Earnings report

January-September 2018

29 October 2018

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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 2018 has not been audited.

Given that the merger between Bankia and BMN was effective for accounting purposes from 1 December 2017, the Group's balance sheets as at 30 September 2018 and 31 December 2017 already include all the assets and liabilities of the company resulting from the merger. In the income statement, however, the results of BMN have only been included as from December 2017. Therefore, the Group's income statements for the first nine months of 2018 and 2017 are not stated on a like-for-like basis. To facilitate comparison between the two periods, this report indicates how the main income statement items would have changed on a like-for-like basis, that is, as if BMN's results had already been included at the end of September 2017.

The Bankia Group posts attributable profit of 744 million euros in the first nine months of 2018

Good commercial dynamics, the positive effect of the restructuring and control of the cost of risk are driving up results at a time when interest rates continue to exert pressure on net interest income

- Increased customer loyalty is reflected in the growth in fee and commission income, which is up 3.1% year-on-year (YOY) on a constant perimeter basis. Growth rates achieved in payment services, asset management and mutual fund marketing are noteworthy.
- On a constant perimeter basis, operating expenses fall by 2.9% compared to the first nine months of 2017 and by 0.3% in the quarter, as cost synergies capture from the BMN merger is accelerated. At the end of September 2018, 89% of the exits envisaged in the workforce restructuring process have taken place.
- The reduction of non-performing assets performed well, demonstrated by lower provisions which are down by 12.3% YOY, despite the integration of BMN's assets. The cost of risk stands at 18 basis points (bps), 6 bps lower than at September 2017.
- Cumulative attributable profit at September 2018 reaches 744 million euros, above the 739 million euros reported for the same period in the previous year.

The Group continues to boost customer transactions and activity through digital channels

- Since September 2017, the number of customers with payroll and pension deposits increase by 105,000. In relation to the first nine months of 2017, card turnover at retail businesses grows by 12.4%, and Point of Sales (POS) turnover by 15.6%.
- The major digitialization drive has led to a sharp rise in the use of digital tools among our customers. Over the last nine months, upwards of 584,000 mortgage simulations have been calculated along with more than 780,000 home appraisals.
- Sales through digital channels account for 23.5% of total sales and digital customers 42.8% of the Group's total customer base at the end of September 2018.
- The positive momentum of new loans continues. New mortgages grow by 4.7% compared to the first nine months of 2017. New consumer lending and new lending to companies is up 9.8% and 3.0%, respectively.
- The growth in new lending has driven up the outstanding balance of loans and receivables in target segments. Gross consumer lending grows by 12.7% YOY, while gross lending to companies increases by 2.7% (excluding NPLs).
- Efforts to attract customer funds still focus around mutual funds and demand deposits, with increases of 3.8% and 30%, respectively, since December 2017. During the first nine months of 2018, Bankia's market share in mutual funds rises by 2 bps to 6.4%.

Non-performing assets continue to fall and solvency is reinforced

- The stock of NPLs shrink by 14.5% since December 2017 and is down 4.1% over the quarter, reducing the Group's NPL ratio to 7.8%, a 30 bps quarter-on-quarter (QOQ) improvement and 110 bps reduction since the previous year-end).
- The stock of foreclosed assets continues to reduce at a decent rate. During the first nine months of 2018, the number of units sold increases by 47% compared to the same period in 2017.
- Regarding capital adequacy, the Group reports a CET1 Phase-in ratio of 13.83% and a CET1 Fully Loaded ratio of 12.46%. Both ratios are considerably higher than the regulatory minimums imposed for 2018: +527 bps higher than the regulatory CET1 Phase-in ratio (8.56%) and +321 bps higher than the regulatory CET1 Fully Loaded ratio (9.25%).
- Bankia reinforces its solvency during the third quarter with its second AT1 bond issue for 500 million euros. The placement was closed with a coupon of 6.375% and was more than five times oversubscribed.

1. RELEVANT DATA

	Sep-18	Dec-17	Change
Balance (millones de euros)			
Total assets	204,205	213,932	(4.5%)
Loans and advances to customers (net)[1]	120,514	123,025	(2.0%)
Loans and advances to customers (gross)[1]	125,794	128,782	(2.3%)
On-balance-sheet customer funds	143,085	150,181	(4.7%)
Customer deposits and clearing houses	125,222	130,396	(4.0%)
Borrowings, marketable securities	14,872	17,274	(13.9%)
Subordinated liabilities	2,991	2,511	19.1%
Total customer funds	171,167	177,481	(3.6%)
Equity	13,120	13,222	(0.8%)
Common Equity Tier I - BIS III Phase In	11,482	12,173	(5.7%)
Solvency (%)			
Common Equity Tier I - BIS III Phase In [2]	13.83%	13.84%	-0.01 p.p.
Total capital ratio - BIS III Phase In [2]	17.64%	16.56%	+1.08 p.p.
Ratio CET1 BIS III Fully Loaded [2]	12.46%	12.46%	-0.00 p.p.
Risk management (€ million and %)			
Total risk	132,962	136,353	(2.5%)
Non performing loans	10,362	12,117	(14.5%)
NPL provisions[3]	5,677	6,151	(7.7%)
NPL ratio	7.8%	8.9%	-1.1 p.p.
NPL coverage ratio[3]	54.8%	50.8%	+4.0 p.p.

	Sep-18	Sep-17 [4]	Change
Results (€ million)			
Net interest income	1,542	1,467	5.1%
Gross income	2,706	2,398	12.8%
Pre-provision profit	1,304	1,247	4.5%
Profit/(loss) attributable to the Group	744	739	0.6%
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	51.8%	48.0%	+3.8 p.p.
R.O.A. (Profit after tax / Average total assets) [5]	0.5%	0.5%	-
RORWA (Profit after tax / RWA) [6]	1.2%	1.3%	-0.1 p.p.
ROE (Profit attributable to the group / Equity) [7]	7.9%	8.1%	-0.2 p.p.
ROTE (Profit attributable to the group / Average tangible equity) [8]	8.1%	8.3%	-0.2 p.p.

	Sep-18	Dec-17	Change
Bankia share			
Number of shareholders	186,034	192,055	(3.14%)
Number of shares in issue (million)	3,085	3,085	-
Closing price (end of period, €)[9]	3.38	3.99	(15.3%)
Market capitalisation (€ million)	10,418	12,300	(15.3%)
Earnings per share[10] (€)	0.27	0.26	3.6%
Tangible book value per share[11] (€)	4.20	4.34	(3.1%)
PER (Last price [9] / Earnings per share[10])	12.33	15.07	(18.2%)
PTBV (Last price [9] / Tangible book value per share)	0.80	0.92	(12.6%)
Additional information			
Number of branches	2,301	2,423	(5.0%)
Number of employees	16,252	17,757	(8.5%)

(1) Includes balances with BFA (in September the balance was 0 and in Dec-17 €47mn)
(2) In Dec-17, capital ratios post merger with BMN and including IFRS 9 impact
(3) In Dec-17, the Group coverage, with the inclusion of additional provisions for impairments resulting from IFRS 9 application, would have been 56,5%
(4) The Sep-17 data corresponds to Bankia Group before the merger with BMN given that it took place with accounting effect on 01/12/2017
(5) Annualized profit after tax divided by average total assets
(6) Annualized profit after tax divided by risk weighted assets at period end
(7) Annualized attributable profit divided by the previous 12 months equity average, excluding the expected dividend payment
(8) Annualized Attributable profit divided by the previous 12 months tangible equity average, excluding the expected dividend payment
(9) Using the last price as of 28th September 2018 and 29th December 2017
(10) Annualized attributable profit divided by the number of shares in issue. 2017 excludes the non recurrent integration costs. Sep-18 includes the contribution to the Deposit Guarantee Fund
(11) Total Equity less intangible assets divided by the number of shares in issue

2. ECONOMIC AND FINANCIAL ENVIRONMENT

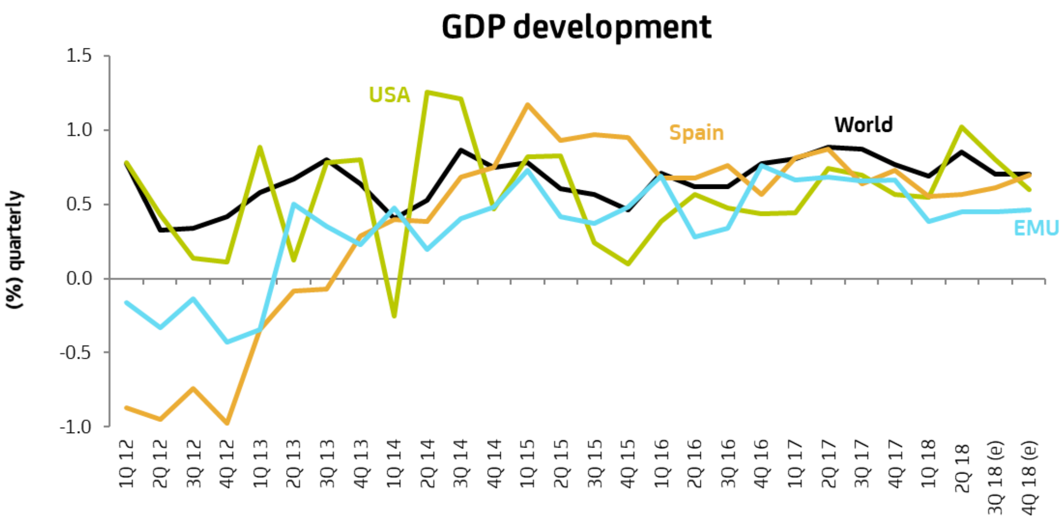
The world economic situation has worsened in recent months. The sharp rise in oil prices, the US's tightening of its monetary policy, protectionist measures, and heightened political risk have hit the world economy, especially emerging markets where financial headwinds have intensified, particularly in Argentina and Turkey.

Global growth slowed across the board in the third quarter of 2018 to an estimated rate of around 3.0% (in annualised terms). The US is the only major economy to escape this trend, posting similar growth to that of the first half of the year and exceeding its potential growth. The EMU continues to disappoint (with growth languishing at 1.5%-2.0%) and the probability of a slowdown at the end of the year has increased. This is primarily because of a poorer export market and a heightened lack of confidence in the Italian government: the increase in its deficit targets and subsequent dispute with the European Commission has led to new pressures on its debt (the 10Y IRR has exceeded 3.50%). On a positive note, Spanish and Portuguese bonds have not suffered any contagion.

Inflation rates remain varied. In the US, all the main indicators are in line with or above the Fed's target and it is a concern that the accumulation of risks fuelling inflation (oil prices, salaries and trade tariffs) could result in higher than expected rates. In the EMU, underlying inflation remained stable and low (0.9% in September). The central banks have continued to normalise their monetary policies. The ECB has reduced the volume of asset purchases from 30 billion euros to 15 billion euros per month, and is expected to hike interest rates as from summer 2019. This has caused the 12M Euribor to shift from -0.181% to -0.159%. Meanwhile, the Fed has ramped up the rate at which it is reducing its balance sheet from 30 billion US dollars in June to 50 billion US dollars in October. It also hiked its reference rate 25 bps in September to 2.00%-2.25%.

Economic growth in Spain stabilised in the third quarter of 2018. The Bank of Spain forecasts quarterly GDP growth of 0.6%, although growth appears to have improved over the quarter. While the service and construction sectors have been more active, consumption and exports are down. The dip in household spending echoes the slowdown in job creation which, in terms of new social security affiliations in seasonally adjusted terms, stands at 0.4% in the quarter – half that of the previous quarter. Given the less favourable conditions abroad, with our main partners posting lower growth, the current account surplus is down (1.3% of GDP on an annual basis to July versus 1.8% in 2017). Although downward pressures have strengthened, positive inertia will persist while there is a steady slowdown in activity.

Turning to Spain's banking sector, the decline in household lending that spanned back until 2010 came to an end for the first time. The balance was the same as a year earlier, fuelled by a sharp increase in new home loans and especially consumer loans. The decline in business lending continued to taper off. Asset quality is still gradually improving, and is expected to do so at a faster rate in the coming months when the recently announced sell-offs of large non-performing asset portfolios are completed. On the customer funds side, the volume of deposits is up while off-balance sheet funds are down because of a decrease in net mutual fund subscriptions which were negative in September for the first time in 30 months, affected by the high level of market volatility.



Source: Thomson Reuters & Bankia researches . (e) estimate

3. SUMMARY OF RESULTS

Customer business, the positive impact of restructuring and an improvement in asset quality have led to an attributable profit of 744 million euros at the end of September 2018

Note on the comparative information on results: *Given that the merger between Bankia and BMN was effective for accounting purposes on 1 December 2017, the Group balance sheets at 30 September 2018 and 31 December 2017 already include all the assets and liabilities of the company resulting from the merger. In the income statement, however, BMN's results have only been included as from December 2017.*

To facilitate a like-for-like comparison of the Group's income statements at the end of September 2018 and 2017, this report indicates how the main income statement items would have changed had BMN's results already been included at 30 September 2017.

The Group has closed the first nine months of 2018 with an attributable profit of 744 million euros, 5 million euros up on the same period in 2017. Increased income from customer transactionality (payment services, etc.), accelerated cost synergies capture from the BMN merger, and stable provisions and write-downs have contributed to this result.

Looking at the Group's business, the number of loyal customers and digital customers and new lending continued to rise in the third quarter. This positive trend has been coupled with a steady improvement in risk management variables, which for yet another quarter, reflect a reduction in number of NPLs, the NPL ratio and foreclosed assets.

INCOME STATEMENT

(€ million)	9M 2018	9M 2017 [1]	Change Amount	Change %
Net interest income	**1,542**	**1,467**	**75**	**5.1%**
Dividends	8	7	1	11.7%
Share of profit/(loss) of companies accounted for using the equity method	44	30	13	43.9%
Total net fees and commissions	799	636	164	25.8%
Gains/(losses) on financial assets and liabilities	381	314	67	21.4%
Exchange differences	11	7	3	47.4%
Other operating income/(expense)	(78)	(62)	(16)	25.6%
Gross income	**2,706**	**2,398**	**308**	**12.8%**
Administrative expenses	(1,272)	(1,024)	(247)	24.1%
Staff costs	(883)	(690)	(193)	28.0%
General expenses	(388)	(334)	(54)	16.3%
Depreciation and amortisation	(131)	(127)	(4)	2.8%
Pre-provision profit	**1,304**	**1,247**	**57**	**4.5%**
Provisions	(244)	(244)	(0)	0.1%
Provisions (net)	36	(4)	40	-
Impairment losses on financial assets (net)	(281)	(241)	(40)	16.7%
Operating profit/(loss)	**1,060**	**1,003**	**56**	**5.6%**
Impairment losses on non-financial assets	29	(12)	41	-
Other gains and other losses	(120)	(38)	(82)	213.7%
Profit/(loss) before tax	**969**	**953**	**16**	**1.6%**
Corporate income tax	(230)	(213)	(17)	7.8%
Profit/(loss) after tax from continuing operations	**739**	**740**	**(1)**	**(0.2%)**
Net profit from discontinued operations [2]	5	0	5	-
Profit/(loss) in the period	**744**	**740**	**4**	**0.5%**
Profit/(Loss) attributable to minority interests	0.3	1	(1)	(76.4%)
Profit/(loss) attributable to the Group	**744**	**739**	**5**	**0.6%**
Cost to Income ratio [3]	**51.8%**	**48.0%**	**+3.8 p.p.**	**7.9%**
Recurring Cost to Income ratio [4]	**60.6%**	**55.4%**	**+5.2 p.p.**	**9.3%**

(1) 9M 2017 data corresponds to Bankia Group before the merger with BMN given that it took place with accounting effect on 01/12/2017

(2) 100% of the profit generated by Cajamurcia Vida y Cajagranada Vida following the adquisition of the full stake of both companies on 10th July 2018. Before, their results were equity accounted.

(3) Operating expenses / Gross income

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

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QUARTERLY RESULTS

(€ million)	3Q 18	2Q 18	1Q 18	4Q 17 (1)	3Q 17 (1)	2Q 17 (1)	1Q 17 (1)
Net interest income	**495**	**521**	**526**	**501**	**472**	**491**	**504**
Dividends	0	7	1	2	0	2	6
Share of profit/(loss) of companies accounted for	14	18	12	9	12	10	9
Total net fees and commissions	265	270	264	229	210	218	207
Gains/(losses) on financial assets and liabilities	90	152	139	54	51	101	161
Exchange differences	5	5	1	3	3	2	2
Other operating income/(expense)	(5)	(70)	(3)	(132)	2	(61)	(3)
Gross income	**865**	**903**	**939**	**666**	**751**	**762**	**886**
Administrative expenses	(415)	(419)	(437)	(383)	(344)	(336)	(345)
Staff costs	(287)	(291)	(305)	(255)	(229)	(226)	(235)
General expenses	(128)	(128)	(132)	(128)	(114)	(110)	(110)
Depreciation and amortisation	(42)	(40)	(48)	(47)	(44)	(42)	(41)
Pre-provision profit	**407**	**444**	**453**	**236**	**364**	**384**	**500**
Provisions	(73)	(68)	(103)	(50)	(73)	(72)	(99)
Provisions (net)	(0)	24	13	38	(6)	(5)	8
Impairment losses on financial assets (net)	(73)	(91)	(116)	(88)	(66)	(67)	(107)
Operating profit/(loss)	**334**	**376**	**350**	**186**	**291**	**312**	**401**
Impairment losses on non-financial assets	(3)	36	(4)	(2)	(2)	(1)	(9)
Other gains and other losses	(43)	(28)	(49)	(67)	(29)	(22)	12
Profit/(loss) before tax	**288**	**384**	**297**	**117**	**260**	**289**	**404**
Corporate income tax	(63)	(99)	(67)	(51)	(34)	(78)	(100)
Profit/(loss) after tax from continuing operations	**224**	**285**	**230**	**65**	**226**	**210**	**304**
Net profit from discontinued operations (2)	5						
Profit/(loss) in the period	**229**	**285**	**230**	**65**	**226**	**210**	**304**
Profit/(Loss) attributable to minority interests	0.1	(0.1)	0.3	(12)	1	0.4	0.2
Profit/(loss) attributable to the Group	**229**	**285**	**229**	**77**	**225**	**210**	**304**
Net integration costs(3)	-	-	-	(312)	-	-	-
Profit/(loss) attributable to the Group as reported	**229**	**285**	**229**	**(235)**	**225**	**210**	**304**
Cost to Income ratio (4)	**53.0%**	**50.8%**	**51.7%**	**64.6%**	**51.6%**	**49.6%**	**43.6%**
Recurring Cost to Income ratio (5)	**59.4%**	**61.6%**	**60.7%**	**70.6%**	**55.6%**	**57.4%**	**53.4%**

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

(2) 100% of the profit generated by Cajamurcia Vida y Cajagranada Vida following the adquisition of the full stake of both companies on 10th July 2018. Before, their results were equity accounted.

(3) Non recurrent integration costs due to the merger between Bankia and BMN, net of taxes

(4) Operating expenses / Gross income. Group data at 4Q 2017 excludes non recurrent integration costs in the calculation

(5) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences). Group data at 4Q 2017 excludes

(€ million)	3Q 18	2Q 18	1Q 18	4Q 17 Bankia + BMN (1)	3Q 17 Bankia + BMN (1)	2Q 17 Bankia + BMN (1)	1Q 17 Bankia + BMN (1)
Net interest income	**495**	**521**	**526**	**554**	**552**	**577**	**584**
Dividends	0	7	1	3	2	3	16
Share of profit/(loss) of companies accounted for using the equity method	14	18	12	12	13	11	11
Total net fees and commissions	265	270	264	255	249	269	258
Gains/(losses) on financial assets and liabilities	90	152	139	69	54	134	177
Exchange differences	5	5	1	3	2	1	2
Other operating income/(expense)	(5)	(70)	(3)	(157)	(0)	(50)	1
Gross income	**865**	**903**	**939**	**738**	**872**	**943**	**1,048**
Administrative expenses	(415)	(419)	(437)	(455)	(429)	(425)	(430)
Staff costs(2)	(287)	(291)	(305)	(295)	(291)	(285)	(297)
General expenses	(128)	(128)	(132)	(160)	(138)	(140)	(133)
Depreciation and amortisation	(42)	(40)	(48)	(55)	(55)	(54)	(52)
Pre-provision profit	**407**	**444**	**453**	**228**	**388**	**465**	**566**

(1) 1Q 2017, 2Q 2017, 3Q 2017 and 4Q 2017 include BMN to facilitate the quaterly comparison on a like-for-like basis

(2) Recurrent staff cost not including the extraordinary integration costs due to the merger between Bankia and BMN (€312mn net of taxes)

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- At the end of September 2018, the Bankia Group's accumulated **net interest income** totalled 1,542 million euros, 5.1% higher than in the same period in 2017, as a result of the BMN merger. Had BMN's contribution in the first nine months of 2017 been included, the Group's net interest income would have been 10% lower YOY on a constant perimeter basis because of the fixed-income securities sales carried out in 2017 and 2018, the scheduled maturities of the credit stock, and the still negative repricing of the mortgage portfolio.

  Compared to the second quarter, net interest income is down 5% at 495 million euros. This difference derives from the seasonal effect of reduced NPL collections compared to previous quarters and the Group's strategy to sell off and rotate fixed-income portfolios, resulting in a 17 million-euro decrease in net interest income which at the same time has allowed for net trading income (NTI) of 90 million euros in the third quarter.

  The reduced contribution of interest on non-performing loans has driven down the gross customer margin to 1.51% at the end of the third quarter, 5 bps lower QOQ and similar to the 1.52% posted in the third quarter of 2017 on a constant perimeter basis (Bankia + BMN).

  Active management of the pricing of loans and deposits continued in the third quarter of 2018. New loans have been granted at an average rate of 3.1%, above the 2.6% registered in 2017. The cost of customer deposits meanwhile, stands at 0.11%, 2 bps below the second-quarter figure and 5 bps below the cost of customer deposits at the end of 3Q 2017.

REVENUES AND EXPENSES

(€ million & %)	3Q 2018			2Q 2018			1Q 2018			4Q 2017 (Bankia + BMN) [1]		
	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield
Loans and advances to credit institutions [2]	7,422	21	1.14%	7,094	23	1.31%	6,982	22	1.29%	6,670	25	1.48%
Net Loans and advances to customers (a)	120,124	490	1.62%	120,426	506	1.69%	121,071	512	1.71%	124,001	526	1.68%
Debt securities	50,044	77	0.61%	53,195	94	0.71%	53,970	96	0.72%	56,981	119	0.83%
Other interest earning assets [3]	420	2	1.87%	425	2	1.87%	431	2	1.87%	391	1	0.99%
Other non-interest earning assets	26,351	-	-	26,613	-	-	27,011	-	-	28,161	-	-
Total Assets (b)	**204,361**	**591**	**1.15%**	**207,754**	**625**	**1.21%**	**209,465**	**632**	**1.22%**	**216,204**	**671**	**1.23%**
Deposits from central banks and credit [2]	37,912	10	0.10%	37,832	13	0.14%	37,294	12	0.13%	38,553	13	0.14%
Customer deposits (c)	124,834	36	0.11%	126,642	40	0.13%	126,613	43	0.14%	130,718	49	0.15%
Strict Customer Deposits	*118,059*	*14*	*0.05%*	*118,812*	*17*	*0.06%*	*118,186*	*18*	*0.06%*	*120,340*	*24*	*0.08%*
Repos	*102*	*1*	*2.24%*	*766*	*1*	*0.29%*	*1,092*	*1*	*0.20%*	*2,588*	*1*	*0.09%*
Single-certificate covered bonds	*6,673*	*21*	*1.28%*	*7,065*	*22*	*1.26%*	*7,335*	*24*	*1.34%*	*7,789*	*25*	*1.27%*
Marketable securities	14,927	35	0.93%	16,016	34	0.85%	17,118	35	0.83%	17,481	36	0.82%
Subordinated liabilities	2,571	14	2.09%	2,495	14	2.20%	2,515	14	2.22%	2,474	16	2.62%
Other interest earning liabilities [3]	1,167	2	0.71%	1,092	3	1.09%	1,293	3	0.81%	1,216	2	0.57%
Other liabilities with no cost	9,786	-	-	10,495	-	-	11,188	-	-	10,883	-	-
Equity	13,164	-	-	13,182	-	-	13,444	-	-	14,880	-	-
Total equity and liabilities (d)	**204,361**	**96**	**0.19%**	**207,754**	**104**	**0.20%**	**209,465**	**106**	**0.21%**	**216,204**	**117**	**0.21%**
Customer margin (a-c)			**1.51%**			**1.56%**			**1.57%**			**1.53%**
Net interest margin (b-d)		**495**	**0.96%**		**521**	**1.01%**		**526**	**1.01%**		**554**	**1.02%**

(1) Data including BMN to facilitate the comparison on a like-for-like basis for the period
(2) Loans and advances to credit institutions include 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"
(3) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities

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REVENUES AND EXPENSES

(€ million & %)	4Q 2017 (1)			3Q 2017 (1)			2Q 2017 (1)			1Q 2017 (1)		
	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield
Loans and advances to credit institutions (2)	6,642	20	1.20%	6,374	21	1.30%	5,793	22	1.50%	6,313	21	1.35%
Net Loans and advances to customers (a)	106,561	457	1.70%	102,721	417	1.61%	103,362	434	1.68%	103,549	438	1.71%
Debt securities	48,626	113	0.92%	47,587	113	0.95%	47,997	117	0.98%	51,453	133	1.05%
Other interest earning assets (3)	391	1	0.82%	387	1	0.80%	391	1	0.80%	396	1	0.80%
Other non-interest earning assets	23,454	-	-	22,577	-	-	23,665	-	-	24,674	-	-
Total Assets (b)	**185,674**	**591**	**1.26%**	**179,646**	**552**	**1.22%**	**181,208**	**573**	**1.27%**	**186,385**	**593**	**1.29%**
Deposits from central banks and credit (2)	35,027	12	0.14%	34,120	11	0.13%	36,275	11	0.12%	37,577	13	0.14%
Customer deposits (c)	106,648	29	0.11%	102,327	21	0.08%	101,869	24	0.09%	104,168	30	0.12%
Strict Customer Deposits	*100,972*	*19*	*0.07%*	*97,473*	*17*	*0.07%*	*96,409*	*20*	*0.08%*	*98,372*	*28*	*0.11%*
Repos	*464*	*0*	*0.16%*	*74*	*0*	*0.00%*	*435*	*0*	*0.00%*	*690*	*0*	*0.00%*
Single-certificate covered bonds	*5,211*	*10*	*0.74%*	*4,780*	*3*	*0.26%*	*5,024*	*4*	*0.33%*	*5,106*	*3*	*0.20%*
Marketable securities	16,960	33	0.78%	17,136	34	0.80%	17,322	34	0.80%	17,969	36	0.81%
Subordinated liabilities	2,321	14	2.33%	2,146	12	2.19%	1,534	11	2.99%	1,131	8	2.96%
Other interest earning liabilities (3)	1,084	2	0.57%	979	2	0.97%	776	2	0.89%	889	1	0.55%
Other liabilities with no cost	10,492	-	-	9,991	-	-	10,732	-	-	11,835	-	-
Equity	13,141	-	-	12,947	-	-	12,702	-	-	12,815	-	-
Total equity and liabilities (d)	**185,674**	**90**	**0.19%**	**179,646**	**81**	**0.18%**	**181,208**	**82**	**0.18%**	**186,385**	**89**	**0.19%**
Customer margin (a-c)			**1.59%**			**1.53%**			**1.59%**			**1.60%**
Net interest margin (b-d)		**501**	**1.07%**		**472**	**1.04%**		**491**	**1.09%**		**504**	**1.10%**

(1) NII as reported. BMN was integrated with accounting effect on 1st December, hence, the revenues/expenses and the average amounts include the financial revenues, financial expenses, interest earning assets and interest earning liabilities of BMN corresponding to December. 3Q 2017, 3Q2017 and 1Q 2017 data corresponds to Bankia group before the merger with BMN.
(2) 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"
(3) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities

(€ million & %)	4Q 2017 (Bankia + BMN) (1)			3Q 2017 (Bankia + BMN) (1)			2Q 2017 (Bankia + BMN) (1)			1Q 2017 (Bankia + BMN) (1)		
	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield	Average Amount	Revenues /Expense	Yield
Loans and advances to credit institutions (2)	6,670	25	1.48%	7,237	26	1.44%	6,781	28	1.63%	7,234	25	1.41%
Net Loans and advances to customers (a)	124,001	526	1.68%	123,801	525	1.68%	125,069	546	1.75%	125,145	552	1.79%
Debt securities	56,981	119	0.83%	58,314	123	0.83%	59,479	130	0.88%	62,438	145	0.94%
Other interest earning assets (3)	391	1	0.99%	387	1	0.82%	391	1	0.83%	396	1	0.81%
Other non-interest earning assets	28,161	-	-	28,219	-	-	29,050	-	-	30,243	-	-
Total Assets (b)	**216,204**	**671**	**1.23%**	**217,957**	**674**	**1.23%**	**220,769**	**705**	**1.28%**	**225,456**	**723**	**1.30%**
Deposits from central banks and credit (2)	38,553	13	0.14%	39,488	14	0.14%	41,933	14	0.13%	43,459	15	0.14%
Customer deposits (c)	130,718	49	0.15%	131,726	52	0.16%	132,294	58	0.18%	133,815	70	0.21%
Strict Customer Deposits	*120,340*	*24*	*0.08%*	*120,781*	*25*	*0.08%*	*119,356*	*27*	*0.09%*	*121,454*	*39*	*0.13%*
Repos	*2,588*	*1*	*0.09%*	*2,447*	*0*	*0.01%*	*3,696*	*1*	*0.08%*	*2,688*	*1*	*0.14%*
Single-certificate covered bonds	*7,789*	*25*	*1.27%*	*8,498*	*26*	*1.22%*	*9,242*	*30*	*1.31%*	*9,673*	*30*	*1.26%*
Marketable securities	17,481	36	0.82%	17,764	39	0.86%	17,944	39	0.86%	18,591	40	0.88%
Subordinated liabilities	2,474	16	2.62%	2,332	16	2.70%	1,715	15	3.60%	1,309	12	3.77%
Other interest earning liabilities (3)	1,216	2	0.57%	1,171	3	0.94%	951	2	0.89%	1,117	2	0.57%
Other liabilities with no cost	10,883	-	-	10,402	-	-	11,100	-	-	12,232	-	-
Equity	14,880	-	-	15,075	-	-	14,833	-	-	14,933	-	-
Total equity and liabilities (d)	**216,204**	**117**	**0.21%**	**217,957**	**122**	**0.22%**	**220,769**	**128**	**0.23%**	**225,456**	**139**	**0.25%**
Customer margin (a-c)			**1.53%**			**1.52%**			**1.57%**			**1.58%**
Net interest margin (b-d)		**554**	**1.02%**		**552**	**1.01%**		**577**	**1.05%**		**584**	**1.05%**

(1) Data including BMN to facilitate the comparison on a like-for-like basis for the period
(2) Loans and advances to credit institutions include 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"
(3) Includes insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities

- **Net fee and commission income reached 799 million euros at the end of September, up 25.8%** on the same period in 2017 as a result of an increase in customer transactions and the integration of BMN.

  Had BMN's fees and commissions been factored in during the first nine months of 2017, like-for-like YOY growth would have been 3.1%, highlighting the good performance of fees and commissions for collection and payment services, and the administration and management of assets (mainly, sales of mutual funds and pension plans).

- **Net fee and commission income fell by 1.8% in the third quarter to 265 million euros** because of the seasonality of the period and the dip in activity that tends to occur in this quarter, primarily concerning the structuring and design of corporate transactions (-23.9% QOQ). Nevertheless, compared to the same quarter in 2017, fees and commissions are up 6.7% on a like-for-like basis, reflecting the Group's strong commercial activity.

NET FEE AND COMMISSION INCOME

(€ million)	9M 2018	9M 2017 (1)	Change Amount	Change %
Assets under management	**297**	**264**	**33**	**12.4%**
Securities brokerage service	44	42	2	4.8%
Mutual funds, Pension funds and insurances	253	222	31	13.9%
Payments services	**226**	**177**	**49**	**27.8%**
Bills of exchange	14	15	(1)	(7.4%)
Debit and credit cards	170	129	41	32.0%
Means of payment	42	33	9	27.2%
Origination	**147**	**136**	**12**	**8.7%**
Contingent risks and commitments	76	67	10	14.7%
Forex	26	24	2	10.2%
Structuring and design of transactions and others	45	46	(0)	(0.8%)
Management of NPLs, write offs and others	**112**	**81**	**31**	**38.9%**
Management of NPLs and write offs	20	5	15	270.2%
Claims on Past due	92	75	17	22.3%
Accounts manteinance (Sight deposits)	**81**	**35**	**46**	**131.9%**
Fees and commissions received	**864**	**693**	**172**	**24.8%**
Fees and commissions paid	**65**	**57**	**8**	**13.8%**
TOTAL NET FEE AND COMMISSION INCOME (1)	**799**	**636**	**164**	**25.8%**
Bankia + BMN	**799**	**775**	**24**	**3.1%**

(€ million)	3Q 18	2Q 18	1Q 18	4Q 17 (1)	3Q 17 (1)	2Q 17 (1)	1Q 17 (1)	Change on 2Q 18	Change on 3Q 17
Assets under management	**96**	**100**	**102**	**91**	**91**	**88**	**86**	**(3.9%)**	**5.4%**
Securities brokerage service	15	15	14	14	13	15	15	0.2%	21.3%
Mutual funds, Pension funds and insurances	81	84	88	77	78	73	71	(4.6%)	2.8%
Payments services	**77**	**76**	**73**	**68**	**59**	**61**	**57**	**0.6%**	**30.0%**
Bills of exchange	5	4	5	4	5	5	6	8.2%	2.1%
Debit and credit cards	59	58	54	51	44	44	40	1.3%	33.0%
Means of payment	13	14	15	12	10	11	11	(4.7%)	29.9%
Origination	**48**	**50**	**49**	**47**	**42**	**48**	**45**	**(4.6%)**	**13.3%**
Contingent risks and commitments	27	26	24	23	24	22	21	1.2%	11.8%
Forex	10	9	8	8	9	8	7	13.0%	13.3%
Structuring and design of transactions and others	12	16	18	17	10	19	17	(23.9%)	16.6%
Management of NPLs, write offs and others	**46**	**39**	**27**	**30**	**25**	**30**	**25**	**19.0%**	**82.7%**
Management of NPLs and write offs	16	2	2	1	1	4	1	-	-
Claims on Past due	30	36	26	29	24	26	24	(18.7%)	21.4%
Accounts manteinance (Sight deposits)	**21**	**27**	**33**	**15**	**11**	**12**	**12**	**(21.5%)**	**87.4%**
Fees and commissions received	**288**	**292**	**284**	**251**	**229**	**238**	**225**	**(1.4%)**	**25.8%**
Fees and commissions paid	**23**	**22**	**20**	**23**	**19**	**20**	**18**	**3.5%**	**22.2%**
TOTAL NET FEE AND COMMISSION INCOME (1)	**265**	**270**	**264**	**229**	**210**	**218**	**207**	**(1.8%)**	**26.1%**
Bankia + BMN	**265**	**270**	**264**	**255**	**249**	**269**	**258**	**(1.8%)**	**6.7%**

(1) 9M 2017, 1Q 17, 2Q 17 and 3Q 17 data correspond to Bankia Group before the merger with BMN. 4Q 17 data includes one month of BMN P&L given that the merger took place with accounting effect on 01/12/2017. Bankia + BMN data provides a proforma of how the performance of fees and commissions would have been if BMN had been integrated from 1Q 2017

- **Cumulative net trading income (NTI)** increased by 67 million euros (+16 million euros on a constant perimeter basis (Bankia + BMN)) compared to September 2017, reaching 381 million euros in the first nine months of 2018. This mainly includes the realisation of unrealised gains on sales of fixed-income securities carried out by the Group in anticipation of the foreseeable performance of market interest rates.

- **Other operating income and expenses** accumulated to September 2018 show a net expense of 78 million euros, 16 million euros more than in September 2017. This rise is fundamentally due to the increased contribution to the Single Resolution Fund (SRF), and the increase in tax on deposits after the perimeter change resulting from the BMN merger. Much of the change in this item derives from seasonal differences because the second quarter included the SRF contribution while the fourth quarter included the contribution to the Deposit Guarantee Fund (DGF).

- **Other operating revenues** (dividends, results from equity accounted companies and exchange differences) in aggregate totalled 63 million euros at the end of September 2018, 39.2% more than in the same period of 2017 (+4.6% on a constant perimeter basis (Bankia+BMN)), as a result of the larger contribution from equity-accounted companies (Bankia Mapfre Vida, Caser and Redsys). It is noteworthy that following the acquisition of 100% of the capital of Caja Murcia Vida and Caja Granada Vida in July 2018, the results of both companies have been reported as results of discontinued operations. Until 2018, the results of Caja Murcia Vida and Caja Granada Vida were equity accounted.

- The changes in the above items have taken the Group's **gross income** for the first nine months of the year to 2,706 million euros, representing YOY growth of 12.8%. If BMN's results had been included in the previous year, gross income would have been down 5.5% on a constant perimeter basis.

- Operating expenses (administrative expenses and depreciation and amortisation expense) rose 21.8% to 1,402 million euros at September 2018 as a result of the BMN merger. However, **on a like-for-like basis (including BMN's expenses in the first nine months of 2017), operating expenses would have been down 2.9%** YOY and 0.3% QOQ, as cost synergies capture from the merger has been accelerated. Workforce restructuring began in April, and at the end of September 2018, 89% of the exits envisaged in the workforce adjustment plan, agreed after the merger with BMN, were completed. The Group expects to finalise the remaining exits in November.

  This expenses performance brings the efficiency ratio to 51.8% at the end of September 2018, and the ratio of annualised operating expenses to RWAs to 2.26%.

ADMINISTRATIVE EXPENSES

(€ million)	9M 2018	9M 2017 (1)	Change Amount	Change %
Staff cost	**883**	**690**	**193**	**28.0%**
Wages and salaries	674	501	173	34.6%
Social security costs	167	133	33	25.0%
Pension plans	22	35	(13)	(36.9%)
Others	20	21	(1)	(3.8%)
General expenses	**388**	**334**	**54**	**16.3%**
From property, fixtures and supplies	90	75	15	20.4%
IT and communications	143	119	24	19.9%
Advertising and publicity	39	34	5	14.3%
Technical reports	13	16	(3)	(20.0%)
Surveillance and security courier services	14	11	3	30.4%
Levies and taxes	21	17	4	21.3%
Insurance and self-insurance premiums	3	3	(1)	(19.3%)
Other expenses	66	59	8	12.9%
TOTAL ADMINISTRATIVE EXPENSES (1)	**1,272**	**1,024**	**247**	**24.1%**
Bankia + BMN	**1,272**	**1,284**	**(12)**	**(1.0%)**

(1) 9M 2017 data corresponds to Bankia Group before the merger with BMN given that the merger took place with accounting effect on 01/12/2017.
Bankia + BMN data provides a proforma of how the performance of fees and commissions would have been if BMN had been integrated from 1Q 2017

(€ million)	3Q 18	2Q 18	1Q 18	4Q 17 (1)	3Q 17 (1)	2Q 17 (1)	1Q 17 (1)	Change on 2Q 18	Change on 3Q 17
Staff cost	**287**	**291**	**305**	**255**	**229**	**226**	**235**	**(1.3%)**	**25.2%**
Wages and salaries	218	220	236	187	166	164	171	(1.3%)	30.9%
Social security costs	53	56	58	49	45	44	45	(4.2%)	19.4%
Pension plans	11	6	4	12	11	11	13	75.5%	4.8%
Others	5	9	6	7	8	7	7	(41.3%)	(35.1%)
General expenses	**128**	**128**	**132**	**128**	**114**	**110**	**110**	**0.1%**	**12.2%**
From property, fixtures and supplies	30	29	32	28	25	24	26	4.3%	19.4%
IT and communications	49	47	48	41	40	40	39	3.4%	20.7%
Advertising and publicity	13	13	12	13	10	14	10	(1.2%)	29.9%
Technical reports	1	6	6	9	6	5	5	(77.8%)	(78.8%)
Surveillance and security courier service	5	5	4	4	4	3	4	0.2%	30.3%
Levies and taxes	7	7	7	7	6	5	6	0.9%	24.6%
Insurance and self-insurance premiums	1	1	1	0	1	1	1	2.6%	12.2%
Other expenses	23	21	23	26	23	17	19	8.7%	(0.4%)
ADMINISTRATIVE EXPENSES	**415**	**419**	**437**	**383**	**344**	**336**	**345**	**(0.9%)**	**20.9%**
INTEGRATION COSTS	**-**	**-**	**-**	**445**	**-**	**-**	**-**	**-**	**-**
TOTAL ADMINISTRATIVE EXPENSES (1)	**415**	**419**	**437**	**828**	**344**	**336**	**345**	**(0.9%)**	**20.9%**
Bankia + BMN	**415**	**419**	**437**	**900**	**429**	**425**	**430**	**(0.9%)**	**(3.2%)**
Bankia + BMN (without integration costs)	**415**	**419**	**437**	**455**	**429**	**425**	**430**	**(0.9%)**	**(3.2%)**

(1) 1Q 17, 2Q 17 ad 3Q 17 data correspond to Bankia Group before the merger with BMN. 4Q 17 data includes one month of BMN P&L given that the merger took place with accounting effect on 01/12/2017. Bankia + BMN data provides a proforma of how the performance of fees and commissions would have been if BMN had been integrated from 1Q 2017

- The improvement in the quality of assets, resulting from declining NPLs and foreclosed assets, has enabled the Group to reduce its provisions after the BMN merger. In the nine-month period to September 2018, the Group recorded provisions and impairment losses totalling 293 million euros, 12.3% less than in September 2017. This amount includes 256 million euros of insolvency provisions and 78 million euros of impairment losses on foreclosed assets, as well as releases of provisions for equity investments and contingent liabilities, mainly in the second quarter.

  As a result of lower provisions, the Group's cost of risk is down at September 2018 leading to 0.18%, 2 bps lower QOQ and 6 bps below the level recorded at September 2017.

Other gains and losses show a net loss of 120 million, which include impairments and maintenance costs of foreclosed properties, as well as the sales activity of said assets, with an impact in results that is practically neutral. In September 2017 this item showed a loss of 38 million euros as it included the results of the deferred payment from the sale of Globalvia (47 million euros).

- **Attributable profit for the first nine months of 2018 amounts to 744 million euros**, exceeding the profit posted at September 2017. Favourable commercial trends, the positive effect of restructuring and control of the cost of risk have, for another quarter, enabled the Group to post this profit and offset the downward pressure being exerted by market conditions on net interest income.

PROVISIONING

(€ million)	3Q 18	2Q 18	1Q 18	4Q 17 (1)	3Q 17 (1)	2Q 17 (1)	1Q 17 (1)	Change on 2Q 18	Change on 3Q 17
Impairment losses on financial assets (net)	(73)	(91)	(116)	(88)	(66)	(67)	(107)	(20.0%)	10.0%
Impairment losses on non-financial assets	(3)	36	(4)	(2)	(2)	(1)	(9)	-	19.4%
Foreclosed assets	(29)	(23)	(27)	(65)	(21)	(18)	(39)	26.9%	35.4%
Provisions (net)	(0)	24	13	38	(6)	(5)	8	-	(99.4%)
TOTAL PROVISIONS (1)	**(104)**	**(55)**	**(134)**	**(117)**	**(96)**	**(91)**	**(147)**	**90.7%**	**8.7%**

(1) 1Q 17, 2Q 17 aNd 3Q 17 data correspond to Bankia Group before the merger with BMN. 4Q 17 data includes one month of BMN P&L given that the merger took place with accounting effect on 01/12/2017.

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4. BALANCE SHEET PERFORMANCE

(€ million)	Sep-18	Dec-17 (1)	Change Amount	Change %
Cash and balances at central banks	3,775	4,504	(729)	(16.2%)
Financial assets held for trading	6,050	6,773	(724)	(10.7%)
Trading derivatives	5,804	6,698	(893)	(13.3%)
Debt securities	241	2	239	11942.7%
Equity instruments	5	74	(69)	(93.8%)
Financial assets designated at fair value through profit or loss	9	-	9	-
Debt securities	-	-	-	-
Loans and advances	9	-	9	-
Financial assets designated at fair value through equity	14,854	22,745	(7,890)	(34.7%)
Debt securities	14,778	22,674	(7,896)	(34.8%)
Equity instruments	77	71	6	8.4%
Financial assets at amortised cost	158,869	158,711	159	0.1%
Debt securities	34,787	32,658	2,129	6.5%
Loans and advances to credit institutions	3,577	3,028	549	18.1%
Loans and advances to customers	120,505	123,025	(2,520)	(2.0%)
Hedging derivatives	2,506	3,067	(561)	(18.3%)
Investments in subsidaries, joint ventures and associates	317	321	(4)	(1.1%)
Tangible and intangible assets	2,623	2,661	(38)	(1.4%)
Non-current assets held for sale	3,211	3,271	(60)	(1.8%)
Other assets	11,989	11,879	111	0.9%
TOTAL ASSETS	**204,205**	**213,932**	**(9,727)**	**(4.5%)**
Financial liabilities held for trading	6,210	7,421	(1,211)	(16.3%)
Trading derivatives	6,107	7,078	(971)	(13.7%)
Short positions	103	343	(241)	(70.1%)
Financial liabilities at amortised cost	181,420	188,898	(7,477)	(4.0%)
Deposits from central banks	13,856	15,356	(1,500)	(9.8%)
Deposits from credit institutions	23,608	22,294	1,314	5.9%
Customer deposits and funding via clearing houses	125,222	130,396	(5,174)	(4.0%)
Debt securities in issue	17,863	19,785	(1,922)	(9.7%)
Other financial liabilities	872	1,067	(196)	(18.3%)
Hedging derivatives	181	378	(197)	(52.1%)
Provisions	1,387	2,035	(647)	(31.8%)
Other liabilitiess	1,759	1,587	171	10.8%
TOTAL LIABILITIES	**190,957**	**200,319**	**(9,362)**	**(4.7%)**
Minority interests	15	25	(9)	(38.1%)
Other accumulated results	113	366	(253)	(69.1%)
Equity	13,120	13,222	(103)	(0.8%)
TOTAL EQUITY	**13,248**	**13,613**	**(365)**	**(2.7%)**
TOTAL EQUITY AND LIABILITIES	**204,205**	**213,932**	**(9,727)**	**(4.5%)**

(1)The consolidated financial statements of the Bankia Group are reported considering the adjustment of the content of the public financial information to the the so-called NIIF 9 criteria, which came into force on 1st January 2018. The changes of this adaptation are detailed in note 1.3.1 of the financial statements as of June 2018. The most relevant changes are the reclassification of the fixed income portfolio and change in their nomenclature, given that Bankia decided not to restate the comparable financial statements as of December 2017, as allowed by the rule.

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Brisk commercial activity is reflected in the increase in new lending and customer transactions

- During the first nine months of the year, the Bankia Group has consolidated the business momentum, registering an important growth in net new customers, new lending and the use of products and services offered by the bank.

  The Group has continued to strengthen its digital offering, leading to a sharp rise in sales through these channels (23.5% of the Group's total sales at September 2018) and in the number of digital customers, which now account for 42.8% of the bank's customer base at the end of September 2018 (40.5% in December 2017). Bankia has also continued to boost customer transactions, registering sharp growth in the cards market (+12.4% YOY in terms of in-store turnover) and in the number of customers with direct income deposits (+105,000 since September 2017).

- **The brisk activity with customers and new digital channels which make it easier for our customers to contract products have had an extremely positive effect on new lending compared to the same period of the previous year, which posted notable like-for-like growth in the first nine months of 2018**, in lending to companies (+3.0%), mortgage loans (+4.7%) and consumer loans (+9.8%). This growth has increased the outstanding balance of gross loans YOY in the consumer lending segment (+12.7%) and in the companies segment (+2.7%). This has had an accounting effect on "Other term loans", "Commercial credit" and "Loans to non-residents", which are up 4.2%, 1.7% and 15.5% since December 2017. On the contrary, the Group has seen "Secured loans" decrease by 3.6% despite the significant growth in mortgage loans and is due to scheduled mortgage loan maturities. Receivables on demand are up 469 million euros (+18.3%), driven by salary and pension advances in September, which have not been paid because the month-end did not fall on a business day.

  The growth in new lending is being achieved by maintaining a suitable loan book risk profile. Thus, **NPLs have reduced by 418 million euros in the third quarter, with a cumulative decline of 1,646 million euros over the last nine months (-14.6%).** At the end of September 2018, non-performing loans account for 7.7% of the Group's gross loan book, compared to 8.8% in December 2017.

  Excluding NPLs and repos, in September 2018 the gross performing loan book totalled 116,122 million euros, similar to the level recorded in December 2017 (-0.9%), as a result of the favourable commercial trends, which offset the ongoing deleveraging of the mortgage segment.

LOANS AND ADVANCES TO CUSTOMERS

			Change	
(€ million)	Sep-18	Dec-17	Amount	%
Spanish public sector	5,212	5,295	(83)	(1.6%)
Other resident sectors	105,739	106,970	(1,230)	(1.2%)
Secured loans	74,123	76,874	(2,752)	(3.6%)
Other term loans	23,929	22,955	974	4.2%
Commercial credit	4,649	4,570	78	1.7%
Receivable on demand and other	3,039	2,570	469	18.3%
Non-residents	4,141	3,585	557	15.5%
Repo transactions	13	303	(289)	(95.6%)
Of which: reverse repurchase agreements with BFA	*0*	*47*	*(47)*	*(100.0%)*
Other financial assets	838	1,142	(304)	(26.6%)
Other valuation adjustments	191	184	7	3.9%
Non-performing loans	9,659	11,304	(1,646)	(14.6%)
Gross loans and advances to customers	**125,794**	**128,782**	**(2,988)**	**(2.3%)**
Loan loss reserve	(5,280)	(5,757)	477	(8.3%)
NET LOANS AND ADVANCES TO CUSTOMERS	**120,514**	**123,025**	**(2,511)**	**(2.0%)**
GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPLs & REPOs	**116,122**	**117,175**	**(1,053)**	**(0.9%)**

Bankia
LET´S KEEP WORKING

- At the end of September, retail customer funds topped 146,611 million euros, a slight decline of 0.6% compared to the end of December 2017. The preformance of retail customer funds is highly influenced by the performance of loans and receivables, whereby the LTD ratio has remained stable at 93.6%. Broken down by product, term deposits and savings accounts have continued to decrease in relation to more liquid and cheaper funds (current accounts), which have grown 30%. Public sector deposits increased by 8%, while off-balance sheet customer funds show cumulative growth of 2.9% in the last nine months, fuelled by considerable growth in new customer funds and an increase in portfolios managed and marketed.

Most notable is the growth in mutual funds (+3.8%) a product in which the Bankia Group's market share has reached 6.4% at period-end, having grown 2 bps since December 2017.

As regards the rest of the Group's funding, reverse repurchase agreements have dropped 2,626 million euros (-98.6%), while own issues are down 2,402 million euros (-13.9%), due to maturities during the year. Nevertheless, there was a noteworthy development in wholesale funding with the placement of the second AT1 bond issue for 500 million euros, completed in July, which was well received in the institutional markets.

CUSTOMER FUNDS

			Change	
(€ million)	Sep-18	Dec-17	Amount	%
Spanish public sector	6,129	5,678	452	8.0%
Other resident sectors	116,972	122,501	(5,529)	(4.5%)
Current accounts	37,713	29,016	8,697	30.0%
Savings accounts	36,088	41,140	(5,052)	(12.3%)
Term deposits	36,478	42,183	(5,705)	(13.5%)
Repo transactions	37	2,663	(2,626)	(98.6%)
Singular mortgage securities	6,656	7,499	(843)	(11.2%)
Non-residents	2,120	2,217	(97)	(4.4%)
Funding via clearing houses and customer deposits	**125,222**	**130,396**	**(5,174)**	**(4.0%)**
Debentures and other marketable securities	14,872	17,274	(2,402)	(13.9%)
Subordinated loans	2,991	2,511	481	19.1%
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**143,085**	**150,181**	**(7,095)**	**(4.7%)**
Mutual funds	19,925	19,200	725	3.8%
Pension funds (1)	8,157	8,100	57	0.7%
Off-balance-sheet customer funds (1)	**28,082**	**27,300**	**782**	**2.9%**
TOTAL CUSTOMER FUNDS	**171,167**	**177,481**	**(6,313)**	**(3.6%)**

(1) Off-balance sheet products managed and marketed without SICAVS. Pension funds inlude mathematical provisions

						Change	
(€ million)	Sep-18 (1)	Jun-18 (1)	Mar-18 (1)	Dec-17 (1)	Sep-17	Amount	%
Spanish public sector	**6,129**	**6,970**	**5,393**	**5,678**	**3,989**	**452**	**8.0%**
Other resident sectors	**110,279**	**112,540**	**111,745**	**112,339**	**89,575**	**(2,060)**	**(1.8%)**
Current accounts	37,713	38,377	37,115	29,016	22,618	8,697	30.0%
Savings accounts	36,088	36,127	34,453	41,140	32,120	(5,052)	(12.3%)
Term deposits	36,478	38,036	40,177	42,183	34,837	(5,705)	(13.5%)
Non-residents	**2,120**	**2,080**	**2,162**	**2,217**	**2,067**	**(97)**	**(4.4%)**
Strict Customer Deposits	**118,529**	**121,591**	**119,300**	**120,234**	**95,631**	**(1,705)**	**(1.4%)**
Mutual funds	19,925	19,993	19,711	19,200	16,272	725	3.8%
Pension funds	8,157	8,237	8,293	8,100	6,642	57	0.7%
Total customer off-balance funds (2)	**28,082**	**28,230**	**28,004**	**27,300**	**22,915**	**782**	**2.9%**
TOTAL	**146,611**	**149,821**	**147,304**	**147,534**	**118,546**	**(923)**	**(0.6%)**
TOTAL Bankia + BMN (1)	**146,611**	**149,821**	**147,304**	**147,534**	**145,340**	**(923)**	**(0.6%)**

(1) Since Dec-17, the data corresponds to the merger of Bankia and BMN. Bankia + BMN data provides a proforma of how the develop would have been if BMN had been integrated from 1Q 2017
(2) Off-balance sheet products managed and marketed without SICAVS. Pension funds inlude mathematical provisions

5. RISK MANAGEMENT

Asset quality continues to improve, with the stock of NPLs and foreclosed assets reducing further

The balance of NPLs is down 447 million euros in the third quarter, with a cumulative decrease of 1,755 million euros since the end of the previous year. This decline has been achieved both organically (through a reduced inflow of new NPLs and effective recovery management) and through the sale of loan portfolios carried out during the year.

The cumulative fall in NPLs has driven down the Group's NPL ratio 30 bps over the quarter and 110 bps since December 2017 to 7.8%. NPL coverage, meanwhile, reached 54.8% at the end of September 2018, up 4 percentage points (pp) compared to December 2017.

Refinanced credit totals 10,594 million euros, with a cumulative decline of 1,985 million euros over the last nine months. At the end of September, refinanced credit makes up 8.4% of the Group's gross loans and receivables (9.8% in December 2017), 55% being classified as non-performing.

Foreclosed assets have also continued the downward trend compared to prior quarters. Sales totalled 487 million euros in the first nine months (+13.1% on the same period in 2017), with the Group completing the sale of 10,700 properties. This represents a 47% increase in the number of properties sold compared to September 2017. In the third quarter, this sales strategy has led to a 5.1% reduction in the portfolio of foreclosed properties, to 4,178 million euros (gross) at the end of September 2018, resulting in a coverage of 39% from the time of foreclosure.

Reducing the volume of non-performing assets (NPLs and foreclosed assets) is one of the main pillars of the Group's Strategic Plan. Accordingly, Bankia has set itself the target of reducing the volume of non-performing assets by 2,900 million euros per year. As of the end of September 2018, the Group has already disposed of 2,400 million euros of non-performing assets, which represents 83% of the target for the year. This reduction is being achieved while maintaining the coverage ratio, and selling foreclosed assets of all kinds without impairing the quality profile of the real estate assets retained on the balance sheet.

NPL RATIO AND NPL COVERAGE RATIO

					Sep-18 / Dec-17	
(€ million and %)	Sep-18 (1)	Jun-18 (1)	Mar-18 (1)	Dec-17 (1)	Amount	%
Non-performing loans	10,362	10,809	11,631	12,117	(1,755)	(14.5%)
Total risk-bearing assets	132,962	133,962	134,258	136,353	(3,391)	(2.5%)
Total NPL ratio (2)	**7.8%**	**8.1%**	**8.7%**	**8.9%**		**-1.1 p.p.**
Total provisions(3)	5,677	5,945	6,412	6,151	(474)	(7.7%)
NPL coverage ratio (3)	**54.8%**	**55.0%**	**55.1%**	**50.8%**		**+4.0 p.p.**

(1) Since Dec-17, the data corresponds to the merger of Bankia and BMN.
(2) NPL ratio: (Doubtfull risks of loans and advances to customers and contingent risks) / (Total risks of loans and advances to customers and contigent risks)
(3) Group coverage at Dec-17 including additional provisions due to the IFRS 9 application would have been 56.5%

CHANGE IN NPLs

(€ million and %)	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Non-performing loans at the begining of the period	**10,809**	**11,631**	**12,117**	**10,194**	**10,554**	**10,984**	**11,476**
Net outflows	(370)	(754)	(297)	(336)	(258)	(338)	(461)
Write offs	(77)	(68)	(190)	(118)	(102)	(92)	(31)
BMN NPLs contribution	-	-	-	2,377	-	-	-
Non-performing loans at the end of the period	**10,362**	**10,809**	**11,631**	**12,117**	**10,194**	**10,554**	**10,984**

BREAKDOWN OF FORECLOSED ASSETS

(€ million)	Gross value [1]			
	Sep-18 [2]	Jun-18 [2]	Mar-18 [2]	Dec-17 [2]
Property assets from construction and property development	744	772	802	828
Of which: finished buildings	343	370	389	361
Of which: buildings under construction	52	48	49	70
Of which: Land	349	354	364	398
Property acquired related to mortgage loans to homebuyers	2,728	2,902	3,032	3,188
Other foreclosed assets	1,044	1,087	1,104	1,099
Total	**4,516**	**4,761**	**4,938**	**5,115**
(-) Assets assigned to the Social Housing Fund [3]	(240)	(229)	(228)	
(-) Rented assets yielding >3% of their net value [3]	(106)	(136)	(148)	
Total gross foreclosed assets	**4,170**	**4,397**	**4,562**	**5,115**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-17, the data corresponds to the merger of Bankia and BMN.
(3) Excluded from "Total gross foreclosed assets" as from Mar-18.

(€ million)	Impairments [1]			
	Sep-18 [2]	Jun-18 [2]	Mar-18 [2]	Dec-17 [2]
Property assets from construction and property development	306	309	310	334
Of which: finished buildings	103	113	112	97
Of which: buildings under construction	24	22	23	36
Of which: Land	178	174	175	201
Property acquired related to mortgage loans to homebuyers	1,165	1,237	1,192	1,230
Other foreclosed assets	236	242	247	272
Total	**1,706**	**1,788**	**1,749**	**1,836**
(-) Impairments of assets assigned to the Social Housing Fund [3]	(56)	(55)	(52)	
(-) Impairments of rented assets yielding >3% of their net value [3]	(26)	(19)	(44)	
Total impairments on foreclosed assets	**1,625**	**1,714**	**1,653**	**1,836**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-17, the data corresponds to the merger of Bankia and BMN.
(3) Excluded from "Total impairments on foreclosed assets" as from Mar-18.

(€ million)	Net value [1]			
	Sep-18 [2]	Jun-18 [2]	Mar-18 [2]	Dec-17 [2]
Property assets from construction and property development	438	463	492	494
Of which: finished buildings	239	257	277	263
Of which: buildings under construction	28	26	26	34
Of which: Land	171	179	189	197
Property acquired related to mortgage loans to homebuyers	1,563	1,666	1,840	1,958
Other foreclosed assets	808	845	857	827
Total	**2,810**	**2,973**	**3,189**	**3,280**
(-) Assets assigned to the Social Housing Fund [3]	(185)	(173)	(176)	
(-) Rented assets yielding >3% of their net value [3]	(80)	(117)	(104)	
Total net foreclosed assets	**2,545**	**2,682**	**2,909**	**3,280**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-17, the data corresponds to the merger of Bankia and BMN.
(3) Excluded from "Total net foreclosed assets" as from Mar-18.

RESTRUCTURED LOANS

(€ million and %)	Sep-18 [1]	Jun-18 [1]	Mar-18 [1]	Dec-17 [1]	Sep-18 / Dec-17 Amount	Sep-18 / Dec-17 %
Gross exposure						
Non-performing loans	5,859	6,369	7,095	7,399	(1,540)	(20.8%)
Performing loans	4,736	4,635	4,874	5,180	(445)	(8.6%)
Total refinanced	**10,594**	**11,005**	**11,969**	**12,579**	**(1,985)**	**(15.8%)**
Impairments						
Non-performing loans	2,504	2,792	3,006	3,210	(706)	(22.0%)
Performing loans	234	239	265	127	107	83.7%
Total Impairments	**2,738**	**3,032**	**3,271**	**3,338**	**(600)**	**(18.0%)**
Coverage (%)						
Non-performing loans	42.7%	43.8%	42.4%	43.4%		-0.7 p.p.
Performing loans	4.9%	5.2%	5.4%	2.5%		+2.4 p.p.
Total coverage	**25.8%**	**27.5%**	**27.3%**	**26.5%**		**-0.7 p.p.**

(1) Since Dec-17, the data corresponds to the merger of Bankia and BMN.

6. FUNDING STRUCTURE AND LIQUIDITY

In the first nine months of the year, the Bankia Group has continued to maintain a strong liquidity position, based on the funding of its lending activity through customer funds, which at the end of the period account for 65% of the Group's financial resources (64% in December 2017).

With this retail funding structure, the Group's LTD (loan-to-deposit) ratio at the end of September 2018 stood at 93.6%. At that same date, Bankia's liquidity coverage ratio (157%) was well above the regulatory requirement for 2018 (100%).

As regards institutional funding, at 30 September 2018 wholesale debt totals 17,863 million euros. Most notable has been the placement of the Group's second AT1 bond issue for 500 million euros, which was completed in September after being well received in the institutional markets. The placement was more than five times oversubscribed.

Funding from the ECB has remained stable over the quarter, falling 1,500 million euros since December 2017 after Bankia prepaid the TLTRO I funding in the second quarter. At the end of September 2018, ECB funding totals 13,856 million euros, all of it under the TLTRO II programme, representing 8% of the Group's total funding.

The Group's total liquid assets at 30 September 2018 amount to 28,745 million euros. At the same date, this amount covers the Group's wholesale debt maturities 1.4 times.

LTD RATIO AND COMMERCIAL GAP

			Change	
(millones de euros)	Sep-18	Dec-17	Amount	%
Net Loans and advances to customers	**120,514**	**123,025**	**(2,511)**	**(2.0%)**
o/w Repo transactions (1)	13	256	(242)	(94.8%)
a. Strict Net Loans and advances to customers	**120,500**	**122,769**	**(2,269)**	**(1.8%)**
Strict customer deposits and retail commercial paper	118,529	120,234	(1,705)	(1.4%)
Single-certificate covered bonds	6,656	7,499	(843)	(11.2%)
ICO/EIB deposits	3,563	3,007	556	18.5%
b. Total Deposits	**128,749**	**130,740**	**(1,992)**	**(1.5%)**
LTD ratio (a/b)	**93.6%**	**93.9%**		**-0.3 p.p.**

(1) Reverse repurchase agreements

			Change	
(€ million)	Sep-18	Dec-17	Amount	%
Net Loans and advances to customers	**120,514**	**123,025**	**(2,511)**	**(2.0%)**
o/w Repo transactions (1)	13	256	(242)	(94.8%)
Strict Net Loans and advances to customers	**120,500**	**122,769**	**(2,269)**	**(1.8%)**
(-) Strict customer deposits and retail commercial paper	118,529	120,234	(1,705)	(1.4%)
(-) ICO/EIB deposits	3,563	3,007	556	18.5%
Strict Comercial GAP	**(1,592)**	**(472)**	**(1,120)**	**237.2%**

(1) Reverse repurchase agreements

DEBT MATURITIES

(€ million) (1)	2018	2019	2020	>2020
Covered bonds	251	2,764	418	14,506
Senior debt	6	1,001	-	135
Subordinated debt	-	1,000	-	1,925
Securitisation	-	-	-	1,657
Total issuance maturities	**258**	**4,765**	**418**	**18,223**

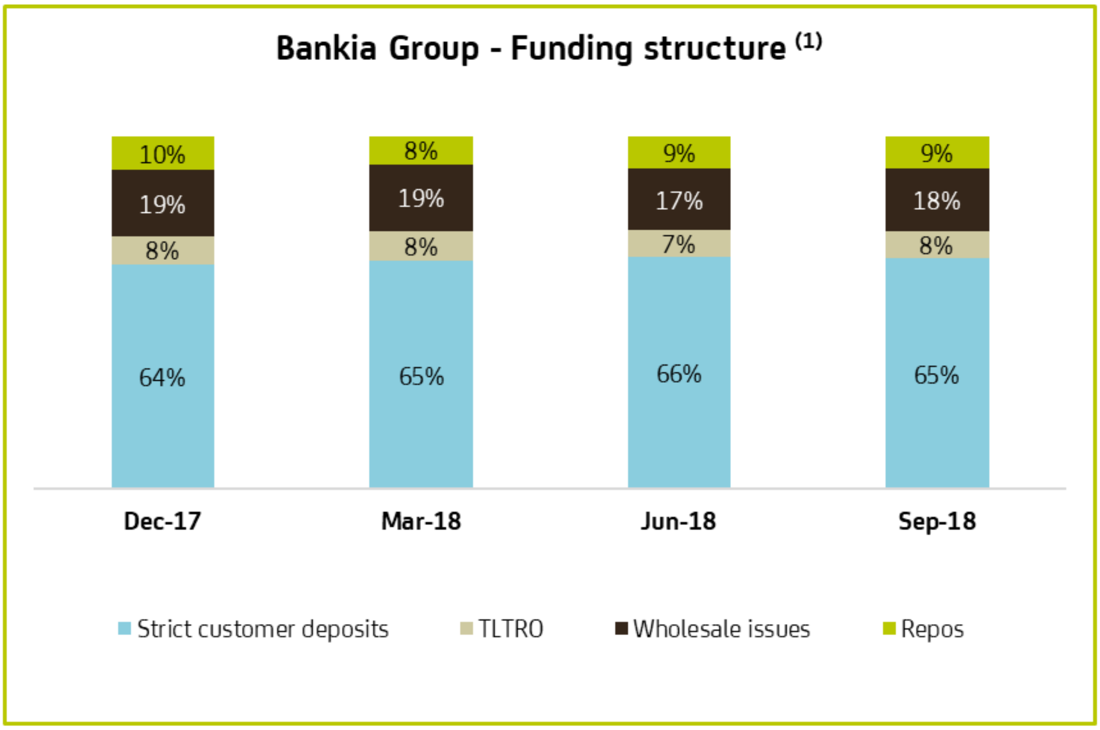
(1) Maturities of Bankia group in nominal values net of treasury shares and retained issuance

LIQUID ASSETS

			Change	
(€ million)	Sep-18	Dec-17	Amount	%
Treasury account and deposit facility (1)	1,503	2,206	(703)	(31.9%)
Undrawn amount on the facility	14,492	10,918	3,574	32.7%
Available high liquidity assets (2)	12,750	19,703	(6,953)	(35.3%)
Total	**28,745**	**32,827**	**(4,082)**	**(12.4%)**

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

FUNDING STRUCTURE



(1) Since Dec-17 group data post merger between Bankia and BMN

7. SOLVENCY

As of 30 September 2018 the Bankia Group has a CET1 Fully Loaded ratio of 12.41% (not including unrealised sovereign gains in the fair value portfolio), which represents an increase of +8 bp in CET1 Fully Loaded over the year. The full effect of the implementation of IFRS 9 (the Bankia Group has not elected to apply the transitional provisions) has been absorbed by the organic generation of capital.

As regards Total Capital, noteworthy was the September 2018 issue of perpetual contingent bonds convertible into ordinary Bankia shares of 500 million euros, that are eligible as AT1 Capital, with an estimated impact on Tier1 Capital and Total Capital of +60 bps. With this issue, the Bankia Group has met the 1.5% AT1 minimum capital requirement under Pillar 1, while increasing its base of instruments with loss-absorbing capacity ahead of the future regulatory requirement of the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) envisaged in the BRRD directive. Consequently, the Total Capital Fully Loaded ratio (excluding sovereign gains) is 16.21% at 30 September 2018, up +110 bps over the year. This was made possible by the increase in CET1, and the effect of the aforementioned issue and positive effect of the increase in eligible Tier 2 provisions under IFRS 9.

If the unrealised sovereign gains in the fair value portfolio are included, the CET1 Fully Loaded ratio would have been 12.46% at 30 September 2018 and the Total Capital ratio, 16.27%.

On a Phase-in basis (excluding unrealised sovereign gains), the CET1 ratio is 13.78%, down -10 bps over the year due to the impact of a change in the applicable calendar and the effect of full implementation of IFRS 9 partially absorbed by organic generation of capital. The Phase-in Total Capital ratio (excluding unrealised sovereign gains) stands at 17.58%, following a +101 basis-point increase in Total Capital off the back of the change in CET1 during the year, the positive effect of eligible Tier 2 provisions under IFRS 9, and the impact of the September bond issue eligible as Tier 1 capital.

If the unrealised sovereign gains in the fair value portfolio are included, the CET1 Phase-in ratio would have been 13.83% and the Total Capital ratio, 17.64%. Compared with the SREP minimum capital requirements for 2018 notified by the supervisor (CET1 8.563% and Total Capital 12.063%), these figures indicate a CET1 surplus of +527 bps and a Total Capital surplus of +558 bps.

The fully Loaded leverage ratio at 30 September 2018 is 5.63% (5.65% if the unrealised sovereign gains are included), amply exceeding the regulatory capital requirements.

SOLVENCY RATIOS AND LEVERAGE

	Sep-18 (1)	
(€ million and %)	Phase In	Fully Loaded
Common equity Tier I - CET1 (%) (2)	13.78%	12.41%
Total solvency ratio (%) (2)	17.58%	16.21%
Regulatory capital ratios (incl. FV unrealised gains):		
Common equity Tier I - CET1	13.83%	12.46%
Total capital ratio (%)	17.64%	16.27%
CET1 2018 SREP requirement (incl. additional buffers)	8.56%	9.25%
Total solvency 2018 SREP requirement (incl. additional buffers)	12.06%	12.75%
Surplus over CET1 2018 SREP requirement	**5.27%**	**3.21%**
Surplus over Total solvency 2018 SREP requirement	**5.58%**	**3.52%**

(1) Solvency ratios include the result that is expected to be allocated to reserves
(2) Does not include unrealised gains on the Fair Value sovereign portfolio.

SOLVENCY RATIOS AND LEVERAGE

RATIOS PHASE IN

(€ million and %)	Sep -18 (1) (2)	Dec -17 (1) (2) (3)
Eligible capital	14,638	14,488
Common equity Tier I (CET 1)	11,482	12,173
Capital	3,704	3,704
Reserves (as per reserve perimeter)	8,739	9,094
Result attributable net of dividend acrual	434	164
Deductions	(1,355)	(963)
Others (treasury stocks, Non-controlling interests and unrealised ga	(38)	175
Tier I Capital	12,732	12,856
Instruments	1,250	750
Others	0	(68)
Tier II Capital	1,906	1,632
Instruments	1,672	1,672
Others	234	(40)
Risk-weighted assets	83,033	86,042
Common equity Tier I (CET 1) (%)	**13.83%**	**14.15%**
Tier I Capital	15.34%	14.94%
Tier II Capital	2.30%	1.90%
Solvency ratio - Total capital ratio (%)	**17.64%**	**16.84%**
Leverage ratio	**6.17%**	**6.02%**
Total exposition leverage ratio	**206,419**	**213,505**

(1) Includes unrealised gains in the fair value (FV) sovereign debt portfolio which since October 2016 are included in regulatory capital due to Reglamento (UE) 2016/445 BCE. Without including unrealised gains in the FV sovereign debt portfolio (regulatory capital), as of 30th September 2018, the CET-1 Phase-in ratio stands at 13.78% and the Total Capital Phase-in ratio at 17.58%. And as of 31 December 2017 the CET 1 ratio would have been 13.88 %, and Total Capital ratio 16.57%.

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

(3) Data includes the effects of the merger with BMN (capital increase, BMN integration, costs)

RATIOS FULLY LOADED

(€ million and %)	Sep -18 (1) (2)	Dec -17 (1) (2) (3)
Eligible capital	13,500	13,289
Common equity Tier I (CET 1)	10,344	10,896
Capital	3,704	3,704
Reserves (as per reserve perimeter)	8,739	9,094
Result attributable net of dividend acrual	434	164
Deductions	(2,494)	(2,301)
Others (treasury stocks, Non-controlling interests and unrealised ga	(38)	235
Tier I Capital	11,594	11,646
Instruments	1,250	750
Tier II Capital	1,906	1,642
Instruments	1,672	1,672
Others	234	(30)
Risk-weighted assets	83,033	86,042
Common equity Tier I (CET 1) (%)	**12.46%**	**12.66%**
Tier I Capital	13.97%	13.54%
Tier II Capital	2.30%	1.91%
Solvency ratio - Total capital ratio (%)	**16.27%**	**15.44%**
Leverage ratio	**5.65%**	**5.49%**
Total exposition leverage ratio	**205,280**	**212,236**

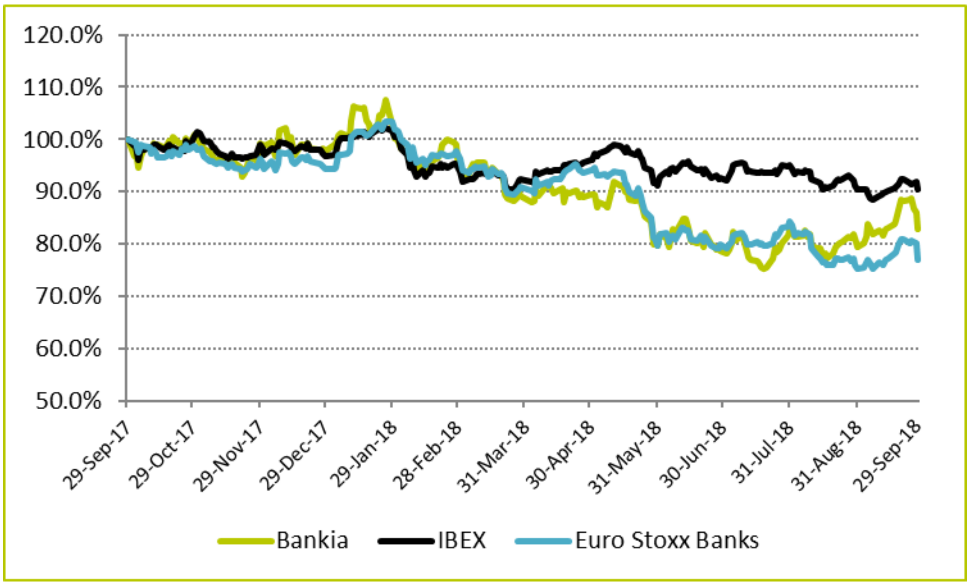
(1) Includes unrealised gains in the fair value (FV) sovereign debt portfolio which since October 2016 are included in regulatory capital due to Reglamento (UE) 2016/445 BCE. Without including unrealised gains in the FV sovereign debt portfolio (regulatory capital), as of 30th September 2018, the CET-1 Fully Loaded ratio stands at 12.41% and the Total Capital Fully Loaded ratio at 16.21%. And as of 31 December 2017 the CET 1 ratio would have been 12.33%, and Total Capital ratio 15.11%.

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

(3) Data includes the effects of the merger with BMN (capital increase, BMN integration, costs)

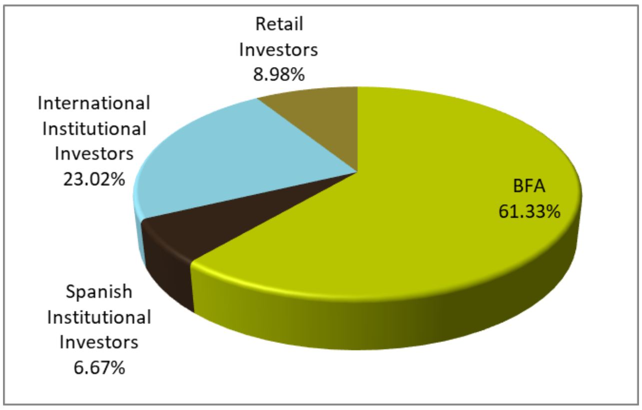
8. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Sep-2018
Number of shareholders	186,034
Daily average volume (num. shares)	7,952,501
Daily average turnover (euros)	29,032,199
Maximum closing price (€/share)	4,389 (26-Jan)
Minimum closing price (€/share)	3,067 (19-Jul)
Closing price (€/share)	3,377 (28-Sep)



9. RATING

As regards Bankia's ratings, after the end of the third quarter of 2018 and following its annual review of Bankia's credit profile, on 4 July, the agency **DBRS affirmed the BBB (high) rating for long-term debt and deposits, and the R-1 (low) rating for short-term debt, maintaining the outlook Stable.**

Meanwhile, following its annual review of Bankia's mortgage covered bonds, on 12 July, the agency **Scope Ratings affirmed the AAA/Stable rating for Bankia's bonds.** On 21 September, **DBRS affirmed the AAA rating for the bonds.**

CREDIT AGENCY RATINGS

Issuer Ratings	S&P Global Ratings	Fitch Ratings	DBRS	Scope
Long-term	BBB	BBB-	BBB (high)	BBB+
Short-term	A-2	F3	R-1 (low)	S-2
Outlook	Stable	Positive	Stable	Stable
Date	06-Apr-18	06-Feb-18	04-Jul-18	30-Nov-17
Mortgage Covered Bonds Ratings	**S&P Global Ratings**	**Fitch Ratings**	**DBRS**	**Scope**
Rating	AA-	A	AAA	AAA
Outlook	Positive	Positive	---	Stable
Date	27-Mar-18	23-Mar-18	21-Sep-18	12-Jul-18

10. SIGNIFICANT EVENTS DURING THE THIRD QUARTER

Reorganisation of the bancassurance business

On 22 February 2018, agreements were signed for the acquisition by Bankia, S.A. of 50% of the insurance undertakings of Caja Granada Vida Compañía de Seguros y Reaseguros, S.A., belonging to Ahorro Andaluz, S.A., and Caja Murcia Vida y Pensiones de Seguros y Reaseguros, S.A., belonging to Aviva Europe, S.E.

The acquisition was completed on 10 July 2018, once the competition authority had given its approval and the Directorate General for Insurance and Pension Funds had raised no objection.

After this acquisition, which is part of the bancassurance business reorganisation process that was started after the merger with BMN, Bankia, S.A. holds all the shares of the two companies, putting an end to the bancassurance alliances with Aviva Europe, S.E.

In the reorganisation process of the bancassurance business, Bankia has set the basis to reach an agreement for the nationwide distribution of Life Insurance products with Mapfre, with the exception of the Balearic Islands, where the distribution agreement with Caser will be maintained. This same agreement covers the distribution of General Insurance products nationwide,

Issue of perpetual contingent bonds convertible into Bankia shares (AT1)

On 10 September 2018, Bankia, S.A. placed an issue of perpetual contingent bonds convertible into newly issued ordinary Bankia shares, excluding pre-emptive subscription rights of its shareholders, for 500 million euros.

The issue targeted only qualified investors and the bonds were issued at par and their coupon (the payment of which is subject to certain conditions and is at the Bank's discretion) was set at 6.375% on an annual basis for the first five years. After that period, the coupon will be reviewed by applying a margin of 622.4 bps on the 5-year Euro Mid-Swap Rate. The coupon will be payable quarterly in arrears.

The securities are perpetual, but they may be called under certain circumstances at Bankia's discretion. In any event, they would be converted into newly issued ordinary Bankia shares if Bankia, S.A. or the Bankia Group posted a Common Equity Tier 1 (CET1) ratio – calculated in accordance with Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms – were to fall below 5.125%.

The conversion price of the securities will be the higher of: (i) the average of the daily volume weighted average price of a Bankia share on each of the five consecutive dealing days ending on the dealing day immediately preceding the day on which it is announced that the conversion event has taken place; (ii) 2.20 euros (Floor Price); and (iii) the nominal value of a Bankia share (being 1 euro today).

Bankia has submitted a request to include the issue as Additional Tier 1 capital of Bankia and/or its Group, which would reinforce the Bank's solvency and increase the buffer of liabilities with capacity to absorb losses ahead of the future MREL regulatory requirement.

The issue, which is the second Bankia has completed (the first being placed in July 2017), was five times oversubscribed by investors, with demand reaching 2,520 million euros.

11. SIGNIFICANT EVENTS AFTER THE THIRD QUARTER

Considering the existing uncertainties with regards to whether or not the Supreme Court will affirm the change in jurisprudence derived from the judgement of the 3rd Chamber of the Supreme Court on October 16, the financial information as of 30 September 2018 presented in this report does not include any estimation of the potential impact related to this subject.

12. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Sep-18 (1)	Dec-17 (1)	Change Amount	Change %
ALCO Portfolio	26,204	29,440	(3,236)	(11.0%)
NON ALCO Portfolio	976	1,317	(341)	(25.9%)
SAREB Bonds	19,962	20,698	(736)	(3.6%)
Total Fixed Income Portfolio	**47,142**	**51,455**	**(4,313)**	**(8.4%)**

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

INFORMATION ABOUT ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

ALTERNATIVE PERFORMANCE MEASURES

PERFORMANCE MEASURE	DEFINITION	MANNER OF CALCULATION AND ACCOUNTING DATA USED
Total customer funds on- and off-balance-sheet	Sum of customer deposits, senior and subordinated wholesale issues and resources managed and marketed off-balance-sheet	Balance sheet items: - Customer deposits - Debt securities issued Third-party resources managed and marketed by the Group: - Mutual funds - Pension funds
NPL ratio (%)	Ratio of non-performing loans to total loans and advances to customers and contingent liabilities	Gross book amount (before provisions) of non-performing loans and advances to customers and contingent liabilities (NPLs) as a percentage of total gross loans and advances to customers (before provisions) and contingent liabilities.
NPL coverage ratio (%)	Measures the degree to which the impairment of non-performing assets is covered, for accounting purposes, by loan loss provisions.	Book amount of allowances for impairment of loans and advances to customers and contingent liabilities as a percentage of the gross book amount of non-performing loans and advances to customers and contingent liabilities (NPLs).
LTD ratio (%)	Ratio of financing granted to customers to 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. - The book amount of loans and advances to customers excludes reverse repurchase agreements. - Customer deposits exclude repurchase agreements.
Net trading income	Sum of the gains or losses obtained from management of portfolios of financial assets and liabilities and accounting hedges.	Sum of the gains or losses from the following income statement items: - Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net. - Gains or losses on financial assets and financial liabilities held for trading, net. - Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net. - Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net. - Gains or losses from hedge accounting, net.

PERFORMANCE MEASURE	DEFINITION	MANNER OF CALCULATION AND ACCOUNTING DATA USED
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 the average month-end balance of recognised assets Average cost of liabilities and equity - Interest expense in the period divided by the average month-end balance of total equity and liabilities in the period. Interest income and interest expense are annualised at the March, June and September accounting closes.
ROA (%)	Measures the return on the Group's assets	After-tax profit or loss for the year divided by the average month-end balance of recognised assets in the period. The after-tax profit or loss is annualised at the March, June and September accounting closes.
RORWA (%)	Measures the return on average risk-weighted assets	After-tax profit/(loss) for the year divided by regulatory risk-weighted assets at the end of the period The after-tax profit or loss is annualised at the March, June and September accounting closes.
ROE (%)	Measures the return on equity	Profit or loss attributable to the Group divided by average month-end equity for the 12 months preceding the period-end, adjusted for expected dividends. The profit or loss attributable to the Group is annualised at the March, June and September accounting closes.
ROTE (%)	Measures the return on equity excluding intangible assets	Profit or loss attributable to the Group divided by average month-end equity less intangible assets for the 12 months preceding the period-end, adjusted for expected dividends. The profit or loss attributable to 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 expense divided by gross income for the period.
Cost of risk (%)	Measures the ratio of loan loss provisions to the total amount of loans and advances to customers and contingent liabilities	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 The impairment losses on financial assets are measured net of extraordinary, non-recurrent provisions, the external costs of recoveries and the movement in impairment losses on fixed-income instruments. The total amount of the impairment losses on financial assets and provisions for contingent liabilities is 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
Earnings per share	Measures the amount of profit attributable to each of the bank's shares	Profit or loss attributable to the Group divided by the number of shares outstanding at period-end. The profit or loss attributable to the Group is annualised at the March, June and September accounting closes.
Tangible book value per share	Measures the company's book value per share issued, after deducting intangible assets	The Group's equity, after deducting intangible assets, divided by the number of shares outstanding at period-end.
P/E ratio	Measures the price per share as a multiple of the earnings per share	The share price at period-end divided by the earnings per share for the period.
Price to tangible book value	Compares the bank's share price to its tangible book value.	Price per share at period-end divided by tangible book value per share for the period.

ACCOUNTING DATA USED TO CALCULATE THE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Sep-18	Dec-17
Sum of customer funds managed on and off balance sheet	**171,167**	**177,481**
- Customer deposits	125,222	130,396
- Debt securities issued	17,863	19,785
- Mutual funds	19,925	19,200
- Pension funds	8,157	8,100
NPL ratio (%)	**7.8%**	**8.9%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs)	10,362	12,117
- Total loans and advances to customers and contingent liabilities	132,962	136,353
NPL coverage ratio (%)	**54.8%**	**50.8%**
- Allowances for impairment of loans and advances to customers and contingent liabilities	5,677	6,151
- Non-performing loans and advances to customers and contingent liabilities (NPEs).	10,362	12,117
LTD ratio (%)	**93.6%**	**93.9%**
- Loans and advances to customers	120,514	123,025
- Reverse repurchase agreements	13	256
- Customer deposits	125,222	130,396
- Repurchase agreements	37	2,663
- Funds for intermediated loans received from the EIB and ICO	3,563	3,007
Market capitalisation (1)	**10,418**	**12,300**
- Number of shares outstanding at period-end (millions)	3,085	3,085
- Share price at period-end (euros)	3.377	3.987
Earnings per share (euros) (1)	**0.322**	**0.265**
- Profit or loss for the period attributable to the Group	744	816
- Profit or loss for the period attributable to the Group (annualised)	994	816
- Number of shares outstanding at period-end (millions)	3,085	3,085
Tangible book value per share (euros) (1)	**4.20**	**4.34**
- Total equity	13,248	13,613
- Intangible assets	287	237
- Total equity less intangible assets	12,961	13,376
- Number of shares outstanding at period-end (millions)	3,085	3,085
P/E ratio (1)	**10.48**	**15.07**
- Share price at period-end (euros)	3.377	3.987
- Earnings per share for the period (euros)	0.322	0.265
Price to tangible book value ratio (1)	**0.80**	**0.92**
- Share price at period-end (euros)	3.377	3.987
- Tangible book value per share (euros)	4.20	4.34

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

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Sep-18	Sep-17 (1)
Net trading income	**381**	**314**
- Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net.	352	263
- Gains or losses on financial assets and financial liabilities held for trading, net.	48	72
- Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net.	-	-
- Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net.	-	-
- Gains or losses from hedge accounting, net.	(19)	(21)

(1) The September 2017 data are for the Bankia Group before the merger with BMN, as the merger was effective for accounting purposes from 1/12/2017.

ACCOUNTING DATA USED TO CALCULATE THE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Sep-18	Sep-17 (1)
Pre-provision profit	**1,304**	**1,247**
- Gross income	2,706	2,398
- Administrative expenses	(1,272)	(1,024)
- Depreciation and amortisation	(131)	(127)
ROA (%)	**0.5%**	**0.5%**
- Profit after tax for the period	744	740
- Profit after tax for the period (annualised)	995	990
- Average month-end balance of assets recorded on the balance sheet for the period	2017.193	182,413
RORWA (%)	**1.2%**	**1.3%**
- Profit after tax for the period	744	740
- Profit after tax for the period (annualised)	995	990
- Regulatory risk-weighted assets at the end of the period	83,033	73,351
ROE (%)	**7.9%**	**8.1%**
- Profit or loss for the period attributable to the Group	744	739
- Profit or loss for the period attributable to the Group (annualised)	994	988
- Average month-end balance of equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12,588	12,179
ROTE (%)	**8.1%**	**8.3%**
- Profit or loss for the period attributable to the Group	744	739
- Annualised profit/(loss) attributable to equity holders of the Group	994	988
- Average month-end balance of tangible equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12,329	11,950
Efficiency (%)	**51.8%**	**48.0%**
- Administrative expenses	1,272	1,024
- Depreciation and amortisation	131	127
- Gross income	2,706	2,398
Cost of risk (%) a/(b+c)	**0.18%**	**0.24%**
- Impairment losses on financial assets	(281)	(241)
- External costs of recoveries	60	35
- Impairment losses on fixed-income financial instruments	1	(5)
- Provisions/ releases of provisions for contingent liabilities	37	2
- **Total impairment losses for calculating the cost of risk**	**(182)**	**(209)**
- **Total impairment losses for calculating the cost of risk (annualised)**	**(244)**	**(279)**
- Average gross loans and advances to customers for the period (b)	124,938	108,691
- Average value of contingent risks in the period (c)	8,536	7,312

(1) The September 2017 data are for the Bankia Group before the merger with BMN, as the merger was effective for accounting purposes from 1/12/2017.

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	3Q 2018	2Q 2018	1Q 2018	4Q 2017 (1)
Customer margin (%)	**1.51%**	**1.56%**	**1.57%**	**1.59%**
Average interest rate on loans and advances to customers (%):	1.62%	1.69%	1.71%	1.70%
- Interest income from loans and advances to customers for the period	490	506	512	457
- Interest income from loans and advances to customers for the period (annualised)	1,946	2,029	2,076	1,813
- Average month-end balance of loans and advances to customers.	120,124	120,426	121,071	106,561
Average interest rate paid on customer deposits (%):	0.11%	0.13%	0.14%	0.11%
- Interest expense of customer deposits for the period	36	40	43	29
- Interest expense of customer deposits for the period (annualised)	141	160	173	115
- Average month-end balance of customer deposits	124,834	126,642	126,613	106,648

(1) The 4Q 2017 data include the finance income, finance costs, interest-bearing assets and interest-bearing liabilities of BMN for the month of December, as the merger was effective for accounting purposes from 1/12/2017.

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	4Q 2017 (1)	3Q 2017 (2)	2Q 2017 (2)	1Q 2017 (2)
Customer margin (%)	**1.59%**	**1.53%**	**1.59%**	**1.60%**
Average interest rate on loans and advances to customers (%):	1.70%	1.61%	1.68%	1.71%
- Interest income from loans and advances to customers for the period	457	417	434	438
- Interest income from loans and advances to customers for the period (annualised)	1,813	1,674	1,739	1,775
- Average month-end balances of loans and advances to customers	106,561	102,721	103,362	103,549
Average interest rate on customer deposits (%):	0.11%	0.08%	0.09%	0.12%
- Interest expense of customer deposits for the period	29	21	24	30
- Interest expense of customer deposits for the period (annualised)	115	83	95	122
- Average month-end balance of customer deposits	106,648	102,327	101,869	104,168

(1) The 4Q 2017 data include the finance income, finance costs, interest-bearing assets and interest-bearing liabilities of BMN solely for the month of December, as the merger was effective for accounting purposes from 1/12/2017.
(2) The 3Q 2017, 2Q 2017 and 1Q 2017 data are for the Bankia Group before the merger with BMN, as the merger was effective for accounting purposes from 1/12/2017.

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

Solvency and leverage (%)	Bankia 30-Sep-2018
Common equity Tier I (CET1) (Group) BIS III Phase In (incl. FV unrealised gains) (1)	13.83%
Common equity Tier I (CET1) (Group) BIS III Fully Loaded (incl. FV unrealised gains) (1)	12.46%
Common equity Tier I (CET1) (Individual) BIS III Phase In (incl. FV unrealised gains) (1)	12.83%
Common equity Tier I (CET1) (Individual) BIS III Fully Loaded (incl. FV unrealised gains) (1)	11.51%
Total capital ratio (Group) BIS III Phase In (incl. FV unrealised gains) (1)	17.64%
Total capital ratio (Group) BIS III Fully Loaded (incl. FV unrealised gains) (1)	16.27%
Solvency ***(€mn)***	
Available distributable items (Individual) (2)	8,592

(1) Unrealised gains and losses of the Fair Value portfolio
(2) Excluding the regulatory expected dividend and the accrual AT1 cupon payment

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