

Goldman Sachs European Financials Conference

9th June 2016

Bankia

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LET'S KEEP WORKING



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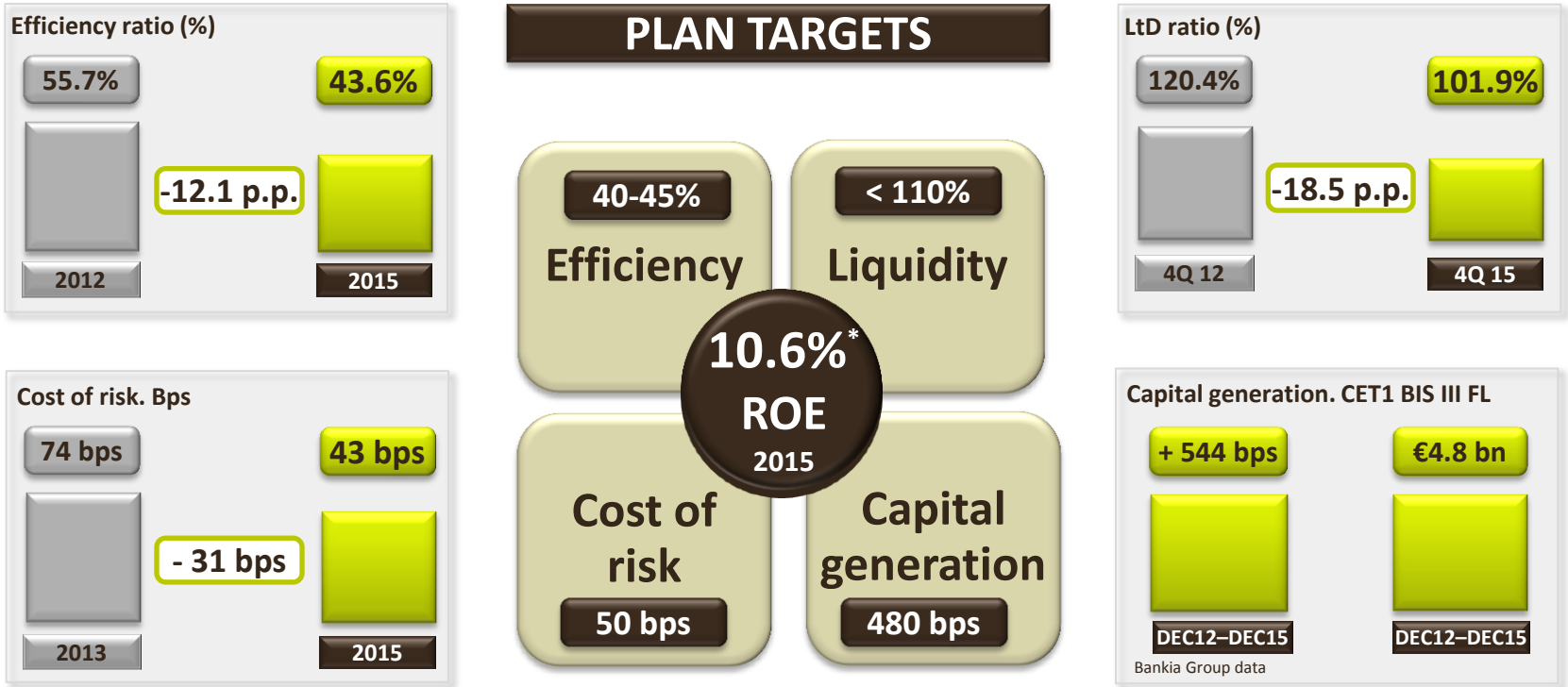
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Successful Completion of Bankia's Strategic Plan 2012-2015

The achievement of the objectives of our Plan...



...has allowed us to distribute in 2016 a cash dividend of €302mn against 2015 results, +50% vs 2014

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

Going forward...

Challenges ahead

Low interest rates

- × Impact on loan yields
- × Lower contribution from bond portfolios
- × Reduction of trading gains
- × Mortgage floors removal
- ✓ Reduction in funding costs

Low growth

- ✓ GDP growth in Spain
- × Deleveraging in mortgage books
- Limited growth in the Business segment
- ✓ Consumer finance positive trend

High regulation

- × Undefined capital requirements
- × Uncertainty regarding hybrid instrument
- × Local discrepancies

Bankia's levers

1

EFFICIENCY

46,8% Cost to Income ratio 1Q16 vs
67% European banks average ratio 1Q16

#1

2

ASSET QUALITY

-37% in NPLs since December 2013
60,5% coverage and 33bps Cost of Risk 1Q16

#1

3

CAPITAL GENERATION

12.5% CET 1 FL 1Q16
with a high density of RWAs

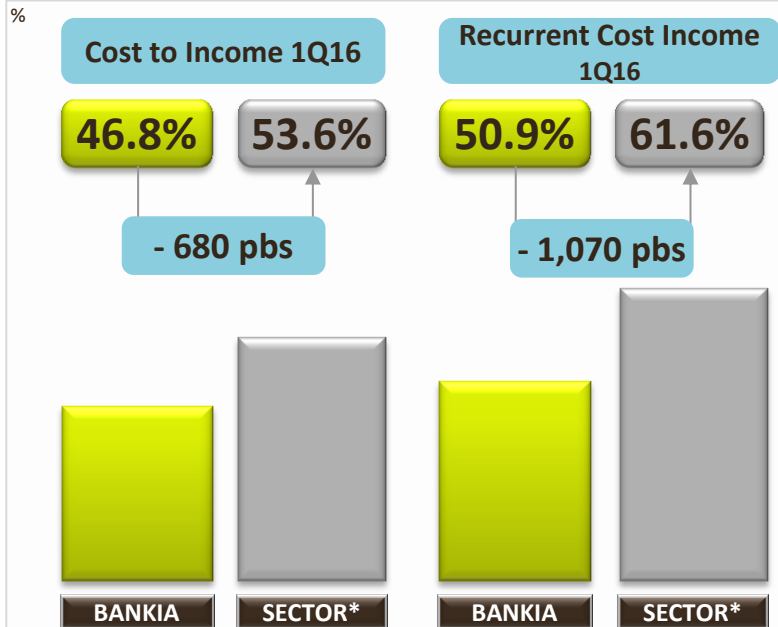
#1

Cost Efficiency and Solid Asset Quality will be the main drivers of the profitability of the banks with current environment

1 EFFICIENCY

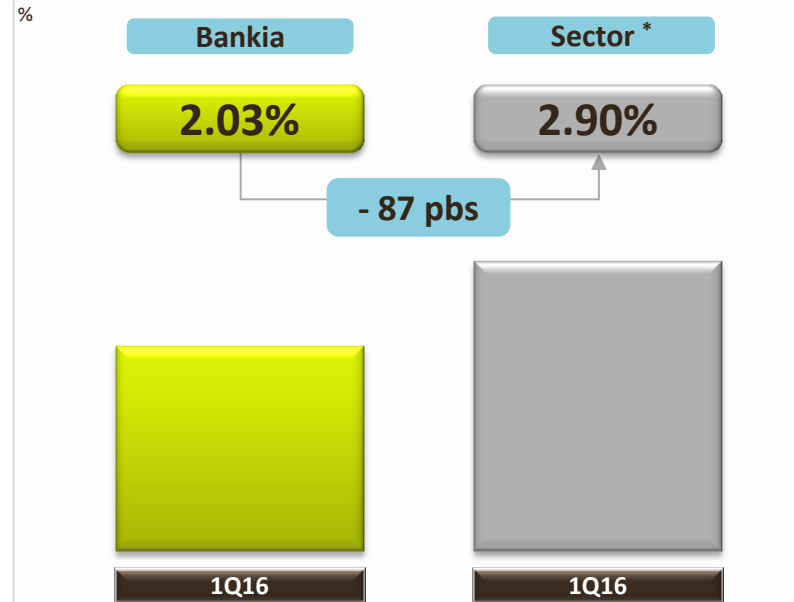
Bankia's leading position

Cost to Income Ratios



*Aggregated cost to income ratio for the biggest 6 banks in Spain excluding Bankia. Santander and BBVA include Banking and Real Estate activity in Spain.

Operating Expenses / RWAs



*Aggregated ratio for the biggest 6 banks in Spain excluding Bankia. Santander and BBVA include Banking and Real Estate activity in Spain.

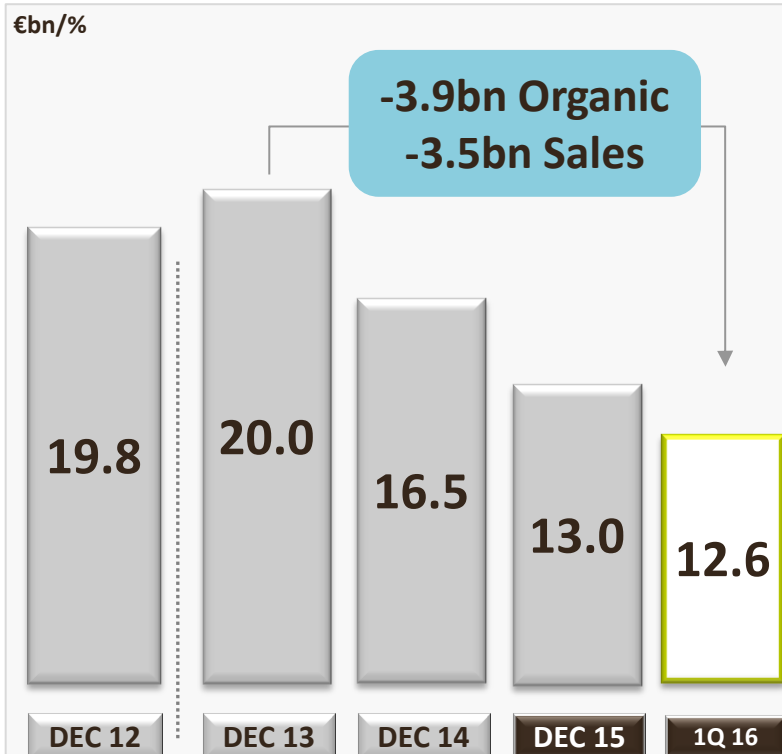
Lower Opex/RWAs represents up to 5p.p. in ROE*

*Post 30% tax rate and assuming Equity = CET1 of 12.5%

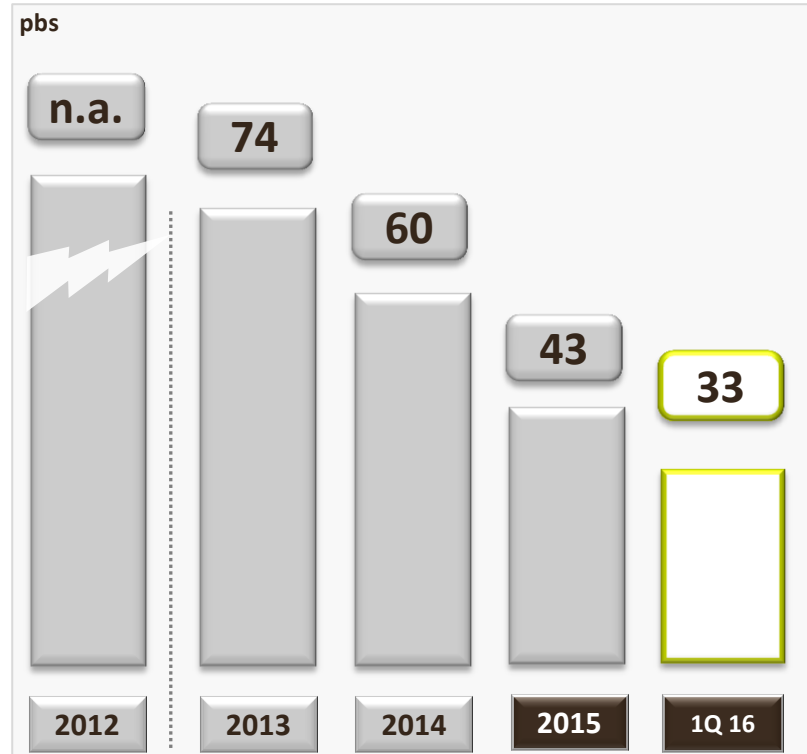
2 ASSET QUALITY

Positive trend in NPL reduction initiating a sharp drop in Cost of Risk

NPLs evolution ⁽¹⁾



Cost of Risk evolution ⁽²⁾

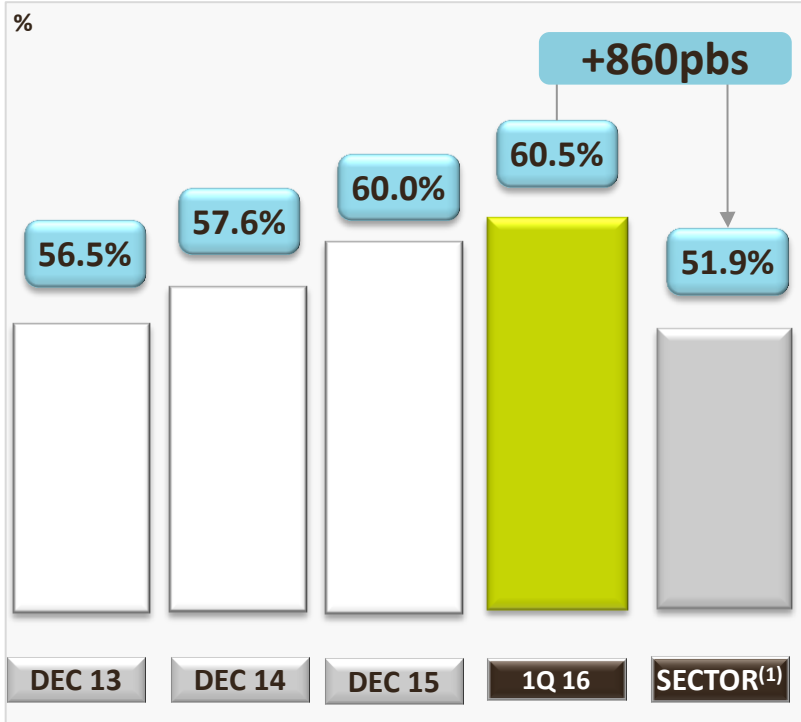


¹ NPLs in 2013 excluding refinancing criteria : 18.6Bn€ ; ² Annual average cost of risk with the exception of 1Q16

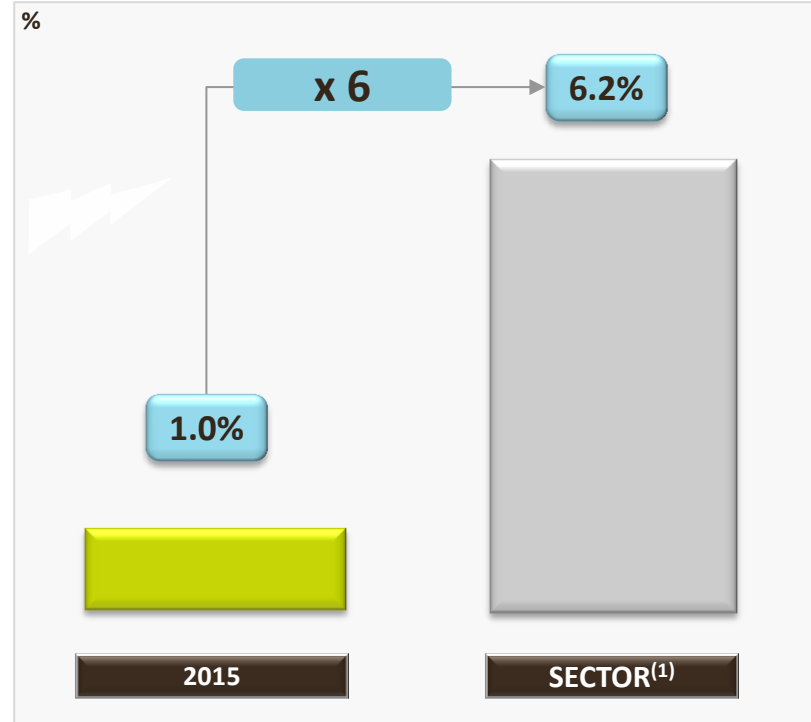
2 ASSET QUALITY

Best in class NPL coverage & reduced exposure to RE Developers

NPL Coverage⁽¹⁾



Exposure to RE Developers⁽²⁾



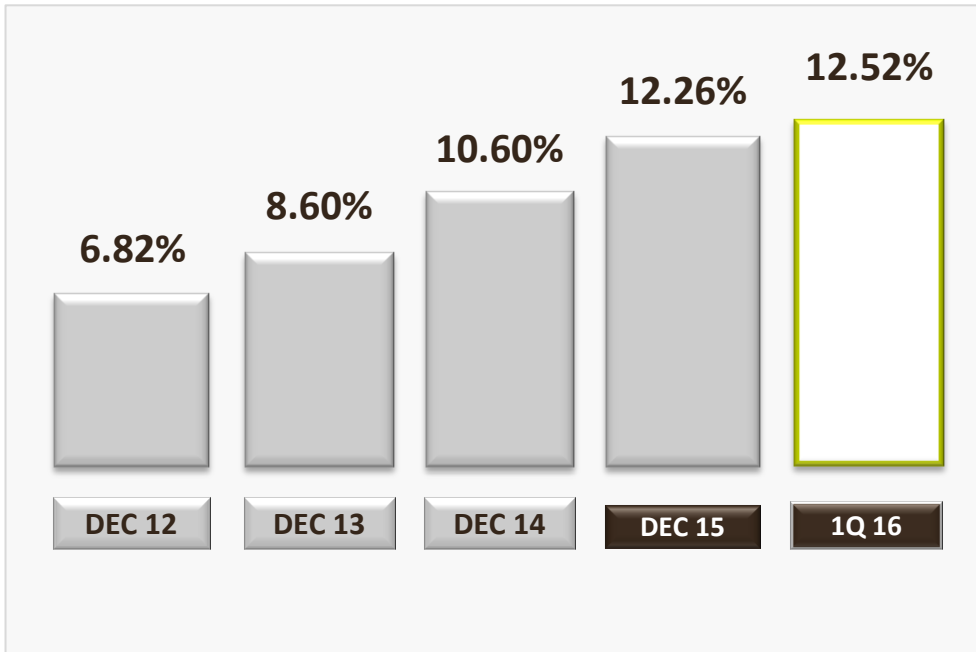
¹ Sector weighted average 1Q16 of the biggest 6 banks in Spain excluding Bankia. Santander and BBVA include Banking and Real Estate activity in Spain.

² as a % of gross loan book. Sector weighted average 2015 of the biggest 6 banks in Spain excluding Bankia. Santander and BBVA include Banking and Real Estate activity in Spain.

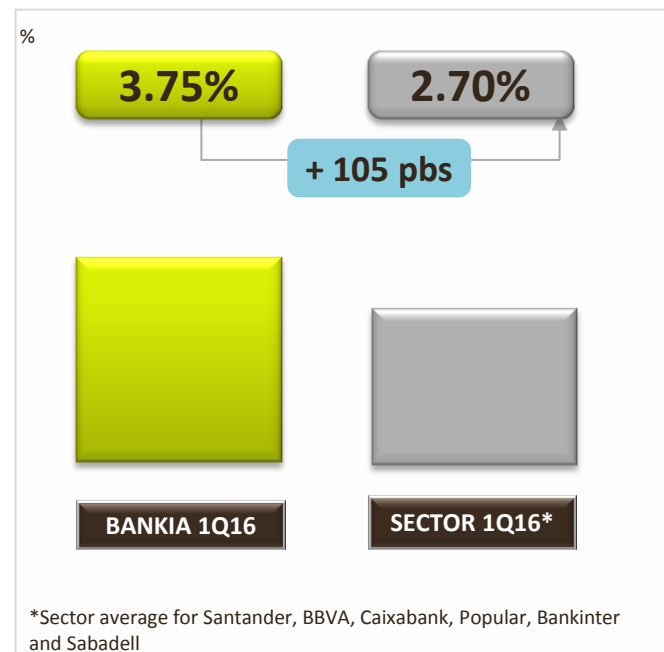
3 CAPITAL GENERATION

Robust solvency position allowing us to distribute cash dividends

Bankia CET 1 BIS III Fully Loaded



Distance to MDA (Phase In)



Confortable position to face new regulatory requirements

Conclusions

A challenging environment requires a solid starting point...

...where **cost efficiency** will be a necessary condition to offset negative headwinds impacting total revenues

...where a reduced **cost of risk** is going to be a key lever for higher than average return on equity

...and where a solid starting **capital position** will be needed to face the increasing regulatory requirements

...in order to continue generating value for our shareholders

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Investor Relations

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