Annual Earnings Report

2015

1 February 2016

Bankia

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CONTENTS

Basis of presentation and comparability of information

The audit reports incorporated in the consolidated financial statements for the year ended 31 December 2014 and in the consolidated interim financial statements for the first half of 2015 include the following Emphasis of Matter paragraph in relation to the legal proceedings associated with the Bankia IPO in July 2011: "We draw attention to the information provided in Notes 2.19.1 and 22 (1.9.1 and 14) to the accompanying consolidated financial statements, which describe the uncertainties related to the final outcome of litigation regarding the Initial Public Offering of shares carried out in 2011 for the stock market listing of Bankia, S.A. and to the provisions recorded by the Group to cover the estimated costs of this litigation. This matter does not modify our opinion." At 31 December 2015 the abovementioned uncertainties remain and so the financial data contained in this document must be interpreted in the context just mentioned and together with the information contained in the abovementioned notes to the consolidated financial statements for the year ended 31 December 2014 and in the consolidated interim financial statements for the first half of 2015.

BANKIA MEETS THE TARGETS OF THE STRATEGIC PLAN AND ROE REACHES 10.6%

Attributable profit increases 39.2% compared to 2014, allowing the Bankia Group to reach a ROE of 10.6% at the end of 2015

- In 2015 the Bankia Group achieves an attributable profit of 1,040 million euros, up 39.2% on 2014.
- In a year marked by falling interest rates, Bankia maintains the focus on efficiency and increasing lending to segments with higher returns, reaching net operating income of 2,148 million euros in 2015.
- The good performance of operating expenses (-4.8% in the year), places the cost to income ratio at 43.6% at the end of 2015, one of the best among the large Spanish financial institutions.
- The steady reduction of the cost of risk continues, standing at 43 bps at year-end, an improvement of 17 bps year-on-year. Sound risk management leads to a 38.7% decline in non-performing loan provisions year-on-year, while provisions for foreclosed assets are down 21.5% compared to 2014.
- The Bankia Group allocates 424 million euros to the provision booked to cover contingencies arising from claims related to the 2011 IPO. Of this amount, 184 million euros have been charged against the income statement.
- Excluding the extraordinary impact of the provision for potential litigations related to the IPO, the Group concludes 2015 with a ROE of 10.6%, outperforming the 10% set as a priority target of the Strategic Plan 2012-2015.

Non-performing loans (NPLs) decrease, the NPL ratio reduces and liquidity and solvency continue to improve

- In 2015 the stock of NPLs falls by 3,551 million euros, of which 1,899 million are attributable to the sale of loan portfolios.
- The NPL ratio drops 2.1 p.p. year-on-year to 10.8% in December 2015. The NPL coverage ratio improves year-on-year by 2.4 p.p., reaching 60% at the end of 2015.
- The commercial gap reduces by 38.1% in 2015, situating the loan to deposit (LtD) ratio at 101.9% (-3.6 p.p. vs. December 2014).
- The Bankia Group's capital generation capabilities allows it to reach a CET1 BIS III Phase In ratio of 13.89% (+161 bps since 2014) and a CET1 BIS III Fully Loaded ratio of 12.26% (+166 bps since December 2014).
- The sale of non-strategic assets culminates in the sale of City National Bank of Florida in October.

The Group strengthens its competitive position: increases new lending to key segments and new retail customer funds continue to grow

- 2015 sees a rise in new lending to businesses (+18.3%) and consumer finance (+41.4%) achieving a 3.5% annual increase in the loan balance of these key segments for Bankia.
- Retail customer funds increase by 3,795 million euros in 2015. The growth is concentrated in securities mutual funds (+21.1%), demand accounts (+24.3%) and savings accounts (+9.6%).
- Bankia Group's market share in mutual funds grows +46 bps compared to 2014, reaching 5.44% at year-end 2015.

1. RELEVANT DATA

	Dec-15	Dec-14	Change
Balance sheet (€ million)			
Total assets	206,970	233,649	(11.4%)
Loans and advances to customers (net)	110,570	112,691	(1.9%)
Loans and advances to customers (gross)	117,977	121,769	(3.1%)
Loans and advances to the resident private sector (gross)	93,730	96,550	(2.9%)
Secured loans and advances (gross)	69,960	74,075	(5.6%)
On-balance-sheet customer funds	132,629	131,200	1.1%
Customer deposits and clearing houses	108,702	106,807	1.8%
Borrowings, marketable securities	22,881	23,350	(2.0%)
Subordinated liabilities	1,046	1,043	0.2%
Total managed customer funds	155,402	152,242	2.1%
Equity	11,934	11,331	5.3%
Common Equity Tier I - BIS III Phase In	11,289	10,874	3.8%
Capital adequacy (%)			
Common Equity Tier I - BIS III Phase In	13.89%	12.28%	+1.6 p.p.
Total capital ratio - BIS III Phase In	15.06%	13.82%	+1.2 p.p.
Ratio CET1 BIS III Fully Loaded	12.26%	10.60%	+1.7 p.p.
Risk management (€ million and %)			
Total risk(1)	120,924	128,584	(6.0%)
Non performing loans	12,995	16,547	(21.5%)
NPL provisions	7,794	9,527	(18.2%)
NPL ratio (1)	10.8%	12.9%	-2.0 p.p.
NPL coverage ratio	60.0%	57.6%	+2.4 p.p.

	Dec-15	Dec-14	Change
Results (€ million)			
Net interest income	2,740	2,927	(6.4%)
Gross income	3,806	4,009	(5.1%)
Operating income before provisions	2,148	2,267	(5.2%)
Profit/(loss) attributable to the Group	1,040	747	39.2%
Key ratios (%)			
Cost to Income ratio	43.6%	43.5%	+0.1 p.p.
R.O.A. (Profit after tax / Average total assets) (2)	0.5%	0.3%	+0.2 p.p.
R.O.E. (Profit attributable to the group / Equity) (3)	9.0%	6.6%	+2.4 p.p.
R.O.E. (Profit attributable to the group / Equity) ex IPO provision(3)	10.6%	8.6%	+2.0 p.p.

	Dec-15	Dec-14	Change
Bankia share			
Number of shareholders	435,755	457,377	(4.7%)
Number of shares in issue (million)	11,517	11,517	-
Closing price (end of period)	1.074	1.238	(13.2%)
Market capitalisation (€ million)	12,370	14,258	(13.2%)
Earnings per share (4)	0.09	0.06	39.2%
Tangible book value per share (5)	1.08	1.07	1.3%
Additional information			
Number of branches	1,932	1,978	(2.3%)
Number of employees (6)	13,569	14,382	(5.7%)

(1) NPL ratio excludes transactions with BFA (€899 million Repo, €1,104 million collection right, as agreed, 60% of the total estimated IPO contingency, and €1 million of collateral provided)
(2) Attributable profit divided by the average total assets
(3) Attributable profit divided by the average equity.
(4) Attributable profit divided by the number of shares in issue
(5) Total Equity less intangible assets divided by the number of shares in issue
(6) Number of employees involved in financial activities in Spain and abroad

2. ECONOMIC AND FINANCIAL ENVIRONMENT

The economic context in 2015 was dominated by the intense decline in commodity prices, fears of a hard landing in China, outflows of capital from emerging economies and the change of cycle in U.S. monetary policy: in December, interest rates rose for the first time in almost 10 years. In this context, the performance of the main economies and regions was unevenly distributed. On the one hand, most net commodity-exporting economies suffered inflationary pressures, resulting from a substantial depreciation of their currencies, a tightening of financial conditions and a notable weakening of economic activity. On the other hand, the rest of the economies, in general, registered very low inflation rates and gained some dynamism in activity, as is the case of the main developed economies, or maintained fairly robust growth. On balance, the world economy once again experienced a somewhat disappointing performance in 2015. Global growth was just 2.6%, slipping from the 2.7% reached in 2014.

The highlight regarding the main central banks was the confirmation of the diverging trends of their monetary policies. The European Central Bank (ECB) expanded the asset purchase programme it started in the last quarter of 2014 to include debt from sovereigns, agencies and local and regional governments, extending its target volume to 60,000 million euros per month until March 2017. It also increased the cost to banks of holding their surplus liquidity at the ECB by dropping the deposit facility rate from -0.20% to -0.30%, pushing rates along the whole Euribor curve into negative territory, with the exception of the 12-month rate, which moved close to zero. Meanwhile, the Fed initiated the cycle of interest rate hikes by increasing its target range to 0.25%-0.50%. In any case, thanks to the central banks' cautious attitude and the sharp fall in the oil price, which has reduced inflation, the year-end level of government debt was better than expected at the start of the year.

After reaching a high of 160 bps in the summer, due to the Greek crisis (there were even fears Greece might leave the euro), Spain's risk premium ended the year at around 115 bps.

In 2015 the Spanish economy continued the recovery that began in mid-2013, registering the fastest GDP growth in eight years (+3.2% *vs* +1.4% the previous year). The drivers of this growth included both internal expansionary stimuli (personal income tax cuts, improving competitiveness and credit conditions, strong job creation) and external stimuli (ECB's QE programme, cheaper oil, depreciation of the euro, reactivation of the European economies). The impact of some of these drivers waned over the course of the year, so that the quarterly growth trend in GDP went from more to less. The engine of the economy was domestic demand, fuelled by growth in investment and, above all, household spending. The upswing in saving made this compatible with an increase in financing capacity.

The growth of the national economy has continued to drive the recovery of the banking sector. The increased financing needs of Spanish businesses and households have been met by a sustained increase in new lending by banks, allowing the total volume of private sector lending to continue its recovery. A contributing factor has been the improvement in asset quality, as reflected in the fall in the NPL ratio, bringing the cost of risk back towards normal levels. Even so, the pressure on profits has become more severe. On the one hand, the very low interest rate environment has pushed the interest rate spread down to record low levels, eroding the basic margins of the banking business. On the other hand, 2015 was marked by various regulatory and supervisory milestones that have significantly affected banks' strategy and performance.

3. SUMMARY OF RESULTS

3.1 Attributable profit grows 39.2% year-on-year, supported by stable income and the decline of expenses and provisions

- The Bankia Group has concluded 2015 with **attributable profit** of 1,040 million euros, representing growth of **39.2% compared to 2014**. This positive result is based on the Group's cost cutting capabilities and the progress achieved in risk management, which has led to a significant decrease in non-performing loan provisions and write-downs of real estate assets. These factors have reinforced Bankia's ability to generate profits, despite having to record an extraordinary provision of 424 million euros to increase the provision for legal contingencies related to the Bankia IPO in 2011. Of this amount, 184 million euros have been charged against the income statement in 2015.

- The Group's **net interest income** has totalled 2,740 million euros, registering a decrease of 6.4% as a result of the sale of City National Bank of Florida (CNBF), which has reduced fourth-quarter net interest income by 33 million euros, the fall in the Euribor to record low levels, which has affected the mortgage portfolio (0.059% in December 2015), and the reduced return on the SAREB bonds after their repricing in December 2014. In this respect, it should be noted, that the Bankia Group no longer includes floor clauses in its residential mortgages.

  However, if the impact of the downward repricing suffered by the SAREB bonds is excluded, the Group's net interest income would have shown a year-on-year growth of 1.7%, which is particularly noteworthy considering the current competitive environment and the extremely low interest rate levels in the market, that constrain prices on new lending.

  The on-going reduction in the costs of liabilities and new lending to higher-yielding segments, like businesses and consumer finance, underlie the resilience of net interest income to the current interest rate climate, allowing the net interest spread on customer loans to improve quarter on quarter in the year. Thus, in 4Q 2015 the customer margin has been 1.61%, up 20 bps on the same quarter of the previous year and 1.47% higher than in 3Q 2015.

- **Net fee income from commissions has reached a similar level** to that of the previous year, totalling 938 million euros (-1% year-on-year). Particularly notable has been the strong performance of fees and commissions generated from sales of insurance (+30.2%) and mutual funds (+17%), driven by the sustained growth of assets under management and the satisfactory results of new products that have been marketed. Similarly notable was the volume of fee and commission income from the sale of loan portfolios during 2015.

- **Net trading income (NTI)** has contributed 281 million euros to the consolidated income statement, mainly from the rotation of government debt securities held in the fixed-income portfolios, which have led to gains during the year.

- In 2015, the income statement includes a 30 million euro gain from **exchange differences**, well above the 8 million euros recorded in 2014, the result of the shift in the euro/dollar exchange rate during 2015.

- The accumulated balance of **other operating income and expenses** has been -220 million euros, up 92 million euros on the previous year due to the reduced contribution of income from non-financial activities and the management of the Group's real estate assets. This item includes the annual contribution to the Deposit Guarantee Fund (103 million euros) and, for the first time in 2015, the contribution to the National Resolution Fund (75 million euros) created by the Government in compliance with European regulations.

- As a result, **gross income** has reached 3,806 million euros, down 5.1% on 2014, driven basically by the core banking business (net interest income and fee and commission income), which at year-end 2015 has accounted for almost 97% of the Group's gross income. Excluding the effect of the repricing of the

SAREB bonds, gross income would have increased by 0.8%.

- **Operating expenses have continued on a downward trend** in every quarter of the year, most sharply in 4Q 2015, when they fell 3.3% compared to the previous quarter, mainly due to the deconsolidation of CNBF. Taking the year as a whole, operating expenses have reduced by 4.8% compared to 2014. With gross income holding stable, this has allowed the Bankia Group to reach a cost to income ratio of 43.6% for 2015, making it one of the most efficient of the large Spanish banks. General expenses performed best, having fallen 9.7%, while staff costs and depreciation and amortisation have fallen 1.7% and 6.1%, respectively.

- The changes in the above items brought pre-provision **net operating income** to 2,148 million euros, down 5.2% on 2014. However, if the effect of the repricing of the SAREB bonds is excluded, net income would have been up 5.6%.

- Together with cost containment, another highlight of 2015 has been the positive impact, on the income statement, from the **improvement in the Group's risk management, which has significantly reduced the volume of non-performing loan provisions.**

  Thus, in 2015, impairment losses on financial assets have totalled 583 million euros, 38.7% less than in 2014, bringing the cost of risk to 43 bps for the 12-month period, a 17 bps improvement on 2014.

- In 2015 the Bankia Group has allocated 424 million euros to the provision recorded to cover contingencies for claims related to the 2011 IPO. Of this amount, 184 million euros have been charged against income, while the rest has been charged against reserves on the balance sheet.

- Lastly, **other gains and other losses** have recorded a gain of 11 million euros, contrasting with the previous year's loss of 190 million, due to the fact that in 2015 the Group reduced the volume of impairment losses on foreclosed assets (-21.5% vs. 2014) and posted higher extraordinary profits on the sale of equity investments, mainly the sale of City National Bank of Florida, which was completed last October.

3.2 New lending to key segments increases and new retail customer funds grow

- 2015 saw a marked increase in new lending to businesses (+18.3%) and consumer finance (+41.4%). As a result of this growth in new lending, the total volume of the loan book in these more profitable segments increased by 3.5% compared to 2014 and at the same time the proportion of mortgage and real estate developer-related lending on the balance sheet has decreased.

  Despite the new lending, **gross loans and advances to customers** have fallen 3.1% to 117,977 million euros, as the increase in new lending failed to offset portfolio sales and the natural maturity of the back book, mainly in the retail mortgage segment. Excluding the effect of the portfolio sales, the organic decline in gross loans has been 1.4%.

  This reduction in gross loans and advances is due to doubtful loans (-21.9%) and loans with collateral (-5.6%), mainly residental mortgage loans. In contrast, personal guarantee loans have grown by +5.3% and commercial loans by +6.5%. These include new lending to businesses, consumer finance and the self-employed.

- **Retail funds** (strict deposits and off-balance sheet managed funds) have reached a total of 119,762 million euros, increasing 3.3% over the year as a whole. The most notable increases have been in assets managed in mutual funds (+21.1%), current accounts (+24.3%) and savings accounts (+9.6%), which are attracting customer balances from term deposits. This trend has been reflected in a **significant improvement in Bankia's market shares** since the Strategic Plan began. In the securities mutual fund market, the Bank's market share has been 5.44% in December 2015, up 46 bps on the previous year.

3.3 On-going improvements in risk management, liquidity and solvency

- The improvement in NPLs already seen in the previous year has continued in 2015. Total **non-performing loans** have ended the year at 12,995 million euros, having fallen 3,551 million euros since December 2014. Of this reduction, 1,652 million euros has been organic, i.e., due to fewer NPL entries and the Group's reinforced recovery management. A further 1,899 million euros is due to the sale of loan portfolios.

  As a result, the Group's **NPL ratio** at the end of 2015 was 10.8%, an improvement of 60 bps quarter-on-quarter and 210 bps year-on-year. Meanwhile, the Bank continued to exercise its prudent approach in risk coverage, so that at year-end 2015 the **NPL coverage ratio** has reached 60%, up 240 bps compared to December 2014.

  Furthermore, as part of its strategy of reducing distressed assets, in 2015 the Group's stock of foreclosed assets has reduced by 8.3% in gross terms.

- As regards **liquidity**, the commercial gap has continued to improve. Thanks to balance sheet deleveraging and the growth of strict customer deposits, it has fallen by 38.1% in the year to reach 8,451 million euros at the end of December 2015. As a result of the improved commercial gap, at year-end 2015 the Group is operating with a **LtD ratio** of 101.9%, 3.6 percentage points lower than the previous year, demonstrating the balance, achieved by the Group, between lending and deposit taking.

- In 2015 the Group has successfully placed two issues of mortgage covered bonds, for an aggregate amount of 2,250 million euros, in what have been the first issues of this type undertaken by the Group since February 2012.

- As regards **solvency**, the Bankia Group has ended 2015 with a **CET1 BIS III Phase In ratio of 13.89**%, accumulating +996 million euros (+161 bps) of capital during the year, which includes a surplus of 2,956 million euros above the regulatory minimum of 10.25%, established by the ECB as a result of its supervisory review process. Once again, the main vector of this positive performance is recurrent organic income growth, based on accumulated profits, net of the proposed dividend (+759 million euros), and a gradual deleveraging of the balance sheet, combined with an improvement in the portfolio's credit quality.

  Additionally, the last quarter of the year brought two extraordinary events that practically offset one another: on the one hand, the sale of City National Bank of Florida, which increased the CET1 ratio by 75 bps; and on the other, the creation of a supplementary provision to the one already recognised in 2014 in connection with the civil lawsuits started by retail investors regarding the IPO of Bankia shares, which reduced the CET1 ratio by 52 bps.

  On a Fully Loaded basis, the Bankia Group's CET1 BIS III ratio has been 12.26%, which implies an annual capital generation of +1,157 million euros (+166 bps). The CET1 ratio on a Fully Loaded basis would have been 12.87% (accumulating +1,730 million euros of capital and +227 bps) if the unrealised gains of the AFS sovereign portfolio are included and the beneficial effect on RWAs linked to the SME correction factor (provided for in Law 14/2013 of 27 September in support of entrepreneurs and their internationalisation) is excluded, on account of its temporary nature.

4. INCOME STATEMENT

ACCUMULATED INCOME STATEMENT

(€ million)	12M 2015	12M 2014	Change Amount	Change %
Net interest income	**2,740**	**2,927**	**(187)**	**(6.4%)**
Dividends	6	5	1	11.5%
Share of profit/(loss) of companies accounted for using the equity method	32	32	(0)	(1.3%)
Total net fees and commissions	938	948	(10)	(1.0%)
Gains/(losses) on financial assets and liabilities	281	218	63	29.2%
Exchange differences	30	8	22	-
Other operating income/(expense)	(220)	(129)	(92)	-
Gross income	**3,806**	**4,009**	**(203)**	**(5.1%)**
Administrative expenses	(1,511)	(1,586)	75	(4.7%)
Staff costs	(971)	(987)	17	(1.7%)
General expenses	(541)	(599)	58	(9.7%)
Depreciation and amortisation	(147)	(156)	9	(6.1%)
Operating income before provisions	**2,148**	**2,267**	**(118)**	**(5.2%)**
Provisions	(551)	(846)	295	(34.9%)
Provisions (net)	32	104	(72)	(69.3%)
Impairment losses on financial assets (net)	(583)	(950)	367	(38.7%)
Operating profit/(loss)	**1,597**	**1,420**	**177**	**12.5%**
Impairment losses on non-financial assets	28	(6)	34	-
Other gains and other losses	11	(190)	200	-
Profit/(loss) before tax	**1,636**	**1,224**	**412**	**33.6%**
Corporate income tax	(391)	(320)	(72)	22.4%
Profit/(loss) from continuing operations	**1,245**	**904**	**340**	**37.6%**
Profit/(loss) from discontinued operations (net) (1)	0	85	(85)	(100.0%)
Profit/(loss) after tax	**1,245**	**990**	**255**	**25.8%**
Profit/(Loss) attributable to minority interests	21	24	(4)	(14.7%)
Profit/(loss) attributable to the Group	**1,224**	**966**	**258**	**26.8%**
Effect of IPO provision (net)	(184)	(218)	34	(15.8%)
Reported profit attributable to the Group	**1,040**	**747**	**293**	**39.2%**
Cost to Income ratio (2)	**43.6%**	**43.5%**	**+0.1 p.p.**	**0.2%**
Recurring Cost to Income ratio (3)	**47.4%**	**46.0%**	**+1.4 p.p.**	**3.0%**

(1) 12M2014 figure includes the result of Aseval
(2) Operating expenses / Gross income
(3) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences)

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CONSOLIDATED QUARTERLY RESULTS

(€ million)	4Q 15	3Q 15	2Q 15	1Q 15	4Q 14 (1)	3Q 14 (1)	2Q 14 (1)	1Q 14 (1)
Net interest income	**665**	**688**	**695**	**693**	**765**	**735**	**730**	**698**
Dividends	0	1	3	1	1	2	2	1
Share of profit/(loss) of companies accountes for using the equity method	8	7	12	6	4	11	11	7
Total net fees and commissions	229	228	248	233	246	234	237	231
Gains/(losses) on financial assets and liabilities	57	73	78	73	68	75	53	21
Exchange differences	9	10	13	(1)	6	(19)	6	14
Other operating income/(expense)	(192)	(4)	(11)	(13)	(159)	14	16	(0)
Gross income	**776**	**1,001**	**1,037**	**992**	**930**	**1,052**	**1,055**	**972**
Administrative expenses	(361)	(376)	(384)	(390)	(402)	(389)	(392)	(403)
Staff costs	(234)	(242)	(244)	(250)	(240)	(242)	(250)	(256)
General expenses	(127)	(134)	(140)	(140)	(163)	(147)	(143)	(146)
Depreciation and amortisation	(39)	(38)	(36)	(33)	(34)	(42)	(42)	(39)
Operating income before provisions	**375**	**587**	**617**	**569**	**494**	**621**	**620**	**531**
Provisions	(78)	(151)	(147)	(175)	(189)	(202)	(226)	(229)
Provisions (net)	(8)	5	12	23	(7)	46	17	49
Impairment losses on financial assets (net)	(70)	(156)	(159)	(198)	(182)	(248)	(243)	(277)
Operating profit/(loss)	**297**	**436**	**470**	**394**	**305**	**419**	**394**	**302**
Impairment losses on non-financial assets	42	(4)	(9)	(2)	(3)	(3)	2	(3)
Other gains and other losses	141	(29)	(45)	(57)	(122)	(23)	(35)	(10)
Profit/(loss) before tax	**480**	**403**	**417**	**336**	**179**	**394**	**362**	**289**
Corporate income tax	(110)	(90)	(105)	(86)	(24)	(112)	(94)	(89)
Profit/(loss) from continuing operations	**369**	**314**	**312**	**250**	**155**	**281**	**268**	**200**
Profit/(loss) from discontinued operations (net) (2)	-	-	-	-	39	17	14	15
Profit/(loss) after tax	**369**	**314**	**312**	**250**	**194**	**298**	**282**	**215**
Profit/(loss) attributable to minority interests	1	14	1	5	26	(0)	0	(1)
Profit/(loss) attributable to the Group	**369**	**300**	**311**	**244**	**168**	**299**	**282**	**217**
Effect of IPO provision (net)	(184)				(218)			
Reported profit attributable to the Group	**185**	**300**	**311**	**244**	**(50)**	**299**	**282**	**217**
Cost to Income ratio (3)	**51.7%**	**41.4%**	**40.5%**	**42.6%**	**46.9%**	**40.9%**	**41.2%**	**45.4%**
Recurring Cost to Income ratio (4)	**47.6%**	**47.4%**	**46.5%**	**48.3%**	**44.4%**	**45.2%**	**45.6%**	**49.3%**

(1) Due to the application of IFRIC 21, in 2015 the contribution to the Deposit Guarantee Fund (FGD) is recognized in the profit and loss account as a single payment at the year end rather than being accrued during the accounting year. For comparison purposes, the 2014 data is adjusted in the same way.

(2) 2014 figure includes the result of Aseval

(3) Operating expenses / Gross income

(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities, exchange differences and adjusting quarterly the FGD contribution)

REVENUES AND EXPENSES

(€ million & %)	4 Q 2015 Average Amount	4 Q 2015 Weight (%)	4 Q 2015 Revenues /Expenses	4 Q 2015 Yield	3 Q 2015 Average Amount	3 Q 2015 Weight (%)	3 Q 2015 Revenues /Expenses	3 Q 2015 Yield
Loans and advances to credit institutions	6,944	3.3%	2.6	0.15%	5,917	2.8%	3	0.22%
Net Loans and advances to customers (a)	109,238	51.5%	572	2.08%	109,729	51.3%	563	2.03%
Debt securities	59,308	28.0%	275	1.84%	60,702	28.4%	297	1.94%
Other interest earning assets [1]	360	0.2%	2	2.60%	365	0.2%	2	2.58%
Other non-interest earning assets	36,091	17.0%	-	-	37,065	17.3%	-	-
Total Assets (b)	**211,941**	**100.0%**	**852**	**1.59%**	**213,778**	**100.0%**	**865**	**1.61%**
Deposits from central banks and credit institutions	44,366	20.9%	26	0.24%	49,572	23.2%	29	0.23%
Customer deposits (c)	106,859	50.4%	125	0.47%	103,916	48.6%	148	0.56%
Strict Customer Deposits	*94,646*	44.7%	*108*	*0.45%*	*93,451*	43.7%	*128*	*0.54%*
Repos	*5,374*	2.5%	*-0.27*	*-0.02%*	*3,269*	1.5%	*0.0*	*0.01%*
Single-certificate covered bonds	*6,840*	3.2%	*17*	*1.00%*	*7,196*	3.4%	*20*	*1.09%*
Marketable securities	24,249	11.4%	32	0.52%	23,724	11.1%	28	0.47%
Subordinated liabilities	1,042	0.5%	9	3.24%	1,026	0.5%	9	3.30%
Other interest earning liabilities [1]	1,031	0.5%	2	0.80%	1,132	0.5%	4	1.32%
Other liabilities with no cost	21,438	10.1%	-	-	21,728	10.2%	-	-
Equity	12,956	6.1%	-	-	12,680	5.9%	-	-
Total equity and liabilities (d)	**211,941**	**100.0%**	**194**	**0.36%**	**213,778**	**100.0%**	**217**	**0.40%**
Customer margin (a-c)				**1.61%**				**1.47%**
Net interest margin (b-d)			**658**	**1.23%**			**648**	**1.20%**
City National Bank Contribution	***968***		***7***		***5,551***		***40***	
Consolidated Net interest margin	**212,909**		**665**	**1.24%**	**219,330**		**688**	**1.24%**

(€ million & %)	2 Q 2015 Average Amount	2 Q 2015 Weight (%)	2 Q 2015 Revenues /Expenses	2 Q 2015 Yield	1 Q 2015 Average Amount	1 Q 2015 Weight (%)	1 Q 2015 Revenues /Expenses	1 Q 2015 Yield
Loans and advances to credit institutions	7,587	3.4%	2	0.12%	9,140	4.0%	0.3	0.02%
Net Loans and advances to customers (a)	111,016	50.2%	580	2.10%	112,444	49.1%	606	2.18%
Debt securities	60,645	27.4%	310	2.05%	62,501	27.3%	330	2.14%
Other interest earning assets [1]	372	0.2%	3	3.01%	380	0.2%	5	4.81%
Other non-interest earning assets	41,348	18.7%	-	-	44,731	19.5%	-	-
Total Assets (b)	**220,967**	**100.0%**	**895**	**1.62%**	**229,196**	**100.0%**	**940**	**1.66%**
Deposits from central banks and credit institutions	53,666	24.3%	29	0.22%	58,575	25.6%	31	0.22%
Customer deposits (c)	103,579	46.9%	170	0.66%	105,700	46.1%	205	0.79%
Strict Customer Deposits	*93,289*	42.2%	*148*	*0.64%*	*94,346*	41.2%	*181*	*0.78%*
Repos	*2,941*	1.3%	*0.1*	*0.01%*	*3,678*	1.6%	*0.5*	*0.05%*
Single-certificate covered bonds	*7,348*	3.3%	*21*	*1.16%*	*7,676*	3.3%	*24*	*1.25%*
Marketable securities	23,595	10.7%	30	0.51%	23,133	10.1%	33	0.59%
Subordinated liabilities	1,038	0.5%	9	3.35%	1,049	0.5%	9	3.41%
Other interest earning liabilities [1]	1,363	0.6%	0.2	0.06%	1,399	0.6%	2	0.59%
Other liabilities with no cost	24,974	11.3%	-	-	26,659	11.6%	-	-
Equity	12,754	5.8%	-	-	12,681	5.5%	-	-
Total equity and liabilities (d)	**220,967**	**100.0%**	**238**	**0.43%**	**229,196**	**100.0%**	**281**	**0.50%**
Customer margin (a-c)				**1.44%**				**1.40%**
Net interest margin (b-d)			**657**	**1.19%**			**659**	**1.17%**
City National Bank Contribution	***5,311***		***38***		***4,783***		***34***	
Consolidated Net interest margin	**226,278**		**695**	**1.23%**	**233,979**		**693**	**1.20%**

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

NET FEE AND COMMISSION INCOME

(€ million)	12M 2015	12M 2014	Change Amount	Change %
Contingent risks and commitments	93	105	(13)	(11.9%)
Payments services	346	408	(63)	(15.3%)
Bills of exchange	41	50	(10)	(19.3%)
Debit and credit cards	183	216	(32)	(15.0%)
Means of payment	36	40	(4)	(10.0%)
Other	86	102	(17)	(16.1%)
Securities brokerage service	54	52	1	2.8%
Marketing of products	285	259	26	10.1%
Investment funds	109	93	16	17.0%
Pension funds	60	77	(17)	(21.6%)
Insurance and other	116	89	27	30.2%
Other	243	211	33	15.4%
FEES AND COMMISSIONS RECEIVED	**1,021**	**1,036**	**(15)**	**(1.5%)**
FEES AND COMMISSIONS PAID	**83**	**88**	**(5)**	**(6.0%)**
TOTAL NET FEE AND COMMISSION INCOME	**938**	**948**	**(10)**	**(1.0%)**
of which: City National Bank of Florida	**9**	**8**	**0**	**1.9%**

(€ million)	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014
Contingent risks and commitments	23	23	23	24	26	25	28	27
Payments services	88	83	89	85	97	97	107	107
Bills of exchange	10	10	11	10	12	12	13	14
Debit and credit cards	50	43	46	43	52	52	57	54
Means of payment	8	8	10	9	9	9	11	11
Other	20	22	22	22	24	25	26	28
Securities brokerage service	14	13	14	14	11	10	18	13
Marketing of products	69	72	78	66	71	58	71	58
Investment funds	29	27	27	25	24	24	23	22
Pension funds	15	15	15	15	15	16	30	16
Insurance and other	25	30	35	26	32	18	18	20
Other	57	57	66	63	61	52	42	56
FEES AND COMMISSIONS RECEIVED	**250**	**248**	**271**	**251**	**266**	**243**	**266**	**260**
FEES AND COMMISSIONS PAID	**21**	**21**	**22**	**19**	**20**	**9**	**29**	**30**
TOTAL NET FEE AND COMMISSION INCOME	**229**	**228**	**248**	**233**	**246**	**234**	**237**	**231**
of which: City National Bank of Florida	**1**	**2**	**3**	**3**	**2**	**2**	**2**	**2**

ADMINISTRATIVE EXPENSES

(€ milllon)	12M 2015	12M 2014	Change Amount	Change %
Staff cost	**971**	**987**	**(17)**	**(1.7%)**
Wages and salaries	724	746	(22)	(3.0%)
Social security costs	175	179	(5)	(2.6%)
Pension plans	42	28	14	49.8%
Others	30	34	(4)	(11.0%)
General expenses	**541**	**599**	**(58)**	**(9.7%)**
From property, fixtures and supplies	123	140	(17)	(12.1%)
IT and communications	161	174	(13)	(7.5%)
Advertising and publicity	50	63	(13)	(20.0%)
Technical reports	41	55	(14)	(25.0%)
Surveillance and security courier services	15	16	(2)	(10.6%)
Levies and taxes	60	60	(1)	(0.9%)
Insurance and self-insurance premiums	5	6	(1)	(20.2%)
Other expenses	86	84	2	2.1%
TOTAL ADMINISTRATIVE EXPENSES	**1,511**	**1,586**	**(75)**	**(4.7%)**
of which: City National Bank of Florida	**60**	**60**	**0**	**0.5%**

(€ milllon)	4Q 2015	3Q 2015	2TQ2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014
Staff cost	**234**	**242**	**244**	**250**	**240**	**242**	**250**	**256**
Wages and salaries	171	182	185	185	184	182	189	192
Social security costs	43	42	44	46	43	45	45	46
Pension plans	10	10	12	10	7	7	7	7
Others	11	7	3	10	5	8	10	11
General expenses	**127**	**134**	**140**	**140**	**163**	**147**	**143**	**146**
From property, fixtures and supplies	31	31	29	31	37	34	34	35
IT and communications	38	39	43	42	43	43	46	42
Advertising and publicity	11	12	13	15	19	17	12	14
Technical reports	7	15	8	11	20	16	10	9
Surveillance and security courier servic	4	4	4	4	4	4	4	4
Levies and taxes	17	14	14	14	14	10	17	18
Insurance and self-insurance premiums	1	1	1	1	2	3	1	1
Other expenses	18	19	27	22	24	20	18	22
TOTAL ADMINISTRATIVE EXPENSES	**361**	**376**	**384**	**390**	**402**	**389**	**392**	**403**
of which: City National Bank of Florida	**3**	**19**	**19**	**19**	**16**	**15**	**13**	**15**

PROVISIONS

(€ milllon)	12M 2015	12M 2014	Change Amount	Change %
Impairment losses on financial assets (net)	(583)	(950)	367	(38.7%)
Impairment losses on non-financial assets	28	(6)	34	(554.0%)
Foreclosed assets	(202)	(256)	54	(21.1%)
Provisions (net)	32	104	(72)	(69.3%)
TOTAL RECURRENT PROVISIONS	**(724)**	**(1,108)**	**384**	**(34.6%)**
IPO contingency provision[1]	(184)	(312)	128	(41.0%)
TOTAL PROVISIONS INCLUDING IPO CONTINGENCY PROVISION	**(908)**	**(1,420)**	**512**	**(36.0%)**

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

(€ milllon)	4Q 15	3Q 15	2Q 15	1Q 15	4Q 14	3Q 14	2Q 14	1Q 14
Impairment losses on financial assets (net)	(70)	(156)	(159)	(198)	(182)	(248)	(243)	(277)
Impairment losses on non-financial assets	42	(4)	(9)	(2)	(3)	(3)	2	(3)
Foreclosed assets	(76)	(28)	(55)	(43)	(99)	(48)	(38)	(71)
Provisions (net)	(8)	5	12	23	(7)	46	17	49
TOTAL RECURRENT PROVISIONS	**(112)**	**(182)**	**(211)**	**(219)**	**(291)**	**(253)**	**(262)**	**(303)**
IPO contingency provision[1]	(184)	-	-	-	(312)	-	-	-
TOTAL PROVISIONS INCLUDING IPO CONTINGEN(	**(296)**	**(182)**	**(211)**	**(219)**	**(603)**	**(253)**	**(262)**	**(303)**

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

5. BALANCE SHEET

(€ million)	Dec-15	Dec-14	Change Amount	Change %
Cash and balances at central banks	2,979	2,927	52	1.8%
Financial assets held for trading	12,202	18,606	(6,404)	(34.4%)
Of which: loans and advances to customers	-	-	-	-
Available-for-sale financial assets	31,089	34,772	(3,683)	(10.6%)
Debt securities	31,089	34,772	(3,683)	(10.6%)
Equity instruments	-	-	-	-
Loans and receivables	117,776	125,227	(7,451)	(6.0%)
Bank deposits	6,443	10,967	(4,524)	(41.2%)
Loans and advances to customers	110,570	112,691	(2,121)	(1.9%)
Rest	762	1,569	(806)	(51.4%)
Held-to-maturity investments	23,701	26,661	(2,960)	(11.1%)
Hedging derivatives	4,073	5,539	(1,465)	(26.5%)
Non-current assets held for sale	2,962	7,563	(4,601)	(60.8%)
Equity investments	285	298	(13)	(4.3%)
Tangible and intangible assets	2,261	2,058	203	9.8%
Other assets, prepayments and accrued income, and tax assets	9,642	9,997	(356)	(3.6%)
TOTAL ASSETS	**206,970**	**233,649**	**(26,679)**	**(11.4%)**
Financial liabilities held for trading	12,408	18,124	(5,716)	(31.5%)
Financial liabilities at amortised cost	176,276	193,082	(16,806)	(8.7%)
Deposits from central banks	19,474	36,500	(17,026)	(46.6%)
Deposits from credit institutions	23,228	23,965	(737)	(3.1%)
Customer deposits and funding via clearing houses	108,702	106,807	1,895	1.8%
Debt securities in issue	22,881	23,350	(469)	(2.0%)
Subordinated liabilities	1,046	1,043	3	0.2%
Other financial liabilities	945	1,417	(471)	(33.3%)
Hedging derivatives	978	2,490	(1,512)	(60.7%)
Liabilities under insurance contracts	-	-	-	-
Provisions	2,898	1,706	1,193	69.9%
Other liabilities, accruals and deferred income, and tax liabilities	1,714	5,714	(4,000)	(70.0%)
TOTAL LIABILITIES	**194,274**	**221,115**	**(26,842)**	**(12.1%)**
Minority interests	66	(13)	80	-
Valuation adjustments	696	1,216	(520)	(42.8%)
Equity	11,934	11,331	603	5.3%
TOTAL EQUITY	**12,696**	**12,533**	**163**	**1.3%**
TOTAL EQUITY AND LIABILITIES	**206,970**	**233,649**	**(26,679)**	**(11.4%)**

CUSTOMER LOANS

(€ million)	Dec-15	Dec-14	Change Amount	Change %
Spanish public sector	5,738	5,786	(48)	(0.8%)
Other resident sectors	93,730	96,550	(2,819)	(2.9%)
Secured loans and advences	69,960	74,075	(4,114)	(5.6%)
Personal guarantee loans	15,035	14,277	759	5.3%
Business loans and other credit facilities	8,735	8,198	536	6.5%
Non-residents	3,128	3,254	(126)	(3.9%)
Repo transactions	1,096	27	1,069	3909.3%
Of which: reverse repurchase agreements with BFA (1)	*899*	-	*899*	-
Other financial assets	2,043	469	1,574	336.0%
Of which: collection right against BFA due to the IPO (1) (2)	*1,104*	-	*1,104*	-
Of which: Collateral provided to BFA (1) (3)	*1*	-	*1*	-
Other valuation adjustments	(9)	(13)	3	(27.0%)
Non-performing assets	12,252	15,696	(3,444)	(21.9%)
Gross loans and advances to customers	**117,977**	**121,769**	**(3,791)**	**(3.1%)**
Loan loss reserve	(7,407)	(9,077)	1,670	(18.4%)
NET LOANS AND ADVANCES TO CUSTOMERS	**110,570**	**112,691**	**(2,121)**	**(1.9%)**
Gross loans and advances to customers excluding balances with BFA	**115,973**	**121,769**	**(5,796)**	**(4.8%)**
NET LOANS AND ADVANCES TO CUSTOMERS EXCLUDING BALANCES WITH BF/	**108,565**	**112,691**	**(4,126)**	**(3.7%)**

(1) The Repo transactions with BFA was reclassified as loans to customers since January 2015, due to the classification change of BFA after the removal of the banking license

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

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

(1) Desde enero de 2015 los saldos con BFA se contabilizan dentro del crédito a la clientela debido a su cambio de sectorización.

(2) Corresponden a las cantidades a recuperar de BFA como consecuencia del reparto de las contingencias derivadas de los pleitos por la salida a bolsa de Bankia en 2011. El importe total de costes que BFA ha asumido (€1.104 MM, correspondientes al 60% de las contingencias estimadas) se recoge en el Convenio Transaccional firmado entre ambas partes el 27 de febrero de 2015.

(3) Colaterales entregados por Bankia a BFA en relación con la operativa de repo y derivados.

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million)	Dec-15 (1)	Dec-14 (1)	Change Amount	Change %
ALCO Portfolio	29,744	29,745	(1)	(0.0%)
NO ALCO Portfolio	4,830	8,235	(3,405)	(41.3%)
SAREB Bonds	17,356	18,057	(701)	(3.9%)
ESM Bonds	-	3,398	(3,398)	(100.0%)
Total Fixed Income Portfolio	**51,930**	**59,435**	**(7,505)**	**(12.6%)**

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

CUSTOMER FUNDS

(€ million)	Dec-15	Dec-14	Change Amount	Change %
Spanish public sector	6,779	6,299	480	7.6%
Repo transactions	-	2,003	(2,003)	(100.0%)
Other resident sectors	98,898	97,965	933	1.0%
Current accounts	16,500	13,276	3,224	24.3%
Savings accounts	26,490	24,178	2,312	9.6%
Term deposits and other	55,908	60,511	(4,603)	(7.6%)
Repo transactions	3,637	868	2,769	319.1%
Singular mortgage securities	6,475	7,736	(1,261)	(16.3%)
Rest	45,796	51,908	(6,112)	(11.8%)
Non-residents	3,025	2,543	482	19.0%
Repo transactions	1,600	1,275	325	25.5%
Funding via clearing houses and customer deposits	**108,702**	**106,807**	**1,895**	**1.8%**
Debentures and other marketable securities	22,881	23,350	(469)	(2.0%)
Subordinated loans	1,046	1,043	3	0.2%
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**132,629**	**131,200**	**1,429**	**1.1%**
Mutual funds	12,580	10,392	2,188	21.1%
Pension funds	6,436	6,581	(144)	(2.2%)
Insurance	3,757	4,069	(313)	(7.7%)
Off-balance-sheet customer funds	**22,773**	**21,042**	**1,731**	**8.2%**
TOTAL CUSTOMER FUNDS	**155,402**	**152,242**	**3,159**	**2.1%**

STRICT CUSTOMER DEPOSITS AND OFF-BALANCE-SHEET CUSTOMER FUNDS

(€ million)	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Change Amount	Change %
Spanish public sector	**6,779**	**5,790**	**6,142**	**5,229**	**4,297**	**2,482**	**57.8%**
Other resident sectors	**88,786**	**87,423**	**87,630**	**89,564**	**89,361**	**(575)**	**(0.6%)**
Current accounts	16,500	15,459	15,088	15,645	13,276	3,224	24.3%
Savings accounts	26,490	25,523	25,506	24,056	24,178	2,312	9.6%
Term deposits	45,796	46,441	47,036	49,863	51,908	(6,112)	(11.8%)
Non-residents	**1,425**	**1,376**	**1,274**	**1,259**	**1,268**	**157**	**12.4%**
Strict Customer Deposits	**96,990**	**94,589**	**95,045**	**96,052**	**94,925**	**2,064**	**2.2%**
Off-balance-sheet customer funds	**22,773**	**22,302**	**22,221**	**22,434**	**21,042**	**1,731**	**8.2%**
Total customer funds + off-balance funds	**119,762**	**116,890**	**117,267**	**118,486**	**115,967**	**3,795**	**3.3%**

6. RISK MANAGEMENT

GROSS EXPOSURE BY SECTOR AND COVERAGE RATIOS

(€ million)	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Dec-15 / Dec-14 Amount	Dec-15 / Dec-14 %
Gross exposure							
Individuals	72,914	73,901	76,352	76,491	77,583	(4,669)	(6.0%)
Businesses	34,544	34,962	34,714	35,324	35,176	(632)	(1.8%)
Developers	1,814	2,108	2,479	2,733	2,956	(1,142)	(38.6%)
Public sector & others	7,806	6,419	6,159	6,651	6,053	1,753	29.0%
Gross Credit [1]	**117,078**	**117,391**	**119,704**	**121,200**	**121,769**	**(4,690)**	**(3.9%)**
Gross credit ex developers [1]	**115,265**	**115,283**	**117,225**	**118,467**	**118,813**	**(3,548)**	**(3.0%)**
Impairments							
Individuals	2,170	2,450	2,724	2,728	2,693	(523)	(19.4%)
Businesses	4,230	4,702	4,842	4,974	4,939	(709)	(14.4%)
Developers	1,007	1,159	1,321	1,423	1,445	(438)	(30.3%)
Total Impairments	**7,407**	**8,311**	**8,887**	**9,125**	**9,078**	**(1,670)**	**(18.4%)**
Coverage ex developers	**6,400**	**7,152**	**7,566**	**7,702**	**7,633**	**(1,232)**	**(16.1%)**
Coverage (%)							
Individuals	3.0%	3.3%	3.6%	3.6%	3.5%		-0.5 p.p.
Businesses	12.2%	13.4%	13.9%	14.1%	14.0%		-1.8 p.p.
Developers	55.5%	55.0%	53.3%	52.1%	48.9%		+6.6 p.p.
Total coverage	**6.3%**	**7.1%**	**7.4%**	**7.5%**	**7.5%**		**-1.2 p.p.**
Coverage ex developers	**5.6%**	**6.2%**	**6.5%**	**6.5%**	**6.4%**		**-0.8 p.p.**

(1)Gross Credit excludes transactions with BFA (€899 million Repo, €1,104 million collection right, as agreed, 60% of the total estimated IPO contingency, and €1 million of collateral provided)

NPL RATIO AND NPL COVERAGE RATIO

(€ million and %)	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-15 / Dec-14 Amount	Sep-15 / Dec-14 %
Non-performing loans	12,995	14,084	15,308	16,084	16,547	(3,551)	(21.5%)
Total risk-bearing assets	120,924	123,410	125,955	127,366	128,584	(7,660)	(6.0%)
Total NPL ratio [1]	**10.8%**	**11.4%**	**12.2%**	**12.6%**	**12.9%**		**-2.1 p.p.**
Total provisions	7,794	8,691	9,271	9,554	9,527	(1,734)	(18.2%)
Generic	60	233	153	153	153	(93)	(61.0%)
Specific	7,713	8,430	9,091	9,380	9,356	(1,643)	(17.6%)
Country risk	21	28	27	21	19	3	13.4%
NPL coverage ratio	**60.0%**	**61.7%**	**60.6%**	**59.4%**	**57.6%**		**+2.4 p.p.**

(1) NPL ratio: (non-performing loans and advances to customers and contingent liabilities) / (loans, advances and contigent risks)
2015 figures exclude the following transactions with BFA (€899 million Repo, €1,104 million collection right, as agreed, 60% of the total estimated IPO contingency, and €1 million of collateral provided)

CHANGE IN NPLs

(€ million and %)	12M 2015	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014
Non-performing loans at the begining of the period	**16,547**	**14,084**	**15,308**	**16,084**	**16,547**	**17,666**
+ Gross entries	3,730	1,266	746	857	861	1,297
- Recoveries	(5,059)	(1,502)	(1,065)	(1,273)	(1,219)	(1,524)
= Net entries	(1,329)	(236)	(319)	(416)	(358)	(227)
- Write offs	(325)	(147)	(29)	(44)	(104)	(50)
- Sales [1]	(1,898)	(706)	(876)	(316)	-	(842)
Non-performing loans at the end of the period	**12,995**	**12,995**	**14,084**	**15,308**	**16,084**	**16,547**

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

BREAKDOWN OF FORECLOSED ASSETS

	Gross value				
(€ million)	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
Property assets from financing intended for construction and property development	430	510	551	553	550
Of which: finished buildings	305	324	329	329	326
Of which: buildings under construction	42	42	42	42	44
Of which: Land	83	144	180	182	180
Property acquired related to mortgage loans to homebuyers	2,838	2,927	3,038	3,074	3,114
Other foreclosed assets	606	614	599	587	561
Total	**3,874**	**4,051**	**4,188**	**4,213**	**4,225**

	Impairments				
(€ million)	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
Property assets from financing intended for construction and property development	142	202	236	237	235
Of which: finished buildings	79	88	88	86	84
Of which: buildings under construction	23	20	20	20	20
Of which: Land	40	94	128	131	130
Property acquired related to mortgage loans to homebuyers	883	883	916	912	960
Other foreclosed assets	160	165	161	159	154
Total	**1,185**	**1,249**	**1,313**	**1,308**	**1,348**

	Net value				
(€ million)	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
Property assets from financing intended for construction and property development	288	308	315	316	316
Of which: finished buildings	226	235	241	243	242
Of which: buildings under construction	19	22	22	22	24
Of which: Land	43	51	52	51	50
Property acquired related to mortgage loans to homebuyers	1,955	2,044	2,122	2,161	2,154
Other foreclosed assets	445	450	438	428	407
Total	**2,689**	**2,802**	**2,875**	**2,905**	**2,877**

7. FUNDING STRUCTURE AND LIQUIDITY

COMMERCIAL GAP

			Change	
(€ million)	Dec-15	Dec-14	Amount	%
Net Loans and advances to customers	**110,570**	**112,691**	**(2,121)**	**(1.9%)**
o/w Repo transactions RPS[1]	195	27	167	612.4%
o/w Repo transactions NRE[1]	2	-	2	-
o/w Repo transactions with BFA[1]	899	-	899	-
o/w collateral delivered to BFA[2]	1,105	-	1,105	-
Strict Net Loans and advances to customers	**108,369**	**112,664**	**(4,295)**	**(3.8%)**
(-) Strict customer deposits and retail commercial paper	96,990	94,925	2,064	2.2%
(-) ICO/EIB deposits	2,928	4,083	(1,154)	(28.3%)
Strict Comercial GAP	**8,451**	**13,656**	**(5,205)**	**(38.1%)**

(1) Reverse repurchase agreements

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

LTD RATIO

			Change	
(€ million)	Dec-15	Dec-14	Amount	%
Net Loans and advances to customers	**110,570**	**112,691**	**(2,121)**	**(1.9%)**
o/w Repo transactions RPS[1]	195	27	**167**	612.4%
o/w Repo transactions NRE[1]	2	-	2	-
o/w Repo transactions with BFA[1]	899	-	899	-
o/w collateral delivered to BFA[2]	1,105	-	1,105	-
a. Strict Net Loans and advances to customers	**108,369**	**112,664**	**(4,295)**	**(3.8%)**
Strict customer deposits and retail commercial paper	96,990	94,925	2,064	2.2%
Single-certificate covered bonds	6,475	7,736	(1,261)	(16.3%)
ICO/EIB deposits	2,928	4,083	(1,154)	(28.3%)
b. Total Deposits	**106,393**	**106,744**	**(351)**	**(0.3%)**
LTD ratio (a/b)	**101.9%**	**105.5%**		**-3.6 p.p.**

(1) Reverse repurchase agreements

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

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8. SOLVENCY

SOLVENCY AND LEVERAGE

RATIOS FULLY LOADED

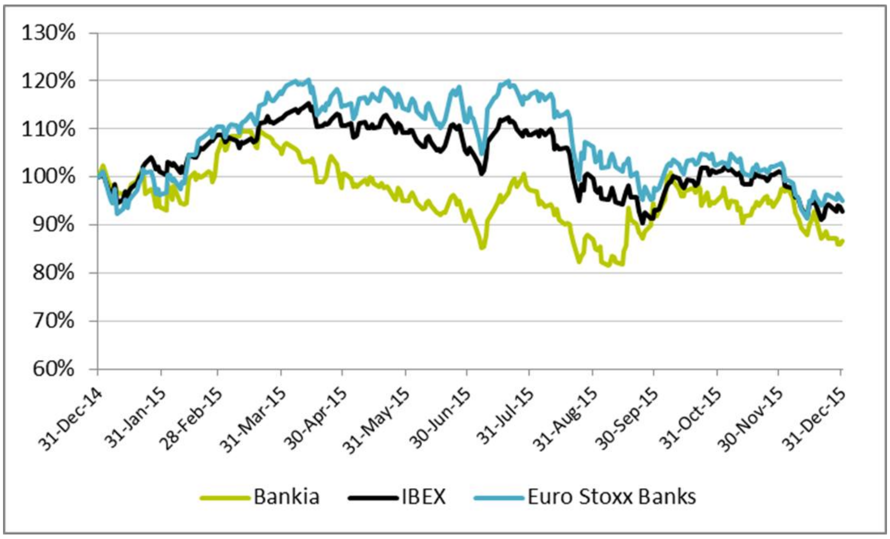
(€ million and %)	Dec -15 (1)(2) BIS III	Dec -14 (1) BIS III
Eligible capital	10,998	10,755
Common equity Tier I (CET 1)	9,964	9,388
Tier I	9,964	9,388
Tier II	1,034	1,367
Risk-weighted assets	81,303	88,565
Common equity Tier I Phase In (CET 1) (%)	**12.3%**	**10.6%**
Tier I	12.3%	10.6%
Tier II	1.2%	1.5%
Solvency ratio - Total capital ratio (%)	**13.5%**	**12.1%**
Leverage ratio (fully loaded)	**5.0%**	**-**
Total exposition leverage ratio	**198,214**	**-**

(1) Includes net consolidated profit in the period which is expected to be destinated to reserves. In 2015, €759 mn (€1,061mn profit less €302mn propoused payment). In 2014, €570mn (€772mn profit less €202mn dividend paid).

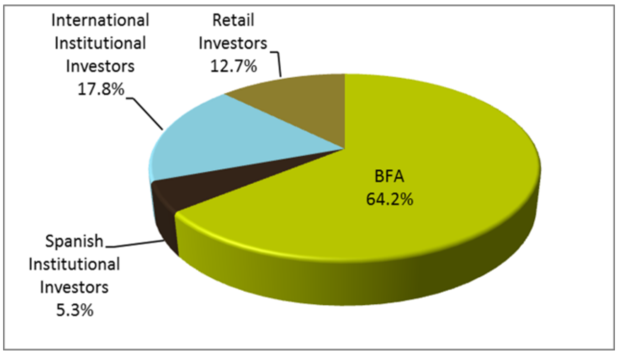
(2) Having incorporated the unrealised gains of the AVS sovereign portfolio and eliminating the effect of the SMEs correction factor from RWA´s (forseen in Ley 14/2013, 27th September, which supports entrepeneurs and their interrnationalisation) internacionalización) because of its transitional nature, the capital ratio would have been 12.7%.

9. SHARE PERFORMANCE AND SHAREHOLDER STRUCTURE

SHARE PERFORMANCE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA



BANKIA (stock data)	Dec-15
Number of shareholders	435,755
Daily average volume (num. shares)	34,339,691
Daily average turnover (euros)	41,302,153
Maximum closing price (€/share)	1,360 (11-Mar)
Minimum closing price (€/share)	1,011 (7-Sep)
Closing price (€/share)	1.074

10. RATING

Issuer Ratings	Standard & Poor's	Fitch Ratings
Long-term	BB	BB+
Short-term	B	B
Outlook	Positive	Positive
Date	2-Dec-15	19-May-15

Mortgage Covered Bonds Ratings	Standard & Poor's	Fitch Ratings	DBRS
Rating	A+	A-	AA
Outlook	Stable	Positive	---
Date	15-Jan-16	16-Sep-15	21-Jan-16

11. SIGNIFICANT MATERIAL DISCLOSURES DURING THE FOURTH QUARTER

Provision related to the civil lawsuits arising from Bankia's IPO

On 23 December 2015 the Board of Directors of Bankia agreed to sign an Addendum amending the Transactional Agreement between Bankia and BFA Tenedora de Acciones ("BFA") of 27 February 2015 for the distribution of the contingencies arising from the civil lawsuits started by retail investors related to Bankia's IPO, in 2011.

The amending Addendum establishes the distribution of all the shareable costs arising from the proceedings, up to the maximum amount of 1,840 million euros, as follows: Bankia assumes responsibility for a first tranche of up to 40% of the shareable costs, i.e., up to 736 million euros, for which it already recognised a provision in the amount of 312 million euros in 2014; and BFA assumes any shareable costs in excess of 736 million euros up to the agreed maximum, i.e., 60% of the shareable costs, and thus up to a maximum amount of 1,104 million euros, for which it already recognised a provision of 468 million euros in 2014.

Therefore, pursuant to the amendment to the initial agreement, during the fourth quarter of 2015 Bankia and BFA increased the total amount of the provisions recorded for that purpose. In the case of Bankia, the increase was an additional amount of 424 million euros, so as to reach the above mentioned figure of 736 million euros. In the case of BFA, the increase was an additional amount of 636 million euros, so as to reach the above mentioned figure of 1,104 million euros.

Prudent capital requirements for 2016 required by the European Central Bank

On 20 November 2015 Bankia was informed by the European Central Bank (ECB) of the minimum capital requirements resulting from the supervisory review and evaluation process (SREP).

The ECB required the Bankia Group to maintain a Common Equity Tier 1 (CET1) ratio of 10.25% of transitional (phase-in) regulatory capital. This requirement is made up of the minimum capital requirement under Pillar 1 (4.5%) and the Pillar 2 requirement, including the capital conservation buffer (5.75%).

At the same time, the Banco de España identified the Bankia Group as an O-SII (other systemically important institution) and thus requires it, in 2016, to hold an additional capital buffer of 0.0625%, which will be increased each year until 0.25% is reached in 2019.

These capital requirements do not imply any limitations, referred to in Directive 2013/36/EU of 26 June 2013, on distributions in the form of dividends, variable remuneration and interest to the holders of Additional Tier 1 capital instruments.

Sale of City National Bank of Florida to Banco de Crédito e Inversiones

In May 2013 the Board of Directors of Bankia authorised the sale of City National Bank of Florida through the transfer by the subsidiary Bankia Inversiones Financieras, S.A.U. of 100% of the company CM Florida Holdings Inc. to the Chilean bank Banco de Crédito e Inversiones (BCI).

On 21 September 2015 the United States Federal Reserve (Federal Reserve Board) authorised the acquisition of the shares by BCI.

The sale of City National Bank of Florida was completed on 16 October 2015, generating a net gain of 117 million euros for the Bankia Group.

Sale of Globalvia Infraestructuras

On 30 June 2015 the Bankia Group and Fomento de Construcciones y Contratas, S.A. (FCC) entered into a purchase and sale agreement with the Government of Malaysia's strategic investment fund Khazanah Nasional Berhad for the sale of 100% of the shares of Globalvia Infraestructuras, S.A., a company in which Bankia and FCC each had 50% shareholdings.

Completion of the sale was dependent on compliance with the conditions precedent established in the sale and purchase agreement, which included the relinquishment by the USS, OPTrust and PGGM funds, which held a 750 million euro convertible bond, of the right to acquire the shares of Globalvia Infraestructuras, S.A.

As a result of the exercise of the pre-emption right held by the abovementioned funds, on 23 October 2015 Bankia and FCC entered into a purchase and sale agreement with the USS, OPTrust and PGGM funds for the sale of 100% of the shares of Globalvia Infraestructuras, S.A.

Completion of the sale is subject to certain conditions precedent that are pending and include obtaining the necessary authorisations from certain government bodies that are the grantors of the concessions held by Globalvia Infraestructuras, S.A.

The sale price is structured as an initial payment of 166 million euros, to be made when the share transfer is completed, and a deferred payment, to be made in the first half of 2017, which could reach a maximum of 254 million euros, depending on the valuation of the company at the time of conversion of the bond.

12. APPENDIX

INCOME STATEMENT EXCLUDING CITY NATIONAL BANK OF FLORIDA

(€ million)	12M 2015	12M 2014	Change Amount	Change %
Net interest income	**2,621**	**2,816**	**(195)**	**(6.9%)**
Dividends	4	3	1	15.8%
Share of profit/(loss) of companies accounted for using the equity me	32	32	(0)	(1.3%)
Total net fees and commissions	929	939	(10)	(1.1%)
Gains/(losses) on financial assets and liabilities	279	218	62	28.3%
Exchange differences	30	8	22	287.6%
Other operating income/(expense)	(219)	(125)	(94)	74.9%
Gross income	**3,677**	**3,891**	**(214)**	**(5.5%)**
Administrative expenses	(1,451)	(1,526)	75	(4.9%)
Staff costs	(930)	(948)	18	(1.9%)
General expenses	(522)	(579)	57	(9.8%)
Depreciation and amortisation	(147)	(156)	9	(6.1%)
Operating income before provisions	**2,079**	**2,209**	**(130)**	**(5.9%)**
Provisions	(547)	(854)	307	(35.9%)
Provisions (net)	32	104	(71)	(69.0%)
Impairment losses on financial assets (net)	(579)	(957)	378	(39.5%)
Operating profit/(loss)	**1,532**	**1,355**	**177**	**13.1%**
Impairment losses on non-financial assets	28	(6)	34	-
Other gains and other losses (1)	(191)	(191)	(0)	-
Profit/(loss) before tax	**1,369**	**1,158**	**211**	**18.2%**
Corporate income tax	(286)	(299)	13	(4.3%)
Profit/(loss) from continuing operations	**1,083**	**859**	**224**	**26.1%**
Profit/(loss) from discontinued operations (net) (2)	0	85	(85)	(100.0%)
Profit/(loss) after tax	**1,083**	**944**	**139**	**14.7%**
Profit/(Loss) attributable to minority interests	21	24	(4)	(14.7%)
Profit/(loss) attributable to the Group	**1,062**	**920**	**142**	**15.5%**
Effect of IPO provision (net)	(184)	(218)	34	(15.8%)
Reported profit attributable to the Group	**878**	**702**	**177**	**25.2%**
Cost to Income ratio (3)	**43.5%**	**43.2%**	**+0.2 p.p.**	**0.5%**
Recurring Cost to Income ratio (4)	**47.5%**	**45.9%**	**+1.6 p.p.**	**3.4%**

(1) 12M2015 excludes profit due to the sale of City National Bank of Florida

(2) 12M2014 figure includes the result of Aseval

(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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PUBLIC REPORTED INCOME STATEMENT

(€ million)	12M 2015	12M 2014	Change Amount	Change %
Net interest income	**2,740**	**2,927**	**(187)**	**(6.4%)**
Dividends	6	5	1	11.5%
Share of profit/(loss) of companies accounted for using the equity methc	32	32	(0)	(1.3%)
Total net fees and commissions	938	948	(10)	(1.0%)
Gains/(losses) on financial assets and liabilities	281	218	63	29.2%
Exchange differences	30	8	22	287.6%
Other operating income/(expense)	(220)	(129)	(92)	71.2%
Gross income	**3,806**	**4,009**	**(203)**	**(5.1%)**
Administrative expenses	(1,511)	(1,586)	75	(4.7%)
Staff costs	(971)	(987)	17	(1.7%)
General expenses	(541)	(599)	58	(9.7%)
Depreciation and amortisation	(147)	(156)	9	(6.1%)
Operating income before provisions	**2,148**	**2,267**	**(118)**	**(5.2%)**
Provisions	(735)	(1,158)	423	(36.6%)
Provisions (net)	(152)	(208)	56	(27.0%)
Impairment losses on financial assets (net)	(583)	(950)	367	(38.7%)
Operating profit/(loss)	**1,413**	**1,108**	**305**	**27.5%**
Impairment losses on non-financial assets	28	(6)	34	-
Other gains and other losses	11	(190)	200	-
Profit/(loss) before tax	**1,452**	**912**	**540**	**59.2%**
Corporate income tax	(391)	(226)	(165)	73.1%
Profit/(loss) from continuing operations	**1,061**	**686**	**375**	**54.6%**
Profit/(loss) from discontinued operations (net) (1)	0	85	(85)	(100.0%)
Profit/(loss) after tax	**1,061**	**771**	**289**	**37.5%**
Profit/(Loss) attributable to minority interests	21	24	(4)	(14.7%)
Profit/(loss) attributable to the Group	**1,040**	**747**	**293**	**39.2%**
Cost to Income ratio (2)	**43.6%**	**43.5%**	**+0.1 p.p.**	**0.2%**
Recurring Cost to Income ratio (3)	**47.4%**	**46.0%**	**+1.4 p.p.**	**3.0%**

(1) 12M2014 figure includes the result of Aseval

(2) Operating expenses / Gross income

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

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