Earnings report

January-September 2017

30 October 2017

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 contained in this document at the end of September 2017 has not been audited.

The audit report attached to the consolidated financial statements for the year ended 31 December 2016 includes 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 uncertainty 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."

The audit report attached to the consolidated interim financial statements for the first half of 2017 includes the following Emphasis of Matter paragraph in relation to the content of the financial statements:

"We draw attention to note 1.3 of the attached explanatory notes, which explains that the condensed consolidated interim financial statements do not include all the information that would be required for complete consolidated interim financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. As a result, these condensed consolidated interim financial statements shall be read together with the Group financial statements for the year ended 31 December 2016. Our opinion is not modified in respect of this matter."

At 30 September 2017, 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 and in the consolidated interim financial statements for the first half 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 posts attributable profit of 739 million euros, achieving a Core Capital Fully Loaded ratio of 14.16%

Customer related business performance, cost containment and risk management increase attributable profit to 739 million euros, 1% higher than in September 2016

- Fee and commission income grows 4.1% year-on-year, driven by the upturn in consumption and increasing customer loyalty, partially offsetting the pressure still being exerted on the interest margin by the interest rate curve
- Operating expenses are down 1.8% year-on-year, favoured by the efficiency plans in place. The Group's efficiency ratio stands at 48% at the end of September 2017
- Cost control has stabilised cumulative pre-provision profit, which is up 1.4% year-on-year, without considering non-recurring income generated in the previous year from the sale of Visa Europe
- Improvement in asset quality causes the volume of accumulated provisions to drop by 4.3% versus the figure for the first nine months of 2016, taking the Group's cost of risk to 24 basis points (bps) at September 2017
- As a result of the good customer related business performance, the focus on efficiency and cost of risk control, the Bankia Group posts an attributable profit of 739 million euros at the end of September 2017, representing a 1% increase year-on-year (+7.2% quarter-on-quarter)

Customer-focused strategy underpins growth of business and banking activity

- The Group registers 141,000 net new customers since September 2016, with the number of "Connect with your expert" users rising by 70.7% over the last nine months. In September 2017, digital sales represent 13.1% of the Group's total sales (2.7 percentage points (pp) higher than in December 2016)
- Lending to target segments continues to rise: year-on-year growth in new loans stands at 130% in the mortgage segment, 19.6% in the consumer segment and 22.1% to SMEs
- Since September 2016, there has been an increase in the number of demand deposits (+25.6%), savings accounts (+11.9%) and mutual funds (+12.9%), which continue to capture funds transferred by our customers from term products

Asset quality continues to improve, with reductions in NPLs and foreclosed assets

- Non-performing loans decrease by 11.2% since December 2016 and 3.4% over the quarter
- The NPL ratio stands at 8.8% at the end of September 2017, falling 30 bp quarter-on-quarter, and 100 bp from December 2016
- This favourable trend applies to foreclosed assets, which are down 7.5% versus December 2016, having completed the sale of 6,115 properties

The Bankia Group's solvency improves to rank among the highest in the Spanish financial sector

- In September 2017, the CET1 Phase-in ratio stands at 15.81%, while the CET1 Fully Loaded ratio (not including unrealised gains on sovereign holdings in the AFS portfolio) is 14.16%. The CET1 Phase-in ratio is up 111 bp on the previous year-end figure, while the CET1 Fully Loaded ratio is 114 bp higher, mainly due to the Group's ability to generate capital organically
- The Total Capital Fully Loaded ratio stands at 17.18%, (+282 bp since December 2016), with a very positive impact (+166 bp) from the Tier 2 (500 million euros) and AT1 (750 million euros) issues that were successfully placed in March and July, respectively
- The Group's capital ratios are well above the regulatory requirements for 2017: +794 bp above the regulatory CET1 Phase-in (7.875%) and +738 bp above the Total Capital Phase-in regulatory minimum (11.375%)

1. RELEVANT DATA

	Sep-17	Dec-16	Change
Balance sheet (€ million)			
Total assets	179,247	190,167	(5.7%)
Loans and advances to customers (net)[1]	103,479	104,677	(1.1%)
Loans and advances to customers (gross)[1]	108,573	110,595	(1.8%)
Crédito bruto al sector privado residente	90,063	90,622	(0.6%)
Crédito bruto con garantía real	63,530	65,746	(3.4%)
On-balance-sheet customer funds	120,018	125,001	(4.0%)
Customer deposits and clearing houses	100,637	105,155	(4.3%)
Borrowings, marketable securities	17,103	18,801	(9.0%)
Subordinated liabilities	2,278	1,045	117.9%
Total managed customer funds	141,689	145,097	(2.3%)
Equity	12,655	12,303	2.9%
Common Equity Tier I - BIS III Phase In	11,599	11,329	2.4%
Capital adequacy (%)			
Common Equity Tier I - BIS III Phase In	15.81%	14.70%	+1.11 p.p.
Total capital ratio - BIS III Phase In	18.75%	16.03%	+2.72 p.p.
Ratio CET1 BIS III Fully Loaded	14.16%	13.02%	+1.14 p.p.
Risk management (€ million and %)			
Total risk	115,254	117,205	(1.7%)
Non performing loans	10,194	11,476	(11.2%)
NPL provisions	5,480	6,323	(13.3%)
NPL ratio	8.8%	9.8%	-1.0 p.p.
NPL coverage ratio	53.8%	55.1%	-1.3 p.p.

	Sep-17	Sep-16	Change
Results (€ million)			
Net interest income	1,467	1,631	(10.1%)
Gross income	2,398	2,460	(2.5%)
Pre-provision profit	1,247	1,288	(3.1%)
Profit/(loss) attributable to the Group	739	731	1.0%
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	48.0%	47.7%	+0.3 p.p.
R.O.A. (Profit after tax / Average total assets) [2]	0.5%	0.5%	-
RORWA (Profit after tax / RWA) [3]	1.3%	1.3%	-
ROE (Profit attributable to the group / Equity) [4]	8.1%	8.2%	-0.1 p.p.
ROE ex mortgages floors provision as 2016 and IPO as 2015 [5]	8.1%	8.2%	-0.1 p.p.
ROTE (Profit attributable to the group / Average tangible equity) [5]	8.3%	8.4%	-0.1 p.p.

	30-Sep-2017	31-Dec-2016	Change
Bankia share			
Number of shareholders	199,050	241,879	(17.7%)
Number of shares in issue (million)[6]	2,879	2,879	-
Closing price (end of period, €)[6][7]	4.08	3.88	5.0%
Market capitalisation (€ million)	11,748	11,183	5.0%
Earnings per share [6][8]	0.34	0.28	22.9%
Tangible book value per share[6][9] (€)	4.45	4.38	1.6%
PER (Last price [6][7] / Earnings per share)	11.89	13.91	(14.5%)
PTBV (Last price [6][7] / Tangible book value per share)	0.92	0.89	3.4%
Additional information			
Number of branches	1,751	1,855	(5.6%)
Number of employees	13,472	13,505	(0.2%)

(1) Includes transactions with BFA (Sep-17 €437mn; Dec-16 €125mn)
(2) Annualized profit after tax divided by the average total assets
(3) Annualized profit after tax divided by the risk weighted assets
(4) Annualized attributable profit divided by the previous 12 months equity average
(5) Annualized attributable profit divided by the previous 12 months tangible equity average
(6) Number of shares and prices in Dec-16 were adjusted to the reverse split executed on June 2017
(7) Using the last price on 29th September and 30th 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 global macroeconomic scenario continues to demonstrate a notably strong performance, providing stability to the financial markets after several episodes of heightened political risk (disappointment with the Trump administration and the political crisis in Catalonia) and geopolitical risk (North Korea and Islamist terrorist attacks) in recent months. The global economy has maintained very dynamic growth in 3Q17, once again above potential across the board, following its highest level in 2Q17 since 2011. Economic activity in the US suffered less than expected following the hurricanes and growth forecasts have been revised upwards to rates only slightly below those of the previous quarter (0.6% vs 0.7%). This economic robustness, together with the recent impetus given by the Trump administration to the fiscal reform have increased interest rate expectations and driven up the dollar against the main currencies. Turning to the EMU, 3Q17 surveys continue to outstrip forecasts and are consistent with extremely dynamic growth, similar to that posted in 2Q17 (estimated 0.6%). This optimism has also been bolstered by the improved credit ratings of Ireland and Portugal, which S&P has returned to investment grade. In Germany, Merkel's latest victory in the elections was tarnished by a loss of votes due to the rapid rise of the Far Right and the need to find alternatives for forming a government after the split announced by the Social Democrats.

Meanwhile, the uptick in oil prices (+15 US dollars since March to 55 US dollars a barrel) has reduced inflation downside around the world and raised expectations of a gradual rise in 2018, approaching target levels set by the central banks of the main economies. Specifically, US inflation climbed 0.2 pp in September to 2.0%, remaining stable in the EMU at 1.5%. The rate of growth and the expected gradual increase in inflation explain the action taken by the central banks, which are slowly withdrawing their stimulus packages. The Fed began paring back its balance sheet in October and a new interest rate increase in December is seen as a given, the third in 2017. The ECB announced at its meeting in October a reduction in its monthly bond purchases to 30 billion euros as from January 2018, extending its programme to September of that year, which could delay the start of rate hikes until late 2018 or the first quarter of 2019. This apparent synchronisation by the leading central banks is exerting certain upward pressure on yields, although low inflation and geopolitical uncertainty are restricting the extent of any fluctuations. Spanish bonds are performing pretty well, despite the political uncertainty in Catalonia, with the 10Y bond yield standing at 1.60%.

The economy in Spain remains buoyant. The Bank of Spain has forecast GDP growth of 0.8% in 3Q17, only a tenth of a percent down on the previous quarter. Reduced household spending is a symptom of the slowdown in job creation, with new social security registrations in seasonally adjusted terms standing at 0.4% in the quarter, below the extraordinary increase in the previous quarter (+1.2%: the highest since 2005). Higher energy bills, meanwhile, are eroding the trade surplus. In this scenario, in which we forecast a gradual slowdown in growth from the high rates in the first half of the year, the rising tensions in Catalonia are fuelling uncertainty given the impact they could have on the confidence of households and businesses and therefore on their spending and investment decisions.

The dynamism of the Spanish economy has had a positive impact on the banking sector for yet another quarter. Credit deleveraging continues at a gradual pace, as does the double-digit growth in new lending to SMEs and independent contractors and consumer and household loans, while the volume of non-performing loans continues to be reduced. Turning to funding, the volume of deposits has remained stable, which is compatible with the increase in assets invested in mutual funds. The system's liquidity and solvency stand out among the other financial indicators, the latter well above the regulatory minimum. In Europe, the ECB as part of its drive to reduce default rates in the sector, has published an appendix supplementing its guidance on non-performing loans, which is open to consultation until the end of the year.

3. SUMMARY OF RESULTS

The Bankia Group closes the first nine months of 2017 with an attributable profit of 739 million euros, 1% up on the same period in 2016

The gradual stabilisation of gross income, together with the ongoing commitment to efficiency and cost of risk control, have been the drivers of this improvement in profit with respect to the first nine months of 2016.

The transformation of the commercial model has increased the number of loyal and digital customers, enabling the Group to increase the volume of new lending, raise fee and commission income and improve our customers' satisfaction with the bank.

In addition to the good performance of the business and cost containment, there have been further improvements in the Group's asset quality and financial strength, as demonstrated by its capital ratios at the end of September 2017, which are among the best in the Spanish financial sector.

The Group posted attributable profit in the third quarter of 225 million euros, 15 million euros (+7.2%) higher than in the second quarter. Typical seasonal fluctuations in the third quarter and smaller gains on financial assets and liabilities reduced pre-provision profit by 5.3% compared with the second quarter.

INCOME STATEMENT

			Change	
(€ million)	9M 2017	9M 2016	Amount	%
Net interest income	**1,467**	**1,631**	**(164)**	**(10.1%)**
Dividends	7	4	3	75.2%
Share of profit/(loss) of companies accounted for using the equity method	30	29	1	4.9%
Total net fees and commissions	636	611	25	4.1%
Gains/(losses) on financial assets and liabilities	314	184	130	70.6%
Exchange differences	7	14	(7)	(48.0%)
Other operating income/(expense)	(62)	(12)	(50)	403.4%
Gross income	**2,398**	**2,460**	**(62)**	**(2.5%)**
Administrative expenses	(1,024)	(1,057)	33	(3.1%)
Staff costs	(690)	(688)	(2)	0.3%
General expenses	(334)	(368)	34	(9.4%)
Depreciation and amortisation	(127)	(116)	(11)	9.8%
Pre-provision profit	**1,247**	**1,288**	**(40)**	**(3.1%)**
Provisions	(244)	(255)	11	(4.3%)
Provisions (net)	(4)	1	(5)	-
Impairment losses on financial assets (net)	(241)	(256)	16	(6.2%)
Operating profit/(loss)	**1,003**	**1,032**	**(29)**	**(2.8%)**
Impairment losses on non-financial assets	(12)	(5)	(7)	132.1%
Other gains and other losses	(38)	(87)	48	(55.9%)
Profit/(loss) before tax	**953**	**941**	**13**	**1.3%**
Corporate income tax	(213)	(209)	(4)	2.1%
Profit/(loss) after tax	**740**	**732**	**8**	**1.1%**
Profit/(Loss) attributable to minority interests	1.3	0.6	1	99.1%
Profit/(loss) attributable to the Group	**739**	**731**	**8**	**1.0%**
Cost to Income ratio (1)	**48.0%**	**47.7%**	**+0.3 p.p.**	**0.7%**
Recurring Cost to Income ratio (2)	**55.4%**	**51.8%**	**+3.6 p.p.**	**6.9%**

(1) Operating expenses / Gross income

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

QUARTERLY RESULTS

(€ million)	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Net interest income	**472**	**491**	**504**	**517**	**507**	**546**	**577**
Dividends	0	2	6	0	0	3	0
Share of profit/(loss) of companies accounted for using the equity method	12	10	9	9	8	13	8
Total net fees and commissions	210	218	207	213	204	207	200
Gains/(losses) on financial assets and liabilities	51	101	161	57	65	58	61
Exchange differences	3	2	2	(1)	(2)	8	7
Other operating income/(expense)	2	(61)	(3)	(90)	(10)	(2)	(1)
Gross income	**751**	**762**	**886**	**706**	**774**	**833**	**853**
Administrative expenses	(344)	(336)	(345)	(330)	(346)	(349)	(362)
Staff costs	(229)	(226)	(235)	(218)	(223)	(227)	(239)
General expenses	(114)	(110)	(110)	(112)	(123)	(122)	(124)
Depreciation and amortisation	(44)	(42)	(41)	(46)	(40)	(38)	(37)
Pre-provision profit	**364**	**384**	**500**	**331**	**388**	**446**	**454**
Provisions	(73)	(72)	(99)	31	(52)	(87)	(116)
Provisions (net)	(6)	(5)	8	(5)	53	(24)	(28)
Impairment losses on financial assets (net)	(66)	(67)	(107)	35	(105)	(64)	(87)
Operating profit/(loss)	**291**	**312**	**401**	**361**	**336**	**359**	**338**
Impairment losses on non-financial assets	(2)	(1)	(9)	(3)	3	(6)	(2)
Other gains and other losses	(29)	(22)	12	(215)	(38)	(28)	(21)
Profit/(loss) before tax	**260**	**289**	**404**	**143**	**302**	**324**	**315**
Corporate income tax	(34)	(78)	(100)	(8)	(51)	(79)	(78)
Profit/(loss) after tax	**226**	**210**	**304**	**135**	**251**	**245**	**237**
Profit/(Loss) attributable to minority interests	1	0	0	(3)	1	0	0
Profit/(loss) attributable to the Group	**225**	**210**	**304**	**138**	**250**	**245**	**237**
Net impact from extraordinary provisions (1)	-	-	-	(65)	-	-	-
Reported profit attributable to the Group	**225**	**210**	**304**	**73**	**250**	**245**	**237**
Cost to Income ratio (2)	**51.6%**	**49.6%**	**43.6%**	**53.2%**	**49.9%**	**46.5%**	**46.8%**
Recurring Cost to Income ratio (3)	**55.6%**	**57.4%**	**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)

- At the end of September 2017, the Group's **accumulated net interest income** totalled 1,467 million euros, down 10.1% year-on-year, impacted by: ALCO portfolio churn and sales; the lower return of the SAREB bonds (37% of the fixed income portfolio), the yield of which has fallen to around 0% in 2017; and maturities and repricing of mortgage loans, the majority of which are linked to floating rates, which have continued to fall in 2017.

  In the third quarter of the year net interest income totalled 472 million euros (-3.9% versus the second quarter), reflecting the higher number of mortgage loan repricings in June and the lasting effect of the Euribor curve on mortgages. Thus, the yield on customer loans stands at 1.61%, 7 bp below the figure of 1.68% achieved in the second quarter but in line with the figure recorded in 3Q16.

The increasing volume of new lending in profitable segments and the cost of retail term deposits, which remains at an all-time low, **are mitigating the impact of the interest rate curve on the loan book**.

Thus, the cost of new term deposits stood at 5 bp in the third quarter, well below the cost of stock (19 bp). The average rate on new lending was 2.7% at the end of the third quarter.

The gross customer margin stood at 1.53% in the third quarter of the year, 6 bp below the figure of 1.59% recorded in the previous quarter due to the decline in income from lending, but 12 bp higher than the figure of 1.41% of the third quarter of 2016, thanks to the positive impact of the decrease in the cost of deposits.

REVENUES AND EXPENSES

	3Q 2017				2Q 2017			
(€ million & %)	Average Amount	Weight (%)	Revenues /Expenses	Yield	Average Amount	Weight (%)	Revenues /Expenses	Yield
Loans and advances to credit institutions (1)	6,374	3.5%	21	1.30%	5,793	3.2%	22	1.50%
Net Loans and advances to customers (a)	102,721	57.2%	417	1.61%	103,362	57.0%	434	1.68%
Debt securities	47,587	26.5%	113	0.95%	47,997	26.5%	117	0.98%
Other interest earning assets (2)	387	0.2%	1	0.80%	391	0.2%	1	0.80%
Other non-interest earning assets	22,577	12.6%	-	-	23,665	13.1%	-	-
Total Assets (b)	**179,646**	**100.0%**	**552**	**1.22%**	**181,208**	**100.0%**	**573**	**1.27%**
Deposits from central banks and credit	34,120	19.0%	11	0.13%	36,275	20.0%	11	0.12%
Customer deposits (c)	102,327	57.0%	21	0.08%	101,869	56.2%	24	0.09%
Strict Customer Deposits	*97,473*	54.3%	*17*	*0.07%*	*96,409*	53.2%	*20*	*0.08%*
Repos	*74*	0.0%	*0*	*0.00%*	*435*	0.2%	*0*	*0.00%*
Single-certificate covered bonds	*4,780*	2.7%	*3*	*0.26%*	*5,024*	2.8%	*4*	*0.33%*
Marketable securities	17,136	9.5%	34	0.80%	17,322	9.6%	34	0.80%
Subordinated liabilities	2,146	1.2%	12	2.19%	1,534	0.8%	11	2.99%
Other interest earning liabilities (2)	979	0.5%	2	0.97%	776	0.4%	2	0.89%
Other liabilities with no cost	9,991	5.6%	-	-	10,732	5.9%	-	-
Equity	12,947	7.2%	-	-	12,702	7.0%	-	-
Total equity and liabilities (d)	**179,646**	**100.0%**	**81**	**0.18%**	**181,208**	**100.0%**	**82**	**0.18%**
Customer margin (a-c)				**1.53%**				**1.59%**
Net interest margin (b-d)			**472**	**1.04%**			**491**	**1.09%**

(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, the contrary occurs with regards to "Deposits from central banks and credit institutions"
(2) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities

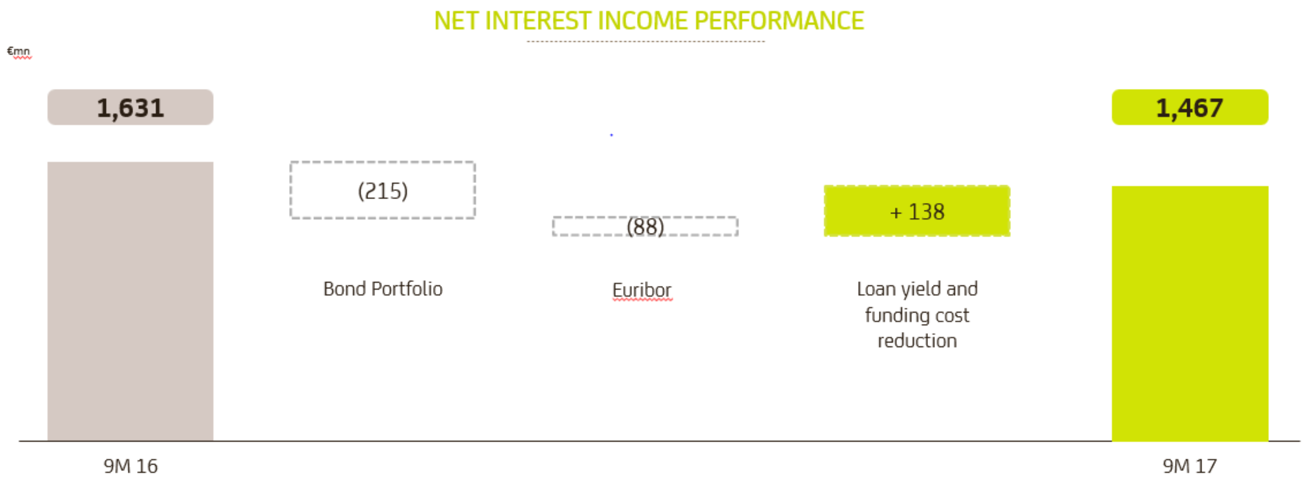
REVENUES AND EXPENSES

(€ million & %)	3Q 2017 Average Amount	3Q 2017 Weight (%)	3Q 2017 Revenues /Expenses	3Q 2017 Yield	3Q 2016 Average Amount	3Q 2016 Weight (%)	3Q 2016 Revenues /Expenses	3Q 2016 Yield
Loans and advances to credit institutions (1)	6,374	3.5%	21	1.30%	7,057	3.6%	20	1.10%
Net Loans and advances to customers (a)	102,721	57.2%	417	1.61%	106,086	53.6%	429	1.61%
Debt securities	47,587	26.5%	113	0.95%	55,434	28.0%	174	1.25%
Other interest earning assets (2)	387	0.2%	1	0.80%	348	0.2%	2	2.05%
Other non-interest earning assets	22,577	12.6%	-	-	29,008	14.7%	-	-
Total Assets (b)	**179,646**	**100.0%**	**552**	**1.22%**	**197,932**	**100.0%**	**624**	**1.26%**
Deposits from central banks and credit	34,120	19.0%	11	0.13%	39,704	20.1%	16	0.16%
Customer deposits (c)	102,327	57.0%	21	0.08%	106,330	53.7%	54	0.20%
Strict Customer Deposits	*97,473*	54.3%	*17*	*0.07%*	*97,241*	49.1%	*50*	*0.20%*
Repos	*74*	0.0%	*0*	*0.00%*	*3,724*	1.9%	*0*	*0.00%*
Single-certificate covered bonds	*4,780*	2.7%	*3*	*0.26%*	*5,365*	2.7%	*4*	*0.31%*
Marketable securities	17,136	9.5%	34	0.80%	21,655	10.9%	38	0.69%
Subordinated liabilities	2,146	1.2%	12	2.19%	1,036	0.5%	8	2.92%
Other interest earning liabilities (2)	979	0.5%	2	0.97%	870	0.4%	2	0.87%
Other liabilities with no cost	9,991	5.6%	-	-	15,394	7.8%	-	-
Equity	12,947	7.2%	-	-	12,944	6.5%	-	-
Total equity and liabilities (d)	**179,646**	**100.0%**	**81**	**0.18%**	**197,932**	**100.0%**	**117**	**0.24%**
Customer margin (a-c)				**1.53%**				**1.41%**
Net interest margin (b-d)			**472**	**1.04%**			**507**	**1.02%**

(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, the contrary occurs with regards to "Deposits from central banks and credit institutions"

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

Bond portfolio impact and the Euribor curve shape net interest income performance



Bankia
LET´S KEEP WORKING

- **Accumulated net fee and commission income was 4.1% higher than that of the first nine months of 2016, standing at 636 million euros in September 2017.** The growth in assets under management, new digital functionalities, consumption recovery and increasing customer loyalty have helped generate fees and commissions from payment services (+66.4%), cards (+8%) and insurance and mutual funds (+4.9%). This has offset the decline in fee income from demand accounts and cheques, due to the waiving of fees for customers who have arranged for their salaries or pensions to be paid directly into their accounts. Income from deal structuring, securities brokerage, guarantees and foreign exchange services have also contributed to this growth, in the latter case due to the change in accounting rules on recognising the exchange gains obtained by branches on customer transactions (see impact with an opposite sign in "Other operating income/(expense)").

In the third quarter of the year, net fee and commission income amounted to 210 million euros, 3.4% down on the figure of the second quarter of 2017 despite the good performance in insurance and mutual fund fees and commissions (+8.1%). This performance reflects the reduced activity that usually occurs in the third quarter, which mainly affects fee and commission income from the structuring of corporate deals (-55.9%). Nevertheless, net fee and commission income is up 2.9% compared with the third quarter of 2016.

NET FEE AND COMMISSION INCOME

(€ million)	9M 2017	9M 2016	Change (%) 9M 2017/9M 2016	
Assets under management	**264**	**250**	**14**	**5.5%**
Securities brokerage service	42	39	3	8.6%
Mutual funds, Pension funds and insurances	222	211	10	4.9%
Payments services	**177**	**167**	**10**	**5.9%**
Bills of exchange	15	28	(13)	(46.2%)
Debit and credit cards	129	119	10	8.0%
Means of payment	33	20	13	66.4%
Origination	**122**	**109**	**14**	**12.6%**
Contingent risks and commitments	67	65	2	2.9%
Structuring and design of transactions	32	27	5	19.0%
Forex	24	17	7	38.9%
Management of NPLs, write offs and others	**94**	**101**	**(7)**	**(7.2%)**
Management of NPLs and write offs	5	12	(6)	(53.7%)
Claims on Past due	75	75	0	0.3%
Other	13	15	(1)	(8.3%)
Accounts manteinance	**35**	**42**	**(6)**	**(15.6%)**
Sight accounts	35	42	(6)	(15.6%)
Fees and commissions received	**693**	**669**	**24**	**3.5%**
Fees and commissions paid	**57**	**58**	**(1)**	**(2.3%)**
TOTAL NET FEE AND COMMISSION INCOME	**636**	**611**	**25**	**4.1%**

(€ million)	3Q 17	2Q 17	1Q 17	4Q 16	3Q 16	2Q 16	1Q 16	Change (%) 3Q 2017/2Q 2017	
Assets under management	**91**	**88**	**86**	**83**	**81**	**85**	**84**	**3**	**3.8%**
Securities brokerage service	13	15	15	14	13	14	13	(3)	(17.0%)
Mutual funds, Pension funds and insurances	78	73	71	70	69	71	71	6	8.1%
Payments services	**59**	**61**	**57**	**62**	**55**	**57**	**55**	**(1)**	**(2.4%)**
Bills of exchange	5	5	6	8	9	9	10	(0)	(0.2%)
Debit and credit cards	44	44	40	46	40	41	38	(0)	(0.8%)
Means of payment	10	11	11	8	6	7	7	(1)	(9.7%)
Origination	**38**	**42**	**42**	**37**	**43**	**36**	**30**	**(4)**	**(10.2%)**
Contingent risks and commitments	24	22	21	21	21	23	21	2	9.7%
Structuring and design of transactions	6	13	14	4	9	11	7	(7)	(55.9%)
Forex	9	8	7	12	12	2	2	1	10.4%
Management of NPLs, write offs and others	**30**	**36**	**28**	**37**	**32**	**36**	**34**	**(7)**	**(18.2%)**
Management of NPLs and write offs	1	4	1	4	4	5	2	(3)	(81.2%)
Claims on Past due	24	26	24	26	24	26	25	(2)	(7.6%)
Other	5	6	3	7	4	5	6	(1)	(24.3%)
Accounts manteinance	**11**	**12**	**12**	**13**	**13**	**13**	**15**	**(0)**	**(2.8%)**
Sight accounts	11	12	12	13	13	13	15	(0)	(2.8%)
Fees and commissions received	**229**	**238**	**225**	**232**	**224**	**227**	**218**	**(9)**	**(3.9%)**
Fees and commissions paid	**19**	**20**	**18**	**19**	**19**	**21**	**18**	**(2)**	**(9.4%)**
TOTAL NET FEE AND COMMISSION INCOME	**210**	**218**	**207**	**213**	**204**	**207**	**200**	**(7)**	**(3.4%)**

- In cumulative terms, the positive contribution of **gains on financial assets and liabilities** is up 130 million euros (+70.6%) versus September 2016, reaching 314 million euros in the first nine months of 2017. This growth is the result of the sales of fixed-income securities, mainly in the first two quarters of the year, ahead of the expected trend in interest rates in the market.

- **Other operating income and expenses** amounted to a net expense of 62 million euros at September 2017: higher than the net expense of 12 million euros posted in the same period in 2016. This is the result of the gain generated by the Group from the sale of Visa Europe (58 million euros) in 2016. Most of this net expense was incurred in the second quarter of the year as a result of the 64 million-euro contribution to the Single Resolution Fund (SRF), 54 million euros of which are recognised in this line of the income statement.

- **Other operating income and expenses** (dividends, share of profit of equity-accounted investees and exchange gains) totalled 44 million euros for the nine-month period ended September 2017, 6.4% down year-on-year. This decline was primarily in exchange gains (-7 million euros) and due to the accounting reclassification of income generated from differences in the sale and purchase of foreign exchange with customers. Since September 2016, these gains are classified as fees and commissions in accordance with the amendment of the Bank of Spain Circular 4/2004.

- **Gross income** remains stable **totalling 2,398 million euros for the nine-month period ended September 2017** - slightly down (-2.5%) year-on-year. Excluding the non-recurring income from the sale of Visa Europe in 2016, the Group's gross income remained constant over the two periods (-0.2%).

- Efforts to contain costs and boost efficiency have helped **cut operating expenses (administrative expenses and depreciation and amortisation) by 1.8%** versus the first nine months of 2016, to 1,151 million euros at the end of September 2017. Staff costs remained stable, while general expenses fell by 9.4% year-on-year.

  Operating expenses rose slightly compared to those posted in the second quarter of the year (+2.4%). However, they remained stable versus the third quarter of 2016 (+0.3%).

  Despite lower income, cost containment enabled the Group to maintain the cumulative efficiency ratio at 48% in September 2017, which has remained relatively stable since September 2016 (47.7%).

ADMINISTRATIVE EXPENSES

(€ million)	9M 2017	9M 2016	Change (%) 9M 2017/9M 2016	
Staff cost	**690**	**688**	**2**	**0.3%**
Wages and salaries	501	535	(34)	(6.3%)
Social security costs	133	127	6	4.9%
Pension plans	35	10	24	230.1%
Others	21	16	5	32.2%
General expenses	**334**	**368**	**(34)**	**(9.4%)**
From property, fixtures and supplies	75	80	(5)	(6.4%)
IT and communications	119	116	4	3.1%
Advertising and publicity	34	31	2	7.3%
Technical reports	16	22	(6)	(27.9%)
Surveillance and security courier services	11	11	(0)	(3.3%)
Levies and taxes	17	44	(27)	(61.3%)
Insurance and self-insurance premiums	3	3	1	18.7%
Other expenses	59	61	(2)	(3.3%)
TOTAL ADMINISTRATIVE EXPENSES	**1,024**	**1,057**	**(33)**	**(3.1%)**

(€ million)	3Q 17	2Q 17	1Q 17	4Q 16	3Q 16	2Q 16	1Q 16	Change (%) 3Q 17/2Q 17	
Staff cost	**229**	**226**	**235**	**218**	**223**	**227**	**239**	**3**	**1.5%**
Wages and salaries	166	164	171	166	174	176	184	2	1.1%
Social security costs	45	44	45	41	41	42	44	0	0.9%
Pension plans	11	11	13	5	3	4	4	(0)	(0.1%)
Others	8	7	7	6	5	4	7	1	20.1%
General expenses	**114**	**110**	**110**	**112**	**123**	**122**	**124**	**4**	**3.9%**
From property, fixtures and supplie	25	24	26	29	25	28	27	1	3.8%
IT and communications	40	40	39	39	38	39	39	0	1.0%
Advertising and publicity	10	14	10	11	12	9	11	(4)	(27.8%)
Technical reports	6	5	5	14	10	6	6	1	10.7%
Surveillance and security courier se	4	3	4	3	4	4	3	0	5.9%
Levies and taxes	6	5	6	(13)	15	14	15	0	6.6%
Insurance and self-insurance prem	1	1	1	1	1	1	1	(0)	(31.4%)
Other expenses	23	17	19	28	18	22	21	6	37.4%
TOTAL ADMINISTRATIVE EXPENSES	**344**	**336**	**345**	**330**	**346**	**349**	**362**	**8**	**2.3%**

- **The Bankia Group posted cumulative pre-provision profit of** 1,247 million euros, 3.1% down on September 2016. However, **excluding the non-recurring income from the sale of Visa Europe in 2016, this figure is 1.4%** higher year-on-year, as a result of the Group's cost savings.

- **Provisions totalled 244 million euros to September 2017, down 4.3% versus the figure for the same period in 2016**. This reflects the progress made by the Group in risk management and the improvement in asset quality. Meanwhile, **the Group's cost of risk remains very low, standing at 0.24%** at the end of September 2017.

- **Other gains and other losses** mainly include impairment losses, the cost of selling and maintaining foreclosed assets, as well as gains/(losses) on the sale of investees. At September 2017, the cumulative balance of this item was negative 38 million euros, compared to negative 87 million euros in the previous year, because the 2017 figure includes the gain (47 million euros) from the deferred payment associated with the sale of Globalvia in 2016.

- In the first nine months of 2017, the Bankia Group posted **attributable profit of 739 million euros, 1% higher than in the same period of 2016.** Of this amount, 225 million euros was generated in the third quarter, representing quarter-on-quarter growth of 7.2%. For yet another quarter, cost containment and cost of risk control have been key management mechanisms used to achieve this result.

(€ million)	9M 2017	9M 2016	Change (%) 9M 2017/9M 2016	
Impairment losses on financial assets (net)	(241)	(256)	16	(6.2%)
Impairment losses on non-financial assets	(12)	(5)	(7)	132.1%
Foreclosed assets	(79)	(61)	(18)	29.1%
Provisions (net)	(4)	1	(5)	-
TOTAL PROVISIONS	**(334)**	**(321)**	**(13)**	**4.1%**

(€ million)	3Q 17	2Q 17	1Q 17	4Q 16	3Q 16	2Q 16	1Q 16	Variación % 3Q 17/2Q 17	
Impairment losses on financial assets (net)	(66)	(67)	(107)	35	(105)	(64)	(87)	1	(1.0%)
Impairment losses on non-financial assets	(2)	(1)	(9)	(3)	3	(6)	(2)	(1)	126.2%
Foreclosed assets	(21)	(18)	(39)	(207)	(39)	(12)	(10)	(3)	17.4%
Provisions (net)	(6)	(5)	8	(5)	53	(24)	(28)	(1)	22.8%
TOTAL RECURRENT PROVISIONS	**(96)**	**(91)**	**(147)**	**(180)**	**(87)**	**(106)**	**(128)**	**(5)**	**5.3%**
Mortgage floors contingency provision	-	-	-	(93)	-	-	-	-	-
TOTAL PROVISIONS INCLUDING IPO CONTING	**(96)**	**(91)**	**(147)**	**(273)**	**(87)**	**(106)**	**(128)**	**(5)**	**5.3%**

4. BALANCE SHEET

(€ million)	Sep-17	Dec-16	Change Amount	Change %
Cash and balances at central banks	2,378	2,854	(475)	(16.7%)
Financial assets held for trading	6,862	8,331	(1,469)	(17.6%)
Trading derivatives	6,780	8,256	(1,475)	(17.9%)
Equity instruments	12	5	7	134.0%
Debt securities	70	71	(0)	(0.4%)
Available-for-sale financial assets	19,245	25,249	(6,004)	(23.8%)
Debt securities	19,216	25,223	(6,007)	(23.8%)
Equity instruments	29	26	3	11.9%
Loans and receivables	106,973	108,817	(1,844)	(1.7%)
Debt securities	401	563	(162)	(28.8%)
Loans and advances to credit institutions	3,094	3,578	(483)	(13.5%)
Loans and advances to customers	103,479	104,677	(1,198)	(1.1%)
Held-to-maturity investments	27,870	27,691	178	0.6%
Hedging derivatives	2,983	3,631	(648)	(17.8%)
Equity investments	291	282	10	3.4%
Tangible and intangible assets	1,885	1,878	7	0.4%
Non-current assets held for sale	2,042	2,260	(218)	(9.6%)
Other assets, prepayments and accrued income, and tax assets	8,717	9,174	(457)	(5.0%)
TOTAL ASSETS	**179,247**	**190,167**	**(10,921)**	**(5.7%)**
Financial liabilities held for trading	7,251	8,983	(1,732)	(19.3%)
Trading derivatives	7,189	8,524	(1,335)	(15.7%)
Short positions	62	459	(396)	(86.4%)
Financial liabilities at amortised cost	156,196	164,636	(8,440)	(5.1%)
Deposits from central banks	12,816	14,969	(2,153)	(14.4%)
Deposits from credit institutions	22,036	23,993	(1,957)	(8.2%)
Customer deposits and funding via clearing houses	100,637	105,155	(4,518)	(4.3%)
Debt securities in issue	19,381	19,846	(465)	(2.3%)
Other financial liabilities	1,325	673	653	97.0%
Hedging derivatives	351	724	(373)	(51.5%)
Provisions	1,185	1,405	(220)	(15.6%)
Other liabilitiess	1,206	1,582	(376)	(23.8%)
TOTAL LIABILITIES	**166,190**	**177,330**	**(11,140)**	**(6.3%)**
Minority interests	46	45	0	0.5%
Other accumulated results	356	489	(133)	(27.2%)
Equity	12,655	12,303	352	2.9%
TOTAL EQUITY	**13,056**	**12,837**	**219**	**1.7%**
TOTAL EQUITY AND LIABILITIES	**179,247**	**190,167**	**(10,921)**	**(5.7%)**

Customer-focused commercial strategy fuels core banking business

- During the first nine months of 2017, the commercial transformation programme continued to enhance the Group's competitive position. Since September 2016, our customers' satisfaction has improved, new customers have increased by 141,000, and digital sales have risen significantly to 13.1% of Bankia's total sales at the end of September 2017, 2.7 pp higher than at December 2016.

  The progress made in the commercial strategy has led to higher lending to businesses, individuals and households, and an increase in assets managed in mutual funds and pension funds.

  New mortgage loans totalled 1,333 million euros for the nine-month period to September 2017, 130% higher than the amount reported in the same period of 2016. New consumer loans and new loans to SMEs rose by 19.6% and 22.1%, respectively, over the same period. The gross stock of loans consequently rose year-on-year by 18.3% in the consumer segment and lending (excluding NPLs) to the business segment rose by 0.9%.

These types of loans are recognised under personal guarantee loans and business loans, which have grown 7.4% and 5.1%, respectively, compared to December 2016.

In the case of mortgage loans, the rapid pace of new lending has still not offset repayments on the stock of mortgage loans, therefore secured loans fell 3.4% from December 2016.

The growth in new lending is being achieved while maintaining high asset quality. Thus, **non-performing exposures are performing well, decreasing 11.8%** since December 2016, situating the NPL ratio (8.8%) at its lowest level since the first half of 2012.

Excluding non-performing loans and repos, at the end of September 2017 **the gross performing loan book stands at 98,685 million euros - a very similar level to that of December 2016 (-0.7%) which confirms the stabilisation trend observed in the last quarters.**

LOANS AND ADVANCES TO CUSTOMERS

			Change	
(€ million)	Sep-17	Dec-16	Amount	%
Spanish public sector	4,829	5,070	(241)	(4.8%)
Other resident sectors	90,063	90,622	(559)	(0.6%)
Secured loans and advances	63,530	65,746	(2,216)	(3.4%)
Personal guarantee loans	18,015	16,768	1,247	7.4%
Business loans and other credit facilities	8,517	8,108	410	5.1%
Non-residents	3,029	3,091	(63)	(2.0%)
Repo transactions	432	517	(85)	(16.5%)
Of which: reverse repurchase agreements with BFA	*432*	*49*	*383*	*784.1%*
Other financial assets	754	586	169	28.8%
Of which: collection right against BFA due to the IPO (1)	*5*	*76*	*(71)*	*(93.9%)*
Of which: Collateral provided to BFA (2)	*0.3*	*0.4*	*(0)*	*(24.6%)*
Other valuation adjustments	10	(9)	19	(216.1%)
Non-performing loans	9,456	10,717	(1,261)	(11.8%)
Gross loans and advances to customers	**108,573**	**110,595**	**(2,022)**	**(1.8%)**
Loan loss reserve	(5,094)	(5,918)	824	(13.9%)
NET LOANS AND ADVANCES TO CUSTOMERS	**103,479**	**104,677**	**(1,198)**	**(1.1%)**
Gross loans & advances to customers ex. balances with BFA	**108,136**	**110,470**	**(2,334)**	**(2.1%)**
GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPLs & REPOs	**98,685**	**99,360**	**(675)**	**(0.7%)**

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

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

- The Group's customer loyalty strategy and active management of funding costs are reflected in the performance of customer funds since December 2016. There have been increases in demand deposits (+13.9%), savings accounts (+7.3%) and mutual funds (+10.5%), which continue to capture a large share of the funds transferred by our customers out of term products. The trend in mutual funds has been especially positive, with the Bankia Group achieving a market share of 5.67% at the end of September, up 7 bp over the 12 months from September 2016.

  During the first nine months of 2017, there was a slight drop (-1.4%) in the volume of total customer funds (strict deposits and off-balance-sheet funds under management), influenced by the decline in deposits from the public sector (-20.7%) and non-residents (-18.3%). The decrease versus September 2016 is 0.4%. Strict deposits from residents remained stable versus the September 2016 figure, and are down 1.9% versus December 2016. Despite this, the LTD ratio remained at a comfortable 100.1%.

  Wholesale funding decreased by 1,698 million euros from the December 2016 close, as a result of debt maturities and repayments over the period. With regards to new issuances, it is worth noting the placement of 500 million euros of Tier 2 subordinated debt in March and the issuance of 750 million euros of AT1 bonds in July. Both issuances were well received by the institutional markets and have continued to bolster the Bankia Group's solvency.

CUSTOMER FUNDS

			Change	
(€ million)	Sep-17	Dec-16	Amount	%
Spanish public sector	3,989	5,029	(1,040)	(20.7%)
Other resident sectors	94,581	97,598	(3,017)	(3.1%)
Current accounts	22,618	19,863	2,755	13.9%
Savings accounts	32,120	29,936	2,184	7.3%
Term deposits and other	39,843	47,799	(7,956)	(16.6%)
Repo transactions	124	1,209	(1,085)	(89.7%)
Singular mortgage securities	4,882	5,098	(216)	(4.2%)
Rest	34,837	41,492	(6,655)	(16.0%)
Non-residents	2,067	2,528	(461)	(18.3%)
Funding via clearing houses and customer deposits	**100,637**	**105,155**	**(4,518)**	**(4.3%)**
Debentures and other marketable securities	17,103	18,801	(1,698)	(9.0%)
Subordinated loans	2,278	1,045	1,233	117.9%
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**120,018**	**125,001**	**(4,983)**	**(4.0%)**
Mutual funds	15,050	13,617	1,433	10.5%
Pension funds	6,621	6,478	142	2.2%
Off-balance-sheet customer funds	**21,671**	**20,096**	**1,575**	**7.8%**
TOTAL CUSTOMER FUNDS	**141,689**	**145,097**	**(3,408)**	**(2.3%)**

						Change	
(€ million)	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Sep-17/Sep-16	
Spanish public sector	**3,989**	**4,801**	**4,619**	**5,029**	**5,849**	**(1,860)**	**(31.8%)**
Other resident sectors	**89,575**	**91,353**	**90,928**	**91,291**	**89,467**	**108**	**0.1%**
Current accounts	22,618	22,763	21,404	19,863	18,015	4,603	25.6%
Savings accounts	32,120	32,254	30,607	29,936	28,706	3,414	11.9%
Term deposits	34,837	36,336	38,918	41,492	42,747	(7,910)	(18.5%)
Non-residents	**2,067**	**2,055**	**2,209**	**2,528**	**2,693**	**(626)**	**(23.3%)**
Strict Customer Deposits	**95,631**	**98,209**	**97,757**	**98,848**	**98,010**	**(2,379)**	**(2.4%)**
Mutual funds	15,050	14,565	14,012	13,617	13,329	1,721	12.9%
Pension funds	6,621	6,565	6,512	6,478	6,392	229	3.6%
Total customer off-balance funds	**21,671**	**21,130**	**20,524**	**20,096**	**19,720**	**1,950**	**9.9%**
Total customer funds + off-balance funds	**117,302**	**119,339**	**118,281**	**118,944**	**117,730**	**(428)**	**(0.4%)**

(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

Risk indicators continue to improve, with the NPL ratio falling by 100 bp and an 11.2% decrease in non-performing loans over the period

Non-performing loans continued their downward trend from previous quarters, falling by 11.2% compared with December 2016 and by 3.4% over the quarter, to 10,194 million euros at the end of September 2017.

Consequently, **the Group's NPL ratio has continued to improve and stands at 8.8%**, down 30 bp over the last three months and 100 bp lower than year-end 2016. The coverage ratio remains stable at 53.8%, and is commensurate with the risk posed by the Group's NPL portfolio, a large share of which comprises mortgage loans that require less provisioning as they are secured by collateral.

Foreclosed properties have followed the same downward path, the carrying amount of which has decreased by 7.5% since December 2016 and by 3% quarter-on-quarter.

As regards divestments, sales of foreclosed properties continued apace during the first nine months of 2017, with a total of 6,115 properties having been sold, representing 14.6% of the stock at the start of the year. At the end of September 2017, 77% of the portfolio of foreclosed properties comprised liquid assets, mainly second-hand housing and finished new-builds, facilitating divestment. The coverage ratio was 33.9% at the end of the period.

NPL RATIO AND NPL COVERAGE RATIO

						Sep-17 / Dec-16	
(€ million and %)	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Amount	%
Non-performing loans	10,194	10,554	10,984	11,476	11,298	(1,281)	(11.2%)
Total risk-bearing assets	115,254	116,188	116,216	117,205	118,469	(1,951)	(1.7%)
Total NPL ratio (1)	**8.8%**	**9.1%**	**9.5%**	**9.8%**	**9.5%**		**-1.0 p.p.**
Total provisions	5,480	5,683	5,893	6,323	6,839	(842)	(13.3%)
NPL coverage ratio	**53.8%**	**53.9%**	**53.7%**	**55.1%**	**60.5%**		**-1.3 p.p.**

(1) NPL ratio: (Doubtfull risks of loans and advances to customers and contingent risks) / (Total risks of loans and advances to customers and contigent risks)
The ratio excludes transactions with BFA until March 2017. Since June 2017, they are not excluded because they are not significant amounts.

CHANGE IN NPLs

(€ million and %)	9M 17	9M 16	3Q 17	2Q 17	1Q 17	4Q 16	3Q 16	2Q 16	1Q 16
Non-performing loans at the begining of the period	**11,476**	**12,995**	**10,554**	**10,984**	**11,476**	**11,298**	**11,751**	**12,564**	**12,995**
Net outflows	(1,057)	(1,558)	(258)	(338)	(461)	(240)	(384)	(771)	(403)
Write offs	(225)	(139)	(102)	(92)	(31)	(75)	(69)	(42)	(28)
"Anejo IX" CBE 4/2016 Impact	-	-	-	-	-	492	-	-	-
Non-performing loans at the end of the period	**10,194**	**11,298**	**10,194**	**10,554**	**10,984**	**11,476**	**11,298**	**11,751**	**12,564**

GROSS EXPOSURE BY SECTOR AND COVERAGE RATIOS

						Sep-17 / Dec-16	
(€ million and %)	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Amount	%
Gross exposure							
Individuals	67,599	68,528	68,365	69,092	70,116	(1,494)	(2.2%)
Businesses	33,962	34,031	33,844	34,115	34,574	(153)	(0.4%)
Developers	1,095	1,266	1,308	1,386	1,453	(290)	(21.0%)
Public sector & others	5,917	5,613	5,832	5,877	6,137	40	0.7%
Gross Credit [(1)]	**108,573**	**109,437**	**109,348**	**110,470**	**112,280**	**(1,897)**	**(1.7%)**
Gross credit ex developers [(1)]	**107,477**	**108,172**	**108,041**	**109,084**	**110,827**	**(1,607)**	**(1.5%)**
Impairments							
Individuals	1,538	1,429	1,583	1,745	1,749	(207)	(11.9%)
Businesses	2,994	3,225	3,176	3,389	3,835	(395)	(11.7%)
Developers	562	639	742	784	836	(222)	(28.3%)
Total Impairments	**5,094**	**5,293**	**5,501**	**5,918**	**6,420**	**(824)**	**(13.9%)**
Coverage ex developers	**4,532**	**4,654**	**4,759**	**5,134**	**5,584**	**(602)**	**(11.7%)**
Coverage (%)							
Individuals	2.3%	2.1%	2.3%	2.5%	2.5%		-0.2 p.p.
Businesses	8.8%	9.5%	9.4%	9.9%	11.1%		-1.1 p.p.
Developers	51.3%	50.5%	56.7%	56.6%	57.5%		-5.3 p.p.
Total coverage	**4.7%**	**4.8%**	**5.0%**	**5.4%**	**5.7%**		**-0.7 p.p.**
Coverage ex developers	**4.2%**	**4.3%**	**4.4%**	**4.7%**	**5.0%**		**-0.5 p.p.**

(1) Gross Credit excludes transactions with BFA until March 2017. Since June 2017, they are not excluded because they are not significant amounts.

RESTRUCTURED LOANS

						Sep-17 / Dec-16	
(€ million)	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Amount	%
Gross exposure							
Non-performing loans	6,357	6,661	6,965	7,268	7,013	(911)	(12.5%)
Performing loans	3,941	4,105	3,177	3,287	14,940	654	19.9%
Total refinanced	**10,298**	**10,766**	**10,142**	**10,555**	**21,954**	**(257)**	**(2.4%)**
Impairments							
Non-performing loans	2,984	3,094	3,269	3,392	3,702	(407)	(12.0%)
Performing loans	101	120	106	113	227	(11)	(10.0%)
Total Impairments	**3,086**	**3,214**	**3,375**	**3,504**	**3,929**	**(418)**	**(11.9%)**
Coverage (%)							
Non-performing loans	46.9%	46.5%	46.9%	46.7%	52.8%		+0.2 p.p.
Performing loans	2.6%	2.9%	3.3%	3.4%	1.5%		-0.8 p.p.
Total coverage	**30.0%**	**29.9%**	**33.3%**	**33.2%**	**17.9%**		**-3.2 p.p.**

BREAKDOWN OF FORECLOSED ASSETS

	Gross value(1)				
(€ million)	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16
Property assets from financing intended for construction and property development	339	354	365	373	386
Of which: finished buildings	230	242	256	273	280
Of which: buildings under construction	27	30	30	29	29
Of which: Land	82	82	79	72	76
Property acquired related to mortgage loans to homebuyers	2,194	2,294	2,425	2,502	2,584
Other foreclosed assets	617	611	596	574	573
Total	**3,149**	**3,259**	**3,387**	**3,449**	**3,543**

(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

	Impairments(1)				
(€ million)	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16
Property assets from financing intended for construction and property development	111	114	116	118	106
Of which: finished buildings	60	64	67	73	64
Of which: buildings under construction	11	11	11	9	9
Of which: Land	40	39	38	36	34
Property acquired related to mortgage loans to homebuyers	820	860	920	939	809
Other foreclosed assets	137	139	144	140	144
Total	**1,068**	**1,113**	**1,179**	**1,198**	**1,059**

(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

	Net value(1)				
(€ million)	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16
Property assets from financing intended for construction and property development	228	240	249	255	279
Of which: finished buildings	170	178	189	200	217
Of which: buildings under construction	16	19	20	19	20
Of which: Land	42	43	41	36	43
Property acquired related to mortgage loans to homebuyers	1,374	1,435	1,506	1,563	1,775
Other foreclosed assets	480	472	452	434	430
Total	**2,082**	**2,146**	**2,207**	**2,251**	**2,484**

(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

6. FUNDING STRUCTURE AND LIQUIDITY

During the first nine months of 2017, the Group continued to enjoy a comfortable liquidity position, supported by the financing of lending out of stable customer funds, which accounted for 61% of the Group's financial resources at the end of September 2017.

Thanks to the balanced retail funding structure, the LTD (loan to deposit) ratio stood at 100.1% at the end of September 2017. On the same date, Bankia's regulatory LCR (160%) was well above the regulatory minimum for 2017 (80%).

Bankia also tapped the wholesale funding markets for a total of 1,250 million euros, through two issuances: a Tier 2 subordinated bond issue of 500 million euros placed in March which was more than 10 times oversubscribed; and a 750 million-euro AT1 bond issue.

At the end of September 2017, liquid assets totalled 26,824 million euros, providing 1.2 times coverage of the Bankia Group's wholesale debt maturities.

Since December 2016, the Group has also reduced the credit balance obtained from the ECB, by 2,151 million euros, through early repayments of the amounts received through the TLTRO I auctions. As a result, funds from the ECB made up just 8% of the Group's external funding at the end of September 2017.

LTD RATIO AND COMMERCIAL GAP

			Change	
(€ million)	Sep-17	Dec-16	Amount	%
Net Loans and advances to customers	**103,479**	**104,677**	**(1,198)**	**(1.1%)**
o/w Repo transactions RPS[1]	-	469	(469)	(100.0%)
o/w Repo transactions with BFA[1][2]	-	49	(49)	(100.0%)
o/w collateral delivered to BFA[2]	-	76	(76)	(100.0%)
Strict Net Loans and advances to customers	**103,479**	**104,083**	**(605)**	**(0.6%)**
(-) Strict customer deposits and retail commercial paper	95,631	98,848	(3,217)	(3.3%)
(-) ICO/EIB deposits	2,887	3,117	(231)	(7.4%)
Strict Comercial GAP	**4,961**	**2,117**	**2,843**	**134.3%**

(1) Reverse repurchase agreements
(2) In Dec-16, Collection rights against BFA due to the distribution of the estimated contingency costs associated to the IPO 2011 (€76mn) as of Dec-16 and collateral provided to BFA (€0.4mn). In Sep-17 they are not excluded due they are not significant.

			Change	
(€ million)	Sep-17	Dec-16	Amount	%
Net Loans and advances to customers	**103,479**	**104,677**	**(1,198)**	**(1.1%)**
o/w Repo transactions RPS[1]	-	469	(469)	(100.0%)
o/w Repo transactions with BFA[1][2]	-	49	(49)	(100.0%)
o/w collateral delivered to BFA[2]	-	76	(76)	(100.0%)
a. Strict Net Loans and advances to customers	**103,479**	**104,083**	**(605)**	**(0.6%)**
Strict customer deposits and retail commercial paper	95,631	98,848	(3,217)	(3.3%)
Single-certificate covered bonds	4,882	5,098	(216)	(4.2%)
ICO/EIB deposits	2,887	3,117	(231)	(7.4%)
b. Total Deposits	**103,400**	**107,063**	**(3,663)**	**(3.4%)**
LTD ratio (a/b)	**100.1%**	**97.2%**		**+2.9 p.p.**

(1) Reverse repurchase agreements
(2) In Dec-16, Collection rights against BFA due to the distribution of the estimated contingency costs associated to the IPO 2011 (€76mn) as of Dec-16 and collateral provided to BFA (€0.4mn). In Sep-17 they are not excluded due they are not significant.

MATURITIES OF ISSUES

(€ million)	2017 [1]	2018 [1]	2019 [1]	>2019 [1]
Covered bonds	160	2,436	1,742	12,785
Senior debt	438	251	983	106
Subordinated debt	-	-	1,000	1,250
Securitisation	-	-	-	1,883
Total issuance maturities	**598**	**2,687**	**3,725**	**16,024**

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

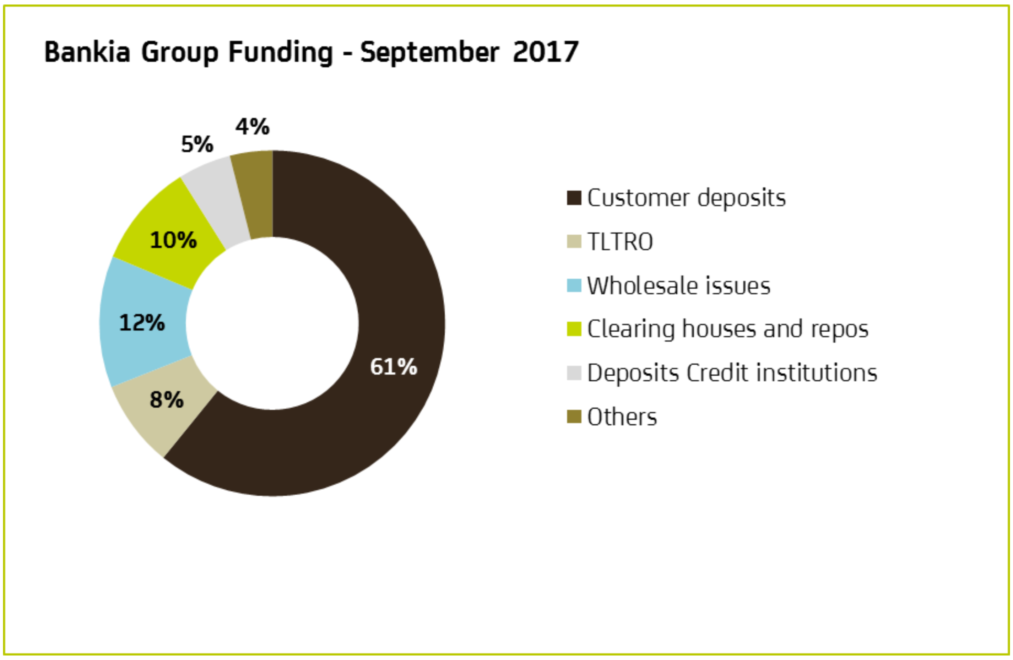
LIQUID ASSETS

			Change	
(€ million)	Sep-17	Dec-16	Amount	%
Treasury account and deposit facility [1]	500	950	(450)	(47.3%)
Undrawn amount on the facility	12,446	1,881	10,565	561.7%
Highly liquid available assets [2]	13,878	27,004	(13,126)	(48.6%)
Total	**26,824**	**29,835**	**(3,011)**	**(10.1%)**

(1) Cash and Central Banks accounts reduced minimal reserves

(2) Market value haircut by ECB

FUNDING STRUCTURE



7. SOLVENCY

At 30 September 2017, the Bankia Group reached a CET1 Phase-in ratio of 15.81% (not including unrealised gains on the sovereign debt portfolio). This reflects organic CET1 Phase-in capital generation of +111 bp over the course of the period, after absorbing the negative impact of the change in the deductions schedule for 2017 vs 2016, estimated at -21 bp. This CET1 Phase-in ratio is 794 bp (+5,822 million euros) above the minimum SREP CET1 requirement (7.875%) notified to the Bankia Group by the ECB for 2017.

As regards Total Solvency, the issuance of 500 million euros of subordinated bonds in March 2017 added +66 bp to the Total Capital ratio, meeting the 2% Tier 2 capital requirement. Additionally, in July 2017 the Bankia Group issued 750 million euros of perpetual bonds contingently convertible into ordinary shares of Bankia, eligible as Additional Tier 1 capital, with an estimated impact on the CET1 and Total Capital ratios of +100 bp. With these issues, the Bankia Group builds its loss-absorbing capital base to meet the future MREL (Minimum Required Eligible Liabilities) requirement provided for in the Bank Resolution and Recovery Directive (BRRD). Thus, at 30 September 2017, the Total Capital Phase-in ratio stood at 18.75%, some 738 bp (+5,413 million euros) above the SREP Total Capital minimum requirement (11.375%). Factoring in the unrealised gains on the available-for-sale sovereign debt portfolio, the CET1 Phase-in ratio would have been 16.13%, at 30 September 2017, and the Total Capital ratio would have been 19.07%.

On a Fully Loaded basis (not including the unrealised gains on the sovereign debt portfolio), the CET1 ratio stands at 14.16% and the Total Capital ratio at 17.18%, representing capital generation of +114 bps and +282 bps, respectively, in the year. Factoring in the unrealised gains on the available-for-sale sovereign debt portfolio, the CET1 Fully Loaded ratio would have been 14.55% and the Total Capital ratio would have been 17.58%.

The Fully Loaded leverage ratio at 30 September 2017 stands at 6.26% (6.42% if the unrealised gains on the available-for-sale sovereign debt portfolio are included), amply exceeding the capital requirements set as a reference and representing an increase of +93 basis points in the year.

SOLVENCY RATIOS AND LEVERAGE

PHASE IN RATIOS

(€ million and %)	Sep -17 (1) (2)	Dec -16 (1) (2)
Eligible capital	13,758	12,359
Common equity Tier I (CET 1)	11,599	11,329
Capital	2,879	9,214
Reserves (as per reserve perimeter)	9,106	2,330
Result attributable net of dividend acrual	447	487
Deductions	(770)	(663)
Others (treasury stocks, Non-controlling interests and unrealised gains on AFS	(63)	(38)
Tier I Capital	12,292	11,329
Instruments	750	-
Others	(57)	-
Tier II Capital	1,466	1,030
Instruments	1,497	1,000
Others	(31)	30
Risk-weighted assets	73,363	77,078
Common equity Tier I (CET 1) (%)	**15.81%**	**14.70%**
Tier I Capital	16.75%	14.70%
Tier II Capital	2.00%	1.34%
Solvency ratio - Total capital ratio (%)	**18.75%**	**16.03%**
Leverage ratio	**6.86%**	**5.97%**
Total exposition leverage ratio	**179,111**	**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 30 September 2017, CET1 ratio would have been 16.13% and Total Solvency ratio 19.07%. 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

Bankia
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SOLVENCY RATIOS AND LEVERAGE

FULLY LOADED RATIOS

(€ million and %)	Sep -17 (1) (2)	Dec -16 (1) (2)
Eligible capital	12,602	11,068
Common equity Tier I (CET 1)	10,385	10,038
Capital	2,879	9,214
Reserves (as per reserve perimeter)	9,106	2,330
Result attributable net of dividend acrual	447	487
Deductions	(1,981)	(1,965)
Others (treasury stocks, Non-controlling interests and unrealised gains on AFS	(66)	(27)
Tier I Capital	11,135	10,038
Instruments	750	-
Tier II Capital	1,467	1,030
Instruments	1,497	1,000
Others	-30	30
Risk-weighted assets	73,363	77,078
Common equity Tier I (CET 1) (%)	**14.16%**	**13.02%**
Tier I Capital	15.18%	13.02%
Tier II Capital	2.00%	1.34%
Solvency ratio - Total capital ratio (%)	**17.18%**	**14.36%**
Leverage ratio	**6.26%**	**5.33%**
Total exposition leverage ratio	**177,956**	**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) 2016/445ECB regulation. Had they been included in the Fully loaded ratio, as of 30 September 2017, CET1 ratio would have been 14.55% and Total Solvency ratio 17.58%. And as of 31 December 2016 the CET 1 ratio would have been 13.52 %, and total solvency ratio 14.85%

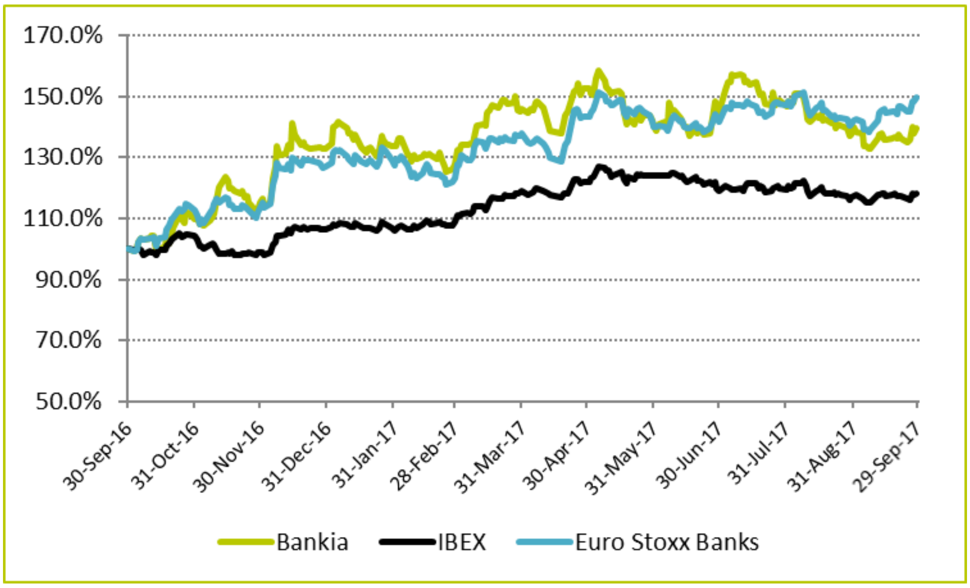
(2) Solvency ratios include the result that it is expected to be allocated into reserves

	Sep -17	
(%)	Phase In (1)	Fully Loaded (1)
Common equity Tier I - CET1	15.81%	14.16%
Total capital ratio	18.75%	17.18%
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)	**7.94%**	**4.91%**
Surplus over Total solvency 2017 SREP requirement (incl. additional buffers)	**7.38%**	**4.43%**

(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 September incl. additional buffers would have been 8.26 p.p. and 7.70 p.p. of Total solvency. On fully loaded, the surplus would have been +5.30 p.p. CET1 and 4.83 p.p. of Total Solvency.

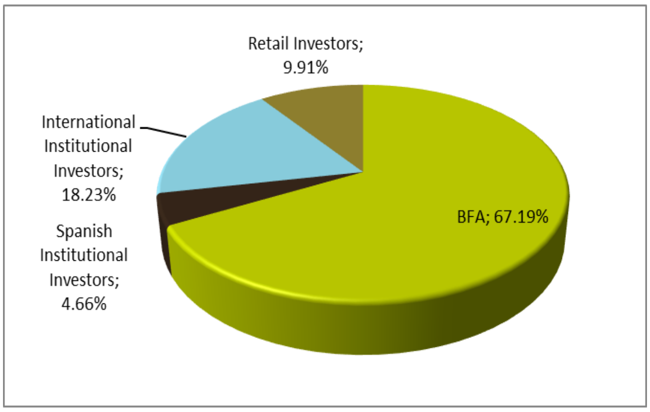
8. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Sep-2017
Number of shareholders	199,050
Daily average volume (num. shares)	8,811,773
Daily average turnover (euros)	36,717,369
Maximum closing price (€/share)	4,624 (5-May)
Minimum closing price (€/share)	3,664 (24-Feb)
Closing price (€/share)	4,08 (29-Sep)



After the reduction in the face value of the shares and the reverse split carried out in June 2017, Bankia's share capital consists of 2,879 million shares with a face value of one euro per share, without these transactions entailing any change in the economic value of the shares for Bankia's shareholders.

9. RATING

Regarding the bank's credit ratings during the third quarter of 2017, on 5 July **the rating agency DBRS affirmed the ratings of its long-term debt and deposits at BBB (high) and the short-term rating at R-1 (low), maintaining the Stable outlook**. This action was the result of the annual review of Bankia's credit profile and took into account the announcement of the terms of the merger with BMN on 27 June.

As regards Bankia's **mortgage covered bonds**, on 22 September, following a full review of the mortgage covered bonds, **DBRS upgraded the rating from AA (high) to AAA.**

After the end of the third quarter and following a full review of mortgage covered bonds in the sector, on 18 October, **Fitch Ratings affirmed Bankia's covered bond rating at A, maintaining the Stable outlook**.

CREDIT AGENCY RATINGS

Issuer Ratings	S&P Global Ratings	Fitch Ratings	DBRS
Long-term	BBB-	BBB-	BBB (high)
Short-term	A-3	F3	R-1 (low)
Outlook	Positive	Stable	Stable
Date	28-Jun-17	15-Feb-17	5-Jul-17

Mortgage Covered Bonds Ratings	Standard & Poor's	Fitch Ratings	DBRS	SCOPE
Rating	A+	A	AAA	AAA
Outlook	Positive	Stable	---	Stable
Date	7-Abr-17	18-Oct-17	22-Sep-17	8-Jul-16

10. SIGNIFICANT EVENTS DURING THE QUARTER

Merger with Banco Mare Nostrum (BMN)

On 14 September 2017, the Extraordinary General Meetings of Shareholders of Bankia, S.A. and Banco Mare Nostrum, S.A. approved the integration process of the two entities, with Bankia carrying out the merger through the absorption of BMN. In any event, the deal was conditional upon the authorisation by the Minister of Economy, Industry and Competitiveness and all other necessary authorisations.

The merger consolidates Bankia's position as the fourth largest bank by total assets in the Spanish market and comes at a time when there is a positive outlook for the financial system, both in terms of expected business growth and as regards the foreseeable trend in interest rates. The merger also allows the shareholders of both entities to benefit from significant value generation through the expected cost synergies (155 million euros in 2020). Both Bankia and BMN have a business model focused on retail customers, resulting in great potential for synergies through the elimination of cost duplication, while keeping the integration risk limited.

The fact that Bankia has a comfortable capital position, well above the regulatory minimums and above its peers, has allowed the bank to finance the merger without the need to raise funds in the markets. Thus, Bankia optimises its existing capital surplus, achieving a return above its cost of capital, resulting in value creation for its shareholders.

In this regard, Bankia expects to achieve a return on invested capital (ROIC) of 12% in 2020 and ROE growth of approximately 120 basis points by that same date. The estimated CET1 Fully Loaded ratio at the end of 2017 is 12%, by which time the merger is expected to have been completed.

The merger will be implemented through the delivery, to the current shareholders of BMN, of 205.6 million new shares of Bankia, whereby Bankia's total capital will consist of 3,085 million shares. This entails valuing BMN at 825 million euros (0.41 times its tangible book value at year-end 2016).

Issuance of perpetual bonds contingently convertible into ordinary shares (AT1)

At its meeting on 29 June 2017, Bankia's Board of Directors resolved to carry out the bank's first issuance of perpetual bonds contingently convertible into new ordinary shares of Bankia, with the exclusion of shareholders' preferential subscription rights ("AT1 issue").

After the Board resolution, Bankia completed the 750 million-euro issue on 6 July, with a coupon of 6.00% - lower than that of other recent public issues by Spanish banks due to the strong demand for the bonds in the market. The issue was targeted exclusively to non-resident institutional investors and was 3.3 times oversubscribed.

In August 2017, the Supervisor gave Bankia authorisation to consider this AT1 issue as AT1 capital, which will reinforce the Group's solvency and increase the buffer of loss-absorbing liabilities in order to meet the future MREL requirement.

11. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Sep-17 (1)	Dec-16 (1)	Change Amount	Change %
ALCO Portfolio	26,155	29,741	(3,586)	(12.1%)
NON ALCO Portfolio	1,582	2,788	(1,206)	(43.3%)
SAREB Bonds	16,431	16,431	-	-
Total Fixed Income Portfolio	**44,168**	**48,960**	**(4,792)**	**(9.8%)**

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

INFORMATION RELATING TO 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 bank 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 transparency directive for the protection of consumers, published in October 2015, the following tables present breakdowns of all the APMs used in this document, including their definitions and the reconciliation with 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 managed 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 by the Group (Statement F.22.02 excluding the customer portfolios managed on a discretionary basis): - 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, financial assets available for sale, assets and liabilities at amortised cost 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 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 Losses from impairment of financial assets less the external costs of recoveries and movement in impairment of fixed-income instruments Total of impairment losses of financial assets and provisions for contingent risks are annualised at the March, June and September accounting closes
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 FIGURES USED TO CALCULATE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING FIGURES (except where specified otherwise, figures are in millions of euros and %)	Sep-17	Dec-16
Sum of customer funds managed on and off balance sheet	**141,689**	**145,097**
- Customer deposits	100,637	105,155
- Marketable debt securities	19,381	19,846
- Investment companies and funds	15,050	13,617
- Pension funds	6,621	6,478
NPL ratio (%)	**8.8%**	**9.8%**
- Doubtful risks of loans and advances to customers and contingent risks	10,194	11,476
- Total risks of loans and advances to customers and contingent risks	115,254	117,205
NPL coverage ratio (%)	**53.8%**	**55.1%**
- Impairments on loans, customer advances and contingent risks	5,480	6,323
- Doubtful risks of loans, advances to customers and contingent risks	10,194	11,476
LTD ratio (%)	**100.1%**	**97.2%**
- Loans and advances to customers	103,479	104,677
- Reverse repo transactions	-	469
- Reverse repo transactions with BFA	-	49
- Other balances with BFA	-	76
- Customer deposits	100,637	105,155
- Repo transactions	124	1,209
- Single-certificate mortgage covered bonds	4,882	5,098
- Funds for second-floor credit facilities from the EIB and ICO	2,887	3,117
Market capitalisation	**11,748**	**11,183**
- Shares outstanding at period-end (million)	2,879.3	2,879.3
- Share price at period-end (euros)	4.08	3.884
Earnings per share (euros)	**0.343**	**0.279**
- Profit/(loss) attributable to equity holders of the Group in the period	739	804
- Annualised profit/(loss) attributable to equity holders of the Group in the period	988	804
- Shares outstanding at period-end (million)	2,879.3	2,879.3
Tangible book value per share (euros)	**4.45**	**4.38**
- Total equity	13,056	12,837
- Intangible assets	233	220
- Total equity less intangible assets	12,823	12,617
- Shares outstanding at period-end (million)	2,879.3	2,879.3
P/E ratio	**11.89**	**13.91**
- Share price at period-end (euros)	4.08	3.884
- Earnings per share in the period (euros)	0.343	0.279
Price to tangible book value ratio	**0.92**	**0.89**
- Share price at period-end (euros)	4.08	3.884
- Tangible book value per share (euros)	4.45	4.38

ACCOUNTING FIGURES (except where specified otherwise, figures are in millions of euros and %)	Sep-17	Sep-16
Gains or losses on financial assets and liabilities	**314**	**184**
- Gains or (-) losses on financial assets and liabilities not measured at fair value through profit or loss, net	262	218
- Gains or (-) losses on financial assets and liabilities held for trading, net	72	12
- Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-
- Gains or (-) losses from hedge accounting, net	(20)	(46)

ACCOUNTING FIGURES (except where specified otherwise, figures are in millions of euros and %)	Sep-17	Sep-16
Pre-provision profit	**1,247**	**1,288**
- Gross income	2,398	2,460
- Administrative expenses	(1,024)	(1,057)
- Depreciation and amortisation	(127)	(116)
ROA (%)	**0.5%**	**0.5%**
- After-tax profit in the period	740	732
- Annualised after-tax profit in the period	990	978
- Average month-end balances of recognised assets in the period	182,413	202,066
RORWA (%)	**1.3%**	**1.3%**
- After-tax profit in the period	740	732
- Annualised after-tax profit in the period	990	978
- Regulatory risk-weighted assets at period-end	73,363	77,245
ROE (%)	**8.1%**	**8.2%**
- Profit/(loss) attributable to equity holders of the Group in the period	739	731
- Annualised profit/(loss) attributable to equity holders of the Group in the period	988	977
- Average value of equity of the 12 months preceding the period end adjusted for expected dividends	12,179	11,863
ROTE (%)	**8.3%**	**8.4%**
- Profit/(loss) attributable to equity holders of the Group in the period	739	731
- Annualised profit/(loss) attributable to equity holders of the Group	988	977
- Average value of tangible equity of the 12 months preceding the period end adjusted for expected dividends	11,950	11,654
Efficiency ratio (%)	**48.0%**	**47.7%**
- Administrative expenses	1,024	1,057
- Depreciation and amortisation in the period	127	116
- Gross income	2,398	2,460
Cost of risk (%) a/(b+c)	**0.24%**	**0.24%**
- Losses from impairment of financial assets	(241)	(256)
- External cost of recoveries	35	43
- Impairment of fixed-income instruments	(5)	(4)
- Provisions/release of provisions for contingent risks	2	(2)
- Total impairment for calculation of cost of risk	(209)	(219)
- **Annualised total impairment for calculation of cost of risk (a)**	**(279)**	**(293)**
- Average value of loans and advances to customers, gross in the period (b)	108,691	114,029
- Average value of contingent risks in the period (c)	7,312	6,909

ACCOUNTING FIGURES (except where specified otherwise, figures are in millions ıs and %)	3Q 2017	2Q 2017	3Q 2017	3Q 2016
Customer margin (%)	**1.53%**	**1.59%**	**1.53%**	**1.41%**
Average interest rate on loans and advances to customers (%)	1.61%	1.68%	1.61%	1.61%
- Interest income on loans and advances to customers in period	417	434	417	429
- Annualised interest income on loans and advances to customers	1,656	1,739	1,656	1,707
- Average month-end balances of loans and advances to customers	102,721	103,362	102,721	106,086
Average interest rate paid on customer deposits (%):	0.08%	0.09%	0.08%	0.20%
- Interest expenses on customer deposits in the period	21	24	21	54
- Annualised interest expenses on customer deposits	82	95	82	215
- Average month-end balances of customer deposits	102,327	101,869	102,327	106,330
Interest margin (net interest income) (%)	**1.04%**	**1.09%**	**1.04%**	**1.02%**
Average return on assets (%)	1.22%	1.27%	1.22%	1.26%
- Interest income in the period	552	573	552	624
- Annualised interest income in the period	2,192	2,299	2,192	2,484
- Average month-end balances of recognised assets in the period	179,646	181,208	179,646	197,932
Average cost of liabilities and equity (%)	0.18%	0.18%	0.18%	0.24%
- Interest expenses in the period	81	82	81	117
- Annualised interest expenses in the period	320	329	320	465
- Average month-end balances of total equity and liabilities in the period	179,646	181,208	179,646	197,932

INFORMATION RELATING TO THE ISSUANCE OF CONTINGENT CONVERTIBLE BONDS (AT1)

Solvency and leverage (%)	Bankia 30-Sep- 2017
Common equity Tier I (Group) BIS III Phase In (incl. AFS unrealised gains) [1]	16.13%
Common equity Tier I (Group) BIS III Fully Loaded (incl. AFS unrealised gains) [1]	14.55%
Common equity Tier I (Individual) BIS III Phase In (incl. AFS unrealised gains) [1]	15.21%
Common equity Tier I (Individual) BIS III Fully Loaded (incl. AFS unrealised gains) [1]	13.64%
Total capital ratio (Group) BIS III Phase In (incl. AFS unrealised gains) [1]	19.07%
Total capital ratio (Group) BIS III Fully Loaded (incl. AFS unrealised gains) [1]	17.58%
Solvency ***(€mn)***	
Available distributable items (Individual) [2]	8,135

(1) Unrealised gains and losses of the Available for Sale portfolio

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

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