Quarterly earnings report

January-March 2017

28 April 2017

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CONTENTS

Basis of presentation and comparability of information

The Bankia Group reports audited financial information at 30 June and 31 December each year. The financial information as of the end of March 2017 and March 2016 contained in this document is therefore unaudited.

The audit reports incorporated in the consolidated financial statements for the year ended 31 December 2016 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 20 to the accompanying consolidated financial statements, which describe the uncertainties regarding the final outcome of litigation in relation to the Initial Public Offering of shares carried out in 2011 for the stock market listing of Bankia, S.A. This matter does not modify our opinion."

At 31 March 2017 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 2016.

The Bankia Group obtains attributable profit of 304 million euros, 28.4% more than in the first quarter of 2016

Bankia achieves this result by increasing customer loyalty and satisfaction, maintaining the competitive advantages in costs and leadership in solvency.

- Net interest income totals 504 million euros, down 2.5% compared to the previous quarter, reflecting a gradual stabilisation of the credit book yield and the improvement in gross customer margin.
- The customer's loyalty strategy is starting to have a positive impact on fee and commission income, which is up 3.8% compared to the first quarter of 2016.
- Net trading income (NTI) for the quarter helps push gross income up 3.8% year-on-year, to 886 million euros at the end of March 2017.
- Bankia continues to improve cost control. Operating expenses are down 3.4% compared to the first quarter of 2016, with the efficiency ratio at 43.6% at the end of March 2017.
- Stabilisation of income from the banking business, the efficiency levels achieved and the containment of the cost of risk, bring attributable profit for the first quarter of the year to 304 million euros, up 28.4% compared to the first quarter of 2016.

Impetus of the new commercial model continues to increase business volumes

- Great response to the "No fees mortgage", driving a 93.5% increase in new mortgages compared to the same period of 2016.
- New lending pushes the stock of consumer finance loans up 18% year-on-year and the stock of businesses performing loans by 273 million euros.
- The strong rate of new customer funds continues for yet another quarter. Customer funds are up 4.6% year-on-year, with particularly strong growth in mutual funds (+10.1%), where the Group's market share has risen to 5.59% (+6 bps vs. December 2016).
- Further progress in the multi-channel strategy. At the end of March 2017, multi-channel customers represent 38.4% of total customers, compared to 37.6% in December 2016. The number of customers managed through the "Connect with your expert" digital banking service is up 16.7% in the quarter.

Further improvements in asset quality and risk indicators

- NPLs are down 4.3% in the quarter and down 12.6% year-on-year, reducing the NPL ratio to 9.5% (down 30 basis points vs. December 2016).
- The stock of foreclosed assets has been reduced by 9.9% since March 2016. In the first quarter of 2017 the Group sold foreclosed assets for a total of 102 million euros.

Financial strength and solid capital generation

- The Bankia Group maintains a sound capital position, thanks to its ability to generate capital organically. At the end of the first quarter of 2017, the Bankia Group's CET1 Phase-in ratio is 14.91% (+85 bps vs. March 2016) and the CET1 Fully Loaded ratio (not including unrealised gains on sovereign holdings in the AFS portfolio) is 13.37% (+85 bps year-on-year).
- The €500mn Tier 2 subordinated debt issue was >10.0x oversubscribed, adding 66 basis points of capital at the total solvency level.
- The Bankia Group's solvency ratios at the close of the first quarter of 2017 show an ample surplus above the minimum prudential requirements imposed on Bankia by the European Central Bank (ECB) for 2017, namely, +703 bps above the regulatory CET1 Phase-in ratio (7.875%) and +557 bps above the minimum Total Capital ratio (11.375%).
- The Group's financial strength translates into further improvements in its ratings. Standard & Poor's has raised Bankia's long-term rating from BB+ to BBB-, so that at the end of the first quarter of 2017 Bankia once again has an investment grade rating from the three agencies to whom the bank solicit its ratings.

1. RELEVANT DATA

	Mar-17	Dec-16	Change
Balance sheet (€ million)			
Total assets	183,953	190,167	(3.3%)
Loans and advances to customers (net)(1)	104,152	104,677	(0.5%)
Loans and advances to customers (gross)(1)	109,653	110,595	(0.9%)
On-balance-sheet customer funds	122,896	125,001	(1.7%)
Customer deposits and clearing houses	103,894	105,155	(1.2%)
Borrowings, marketable securities	17,455	18,801	(7.2%)
Subordinated liabilities	1,547	1,045	48.0%
Total managed customer funds	143,421	145,097	(1.16%)
Equity	12,285	12,303	(0.1%)
Common Equity Tier I - BIS III Phase In	11,317	11,329	(0.1%)
Capital adequacy (%)			
Common Equity Tier I - BIS III Phase In	14.91%	14.70%	+0.21 p.p.
Total capital ratio - BIS III Phase In	16.94%	16.03%	+0.91 p.p.
Ratio CET1 BIS III Fully Loaded	13.37%	13.02%	+0.35 p.p.
Risk management (€ million and %)			
Total risk(2)	116,216	117,205	(0.8%)
Non performing loans	10,984	11,476	(4.3%)
NPL provisions	5,893	6,323	(6.8%)
NPL ratio (2)	9.5%	9.8%	-0.3 p.p.
NPL coverage ratio	53.7%	55.1%	-1.4 p.p.

	Mar-17	Mar-16	Change
Results (€ million)			
Net interest income	504	577	(12.7%)
Gross income	886	853	3.8%
Operating income before provisions	500	454	10.2%
Profit/(loss) attributable to the Group	304	237	28.4%
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	43.6%	46.8%	-3.2 p.p.
R.O.A. (Profit after tax / Average total assets) (3)	0.7%	0.5%	+0.2 p.p.
RORWA (Profit attributable to the group / RWA) (4)	1.6%	1.2%	+0.4 p.p.
ROE (Profit attributable to the group / Equity) (5)	10.2%	8.2%	+2.0 p.p.
ROTE (Profit attributable to the group / Average tangible equity) (6)	10.4%	8.3%	+2.1 p.p.

	31-Mar-2017	30-Dec-2016	Change
Bankia share			
Number of shareholders	227,744	241,879	(5.8%)
Number of shares in issue (million)	11,517	11,517	0.0%
Closing price (end of period, €)(7)	1.07	0.97	9.8%
Market capitalisation (€ million)	12,277	11,183	9.8%
Earnings per share (8)	0.11	0.07	53.2%
Tangible book value per share (€) (9)	1.07	1.10	(1.9%)
PER (Last price (7) / Earnings per share)	9.97	13.91	(28.3%)
PTBV (Last price (7) / Tangible book value per share)	0.99	0.89	11.9%
Additional information			
Number of branches	1,770	1,855	(4.6%)
Number of employees	13,513	13,505	0.1%

(1) Includes transactions with BFA (Mar-17 €304mn; Dec-16 €125mn)
(2) NPL ratio excludes transactions with BFA (Mar-17 €304mn; Dec-16 €125mn)
(3) Annualized profit after tax divided by the average total assets
(4) Annualized attributable profit divided by the risk weighted assets
(5) Annualized attributable profit divided by the previous 12 months equity average
(6) Annualized attributable profit divided by the previous 12 months tangible equity average
(7) Using the last price on 31st March and 31th December
(8) Annualized attributable profit divided by the number of shares in issue
(9) Total Equity less intangible assets divided by the number of shares in issue

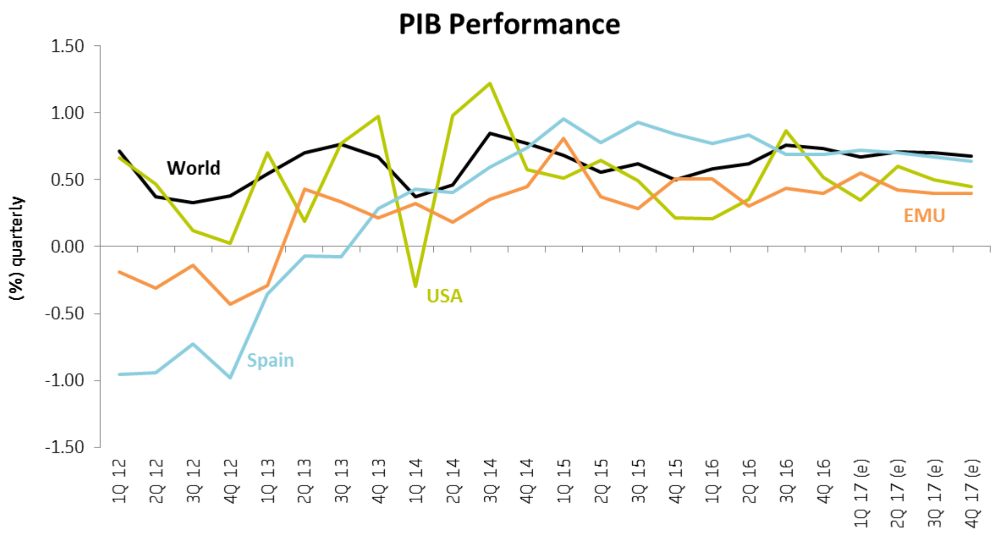
2. ECONOMIC AND FINANCIAL ENVIRONMENT

The start of 2017 has been positive. Overall, the global scenario behaved better than expected in the first quarter. The most notable feature was the strength of the euro area, which maintained an above-potential rate of growth, despite the political uncertainty (Brexit, elections in France, very complex scenario in Italy and review of the bail-out programme for Greece). In addition, the recovery in the emerging economies gathered strength, corporate earnings improved and capital investment, the manufacturing sector and international trade recovered.

At the same time, inflation seems to have gone as high as it can go in the main developed economies, as the base effect relating to energy prices starts to diminish. In the euro area, headline inflation in March was 1.5% and underlying inflation, 0.7%, both still below the central bank target, which allowed the ECB to maintain its monetary policy unchanged: in April it has reduced the size of its asset purchase programme from a monthly volume of 80,000 million euros to 60,000 million, as announced in December. In this context, one-year Euribor reached new record lows (–0.114%), with additional falls observed in April. The yields on peripheral debt showed an slight positive trend, due to an increase in the risk premium as a result of political uncertainty in the euro area: in the case of Spain it increased to 150 bps, with the 10-year bond yield reaching values above 1.90%.

The Spanish economy has shown vigorous growth during the first few months of 2017, even exceeding expectations: GDP growth in the first quarter of 2017 could be close to 0.8% quarter-on-quarter (+0.7% previous quarter). The growth in economic activity is reflected in the labour market, which is showing a more pronounced positive trend: employment grew by a monthly average of 62,493 affiliations on a seasonally adjusted basis in the quarter (+55,493 in the fourth quarter of 2016). Meanwhile, the correction of imbalances continues. On the one hand, in 2016 the total debt of the Spanish economy was reduced to 296.8% of GDP, the lowest level in five years, thanks mainly to the prolonged decrease in private debt, which fell for the sixth consecutive year to its lowest level since 2004. On the other hand, the current account surplus has reached record high levels (2% of GDP), as the increase in energy prices is being offset by the strength of exports, driven by competitiveness gains.

The improvement in the macroeconomic environment continues to be reflected in the performance of the Spanish banking industry. In lending, the flow of new credit to SMEs and households has continued its growth trend. And although the deleveraging process has been more prolonged than expected, an end is at sight. Deposits have continued to perform strongly, as also have mutual funds, which have experienced faster growth in assets under management as a result of transfers from term deposits. The steady improvement in credit quality is continuing and at European level the authorities are considering other means of accelerating the management of non-performing assets, including the creation of a single “bad bank” or a European clearing house to facilitate the purchase and sale of such assets. Along the same positive lines, solvency levels continue to improve through a higher quality of capital. Lastly, the profitability of the banking system is still under pressure and represents the main challenge, which is why cost reduction and sales of value-added products remain strategic priorities for banks.



Source: Thomson Reuters and Bankia Researcj . (e) Estimate

3. SUMMARY OF RESULTS

The Bankia Group closes the first quarter of 2017 with attributable profit of 304 million euros, 28.4% more than in the same period of 2016

In the first quarter of 2017 the Group's new commercial model continued to create value for Bankia's customers, generating higher loyalty indexes, major advances in the multi-channel strategy and an increase in business volumes. These advances have started to be reflected in the Group's recurring revenue base and in the market share gains in different products and segments.

The Bankia Group thus ends the first quarter of the year with a trend towards stabilisation of gross customer margins and fee and commission income. Additionally, this quarter shows a significant inflow of trading income from the sale of fixed-income portfolios. For yet another quarter, leadership in efficiency and a controlled cost of risk have allowed to offset much of the adverse effects of an economic scenario of persistent low interest rates, generating an improvement in the Group's operating margins.

As a result of all the above, in the first quarter of 2017 the Bankia Group posted an attributable profit of 304 million euros, 28.4% more than in the same period of 2016. The Group achieved this result while maintaining a balanced balance sheet structure, with good liquidity ratios, and significantly improving its capital position and the credit quality of its portfolios.

INCOME STATEMENT

(€ million)	1Q 2017	1Q 2016	Change Amount	Change %
Net interest income	**504**	**577**	**(73)**	**(12.7%)**
Dividends	6	0	5	-
Share of profit/(loss) of companies accounted for using the equity method	9	8	0	5.6%
Total net fees and commissions	207	200	8	3.8%
Gains/(losses) on financial assets and liabilities	161	61	100	164.6%
Exchange differences	2	7	(5)	(70.9%)
Other operating income/(expense)	(3)	(1)	(2)	241.7%
Gross income	**886**	**853**	**33**	**3.8%**
Administrative expenses	(345)	(362)	17	(4.8%)
Staff costs	(235)	(239)	4	(1.6%)
General expenses	(110)	(124)	14	(10.9%)
Depreciation and amortisation	(41)	(37)	(4)	10.1%
Operating income before provisions	**500**	**454**	**46**	**10.2%**
Provisions	(99)	(116)	17	(14.3%)
Provisions (net)	8	(28)	36	-
Impairment losses on financial assets (net)	(107)	(87)	(20)	22.5%
Operating profit/(loss)	**401**	**338**	**63**	**18.6%**
Impairment losses on non-financial assets	(9)	(2)	(6)	258.7%
Other gains and other losses	12	(21)	33	-
Profit/(loss) before tax	**404**	**315**	**89**	**28.4%**
Corporate income tax	(100)	(78)	(22)	27.9%
Profit/(loss) after tax	**304**	**237**	**67**	**28.5%**
Profit/(Loss) attributable to minority interests	0	0	-	-
Profit/(loss) attributable to the Group	**304**	**237**	**67**	**28.4%**
Cost to Income ratio (1)	**43.6%**	**46.8%**	**-3.2 p.p.**	**(7.0%)**
Recurring Cost to Income ratio (2)	**53.4%**	**50.9%**	**+2.5 p.p.**	**5.0%**

(1) Operating expenses / Gross income

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

QUARTERLY RESULTS

(€ million)	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Net interest income	**504**	**517**	**507**	**546**	**577**
Dividends	6	0	0	3	0
Share of profit/(loss) of companies accounted for using the equity method	9	9	8	13	8
Total net fees and commissions	207	213	204	207	200
Gains/(losses) on financial assets and liabilities	161	57	65	58	61
Exchange differences	2	(1)	(2)	8	7
Other operating income/(expense)	(3)	(90)	(10)	(2)	(1)
Gross income	**886**	**706**	**774**	**833**	**853**
Administrative expenses	(345)	(330)	(346)	(349)	(362)
Staff costs	(235)	(218)	(223)	(227)	(239)
General expenses	(110)	(112)	(123)	(122)	(124)
Depreciation and amortisation	(41)	(46)	(40)	(38)	(37)
Operating income before provisions	**500**	**331**	**388**	**446**	**454**
Provisions	(99)	31	(52)	(87)	(116)
Provisions (net)	8	(5)	53	(24)	(28)
Impairment losses on financial assets (net)	(107)	35	(105)	(64)	(87)
Operating profit/(loss)	**401**	**361**	**336**	**359**	**338**
Impairment losses on non-financial assets	(9)	(3)	3	(6)	(2)
Other gains and other losses	12	(215)	(38)	(28)	(21)
Profit/(loss) before tax	**404**	**143**	**302**	**324**	**315**
Corporate income tax	(100)	(8)	(51)	(79)	(78)
Profit/(loss) after tax	**304**	**135**	**251**	**245**	**237**
Profit/(Loss) attributable to minority interests	0	(3)	1	0	0
Profit/(loss) attributable to the Group	**304**	**138**	**250**	**245**	**237**
Net impact from extraordinary provisions (1)	-	(65)	-	-	-
Reported profit attributable to the Group	**304**	**73**	**250**	**245**	**237**
Cost to Income ratio (2)	**43,6%**	**53,2%**	**49,9%**	**46,5%**	**46,8%**
Recurring Cost to Income ratio (3)	**53,4%**	**57,8%**	**54,3%**	**50,5%**	**50,9%**

(1) Net provision of €65mn due to the mortgage floors on 4Q 2016

(2) Operating expenses / Gross income

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

- The Group's **net interest income** totalled 504 million euros, representing a decline of 12.7% compared to the first quarter of 2016 but with a gradual stabilisation as a result of the improvement in the gross customer margin.

  With the Euribor at negative levels, in the first quarter of 2017 **the Bankia Group succeeded in maintaining the yield on loans to customers**. Excluding the positive impact of non-recurring transactions during the quarter, the yield on loans was 1.64%, in line with the 1.65% recorded in the fourth quarter of 2016, thanks to the steadily diminishing impact of the interest rate curve and the positive contribution of new consumer finance, businesses and mortgage loans, which offset the negative effect of continuing repricings in the portfolio due to the fall in the Euribor.

  At the same time, the costs of liabilities have continued on the downward trend seen in previous quarters. This is particularly apparent in the stock of retail term deposits, the cost of which reached 0.26% at the end of the first quarter of 2017, compared to 0.33% at the end of the fourth quarter of 2016 (–7 bps).

  The decline in funding cost and the stabilisation of the credit yield are reflected in the **gross customer margin**, which started to rebound in the fourth quarter of 2016 **and continued to grow in the first quarter of 2017, reaching 1.52%**, excluding the impact of non-recurring transactions, marking an improvement of 3 bps compared to the previous quarter.

  In contrast, the **decline in income from the fixed-income portfolios** continues to affect the Group's net interest income performance. This decline is due to the decrease in the rate of the ALCO portfolio, maturities in the legacy portfolio and, to a lesser extent, the repricing of the SAREB bonds.

REVENUES AND EXPENSES

	1Q 2017				4Q 2016			
(€ million & %)	Average Amount	Weight (%)	Revenues /Expenses	Yield	Average Amount	Weight (%)	Revenues /Expenses	Yield
Loans and advances to credit institutions [1]	6.313	3,4%	21	1,35%	6.584	3,4%	23	1,41%
Net Loans and advances to customers[2] (a)	103.549	55,6%	438	1,71%	105.305	54,7%	436	1,65%
Debt securities	51.453	27,6%	133	1,05%	53.879	28,0%	159	1,17%
Other interest earning assets [3]	396	0,2%	1	0,80%	353	0,2%	2	1,97%
Other non-interest earning assets	24.674	13,2%	-	-	26.287	13,7%	-	-
Total Assets (b)	**186.385**	**100,0%**	**593**	**1,29%**	**192.407**	**100,0%**	**620**	**1,28%**
Deposits from central banks and credit institutions	37.577	20,2%	13	0,14%	40.120	20,9%	14	0,14%
Customer deposits (c)	104.168	55,9%	30	0,12%	104.830	54,5%	43	0,16%
Strict Customer Deposits	*98.372*	52,8%	*28*	*0,11%*	*98.267*	51,1%	*38*	*0,16%*
Repos	*690*	0,4%	*0*	*0,00%*	*1.239*	0,6%	*0*	*0,00%*
Single-certificate covered bonds	*5.106*	2,7%	*3*	*0,20%*	*5.324*	2,8%	*4*	*0,32%*
Marketable securities	17.969	9,6%	36	0,81%	19.582	10,2%	37	0,75%
Subordinated liabilities	1.131	0,6%	8	2,96%	1.042	0,5%	8	2,91%
Other interest earning liabilities [3]	889	0,5%	1	0,55%	761	0,4%	2	0,94%
Other liabilities with no cost	11.835	6,3%	-	-	13.172	6,8%	-	-
Equity	12.815	6,9%	-	-	12.900	6,7%	-	-
Total equity and liabilities (d)	**186.385**	**100,0%**	**89**	**0,19%**	**192.407**	**100,0%**	**103**	**0,21%**
Customer margin (a-c)				**1,60%**				**1,49%**
Net interest margin (b-d)			**504**	**1,10%**			**517**	**1,07%**

(1) 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, it works all the way around with regards to Deposits from central banks and credit institutions.

(2) 1Q 2017 includes singular transactions that increase the average yield from 1.64% to 1.71%.

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

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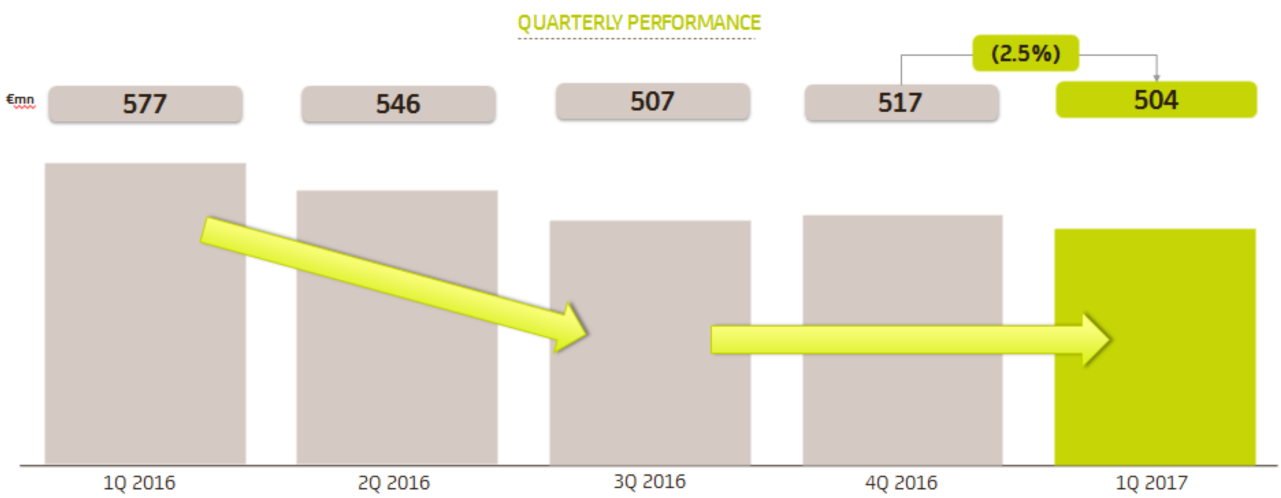
REVENUES AND EXPENSES

(€ million & %)	1Q 2017 Average Amount	1Q 2017 Weight (%)	1Q 2017 Revenues /Expenses	1Q 2017 Yield	1Q 2016 Average Amount	1Q 2016 Weight (%)	1Q 2016 Revenues /Expenses	1Q 2016 Yield
Loans and advances to credit institutions (1)	6.313	3,4%	21	1,35%	7.259	3,5%	4	0,23%
Net Loans and advances to customers (2) (a)	103.549	55,6%	438	1,71%	107.900	52,5%	506	1,89%
Debt securities	51.453	27,6%	133	1,05%	55.197	26,8%	217	1,58%
Other interest earning assets (3)	396	0,2%	1	0,80%	357	0,2%	2	2,35%
Other non-interest earning assets	24.674	13,2%	-	-	34.914	17,0%	-	-
Total Assets (b)	**186.385**	**100,0%**	**593**	**1,29%**	**205.627**	**100,0%**	**729**	**1,43%**
Deposits from central banks and credit institutions	37.577	20,2%	13	0,14%	41.099	20,0%	23	0,22%
Customer deposits (c)	104.168	55,9%	30	0,12%	105.482	51,3%	85	0,33%
Strict Customer Deposits	*98.372*	52,8%	*28*	*0,11%*	*93.231*	45,3%	*75*	*0,32%*
Repos	*690*	0,4%	*0*	*0,00%*	*5.880*	2,9%	*0,16*	*0,01%*
Single-certificate covered bonds	*5.106*	2,7%	*3*	*0,20%*	*6.371*	3,1%	*10*	*0,62%*
Marketable securities	17.969	9,6%	36	0,81%	23.395	11,4%	34	0,58%
Subordinated liabilities	1.131	0,6%	8	2,96%	1.057	0,5%	8	3,13%
Other interest earning liabilities (3)	889	0,5%	1	0,55%	953	0,5%	2	0,75%
Other liabilities with no cost	11.835	6,3%	-	-	20.996	10,2%	-	-
Equity	12.815	6,9%	-	-	12.647	6,2%	-	-
Total equity and liabilities (d)	**186.385**	**100,0%**	**89**	**0,19%**	**205.627**	**100,0%**	**152**	**0,30%**
Customer margin (a-c)				**1,60%**				**1,56%**
Net interest margin (b-d)			**504**	**1,10%**			**577**	**1,13%**

(1) 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, it works all the way around with regards to Deposits from central banks and credit institutions.

(2) 1Q 2017 includes singular transactions that increase the average yield from 1.64% to 1.71%.

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



- **Net fee and commission income** performed strongly in the first quarter of the year, reaching a total of 207 million euros, compared to 200 million euros in the first quarter of 2016 (+3.8%). It is worth noting the increase in fee and commission income from commercial banking, particularly cards, payment services and securities brokerage, which are closely linked to the growth in transactionality resulting from the customer loyalty strategy the Group is implementing.

- Increased contribution from **net trading income (NTI)** to the consolidated income statement for the first quarter, at 161 million euros, an increase of 100 million euros year-on-year, due to the sale of fixed-income portfolios.

- The Group reports **foreign exchange gains** of 2 million euros, down from 7 million euros in the first quarter of 2016.

- **Other operating income and expenses** show no significant change compared to the first quarter of 2016, with a net expense of 3 million euros in the period to March 2017. This item includes mainly rental income, sales to group companies and the tax on deposits. Also recorded under this heading are the contributions to the Single Resolution Fund (SRF) and the Deposit Guarantee Fund (DGF) paid in the second and fourth quarters, in 2016.

- The performance of the above describe items determines the positive trend in **gross income,** which in the first quarter of 2017 reached 886 million euros, 3.8% higher than in the same period of 2016.

- The effort in cost reduction is another key management factor at Bankia Group. **In the first quarter of 2017, operating expenses (administrative expenses and depreciation and amortisation expense) fell 3.4%** compared to the first quarter of 2016, to 386 million euros, making this the fourth consecutive quarter with a decrease in costs, thanks to the cost rationalisation measures implemented following the completion of the Group's restructuring process. In the first quarter of 2017 it is worth noting the reduction in general expenses by 10.9% year-on-year, while staff costs fell 1.6%.

This cost management discipline is reflected in the **Group's efficiency ratio, which reached 43.6%** at the end of March 2017 (–3.2 percentage points vs. March 2016), one of the best ratios among the bank's main competitors in Spain.

NET FEE AND COMMISSION INCOME

						Change	
(€ million)	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016	1Q 2017/1Q 2016	
Contingent risks and commitments	21	21	21	23	21	0	1,3%
Payments services	69	74	68	71	70	(1)	(0,9%)
Bills of exchange	6	8	9	9	10	(4)	(42,1%)
Debit and credit cards	40	46	40	41	38	2	5,8%
Means of payment	11	8	6	7	7	5	68,4%
Sight deposits	12	13	13	13	15	(3)	(22,2%)
Securities brokerage service	15	14	13	14	13	2	15,4%
Marketing of products	71	70	69	71	71	(0)	(0,6%)
Mutual funds	26	25	25	26	26	(0)	(1,7%)
Pension funds	15	15	15	15	15	0	2,5%
Insurance and other	30	29	29	31	31	(0)	(1,1%)
Management and sale of NPLs and write offs	1	4	4	5	2	(2)	(65,3%)
Claims on Past due	24	26	24	26	25	(1)	(3,7%)
Other	24	23	26	18	15	9	58,8%
Fees and commissions received	**225**	**232**	**224**	**227**	**218**	**7**	**3,4%**
Fees and commissions paid	**18**	**19**	**19**	**21**	**18**	**(0)**	**(0,9%)**
TOTAL NET FEE AND COMMISSION INCOME	**207**	**213**	**204**	**207**	**200**	**8**	**3,8%**

ADMINISTRATIVE EXPENSES

(€ million)	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016	Change 1Q 2017/1Q 2016	
Staff cost	**235**	**218**	**223**	**227**	**239**	**(4)**	**(1.6%)**
Wages and salaries	171	166	174	176	184	(14)	(7.4%)
Social security costs	45	41	41	42	44	1	2.5%
Pension plans	13	5	3	4	4	9	228.0%
Others	7	6	5	4	7	(0)	(1.9%)
General expenses	**110**	**112**	**123**	**122**	**124**	**(14)**	**(10.9%)**
From property, fixtures and supplies	26	29	25	28	27	(1)	(5.0%)
IT and communications	39	39	38	39	39	0	0.7%
Advertising and publicity	10	11	12	9	11	(1)	(12.4%)
Technical reports	5	14	10	6	6	(1)	(23.7%)
Surveillance and security courier services	4	3	4	4	3	0	5.9%
Levies and taxes	6	(13)	15	14	15	(8)	(57.5%)
Insurance and self-insurance premiums	1	1	1	1	1	0	35.3%
Other expenses	19	28	18	22	21	(2)	(8.1%)
TOTAL ADMINISTRATIVE EXPENSES	**345**	**330**	**346**	**349**	**362**	**(17)**	**(4.8%)**

- **Pre-provision profit is up 10.2%** compared to the first quarter of 2016, thanks to the gradual stabilisation of the more recurring banking income, the growth of net trading income and cost control by the Group.

- In the first three months of the year the Bankia Group recorded a total of 107 million euros of provisions for **impairment of financial assets**, compared to 87 million euros in the same period of 2016. The year-on-year change is associated mainly with the loan loss provisions recorded to cover single name exposures.

- **The Group's cost of risk stands at 0.31%** at the end of March 2017, down 2 basis points compared to March 2016, this being another of the management factors that have enabled the Group to offset the impact of the interest rate environment on operating margins. If adjusted for the impact of single name transaction provisions, the cost of risk would stand at 0.24% at the end of fisrts quarter of 2017. The achieved level of the cost of risk reflects the Bankia Group's selective growth strategy and the progress it has achieved in its risk monitoring and management policies.

- **Other gains and other losses** shows a positive result of 12 million euros at the end of March 2017, which includes impairment losses of 39 million euros on foreclosed assets and the deferred payment (47 million euros) for the sale of Globalvia, completed the previous year. In the first quarter of 2016 the balance of this item was negative 21 million euros, as it consisted mainly of impairment losses on foreclosed assets for the period.

- As a result of the performance in the above items, **the Bankia Group's attributable profit for the first quarter of 2017 is 304 million euros, which represents an increase of 28.4% compared to the same period of 2016**.

(€ million)	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016	Change 1Q 2017/1Q 2016	
Impairment losses on financial assets (net)	(107)	35	(105)	(64)	(87)	(20)	22.5%
Impairment losses on non-financial assets	(9)	(3)	3	(6)	(2)	(6)	258.7%
Foreclosed assets	(39)	(207)	(39)	(12)	(10)	(29)	291.0%
Provisions (net)	8	(5)	53	(24)	(28)	36	-
TOTAL RECURRENT PROVISIONS	**(147)**	**(180)**	**(87)**	**(106)**	**(128)**	**(19)**	**14.7%**
Mortgage floors contingency provision	-	(93)	-	-	-	-	-
TOTAL PROVISIONS INCLUDING IPO CONTINGEN	**(147)**	**(273)**	**(87)**	**(106)**	**(128)**	**(19)**	**14.7%**

4. BALANCE SHEET PERFORMANCE

			Change	
(€ million)	Mar-17	Dec-16	Amount	%
Cash and balances at central banks	3,904	2,854	1,050	36.8%
Financial assets held for trading	7,600	8,331	(731)	(8.8%)
Trading derivatives	7,493	8,256	(763)	(9.2%)
Equity instruments	31	5	26	517.2%
Debt securities	76	71	6	8.0%
Available-for-sale financial assets	20,207	25,249	(5,042)	(20.0%)
Debt securities	20,179	25,223	(5,044)	(20.0%)
Equity instruments	28	26	2	7.2%
Loans and receivables	107,628	108,817	(1,189)	(1.1%)
Debt securities	409	563	(154)	(27.3%)
Loans and advances to credit institutions	3,067	3,578	(511)	(14.3%)
Loans and advances to customers	104,152	104,677	(525)	(0.5%)
Held-to-maturity investments	27,994	27,691	302	1.1%
Hedging derivatives	3,358	3,631	(273)	(7.5%)
Equity investments	284	282	2	0.8%
Tangible and intangible assets	1,898	1,878	20	1.1%
Non-current assets held for sale	2,204	2,260	(56)	(2.5%)
Other assets, prepayments and accrued income, and tax assets	8,876	9,174	(298)	(3.2%)
TOTAL ASSETS	**183,953**	**190,167**	**(6,215)**	**(3.3%)**
Financial liabilities held for trading	8,053	8,983	(930)	(10.4%)
Trading derivatives	7,999	8,524	(525)	(6.2%)
Short positions	54	459	(405)	(88.2%)
Financial liabilities at amortised cost	160,246	164,636	(4,390)	(2.7%)
Deposits from central banks	13,968	14,969	(1,001)	(6.7%)
Deposits from credit institutions	22,599	23,993	(1,395)	(5.8%)
Customer deposits and funding via clearing houses	103,894	105,155	(1,261)	(1.2%)
Debt securities in issue	19,002	19,846	(844)	(4.3%)
Other financial liabilities	783	673	110	16.4%
Hedging derivatives	401	724	(323)	(44.6%)
Provisions	1,197	1,405	(209)	(14.8%)
Other liabilitiess	1,444	1,582	(138)	(8.8%)
TOTAL LIABILITIES	**171,340**	**177,330**	**(5,990)**	**(3.4%)**
Minority interests	45	45	0	0.3%
Other accumulated results	282	489	(207)	(42.3%)
Equity	12,285	12,303	(18)	(0.1%)
TOTAL EQUITY	**12,612**	**12,837**	**(225)**	**(1.8%)**
TOTAL EQUITY AND LIABILITIES	**183,953**	**190,167**	**(6,215)**	**(3.3%)**

The new commercial model has allowed to continue increasing business volumes, with growth in new lending and in new retail customer funds

- In the first quarter of 2017 the Bankia Group continued to make progress in implementing its commercial model, towards an increased focus in customer's loyalty, multichannel services and customer satisfaction.

  As a result of this process the Group's multichannel customers have increased to 38.4% of the total, with significant improvements in the main customer satisfaction indexes and in business volumes, both in new lending and in new retail customer funds.

  The stock of consumer finance loans has grown 18% year-on-year, while in the businesses segment the performing credit book increases by 273 million euros, driven by increasing volumes of new lending. The new lending to these segments is concentrated mainly in personal guarantee loans, which are up 10.4% compared to March 2016 and 1.9% compared to the previous quarter.

New lending in the mortgage segment has also increased (+93.5% year-on-year), although in this case, because of deleveraging in the sector, repayments continue to exceed new lending, resulting in a 1.4% overall decline in secured loans and advances since December 2016.

The growth in new lending has been achieved while maintaining high asset quality. Non-performing loans (NPLs) continue to perform very positively and are down 4.4% compared to December 2016.

Consequently, **gross loans and advances to customers** ended March 2017 at 109,653 million euros, which represents a decline of 0.9% compared to the previous quarter, **confirming the trend towards stabilisation observed since December 2015.**

CUSTOMER LOANS

(€ million)[1]	Mar-17	Dec-16	Change Amount	Change %
Spanish public sector	5,047	5,070	(23)	(0.5%)
Other resident sectors	90,026	90,622	(596)	(0.7%)
Secured loans and advances	64,800	65,746	(945)	(1.4%)
Personal guarantee loans	17,081	16,768	312	1.9%
Business loans and other credit facilities	8,146	8,108	38	0.5%
Non-residents	3,087	3,091	(5)	(0.2%)
Repo transactions	725	517	207	40.1%
Of which: reverse repurchase agreements with BFA	*269*	*49*	*220*	*450.1%*
Other financial assets	533	586	(53)	(9.0%)
Of which: collection right against BFA due to the IPO [2]	*35*	*76*	*(41)*	*(53.6%)*
Of which: Collateral provided to BFA [3]	*0.4*	*0.4*	*-*	*-*
Other valuation adjustments	(8)	(9)	0.7	(7.8%)
Non-performing loans	10,243	10,717	(474)	(4.4%)
Gross loans and advances to customers	**109,653**	**110,595**	**(942)**	**(0.9%)**
Loan loss reserve	(5,501)	(5,918)	417	(7.0%)
NET LOANS AND ADVANCES TO CUSTOMERS	**104,152**	**104,677**	**(525)**	**(0.5%)**
Gross loans & advances to customers ex. balances with BFA	**109,348**	**110,470**	**(1,121)**	**(1.0%)**
NET LOANS & ADVANCES TO CUSTOMERS EX. BALANCES WITH BFA	**103,847**	**104,552**	**(704)**	**(0.7%)**

(1) Credit distribution mantaining the same classification criteria of previous periods

(2) 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 (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

(3) Collateral provided by Bankia to BFA due to Guarantee transactions

- **New customer funds (strict customer deposits and off-balance-sheet funds under management) are up 4.6% on a combined basis**, compared to March 2016, reaching 118,281 million euros in March 2017.

  Breaking this result down by product, in line with the bank's strategy to reduce funding costs, **demand accounts are up 27.5% compared to March 2016, savings accounts up 13% and mutual funds up 10.1%**, as they continue to attract the funds our customers have withdrawn from term deposits. Particularly noteworthy is the increase in assets under management in mutual funds, a product in which the Bankia Group's market share has grown to 5.59% at the end of March, up six basis points on the previous quarter. This rate of new production makes the Bankia Group the third fastest-growing entity in the sector in terms of net new funds entries.

On a quarterly basis, strict deposits are down 1.1%, strongly influenced by the decrease in balances from public sector and non-residents, and term deposits, given the decline in the return on this type of deposit in the market. However, the Bankia Group's LTD ratio has remained stbale at 97.6%.

Wholesale funding is down 1,346 million euros, reflecting maturities during the quarter, mainly of securitisation bonds.

As regards new issuances, it is worth noting during the first quarter of 2017 the issuance of 500 million euros of Tier 2 subordinated bonds, which will strengthen the Group's solvency (see Sections 6 and 7 on Funding structure and Liquidity and solvency).

CUSTOMER FUNDS

			Change	
(€ million)	Mar-17	Dec-16	Amount	%
Spanish public sector	4.619	5.029	(410)	(8,2%)
Other resident sectors	97.066	97.598	(532)	(0,5%)
Current accounts	21.404	19.863	1.541	7,8%
Savings accounts	30.607	29.936	671	2,2%
Term deposits and other	45.055	47.799	(2.743)	(5,7%)
Repo transactions	1.030	1.209	(179)	(14,8%)
Singular mortgage securities	5.108	5.098	10	0,2%
Rest	38.918	41.492	(2.574)	(6,2%)
Non-residents	2.209	2.528	(319)	(12,6%)
Funding via clearing houses and customer deposits	**103.894**	**105.155**	**(1.261)**	**(1,2%)**
Debentures and other marketable securities	17.455	18.801	(1.346)	(7,2%)
Subordinated loans	1.547	1.045	502	48,0%
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**122.896**	**125.001**	**(2.105)**	**(1,7%)**
Mutual funds	14.012	13.617	395	2,9%
Pension funds	6.512	6.478	34	0,5%
Off-balance-sheet customer funds (1)	**20.524**	**20.096**	**429**	**2,1%**
TOTAL CUSTOMER FUNDS	**143.421**	**145.097**	**(1.676)**	**(1,2%)**

						Change	
(€ million)	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Mar-17/Mar-16	
Spanish public sector	**4,619**	**5,029**	**5,849**	**6,947**	**4,387**	**232**	**5.3%**
Other resident sectors	**90,928**	**91,291**	**89,467**	**90,204**	**88,134**	**2,795**	**3.2%**
Current accounts	21,404	19,863	18,015	17,544	16,789	4,615	27.5%
Savings accounts	30,607	29,936	28,706	28,753	27,089	3,518	13.0%
Term deposits	38,918	41,492	42,747	43,906	44,256	(5,338)	(12.1%)
Non-residents	**2,209**	**2,528**	**2,693**	**1,520**	**1,479**	**730**	**49.4%**
Strict Customer Deposits	**97,757**	**98,848**	**98,010**	**98,670**	**94,000**	**3,757**	**4.0%**
Fondos de inversión	14,012	13,617	13,329	13,053	12,730	1,283	10.1%
Fondos de pensiones	6,512	6,478	6,392	6,347	6,356	156	2.4%
Total customer off-balance funds	**20,524**	**20,096**	**19,720**	**19,400**	**19,086**	**1,438**	**7.5%**
Total customer funds + off-balance funds	**118,281**	**118,944**	**117,730**	**118,070**	**113,086**	**5,195**	**4.6%**

(1) Insurances have been excluded from the historical data as these are managed by Bankia Mapfre Vida, not considered to be part of the Group as Bankia holds an indirect stake of 49%.

5. RISK MANAGEMENT

Sustained improvement in asset quality and risk indicators

The positive trend of the Group's main credit quality indicators, already observed in previous quarters, is confirmed in the first quarter of 2017.

Non-performing loans decrease for yet another quarter, 4.3% in the first three months of the year (–12.6% year-on-year), reaching a total of 10,984 million euros at the end of March 2017. The reduction in NPLs has helped to improve the NPL ratio, which at the end of March 2017 stands at 9.5%, down 30 basis points compared to the previous quarter and down 100 basis points compared to March 2016.

The problem assets reduction strategy also applies to foreclosed assets, which have been reduced by 16.6% since March 2016 (–9.9% in terms of stock). As regards divestment, sales in the first three months of 2017 continued at the same rate as in previous quarters. The Group sold foreclosed properties for a total of 102 million euros. At the end of March 2017, more than 80% of the portfolio of foreclosed assets consists of liquid assets, mainly second hand housing and finished new build, which facilitates the divestment process.

NPL RATIO AND COVERAGE RATIO

(€ million and %)	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Mar-17 / Dec-16 Amount	Mar-17 / Dec-16 %
Non-performing loans	10,984	11,476	11,298	11,751	12,564	(491)	(4.3%)
Total risk-bearing assets	116,216	117,205	118,469	120,146	119,366	(988)	(0.8%)
Total NPL ratio (1)	**9.5%**	**9.8%**	**9.5%**	**9.8%**	**10.5%**		**-0.3 p.p.**
Total provisions	5,893	6,323	6,839	7,141	7,601	(429)	(6.8%)
NPL coverage ratio	**53.7%**	**55.1%**	**60.5%**	**60.8%**	**60.5%**		**-1.4 p.p.**

(1) NPL ratio: (non-performing loans and advances to customers and contingent liabilities) / (loans, advances and contigent risks)
Excludes transactions with BFA (Mar-17 €35 million collection right from BFA, based on the agreement to provide 60% of the estimated contingency costs related to Bankia´s IPO, €269 million due to repo transactions and €0.4 million of collateral provided)

CHANGE IN NPLs

(€ million and %)	1Q 17	4Q 16	3Q 16	2Q 16	1Q 16
Non-performing loans at the begining of the period	**11,476**	**11,298**	**11,751**	**12,564**	**12,995**
Net outflows	(461)	(240)	(384)	(771)	(403)
Write offs	(31)	(75)	(69)	(42)	(28)
"Anejo IX" CBE 4/2016 Impact	-	492	-	-	-
Non-performing loans at the end of the period	**10,984**	**11,476**	**11,298**	**11,751**	**12,564**

GROSS EXPOSURE BY SECTOR AND COVERAGE RATIOS

						Mar-17 / Dec-16	
(€ million and %)	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16	Amount	%
Gross exposure							
Individuals	68,365	69,092	70,116	71,795	71,811	(727)	(1.1%)
Businesses	33,844	34,115	34,574	34,446	34,776	(271)	(0.8%)
Developers	1,308	1,386	1,453	1,551	1,648	(78)	(5.6%)
Public sector & others	5,832	5,877	6,137	6,721	6,121	(45)	(0.8%)
Gross Credit [1]	**109,348**	**110,470**	**112,280**	**114,513**	**114,356**	**(1,121)**	**(1.0%)**
Gross credit ex developers [1]	**108,041**	**109,084**	**110,827**	**112,962**	**112,708**	**(1,043)**	**(1.0%)**
Impairments							
Individuals	1,583	1,745	1,749	1,932	2,151	(162)	(9.3%)
Businesses	3,176	3,389	3,835	3,858	4,108	(213)	(6.3%)
Developers	742	784	836	890	936	(42)	(5.4%)
Total Impairments	**5,501**	**5,918**	**6,420**	**6,681**	**7,195**	**(417)**	**(7.0%)**
Coverage ex developers	**4,759**	**5,134**	**5,584**	**5,791**	**6,259**	**(375)**	**(7.3%)**
Coverage (%)							
Individuals	2.3%	2.5%	2.5%	2.7%	3.0%		-0.2 p.p.
Businesses	9.4%	9.9%	11.1%	11.2%	11.8%		-0.5 p.p.
Developers	56.7%	56.6%	57.5%	57.4%	56.8%		+0.1 p.p.
Total coverage	**5.0%**	**5.4%**	**5.7%**	**5.8%**	**6.3%**		**-0.4 p.p.**
Coverage ex developers	**4.4%**	**4.7%**	**5.0%**	**5.1%**	**5.6%**		**-0.3 p.p.**

(1) Gross Credit excludes transactions with BFA (Mar-17 €35 million collection right from BFA, based on the agreement to provide 60% of the estimated contingency costs related to Bankia´s IPO, €269 million due to repo transactions and €0.4 million of collateral provided)

RESTRUCTURED LOANS

						Mar-17 / Dec-16	
(€ million)	Mar-17	Dec-16[1]	Sep-16	Jun-16	Mar-16	Amount	%
Gross exposure							
Non-performing loans	6,965	7,268	7,013	7,246	7,915	(303)	(4.2%)
Performing loans	3,177	3,287	14,940	15,182	15,126	(110)	(3.3%)
Total refinanced	**10,142**	**10,555**	**21,954**	**22,428**	**23,041**	**(413)**	**(3.9%)**
Impairments							
Non-performing loans	3,269	3,392	3,702	3,765	4,042	(122)	(3.6%)
Performing loans	106	113	227	261	324	(7)	(5.8%)
Total Impairments	**3,375**	**3,504**	**3,929**	**4,026**	**4,366**	**(129)**	**(3.7%)**
Coverage (%)							
Non-performing loans	46.9%	46.7%	52.8%	52.0%	51.1%		+0.2 p.p.
Performing loans	3.3%	3.4%	1.5%	1.7%	2.1%		-0.1 p.p.
Total coverage	**33.3%**	**33.2%**	**17.9%**	**18.0%**	**18.9%**		**+0.1 p.p.**

(1) The change in the stock of refinanced loans during 2016 (€ 10,892million) is mainly due to the application of the disclose, classification and cure criteria set in CBE 4/2004, ammended in 2016 and in line with EBA and ECB recommendations.

BREAKDOWN OF FORECLOSED ASSETS

(€ million)	Gross value[(1)]				
	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
Property assets from financing intended for construction and property development	365	373	386	412	414
Of which: finished buildings	256	273	280	299	303
Of which: buildings under construction	30	29	29	29	29
Of which: Land	79	72	76	85	83
Property acquired related to mortgage loans to homebuyers	2,425	2,502	2,584	2,696	2,764
Other foreclosed assets	596	574	573	601	607
Total	**3,387**	**3,449**	**3,543**	**3,709**	**3,786**

(1) Includes every 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

(€ million)	Impairments[(1)]				
	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
Property assets from financing intended for construction and property development	116	118	106	127	129
Of which: finished buildings	67	73	64	76	78
Of which: buildings under construction	11	9	9	12	12
Of which: Land	38	36	34	39	39
Property acquired related to mortgage loans to homebuyers	920	939	809	812	848
Other foreclosed assets	144	140	144	162	162
Total	**1,179**	**1,198**	**1,059**	**1,102**	**1,139**

(1) Includes every 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

(€ million)	Net value[(1)]				
	Mar-17	Dec-16	Sep-16	Jun-16	Mar-16
Property assets from financing intended for construction and property development	249	255	279	285	286
Of which: finished buildings	189	200	217	223	225
Of which: buildings under construction	20	19	20	17	17
Of which: Land	41	36	43	45	44
Property acquired related to mortgage loans to homebuyers	1,506	1,563	1,775	1,884	1,916
Other foreclosed assets	452	434	430	439	445
Total	**2,207**	**2,251**	**2,484**	**2,608**	**2,647**

(1) Includes every 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

6. FUNDING STRUCTURE AND LIQUIDITY

At the end of March 2017 the Group's liquid assets stand at 29,310 million euros, 525 million euros less than in December 2016, as a result of maturities, portfolio sales, collateral management and the trend in the commercial gap during the period.

The Bankia Group's financial strength rests on the funding of its lending activity, mainly through customer funds. Thus, at the end of March 2017 the Group has a balanced retail funding structure and is operating with a loan-to-deposit ratio (LTD) of 97.6%.

Additionally, Bankia raises funds in the wholesale markets to supplement its structural liquidity needs.

At 31 March 2017, wholesale debt accounts for 12% of the Group's liabilities and consists mainly of mortgage covered bonds. Wholesale debt includes the 500 million euro issue of 10-year Tier 2 subordinated bonds with a coupon of 3.375%, which was completed on 2 March and was >10x oversubscribed, attracting considerable interest from international investors (92% of the orders received).

ECB funding, meanwhile, has decreased 1,000 million euros in the quarter to a total of 13,967 million euros at the end of March 2017. This total consists entirely of funds acquired in the auctions carried out within the framework of the ECB's TLTRO programmes.

LTD RATIO AND COMMERCIAL GAP

			Change	
(€ million)	Mar-17	Dec-16	Amount	%
Net Loans and advances to customers	**104,152**	**104,677**	**(525)**	**(0.5%)**
o/w Repo transactions RPS[1]	456	469	(13)	(2.7%)
o/w Repo transactions NRE[1]	0	0	-	-
o/w Repo transactions with BFA[1]	269	49	220	450.1%
o/w collateral delivered to BFA[2]	36	76	(41)	(53.3%)
a. Strict Net Loans and advances to customers	**103,391**	**104,083**	**(692)**	**(0.7%)**
Strict customer deposits and retail commercial paper	97,757	98,848	(1,092)	(1.1%)
Single-certificate covered bonds	5,108	5,098	10	0.2%
ICO/EIB deposits	3,023	3,117	(94)	(3.0%)
b. Total Deposits	**105,887**	**107,063**	**(1,176)**	**(1.1%)**
LTD ratio (a/b)	**97.6%**	**97.2%**		**+0.4 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 (€35.1mn as of Mar-17 and €76mn as of Dec-16) and collateral provided to BFA (€0.4mn as of Mar-17 and €0.4mn as of Dec-16)

			Change	
(€ million)	Mar-17	Dec-16	Amount	%
Net Loans and advances to customers	**104,152**	**104,677**	**(525)**	**(0.5%)**
o/w Repo transactions RPS[1]	456	469	(13)	(2.7%)
o/w Repo transactions NRE[1]	0	0	-	-
o/w Repo transactions with BFA[1]	269	49	220	450.1%
o/w collateral delivered to BFA[2]	36	76	(41)	(53.3%)
Strict Net Loans and advances to customers	**103,391**	**104,083**	**(692)**	**(0.7%)**
(-) Strict customer deposits and retail commercial paper	97,757	98,848	(1,092)	(1.1%)
(-) ICO/EIB deposits	3,023	3,117	(94)	(3.0%)
Strict Comercial GAP	**2,612**	**2,117**	**495**	**23.4%**

(1) Reverse repurchase agreements

(2) Collection rights against BFA due to the distribution of the estimated contingency costs associated to the IPO 2011 (€35.1mn as of Mar-17 and €76mn as of Dec-16) and collateral provided to BFA (€0.4mn as of Mar-17 and €0.4mn as of Dec-16)

MATURITY OF ISSUES

(€ million)	2017 (1)	2018(1)	2019 (1)	>2019 (1)
Covered bonds	555	2,436	1,742	12,785
Senior debt	473	247	1,000	106
Subordinated debt	0	0	0	1,500
Securitisation	0	0	0	2,025
Total issuance maturities	**1,028**	**2,683**	**2,742**	**16,417**

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

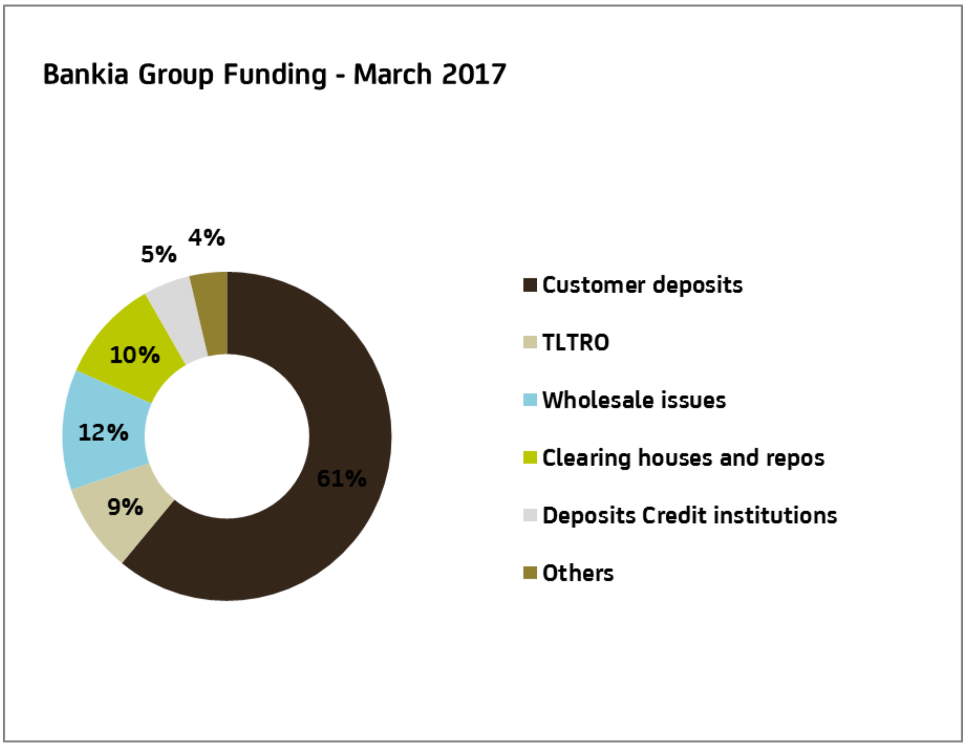
LIQUID ASSETS

			Change	
(€ million)	Mar-17	Dec-16	Amount	%
Treasury account and deposit facility (1)	1,968	950	1,018	107.2%
Undrawn amount on the facility	12,739	1,881	10,858	577.2%
Highly liquid available assets (2)	14,603	27,004	(12,401)	(45.9%)
Total	**29,310**	**29,835**	**(525)**	**(1.8%)**

(1) Cash and Central Banks accounts reduced minimal reserves

(2) Market value haircut by ECB

FUNDING STRUCTURE



7. SOLVENCY

At 31 March 2017 the Bankia Group reached a CET1 Phase-in ratio of 14.91% (not including unrealised gains on the AFS sovereign debt portfolio). This reflects an organic CET1 Phase-in capital generation of +21 basis points in the quarter, after absorbing the adverse impact of the change in the deductions schedule for 2017 vs. 2016, estimated at –21 basis points. This CET1 Phase-in ratio implies a surplus of 703 basis points (+5,344 million euros) above the minimum SREP CET1 capital requirements (7.875%) notified to Bankia by the ECB for 2017.

At the level of total capital, it is worth mentioning that the "Bankia 2017-1" Tier 2 subordinated bond issue in the amount of 500 million euros added +66 basis points to the total solvency ratio. With this issue, the Bankia Group meets the 2% Tier 2 capital requirement, increasing its stock of loss-absorbing capital instruments in anticipation of future implementation of the MREL (minimum requirement for own funds and eligible liabilities) within the framework of the Bank Recovery and Resolution Directive. Thus, at 31 March 2017 the Total Capital Phase-in ratio stands at 16.94%, with a surplus of 557 basis points (+4,228 million euros) above the minimum requirements at the SREP total capital level (11.375%). If the unrealised gains on the AFS sovereign debt portfolio were included, the CET1 Phase-in ratio at 31 March 2017 would have been 15.12% and the Total Capital ratio, 17.16%.

On a Fully Loaded basis (not including unrealised gains on the AFS sovereign debt portfolio), the CET1 ratio stands at 13.37% and the Total Capital ratio at 15.40%, representing a capital generation of +35 bps and +104 bps respectively, in the quarter. If the unrealised gains on the AFS sovereign debt portfolio were included, the CET1 Fully Loaded ratio would have been 13.63% and the Total Capital ratio, 15.66%.

The Fully Loaded leverage ratio at 31 March 2017 stands at 5.55% (5.66% if including the unrealised gains on the AFS sovereign debt portfolio), amply exceeding the capital requirements set as a reference and representing an increase of +22 basis points in the quarter.

SOLVENCY RATIOS AND LEVERAGE

PHASE IN RATIOS

(€ million and %)	Mar -17 (1) (2) (3)	Dec -16 (1) (2)
Eligible capital	12,861	12,359
Common equity Tier I (CET 1)	11,317	11,329
Capital	9,214	9,214
Reserves (as per reserve perimeter)	2,815	2,330
Result attributable net of dividend acrual	184	487
Deductions	(842)	(663)
Others (treasury stocks, Non-controlling interests and unrealised gains on AFS portfolio)	(53)	-38
Tier I Capital	11,317	11,329
Tier II Capital	1,544	1,030
Instruments	1,500	1,000
Others	44	30
Risk-weighted assets	75,905	77,078
Common equity Tier I (CET 1) (%)	**14.91%**	**14.70%**
Tier I Capital	14.91%	14.70%
Tier II Capital	2.03%	1.34%
Solvency ratio - Total capital ratio (%)	**16.94%**	**16.03%**
Leverage ratio	**6.15%**	**5.97%**
Total exposition leverage ratio	**184,009**	**189,610**

(1) Does not include unrealised gains on the available for sale sovereign portfolio, although since October it has been included in the regulatory capital according to the (EU) 2016/445ECB regulation. Had they been included in the Phase in ratio, as of 31 March 2017, CET1 ratio would have been 15.12% and Total Solvency ratio 17.16%. And as of 31 December 2016 the CET 1 ratio would have been 15.00 %, and Total Solvency ratio 16.33%

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

(3) Tier II Capital inludes the subordinated issuance of €500mn done in March 2017.

SOLVENCY RATIOS AND LEVERAGE

FULLY LOADED RATIOS

(€ million and %)	Mar -17 (1) (2) (3)	Dec -16 (1) (2)
Eligible capital	11,690	11,068
Common equity Tier I (CET 1)	10,146	10,038
Capital	9,214	9,214
Reserves (as per reserve perimeter)	2,815	2,330
Result attributable net of dividend acrual	184	487
Deductions	(2,014)	(1,965)
Others (treasury stocks, Non-controlling interests and unrealised gains on AFS portfolio)	(53)	-27
Tier I Capital	10,146	10,038
Tier II Capital	1,544	1,030
Instruments	1,500	1,000
Others	44	30
Risk-weighted assets	75,905	77,078
Common equity Tier I (CET 1) (%)	**13.37%**	**13.02%**
Tier I Capital	13.37%	13.02%
Tier II Capital	2.03%	1.34%
Solvency ratio - Total capital ratio (%)	**15.40%**	**14.36%**
Leverage ratio	**5.55%**	**5.33%**
Total exposition leverage ratio	**182,837**	**188,308**

(1) Does not include unrealised gains on the available for sale sovereign portfolio, although since October it has been included in the regulatory capital according to the (EU) 2016/445 ECB regulation. Had they been included in the Fully loaded ratio, as of 31 March 2017, CET1 ratio would have been 13.63% and total solvency ratio 15.66%. And as of 31 December 2016 the CET 1 ratio would have been 13.52 %, and total solvency ratio 14.85%

(2) Solvency ratios include the result attributable to the Group that it is expected to be allocated into reserves

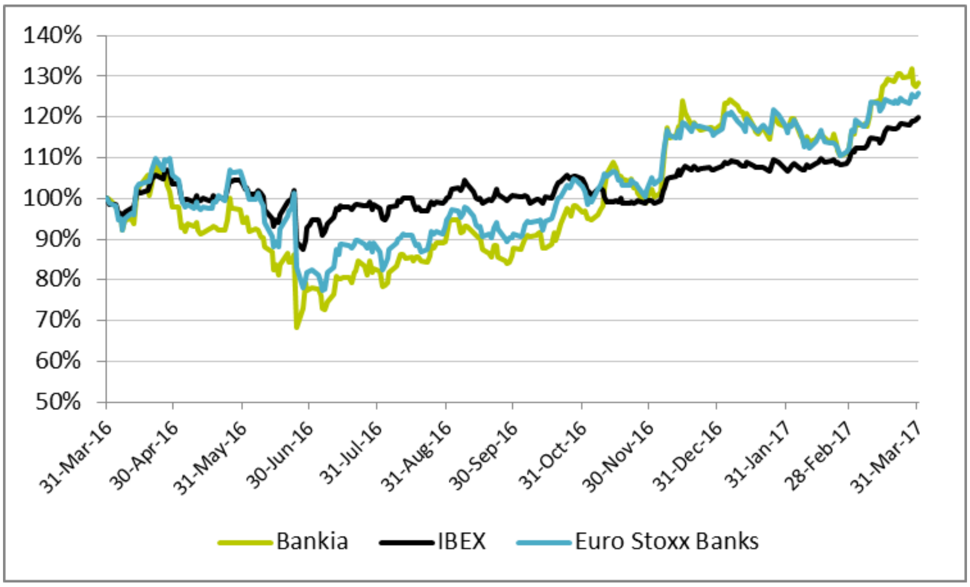
(3) Tier II Capital inludes the subordinated issuance of €500mn done in March 2017.

	Mar-17	
(%)	Phase In (1)	Fully Loaded (1)
Common equity Tier I - CET1	14.91%	13.37%
Total capital ratio	16.94%	15.40%
CET1 2017 SREP requirement (incl. additional buffers)	7.88%	9.25%
Total solvency 2017 SREP requirement (incl. additional buffers)	11.38%	12.75%
Surplus over CET1 2017 SREP requirement (incl. additional buffers)	**7.03%**	**4.12%**
Surplus over Total solvency 2017 SREP requirement (incl. additional buffers)	**5.57%**	**2.65%**

(1) Does not include unrealised gains on the available for sale sovereign portfolio. Had they be included, surplus over 2017 SREP CET1 phase in requirement as of March incl. additional buffers would have been 7.25 p.p. and 5.78 p.p. of Total solvency. On fully loaded, the surplus would have been +4.38 p.p. CET1 and 2.91 p.p. of Total Solvency.

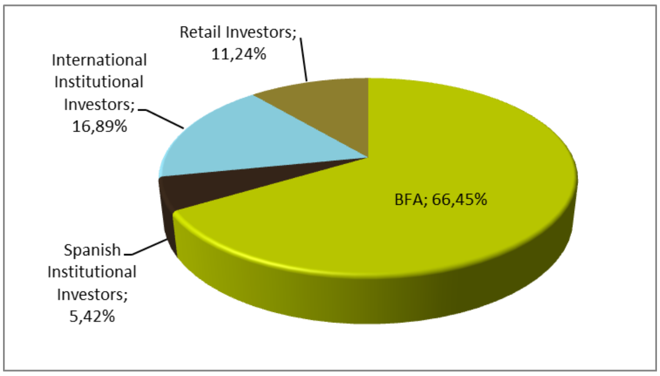
8. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Mar-17
Number of shareholders	227,744
Daily average volume (num. shares)	32,711,721
Daily average turnover (euros)	32,786,202
Maximum closing price (€/share)	1.094 (28-Mar)
Minimum closing price (€/share)	0.916 (24-Feb)
Closing price (€/share)	1.066 (31-Mar)



After the the reduction in the nominal value of the shares and the reverse split approved by the General Meeting of Shareholders on 24 March 2017, the share capital of Bankia will consist of 2,879 millions of shares with a nominal value of one euro per share. Non of these acts imply any alteration to the economic value for Bankia's shareholders.

9. RATING

On 9 February, S&P Global Ratings ("S&P") **upgraded Bankia's long-term rating from BB+ to BBB-, assigning a Positive outlook**, which means that the bank once again has an investment grade rating from S&P. This rating action was a result of an improvement in S&P's assessment of the economic risk and the industry risk of banks operating in Spain, combined with the strengthening of Bankia's capital position over the course of 2016.

On 24 March, following its annual review of Bankia's ratings, S&P affirmed this rating. According to S&P, Bankia's funding and credit profile continues to benefit from a strong franchise at the domestic level, an improved risk management and an adequate risk-adjusted capital ratio.

On 15 February, Fitch Ratings ("Fitch") **affirmed Bankia's long-term rating at BBB-**, **maintaining the Stable outlook**.

Additionally, in relation to Bankia's mortgage covered bonds, on 4 April, following the recent improvement in the outlook on Spain's rating, S&P **affirmed the rating of Bankia's mortgage covered bonds at A+, improving the outlook from Stable to Positive**.

CREDIT AGENCY RATINGS

Issuer Ratings	Standard & Poor's	Fitch Ratings	DBRS
Long-term	BBB-	BBB-	BBB (high)
Short-term	A-3	F3	R-1 (low)
Outlook	Positive	Stable	Stable
Date	24-Mar-17	15-Feb-17	8-Jul-16

Mortgage Covered Bonds Ratings	Standard & Poor's	Fitch Ratings	DBRS	SCOPE
Rating	A+	A	AA (high)	AAA
Outlook	Positive	Stable	---	Stable
Date	4-Abr-17	4-Nov-16	23-Sep-16	8-Jul-16

10. SIGNIFICANT EVENTS DURING THE QUARTER

Extrajudicial procedure for floor clause refunds

On 3 February 2017, Bankia started to offer a fast-track procedure in its branches to allow consumers who had a mortgage loan with a floor clause to apply for a refund of any extra amounts paid under that clause.

Bankia withdrew these clauses from its loans to retail customers in September 2015.

This procedure has been implemented following the ruling by the Court of Justice of the European Union on 21 December 2016 and the introduction of Royal Decree Law 1/2017, passed by the Spanish government on 20 January 2017, with the aim of offering a transparent, simple and free procedure for determining whether the additional amount paid under the floor clauses should be refunded.

Under this procedure, customers can go to their Bankia branch to request a refund of any extra amount paid. If the customer belongs to the group of consumers covered by the recent rulings and the new legislation, he or she will be offered a refund of the extra amount paid, plus interests at the legal interest rate for the entire period, and so will recover the same amount as could potentially be obtained through a favourable court decision but in a quick, simple and transparent process, avoiding expenses and delays.

FROB study of reorganisation options for its investee credit institutions

On 28 September 2016, the Fund for Orderly Bank Restructuring (FROB) informed Bankia of the resolution adopted by its Governing Committee to put in place the necessary measures to analyse the reorganising of its investee credit institutions, exploring different alternatives, one of which was the possibility of a merger between Bankia and Banco Mare Nostrum (BMN).

On 15 March 2017 the FROB notified Bankia that it considers a merger between Bankia and BMN to be the best strategy in order to optimise the capacity to recover state aid with a view to a future divestment. Since receiving this notification from the FROB, Bankia has started to take the necessary steps to carry out an independent analysis of the proposed transaction.

Any possible merger transaction will be carried out with the aim of maximising the value of the Bankia Group for all its shareholders.

Capital reduction and reverse share split

The General Meeting of Shareholders held on 24 March 2017 agreed on a capital reduction in Bankia in an amount of 6,335 million euros in order to increase voluntary reserves by reducing the par value of all the shares by 0.55 euros to 0.25 euros per share. Following the capital reduction, Bankia's share capital will be set at 2,879 million euros.

Additionally, the General Meeting of Shareholders approved a reverse split in which for every four shares of 0.25 euros par value (following the capital reduction) shareholders will receive one new share with a par value of 1 euro. As a result, the number of Bankia shares will be reduced from 11,517 million to 2,879 million.

This transaction has been agreed in order to adapt the bank's equity structure and reduce the volatility of the shares, without entailing any change in the economic value of each shareholder's interest in the company, which remains the same as before.

Payment of dividend out of profit for 2016

On 31 March 2017, in execution of the resolutions adopted by the General Meeting of Shareholders on 24 March 2017, Bankia paid a dividend out of profits for 2016 to the holders of shares that carried dividend rights on the payment date in the gross total amount of 317.42 million euros (2.756 euro cents per share), which represents a 5% increase compared with the dividend paid the previous year.

Of this amount, 211 million euros were paid to BFA, Tenedora de Acciones, S.A.U., which at year-end 2016 held 65.9% of Bankia's capital.

The results obtained, together with the favourable trend in the balance sheet and the main solvency parameters, have allowed Bankia to allocate 820 million euros to shareholder remuneration since 2014.

11. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Mar-17 (1)	Dec-16 (1)	Change Amount	Change %
ALCO Portfolio	26,809	29,741	(2,932)	(9.9%)
NON ALCO Portfolio	1,840	2,788	(948)	(34.0%)
SAREB Bonds	16,431	16,431	-	-
Total Fixed Income Portfolio	**45,080**	**48,960**	**(3,880)**	**(7.9%)**

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

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