Bankia

Bank strengthens position as most solvent among Spanish largest banks

Bankia continues improving the quality of its balance sheet and achieves a net profit of €400 million to June, 22.3% less

- The core result reaches €639 million, up 0.3% year on year
- The CET1 Fully Loaded ratio reaches 12.91%, up 52 basis points, with €1,137 million of capital generated since the start of 2018
- The stock of total performing loans increases for the second straight quarter, and now exceeds €106,700 million, affirming the positive trend
- New mortgage lending and new consumer lending have grown 5.4% and 16.2%, respectively, year-on-year, while in companies the stock of performing loans grows 4.5%
- Gross non-performing loans are down by €902 million (-10.7%) in the half year, accompanied by a major year-on-year drop in the NPL ratio from 8.1% to 5.7%
- Net new customers performance continues at a strong pace and in 12 months have grown by 153,000 (63% more than the growth one year ago), with the number of customers with direct deposit of income rising by 144,000 (+29%)
- Bankia closed the first half of the year as market leader in net contributions to mutual funds (€632 million) with more than €20,700 million under management
- Customer net promoter score reaches record levels and customer satisfaction is near to 90% at the end of June
- Some 24.4% of total sales were made through digital channels

Madrid, 29/07/2019. Bankia obtained a net attributable profit of 400 million euros in the first half of 2019, 22.3% less than in the same period of the previous year. The decline is primarily due to lower trading income (NTI) in the period.

Focusing on the core banking business, the core result (net interest income, plus fees and commissions, less expenses), reaches 639 million euros, an increase of 0.3%, driven by improvement in commercial activity and the positive impact of cost containment. Pre-provision profit excluding NTI, reaches 619 million as of June, 2.2% higher than one year ago.

Bankia chairman José Ignacio Goirigolzarri underscored that "for yet another quarter, we show an improvement in the quality of our balance sheet and we are generating capital organically; in fact, our capital adequacy is the strongest amongst the largest banks".

"During the half year we recorded profit of 400 million euros despite the somewhat complex interest-rate environment", Goirigolzarri pointed out.

He emphasised two main factors that have shaped these results: "on the one hand, the expansion of our customer base and the increase in their level of satisfaction and, on the other hand, the enormous commercial drive of our network".

The bank's CEO, José Sevilla, called attention to the "strong dynamics of the commercial activity, which have allowed us to gain market share in consumer and companies lending, while with regards to customer funds we ended the semester as leaders in net contributions to mutual funds".

Sevilla noted that improving the quality of the balance sheet remains a priority, as it has been showed in the first half-year, in which "we have lowered by 1,000 million euros our non-performing assets, reduced the NPL ratio and improved coverage levels".

"The first-half results were accompanied by a further improvement in our capital ratio, which continues increasing and now stands at 12.91% at the end of June", said Sevilla.

Margins stabilising, and expenses contained

Net interest income totalled 1,018 million euros in the first half, a decline of 2.8% under the impact of portfolio sales and rotation in 2018 and 2019 and the maturing of the credit stock. The improvement in credit yield is reflected in the customer margin, which rose to 1.65%.

Fee and commission income were stable during the half year and reached 533 million euros, with notable year-on-year gains in fees from payment and collection services (+10.4%) and in assets under management (+2.5%).

Gross income totalled 1,671 million euros (-9.2%), while operating expenses declined 3.4% in the first half of the year, to 912 million euros, thanks to the harvesting of the synergies generated after the integration with BMN. Thus, the cost of risk stands at 0.17% at the end of June, 3 basis points below the level one year ago.

Balance sheet clean-up and reduction of NPL ratio

During the first six months of the year, Bankia managed to continue to reduce meaningfully non-performing assets and the NPL ratio, while keeping coverage at comfortable levels, standing at 54.9%.

Between January and June, gross non-performing loans declined by 902 million euros (-10.7%), allowing a significant reduction in the NPL ratio, which ended the period at 5.7%, down from the 8.1% recorded at the close of the first half of 2018. The NPL ratio was down 50 basis points for the quarter.

This progress in reducing non-performing loans brings NPAs (non-performing loans and foreclosed assets) down to a gross 9,928 million euros, bringing the gross NPA ratio down to 7.5% over total risks at the end of the first half.

Leader in solvency

In terms of solvency, Bankia continues to consolidate its lead among the large Spanish banks. The new bond issuances carried out by the Bank during the year include 500 million euros in senior non-preferred debt, 1,250 million in senior preferred debt and 1,000 million in subordinated debt (to roll over the 2014 issue at its maturity) and strengthen its capital and liquidity position, increasing its stock of eligible liabilities to meet MREL regulatory requirements.

At 30 June, Bankia's CET1 Fully Loaded ratio under regulatory criteria (including unrealised fair value gains on the sovereign portfolio) reaches 12.91%, marking an increase of 52 basis points during the half year. In turn, the CET1 Phase In ratio, stands at 14.08% and the total capital ratio at 17.86%.

With these levels, Bankia has a capital surplus of 483 basis points above the SREP minimum requirements and a total capital surplus of 511 basis points. In all, Bankia has generated 1,137 million euros in capital since the start of 2018, on track to meet the target of distributing excess capital above CET1 FL set out in the Strategic Plan 2018-2020.

The reduction in non-performing assets and the strengthening of the bank’s franchise after the merger with BMN led the rating agency Fitch to upgrade Bankia’s long-term rating from ‘BBB-’ to ‘BBB’. In addition, DBRS has improved the rating outlook for the bank from Stable to Positive.

More customers, greater loyalty and increased lending

Bankia closed another quarter with very brisk commercial activity as reflected in the number of net new customers, their greater engagement and increased lending. In the last 12 months, the customer base has grown by 153,000, 63% more than the growth recorded one year ago, and the number of customers with direct income deposit rose by 144,000 (+29%).

With regards to credit, new mortgage lending continued growing during the half year on a year-on-year basis (+5.4%) to reach 1,459 million euros, while new consumer lending market share stands at 6.63% at the end of May. Fixed rate mortgages now account for 58% of new mortgage lending and 34% of the mortgages are granted to new customers.

The credit stock to companies, a strategic business for Bankia, has grown 4.5% in the first half, with new lending market share increasing to 7.69%. Strong numbers were recorded in foreign trade (+8.9%), discounting and factoring facilities (+18.8%) and in reverse factoring (+12.2%).

In consumer lending, Bankia maintains its prudent lending policy and recorded a total of 1,276 million euros of new consumer loans in the year through June, an increase of 16.2%. The consumer lending stock market share rises to 5.57%, 20 basis points higher than one year ago.

Thanks to this positive performance, the stock of performing loans grows for the second straight quarter and now exceeds 106,700 million (300 million higher than at year-end 2018). In parallel, progress have been made in the stock of consumer lending (+15%), developer loans (+16%) and lending to companies (+5%) year-on-year.

In addition, retail customer funds (both on and off-balance sheet), are up 3.6% in the year to date, reaching 152,440 million euros. This growth was buoyed by increases in strict deposits (+2.9%) and in assets managed and marketed in mutual funds (+8.4%).

Leader in raising funds in mutual funds

Bankia closed the first half of the year as the market leader in net contributions to mutual funds (632 million euros). Total funds under management topped 20,700 million euros, 8.4% higher than year-end 2018.

The share of net contributions increases meaningfully to 19% in the first six months of the year, making Bankia the bank that raised the most net contributions in the period. Thus, the mutual funds market share rose from 6.55% at the end of 2018 to 6.79% at June 2019, some 24 basis points higher.

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Another high value product targeted by Bankia in its Strategic Plan is payment services, which have posted very healthy growth numbers. Fees and commissions from payment services (such as credit cards, POS terminals and ATMS) has grown 12.3% quarterly y-o-y. Additionally, in-store cards turnover has increased 14.4% in the last year.

With regards to insurance premiums new production, they grow 35% in life insurance and 38% in non-life insurance.

Customer base, more satisfied and increasingly digital

Bankia continues to move forward in its digitisation plans and customers are increasingly satisfied with the new products and services tailored to their needs that the bank is offering them.

The customer satisfaction index improved significantly to close to 90%, up from 88.2% in June of last year. Furthermore, the net promoter score (NPS), rose considerably at the end of June to 46.1%, after growing nearly nine percentage points in six months.

As regards the multichannel strategy, sales through Bankia's digital channels already account for 24.4% of its total sales. Also, more than 743,000 customers are served by an online personal adviser through the "Connect with your expert" service, 22.3% more than at the end of the first six months of 2018.

Main events during the first half

On 25 January, Bankia reorganised its structure to support the bank's transformation, created four deputy general directorates (Financial, Credit Risks, People and Culture, and Transformation and Digital Strategy) and increased the number of members of its Management Committee from eight to twelve.

On 30 January, Fitch upgraded Bankia's long-term rating one notch to 'BBB' (from 'BBB-') and changed the bank's outlook from positive to stable.

On 7 February, Bankia issued 1,000 million euros of 10-year subordinated bonds.

On 26 February, the Bankia Board elected Eva Castillo Sanz as lead independent director to replace Joaquín Ayuso García.

On 18 March, Bankia issued 500 million euros of 5-year senior preferred bonds.

On 22 March, the General Meeting of Shareholders approved a 5% increase in the dividend, to 357 million, which entailed the payment of 11.576 euro cents per share.

On 27 March, Carlos Egea resigned from his executive role in Bankia after the successful completion of the BMN integration but remains as a member of the bank's Board of Directors as an external director.

On 29 March, Bankia announced that it would bear the mortgage expenses in new mortgages, thus becoming the only institution with a large number of branches to offer a mortgage with no expenses, no fees and no obligation to take up other products in order to be eligible for these conditions.

On 1 April, Bankia closed the sale of 51% of Caja Granada Vida and Cajamurcia Vida to Mapfre for 110.3 million, culminating the reorganisation of its bancassurance business after the integration of BMN.

On 7 May, Bankia launched Waiap, to lead digital payments in retail outlets in Spain.

On 9 May, Scope Ratings affirmed Bankia's issuer rating at 'BBB+', with a stable outlook.

On 17 May, Bankia reached an agreement with ING to offer financial services on special terms to their business customers.

On 31 May, the rating agency S&P affirmed Bankia's long-term rating of "BBB", with a stable outlook.

On 18 June, Bankia closed the placement of its issue of 500 million euros in senior non-preferred 5-year bonds.

On 24 June, Bankia and ING expanded and deepened their agreement for use of the ATM network by ING customers.

On 26 June, Carlos Egea was appointed as new member of the Audit and Compliance Committee.

On 2 July, Bankia placed an issue of 750 million euros in senior preferred 7-year bonds.

On 2 July, DBRS affirmed the long-term rating of BBB (high) and revised the outlook from Stable to Positive.

This document was originally prepared in Spanish. The English version published here is for information purposes only. In the event of any discrepancy between the English and the Spanish version, the Spanish version will prevail.

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KEY 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	(2.12%)
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

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HALF YEAR P&L

(€ million)	1H 2019	1H 2018	Change on 1S 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)	(10.8)	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	(9.3)	31.7	(41.0)	-
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

QUATERLY P&L

(€ 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	**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

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BALANCE SHEET

(€ million)	Jun-19	Dec-18	Change on 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	0	0	-
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%**

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HALF YEAR P&L PROFORMA INCLUDING IFRS16 IMPACT IN 2018

			Change on 1S 2018	
(€ million)	1H 2019	1H 2018 [1]	Amount	%
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	(9.3)	31.7	(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) after tax from continuing operations	**400**	**513**	**(113)**	**(22.0%)**
Net profit from discontinued operations	0	0	-	-
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

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QUATERLY P&L PROFORMA INCLUDING IFRS16 IMPACT IN 2018

(€ 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)			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

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