

**Bankia**

**September 2013**

**Bankia**

EMPECEMOS POR  
LOS PRINCIPIOS



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## Bankia: Our fundamentals

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### HIGH FRANCHISE VALUE

- ✓ Nationwide franchise (> 7 MM clients)
- ✓ IT systems fully integrated
- ✓ Accelerated restructuring process

2

### CLEAN BALANCE SHEET

- ✓ Developer risk reduced (3.4% of portfolio)
- ✓ High coverage of total credit portfolios: 8.4%
- ✓ Investments marked to market

3

### SOLVENCY & LIQUIDITY

- ✓ EBA core tier 1 ratio 10%
- ✓ Self-sustainable model of capital and liquidity generation
- ✓ LTD reduced to 118%

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### PROFITABILITY

- ✓ Profit Before Tax generation: €404 million in Bankia 1H 13
- ✓ Operating costs reduction: down 11.7% on 4Q 2012

## Our fundamentals: High franchise value

1

### Starting point: High franchise value

#### Broad customer base

- > 7 million customers, with a close relationship
- > 260,000 SMEs and > 290,000 self-employed

#### High market share

- ~9% share of customer deposits
- 4<sup>th</sup> largest bank in Spain

#### Strong presence in original home territories

- Leader financial institution in its home regions, with ~15% market share

#### Organizational strengths

- New Management team
- Advanced IT systems

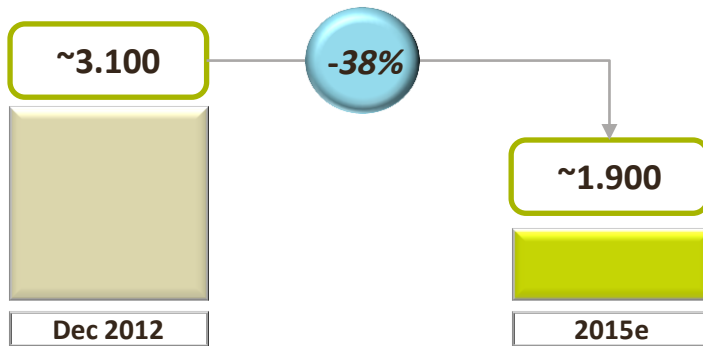
<sup>(1)</sup> Source for market shares: Bankia, Banco de España, Dec 2012 and Jan. 2013

# Our fundamentals: High franchise value

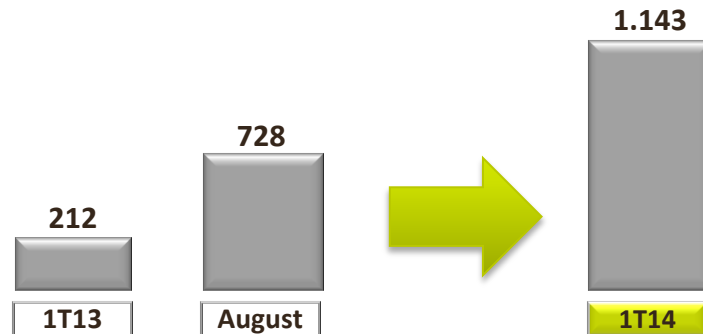
1

## Accelerated Network reorganization

### Branches 2012 – 2015

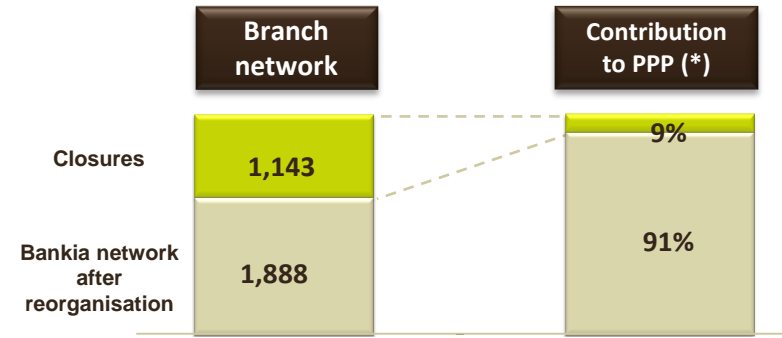


### Planned Cumulative Closures



Bankia Group data. units and €bn

### Low contribution of closed branches



(\*) Pre-provision profit

### Highlights

Branches network reorganization fully accomplished by the end of 1Q14

Keeping a nationwide presence

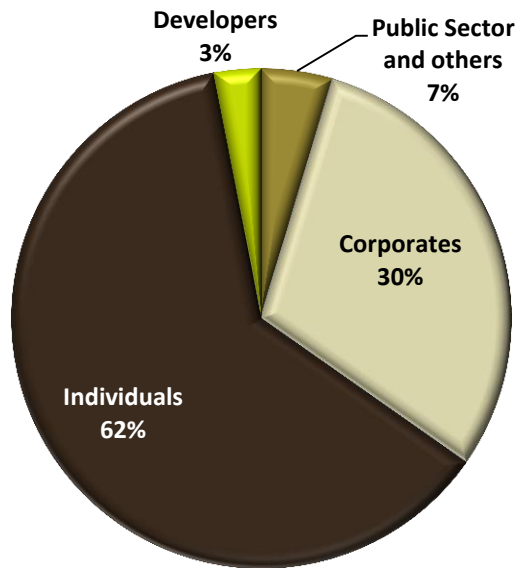
# Our fundamentals: A Cleaned Balance Sheet

2

## Asset quality – Real Estate Exposure

Bankia Group data. €bn

### Credit Portfolio 2013



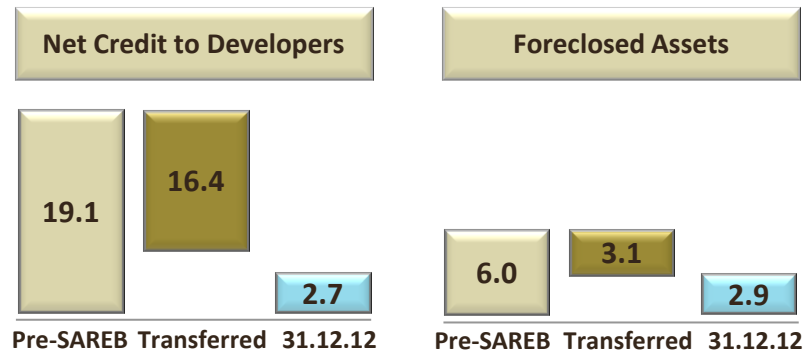
Gross customer loans

€137.7bn

Net customer loans

€126.1bn

### Net Assets Transferred to Sareb (Dec. 2012)



Developers down from 17.2% in 2011 to 3,4% of the credit portfolio

>70% of RE assets on the balance sheet are finished houses

# Our fundamentals: A Cleaned Balance Sheet

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## Asset quality – NPL & Coverage Level

### Coverage Ratios

High  
COVERAGE  
RATIOS

over total NPLs 63%

over Restructured  
Loans 24%

#### Provisions over gross customer loans

Real Estate 51.6%

Corporates 14.9%

Individuals 3.5%

Coverage over total portfolio 8.4%

Coverage ex RE 6.9%

### NPL & Coverage Level

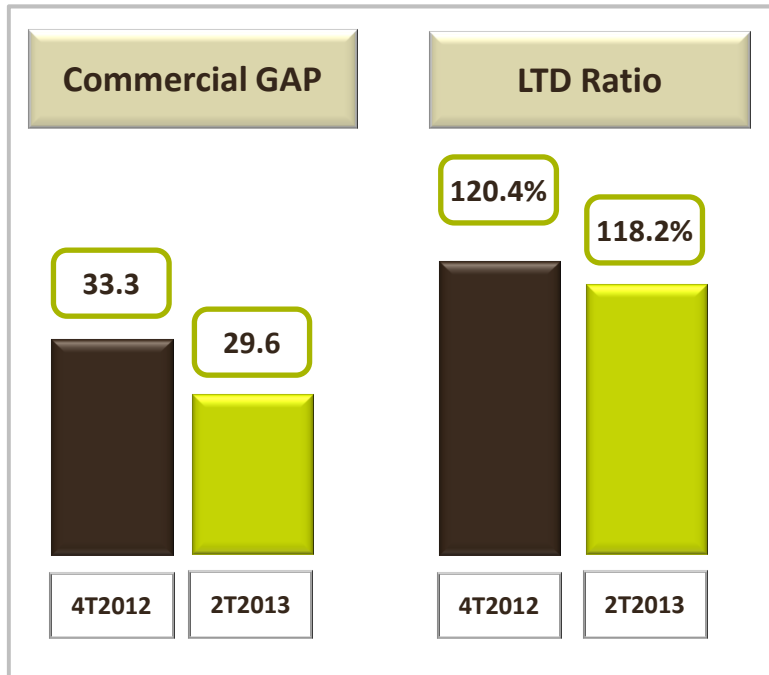
	Dec 2012	Mar 2013
Gross Total Risks	152.5	144.5
NPL	19.8	19.3
NPL ratio	13.0%	13.4%
NPL ratio coverage	61.8%	63%

NPL and NPL coverage stable in the first quarter 2013

## Our fundamentals: Solvency and Liquidity

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### Main liquidity indicators - Bankia



Continued reduction in the Commercial gap in the following context:

- Transfer of deposits to investment funds seeking higher returns
- Acceleration of **branch closures**
- Change in policy on **deposit interest rates**

Bankia Group data. €bn

LTD stable around 118%

Commercial gap: Net credit – mediation loans – retail commercial paper – strict customer deposits

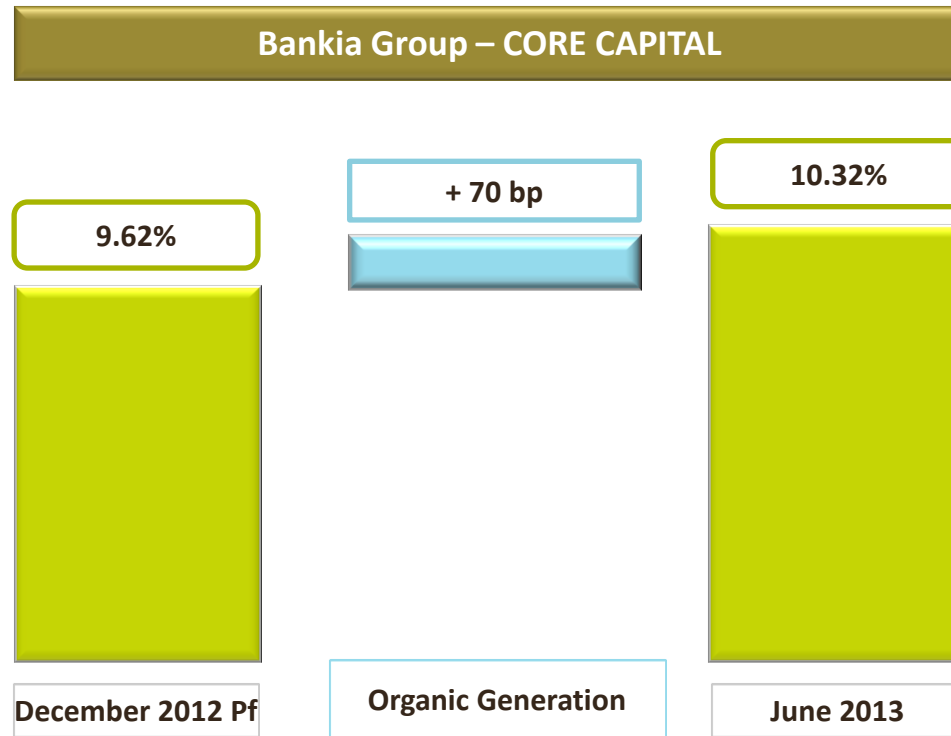
LTD ratio: (Net credit / (retail commercial paper + strict customer deposits + ICO/EIB deposits + single-certificate covered bonds))



## Our fundamentals: Solvency and Liquidity

3

### Self-sustainable model of Capital Generation



Bankia increases Core Capital by 70 b.p. in the 1H 2013 to 10.32%

## Our fundamentals: Profitability

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### Proforma<sup>(1)</sup> 1Q results

Bankia Group data. €bn

	1H 2013
Net interest income	1,235
Gross income	1,916
Operating expenses	(982)
Pre-provision profit	933
Provisions and other expenses	(857)
Profit from sale of investees and others	328
Profit before tax	404

Income statement in line with Strategic Plan

Profit generation

Cost reduction

NPLs stabilisation

The pro forma income statement excludes the cost of the subordinated loan by BFA to Bankia, in the amount of €89m in 1Q and €53m in 2Q, which was cancelled on 23 May. In 2Q 2013, profit from discontinued operations, in the amount of €113 million before taxes, is included in Profit from sale of investees and others.

**Bankia**