

Bankia: The Future Ahead

8 June 2017, Goldman Sachs Conferences

The image shows the Bankia logo in white, stylized lettering on a dark grey glass facade. The logo is positioned on the right side of the image, with the word 'Bankia' written in a bold, sans-serif font. The background is a blurred view of a modern building's exterior with a grid of window frames.

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1

Bankia: Five years at a glance

2

Industry dynamics in Spain

3

The Key Drivers of Bankia's strategy

4

Looking at the future

> Bankia: Five years at a glance

The Restructuring Plan, a story of success

The Restructuring Plan initiated almost 5 years ago is about to end

2012: STRATEGIC / RESTRUCTURING PLANS. NEW CORPORATE GOVERNANCE ✓

2013: THE TURNAROUND YEAR

2014: DEVELOPING THE COMMERCIAL MODEL ✓

2015: COMPLETION OF THE STRATEGIC PLAN

2016: CHANGE OF OUR COMMERCIAL POSITIONING ✓

2017: END OF THE RESTRUCTURING PLAN

STRATEGIC PLAN
2012-2015

> Industry dynamics in Spain

Still challenges ahead but clearer outlook

Big challenges ahead, in a changing environment...

Macro

Interest rates

Sector restructuring
process

Change in consumer
habits

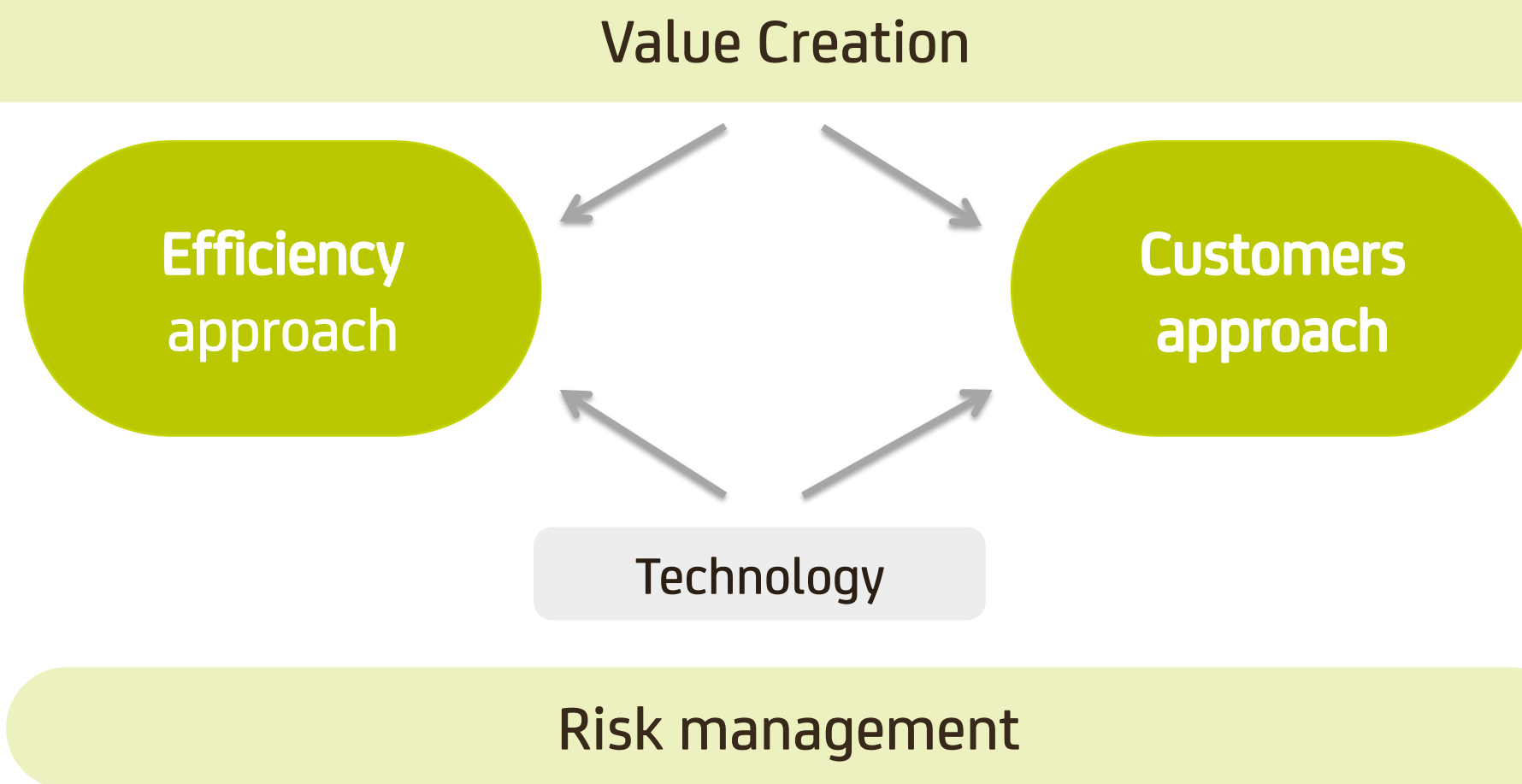
Technology

...but a better outlook than in 2016

> Bankia's commercial positioning

The Key Drivers of our Strategy

Innovating is doing things differently: gaining efficiency and creating value for customers



The Key Drivers of our strategy are Efficiency and Customers focus
With a proven best class risk management

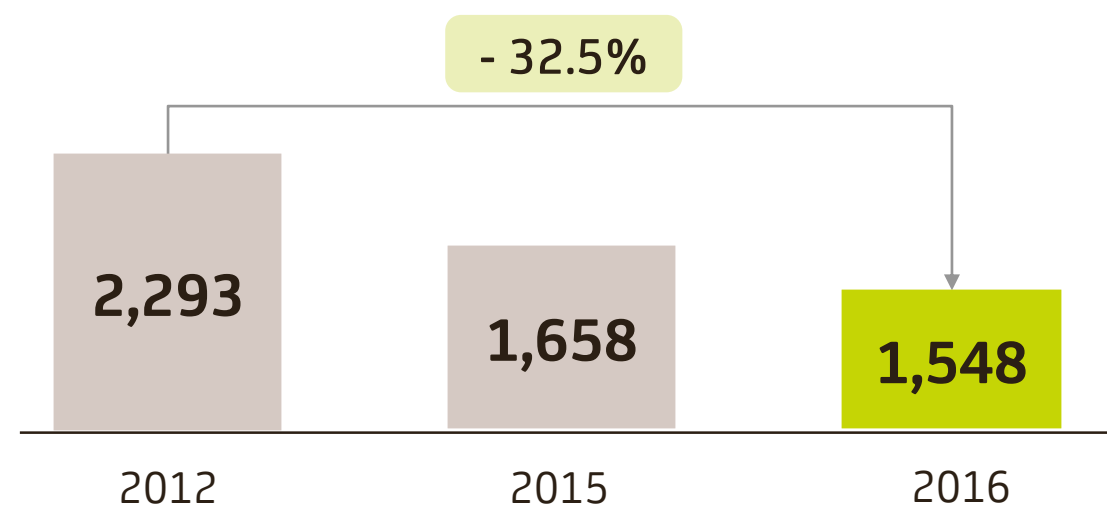
> Bankia's commercial positioning

Key Driver I: Efficiency

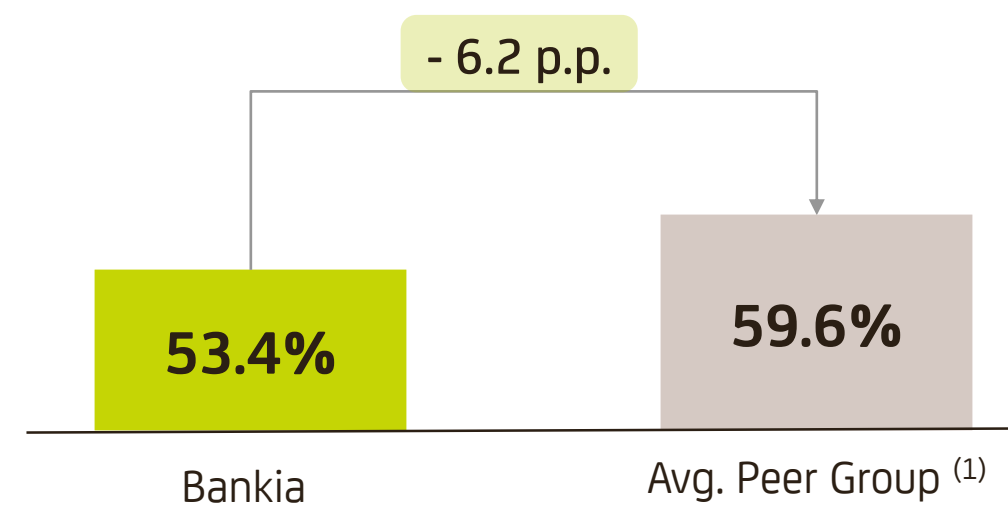
Efficiency is key to deliver Sustainable profitability

OPERATING COSTS

€ mn



Q1 2017 COST TO INCOME RATIO (EX NTI)



(1) Peer group includes: San Sp, BBVA Sp, Caixabank, Sabadell and Banco Popular

... and we have moved from the bottom to top 1 ranked

> Bankia's commercial positioning

Key Driver II: Customer focus

The three principles at the heart of our positioning...

Active listening

100.000 customers surveyed

100 focus group meetings



CLOSENESS

Personalised service



SIMPLICITY

Simple products / services



TRANSPARENCY

Products/services adapted to every customer

...are also driving the bank's transformation

> Bankia's commercial positioning

Key Driver II: Customer focus

The two drivers of our new positioning...

1

Customer initiatives

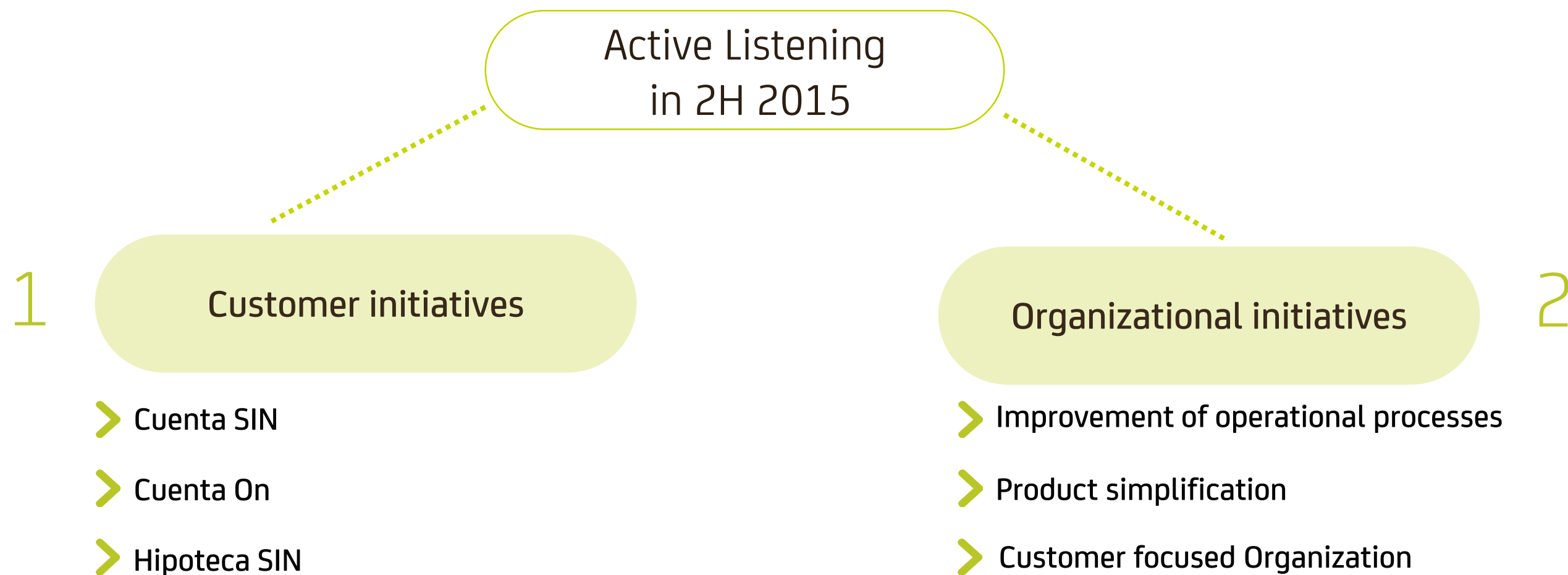
- > Cuenta SIN
- > Cuenta On
- > Hipoteca SIN

Active Listening
in 2H 2015

> Bankia's commercial positioning

Key Driver II: Customer focus

The two drivers of our new positioning...

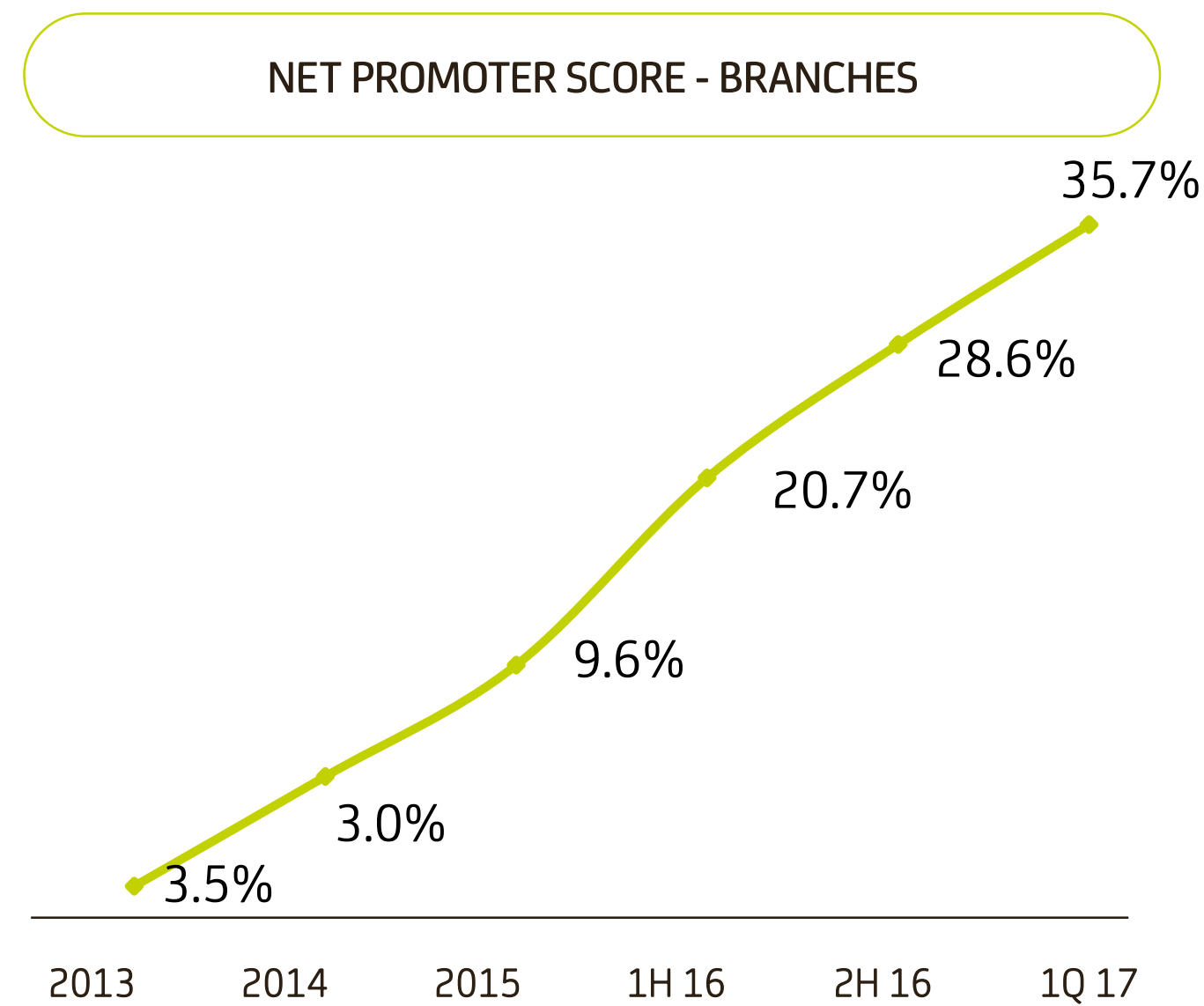
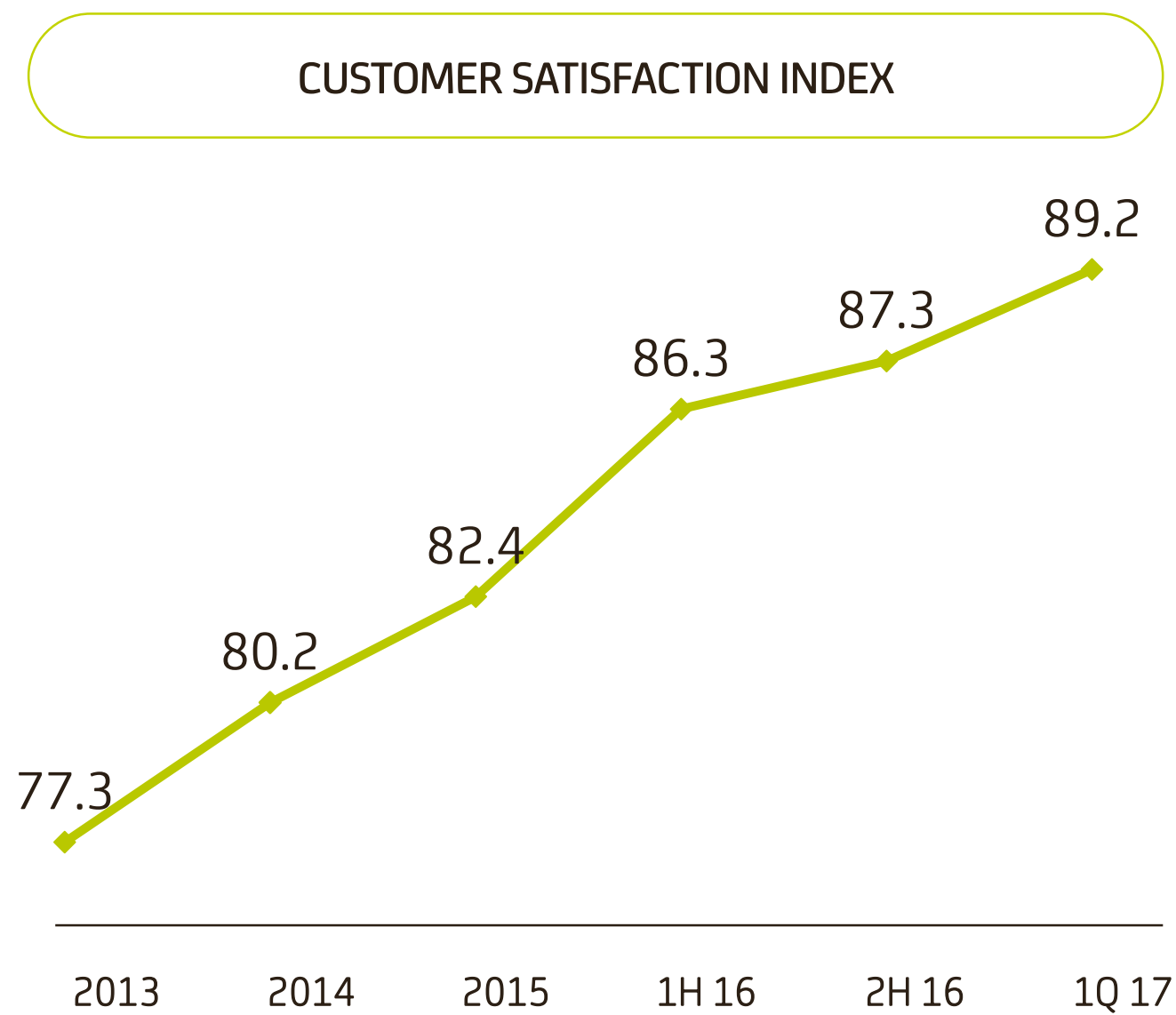


... with a sole objective: increase customer satisfaction

> Bankia's commercial positioning

Commercial positioning is paying off... | Customers satisfaction

... shows a positive trend in customers' perception of quality...



Source: Stiga

Source: Stiga

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.

> Bankia's commercial positioning

Commercial positioning is paying off... | Retail banking

Customers

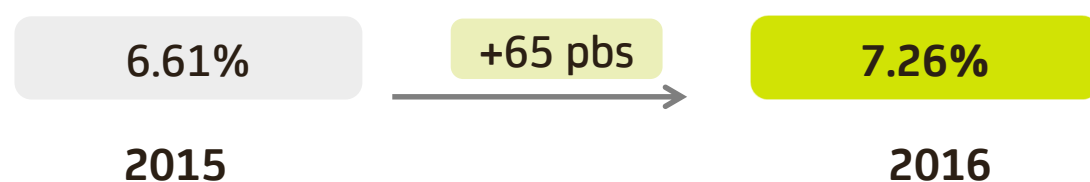
2.1x Increase in number of new clients
Q1 2017 vs Average 2016

Direct Income Deposits

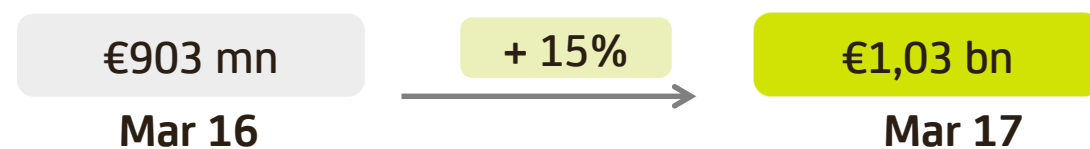
+10,5 % increase in Direct Income Deposits 1Q17 vs 1Q16

Payments

CREDIT CARD MARKET SHARE



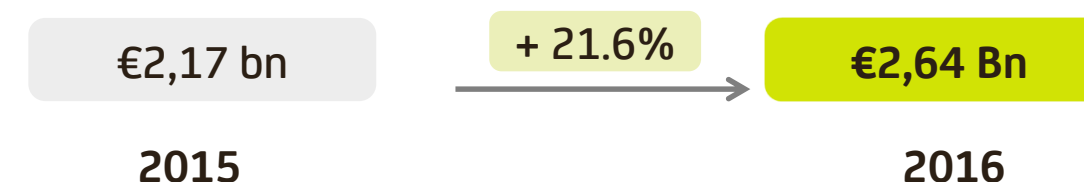
MONTHLY BILLING IN STORES



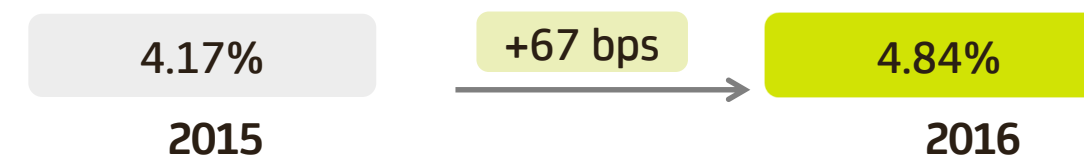
Source: SIG Bankia

Consumer loans

CONSUMER FINANCE LOANS-OUTSTANDING BALANCE



CONSUMER FINANCE MARKET SHARE



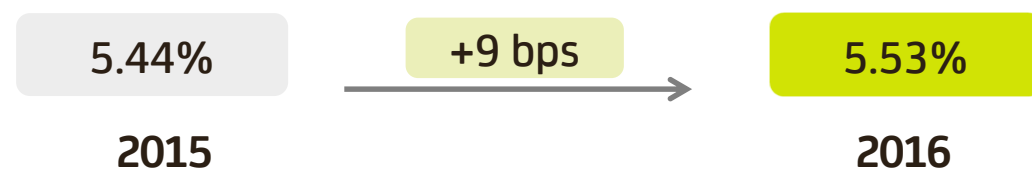
Source: BdE

> Bankia's commercial positioning

Commercial positioning is paying off... | Retail banking

Mutual Funds

MUTUAL FUNDS MARKET SHARE



NEW PRODUCTION SHARE IN MUTUAL FUNDS

9.50% in 1Q17

Source: Inverco

Mortgages

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

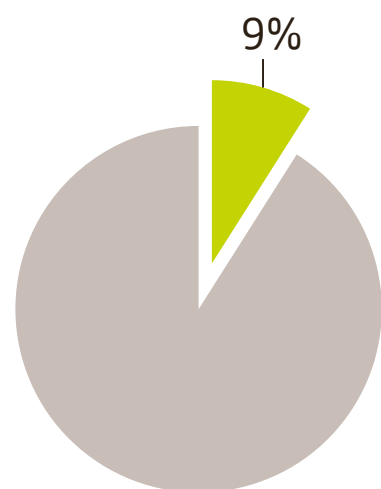
22% of applications come from new customers

> Bankia's commercial positioning

Commercial positioning is paying off... | Multichannel service

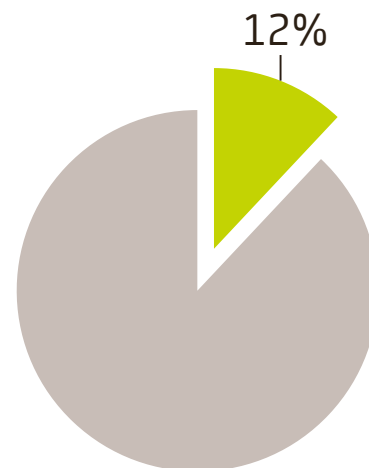
Digitalization

Digital new customers



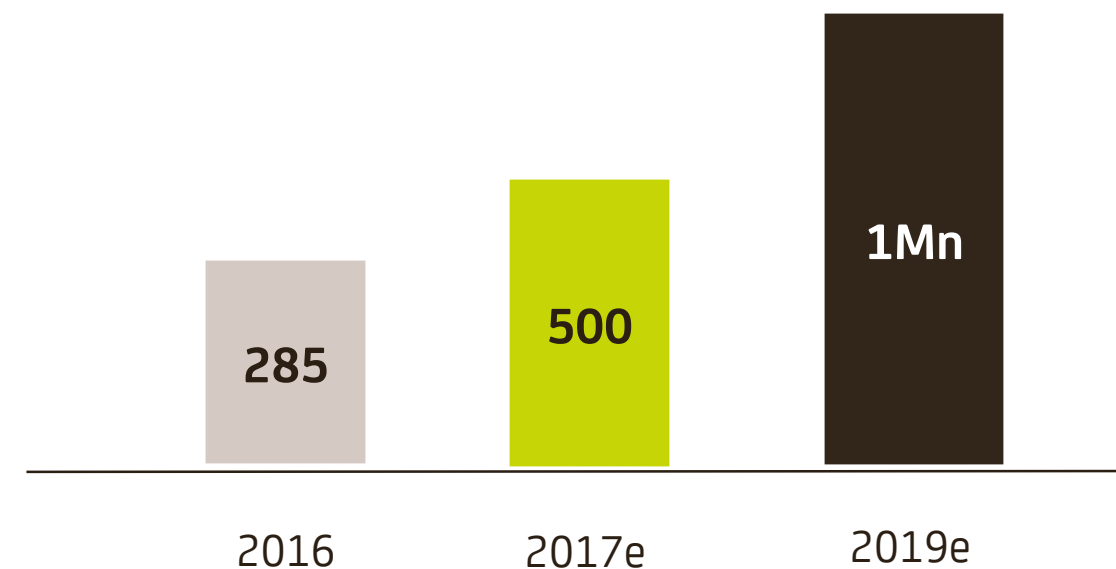
> 9% of all new customers are acquired digitally

Digital sales



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

Clients managed by a remote manager



Invest in clients Knowledge to increase their satisfaction

> Bankia's commercial positioning

Commercial positioning is paying off... | Corporates and SMEs

Customers base

- > **+5%** Increase in number of clients 1Q17 vs 1Q16
- > **Strong effort** in cross selling

2017 1Q vs 2016 1Q

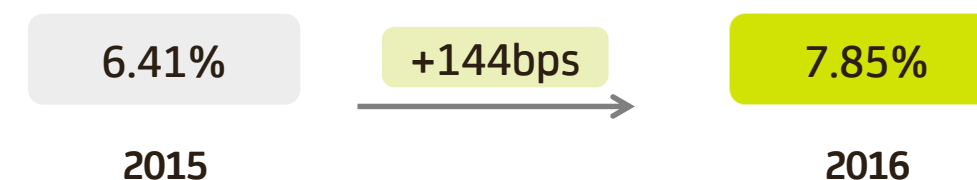
	yoy growth rate (%)
Discounting	6%
Reverse Factoring	38%
Comex	10%
Guarantees	9%
Forex	7%

SMEs

New Credit Production in SMEs **+22,4%** 2016 vs 2015

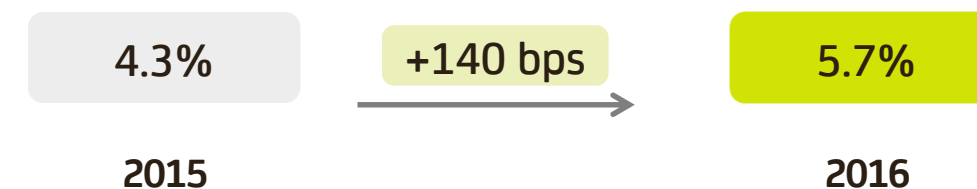
Market shares

TRADE FINANCE MARKET SHARE



Source: SWIFT

REVERSE FACTORING MARKET SHARE

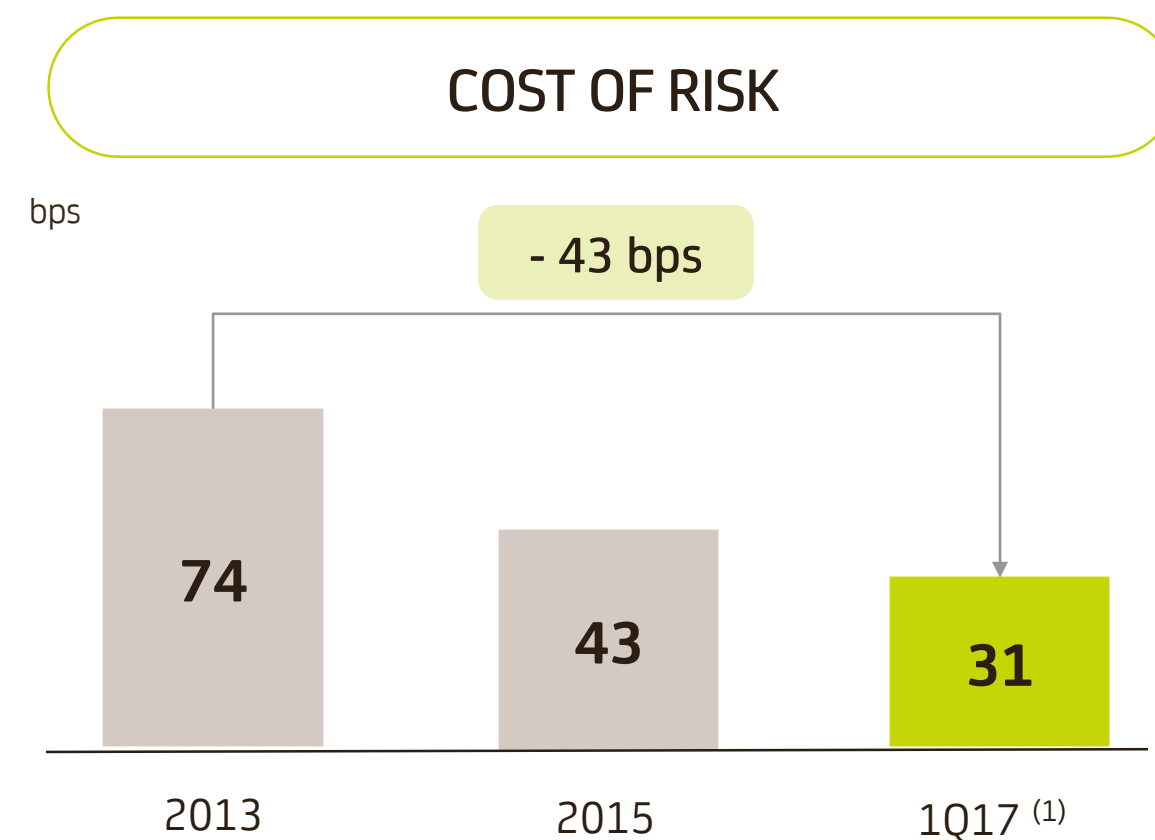
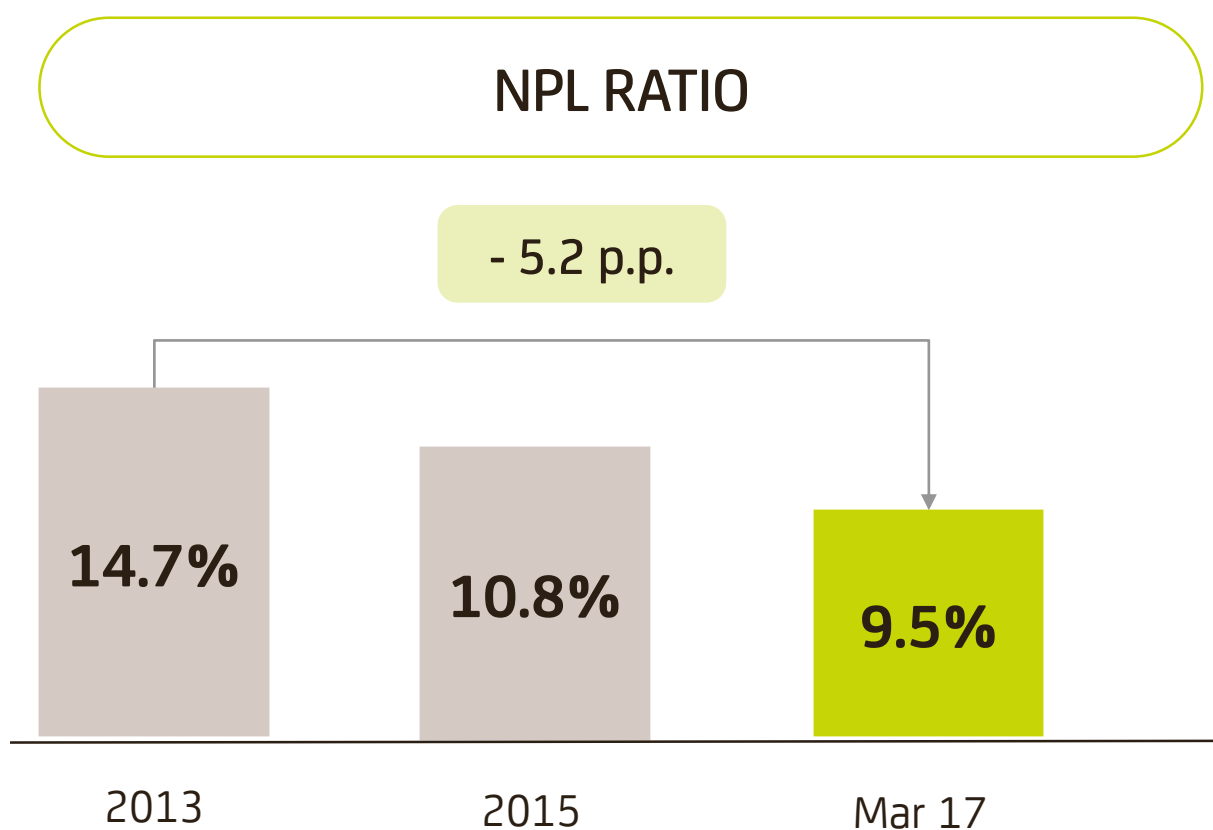


Source: AECF

> Bankia's commercial positioning

Key Driver III: Risk management

With a proven best class risk management



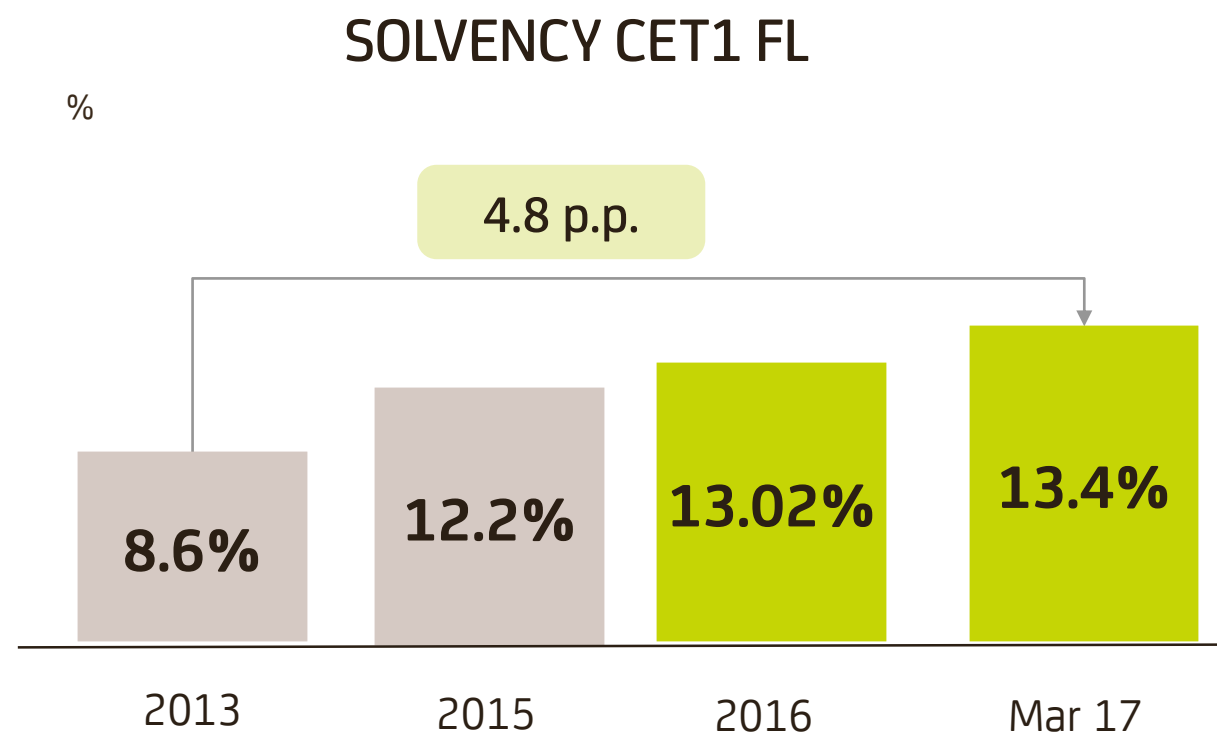
(1) Cost of risk at 24 bps if provisions for single name transactions are excluded

Risk management policy at the heart of our strategy

> Bankia's commercial positioning

Value generation levers

... is paying off



... and we are "Investment grade"

S&P Global
Ratings

BBB-
Positive Outlook

FitchRatings

BBB-
Stable Outlook



BBB (high)
Stable Outlook

Our business model allows us to fund profitable growth, increase cash dividend per share and payout ratio, and generate organic capital

> **Looking at the future**

Growth strategy

Our growth strategy will be based on

Organic growth

Non-organic growth

> Looking at the future

Non-organic growth

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

> Looking at the future

Organic growth

Organic growth strategy

... We will continue to strengthen our strategy, based on:

Efficiency

Risk management

Customer
focus

... And now it will be reinforced by

- Our new commercial positioning, and
- the end of the restructuring plan

> **Looking at the future**

Growth strategy

Bankia transformation

Bankia has moved from a turnaround story...

...to a growth story

Bankia

LET'S KEEP WORKING