Earnings Report

January-June 2019

29 July 2019

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CONTENTS

Bankia ends the first half of 2019 with an attributable profit of 400 million euros. The good performance in commercial activity and "core" result growth reinforce the group's results.

Positive business performance and cost containment are key to results generation in the first half.

- Net interest income is down 2.8% compared to the first half of 2018 impacted by portfolio sales, while net fee and commission income remains stable. However, performance versus previous quarter is positive, showing 2.9% and 4.8% growth respectively in net interest income and fee and commission income.
- Cost synergies resulting from the merger with BMN reduce operating expenses by 3.4% compared to the first half of 2018, bringing the "core" result (net interest income plus fee and commission income minus operating expenses) to 639 million euros as of June 2019, up from 637 million euros in June 2018. Compared to the previous quarter, "core" result is up 9%.
- The decrease in non-performing assets brings the cost of risk for the first half of the year to 0.17%, an improvement of 3 basis points compared to the first half of 2018.
- The reduction in expenses and the positive business performance are the key factors for results generation, allowing the group to end the first half of 2019 with an attributable profit of 400 million euros.

Improved customer satisfaction, growth in new customers and growth in high value products, lead to an increase in volumes and market share gains.

- Performing credit (excludes NPL) maintain the growth trend seen in the previous quarter, growing 2.2% compared to December 2018. New mortgage lending is up 5.4% compared to the first semester of 2018 and new consumer loans show year-on-year growth of 16.2%.
- Our customers' satisfaction index improves from 86.9 points in December 2018 to 89.9 points at the end of June 2019.
- Compared with June 2018, net new customers grow 63% and net new customers with direct income deposits is up 29%. Card turnover and new insurance premiums grow, respectively, 14.4% and 36% compared to the first half of 2018.
- Further progress in the multichannel strategy. As of June 2019, digital sales represent 24.4% of total sales and digital customers represent 49.7% of total customers.
- Customer funds are up 1.7% year-on-year and 3.6% in the half-year, with a particularly strong performance in demand deposits and mutual funds. In the first half of 2019, Bankia's market share in mutual funds rises 24 basis points to 6.79%, reaching the first place in the ranking of net new mutual funds, year to date.

Further reduction in non-performing assets and increase in capital generation.

- The decrease in non-performing loans brings the NPL ratio to 5.7%, down 80 basis points in the half-year and 240 basis points since June 2018.
- Net NPAs (non-performing loans and foreclosed assets, net of provisions) are down 9.4% in the first half of 2019 and down 32.4% since June 2018.
- In terms of solvency, the group continues to generate capital organically and reaches a CET1 Fully Loaded ratio of 12.91%, representing an increase of +52 basis points in the first half of the year.
- In 2019, new issuances of senior preferred debt (1,250 million euros) and senior non-preferred debt (500 million euros) have increased the stock of instruments with loss-absorbing capacity towards meeting the future MREL requirement, strengthening the group's solvency position. These issuances increase the MREL ratio by 240 basis points.

1. RELEVANT DATA

	Jun-19	Dec-18	Change
Balance sheet (€ million)			
Total assets	209,925	205,223	2.3%
Loans and advances to customers (net)	120,347	118,295	1.7%
Loans and advances to customers (gross)	124,086	122,505	1.3%
On-balance-sheet customer funds	147,628	144,680	2.0%
Customer deposits and clearing houses	130,563	126,319	3.4%
Borrowings, marketable securities	14,098	15,370	(8.3%)
Subordinated liabilities	2,967	2,990	(0.8%)
Total customer funds	176,579	171,793	2.8%
Equity	13,037	13,030	0.1%
Common Equity Tier I - BIS III Phase In	11,518	11,367	1.3%
Solvency (%)			
Common Equity Tier I - BIS III Phase In	14.08%	13.80%	+0.28 p.p.
Total capital ratio - BIS III Phase In	17.86%	17.58%	+0.28 p.p.
Ratio CET1 BIS III Fully Loaded	12.91%	12.39%	+0.52 p.p.
Risk management (€ million and %)			
Total risk	130,810	129,792	0.8%
Non performing loans	7,514	8,416	(10.7%)
NPL provisions	4,122	4,593	(10.3%)
NPL ratio	5.7%	6.5%	-0.8 p.p.
NPL coverage ratio	54.9%	54.6%	+0.3 p.p.

	Jun-19	Jun-18	Change
Results (€ million)			
Net interest income	1,018	1,047	(2.8%)
Gross income	1,671	1,841	(9.2%)
"Core" result (Net interest income + Net fees and commissions - Operating Expenses)	639	637	0.3%
Pre-provision profit	759	897	(15.4%)
Profit/(loss) attributable to the Group	400	515	(22.3%)
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	54.6%	51.3%	+3.3 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)	6.3%	8.3%	-2.0 p.p.
ROTE (Profit attributable to the group / Average tangible equity) (4)	6.5%	8.5%	-2.0 p.p.

	Jun-19	Dec-18	Change
Bankia share			
Number of shareholders	180,724	184,643	(2.1%)
Number of shares in issue (million)	3,070	3,085	(0.5%)
Closing price (end of period, €)(5)	2.08	2.56	(18.8%)
Market capitalisation (€ million)	6,378	7,898	(19.2%)
Earnings per share(6) (€)	0.26	0.23	15.2%
Tangible book value per share(7) (€)	4.23	4.18	1.2%
PER (Last price (5) / Earnings per share(6))	7.92	11.23	(29.5%)
PTBV (Last price (5) / Tangible book value per share)	0.49	0.61	(19.8%)
Additional information			
Number of branches	2,277	2,298	(0.9%)
Number of employees	16,062	15,924	0.9%

(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 28 June 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

World growth exceeded expectations in the first half of the year, but the slowing trend seen since 2018 persists (there is an end-of-cycle feeling). The US continued to outperform, thanks to stronger domestic demand, although the growth slowed to an estimated annualised rate of 1.5% in the second quarter of 2019 (half the rate recorded in the first quarter). Once again, the euro area turned in a modest performance in the first half (an estimated annualised 1.3%), burdened by the uncertainty created by Brexit (all options remain open), the political and fiscal situation in Italy and the US-driven trade war.

Inflation remained lower than expected (1.2% in the euro area in June) and the long-term rate of inflation discounted by the markets in June was below the level initially estimated as a result of the deflation in 2016. This absence of pressure on prices is a factor of stability at a time of doubts about the continuation of the global expansion, as it leaves scope for a monetary policy response. In fact, the stance of the main central banks in favour of expansionary measures strengthened over the course of the half-year, especially in the last month. The ECB has raised the possibility of further reducing its interest rates and resuming its asset purchase programme, while the Fed has also indicated a willingness to lower its benchmark rate.

These development have caused a downturn in monetary rates, bringing the 12-month Euribor to new record low levels (-0.214% in June). They have also favoured fixed-income securities, both government and corporate, with the result that the volume of bonds with negative yields has reached the highest level in history. Within government debt, the Spanish bond has performed particularly well, with its 10-year yield down more than one percentage point, at around 0.4%, in the year to date.

Economic scenario in Spain

In Spain, economic activity remained buoyant in the first half of 2019, with GDP growing 0.6% in the second quarter compared to the previous quarter, according to Banco de España estimates. In contrast to the strong internal demand backed by a recovery in wages and strong job creation, the weakness of the external sector persists, burdened by the slowdown in trade and manufacturing activity at the global level. On the positive side, after an increase of almost half a million in the number of registered employed (Social Security affiliates) in the first half of 2019, the total number in employment is just over 19.5 million, a new all-time high. Despite the worse external environment, the economy continues to generate financing capacity, although the surplus is at its lowest level since 2013 (1.2% of GDP).

In the banking sector, asset quality indicators continue to improve, while the stock of credit continues to decrease, driven by the decline in loans to companies, while the stock of loans to households has been posting year-on-year growth for almost a year. The uneven growth in new lending has continued, with growth in lending to households, driven by the demand for consumer finance and home purchase, and declines in lending to businesses. In deposits, retail customer deposits have performed well, posting further increases, while mutual fund assets have recovered after the unfavourable market conditions in May, ending the second quarter with positive growth rates.

Regulatory developments

On the regulatory front, after more than two years of negotiations, the so-called “banking reform package” adopted by the European Commission in November 2016 was approved in June. It consists of a set of rules aimed at completing the banking union by incorporating the latest Basel III standards not yet transposed and the international TLAC (“Total Loss Absorption Capacity”) requirement in European legislation. Most of these regulations will not come into force until the end of 2020 or mid-2021.

3. SUMMARY OF RESULTS

The Bankia Group's attributable profit reaches 400 million euros in June 2019. Good commercial dynamics and the positive impact of the BMN merger on costs keep "core" result stable at the end of the first half.

- The attributable profit for the first half of 2019 totals 400 million euros, 22.3% less than in the same period of 2018 due to the lower volume of income from portfolio sales (NTI). However, as a result of cost containment, pre-provision profit ex NTI and the "core" result (net interest income + fee and commission income - expenses) are up 2.2% and 0.3% respectively compared to the first half of 2018.

- The "core" result performed well in the second quarter (+9%), driven by net interest income and fee and commission income, which, together with the growth in NTI, offset the annual expense of the contribution to the Single Resolution Fund (75 million euros, of which 64 million euros are included under "Other operating income/expense" in the income statement).

INCOME STATEMENT

			Change on 1H 2018	
(€ million)	1H 2019	1H 2018	Amount	%
Net interest income	**1,018**	**1,047**	**(29)**	**(2.8%)**
Dividends	14	8	6	76.8%
Share of profit/(loss) of companies accounted for using the equity method	29	29	(0)	(1.4%)
Total net fees and commissions	533	534	(1)	(0.1%)
Gains/(losses) on financial assets and liabilities	140	291	(151)	(52.0%)
Exchange differences	7	6	1	24.4%
Other operating income/(expense)	(70)	(74)	4	(5.4%)
Gross income	**1,671**	**1,841**	**(170)**	**(9.2%)**
Administrative expenses	(813)	(856)	43	(5.0%)
Staff costs	(571)	(596)	25	(4.3%)
General expenses	(243)	(260)	17	(6.7%)
Depreciation and amortisation	(99)	(88)	(11)	12.2%
Pre-provision profit	**759**	**897**	**(138)**	**(15.4%)**
Provisions	(186)	(171)	(15)	8.8%
Provisions (net)	(45)	36	(81)	-
Impairment losses on financial assets (net)	(141)	(208)	66	(31.9%)
Operating profit/(loss)	**573**	**726**	**(153)**	**(21.1%)**
Impairment losses on non-financial assets	(9)	32	(41)	-
Other gains and other losses	(23)	(76)	53	(69.6%)
Profit/(loss) before tax	**540**	**681**	**(141)**	**(20.7%)**
Corporate income tax	(140)	(166)	27	(16.0%)
Profit/(loss) after tax from continuing operations	**400**	**515**	**(114)**	**(22.2%)**
Net profit from discontinued operations	0	0	-	-
Profit/(loss) in the period	**400**	**515**	**(114)**	**(22.2%)**
Profit/(Loss) attributable to minority interests	0.8	0.2	0.6	273.9%
Profit/(loss) attributable to the Group	**400**	**515**	**(115)**	**(22.3%)**
Cost to Income ratio (1)	**54.6%**	**51.3%**	**+3.3 p.p.**	**3.3%**
Recurring Cost to Income ratio (2)	**59.8%**	**61.1%**	**(1.3) p.p.**	**(1.3%)**
PRO-MEMORY				
"Core" Result (3)	**639**	**637**	**2**	**0.3%**
Pre-provision profit ex Gains/(losses) on financial assets and liabilities (4)	**619**	**606**	**13**	**2.2%**

(1) Operating expenses / Gross income.
(2) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(3) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization
(4) Pre-provision profit - Gains/(losses) on financial assets and liabilities

QUARTERLY RESULTS

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

- **Cumulative net interest income totals** 1,018 million euros at the end of June 2019, -2.8% less than in the first half of 2018 due to the impact of portfolio sales and rotation in 2018 and 2019 and the maturing of the credit stock.

- **Compared to the first quarter of 2019, net interest income is up 2.9**%, assisted by the working days effect specific to this quarter and the higher yield in net loans and advances to customers, which pushed the customer margin up to 1.65% in the second quarter (+5 basis points vs. the previous quarter and +9 basis points vs. the second quarter of 2018).

REVENUES AND EXPENSES

	2Q 2019			1Q 2019			4Q 2018			3Q 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)	16,477	27	0.66%	7,536	23	1.24%	7,906	21	1.04%	7,422	21	1.14%
Net Loans and advances to customers (a)	118,299	517	1.75%	117,970	496	1.70%	119,507	510	1.69%	120,124	490	1.62%
Debt securities	49,070	80	0.65%	51,775	83	0.65%	50,064	74	0.59%	50,044	77	0.61%
Other interest earning assets (3)	1,022	3	1.31%	1,026	3	1.32%	519	2	1.51%	420	2	1.87%
Other non-interest earning assets	27,401	-	-	27,580	-	-	26,528	-	-	26,351	-	-
Total Assets (b)	**212,269**	**628**	**1.19%**	**205,888**	**605**	**1.19%**	**204,516**	**606**	**1.18%**	**204,361**	**591**	**1.15%**
Deposits from central banks and credit (2)	41,033	25	0.24%	36,024	16	0.18%	37,116	12	0.13%	37,912	10	0.10%
Customer deposits (c)	128,328	31	0.10%	126,550	33	0.10%	125,402	35	0.11%	124,834	36	0.11%
Strict Customer Deposits	*121,449*	*10*	*0.03%*	*120,266*	*11*	*0.04%*	*118,942*	*13*	*0.04%*	*118,059*	*14*	*0.05%*
Repos	*655*	*1*	*0.37%*	*36*	*1*	*6.20%*	*71*	*1*	*3.20%*	*102*	*1*	*2.24%*
Single-certificate covered bonds	*6,223*	*21*	*1.33%*	*6,248*	*21*	*1.36%*	*6,388*	*21*	*1.31%*	*6,673*	*21*	*1.28%*
Marketable securities	14,646	29	0.80%	14,560	30	0.84%	15,246	36	0.93%	14,927	35	0.93%
Subordinated liabilities	3,478	20	2.28%	3,493	18	2.12%	2,991	14	1.87%	2,571	14	2.09%
Other interest earning liabilities (3)	1,552	7	1.82%	1,834	7	1.56%	1,074	3	1.02%	1,167	2	0.71%
Other liabilities with no cost	10,023	-	-	10,181	-	-	9,466	-	-	9,786	-	-
Equity	13,209	-	-	13,246	-	-	13,222	-	-	13,164	-	-
Total equity and liabilities (d)	**212,269**	**112**	**0.21%**	**205,888**	**103**	**0.20%**	**204,516**	**99**	**0.19%**	**204,361**	**96**	**0.19%**
Customer margin (a-c)			**1.65%**			**1.60%**			**1.58%**			**1.51%**
Net interest margin (b-d)		**516**	**0.98%**		**502**	**0.99%**		**507**	**0.99%**		**495**	**0.96%**

(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.

	2Q 2019		1Q 2019		4Q 2018		3Q 2018		2Q 2018		1Q 2018	
(€ million & %)	**Weight (%)**	**Yield**	**Weight (%)**	**Yield**	**Weight (%)**	**Yield**	**Weight (%)**	**Yield**	**Weight (%)**	**Yield**	**Weight (%)**	**Yield**
Loans and advances to credit institutions (1)	7.8%	0.66%	3.7%	1.24%	3.9%	1.04%	3.6%	1.14%	3.4%	1.31%	3.3%	1.29%
Net Loans and advances to customers (a)	55.7%	1.75%	57.3%	1.70%	58.4%	1.69%	58.8%	1.62%	58.0%	1.68%	57.8%	1.71%
Debt securities	23.1%	0.65%	25.1%	0.65%	24.5%	0.59%	24.5%	0.61%	25.6%	0.71%	25.8%	0.72%
Other interest earning assets (2)	0.5%	1.31%	0.5%	1.32%	0.3%	1.51%	0.2%	1.87%	0.2%	1.87%	0.2%	1.87%
Other non-interest earning assets	12.9%	-	13.4%	-	13.0%	-	12.9%	-	12.8%	-	12.9%	-
Total Assets (b)	**100.0%**	**1.19%**	**100.0%**	**1.19%**	**100.0%**	**1.18%**	**100.0%**	**1.15%**	**100.0%**	**1.21%**	**100.0%**	**1.22%**
Deposits from central banks and credit (1)	19.3%	0.24%	17.5%	0.18%	18.1%	0.13%	18.6%	0.10%	18.2%	0.14%	17.8%	0.13%
Customer deposits (c)	60.5%	0.10%	61.5%	0.10%	61.3%	0.11%	61.1%	0.11%	61.0%	0.13%	60.4%	0.14%
Strict Customer Deposits	57.2%	*0.03%*	58.4%	*0.04%*	58.2%	*0.04%*	57.8%	*0.05%*	57.2%	*0.06%*	56.4%	*0.06%*
Repos	0.3%	*0.37%*	0.0%	*6.20%*	0.0%	*3.20%*	0.0%	*2.24%*	0.4%	*0.29%*	0.5%	*0.20%*
Single-certificate covered bonds	2.9%	*1.33%*	3.0%	*1.36%*	3.1%	*1.31%*	3.3%	*1.28%*	3.4%	*1.26%*	3.5%	*1.34%*
Marketable securities	6.9%	0.80%	7.1%	0.84%	7.5%	0.93%	7.3%	0.93%	7.7%	0.85%	8.2%	0.83%
Subordinated liabilities	1.6%	2.28%	1.7%	2.12%	1.5%	1.87%	1.3%	2.09%	1.2%	2.20%	1.2%	2.22%
Other interest earning liabilities (2)	0.7%	1.82%	0.9%	1.56%	0.5%	1.02%	0.6%	0.71%	0.5%	1.09%	0.6%	0.81%
Other liabilities with no cost	4.7%	-	4.9%	-	4.6%	-	4.8%	-	5.1%	-	5.3%	-
Equity	6.2%	-	6.4%	-	6.5%	-	6.4%	-	6.3%	-	6.4%	-
Total equity and liabilities (d)	**100.0%**	**0.21%**	**100.0%**	**0.20%**	**100.0%**	**0.19%**	**100.0%**	**0.19%**	**100.0%**	**0.20%**	**100.0%**	**0.21%**
Customer margin (a-c)		**1.65%**		**1.60%**		**1.58%**		**1.51%**		**1.56%**		**1.57%**
Net interest margin (b-d)		**0.98%**		**0.99%**		**0.99%**		**0.96%**		**1.01%**		**1.01%**

(1) 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"
(2) Insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities, including those associated with IFRS 16 ("Financial Leasing") starting January 2019.

- **Net fee and commission income** reached 533 million euros in the first half of the year, in line with the figure recorded in the same period of 2018 (534 million euros). The growth of fees and commissions for payment and collection services (+10.4%) and assets under management (+2.5%) offset the decline in fees and commissions for current account maintenance (-35.4%) due to application of the "No Fees" policy to BMN customers.

- Net fee and commission income performed well **in the second quarter of 2019**, posting an **increase of 4.8**% compared to the previous quarter, so as to reach 273 million euros. The growth is concentrated in fee and commission income from the sale of mutual funds, pension funds and insurance (+7.4%) and cards (+12.1%).

NET FEE AND COMMISSION INCOME

			Change on 6M 2018	
(€ million)	6M 2019	6M 2018	Amount	%
Assets under management	**206**	**201**	**5**	**2.5%**
Securities brokerage service	33	29	4	11.9%
Mutual funds, Pension funds and insurances	174	172	2	0.9%
Payments services	**165**	**149**	**15**	**10.4%**
Bills of exchange	10	9	1	14.9%
Debit and credit cards	125	112	13	11.7%
Payments services	30	29	1	3.9%
Origination	**99**	**99**	**(1)**	**(0.6%)**
Contingent risks and commitments	49	50	(1)	(2.7%)
Forex	19	16	3	17.0%
Structuring and design of transactions and others	31	33	(2)	(6.2%)
Management of NPLs, write offs and others	**67**	**66**	**1**	**0.8%**
Management of NPLs and write offs	1	4	(3)	(75.1%)
Claims on Past due	66	62	3	5.4%
Accounts manteinance (Sight deposits)	**39**	**60**	**(21)**	**(35.4%)**
Fees and commissions received	**575**	**576**	**(1)**	**(0.1%)**
Fees and commissions paid	**42**	**42**	**(0)**	**(0.5%)**
TOTAL NET FEE AND COMMISSION INCOME	**533**	**534**	**(1)**	**(0.1%)**

							Change on	
(€ million)	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	2Q 2018	1Q 2019
Assets under management	**106**	**100**	**96**	**96**	**100**	**102**	**6.6%**	**5.8%**
Securities brokerage service	16	17	13	15	15	14	7.3%	(1.9%)
Mutual funds, Pension funds and insurances	90	84	84	81	84	88	6.5%	7.4%
Payments services	**86**	**79**	**82**	**77**	**76**	**73**	**12.3%**	**8.4%**
Bills of exchange	5	5	5	5	4	5	17.2%	(0.6%)
Debit and credit cards	66	59	62	59	58	54	13.9%	12.1%
Payments services	15	15	14	13	14	15	4.2%	(2.8%)
Origination	**50**	**49**	**52**	**48**	**50**	**49**	**(0.8%)**	**2.6%**
Contingent risks and commitments	24	24	25	27	26	24	(7.2%)	0.5%
Forex	10	9	9	10	9	8	11.4%	1.8%
Structuring and design of transactions and ot	16	15	18	12	16	18	3.2%	6.6%
Management of NPLs, write offs and others	**33**	**33**	**35**	**46**	**39**	**27**	**(13.9%)**	**(0.6%)**
Management of NPLs and write offs	1	0	2	16	2	2	(71.6%)	91.3%
Claims on Past due	33	33	33	30	36	26	(10.5%)	(1.4%)
Accounts manteinance (Sight deposits)	**20**	**19**	**21**	**21**	**27**	**33**	**(27.6%)**	**3.5%**
Fees and commissions received	**295**	**281**	**285**	**288**	**292**	**284**	**0.9%**	**5.1%**
Fees and commissions paid	**22**	**20**	**20**	**23**	**22**	**20**	**0.3%**	**8.8%**
TOTAL NET FEE AND COMMISSION INCOME	**273**	**260**	**266**	**265**	**270**	**264**	**1.0%**	**4.8%**

Operating expenses are down 3.4% in the half-year (-0.1% quarter-on-quarter), at 912 million euros at the end of June 2019, reflecting the synergies generated after the integration of BMN. This decline in expenses brings the efficiency ratio to 54.6% at the end of the first half of 2019, while operating expenses as a percentage of RWAs stand at 2.25%, down 2 basis points compared to December 2018.

- The results for the first half of 2019 include the impact of applying IFRS 16 ("Leased assets"), which reduces property lease expenses by approximately 34 million euros compared to the first half of 2018, accompanied by an increase in the associated amortisation expense.

OPERATING EXPENSES

			Change on 6M 2018	
(€ million)	6M 2019	6M 2018	Amount	%
Staff costs	**571**	**596**	**(25)**	**(4.3%)**
Wages and salaries	419	457	(38)	(8.4%)
Social security costs	113	114	(0)	(0.1%)
Pension plans	26	10	15	143.6%
Others	13	15	(2)	(13.6%)
General expenses	**243**	**260**	**(17)**	**(6.7%)**
From property, fixtures and supplies	31	60	(29)	(48.4%)
IT and communications	103	95	8	8.7%
Advertising and publicity	28	25	2	9.4%
Technical reports	17	12	6	49.7%
Surveillance and security courier services	9	9	(0)	(2.9%)
Levies and taxes	15	14	1	7.4%
Insurance and self-insurance premiums	2	2	0	0.4%
Other expenses	38	43	(5)	(12.4%)
ADMINISTRATIVE EXPENSES	**813**	**856**	**(43)**	**(5.0%)**
AMORTISATIONS	**99**	**88**	**11**	**12.2%**
TOTAL OPERATING EXPENSES	**912**	**944**	**(32)**	**(3.4%)**

							Change on	
(€ million)	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	2Q 2018	1Q 2019
Staff costs	**286**	**285**	**278**	**287**	**291**	**305**	**(1.9%)**	**0.2%**
Wages and salaries	211	208	207	218	220	236	(4.4%)	1.5%
Social security costs	57	57	53	53	56	58	2.1%	0.2%
Pension plans	11	14	11	11	6	4	77.0%	(18.6%)
Others	7	7	7	5	9	6	(24.8%)	(0.4%)
General expenses	**121**	**122**	**147**	**128**	**128**	**132**	**(5.3%)**	**(0.3%)**
From property, fixtures and supplies	16	15	29	30	29	32	(42.6%)	11.1%
IT and communications	51	52	48	49	47	48	7.9%	(2.9%)
Advertising and publicity	14	14	13	13	13	12	6.0%	2.6%
Technical reports	11	6	15	1	6	6	93.3%	74.3%
Surveillance and security courier services	4	4	4	5	5	4	(5.0%)	0.0%
Levies and taxes	8	7	9	7	7	7	14.7%	16.0%
Insurance and self-insurance premiums	1	1	1	1	1	1	(8.5%)	(4.7%)
Other expenses	16	22	28	23	21	23	(24.7%)	(29.7%)
ADMINISTRATIVE EXPENSES	**407**	**407**	**425**	**415**	**419**	**437**	**(3.0%)**	**0.1%**
AMORTISATIONS	**49**	**50**	**43**	**42**	**40**	**48**	**23.4%**	**(1.3%)**
TOTAL OPERATING EXPENSES	**456**	**456**	**468**	**458**	**459**	**485**	**(0.7%)**	**(0.1%)**

- The strong performance of the commercial activity and the positive impact of cost reduction brings the group's "core" result to 639 million euros, similar to the level recorded in June the previous year (637 million euros). Excluding NTI, pre-provision profit totals 619 million euros in the first half of 2019, 2.2% more than in June 2018.

- **Provisions, impairment allowances and other results total a cumulative 219 million euros in the year to June 2019**, an increase of 3 million euros compared to the first half of 2018.

- Provisions performance brings the **cost of risk for the semester to 0.17**% at the end of June 2019, 3 basis points below the level recorded in June 2018.

PROVISIONING AND OTHER RESULTS

			Variación s/6M 2018	
(€ million)	6M 2019	6M 2018	Importe	%
Impairment losses on:	**(151)**	**(176)**	**25**	**(14.3%)**
Financial assets	(141)	(208)	66	(31.9%)
Non-financial assets	(9)	32	(41)	-
Impairment losses on Real Estate Assets	**(72)**	**(50)**	**(23)**	**46.1%**
Resto de provisiones y otros resultados	**4**	**10**	**(5)**	**(54.9%)**
Provisions (net)	(45)	36	(81)	-
Others	49	(27)	76	(283.3%)
Total provisions and others	**(219)**	**(216)**	**(3)**	**1.3%**

							Change on	
(€ million)	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	2Q 2018	1Q 2019
Impairment losses on:	**(92)**	**(59)**	**(165)**	**(76)**	**(56)**	**(120)**	**65.7%**	**56.6%**
Financial assets	(86)	(55)	(146)	(73)	(91)	(116)	(5.6%)	56.0%
Non-financial assets	(6)	(4)	(19)	(3)	36	(4)	-	65.1%
Impairment losses on Real Estate Assets	**(41)**	**(31)**	**(26)**	**(29)**	**(23)**	**(27)**	**82.0%**	**32.6%**
Resto de provisiones y otros resultados	**3**	**2**	**(52)**	**(15)**	**19**	**(9)**	**(85.7%)**	**62.2%**
Provisions (net)	(35)	(10)	(46)	(0)	24	13	-	246.9%
Others	38	12	(6)	(15)	(5)	(22)	-	220.9%
Total provisions and others	**(131)**	**(88)**	**(242)**	**(119)**	**(60)**	**(157)**	**119.4%**	**48.0%**

4. BALANCE SHEET PERFORMANCE

Gross loans and advances to customers grow 1.3% in the first half, while the performing loan book grows 2.2%. Total customers funds increase by 3.6% in the half year.

			Change on Dec-18	
(€ million)	Jun-19	Dec-18	Amount	%
Cash and balances at central banks	8,117	4,754	3,363	70.8%
Financial assets held for trading	6,971	6,308	663	10.5%
Trading derivatives	6,787	6,022	764	12.7%
Debt securities	180	282	(102)	(36.1%)
Equity instruments	4	4	(0)	(5.7%)
Financial assets designated at fair value through profit or loss	10	9	1	12.2%
Debt securities	0	0	0	8.6%
Loans and advances	10	9	1	12.3%
Financial assets designated at fair value through equity	14,391	15,636	(1,245)	(8.0%)
Debt securities	14,307	15,559	(1,252)	(8.0%)
Equity instruments	84	76	8	9.9%
Financial assets at amortised cost	158,630	156,461	2,169	1.4%
Debt securities	33,199	33,742	(543)	(1.6%)
Loans and advances to central banks	0.03	0	0.03	-
Loans and advances to credit institutions	5,095	4,433	661	14.9%
Loans and advances to customers	120,337	118,286	2,051	1.7%
Hedging derivatives	2,503	2,627	(124)	(4.7%)
Investments in subsidaries, joint ventures and associates	424	306	118	38.6%
Tangible and intangible assets	3,113	2,487	625	25.1%
Non-current assets held for sale	3,323	3,906	(584)	(14.9%)
Other assets	12,443	12,728	(285)	(2.2%)
TOTAL ASSETS	**209,925**	**205,223**	**4,702**	**2.3%**
Financial liabilities held for trading	7,022	6,047	976	16.1%
Trading derivatives	6,727	5,925	802	13.5%
Short positions	295	122	173	141.9%
Financial liabilities at amortised cost	186,262	181,869	4,393	2.4%
Deposits from central banks	13,874	13,856	18	0.1%
Deposits from credit institutions	23,388	21,788	1,600	7.3%
Customer deposits and funding via clearing houses	130,563	126,319	4,243	3.4%
Debt securities in issue	17,066	18,360	(1,295)	(7.1%)
Other financial liabilities	1,372	1,545	(174)	(11.2%)
Hedging derivatives	86	183	(97)	(52.9%)
Provisions	1,842	1,922	(80)	(4.1%)
Other liabilitiess	1,371	2,013	(642)	(31.9%)
TOTAL LIABILITIES	**196,583**	**192,033**	**4,550**	**2.4%**
Minority interests	13	12	1	8.2%
Other accumulated results	291	147	144	97.4%
Equity	13,037	13,030	7	0.1%
TOTAL EQUITY	**13,341**	**13,189**	**152**	**1.2%**
TOTAL EQUITY AND LIABILITIES	**209,925**	**205,223**	**4,702**	**2.3%**

- **Gross loans and advances to customers** ended the first half of 2019 at **124,086 million euros**, 1.3% more than in December 2018. The performing loan book (gross loans excluding non-performing loans and reverse repurchase agreements) grows 2.2% in the half-year (2,510 million euros) and non-performing loans continued to decline, falling 860 million euros since December 2018.

LOANS AND ADVANCES TO CUSTOMERS

			Change on Dec-18	
(€ million)	Jun-19	Dec-18	Amount	%
Spanish public sector	5,266	4,846	420	8.7%
Other resident sectors	106,396	105,152	1,244	1.2%
Secured loans	71,692	73,275	(1,583)	(2.2%)
Other term loans	25,876	24,448	1,428	5.8%
Commercial credit	5,218	4,655	564	12.1%
Receivable on demand and other	3,610	2,774	836	30.1%
Non-residents	3,592	3,636	(44)	(1.2%)
Repo transactions	44	114	(70)	(61.1%)
Of which: reverse repurchase agreements with BFA	*30*	*100*	*(71)*	*(70.4%)*
Other financial assets	1,729	868	861	99.3%
Other valuation adjustments	202	173	29	16.8%
Non-performing loans	6,856	7,716	(860)	(11.1%)
Gross loans and advances to customers	**124,086**	**122,505**	**1,581**	**1.3%**
Loan loss reserve	(3,739)	(4,210)	471	(11.2%)
NET LOANS AND ADVANCES TO CUSTOMERS	**120,347**	**118,295**	**2,052**	**1.7%**
GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPL	**117,185**	**114,675**	**2,510**	**2.2%**

- **Retail customer funds**, both on- and off-balance-sheet, are up 5,291 million euros (+3.6%) compared to December 2018 and up 2,619 million euros (+1.7%) compared to June the previous year, reaching a total of 152,440 million euros. This growth is supported by the good performance in strict deposits (+2.9% over the half-year in current accounts, savings accounts and public sector) and in assets managed and marketed in mutual funds (+8.4%).

RETAIL CUSTOMER FUNDS

						Change on Dec-18	
(€ million)	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Amount	%
Spanish public sector	**6,825**	**7,135**	**6,608**	**6,129**	**6,970**	**217**	**3.3%**
Other resident sectors	**114,256**	**112,497**	**110,916**	**110,279**	**112,540**	**3,340**	**3.0%**
Current accounts	40,134	39,499	37,905	37,713	38,377	2,229	5.9%
Savings accounts	40,208	38,155	37,334	36,088	36,127	2,874	7.7%
Term deposits	33,914	34,843	35,678	36,478	38,036	(1,764)	(4.9%)
Non-residents	**2,409**	**2,504**	**2,511**	**2,120**	**2,080**	**(103)**	**(4.1%)**
Strict Customer Deposits	**123,489**	**122,136**	**120,036**	**118,529**	**121,591**	**3,454**	**2.9%**
Mutual funds	20,717	20,012	19,114	19,925	19,993	1,603	8.4%
Pension funds	8,234	8,158	7,999	8,157	8,237	235	2.9%
Total customer off-balance funds (1)	**28,951**	**28,170**	**27,113**	**28,082**	**28,230**	**1,837**	**6.8%**
TOTAL	**152,440**	**150,306**	**147,149**	**146,611**	**149,821**	**5,291**	**3.6%**

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

TOTAL CUSTOMER FUNDS

(€ million)	Jun-19	Dec-18	Change on Dec-18	
			Amount	%
Spanish public sector	6,825	6,608	217	3.3%
Other resident sectors	121,330	117,200	4,129	3.5%
Current accounts	40,134	37,905	2,229	5.9%
Savings accounts	40,208	37,334	2,874	7.7%
Term deposits	33,914	35,678	(1,764)	(4.9%)
Repo transactions	876	36	840	2327.3%
Singular mortgage securities	6,198	6,248	(50)	(0.8%)
Non-residents	2,409	2,511	(103)	(4.1%)
Funding via clearing houses and customer deposits	**130,563**	**126,319**	**4,243**	**3.4%**
Debentures and other marketable securities	14,098	15,370	(1,272)	(8.3%)
Subordinated loans	2,967	2,990	(23)	(0.8%)
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**147,628**	**144,680**	**2,949**	**2.0%**
Mutual funds	20,717	19,114	1,603	8.4%
Pension funds	8,234	7,999	235	2.9%
Off-balance-sheet customer funds (1)	**28,951**	**27,113**	**1,837**	**6.8%**
TOTAL CUSTOMER FUNDS	**176,579**	**171,793**	**4,786**	**2.8%**

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

- **Own debt securities issued** (debentures and other marketable securities and subordinated loans) total 17,066 million euros (-7.1% vs. December 2018). They include three new debt issuances during the half-year with the aim to replace maturing issuances and build up a stock of eligible liabilities to cover the future MREL requirement (1,000 million euros of subordinated bonds, 500 million euros of senior non-preferred debt and 500 million of senior preferred debt). Additionally, the bank has issued 475 million euros of residential mortgage covered bonds.

5. RISK MANAGEMENT

Further reduction in non-performing assets and improvement in risk indicators

- **Non-performing loans fell 902** million euros in the first half of the year (-10.7%), **reducing the group's NPL ratio by 80 basis points to 5.7%** at the end of the half year. The reduction is 50 basis points compared to the previous quarter and 240 basis points compared to June 2018.
- The decrease in non-performing loans brings the gross volume of non-performing assets (non-performing loans and foreclosed assets) to 9,928 million euros at the end of the first half of 2019, **lowering the gross NPA ratio to 7.5**% of the group's total risk-bearing assets.

NPL RATIO AND NPL COVERAGE RATIO

						Change on Dec-18	
(€ million and %)	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Amount	% / p.p.
Non-performing loans	7,514	7,969	8,416	10,362	10,809	(902)	(10.7%)
Total risk-bearing assets	130,810	129,369	129,792	132,962	133,962	1,018	0.8%
Total NPL ratio (1)	**5.7%**	**6.2%**	**6.5%**	**7.8%**	**8.1%**		**-0.8 p.p.**
Total provisions	4,122	4,381	4,593	5,677	5,945	(471)	(10.3%)
NPL coverage ratio (2)	**54.9%**	**55.0%**	**54.6%**	**54.8%**	**55.0%**		**+0.3 p.p.**

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

CHANGE IN NPLs

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

NON-PERFORMING ASSETS (NPAs)

						Change on Dec-18	
(€ million and %)	Jun-19 (1)	Mar-19 (1)	Dec-18 (1)	Sep-18	Jun-18	Amount	% / p.p.
Gross Non-performing loans	7,514	7,969	8,416	10,362	10,809	(902)	(10.7%)
Gross foreclosed assets	2,414	2,459	2,462	4,170	4,397	(48)	(2.0%)
Gross NPAs	**9,928**	**10,428**	**10,878**	**14,532**	**15,205**	**(950)**	**(8.7%)**
NPL provisions	4,122	4,381	4,593	5,677	5,945	(471)	(10.3%)
Impairments on foreclosed assets	701	683	649	1,625	1,714	52	7.9%
NPAs provisions	**4,823**	**5,064**	**5,243**	**7,302**	**7,659**	**(420)**	**(8.0%)**
Net NPLs	3,392	3,588	3,823	4,685	4,864	(431)	(11.3%)
Net forclosed assets	1,713	1,776	1,813	2,545	2,682	(100)	(5.5%)
Net NPAs	**5,105**	**5,364**	**5,636**	**7,230**	**7,547**	**(531)**	**(9.4%)**
Total risk	**133,224**	**131,829**	**132,254**	**137,132**	**138,359**	**970**	**0.7%**
Gross NPAs ratio	**7.5%**	**7.9%**	**8.2%**	**10.6%**	**11.0%**		**-0.7 p.p.**
Net NPAs ratio	**3.8%**	**4.1%**	**4.3%**	**5.3%**	**5.5%**		**-0.5 p.p.**
NPAs Coverage	**48.6%**	**48.6%**	**48.2%**	**50.2%**	**50.4%**		**+0.4 p.p.**

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

FORECLOSED ASSETS

(€ million)	Gross Amount (1) Jun-19 (2)	Mar-19 (2)	Dic-18 (2)	Sep-18	Jun-18
Total	**2,852**	**2,888**	**2,909**	**4,516**	**4,761**
(-) Assets assigned to the Social Housing Fund and rented (3)	(438)	(429)	(446)	(346)	(364)
Total gross foreclosed assets	**2,414**	**2,459**	**2,462**	**4,170**	**4,397**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-18 data calculated assuming the asset disposal due to the sale of portfolios to intitutional investors in 4Q18
(3) Includes assets assigned to the Social Housing Fund, assets with special rental terms to vulnerable collectives and rented assets yielding >3%

(€ million)	Impairments (1) Jun-19 (2)	Mar-19 (2)	Dic-18 (2)	Sep-18	Jun-18
Total	**784**	**756**	**762**	**1,706**	**1,788**
(-) Assets assigned to the Social Housing Fund and rented (3)	(83)	(73)	(113)	(81)	(74)
Total gross foreclosed assets	**701**	**683**	**649**	**1,625**	**1,714**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-18 data calculated assuming the asset disposal due to the sale of portfolios to intitutional investors in 4Q18
(3) Includes assets assigned to the Social Housing Fund, assets with special rental terms to vulnerable collectives and rented assets yielding >3%

(€ million)	Net Amount (1) Jun-19 (2)	Mar-19 (2)	Dic-18 (2)	Sep-18	Jun-18
Total	**2,068**	**2,132**	**2,146**	**2,810**	**2,973**
(-) Assets assigned to the Social Housing Fund and rented (3)	(355)	(356)	(333)	(265)	(291)
Total gross foreclosed assets	**1,713**	**1,776**	**1,813**	**2,545**	**2,682**

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Since Dec-18 data calculated assuming the asset disposal due to the sale of portfolios to intitutional investors in 4Q18
(3) Includes assets assigned to the Social Housing Fund, assets with special rental terms to vulnerable collectives and rented assets yielding >3%

RESTRUCTURED LOANS

						Change on Dec-18	
(€ million and %)	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Amount	% / p.p.
Gross exposure							
Non-performing loans	4,029	4,338	4,727	5,859	6,369	(697)	(14.8%)
Performing loans	3,657	3,772	4,133	4,736	4,635	(476)	(11.5%)
Total refinanced	**7,687**	**8,111**	**8,860**	**10,594**	**11,005**	**(1,173)**	**(13.2%)**
Impairments							
Non-performing loans	1,470	1,657	1,928	2,504	2,792	(458)	(23.8%)
Performing loans	162	177	204	234	239	(43)	(20.9%)
Total Impairments	**1,632**	**1,834**	**2,132**	**2,738**	**3,032**	**(501)**	**(23.5%)**
Coverage (%)							
Non-performing loans	36.5%	38.2%	40.8%	42.7%	43.8%		-4.3 p.p.
Performing loans	4.4%	4.7%	4.9%	4.9%	5.2%		-0.5 p.p.
Total coverage	**21.2%**	**22.6%**	**24.1%**	**25.8%**	**27.5%**		**-2.9 p.p.**

6. FUNDING STRUCTURE AND LIQUIDITY

- At 30 June 2019, liquid assets totalled 32,364 million euros, providing ample coverage for all the group's wholesale debt maturities.
- The group maintains a retail funding structure based on customer deposits (66% of funds), with an LTD ratio of 90.5% at the end of the first half of 2019.
- In the first six months of 2019, Bankia has issued an aggregate amount of 2,475 million euros. Out of this total, 2,000 million euros consists of senior preferred, senior non-preferred and subordinate debt, issued to replace maturing debt and to build up a stock of eligible liabilities to meet the future MREL requirement. After the end of the half-year, in July, Bankia successfully issued 750 million euros of senior preferred debt with a coupon of 0.75%.

LTD RATIO AND COMMERCIAL GAP

			Change on Dec-18	
(€ million)	Jun-19	Dec-18	Amount	% / p.p.
Net Loans and advances to customers	**120,347**	**118,295**	**2,052**	**1.7%**
o/w Repo transactions (1)	15	14	1	7.2%
a. Strict Net Loans and advances to customers	**120,332**	**118,281**	**2,051**	**1.7%**
Strict customer deposits and retail commercial paper	123,489	120,036	3,454	2.9%
Single-certificate covered bonds	6,198	6,248	(50)	(0.8%)
ICO/EIB deposits	3,348	3,424	(75)	(2.2%)
b. Total Deposits	**133,036**	**129,707**	**3,329**	**2.6%**
LTD ratio (a/b)	**90.5%**	**91.2%**		**-0.7 p.p.**

(1) Reverse repurchase agreements

			Change on Dec-18	
(€ million)	Jun-19	Dec-18	Amount	% / p.p.
Net Loans and advances to customers	**120,347**	**118,295**	**2,052**	**1.7%**
o/w Repo transactions (1)	15	14	1	7.2%
Strict Net Loans and advances to customers	**120,332**	**118,281**	**2,051**	**1.7%**
(-) Strict customer deposits and retail commercial paper	123,489	120,036	3,454	2.9%
(-) ICO/EIB deposits	3,348	3,424	(75)	(2.2%)
Strict Comercial GAP	**(6,505)**	**(5,178)**	**(1,328)**	**25.6%**

(1) Reverse repurchase agreements

DEBT MATURITIES

(€ million) (1)	2019 (2)	2020	2021	>2021
Covered bonds	963	418	2,025	13,356
Senior debt	3	-	35	1,100
Subordinated debt	-	-	175	2,750
Securitisation	-	-	-	1,467
Total issuance maturities	**966**	**418**	**2,235**	**18,673**

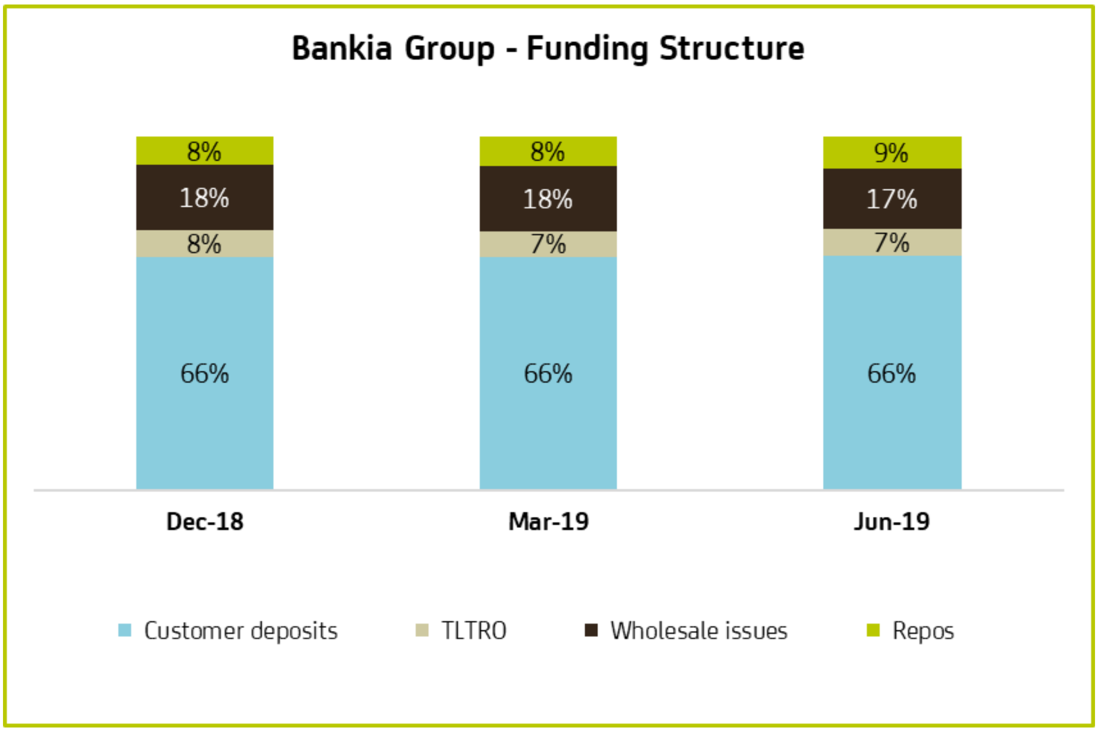
(1) Maturities of Bankia group in nominal values net of treasury shares and retained issuance
(2) During 1H19, €1,000mn of senior debt and €2,100mn of covered bonds have matured and €1,000mn of subordinated were early amortised and replaced by another issuance of subordinated debt with the same amount

LIQUID ASSETS

(€ million)	Jun-19	Dec-18	Change on Dec-18 Amount	Change on Dec-18 % / p.p.
Treasury account and deposit facility [1]	6,421	2,921	3,500	119.8%
Undrawn amount on the facility	12,914	11,339	1,575	13.9%
Available high liquidity assets [2]	13,029	17,678	(4,649)	(26.3%)
Total	**32,364**	**31,938**	**426**	**1.3%**

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

FUNDING STRUCTURE



7. EQUITY

- **The group's equity** at the end of the first half of 2019 stands at 13,341 million euros, not counting the dividends paid out of profit for 2018 which were accounted for in March and the capital reduction carried out in May to cancel own shares against voluntary reserves.

EQUITY

(€ million)	Jun-19 (1)	Mar-19 (1)	Dic-18	Sep-18	Jun-18
Equity at the beginning of the period	**12,859**	**13,030**	**13,120**	**12,894**	**12,960**
+ Result from the period	195	205	(40)	229	285
- Capital Reduction	(15)				
+/- Movementes in reserves:	(2)	(375)	(50)	(4)	(351)
- Dividend paid (1)	-	(357)	-	-	(340)
- AT1 coupon	(13)	(13)	(14)	(9)	(8)
+/- Other movements	12	(5)	(36)	5	(3)
Equity at the closing of the period	**13,037**	**12,859**	**13,030**	**13,120**	**12,894**
Global other accumulated result	291	212	147	113	299
Minority interests	13	13	12	15	15
Total Equity	**13,341**	**13,084**	**13,189**	**13,248**	**13,209**

(1) At 31 March 2019 the total equity amount discounts the dividend which the General Shareholders Meeting approved to pay against 2018 result (€357,1mn).

8. SOLVENCY

- **At 30 June 2019, the Bankia Group has reached a CET1 Fully Loaded ratio of 12.63%, not including unrealised capital gains on sovereign holdings in the fair value portfolio** (12.91% according to regulatory criteria, that is, including the abovementioned gains), which represents a growth of 35 basis points in the first half of the year.

- As regards regulatory ratios, at 30 June 2019 the CET1 Phase In ratio stands at 14.08% and the Total Capital ratio at 17.86%. Compared with the SREP minimum capital requirements for 2019 notified by the supervisor (CET1 9.25% and Total Capital 12.75%), these figures imply a CET1 surplus of 483 basis points and a Total Capital surplus of 511 basis points.

- The MREL ratio (ratio of MREL to RWAs) was 19.82% in June 2019, mainly due to the issuance of MREL-eligible debt in the half-year. If the 750 million euros of preferred senior debt issued in July were included, the ratio would have reached 20.73%.

	Jun-19 (1)	
(€ million and %)	Phase In	Fully Loaded
Common equity Tier I - CET1 (%) (2)	13.80%	12.63%
Total capital ratio (%) (2)	17.58%	16.41%
Regulatory capital ratios (incl. FV unrealised gains):		
Common equity Tier I - CET1	14.08%	12.91%
Total capital ratio (%)	17.86%	16.69%
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	**4.83%**	**3.66%**
Total Solvency surplus over 2019 SREP requirement	**5.11%**	**3.94%**

(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 %)	Jun -19 (1) (2)	Dec -18 (1) (2)
Eligible capital	13,659	13,318
Common equity Tier I (CET 1)	10,562	10,205
Capital	3,689	3,704
Reserves (as per reserve perimeter)	9,003	8,719
Result attributable net of dividend accrual	197	346
Deductions	(2,525)	(2,575)
Others (treasury stocks, Non-controlling interests and unrealised gains on FV portfolio)	199	11
Tier I Capital	11,812	11,455
Instruments	1,250	1,250
Tier II Capital	1,846	1,863
Instruments	1,672	1,672
Others	174	191
Risk-weighted assets	81,825	82,381
Common equity Tier I (CET 1) (%)	**12.91%**	**12.39%**
Tier I Capital	14.44%	13.91%
Tier II Capital	2.26%	2.26%
Solvency ratio - Total capital ratio (%)	**16.69%**	**16.17%**
Leverage ratio (Fully Loaded)	**5.61%**	**5.56%**
Leverage ratio total exposure	**210,529**	**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 31st March 2019, the CET-1 Fully Loaded ratio stands at 12.63% and the Total Capital Fully Loaded ratio at 16.41%. 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

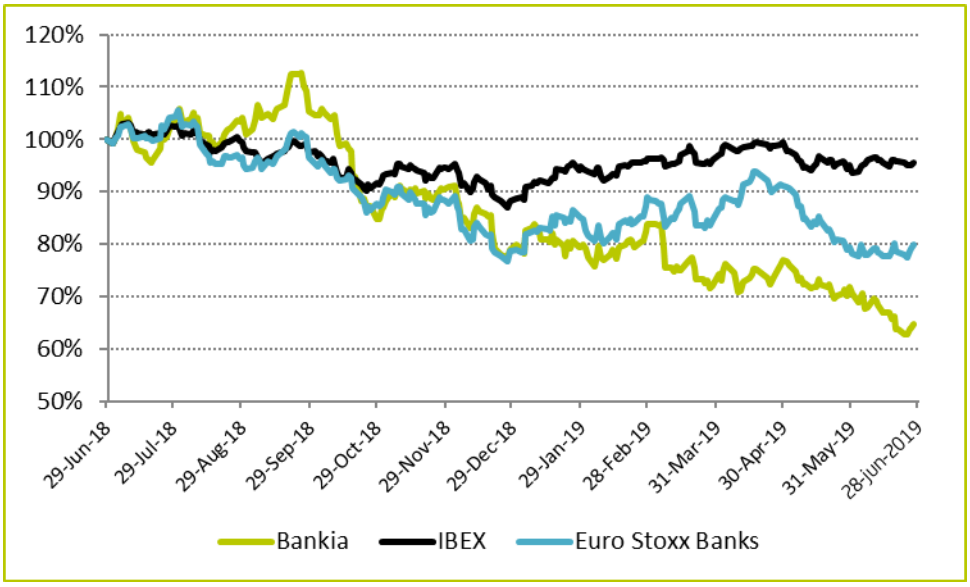
(€ million and %)	Jun -19 (1) (2)	Dec -18 (1) (2)
Eligible capital	14,614	14,480
Common equity Tier I (CET 1)	11,518	11,367
Capital	3,689	3,704
Reserves (as per reserve perimeter)	9,003	8,719
Result attributable net of dividend accrual	197	346
Deductions	(1,570)	(1,413)
Others (treasury stocks, Non-controlling interests and unrealised gains on FV portfolio)	199	11
Tier I Capital	12,768	12,617
Instruments	1,250	1,250
Others	0	0
Tier II Capital	1,846	1,863
Instruments	1,672	1,672
Others	174	191
Risk-weighted assets	81,825	82,381
Common equity Tier I (CET 1) (%)	**14.08%**	**13.80%**
Tier I Capital	15.60%	15.31%
Tier II Capital	2.26%	2.26%
Solvency ratio - Total capital ratio (%)	**17.86%**	**17.58%**
MREL eligible issuances	1,601	622
MREL ratio on RWAs (%)	**19.82%**	**18.33%**
Leverage ratio (Phase In)	**6.04%**	**6.09%**
Leverage ratio total exposure	**211,484**	**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 31st March 2019, the CET-1 Phase-in ratio stands at 13.80% and the Total Capital Phase-in ratio at 17.58%. 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

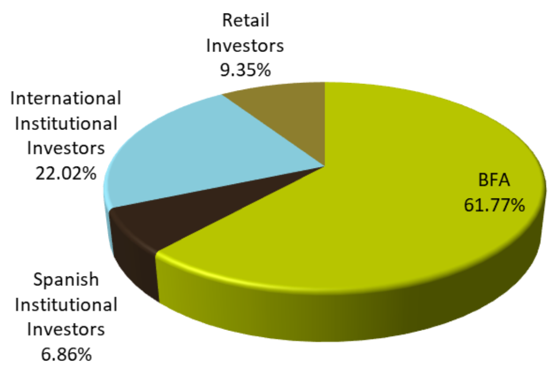
9. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Jun-2019
Number of shareholders	180,724
Daily average volume (num. shares)	7,651,749
Daily average turnover (euros)	18,409,554
Maximum closing price (€/share)	2,689 (8-Jan)
Minimum closing price (€/share)	2,009 (24-Jun)
Closing price (€/share)	2,078 (28-Jun)



10. RATING

- On 30 January, **Fitch Ratings (Fitch) upgraded Bankia's long-term rating from "BBB-" to "BBB", changing the outlook from Positive to Stable.** According to the agency, the rating upgrade reflects the major reduction in non-performing assets (NPAs) in 2018, a domestic franchise that emerged strengthened from the merger with BMN and a good track record in the management of business combinations, with the group maintaining robust post-merger capital and adequate funding and liquidity.

- On 6 February, **S&P Global Ratings affirmed Bankia's long-term rating at "BBB", with a Stable outlook**, reflecting the progress made in balance sheet clean-up after the significant reduction of NPAs in 2018. That rating was affirmed again on 31 May, after the agency's review of Spain's economic risk.

- On 9 May, **Scope Ratings affirmed Bankia's long-term rating at "BBB+/Stable".**

- After the end of the half-year, on 2 July, **DBRS affirmed Bankia's rating at BBB (high)** and improved the outlook from Stable to Positive.

- On 5 February, **Fitch upgraded the rating of Bankia's mortgage covered bonds from "A" to "A+" and changed the outlook from Positive to Stable.** This ratings action was a result of the upgrade of Bankia's long-term rating on 30 January and the current level of overcollateralisation of the portfolio, which is above the level required by the agency for an "A+" rating.

- After the end of the half-year, on 12 July, **Scope Ratings affirmed the rating of Bankia's mortgage covered bonds** at "AAA", 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 Ratings	**S&P Global Ratings**	**Fitch Ratings**	**DBRS**	**Scope**
Rating	AA-	A+	AAA	AAA
Outlook	Positive	Stable	---	Stable
Date	27-Mar-18	05-Feb-19	21-Sep-18	12-Jul-19

11. SIGNIFICANT EVENTS DURING THE HALF-YEAR

Reorganisation of the insurance business

In December 2018, Bankia reached an agreement with the Mapfre Group and the Caser Group to reorganise the bancassurance partnerships. In the non-life business line, this has entailed selling to Mapfre Vida 51% of the share capital of Caja Granada Vida and Caja Murcia Vida y Pensiones, without prejudice to the Caser Group retaining the exclusivity agreement in the Balearic Islands for the life assurance business and pensions business. Furthermore, in the non-life business line, Bankia agreed with the Caser Group to end their partnership for certain general insurance lines, while broadening the scope of Bankia's existing partnership with the Mapfre Group for general insurance to include the branch network from BMN.

After approval was obtained from the competition authority and the Directorate General for Insurance and Pension Funds stated its non-objection, on 29 March 2019 the sale to Mapfre Vida of the aforesaid Bankia shareholdings in Caja Granada Vida and Caja Murcia Vida y Pensiones was completed. The price of the sale was 110.3 million euros.

Execution of the sale-purchase marked the culmination of the reorganisation of the bancassurance business which Bankia began after the merger with Banco Mare Nostrum (BMN).

Shareholder remuneration

On 11 April 2019, pursuant to the resolutions approved by the General Meeting of Shareholders on 22 March 2019, Bankia paid out a gross dividend against 2018 profits of 354 million euros (0.11576 euros per share). This marked a 4.7% increase compared to the dividend paid the previous year (338 million euros).

Capital reduction

On 25 April 2019, Bankia's Board of Directors resolved to carry out the capital reduction of 15.4 million euros approved by the General Meeting of Shareholders on 22 March 2019, which was subject to the necessary official authorisations.

On 5 March 2019, authorisation was received from the European Central Bank to carry out the capital reduction in a cash amount of 50 million euros through the cancellation of 15,440,845 shares, representing 0.50% of Bankia's share capital.

Consequently, exercising the powers granted by the General Meeting of Shareholders on 22 March 2019, Bankia's Board of Directors resolved to reduce Bankia's share capital by the authorised amount of 15,440,845 euros, through the cancellation of 15,440,845 treasury shares. Bankia's share capital after the reduction amounts to 3,069,522,105 euros, corresponding to 3,069,522,105 shares with a nominal value of one euro per share.

The capital reduction did not entail any repayment of contributions, as the cancelled shares were held by Bankia, and was implemented by deducting the corresponding amount from voluntary reserves, setting aside a restricted reserve in an amount equal to the nominal value of the own shares cancelled.

The capital reduction deed was registered in the Valencia Company Register on 10 May 2019.

12. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Jun-19 [1]	Dec-18 [1]	Change on Dec-18 Amount	Change on Dec-18 %
ALCO Portfolio	25,086	26,804	(1,718)	(6.4%)
NON ALCO Portfolio	681	762	(81)	(10.6%)
SAREB Bonds	18,842	19,155	(313)	(1.6%)
Total Fixed Income Portfolio	**44,609**	**46,721**	**(2,112)**	**(4.5%)**

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

PRO FORMA INCOME STATEMENT INCLUDING IFRS 16 IMPACT IN 2018

(€ million)	1H 2019	1H 2018 [1]	Change on 1H 2018 Amount	Change on 1H 2018 %
Net interest income [1]	**1,018**	**1,042**	**(24)**	**(2.3%)**
Dividends	14	8	6	76.8%
Share of profit/(loss) of companies accounted for using the equity method	29	29	(0)	(1.4%)
Total net fees and commissions	533	534	(1)	(0.1%)
Gains/(losses) on financial assets and liabilities	140	291	(151)	(52.0%)
Exchange differences	7	6	1	24.4%
Other operating income/(expense)	(70)	(74)	4	(5.4%)
Gross income	**1,671**	**1,836**	**(165)**	**(9.0%)**
Administrative expenses	(813)	(822)	9	(1.1%)
Staff costs	(571)	(596)	25	(4.3%)
General expenses [1]	(243)	(226)	(16)	7.2%
Depreciation and amortisation [1]	(99)	(118)	19	(16.5%)
Pre-provision profit	**759**	**895**	**(136)**	**(15.2%)**
Provisions	(186)	(171)	(15)	8.8%
Provisions (net)	(45)	36	(81)	-
Impairment losses on financial assets (net)	(141)	(208)	66	(31.9%)
Operating profit/(loss)	**573**	**724**	**(151)**	**(20.9%)**
Impairment losses on non-financial assets	(9)	32	(41)	-
Other gains and other losses	(23)	(76)	53	(69.6%)
Profit/(loss) before tax	**540**	**679**	**(139)**	**(20.5%)**
Corporate income tax	(140)	(166)	26	(15.7%)
Profit/(loss) in the period	**400**	**513**	**(113)**	**(22.0%)**
Profit/(Loss) attributable to minority interests	0.8	0.2	0.6	273.9%
Profit/(loss) attributable to the Group	**400**	**513**	**(114)**	**(22.1%)**
Cost to Income ratio [2]	**54.6%**	**51.2%**	**+3.3 p.p.**	**3.3%**
Recurring Cost to Income ratio [3]	**59.8%**	**61.1%**	**(1.3) p.p.**	**(1.3%)**
PRO-MEMORY				
"Core" Result [4]	**639**	**635**	**4**	**0.6%**
Pre-provision profit ex Gains/(losses) on financial assets and liabilities [5]	**619**	**604**	**15**	**2.5%**

(1) In 1H18 includes the estimated impact of applying IFRS 16 ("Financial Leasings") in order to make it comparable with 1H19.
(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

Bankia

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

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

ALTERNATIVE PERFORMANCE MEASURES

PERFORMANCE MEASURE	DEFINITION	MANNER OF CALCULATION AND ACCOUNTING DATA USED
Total customer funds on- and off-balance-sheet	Sum of customer deposits, senior and subordinated wholesale issues and resources managed and marketed off-balance-sheet	Balance sheet items: - Customer deposits - Debt securities issued Third-party resources managed and marketed by the Group: - Mutual funds - Pension funds
Total NPL ratio (%)	Ratio of non-performing loans to total loans and advances to customers and contingent liabilities	Gross book amount (before provisions) of non-performing loans and advances to customers and contingent liabilities (NPEs) as a percentage of total gross loans and advances to customers (before provisions) and contingent liabilities.
NPL coverage ratio (%)	Measures the extent to which impairment losses on non-performing loans are covered by impairment allowances.	Book amount of allowances for impairment of loans and advances to customers and contingent liabilities as a percentage of the gross book amount of non-performing loans and advances to customers and contingent liabilities (NPEs).
Gross NPA ratio (%)	Ratio of the sum of the group's gross non-performing assets and gross foreclosed assets to total loans and advances to customers, contingent liabilities and foreclosed assets.	Gross book amount (before provisions) of non-performing loans and advances to customers, contingent liabilities and foreclosed assets (gross NPAs) to total gross loans and advances to customers and contingent liabilities (before provisions), and gross foreclosed assets (before impairment).
Net NPA ratio (%)	Ratio of the sum of the group's non-performing assets and foreclosed assets net of provisions to total loans and advances to customers, contingent liabilities and foreclosed assets.	Net book amount (after provisions and impairment) of non-performing loans and advances to customers, contingent liabilities and foreclosed assets (net NPAs) as a percentage of total gross loans and advances to customers and contingent liabilities (before provisions), and gross foreclosed assets (before impairment).
NPA coverage (%)	Measures the extent to which impairment losses on non-performing assets and foreclosed assets are covered by provisions.	Book amount of impairment allowances for loans and advances to customers, contingent liabilities and foreclosed assets as a percentage of the gross book amount of non-performing loans and advances to customers, contingent liabilities (NPEs) and foreclosed assets.
LTD ratio (%)	Ratio of financing granted to customers to deposits taken from customers.	Loans and advances to customers divided by customer deposits plus funds for 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 results of the following line items in the income statement: - Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net. - Gains or losses on financial assets and financial liabilities held for trading, net. - Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net. - Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net. - Gains or losses from hedge accounting, net.
Pre-provision profit	Gross income less administrative expenses and depreciation and amortisation.	Sum of the following lien items in the income statement: - Gross income - Administrative expenses - 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 the average month-end balance of recognised assets Average cost of liabilities and equity - Interest expense in the period divided by the average month-end balance of total equity and liabilities in the period. Interest income and interest expense are annualised at the March, June and September accounting closes.
ROA (%)	Measures the return on the Group's assets	After-tax profit or loss for the year divided by the average month-end balance of recognised assets in the period. The after-tax profit or loss is annualised at the March, June and September accounting closes.
RORWA (%)	Measures the return on average risk-weighted assets	After-tax profit or loss for the period divided by regulatory risk-weighted assets at the end of the period. The after-tax profit or loss is annualised at the March, June and September accounting closes.
ROE (%)	Measures the return on equity	Profit or loss attributable to the Group divided by average month-end equity for the 12 months preceding the period-end, adjusted for expected dividends. The profit or loss attributable to the Group is annualised at the March, June and September accounting closes.
ROTE (%)	Measures the return on equity excluding intangible assets	Profit or loss attributable to the Group divided by average month-end equity less intangible assets for the 12 months preceding the period-end, adjusted for expected dividends. The profit or loss attributable to the Group is annualised at the March, June and September accounting closes.
Efficiency ratio (%)	Measures operating expenses as a percentage of gross income	Administrative expenses + depreciation and amortisation expense divided by gross income for the period.
Cost of risk (%)	Measures the ratio of loan loss provisions to the total amount of loans and advances to customers and contingent liabilities	Sum of impairment losses on financial assets and provisions for contingent liabilities included under "Provisions (net)" on the income statement divided by the average amount of gross loans and advances to customers (i.e. before provisions) and contingent liabilities 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 based on the market price of its shares	The share price multiplied by the number of shares outstanding at period-end.
Earnings per share	Measures the amount of profit attributable to each of the bank's shares	Profit or loss attributable to the Group divided by the number of shares outstanding at period-end. The profit or loss attributable to the Group is annualised at the March, June and September accounting closes.
Tangible book value per share	Measures the company's book value per share issued, after deducting intangible assets	The Group's equity, after deducting intangible assets, divided by the number of shares outstanding at period-end.
P/E ratio	Measures the price per share as a multiple of the earnings per share	The share price at period-end divided by the earnings per share for the period.
Price to tangible book value	Compares the bank's share price to its tangible book value.	Price per share at period-end divided by tangible book value per share for the period.

ACCOUNTING DATA USED TO CALCULATE THE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Jun-19	Dec-18
Sum of customer funds managed on and off balance sheet	**176,579**	**171,793**
- Customer deposits	130,563	126,319
- Debt securities issued	17,066	18,360
- Mutual funds	20,717	19,114
- Pension funds	8,234	7,999
Total NPL ratio (%)	**5.7%**	**6.5%**
- Non-performing loans and advances to customers and contingent liabilities.	7,514	8,416
- Total loans and advances to customers and contingent liabilities	130,810	129,792
NPL coverage ratio (%)	**54.9%**	**54.6%**
- Allowances for impairment of loans and advances to customers and contingent liabilities	4,122	4,593
- Non-performing loans and advances to customers and contingent liabilities (NPEs).	7,514	8,416
Gross NPA ratio (%)	**7.5%**	**8.2%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs).	7,514	8,416
- Gross foreclosed assets (1)	2,414	2,462
- Total loans and advances to customers and contingent liabilities	133,224	132,254
Net NPA ratio (%)	**3.8%**	**4.3%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs).	**7.514**	**8.416**
- Gross foreclosed assets (1)	**2.414**	**2.462**
- Allowances for impairment of loans and advances to customers and contingent liabilities	**4.122**	**4.593**
- Allowances for impairment of foreclosed assets	**701**	**649**
- NPEs and foreclosed assets net of allowances for impairment of loans and advances to customers and contingent liabilities and foreclosed assets	**5.105**	**5.636**
- Total loans and advances to customers and contingent liabilities	**133.224**	**132.254**
NPA coverage (%)	**48.6%**	**48.2%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs).	7,514	8,416
- Gross foreclosed assets (1)	2,414	2,462
- Loan loss provisions	4,122	4,593
- Impairment of foreclosed assets	701	649
LTD ratio (%)	**90.5%**	**91.2%**
- Loans and advances to customers	120,347	118,295
- Reverse repurchase agreements	15	14
- Customer deposits	130,563	126,319
- Repurchase agreements	876	36
- Funds for intermediated loans received from the EIB and ICO	3,348	3,424
Market capitalisation	**6,378**	**7,898**
- Number of shares outstanding at period-end (millions)	3,070	3,085
- Share price at period-end (euros)	2.08	2.56
Earnings per share (euros)	**0.26**	**0.23**
- Profit or loss for the period attributable to the Group	400	703
- Profit or loss for the period attributable to the Group (annualised)	806	703
- Number of shares outstanding at period-end (millions)	3,070	3,085
Tangible book value per share (euros)	**4.23**	**4.18**
- Total equity	13,341	13,189
- Intangible assets	354	298
- Total equity less intangible assets	12,987	12,892
- Number of shares outstanding at period-end (millions)	3,070	3,085

(1) At Jun-19 and Dec-18 the data are calculated taking into account the outflow of foreclosed assets through institutional sales of portfolios carried out in the fourth quarter of 2018.

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Jun-18	Dec-18
P/E ratio	**7.92**	**11.23**
- Share price at period-end (euros)	2.08	2.56
- Earnings per share for the period (euros)	0.26	0.23
Price to tangible book value	**0.49**	**0.61**
- Share price at period-end (euros)	2.08	2.56
- Tangible book value per share (euros)	4.23	4.18

ACCOUNTING DATA USED TO CALCULATE THE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	Jun-19	Jun-18
Net trading income	**140**	**291**
- Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net.	143	270
- Gains or losses on financial assets and financial liabilities held for trading, net.	8	34
- 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.	(12)	(13)
Pre-provision profit	**759**	**897**
- Gross income	1,671	1,841
- Administrative expenses	(813)	(856)
- Amortisation	(99)	(88)
ROA (%)	**0.4%**	**0.5%**
- Profit after tax for the period	400	515
- Profit after tax for the period (annualised)	807	1,038
- Average month-end balance of assets recorded on the balance sheet for the period	209,079	208,609
RORWA (%)	**1.0%**	**1.2%**
- Profit after tax for the period	400	515
- Profit after tax for the period (annualised)	807	1,038
- Regulatory risk-weighted assets at the end of the period	81,825	83,526
ROE (%)	**6.3%**	**8.3%**
- Profit or loss for the period attributable to the Group	400	515
- Profit or loss for the period attributable to the Group (annualised)	806	1,038
- Average month-end balance of equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12,761	12,478
ROTE (%)	**6.5%**	**8.5%**
- Profit or loss for the period attributable to the Group	400	515
- Profit or loss for the period attributable to the Group (annualised)	806	1,038
- Average month-end balance of tangible equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12,452	12,233
Efficiency ratio (%)	**54.6%**	**51.3%**
- Administrative expenses	813	856
- Depreciation and amortisation	99	88
- Gross income	1,671	1,841
Cost of risk (%) a/(b+c)	**0.17%**	**0.20%**
- Impairment losses on financial assets	(141)	(208)
- External costs of recoveries	33	38
- Impairment losses on fixed-income financial instruments	1	-
- Provisions/ releases of provisions for contingent liabilities	-	37
- Total impairment losses for calculating the cost of risk	**(107)**	**(132)**
- Total impairment losses for calculating the cost of risk (annualised) (a)	**(217)**	**(267)**
- Average gross loans and advances to customers for the period (b)	120,924	125,266
- Average contingent liabilities for the period (c)	8,413	8,712

ACCOUNTING DATA (except where stated otherwise, the figures are in millions of euros and %)	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Customer margin (%)	**1.66%**	**1.60%**	**1.58%**	**1.51%**	**1.55%**	**1.57%**
Average interest rate on loans and advances to customers (%):	1.75%	1.70%	1.69%	1.62%	1.68%	1.71%
- Interest income from loans and advances to customers	517	496	510	490	506	512
- Interest income from loans and advances to customers for the period (annualised)	2,075	2,011	2,022	1,946	2,029	2,076
- Average month-end balance of loans and advances to customers.	118,299	117,970	119,507	120,124	120,426	121,071
Average interest rate on customer deposits (%):	0.10%	0.10%	0.11%	0.11%	0.13%	0.14%
- Interest expense of customer deposits for the period	31	33	35	36	40	43
- Interest expense of customer deposits for the period (annualised)	125	132	137	141	160	173
- Average month-end balance of customer deposits	128,328	126,550	125,402	124,834	126,642	126,613

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

Solvency and leverage (%)	Bankia (1) 30-Jun-2019
Common equity Tier I (CET1) (Group) BIS III Phase In (incl. FV unrealised gains) (2)	14.08%
Common equity Tier I (CET1) (Group) BIS III Fully Loaded (incl. FV unrealised gains) (2)	12.91%
Common equity Tier I (CET1) (Individual) BIS III Phase In (incl. FV unrealised gains) (2)	13.21%
Common equity Tier I (CET1) (Individual) BIS III Fully Loaded (incl. FV unrealised gains) (2)	12.06%
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)	16.69%
Solvency ***(€mn)***	
Available distributable items (Individual)(3)	8,622

(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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