Bankia

Dividend payment of 317 million euros will bring pay-out to 39.5%

Bankia posts attributable profit of 804 million euros and increases dividend by 5%

- The CET1 ratio is up 81 basis points at 14.70% on a phase-in basis, and 13.02% fully loaded (+76 basis points)
- Non-earning assets (non-performing exposures and foreclosed assets) are down almost 2,000 million euros
- Ordinary profit is down 8.4%, excluding the positive effect of City National Bank of Florida in 2015 (-22.7% without that adjustment)
- The fall in expenses offsets the decline in revenue due to the low interest rate environment, keeping the efficiency ratio at 48.9%
- Deposits and off-balance-sheet assets under management are up 2,938 million euros
- Bankia has gained market share in consumer finance and businesses, two priority segments for the Bank
- The number of customers with direct income deposit is up by 172,300.
- The number of multi-channel customers climbs to 37.6% of the total, up almost 20% in the year
- Customer satisfaction reaches its highest level in five years

Madrid, 30/1/2017. Bankia obtained net attributable profit of 804 million euros in 2016, 22.7% less than the previous year (the decline would have been 8.4% without the contribution from City National Bank of Florida (CNB) last year, which was 164 million). Despite this decrease, the Bank's comfortable solvency position allows it to recommend a 5% increase in the dividend payment to shareholders, which will total 317 million euros.

The results' performance has been affected by three main factors: the negative interest rate environment experienced throughout most of the year; the abovementioned sale of CNB; and the provisions made for possible contingencies arising from mortgage floor clauses, which Bankia, applying a prudent criterion, has opted to cover, having cancelled the clauses in September 2015.

Bankia's chairman, José Ignacio Goirigolzarri, said that "the Bank has succeeded in withstanding a very complex environment for the financial sector, maintaining high levels of profitability and solvency and thus once again increasing the dividend payment to shareholders, so that, crucially, we are able to make further progress in paying back the aid to taxpayers."

"Our new commercial positioning has proven to produce good results. The decision to withdraw fees, with a limited impact on results, has proven even more effective than expected. Last year we acquired more than 172,000 new direct income deposits and increased our market share in cards, mutual funds and our priority lending segments, consumer finance and businesses," he said.

"We have more customers, who are more satisfied and recommend us more. That translates into bigger shares of business and encourages us to continue to take initiatives along the same lines, so that we are seen as a bank that is close, simple and transparent," Goirigolzarri said.

Bankia's chairman added that "for yet another year we improved the quality of our balance sheet, with a decrease in non-performing loans, a reduction in the stock of foreclosed assets and an increase in our solvency and liquidity levels."

Results

Net interest income totalled 2,148 million euros, down 21.6%, as a result of the negative interest rate environment and the drop in the yield of the SAREB bonds.

In this difficult context for the financial sector, net interest income signalled a turning point already in the fourth quarter, with an increase both in interest income (from 507 to 517 million euros) and in customer margin (from 1.41% to 1.49%).

Income was affected by the decision taken in January 2016 to waive fees and commissions for customers who have their salary or pension paid by direct deposit at the Bank. Year-on-year, fee and commission income fell 12.2%, to 824 million euros.

In the fourth quarter, however, as a result of the gradual growth in customer acquisition over the year, this line item reached its highest level for the year (213 million euros), supported by fees for services and the sale of value-added products.

Net trading income –NTI- contributed 241 million euros (-14.2%), driven by the gains on turnover of government debt portfolios, although the amount of the ALCO portfolio scarcely changed over the year, remaining at 29,700 million euros.

Gross income amounted to 3,166 million euros, down 16.8% from the previous year. Meanwhile, operating expenses fell 3.1% on a like-for-like basis (i.e., excluding the effect of the deconsolidation of CNB), to 1,548 million euros.

Cost containment was key to keeping the efficiency ratio at 48.9%. Excluding the contribution of NTI, the recurring efficiency ratio was 53.2%, the biggest decrease among the large Spanish banks in their domestic business.

Provisions

Another factor that helped sustain the income statement was the decrease in provisions as a result of the improvement in balance sheet quality, with declines in both non-performing loans and foreclosed assets.

The provisions recorded in 2016 totalled 494 million euros, down 31.4%. The cost of risk (volume of provisions over total loans) fell from 0.43% to 0.24% during the year.

Added to these provisions are those recorded to cover possible contingencies arising from legal proceedings relating to mortgage floor clauses, following the latest European court decisions (none of which were against Bankia) and the decree passed in Spain.

Applying a prudence criterion, Bankia opted to cover the potential contingencies that could arise from the risk associated to this matter.

Dividend increase

Bankia thus ended the year with net attributable profit of 804 million euros, 22.7% less than one year earlier. In spite of this, thanks to the Bank's comfortable solvency position the Board of Directors has agreed to recommend to the General Meeting of Shareholders a dividend of 317 million euros, up 5% over the previous year.

This payment will bring the cumulative dividend for the last three years to 820 million euros, more than 530 million of which will have gone to the State, helping to repay the state aid received by the Bank. The percent of earnings paid to shareholders in this period has gone from 26.9% to 39.5%.

Decrease in non-earning assets

The stock of non-performing exposures fell by 1,519 million euros last year, to 11,476 million, lowering the NPL ratio by one percentage point, to 9.8%. This despite the effect of the entry into force of new Anejo IX of Bank of Spain Circular 4/2016. The coverage ratio reached 55.1%.

Foreclosed assets went from 2,689 to 2,251 million euros, a decrease of 16.5% in terms of net book value. Coverage of foreclosed assets rose to 34.7%. Last year Bankia sold more than 9,100 properties, up 7.6% from the previous year, generating proceeds of 481 million euros. These sales represent almost 20% of the existing stock.

Solvency continues to improve

In terms of solvency, Bankia closed last year with a Common Equity Tier 1 (CET1) ratio on a fully loaded basis, (i.e., anticipating future Basel III requirements that will apply in 2019) of 13.02%, up 76 basis points from the previous year. This figure does not include gains on government debt portfolios, which would bring the ratio to 13.53%. Immediately after the recapitalisation with public funds in 2012, Bankia had a fully loaded ratio of 6.82%.

On a phase-in basis (i.e., under current regulatory requirements), in 2016 the CET1 ratio went from 13.89% to 14.70%. The capital surplus over SREP regulatory requirements for 2017 is 682 basis points.

In terms of liquidity, Bankia ended last year with a loan-to-deposit ratio of 97.2%, an improvement of 4.6 percentage points compared to one year earlier. The commercial gap decreased by 74.9%, to 2,117 million, demonstrating the Bank's comfortable liquidity position.

Commercial drive

Last year was characterised by a strong commercial drive, with the implementation of the new customer positioning at the beginning of 2016, which involved withdrawing fees and commissions to customers with direct income deposit at Bankia. The number of new customers was 263,952, up 43.4%.

The Bank succeeded in increasing the number of direct income deposit customers by 172,300, up 6.9%. Similarly, new credit and debit cards issued totalled 522,570, boosting card payment volume in shops by 10.4%.

This is a direct result of the improved level of customer satisfaction, which prompts customers to expand their relationship with the bank. Last year the percentage of satisfied customers went from 82.4% to 87.3%, the highest level in the last five years. And in the mystery shopper survey, Bankia obtained a score of 7.64, compared to a sector average of 7.04.

At the same time, Bankia increased its market share in mutual funds (from 5.44% to 5.53%), consumer finance (from 4.17% to 4.77%) and lending to businesses, not including the real estate developer sector (from 7.03% to 7.16%).

Deposits, meanwhile, grew a cumulative 1,859 million euros over the year, to 98,848 million; and customer funds managed off-balance-sheet reached 20,096 million euros, having grown 1,080 million over the year as a whole.

More digital customers

Last year also saw a marked increase in the number of Bankia's multi-channel customers, who already account for 37.6% of the total, up almost 20% over the year. Transactions carried out with the bank through mobile devices went from 25.2% to 30.2%.

Bankia ended the year with 300,000 customers served through its digital banking service with a personal account manager, almost tripling the previous year's figure. These customers contributed to a business volume of more than 11,000 million euros.

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Main events of 2016

On 11 January, Bankia withdrew fees and commissions from 2.4 million customers and announced that it would not charge any fees or commissions to customers with direct income deposit into their account.

On 21 January, Bankia issued 1,000 million euros of five-year mortgage covered bonds.

On 5 February, Bankia and the European Investment Bank signed an agreement to jointly grant 1,000 million euros of loans to SMEs and the self-employed.

On 17 February, Bankia started a process to refund the entire investment to minority shareholders who subscribed for shares in the IPO.

On 23 February, Fitch raised Bankia's long-term rating from BB+ to BBB-, thus restoring the Bank's rating to investment grade.

On 1 March, Bankia launched the "mobile payments" service through its Bankia Wallet application.

On 3 March, Bankia placed 1,000 million euros of seven-year mortgage covered bonds.

On 15 March, the General Meeting of Shareholders of Bankia approved the payment of a dividend of 302 million euros, 50% more than the previous year. Of that total, 197 million went to the State, thus increasing the amount of aid returned to taxpayers to 1,627 million euros.

On 17 March, Bankia and FCC completed the sale of their interest in Globalvía Infraestructuras for 420 million euros.

On 1 April, the Board of Bankia appointed Joaquín Ayuso new lead director. Fernando Fernández joined the Appointments and Remuneration committees and Antonio Greño was appointed chairman of the Audit and Compliance Committee.

On 5 April, S&P upgraded Bankia's rating from BB to BB+, maintaining the Positive outlook.

On 11 May, Bankia announced that it would stop charging fees and commissions to self-employed customers who have their social security contributions or taxes debited directly to their account at the Bank.

On 10 June, together with Innsomnia, Bankia started Spain's first fintech incubator and accelerator.

On 14 June, Bankia launched "Inveinte", a free solution to help companies identify official subsidies for which they may be eligible.

On 28 June, Bankia launched the "Pago entre amigos" service for free instant payments from one mobile phone to another.

On 6 July, BFA-Bankia sold a 385.9 million euro portfolio of non-performing and defaulted loans to different industry sectors.

On 8 July, the rating company DBRS, for the first time, assigned a long-term rating of BBB (high) to Bankia's unsecured senior debt and deposits, with a Stable outlook.

On 29 July, the results of the EBA stress test were published, showing that in a highly adverse economic scenario the BFA-Bankia Group would be the most solvent Spanish bank, with a phase-in CET 1 ratio of 10.6% in 2018.

On 7 September, the EIB and Bankia signed an agreement to make a total of 100 million euros of finance available to agribusiness companies.

On 8 September, Bankia was recognised as one of the world's most sustainable companies through its inclusion in the Dow Jones Sustainability Index (DJSI).

On 3 October, Bankia completed the rollout to the whole of Spain of its "Conecta con tu experto" advisory service for digital customers.

On 11 November, the Bank launched the "Cuenta On" account, which permanently waives fees and commissions for digital customers.

In the last week of November, Bankia launched its new app allowing customers to access the Bank's services by mobile phone.

Bankia Group Key data

	Dec-16	Dec-15	Change
Balance sheet (€ million)			
Total assets	190,167	206,970	(8.1%)
Loans and advances to customers (net)[1]	104,677	110,570	(5.3%)
Loans and advances to customers (gross)[1]	110,595	117,977	(6.3%)
On-balance-sheet customer funds	125,001	132,629	(5.8%)
Customer deposits and clearing houses	105,155	108,702	(3.3%)
Borrowings, marketable securities	18,801	22,881	(17.8%)
Subordinated liabilities	1,045	1,046	(0.0%)
Total managed customer funds	145,097	151,645	(4.32%)
Equity	12,303	11,934	3.1%
Common Equity Tier I - BIS III Phase In	11,330	11,289	0.4%
Capital adequacy (%)			
Common Equity Tier I - BIS III Phase In	14.70%	13.89%	+0.81 p.p.
Total capital ratio - BIS III Phase In	16.03%	15.16%	+0.87 p.p.
Ratio CET1 BIS III Fully Loaded	13.02%	12.26%	+0.76 p.p.
Risk management (€ million and %)			
Total risk[2]	117,205	120,924	(3.1%)
Non performing loans	11,476	12,995	(11.7%)
NPL provisions	6,323	7,794	(18.9%)
NPL ratio[2]	9.8%	10.8%	-1.0 p.p.
NPL coverage ratio	55.1%	60.0%	-4.9 p.p.

	Dec-16	Dec-15	Change
Results (€ million)			
Net interest income	2,148	2,740	(21.6%)
Gross income	3,166	3,806	(16.8%)
Operating income before provisions	1,619	2,148	(24.7%)
Profit/(loss) attributable to the Group	804	1,040	(22.7%)
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	48.9%	43.6%	+5.3 p.p.
R.O.A. (Profit after tax / Average total assets) [3]	0.4%	0.5%	-0.1 p.p.
RORWA (Profit after tax / RWA) [4]	1.0%	1.3%	-0.3 p.p.
ROE (Profit attributable to the group / Equity) [5]	6.7%	9.0%	-2.3 p.p.
ROE ex mortgages floors provision as 2016 and IPO as 2015 [5]	7.3%	10.6%	-3.3 p.p.
ROTE (Annualized attributable profit / average tangible equity) [6]	6.9%	9.2%	-2.3 p.p.

	30-Dec-2016	31-Dec-2015	Change
Bankia share			
Number of shareholders	241,879	435,755	(44.5%)
Number of shares in issue (million)	11,517	11,517	-
Closing price (end of period, €)[7]	0.971	1.074	(9.6%)
Market capitalisation (€ million)	11,183	12,370	(9.6%)
Earnings per share [8]	0.07	0.09	(22.7%)
Tangible book value per share (€) [9]	1.10	1.08	1.0%
PER (Last price [7] / Earnings per share)	13.91	11.89	16.9%
PTBV (Last price [7] / Tangible book value per share)	0.89	0.99	(10.5%)
Cash dividend per share	2.756	2.625	5.0%
Additional information			
Number of branches	1,855	1,932	(4.0%)
Number of employees	13,505	13,569	(0.5%)

(1) Includes transactions with BFA (Dec-16 €125mn; Dec-15 €2,005mn)
(2) NPL ratio excludes transactions with BFA (Dec-16 €125mn; Dec-15 €2,005mn)
(3) Annualized profit after tax divided by the average total assets
(4) Annualized attributable profit divided by the risk weighted assets
(5) Annualized attributable profit divided by the previous 12 months equity average
(6) Annualized attributable profit divided by the previous 12 months tangible equity average
(7) Using the last price on 30th December and 31st December
(8) Annualized attributable profit divided by the number of shares in issue
(9) Total Equity less intangible assets divided by the number of shares in issue

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Bankia Group P&L ex IPO and CNB

(€ million)	FY2016	FY2015	Change Amount	Change %
Net interest income	**2,148**	**2,621**	**(473)**	**(18.1%)**
Dividends	4	4	1	14.7%
Share of profit/(loss) of companies accounted for using the equity method	38	32	6	20.2%
Total net fees and commissions	824	929	(106)	(11.4%)
Gains/(losses) on financial assets and liabilities	241	279	(38)	(13.6%)
Exchange differences	13	30	(17)	(56.5%)
Other operating income/(expense)	(102)	(219)	117	(53.3%)
Gross income	**3,166**	**3,677**	**(510)**	**(13.9%)**
Administrative expenses	(1,387)	(1,451)	64	(4.4%)
Staff costs	(907)	(930)	23	(2.4%)
General expenses	(480)	(522)	42	(8.0%)
Depreciation and amortisation	(161)	(147)	(15)	9.9%
Operating income before provisions	**1,619**	**2,079**	**(460)**	**(22.1%)**
Provisions	(225)	(547)	323	(58.9%)
Provisions (net)	(3)	32	(36)	(110.8%)
Impairment losses on financial assets (net)	(221)	(579)	358	(61.8%)
Operating profit/(loss)	**1,394**	**1,532**	**(138)**	**(9.0%)**
Impairment losses on non-financial assets	(8)	28	(36)	(128.7%)
Other gains and other losses	(302)	(191)	(111)	58.1%
Profit/(loss) before tax	**1,084**	**1,369**	**(285)**	**(20.8%)**
Corporate income tax	(217)	(286)	69	(24.2%)
Profit/(loss) after tax	**867**	**1,083**	**(216)**	**(19.9%)**
Profit/(Loss) attributable to minority interests	(2)	21	(23)	(109.5%)
Profit/(loss) attributable to the Group	**869**	**1,062**	**(193)**	**(18.2%)**
Net impact from extraordinary provisions (1)	(65)	(184)	119	(64.6%)
Attributable profit after extraordinary provisions	**804**	**878**	**(74)**	**(8.4%)**
City National Bank of Florida Impact	-	162	(162)	(100.0%)
Reported profit attributable to the Group	**804**	**1,040**	**(236)**	**(22.7%)**
Cost to Income ratio (2)	**48.9%**	**43.5%**	**+5.5 p.p.**	**12.7%**
Recurring Cost to Income ratio (3)	**53.2%**	**47.5%**	**+5.7 p.p.**	**12.0%**

(1) Net provision of €65mn due to the mortgage floors on 2016 and €184mn due to the IPO on 2015

(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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(€ million)	FY 2016	FY 2015	Change Amount	Change %
Net interest income	**2,148**	**2,740**	**(592)**	**(21.6%)**
Dividends	4	6	(1)	(19.7%)
Share of profit/(loss) of companies accounted for using the equity m	38	32	6	20.2%
Total net fees and commissions	824	938	(114)	(12.2%)
Gains/(losses) on financial assets and liabilities	241	281	(40)	(14.2%)
Exchange differences	13	30	(17)	(56.5%)
Other operating income/(expense)	(102)	(220)	118	(53.7%)
Gross income	**3,166**	**3,806**	**(640)**	**(16.8%)**
Administrative expenses	(1,387)	(1,511)	125	(8.2%)
Staff costs	(907)	(971)	64	(6.6%)
General expenses	(480)	(541)	61	(11.2%)
Depreciation and amortisation	(161)	(147)	(15)	9.9%
Operating income before provisions	**1,619**	**2,148**	**(530)**	**(24.7%)**
Provisions	(318)	(735)	417	(56.8%)
Provisions (net)	(96)	(152)	56	(36.6%)
Impairment losses on financial assets (net)	(221)	(583)	362	(62.0%)
Operating profit/(loss)	**1,301**	**1,413**	**(112)**	**(8.0%)**
Impairment losses on non-financial assets	(8)	28	(36)	(128.7%)
Other gains and other losses	(302)	11	(312)	(2960.1%)
Profit/(loss) before tax	**991**	**1,452**	**(461)**	**(31.7%)**
Corporate income tax	(189)	(391)	202	(51.7%)
Profit/(loss) after tax	**802**	**1,061**	**(258)**	**(24.4%)**
Profit/(Loss) attributable to minority interests	(2)	21	(23)	(109.5%)
Profit/(loss) attributable to the Group	**804**	**1,040**	**(236)**	**(22.7%)**
Cost to Income ratio (1)	**48.9%**	**43.6%**	**+5.3 p.p.**	**12.2%**
Recurring Cost to Income ratio (2)	**53.2%**	**47.4%**	**+5.7 p.p.**	**12.1%**

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

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Quarterly Bankia Group P&L ex IPO and CNB

(€ million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015
Net interest income	**517**	**507**	**546**	**577**	**658**	**648**	**657**	**659**
Dividends	0	0	3	0	0	0	3	1
Share of profit/(loss) of companies accounted for using the equity r	9	8	13	8	8	7	12	6
Total net fees and commissions	213	204	207	200	228	225	245	230
Gains/(losses) on financial assets and liabilities	57	65	58	61	56	73	77	72
Exchange differences	(1)	(2)	8	7	9	10	13	(1)
Other operating income/(expense)	(90)	(10)	(2)	(1)	(192)	(4)	(10)	(12)
Gross income	**706**	**774**	**833**	**853**	**767**	**959**	**997**	**954**
Administrative expenses	(330)	(346)	(349)	(362)	(359)	(357)	(365)	(371)
Staff costs	(218)	(223)	(227)	(239)	(233)	(228)	(231)	(237)
General expenses	(112)	(123)	(122)	(124)	(126)	(128)	(134)	(134)
Depreciation and amortisation	(46)	(40)	(38)	(37)	(39)	(38)	(36)	(33)
Operating income before provisions	**331**	**388**	**446**	**454**	**369**	**564**	**596**	**550**
Provisions	31	(52)	(87)	(116)	(76)	(149)	(148)	(175)
Provisions (net)	(5)	53	(24)	(28)	(8)	5	12	23
Impairment losses on financial assets (net)	35	(105)	(64)	(87)	(67)	(155)	(160)	(198)
Operating profit/(loss)	**361**	**336**	**359**	**338**	**294**	**415**	**448**	**375**
Impairment losses on non-financial assets	(3)	3	(6)	(2)	42	(4)	(9)	(2)
Other gains and other losses	(215)	(38)	(28)	(21)	(60)	(29)	(45)	(57)
Profit/(loss) before tax	**143**	**302**	**324**	**315**	**276**	**382**	**394**	**317**
Corporate income tax	(8)	(51)	(79)	(78)	(25)	(83)	(98)	(80)
Profit/(loss) after tax	**135**	**251**	**245**	**237**	**251**	**299**	**296**	**237**
Profit/(Loss) attributable to minority interests	(3)	1	0	0	1	14	1	5
Profit/(loss) attributable to the Group	**138**	**250**	**245**	**237**	**250**	**285**	**296**	**232**
Net impact from extraordinary provisions (1)	(65)	-	-	-	(184)	-	-	-
Attributable profit after extraordinary provisions	**73**	**250**	**245**	**237**	**66**	**285**	**296**	**232**
City National Bank of Florida Impact	-	-	-	-	118	15	16	13
Reported profit attributable to the Group	**73**	**250**	**245**	**237**	**185**	**300**	**311**	**244**
Cost to Income ratio (2)	**53.2%**	**49.9%**	**46.5%**	**46.8%**	**51.9%**	**41.2%**	**40.2%**	**42.4%**
Recurring Cost to Income ratio (3)	**57.8%**	**54.3%**	**50.5%**	**50.9%**	**56.7%**	**45.1%**	**44.2%**	**45.7%**

(1) Net provision of €65mn due to the mortgage floors on 2016 and €184mn due to the IPO on 2015
(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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(€ million)	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015
Net interest income	**517**	**507**	**546**	**577**	**665**	**688**	**695**	**693**
Dividends	0	0	3	0	0	1	3	1
Share of profit/(loss) of companies accounted for using the equ	9	8	13	8	8	7	12	6
Total net fees and commissions	213	204	207	200	229	228	248	233
Gains/(losses) on financial assets and liabilities	57	65	58	61	57	73	78	73
Exchange differences	(1)	(2)	8	7	9	10	13	(1)
Other operating income/(expense)	(90)	(10)	(2)	(1)	(192)	(4)	(11)	(13)
Gross income	**706**	**774**	**833**	**853**	**776**	**1,001**	**1,037**	**992**
Administrative expenses	(330)	(346)	(349)	(362)	(361)	(376)	(384)	(390)
Staff costs	(218)	(223)	(227)	(239)	(234)	(242)	(244)	(250)
General expenses	(112)	(123)	(122)	(124)	(127)	(134)	(140)	(140)
Depreciation and amortisation	(46)	(40)	(38)	(37)	(39)	(38)	(36)	(33)
Operating income before provisions	**331**	**388**	**446**	**454**	**375**	**587**	**617**	**569**
Provisions	(62)	(52)	(87)	(116)	(78)	(151)	(147)	(175)
Provisions (net)	(98)	53	(24)	(28)	(8)	5	12	23
Impairment losses on financial assets (net)	35	(105)	(64)	(87)	(70)	(156)	(159)	(198)
Operating profit/(loss)	**268**	**336**	**359**	**338**	**297**	**436**	**470**	**394**
Impairment losses on non-financial assets	(3)	3	(6)	(2)	42	(4)	(9)	(2)
Other gains and other losses	(215)	(38)	(28)	(21)	141	(29)	(45)	(57)
Profit/(loss) before tax	**50**	**302**	**324**	**315**	**480**	**403**	**417**	**336**
Corporate income tax	20	(51)	(79)	(78)	(110)	(90)	(105)	(86)
Profit/(loss) after tax	**70**	**251**	**245**	**237**	**369**	**314**	**312**	**250**
Profit/(Loss) attributable to minority interests	(3)	1	0	0	1	14	1	5
Profit/(loss) attributable to the Group	**73**	**250**	**245**	**237**	**369**	**300**	**311**	**244**
IPO net impact provision	0	0	0		(184)			
Reported profit attributable to the Group	**73**	**250**	**245**	**237**	**185**	**300**	**311**	**244**
Cost to Income ratio (1)	**53.2%**	**49.9%**	**46.5%**	**46.8%**	**51.7%**	**41.4%**	**40.5%**	**42.6%**
Recurring Cost to Income ratio (2)	**57.8%**	**54.3%**	**50.5%**	**50.9%**	**56.5%**	**45.1%**	**44.3%**	**46.0%**

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

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Bankia Group Balance Sheet

(€ million)	Dec-16	Dec-15	Change Amount	Change %
Cash and balances at central banks	2,854	4,042	(1,188)	(29.4%)
Financial assets held for trading	8,331	12,202	(3,871)	(31.7%)
Trading derivatives	8,256	12,076	(3,820)	(31.6%)
Equity instruments	5	54	(49)	(90.7%)
Debt securities	71	72	(2)	(2.5%)
Available-for-sale financial assets	25,249	31,089	(5,840)	(18.8%)
Debt securities	25,223	31,089	(5,866)	(18.9%)
Equity instruments	26	0	26	-
Loans and receivables	108,817	116,713	(7,896)	(6.8%)
Bank deposits	563	762	(199)	(26.1%)
Loans and advances to customers	3,578	5,381	(1,803)	(33.5%)
Rest	104,677	110,570	(5,893)	(5.3%)
Held-to-maturity investments	27,691	23,701	3,990	16.8%
Hedging derivatives	3,631	4,073	(442)	(10.9%)
Non-current assets held for sale	282	285	(4)	(1.2%)
Equity investments	1,878	2,261	(383)	(16.9%)
Tangible and intangible assets	2,260	2,962	(702)	(23.7%)
Other assets, prepayments and accrued income, and tax as	9,174	9,642	(468)	(4.8%)
TOTAL ASSETS	**190,167**	**206,970**	**(16,802)**	**(8.1%)**
Financial liabilities held for trading	8,983	12,408	(3,425)	(27.6%)
Trading derivatives	8,524	12,394	(3,870)	(31.2%)
Short positions	459	14	445	3291.0%
Financial liabilities at amortised cost	164,636	176,276	(11,640)	(6.6%)
Deposits from central banks	14,969	19,474	(4,505)	(23.1%)
Deposits from credit institutions	23,993	23,228	765	3.3%
Customer deposits and funding via clearing houses	105,155	108,702	(3,547)	(3.3%)
Debt securities in issue	19,846	23,927	(4,081)	(17.1%)
Other financial liabilities	673	945	(273)	(28.8%)
Hedging derivatives	724	978	(254)	(25.9%)
Provisions	1,405	2,898	(1,493)	(51.5%)
Other liabilities, accruals and deferred income & tax liabilit	1,582	1,714	(131)	(7.7%)
TOTAL LIABILITIES	**177,330**	**194,274**	**(16,943)**	**(8.7%)**
Minority interests	45	66	(21)	(31.8%)
Valuation adjustments	489	696	(207)	(29.7%)
Equity	12,303	11,934	369	3.1%
TOTAL EQUITY	**12,837**	**12,696**	**141**	**1.1%**
TOTAL EQUITY AND LIABILITIES	**190,167**	**206,970**	**(16,802)**	**(8.1%)**

The consolidated financial statements of the Bankia group are reported after adjusting the content of the public information to the the so-called FINREP criteria, which is mandatory and established by the European Union rules for credit institutions. As a result, the balance sheet shown in this report is adapted to these criteria, not only for December 2016 but also for December 2015, for comparison purposes.

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