

# BANKIA, S.A.

## Tailored Resolution Plan

### Public Section

Date: December 30, 2014

This public section of the resolution plan with respect to Bankia, S.A. (“Bankia”) is being filed pursuant to a requirement in Section 165(D) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “DFA”) and the implementing joint final rule issued by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (“FDIC”) on September 13, 2011 (the “Final Rule”). Section 165(d) of the DFA and the Final Rule require any foreign bank or company that (i) is a bank holding company or treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (the “IBA”) and (ii) has \$50 billion or more in total consolidated assets (such company a “covered company”) to submit to the Federal Reserve and the FDIC its plan for “rapid and orderly resolution in the event of a material financial distress or failure” of subsidiaries and operations of such foreign-based covered company that are domiciled in the United States or conducted in whole or material part in the United States. Bankia controls a national banking association organized under the laws of the United States, and accordingly is a bank holding company pursuant to the Bank Holding Company Act of 1956 (the “BHC Act”). As of December 31, 2013 Bankia had total consolidated assets of approximately €251.472 million, and therefore is required under the Final Rule to submit a resolution plan (the “Resolution Plan”).

The Final Rule permits certain eligible covered companies to file a “tailored” Resolution Plan. According to the Final Rule and the related guidance issued by the Federal Reserve and the FDIC (the “Guidance”), a tailored Resolution Plan filer may file a Resolution Plan that is focused only on the U.S. “nonbanking material entities and operations” of the covered company as well as the interconnections and interdependences between its U.S. banking operations and its non-U.S. operations. Bankia meets the criteria to file a tailored resolution plan and has been approved by the Federal Reserve and the FDIC to file a tailored Resolution Plan for 2013. Therefore, the scope of Bankia’s Tailored Resolution Plan is limited to its “non banking material entities and operations” that are domiciled in the United States (if any).

Because the scope of Bankia’s tailored Resolution Plan is limited to Bankia’s non-banking “Core Business Lines”, U.S. non banking “Critical Operations” and U.S. non banking “Material Entities”, if any, Bankia first determined if it has any U.S. “Core Business Lines”, U.S. “Critical Operations” and U.S. “Material Entities” followed by a determination of whether any such U.S. “Core Business Lines”, U.S. “Critical Operations” and U.S. “Material Entities” constitute “non-banking material entities or operations.”

The final rule defines a “Material Entity” as a subsidiary or foreign office of the covered company that is significant to the activities of a “Critical Operation” or “Core Business Line.” “Core Business Lines” are defined under the Final Rules as “those business lines of the covered company, including associated operations, services, functions and support, that in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value.” For a foreign-based covered company, such as Bankia, its Resolution Plan is required to address only Core Business Lines and Critical Operations that are domiciled in the United States. Bankia has not identified any Core Business Lines, banking or non-banking, which are domiciled in the United States or conducted in whole or material part in the United States and, based on the limited nature of its U.S. operations, Bankia does not believe it has

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any U.S. Critical Operations. Accordingly Bankia has not identified any U.S. Material Entities banking or non-banking for purposes of this tailored Resolution Plan.

### **I.- Names of Material Entities:**

According to the Final Rule and the Guidance, a foreign-based covered company that is filing a tailored Resolution Plan, such as Bankia, may limit its Material Entities to its U.S. non-banking Material Entities.

Bankia did not identify any U.S. non-banking Material Entities.

### **II.- Description of Core Business Lines**

According to the Final Rule and the Guidance, a foreign-based covered company that is filing a tailored Resolution Plan, such as Bankia, may limit its Core Business Lines to its U.S. non-banking Core Business Lines.

Bankia did not identify any U.S. non-banking Core Business Lines.

### **III.- Consolidated or Segment Financial Information Regarding Assets, Liabilities, Capital and Major Funding Resources.**

#### **Consolidated or Segment Financial Information regarding Assets, Liabilities, Capital**

Bankia's annual Report includes detailed financial information. Bankia's December 31, 2013 consolidated balance sheet, reflecting assets, liabilities, and capital is found on pages 1 to 6 of Exhibit A. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. For a more detailed discussion regarding any line item on the consolidated balance sheet, again, please refer to Exhibit A, Bankia's Audited 2013 Consolidate Annual Report

#### **Major Funding Sources**

Bankia centralizes its liquidity management in its head office in Madrid and page(s) 1 to 6 of the attached Audited 2013 Consolidated Annual Report, located at Exhibit A, provides a broad overview of those sources.

### **IV.- Derivative Activities and Hedging Activities**

As noted above, the scope of Bankia's tailored Resolution Plan is limited to its "non-banking material entities and operations" that are domiciled in the United States or conducted in whole or material part in the United States (if any).

Bankia did not identify any U.S. non-banking Material Entities given it did not identify any U.S. non-banking Core Business Lines or U.S. non-banking Critical Operations. As a result of the foregoing, this section is not applicable.

### **V.- List of Memberships in Material Payment, Clearing and Settlement Systems**

As noted above, the scope of Bankia's tailored Resolution Plan is limited to its "non-banking material entities and operations" that are domiciled in the United States or conducted in whole or material part in the United States (if any).

Bankia did not identify any U.S. non-banking Material Entities given it did not identify any U.S. non-banking Core Business Lines or U.S. non-banking Critical Operations. As a result of the foregoing, this section is not applicable.

## **VI.- Description of Foreign Operations**

Bankia is headquartered in Madrid, Kingdom of Spain, and its shares of common stock are publicly traded in the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges and in the *Sistema de interconexión Bursatil Español or Mercado Continuo*.

Bankia leads a universal financial services group (collectively the “Group”) with 2,093 branches in Spain as of December 31, 2013. Bankia is primarily a Spanish domestic entity, and its overseas presence is limited to a representative office in Shanghai, China, and La Habana, Cuba, and its current holdings in City National Bank of Florida and the minority stake in CIFI Panamanian Corporation (Corporación Interamericana para el Financiamiento de las Infraestructuras). The minority stake in CIFI Panamanian Corporation is anticipated to be sold by year end 2014 or shortly thereafter. City National Bank of Florida is in the process of being sold to Banco de Credito e Inverciones of Santiago, Chile, and this sale of is pending only Federal Reserve Approval.

## **VII.- Material Supervisory Activities**

As noted above, the scope of Bankia’s tailored Resolution Plan is limited to its “non-banking material entities and operations” that are domiciled in the United States or conducted in whole or material part in the United States (if any).

Bankia did not identify any U.S. non-banking Material Entities given it did not identify any U.S. non-banking Core Business Lines or U.S. non-banking Critical Operations. As a result of the foregoing, this section is not applicable.

## **VIII.- Identities of the Principal Officers**

The current composition of the Board of Directors of Bankia is as follows:

- Jose Ignacio Goirigolzarri Tellaeche (Executive Chairman)
- José Sevilla Alvarez (CEO)
- Antonio Ortega Parra
- Joaquín Ayuso García
- Francisco Javier Campo García
- Eva Castillo Sanz
- Jorge Cosmen Menendez-Castañedo
- Jose Luis Feito Higuera
- Fernando Fernández Méndez de Andrés
- Alfredo Lafita Pardo
- Alvaro Rengifo Abbad
  
- Miguel Crespo Rodríguez – Secretary non-director
- Antonio Zafra Jiménez- Deputy Secretary non-director

The current composition of the Management Committee of Bankia is as follows:

- Jose Ignacio Goirigolzarri Tellaeche (Chairman)
- José Sevilla Alvarez
- Antonio Ortega Parra
- Amalia Blanco Lucas

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- Miguel Crespo Rodríguez.
- Fernando Sobrini Aburto.
- Gonzalo Alcubilla Povedano.

### **IX.- Corporate Governance Structure and Processes Related to Resolution Planning**

Bankia is subject to the provisions of Law 9/2012, dated November 14, 2012 for the restructuring and resolution of Credit Entities, which does not provide for the Credit Entities such as Bankia implementing a resolution plan. In addition, Bankia is subject to the provisions of Law 10/2014, dated June 26, 2014, for the Organization, Supervision and Solvency of Credit Entities.

A Memorandum of Understanding (“MoU”) was entered into by and between Spain and the Euro area countries in July 2012, with respect to four banks (i.e., BFA/Bankia, NCG Banco, Catalunya Banc and Banco de Valencia) and said institutions were identified as a specific group – the so-called "group 1". This group was came under the control of the Spanish Fund for Orderly Bank Restructuring (also known as the FROB). Many in the group had already received state aid. The MoU anticipated that the Spanish authorities would enter into restructuring or resolution plans with the European Commission (“Commission”) and the Commission in fact approved a resolution plan by the end of November 2012. In fact on November 28, 2012, the Commission approved the restructuring plans of Spanish bank BFA/Bankia and established restructuring measures to ensure that the bank return to long term viability as sound credit institutions in Spain. By 2017, it is anticipated that the balance sheet of BFA/Bankia will shrink by more than 60%, as compared to 2010. In particular, BFA/BANKai will refocus their business model on retail and small business lending in their historical Spanish core regions. They will exit from lending to real estate development and limit their presence in wholesale businesses. It is anticipated that this will contribute to the reinforcement of BFA/Bankia’s capital and liquidity position and reduce their reliance on wholesale and Central Bank funding. BFA/Bankia’s transfer of assets to the asset management company "Sareb" will further limit the impact of additional impairments on the riskier assets and help to restore confidence. Lastly, the term sheet annexed to the Restructuring Plan sets out the commitments for the recapitalization and restructuring of BFA/Bankia which the kingdom of Spain and BFA/Bankia have committed to implement, and it was that term sheet that required BFA/Bankia to dispose of City National Bank of Florida. As stated previously, Bankia is in the process of selling this U.S. bank asset pending only Board of Governors of the Federal Reserve System approval.

As required by regulation, prior to submission of Bankia’s tailored Resolution Plan, Bankia’s Board of Directors shall approve the Resolution Plan and the same shall be noted in its minutes or a delegee acting under the express authority of the Board of Director shall approve the Resolution plan.

### **X.- Material Management Information Systems**

As noted above, the scope of Bankia’s tailored Resolution Plan is limited to its “non-banking material entities and operations” that are domiciled in the United States or conducted in whole or material part in the United States (if any).

Bankia did not identify any U.S. non-banking Material Entities given it did not identify any U.S. non-banking Core Business Lines or U.S. non-banking Critical Operations. As a result of the foregoing, this section is not applicable.

**XI.- High Level Description, of the Covered Company’s Resolution Strategy, Covering Such Items as the Range of Potential Purchasers of the Covered Company, its Material Entities and Core Business Lines.**

As noted above, the scope of Bankia’s tailored Resolution Plan is limited to its “non-banking material entities and operations” that are domiciled in the United States or conducted in whole or material part in the United States (if any).

Bankia did not identify any U.S. non-banking Material Entities given it did not identify any U.S. non-banking Core Business Lines or U.S. non-banking Critical Operations. As a result of the foregoing, this section is not applicable.

**Exhibit A**  
**Bankia Annual Report as of December 31, 2013**