Earnings Report

January-March 2016

29 April 2016

Bankia

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Basis of presentation and comparability of information

Bankia Group reports audited financial information as of June 30th and December 31st every year. Therefore, the financial information as of March 2015 and March 2016 included in this report has not been audited.

The audit reports incorporated in the consolidated financial statements for the year ended 31 December 2015 include the following Emphasis of Matter paragraph in relation to the legal proceedings associated with the Bankia IPO in July 2011: "We draw attention to the information provided in Notes 2.18.1 and 22 to the accompanying consolidated financial statements, which describe the uncertainties related to the final outcome of litigation regarding the Initial Public Offering of shares carried out in 2011 for the stock market listing of Bankia, S.A. and to the provisions recorded by the Group to cover the estimated costs of this litigation. This matter does not modify our opinion." At 31 March 2016 the abovementioned uncertainties remain so the financial data contained in this document must be interpreted in the context just mentioned and together with the information contained in the abovementioned notes to the consolidated financial statements for the year ended 31 December 2015.

HIGHLIGHTS OF THE PERIOD

Bankia Group obtains an attributable profit of 237 million euros, maintaining cost control and reducing provisions

- Attributable profit stands at 237 million euros. On a constant perimeter basis (excluding City National Bank of Florida, sold in October 2015) the attributable result increases by 2.1% compared with same period in 2015.
- In a quarter in which interest rates have continued descending and in which the Group's interest margin is affected by the Sareb bonds repricing, the gross margin reaches 853 million euros. On a constant perimeter basis (excluding the effect of the sale of City National Bank of Florida), the gross margin would reduce by 6.8% compared with first quarter last year.
- For an additional quarter Bankia demonstrate it capacity to operate with leading efficiency levels among the sector. As such, general expenses stay constant with respect to last quarter of 2015 and decrease by 1.2% compared with 1Q 2015 when excluding the effect of the sale of CNBF.
- There is a consolidation of the progress made in risk management, which translates into lower provisions and into a year on year improvement of 22 bps in cost of risk to reach 0.33% at 1Q 2016.
- The high efficiency level and the lower cost of risk allow the Group to compensate the impact that the interest rates environment has on the higher end of P&L account.

Dynamism in new lending and a more profitable mix of customers

- Increase in new lending to the consumer finance (+42.7%) and business (+8.7%) segments versus 1Q 2015, in line with the Group's goal of extending more credit to these key segments.
- Dynamism in new lending to key segments translates into an increase in these loan balances. The credit volumes to SMEs and consumer finance grow 2.3% vs. 1Q 2015 and 0.8% vs. year-end 2015.
- The Group improves its mutual funds market share, which grows +52 bps vs. 1Q2015 reaching 5.61% at 1Q 2016.

New improvements in asset quality and risk management

- NPLs entries decrease 23% vs. 1Q15, allowing for consecutive ninth quarter of NPL reduction.
- The NPL ratio at the end of March 2016 stands at 10.5%, 22 bps lower vs. December 2015 and 210 bps below 1Q15.
- The coverage ratio reaches 60.5% with a year on year increase of 110 bps, and +50 bps vs. year-end 2015.

Robust funding structure and liquidity and solvency strength

- The Group enjoys a robust funding structure based in customer funds to finance the lending activity. The loan-to-deposit (LTD) ratio stands at 103.9% at the end of 1Q 2016.
- The capital generation capacity positions the Bankia Group as one of the most solvent banks in the financial system. At March 2016, the Group's CET 1 BIS III Phase In ratio stands at 14.06% (+17 bps vs. December 2015) and the CET 1 BIS III Fully Loaded ratio stands at 12.52% (+26 bps vs. December 2015).

1. RELEVANT DATA

	Mar-16	Dec-15	Change
Balance sheet (€ million)			
Total assets	204,496	206,970	(1.2%)
Loans and advances to customers (net)	109,295	110,570	(1.2%)
Loans and advances to customers (gross)	116,489	117,977	(1.3%)
Loans and advances to the resident private sector (gross)	93,173	93,730	(0.6%)
Secured loans and advances (gross)	69,099	69,960	(1.2%)
On-balance-sheet customer funds	131,532	132,629	(0.8%)
Customer deposits and clearing houses	106,069	108,702	(2.4%)
Borrowings, marketable securities	24,402	22,881	6.6%
Subordinated liabilities	1,062	1,046	1.5%
Total managed customer funds	154,316	155,402	(0.7%)
Equity	11,859	11,934	(0.6%)
Common Equity Tier I - BIS III Phase In	11,121	11,289	(1.5%)
Capital adequacy (%)			
Common Equity Tier I - BIS III Phase In	14.06%	13.89%	+0.17 p.p.
Total capital ratio - BIS III Phase In	15.35%	15.16%	+0.19 p.p.
Ratio CET1 BIS III Fully Loaded	12.52%	12.26%	+0.26 p.p.
Risk management (€ million and %)			
Total risk[1]	119,366	120,924	(1.3%)
Non performing loans	12,564	12,995	(3.3%)
NPL provisions	7,601	7,794	(2.5%)
NPL ratio [1]	10.5%	10.8%	-0.3 p.p.
NPL coverage ratio	60.5%	60.0%	+0.5 p.p.

	Mar-16	Mar-15	Change
Results (€ million)			
Net interest income	577	693	(16.7%)
Gross income	853	992	(14.0%)
Operating income before provisions	454	569	(20.3%)
Profit/(loss) attributable to the Group	237	244	(3.3%)
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	46.8%	42.6%	+4.2 p.p.
R.O.A. (Profit after tax / Average total assets) [2]	0.5%	0.4%	+0.1 p.p.
R.O.E. (Profit attributable to the group / Equity) [3]	8.2%	8.7%	-0.5 p.p.

	Mar-16	Dec-15	Change
Bankia share			
Number of shareholders	354,670	435,755	(18.6%)
Number of shares in issue (million)	11,517	11,517	-
Closing price (end of period)	0.830	1.074	(22.7%)
Market capitalisation (€ million)	9,559	12,370	(22.7%)
Earnings per share [4]	0.08	0.09	(8.5%)
Tangible book value per share [5]	1.07	1.08	(1.1%)
Additional information			
Number of branches	1,898	1,932	(1.8%)
Number of employees	13,490	13,569	(0.6%)

(1) NPL ratio excludes transactions with BFA (Mar-16: €1,028 million Repo, €1,104 million collection right, as agreed, 60% of the total estimated IPO contingency and €1 million of collateral provided)

(2) Annualized attributable profit divided by the average total assets

(3) Attributable profit divided by the average equity

(4) Annualized attributable profit divided by the number of shares in issue

(5) Total Equity less intangible assets divided by the number of shares in issue

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2. ECONOMIC AND FINANCIAL ENVIRONMENT

The world economy performance remained weak over the first quarter of 2016. Once again, global growth was below expectations, standing among the lowest posted during the current upturn. The two main drivers of growth, the US and China, generated considerable concern, fueling the drop in commodities prices (in the case of oil, down to the lowest levels since 2003) and worries about a recession. That said, the global outlook started to brighten from the beginning of March. A lack of confidence in banks returned, especially in the case of European banks, due to the challenges of managing a scenario of negative interest rates over the mid-term. Inflation was lower than forecast in the leading developed economies, returning to negative territory in the case of the EMU.

The financial markets suffered another considerably severe episode of risk aversion, with stock markets taking a dive and investors turning to safe-haven assets – the ten-year German bund yield, for example, hit an all-time low (0.1%). These deteriorated scenario persisted almost until March, prompting lower expectations vis-à-vis US interest rates (the market now only foresees a 25-bp rise this year) and new expansionary measures by the ECB: it cut the intervention and deposit rates to 0% and -0.4%, respectively, extended and bolstered its asset purchase program, and announced four new quantitative easing programs, with highly attractive conditions. In this context, the Euribor rate dipped below zero.

Meanwhile, uncertainty surrounding the in-out referendum in the United Kingdom – polls suggest a technical stalemate – significantly weakened the Pound, which fell to the lowest level since 2009; at USD1.387.

At the beginning of 2016 the Spanish economy has continued with its recovery trend albeit with a slightly less intensity. In this regard, we forecast GDP growth of 0.7% over 1Q2016 versus 0.8% in the previous quarter, in a context where borrowing terms are favorable and domestic demand is still driving the economy. The slowdown in activity was felt in the labor market, which suffered a slight slowdown in its positive trend: 38,752 new jobs were created in seasonally adjusted terms (+50,675 in 4Q15). External and internal Imbalances also continued to be redressed. Total indebtedness in the economy fell in 2015 for the first time in over two decades (-1.9% to 302.3% as a percentage of GDP – lowest in more than three years), due to a decrease in private sector debt for the fifth year running to the lowest point in 10 years, which comfortably offset the slight increase in public borrowing. Improvements in the balance of trade slowed somewhat as cheaper oil and strong exports, off the back of a greater competitiveness, are being partly offset by greater imports.

With regard to the banking sector, the economic recovery was once again evidenced by higher levels of lending to households and businesses; in line with the required deleveraging process. In a context of a complex interest rates environment and heavy regulations, pressures on profitability continue to pose the greatest challenge for the sector. Driving down costs is therefore still a key lever, as can be seen in recent streamlining plans unveiled by some banks, the ongoing divestment of unproductive assets, and the digital transformation. Elsewhere, on 1 January the new European bail-in provisions came into force, along with the MREL, a new requirement on loss absorbing capacity for all European banks. Both of these are major features of the crisis management framework of the Banking Union.

3. SUMMARY OF RESULTS

Bankia Group obtains an attributable profit of €237 million, continuing to contain costs and reducing provisioning

In the first quarter of 2016, the Bankia Group posted an attributable profit of €237 million. This attributable profit is 2.1% higher year on year on a like-for-like basis (after excluding the City National Bank of Florida (CNBF) sold in October 2015).

This result has been obtained in a first quarter in which penalizing factors for the banking sector such as a drop in the reference interest rates (Euribor) and a lower profitability form the debt portfolios have continued to accentuate.

In this context, the Bankia Group's ability to operate with high levels of efficiency and to reduce the cost of risk, with the subsequent savings on provisioning, proves to be crucial to neutralize the decrease in gross income and to be able to post attributable profit growth rates (on a like-for-like basis).

INCOME STATEMENT

(€ million)	1Q 2016	1Q 2015	Change Amount	Change %
Net interest income	**577**	**693**	**(116)**	**(16.7%)**
Dividends	0	1	(1)	(59.8%)
Share of profit/(loss) of companies accounted for using the equity method	8	6	2	40.6%
Total net fees and commissions	200	233	(33)	(14.2%)
Gains/(losses) on financial assets and liabilities	61	73	(12)	(16.6%)
Exchange differences	7	(1)	9	-
Other operating income/(expense)	(1)	(13)	12	(92.7%)
Gross income	**853**	**992**	**(139)**	**(14.0%)**
Administrative expenses	(362)	(390)	28	(7.1%)
Staff costs	(239)	(250)	12	(4.7%)
General expenses	(124)	(140)	16	(11.4%)
Depreciation and amortisation	(37)	(33)	(4)	12.6%
Operating income before provisions	**454**	**569**	**(115)**	**(20.3%)**
Provisions	(116)	(175)	59	(33.6%)
Provisions (net)	(28)	23	(52)	-
Impairment losses on financial assets (net)	(87)	(198)	110	(55.7%)
Operating profit/(loss)	**338**	**394**	**(57)**	**(14.3%)**
Impairment losses on non-financial assets	(2)	(2)	-	-
Other gains and other losses	(21)	(57)	36	(63.7%)
Profit/(loss) before tax	**315**	**336**	**(21)**	**(6.3%)**
Corporate income tax	(78)	(86)	8	(9.4%)
Profit/(loss) after tax	**237**	**250**	**(13)**	**(5.3%)**
Profit/(Loss) attributable to minority interests	0	5	(5)	(100.0%)
Profit/(loss) attributable to the Group	**237**	**244**	**(8)**	**(3.3%)**
Cost to Income ratio (1)	**46.8%**	**42.6%**	**+4.2 p.p.**	**9.8%**
Recurring Cost to Income ratio (2)	**50.9%**	**46.0%**	**+4.9 p.p.**	**10.7%**

(1) Operating expenses / Gross income

(2) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences)

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CONSOLIDATED QUARTERLY RESULTS

(€ million)	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015
Net interest income	**577**	**665**	**688**	**695**	**693**
Dividends	0	0	1	3	1
Share of profit/(loss) of companies accounted for using the equity method	8	8	7	12	6
Total net fees and commissions	200	229	228	248	233
Gains/(losses) on financial assets and liabilities	61	57	73	78	73
Exchange differences	7	9	10	13	(1)
Other operating income/(expense)	(1)	(192)	(4)	(11)	(13)
Gross income	**853**	**776**	**1,001**	**1,037**	**992**
Administrative expenses	(362)	(361)	(376)	(384)	(390)
Staff costs	(239)	(234)	(242)	(244)	(250)
General expenses	(124)	(127)	(134)	(140)	(140)
Depreciation and amortisation	(37)	(39)	(38)	(36)	(33)
Operating income before provisions	**454**	**375**	**587**	**617**	**569**
Provisions	(116)	(78)	(151)	(147)	(175)
Provisions (net)	(28)	(8)	5	12	23
Impairment losses on financial assets (net)	(87)	(70)	(156)	(159)	(198)
Operating profit/(loss)	**338**	**297**	**436**	**470**	**394**
Impairment losses on non-financial assets	(2)	42	(4)	(9)	(2)
Other gains and other losses	(21)	141	(29)	(45)	(57)
Profit/(loss) before tax	**315**	**480**	**403**	**417**	**336**
Corporate income tax	(78)	(110)	(90)	(105)	(86)
Profit/(loss) after tax	**237**	**369**	**314**	**312**	**250**
Profit/(Loss) attributable to minority interests	0	1	14	1	5
Profit/(loss) attributable to the Group	**237**	**369**	**300**	**311**	**244**
Effect of IPO provision (net)		(184)			
Reported profit attributable to the Group	**237**	**185**	**300**	**311**	**244**
Cost to Income ratio (1)	**46.8%**	**51.7%**	**41.4%**	**40.5%**	**42.6%**
Recurring Cost to Income ratio (2)	**50.9%**	**56.5%**	**45.1%**	**44.3%**	**46.0%**

(1) Operating expenses / Gross income

(2) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences)

- **Net interest income** totaled €577 million in 1Q 2016. On a like for like basis (excluding the effect of the sale of CNBF), this represents a decrease of 12.4% vs the first quarter of 2015 (€659 million).

  Net interest income performance is affected by the repricing of the SAREB bonds in December 2015, which we estimate reduces quarterly net interest income by €39 million.

  Excluding the effect of the sale of CNBF along with the impact of the SAREB bond repricing, net interest income would be 6.9% lower year on year.

  The Euribor rate has continued to slide, entering negative territory for the first time ever (-0.012% in March 2016), impacting significantly the yielding of the mortgage book.

  Additionally, the elimination of floor clauses, which Bankia no longer includes in its terms and conditions for home mortgage loans, also impacts net interest income by €11 million versus 1Q 2015.

  The Group has managed the cost of liabilities and has focused on a more profitable product mix (new loans concentrates on businesses and consumer finance), allowing for a 16 bps improvement in the gross customer margin versus 1Q 2015 to achieve 1.56% at the end of March 2016.

REVENUES AND EXPENSES

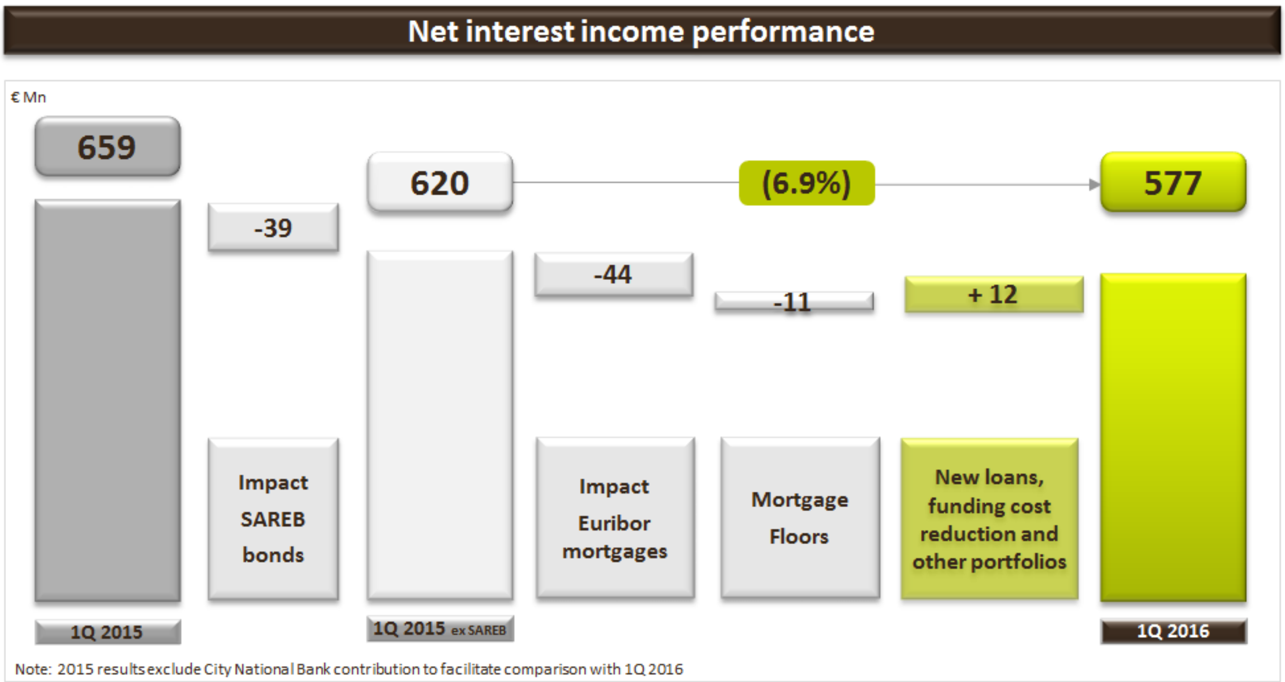
	1 Q 2016				1 Q 2015			
(€ million & %)	Average Amount	Weight (%)	Revenues /Expenses	Yield	Average Amount	Weight (%)	Revenues /Expenses	Yield
Loans and advances to credit institutions	7,259	3.5%	4	0.23%	9,140	4.0%	0.3	0.02%
Net Loans and advances to customers (a)	107,900	52.5%	506	1.89%	112,444	49.1%	606	2.18%
Debt securities	55,197	26.8%	217	1.58%	62,501	27.3%	330	2.14%
Other interest earning assets [1]	357	0.2%	2	2.35%	380	0.2%	5	4.81%
Other non-interest earning assets	34,914	17.0%	-	-	44,731	19.5%	-	-
Total Assets (b)	**205,627**	**100.0%**	**729**	**1.43%**	**229,196**	**100.0%**	**940**	**1.66%**
Deposits from central banks and credit institutions	41,099	20.0%	23	0.22%	58,575	25.6%	31	0.22%
Customer deposits (c)	105,482	51.3%	85	0.33%	105,700	46.1%	205	0.79%
Strict Customer Deposits	*93,231*	45.3%	*75*	*0.32%*	*94,346*	41.2%	*181*	*0.78%*
Repos	*5,880*	2.9%	*0.2*	*0.01%*	*3,678*	1.6%	*0.5*	*0.05%*
Single-certificate covered bonds	*6,371*	3.1%	*10*	*0.62%*	*7,676*	3.3%	*24*	*1.25%*
Marketable securities	23,395	11.4%	34	0.58%	23,133	10.1%	33	0.59%
Subordinated liabilities	1,057	0.5%	8	3.13%	1,049	0.5%	9	3.41%
Other interest earning liabilities [1]	953	0.5%	2	0.75%	1,399	0.6%	2	0.59%
Other liabilities with no cost	20,996	10.2%	-	-	26,659	11.6%	-	-
Equity	12,647	6.2%	-	-	12,681	5.5%	-	-
Total equity and liabilities (d)	**205,627**	**100.0%**	**152**	**0.30%**	**229,196**	**100.0%**	**281**	**0.50%**
Customer margin (a-c)				**1.56%**				**1.40%**
Net interest margin (b-d)			**577**	**1.13%**			**659**	**1.17%**
City National Bank Contribution	**-**		**-**		***4,783***		***34***	
Consolidated Net interest margin	**205,627**		**577**	**1.13%**	**233,979**		**693**	**1.20%**

(1) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities

REVENUES AND EXPENSES

(€ million & %)	1 Q 2016 Average Amount	1 Q 2016 Weight (%)	1 Q 2016 Revenues /Expenses	1 Q 2016 Yield	4 Q 2015 Average Amount	4 Q 2015 Weight (%)	4 Q 2015 Revenues /Expenses	4 Q 2015 Yield
Loans and advances to credit institutions	7,259	3.5%	4	0.23%	6,944	3.3%	2.6	0.15%
Net Loans and advances to customers (a)	107,900	52.5%	506	1.89%	109,238	51.5%	572	2.08%
Debt securities	55,197	26.8%	217	1.58%	59,308	28.0%	275	1.84%
Other interest earning assets [1]	357	0.2%	2	2.35%	360	0.2%	2	2.60%
Other non-interest earning assets	34,914	17.0%	-	-	36,091	17.0%	-	-
Total Assets (b)	**205,627**	**100.0%**	**729**	**1.43%**	**211,941**	**100.0%**	**852**	**1.59%**
Deposits from central banks and credit institu	41,099	20.0%	23	0.22%	44,366	20.9%	26	0.24%
Customer deposits (c)	105,482	51.3%	85	0.33%	106,859	50.4%	125	0.47%
Strict Customer Deposits	*93,231*	45.3%	*75*	*0.32%*	*94,646*	44.7%	*108*	*0.45%*
Repos	*5,880*	2.9%	*0.2*	*0.01%*	*5,374*	2.5%	*-0.3*	*-0.02%*
Single-certificate covered bonds	*6,371*	3.1%	*10*	*0.62%*	*6,840*	3.2%	*17*	*1.00%*
Marketable securities	23,395	11.4%	34	0.58%	24,249	11.4%	32	0.52%
Subordinated liabilities	1,057	0.5%	8	3.13%	1,042	0.5%	9	3.24%
Other interest earning liabilities [1]	953	0.5%	1.8	0.75%	1,031	0.5%	2	0.80%
Other liabilities with no cost	20,996	10.2%	-	-	21,438	10.1%	-	-
Equity	12,647	6.2%	-	-	12,956	6.1%	-	-
Total equity and liabilities (d)	**205,627**	**100.0%**	**152**	**0.30%**	**211,941**	**100.0%**	**194**	**0.36%**
Customer margin (a-c)				**1.56%**				**1.61%**
Net interest margin (b-d)			**577**	**1.13%**			**658**	**1.23%**
City National Bank Contribution	**-**		**-**		***968***		***7***	
Consolidated Net interest margin	**205,627**		**577**	**1.13%**	**212,909**		**665**	**1.24%**

(1) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities



- **Net fee and commission income totaled €200 million,** €33 million lower than in the first quarter of 2015. The new commercial positioning was launched in January 2016 removing all fees and commissions for customers who arrange for their incomings to be paid directly into their accounts with the Bank (direct deposits). The impact of this campaign was €10 million over the quarter, in line with the expected overall impact during the year of €40 million.

  This quarter is also affected by the drop in fees and commissions associated with the management and sale of portfolios and NPLs, which decreases by €15 million compared to 1Q 2015, as no loan portfolios were sold in the first three months of the year.

  Nevertheless, as in previous quarters, it is worth mentioning the positive year on year evolution on fees and commissions from the sale of insurance products (+18.7%) and mutual funds (+3%), driven by sustained growth in the managed volumes of these products.

NET FEE AND COMMISSION INCOME

(€ million)	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	Change 1Q 2016/1Q 2015	
Contingent risks and commitments	21	23	23	23	24	(3)	(12.7%)
Payments services	70	88	83	89	85	(15)	(17.7%)
Bills of exchange	10	10	10	11	10	-	-
Debit and credit cards	38	50	43	46	43	(5)	(12.0%)
Means of payment	7	8	8	10	9	(2)	(27.0%)
Other	15	20	22	22	22	(7)	(29.9%)
Securities brokerage service	13	14	13	14	14	(1)	(4.6%)
Marketing of products	71	69	72	78	66	5	7.5%
Investment funds	26	29	27	27	25	1	3.0%
Pension funds	15	15	15	15	15	-	-
Insurance and other	31	25	30	35	26	5	18.7%
Other	43	57	57	66	63	(20)	(31.7%)
FEES AND COMMISSIONS RECEIVED	**218**	**250**	**248**	**271**	**251**	**(34)**	**(13.4%)**
FEES AND COMMISSIONS PAID	**18**	**21**	**21**	**22**	**19**	**(1)**	**(2.9%)**
TOTAL NET FEE AND COMMISSION INCOME	**200**	**229**	**228**	**248**	**233**	**(33)**	**(14.2%)**
of which: City National Bank of Florida	**-**	**1**	**2**	**3**	**3**	**(3)**	**(100.0%)**

- At the end of the first quarter of 2016, **net trading income (NTI)** totaled €61 million, a 16.6% decrease vs 1Q15, basically because of a lower rolling of fixed-income portfolios.

- The negative balance of **other operating income and expenses** has fell by €12 million to €-1 million at the end of 1Q 2016 due to the reduction costs associated with real-estate asset management, debt collection and others.

- **Gross income** is down 14% versus 1Q 2015 to €853 million. Excluding the effect of the SAREB bonds repricing and the sale of CNBF, the decline in the gross margin is 6.8% compared to the first quarter of 2015. Such decline is basically related to core banking business (net interest income and fee and commission income).

- **Operating expenses (administrative expenses and depreciation and amortization charges) are down 1.2%** versus 1Q 2015, excluding the effect of the sale of CNBF. To highlight the good evolution of general expenses, which decreases 7.6% on a like-for-like basis due to several initiatives focused on cost containment and rationalization that were implemented after the Group's restructuring was completed.

At the end of the first quarter of 2016, the efficiency ratio stands at 46.8% compared to 42.6% at 1Q 2015.

ADMINISTRATIVE EXPENSES

(€ milllon)	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	Change 1Q 2016/1Q 2015	
Staff cost	**239**	**234**	**242**	**244**	**250**	**(12)**	**(4.7%)**
Wages and salaries	184	171	182	185	185	(1)	(0.5%)
Social security costs	44	43	42	44	46	(2)	(4.7%)
Pension plans	4	10	10	12	10	(6)	(59.5%)
Others	7	11	7	3	10	(3)	(30.4%)
General expenses	**124**	**127**	**134**	**140**	**140**	**(16)**	**(11.4%)**
From property, fixtures and supplies	27	31	31	29	31	(4)	(12.1%)
IT and communications	39	38	39	43	42	(3)	(6.9%)
Advertising and publicity	11	11	12	13	15	(4)	(25.1%)
Technical reports	6	7	15	8	11	(5)	(43.1%)
Surveillance and security courier services	3	4	4	4	4	(0)	(5.7%)
Levies and taxes	15	17	14	14	14	1	5.2%
Insurance and self-insurance premiums	1	1	1	1	1	-	-
Other expenses	21	18	19	27	22	(1)	(5.1%)
TOTAL ADMINISTRATIVE EXPENSES	**362**	**361**	**376**	**384**	**390**	**(28)**	**(7.1%)**
of which: City National Bank of Florida	**-**	**3**	**19**	**19**	**19**	**(19)**	**(100.0%)**

- As a result of the aforementioned changes, **pre-provision profit** is €454 million. This is 17.5% down on the 1Q 2015 figure, adjusted for the sale of CNBF.

- During the first three months of 2016, **the Bankia Group provisioned €87 million for impairment losses on financial assets, with a significant reduction in provisioning of 55.7% versus 1Q 2015**. This is due to an active risk management and therefore, from the enhanced quality of the Bank's loan book. The decrease in provisions has allowed for a reduction in **Group's cost of risk from 0.55% in 1Q 2015 to 0.33% in 1Q 2016 – a 22 bps improvement** year on year.

During the first quarter of 2016, the balance of other net provisions posted a negative balance of €28 million, which primarily included provisions for off-balance-sheet exposures and other contingent liabilities. This balance showed a positive €23 million in 1Q 2015 due to the guarantees released during the period.

- Lastly, the total balance of **other gains and other losses** also improved, standing at a negative €21 million; some €36 million down versus 1Q 2015. This improvement was due to the higher quality of all assets enabling the Group to significantly reduce (-77%) impairment of properties and foreclosed assets compared to 1Q 2015.

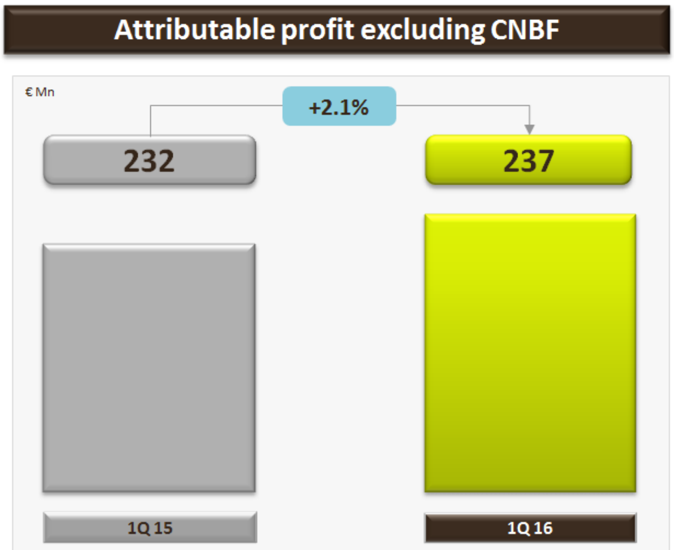
- Attributed profit stands at €237 million, 2.1% higher than in the first quarter of 2015, excluding the effect of CNBF leaving the scope of consolidation.

  This result highlights the contribution that the Group's efficiency and low cost of risk have on the result generation.

PROVISIONS

(€ million)	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	Change 1Q 2016/1Q 2015	
Impairment losses on financial assets (net)	(87)	(70)	(156)	(159)	(198)	110	(55.7%)
Impairment losses on non-financial assets	(2)	42	(4)	(9)	(2)	-	-
Foreclosed assets	(10)	(76)	(28)	(55)	(43)	33	(76.4%)
Provisions (net)	(28)	(8)	5	12	23	(52)	-
TOTAL RECURRENT PROVISIONS	**(128)**	**(112)**	**(182)**	**(211)**	**(219)**	**90**	**(41.4%)**
IPO contingency provision (1)	-	(184)	-	-	-	-	-
TOTAL PROVISIONS INCLUDING IPO CONTINGENCY	**(128)**	**(296)**	**(182)**	**(211)**	**(219)**	**90**	**(41.4%)**

(1) Provision against the P/L account. In addition, there is a charge in 4Q15 against reserves of €240mn



4. BALANCE SHEET

			Change	
(€ million)	Mar-16	Dec-15	Amount	%
Cash and balances at central banks	1,197	2,979	(1,782)	(59.8%)
Financial assets held for trading	13,288	12,202	1,086	8.9%
Of which: loans and advances to customers	-	-	-	-
Available-for-sale financial assets	29,496	31,089	(1,593)	(5.1%)
Debt securities	29,496	31,089	(1,593)	(5.1%)
Equity instruments	-	-	-	-
Loans and receivables	116,383	117,776	(1,393)	(1.2%)
Bank deposits	6,315	6,443	(128)	(2.0%)
Loans and advances to customers	109,295	110,570	(1,275)	(1.2%)
Rest	773	762	11	1.4%
Held-to-maturity investments	24,997	23,701	1,296	5.5%
Hedging derivatives	4,391	4,073	318	7.8%
Non-current assets held for sale	2,770	2,962	(191)	(6.5%)
Equity investments	285	285	(1)	(0.2%)
Tangible and intangible assets	2,252	2,261	(9)	(0.4%)
Other assets, prepayments and accrued income, and tax assets	9,437	9,642	(204)	(2.1%)
TOTAL ASSETS	**204,496**	**206,970**	**(2,474)**	**(1.2%)**
Financial liabilities held for trading	13,748	12,408	1,340	10.8%
Financial liabilities at amortised cost	173,431	176,276	(2,845)	(1.6%)
Deposits from central banks	16,976	19,474	(2,498)	(12.8%)
Deposits from credit institutions	24,038	23,228	809	3.5%
Customer deposits and funding via clearing houses	106,069	108,702	(2,633)	(2.4%)
Debt securities in issue	24,402	22,881	1,521	6.6%
Subordinated liabilities	1,062	1,046	16	1.5%
Other financial liabilities	886	945	(60)	(6.3%)
Hedging derivatives	1,025	978	48	4.9%
Liabilities under insurance contracts	-	-	-	-
Provisions	2,204	2,898	(695)	(24.0%)
Other liabilities, accruals and deferred income & tax liabilities	1,527	1,714	(187)	(10.9%)
TOTAL LIABILITIES	**191,935**	**194,274**	**(2,339)**	**(1.2%)**
Minority interests	48	66	(18)	(27.5%)
Valuation adjustments	654	696	(42)	(6.0%)
Equity	11,859	11,934	(75)	(0.6%)
TOTAL EQUITY	**12,561**	**12,696**	**(135)**	**(1.1%)**
TOTAL EQUITY AND LIABILITIES	**204,496**	**206,970**	**(2,474)**	**(1.2%)**

Dynamism in new lending and a more profitable retail customer funds mix

- In 1Q 2016 the Bankia Group has continued to increase the rate of new lending. As a result new lending has significantly increase in the first quarter of 2015, with this **growth concentrated in the consumer finance (+42.7%) and business (+8.7%) key segments**. This rise in new loans has driven **a 2.3% increase in the loan book for these segments** compared to the end of March 2015. Nevertheless, the uptick in new loans still does not offset repayments, primarily in the retail mortgage loans segment. For this reason, g**ross loans and advances to customers** has therefore fallen by 1.3% from December 2015 to €116,489 million at the end of March 2016.

This decrease in lending was concentrated in non-performing loans (-3.5%) and secured loans (-1.2%), consisting mainly of mortgage and developer loans. In contrast, personal guarantee loans are up (+2.9%) thanks to new loans to businesses, consumers and the self-employed.

CUSTOMER LOANS

			Change	
(€ million)	Mar-16	Dec-15	Amount	%
Spanish public sector	5,695	5,738	(43)	(0.7%)
Other resident sectors	93,173	93,730	(558)	(0.6%)
Secured loans and advences	69,099	69,960	(862)	(1.2%)
Personal guarantee loans	15,471	15,035	436	2.9%
Business loans and other credit facilities	8,603	8,735	(132)	(1.5%)
Non-residents	3,009	3,128	(119)	(3.8%)
Repo transactions	1,030	1,096	(66)	(6.0%)
Of which: reverse repurchase agreements with BFA	*1,028*	*899*	*128*	*14.3%*
Other financial assets	1,758	2,043	(285)	(14.0%)
Of which: collection right against BFA due to the IPO [(1)]	*1,104*	*1,104*	-	-
Of which: Collateral provided to BFA [(2)]	*1*	*1*	-	-
Other valuation adjustments	2	(9)	12	-
Non-performing assets	11,822	12,252	(429)	(3.5%)
Gross loans and advances to customers	**116,489**	**117,977**	**(1,488)**	**(1.3%)**
Loan loss reserve	(7,195)	(7,407)	213	(2.9%)
NET LOANS AND ADVANCES TO CUSTOMERS	**109,295**	**110,570**	**(1,275)**	**(1.2%)**
Gross loans & advances to customers excluding balances with BFA	**114,356**	**115,973**	**(1,616)**	**(1.4%)**
NET LOANS & ADVANCES TO CUSTOMERS EXCLUDING BALANCES WITH BFA	**107,162**	**108,565**	**(1,404)**	**(1.3%)**

(1) Amounts to be recovered from BFA as a result of the agreement to distribute, between Bankia and BFA, the contingency cost derived from the civil lawsuits brought by retail shareholders in relation to Bankia's IPO in 2011. The total costs that have been assumed by BFA (up to €1,104 million which correspond to 60% of estimated contingency) are detailed in the amendment to the Transactional Agreement signed between both parties on the 27th February 2015

(2) Collateral provided by Bankia to BFA due to the Repo and derivatives transactions

- Retail **customer funds** (strict deposits and funds managed off-balance-sheet) reached a total of €116,784 million at the end of March 2016, down 2.5% on December 2015 because of the outflow of surplus cash deposited by the public sector in 4Q 2015, which was redeemable in the first quarter of 2016.

  For yet another quarter, current account, savings accounts and mutual funds have attracted the savings transferred by customers from term deposits, growing 1.8%, 2.3% and 1.2%, respectively, from the end of December 2015.

The most notable year-on-year increase was in assets managed in investment funds (+9.4% versus 1Q 2015) – a segment in which the Bankia Group market share stands at 5.61% in March 2016; 52 bps higher than a year earlier.

CUSTOMER FUNDS

			Change	
(€ million)	Mar-16	Dec-15	Amount	%
Spanish public sector	4,387	6,779	(2,392)	(35.3%)
Repo transactions	-	-	-	-
Other resident sectors	96,403	98,898	(2,495)	(2.5%)
Current accounts	16,789	16,500	289	1.8%
Savings accounts	27,089	26,490	599	2.3%
Term deposits and other	52,525	55,908	(3,383)	(6.1%)
Repo transactions	2,422	3,637	(1,216)	(33.4%)
Singular mortgage securities	5,848	6,475	(627)	(9.7%)
Rest	44,256	45,796	(1,540)	(3.4%)
Non-residents	5,279	3,025	2,254	74.5%
Repo transactions	3,800	1,600	2,200	137.5%
Funding via clearing houses and customer deposits	**106,069**	**108,702**	**(2,633)**	**(2.4%)**
Debentures and other marketable securities	24,402	22,881	1,521	6.6%
Subordinated loans	1,062	1,046	16	1.5%
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**131,532**	**132,629**	**(1,097)**	**(0.8%)**
Mutual funds	12,730	12,580	150	1.2%
Pension funds	6,356	6,436	(80)	(1.2%)
Insurance	3,698	3,757	(59)	(1.6%)
Off-balance-sheet customer funds	**22,784**	**22,773**	**11**	**0.1%**
TOTAL CUSTOMER FUNDS	**154,316**	**155,402**	**(1,085)**	**(0.7%)**

						Change	
(€ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Mar-16/Dec-15	
Spanish public sector	**4,387**	**6,779**	**5,790**	**6,142**	**5,229**	**(2,392)**	**(35.3%)**
Other resident sectors	**88,134**	**88,786**	**87,423**	**87,630**	**89,564**	**(652)**	**(0.7%)**
Current accounts	16,789	16,500	15,459	15,088	15,645	289	1.8%
Savings accounts	27,089	26,490	25,523	25,506	24,056	599	2.3%
Term deposits	44,256	45,796	46,441	47,036	49,863	(1,540)	(3.4%)
Non-residents	**1,479**	**1,425**	**1,376**	**1,274**	**1,259**	**54**	**3.8%**
Strict Customer Deposits	**94,000**	**96,990**	**94,589**	**95,045**	**96,052**	**(2,990)**	**(3.1%)**
Off-balance-sheet customer funds	**22,784**	**22,773**	**22,302**	**22,221**	**22,434**	**11**	**0.1%**
Total customer funds + off-balance funds	**116,784**	**119,762**	**116,890**	**117,267**	**118,486**	**(2,978)**	**(2.5%)**

5. RISK MANAGEMENT

New improvements in the Group's asset quality and risk management

The first quarter of 2016 has confirmed the positive trend in delinquency seen in previous quarters. NPL entries are down 23% compared to 1Q15 and 47% vs 4Q15, while recoveries remained at a good pace. **NPLs fell** for the ninth quarter running, ending March 2016 at €12,564 million; €431 million lower than in December 2015 (-3.3%).

This drop in NPLs contributes to the ongoing improvement in the Group's NPL ratio, which is 22 bps lower over the quarter to arrive at 10.5% at 31 March 2016. The drop from 1Q 2015 is 210 bps, underlining the Group's efforts to manage asset quality.

This decrease in delinquencies is accompanied by an increase in the coverage ratio to 60.5% at the end of 1Q16 compared to 59.4% a year earlier.

Furthermore, as part of its strategy of offloading distressed assets, in 1Q 2016 the Group's stock of foreclosed assets was reduced by 2.3% in gross terms versus December 2015.

NPL RATIO AND NPL COVERAGE RATIO

						Mar-16 / Dec-15	
(€ million and %)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Amount	%
Non-performing loans	12,564	12,995	14,084	15,308	16,084	(431)	(3.3%)
Total risk-bearing assets	119,366	120,924	123,410	125,955	127,366	(1,558)	(1.3%)
Total NPL ratio (1)	**10.5%**	**10.8%**	**11.4%**	**12.2%**	**12.6%**		**-0.3 p.p.**
Total provisions	7,601	7,794	8,691	9,271	9,554	(193)	(2.5%)
Generic	60	60	233	153	153	-	-
Specific	7,520	7,713	8,430	9,091	9,380	(192)	(2.5%)
Country risk	21	21	28	27	21	-	-
NPL coverage ratio	**60.5%**	**60.0%**	**61.7%**	**60.6%**	**59.4%**		**+0.5 p.p.**

(1) NPL ratio: (non-performing loans and advances to customers and contingent liabilities) / (loans, advances and contigent risks)
Mar-16 figures exclude the following transactions with BFA (€1,028 million Repo, €1,104 million collection right, as agreed, 60% of the total estimated IPO contingency, and €1 million of collateral provided)

CHANGE IN NPLs

(€ million and %)	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015
Non-performing loans at the begining of the period	**12,995**	**14,084**	**15,308**	**16,084**	**16,547**
+ Gross entries	665	1,266	746	857	861
- Recoveries	(1,017)	(1,502)	(1,065)	(1,273)	(1,219)
= Net entries	(352)	(236)	(319)	(416)	(358)
- Write offs	(79)	(147)	(29)	(44)	(104)
- Sales (1)	-	(706)	(876)	(316)	-
Non-performing loans at the end of the period	**12,564**	**12,995**	**14,084**	**15,308**	**16,084**

(1) Book-value of NPLs disposals. This figure does not include any additional rights related to the portfolio sold

GROSS EXPOSURE BY SECTOR AND COVERAGE RATIOS

(€ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Mar-16 / Dec-15 Amount	Mar-16 / Dec-15 %
Gross exposure							
Individuals	71,811	72,914	73,901	76,352	76,491	(1,103)	(1.5%)
Businesses	34,776	34,544	34,962	34,714	35,324	232	0.7%
Developers	1,648	1,814	2,108	2,479	2,733	(165)	(9.1%)
Public sector & others	6,123	6,702	6,419	6,159	6,651	(580)	(8.6%)
Gross Credit [(1)]	**114,358**	**115,974**	**117,391**	**119,704**	**121,200**	**(1,616)**	**(1.4%)**
Gross credit ex developers [(1)]	**112,709**	**114,160**	**115,283**	**117,225**	**118,467**	**(1,451)**	**(1.3%)**
Impairments							
Individuals	2,151	2,170	2,450	2,724	2,728	(19)	(0.9%)
Businesses	4,108	4,230	4,702	4,842	4,974	(123)	(2.9%)
Developers	936	1,007	1,159	1,321	1,423	(71)	(7.0%)
Total Impairments	**7,195**	**7,407**	**8,311**	**8,887**	**9,125**	**(213)**	**(2.9%)**
Coverage ex developers	**6,259**	**6,400**	**7,152**	**7,566**	**7,702**	**(142)**	**(2.2%)**
Coverage (%)							
Individuals	3.0%	3.0%	3.3%	3.6%	3.6%		-
Businesses	11.8%	12.2%	13.4%	13.9%	14.1%		-0.4 p.p.
Developers	56.8%	55.5%	55.0%	53.3%	52.1%		+1.3 p.p.
Total coverage	**6.3%**	**6.4%**	**7.1%**	**7.4%**	**7.5%**		**-0.1 p.p.**
Coverage ex developers	**5.6%**	**5.6%**	**6.2%**	**6.5%**	**6.5%**		**-**

(1)Gross Credit excludes transactions with BFA (Mar-16 €1,028 million Repo, €1,104 million collection right, as agreed, 60% of the total estimated IPO contingency, and €1 million of collateral provided)

BREAKDOWN OF FORECLOSED ASSETS

	Gross value				
(€ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
Property assets from financing intended for construction and property development	414	430	510	551	553
Of which: finished buildings	303	305	324	329	329
Of which: buildings under construction	29	42	42	42	42
Of which: Land	83	83	144	180	182
Property acquired related to mortgage loans to homebuyers	2,764	2,838	2,927	3,038	3,074
Other foreclosed assets	607	606	614	599	587
Total	**3,786**	**3,874**	**4,051**	**4,188**	**4,213**

	Impairments				
(€ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
Property assets from financing intended for construction and property development	129	142	202	236	237
Of which: finished buildings	78	79	88	88	86
Of which: buildings under construction	12	23	20	20	20
Of which: Land	39	40	94	128	131
Property acquired related to mortgage loans to homebuyers	848	883	883	916	912
Other foreclosed assets	162	160	165	161	159
Total	**1,139**	**1,185**	**1,249**	**1,313**	**1,308**

	Net value				
(€ million)	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
Property assets from financing intended for construction and property development	286	288	308	315	316
Of which: finished buildings	225	226	235	241	243
Of which: buildings under construction	17	19	22	22	22
Of which: Land	44	43	51	52	51
Property acquired related to mortgage loans to homebuyers	1,916	1,955	2,044	2,122	2,161
Other foreclosed assets	445	445	450	438	428
Total	**2,647**	**2,689**	**2,802**	**2,875**	**2,905**

6. FUNDING STRUCTURE AND LIQUIDITY

At the end of the first quarter of 2016, available liquid assets exceed €29,576 million; equivalent to 14.5% of the Group's assets and covering wholesale debt maturities by 1.2x.

The Group also enjoys a robust retail funding structure. At the of 1Q 2016, the Bankia Group posted an LTD ratio of 103.9%, evidencing the balance achieved by the Group between its lending and deposits volumes.

Additionally, the Bankia Group selectively chooses its issuances on fixed-income markets in order to complement its structural liquidity requirements. In this regard, during the first three months of 2016, Bankia successfully placed two new issuances of covered bonds totaling €2,000 million.

LTD RATIO AND CUSTOMER FUNDING GAP

			Change	
(€ million)	Mar-16	Dec-15	Amount	%
Net Loans and advances to customers	**109,295**	**110,570**	**(1,275)**	**(1.2%)**
o/w Repo transactions RPS(1)	0	195	(195)	(100.0%)
o/w Repo transactions NRE(1)	2	2	-	-
o/w Repo transactions with BFA(1)	1,028	899	128	14.3%
o/w collateral delivered to BFA(2)	1,105	1,105	-	-
a. Strict Net Loans and advances to customers	**107,159**	**108,369**	**(1,209)**	**(1.1%)**
Strict customer deposits and retail commercial paper	94,000	96,990	(2,990)	(3.1%)
Single-certificate covered bonds	5,848	6,475	(627)	(9.7%)
ICO/EIB deposits	3,328	2,928	400	13.7%
b. Total Deposits	**103,175**	**106,393**	**(3,217)**	**(3.0%)**
LTD ratio (a/b)	**103.9%**	**101.9%**		**+2.0 p.p.**

(1) Reverse repurchase agreements

(2) Collection rights against BFA due to the distribution of the estimated contingency costs associated to the IPO 2011 (€1,104mn) and collateral provided to BFA (€1mn)

			Change	
(€ million)	Mar-16	Dec-15	Amount	%
Net Loans and advances to customers	**109,295**	**110,570**	**(1,275)**	**(1.2%)**
o/w Repo transactions RPS(1)	0	195	(195)	(100.0%)
o/w Repo transactions NRE(1)	2	2	-	-
o/w Repo transactions with BFA(1)	1,028	899	128	14.3%
o/w collateral delivered to BFA(2)	1,105	1,105	-	-
Strict Net Loans and advances to customers	**107,159**	**108,369**	**(1,209)**	**(1.1%)**
(-) Strict customer deposits and retail commercial paper	94,000	96,990	(2,990)	(3.1%)
(-) ICO/EIB deposits	3,328	2,928	400	13.7%
Strict Comercial GAP	**9,832**	**8,451**	**1,381**	**16.3%**

(1) Reverse repurchase agreements

(2) Collection rights against BFA due to the distribution of the estimated contingency costs associated to the IPO 2011 (€1,104mn) and collateral provided to BFA (€1mn)

7. SOLVENCY

With regards to **solvency**, the Bankia Group closed the first quarter of 2016 with a **CET 1 BIS III Phase In ratio of 14.06**% and a capital generation of +17 bps, exceeding the regulatory minimum set by the ECB as a result of the supervisor's review (10.25%) and because of the Bank being classified as an Other Systemically Important Institution (O-SII), requiring it to have a capital buffer of 0.25%, applicable over a period of four years (requirement for the current year: 0.0625%). Recurrent organic capital generation is driven by the accumulation of earnings and the gradual deleveraging of the balance sheet, which is compatible with improving the quality of the loan book and increasing lending to key segments.

On a fully loaded basis, the CET 1 BIS III ratio was 12.52%, which implies capital generation of +26 bps over the quarter.

At the end of March 2016, the leverage ratio stands at 5.7%.

SOLVENCY AND LEVERAGE

RATIOS PHASE IN

(€ million and %)	Mar-16 (1)	Dec-15 (1)
Eligible capital	12,145	12,323
Common equity Tier I (CET 1)	11,121	11,289
Tier I	11,121	11,289
Tier II	1,024	1,033
Risk-weighted assets	79,096	81,303
Common equity Tier I Phase In (CET 1) (%)	**14.1%**	**13.9%**
Tier I	14.1%	13.9%
Tier II	1.3%	1.3%
Solvency ratio - Total capital ratio (%)	**15.4%**	**15.2%**
Leverage ratio (phase in)	**5.7%**	**5.7%**
Total exposition leverage ratio	**195,198**	**199,551**

(1) Solvency ratios include the result attributable to the Group and discount the regulatory adjustment for the future dividend. At March 2016, discount the proportional part of dividend paid out against 2015 results (€302 Mn), i.e. €75.5 Mn

RATIOS FULLY LOADED

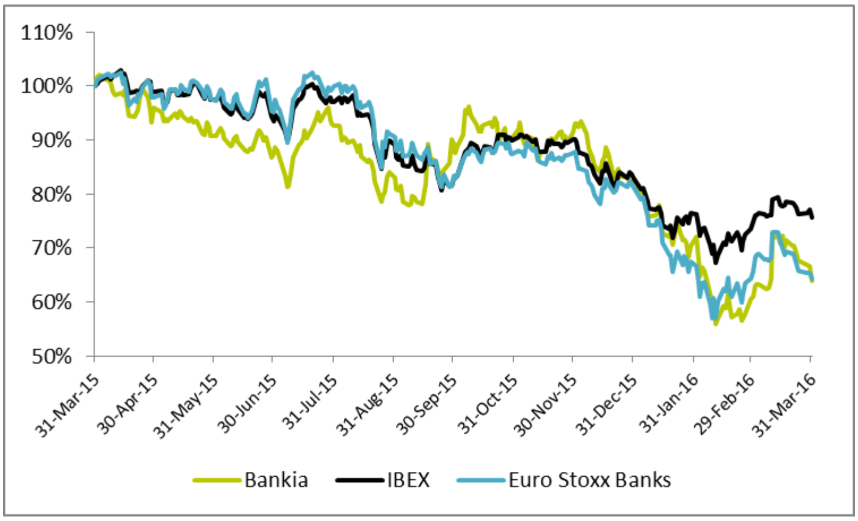
(€ million and %)	Mar-16 (1)	Dec-15 (1) (2)
Eligible capital	10,935	10,998
Common equity Tier I (CET 1)	9,904	9,964
Tier I	9,904	9,964
Tier II	1,031	1,034
Risk-weighted assets	79,096	81,303
Common equity Tier I Phase In (CET 1) (%)	**12.5%**	**12.3%**
Tier I	12.5%	12.3%
Tier II	1.3%	1.3%
Solvency ratio - Total capital ratio (%)	**13.8%**	**13.5%**
Leverage ratio (fully loaded)	**5.1%**	**5.0%**
Total exposition leverage ratio	**193,969**	**198,214**

(1) Solvency ratios include the result attributable to the Group and discount the regulatory adjustment for the future dividend. At March 2016, discount the proportional part of dividend paid out against 2015 results (€302 Mn), i.e. €75.5 Mn

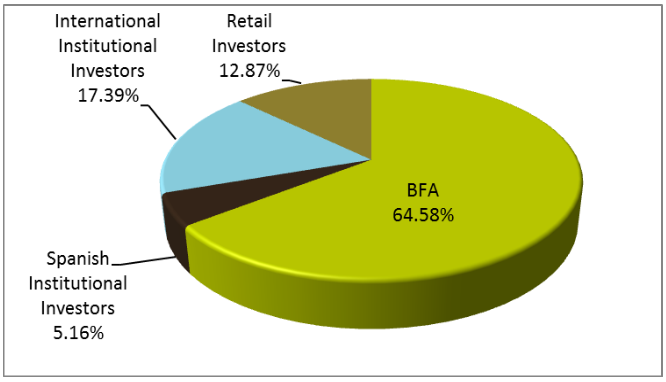
(2) Including unrealised gains on the sovereign portfolio at 31 March 2016, CET 1 BIS III FL ratio would have been 13.35 %, and total solvency ratio 14.65%

8. SHARE PERFORMANCE AND SHAREHOLDER STRUCTURE

SHARE PERFORMANCE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA



BANKIA (stock data)	Mar-16
Number of shareholders	354,670
Daily average volume (num. shares)	40,079,921
Daily average turnover (euros)	34,780,783
Maximum closing price (€/share)	1.044 (4-Jan)
Minimum closing price (€/share)	0.725 (11-Feb)
Closing price (€/share)	0.830

9. RATING

On 23 February 2016, Fitch Ratings ("Fitch") upgraded Bankia's long-term rating from BB+ to BBB-, with a Stable outlook. On 26 February 2016, this agency upgraded the rating of Bankia's covered bonds from A- to A, also with a Stable outlook.

Subsequently to the closing 1Q 2016, on 5 April 2016, Standard & Poor's Ratings Services ("S&P") raised Bankia's long-term rating one notch to BB+ (from BB), maintaining the Positive outlook.

In the case of Fitch, the rating upgrade primarily results from the Bank's enhanced risk profile and notable improvement in its asset quality ratios, accompanied by an adequate level of capitalization which provides a comfortable buffer to eventually deal with the stock of distressed assets that the Bank still has on its books. The agency also considers that sufficient provisions have been recorded at BFA and Bankia level to cover any liabilities arising from the current legal proceedings.

S&P is of the opinion that Bankia is being capable to satisfactorily improve its funding profile and liquidity by further reducing the customer funding gap, accessing longer-term sources of finance, and selling off distressed assets including real estate assets and NPLs. The agency highlights that the Bank posted strong results in 2015 despite the additional provisions set aside to cover possible legal claims relating to the 2011 IPO. It also considers that Bankia has successfully implemented its Strategic Plan, enabling the Group to preserve the stability of its business and its brand; all of which has led to a general improvement in its risk profile.

CREDIT AGENCY RATINGS

Issuer Ratings	Standard & Poor's	Fitch Ratings
Long-term	BB+	BBB-
Short-term	B	F3
Outlook	Positive	Stable
Date	5-Apr-16	23-Feb-16

Mortgage Covered Bonds Ratings	Standard & Poor's	Fitch Ratings	DBRS
Rating	A+	A	AA
Outlook	Stable	Stable	---
Date	15-Jan-16	26-Feb-16	14-Mar-16

10. SIGNIFICANT MATERIAL DISCLOSURES DURING THE QUARTER

Refunding of investments to minority shareholders who acquired shares during Bankia's IPO

On 17 February 2016, Bankia announced its decision to enable minority shareholders who took part in Bankia's IPO in 2011 to quickly and easily recoup all of their investment. If investors previously sold their shares, they will be refunded the difference between what they invested and the price at which they sold the shares. In both cases, Bankia will pay compensatory interest of 1% per annum over the time elapsed until the investment was refunded.

Under this procedure, shareholders will recoup their funds within an estimated 15 days for free and avoiding the cost of and time spent on legal or out-of-court proceedings.

Retail investors may apply, even if they are involved in any legal or out-of-court proceedings to recover their investment from the Bank. Nonetheless, if they have already filed a lawsuit, on recovering their investment, shareholders will be required to sign an agreement with the Bank withdrawing their claim.

The application period began on 18 February and will run for three months.

Bankia obtained funds from retail investors of €1,855 million during the public offering on July 2011.

In light of these figures, based on the information currently available and with the opening of the above mentioned process, the BFA-Bankia Group considers that the provision of €1,840 million set aside will be sufficient to refund shareholders their investments plus interest, and will also cover any legal costs for lawsuits in progress, thereby avoiding or limiting any delays in processing claims for investors and the Bank.

Dividend pay-out against 2015 profit

Pursuant to the resolutions adopted by shareholders at the 15 March 2016 General Meetings, Bankia paid out a dividend on 31 March 2016 against 2015 profits to shareholders holding shares conferring profit-sharing rights on the payment date for a total amount of €300.72 million (2.625 cents per share). This is close to 50% higher than the dividend distributed a year earlier.

Of this amount, €195.3 million was paid to Bankia's majority shareholder, BFA Tenedora de Acciones, S.A.U..

Completion of sale of Globalvia Infraestructuras

On 23 October 2015 the Bankia Group and Fomento de Construcciones y Contratas, S.A. (FCC) signed an agreement to sell 100% of the shares of Globalvia Infraestructuras, S.A. – a company in which Bankia and FCC had 50% shareholdings – to the funds USS, OPTrust and PGGM. The sale resulted from the funds exercising their preferential purchase right as holders of a €750 million bond convertible into company's shares.

The transaction price was structured into an initial payment of €166 million, to be made at the share transfer completion, and a deferred payment, to be made in the first half of 2017, which could reach a maximum of €254 million, depending on the valuation of the company at the time of conversion of the bond.

The sale-purchase agreement was signed by Bankia, FCC and the aforesaid funds on 17 March 2016.

11. APPENDIX

INCOME STATEMENT EXCLUDING CITY NATIONAL BANK OF FLORIDA

(€ million)	1Q 2016	1Q 2015	Change Amount	Change %
Net interest income	**577**	**659**	**(82)**	**(12.4%)**
Dividends	0	1	(0)	(29.2%)
Share of profit/(loss) of companies accounted for using the equity method	8	6	2	40.6%
Total net fees and commissions	200	230	(30)	(13.2%)
Gains/(losses) on financial assets and liabilities	61	72	(11)	(15.2%)
Exchange differences	7	(1)	9	(663.5%)
Other operating income/(expense)	(1)	(12)	11	(92.3%)
Gross income	**853**	**954**	**(101)**	**(10.6%)**
Administrative expenses	(362)	(371)	9	(2.4%)
Staff costs	(239)	(237)	(1)	0.5%
General expenses	(124)	(134)	10	(7.6%)
Depreciation and amortisation	(37)	(33)	(4)	12.6%
Operating income before provisions	**454**	**550**	**(96)**	**(17.5%)**
Provisions	(116)	(175)	59	(33.6%)
Provisions (net)	(28)	23	(52)	-
Impairment losses on financial assets (net)	(87)	(198)	110	(55.7%)
Operating profit/(loss)	**338**	**375**	**(38)**	**(10.0%)**
Impairment losses on non-financial assets	(2)	(2)	-	-
Other gains and other losses (1)	(21)	(57)	36	(63.7%)
Profit/(loss) before tax	**315**	**317**	**(2)**	**(0.7%)**
Corporate income tax	(78)	(80)	2	(2.5%)
Profit/(loss) after tax	**237**	**237**	**-**	**-**
Profit/(Loss) attributable to minority interests	0	5	(5)	(100.0%)
Profit/(loss) attributable to the Group	**237**	**232**	**5**	**2.1%**
Cost to Income ratio (1)	**46.8%**	**42.4%**	**+4.4 p.p.**	**10.5%**
Recurring Cost to Income ratio (2)	**50.9%**	**45.7%**	**+5.2 p.p.**	**11.3%**

(1) Operating expenses / Gross income
(2) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences)

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Mar-16 (1)	Dec-15 (1)	Change Amount	Change %
ALCO Portfolio	29,748	29,744	4	0.0%
NO ALCO Portfolio	3,971	4,830	(859)	(17.8%)
SAREB Bonds	17,337	17,356	(19)	(0.1%)
Total Fixed Income Portfolio	**51,056**	**51,930**	**(874)**	**(1.7%)**

(1) Nominal values of the "available for sale" and "held to maturity" portfolios

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