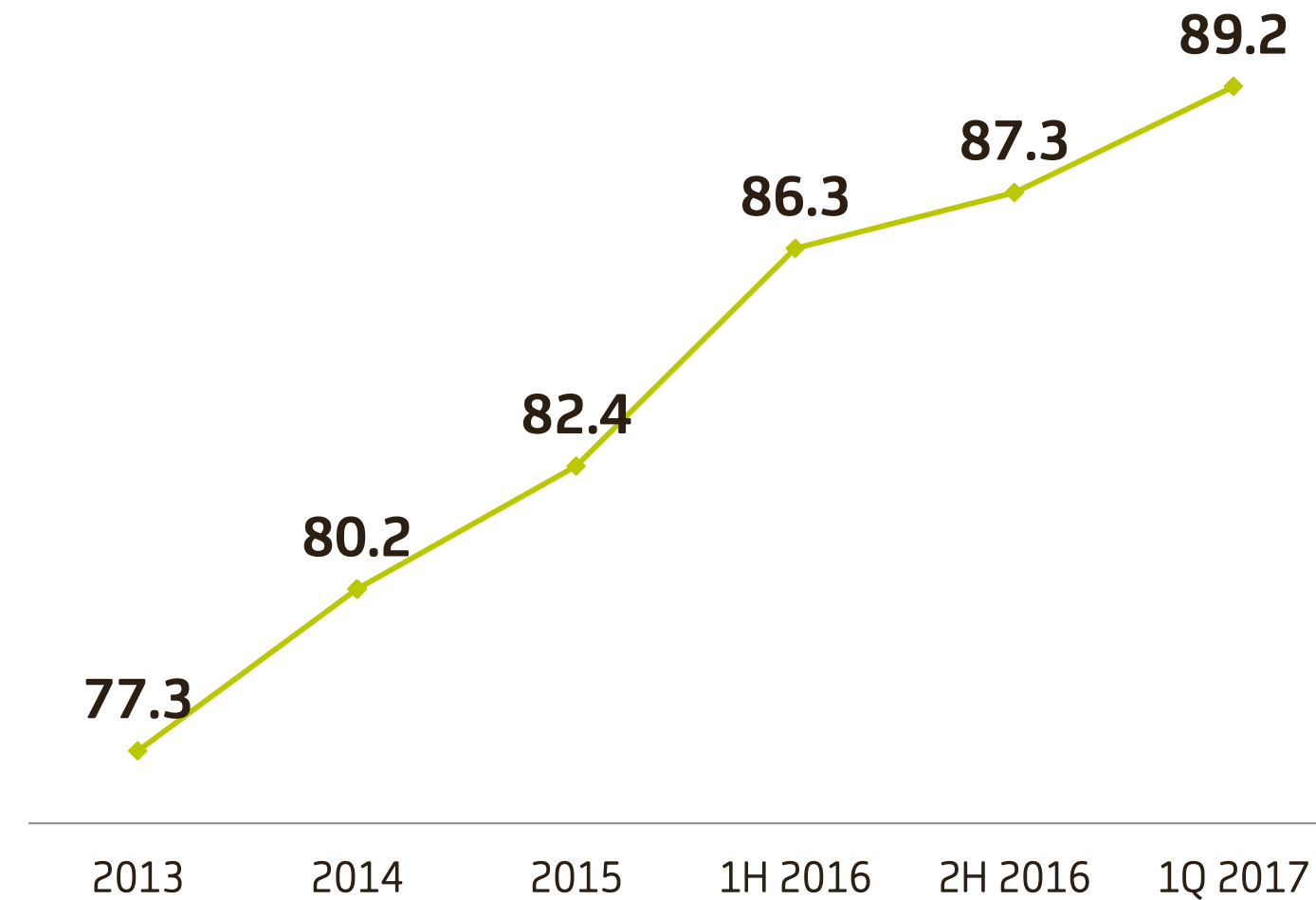
1	Competitive positioning	Consolidating our competitive positioning....	<p>+93.5% new mortgages 1Q17 vs 1Q16 +22.8% new consumer lending 1Q17 vs 1Q16 9.5% new production in mutual funds in 1Q17</p>
2	Efficiency and profitability	...further reduction in costs and reduced provisions lift attributable profit for the quarter...	<p>(3.4%) Operating expenses 1Q17 vs 1Q16 24 bps Cost of risk in 1Q17 +28.4% Attrib. profit 1Q17 vs 1Q16</p>
3	Asset quality	...with a sustained decline in non-performing assets...	<p>(€0.5bn) NPLs Mar17 vs Dec16 (0.3 p.p.) NPL ratio Mar17 vs Dec16</p>
4	Capital generation	...and another quarter accumulating capital	<p>+35 bps CET1 FL Mar17 vs Dec16 €500mn Tier 2 Issue</p>

> 1Q 2017 Highlights

Commercial positioning | Customer satisfaction

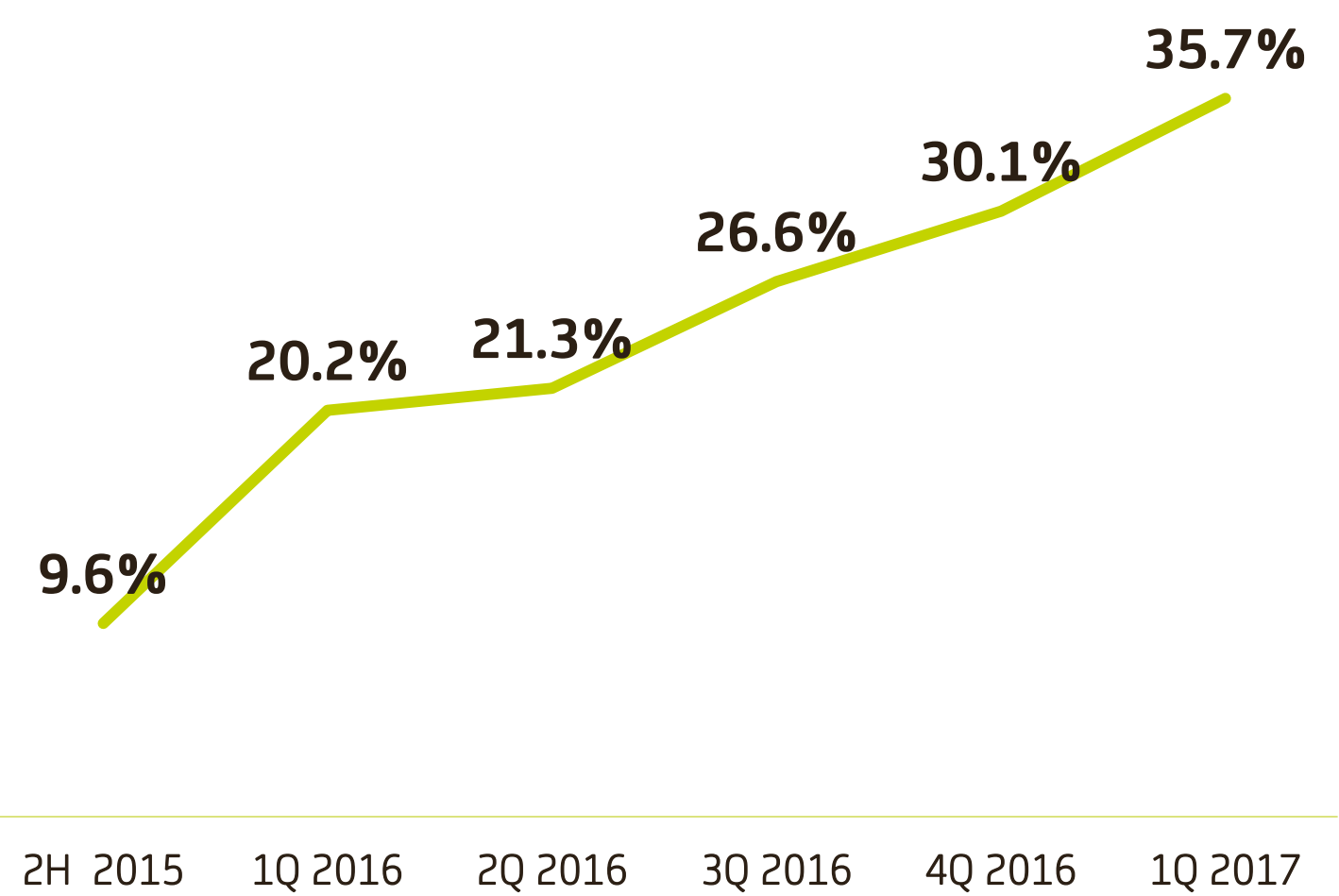
Positive trend in customers' perception of quality...

CUSTOMER SATISFACTION INDEX



Source: Bankia

NET PROMOTER SCORE - BRANCHES



Source: Bankia

NPS: net promoter score, calculated as % of promoters - % of detractors. On a scale of 0 to 10, promoters give a score of 9 or 10, while detractors give a score of between 0 and 6.

> 1Q 2017 Highlights

Commercial positioning | Digitalisation

Development of new digital tools...



ONLINE HOUSING SIMULATOR

- > 235,000 simulations of property value
- > 181,000 mortgage simulations

Bankia
FINTECH

BANKIA FINTECH

- > Initiative launched at international level - 37 startups have presented projects
- > Partner's Day held for the national programme



BANKIA INDICEX

- > Free tool to measure a company's level of digitalisation
- > +5,000 companies measured their level of digital competitiveness in 2016



NEW APP DEVELOPED

- > More agile, intuitive and simple
- > Nearly 1,000,000 customers use the application at least once a month

> 1Q 2017 Highlights

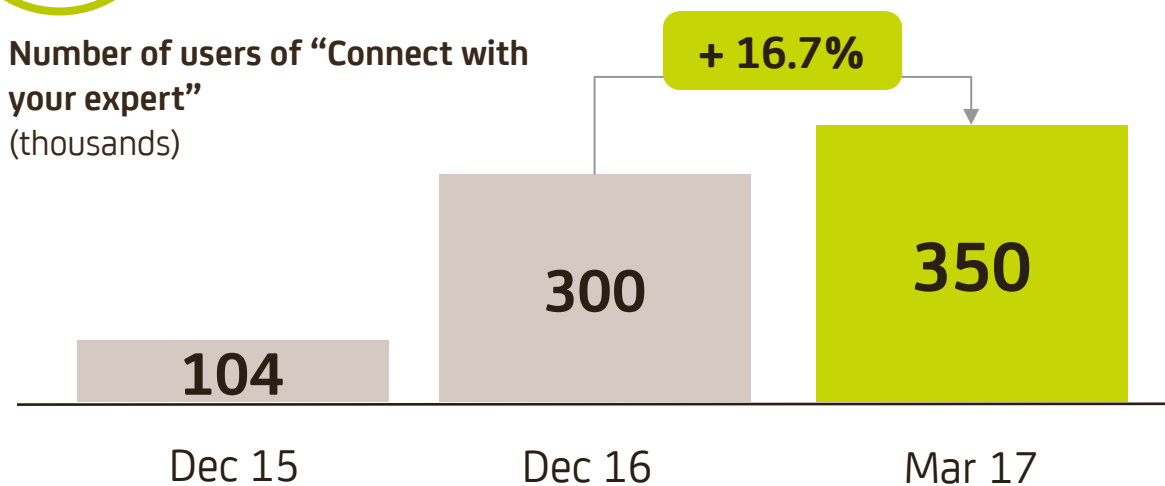
Commercial positioning | Multichannel service

...and strengthening the existing tools

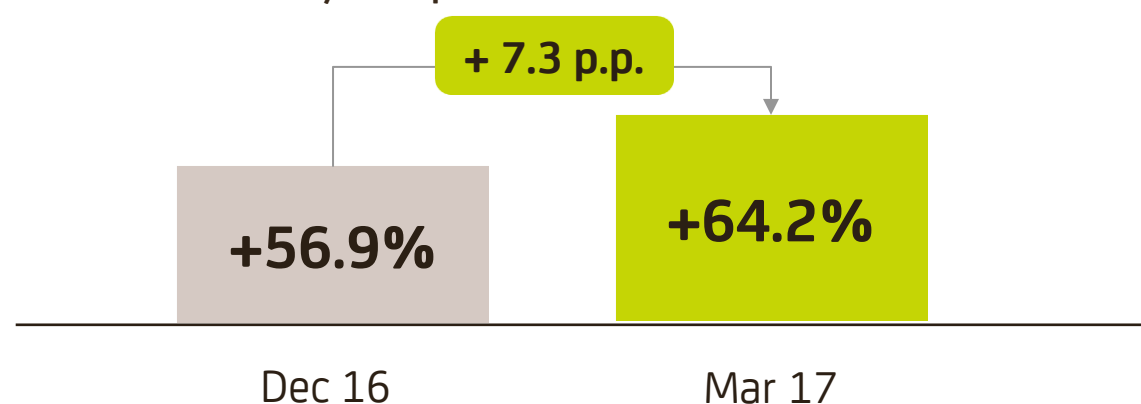


CONNECT WITH YOUR EXPERT

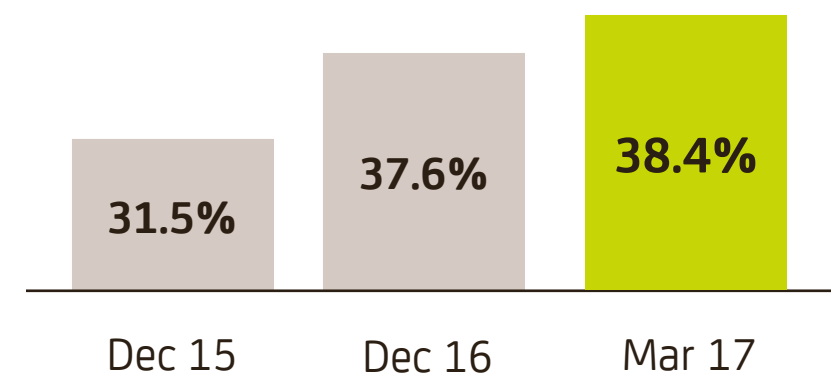
Number of users of "Connect with your expert" (thousands)



NPS "Connect with your expert"



MULTICHANNEL CUSTOMERS

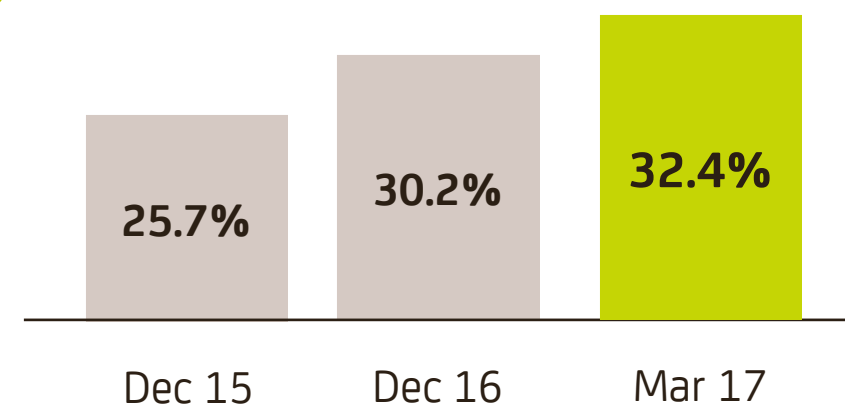


> 11.8% of all product sales are made through digital channels (vs. 9.5% in Mar 16)

> 9% of all new customers are acquired digitally



MOBILE TRANSACTIONS



> 12% of all mortgage applications are generated digitally

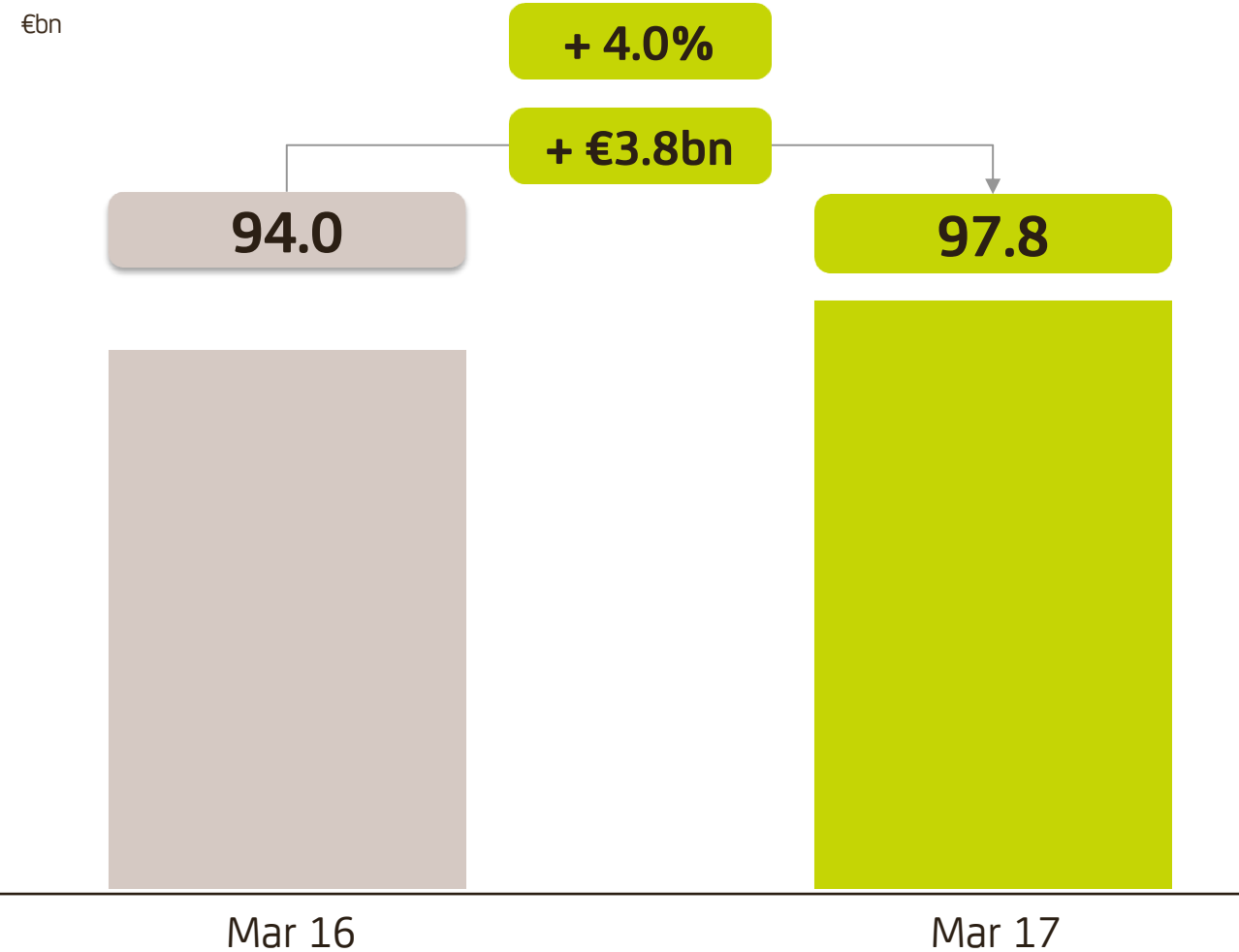
NPS: net promoter score, calculated as % of promoters - % of detractors. On a scale of 0 to 10, promoters give a score of 9 or 10, while detractors give a score of between 0 and 6.

> 1Q 2017 Highlights

Commercial positioning | Customer funds

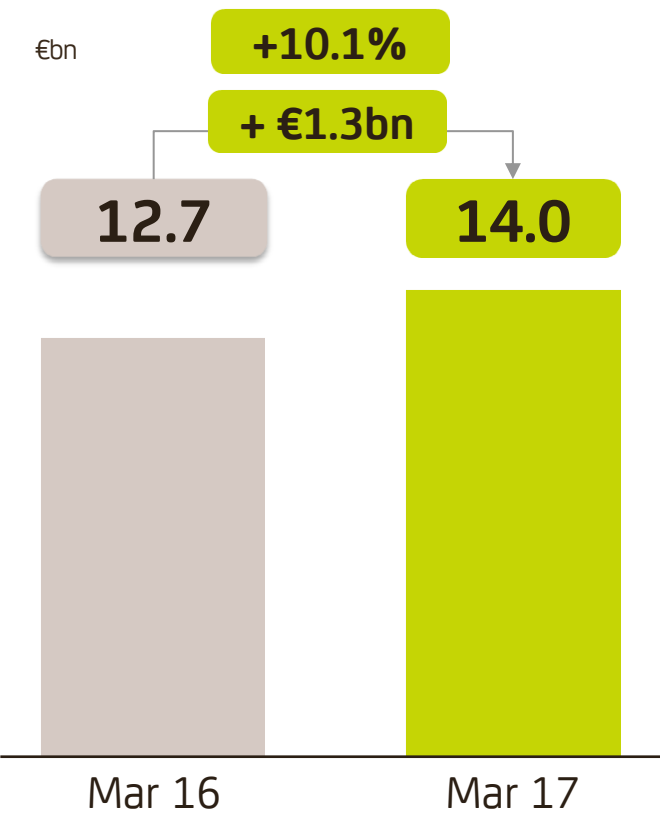
Positive trend in new production continues

STRICT CUSTOMER DEPOSITS



OFF-BALANCE-SHEET CUSTOMER FUNDS

Mutual funds



Stocks mutual funds market share

5.59% +6 bps vs Dec 16

Source: Inverco

New production share in mutual funds

9.50% in 1Q17 vs 7.22% in 2016

#3 in sector

Source: Inverco

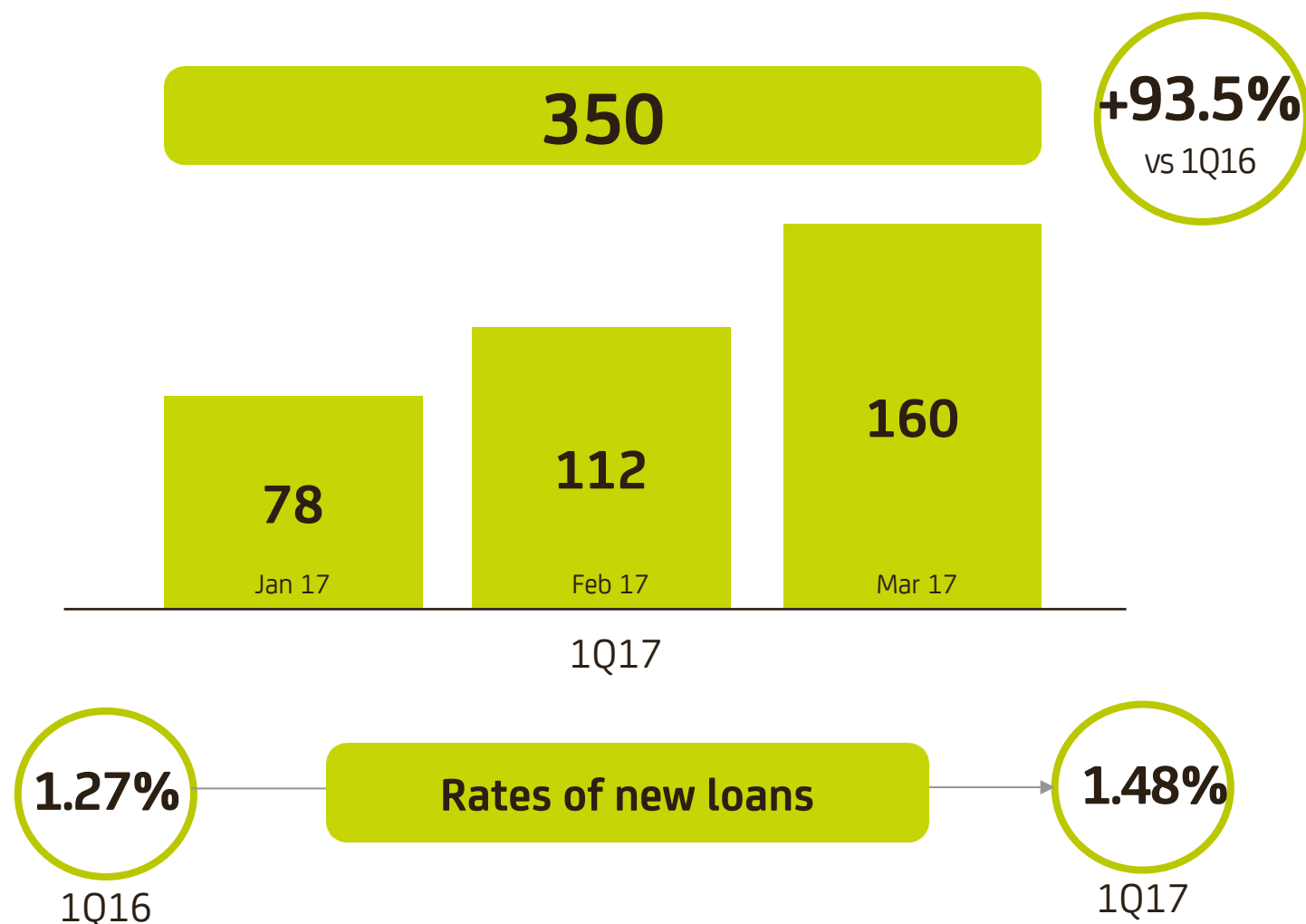
> 1Q 2017 Highlights

Commercial positioning | Credit stock and new credit performance: mortgages

No fees mortgage very well received...

NEW MORTGAGE LOANS

€mn



64% Average Loan to Value of new mortgages

36% of new mortgages are fixed-rate based

3.1x Increase in number of mortgage applications 1Q17 vs 1Q16

22% of applications come from new customers

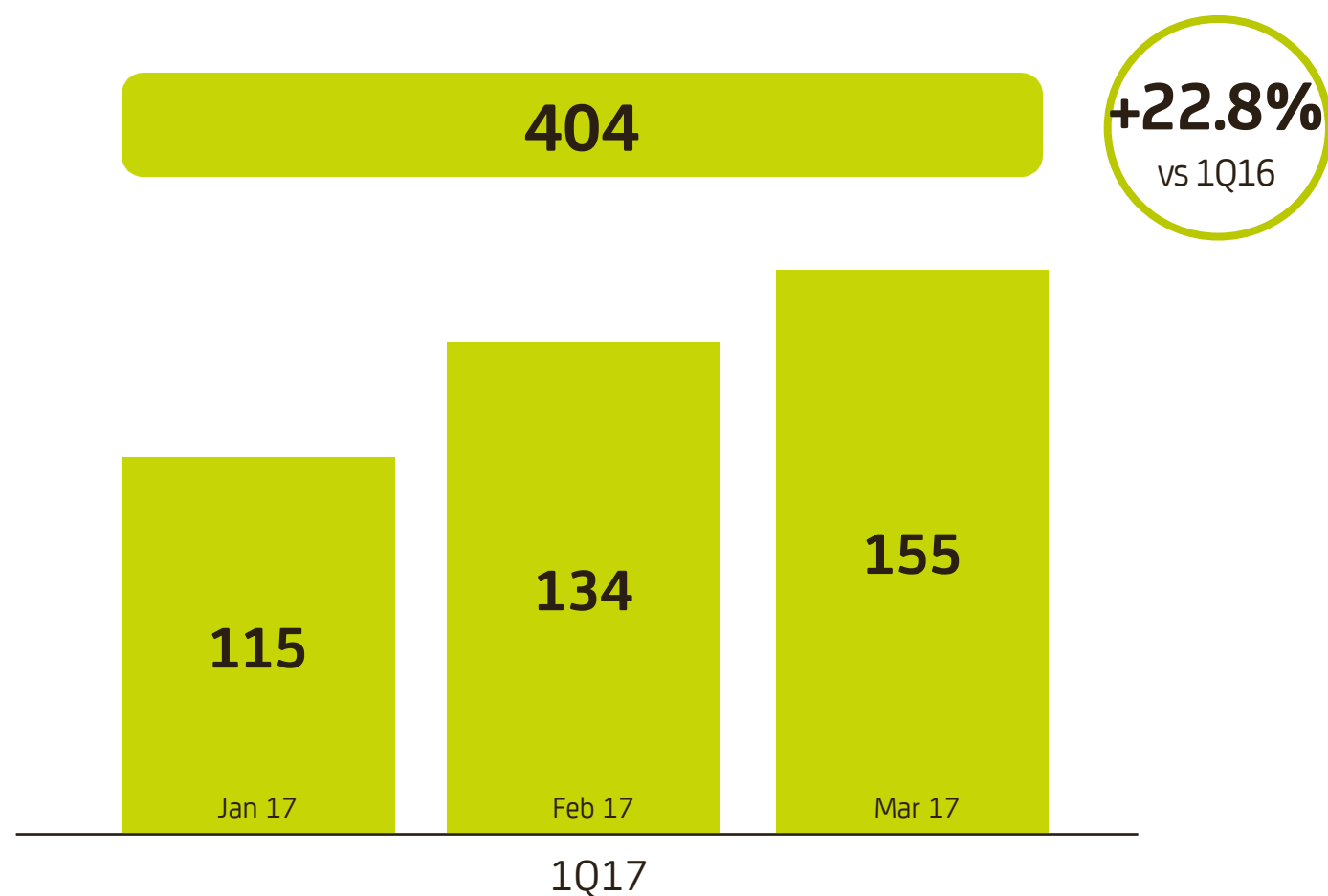
> 1Q 2017 Highlights

Commercial positioning | Credit stock and new credit performance: consumer finance

...without losing focus on consumer finance...

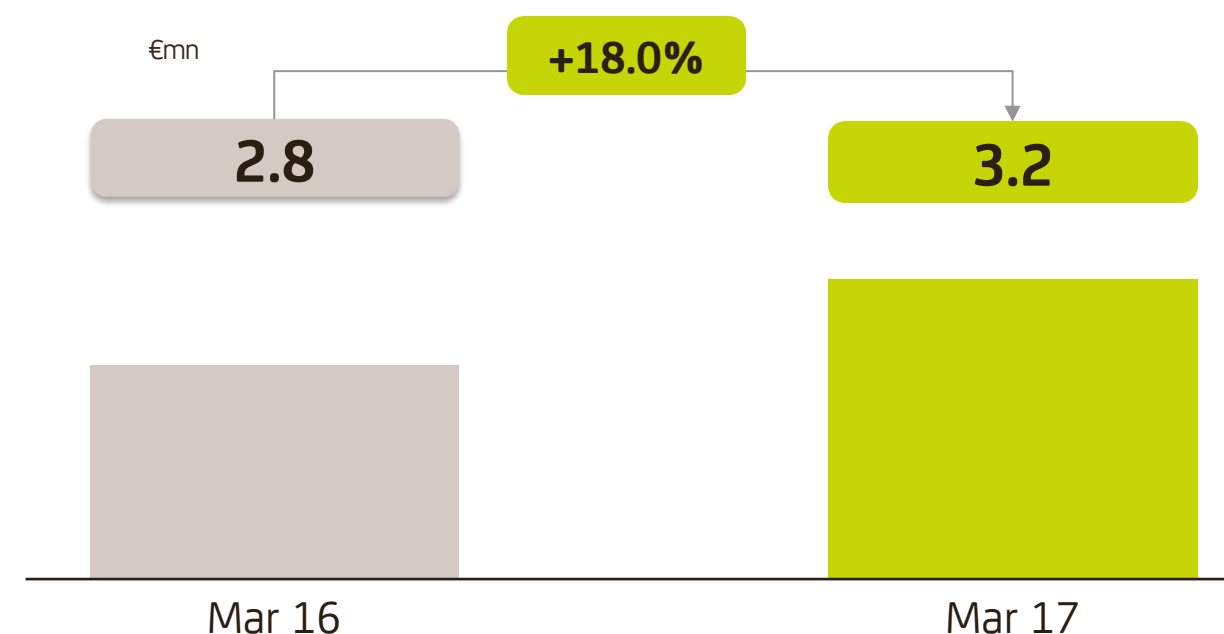
NEW CONSUMER FINANCE LOANS

€mn

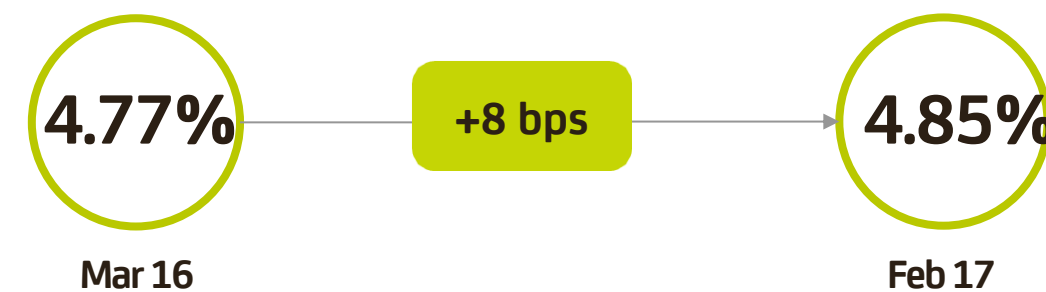


GROSS CREDIT STOCK | CONSUMER FINANCE

€mn



CONSUMER FINANCE MARKET SHARE – OUTSTANDING BALANCE



Last available quote. Source: BoS

> 1Q 2017 Highlights

Commercial positioning | Credit stock and new credit performance: SMEs and self-employed

...while increasing new lending to targeted businesses



BUSINESSES LOANS PERFORMANCE

New loans **SMEs** **+27.1%** 1Q17 vs 1Q16
 New loans **MICRO-ENTERPRISES** **+16.6%** 1Q17 vs 1Q16



TRADE FINANCE, DISCOUNTING AND REVERSE FACTORING

BILL DISCOUNTING

Drawdowns
+16.0%
 1Q17 vs 1Q16

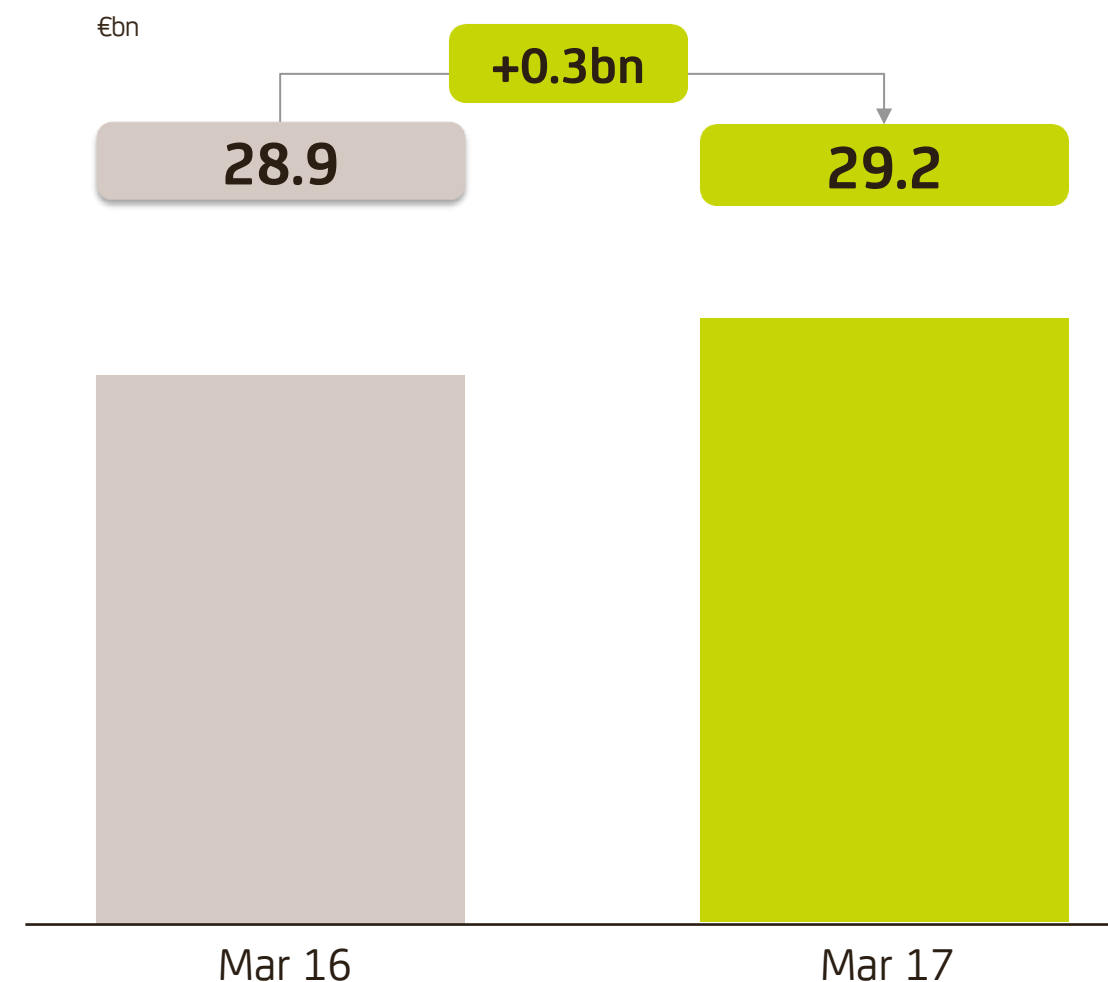
TRADE FINANCE

Drawdowns
+31.3%
 1Q17 vs 1Q16

REVERSE FACTORING

Amount financed
+47.8%
 1Q17 vs 1Q16

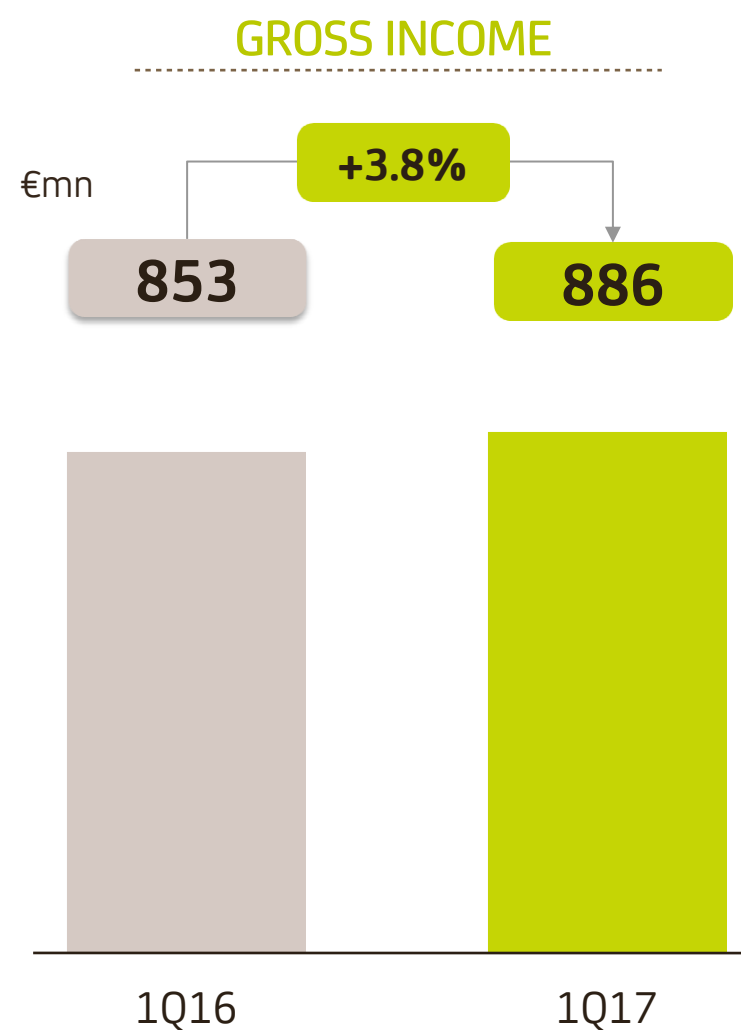
PERFORMING CREDIT STOCK - BUSINESSES



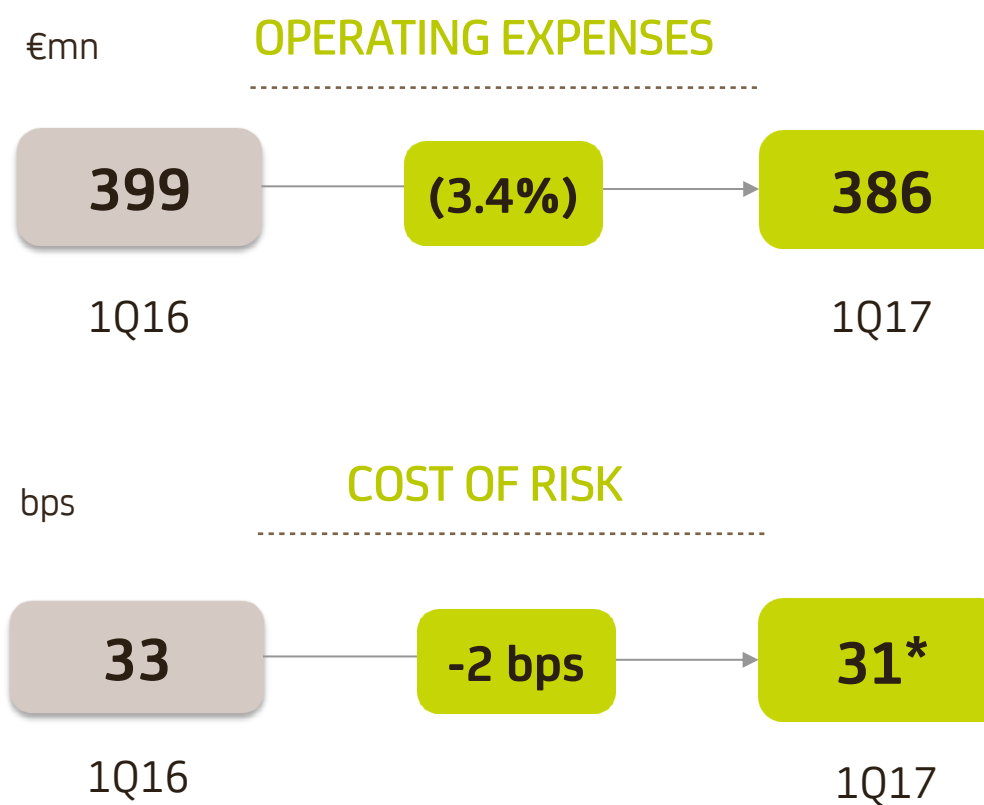
> 1Q 2017 Highlights

Profitability and efficiency | Value generation levers

Gross income is up...

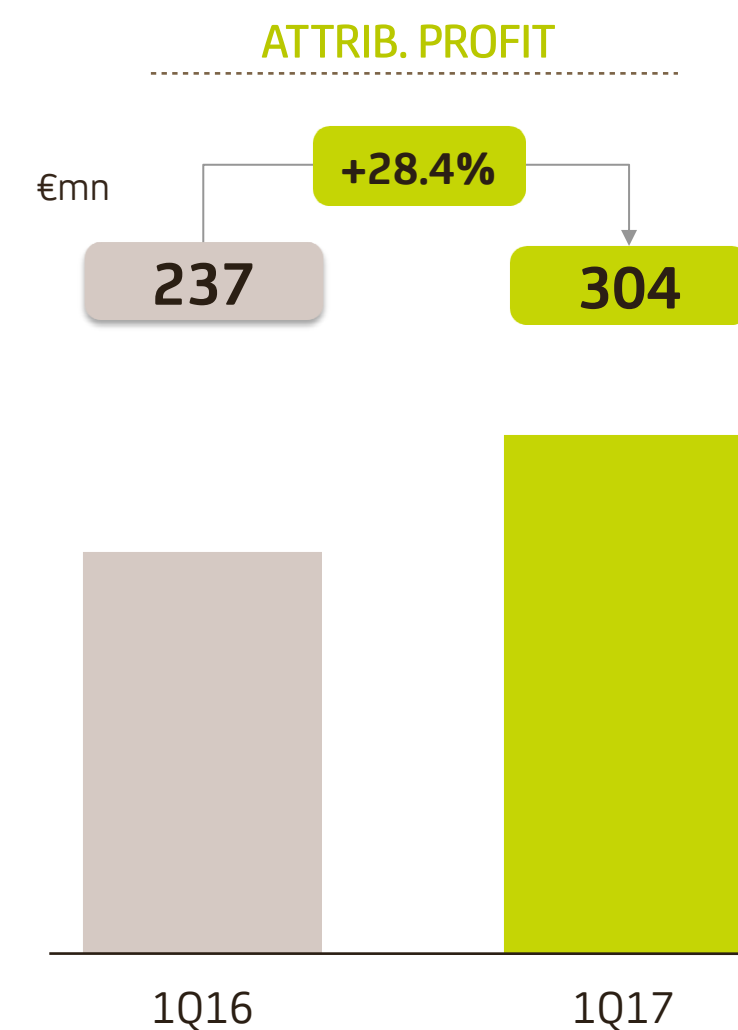


...expenses and cost of risk are down...



* Cost of risk at 24 bps in 1Q17 excluding provisions for single name transactions

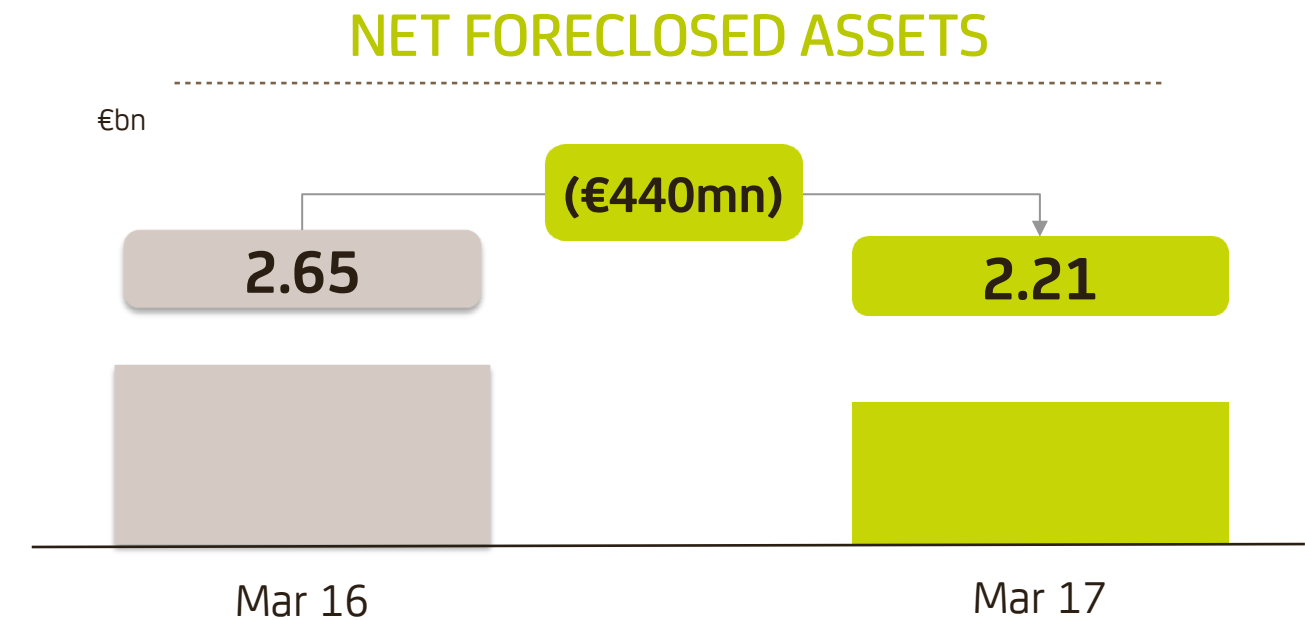
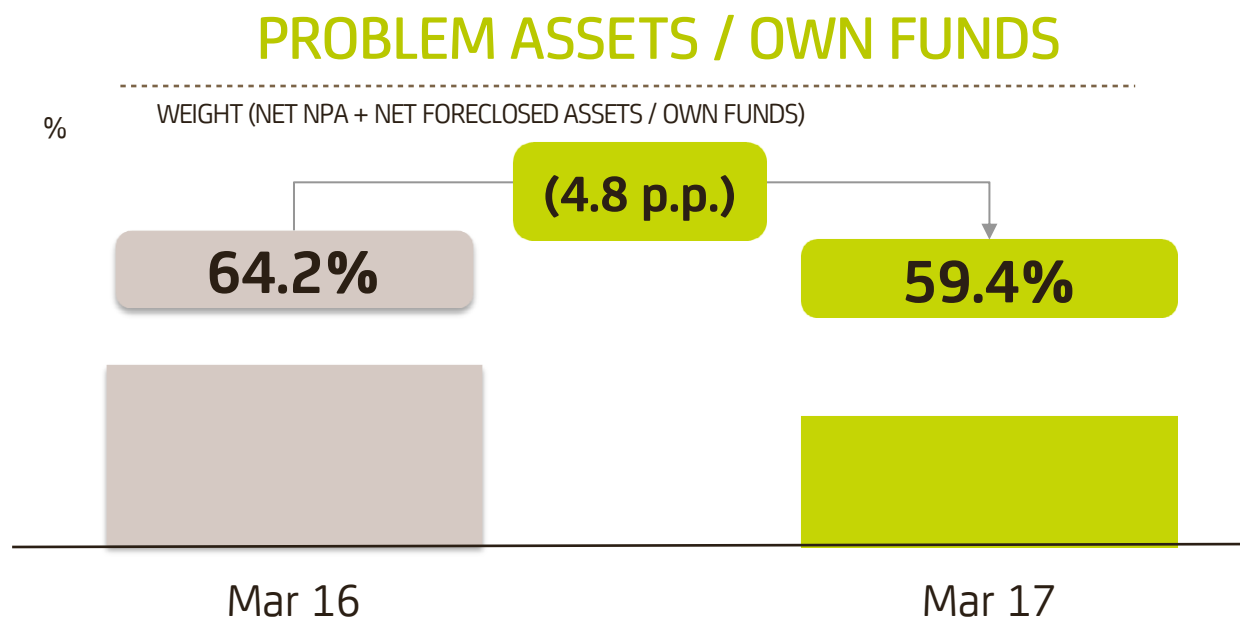
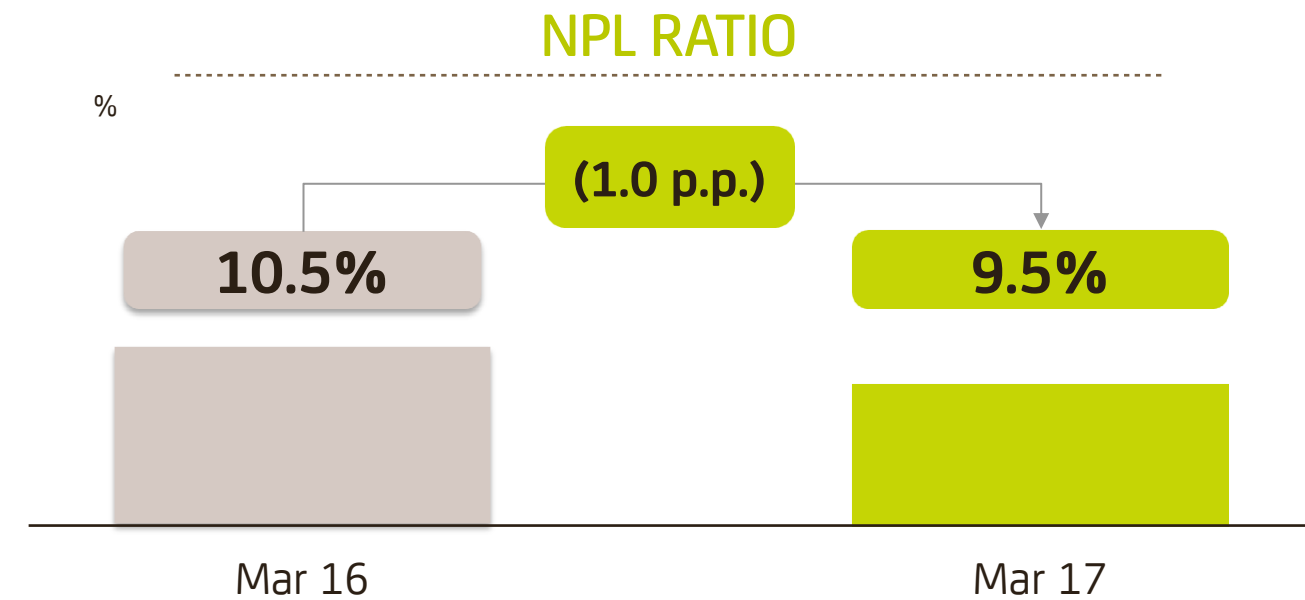
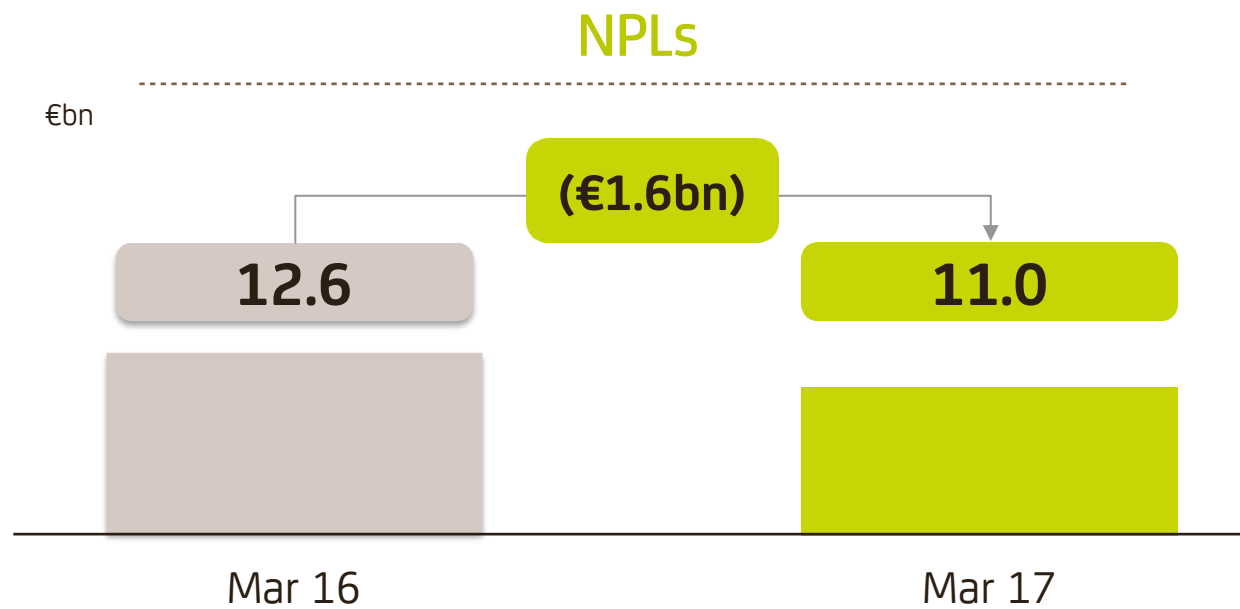
...increase in profit



> **1Q 2017 Highlights**

Asset quality | Main metrics

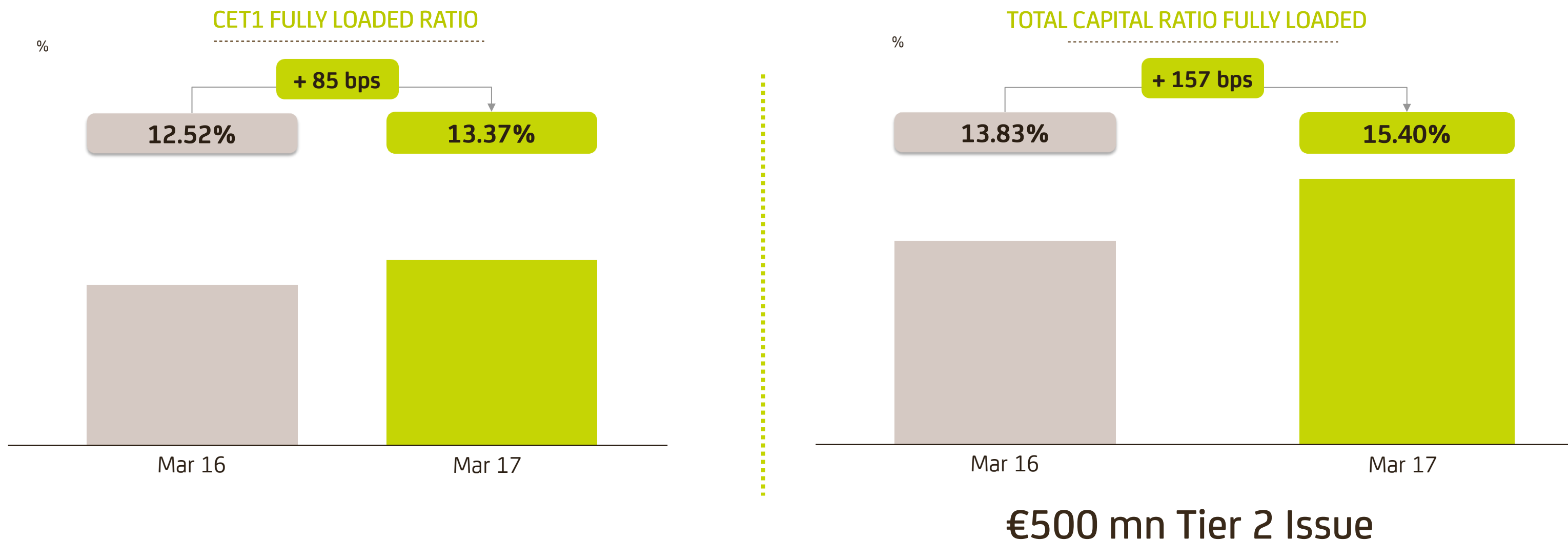
Decline in NPLs and NPL ratio



> 1Q 2017 Highlights

Capital generation | Capital levels

Continuing good rate of capital generation in the quarter



The solvency ratios include the profit attributable to the Group and discount the regulatory adjustment for the planned dividend
 If unrealised gains on the available-for-sale sovereign portfolio were included in the fully loaded ratio at 31 March 2017, the CET1 ratio would have been 13.63% and the Total Solvency ratio, 15.66%
 The data at Mar-17 include the €500mn subordinated debt issue. The impact of this issue on the Total Solvency ratio is +66 bps.

> 1Q 2017 Highlights

Potential merger with BMN

Currently under assessment and analysis of the merger alternative

- > 15 March 2017 The FROB announces that a merger of Bankia and BMN is the best strategy to optimise recovery of state aid

Advisers engaged

- On 24 March announcement to the market regarding the engagement of advisers to take part in the operation:
 - Financial adviser
 - Legal adviser
 - Two Fairness Opinion issuers
 - Due diligence adviser

Independent Directors Committee

- Independent Directors Committee to monitor and oversee the merger with BMN
- Consisting of four Independent Directors:
 - Chairman, Appointments and Responsible Management Committee
 - Chairman, Audit and Compliance Committee
 - Chairman, Remuneration Committee
 - Chairman, Risk Advisory Committee
- Chaired by the Lead Director

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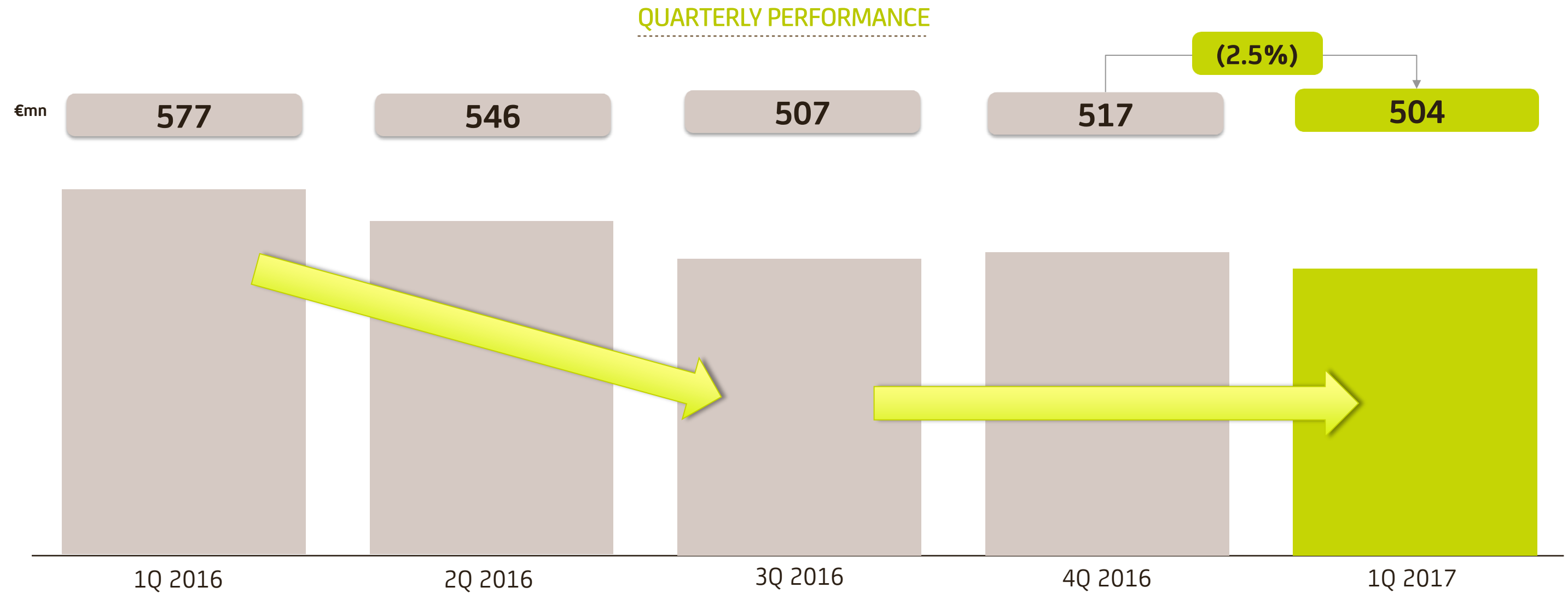
> 1Q 2017 Results

Income statement – Bankia Group

€mn	1Q16	1Q17	Diff %
Net interest income	577	504	(12.7%)
Fees and commissions	200	207	3.8%
Trading income	61	161	-
Other revenue	15	14	(6.7%)
Gross income	853	886	3.8%
Operating expenses	(399)	(386)	(3.4%)
Pre-provision profit	454	500	10.2%
Provisions for loans	(118)	(108)	(8.8%)
Provisions for foreclosed assets	(10)	(39)	-
Taxes, minority interests and other items	(89)	(49)	(44.9%)
Profit attributable to the Group	237	304	28.4%

> 1Q 2017 Results

Net interest income

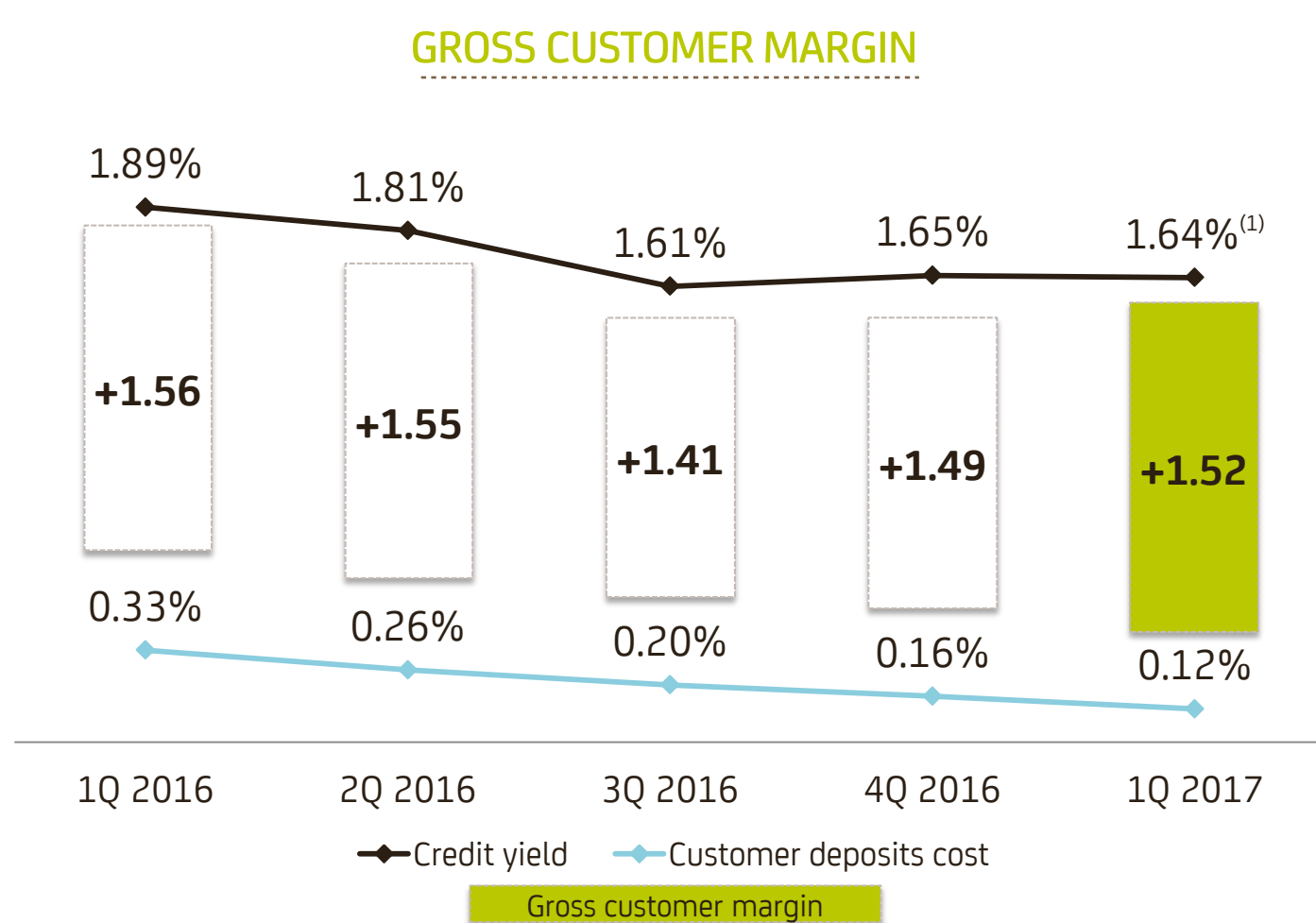


Stabilisation of net interest income is reaffirmed

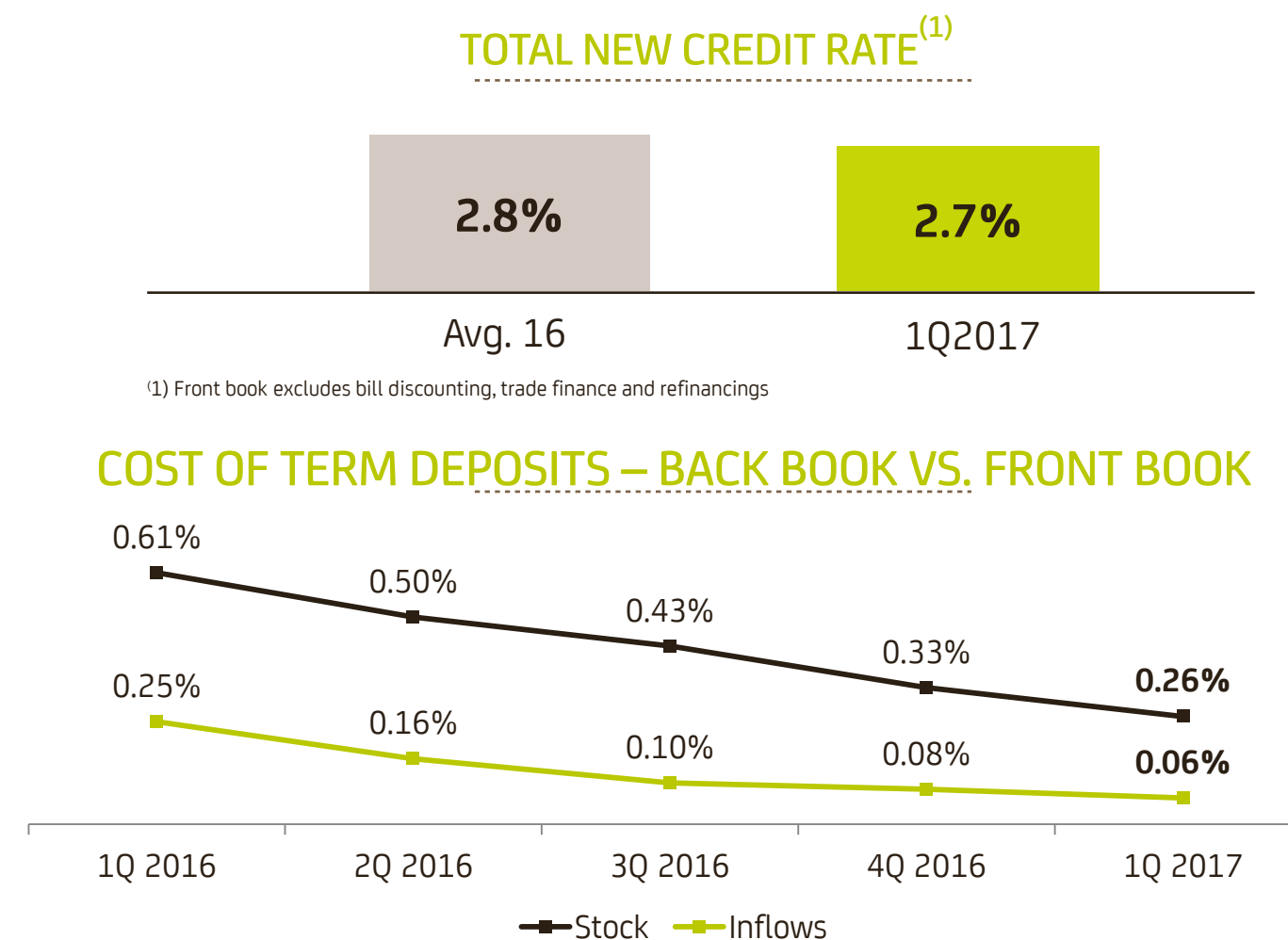
> 1Q 2017 Results

Net interest income

Gross customer margin increases to 152 bps



⁽¹⁾ Does not include the positive impact on the margin from non-recurring transactions.



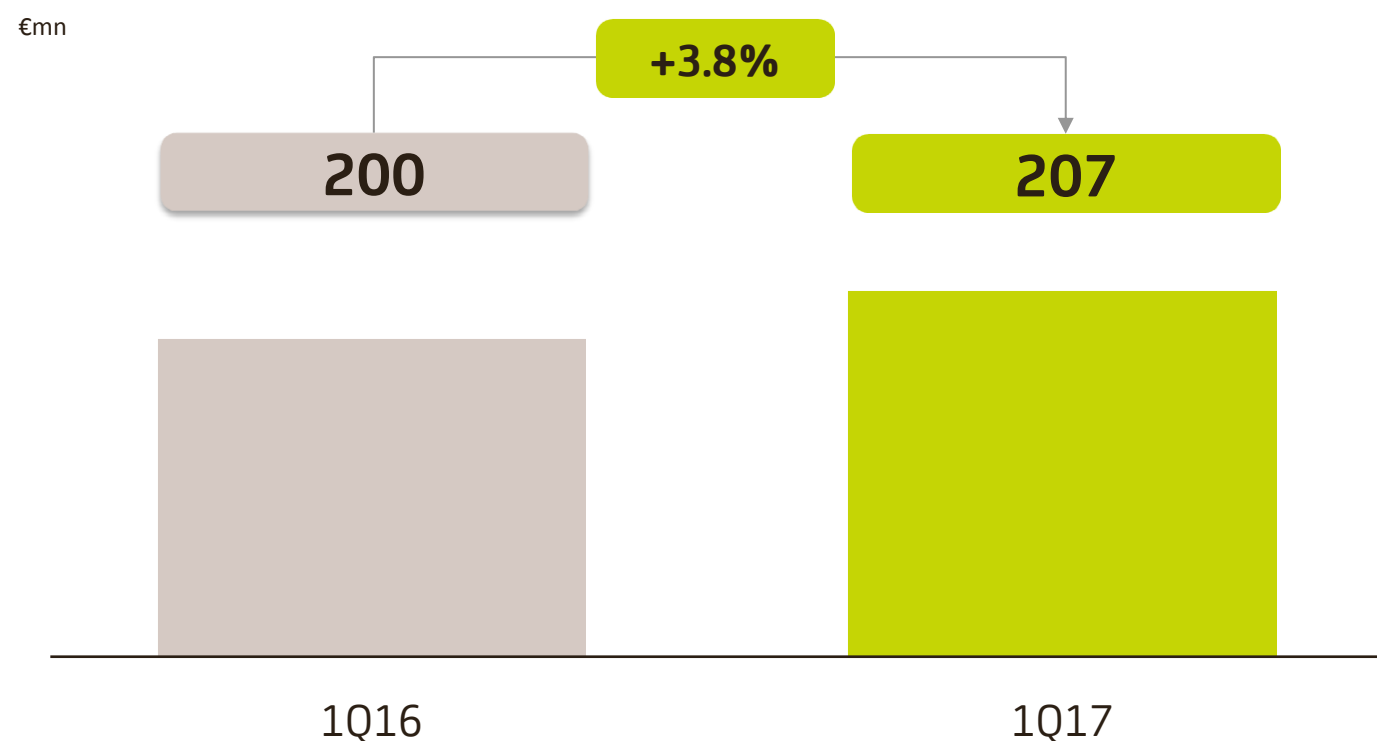
The cost of new deposits is 6 bps, well below the cost in the back book

> 1Q 2017 Results

Fee and commission income

Consolidation of the new competitive positioning brings an improvement in fee and commission income

FEES AND COMMISSIONS PERFORMANCE



- ▶ Strong performance of **net fee and commission income** in the first quarter of the year
- ▶ Growth in fees and commissions generated by cards, payment services and securities brokerage, closely linked to increased transactionality due to increased customer loyalty

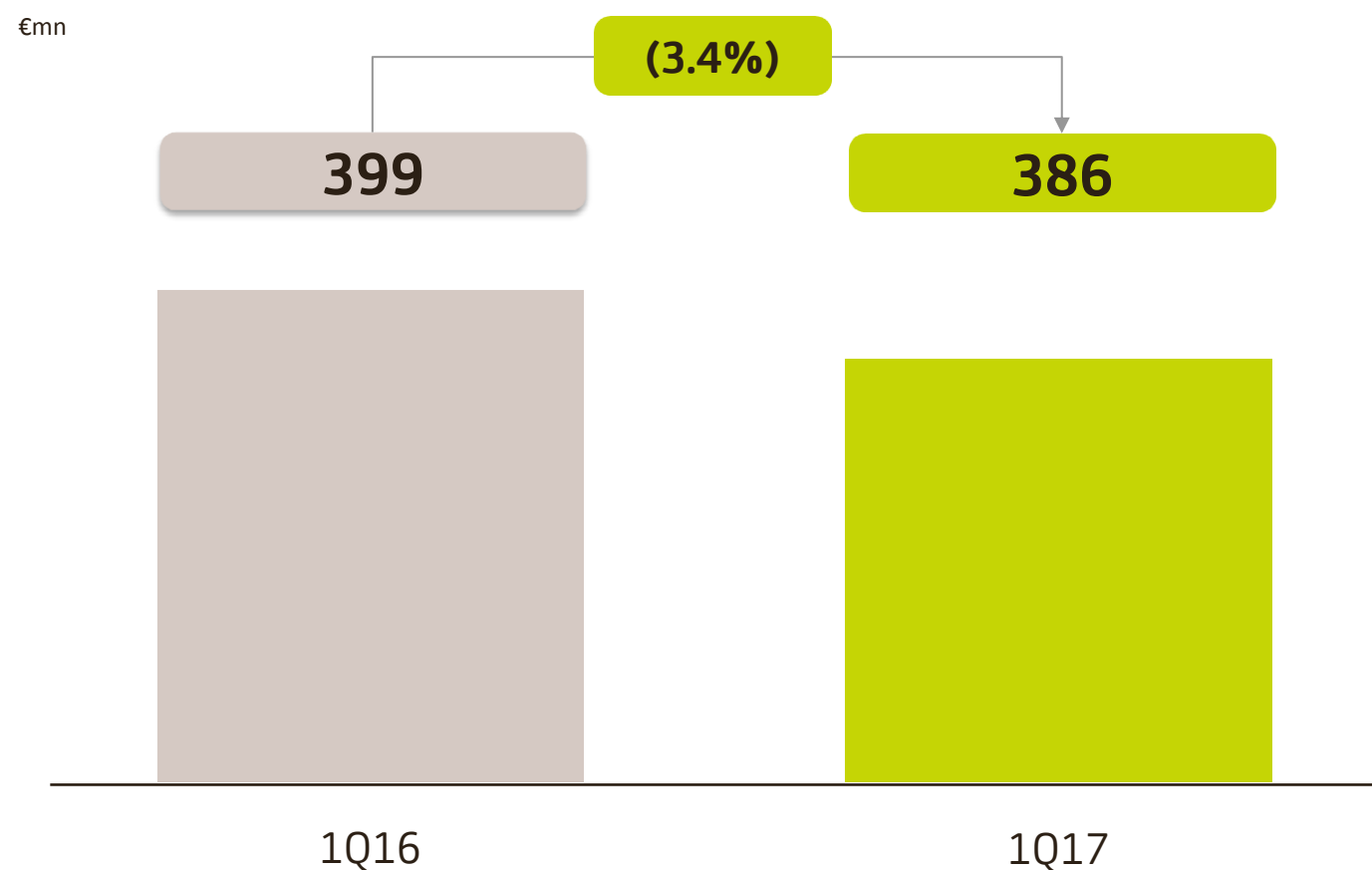
Fee and commission income is up 3.8% compared to the same period of the previous year

> **1Q 2017 Results**

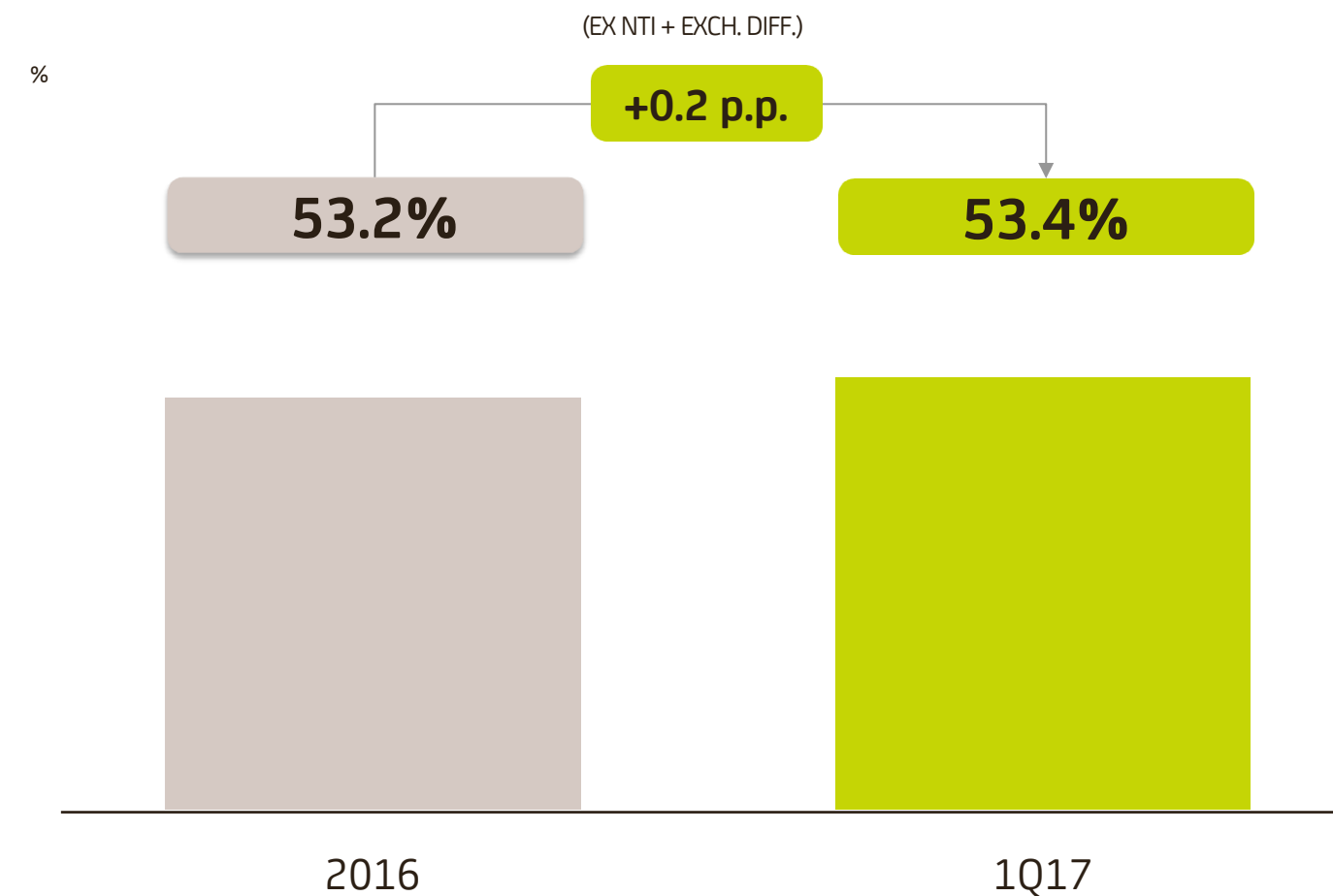
Operating expenses

Operating expenses are down 3.4% vs. 1Q16

OPERATING EXPENSES PERFORMANCE



RECURRING COST TO INCOME RATIO

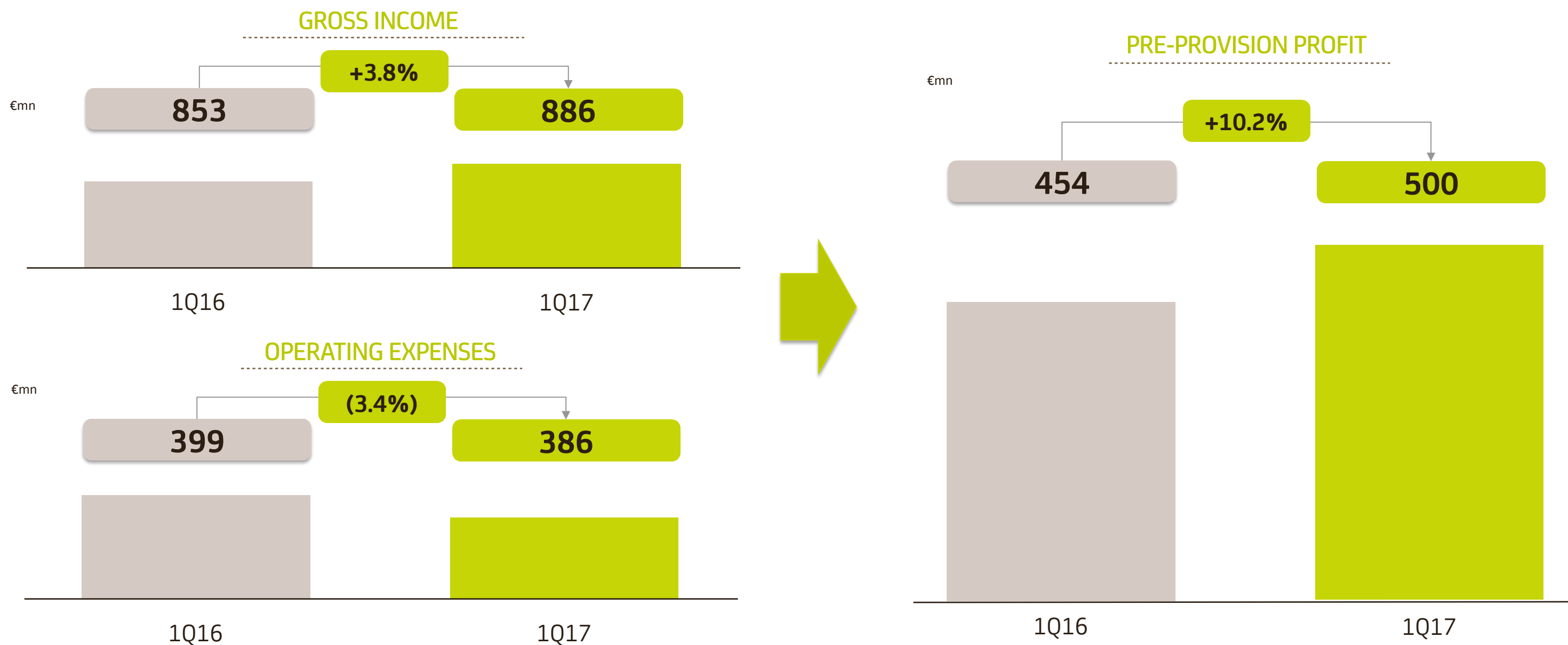


Cost to income ratio 1Q17: **43.6%**

> 1Q 2017 Results

Pre-provision profit

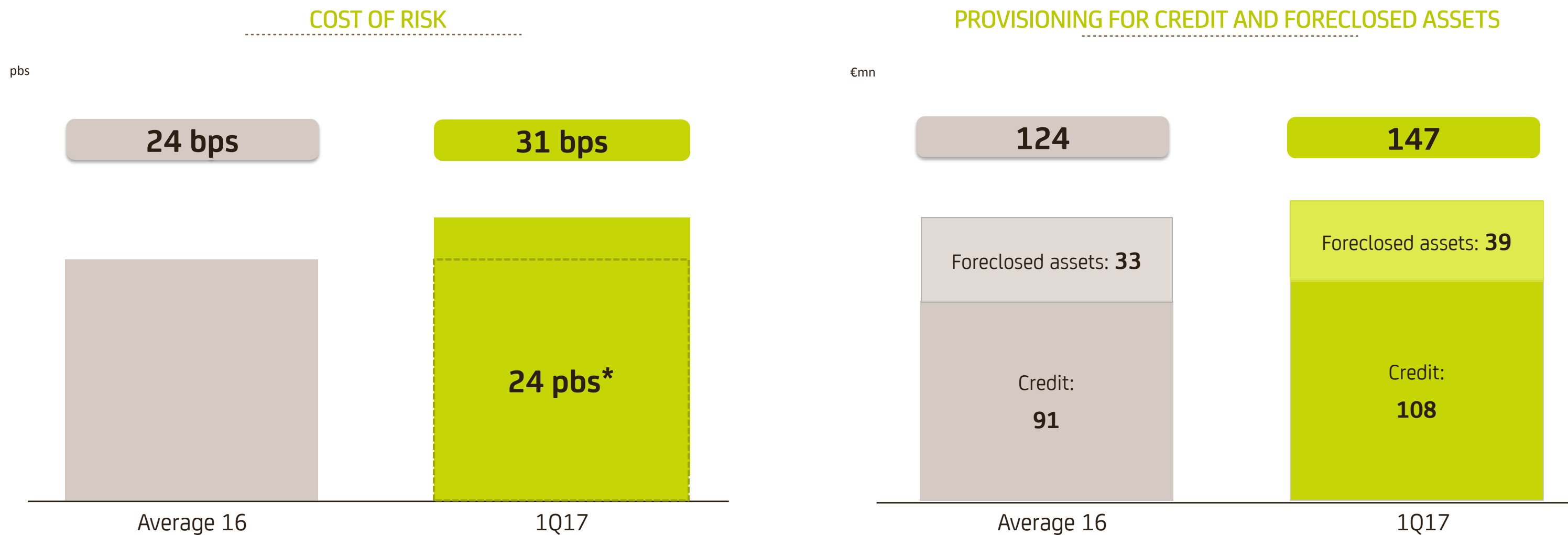
Pre-provision profit grows 10.2% as a result of the improvement in gross income and the reduction in costs



> 1Q 2017 Results

Cost of risk

Cost of risk at contained levels

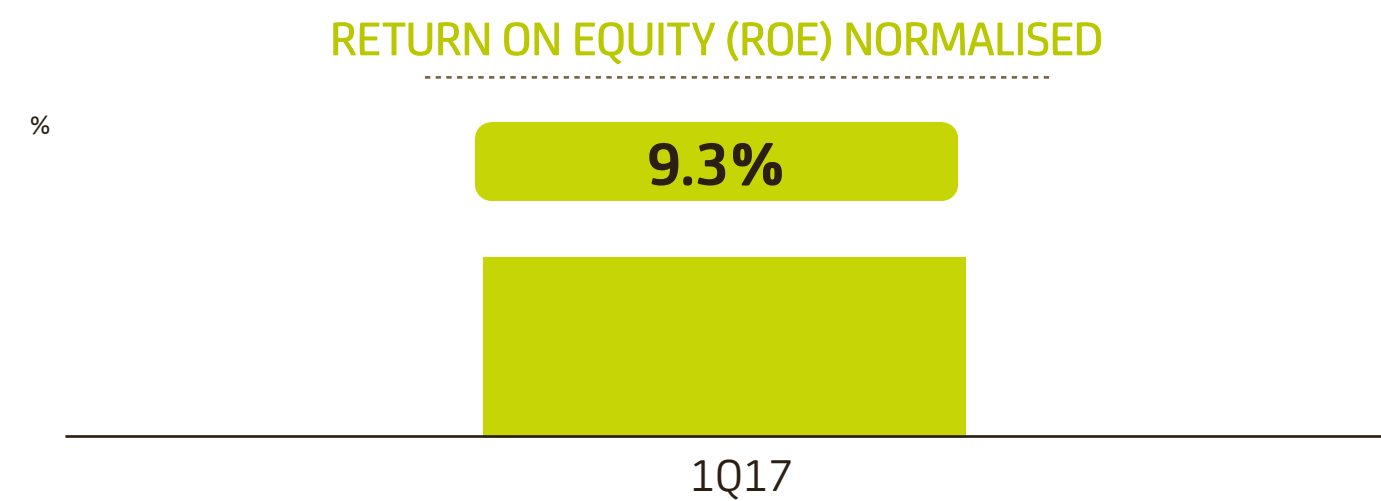
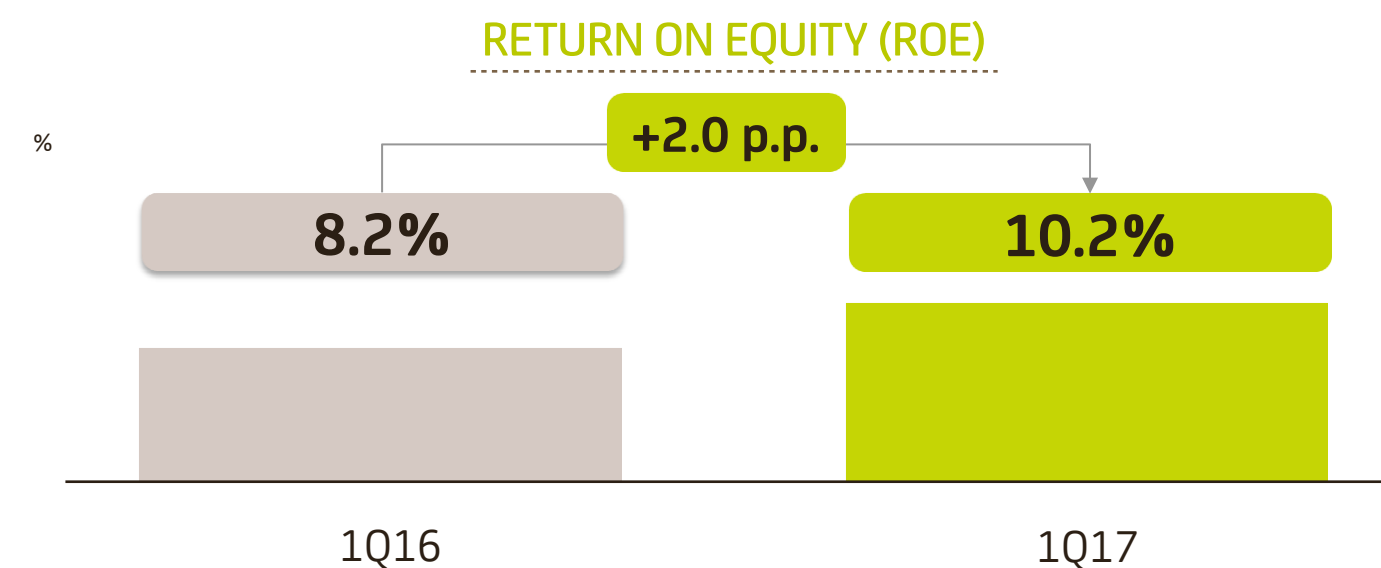
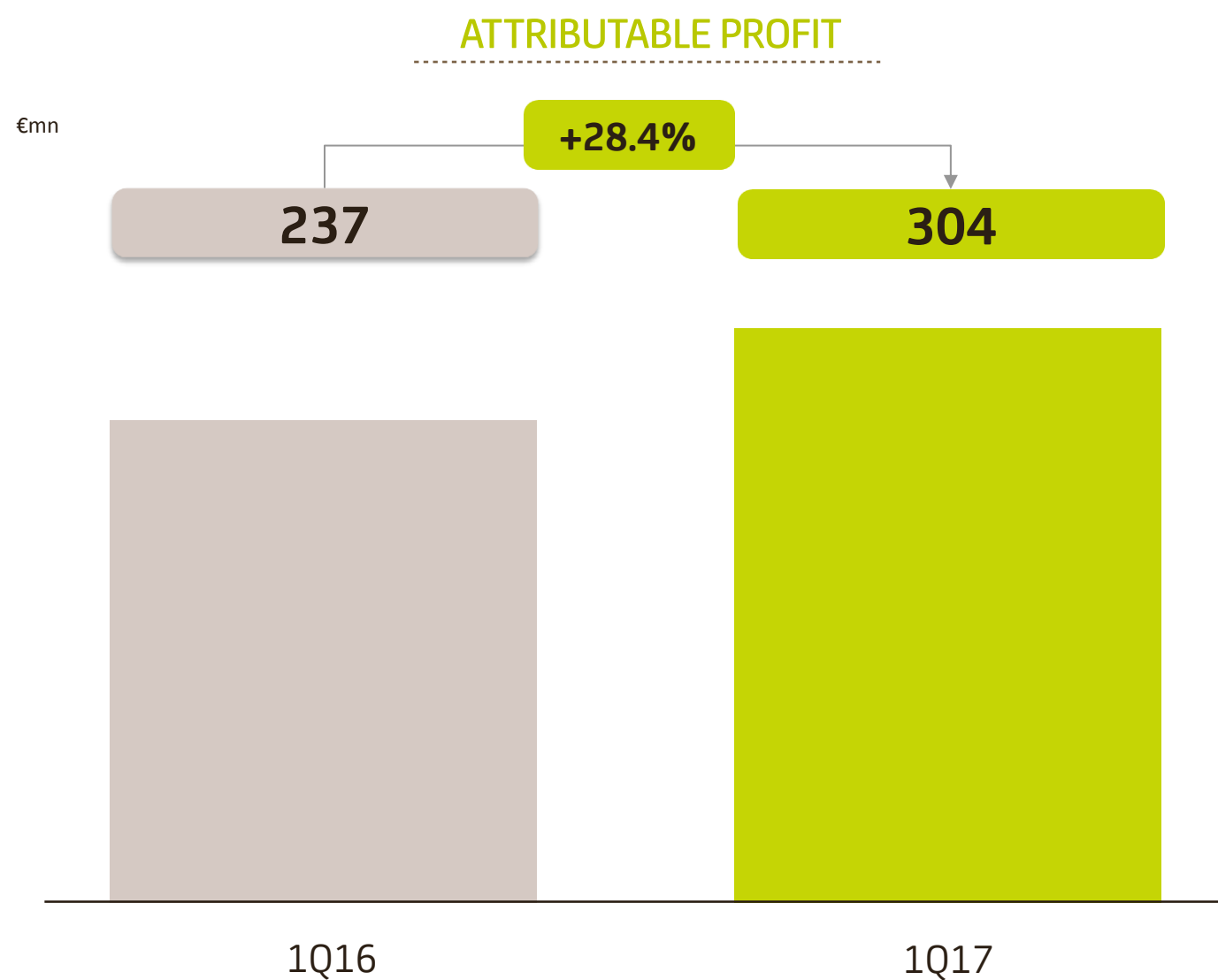


* Excludes provisions for single name transactions

> 1Q 2017 Results

Attributable profit

Attributable profit up 28.4% in the quarter compared to 1Q16



ROE for the period calculated as Attributable Profit for the period adjusted by 2016 average net trading income (NTI) and divided by Own Funds for the period adjusted by the difference between Bankia's Fully Loaded capital and the capital needed to reach CET1 Fully Loaded of 11%

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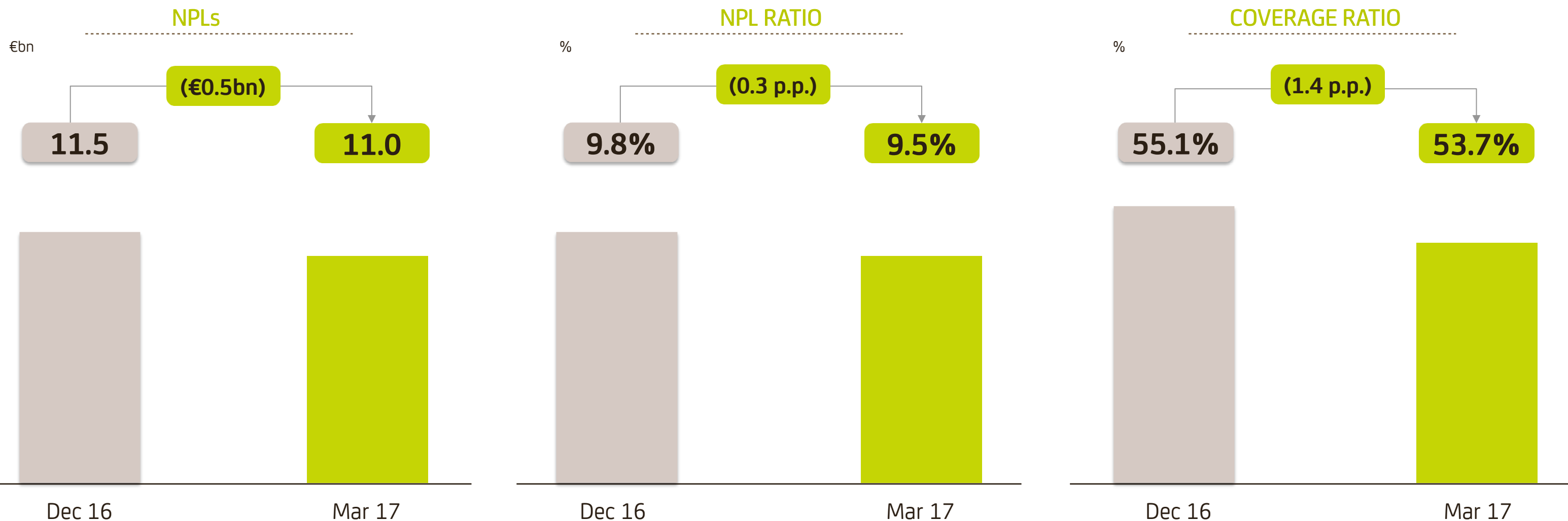
5

CONCLUSIONS

> Asset quality and risk management

Credit quality

Sustained reduction of NPLs (€0.5bn) and the NPL ratio (0.3 p.p.)



> **Asset quality and risk management**

Credit quality

Containment of gross entries, key to reduce NPLs

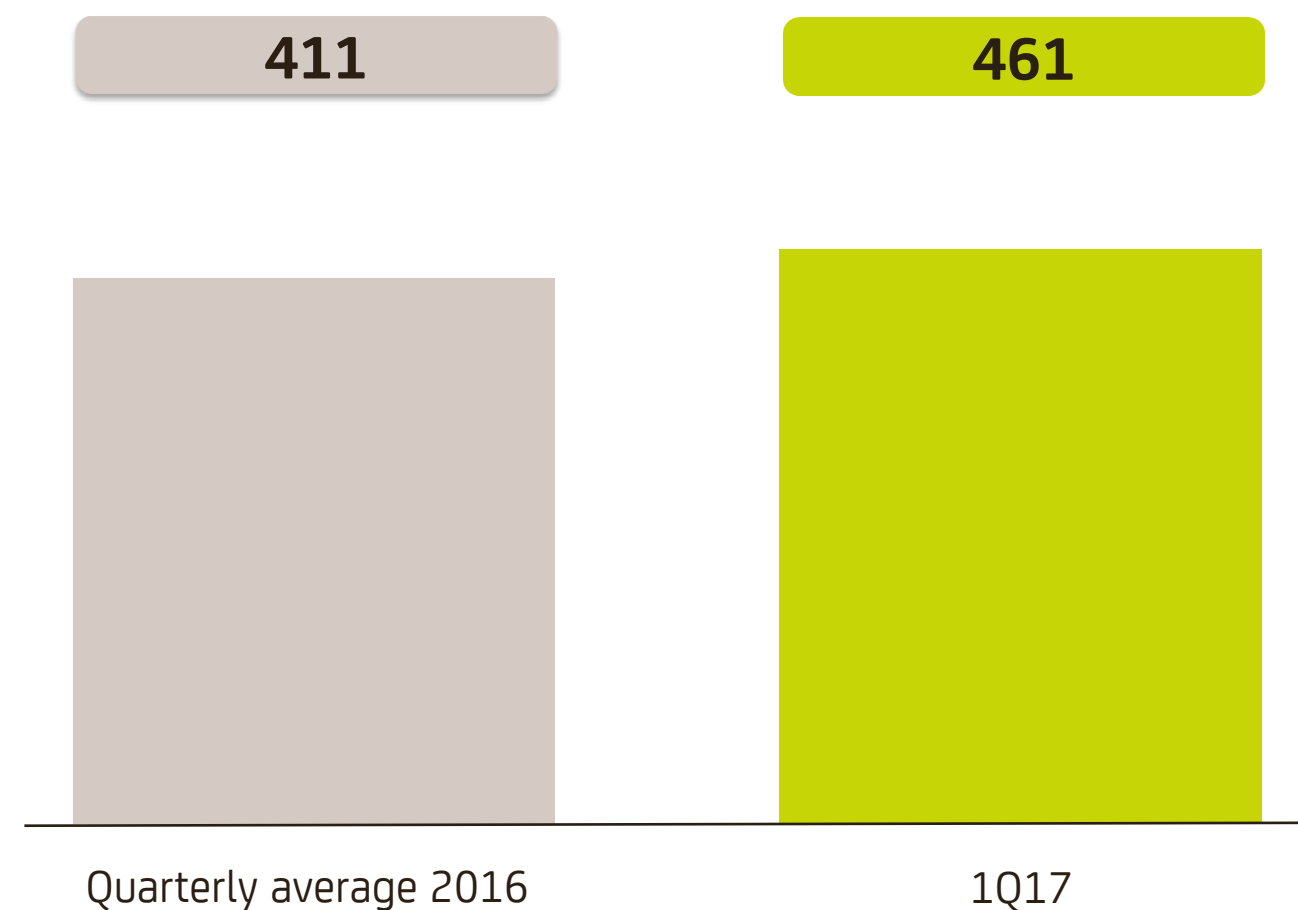
NPL PERFORMANCE

€mn

NPLs Dec 2016	11,476
Net reduction	- 461
Write-offs	- 31
NPLs Mar 2017	10,984

NET DECREASE IN NPLs

€mn



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> Liquidity and solvency

Liquidity

Stable liquidity position....

...with rating upgrade from Standard & Poor's in the quarter

> LTD ratio
Mar 2017

97.6%
vs. 97.2% in Dec 16

> Liquid assets vs.
wholesale debt
maturities
Mar 2017

1.3x

S&P Global
Ratings

BBB-
Positive outlook

FitchRatings

BBB-
Stable outlook



BBB (high)
Stable outlook

> “Investment grade” by the rating agencies that cover us

> Liquidity and solvency

Issues and maturities

Successful execution of subordinated debt issue...



SUBORDINATED DEBT ISSUE (TIER 2)

Volume (€mn)

€500 mn

Oversubscribed (# times)

>10x

Coupon

3.375%

Demand

92% international investors

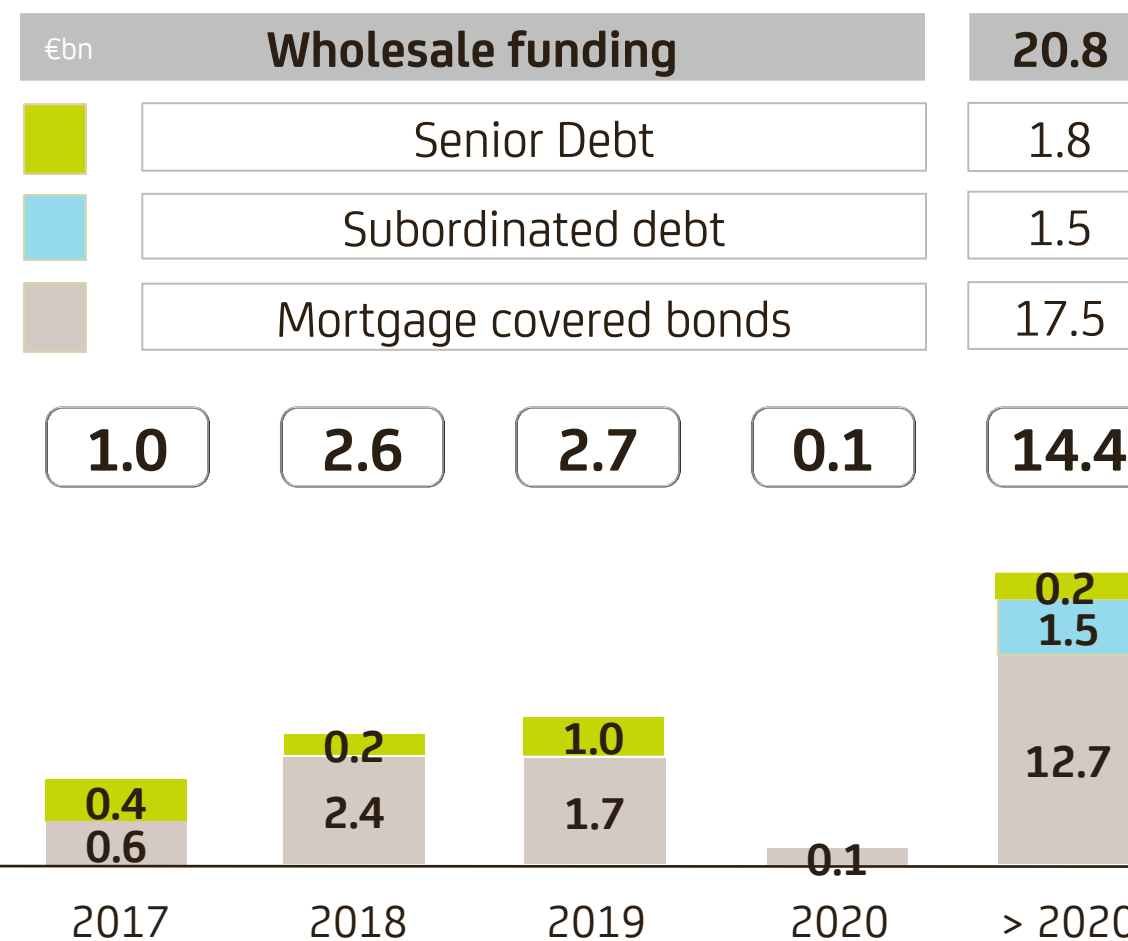
Impact on capital

+ 66 bps at a Total Solvency level (BISIII FL)

...with a comfortable maturity profile



WHOLESALE DEBT MATURITIES MAR 17

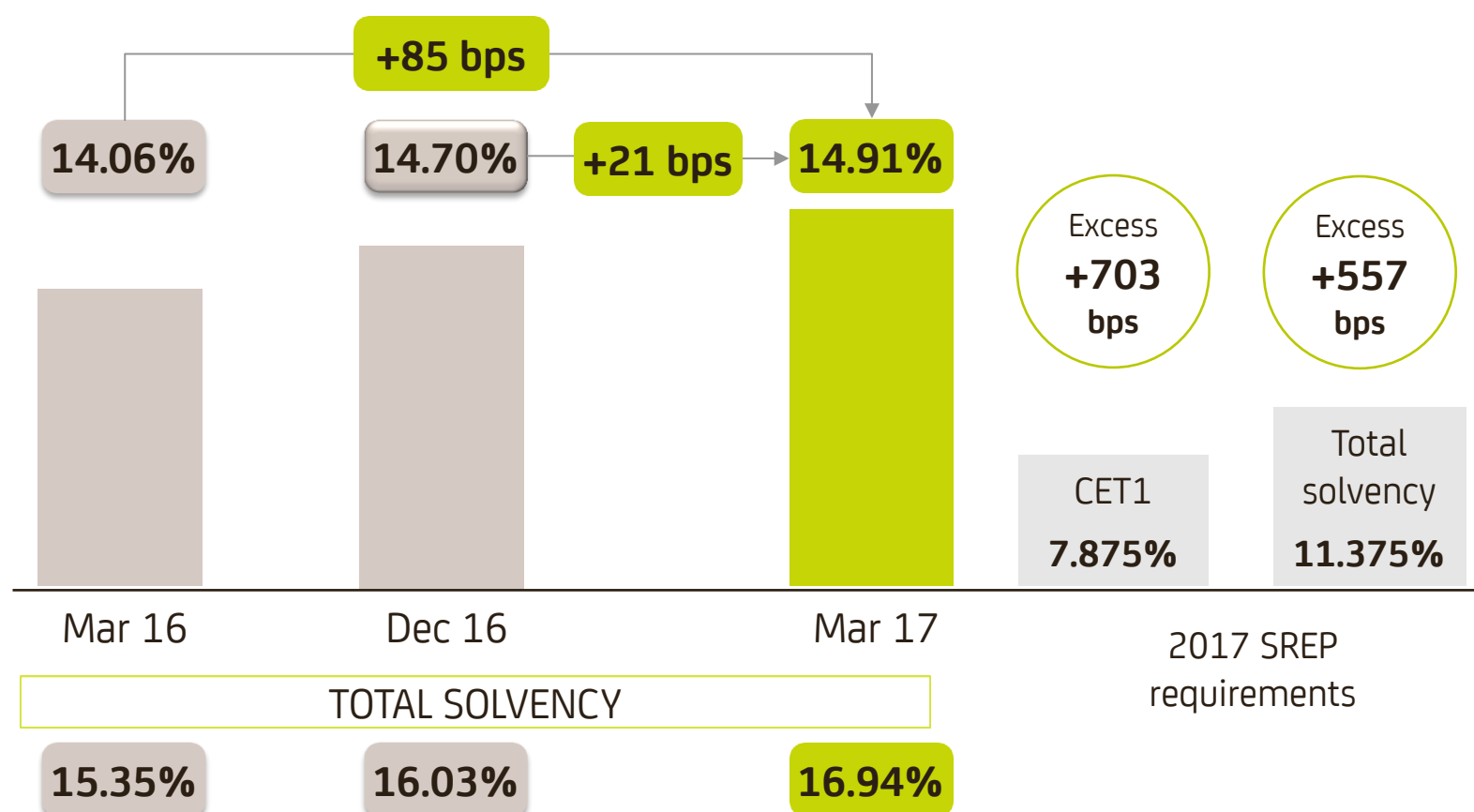


> Liquidity and solvency

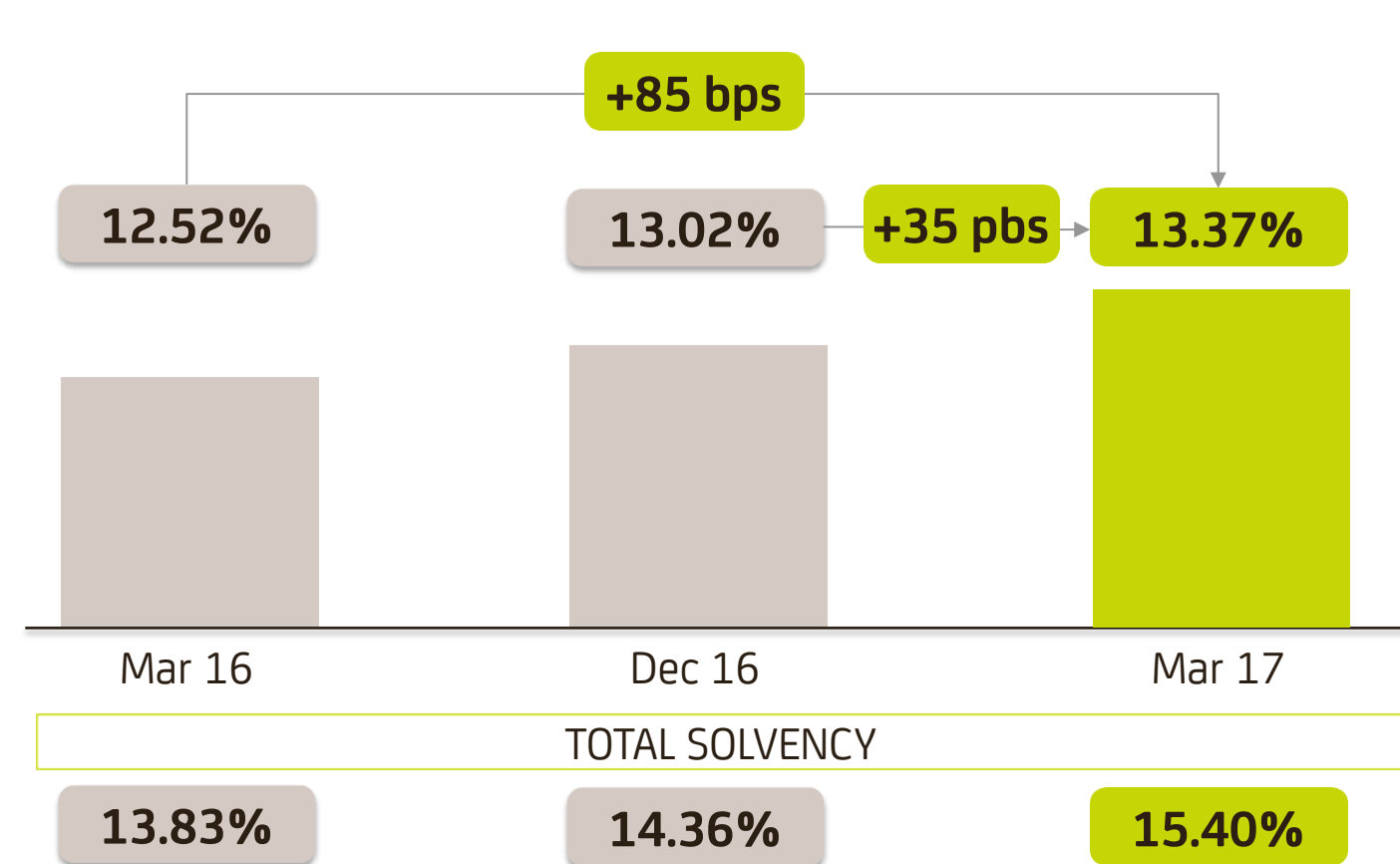
Capital ratios

35 bps of CET1 FL organic capital generation in 1Q 2017

CET1 PHASE-IN RATIO PERFORMANCE



CET1 FULLY LOADED RATIO PERFORMANCE



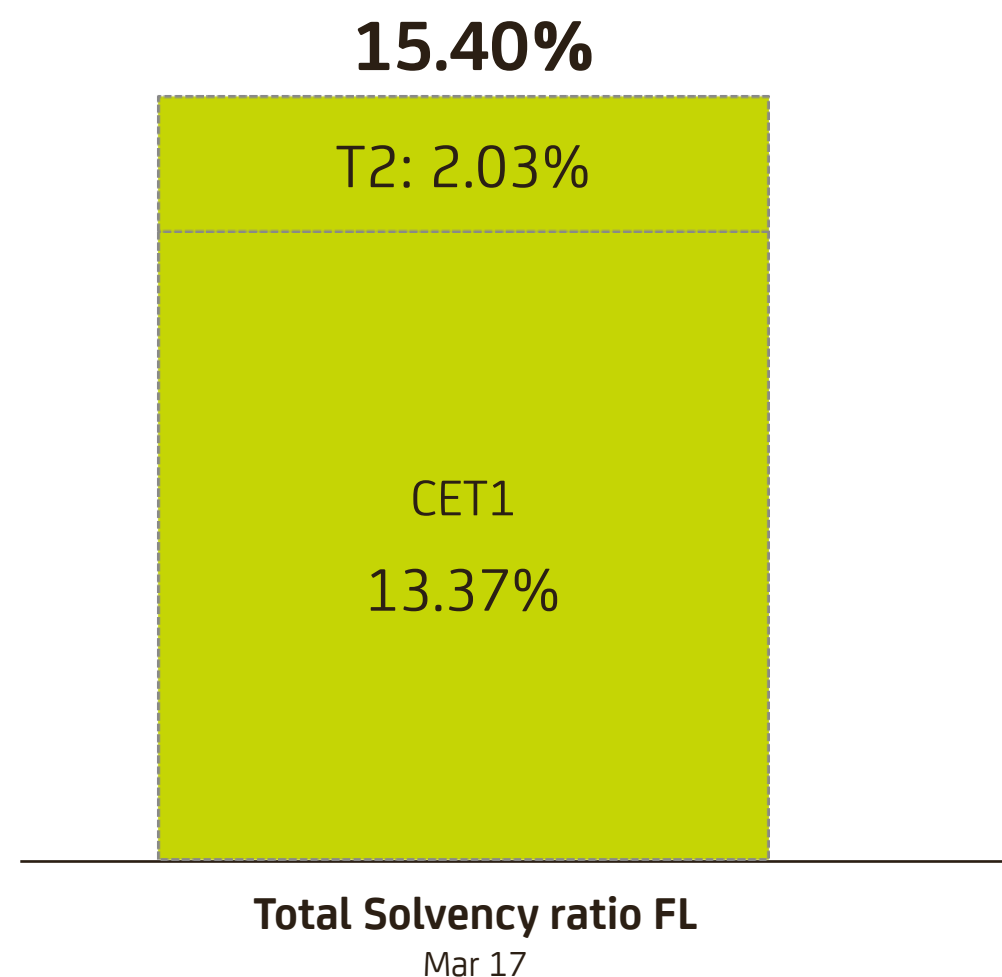
The solvency ratios include the profit attributable to the Group and discount the regulatory adjustment for the planned dividend
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 The data at Mar-17 include the €500mn subordinated debt issue. The impact of this issue on the Total Solvency ratio is +66 bps.

The €500mn issue of subordinated debt adds 66 bps of capital to the Total Solvency level

> Liquidity and solvency

Capital requirements

Good rate of capital generation to meet expected capital requirements



- > Good starting point to meet the expected capital requirements / eligible liabilities
 - €1.8bn senior debt maturities until 2019 which will be replaced with eligible liabilities
 - Limited volume of new issuance (1.5% AT1, ~ €1.3bn)

- > Reduction of nominal value and reverse split in execution
 - Significant positive impact on ADIs ⁽¹⁾
 - Matches nominal value to share price levels

⁽¹⁾ ADIs: Additional distributable items

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> Conclusions

2017: Conclusion of Bankia's restructuring plan

> Commercial franchise: increasing customer satisfaction indexes and growing above the sector in key segments

> Recurrent income generation in an adverse interest rate scenario. Cost management as a comparative advantage.

Attrib. Profit
€304mn
1Q 17

> NPLS and foreclosed assets continue to decline, and their weight in the balance sheet

> Maintaining elevated levels of organic capital generation in the quarter

Bankia
LET'S KEEP WORKING

Investor Relations

ir@bankia.com