

Annual results presentation

2015

1 February 2016

Bankia

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LET'S KEEP WORKING



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Contents

1. Full-year 2015

- Commercial activity
- Income statement
- Asset quality
- Liquidity and solvency

2. Completion of Strategic Plan 2012-2015

2015: the year of consolidation of our franchise...

1 COMMERCIAL ACTIVITY

+ €3.9bn customer funds vs. Dec 2014
+ 3.5% annual increase in lending to businesses and consumers

2 INCOME STATEMENT

2015 Efficiency ratio: **43.6%**
+ 39.2% attributable profit vs. 2014

10.6%* ROE
2015

3 ASSET QUALITY

€3.5bn reduction of NPLs vs. Dec14
Coverage: **60.0%** (vs. 57.6% Dec14)

4 LIQUIDITY AND SOLVENCY

LtD close to **100%**
166 bps of capital generation in the year

...with the plan's targets achieved

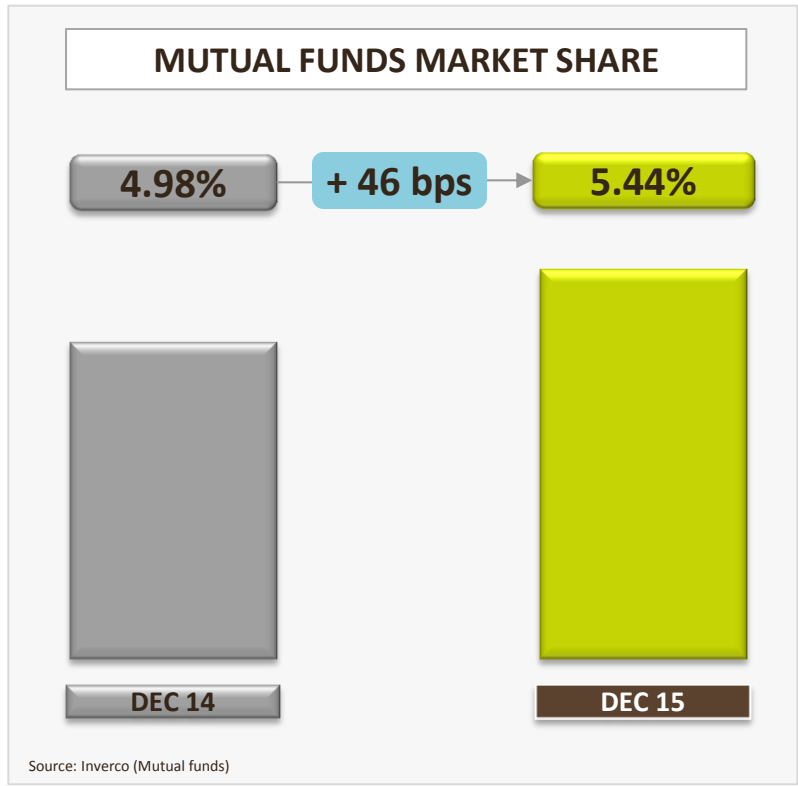
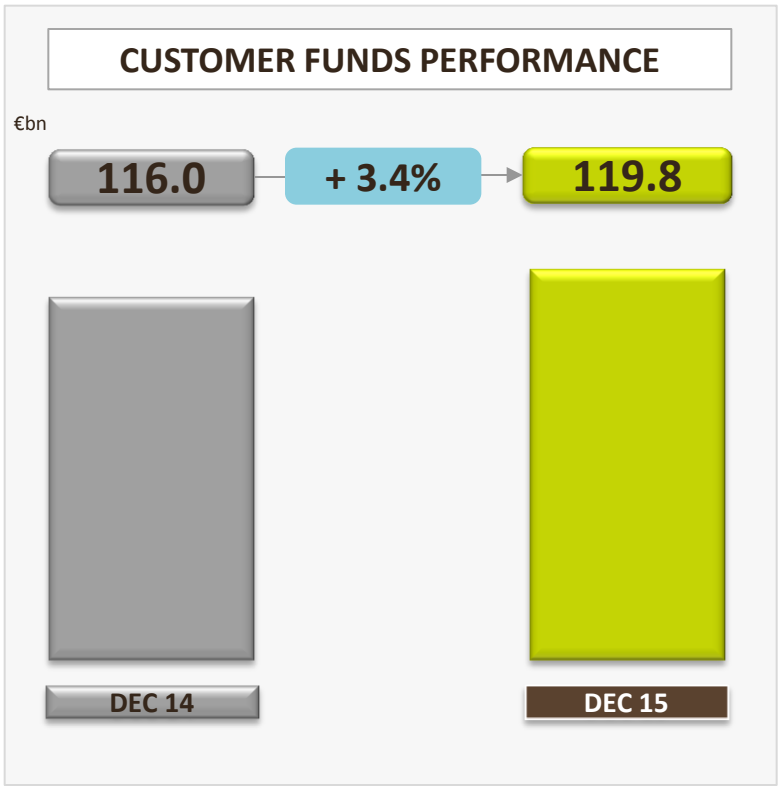
*ROE without deducting in 2015 provisions arising from IPO contingency (€184 million)



Full-year 2015

1. Commercial activity: customer funds

Positive trend in customer funds management activity continues...

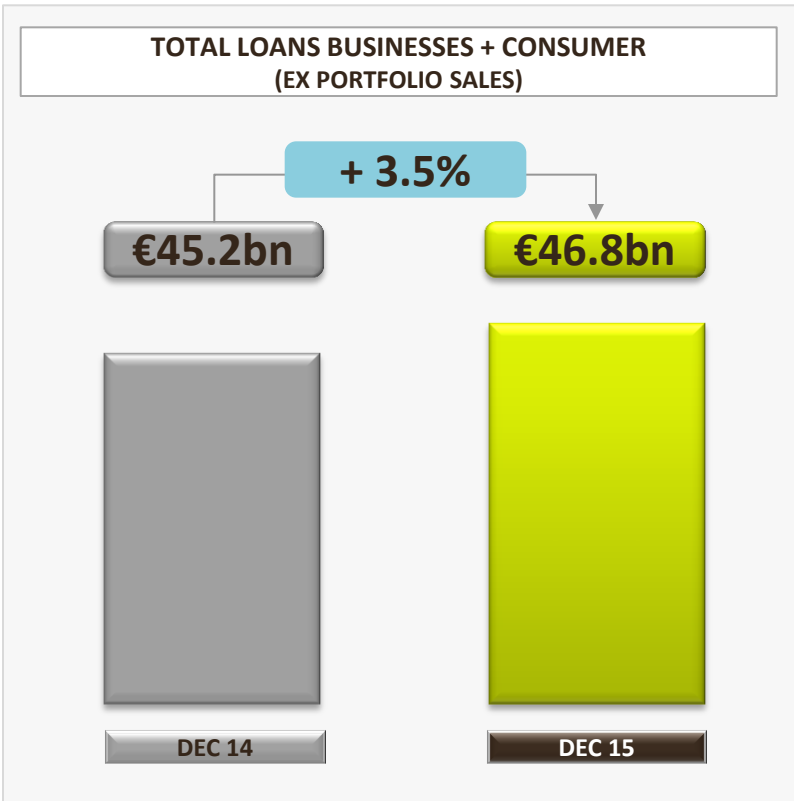




Full-year 2015

1. Commercial activity: lending activity

...with increased volumes in key business segments...



Full-year 2015

BFA TENEDORA DE ACCIONES S.A.U.



2. Income Statement: BFA Group vs Bankia Group 2015

€mn	BFA GROUP	Bankia
Net interest income	2,811	2,740
Dividends, fees and other revenues	994	1,066
Gross income	3,805	3,806
Operating expenses	(1,665)	(1,658)
Pre-provision profit	2,140	2,148
Provisions	(652)	(724)
Results from sales and other profits	227	212
Profit before tax	1,715	1,636
Taxes	(423)	(391)
Profit after tax	1,292	1,245
Other non-recurring results, net	766*	-
Net impact of IPO provision	(461)	(184)
Reported profit after tax	1,597	1,061

* Includes NTI from portfolio sales and non-recurring provisions in BFA

Full-year 2015

2. Income Statement: Bankia Group 2015 vs 2014



		Reported			Ex Sareb effect*		
		2014	2015	Diff %	2014	2015	Diff %
€mn							
A	Net interest income	2,927	2,740	(6.4%)	2,694	2,740	1.7%
	Fees and commissions	948	938	(1.0%)			
	Gross income	4,009	3,806	(5.1%)	3,775	3,806	0.8%
B	Operating expenses	(1,742)	(1,658)	(4.8%)			
	Pre-provision profit	2,267	2,148	(5.2%)	2,033	2,148	5.6%
C	Provisions	(1,420)	(908)	(36.0%)			
	Results from sales and others	151	212	40.2%			
	Taxes and minority interests	(251)	(412)	64.4%			
D	Profit attributable to Group	747	1,040	39.2%			

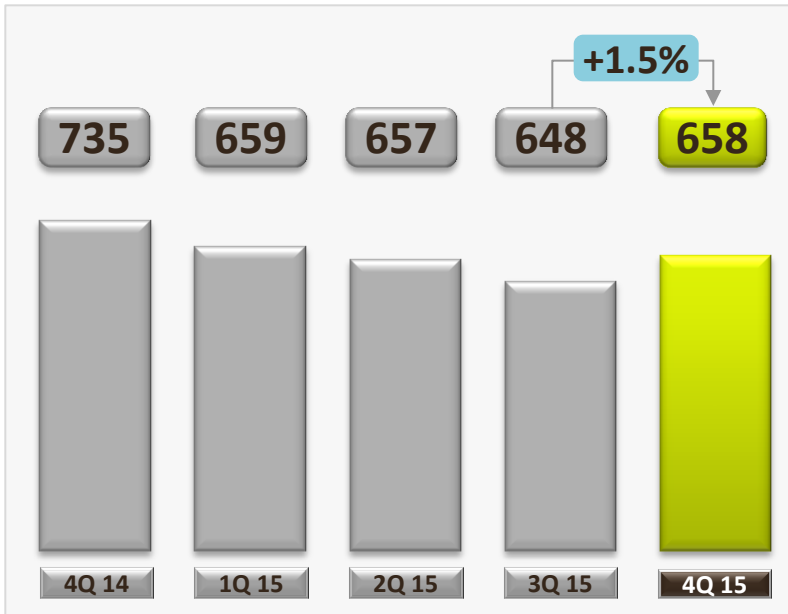
*Note: 2014 pro forma due to SAREB's lower margin contribution in 2015 vs 2014, the impact of which is estimated at €233 million

Full-year 2015

2. Income Statement: net interest income

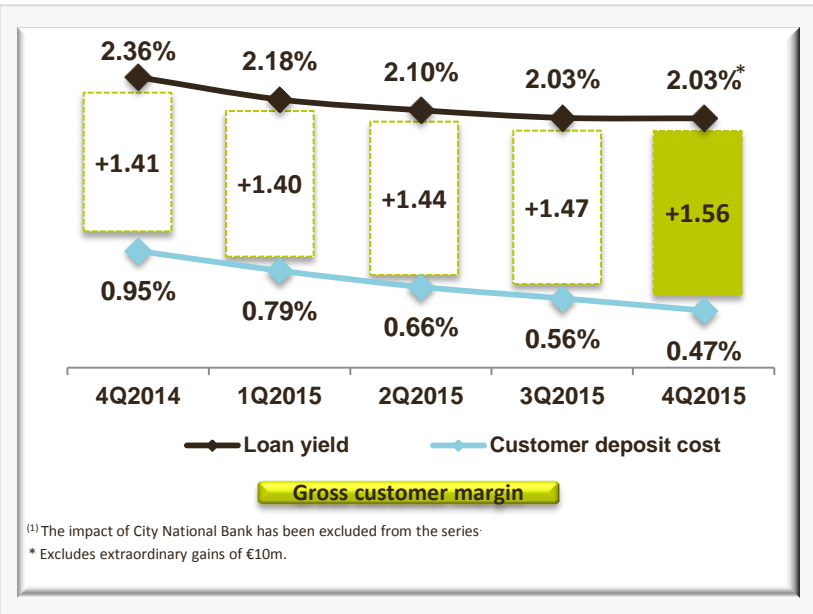


Quarterly performance ex CNB



- Excluding CNB's contribution to interest margin, net interest income in the last quarter amounts to €658 million, up 1.5% on the previous quarter

Loan yield vs. cost of deposits ⁽¹⁾



⁽¹⁾ The impact of City National Bank has been excluded from the series
 * Excludes extraordinary gains of €10m.

- Gross customer margin increases a further 15 bps in the year
- Loan yield stabilises at 2.03%, while cost of deposits continues to decrease

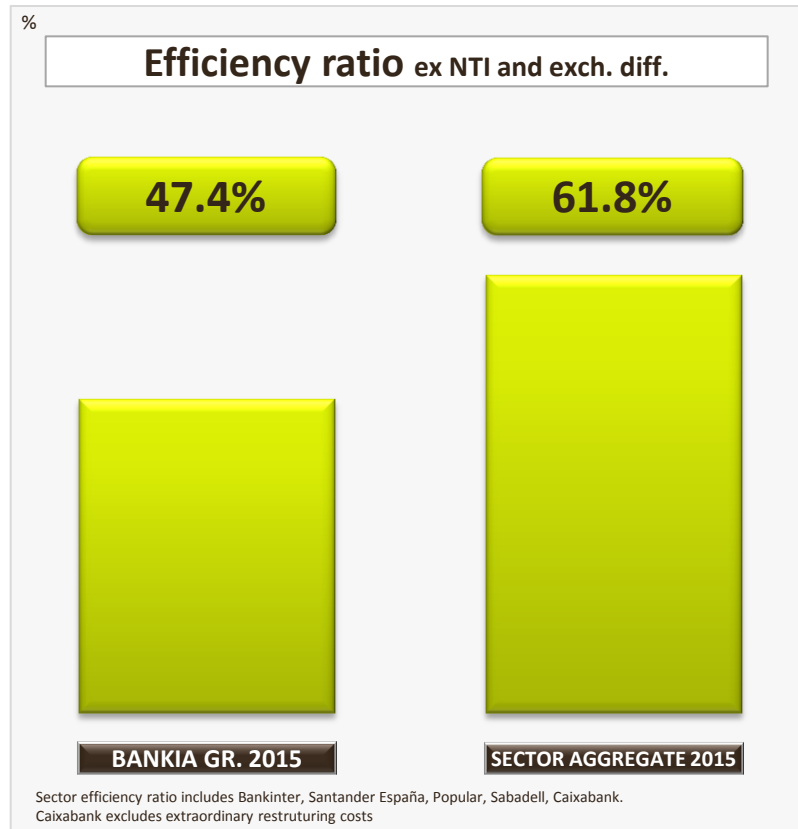
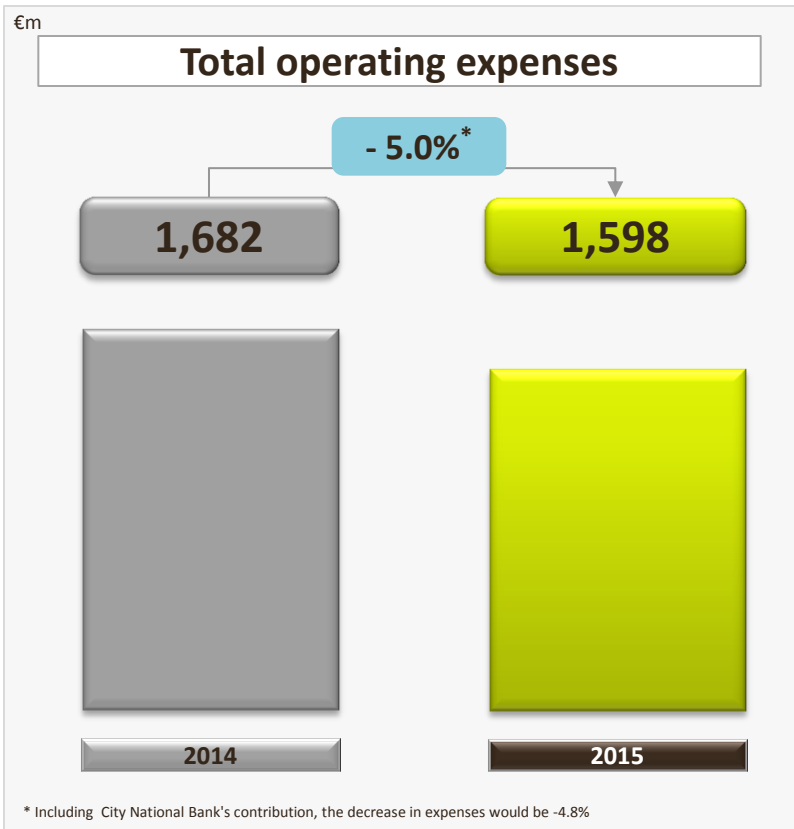


Full-year 2015

2. Income Statement: expenses and efficiency

Thanks to our cost cutting capabilities...

...we have achieved the best efficiency levels of the sector





Full-year 2015

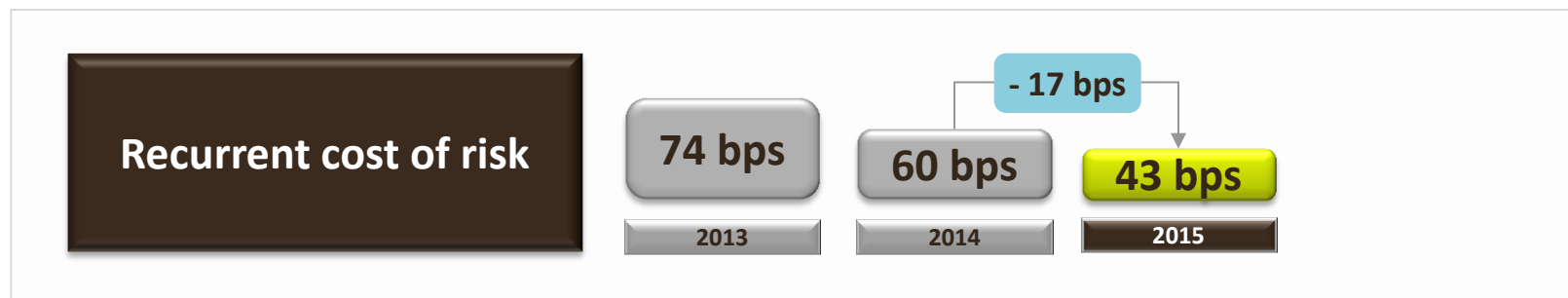
2. Income Statement: provisions and cost of risk

2015 cost of risk at record low levels: 43 bps

€m

	2013	2014	2015	Accum.
Pre-provision profit	1,867	2,267	2,148	6,282
Provisions	(1,504)	(1,109)	(724)	(3,337)
Profit after provisions	363	1,157	1,424	2,944

Provisions include provisions for loan losses and foreclosed assets. They do not include the provisions for the IPO contingency or for hybrid instruments



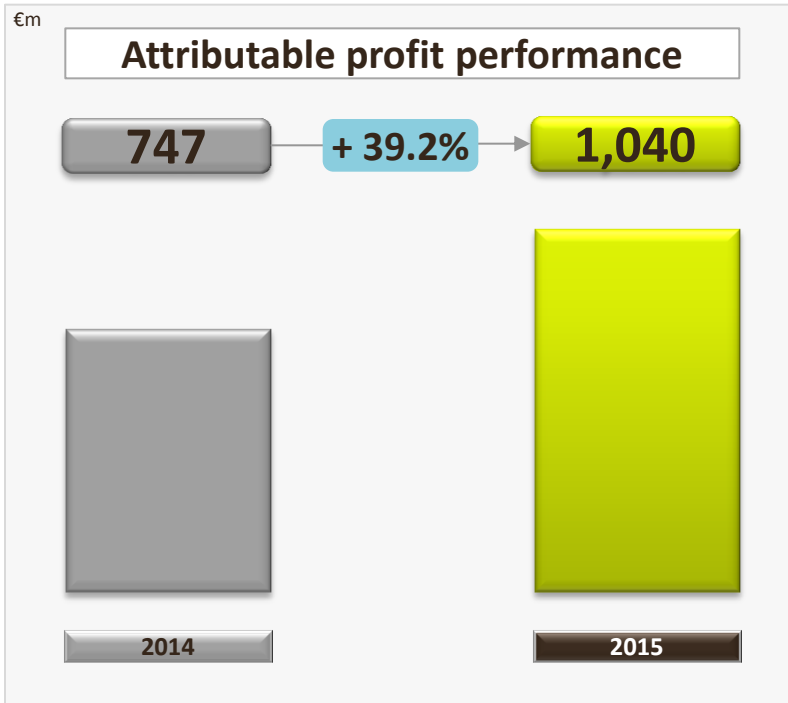
Cost of risk better than year-end target



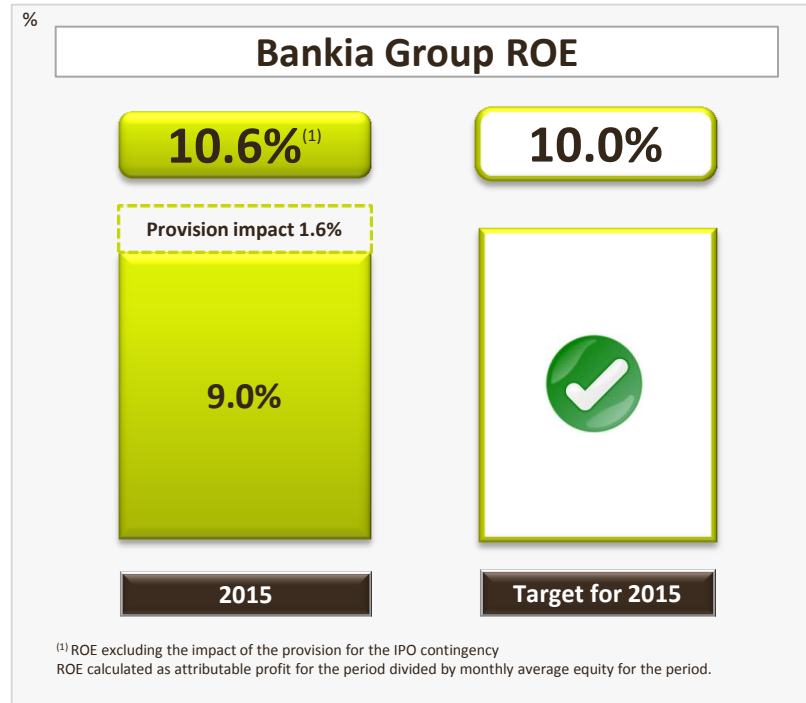
Full-year 2015

2. Income Statement: attributable profit

+ 39.2% increase in attributable profit for the year...



...allowing us to outperform our ROE target



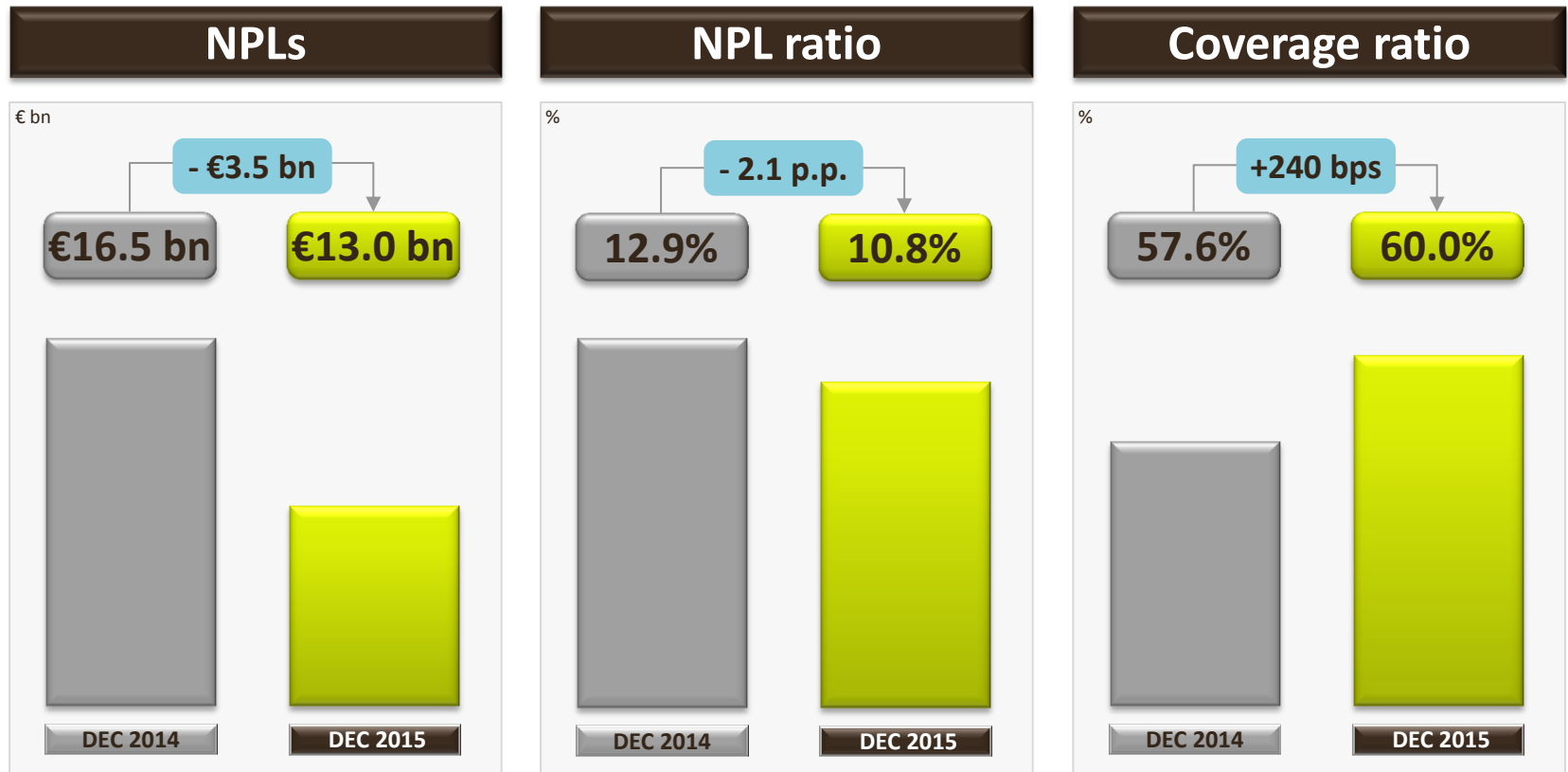
2015 ROE above target level: 10.6%



Full-year 2015

3. Asset quality: NPLs, NPL ratio and NPL coverage

Reduction in NPLs and increase in coverage



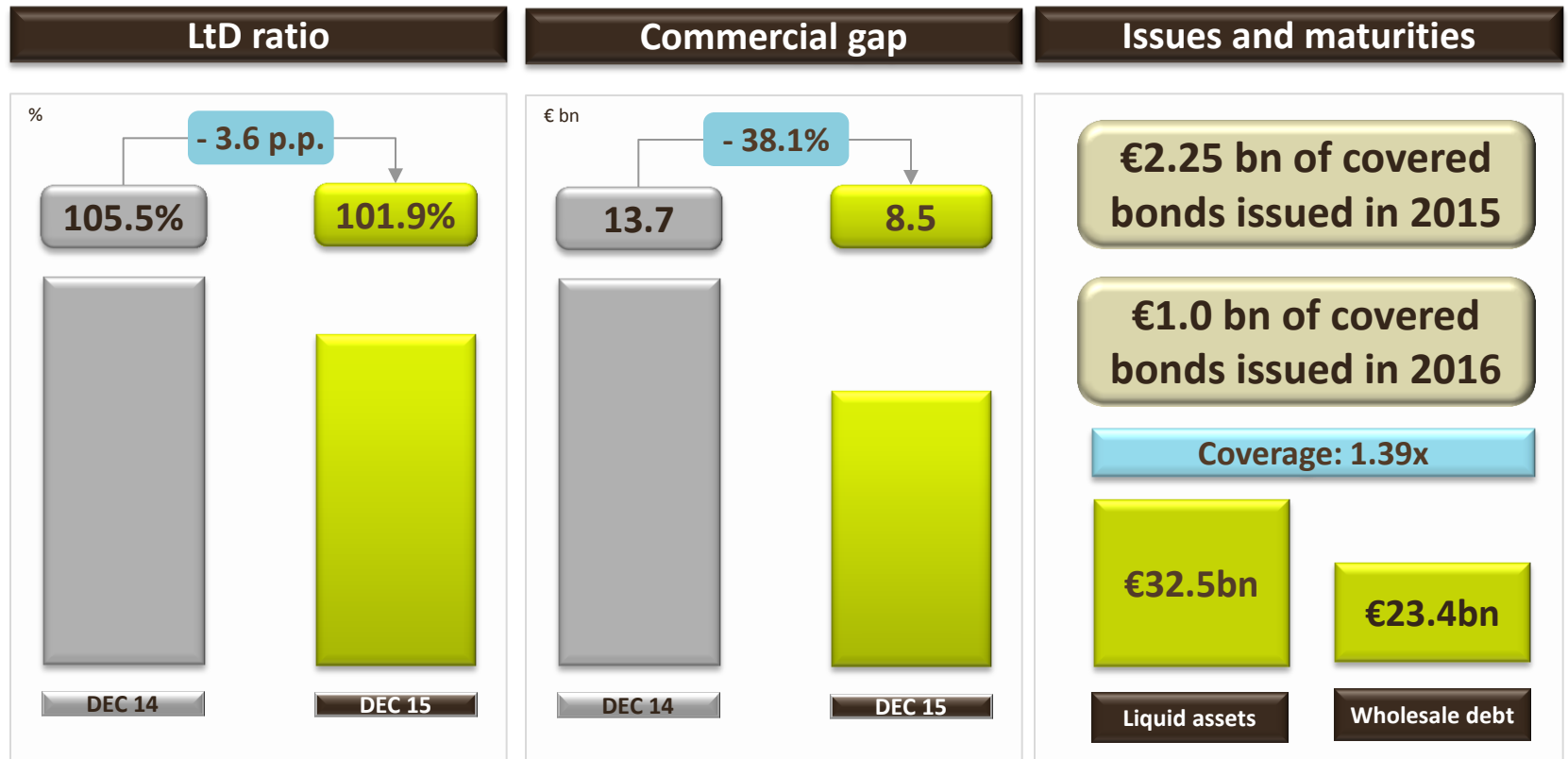
Net foreclosed assets (€2.7bn) are down €188mn year-on-year



Full-year 2015

4. Liquidity and solvency: liquidity indicators

LtD ratio is close to 100%



LCR substantially above regulatory requirement



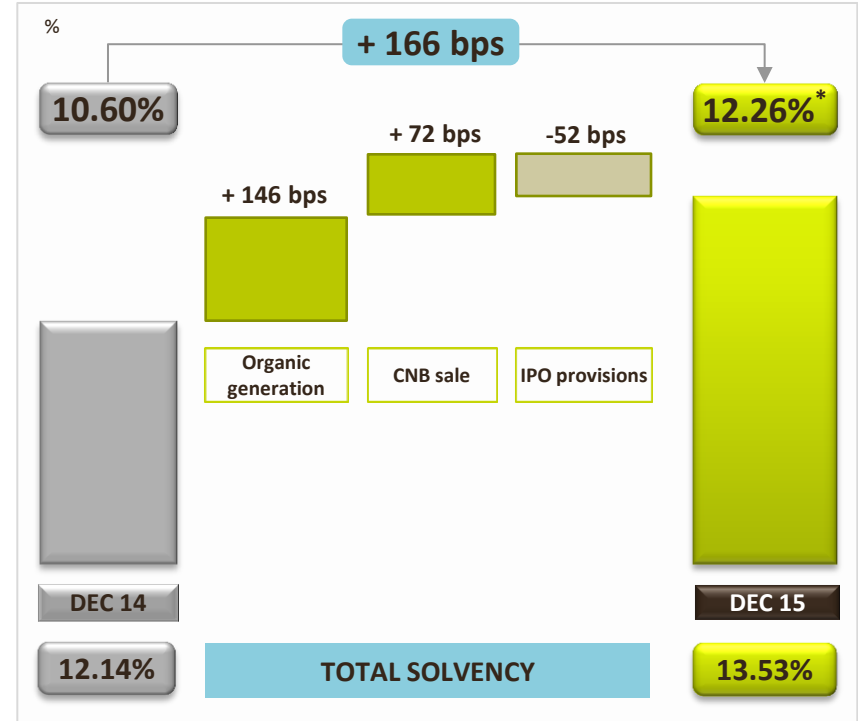
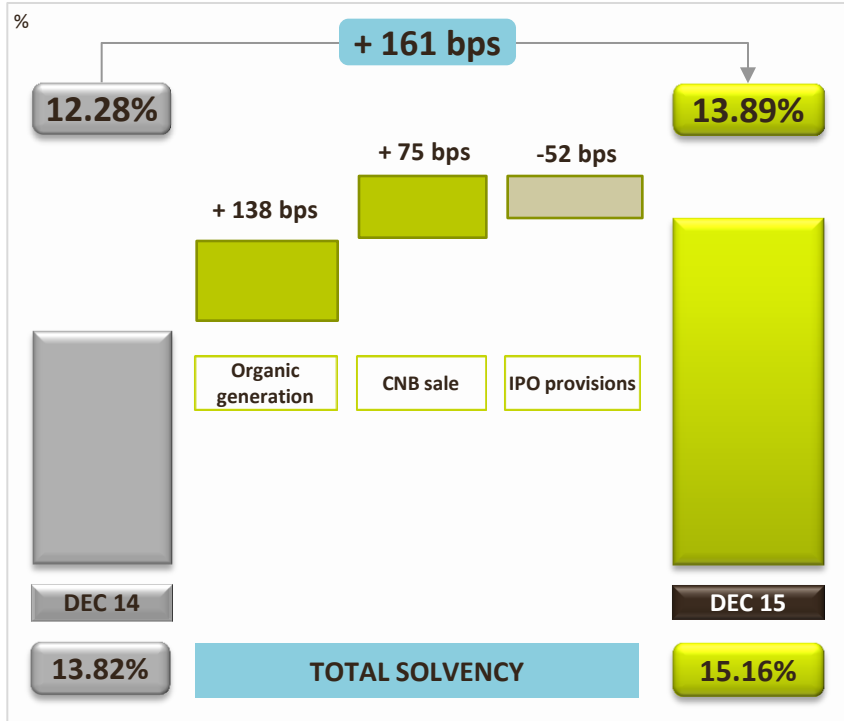
Full-year 2015

4. Liquidity and solvency: solvency ratios and capital generation

CET1 BIS III Fully Loaded ratio above 12.2% after recorded provision

CET 1 BIS III Phase In ratio

CET 1 BIS III Fully Loaded ratio



The solvency ratios reflect the net profit for the year less by the proposed dividend of €302 million for full-year 2015, representing a pay-out ratio of 29.1%.

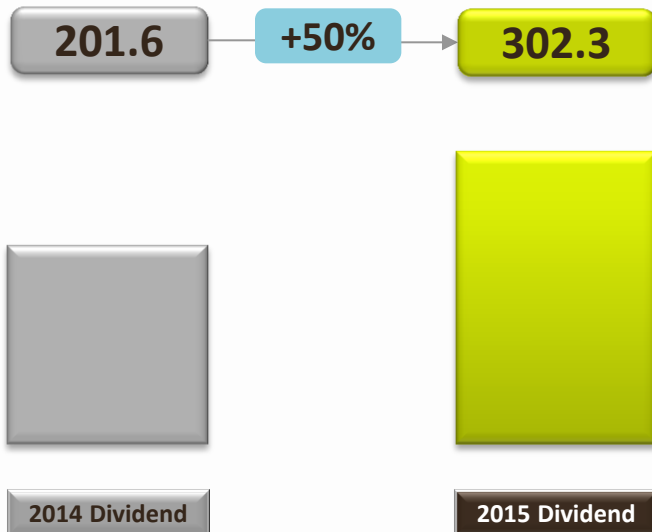
* If the gains on sovereign debt in AFS portfolios are included and the corrective effect of SMEs on RWAs is excluded, the fully loaded ratio would stand at 12.87%.

These results allow us to propose a 50% increase in the cash dividend compared to last year

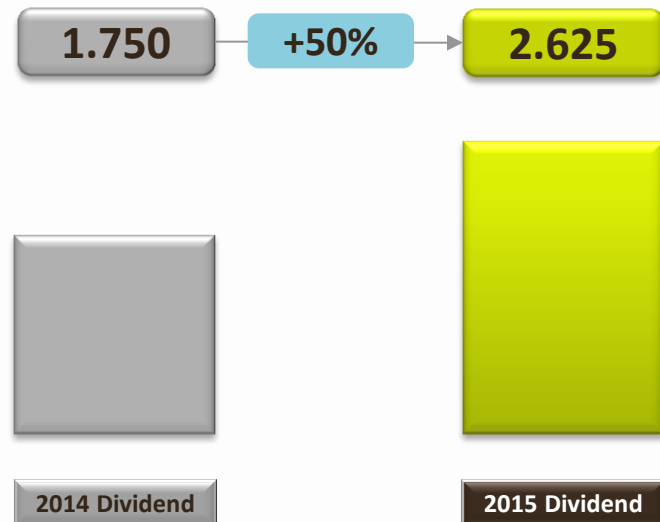
Total distributable dividend

Dividend per share

€ mn



€ cents



Full-year 2015

We ended 2015

With increased commercial momentum, both in relevant asset segments and in on and off-balance sheet customer funds

With a return on equity above 10.0%

Built on industry-leading efficiency and ability to control the cost of risk

With comfortable liquidity ratios

And with a proven capacity to continue to generate capital organically

Favourably positioned to begin 2016

Contents

1. Full-year 2015

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- Liquidity and solvency

2. Completion of Strategic Plan 2012-2015

Completion of Strategic Plan 2012-2015

The Strategic Plan 2012-2015 was aimed at

1

IMPROVE
OUR
PROFITABILITY

STRENGTHEN OUR COMPETITIVE POSITIONING

REBALANCE THE ASSET MIX

IMPROVE THE BANK'S EFFICIENCY LEVEL

LIMIT OUR RISK PREMIUM

2

CONTINUE TO IMPROVE OUR
FUNDAMENTALS

LIQUIDITY

SOLVENCY

In order to achieve **COMPETITIVE ROEs around 10%** in 2015

Completion of Strategic Plan 2012-2015

Strategic Plan
2012-2015

Profitability: Strengthen our COMPETITIVE POSITIONING

OUR STRENGTH: **LARGE CUSTOMER BASE**



OUR FOCUS: **THE RELATIONSHIP WITH OUR CUSTOMERS**

FOR INDIVIDUALS

Mutual funds

Pension plans

Consumer credit

Credit cards

FOR SMEs

Trade finance

Leasing, factoring, rev. factoring

Bill discounting

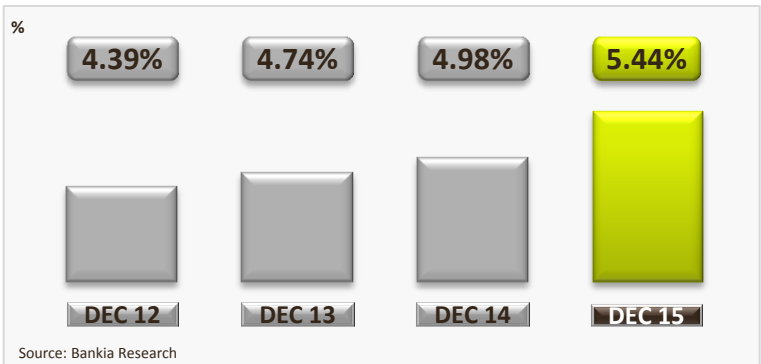
Services: Payroll

Completion of Strategic Plan 2012-2015



Strengthen our COMPETITIVE POSITIONING - INDIVIDUALS

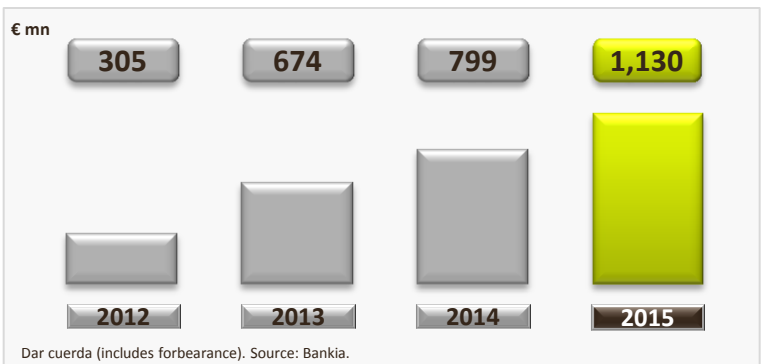
Market share in mutual funds



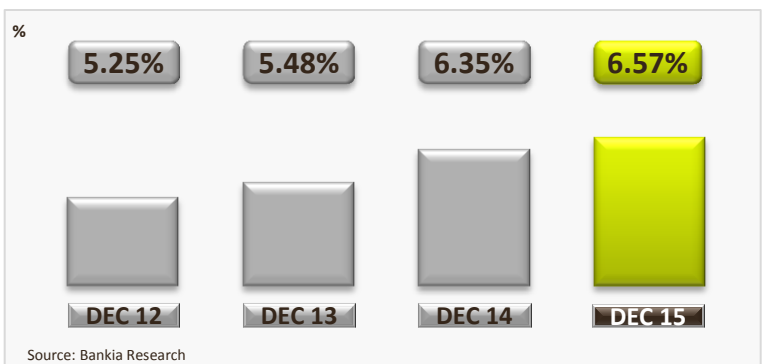
Net contributions to pension plans



New consumer lending



Market share in credit cards

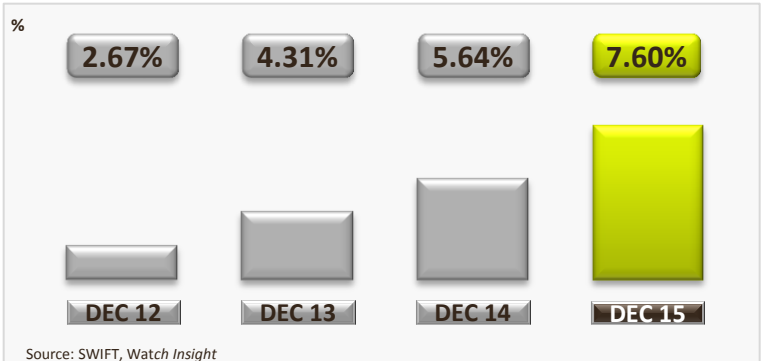


Completion of Strategic Plan 2012-2015

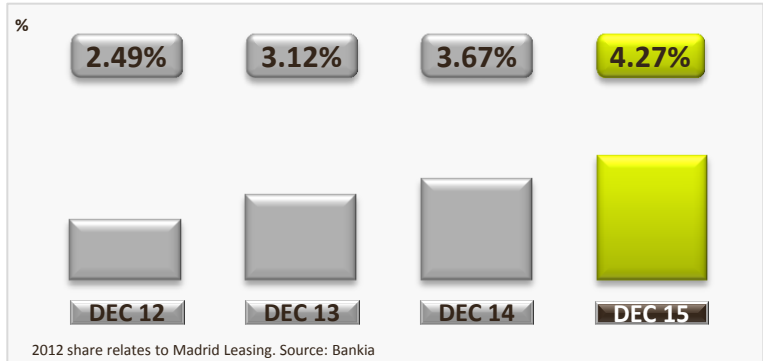


Strengthen our COMPETITIVE POSITIONING - BUSINESSES

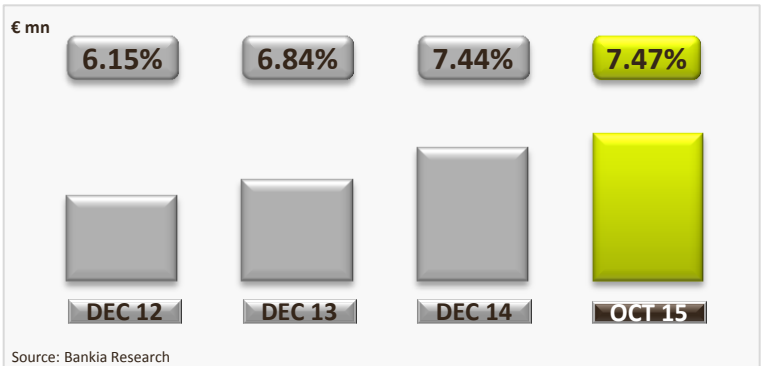
Share of Trade finance



Share of reverse factoring



Share of bill discounting



New lending to businesses

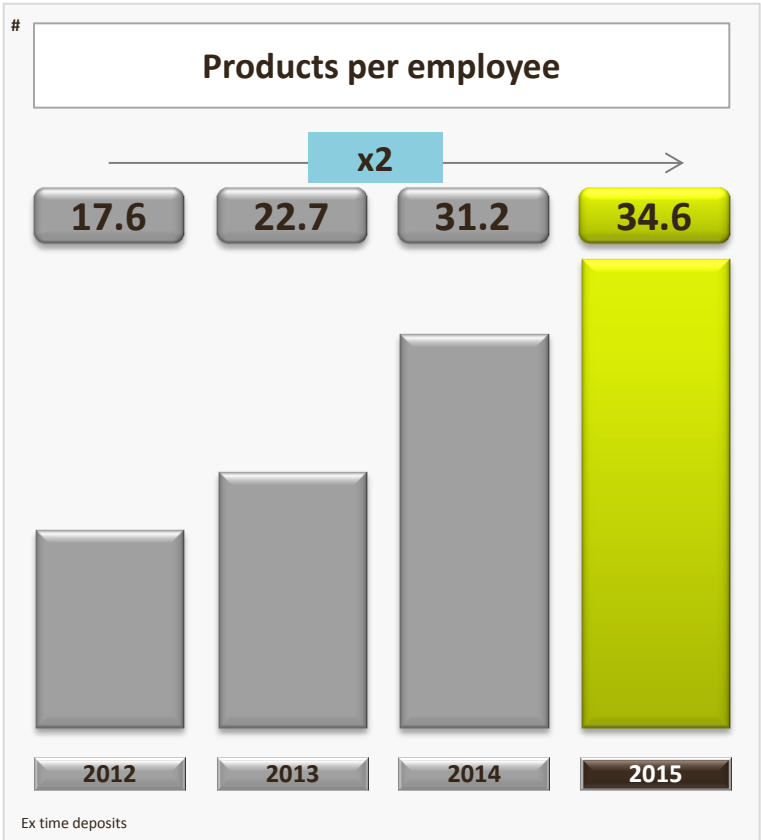


Completion of Strategic Plan 2012-2015

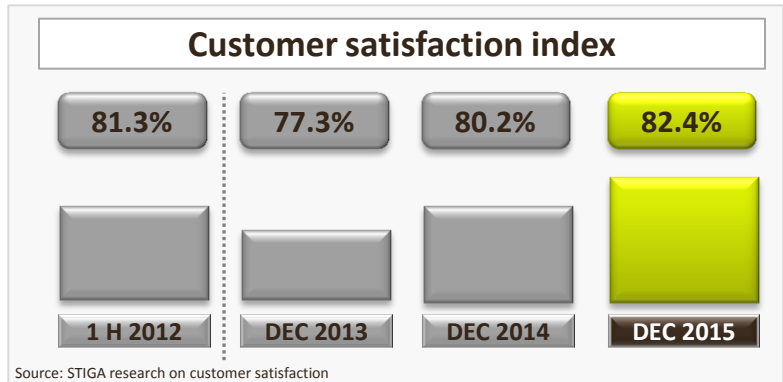


Productivity and relationship with customers

Productivity per employee



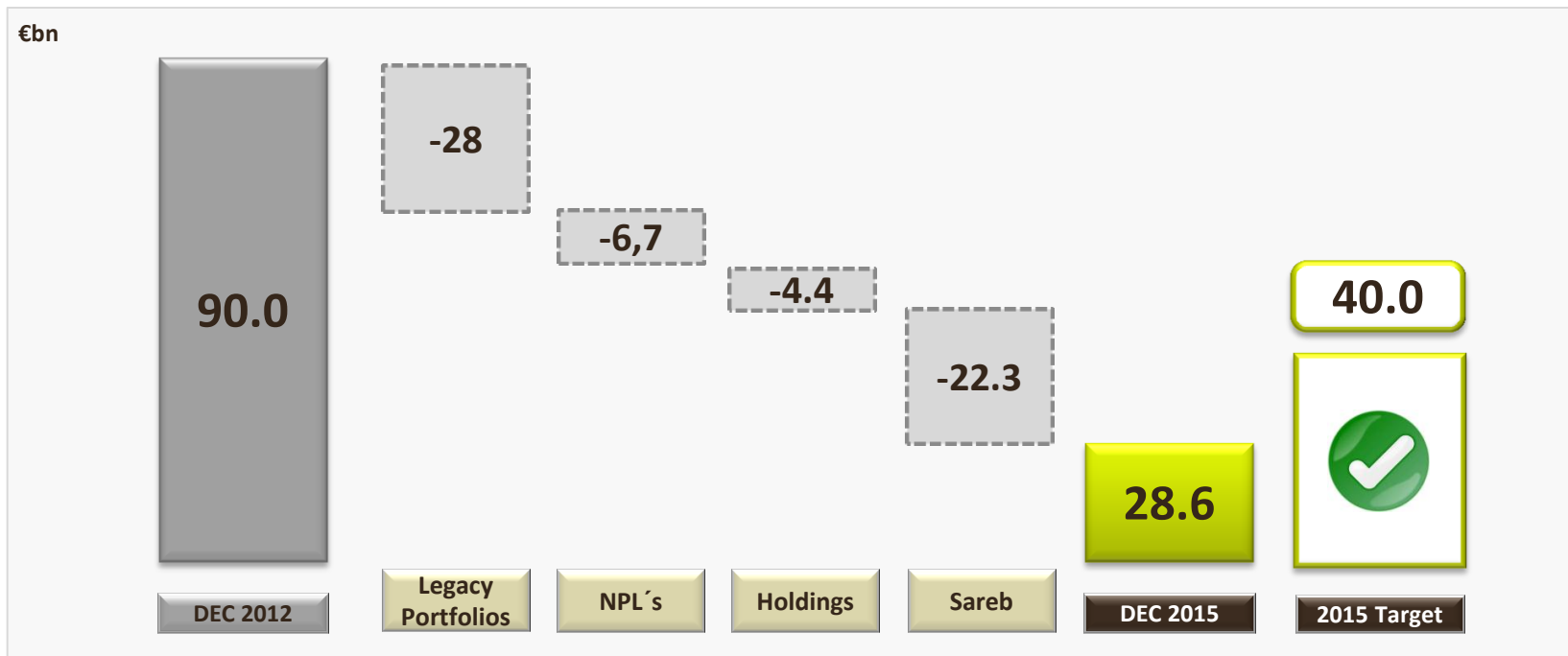
Quality



Completion of Strategic Plan 2012-2015

Improve the ASSET MIX

Volume of non-strategic assets on the balance sheet



We have reduced non-strategic assets by €61.4bn, compared to a targeted reduction of €50.0bn

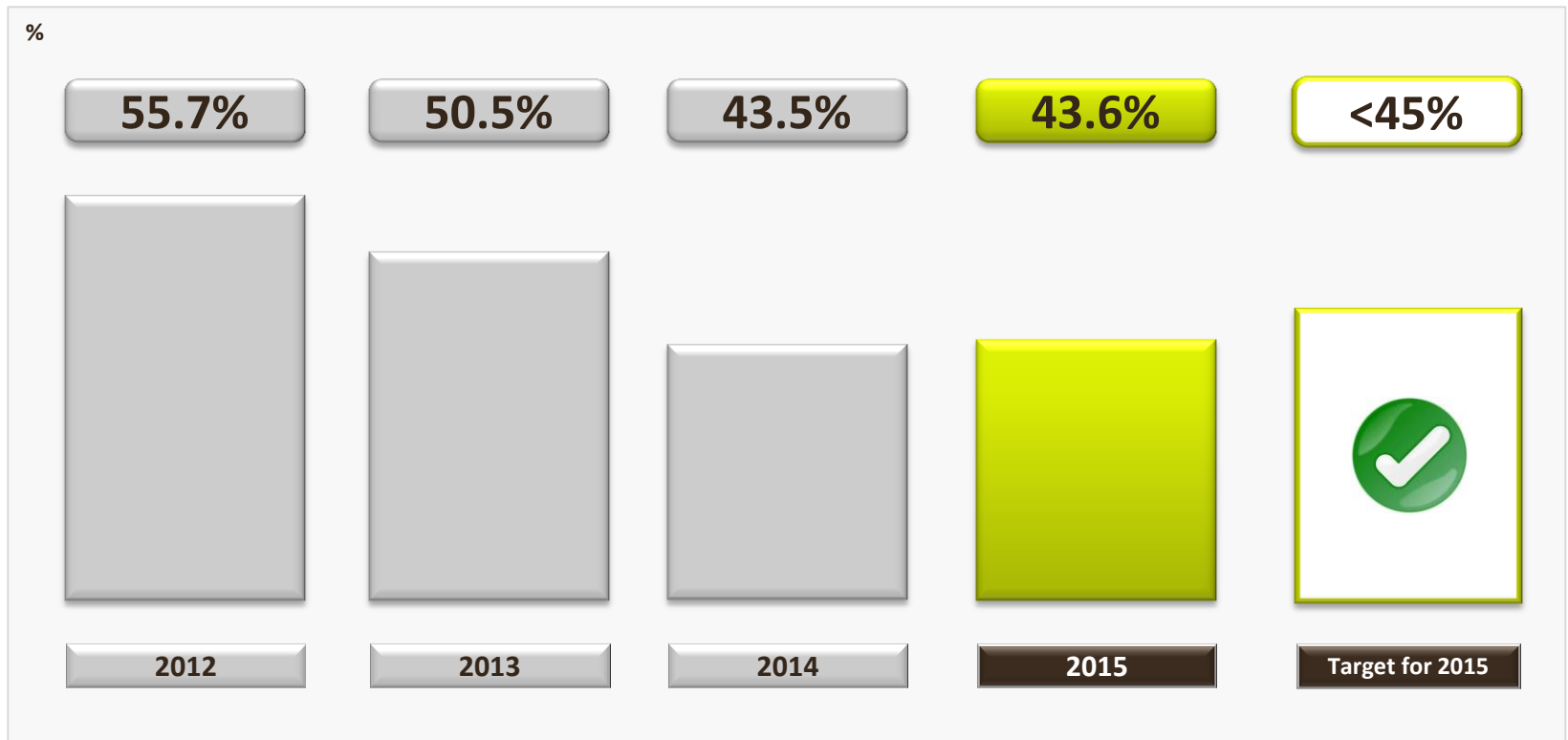
Completion of Strategic Plan 2012-2015



Efficiency

Improve our EFFICIENCY level

Cost to income ratio



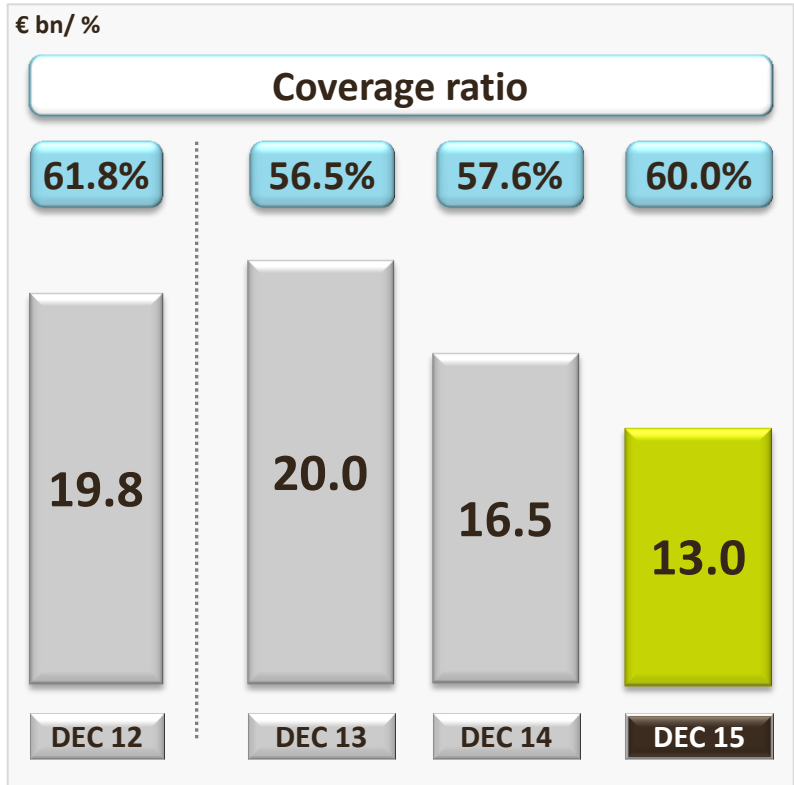
Completion of Strategic Plan 2012-2015



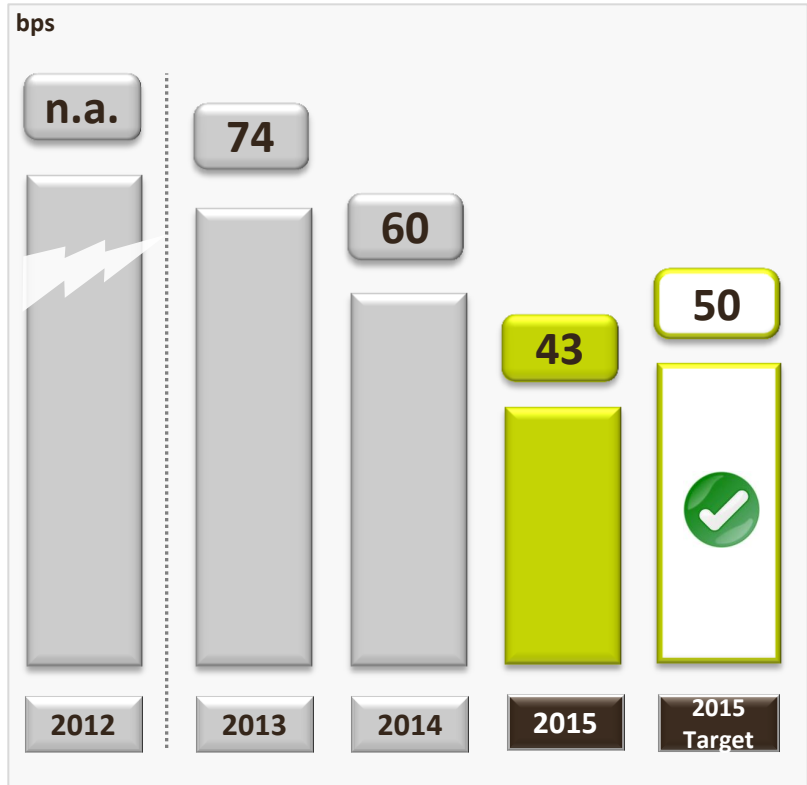
Cost of risk

Limit our RISK PREMIUM

NPLs and NPL coverage ratio ⁽¹⁾



Cost of risk performance ⁽²⁾



¹ 2013 NPLs ex regulations on refinanced loans: €18.6bn; ² Average annual cost of risk

Completion of Strategic Plan 2012-2015

The Strategic Plan 2012-2015 was aimed at

1

IMPROVE
OUR
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STRENGTHEN OUR COMPETITIVE POSITIONING

REBALANCE THE ASSET MIX

IMPROVE THE BANK'S EFFICIENCY LEVEL

LIMIT OUR RISK PREMIUM

2

CONTINUE TO IMPROVE OUR
FUNDAMENTALS

LIQUIDITY

SOLVENCY

In order to achieve **COMPETITIVE ROEs around 10%** in 2015

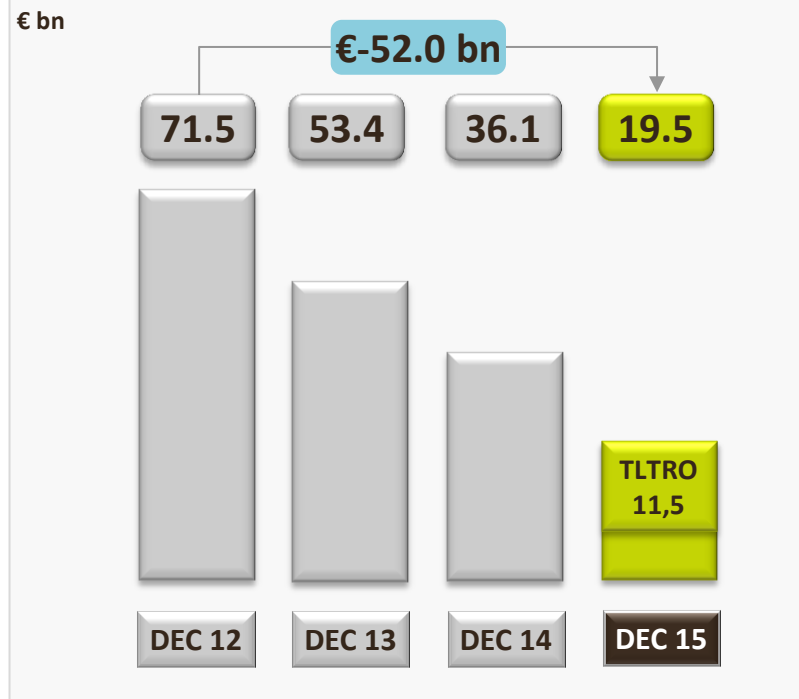
Completion of Strategic Plan 2012-2015



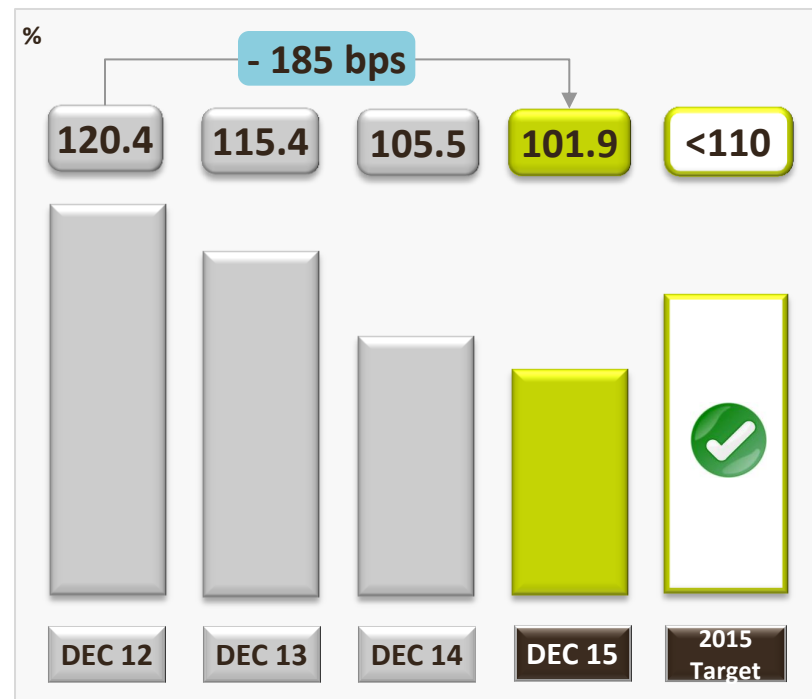
Liquidity

LIQUIDITY-GENERATION capacity

Net position with ECB (BFA Group)



LTD ratio performance



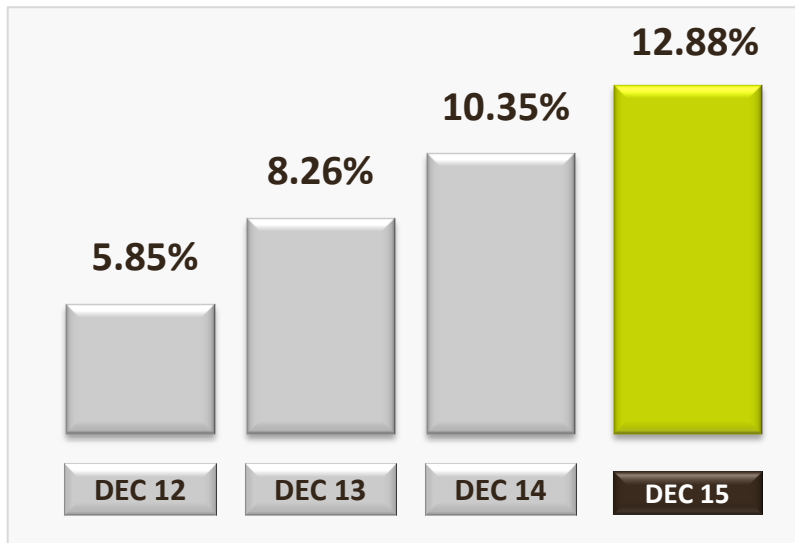
€44.6bn of liquidity generated in the period vs. target of €28.8bn



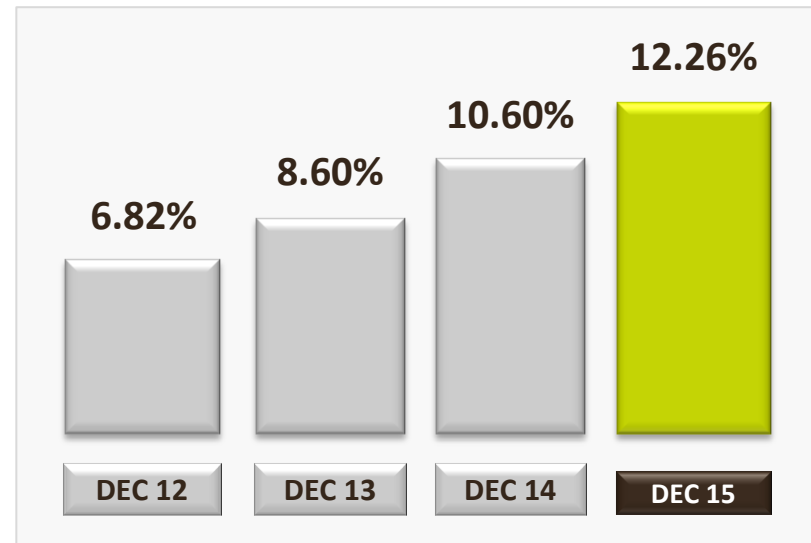
Completion of Strategic Plan 2012-2015

Solvency

BFA Group CET 1 BIS III Fully Loaded ratio performance



Bankia Group CET 1 BIS III Fully Loaded ratio performance



€6.8bn generated since December 2012 compared to plan's targeted capital generation of €5.4bn notwithstanding €4bn in provisions related to hybrids and IPO

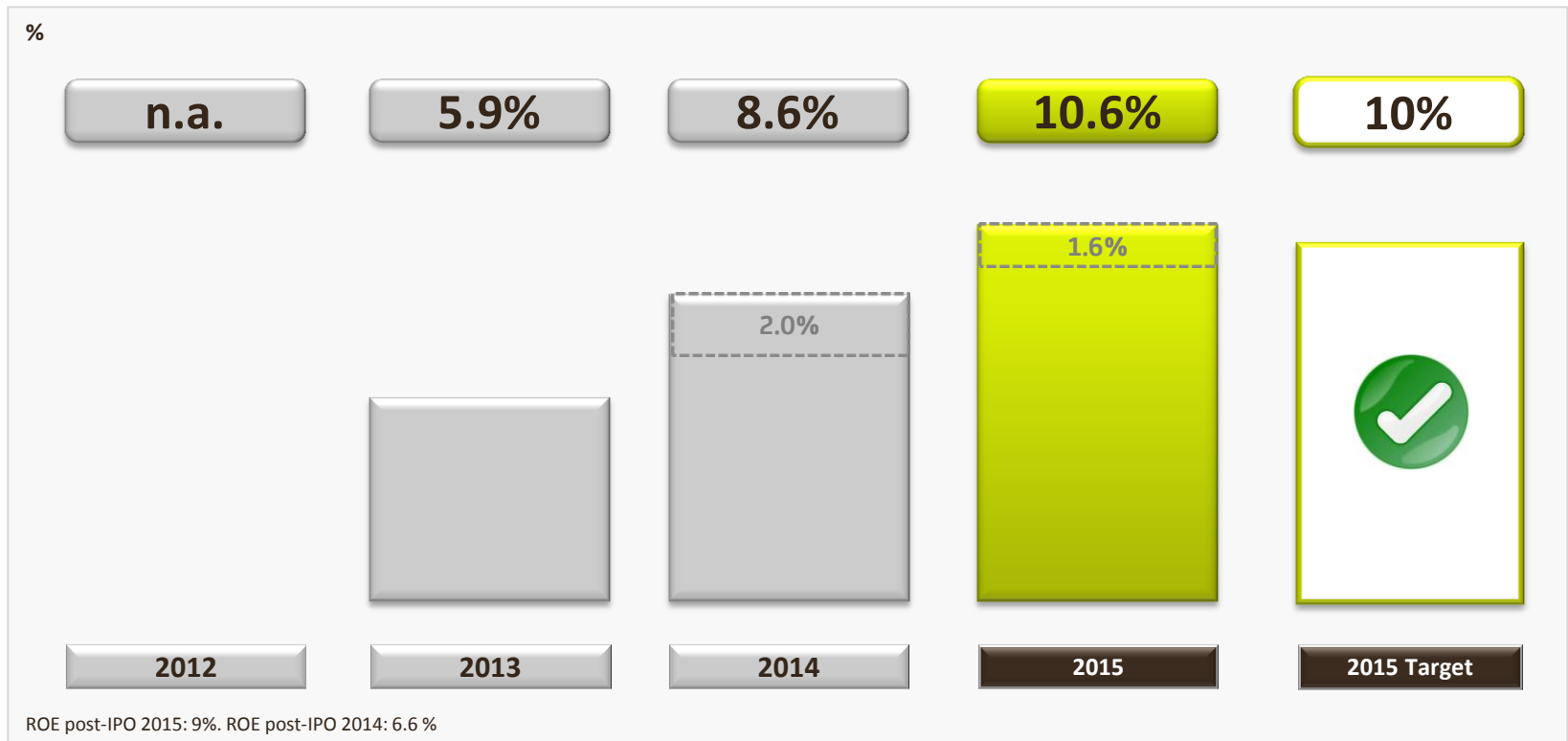
Completion of Strategic Plan 2012-2015



Profitability

Improve our Profitability

Accumulated ROE Performance (Pre-IPO)



Completion of Strategic Plan 2012-2015

Market recognition



Market recognition during these years...

SENIOR DEBT

€1,280mn

SUBORDINATED DEBT

€1,000mn

COVERED BONDS

€2,250mn

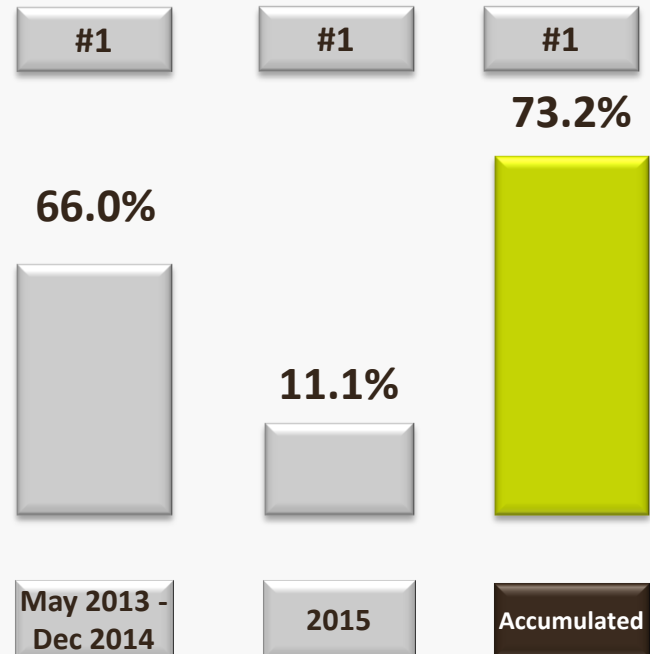
SALE 7.5% BANKIA

€1,304mn

MORE THAN €5.8bn RAISED IN THE INSTITUTIONAL MARKETS

...which has translated into better share performance

SHARE PERFORMANCE DIFFERENTIAL VS. PEERS



Peers include: Santander, BBVA, Caixabank, Sabadell and Popular.
Ranking refers to inter annual share performance

Completion of Strategic Plan 2012-2015

Achievement of targets

Strategic Plan
2012-2015

The Strategic Plan 2012-2015 was aimed at

		2015	2015 Target			
1	IMPROVE OUR PROFITABILITY	STRENGTHEN OUR COMPETITIVE POSITIONING		Growth in market shares ✓		
		REBALANCE THE ASSET MIX		-€61bn ✓		
		IMPROVE THE BANK'S EFFICIENCY		43.6% ✓		
		LIMIT OUR RISK PREMIUM		43 bps ✓		
2	CONTINUE TO IMPROVE OUR FUNDAMENTALS	LIQUIDITY	Loan to Deposit (%)	101.9% ✓	<110% ✓	
			Liquidity generated	€44.6bn ✓	€28.8bn ✓	
		SOLVENCY	Capital generated	€6.8bn ✓	€5.4bn ✓	
			Ranking	#1 ✓	One of the best ✓	
		Competitive ROEs at around 10%		ROE	10.6% ✓	10% ✓
				Ranking	#1 ✓	One of the best ✓

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Bankia Comunicación

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