

Quarterly results presentation

3Q 2015

2 November 2015

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5. Conclusions

3Q 2015 Highlights

B

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COMMERCIAL ACTIVITY

+€1.0 Bn Cust. Funds vs Dec14
+ 5.1% Business and Consumer
loans SEP15 vs SEP14

2

ASSET QUALITY

€2.4 Bn reduction in NPLs vs Dec14
Coverage: **61.7%** (vs 57.6% Dec14)

3

EFFICIENCY AND PROFITABILITY

Efficiency ratio: **41.5%** 9M15

4

CAPITAL GENERATION

+ 113 bps of capital
generated in 9M 2015
(CET1 BIS III FL)

ROE 9.9%

9M2015

3Q 2015 Highlights

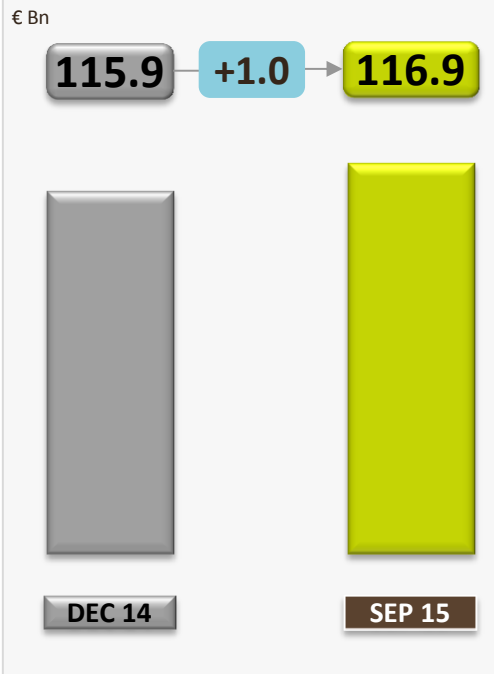


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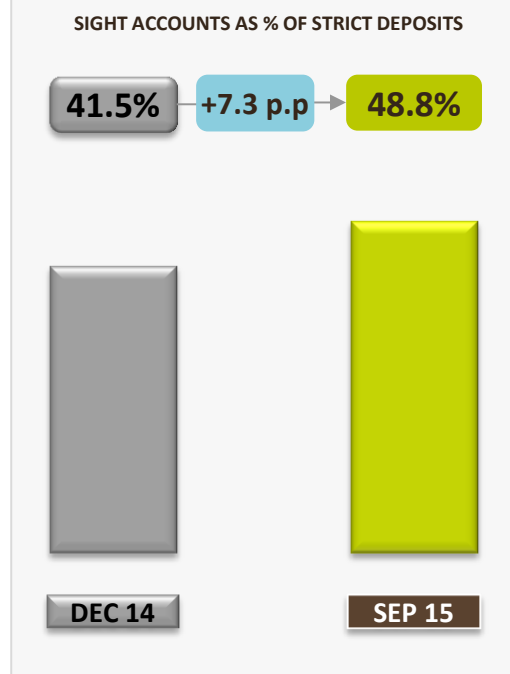
COMMERCIAL ACTIVITY

Customer's funds flow towards higher-yielding products

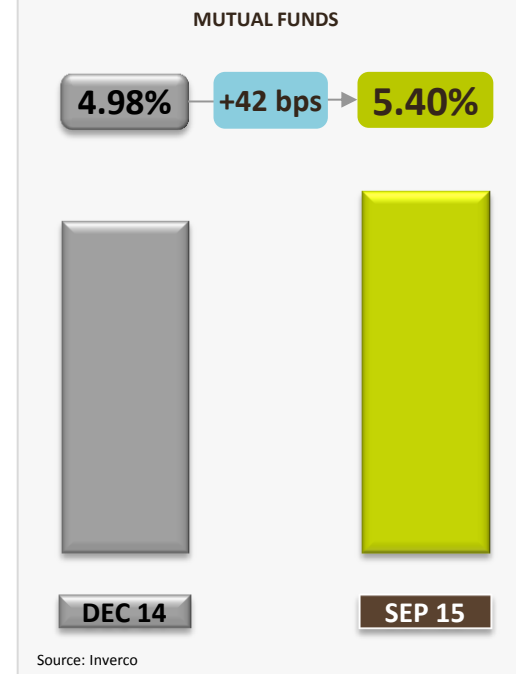
CUSTOMER FUNDS



STRICT DEPOSITS COMPOSITION



MARKET SHARE



Improved share of new funds in a declining market

3Q 2015 Highlights

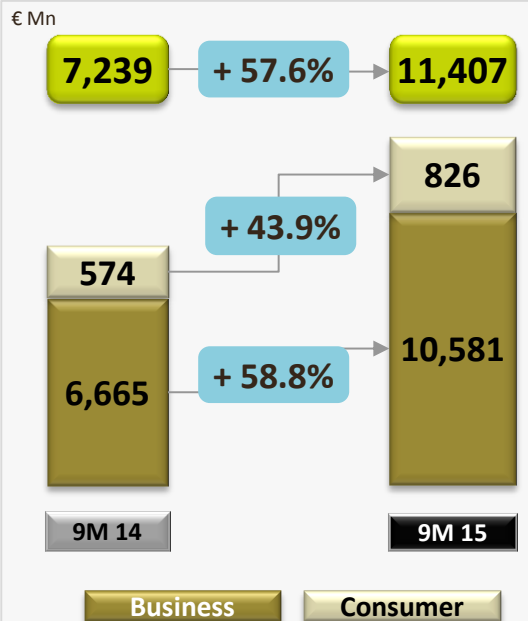


1

COMMERCIAL ACTIVITY

New lending continue at a good pace

NEW LENDING



Note: Does not include forbearance

TOTAL LOANS PERFORMANCE

€ Bn

	SEP 14	SEP 15	SEP15 vs SEP 14
Total gross loans	122.9	117.4	-5.5
Mortgages	73.7	68.6	-5.2
Developer	3.3	2.1	-1.2
Businesses and consumer	45.8	46.7	+0.9
<i>Sales of portfolios*</i>	1.4		
		+5.1%	
Businesses and consumer, organic	44.4	46.7	+2.3

Businesses includes public sector. Gross loans exclude securities purchased under resale agreements with BFA

* Cumulative portfolio sales in the period: Sep14 – Dec14: €0.8bn. Dec14 – Sep15: €0.6bn

+57.6% growth in new lending to key segments

+5.1% organic increase in gross volumes compared to end of 3Q14

3Q 2015 Highlights

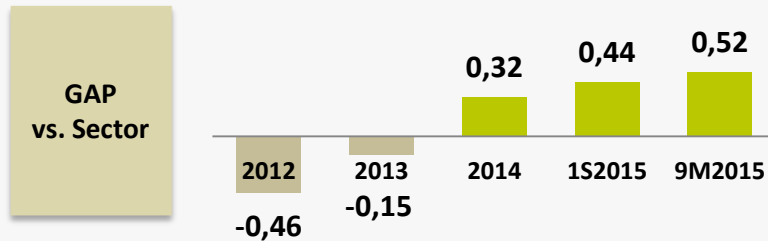
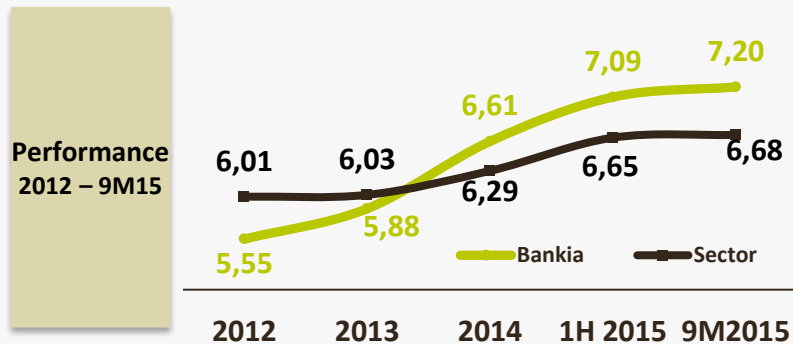


1

COMMERCIAL ACTIVITY

Network's product sales growing at steady pace

Mystery shopping - Bankia vs. sector



Source: Stiga - "Estudio Multicliente sobre las Redes Comerciales de Oficinas de las principales Entidades Financieras españolas 2015"

Product sales

Comparison 9M15 vs. 9M14

Payroll

+ 12.0%

New POS

+47.6%

Insurance

+ 19.2%

Mutual funds

+55.9%

Difference in mystery shopping scores vs. sector continues growing

3Q 2015 Highlights

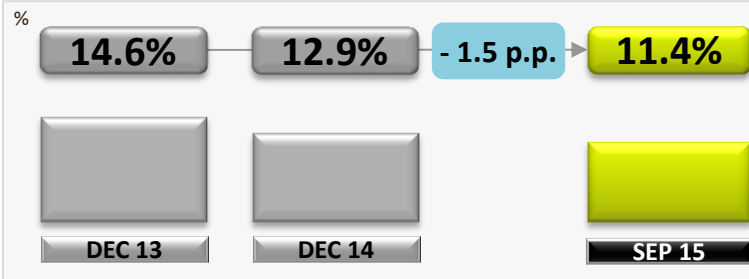


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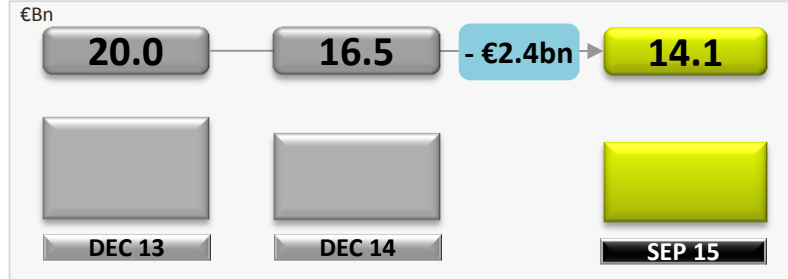
ASSET QUALITY

Substantial improvement in asset quality year to date

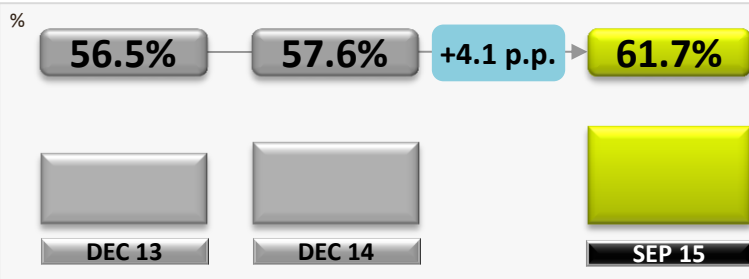
NPL RATIO



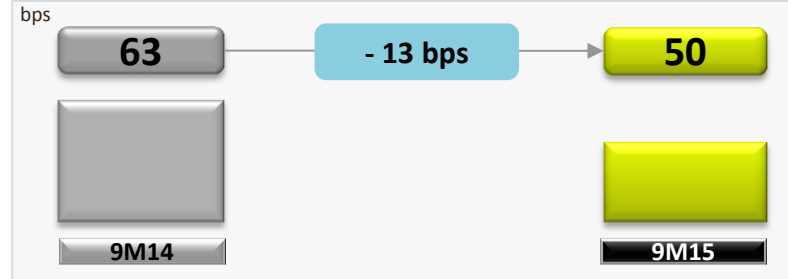
NPLs



COVERAGE RATIO



COST OF RISK



Sharp reduction in NPL ratio with improved coverage...

...reducing NPLs with a lowered cost of risk

3Q 2015 Highlights



2

ASSET QUALITY

Significant divestment activity of non-strategic assets

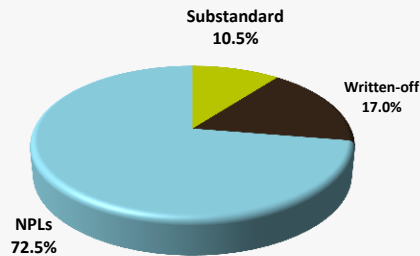
9M 2015

4Q 2015



Loan portfolios

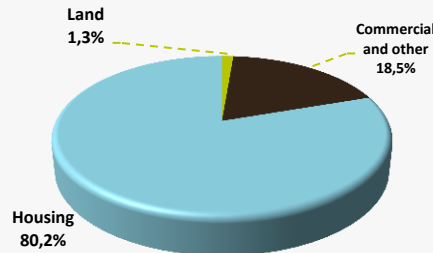
Portfolios sales in 9M2015 amount **€1,660 Mn**



Real estate assets

6,100 units sold in 9M15 (+77% vs 9M2014)

Total sales amount **€384 Mn**



City National Bank

Sold to Chilean bank BCI

Estimated impact on capital: **+70 bps BIS III CET1 FL**

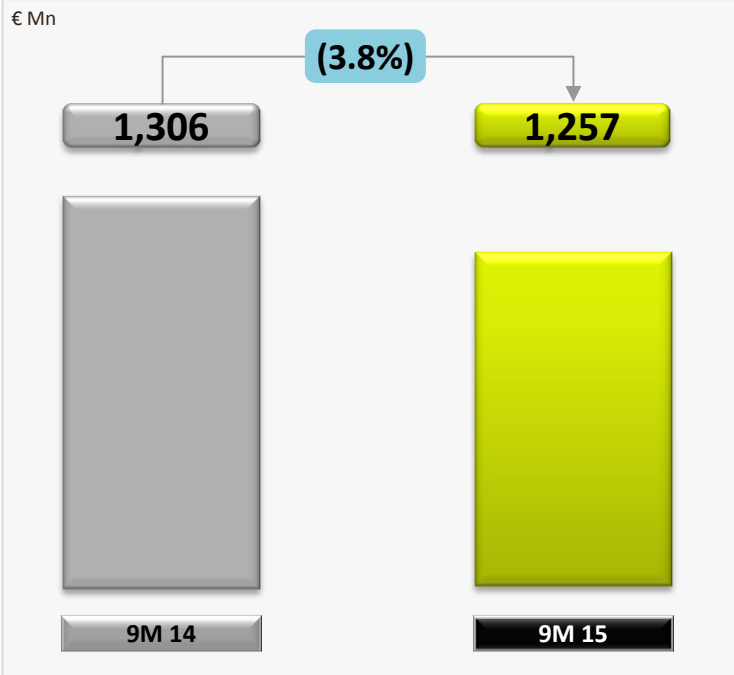
3Q 2015 Highlights



3

EFFICIENCY AND PROFITABILITY

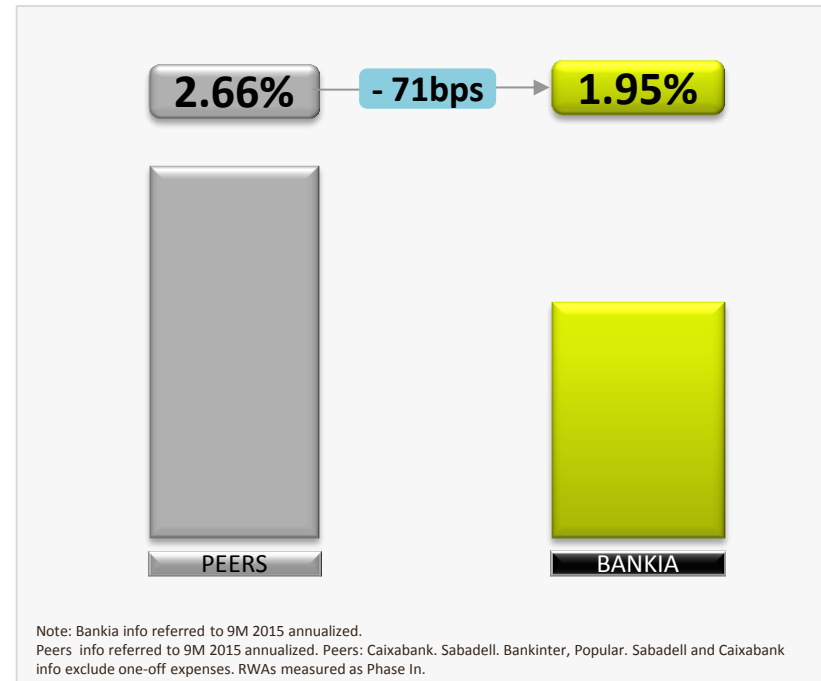
OPERATING EXPENSES PERFORMANCE



3.8% reduction in operating expenses...

Costs reduction continues

EXPENSES / RWAs - 9M 2015



...as a competitive advantage to increase profitability



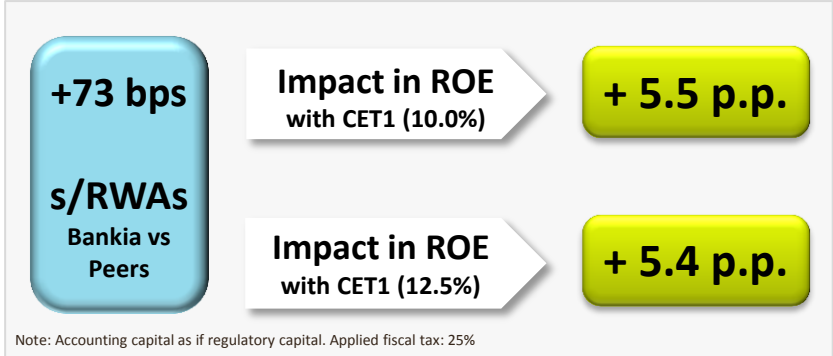
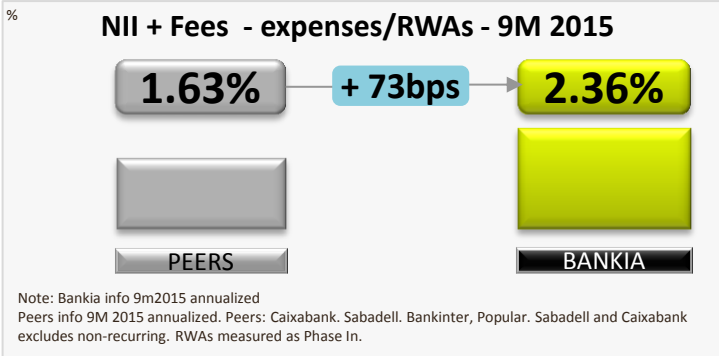
3Q 2015 Highlights

3 EFFICIENCY AND PROFITABILITY

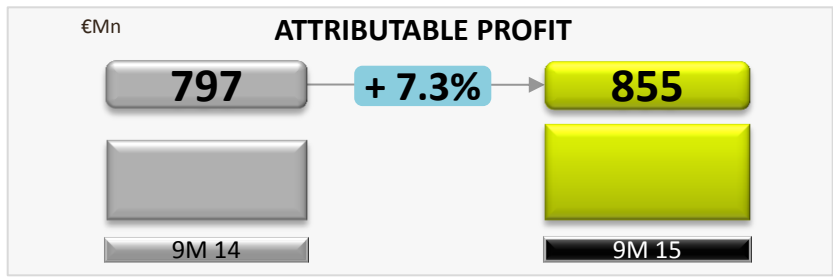
Margin stability and cost of risk reduction boost ROE

Stable income and costs improvement ...

...translate into profitability gains.



...and lower provisions...
Cost of Risk
-13 bps 9M15 vs. 9M14



ROE 9M 2015: 9.9%



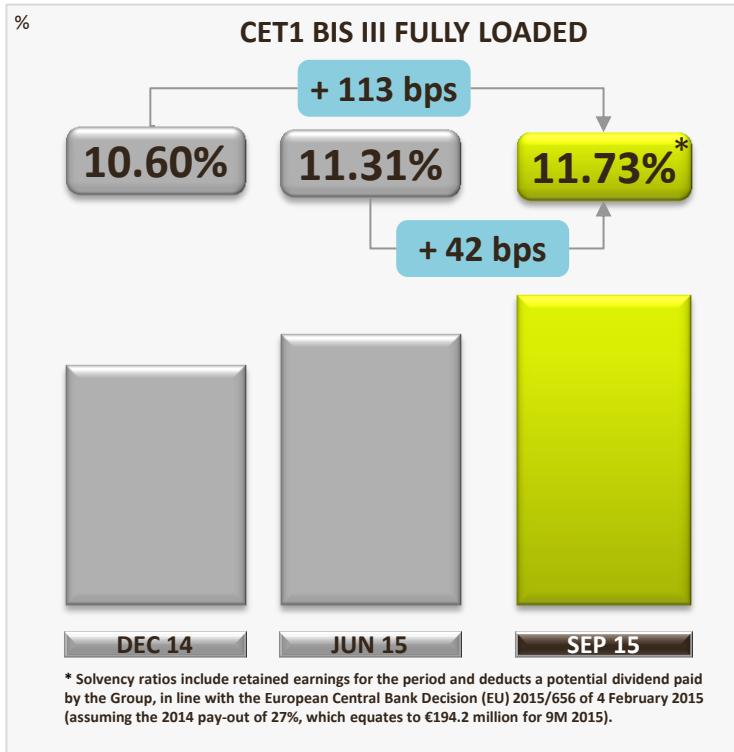
3Q 2015 Highlights

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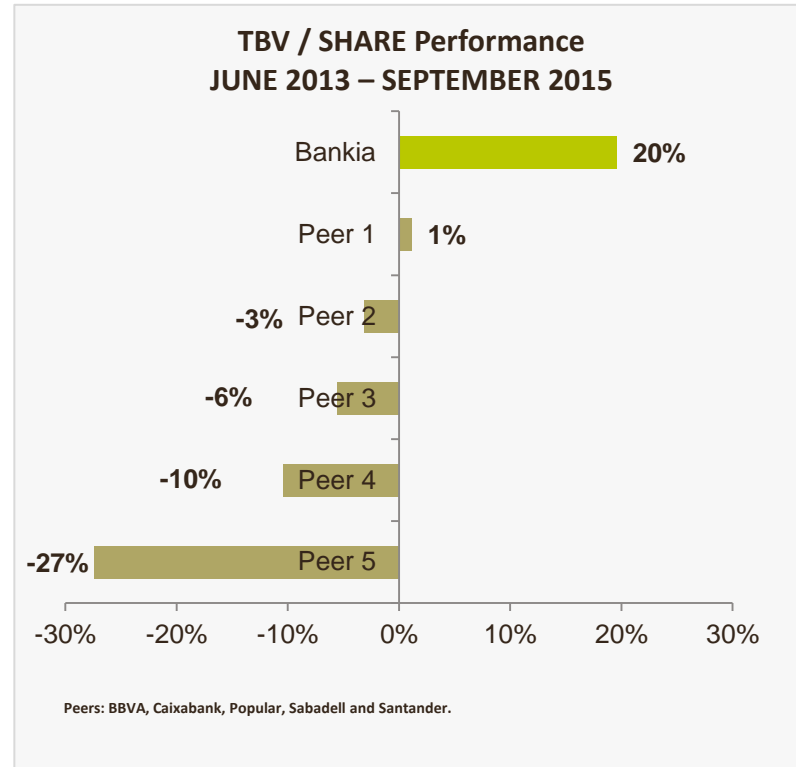
CAPITAL GENERATION

Capital generation of more than 110 bps year to date

Generating capital....



...and creating shareholder value



3Q 2015 Highlights

BFA TENEDORA DE ACCIONES S.A.U.



Income statement 9M 2015 – BFA Group vs. Bankia Group

€ Mn

	BFA TENEDORA DE ACCIONES S.A.U.	Bankia
Net interest income	2,138	2,075
Gross income	3,037	3,030
Operating expenses	(1,264)	(1,257)
Pre-provision profit	1,772	1,773
Provisions and others	(522)	(617)
Profit before tax	1,250	1,156
Profit after tax	981	875
Net non-recurring profit/loss*	909	
Reported profit after tax	1,890	875

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



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3Q 2015 results

Income statement – Bankia Group



		Reported			Ex SAREB effect*		
		3Q 2014	3Q 2015	Diff. %	3Q 2014	3Q 2015	Diff. %
€ Mn							
A	Net interest income	735	688	(6.5%)	675	688	1.9%
	Fees and commissions	234	228	(2.8%)			
	Gross income	1.052	1.001	(4.8%)	992	1,001	0.9%
B	Operating expenses	(430)	(414)	(3.8%)			
C	Pre-provision profit	621	587	(5.5%)	561	587	4.6%
	Provisions	(253)	(182)	(28.1%)			
	Results from sales and others	46	(1)	--			
	Taxes and minority interests	(116)	(104)	(10.3%)			
D	Profit attributable to Group	299	300	0.3%			

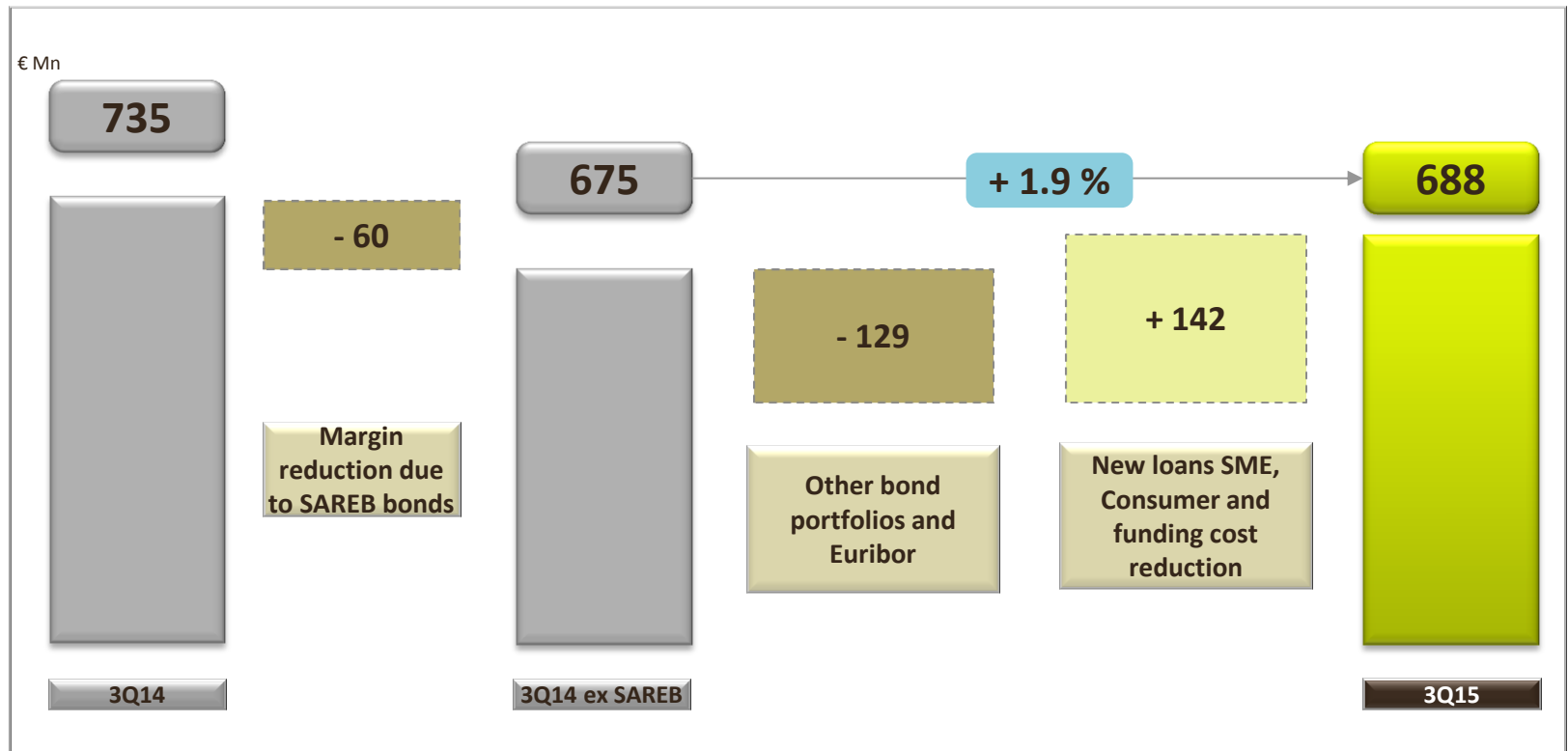
*Note: 3Q14 figures are pro forma to reflect the lower margin on SAREB bonds in 3Q 15 vs. 3Q 14 the impact of which is estimated at -€60 million

3Q 2015 results



A Net Interest Income

NII Performance



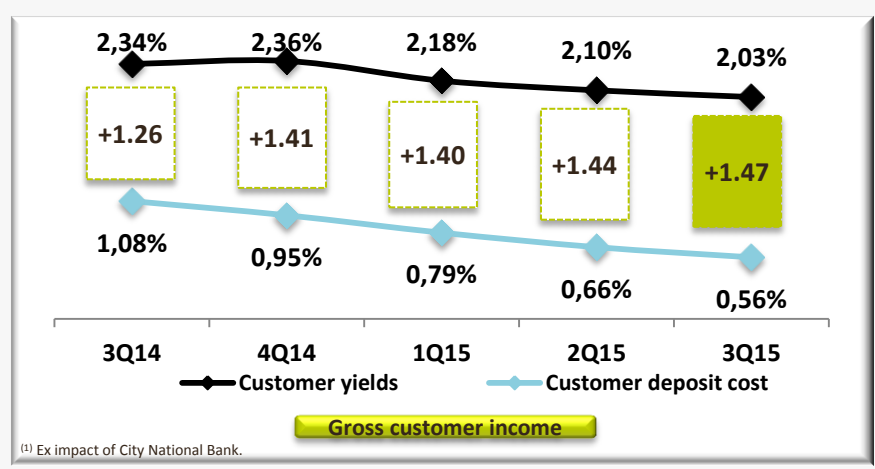
Excluding SAREB effect NII grows 1.9%

3Q 2015 results



A Net interest income

Loan yield vs. cost of deposits ⁽¹⁾

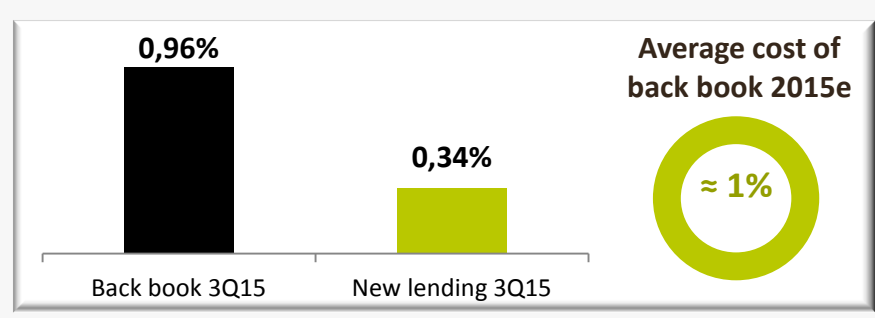


Gross customer margin rises 3 bps in the quarter.

Loan yields remain affected by :

- Euribor at lows (-46 bps vs April 14)
- Gradual improvement through change in asset mix

Cost of term deposits – Stock vs. new deposits



There is still a significant capacity for reducing the cost of the back book in 2016 from the 2015 average (1%).

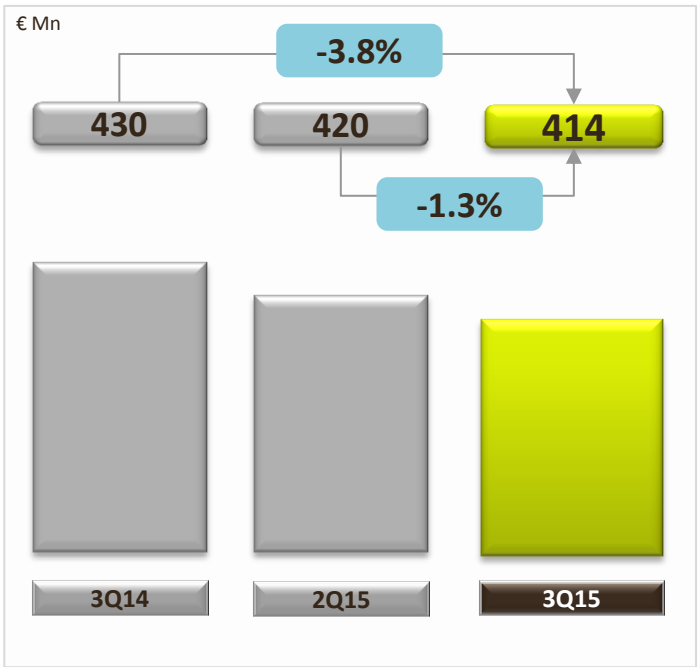


3Q 2015 results

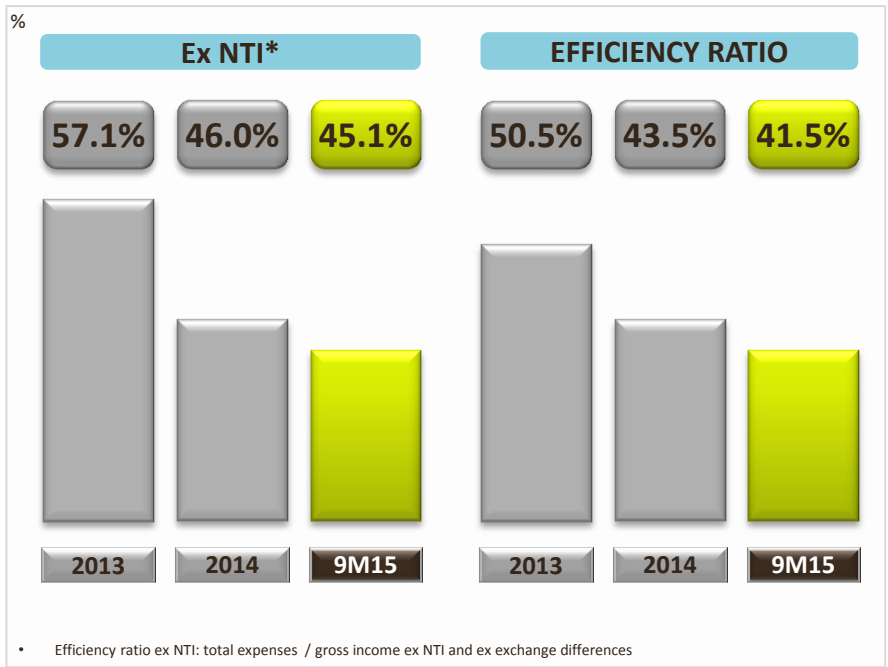
B Operating expenses

Cost reduction capabilities doesn't show symptoms of exhaustion

Operating expenses performance



Efficiency ratio performance



Efficiency ratio has stabilised at around 41%

3Q 2015 results



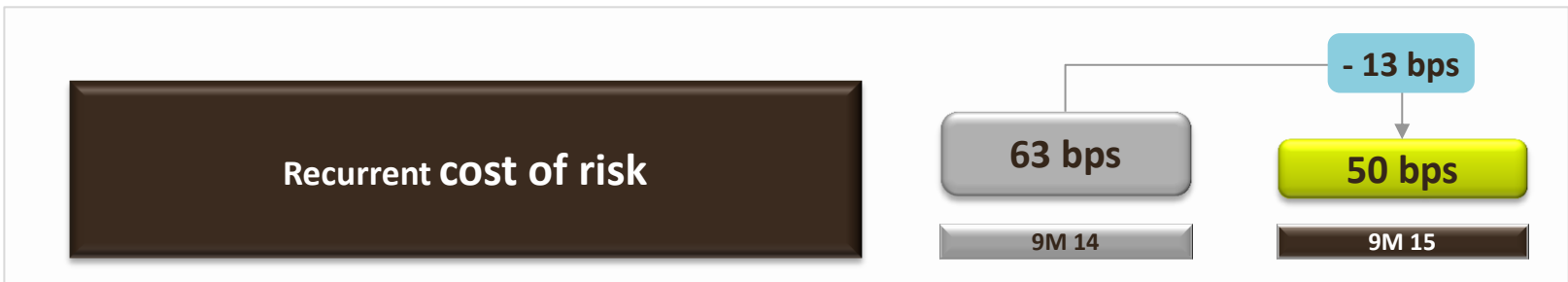
C Cost of risk

9M 2015 cost of risk hits target level: 50 bps

€ Mn

	3Q 14	3Q 15
Pre-provision income	621	587
Provisions	(205)	(155)
Impairment of foreclosed assets	(48)	(28)
Profit after provisions	368	405

+ 10.0%



Cost of risk in line with strategic plan target

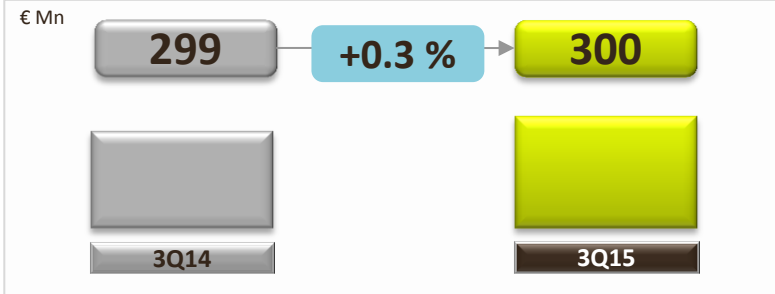


3Q 2015 results

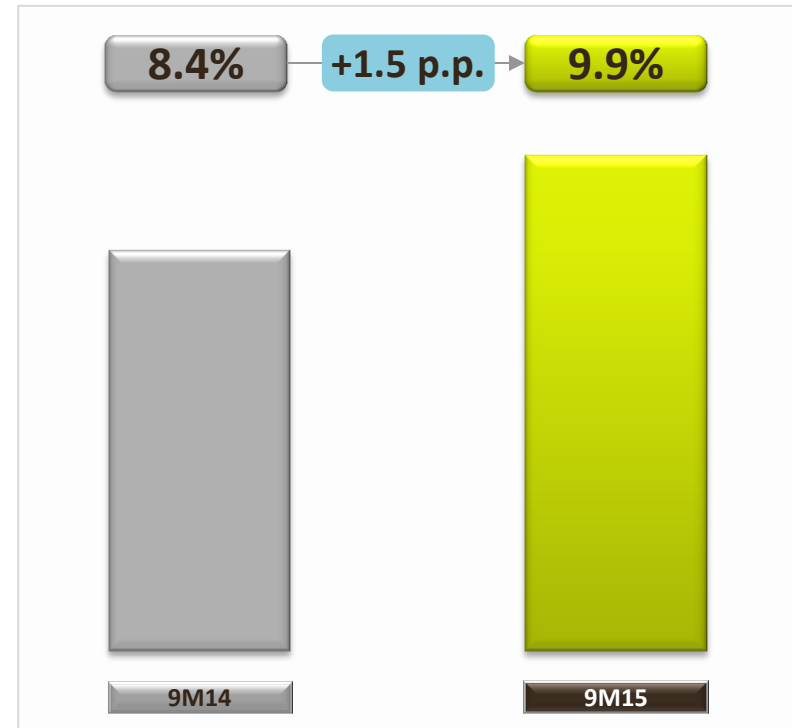
D Attributable profit

Attributable profit stable at €300 Mn in the quarter

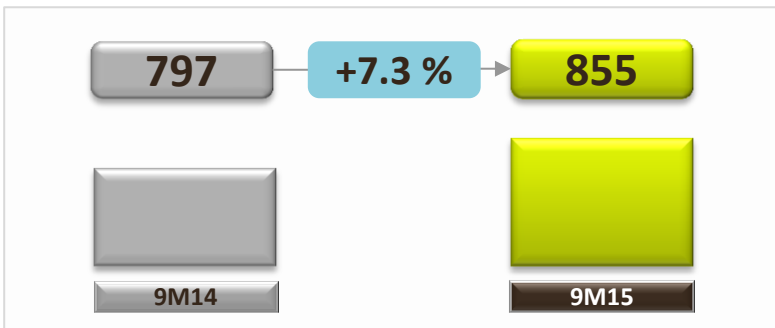
Quarterly attributable profit



ROE YTD



Cumulative attributable profit



Cost reductions and improvements in cost and risk are key to future profit growth



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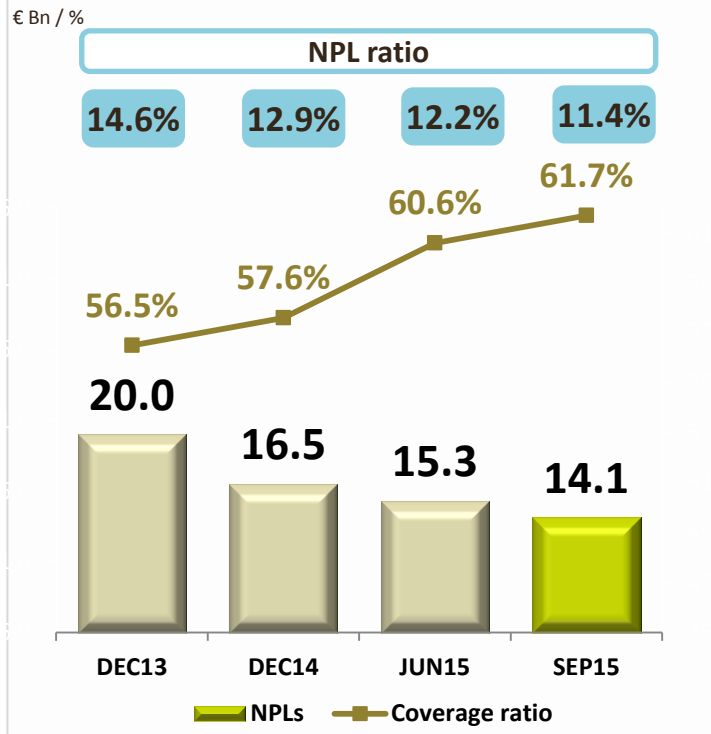


Asset quality and risk management

Credit quality

Significant reduction in NPLs in 3Q15

NPLs and coverage ratio



NPLs performance

€ Bn

	€ Bn	NPL ratio
NPLs Dec 2014	16.5	12.9%
+ Gross additions	+ 2.5	
- Recoveries	- 3.5	
Net additions	- 1.0	
- Write-offs	- 0.2	
- Sales	- 1.2	
Total reduction	- 2.4	
		-1.5 p.p.
NPLs Sep 2015	14.1	11.4%

Reduction in NPLs was €1.2bn in the quarter while coverage continues to increase

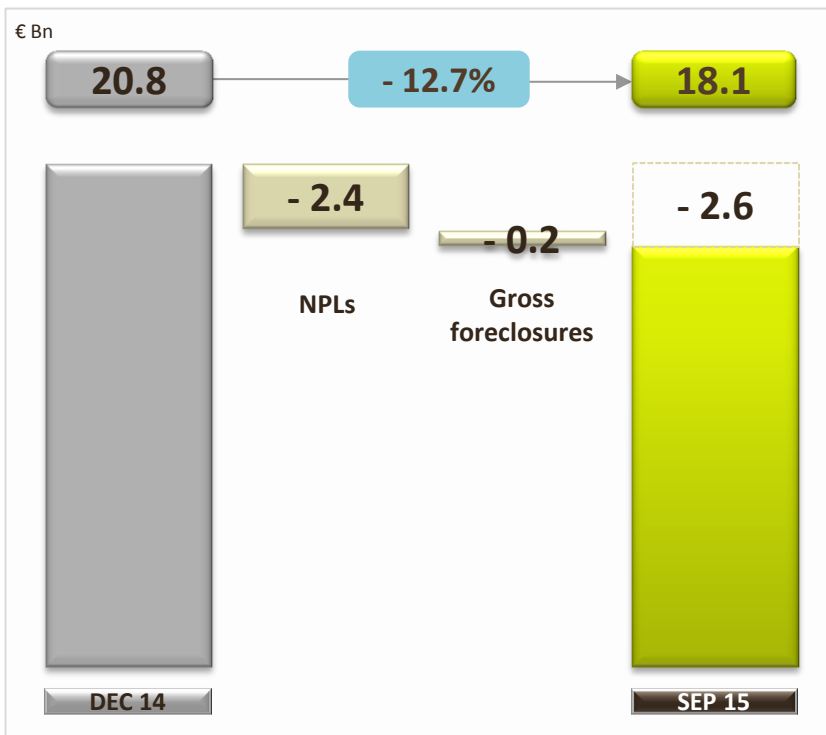


Asset quality and risk management

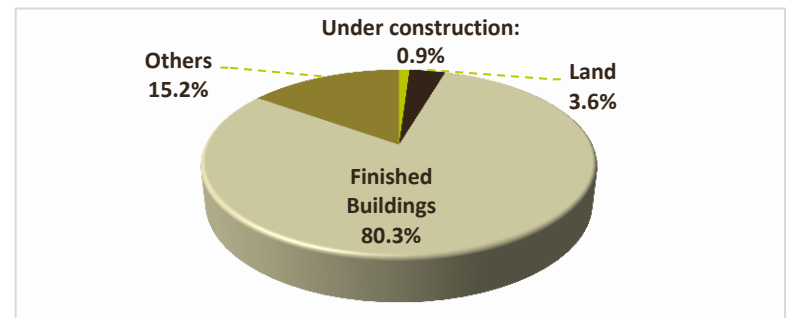
Credit quality

Volume of foreclosed assets reduces during the quarter

Non-performing assets



Breakdown of foreclosed assets



Sales of property assets



More than 80% of foreclosed assets on the balance sheet are finished houses



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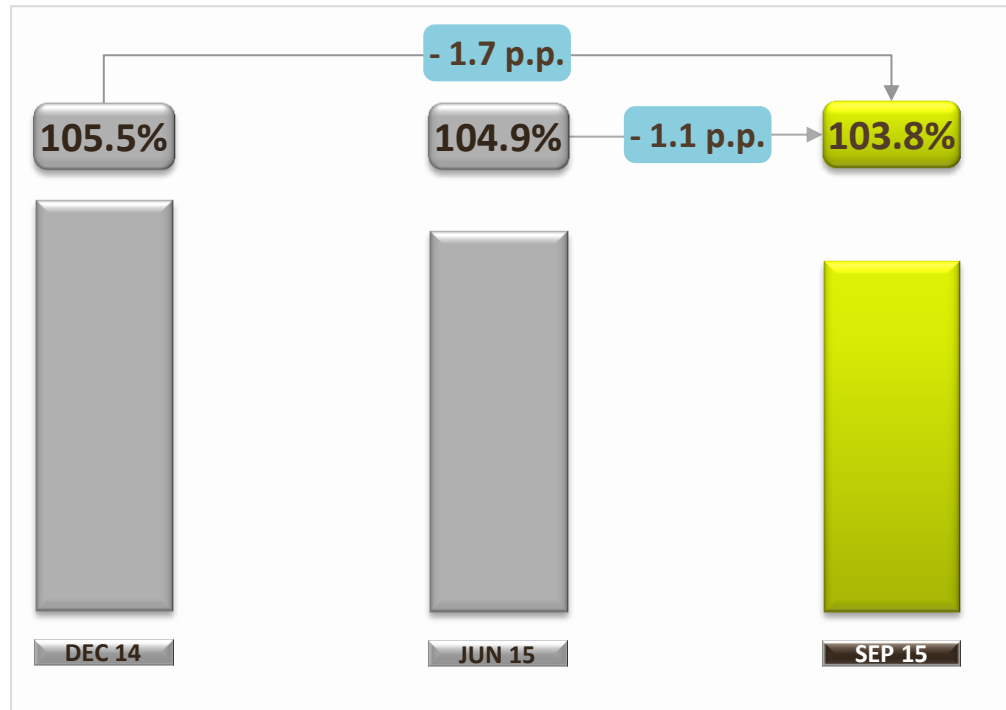


Liquidity and solvency

Liquidity indicators

LtD Ratio below 104%

LtD Ratio



Issues and maturities

€2.25 bn covered bonds issued in 2015

Coverage: 1.34x

33.4

Liquid assets

25.0

Wholesale Debt

LCR substantially above regulatory requirement

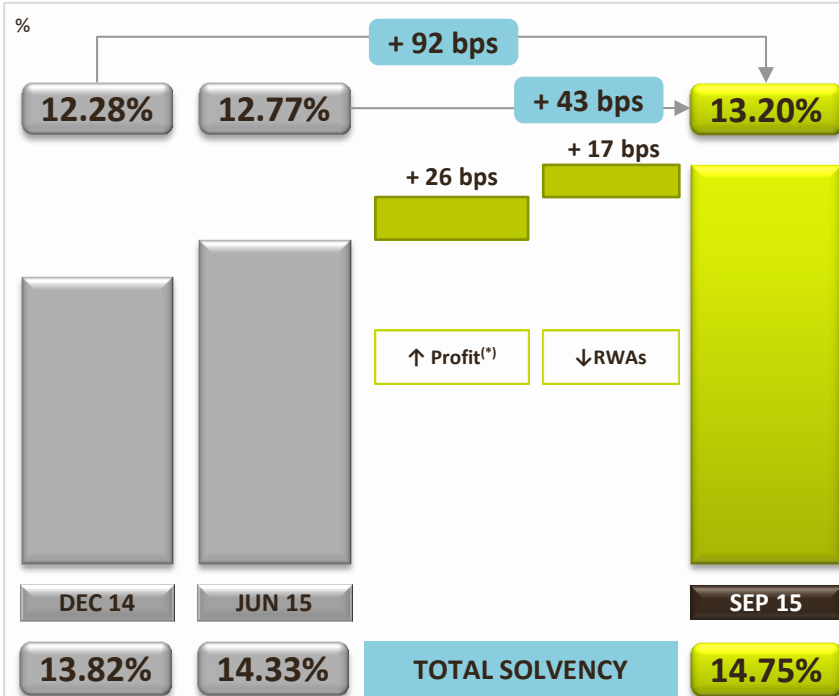


Liquidity and solvency

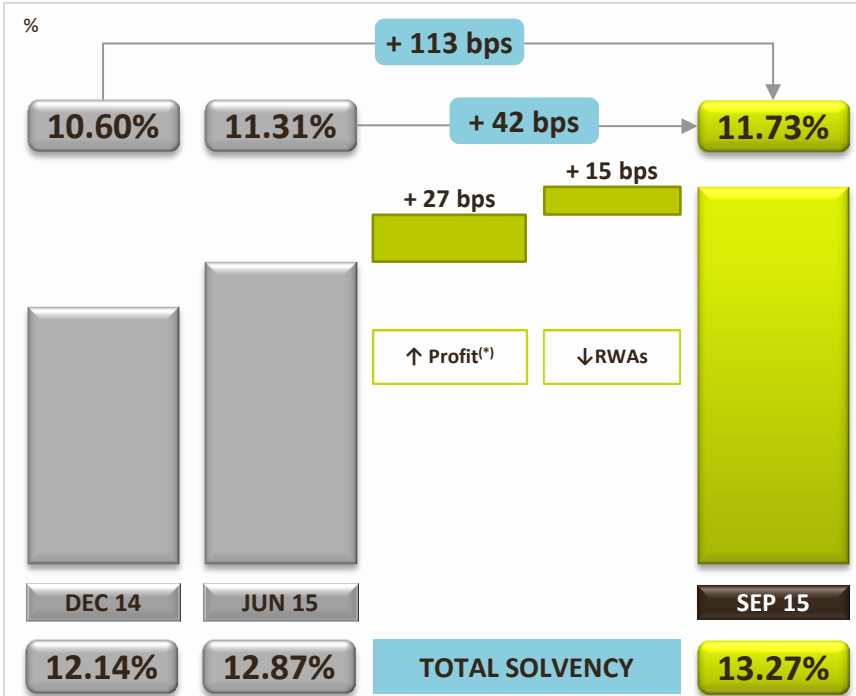
Solvency ratios

Further capital generation in the quarter

CET 1 BIS III Phase in performance



CET 1 BIS III Fully Loaded performance



Ratios include the result for each period.

(*) Solvency ratios include the result allocated to reserves for the period and discount a potential Group dividend, in line with ECB Decision (EU) 2015/656 of 4 February 2015 (assuming the same pay-out as 2014: 27%, equivalent to €194.2 million in the first nine months of 2015).

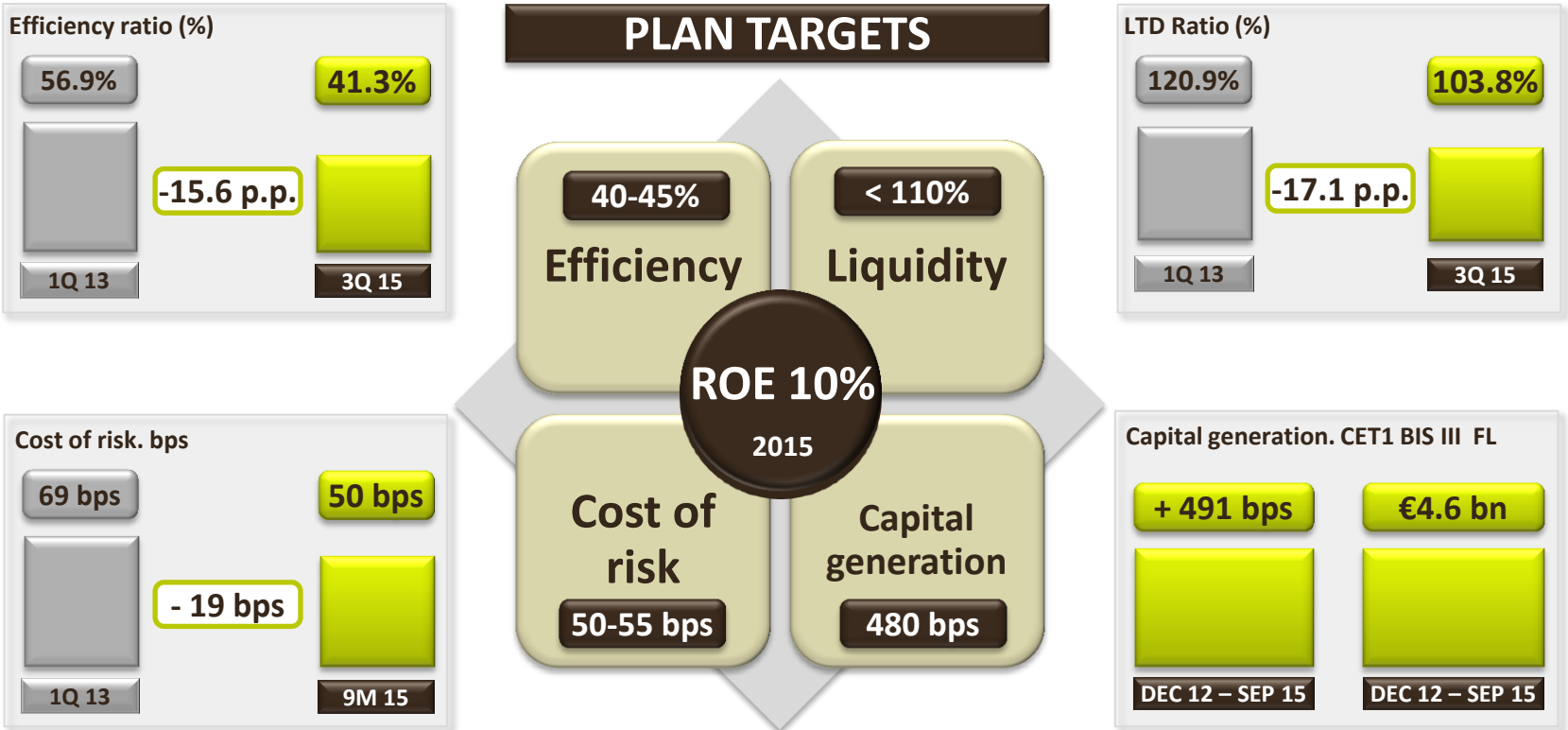


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Conclusions

Facing the Strategic Plan's final quarter with targets met



ROE 9M 2015: 9.9%

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