Bankia

Quarterly Earnings Report

January-March 2018

27 April 2018

CONTENTS

Basis of presentation and comparability of information

The Bankia Group audits financial information for the periods closing 30 June and 31 December each year. Consequently, the financial information as at the end of March 2018 and March 2017 contained in this document has not been audited.

Given that the merger between Bankia and BMN was completed with accounting effect from 1 December 2017, the Group's balance sheets closed at 31 March 2018 and 31 December 2017 already include all assets and liabilities of the merged company. In the income statement, however, the results of BMN have only been integrated as from December 2017. Therefore, the Group's income statements for the first quarter of 2018 and the first quarter of 2017 are not stated on a constant perimeter basis. To facilitate comparison between the two periods, this report indicates how the main captions of the income statement would have changed in comparable terms, that is, as if BMN's earnings contribution had begun in the first quarter of 2017.

This document was originally prepared in Spanish. The English version published here is for information purposes only. In the event of any discrepancy between the English and the Spanish version, the Spanish version will prevail.

The Bankia Group completes the integration with BMN and closes the first quarter of 2018 with an attributable profit of 229 million euros

Bankia successfully completes integration with BMN in first quarter of 2018

- In March the Group closed the integration of Bankia's and BMN's technology platforms, barely two and a half months after the merger obtained all the required regulatory authorisations.
- All branches are now operating under the Bankia brand and more than 1,000 ATMs have been adapted throughout Spain.
- Following the technological integration, BMN customers are benefiting from Bankia's products and conditions.
- The branch closure process has concluded, such that the network now consists of 2,282 branches in 2018. The restructuring of the workforce has begun with more than 1,000 departures in April 2018. The Group expects to generate its first cost synergies as from the month of May.

Integration with BMN and the new commercial model continue driving business growth

- Since March 2017 the Group has recorded more than 163,000 net new customers and digital users of the "Connect with your expert" service have grown by 72.6%. Digital sales have reached 14.6% of total Group sales at the end of March 2018.
- Direct income deposits increase by more than 95,000 million euros with respect to March 2017 and revenues from credit and debit cards are up 13.6% year-on-year.
- The 'no fees' mortgage is driving new mortgage lending, which grows 18% compared with the first quarter of 2017. Lending to businesses is up 14% in the same period.
- The strategy for attracting savings remains focused on the most liquid resources and mutual funds. Demand deposits are up 27.9% in the quarter and mutual funds increase by 2.2%.

Customer focus, efficiency and controlling the cost of risk continue to be the basis for generating earnings

- In the first quarter of 2018 the Group records an attributable profit of 229 million euros.
- New direct income deposits and growth in credit and debit cards and assets under management are reflected in fees and commissions, which are up 2.4% year-on-year, on a constant perimeter basis (including the BMN results in the first quarter of 2017).
- On a constant perimeter basis, operating expenses remained stable with respect to the first quarter of 2017 (+0.8%).
- Provisions and impairments are 8.6% lower year-on-year and the Group's cost of risk narrows 8 basis points to 23 basis points at the end of March 2018.

Asset quality improves and the Group continues generating capital organically

- Non-performing loans decline 4% in the quarter and the NPL ratio drops 20 basis points to 8.7% at the end of March 2018 (-90 basis points year-on-year on a comparable perimeter basis).
- The declining trend of the portfolio of foreclosed assets, which sees the net book value decrease 91 million euros in the quarter (-541 million euros since March 2017 on a constant perimeter basis).
- In terms of solvency, the Group attains a CET1 Phase-in ratio of 13.89% and a Total Capital ratio of 16.88%, comfortably above the regulatory requirements for 2018: +533 basis points over the regulatory CET1 Phase-in ratio (8.56%) and +482 bps over the minimum Total Capital Phase-in ratio (12.06%). At the end of March 2018 the CET1 Fully Loaded ratio is 12.68%.
- After the close of the quarter, on 6 April, S&P Global Services raised Bankia's long-term rating from BBB- to BBB+.

1. RELEVANT DATA

	Mar-18	Dec-17	Change
Balance sheet (€ million)			
Total assets	209,043	213,932	(2.3%)
Loans and advances to customers (net)[1]	120,410	123,025	(2.1%)
Loans and advances to customers (gross)[1]	126,400	128,782	(1.8%)
On-balance-sheet customer funds	146,567	150,181	(2.4%)
Customer deposits and clearing houses	127,010	130,396	(2.6%)
Borrowings, marketable securities	17,048	17,274	(1.3%)
Subordinated liabilities	2,508	2,511	(0.1%)
Total customer funds	174,227	177,467	(1.8%)
Equity	12,960	13,222	(2.0%)
Common Equity Tier I - BIS III Phase In	11,917	12,173	(2.1%)
Solvency (%)			
Common Equity Tier I - BIS III Phase In	13.89%	14.15%	-0.26 p.p.
Total capital ratio - BIS III Phase In	16.88%	16.84%	+0.04 p.p.
Ratio CET1 BIS III Fully Loaded	12.68%	12.66%	+0.02 p.p.
Risk management (€ million and %)			
Total risk	134,258	136,353	(1.5%)
Non performing loans	11,631	12,117	(4.0%)
NPL provisions[2]	6,412	6,151	4.2%
NPL ratio	8.7%	8.9%	-0.2 p.p.
NPL coverage ratio[2]	55.1%	50.8%	+4.3 p.p.

	Mar-18	Mar-17 [3]	Change
Results (€ million)			
Net interest income	526	504	4.4%
Gross income	939	886	6.0%
Pre-provision profit	453	500	(9.3%)
Profit/(loss) attributable to the Group	229	304	(24.5%)
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	51.7%	43.6%	+8.1 p.p.
R.O.A. (Profit after tax / Average total assets) [4]	0.4%	0.7%	-0.3 p.p.
RORWA (Profit after tax / RWA) [5]	1.1%	1.6%	-0.5 p.p.
ROE (Profit attributable to the group / Equity) [6]	7.5%	10.2%	-2.7 p.p.
ROTE (Profit attributable to the group / Average tangible equity) [7]	7.7%	10.4%	-2.7 p.p.

	Mar-18	Dec-17	Change
Acción Bankia			
Number of shareholders	192,141	192,055	0.04%
Number of shares in issue (million)	3,085	3,085	-
Closing price (end of period, €)[8]	3.64	3.99	(8.7%)
Market capitalisation (€ million)	11,226	12,300	(8.7%)
Earnings per share[9] (€)	0.30	0.26	14.1%
Tangible book value per share[10] (€)	4.30	4.34	(0.8%)
PER (Last price [8] / Earnings per share[9])	12.06	15.07	(20.0%)
PTBV (Last price [8] / Tangible book value per share)	0.85	0.92	(8.0%)
Additional information			
Number of branches	2,282	2,402	(5.0%)
Number of employees	17,842	17,757	0.5%

(1) Includes transactions with BFA (Mar-18 €110mn; Dec-17 €47mn)
(2) Group coverage at Dec-17 including additional provisions giving that the IFRS 9 application would have been 56,5%
(3) The 1Q 2017 data corresponds to Bankia group before the merger with BMN given that it took place with accounting effect on 01/12/2017
(4) Annualized profit after tax divided by average total assets
(5) Annualized profit after tax divided by risk weighted assets at period end
(6) Annualized attributable profit divided by the previous 12 months equity average excluding the expected dividend payment
(7) Annualized Attributable profit divided by the previous 12 months tangible equity average excluding the expected dividend payment
(8) Using the last price on 29th March 2017 and 29th December 2017
(9) Annualized attributable profit divided by the number of shares in issue. In 2017 it excludes the non recurrent integration costs
(10) Total Equity less intangible assets divided by the number of shares in issue

2. ECONOMIC AND FINANCIAL ENVIRONMENT

Global growth remains stable, briskly paced and with continuing bright prospects, although the spiral of protectionism, increased geopolitical risk and a string of disappointing economic figures, especially in the euro area, have heightened a sense of vulnerability. Developed economies lost some lustre in the first quarter of 2018, but are expected to pick up again in the near term: forecasts place growth in the USA at an annualised rate of close to 2.0% (2.9% in 4Q17) and in the euro area between 1.5%-2.0% (2.4% in 4Q17). The emerging economies have picked up speed across the board, highlighted by the strength of China and India (close to 7.0%) and recovery in Brazil and Russia (3.0% estimated, versus 0.2% and -1.5%, respectively), although the complex pre-electoral situation, of the former, and the impact of US sanctions, of the latter, are generating notable uncertainty.

Inflation remains under control, but the stage may be set for upward surprises: very loose monetary policies, sustained above-potential growth, a strong labour market, rising oil prices and an increase in international trade barriers. The risks are the greatest in the USA, with an underlying inflation rate already at the target level and trending upward (2.1% in March), while remaining stable at 1.0% in the euro area.

Public debt has performed better than expected, with the fears of a disorderly rise in the yields recorded at the beginning of the year now receding. Their role as haven assets has allowed these instruments to capitalise on the doubts spawned by political uncertainty in relation to risk-bearing assets, which have turned in a disappointing first part of the year. The peripheral bonds in the euro area have stood out positively, buoyed by rating upgrades for Spain and Portugal. This has not affected the Fed's stance, which continues normalising its monetary policy and at its March meeting raised its target interest rate range 25 bps to 1.50%-1.75% and revised its outlook for 2019 and 2020 upwards. The ECB has continued displaying extreme caution, pursuing a strategy of taking small steps, such as eliminating the possibility, which it had kept open, of expanding the volume of its asset purchase programme, leading the market to not discount interest rate hikes until the third quarter of 2019.

Spain's economy continued to show robust numbers in the early months of the year, and GDP growth in the first quarter of 2018 could come in at a quarterly 0.7%, the same rate as the two previous quarters, lifted by strong domestic demand and healthy job creation: the increase in Social Security enrolments, deseasonalised, stabilised at a quarterly 0.8%. The current cycle is proving compatible with the correction of the economy's traditional imbalances: for one, the consolidated indebtedness of the private sector decreased in 2017 to 139.3% of GDP, the lowest reading in 13 years, narrowing the gap with respect to the European Commission's prudential threshold of 133%; and the current account balance has put together five straight years of surpluses (1.9% of GDP in 2017), thanks in large part to the efforts to boost the competitiveness of the economy's productive fabric.

As for the Spanish banking sector, there was notable growth at the start of the year in the flow of new lending to households and businesses, with significant advances in credit for home purchases, consumer spending and businesses. The total balance of deposits remained stable despite the sustained shift to mutual funds, whose asset base continues posting double-digit growth. Profit margins, pinched by historically low interest rates, continue to be the main challenge facing the sector, mitigated in part by the marketing of value added products, by efficiency gains and by the mergers in process. On the regulatory front, in January there came into effect the new accounting standard on financial instruments (IFRS9), designed to ensure more adequate provisioning with the introduction of a model of expected credit losses, as well as transitional measures to mitigate its possible negative impact on capital. Also, pursuant to its supervisory priority of reducing the stock of doubtful assets, the ECB in March published an addendum to its guidance on non-performing loans in which it made recommendations on managing new non-performing exposures.

3. SUMMARY OF RESULTS

Bankia Group closes first quarter of 2018 with attributable profit of 229 million euros after completing the integration of BMN's results

Note on the comparative information on earnings: *Given that the merger between Bankia and BMN was completed with accounting effect from 1 December 2017, the Group balance sheets closed at 31 March 2018 and 31 December 2017 already include all assets and liabilities of the merged company. In the income statement, however, the results of BMN have only been integrated as from December 2017.*

Therefore, the Group's income statements for the first quarter of 2018 and 2017 are not stated on a constant perimeter basis. To facilitate comparison between the two periods, this report indicates how the main items of the income statement would have changed in comparable terms, that is, if BMN's earnings contribution had begun in the first quarter of 2017.

In the first quarter of 2018 the Bankia Group recorded an attributable profit of 229 million euros, below the 304 million euros obtained in the same period in 2017 as a result of lower net trading income, the impact on net interest income of the maturities and sale of fixed-income portfolios, and the non-recurring profit recorded on the sale of Globalvia that was booked in the first quarter of 2017.

Nevertheless, from the activity standpoint, the quarter has been positive, mainly with regards to new lending to target segments, growth in the number of loyal and digital customers and the steady improvement in the variables linked to the Group's risk management which, once again this quarter, has been reflected in a reduction of non-performing loans and the NPL ratio.

INCOME STATEMENT

			Change	
(€ million)	1Q 2018	1Q 2017 (1)	Amount	%
Net interest income	**526**	**504**	**22**	**4.4%**
Dividends	1	6	(5)	(83.0%)
Share of profit/(loss) of companies accounted for using the equity method	12	9	3	35.7%
Total net fees and commissions	264	207	56	27.2%
Gains/(losses) on financial assets and liabilities	139	161	(23)	(14.0%)
Exchange differences	1	2	(1)	(57.9%)
Other operating income/(expense)	(3)	(3)	(0)	2.7%
Gross income	**939**	**886**	**53**	**6.0%**
Administrative expenses	(437)	(345)	(92)	26.7%
Staff costs	(305)	(235)	(70)	29.8%
General expenses	(132)	(110)	(22)	20.1%
Depreciation and amortisation	(48)	(41)	(7)	18.3%
Pre-provision profit	**453**	**500**	**(46)**	**(9.3%)**
Provisions	(103)	(99)	(4)	4.3%
Provisions (net)	13	8	5	63.3%
Impairment losses on financial assets (net)	(116)	(107)	(9)	8.6%
Operating profit/(loss)	**350**	**401**	**(51)**	**(12.7%)**
Impairment losses on non-financial assets	(4)	(9)	4	(52.3%)
Other gains and other losses	(49)	12	(61)	(508.5%)
Profit/(loss) before tax	**297**	**404**	**(107)**	**(26.5%)**
Corporate income tax	(67)	(100)	33	(33.0%)
Profit/(loss) after tax	**230**	**304**	**(74)**	**(24.4%)**
Profit/(Loss) attributable to minority interests	0.3	0.2	0	51.4%
Profit/(loss) attributable to the Group	**229**	**304**	**(74)**	**(24.5%)**
Cost to Income ratio (2)	**51.7%**	**43.6%**	**+8.1 p.p.**	**18.7%**
Recurring Cost to Income ratio (3)	**60.7%**	**53.4%**	**+7.3 p.p.**	**13.7%**

(1) The 1Q 2017 data corresponds to Bankia group before the merger with BMN given that it took place with accounting effect on 01/12/2017

(2) Operating expenses / Gross income

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

QUARTERLY RESULTS

(€ million)	1Q 2018	4Q 2017 (1)	3Q 2017 (1)	2Q 2017 (1)	1Q 2017 (1)
Net interest income	**526**	**501**	**472**	**491**	**504**
Dividends	1	2	0	2	6
Share of profit/(loss) of companies accounted for using the equity method	12	9	12	10	9
Total net fees and commissions	264	229	210	218	207
Gains/(losses) on financial assets and liabilities	139	54	51	101	161
Exchange differences	1	3	3	2	2
Other operating income/(expense)	(3)	(132)	2	(61)	(3)
Gross income	**939**	**666**	**751**	**762**	**886**
Administrative expenses	(437)	(383)	(344)	(336)	(345)
Staff costs	(305)	(255)	(229)	(226)	(235)
General expenses	(132)	(128)	(114)	(110)	(110)
Depreciation and amortisation	(48)	(47)	(44)	(42)	(41)
Pre-provision profit	**453**	**236**	**364**	**384**	**500**
Provisions	(103)	(50)	(73)	(72)	(99)
Provisions (net)	13	38	(6)	(5)	8
Impairment losses on financial assets (net)	(116)	(88)	(66)	(67)	(107)
Operating profit/(loss)	**350**	**186**	**291**	**312**	**401**
Impairment losses on non-financial assets	(4)	(2)	(2)	(1)	(9)
Other gains and other losses	(49)	(67)	(29)	(22)	12
Profit/(loss) before tax	**297**	**117**	**260**	**289**	**404**
Corporate income tax	(67)	(51)	(34)	(78)	(100)
Profit/(loss) after tax	**230**	**65**	**226**	**210**	**304**
Profit/(Loss) attributable to minority interests	0.3	(12)	1	0.4	0.2
Profit/(loss) attributable to the Group	**229**	**77**	**225**	**210**	**304**
Net integration costs (2)	-	(312)	-	-	-
Profit/(loss) attributable to the Group as reported	**229**	**(235)**	**225**	**210**	**304**
Cost to Income ratio (3)	**51.7%**	**64.6%**	**51.6%**	**49.6%**	**43.6%**
Recurring Cost to Income ratio (4)	**60.7%**	**70.6%**	**55.6%**	**57.4%**	**53.4%**

(1) The 1Q 2017, 2Q 2017 ad 3Q 2017 data correspond to Bankia group before the merger with BMN. The 4Q 2017 data includes one month of BMN P&L given that the merger took place with accounting effect on 01/12/2017
(2) Non recurrent integration costs due to the merger between Bankia and BMN, net of taxes
(3) Operating expenses / Gross income. Group data at 4Q 2017 excludes non recurrent integration costs in the calculation
(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences). Group data at 4Q 2017 excludes non recurrent integration costs in the calculation

(€ million)	1Q 2018	4Q 2017 Bankia + BMN (1)	3Q 2017 Bankia + BMN (1)	2Q 2017 Bankia + BMN (1)	1Q 2017 Bankia + BMN (1)
Net interest income	**526**	**554**	**552**	**577**	**584**
Dividends	1	3	2	3	16
Share of profit/(loss) of companies accounted for using the equity method	12	12	13	11	11
Total net fees and commissions	264	255	249	269	258
Gains/(losses) on financial assets and liabilities	139	69	54	134	177
Exchange differences	1	3	2	1	2
Other operating income/(expense)	(3)	(157)	(0)	(50)	1
Gross income	**939**	**738**	**872**	**943**	**1,048**
Administrative expenses	(437)	(455)	(429)	(425)	(430)
Staff costs (2)	(305)	(295)	(291)	(285)	(297)
General expenses	(132)	(160)	(138)	(140)	(133)
Depreciation and amortisation	(48)	(55)	(55)	(54)	(52)
Pre-provision profit	**453**	**228**	**388**	**465**	**566**

(1) The 1Q 2017, 2Q 2017, 3Q 2017 and 4Q 2017 include BMN to facilitate the quaterly comparison on a like-for-like basis
(2) Recurrent staff cost not including the extraordinary integration costs due to the merger between Bankia and BMN (€312mn net of taxes)

- In the first quarter of 2018 the **net interest income** of the Bankia Group reached 526 million euros, 4.4% higher than the figure recorded in the same period in 2017. If BMN's results has been incorporated in the first quarter of 2017, on a constant perimeter basis, the Group's net interest income would have declined 9.8% year-on-year, affected by the lower returns from fixed-income churn and sales of portfolios in 2017 and in the first quarter of 2018, as well as maturities and repricings of the mortgage portfolio, which continued reflecting the decline in market interest rates over the last year.

  Compared with the reported fourth quarter of 2017, the Group's net interest income grew 5%, reflecting the full integration of BMN's results, as well as the progressive stabilisation of the Euribor curve, the growth in new lending to profitable segments and the containment of the Group's funding costs. In a like-for-like comparison, that is, fully including BMN's contribution to results in the fourth quarter of 2017, net interest income would have posted a decline of 5.1% as a result of the impact of the quarter’s seasonal effect in the loan portfolio and the maturities and sales of fixed-income that took place in the first three months of 2018, which diminished net interest income by 23 million euros while generating net trading income (NTI) of 130 million euros.

  In the first three months of 2018, active price management continued, both in lending and in borrowing transactions. New credit was extended at an average interest rate of 2.5%, in line with the figure recorded during 2017 (2.6%). The cost of deposits remained at historically low levels, allowing the interest rate for new term deposits to move to 4 basis points, 3 basis points below the rate recorded in the first quarter of 2017 and 13 basis points less than the cost of the back book at the end of March 2018 (17 basis points). All of this led to the gross customer margin coming in at 1.57%, 4 basis points above the margin recorded in the fourth quarter of 2017 in comparable terms (Bankia + BMN).

REVENUES AND EXPENSES

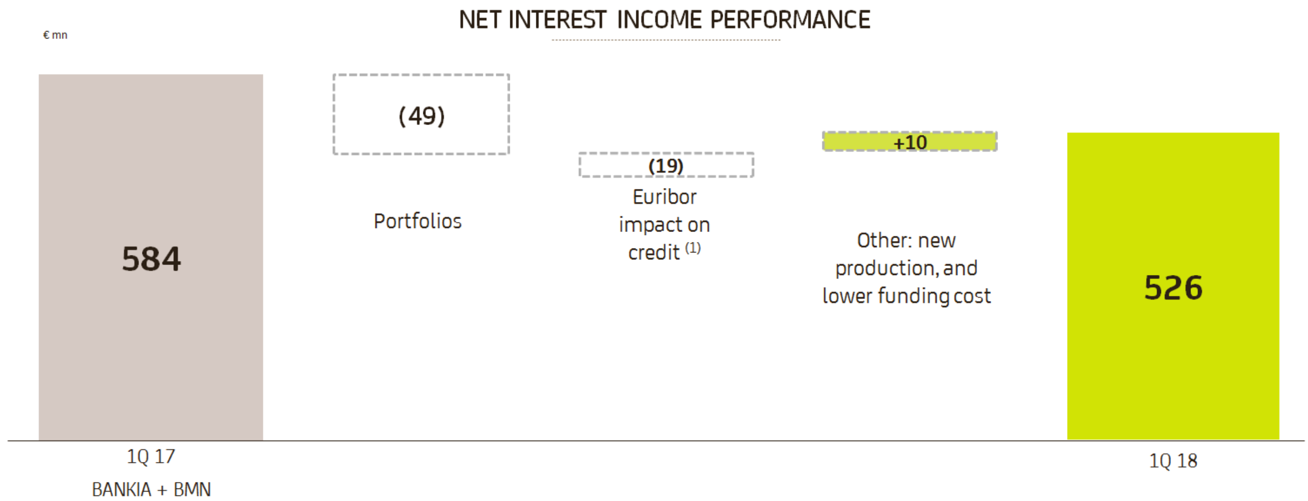
	1Q 2018				1Q 2017 (Bankia + BMN) [2]				1Q 2017 EX-BMN [1]			
(€ million & %)	Average Amount	Weight (%)	Revenues /Expense	Yield	Average Amount	Weight (%)	Revenues /Expense	Yield	Average Amount	Weight (%)	Revenues /Expense	Yield
Loans and advances to credit institutions [3]	6,982	3.3%	22	1.29%	7,234	3.2%	25	1.41%	6,313	3.4%	21	1.35%
Net Loans and advances to customers (a)	121,071	57.8%	512	1.71%	125,145	55.5%	552	1.79%	103,549	55.6%	438	1.71%
Debt securities	53,970	25.8%	96	0.72%	62,438	27.7%	145	0.94%	51,453	27.6%	133	1.05%
Other interest earning assets [4]	431	0.2%	2	1.87%	396	0.2%	1	0.81%	396	0.2%	1	0.80%
Other non-interest earning assets	27,011	12.9%	-	-	30,243	13.4%	-	-	24,674	13.2%	-	-
Total Assets (b)	**209,465**	**100.0%**	**632**	**1.22%**	**225,456**	**100.0%**	**723**	**1.30%**	**186,385**	**100.0%**	**593**	**1.29%**
Deposits from central banks and credit institutions	37,294	17.8%	12	0.13%	43,459	19.3%	15	0.14%	37,577	20.2%	13	0.14%
Customer deposits (c)	126,613	60.4%	43	0.14%	133,815	59.4%	70	0.21%	104,168	55.9%	30	0.12%
Strict Customer Deposits	*118,186*	56.4%	*18*	*0.06%*	*121,454*	53.9%	*39*	*0.13%*	*98,372*	52.8%	*28*	*0.11%*
Repos	*1,092*	0.5%	*1*	*0.20%*	*2,688*	1.2%	*1*	*0.14%*	*690*	0.4%	*0*	*0.00%*
Single-certificate covered bonds	*7,335*	3.5%	*24*	*1.34%*	*9,673*	4.3%	*30*	*1.26%*	*5,106*	2.7%	*3*	*0.20%*
Marketable securities	17,118	8.2%	35	0.83%	18,591	8.2%	40	0.88%	17,969	9.6%	36	0.81%
Subordinated liabilities	2,515	1.2%	14	2.22%	1,309	0.6%	12	3.77%	1,131	0.6%	8	2.96%
Other interest earning liabilities [4]	1,293	0.6%	3	0.81%	1,117	0.5%	2	0.57%	889	0.5%	1	0.55%
Other liabilities with no cost	11,188	5.3%	-	-	12,232	5.4%	-	-	11,835	6.3%	-	-
Equity	13,444	6.4%	-	-	14,933	6.6%	-	-	12,815	6.9%	-	-
Total equity and liabilities (d)	**209,465**	**100.0%**	**106**	**0.21%**	**225,456**	**100.0%**	**139**	**0.25%**	**186,385**	**100.0%**	**89**	**0.19%**
Customer margin (a-c)				**1.57%**				**1.58%**				**1.60%**
Net interest margin (b-d)			**526**	**1.02%**			**584**	**1.05%**			**504**	**1.10%**

(1) The 1Q 2017 data corresponds to Bankia group before the merger with BMN given that it took place with accounting effect on 01/12/2017
(2) Data including BMN to facilitate the comparison on a like-for-like basis for the period
(3) Loans and advances to credit institution includes revenues arising from the negative interest rates applicable on "Deposits from central banks and credit institutions" (mainly TLTRO II and repo transactions) following accounting standards. On the liabilities side, the contrary occurs with regards to "Deposits from central banks and credit institutions"
(4) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities

REVENUES AND EXPENSES

	1Q 2018				4Q 2017 (Bankia + BMN) [2]				4Q 2017 [1]			
(€ million & %)	Average Amount	Weight (%)	Revenues /Expense	Yield	Average Amount	Weight (%)	Revenues /Expense	Yield	Average Amount	Weight (%)	Revenues /Expense	Yield
Loans and advances to credit institutions [3]	6,982	3.3%	22	1.29%	6,670	3.1%	25	1.48%	6,642	3.6%	20	1.20%
Net Loans and advances to customers (a)	121,071	57.8%	512	1.71%	124,001	57.4%	526	1.68%	106,561	57.4%	457	1.70%
Debt securities	53,970	25.8%	96	0.72%	56,981	26.4%	119	0.83%	48,626	26.2%	113	0.92%
Other interest earning assets [4]	431	0.2%	2	1.87%	391	0.2%	1	0.99%	391	0.2%	1	0.82%
Other non-interest earning assets	27,011	12.9%	-	-	28,161	13.0%	-	-	23,454	12.6%	-	-
Total Assets (b)	**209,465**	**100.0%**	**632**	**1.22%**	**216,204**	**100.0%**	**671**	**1.23%**	**185,674**	**100.0%**	**591**	**1.26%**
Deposits from central banks and credit institutions	37,294	17.8%	12	0.13%	38,553	17.8%	13	0.14%	35,027	18.9%	12	0.14%
Customer deposits (c)	126,613	60.4%	43	0.14%	130,718	60.5%	49	0.15%	106,648	57.4%	29	0.11%
Strict Customer Deposits	*118,186*	56.4%	*18*	*0.06%*	*120,340*	55.7%	*24*	*0.08%*	*100,972*	54.4%	*19*	*0.07%*
Repos	*1,092*	0.5%	*1*	*0.20%*	*2,588*	1.2%	*1*	*0.09%*	*464*	0.3%	*0*	*0.16%*
Single-certificate covered bonds	*7,335*	3.5%	*24*	*1.34%*	*7,789*	3.6%	*25*	*1.27%*	*5,211*	2.8%	*10*	*0.74%*
Marketable securities	17,118	8.2%	35	0.83%	17,481	8.1%	36	0.82%	16,960	9.1%	33	0.78%
Subordinated liabilities	2,515	1.2%	14	2.22%	2,474	1.1%	16	2.62%	2,321	1.3%	14	2.33%
Other interest earning liabilities [4]	1,293	0.6%	3	0.81%	1,216	0.6%	2	0.57%	1,084	0.6%	2	0.57%
Other liabilities with no cost	11,188	5.3%	-	-	10,883	5.0%	-	-	10,492	5.7%	-	-
Equity	13,444	6.4%	-	-	14,880	6.9%	-	-	13,141	7.1%	-	-
Total equity and liabilities (d)	**209,465**	**100.0%**	**106**	**0.21%**	**216,204**	**100.0%**	**117**	**0.21%**	**185,674**	**100.0%**	**90**	**0.19%**
Customer margin (a-c)				**1.57%**				**1.53%**				**1.59%**
Net interest margin (b-d)			**526**	**1.02%**			**554**	**1.02%**			**501**	**1.07%**

(1) BMN was integrated with accounting effect on 1st December, hence, the revenues/expenses and the average amounts include the financial revenues, financial expenses, interest earning assets and interest earning liabilities of BMN corresponding to December
(2) Data including BMN to facilitate the comparison on a like-for-like basis for the period
(3) Loans and advances to credit institution includes revenues arising from the negative interest rates applicable on "Deposits from central banks and credit institutions" (mainly TLTRO II and repo transactions) following accounting standards. On the liabilities side, the contrary occurs with regards to "Deposits from central banks and credit institutions"
(4) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities



(1) Estimated impact in mortgages, businesses and public sector arising out of the interest rates curve performance

- **Net fee and commission income reached 264 million euros, with year-on-year growth of 27.2%** as a result of stepped-up activity, greater customer loyalty and the full integration of BMN. Fees and commissions performed well in all businesses, highlighted by collection and payment services and asset management (mainly, the marketing of mutual funds and insurance). Including BMN's results in the first quarter of 2017, would put the year-on-year growth of this income caption at 2.4%.

  The same positive trend is seen quarter-on-quarter, with the Group achieving an increase in net fee and commission income of 15.4% with respect to the fourth quarter of 2017 (+3.5% on a constant perimeter basis including three months of BMN's results in the previous quarter). These improvements reflect the higher levels achieved in transaction banking indices.

- **The contribution of net trading income (NTI) to the income statement** was 22 million euros lower with respect to the first quarter of 2017, recording a total of 139 million euros at the end of March 2018. This lower NTI is explained by the major sales of fixed-income portfolios carried out by the Group in the first quarter of 2017 in anticipation of the expected evolution of interest rates in the market. Compared to the fourth quarter of 2017 the decline was 85 million euros.

- **Other operating income and expenses** show no significant change compared to the first quarter of 2017, with a net expense of 3 million euros through March 2018. The expense recorded in this item in the previous quarter was 132 million euros, as it included the payment of the yearly contribution to the Deposit Guarantee Fund (DGF), which in 2017 amounted to 125 million euros.

- The **rest of operating revenues** (dividends, share of results of equity-accounted companies and exchange differences) have not recorded significant amounts, totalling in aggregate some 13 million euros at the close of the first quarter of 2018, 3 million euros less than the same period in 2017.

- The above results bring the Group's **gross income** to 939 million euros, for year-on-year growth of 6%. If BMN's results are included in the first quarter of 2017, this item would record a decline of 10.4%.

NET FEE AND COMMISSION INCOME

(€ million)	1Q 2018	4Q 2017 (1)	3Q 2017 (1)	2Q 2017 (1)	1Q 2017 (1)	Change on 1Q 2017	Change on 4Q 2017
Assets under management	**102**	**91**	**91**	**88**	**86**	**18.6%**	**11.5%**
Securities brokerage service	14	14	13	15	15	(4.7%)	0.5%
Mutual funds, Pension funds and insurances	88	77	78	73	71	23.5%	13.5%
Payments services	**73**	**68**	**59**	**61**	**57**	**27.4%**	**7.6%**
Bills of exchange	5	4	5	5	6	(16.6%)	6.1%
Debit and credit cards	54	51	44	44	40	33.0%	5.0%
Means of payment	15	12	10	11	11	28.8%	18.7%
Origination	**49**	**47**	**42**	**48**	**45**	**8.9%**	**3.5%**
Contingent risks and commitments	24	23	24	22	21	11.4%	4.4%
Forex	8	8	9	8	7	5.9%	(1.9%)
Structuring and design of transactions	18	17	10	19	17	7.0%	4.8%
Management of NPLs, write offs and others	**27**	**30**	**25**	**30**	**25**	**9.0%**	**(6.9%)**
Management of NPLs and write offs	2	1	1	4	1	85.6%	114.2%
Claims on Past due	26	29	24	26	24	6.3%	(10.0%)
Accounts manteinance	**33**	**15**	**11**	**12**	**12**	**174.2%**	**113.7%**
Fees and commissions received	**284**	**251**	**229**	**238**	**225**	**26.1%**	**13.0%**
Fees and commissions paid	**20**	**23**	**19**	**20**	**18**	**13.0%**	**(10.6%)**
TOTAL NET FEE AND COMMISSION INCOME	**264**	**229**	**210**	**218**	**207**	**27.2%**	**15.4%**
Bankia + BMN	**264**	**255**	**249**	**269**	**258**	**2.4%**	**3.5%**

(1) The 1Q 2017, 2Q 2017 ad 3Q 2017 data correspond to Bankia group before the merger with BMN. The 4Q 2017 data includes one month of BMN P&L given that the merger took place with accounting effect on 01/12/2017. The Bankia + BMN data provides a proforma of how the performance of fees and commissions would have been if BMN had been integrated from 1Q 2017

ADMINISTRATIVE EXPENSES

						Change on	
(millones de euros)	1Q 2018	4Q2017 (1)	3Q 2017 (1)	2Q 2017 (1)	1Q 2017 (1)	1Q 2017	4Q 2017
Staff cost	**305**	**255**	**229**	**226**	**235**	**29.8%**	**19.7%**
Wages and salaries	236	187	166	164	171	38.6%	26.3%
Social security costs	58	49	45	44	45	29.9%	18.9%
Pension plans	4	12	11	11	13	(69.0%)	(66.7%)
Others	6	7	8	7	7	(2.7%)	(2.1%)
General expenses	**132**	**128**	**114**	**110**	**110**	**20.1%**	**3.1%**
From property, fixtures and supplies	32	28	25	24	26	22.7%	13.5%
IT and communications	48	41	40	40	39	21.0%	16.2%
Advertising and publicity	12	13	10	14	10	26.1%	(5.7%)
Technical reports	6	9	6	5	5	24.3%	(36.9%)
Surveillance and security courier servic	4	4	4	3	4	23.5%	12.8%
Levies and taxes	7	7	6	5	6	9.5%	1.9%
Insurance and self-insurance premiums	1	0	1	1	1	(35.3%)	239.3%
Other expenses	23	26	23	17	19	17.2%	(13.2%)
ADMINISTRATIVE EXPENSES	**437**	**383**	**344**	**336**	**345**	**26.7%**	**14.2%**
INTEGRATION COSTS	**-**	**445**	**-**	**-**	**-**	**(100.0%)**	**-**
TOTAL ADMINISTRATIVE EXPENSES (1)	**437**	**828**	**344**	**336**	**345**	**26.7%**	**(47.2%)**
Bankia + BMN	**437**	**900**	**429**	**425**	**430**	**1.6%**	**(51.4%)**
Bankia + BMN (without integration costs	**437**	**455**	**429**	**425**	**430**	**1.6%**	**(4.0%)**

(1) The 1Q 2017, 2Q 2017 ad 3Q 2017 data correspond to Bankia group before the merger with BMN. The 4Q 2017 data includes one month of BMN P&L given that the merger took place with accounting effect on 01/12/2017. The Bankia + BMN data provides a proforma of how the performance of the expenses would have been if BMN had been integrated from 1Q 2017

- Operating expenses (administrative expenses and amortisation and depreciation charges) totalled 485 million euros, a year-on-year increase of 25.8% (+12.9% quarterly) that reflects full integration of BMN's results in the first quarter of 2018.

  In a like-for-like comparison (including BMN's expenses in the first quarter of 2017), operating expenses were stable (+0.8%) with respect to March 2017. It is worth noting that the synergies from the merger will start to materialise as from april, which is when the initial changes in the bank's structure will take place.

  The active cost management brought the efficiency ratio to 51.7% at the end of the quarter, while annualised operating expenses as a percentage of RWAs were 2.29% at the end of March 2018.

- In the first quarter of 2018 the Bankia Group recorded total **provisions and impairments** of 134 million euros, some 8.6% less than in March 2017. This decline is despite the integration in the balance sheet of more than 20,000 million customer loans from BMN which reflects the advances achieved by Bankia in managing risks and in improving the quality of its assets. This means that **the Group's cost of risk remains very low, at 0.23%** at the end of March 2018, 8 basis points below the figure recorded in March 2017.

- In March 2018 **other gains and losses** recorded a negative result of 49 million euros that reflects impairments on foreclosed assets during the quarter. Conversely, in March 2017 the Group recorded a positive result of 12 million euros in this caption, as it included the gain from the deferred payment from the sale of Globalvia (47 million euros).

- **The Bankia Group's attributable profit amounted to 229 million euros at the end of March 2018 after taking into account** the earnings impact for the quarter of the sales of portfolios, a greater NTI contribution and the Group's sale of investees in the same period of the preceding year.

  This profit has allowed the Group to attain a ROE of 7.5% at the end of the first quarter of 2018.

PROVISIONING

(€ million)	1Q 2018	4Q 2017 (1)	3Q 2017 (1)	2Q 2017 (1)	1Q 2017 (1)	Change 1Q 2017	Change 4Q 2017
Impairment losses on financial assets	(116)	(88)	(66)	(67)	(107)	8.6%	32.1%
Impairment losses on non-financial assets	(4)	(2)	(2)	(1)	(9)	(52.3%)	110.4%
Foreclosed assets	(27)	(65)	(21)	(18)	(39)	(31.7%)	(58.5%)
Provisions (net)	13	38	(6)	(5)	8	63.3%	(66.2%)
TOTAL PROVISIONS (1)	**(134)**	**(117)**	**(96)**	**(91)**	**(147)**	**(8.6%)**	**15.2%**

(1) The 1Q 2017, 2Q 2017 ad 3Q 2017 data correspond to Bankia group before the merger with BMN. The 4Q 2017 data includes one month of BMN P&L given that the merger took place with accounting effect on 01/12/2017.

4. BALANCE SHEET PERFORMANCE

(€ million)	Mar-18 (1)	Dec-17 (1)	Change Amount	Change %
Cash and balances at central banks	4,151	4,504	(353)	(7.8%)
Financial assets held for trading	6,451	6,773	(322)	(4.8%)
Trading derivatives	6,328	6,698	(370)	(5.5%)
Debt securities	120	2	118	5889.4%
Equity instruments	4	74	(70)	(95.2%)
Financial assets designated at fair value through profit or loss	9	-	-	-
Loans and advances	9	-	-	-
Financial assets designated at fair value through equity	19,009	22,745	(3,736)	(16.4%)
Debt securities	18,939	22,674	(3,735)	(16.5%)
Equity instruments	70	71	(1)	(1.5%)
Financial assets at amortised cost	158,385	158,711	(325)	(0.2%)
Debt securities	34,485	32,658	1,827	5.6%
Loans and advances to credit institutions	3,498	3,028	470	15.5%
Loans and advances to customers	120,402	123,025	(2,623)	(2.1%)
Hedging derivatives	2,913	3,067	(154)	(5.0%)
Investments in subsidaries, joint ventures and associates	329	321	9	2.7%
Tangible and intangible assets	2,638	2,661	(23)	(0.9%)
Non-current assets held for sale	3,169	3,271	(102)	(3.1%)
Other assets	11,988	11,879	109	0.9%
TOTAL ASSETS	**209,043**	**213,932**	**(4,889)**	**(2.3%)**
Financial liabilities held for trading	7,120	7,421	(301)	(4.1%)
Trading derivatives	6,815	7,078	(263)	(3.7%)
Short positions	306	343	(38)	(11.0%)
Financial liabilities at amortised cost	184,378	188,898	(4,520)	(2.4%)
Deposits from central banks	15,356	15,356	-	-
Deposits from credit institutions	21,201	22,294	(1,092)	(4.9%)
Customer deposits and funding via clearing houses	127,010	130,396	(3,386)	(2.6%)
Debt securities in issue	19,557	19,785	(228)	(1.2%)
Other financial liabilities	1,254	1,067	187	17.5%
Hedging derivatives	389	378	10	2.7%
Provisions	2,019	2,035	(15)	(0.8%)
Other liabilitiess	1,620	1,587	33	2.1%
TOTAL LIABILITIES	**195,526**	**200,319**	**(4,792)**	**(2.4%)**
Minority interests	25	25	-	-
Other accumulated results	531	366	166	45.3%
Equity	12,960	13,222	(262)	(2.0%)
TOTAL EQUITY	**13,516**	**13,613**	**(97)**	**(0.7%)**
TOTAL EQUITY AND LIABILITIES	**209,043**	**213,932**	**(4,889)**	**(2.3%)**

(1)The consolidated financial statements of the Bankia group are reported after adjusting the content of the public financial information to the the so-called NIIF 9 criteria, which came into force on 1st January 2018. As a result, the balance sheet shown in this report is adapted to these criteria, not only for March 2018 but also for December 2017, for comparison purposes.

Integration with BMN and the new commercial model continue driving business growth

- The merger with BMN and the boost given to the new customer-focused commercial model translated into growing and sound commercial activity in the first quarter of 2018. The Group recorded an increase of more than 163,000 net new customers since March 2017, and the improvement in the customer experience and satisfaction indices are reflected in strong growth in credit and debit cards (+13.6% year-on-year in terms of sales) and in digital sales, reaching 14.6% of the Group's sales at the end of March 2018.

- **On the asset side, new lending increased in the main segments with respect to the first quarter of 2017,** especially in mortgages (+18%) and in business lending (+14%). The stock of gross loans rose 10.1% year-on-year in consumer finance. In the mortgage segment, the significant rise in new lending is still not strong enough to offset the natural amortisation of the back book, although the decline is gradually slowing. As a result, the Group's loans with collateral declined 1.3% from December of last year.

The gains in new lending are being achieved while maintaining high asset quality. Thus, **non-performing loans continue to decline, dropping by 4% with respect to December 2017.** At the end of the first quarter of 2018 NPLs represented 8.6% of the Group's gross loan book compared with 8.8% in December 2017.

Excluding non-performing and repo acquisitions, in March 2018 the healthy loan portfolio stood at 115,424 million euros, similar to the level reached in December of last year (-1.5%) thanks to the good commercial dynamics that are compensating for the deleveraging still being seen in the mortgage segment.

CUSTOMER LOANS

			Change	
(€ million)	Mar-18	Dec-17	Amount	%
Spanish public sector	5,224	5,295	(71)	(1.3%)
Other resident sectors	105,588	106,970	(1,382)	(1.3%)
Secured loans	75,855	76,874	(1,019)	(1.3%)
Other term loans	23,174	22,955	219	1.0%
Commercial credit	4,161	4,570	(409)	(9.0%)
Receivable on demand and other	2,398	2,570	(172)	(6.7%)
Non-residents	3,417	3,585	(167)	(4.7%)
Repo transactions	122	303	(180)	(59.6%)
Of which: reverse repurchase agreements with BFA	*110*	*47*	*63*	*133.4%*
Other financial assets	1,007	1,142	(135)	(11.8%)
Other valuation adjustments	188	184	5	2.5%
Non-performing loans	10,854	11,304	(451)	(4.0%)
Gross loans and advances to customers	**126,400**	**128,782**	**(2,382)**	**(1.8%)**
Loan loss reserve	(5,990)	(5,757)	(232)	4.0%
NET LOANS AND ADVANCES TO CUSTOMERS	**120,410**	**123,025**	**(2,614)**	**(2.1%)**
GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPLs & REPOs	**115,424**	**117,175**	**(1,751)**	**(1.5%)**

- **The volume of retail customer funds (excluding repo transactions and single-certificate covered bonds) closed March 2018 at 146,960 million euros, relatively unchanged from December 2017 (-0.4%).** By product, and pursuant to the strategy followed to reduce the Group's funding costs, term deposits and savings accounts continue to lose ground to demand deposits, which rose 27.9% in the quarter. Off-balance-sheet customer funds, meanwhile, are up 1.4%, lifted by a solid performance in attracting new funds and in the size of the portfolios managed and commercialised.

  Growth was particularly notable in mutual funds, with the Bankia Group's market share in this product reaching 6.42% at the end of March 2018, after gaining 30 basis points year-on-year.

Strict customer deposits are down slightly (-0.8%) from December 2017 as a result of the aforementioned shift in our customers' savings towards off-balance-sheet products offering more attractive returns in the current market environment. Even so, the Group’s LTD ratio has fallen to a level of 92.7%.

With respect to the rest of the Group's funding structure, repos decreased 2,119 million euros while wholesale funding did not vary significantly, ending the quarter at 17,048 million euros.

CUSTOMER FUNDS

			Change	
(€ million)	Mar-18	Dec-17	Amount	%
Spanish public sector	5,393	5,678	(285)	(5.0%)
Other resident sectors	119,456	122,501	(3,045)	(2.5%)
Current accounts	37,115	29,016	8,100	27.9%
Savings accounts	34,453	41,140	(6,688)	(16.3%)
Term deposits	40,177	42,183	(2,006)	(4.8%)
Repo transactions	544	2,663	(2,119)	(79.6%)
Singular mortgage securities	7,166	7,499	(333)	(4.4%)
Non-residents	2,162	2,217	(55)	(2.5%)
Funding via clearing houses and customer deposits	**127,010**	**130,396**	**(3,386)**	**(2.6%)**
Debentures and other marketable securities	17,048	17,274	(226)	(1.3%)
Subordinated loans	2,508	2,511	(3)	(0.1%)
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**146,567**	**150,181**	**(3,614)**	**(2.4%)**
Mutual funds	19,635	19,205	430	2.2%
Pension funds	8,025	8,082	(57)	(0.7%)
Off-balance-sheet customer funds (1)	**27,660**	**27,287**	**373**	**1.4%**
TOTAL CUSTOMER FUNDS	**174,227**	**177,467**	**(3,241)**	**(1.8%)**

(1) Off-balance sheet products managed and marketed without SICAVS

						Change on	
(€ million)	Mar-18 (1)	Dec-17 (1)	Sep-17	Jun-17	Mar-17	Mar-17	Dec-17
Spanish public sector	**5,393**	**5,678**	**3,989**	**4,801**	**4,619**	**16.8%**	**(5.0%)**
Other resident sectors	**111,745**	**112,339**	**89,575**	**91,353**	**90,928**	**22.9%**	**(0.5%)**
Current accounts	37,115	29,016	22,618	22,763	21,404	73.4%	27.9%
Savings accounts	34,453	41,140	32,120	32,254	30,607	12.6%	(16.3%)
Term deposits	40,177	42,183	34,837	36,336	38,918	3.2%	(4.8%)
Non-residents	**2,162**	**2,217**	**2,067**	**2,055**	**2,209**	**(2.2%)**	**(2.5%)**
Strict Customer Deposits	**119,300**	**120,234**	**95,631**	**98,209**	**97,757**	**22.0%**	**(0.8%)**
Mutual funds	19,635	19,205	16,272	15,902	15,237	28.9%	2.2%
Pension funds	8,025	8,082	6,642	6,588	6,516	23.2%	(0.7%)
Total customer off-balance funds (2)	**27,660**	**27,287**	**22,915**	**22,491**	**21,753**	**27.2%**	**1.4%**
TOTAL	**146,960**	**147,521**	**118,546**	**120,700**	**119,510**	**23.0%**	**(0.4%)**
TOTAL Bankia + BMN (1)	**146,960**	**147,521**	**145,340**	**147,341**	**145,415**	**1.1%**	**(0.4%)**

(1) Since Dec-17, the data corresponds to the merger of Bankia and BMN. The Bankia + BMN data provides a proforma of how the develop would have been if BMN had been integrated from 1Q 2017

(2) Off-balance sheet products managed and marketed without SICAVS

5. RISK MANAGEMENT

Continued improvement in risk quality, reflected in a further decline in non-performing loans, the NPL ratio and foreclosed assets

The first quarter of 2018 saw continued improvement in the Group's risk indicators. **Non-performing loans continued trending downward, declining by 4% in the quarter** to 11,631 million euros at the end of March 2018. The greater part of this decrease has been organic, resulting from lower inflows of new NPLs and sound recovery management, although the sale of credit portfolios during the first three months of 2018 also contributed to the decline.

This good performance in non-performing loans brought the **Group's NPL ratio to 8.7%, marking a new improvement of 20 basis points in the quarter and of 80 basis points since March 2017** (the reduction is 90 basis points when calculated on a constant perimeter basis for Bankia and BMN from March 2017). The NPL coverage ratio ended March 2018 at 55.1%, an increase of 4.3 percentage points with respect to the end of 2017.

Real Estate foreclosed assets have also shown a positive performance, declining 2.8% in the quarter to end March 2018 at 3,189 million euros. During the first three months of the year the Group continued its strategy of reducing its exposure to the real estate sector, selling some 3,311 properties, 73% more than in the same period in 2017. With regards to coverage, at the end of March 2018 the Group's portfolio of foreclosed assets had an accounting coverage of 35.4%.

NPL RATIO AND COVERAGE RATIO

						Change on	
(€ million and %)	Mar-18 (1)	Dec-17 (1)	Sep-17	Jun-17	Mar-17	Mar-17	Dec-17
Non-performing loans	11,631	12,117	10,194	10,554	10,984	(487)	(4.0%)
Total risk-bearing assets	134,258	136,353	115,254	116,188	116,216	(2,095)	(1.5%)
Total NPL ratio (2)	**8.7%**	**8.9%**	**8.8%**	**9.1%**	**9.5%**		**-0.2 p.p.**
Total provisions (3)	6,412	6,151	5,480	5,683	5,893	261	4.2%
NPL coverage ratio (3)	**55.1%**	**50.8%**	**53.8%**	**53.9%**	**53.7%**		**+4.3 p.p.**

(1) Since Dec-17, the data corresponds to the merger of Bankia and BMN.
(2) NPL ratio: (Doubtfull risks of loans and advances to customers and contingent risks) / (Total risks of loans and advances to customers and contigent risks)
Until March 2017 Gross Credit excludes transactions with BFA. As from June 2017, they are not excluded because they are not significant amounts
(3) Group coverage at Dec-17 including additional provisions due to the IFRS 9 application would have been 56.5%

NPL PERFORMANCE

(€ million and %)	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Non-performing loans at the begining of the period	**12,117**	**10,194**	**10,554**	**10,984**	**11,476**
Net outflows	(297)	(336)	(258)	(338)	(461)
Write offs	(190)	(118)	(102)	(92)	(31)
BMN NPLs contribution	-	2,377	-	-	-
Non-performing loans at the end of the period	**11,631**	**12,117**	**10,194**	**10,554**	**10,984**

BREAKDOWN OF FORECLOSED ASSETS

	Gross value (1)				
(€ million)	Mar-18 (2)	Dec-17 (2)	Sep-17	Jun-17	Mar-17
Property assets from construction and property development	802	828	339	354	365
Of which: finished buildings	389	361	230	242	256
Of which: buildings under construction	49	70	27	30	30
Of which: Land	364	398	82	82	79
Property acquired related to mortgage loans to homebuyers	3,032	3,188	2,194	2,294	2,425
Other foreclosed assets	1,104	1,099	617	611	596
Total	**4,938**	**5,115**	**3,149**	**3,259**	**3,387**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-17, the data corresponds to the merger of Bankia and BMN.

	Impairments (1)				
(€ million)	Mar-18 (2)	Dec-17 (2)	Sep-17	Jun-17	Mar-17
Property assets from construction and property development	310	334	111	114	116
Of which: finished buildings	112	97	60	64	67
Of which: buildings under construction	23	36	11	11	11
Of which: Land	175	201	40	39	38
Property acquired related to mortgage loans to homebuyers	1,192	1,230	820	860	920
Other foreclosed assets	247	272	137	139	144
Total	**1,749**	**1,836**	**1,068**	**1,113**	**1,179**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-17, the data corresponds to the merger of Bankia and BMN.

	Net value (1)				
(€ million)	Mar-18 (2)	Dec-17 (2)	Sep-17	Jun-17	Mar-17
Property assets from construction and property development	492	494	228	240	249
Of which: finished buildings	277	263	170	178	189
Of which: buildings under construction	26	34	16	19	20
Of which: Land	189	197	42	43	41
Property acquired related to mortgage loans to homebuyers	1,840	1,958	1,374	1,435	1,506
Other foreclosed assets	857	827	480	472	452
Total	**3,189**	**3,280**	**2,082**	**2,146**	**2,207**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-17, the data corresponds to the merger of Bankia and BMN.

6. FUNDING STRUCTURE AND LIQUIDITY

In the first quarter of 2018 the Bankia Group has continued maintaining a comfortable liquidity position, supported by loan book funding via customer funds, which at the end of March 2018 accounted for 65% of the Group's financial resources (64% in December 2017).

This balanced funding structure situates the Group's loan-to-deposit ratio (LTD) at 92.7% at the close of the first quarter of 2018. At that same date, Bankia's liquidity coverage ratio (LCR) of 170% remains well above the regulatory requirements for 2018 (100%).

Bankia also raises funds in the wholesale markets to supplement its structural liquidity needs. At 31 March 2018 wholesale debt issues account for 11% of the Group's external funding sources and consist of various debt instruments, both senior secured and unsecured (mainly mortgage covered bonds), and subordinated.

ECB funding has not changed with respect to December 2017 and only accounts for 8% of the Group's funding. At the end of March 2018 it totalled 15,356 million euros, of which 1,500 million euros were under the TLTRO I programme and 13,856 million euros from TLTRO II.

The Group's liquid assets reached 33,636 million euros at the end of March 2018. This volume is equivalent to 1.3 times the Group's wholesale maturities.

LTD RATIO AND COMMERCIAL GAP

			Change	
(millones de euros)	Mar-18	Dec-17	Amount	%
Net Loans and advances to customers	**120,410**	**123,025**	**(2,614)**	**(2.1%)**
o/w Repo transactions RPS[1]	13	256	(243)	(95.1%)
a. Strict Net Loans and advances to customers	**120,398**	**122,769**	**(2,371)**	**(1.9%)**
Strict customer deposits and retail commercial paper	119,300	120,234	(934)	(0.8%)
Single-certificate covered bonds	7,166	7,499	(333)	(4.4%)
ICO/EIB deposits	3,389	3,007	382	12.7%
b. Total Deposits	**129,855**	**130,740**	**(885)**	**(0.7%)**
LTD ratio (a/b)	**92.7%**	**93.9%**		**-1.2 p.p.**

(1) Reverse repurchase agreements

			Change	
(€ million)	Mar-18	Dec-17	Amount	%
Net Loans and advances to customers	**120,410**	**123,025**	**(2,614)**	**(2.1%)**
o/w Repo transactions RPS[1]	13	256	(243)	(95.1%)
Strict Net Loans and advances to customers	**120,398**	**122,769**	**(2,371)**	**(1.9%)**
(-) Strict customer deposits and retail commercial paper	119,300	120,234	(934)	(0.8%)
(-) ICO/EIB deposits	3,389	3,007	382	12.7%
Strict Comercial GAP	**(2,291)**	**(472)**	**(1,819)**	**385.3%**

(1) Reverse repurchase agreements

MATURITY OF ISSUES

(€ million) (1)	2018	2019	2020	>2020
Covered bonds	2,501	2,764	418	14,406
Senior debt	260	1,000	-	136
Subordinated debt	-	1,000	-	1,425
Securitisation	-	-	-	1,779
Total issuance maturities	**2,761**	**4,764**	**418**	**17,745**

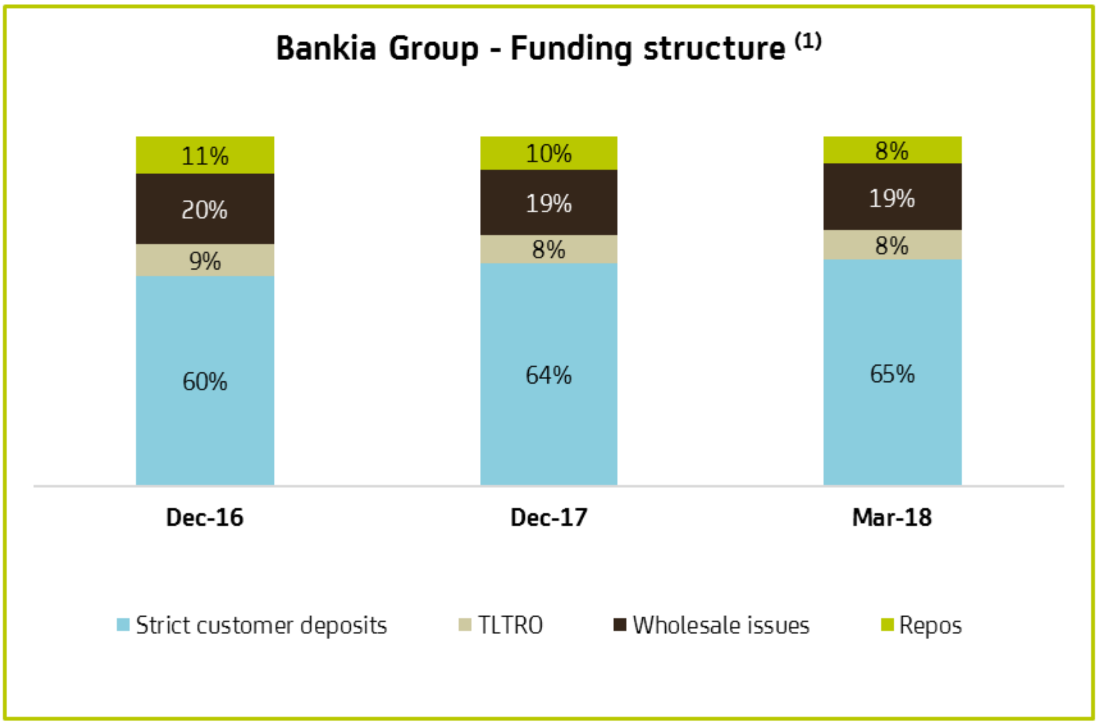
(1) Maturities of Bankia group in nominal values net of treasury shares and retained issuance

LIQUID ASSETS

(€ million)	Mar-18	Dec-17	Change	
			Amount	%
Treasury account and deposit facility (1)	1,982	2,206	(224)	(10.1%)
Undrawn amount on the facility	14,189	10,918	3,271	30.0%
Available high liquidity assets (2)	17,465	19,703	(2,238)	(11.4%)
Total	**33,636**	**32,827**	**809**	**2.5%**

(1) Cash and Central Banks accounts reduced by minimal reserves
(2) Market value considering ECB haircut

FUNDING STRUCTURE



(1) Since Dec17 group data post merger between Bankia and BMN

7. SOLVENCY

At 31 March 2017, the Bankia Group has reached a CET-1 Phase-in ratio of 13.89% and a Total Capital Phase-in ratio of 16.88%.

During the first quarter of 2018, the CET-1 Phase-in ratio declined -26 basis points, with the following composition: -25 bps due to the impact of the change of calendar, the effect of full implementation of IFRS9 (given the Bankia Group's decision not to take the option of applying the transitional provisions) of -21 basis points, and lastly, the organic generation of capital by +20 bps. The Total Capital Phase-in ratio stands at 16.88% with an increase of +4 basis points from December 2017, compensating the decrease in the CET-1 Phase-in ratio with the positive effect of the higher provisions computable in Tier 2 post-IFRS9.

With respect to the SREP minimum capital requirements communicated by the Supervisor for 2018 (CET-1 of 8.563% and Total Capital of 12.063%), these levels imply a surplus of +533 basis points at CET-1 level and of +482 basis points at Total Capital level.

Without including unrealised gains in the fair value (FV) sovereign debt portfolio (regulatory capital), the CET-1 Phase-in ratio stands at 13.30% and the Total Capital Phase-in ratio at 16.29%.

On a Fully Loaded basis, the CET-1 ratio is 12.68%, and the Total Capital ratio is 15.67%. During the first quarter of 2018, the CET-1 Fully Loaded ratio has increased by +2 basis points, given that the full implementation of IFRS9's entry into force on 1 January 2018, with an estimated impact of -20 basis points has been absorbed in part by the organic generation of Fully Loaded capital of +22 basis points. The Total Capital Fully Loaded ratio stands at 15.67% with an increase of +23 basis points with respect to December 2017, to the increase of the CET-1, the effect of the higher provisions computable in Tier 2 post-IFRS9 needs to be added.

Without including unrealised gains in the FV sovereign debt portfolio (regulatory capital), the CET-1 Fully Loaded ratio is 12.08% and the Total Capital ratio is 15.07%.

The Bankia Group's Fully Loaded leverage ratio at 31 March 2018 is 5.57% (5.32% if the unrealised sovereign capital gains are not included), well above the required benchmark levels and +8 basis points higher for the year, after having absorbed the estimated effect of IFRS9 implementation of -8 basis points on this leverage ratio.

SOLVENCY RATIOS AND LEVERAGE

	Mar-18 (1)	
(€ million and %)	Phase In	Fully Loaded
Common equity Tier I - CET1 (%) (2)	13.30%	12.08%
Total solvency ratio (%) (2)	16.29%	15.07%
Regulatory capital ratios (incl. FV unrealised gains):		
Common equity Tier I - CET1	13.89%	12.68%
Total capital ratio (%)	16.88%	15.67%
CET1 2018 SREP requirement (incl. additional buffers)	8.56%	9.25%
Total solvency 2018 SREP requirement (incl. additional buffers)	12.06%	12.75%
Surplus over CET1 2018 SREP requirement	**5.33%**	**3.43%**
Surplus over Total solvency 2018 SREP requirement	**4.82%**	**2.92%**

(1) Solvency ratios include the result that is expected to be allocated to reserves

(2) Does not include unrealised gains on the available for sale sovereign portfolio.

SOLVENCY AND LEVERAGE RATIOS

PHASE IN RATIOS

(€ million and %)	Mar -18 (1) (2)	Dec -17 (1) (2)
Eligible capital	14,479	14,488
Common equity Tier I (CET 1)	11,917	12,173
Capital	3,704	3,704
Reserves (as per reserve perimeter)	8,762	9,094
Result attributable net of dividend acrual	134	164
Deductions	(1,137)	(963)
Others (treasury stocks, Non-controlling interests and unrealised gains on FV portfolio)	454	175
Tier I Capital	12,667	12,856
Instruments	750	750
Others	0	(68)
Tier II Capital	1,812	1,632
Instruments	1,642	1,672
Others	170	(40)
Risk-weighted assets	85,771	86,046
Common equity Tier I (CET 1) (%)	**13.89%**	**14.15%**
Tier I Capital	14.77%	14.94%
Tier II Capital	2.11%	1.90%
Solvency ratio - Total capital ratio (%)	**16.88%**	**16.84%**
Leverage ratio	**6.04%**	**6.02%**
Total exposition leverage ratio	**209,800**	**213,518**

(1) Without including unrealised gains in the fair value (FV) sovereign debt portfolio (regulatory capital), as of 31 March 2018, the CET-1 Phase-in ratio stands at 13.30% and the Total Capit ratio at 16.29%. And as of 31 December 2017 the CET 1 ratio would have been 13.88 %, and Total Capital ratio 16.57%.

(2) Solvency ratios include the result that is expected to be allocated to reserves

FULLY LOADED RATIOS

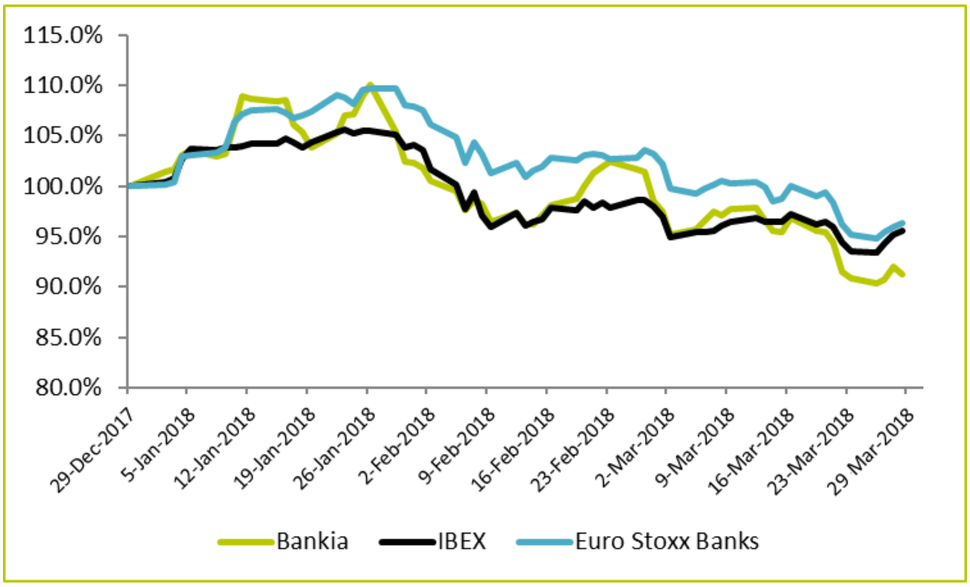
(€ million and %)	Mar -18 (1) (2)	Dec -17 (1) (2)
Eligible capital	13,438	13,289
Common equity Tier I (CET 1)	10,876	10,896
Capital	3,704	3,704
Reserves (as per reserve perimeter)	8,762	9,094
Result attributable net of dividend acrual	134	164
Deductions	(2,178)	(2,301)
Others (treasury stocks, Non-controlling interests and unrealised gains on FV portfolio)	454	235
Tier I Capital	11,626	11,646
Instruments	750	750
Others	1,812	1,642
Tier II Capital	1,642	1,672
Instruments	170	(30)
Risk-weighted assets	85,771	86,046
Common equity Tier I (CET 1) (%)	**12.68%**	**12.66%**
Tier I Capital	13.55%	13.54%
Tier II Capital	2.11%	1.91%
Solvency ratio - Total capital ratio (%)	**15.67%**	**15.44%**
Leverage ratio	**5.57%**	**5.49%**
Total exposition leverage ratio	**208,758**	**212,249**

(1) Without including unrealised gains in the FV sovereign debt portfolio (regulatory capital), as of 31 March 2018, the CET-1 Fully Loaded ratio is 12.08% and the Total Capital ratio is 15.0 And as of 31 December 2017 the CET 1 ratio would have been 12.33 %, and Total Capital ratio 15.11%.

(2) Solvency ratios include the result that is expected to be allocated to reserves

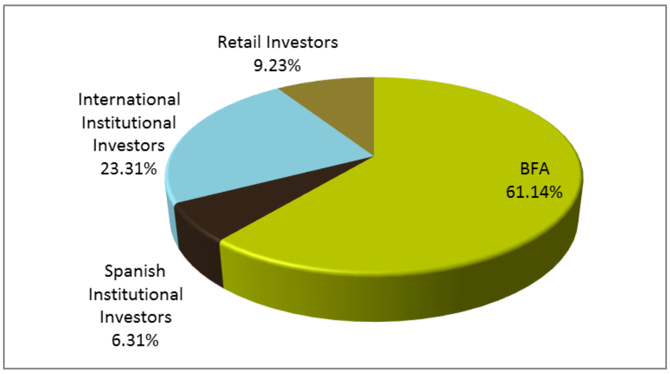
8. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Mar-2018
Number of shareholders	192,141
Daily average volume (num. shares)	8,886,790
Daily average turnover (euros)	35,446,043
Maximum closing price (€/share)	4,389 (26-ene)
Minimum closing price (€/share)	3,601 (26-mar)
Closing price (€/share)	3,639 (29-mar)



After the reduction of the nominal value of the shares and the reverse split carried out in June 2017, followed by the capital increase in December 2017 to execute the merger exchange with BMN, Bankia's share capital is represented by 3,085 million shares with a nominal value of one euro per share.

9. RATING

In the first quarter of 2018 Fitch and S&P upgraded Spain's rating to A- with Outlook Stable and A- with Outlook Positive, respectively. On 6 April DBRS also upgraded Spain's rating to A with Outlook Stable. These sovereign risk rating actions reflect the positive view taken by rating agencies of the macroeconomic environment in which banks are operating in Spain.

On 6 February, Fitch improved Bankia's outlook from Stable to Positive and affirmed its BBB- rating. According to the agency, Bankia's ratings reflect a domestic franchise strengthened by the merger with BMN, solid post-merger capital levels, adequate liquidity and funding sources and a management team with experience in corporate integrations.

After the close of the quarter, on 6 April, the agency S&P raised Bankia's rating from BBB- with Outlook Positive to BBB with Outlook Stable. This rating action is the result of the improved assessment of the "economic and sector environment of banks" that operate in Spain, after the upgrade of Spain's rating. The agency expects continued improvement in Bankia's capital, thanks to organic generation of capital and to issuance of hybrid instruments, and further decline in problem assets in the coming years, accompanied by improvements in recurring profitability after the integration of BMN.

With respect to Bankia's mortgage covered bonds, on 23 March Fitch affirmed its A rating with Outlook Positive, and on 27 March S&P upgraded the rating of these instruments from A+ to AA-, keeping the Outlook Positive.

CREDIT AGENCY RATINGS

Issuer Ratings	S&P Global Ratings	Fitch Ratings	DBRS	SCOPE
Long-term	BBB	BBB-	BBB (high)	BBB+
Short-term	A-2	F3	R-1 (low)	S-2
Outlook	Stable	Positive	Stable	Stable
Date	6-Apr-18	6-Feb-18	5-Jul-17	30-Nov-17
Mortgage Covered Bonds Ratings	**S&P Global Ratings**	**Fitch Ratings**	**DBRS**	**SCOPE**
Rating	AA-	A	AAA	AAA
Outlook	Positive	Positive	---	Stable
Date	27-Mar-18	23-Mar-18	22-Sep-17	8-Jul-16

10. RELEVANT EVENTS DURING THE QUARTER

Presentation of the new Strategic Plan

On 27 February 2018 the Bankia Group presented its new Strategic Plan 2018-2020, which had been approved by the Board of Directors of the Bank on 22 February 2018.

The objectives of the new Strategic Plan are focused on continuing to boost earnings through greater commercial dynamism, achieving further improvements in the quality of its balance sheet and making progress in the remuneration of shareholders. To achieve these aims, the Strategic Plan 2018-2010 rests on four main pillars:

- **Execution of the integration with BMN.** Bankia and BMN both have a business model focused on retail banking and a similar customer profile, which holds out the potential for major synergies through the reduction of redundant costs, while keeping integration risk in check. It is estimated that recurring costs (before taxes) can be reduced by 190 million euros in 2020. The Strategic Plan likewise envisages generating larger revenues, mainly in net interest income and in fees and commissions, given BMN's status as lead franchise in regions where Bankia has little presence which will provide a significant increase of scale and client base in those zones. As for the IT integration of processes and transactions, it was successfully concluded on 19 March 2018.

- **Efficiency and cost control.** With 312 million euros in restructuring expenses for the integration of BMN already having been provisioned in 2017, the new Strategic Plan expects the Group's efficiency ratio to improve to below 47%. This is made possible because the cost synergies from the merger with BMN are now estimated at 190 million euros, 23% higher than the initially projected 155 million euros.

- **Increased revenues from greater sales of high-value products.** During the next three years the Bankia Group will have the goal of continuing to increase its lending in the mortgage, consumer finance and businesses segments, as well as generating fees and commissions in high-value products (mutual funds, payment services, insurance) as a means of boosting revenues and improve margins, with the aim of increasing its market shares while keeping the cost of risk under control. Contributing to the achievement of this objective will be the new lines of activity that the Group may initiate with the disappearance of the restrictions set out in the Restructuring Plan that ended in December 2017. Those activities include lending to real estate developments, long-term financing to major corporations with access to capital markets, in and out of Spain, as well as other fee-generating products (project finance and M&A finance).

- **Faster reduction of problem assets**. Continued reduction of problem assets organically and via the sale of portfolios will be another pillar of the new Strategic Plan with the aim of freeing up liquidity and funds for extending new credit in segments where Bankia wants to boost its lending activity and market shares. Thus, the higher lending volume will therefore be accompanied by new reductions in non-performing loans and foreclosed assets (8,800 million euros projected for 2017-2020) which, according to the estimates of the new Strategic Plan, will bring its troubled assets ratio (gross NPLs + gross foreclosed assets / total risks + gross foreclosed) to below 6% at year-end 2020 (12.5% in 2017) and the NPL ratio to 3.9%.

With the achievement of the objectives charted in the Strategic Plan, the Bankia Group will maintain its model of strong organic generation of capital and thus keep its solvency ratio at above 12% CET 1 Fully Loaded. Bankia's aim is that all capital above that level be distributed to shareholders, which, together with the projected dividends, will allow it to pay shareholders more than 2,500 million euros during the next three years.

Reorganisation of the bancassurance business

On 28 February 2018, Bankia, S.A. entered into the respective sale and purchase agreements to acquire 50% of Caja Granada Vida Compañía de Seguros y Reaseguros, S.A., previously owned by Ahorro Andaluz, S.A., and 50% of Cajamurcia Vida y Pensiones de Seguros y Reaseguros, S.A., previously owned by Aviva Europe, S.E.

These agreements form part of the reorganisation of the bancassurance business which begun after the merger with BMN.

This acquisition has already been approved by the competition authority and its formal execution is awaiting notice of non-objection from the Spanish Directorate General for Insurance and Pension Funds. When executed, Bankia, S.A. will have acquired the entire share capital of the two aforesaid companies, thus putting an end to its bancassurance alliances with Aviva Europe, S.E.

Payment of the dividend out of 2017 profit

On 20 April 2018, pursuant to the resolutions adopted by the General Meeting of Shareholders on 10 April 2018, Bankia paid a dividend out of profits for 2017 to the holders of shares that carried dividend rights on the payment date, for a gross total amount of 340.1 million euros, 7.1% more than the dividend paid one year earlier. Of this amount, 208 million euros were paid to BFA, Tenedora de Acciones, S.A.U., which at 20 April 2018 held 61.175% of Bankia's capital.

11. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Mar-18 (1)	Dec-17 (1)	Change	
			Group	Ex-BMN
ALCO Portfolio	28,099	29,440	(1,341)	(4.6%)
NON ALCO Portfolio	1,224	1,317	(93)	(7.1%)
SAREB Bonds	20,431	20,698	(267)	(1.3%)
Total Fixed Income Portfolio	**49,754**	**51,455**	**(1,701)**	**(3.3%)**

(1) Nominal values of the "fair value" and "amortised cost" portfolios

INFORMATION IN RELATION TO THE ALTERNATIVE PERFORMANCE MEASURES (APMS)

In addition to the financial information prepared in accordance with generally accepted accounting principles (IFRS), the Bankia Group uses certain alternative performance measures ("APMs") that are normally used in the banking sector as indicators for monitoring the management of the Group's assets and liabilities and its financial and economic position. In compliance with the ESMA guidelines on transparency and investor protection in the European Union published in October 2015, the following tables give details of all the APMs used in this document, including their definitions and a reconciliation with the balance sheet and income statement line items used in their calculation.

ALTERNATIVE PERFORMANCE MEASURES

PERFORMANCE MEASURE	DEFINITION	CALCULATION AND ACCOUNTING DATA
Sum of customer resources on and off the balance sheet	Sum of customer deposits, subordinated and senior wholesale issues and off-balance sheet customer funds	Balance sheet items: - Customer deposits - Marketable debt securities Third-party resources managed and marketed by the Group: - Collective investment - Pension funds
NPL ratio (%)	Relationship between doubtful risks of loans and advances to customers and contingent risks and the total risks of loans and advances to customers and contingent risks	Doubtful risks of loans and advances to customers and contingent risks divided by the total risks of loans and advances to customers and contingent risks
NPL coverage ratio (%)	Measures the degree of impairments on loans, customer advances and contingent risks with regards to total doubtful risks of loans and advances to customers and contingent risks	Impairments on loans, customer advances and contingent risks divided by total doubtful risks of loans and advances to customers and contingent risks
LTD ratio (%)	Relationship between loans granted to customers and deposits taken from customers	Loans and advances to customers divided by customer deposits plus funds raised through second-floor loans received from the EIB and ICO. - Loans and advances to customers less reverse repos. Also in December 2016, less balances with BFA - Customer deposits less repos and single-certificate mortgage covered bonds
Gains/(losses) on financial assets and liabilities	Sum of the profit/(loss) from management of the trading portfolios of financial assets and liabilities, and accounting hedges	Sum of the following items on the income statement: - Gains or (-) losses on financial assets and liabilities not measured at fair value through profit or loss, net - Gains or (-) losses on financial assets and liabilities held for trading, net - Gains or (-) losses on financial assets not held for trading valued mandatorily at fair value through profit or loss, net. - Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net - Gains or (-) losses from hedge accounting, net

PERFORMANCE MEASURE	DEFINITION	CALCULATION AND ACCOUNTING DATA
Pre-provision profit	Gross margin less administrative expenses and depreciation and amortisation	Sum of the following items on the income statement: - Gross income - Administrative expenses - Depreciation and amortisation
Customer margin (%)	Difference between the average interest rate charged on loans and advances to customers and the average interest rate paid on customer deposits	Average interest rate on loans and advances to customers: - Interest income on loans and advances to customers recognised in the period divided by the average month-end balance of loans and advances to customers in the period Average interest rate paid on customer deposits: - Interest expenses on customer deposits recognised in the period divided by the average month-end balance of customer deposits in the period Interest income and interest expenses are annualised at the March, June and September accounting closes
Interest margin (net interest income) (%)	Difference between the average return on assets and the average cost of liabilities and equity	Average return on assets: - Interest income in the period divided by average month-end balances of recognised assets Average cost of liabilities and equity: - Interest expenses in the period divided by average month-end balances of total equity and liabilities in the period Interest income and interest expenses are annualised at the March, June and September accounting closes
ROA (%)	Measures the return on the Group's assets	After-tax profit/(loss) for the year divided by average month-end balances of recognised assets in the period After-tax profit/(loss) for the year is annualised at the March, June and September accounting closes
RORWA (%)	Measures the return obtained from the risk-weighted average assets	After-tax profit/(loss) for the year divided by regulatory risk-weighted assets at the end of the period After-tax profit/(loss) for the year is annualised at the March, June and September accounting closes
ROE (%)	Measures the return on equity	Profit/(loss) for the year attributable to equity holders of the Group divided by average value of equity of the 12 months preceding the period-end adjusted for expected dividends Profit/(loss) for the year attributable to equity holders of the Group is annualised at the March, June and September accounting closes
ROTE (%)	Measures the return on equity excluding intangible assets	Profit/(loss) for the year attributable to equity holders of the Group divided by average value of equity of the 12 months preceding the period-end adjusted for expected dividends Profit/(loss) for the year attributable to equity holders of the Group is annualised at the March, June and September accounting closes
Efficiency ratio (%)	Measures operating expenses as a percentage of gross income	Administrative expenses + depreciation and amortisation divided by gross income
Cost of risk (%)	Measures the relationship between non-performing loan provisions and the total balance of customer credit risk and contingent risks	Sum of losses from impairment of financial assets and provisions for contingent risks included under "Provisions (net)" on the income statement divided by the average value of loans and advances to customers, gross (before provisions) and contingent risks in the period Out of impairment of financial assets, the extraordinary and non-recurrent provisions, the external costs of recoveries and the variations in impairment of fixed-income instruments, are deducted. Total of impairment losses of financial assets and provisions for contingent risks are annualised at the March, June and September accounting closing
Market capitalisation	Economic metric indicating the total value of a business as per the market price of its shares	Sum of share price multiplied by the number of shares outstanding at period-end In December 2016, the number of shares and share price are proforma following the reverse split in June 2017
Earnings per share	Measures the part of profit attributable to each of the bank's shares	Profit/(loss) attributable to equity holders of the Group divided by the number of shares outstanding at period-end Profit/(loss) for the year attributable to equity holders of the Group is annualised at the March, June and September accounting closes In December 2016, the number of shares is proforma following the reverse split in June 2017
Tangible book value per share	The book value of the company per each share issued, minus intangible assets	Sum of dividing the Group's equity less intangible assets by the number of shares outstanding at period-end In December 2016, the number of shares outstanding is proforma following the reverse split in June 2017
P/E ratio	Number of times earnings goes into the price per share	Share price at period-end divided by earnings per share in the period
Price to tangible book value ratio	Ratio comparing the bank's share price as a proportion of its tangible book value	Share price at period-end divided by tangible book value per share in the period

ACCOUNTING DATA USED TO CALCULATE THE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Mar-18	Dec-17
Sum of customer funds managed on and off balance sheet	**174.227**	**177.467**
- Customer deposits	127.010	130.396
- Marketable debt securities	19.557	19.785
- Mutual funds	19.635	19.205
- Pension funds	8.025	8.082
NPL ratio (%)	**8,7%**	**8,9%**
- Doubtful risks of loans and advances to customers and contingent risks	11.631	12.117
- Total risks of loans and advances to customers and contingent risks	134.258	136.353
NPL coverage ratio (%)	**55,1%**	**50,8%**
- Impairments on loans, customer advances and contingent risks	6.412	6.151
- Doubtful risks of loans, advances to customers and contingent risks	11.631	12.117
LTD ratio (%)	**92,7%**	**93,9%**
- Loans and advances to customers	120.410	123.025
- Reverse repo transactions	13	256
- Customer deposits	127.010	130.396
- Repo transactions	544	2.663
- Single-certificate mortgage covered bonds	7.166	7.499
- Funds for second-floor credit facilities from the EIB and ICO	3.389	3.007
Market capitalisation (1)	**11.226**	**12.300**
- Number of shares outstanding at end of period (million)	3.085	3.085
- Share price at end of period (euros)	3,639	3,987
Earnings per share (euros) (1)	**0,302**	**0,265**
- Profit or loss attributable to the Group for the period	229	816
- Profit or loss attributable to the Group for the period (annualised)	931	816
- Number of shares outstanding at end of period (million)	3.085	3.085
Tangible book value per share (euros) (1)	**4,30**	**4,34**
- Total equity	13.516	13.613
- Intangible assets	253	237
- Total equity less intangible assets	13.263	13.376
- Number of shares outstanding at end of period (million)	3.085	3.085
P/E ratio (1)	**12,06**	**15,07**
- Share price at end of period (euros)	3,639	3,987
- Earnings per share for the period (euros)	0,302	0,265
Price to tangible book value ratio (1)	**0,85**	**0,92**
- Share price at end of period (euros)	3,639	3,987
- Tangible book value per share (euros)	4,30	4,34

(1) Where the figure for attributable profit is used, in 2017 this excludes the net extraordinary integration net costs of €312 million, resulting from the merger between Bankia and BMN

ACCOUNTING DATA USED TO CALCULATE THE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Mar-18	Mar-17 (1)
Net trading income	**139**	**161**
- Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net.	130	146
- Gains or losses on financial assets and financial liabilities held for trading, net.	16	24
- Gains or losses on financial assets not held for trading mandatorily valued at fair value through profit and loss account, net.	-	-
- Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net.	-	-
- Gains or losses from hedge accounting, net.	(7)	(9)
Net income before provisions	**453**	**500**
- Total operating income	939	886
- Administrative expenses	(437)	(345)
- Depreciation and amortisation	(48)	(41)
ROA (%)	**0,4%**	**0,7%**
- Profit after tax for the period	230	304
- Profit after tax for the period annualized	932	1.233
- Average month-end balance of assets recorded on the balance sheet for the period	209.465	186.385
RORWA (%)	**1,1%**	**1,6%**
- Profit after tax for the period	230	304
- Profit after tax for the period annualized	932	1.233
- Regulatory risk-weighted assets at the end of the period	85.771	75.905
ROE (%)	**7,5%**	**10,2%**
- Profit or loss attributable to the Group for the period	229	304
- Profit or loss attributable to the Group for the period annualized	931	1.232
- Average month-end balance of equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12.381	12.028
ROTE (%)	**7,7%**	**10,4%**
- Profit or loss attributable to the Group for the period	229	304
- Profit or loss attributable to the Group for the period annualized	931	1.232
- Average month-end balance of tangible equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12.143	11.809
Efficiency (%)	**51,7%**	**43,6%**
- Administrative expenses	437	345
- Depreciation and amortisation for the period	48	41
- Total operating income	939	886
Cost of risk (%) a/(b+c)	**0,23%**	**0,31%**
- Impairment losses on financial assets	(116)	(107)
- External costs of recoveries	23	12
- Impairment losses on fixed-income financial instruments	3	(3)
- Provisions / releases of provisions for contingent liabilities	13	8
- **Total impairment for calculating the cost of risk**	**(77)**	**(90)**
- **Total impairment for calculating the cost of risk (a)**	**(313)**	**(363)**
- Average gross loans and advances to customers for the period (b)	127.219	109.324
- Average contingent liabilities for the period (c)	8.964	7.264

(1) March 2017 data relate to Bankia Group before merger with BMN, due to the merger having accounting effect as of 01/12/2017.

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	1Q 2018	4Q 2017 [(2)]	1Q 2017 [(1)]
Customer margin (%)	**1,57%**	**1,59%**	**1,60%**
Average interest rate on loans and advances to customers (%):	1,71%	1,70%	1,71%
- Interest income from loans and advances to customers for the period	512	457	438
- Interest income from loans and advances to customers for the period, annualised	2.076	1.813	1.775
- Average month-end balance of loans and advances to customers.	121.071	106.561	103.549
Average interest rate on customer deposits (%):	0,14%	0,11%	0,12%
- Interest expense of customer deposits for the period	43	29	30
- Interest expense of customer deposits, annualised	173	115	122
- Average month-end balance of customer deposits	126.613	106.648	104.168

(1) March 2017 data relate to Bankia Group before merger with BMN, due to the merger having accounting effect as of 01/12/2017.

(2) The figures at the end of 4Q 2017 include financial income, financial expense, yielding assets and liabilities from BMN in December, due to the merger having accounting effect 01/12/2017.

INFORMATION IN RELATION TO THE ISSUE OF CONTINGENT CONVERTIBLE BONDS (AT1)

Solvency and leverage (%)	Bankia 31-Mar-2018
Common equity Tier I (CET1) (Group) BIS III Phase In (incl. FV unrealised gains) [(1)]	13.89%
Common equity Tier I (CET1) (Group) BIS III Fully Loaded (incl. FV unrealised gains) [(1)]	12.68%
Common equity Tier I (CET1) (Individual) BIS III Phase In (incl. FV unrealised gains) [(1)]	13.27%
Common equity Tier I (CET1) (Individual) BIS III Fully Loaded (incl. FV unrealised gains) [(1)]	12.02%
Total capital ratio (Group) BIS III Phase In (incl. FV unrealised gains) [(1)]	16.88%
Total capital ratio (Group) BIS III Fully Loaded (incl. FV unrealised gains) [(1)]	15.67%
Solvency ***(€mn)***	
Available distributable items (Individual) [(2)]	8,118

(1) Unrealised gains and losses of the Fair Value portfolio

(2) Excluding the regulatory expected dividend and the accrual AT1 cupon payment

LEGAL DISCLAIMER

This document is for informational purposes only and does not constitute an offer to sell or an invitation to purchase any product. Neither this document nor any part of it shall form the basis of, or be relied on in connection with, any agreement or commitment.

The decision about any financial transaction must be made taking the needs of the customer and the transaction's appropriateness from a legal, tax, accounting and/or financial point of view into account, in accordance with the informational documents provided for by applicable laws and regulations. The investments mentioned or recommended herein may not be of interest to all investors.

The opinions, projections and estimates contained in this document are based on publicly available information and constitute Bankia, S.A.'s assessment at the date of issue but in no way guarantee that future results or events will be in accordance with said opinions, projections or estimates.

The information is subject to changes without notice. No guarantee is offered as to its accuracy and it may be incomplete or summarised. Bankia, S.A. will accept no responsibility for any losses that may arise from any use of this document or its contents or in any other way in relation to said contents.

LET´S KEEP WORKING

Investor Relations
ir@bankia.com