Bankia

Earnings report

January-September 2019

28 October 2019

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Basis of presentation 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 2019 and September 2018 has not been audited.

Bankia posts an attributable profit of 575 millions euros, improving its CET1 Fully Loaded ratio by 61 basis points. The group strengthens its commercial positioning, increases its “core” result and continues to offload non-performing assets.

The “core” result increases underpinned by strong commercial activity and cost containment.

- Net interest income and fees and commissions have stabilised (-1.1% year-on-year (YOY) combined), while operating expenses accumulated to September 2019 are 2.3% lower than in the first nine months of the previous year.
- Both factors have taken the group’s “core” result (net interest income plus fees and commissions less operating expenses) to 946 million euros, above the figure of 939 million euros posted in the same period of 2018.
- Cost management places the recurring efficiency ratio at 59.6%, one percentage point down on the figure for the first nine months of 2018.
- The group ended September 2019 with an attributable profit of 575 million euros. Cost cutting and business growth are the key aspects being managed by the group in a market shaped by further interest rate cuts.

The number of new customers, new lending and sales of high value products grow. Quality indicators remain at a high and the group’s market shares increase.

- Our customers’ satisfaction index has improved from 86.9 points in December 2018 to 90.3 points at the end of September 2019.
- Net new customers are up 68% versus the figure reported in September 2018, while net new customers with direct income deposits increase 20%.
- Progress continues to be made with the multi-channel strategy. As of September 2019, digital sales make up 26.1% of total sales, with 51.4% of customers operating online.
- Card turnover has increased by 14.6% YOY, while point of sale terminals grow by 13.3%.
- Performing credit (excludes NPLs) continues its growth trend of the previous quarters and is 0.8% higher than in December 2018. In the same period the stock of consumer loans grows by 8.3% (400 million euros), while loans to companies are up 8.7% (2.9 billion euros), taking Bankia’s market share of consumer loans to 5.62% (+10 basis points YOY) and its market share of loans to companies to 7.53% (+33 basis points YOY).
- Bankia’s market share of mutual funds grows by 39 basis points (bp) since December 2018 to 6.94%, maintaining the group at the top of the ranking of new mutual funds, year to date.
- In insurance, the accumulated variation of new insurance premiums are up 31% YOY. In pension plans, assets under management and commercialised by the Group increase 2.1% and net contributions to pension plans grow by 17.2%.

Reduction of non-performing assets continue and capital generation increases.

- Non-performing exposures have decreased by 15.4% since December 2018, pushing the NPE ratio down a percentage point (pp) to 5.5% (-2.3 pp since September 2018).
- Non-performing assets or NPAs (non-performing exposures and gross foreclosed assets) are down 12.9% on the 2018 close and down 34.8% compared to September 2018. The group has slashed its NPAs by over 7.3 billion euros since December 2017, achieving 83% of the reduction target set in the Strategic Plan for 2020.
- In terms of solvency, the group has made further headway generating capital organically and has posted a CET1 Fully Loaded ratio of 13.00% and a CET1 Phase In ratio of 14.22%. On a Fully Loaded basis, the group has generated 61 bp of capital since December 2018.

1. RELEVANT DATA

	Sep-19	Dec-18	Change
Balance sheet (€ million)			
Total assets	207,403	205,223	1.1%
Loans and advances to customers (net)	118,786	118,295	0.4%
Loans and advances to customers (gross)	122,247	122,505	(0.2%)
On-balance-sheet customer funds	146,715	144,680	1.4%
Customer deposits and clearing houses	128,726	126,319	1.9%
Borrowings, marketable securities	15,007	15,370	(2.4%)
Subordinated liabilities	2,983	2,990	(0.2%)
Total customer funds	176,370	171,793	2.7%
Equity	13,191	13,030	1.2%
Common Equity Tier I - BIS III Phase In	11,425	11,367	0.5%
Solvency (%)			
Common Equity Tier I - BIS III Phase In	14.22%	13.80%	+0.42 p.p.
Total capital ratio - BIS III Phase In	17.86%	17.58%	+0.28 p.p.
Ratio CET1 BIS III Fully Loaded	13.00%	12.39%	+0.61 p.p.
Risk management (€ million and %)			
Total risk	129,702	129,792	(0.1%)
Non performing exposure	7,117	8,416	(15.4%)
NPE provisions	3,823	4,593	(16.8%)
NPE ratio	5.5%	6.5%	-1.0 p.p.
NPE coverage ratio	53.7%	54.6%	-0.9 p.p.

	Sep-19	Sep-18	Change
Results (€ million)			
Net interest income	1,520	1,542	(1.4%)
Gross income	2,546	2,706	(5.9%)
"Core" result (Net interest income + Net fees and commissions - Operating Expenses)	946	939	0.7%
Pre-provision profit	1,176	1,304	(9.8%)
Profit/(loss) attributable to the Group	575	744	(22.6%)
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	53.8%	51.8%	+2.0 p.p.
R.O.A. (Profit after tax / Average total assets) (1)	0.4%	0.5%	-0.1 p.p.
RORWA (Profit after tax / RWA) (2)	1.0%	1.2%	-0.2 p.p.
ROE (Profit attributable to the group / Equity) (3)	6.0%	7.9%	-1.9 p.p.
ROTE (Profit attributable to the group / Average tangible equity) (4)	6.2%	8.1%	-2.0 p.p.

	Sep-19	Dec-18	Change
Bankia share			
Number of shareholders	178,374	184,643	(3.4%)
Number of shares in issue (million)	3,070	3,085	(0.5%)
Closing price (end of period, €)(5)	1.73	2.56	(32.3%)
Market capitalisation (€ million)	5,318	7,898	(32.7%)
Earnings per share(6) (€)	0.25	0.23	10.0%
Tangible book value per share(7) (€)	4.24	4.18	1.5%
PER (Last price (5) / Earnings per share(6))	6.91	11.23	(38.5%)
PTBV (Last price (5) / Tangible book value per share)	0.41	0.61	(33.3%)
Additional information			
Number of branches	2,275	2,298	(1.0%)
Number of employees	16,051	15,924	0.8%

(1) Annualized profit after tax divided by average total assets for the period
(2) Annualized profit after tax divided by risk weighted assets at period end
(3) Annualized attributable profit divided by the previous 12 months average equity, excluding the expected dividend payment
(4) Annualized Attributable profit divided by the previous 12 months average tangible equity, excluding the expected dividend payment
(5) Using the last price as of 30 September 2019 and 31 December 2018.
(6) Annualized attributable profit divided by the number of shares in issue.
(7) Total Equity less intangible assets divided by the number of shares in issue

2. ECONOMIC AND FINANCIAL ENVIRONMENT

International economic scenario

The global economy is still immersed in a synchronized slowdown. According to our estimates, global growth dropped to 2.2% (annualised) in the third quarter of 2019 – a four-year low, primarily because of the performance of developed economies including the US (estimated 1.5%, annualised) and the EMU (0.6%). Germany is on the verge of a recession. Meanwhile, geopolitical conflicts are still abound (Brexit and the trade war) and the uncertainty they cause is having a greater than expected impact on economic activity. Indeed, the darkening mood is not confined solely to the manufacturing sector but is spreading to the other sectors, which poses a greater threat to the job market and consumption.

The most likely scenario is that, in the short term, modest growth will continue overall, with some countries finding themselves close to stagnation. However, a global recession is improbable while the US remains steadfast; especially if China avoids an abrupt landing (it is forecast to post growth rates of 5% to 6% in the coming quarters, despite the trade war). Furthermore, it is expected that fiscal policy will come into play and that monetary policy will continue to hold the economy up on the whole, since inflationary pressures are still not an issue (in September, inflation stood at 0.9% in the EMU and 1.7% in the US).

In fact, some 16 central banks cut their rates in the third quarter of 2019 and a further 20 plus expect to do the same in the fourth quarter. Specifically, and as a preventive measure, the Fed has started cutting rates (25 bp in July and September), setting a target range of 1.75% to 2.00%. The ECB has announced a raft of measures, most notably: (i) cutting the deposit facility rate from -0.4% to -0.5%; (ii) new quantitative easing (QE) of 20 billion euros per month (with no end date); (iii) a shift in its forward guidance, indicating that interest rates will remain extremely low for a very long time; and (iv) a system to cut the cost of banks' deposits at the central bank. Investor interest in safe-haven assets has led to a decline in the internal rate of return (IRR) on public debt, with 10Y German bund yields dropping from -0.33% to -0.57% and Spanish bond yields falling from 0.40% to 0.15%. Italian debt has stood out, buoyed by investors searching for returns and the change in government at the beginning of August.

The state of the Spanish economy

The economic slowdown in Spain continued throughout the third quarter of 2019 which, according to the National Accounts, is turning out to be more intense than was expected: GDP growth remains at around 0.4% QOQ. With a weak export market and rising uncertainty, agents are losing confidence and domestic demand has slumped, in terms of both household consumption and business investments. Job creation has therefore been hit, with Social Security registrations in deseasonalised terms reaching their lowest level since 2013 (+0.3% QOQ vs +0.7% in the previous quarter). On a positive note, thanks to restrained domestic spending and an increase in saving, the downward trajectory of the country's net lending position over the last two years has halted with a tenth of a percent rise to 2.2% of GDP. This is crucial to achieving lasting, sustainable growth.

The banking sector has managed to considerably stem the decrease in private sector credit thanks to a smaller decline in lending to non-financial corporations. In terms of new loans, despite being more subdued, consumer lending continues to rise. This contrasts with demand for mortgage loans, affected by the new mortgage act, and business loans, partly due to the increasing net lending position of Spain's corporate sector. The decrease in NPAs has contributed to an improvement in asset quality. On the savings side, the balance of retail deposits (of households and businesses alike) is rising faster, while the volume of capital invested in mutual funds is once again increasing after the summer lull. Prompted by the outcome of the ECB's latest measures and the continuing poor profitability of banks, the Spanish banking sector has joined others around Europe and introduced negative interest rates on some business deposits.

3. SUMMARY OF RESULTS

The Bankia Group posts attributable profit of 575 million euros in September 2019. The "core" result is up (+0.7%) prompted by robust sales and cost containment.

- Cumulative attributable profit at the September 2019 close stands at 575 million euros – 22.6% lower than in the same period of 2018 because of smaller gains on the sale of fixed-income portfolios (net trading income or NTI). Nevertheless, "pre-provision profit excluding NTI" and the "core" result are up 1.8% and 0.7%, respectively, thanks to the good performance of the commercial activity and cost containment.

- Compared to the previous quarter, attributable profit falls by 19 million euros (-9.7%) to EUR 176 million euros. This was due to: the impact on net interest income of a smaller contribution from the public debt portfolio because the balance thereof shrank during the quarter (-8 million euros); the seasonal effect of a dip in business activity over the period (-10 million euros in net fees and commissions); and the lack of non-recurring dividends such as those obtained in the previous quarter (-13 million euros). Nonetheless, year-on-year, the change in net interest income, the stability of net fees and commissions and cost savings have pushed the "core" result up 1.5% with respect to the third quarter 2018.

INCOME STATEMENT

(€ million)	9M 2019	9M 2018	Change on 9M 2018 Amount	Change on 9M 2018 %
Net interest income	**1,520**	**1,542**	**(22)**	**(1.4%)**
Dividends	15	8	7	80.1%
Share of profit/(loss) of companies accounted for using the equity method	42	44	(2)	(3.9%)
Total net fees and commissions	796	799	(3)	(0.4%)
Gains/(losses) on financial assets and liabilities	236	381	(144)	(37.9%)
Exchange differences	12	11	2	14.7%
Other operating income/(expense)	(75)	(78)	3	(4.2%)
Gross income	**2,546**	**2,706**	**(160)**	**(5.9%)**
Administrative expenses	(1,222)	(1,272)	50	(3.9%)
Staff costs	(853)	(883)	31	(3.5%)
General expenses	(369)	(388)	19	(4.8%)
Depreciation and amortisation	(148)	(131)	(18)	13.6%
Pre-provision profit	**1,176**	**1,304**	**(128)**	**(9.8%)**
Provisions	(305)	(244)	(61)	24.8%
Provisions (net)	(31)	36	(68)	-
Impairment losses on financial assets (net)	(274)	(281)	7	(2.5%)
Operating profit/(loss)	**871**	**1,060**	**(188)**	**(17.8%)**
Impairment losses on non-financial assets	(14)	29	(43)	-
Other gains and other losses	(66)	(120)	54	(45.1%)
Profit/(loss) before tax	**792**	**969**	**(177)**	**(18.3%)**
Corporate income tax	(215)	(230)	14	(6.3%)
Profit/(loss) after tax from continuing operations	**576**	**739**	**(163)**	**(22.0%)**
Net profit from discontinued operations (1)	0	5	(5)	(100.0%)
Profit/(loss) in the period	**576**	**744**	**(168)**	**(22.5%)**
Profit/(Loss) attributable to minority interests	0.8	0.3	0.5	163.2%
Profit/(loss) attributable to the Group	**575**	**744**	**(168)**	**(22.6%)**
Cost to Income ratio (2)	**53.8%**	**51.8%**	**+2.0 p.p.**	**2.0%**
Recurring Cost to Income ratio (3)	**59.6%**	**60.6%**	**(1.0) p.p.**	**(1.0%)**
PRO-MEMORY				
"Core" Result (4)	**946**	**939**	**7**	**0.7%**
Pre-provision profit ex Gains/(losses) on financial assets and liabilities (5)	**940**	**923**	**16**	**1.8%**

(1) 9M 18 includes the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018
Since 1Q 2019 the results from Caja Murcia Vida and Caja Granada Vida are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.
(2) Operating expenses / Gross income.
(3) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(4) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization
(5) Pre-provision profit - Gains/(losses) on financial assets and liabilities

QUARTERLY RESULTS

(€ million)	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Net interest income	**502**	**516**	**502**	**507**	**495**	**521**	**526**
Dividends	1	14	1	3	0	7	1
Share of profit/(loss) of companies accounted for using the equity method	13	15	14	13	14	18	12
Total net fees and commissions	263	273	260	266	265	270	264
Gains/(losses) on financial assets and liabilities	97	102	37	30	90	152	139
Exchange differences	5	4	3	4	5	5	1
Other operating income/(expense)	(5)	(66)	(4)	(160)	(5)	(70)	(3)
Gross income	**875**	**858**	**813**	**662**	**865**	**903**	**939**
Administrative expenses	(409)	(407)	(407)	(425)	(415)	(419)	(437)
Staff costs	(282)	(286)	(285)	(278)	(287)	(291)	(305)
General expenses	(127)	(121)	(122)	(147)	(128)	(128)	(132)
Depreciation and amortisation	(49)	(49)	(50)	(43)	(42)	(40)	(48)
Pre-provision profit	**417**	**402**	**357**	**194**	**407**	**444**	**453**
Provisions	(119)	(121)	(65)	(192)	(73)	(68)	(103)
Provisions (net)	14	(35)	(10)	(46)	(0)	24	13
Impairment losses on financial assets (net)	(132)	(86)	(55)	(146)	(73)	(91)	(116)
Operating profit/(loss)	**299**	**281**	**292**	**1**	**334**	**376**	**350**
Impairment losses on non-financial assets	(5)	(6)	(4)	(19)	(3)	36	(4)
Other gains and other losses	(42)	(4)	(19)	(31)	(43)	(28)	(49)
Profit/(loss) before tax	**252**	**271**	**269**	**(49)**	**288**	**384**	**297**
Corporate income tax	(76)	(76)	(64)	7	(63)	(99)	(67)
Profit/(loss) after tax from continuing operations	**176**	**196**	**205**	**(42)**	**224**	**285**	**230**
Net profit from discontinued operations (1)	-	-	-	1	5	-	-
Profit/(loss) in the period	**176**	**196**	**205**	**(40)**	**229**	**285**	**230**
Profit/(Loss) attributable to minority interests	0.0	0.8	(0.0)	(0.0)	0.1	(0.1)	0.3
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(40)**	**229**	**285**	**229**
Cost to Income ratio (2)	**52.3%**	**53.2%**	**56.1%**	**70.7%**	**53.0%**	**50.8%**	**51.7%**
Recurring Cost to Income ratio (3)	**59.2%**	**60.7%**	**59.0%**	**74.6%**	**59.4%**	**61.6%**	**60.7%**
PRO-MEMORY							
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(40)**	**229**	**285**	**229**
Extraordinary profit/(loss) for the period (4)				**(85)**			
Recurrent Profit/(loss) attributable to the Group	**176**	**195**	**205**	**44**	**229**	**285**	**229**
"Core" Result (5)	**307**	**333**	**306**	**305**	**302**	**332**	**305**
Pre-provision profit ex Gains/(losses) on financial assets and liabilities (6)	**320**	**299**	**320**	**164**	**317**	**291**	**315**

(1) 4Q18 and 3Q18 includes the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018
Since 1Q 2019 the results from Caja Murcia Vida and Caja Granada Vida are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.
(2) Operating expenses / Gross income.
(3) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(4) 4Q18 includes net extraordinary provisions associated with the impact of the sale of non-performing assetes to the institutional investor Lone Star XI.
(5) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization.
(6) Pre-provision profit - Gains/(losses) on financial assets and liabilities

- **Net interest income for the first nine months of the year totals** 1.520 billion euros, down 1.4% YOY because of fixed-income portfolio sell-offs and rotation in 2018 and 2019, higher financing costs derived from applying IFRS 16 to leased assets since January 2019 and increased liquidity at negative rates. That said, the customer margin has increased by +8 bp to 1.63% thanks to: new lending at higher rates than those of the stock of existing loans; the growing share of more profitable segments; and the lower cost of customer deposits.

- **Compared to the previous quarter**, **net interest income is down 2.7**% at 502 million euros, primarily due to the sales of public debt over the quarter, the first effects of the drop in the Euribor on the mortgage loan portfolio and increased financing costs.

REVENUES AND EXPENSES

	3Q 2019			2Q 2019			1Q 2019			4Q 2018		
(€ million & %)	Avg. Amount [1]	Revenues / Expenses	Yield	Avg. Amount [1]	Revenues / Expenses	Yield	Avg. Amount [1]	Revenues / Expenses	Yield	Avg. Amount [1]	Revenues / Expenses	Yield
Loans and advances to credit institutions [2]	14,714	23	0.61%	16,477	27	0.66%	7,536	23	1.24%	7,906	21	1.04%
Net Loans and advances to customers (a)	118,670	516	1.72%	118,299	517	1.75%	117,970	496	1.70%	119,507	510	1.69%
Debt securities	46,583	72	0.62%	49,070	80	0.65%	51,775	83	0.65%	50,064	74	0.59%
Other interest earning assets [3]	1,023	3	1.30%	1,022	3	1.31%	1,026	3	1.32%	519	2	1.51%
Other non-interest earning assets	27,431	-	-	27,401	-	-	27,580	-	-	26,528	-	-
Total Assets (b)	**208,420**	**614**	**1.17%**	**212,269**	**628**	**1.19%**	**205,888**	**605**	**1.19%**	**204,516**	**606**	**1.18%**
Deposits from central banks and credit [2]	35,922	23	0.26%	41,033	25	0.24%	36,024	17	0.19%	37,116	12	0.13%
Customer deposits (c)	129,014	31	0.09%	128,328	31	0.10%	126,550	33	0.10%	125,402	35	0.11%
Strict Customer Deposits	*122,572*	*10*	*0.03%*	*121,449*	*10*	*0.03%*	*120,266*	*11*	*0.04%*	*118,942*	*13*	*0.04%*
Repos	*244*	*1*	*0.97%*	*655*	*1*	*0.37%*	*36*	*1*	*6.20%*	*71*	*1*	*3.20%*
Single-certificate covered bonds	*6,198*	*21*	*1.32%*	*6,223*	*21*	*1.33%*	*6,248*	*21*	*1.36%*	*6,388*	*21*	*1.31%*
Marketable securities	14,870	36	0.95%	14,646	29	0.80%	14,560	30	0.84%	15,246	36	0.93%
Subordinated liabilities	2,975	16	2.09%	3,478	20	2.28%	3,493	18	2.12%	2,991	14	1.87%
Other interest earning liabilities [3]	1,503	7	1.74%	1,552	7	1.79%	1,834	6	1.34%	1,074	3	1.02%
Other liabilities with no cost	10,782	-	-	10,023	-	-	10,181	-	-	9,466	-	-
Equity	13,354	-	-	13,209	-	-	13,246	-	-	13,222	-	-
Total equity and liabilities (d)	**208,420**	**112**	**0.21%**	**212,269**	**112**	**0.21%**	**205,888**	**103**	**0.20%**	**204,516**	**99**	**0.19%**
Customer margin (a-c)			**1.63%**			**1.65%**			**1.60%**			**1.58%**
Net interest margin (b-d)		**502**	**0.96%**		**516**	**0.98%**		**502**	**0.99%**		**507**	**0.99%**

(1) Calculated over monthly balances at each closing date.
(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 income from TLTRO II and repo transactions) due that following accounting standards, income arising from the appication of negative interest rates are accounted for according to its nature. On the liabilities side, the contrary occurs with regards to "Deposits from central banks and credit institutions"
(3) Insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities, including those associated with IFRS 16 ("Financial Leasing") starting January 2019.

	4Q 2018			3Q 2018			2Q 2018			1Q 2018		
(€ million & %)	Avg. Amount	Revenues / Expenses	Yield	Avg. Amount	Revenues / Expenses	Yield	Avg. Amount	Revenues / Expenses	Yield	Avg. Amount	Revenues / Expenses	Yield
Loans and advances to credit institutions [1]	7,906	21	1.04%	7,422	21	1.14%	7,094	23	1.31%	6,982	22	1.29%
Net Loans and advances to customers (a)	119,507	510	1.69%	120,124	490	1.62%	120,426	506	1.68%	121,071	512	1.71%
Debt securities	50,064	74	0.59%	50,044	77	0.61%	53,195	94	0.71%	53,970	96	0.72%
Other interest earning assets [2]	519	2	1.51%	420	2	1.87%	425	2	1.87%	431	2	1.87%
Other non-interest earning assets	26,528	-	-	26,351	-	-	26,613	-	-	27,011	-	-
Total Assets (b)	**204,516**	**606**	**1.18%**	**204,361**	**591**	**1.15%**	**207,754**	**625**	**1.21%**	**209,465**	**632**	**1.22%**
Deposits from central banks and credit [1]	37,116	12	0.13%	37,912	10	0.10%	37,832	13	0.14%	37,294	12	0.13%
Customer deposits (c)	125,402	35	0.11%	124,834	36	0.11%	126,642	40	0.13%	126,613	43	0.14%
Strict Customer Deposits	*118,942*	*13*	*0.04%*	*118,059*	*14*	*0.05%*	*118,812*	*17*	*0.06%*	*118,186*	*18*	*0.06%*
Repos	*71*	*1*	*3.20%*	*102*	*1*	*2.24%*	*766*	*1*	*0.29%*	*1,092*	*1*	*0.20%*
Single-certificate covered bonds	*6,388*	*21*	*1.31%*	*6,673*	*21*	*1.28%*	*7,065*	*22*	*1.26%*	*7,335*	*24*	*1.34%*
Marketable securities	15,246	36	0.93%	14,927	35	0.93%	16,016	34	0.85%	17,118	35	0.83%
Subordinated liabilities	2,991	14	1.87%	2,571	14	2.09%	2,495	14	2.20%	2,515	14	2.22%
Other interest earning liabilities	1,074	3	1.02%	1,167	2	0.71%	1,092	3	1.09%	1,293	3	0.81%
Other liabilities with no cost	9,466	-	-	9,786	-	-	10,495	-	-	11,188	-	-
Equity	13,222	-	-	13,164	-	-	13,182	-	-	13,444	-	-
Total equity and liabilities (d)	**204,516**	**99**	**0.19%**	**204,361**	**96**	**0.19%**	**207,754**	**104**	**0.20%**	**209,465**	**106**	**0.21%**
Customer margin (a-c)			**1.58%**			**1.51%**			**1.56%**			**1.57%**
Net interest margin (b-d)		**507**	**0.99%**		**495**	**0.96%**		**521**	**1.01%**		**526**	**1.01%**

(1) Calculated over monthly balances at each closing date.
(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 income from TLTRO II and repo transactions) due that following accounting standards, income arising from the appication of negative interest rates are accounted for according to its nature. On the liabilities side, the contrary occurs with regards to "Deposits from central banks and credit institutions"

- **Net fees and commissions stand at 796 million euros**, in line with the figure for the same period in 2018 (799 million euros). The good performance of net fees and commissions for collection and payment services (+9.6%), assets under management (+3.4%) and loan origination (+3.3%) have offset the decline in demand account net fees and commissions (-29.7%) from applying the "zero commissions" policy to BMN customers, and the lower net fees and commissions for managing non-performing exposures and write-offs as part of the process to pare back the group's non-performing assets.

- The variation **compared to the second quarter of 2019 (-3.6%)** stems from the seasonality of the third quarter, although net fee and commission income remains at a similar level to the same period a year earlier, growing 8.8% for the cards segment, 5.2% for asset under management, and 52.1% for structuring of transactions.

NET FEE AND COMMISSION INCOME

(€ million)	9M 2019	9M 2018	Change on 9M 2018 Amount	Change on 9M 2018 %
Assets under management	**307**	**297**	**10**	**3.4%**
Securities brokerage service	50	44	6	13.0%
Mutual funds, Pension funds and insurances	257	253	4	1.7%
Payments services	**248**	**226**	**22**	**9.6%**
Bills of exchange	15	14	1	10.8%
Debit and credit cards	188	170	18	10.7%
Payments services	44	42	2	4.9%
Origination	**152**	**147**	**5**	**3.3%**
Contingent risks and commitments	73	76	(3)	(4.4%)
Forex	30	26	4	15.7%
Structuring and design of transactions and others	49	45	4	9.2%
Management of NPLs, write offs and others	**97**	**112**	**(15)**	**(13.7%)**
Management of NPLs and write offs	1	20	(19)	(92.7%)
Claims on Past due	95	92	3	3.5%
Accounts manteinance (Sight deposits)	**57**	**81**	**(24)**	**(29.7%)**
Fees and commissions received	**861**	**864**	**(3)**	**(0.3%)**
Fees and commissions paid	**65**	**65**	**0**	**0.1%**
TOTAL NET FEE AND COMMISSION INCOME	**796**	**799**	**(3)**	**(0.4%)**

(€ million)	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	Change on 3Q 2018	Change on 2Q 2019
Assets under management	**101**	**106**	**100**	**96**	**96**	**100**	**102**	**5.2%**	**(5.1%)**
Securities brokerage service	17	16	17	13	15	15	14	15.0%	7.3%
Mutual funds, Pension funds and insurances	83	90	84	84	81	84	88	3.4%	(7.4%)
Payments services	**83**	**86**	**79**	**82**	**77**	**76**	**73**	**8.2%**	**(3.1%)**
Bills of exchange	5	5	5	5	5	4	5	3.1%	(4.8%)
Debit and credit cards	64	66	59	62	59	58	54	8.8%	(3.2%)
Payments services	14	15	15	14	13	14	15	7.1%	(2.0%)
Origination	**54**	**50**	**49**	**52**	**48**	**50**	**49**	**11.5%**	**7.2%**
Contingent risks and commitments	25	24	24	25	27	26	24	(7.5%)	0.8%
Forex	11	10	9	9	10	9	8	13.4%	15.0%
Structuring and design of transactions and ot	18	16	15	18	12	16	18	52.1%	12.2%
Management of NPLs, write offs and others	**30**	**33**	**33**	**35**	**46**	**39**	**27**	**(34.7%)**	**(9.6%)**
Management of NPLs and write offs	1	1	0	2	16	2	2	(96.7%)	(12.9%)
Claims on Past due	30	33	33	33	30	36	26	(0.6%)	(9.6%)
Accounts manteinance (Sight deposits)	**18**	**20**	**19**	**21**	**21**	**27**	**33**	**(13.5%)**	**(6.2%)**
Fees and commissions received	**286**	**295**	**281**	**285**	**288**	**292**	**284**	**(0.7%)**	**(3.0%)**
Fees and commissions paid	**23**	**22**	**20**	**20**	**23**	**22**	**20**	**1.3%**	**4.5%**
TOTAL NET FEE AND COMMISSION INCOME	**263**	**273**	**260**	**266**	**265**	**270**	**264**	**(0.9%)**	**(3.6%)**

- **As a result of the cost synergies from the BMN merger, operating expenses accumulated to September fall by 2.3% YOY** to 1.370 billion euros, remaining flat in the quarter. This decrease in costs has driven the recurring efficiency ratio to 59.6% – a percentage point lower than in September 2018. The ratio of operating expenses to risk weighted assets (RWAs) stood at 2.28% at the end of the period.

- The application of IFRS 16 (leased assets) as from 1 January 2019 has decreased the cost of properties, facilities and materials by 43 million euros compared to September 2018, leading to an increase in the depreciation and amortisation expense and the financial costs of net interest income.

OPERATING EXPENSES

			Change on 9M 2018	
(€ million)	9M 2019	9M 2018	Amount	%
Staff costs	**853**	**883**	**(31)**	**(3.5%)**
Wages and salaries	625	674	(50)	(7.4%)
Social security costs	170	167	3	1.8%
Pension plans	38	22	16	75.3%
Others	20	20	(1)	(3.1%)
General expenses	**369**	**388**	**(19)**	**(4.8%)**
From property, fixtures and supplies	47	90	(43)	(47.9%)
IT and communications	156	143	12	8.6%
Advertising and publicity	42	39	3	8.0%
Technical reports	27	13	14	110.9%
Surveillance and security courier services	13	14	(0)	(2.2%)
Levies and taxes	24	21	4	17.1%
Insurance and self-insurance premiums	3	3	(0)	(2.6%)
Other expenses	58	66	(9)	(12.9%)
ADMINISTRATIVE EXPENSES	**1,222**	**1,272**	**(50)**	**(3.9%)**
AMORTISATIONS	**148**	**131**	**18**	**13.6%**
TOTAL OPERATING EXPENSES	**1,370**	**1,402**	**(32)**	**(2.3%)**

								Change on	
(€ million)	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	3Q 2018	2Q 2019
Staff costs	**282**	**286**	**285**	**278**	**287**	**291**	**305**	**(1.9%)**	**(1.3%)**
Wages and salaries	206	211	208	207	218	220	236	(5.2%)	(2.2%)
Social security costs	56	57	57	53	53	56	58	5.9%	(0.7%)
Pension plans	13	11	14	11	11	6	4	12.3%	11.3%
Others	7	7	7	7	5	9	6	28.1%	0.1%
General expenses	**127**	**121**	**122**	**147**	**128**	**128**	**132**	**(1.0%)**	**4.6%**
From property, fixtures and supplies	16	16	15	29	30	29	32	(46.8%)	(3.3%)
IT and communications	53	51	52	48	49	47	48	8.4%	3.9%
Advertising and publicity	14	14	14	13	13	13	12	5.4%	(1.8%)
Technical reports	10	11	6	15	1	6	6	671.1%	(11.5%)
Surveillance and security courier services	5	4	4	4	5	5	4	(0.9%)	4.5%
Levies and taxes	10	8	7	9	7	7	7	36.3%	19.9%
Insurance and self-insurance premiums	1	1	1	1	1	1	1	(8.3%)	2.8%
Other expenses	20	16	22	28	23	21	23	(13.8%)	24.5%
ADMINISTRATIVE EXPENSES	**409**	**407**	**407**	**425**	**415**	**419**	**437**	**(1.6%)**	**0.4%**
AMORTISATIONS	**49**	**49**	**50**	**43**	**42**	**40**	**48**	**16.5%**	**0.7%**
TOTAL OPERATING EXPENSES	**458**	**456**	**456**	**468**	**458**	**459**	**485**	**0.1%**	**0.5%**

- The cumulative "core" result reaches 946 million euros in September 2019 – up 0.7% YOY thanks to stable net interest income and net fees and commissions and the positive effect of cost streamlining. Stripping out NTI, pre-provision profit amounts to 940 million euros – up 1.8% on September 2018. At the close of the third quarter, the group's "core" result is 307 million euros.

- **Charges to provisions and the group's other gains and losses have totalled a cumulative net expense of 384 million euros year to date in September 2019 (165 million euros for the quarter)**, which is 49 million euros higher YOY. This increase is associated with the cost of selling loan portfolios and the impairment of non-financial assets, which had a positive impact in the first nine months of 2018 because of the reclassification of the equity stake in Caser in the second quarter of the year.

- The YOY change in provisions puts the **cost of risk at 0.21**% at the September 2019 close – 3 bp above the 0.18% posted a year earlier in September.

PROVISIONING AND OTHER GAINS AND LOSSES

			Change on 9M 2018	
(€ million)	9M 2019	9M 2018	Amount	%
Impairment losses on:	**(288)**	**(251)**	**(36)**	**14.4%**
Financial assets	(274)	(281)	7	(2.5%)
Non-financial assets	(14)	29	(43)	-
Impairment losses on Real Estate Assets	**(144)**	**(78)**	**(66)**	**83.8%**
Resto de provisiones y otros resultados	**47**	**(6)**	**53**	**-**
Provisions (net)	(31)	36	(68)	-
Others	78	(42)	121	-
Total provisions and others	**(384)**	**(335)**	**(49)**	**14.5%**

								Change on	
(€ million)	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	3Q 2018	2Q 2019
Impairment losses on:	**(137)**	**(92)**	**(59)**	**(165)**	**(76)**	**(56)**	**(120)**	**81.2%**	**48.7%**
Financial assets	(132)	(86)	(55)	(146)	(73)	(91)	(116)	81.2%	53.5%
Non-financial assets	(5)	(6)	(4)	(19)	(3)	36	(4)	80.3%	(22.5%)
Impairment losses on Real Estate Assets	**(72)**	**(41)**	**(31)**	**(26)**	**(29)**	**(23)**	**(27)**	**148.7%**	**73.5%**
Resto de provisiones y otros resultados	**44**	**2**	**2**	**(52)**	**(15)**	**19**	**(9)**	**-**	**-**
Provisions (net)	14	(35)	(10)	(46)	(0)	24	13	-	-
Others	30	37	12	(6)	(15)	(5)	(22)	-	(17.3%)
Total provisions and others	**(165)**	**(131)**	**(88)**	**(242)**	**(119)**	**(60)**	**(157)**	**38.4%**	**26.0%**

4. BALANCE SHEET PERFORMANCE

Performing loans and advances grow by 970 million euros since December 2018 thanks to new lending. The group leads the ranking of new net contributions to mutual funds and has increased its customer funds by 3.4% over the period.

			Change on Dec-18	
(€ million)	Sep-19	Dec-18	Amount	%
Cash and balances at central banks	8,973	4,754	4,219	88.7%
Financial assets held for trading	7,574	6,308	1,266	20.1%
Trading derivatives	7,428	6,022	1,405	23.3%
Debt securities	143	282	(138)	(49.1%)
Equity instruments	3	4	(0)	(11.5%)
Financial assets designated at fair value through profit or loss	11	9	2	17.0%
Debt securities	0.21	0	0	9.6%
Loans and advances	11	9	2	17.2%
Financial assets designated at fair value through equity	12,211	15,636	(3,425)	(21.9%)
Debt securities	12,137	15,559	(3,423)	(22.0%)
Equity instruments	75	76	(2)	(2.3%)
Financial assets at amortised cost	157,811	156,461	1,350	0.9%
Debt securities	33,379	33,742	(364)	(1.1%)
Loans and advances to central banks	0.03	0	0.03	-
Loans and advances to credit institutions	5,657	4,433	1,224	27.6%
Loans and advances to customers	118,776	118,286	490	0.4%
Hedging derivatives	2,677	2,627	50	1.9%
Investments in subsidaries, joint ventures and associates	585	306	279	91.3%
Tangible and intangible assets	3,100	2,487	613	24.6%
Non-current assets held for sale	2,078	3,906	(1,828)	(46.8%)
Other assets	12,382	12,728	(346)	(2.7%)
TOTAL ASSETS	**207,403**	**205,223**	**2,180**	**1.1%**
Financial liabilities held for trading	7,703	6,047	1,656	27.4%
Trading derivatives	7,468	5,925	1,544	26.1%
Short positions	234	122	112	91.9%
Financial liabilities at amortised cost	183,107	181,869	1,239	0.7%
Deposits from central banks	13,868	13,856	12	0.1%
Deposits from credit institutions	20,979	21,788	(809)	(3.7%)
Customer deposits and funding via clearing houses	128,726	126,319	2,406	1.9%
Debt securities in issue	17,990	18,360	(370)	(2.0%)
Other financial liabilities	1,544	1,545	(1)	(0.1%)
Hedging derivatives	84	183	(99)	(54.1%)
Provisions	1,789	1,922	(134)	(7.0%)
Other liabilitiess	1,330	2,013	(683)	(33.9%)
TOTAL LIABILITIES	**194,012**	**192,033**	**1,979**	**1.0%**
Minority interests	13	12	1	7.5%
Other accumulated results	186	147	38	26.1%
Equity	13,191	13,030	162	1.2%
TOTAL EQUITY	**13,391**	**13,189**	**201**	**1.5%**
TOTAL EQUITY AND LIABILITIES	**207,403**	**205,223**	**2,180**	**1.1%**

- **Loans and advances to customers** (gross) have not varied significantly since December 2018, standing at **122.247 billion euros. That said, stripping out non-performing loans and reverse repos, the performing loan book has grown by 970 million euros (+0.8%)** due to new lending. This has boosted the group's share in the consumer loans (+10 bp to 5.62%) and the companies segments (+33 bp to 7.53%) since September 2018.

LOANS AND ADVANCES TO CUSTOMERS

			Change on Dec-18	
(€ million)	Sep-19	Dec-18	Amount	%
Spanish public sector	5,016	4,846	171	3.5%
Other resident sectors	105,411	105,152	260	0.2%
Secured loans	71,002	73,275	(2,273)	(3.1%)
Other term loans	26,690	24,448	2,242	9.2%
Commercial credit	5,202	4,655	547	11.8%
Receivable on demand and other	2,517	2,774	(257)	(9.3%)
Non-residents	3,974	3,636	338	9.3%
Repo transactions	122	114	8	7.3%
Of which: reverse repurchase agreements with BFA	*0*	*100*	*(100)*	*(100.0%)*
Other financial assets	1,012	868	144	16.6%
Other valuation adjustments	231	173	58	33.6%
Non-performing loans	6,479	7,716	(1,237)	(16.0%)
Gross loans and advances to customers	**122,247**	**122,505**	**(258)**	**(0.2%)**
Loan loss reserve	(3,460)	(4,210)	750	(17.8%)
NET LOANS AND ADVANCES TO CUSTOMERS	**118,786**	**118,295**	**491**	**0.4%**
GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPLs & REPOs	**115,645**	**114,675**	**970**	**0.8%**

- **The Bankia Group leads the way in net contributions to mutual funds in 2019 with a 21% share.** Strong growth during the year in mutual funds (+11.6%) and strict customer deposits (+2% in current accounts, savings accounts and the public sector) has driven up **retail customer funds to 152.147 billion euros – 3.4% higher** than in December 2018 and up 3.8% YOY.

RETAIL CUSTOMER FUNDS

						Change on Dec-18	
(€ million)	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Amount	%
Spanish public sector	**7,130**	**6,825**	**7,135**	**6,608**	**6,129**	**522**	**7.9%**
Other resident sectors	**112,935**	**114,256**	**112,497**	**110,916**	**110,279**	**2,019**	**1.8%**
Current accounts	40,208	40,134	39,499	37,905	37,713	2,303	6.1%
Savings accounts	40,055	40,208	38,155	37,334	36,088	2,721	7.3%
Term deposits	32,672	33,914	34,843	35,678	36,478	(3,005)	(8.4%)
Non-residents	**2,427**	**2,409**	**2,504**	**2,511**	**2,120**	**(84)**	**(3.4%)**
Strict Customer Deposits	**122,492**	**123,489**	**122,136**	**120,036**	**118,529**	**2,456**	**2.0%**
Mutual funds	21,326	20,717	20,012	19,114	19,925	2,212	11.6%
Pension funds	8,329	8,234	8,158	7,999	8,157	330	4.1%
Total customer off-balance funds (1)	**29,655**	**28,951**	**28,170**	**27,113**	**28,082**	**2,542**	**9.4%**
TOTAL	**152,147**	**152,440**	**150,306**	**147,149**	**146,611**	**4,998**	**3.4%**

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

TOTAL CUSTOMER FUNDS

(€ million)	Sep-19	Dec-18	Change on Dec-18	
			Amount	%
Spanish public sector	7,130	6,608	522	7.9%
Other resident sectors	119,169	117,200	1,969	1.7%
Current accounts	40,208	37,905	2,303	6.1%
Savings accounts	40,055	37,334	2,721	7.3%
Term deposits	32,672	35,678	(3,005)	(8.4%)
Repo transactions	36	36	(0)	(0.3%)
Singular mortgage securities	6,198	6,248	(50)	(0.8%)
Non-residents	2,427	2,511	(84)	(3.4%)
Funding via clearing houses and customer deposits	**128,726**	**126,319**	**2,406**	**1.9%**
Debentures and other marketable securities	15,007	15,370	(363)	(2.4%)
Subordinated loans	2,983	2,990	(7)	(0.2%)
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**146,715**	**144,680**	**2,036**	**1.4%**
Mutual funds	21,326	19,114	2,212	11.6%
Pension funds	8,329	7,999	330	4.1%
Off-balance-sheet customer funds (1)	**29,655**	**27,113**	**2,542**	**9.4%**
TOTAL CUSTOMER FUNDS	**176,370**	**171,793**	**4,577**	**2.7%**

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

- **Issues** (debentures and other marketable securities and subordinated finance) total 17.990 billion euros at the September close. These include new issuances totalling 2.750 billion euros during the year to renew maturities and accumulate eligible liabilities to meet the MREL regulatory requirement.

5. RISK MANAGEMENT

Non-performing assets and the NPE ratio have fallen once again

- In the first nine months of the year, **non-performing exposures decreased by 1.299** billion euros (-15.4%), **reducing the group's NPE ratio to 5.5%** – a percentage point below the December 2018 figure and 20 bp down on the ratio in the preceding quarter. The decrease in doubtful assets sees gross non-performing assets (NPAs) standing at 9.475 billion euros (-12.9% since December 2018) and the **gross NPA ratio falling to 7.2%** as a percentage of total credit and the net NPA ratio decreasing to 3.7%. Since 2017, the group has offloaded 7.3 billion euros of NPAs – 82% of the target set in the Strategic Plan.

NPE RATIO AND NPE COVERAGE RATIO

						Change on Dec-18	
(€ million and %)	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Amount	% / p.p.
Non-performing exposure	7,117	7,514	7,969	8,416	10,362	(1,299)	(15.4%)
Total risk-bearing assets	129,702	130,810	129,369	129,792	132,962	(90)	(0.1%)
Total NPE ratio (1)	**5.5%**	**5.7%**	**6.2%**	**6.5%**	**7.8%**		**-1.0 p.p.**
Total provisions	3,823	4,122	4,381	4,593	5,677	(770)	(16.8%)
NPE coverage ratio	**53.7%**	**54.9%**	**55.0%**	**54.6%**	**54.8%**		**-0.9 p.p.**

(1) NPE ratio: (Doubtfull risks of loans and advances to customers and contingent risks) / (Total risks of loans and advances to customers and contigent risks)

NON-PERFORMING EXPOSURES

(€ million and %)	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Non-performing loans at the begining of the period	**7,514**	**7,969**	**8,416**	**10,362**	**10,809**	**11,631**	**12,117**
Net outflows	(90)	(144)	(92)	(389)	(370)	(754)	(297)
Write offs	(306)	(72)	(69)	(153)	(77)	(68)	(190)
Disposals related to sale of NPLs portfolios (1)		(239)	(286)	(1,404)			
Non-performing loans at the end of the period	**7,117**	**7,514**	**7,969**	**8,416**	**10,362**	**10,809**	**11,631**

(1) Mar-19 & Dec-18 data include mortgage NPLs allocated in "Non-current assets held for sale" after the sale agreements reached with institutional investors

FORECLOSED ASSETS

	Gross Amount (1)				
(€ million)	Sep-19	Jun-19 (2)	Mar-19 (2)	Dic-18 (2)	Sep-18
Total	**2,793**	**2,852**	**2,888**	**2,909**	**4,516**
(-) Assets assigned to the Social Housing Fund and rented (3)	(436)	(438)	(429)	(446)	(346)
Total gross foreclosed assets	**2,358**	**2,414**	**2,459**	**2,462**	**4,170**

	Impairments (1)				
(€ million)	Sep-19	Jun-19 (2)	Mar-19 (2)	Dic-18 (2)	Sep-18
Total	**820**	**784**	**756**	**762**	**1,706**
(-) Assets assigned to the Social Housing Fund and rented (3)	(85)	(83)	(73)	(113)	(81)
Total gross foreclosed assets	**735**	**701**	**683**	**649**	**1,625**

	Net Amount (1)				
(€ million)	Sep-19	Jun-19 (2)	Mar-19 (2)	Dic-18 (2)	Sep-18
Total	**1,974**	**2,068**	**2,132**	**2,146**	**2,810**
(-) Assets assigned to the Social Housing Fund and rented (3)	(351)	(355)	(356)	(333)	(265)
Total gross foreclosed assets	**1,623**	**1,713**	**1,776**	**1,813**	**2,545**

(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) From Dec-18 untill Jun-19 data calculated assuming the asset disposal due to the sale of portfolios to Lone Star XI closed in 3Q 2019
(3) Includes assets assigned to the Social Housing Fund, assets with special rental terms to vulnerable collectives and rented assets yielding >3%

NON-PERFORMING ASSETS (NPAs)

(€ million and %)	Sep-19 (1)	Jun-19 (1)	Mar-19 (1)	Dec-18 (1)	Sep-18	Change on Dec-18 Amount	Change on Dec-18 % / p.p.
Gross Non-performing exposure	7,117	7,514	7,969	8,416	10,362	(1,299)	(15.4%)
Gross foreclosed assets	2,358	2,414	2,459	2,462	4,170	(105)	(4.3%)
Gross NPAs	**9,475**	**9,928**	**10,428**	**10,878**	**14,532**	**(1,404)**	**(12.9%)**
NPE provisions	3,823	4,122	4,381	4,593	5,677	(770)	(16.8%)
Impairments on foreclosed assets	735	701	683	649	1,625	86	13.2%
NPAs provisions	**4,558**	**4,823**	**5,064**	**5,243**	**7,302**	**(685)**	**(13.1%)**
Net NPEs	3,294	3,392	3,588	3,823	4,685	(529)	(13.8%)
Net forclosed assets	1,623	1,713	1,776	1,813	2,545	(191)	(10.5%)
Net NPAs	**4,917**	**5,105**	**5,364**	**5,636**	**7,230**	**(719)**	**(12.8%)**
Total risk	**132,060**	**133,224**	**131,829**	**132,254**	**137,132**	**(195)**	**(0.1%)**
Gross NPAs ratio	**7.2%**	**7.5%**	**7.9%**	**8.2%**	**10.6%**		**-1.0 p.p.**
Net NPAs ratio	**3.7%**	**3.8%**	**4.1%**	**4.3%**	**5.3%**		**-0.6 p.p.**
NPAs Coverage	**48.1%**	**48.6%**	**48.6%**	**48.2%**	**50.2%**		**-0.1 p.p.**

(1) Since Dec-18 data calculated assuming the asset disposal due to the sale of portfolios to institutional investors in 4Q18

RESTRUCTURED LOANS

(€ million and %)	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Change on Dec-18 Amount	Change on Dec-18 % / p.p.
Non-performing loans	3,725	4,029	4,338	4,727	5,859	(1,002)	(21.2%)
Performing loans	3,702	3,657	3,772	4,133	4,736	(431)	(10.4%)
Total refinanced gross exposure	**7,427**	**7,687**	**8,111**	**8,860**	**10,594**	**(1,433)**	**(16.2%)**
Non-performing loans	1,373	1,470	1,657	1,928	2,504	(555)	(28.8%)
Performing loans	160	162	177	204	234	(45)	(21.8%)
Total Impairments	**1,533**	**1,632**	**1,834**	**2,132**	**2,738**	**(599)**	**(28.1%)**
Non-performing loans	36.9%	36.5%	38.2%	40.8%	42.7%		-3.9 p.p.
Performing loans	4.3%	4.4%	4.7%	4.9%	4.9%		-0.6 p.p.
Total coverage (%)	**20.6%**	**21.2%**	**22.6%**	**24.1%**	**25.8%**		**-3.5 p.p.**

6. FUNDING STRUCTURE AND LIQUIDITY

- The group's funding comprises retail customer deposits (67%), issuances and treasury (18%) repos (8%) and ECB funding (8%).
- At 30 September 2019, the loan-to-deposit (LTD) ratio was 89.9% and the liquidity coverage ratio (LCR) was 197%.
- The group has wholesale debt of 22.985 billion euros, comfortably covered by liquid assets of 34.232 billion euros at period-end.
- In the first nine months of 2019, Bankia issued debt amounting to 3.225 billion euros, 2.750 billion euros of which is senior preferred, senior non-preferred and subordinated debt placed to renew maturities and accumulate eligible liabilities to fulfil the future MREL regulatory requirement.

LTD RATIO AND CUSTOMER FUNDING GAP

			Change on Dec-18	
(€ million)	Sep-19	Dec-18	Amount	%
Net Loans and advances to customers	**118,786**	**118,295**	**491**	**0.4%**
o/w Repo transactions (1)	122	14	109	798.6%
a. Strict Net Loans and advances to customers	**118,664**	**118,281**	**383**	**0.3%**
Strict customer deposits and retail commercial paper	122,492	120,036	2,456	2.0%
Single-certificate covered bonds	6,198	6,248	(50)	(0.8%)
ICO/EIB deposits	3,352	3,424	(71)	(2.1%)
b. Total Deposits	**132,042**	**129,707**	**2,335**	**1.8%**
LTD ratio (a/b)	**89.9%**	**91.2%**		**-1.3 p.p.**

(1) Reverse repurchase agreements

			Change on Dec-18	
(€ million)	Sep-19	Dec-18	Amount	%
Net Loans and advances to customers	**118,786**	**118,295**	**491**	**0.4%**
o/w Repo transactions (1)	122	14	109	798.6%
Strict Net Loans and advances to customers	**118,664**	**118,281**	**383**	**0.3%**
(-) Strict customer deposits and retail commercial paper	122,492	120,036	2,456	2.0%
(-) ICO/EIB deposits	3,352	3,424	(71)	(2.1%)
Strict Comercial GAP	**(7,180)**	**(5,178)**	**(2,002)**	**38.7%**

(1) Reverse repurchase agreements

ISSUANCE MATURITIES

(€ million) (1)	2019 (2)	2020	2021	>2021
Covered bonds	963	418	2,025	13,356
Senior debt	3	1	35	1,850
Subordinated debt	-	-	175	2,750
Securitisation	-	-	-	1,411
Total issuance maturities	**966**	**418**	**2,235**	**19,366**

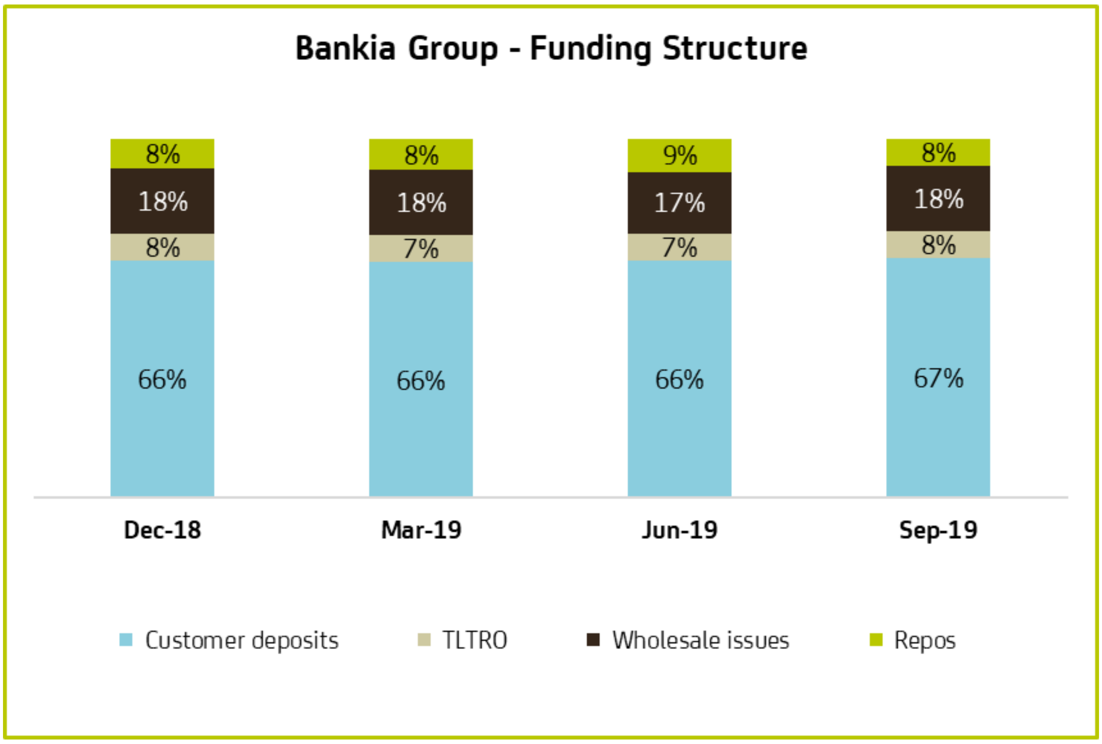
(1) Maturities of Bankia group in nominal values net of treasury shares and retained issuance
(2) During 9M19, €500mn of senior debt and €3,900mn of covered bonds have matured and €1,000mn of subordinated were early amortised and replaced by another issuance of subordinated debt with the same amount, and issued €1,250mn of Senior preferred, €500mn of senior non-preferred and €475mn of covered bonds

LIQUID ASSETS

(€ million)	Sep-19	Dec-18	Change on Dec-18 Amount	Change on Dec-18 % / p.p.
Treasury account and deposit facility [1]	7,231	2,921	4,310	147.6%
Undrawn amount on the facility	11,354	11,339	15	0.1%
Available high liquidity assets [2]	15,647	17,678	(2,031)	(11.5%)
Total	**34,232**	**31,938**	**2,294**	**7.2%**

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

FUNDING STRUCTURE



7. EQUITY

- **The group's equity** totals 13.391 billion euros at the September 2019 close, which takes into account the dividends paid against 2018 profit booked in March and the capital reduction in May to cancel own shares against voluntary reserves.

EQUITY

(€ million)	Sep-19	Jun-19	Mar-19 (1)	Dic-18	Sep-18
Equity at the beginning of the period	**13,037**	**12,859**	**13,030**	**13,120**	**12,894**
+ Result from the period	176	195	205	(40)	229
- Capital Reduction		(15)			
+/- Movementes in reserves:	(21)	(2)	(375)	(50)	(4)
- Dividend paid (1)			(354)		
- AT1 coupon	(13)	(13)	(13)	(14)	(9)
+/- Other movements	(8)	12	(8)	(36)	5
Equity at the closing of the period	**13,191**	**13,037**	**12,859**	**13,030**	**13,120**
Global other accumulated result	186	291	212	147	113
Minority interests	13	13	13	12	15
Total Equity	**13,391**	**13,341**	**13,084**	**13,189**	**13,248**

(1) At 31 March 2019 the total equity amount discounts the dividend which the General Shareholders Meeting approved to pay against 2018 result

8. SOLVENCY

- **At 30 September 2019, the Bankia Group has a CET1 Fully Loaded ratio of 13.00% under regulatory criteria** (12.79% stripping out the unrealised gains on the fair value portfolio), which is 61 bp higher than in December 2018.
- Turning to the regulatory ratios, the CET1 Phase In ratio was 14.22% and the Total Capital ratio was 17.86% at 30 September 2019. Compared with the SREP minimum capital requirements for 2019 notified by the supervisor (CET1 9.25% and Total Capital 12.75%), these figures indicate a CET1 surplus of +497 bp and a Total Capital surplus of +511 bp.
- The MREL ratio over RWAs was 20.68% in September 2019. In 2019, the Bankia Group issued debt eligible for MREL purposes of 2.750 billion euros.

	Sep-19 (1)	
(€ million and %)	Phase In	Fully Loaded
Common equity Tier I - CET1 (%) (2)	14.03%	12.79%
Total capital ratio (%) (2)	17.67%	16.43%
Regulatory capital ratios (incl. FV unrealised gains):		
Common equity Tier I - CET1	14.22%	13.00%
Total capital ratio (%)	17.86%	16.63%
CET1 2019 SREP requirement (incl. additional buffers)	9.25%	9.25%
Total solvency 2019 SREP requirement (incl. additional buffers)	12.75%	12.75%
CET1 surplus over 2019 SREP requirement	**4.97%**	**3.75%**
Total Solvency surplus over 2019 SREP requirement	**5.11%**	**3.88%**

(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 (FV) portfolio

SOLVENCY RATIOS AND LEVERAGE

FULLY LOADED RATIOS

(€ million and %)	Sep -19 (1) (2)	Dec -18 (1) (2)
Eligible capital	13,352	13,318
Common equity Tier I (CET 1)	10,429	10,205
Capital	3,689	3,704
Reserves (as per reserve perimeter)	8,980	8,719
Result attributable net of dividend accrual	283	346
Deductions	(2,642)	(2,575)
Others (treasury stocks, Non-controlling interests and unrealised gains on FV portfolio)	120	11
Tier I Capital	11,679	11,455
Instruments	1,250	1,250
Tier II Capital	1,672	1,863
Instruments	1,672	1,672
Others	0	191
Risk-weighted assets	80,319	82,381
Common equity Tier I (CET 1) (%)	**13.00%**	**12.39%**
Tier I Capital	14.54%	13.91%
Tier II Capital	2.08%	2.26%
Solvency ratio - Total capital ratio (%)	**16.63%**	**16.17%**
Leverage ratio (Fully Loaded)	**5.64%**	**5.56%**
Leverage ratio total exposure	**206,992**	**205,916**

(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 2019, the CET-1 Fully Loaded ratio stands at 12.79% and the Total Capital Fully Loaded ratio at 16.43%. And as of 31 December 2018 the CET 1 ratio would have been 12,28% and Total Capital ratio 16,06%.
(2) Solvency ratios include the result that is expected to be allocated to reserves

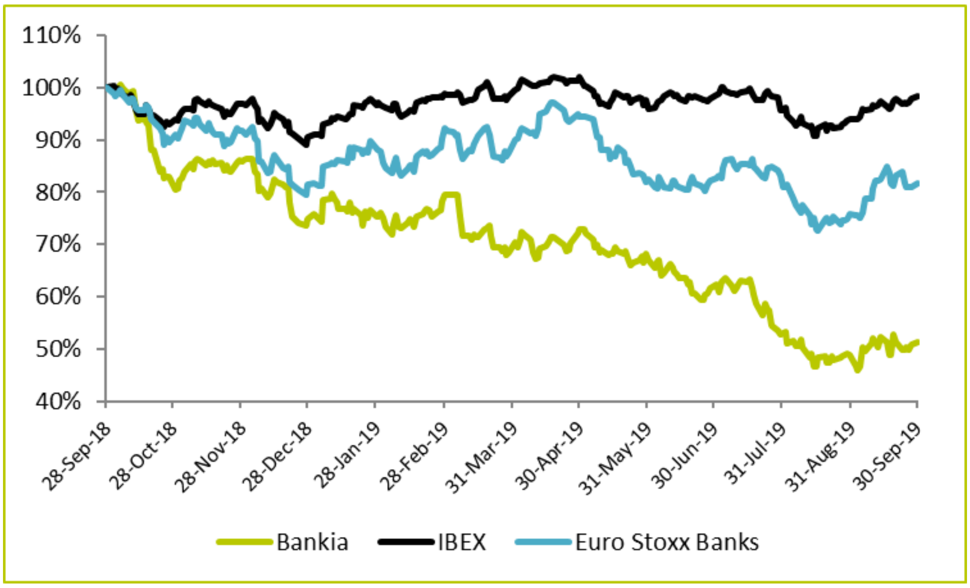
PHASE IN RATIOS

(€ million and %)	Sep -19 (1) (2)	Dec -18 (1) (2)
Eligible capital	14,347	14,480
Common equity Tier I (CET 1)	11,425	11,367
Capital	3,689	3,704
Reserves (as per reserve perimeter)	8,980	8,719
Result attributable net of dividend accrual	283	346
Deductions	(1,647)	(1,413)
Others (treasury stocks, Non-controlling interests and unrealised gains on FV portfolio)	120	11
Tier I Capital	12,675	12,617
Instruments	1,250	1,250
Others	0	0
Tier II Capital	1,672	1,863
Instruments	1,672	1,672
Others	0	191
Risk-weighted assets	80,319	82,381
Common equity Tier I (CET 1) (%)	**14.22%**	**13.80%**
Tier I Capital	15.78%	15.31%
Tier II Capital	2.08%	2.26%
Solvency ratio - Total capital ratio (%)	**17.86%**	**17.58%**
MREL eligible issuances	2,263	622
MREL ratio on RWAs (%)	**20.68%**	**18.33%**
Leverage ratio (Phase In)	**6.09%**	**6.09%**
Leverage ratio total exposure	**207,987**	**207,078**

(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 2019, the CET-1 Phase-i ratio stands at 14.03% and the Total Capital Phase-in ratio at 17.67%. And as of 31 December 2018 the CET 1 ratio would have been 13.69 %, and Total Capital ratio 17,47%.
(2) Solvency ratios include the result that is expected to be allocated to reserves

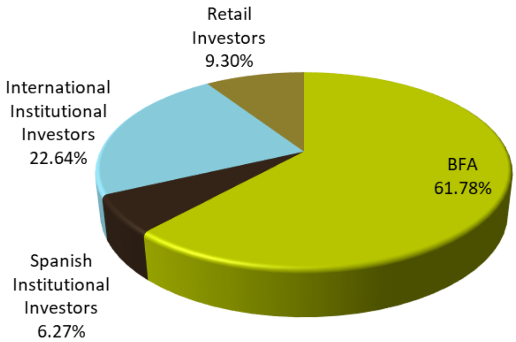
9. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Sep-2019
Number of shareholders	178,374
Daily average volume (num. shares)	7,671,208
Daily average turnover (euros)	16,800,251
Maximum closing price (€/share)	2,689 (8-Jan)
Minimum closing price (€/share)	1,550 (3-Sep)
Closing price (€/share)	1,7325 (30-Sep)



10. RATING

Developments concerning Bankia's credit rating during the third quarter of 2019 include the following:

- On 2 July, the agency **DBRS affirmed Bankia's BBB (high) rating**, upgrading the outlook from Stable to Positive.
- On 12 July, **Scope Ratings affirmed the AAA rating of Bankia's mortgage covered bonds**, with a Stable outlook.
- On 20 September, **Scope Ratings affirmed the AAA rating of Bankia's mortgage covered bonds**.
- After the quarterly close, on 4 October, and following the rating upgrade for Spain, **S&P Global Ratings upgraded the rating for mortgage covered bonds to "AA" from "AA-", with a Stable outlook.**

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	Stable	Positive	Stable
Date	31-May-19	30-Jan-19	02-Jul-19	09-May-19
Mortgage Covered Bonds Rating	**S&P Global Ratings**	**Fitch Ratings**	**DBRS**	**Scope**
Rating	AA	A+	AAA	AAA
Outlook	Stable	Stable	---	Stable
Date	04-Oct-19	05-Feb-19	20-Sep-19	12-Jul-19

11. SIGNIFICANT EVENTS DURING THE QUARTER

Completion of the sale of a portfolio of non-performing assets to the institutional investor, Lone Star XI

In December 2018, Bankia agreed with two subsidiaries controlled by the fund Lone Star XI to establish a company to administrate, develop and sell a portfolio of foreclosed assets and transfer a portfolio of doubtful mortgage loans totalling approximately 3.070 billion euros (gross book amount). Once the conditions precedent to the transaction had been fulfilled, Bankia, S.A. completed the transfer of the portfolio to these subsidiaries on 26 July 2019.

The final gross book amount of the portfolio of foreclosed properties transferred was approximately 1.420 billion euros, while that of the portfolio of doubtful mortgage loans totalled approximately 1.283 billion euros. This final perimeter of the deal is smaller than initially announced because of the organic recovery and normal management of assets between the agreement date and the closing date.

The perimeter of the portfolios ultimately transferred hardly affected the final impact of the transaction on Bankia, S.A. In addition to the recognition of provisions in 2018, there has been a reduction in risk-weighted assets (RWAs) due to the asset sell-off, with a positive impact on the CET1 Fully Loaded ratio of approximately 8 bp.

Bankia launches SoYou: a consumer finance joint venture with Crédit Agricole Consumer Finance.

In May 2018, Crédit Agricole Consumer Finance (CA CF) and Bankia signed an agreement to establish a joint venture specialising in point-of-sale finance. Crédit Agricole Consumer Finance is one of Europe's leading consumer finance businesses operating in over 19 countries. The joint venture was recently authorised to operate as a specialised lending institution (*Establecimiento Financiero de Crédito* (EFC)) in Spain.

SoYou (49% owned by Bankia and 51% owned by CA CF) is fruit of a strategic partnership. The aim is for it to become a leader in the growing consumer finance market in Spain. The specialised lending institution has been developing a completely new proprietary IT platform over the last year which is intended to be one of the most complete, flexible and agile of its kind in the sector. It will offer 100% digital solutions to retailers for end customers to contract its products and services.

Its approval as a specialised lending institution is the most important milestone in starting up SoYou's commercial operations, which will take place at the end of the year once all the outstanding companies register paperwork has been completed. Its system will be tested and gradually rolled out until then.

The main business areas in which SoYou will begin operating in concern point-of-sale finance for new and second-hand vehicles and other goods and services. Later, it will also start offering personal loans to end customers.

Championing sustainable finance

As part of its sustainability pledge and curbing climate change, Bankia along with another 130 banks around the world signed the United Nations Principles for Responsible Banking on 22 September 2019. By agreeing to adhere to these principles, the signatories undertake to align their businesses with the commitments made in the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs), highlighting the need for responsible commercial models geared towards promoting sustainable development and contributing to improving the environment and tackling climate change.

Bankia, which has been working towards honouring these pledges through its Sustainability team (under the auspices of the Responsible Management Department), has redoubled its commitment to the environment and sustainable finance by creating the Sustainable Business and Financing Division. The goals of the newly established business unit include encouraging funds to be released as per environmental, social and governance (ESG) criteria, and championing the funding of investments under these same criteria, developing new proposals for products and services that are attractive to its customers.

12. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Sep-19 [1]	Dec-18 [1]	Change on Dec-18 Amount	Change on Dec-18 %
ALCO Portfolio	23,534	26,804	(3,270)	(12.2%)
NON ALCO Portfolio	664	762	(98)	(12.9%)
SAREB Bonds	18,842	19,155	(313)	(1.6%)
Total Fixed Income Portfolio	**43,040**	**46,721**	**(3,681)**	**(7.9%)**

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

PRO FORMA INCOME STATEMENT INCLUDING IMPACT OF IFRS 16 IN 2018

(€ million)	9M 2019	9M 2018 [1]	Change on 9M 2018 Amount	Change on 9M 2018 %
Net interest income [1]	**1,520**	**1,534**	**(14)**	**(0.9%)**
Dividends	15	8	7	80.1%
Share of profit/(loss) of companies accounted for using the equity method	42	44	(2)	(3.9%)
Total net fees and commissions	796	799	(3)	(0.4%)
Gains/(losses) on financial assets and liabilities	236	381	(144)	(37.9%)
Exchange differences	12	11	2	14.7%
Other operating income/(expense)	(75)	(78)	3	(4.2%)
Gross income	**2,546**	**2,698**	**(151)**	**(5.6%)**
Administrative expenses	(1,222)	(1,221)	(1)	0.1%
Staff costs	(853)	(883)	31	(3.5%)
General expenses [1]	(369)	(337)	(32)	9.5%
Depreciation and amortisation [1]	(148)	(176)	28	(15.8%)
Pre-provision profit	**1,176**	**1,301**	**(125)**	**(9.6%)**
Provisions	(305)	(244)	(61)	24.8%
Provisions (net)	(31)	36	(68)	(185.7%)
Impairment losses on financial assets (net)	(274)	(281)	7	(2.5%)
Operating profit/(loss)	**871**	**1,057**	**(185)**	**(17.5%)**
Impairment losses on non-financial assets	(14)	29	(43)	(147.5%)
Other gains and other losses	(66)	(120)	54	(45.1%)
Profit/(loss) before tax	**792**	**966**	**(174)**	**(18.0%)**
Corporate income tax	(215)	(229)	14	(5.9%)
Profit/(loss) after tax from continuing operations	**576**	**737**	**(161)**	**(21.8%)**
Net profit from discontinued operations [2]	0	5	(5)	(100.0%)
Profit/(loss) in the period	**576**	**742**	**(166)**	**(22.3%)**
Profit/(Loss) attributable to minority interests	0.8	0.3	0.5	163.2%
Profit/(loss) attributable to the Group	**575**	**742**	**(166)**	**(22.4%)**
Cost to Income ratio [3]	**53.8%**	**51.8%**	**+2.0 p.p.**	**2.0%**
Recurring Cost to Income ratio [4]	**59.6%**	**60.6%**	**(0.9) p.p.**	**(0.9%)**
PRO-MEMORY				
"Core" Result [5]	**946**	**936**	**10**	**1.0%**
Pre-provision profit ex Gains/(losses) on financial assets and liabilities [6]	**940**	**920**	**19**	**2.1%**

(1) In 9M18 includes the estimated impact of applying IFRS 16 ("Financial Leasings") in order to make it comparable with 9M19.
(2) 9M 18 includes the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018
Since 1Q 2019 the results from Caja Murcia Vida and Caja Granada Vida are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.
(3) Operating expenses / Gross income.
(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(5) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization.
(6) Pre-provision profit - Gains/(losses) on financial assets and liabilities

(€ million)	3Q 2018	2Q 2019	1Q 2019	4Q 2018 [1]	3Q 2018 [1]	2Q 2018 [1]	1Q 2018 [1]
Net interest income [1]	**502**	**516**	**502**	**504**	**492**	**518**	**524**
Dividends	1	14	1	3	0	7	1
Share of profit/(loss) of companies accounted for using the equity method	13	15	14	13	14	18	12
Total net fees and commissions	263	273	260	266	265	270	264
Gains/(losses) on financial assets and liabilities	97	102	37	30	90	152	139
Exchange differences	5	4	3	4	5	5	1
Other operating income/(expense)	(5)	(66)	(4)	(160)	(5)	(70)	(3)
Gross income	**875**	**858**	**813**	**659**	**862**	**900**	**936**
Administrative expenses	(409)	(407)	(407)	(408)	(398)	(402)	(420)
Staff costs	(282)	(286)	(285)	(278)	(287)	(291)	(305)
General expenses [1]	(127)	(121)	(122)	(130)	(111)	(111)	(115)
Depreciation and amortisation [1]	(49)	(49)	(50)	(59)	(58)	(55)	(63)
Pre-provision profit	**417**	**402**	**357**	**193**	**406**	**443**	**452**
Provisions	(119)	(121)	(65)	(192)	(73)	(68)	(103)
Provisions (net)	14	(35)	(10)	(46)	(0)	24	13
Impairment losses on financial assets (net)	(132)	(86)	(55)	(146)	(73)	(91)	(116)
Operating profit/(loss)	**299**	**281**	**292**	**0**	**333**	**375**	**349**
Impairment losses on non-financial assets	(5)	(6)	(4)	(19)	(3)	36	(4)
Other gains and other losses	(42)	(4)	(19)	(31)	(43)	(28)	(49)
Profit/(loss) before tax	**252**	**271**	**269**	**(50)**	**287**	**383**	**296**
Corporate income tax	(76)	(76)	(64)	7	(63)	(99)	(67)
Profit/(loss) after tax from continuing operations	**176**	**196**	**205**	**(42)**	**224**	**284**	**229**
Net profit from discontinued operations [2]	-			1	5	-	-
Profit/(loss) in the period	**176**	**196**	**205**	**(41)**	**228**	**284**	**229**
Profit/(Loss) attributable to minority interests	0.0	0.8	(0.0)	(0.0)	0.1	(0.1)	0.3
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(41)**	**228**	**284**	**229**
Cost to Income ratio [3]	**52.3%**	**53.2%**	**56.1%**	**70.8%**	**52.9%**	**50.8%**	**51.7%**
Recurring Cost to Income ratio [4]	**59.2%**	**60.7%**	**59.0%**	**74.7%**	**59.4%**	**61.6%**	**60.7%**
PRO-MEMORY							
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(41)**	**228**	**284**	**229**
Extraordinary profit/(loss) for the period [5]				**(85)**			
Recurrent Profit/(loss) attributable to the Group	**176**	**195**	**205**	**43**	**228**	**284**	**229**
"Core" Result [6]	**307**	**333**	**306**	**304**	**301**	**331**	**304**
Pre-provision profit ex Gains/(losses) on financial assets and liabilities [7]	**320**	**299**	**320**	**163**	**316**	**290**	**314**

(1) All quarters of 2018 include the estimated impact of applying IFRS 16 ("Financial Leasings") in order to make them comparable with 1Q, 2Q and 3Q 2019.
(2) 4Q18 and 3Q18 includes the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018
Since 1Q 2019 the results from Caja Murcia Vida and Caja Granada Vida are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.
(3) Operating expenses / Gross income.
(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(5) 4Q18 includes net extraordinary provisions associated with the impact of the sale of non-performing assetes to the institutional investor Lone Star XI.
(6) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization.
(7) Pre-provision profit - Gains/(losses) on financial assets and liabilities

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 - Marketable debt securities Third-party resources managed and marketed by the group: - Mutual funds - Pension funds
Total NPE ratio (%)	Ratio of doubtful loans to total loans and advances to customers and contingent liabilities	Gross book amount (before provisions) of doubtful loans and advances to customers and contingent liabilities (NPEs) as a percentage of total gross loans and advances to customers and contingent liabilities.
NPE coverage ratio (%)	Measures the degree to which the impairment of doubtful loans 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 doubtful loans and advances to customers and contingent liabilities (NPEs).
Gross NPA ratio (%)	Ratio of the sum of the group's gross doubtful assets and gross foreclosed assets to total loans and advances to customers, contingent liabilities and foreclosed assets	Gross book amount (before provisions) of doubtful loans and advances to customers, contingent liabilities (NPEs) and foreclosed assets (gross NPAs) as a percentage of total gross loans and advances to customers (before provisions), contingent liabilities (before provisions) and gross foreclosed assets (before impairment losses).
Net NPA ratio (%)	Ratio of the sum of the group's doubtful assets and gross foreclosed assets net of provisions to total loans and advances to customers, contingent liabilities and foreclosed assets	Net book amount (after provisions and impairment losses) of doubtful loans and advances to customers, contingent liabilities and foreclosed assets (net NPAs) as a percentage of total gross loans and advances to customers (before provisions), contingent liabilities (before provisions) and gross foreclosed assets (before impairment losses).
NPA coverage ratio (%)	Measures the extent to which impairment losses on doubtful assets and foreclosed assets are covered by provisions	Book amount of allowances for impairment of loans and advances to customers, contingent liabilities and foreclosed assets as a percentage of the gross book amount of doubtful loans and advances to customers, contingent liabilities (NPEs) and foreclosed assets.
LTD ratio (%)	Relationship between loans granted to customers and deposits taken from customers	Loans and advances to customers divided by customer deposits plus funds raised through second-floor loans received from the EIB and ICO. - 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 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.
Pre-provision profit	Gross income less administrative expenses and depreciation and amortisation expenses	Sum of the following items on the income statement: - Gross income - Administrative expenses - Depreciation and amortisation

PERFORMANCE MEASURE	DEFINITION	MANNER OF CALCULATION AND ACCOUNTING DATA USED
Customer margin (%)	Difference between the average interest rate charged on loans and advances to customers and the average interest rate paid on customer deposits	Average interest rate on loans and advances to customers: - Interest income on loans and advances to customers recognised in the period divided by the average month-end balance of loans and advances to customers in the period. Average interest rate paid on customer deposits: - Interest expenses on customer deposits recognised in the period divided by the average month-end balance of customer deposits in the period. Interest income and interest expenses are annualised at the March, June and September accounting closes.
Interest margin (net interest income) (%)	Difference between the average return on assets and the average cost of liabilities and equity	Average return on assets: - Interest income in the period divided by average month-end balances of recognised assets. Average cost of liabilities and equity: - Interest expenses in the period divided by average month-end balances of total equity and liabilities in the period. Interest income and interest expenses are annualised at the March, June and September accounting closes.
ROA (%)	Measures the return on the Group's assets	After-tax profit or loss for the year divided by the average month-end balance of recognised assets in the period. After-tax profit/(loss) for the year is annualised at the March, June and September accounting closes.
RORWA (%)	Measures the return on average risk-weighted assets	After-tax profit/(loss) for the year divided by regulatory risk-weighted assets at the end of the period. After-tax profit/(loss) for the year is annualised at the March, June and September accounting closes.
ROE (%)	Measures the return on equity	Profit/(loss) for the year attributable to equity holders of the group divided by average value of equity of the 12 months preceding the period-end adjusted for expected dividends. Profit/(loss) for the year attributable to equity holders of the group is annualised at the March, June and September accounting closes.
ROTE (%)	Measures the return on equity excluding intangible assets	Profit/(loss) for the year attributable to equity holders of the group divided by average value of equity of the 12 months preceding the period-end adjusted for expected dividends Profit/(loss) for the year attributable to equity holders of the Group is annualised at the March, June and September accounting closes
Efficiency ratio (%)	Measures operating expenses as a percentage of gross income	Administrative expenses + depreciation and amortisation expense divided by gross income for the period.
Cost of risk (%)	Measures the relationship between non-performing loan provisions and the total balance of customer credit risk and contingent risks	Sum of losses from impairment of financial assets and provisions for contingent risks included under "Provisions (net)" on the income statement divided by the average value of loans and advances to customers, gross (before provisions) and contingent risks in the period 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 part of profit attributable to each of the bank's shares	Profit/(loss) attributable to equity holders of the group divided by the number of shares outstanding at period-end Profit/(loss) for the year attributable to equity holders of the Group is annualised at the March, June and September accounting closes
Tangible book value per share	The book value of the company per each share issued, minus 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.	Share price at period-end divided by earnings per share in the period.
Price to tangible book value ratio	Ratio comparing the bank's share price as a proportion of its tangible book value	Share price at period-end divided by tangible book value per share in the period

ACCOUNTING FIGURES USED TO CALCULATE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING FIGURES (expect where specified otherwise, figures are in millions of euros and %)	Sep-19	Dec-18
Sum of customer funds managed on and off the balance sheet	**176.370**	**171.793**
- Customer deposits	128.726	126.319
- Marketable debt securities	17.990	18.360
- Mutual funds	21.326	19.114
- Pension funds	8.329	7.999
Total NPE ratio (%)	**5,5%**	**6,5%**
- Doubtful risks of loans and advances to customers and contingent risks	7.117	8.416
- Total risks of loans and advances to customers and contingent risks	129.702	129.792
NPE coverage ratio (%)	**53,7%**	**54,6%**
- Allowances for impairment of loans and advances to customers and contingent liabilities	3.823	4.593
- Non-performing loans and advances to customers and contingent liabilities (NPEs)	7.117	8.416
Gross NPA ratio (%)	**7,2%**	**8,2%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs)	7.117	8.416
- Gross foreclosed assets(1)	2.358	2.462
- Total loans and advances to customers and contingent liabilities	132.060	132.254
Net NPA ratio (%)	**3,7%**	**4,3%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs)	7.117	8.416
- Gross foreclosed assets(1)	2.358	2.462
- Loan loss provisions	3.823	4.593
- Impairment of foreclosed assets	735	649
- NPEs and foreclosed assets net of provisions and impairment losses	4.917	5.636
- Total loans and advances to customers and contingent liabilities	132.060	132.254
NPA coverage ratio (%)	**48,1%**	**48,2%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs).	7.117	8.416
- Gross foreclosed assets(1)	2.358	2.462
- Loan loss provisions	3.823	4.593
- Impairment of foreclosed assets	735	649
LTD ratio (%)	**89,9%**	**91,2%**
- Loans and advances to customers	118.786	118.295
- Reverse repo transactions	122	14
- Customer deposits	128.726	126.319
- Repo transactions	36	36
- Funds raised through second-floor loans from the EIB and ICO	3.352	3.424
Market capitalisation	**5.318**	**7.898**
- Shares outstanding at period-end (million)	3.070	3.085
- Share price at period-end (euros)	1,73	2,56
Earnings per share (euros)	**0,25**	**0,23**
- Profit/(loss) attributable to equity holders of the Group in the period	575	703
- Annualised profit/(loss) attributable to equity holders of the Group	769	703
- Shares outstanding at period-end (million)	3.070	3.085
Tangible book value per share (euros)	**4,24**	**4,18**
- Total equity	13.391	13.189
- Intangible assets	373	298
- Total equity less intangible assets	13.017	12.892
- Number of shares outstanding at period-end (millions)	3.070	3.085

(1) At December 2018, the data is calculated taking into account the outflow of foreclosed assets through institutional sales of portfolios in the fourth quarter of the year.

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Sep-18	Dec-18
P/E ratio	**6,91x**	**11,23x**
- Share price at period-end (euros)	1,73	2,56
- Earnings per share in the period (euros)	0,25	0,23
Price to tangible book value ratio	**0,41x**	**0,61x**
- Share price at period-end (euros)	1,73	2,56
- Tangible book value per share (euros)	4,24	4,18

ACCOUNTING FIGURES USED TO CALCULATE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Sep-19	Sep-18
Gains or losses on financial assets and liabilities	**236**	**381**
- Gains or losses on financial assets and liabilities not measured at fair value through profit or loss, net	253	352
- Gains or losses on financial assets and liabilities held for trading, net	(3)	48
- Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net	1	-
- Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-
- Gains or losses from hedge accounting, net	(15)	(19)
Pre-provision profit	**1.176**	**1.304**
- Gross income	2.546	2.706
- Administrative expenses	(1.222)	(1.272)
- Depreciation and amortisation	(148)	(131)
ROA (%)	**0,4%**	**0,5%**
- Profit after tax for the period	576	744
- Annualised after-tax profit in the period	771	995
- Average month-end balances of recognised assets in the period	208.859	207.193
RORWA (%)	**1,0%**	**1,2%**
- Profit after tax for the period	576	744
- Annualised after-tax profit in the period	771	995
- Regulatory risk-weighted assets at period-end	80.319	83.033
ROE (%)	**6,0%**	**7,9%**
- Profit or loss for the period attributable to the Group	575	744
- Profit or loss for the period attributable to the Group (annualised)	769	994
- Average month-end balance of equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12.789	12.588
ROTE (%)	**6,2%**	**8,1%**
- Profit or loss for the period attributable to the Group	575	744
- Profit or loss for the period attributable to the Group (annualised)	769	994
- Average value of tangible equity of the 12 months preceding the period end adjusted for expected dividends	12.460	12.329
Efficiency ratio (%)	**53,8%**	**51,8%**
- Administrative expenses	1.222	1.272
- Depreciation and amortisation	148	131
- Gross income	2.546	2.706
Cost of risk (%) a/(b+c)	**0,21%**	**0,18%**
- Impairment losses on financial assets	(274)	(281)
- External cost of recoveries	43	60
- Impairment of fixed-income instruments	1	1
- Provisions/release of provisions for contingent risks	22	37
- **Total impairment for calculation of cost of risk**	**(207)**	**(182)**
- **Annualised total impairment for calculation of cost of risk (a)**	**(276)**	**(244)**
- Average value of loans and advances to customers, gross in the period (b)	120.854	124.938
- Average value of contingent risks in the period (c)	8.515	8.536

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	3T 2019	2T 2019	1T 2019	4Q 2018
Customer margin (%)	**1,63%**	**1,65%**	**1,60%**	**1,58%**
Average interest rate on loans and advances to customers (%):	1,72%	1,75%	1,70%	1,69%
- Interest income from loans and advances to customers for the period	516	517	496	510
- Interest income from loans and advances to customers for the period (annualised)	2.046	2.075	2.011	2.022
- Average month-end balances of loans and advances to customers	118.670	118.299	117.970	119.507
Average interest rate paid on customer deposits (%):	0,09%	0,10%	0,10%	0,11%
- Interest expenses on customer deposits in the period	31	31	33	35
- Annualised interest expenses on customer deposits	123	125	132	137
- Average month-end balances of customer deposits	129.014	128.328	126.550	125.402

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Customer margin (%)	**1,58%**	**1,51%**	**1,55%**	**1,57%**
Average interest rate on loans and advances to customers (%):	1,69%	1,62%	1,68%	1,71%
- Interest income from loans and advances to customers for the period	510	490	506	512
- Interest income from loans and advances to customers for the period (annualised)	2.022	1.946	2.029	2.076
- Average month-end balances of loans and advances to customers	119.507	120.124	120.426	121.071
Average interest rate paid on customer deposits (%):	0,11%	0,11%	0,13%	0,14%
- Interest expenses on customer deposits in the period	35	36	40	43
- Annualised interest expenses on customer deposits	137	141	160	173
- Average month-end balances of customer deposits	125.402	124.834	126.642	126.613

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

Solvency and leverage (%)	**Bankia (1) 30-Sep-2019**
Common equity Tier I (CET1) (Group) BIS III Phase In (incl. FV unrealised gains) (2)	14.22%
Common equity Tier I (CET1) (Group) BIS III Fully Loaded (incl. FV unrealised gains) (2)	13.00%
Common equity Tier I (CET1) (Individual) BIS III Phase In (incl. FV unrealised gains) (2)	13.29%
Common equity Tier I (CET1) (Individual) BIS III Fully Loaded (incl. FV unrealised gains) (2)	12.08%
Total capital ratio (Group) BIS III Phase In (incl. FV unrealised gains) (2)	17.86%
Total capital ratio (Group) BIS III Fully Loaded (incl. FV unrealised gains) (2)	16.63%
Solvency *(€mn)*	
Available distributable items (Individual) (3)	8,653

(1) Solvency ratios include the result that is expected to be allocated to reserves
(2) Unrealised gains and losses of the Fair Value portfolio
(3) Excluding the regulatory expected dividend and the accrual AT1 cupon payment

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