

BFA-BANKIA REPORT

YEAR II



Bankia
SIGAMOS TRABAJANDO



BFA-BANKIA REPORT YEAR II

TABLE OF CONTENTS

04	CHAIRMAN'S STATEMENT	
06	GOVERNING BODIES	
08	ACCOMPLISHING OUR PLANS	10 STRATEGIC PLAN 16 BUSINESS AND EARNINGS 28 THE BANKIA SHARE 32 CREDIT RATING
36	ECONOMIC AND FINANCIAL ENVIRONMENT	
42	BANKIA'S ACTIVITIES	46 RETAIL CUSTOMERS 52 BUSINESS CUSTOMERS 56 PRIVATE BANKING 58 BANCASSURANCE 60 ASSET MANAGEMENT 64 MULTI-CHANNEL APPROACH 68 OTHER INVESTEES 72 REAL-ESTATE ASSETS
74	RISK MANAGEMENT	
98	RESPONSIBLE MANAGEMENT	100 OUR COMMITMENT 112 CORPORATE GOVERNANCE 124 SHAREHOLDERS 128 CUSTOMERS 146 PEOPLE 156 SUPPLIERS 162 SOCIETY 174 ENVIRONMENT
182	GRI INDICATORS	
196	INDEPENDENT REVIEW REPORT	

CHAIRMAN'S STATEMENT

Bankia is in the finishing straight of its three-year Strategic Plan, which we unveiled at the end of November 2012. Since then, the bank has been immersed in an intense and complex transformation process that has changed the bank in all areas; the foremost being our conduct.

Immediately after taking office in May 2012, the new management team transformed the bank's corporate governance: the entire Board of Directors was dismissed, a new Board was established comprising fully independent individuals of professional renown, and best corporate governance practices were rolled out, including a Code of Ethics and Conduct which all Bankia staff are required to comply with and who are doing so scrupulously. We also changed the policy of the boards of affiliates and subsidiaries, cutting the number of external board members by 800 and saving 7 million euros per annum in bonuses.

From a management perspective, our sights remain firmly fixed on making Bankia an increasingly profitable institutions, as this is how it can increase in value, and we are ever closer to returning public aid to taxpayers. We started this mission in 2014 with the sale of 7.5% of the bank's capital for 1.304 billion euros.

The fact that Bankia has the wind in its sails is great news for all Spaniards. Nowhere else has there been such a clear and convincing alignment of public interests with those of the Bank, because wanting Bankia to succeed is, all things considered, the same as acting in favour of the common good and repayment of public aid to taxpayers.

Bankia has revolutionised its business model, with a strong focus on service and meeting our customers' needs. This has been achieved by restructuring our branch network to provide more effective segment-specific advice, especially to SMEs and affluent banking customers, and launching a new commercial model entailing initiatives such as opening flexible branches tailored to customers' requirements with long opening hours.

We are also making progress with expanding our range of distribution channels, making them more innovative and efficient. This is why we are investing heavily in technology to rise to the challenge of banking-on-the-go so requested by our existing and future customers.

Looking back at 2014, I cannot overlook the fact that Bankia's current Board of Directors has always adhered to transparent and highly professional criteria.

**WE WILL CONTINUE
STRIVING TO RETURN
PUBLIC AID TO TAXPAYERS
AND WILL PUSH FORWARD
WITH OUR KEY MISSION TO
REACH A RESPECTABLE GOAL:
TO BE THE BEST.**

All transactions last year showing signs of not having been conducted in accordance with best practices have been carefully analysed and reported to the supervisory bodies.

Past events such as these continue to influence our day-to-day operations, especially the Bank's image. Nevertheless, we are posting solid financials quarter on quarter, which also underline the magnificent results obtained by the bank in last year's European stress tests. This gives all of us great satisfaction and forming part of the Bankia team fills us with pride. In this regard, I must thank our millions of customers for the faith they place in us. They give our project meaning and we owe them everything. I would also like to extend my sincere thanks to the professionals who dedicate their skills and give their all to the Bank day after day. Without them, it would not be possible to retain the trust of our customers I mentioned before or post the results we are achieving. Between us, we have ensured that, to a large extent, the three-year Strategic Plan has been fulfilled a year ahead of schedule.

We have overcome the major challenges faced in the last two years, but will continue to improve the bank by transforming our working practices. And we will not stop there.

We will carry on striving to return public aid to taxpayers and will push forward with our key mission to reach a respectable goal: to be the best. The best for our customers. The best for our shareholders. The best for the society in which we do business. We are building a great project, and count on the best professionals bringing experience from a different background. A background and experience that will allow us to rise more strongly to the challenge of being the best. I am convinced we will achieve this goal.



JOSÉ IGNACIO GOIRIGOLZARRI
CHAIRMAN OF BFA AND BANKIA



GOVERNING BODIES

BFA AND BANKIA



Gonzalo
Alcubilla



Antonio
Ortega



José Luis
Feito



Jorge
Cosmen



Joaquín
Ayuso



Eva
Castillo



José Ignacio
Goirigolzarri



BFA Board of Directors
Chairperson

- MEMBERS OF BFA'S BOARD OF DIRECTORS
- MEMBERS OF BANKIA'S BOARD OF DIRECTORS
- NON-EXECUTIVE SECRETARY OF BFA AND BANKIA
- BANKIA MANAGEMENT COMMITTEE

Bankia Board of
Directors Chairperson

BANKIA COMMITTEES

Audit and Compliance Committee	Appointments Committee	Remuneration Committee	Delegated Risk Committee	Advisory Risk Committee
Chairperson Alfredo Lafita	Chairperson Joaquín Ayuso	Chairperson Eva Castillo	Chairperson José Sevilla	Chairperson Francisco Javier Campo
Members José Luis Feito Jorge Cosmen José Luis Ayuso	Members Francisco Javier Campo Alfredo Lafita Álvaro Rengifo	Members Joaquín Ayuso Jorge Cosmen Alfredo Lafita	Members Francisco Javier Campo Fernando Fernández Eva Castillo	Members Fernando Fernández Eva Castillo
Secretary Miguel Crespo	Secretary Miguel Crespo	Secretary Miguel Crespo	Secretary Miguel Crespo	Secretary Miguel Crespo

BFA COMMITTEES

Audit and Compliance Committee	Appointments and Remuneration Committee
Chairperson Antonio Greño	Chairperson Antonio Greño
Members Fernando Fernández José Sevilla	Members Fernando Fernández Antonio Ortega Parra
Secretary Miguel Crespo	Secretary Miguel Crespo



José Sevilla



Fco. Javier Campo



Alfredo Lafita



Miguel Crespo



Fernando Fernández



Antonio Greño



Amalia Blanco



Álvaro Rengifo



Fernando Sobrini



Lead Director

ACCOMPLISHING OUR PLANS

ROE



8.6%*

*Excluding provisions for IPO.

EFFICIENCY RATIO



43.7%

NEW CUSTOMERS
IN 2014



215,871

NEW CUSTOMER
DEPOSITS IN 2014



€7.20 BN

MARKET
CAPITALISATION



€14.26 BN

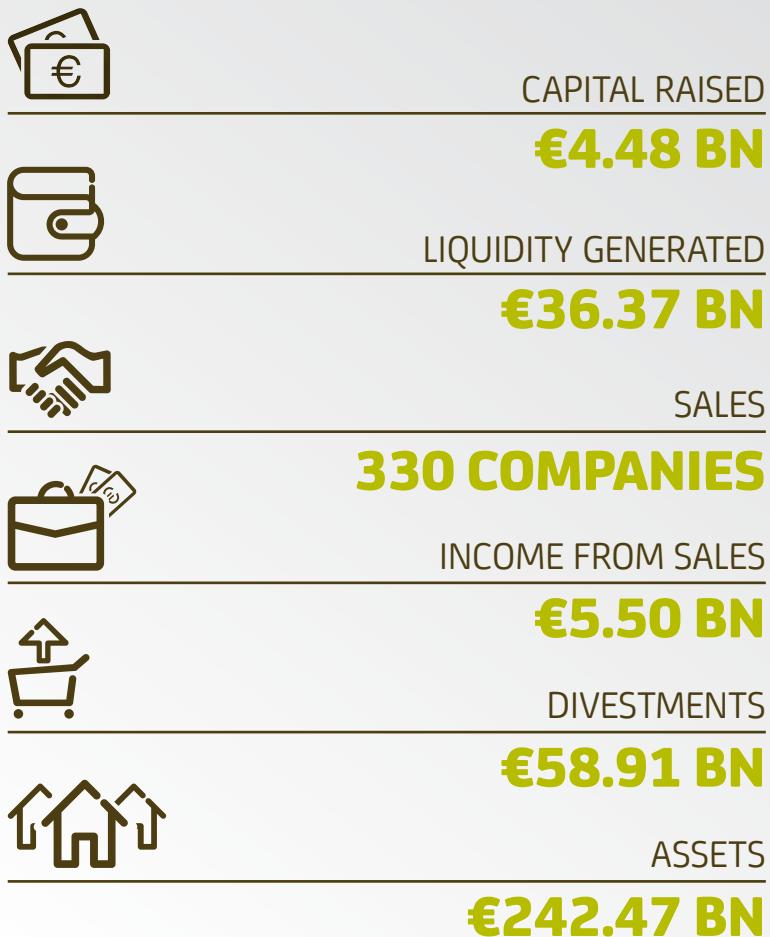
PUBLIC AID REPAYED



€1.30 BN



2012-2015 STRATEGIC PLAN



*Figures for BFA.



► CORPORATE GOVERNANCE AND PRINCIPLES

During 2014, the BFA-Bankia Group fulfilled the vast majority of the objectives in the Strategic Plan for the end of 2015. Goals such as streamlining the Bank, generating liquidity, making efficiency gains and divesting non-core assets were hit more than a year ahead of the planned dates agreed with the authorities.

The bank's performance also prompted the process of privatising Bankia and repaying the aid received from the State. Although the recapitalisation process finished in May 2013 with Bankia receiving a capital injection of 10.62 billion euros, just nine months later in February 2014, BFA sold 7.5% of the Bank for 1.30 billion euros, generating a net gain of 301 million euros.

This show of confidence by the markets was accompanied by a senior debt issue in January 2014 of 1 billion euros, and another of subordinated debt for the same amount in May last year.

The year drew to a close with the publication of the results of the stress tests conducted by the European Central Bank (ECB) and the European Banking Authority (EBA). These stress tests demonstrated the BFA-Bankia Group's capacity to maintain high levels of solvency even in considerably adverse economic scenarios.

Another of Bankia's constant goals is to enhance its corporate governance. As part of this process, José Sevilla (who had previously been an executive director and Bankia's General Manager of the Chairman's Office) was appointed Chief Executive Officer in June 2014.

Antonio Ortega, the bank's General Director of People, Resources and Technology, was appointed executive director, while Fernando Sobrini, Deputy General Director of Retail Banking, and Gonzalo Alcubilla, Deputy General Director of Business Banking, joined the Management Committee.

It was also decided in October 2014 to split the Appointments and Remuneration Committee in two. The Risk Advisory Committee was also established. The three committees are solely comprised of independent directors.

Moreover, among measures to enhance corporate governance, in March, Bankia's General Meeting of Shareholders resolved to boost the rights of minority shareholders by reducing the minimum percentage ownership interest required to receive a supplement for attending the General Meeting and the right to information.

The General Meeting was also conferred a number of powers that cannot be delegated. With regard to the Board of Directors and directors, shareholders defined at the aforesaid General Meeting the Board's powers that cannot be delegated, reduced board member's terms of office from six to four years, and established that any board members serving for more than 12 years would step down as independent directors.

ACCOMPLISHING OUR PLANS

2012-2015 STRATEGIC PLAN

These changes represent another step in bolstering the group's corporate governance, paving the way to achieve the objectives for transforming Bankia and further engaging the bank's business units in the decision-making process.

Faultless ethical and professional conduct is crucial to excellent corporate governance. Bankia's Management Committee and Board of Directors have therefore notified the judicial and regulatory authorities of any transactions breaching banking

orthodoxy detected by the bank's staff. Over 30 transactions at Bankia relating to former executives of the savings banks that were merged to create Bankia have been reported to the various authorities.

► TARGETS HIT

The BFA-Bankia Group had agreed with the European and Spanish authorities a demanding Restructuring Plan to be completed by the end of 2015. Nonetheless, the main adjustment goals have been reached more than 12 months earlier.

The aim of cutting the number of branches to around 2,000 had already been met in 2013, while the workforce was resized in 2014 to below 14,500 people. This measure was designed to preserve as many jobs as possible by selling off affiliates or outsourcing in order to retain posts.

**RESTRUCTURING PLAN
EARMARKED FOR
COMPLETION AT YEAR-END
2015 HAS BEEN FULFILLED
OVER 12 MONTHS AHEAD
OF SCHEDULE.**



EFFICIENCY RATIO 4Q2014 **43.7%**

The BFA-Bankia Group had set itself the challenge of reducing total assets to below 252.2 billion euros by the end of 2015. Twelve months early, this goal was reached at 31 December 2014 after assets were decreased to 242.47 billion euros.

BALANCE SHEET

€309.19 BN
DECEMBER 2012



TARGET
REACHED
AT 31/12/2014

BALANCE SHEET
TARGET FOR 2015
€252.20 BN

117%
DEGREE OF
FULFILMENT

2015 TARGET

2015 TARGET
SURPASSED BY 17%

* Data for BFA

Access to the markets, the improved economic climate in Spain, and investor appetite to acquire assets in our country have led to the bank carrying out more divestments of non-core assets than initially planned. Starting with an asset divestment target of 50 billion euros, divestments of 58.91 billion euros had already been made by year-end 2014.

Throughout 2014, for example, the BFA-Bankia Group sold its stake in Iberdrola, generating income of over 1.5 billion euros; completed the sale of its Mapfre shares, bringing in over 1.2 billion euros; and divested stakes in NH Hoteles, Metrovacesa and Deoleo, generating additional liquidity of 360 million euros.

DIVESTMENTS

118%
DEGREE OF
FULFILMENT

2015 TARGET
€50 BN

€58.91 BN
AT 31 DECEMBER 2011

TARGET
REACHED
AT 31/12/2014

* Data for BFA

ACCOMPLISHING OUR PLANS

2012-2015 STRATEGIC PLAN

Over the two years of executing the Strategic Plan, the Group has divested stakes in over 330 companies, around 200 of which were financial or industrial and a further 130, real-estate businesses. Accumulated income from these sales exceeded 5.5 billion euros.

Bankia has also been successful in selling off loan books, most of which non-performing. By year-end 2014, it had sold off loan books valued at close to 10 billion euros.

The non-core asset divestments and gains there from have helped bolster the bank's liquidity and solvency.

In terms of liquidity, customer confidence in Bankia has led to an increase in deposits at the Bank which, along with the balance sheet deleveraging, has generated liquidity of over 36 billion euros in 2013 and 2014. In other words, the target of generating 28.8 billion of liquidity between 2013 and 2015 has been smashed in just two years.

Turning to capital, the results obtained and reduction in risk assets have seen the BFA-Bankia group generate a total of 4.48 billion euros. 84% of the target for the three years has therefore been hit in just 24 months. Moreover, stripping out

LIQUIDITY



the extraordinary provision to cover any potential contingencies from the civil cases related with the 2011 IPO, the goal to generate 5.4 billion euros of capital for the 2013-2015 period would already have been reached in 2014.

Progress in driving up profitability has been significant. After cleaning up the balance sheet in 2012, the bank obtained a return on equity (ROE) of 5.6% in 2013. 2014 earnings totalled 747 million euros, raising profitability to 6.6% (8.6%, stripping out the effect of extraordinary provisions). Bankia is therefore on track to achieve a 10% ROE in 2015 and therefore meet the target the bank had committed to.

Profitability is key to generating value; increasing Bankia's share price and therefore, enabling taxpayers to recover the public aid granted to the Bank.

The improved efficiency ratio is one factor contributing to the uptick in the bank's profitability. Bankia had to spend more than 63 euros to generate 100 euros in revenue in 2012. The bank then set about reducing this expense to below 45 euros by the end of 2015. At year-end 2014, however, this goal had already been reached and the efficiency ratio stood at 43.7%. Nevertheless, the aim is to continue to bring this down further.

The enhanced quality of the balance sheet has also enabled us to reduce provisions and hit the 2015 targets early. Despite the high levels of loans in default from the past, Bankia committed to bringing its risk premium (volume of provisions over loans) down to 0.5% by the end of 2015. Once again, this objective was achieved a year early, with the risk premium standing at 0.5% by the fourth quarter of 2014.

CAPITAL

CAPITAL GENERATION TARGET FOR THE PERIOD TO 2015
€5.4 BN

€4.48 BN
31 DECEMBER 2014

84%
DEGREE OF FULFILMENT

2015 TARGET

* Data for BFA

ROE

ROE* TARGET FOR 2015
10%

8.6%*

86%
DEGREE OF FULFILMENT

2013 | 1H14 | 4Q14 | 2015 |

* Data for Bankia, stripping out IPO provisions

EFFICIENCY

EFFICIENCY TARGET FOR 2015
45%

63.3%

TARGET REACHED
AT 31/12/2014

107%
DEGREE OF FULFILMENT

43.7%

4Q12 |

4Q14 |

Looking at new finance, Bankia awarded loans and advances to customers of close to 30 billion euros in the first two years of its Strategic Plan, over three-quarters of which were to the self-employed, SMEs and corporations.

In short, the BFA-Bankia Group's staff have worked responsibly over the last two years to hit ahead of schedule all

the targets for year-end 2015 agreed with the European and Spanish authorities.

That said, the Bank is aware that there is still a way to go and more work to be done in 2015.

BUSINESS AND EARNINGS



ATTRIBUTABLE PROFIT

€747 MN, +83.3%



NET INTEREST INCOME

€2.98 BN, +14.0%



NEW LOANS AND
ADVANCES TO CUSTOMERS

+40%



CUSTOMER DEPOSITS

+6.6%



PHASE-IN CAPITAL RATIO

12.28%



FULLY-LOADED CAPITAL RATIO

10.60%



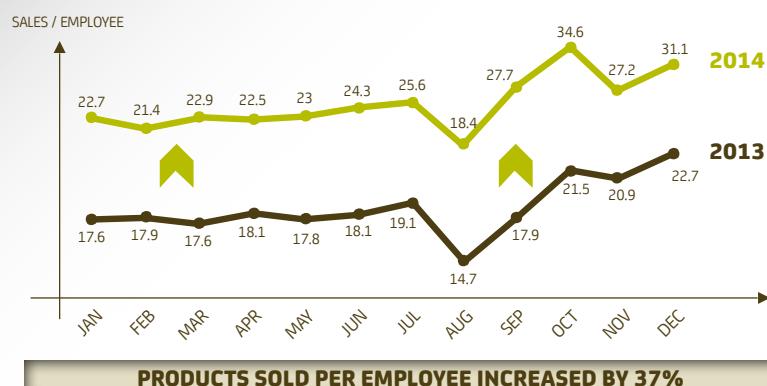
Bankia achieved ordinary attributable net profit of 966 million euros in 2014. This was up 58% on the 2013 result of 611 million euros, stripping out the effect of the subordinated loan. After setting aside the extraordinary provision of 312 million euros to cover potential contingencies related with the 2011 IPO, attributable net profit totalled 747 million euros in 2014. This result enabled Bankia to propose at its General Meeting paying out a dividend for the first time in its history.

Bankia's parent, BFA Tenedora de Acciones – holding 62.21% of Bankia's capital at year-end 2014 – generated a net profit of 418 million euros last year. At BFA Group level, the extraordinary provision for the IPO totalled 780 million euros. This aside, net profit for the year would have hit 1.10 billion euros.

The increase in profit stems from higher revenues due to the bank's greater business volume and sales drive after the branch network restructuring in 2013. Bankia's result was also driven by cost controls, with expenses being cut by 8.5%, and the improvement in the quality of the balance sheet leading to lower provisions.

A more dynamic marketing drive saw product sales per employee increasing, which led to a gain in market share in the main business lines. Each Bankia employee sold just over 31 products in December 2014 compared to 22 in the same month in 2013 - a 37% rise.

MARKETING PRODUCTIVITY



ACCOMPLISHING OUR PLANS

BUSINESS AND EARNINGS

Customers also demonstrated their faith in the Bank, with a notable rise in funds managed in both deposits and in investment funds and pension plans.

Customer deposits under management climbed by 7 billion euros during the year, driving an increase in market share in both term deposits and investment funds. The share of pension plans remained stable after the net balance of new contributions and drawdowns led to a rise of over 300 million euros.

The market for lending was also buoyant. Bankia awarded close to 15 billion euros of new finance to households and businesses in 2014.

80% of this amount went to the self-employed, SMEs and corporations, which received 12 billion euros – 5% more than in 2013.

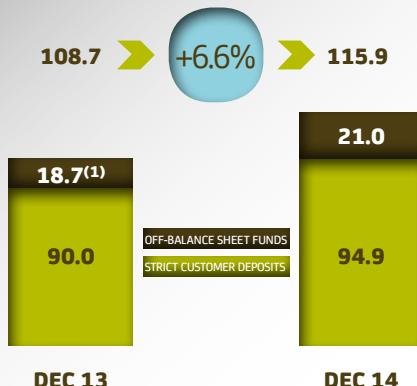
In terms of the number of loans awarded, this uptick is even more impressive, with a rise of 40% to 26,800.

The bank also granted 118,000 consumer loans last year, 27% more year on year, while the number of loans to acquire new homes climbed almost 33%.

The business community is one of the bank's target growth markets. The starting point in this regard is below the Bank's normal market share of 9%, although the trend was clear last year. The market share of trade discounting for instance rose from 6.8% to 7.4%, while the share of documentary letters of credit and guarantees moved from 4.3% to 5.6%.

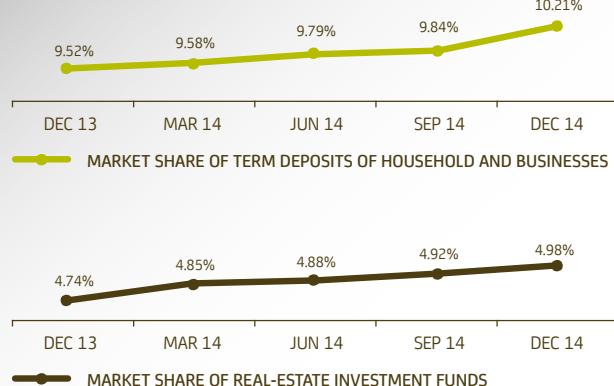
CUSTOMER DEPOSITS

BILLIONS OF EUROS



(1) Excluding Aseval contribution (2.1 billion euros), sold in 4Q14.

MARKET SHARES OF DEPOSITS AND FUNDS



The bank awarded 8.5% of all new loans of over 1 million euros at year-end 2013, which rose to 12.5% in November 2014. The share of loans of less than 1 million euros granted increased from 9.5% to 11.1%.

In 2014, Bankia was the leading arranger of short-term ICO export trade credit lines with a market share of over 24%, having awarded 1.16 billion euros through this line. After arranging 9.3% of all ICO credit lines in 2013, it arranged more than 11% last year.

The rise in confidence is also reflected in the number of new customers, which rose during the year. Plans targeting businesses and the self-employed for instance, gave rise to decent results, with the number of new customers multiplying by 2.5 between the first and last quarters of the year.

Bankia's retail customer target was to end 2014 with over 20,000 new customers a month; a goal that was also achieved.



ACCOMPLISHING OUR PLANS

BUSINESS AND EARNINGS

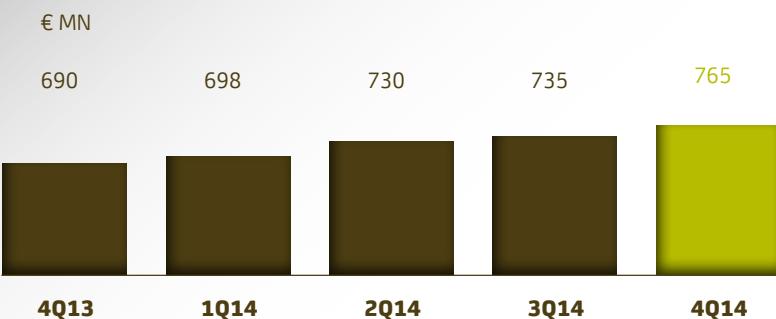
Basically, a more robust sales drive and customer confidence were critical factors in generating earnings last year and form a springboard for increased profitability moving forward.

Looking at the income statement, net interest income hit 2.93 billion euros,

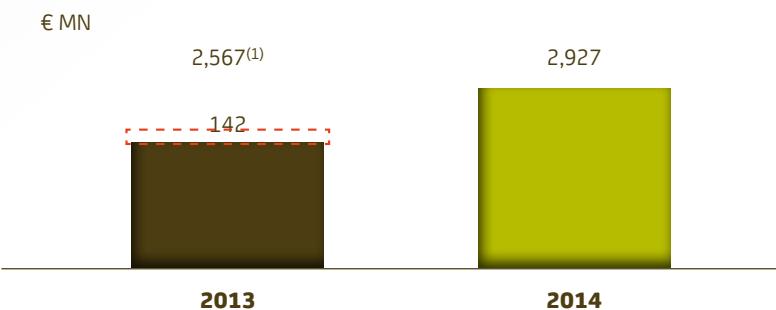
some 14% higher year on year. This income statement item – the most important for a bank – increased quarter on quarter thanks to a widening of the net interest margin as a result of stable interest income and lower interest expenses.

NET INTEREST INCOME

QUARTERLY TREND



ACCUMULATED TREND



(1) Actual figures including the cost of the subordinated loan granted to Bankia by BFA – 89 million euros in 1Q13 and 53 million euros in 2Q13, which was cancelled on 23 May 2013, whereby the profits published in this period were lower.

While fees and commissions are subject to quarterly fluctuations due to seasonality, there was an improvement over the entire year with net fees and commission income of 948 million euros being obtained; some 1.3% higher than in 2013.

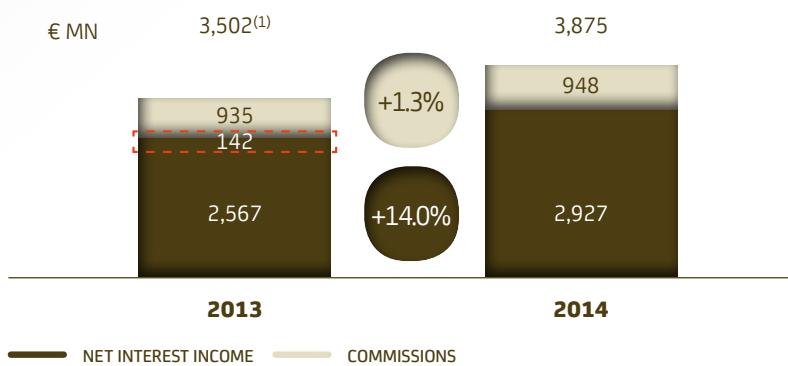
Core banking revenues therefore totalled 3.86 billion euros in 2014; up 10.7% year on year.

CORE BANKING REVENUES

QUARTERLY TREND



ACCUMULATED TREND



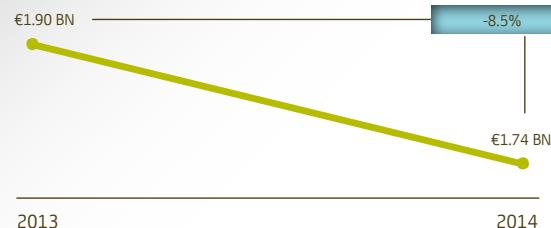
ACCOMPLISHING OUR PLANS BUSINESS AND EARNINGS

In Bankia's case, the most recurrent revenues of the banking business account for more than 96% of its gross income, which was 4.01 billion euros in 2014.

While revenues rose during the year, expenses fell, with operating expenses dropping to 1.74 billion euros; 8.5% down on 2013.

In 2014, Bankia therefore achieved a significant improvement in its efficiency ratio, which measures what an entity has to spend to generate 100 euros of income. In the fourth quarter of 2013, 52.6 euros had to be spent to bring in 100 euros, compared to only 43.7 euros over the same period in 2014.

OPERATING EXPENSES



THE BANK ACHIEVED
A SIGNIFICANT
IMPROVEMENT IN ITS
EFFICIENCY RATIO, WHICH
HIT 43.7% AT YEAR END.



In addition to the restructuring carried out by the bank chiefly in 2013 – when the planned branch closures were completed – Bankia continued to divest stakes in companies such as Bankia Bolsa, Bancsofar and Sala Retiro during last year, enabling it to cut costs.

Various cost saving projects were also rolled out to drive up the bank's efficiency, primarily by redesigning processes and redefining policies.

This led to a sustained quarter-on-quarter rise in operating profit before provisions, which ended the year at 2.04 billion euros; 42.5% higher than in 2013.

OPERATING PROFIT BEFORE RECURRING PROVISIONS⁽²⁾

€ MN



(1) Actual figures including the cost of the subordinated loan granted to Bankia by BFA – 89 million euros in 1Q13 and 53 million euros in 2Q13, which was cancelled on 23 May 2013, whereby the profits published in this period were lower.

(2) Operating profit excluding gains and losses on financial assets and liabilities and exchange differences.



ACCOMPLISHING OUR PLANS

BUSINESS AND EARNINGS

Bankia's healthier balance sheet deriving from a smaller balance of non-performing loans enabled the volume of recurring provisions to be reduced by 36.1% to 1.11 billion euros.

The non-performing loan (NPL) ratio also dropped by 179 basis points during the year from 14.65% at December 2013 to 12.86% at year-end 2014. This reduction stemmed from a sharp fall in the volume of loans in arrears from 20.02 billion euros to 16.56 billion euros.

The bank decreased the volume of NPLs and also increased the coverage for those left on its books. At year-end 2014, provisions covered 57.6% of loans in arrears, compared to 56.5% at the end of 2013.

The combination of all these factors drove up profit before tax to 1.31 billion euros. Meanwhile, after income tax, attributable net profit amounted to 966 million euros, 58% higher than the proforma result in 2013 of 611 million euros. The return on equity climbed from 5.9% in 2013 to 8.6% in 2014, putting the bank in a strong position to hit its target of 10% for 2015.

NON-PERFORMING LOANS

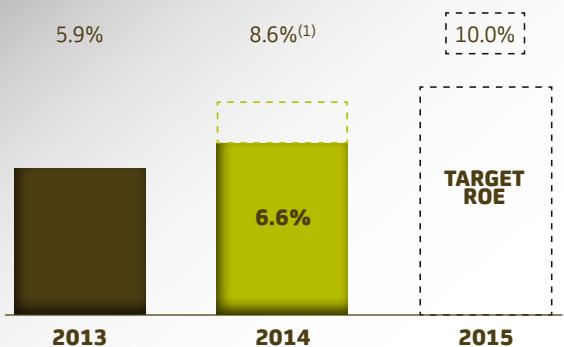


NPL RATIO (%)



Taking into account the extraordinary provision for the IPO, attributable profit stood at 747 million euros, with a ROE of 6.6%.

BANKIA GROUP ROE



(1) ROE stripping out impact of the provision for contingencies associated with the IPO and calculated by dividing attributable profit for the period by the monthly average equity for the period.



THE RETURN ON EQUITY CLIMBED FROM 5.9% IN 2013 TO 8.6% IN 2014, PUTTING THE BANK IN A STRONG POSITION TO HIT ITS TARGET OF 10% FOR 2015.



ACCOMPLISHING OUR PLANS

BUSINESS AND EARNINGS

CHANGE IN PHASE-IN CET 1 BIS III RATIO

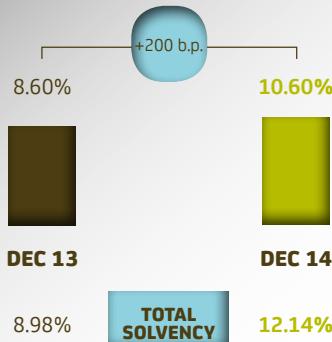


(1) Includes result for the year plus dividend pay-out of 202 million euros.

(2) Impact of Regulation (EC) 634/2014 on contributions to Deposit Guarantee Fund.

12.28%

CHANGE IN FULLY LOADED CET 1 BIS III



(1) Includes result for the year plus dividend pay-out of 202 million euros.

(2) Impact of Regulation (EC) 634/2014 on contributions to Deposit Guarantee Fund.

10.60%

2014 profit is 83.3% higher than that of 2013 restated under the new Bank of Spain criteria on calculating contributions to the Deposit Guarantee Fund, as attributable net profit amounts to 408 million euros in 2013.

These results along with the decrease in risk assets allowed Bankia to significantly increase its solvency, having stripped out the effect of the dividend pay-out and the IPO provision. In regulatory terms, the CET 1 capital adequacy ratio under Basel III rose from 10.69% to 12.28%. Applying the criteria that will be required under the regulation for 2019, the Tier 1 capital ratio rose from 8.6% to 10.6%.

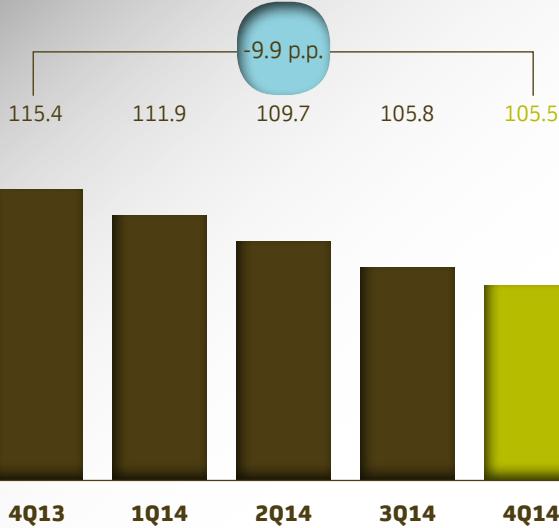




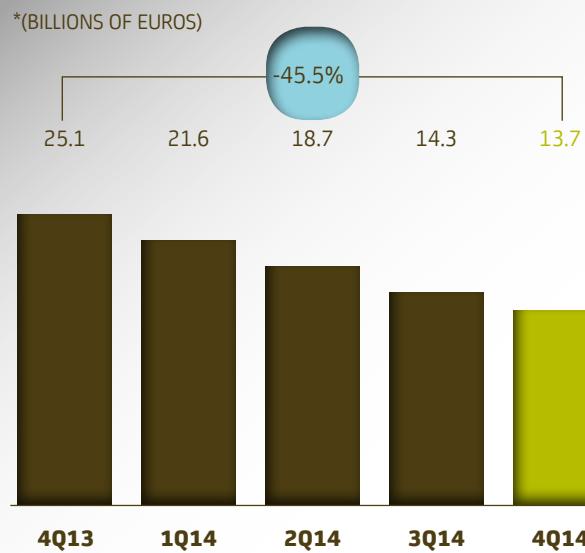
BANKIA'S SOLVENCY LEVELS ROSE NOTABLY OFF THE BACK OF THE RESULTS OBTAINED AND REDUCTION IN RISKS.

In terms of liquidity, Bankia was able to notably improve the loan-to-deposit ratio as deleveraging by economic agents coincided with an increase in customer deposits at the bank. Equally, the funding gap shrank by almost half during the year, bolstering the bank's liquidity position.

VARIATION IN LTD RATIO (%)



EVOLUCIÓN GAP COMERCIAL



LTD RATIO:

NET LOANS AND ADVANCES TO CUSTOMERS / STRICT CUSTOMER DEPOSITS + EIB/ICO DEPOSITS + SINGLE-CERTIFICATE COVERED BONDS

THE BANKIA SHARE



NUMBER OF SHARES IN ISSUE

11.52 BN



CLOSING MARKET CAPITALISATION

€14.26 BN



SHAREHOLDERS

457,377



BFA PERFORMED THE FIRST BANKIA SHARE SELL-OFF IN FEBRUARY 2014. DEMAND TRIPLED THE SHARE OFFER AND HIGHLIGHTED INVESTOR INTEREST IN THE BANK.

Bankia's share price rose 0.32%, ending 2014 at 1.238 euros, during a year when the Ibex35 climbed 3.7% and the Euro Stoxx Banks Index lost 4.9%. Daily average trading volume reached 44 million shares (63 million euros), excluding the effect of the placement of 7.5% of capital in February. Subsequent to the share offer, BFA held 62.2% of Bankia's capital at year end, with the remaining 37.8% held by public investors (free-float).

During the year, the group tapped the wholesale market for over 3.3 billion euros (1 billion euros from a senior debt issue, 1.3 billion euros from the sell-off of 7.5% of Bankia's capital, and 1 billion euros from a subordinated debt issue).

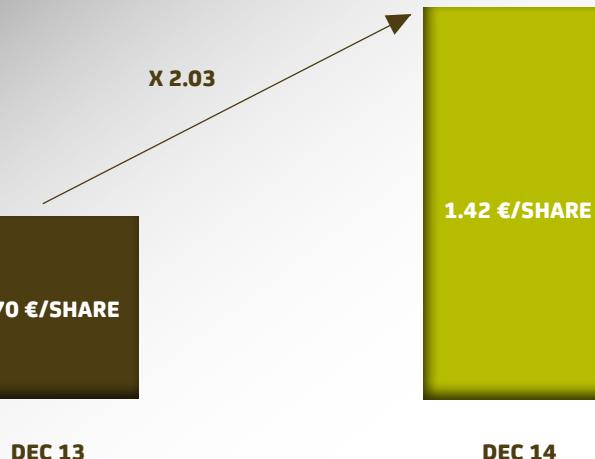
Bankia was listed on the FTSE Developed Europe Index during the year.

► FIRST SHARE SELL-OFF BY THE FROB

BFA (100% owned by the Fund for Orderly Bank Restructuring(FROB)) carried out the first sell-off of Bankia shares in 2014, through an accelerated book-build of 7.5% of the bank's share capital (864 million shares). The sell-off was completed on 28 February at a price of 1.51 euros per share, with 99% placed with foreign institutional investors. Demand tripled the volume of shares offer, highlighting the significant interest sparked by Bankia among the investor community. As is commonplace in this type of transaction, BFA agreed to a lock-up period of 90 days, ending on 29 May.

ACCOMPLISHING OUR PLANS THE BANKIA SHARE

VARIATION IN CONSENSUS TARGET PRICE

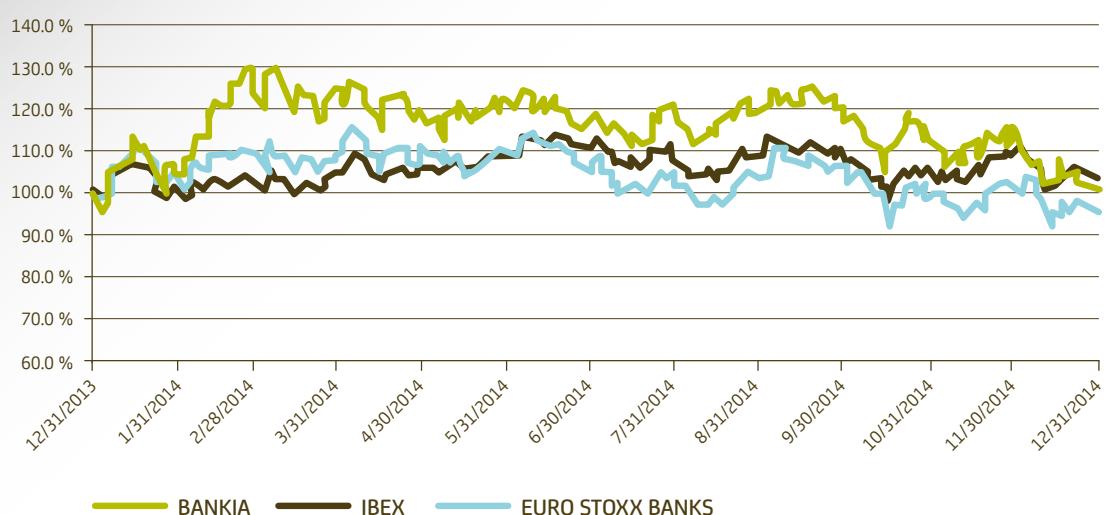


► ANALYSTS' CONSENSUS

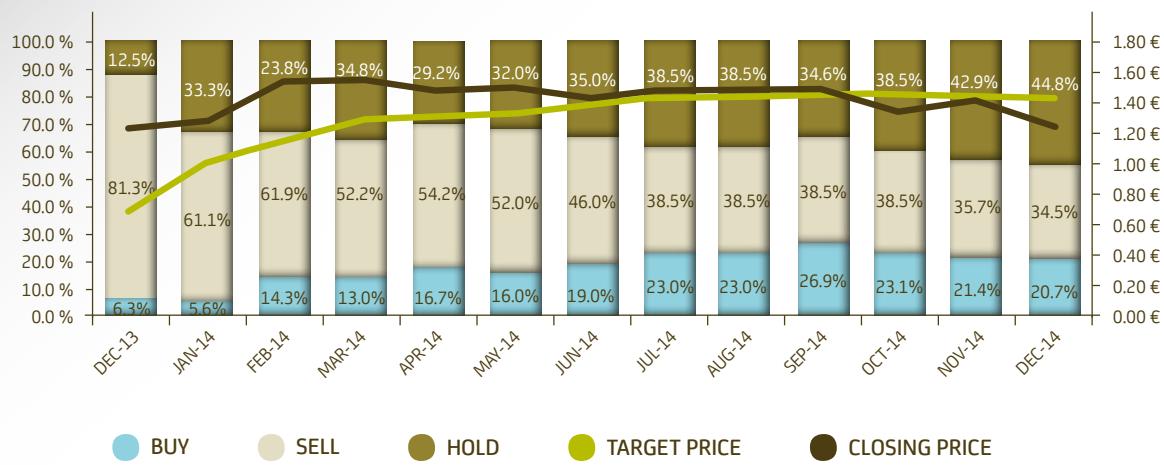
At year end, 29 analyst firms were actively tracking the share compared to 16 a year earlier, off the back of 14 analysts starting to cover the share in 2014 and one firm's banking analyst withdrawing from tracking the share.

Analyst sentiment regarding the share improved significantly during the year, with 20.7% of analysts issuing buy recommendations versus 6.3% in 2013. Moreover, 44.8% recommending holding and 34.5% selling, compared to 12.5% and 81.3%, respectively, 12 months earlier. Over this period, the consensus target price shot up from 0.70 €/share to 1.42 €/share.

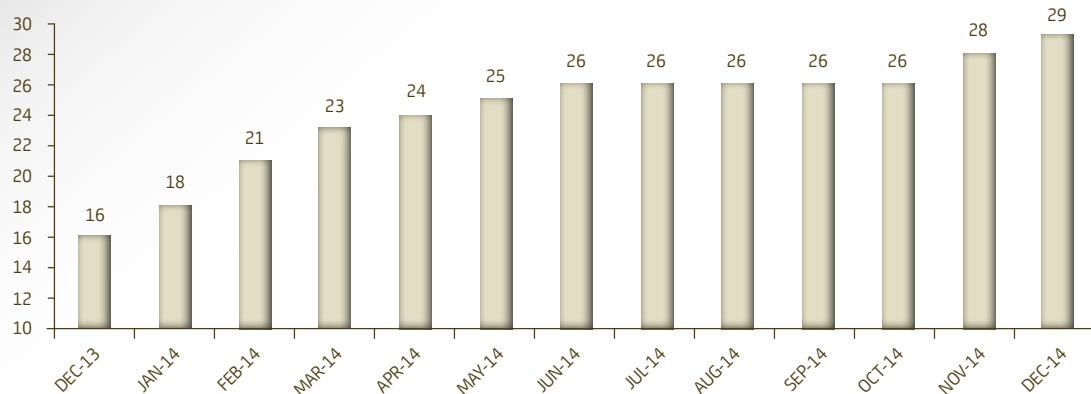
SHARE PRICE PERFORMANCE



VARIATION IN RECOMMENDATIONS, TARGET PRICE AND CLOSING PRICE



NUMBER OF ANALYSTS TRACKING SHARE



RATING

LONG-TERM

S&P

BB

FITCH

BBB-

MORTGAGE COVERED BONDS

S&P

A

FITCH

BBB+

DBRS

A (HIGH)



The ratings agencies Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) upgraded their ratings for Bankia, with the former also significantly upgrading the rating of the bank's mortgage covered bonds. These decisions were prompted by the strengthening of the bank's capital, completion of the Strategic Plan ahead of schedule, the uptick in the bank's business, the healthier position of the financial sector, and the reduction in Spain's sovereign risk.

► S&P

On 27 November, S&P raised Bankia's Stand Alone Credit Profile (SACP) a notch from 'b+' to 'bb-', as well as the bank's long-term rating from 'BB-' to 'BB'. This lower risk profile reflects the strength of Bankia's capital and the lower economic risk to which the banking sector is exposed. At the same time, the outlook was revised from positive to negative due to the downward pressure of the new Bank Recovery and Resolution Directive (BRRD), which is expected to result in smaller bailouts for banks in the future, and has prompted the ratings agencies to downgrade their outlook for banks receiving state aid to negative. S&P currently calculates Bankia's rating including a notch for state aid. The agency considers that the bank is systemically very important at national level.

Previously, on 4 June, the agency ratified the long-term rating at 'BB-', raising the outlook from negative to positive.

It upgraded Bankia's mortgage covered bond rating by three notches in 2014 from 'BBB/Negative' to 'A/Negative' in two separate rating announcements during the year. Firstly, the agency raised the rating two notches on 11 June from 'BBB/Negative' to 'A-/Positive' thanks to the improved maturity profile of all the bonds in circulation and the level of overcollateralisation due to the measures carried out in relation to bonds retained on the balance sheet during the first half of the year. The ratings agency also upgraded Bankia's long-term outlook to positive on this date. On 4 December, the mortgage covered bond rating was increased a notch from 'A-/Positive' to 'A/Negative' as a result of the improvement in Bankia's long-term rating and the downgrading to a negative outlook.

► FITCH

On 15 April, Fitch ratified the long-term 'BBB-' rating, leaving the outlook at negative due to the implications of the BRRD. Nonetheless, during its review, the agency upgraded Bankia's Viability Rating (VR) two notches from 'b' to 'bb-', after stressing that, in its opinion, the bank had made good progress. In any event, Bankia's long-term rating is shaped by the Support Floor Rating, standing at 'BBB-', given the bank's systemic importance at a national level.

ACCOMPLISHING OUR PLANS

RATING

This agency began issuing a rating on the mortgage covered bonds on 6 March, giving them the same 'BBB+' rating with a negative outlook as the bank's long-term rating. On 25 September, it subsequently ratified the 'BBB+' rating, but upgraded the outlook from negative to stable.

► DBRS

The agency DBRS also began publishing ratings for Bankia's mortgage covered bonds in 2014 (27 September). Its first rating was 'A (low)', subsequently raising this on 17 December, off the back of a review of its methodology for rating mortgage covered bonds, to 'A (high)', which is the current rating.

In October 2013, Bankia announced that it had decided to end its contractual relationship with Moody's. The ratings this agency continues to publish for Bankia are therefore non-participating ratings, i.e. Bankia does not take part in reviewing the agency's ratings; the latter basing its decisions solely on publicly available information on the bank. The agency is solely responsible for deciding when to publish ratings for Bankia.

BANKIA'S RATINGS WERE
UPGRADED DURING
THE YEAR DUE TO THE
BOLSTERING OF CAPITAL,
PROGRESS MADE WITH
ITS STRATEGIC PLAN AND
THE UPTURN IN BUSINESS



In addition to the bank's improved performance, Bankia's ratings also benefited from the decision by S&P and Fitch to raise the credit rating of the Kingdom of Spain by a notch to 'BBB' and 'BBB+', respectively, both with a stable outlook. DBRS, meanwhile, ratified the 'A (low)' rating, but upgraded the outlook from negative to stable. In general, the improved sovereign debt rating has had a positive effect on the banks' ratings. The agencies also upgraded their outlook on banking sector risks.

Contrasting with these positive factors, the European Parliament's approval in April 2014 of the BRRD had a negative impact on the ratings of banks receiving state bailouts. The BRRD aims to minimise state aid for ailing banks, establishing that shareholders and subordinated and preferential creditors should be the first to come to a bank's rescue.

In this regard, both S&P and Fitch give European banks a negative outlook when their ratings include, to a greater or lesser extent, notches for state aid. It is expected that the ratings agencies will set ratings in 2015 based on the partial or full withdrawal of state aid on a bank-by-bank basis.

VARIATION IN BANKIA'S RATINGS IN 2014

RATING ISSUER

	S&P		FITCH	
	DEC. 13	DEC. 14	DEC. 13	DEC. 14
LONG-TERM	BB-	+1	BB	BBB-
OUTLOOK	Negative	Negative	Negative	Negative
VIABILITY RATING	b+	+1	bb-	b
SHORT-TERM	B	B	F3	F3

MORTGAGE COVERED BOND RATING

	S&P		FITCH		DBRS	
	DEC. 13	DEC. 14	DEC. 13	DEC. 14	DEC. 13	DEC. 14
RATING	BBB	+3	A	-	BBB+	-
OUTLOOK	Negative	Negative	-	Stable	-	-

ECONOMIC AND FINANCIAL ENVIRONMENT

GDP



+1.4%

INFLATION



-1%

HOUSE PRICES



-0.3%

MORTGAGES ARRANGED



+1.6%

NEW CREDIT



210,000 M€

JOB CREATION (INE)



433,900



ECONOMIC AND FINANCIAL ENVIRONMENT

The performance of the world economy was somewhat disappointing. Growth rates remained below their potential for the third year running, primarily reflecting the significantly weak performance in the second and third quarters of the year of the eurozone (practically stagnant) and Japan (in a recession). On a positive note, the US once again shone, coming through a bad patch at the start of the year and quickly returning to decent rates of growth. The situation in Europe – the Russia-Ukraine conflict and unacceptably low inflation close to zero, gave rise to further uncertainty – remained fragile and highly uneven. The UK and a number of peripheral countries such as Ireland and Spain appear to have secured relatively robust growth rates,

while Germany showed signs of weakness, France ended the year with practically no growth, and Italy's economy contracted (for the third year in succession). On the whole, the emerging economies enjoyed similar growth rates to developed economies, although they continue to slow down due to the accumulation of specific weaknesses and external factors that have traditionally been unfavourable: expected interest-rate rises in the US in 2015, a strengthening US dollar, and a sharp drop in the prices of some raw materials (especially oil), which fell by close to 40% in the second half of the year. The lower rate of growth in China is a concern, and above all, the crisis in Russia.

Against this backdrop, the main central banks continued with diverging monetary policies, albeit on a prudential basis. Given the fragile situation vis-à-vis growth and inflation, the ECB cut its benchmark rate by 10 basis points in June and September to 0.05%. Consequently, surplus liquidity held by banks at the ECB became a cost, as the rate on deposit facilities moved into negative territory. It also carried out a raft of liquidity-providing operations conditional upon an increase in credit and bond purchases and securitisation, in order to grow its balance sheet by around 1 billion euros over two years. The Bank of Japan also increased its stimulus measures, setting a target of expanding the monetary base at an annual pace of 80 billion yen. In contrast, the Fed reduced its bond purchases, bringing them to an end in October, while forecasts now focus on when it will carry out its first interest rate hike. This combination of abnormally low interest rates and a very subdued outlook is having a positive impact on public debt. Specifically, Spain's ten-year bond yield has hit an all-time low (below 2%), and its risk premium neared 1% at the end of 2014.



**THE SPANISH ECONOMY
CONTINUED TO
BOUNCE BACK IN 2014,
SUSTAINING THE
TREND BEGINNING
MIDWAY THROUGH
LAST YEAR.**

The economic outlook for 2015 is positive. Estimated growth rates for the global economy are the highest since 2011, and it is expected that the upturn will be more pronounced in developed economies than in the emerging economies. The EMU will continue to post moderate growth, probably at a rate of approximately 1.5%, after only 0.9% in 2014. However, risks appear to be more balanced. Structural weaknesses in France and Italy, the withdrawal of Greece's bailout, and greater political uncertainty in Southern European countries are all a concern, although the EMU will benefit from being unshackled from the weight of fiscal consolidation, the ECB showing a greater commitment to growth and taking a proactive approach to mitigating the risk of deflation (it began ramping up its bond purchase programme at the start of 2015, including public debt), and above all, a weaker euro and lower oil prices. The leaning towards an expansionary monetary policy in the EMU will contrast with the start of the Fed raising interest rates.

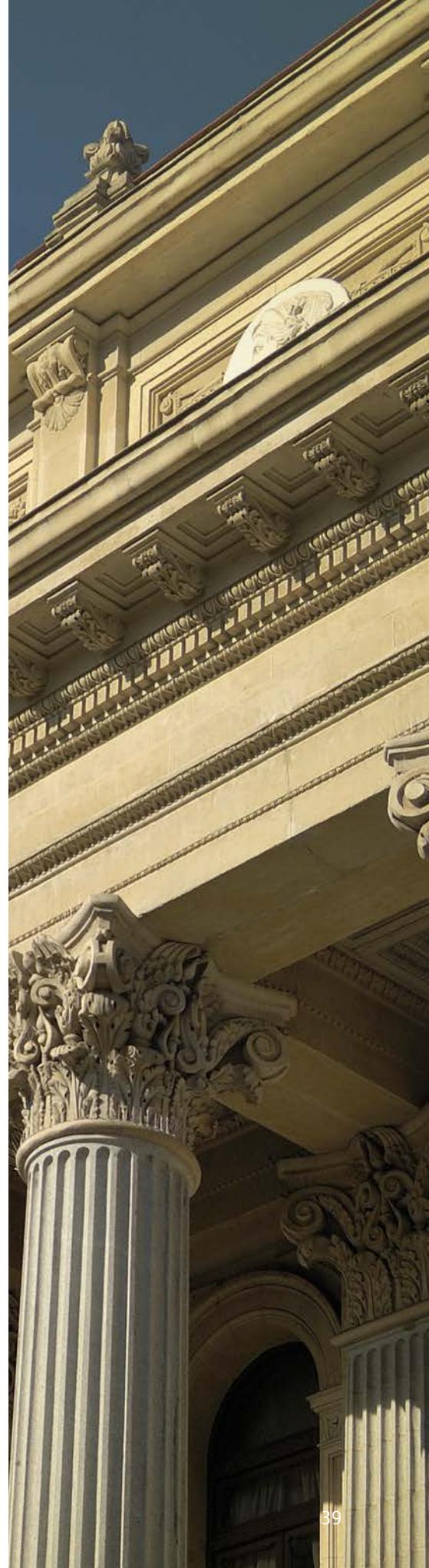
► SPANISH ECONOMY

The Spanish economy continued to bounce back in 2014, sustaining the trend beginning midway through last year. After six quarterly rises, the GDP growth rate hit 1.4% for the whole year; the first positive figure since 2008 and bucking the negative trend in the previous year (-1.2%). This upturn in activity, which also boosted jobs, came against a backdrop of improved terms of finance, thanks to market confidence picking up and progress made cleaning up the banking system.

As the economy rebounded, domestic demand-driven growth also returned; contributing to the growth in GDP for the first time since 2007. Driven by heightened

confidence in the job market, household spending picked up dramatically, even outstripping household income, whereby savings tailed off and fell to their lowest level since the end of 2012. On the other hand, businesses ramped up investments in a favourable environment, characterised by strong demand, improved outlooks, higher profits and access to credit, and the rise in industrial production capacity. The pegging back of the construction sector came to an end, whereby it no longer contributed negatively to GDP in quarter-on-quarter terms. The contribution of foreign demand to growth fell progressively due to the uptick in imports and driven by the increase in consumption and investment. Nevertheless, heightened competitiveness stemming from the depreciation of the euro and resistance of exports should be viewed positively, reflecting the effort made to raise the competitiveness and diversify the export base.

The housing market showed signs of slowly reawakening after the major decline in prices and volume. Demand began to pick up, primarily driven by the second-hand housing segment. Foreign investor interest continued to be the market's driving force. Moreover, the mortgage loan market showed a slight recovery in the second half of the year, which could indicate a gradual upturn in domestic demand in the market. Overall, the downward trend in prices is levelling off, whereby the total drop in 2014 was the lowest since the start of the crisis. That said, performance varied geographically, with some autonomous communities already rebounding from the lows reached, while others are still seeing prices falling due to a slower recovery or more severe downturn.



ECONOMIC AND FINANCIAL ENVIRONMENT

The Spanish economy generated financing capacity in 2014 for the third year in a row, although to a lesser extent than in 2013 because of the uptick in domestic demand and subsequent drop in savings. Inflation, meanwhile, was negative for the first time at year end, chiefly as a result of the sharp fall in energy prices during the latter part of the year. Although this deflationary trend has put the brakes on public and private deleveraging, it has also protected household purchasing power, offsetting the drop in wages.

While some risks became more exacerbated during the second half of 2014, such as lower than expected EMU growth, slower emerging market growth or certain events creating political uncertainty, they were offset by new market drivers; especially the significant decline in oil prices and sharp euro depreciation. It is therefore expected that the recovery will be more pronounced in 2015 and GDP will grow by over 2.5%, provided no risks arise and favourable financing terms continue. Household disposable income will rise thanks to cheaper fuel prices and tax cuts. Exports will also pick up off the back of a weaker euro.

**FOR THE FIRST TIME,
ANNUAL INFLATION
WAS NEGATIVE IN 2014,
PROTECTING HOUSEHOLD
PURCHASING POWER.**





► BANKING ENVIRONMENT

The economic situation affected activity in the banking sector, which enjoyed a gradual improvement in its fundamentals during 2014, while confidence in the sector's robustness grew, spurred by the positive results of the European Central Bank's comprehensive assessment. Nevertheless, significant challenges lie ahead for banks, operating in an environment of low interest rates, persistent modest growth forecasts, and increasing regulatory requirements.

The necessary process of reducing debt in the Spanish economy continued during the year; the private sector credit-to-GDP ratio of which remains above the EMU average. As a result of this process, private credit once again fell, ending the year down 7%, although the fall was slower in the second half of the year. A factor in this was the release of new credit for households and SMEs which amounted to around 210 billion euros by December; 11.4% higher year on year. Another key factor was a halting of the decline in credit quality, reducing the balance of non-performing loans for the first time since the beginning of the crisis and bringing down the NPL ratio to less than 13% – albeit still a record high. Improved funding terms enabled institutions to reduce their reliance on the European Central Bank. Meanwhile, retail customer deposits gained ground as a percentage of total liabilities, despite savings being steered toward products less affected by the prevailing very low interest rates such as investment funds. The movements in lending and deposits both helped progress with recomposing the institutions' balance sheets.

With regards to restructuring, sector consolidation was given a boost through transactions involving national and foreign groups including the acquisition of NCG Banco by the Venezuelan group, Banesco, Catalunya

Banc by BBVA, and the takeover of Banco CEISS by Unicaja. In February, BFA also sold 7.5% of Bankia's capital for 1.3 billion euros. Resource optimisation continued during the year with new workforce and branch restructuring, which have been cut by 25% and 30%, respectively, since their peak in 2008.

Balance sheets were shored up during the year off the back of the entry into force of the European Union's new prudential solvency regulation based on Basel III, establishing capital requirements that enable institutions to better absorb losses. Institutions responded to the new requirements by boosting levels of higher quality own funds. As a result, the Tier 1 common capital ratio (CET 1) for the entire sector stood above the minimum stipulated for the transition period (4.5%).

The sustained effort to bolster solvency and clean-ups over the last few years were proven to be worthwhile by the satisfactory results of the European Central Bank's comprehensive assessment published in October. This assessment was one aspect of the preparations for the European Single Supervisory Mechanism, headed up by the European Central Bank, which assumed full powers on 4 November to supervise European banks – the first milestone towards the Banking Union. This exercise involved assessing the quality of the balance sheets of the European Union's largest banks and their ability to absorb losses in an adverse scenario.

The Spanish banking sector's results were highly satisfactory, demonstrating they boast clean balance sheets, which adequately reflects the banks' circumstances and robust solvency position.

The albeit nascent improvements in the banking sector have had an income statement impact in the form of lower operating expenses and risk premium. This has countered the limited capacity to generate recurring income given current levels of activity and interest rates. As a result, profitability ratios recovered slightly.

Over the coming months, profitability will remain one of the sector's main challenges, along with the need to adapt to regulatory developments. At a European level, the institutional framework for the Banking Union will continue being built, organised around the Single Supervisory Mechanism already operational, and the Single Resolution Mechanism, which will come into operation in 2015. Internationally, a debate is under way regarding new requirements to enhance banks' ability to absorb losses in the event of resolution, which would include debt instruments. In this context, the efficiency gains and increased productivity achieved during the restructuring phase will represent a significant comparative advantage vis-à-vis profitability.

BANKIA'S ACTIVITIES

CUSTOMERS



7,800,000

BRANCHES



1,978

CUSTOMER FUNDS



€152,242 M

LENDING



€112,691 M

ATMS



5,593

POS TERMINALS



86,315



BANKIA'S ACTIVITIES

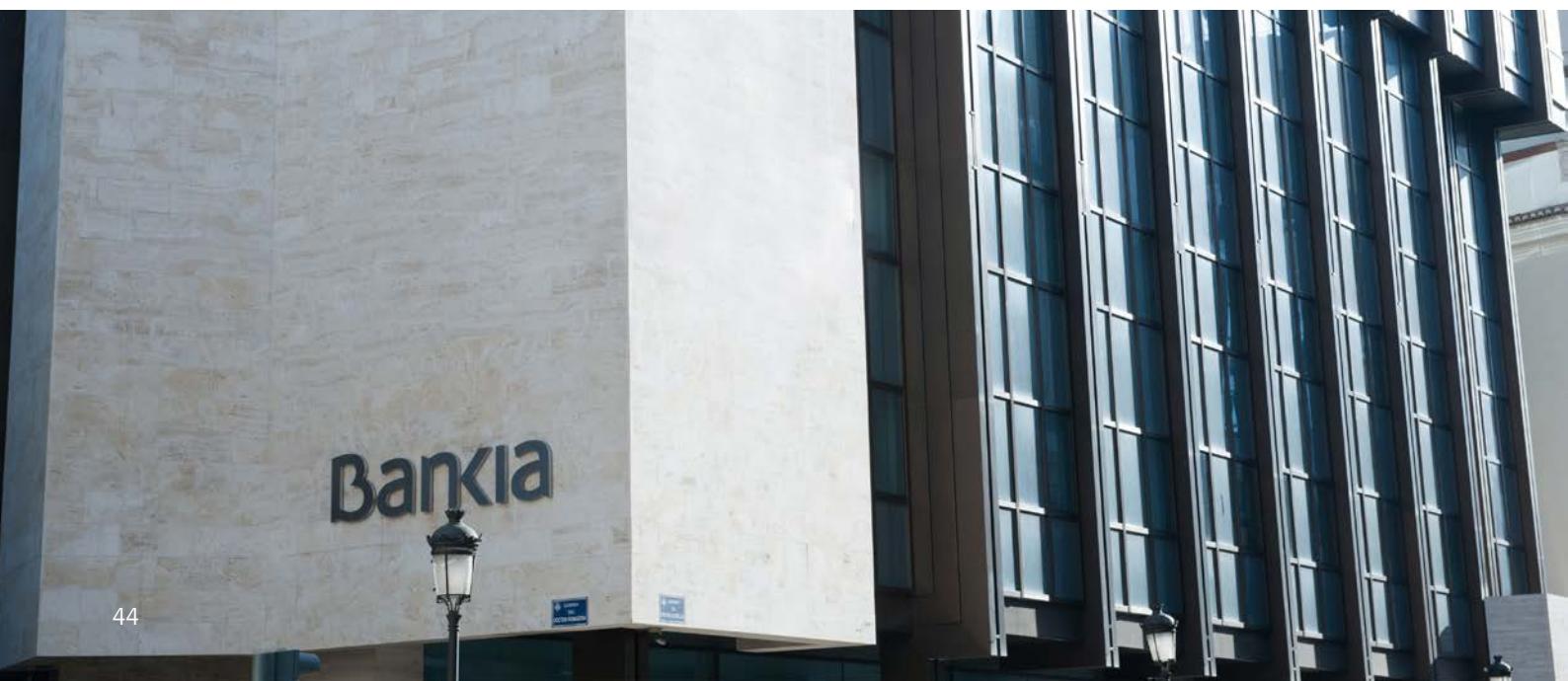
Bankia is a commercial bank that offers its services through every channel, especially its extensive network of nearly 2,000 branches distributed throughout Spain, although it has a stronger presence in the Region of Madrid, the Region of Valencia, La Rioja, the Canary Islands, Castilla y León and Catalonia.

Bankia's business is focused on retail customers, offering everything from transactional services through to highly specialised advice; and companies, with a strategic focus on independent contractors and SMEs, offering a specialist service with dedicated account managers, to meet all of their financial requirements.

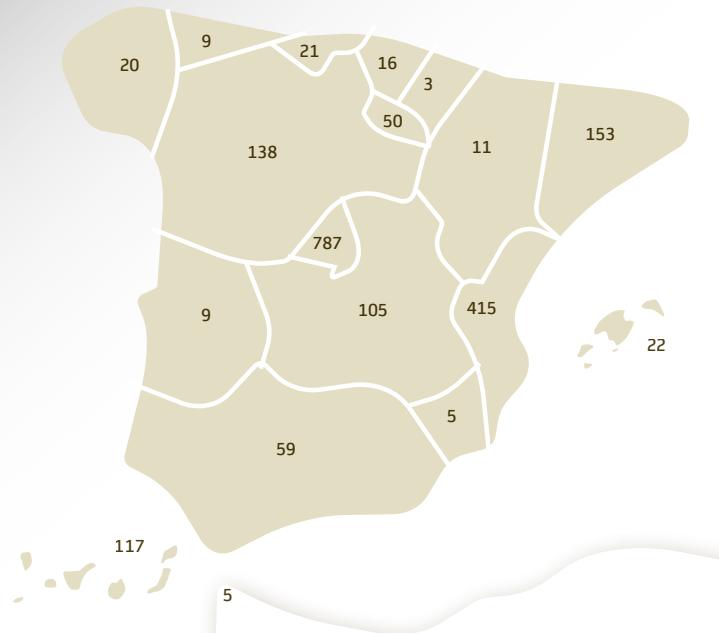
The Strategic Plan 2012-2015 focuses on improving returns, increasing lending (especially to independent contractors and SMEs) and managing the level of non-performing assets. To achieve this, Bankia is completely restructuring its distribution and customer service models, which will become central to the Group's commercial strategy.

In 2014, the bank launched one of its key projects: The Commercial System (Sistémica Comercial), which will be rolled out further in 2015. It is a unique working model for the whole of the sales network, establishing the way that the sales process is organised and the relationship style that defines the bank, aligned with its values and excellent service quality. The ultimate objective of the Commercial System is to increase sales, with higher returns, and obtain results that are sustainable over time, which is achieved through satisfied customers due to a more proactive commercial approach.

The project began with an analysis of 100 branches, which allowed the company to identify a series of improvement levers and best practices used by the bank's professionals as the basis for building the model. A diagnostic model was created at the same time – a totally new methodology that alters the commercial dialogue and introduces concepts such as micro-markets, branch segmentation (clusterization), and internal and external potential – an extremely powerful tool for helping to manage business centres.

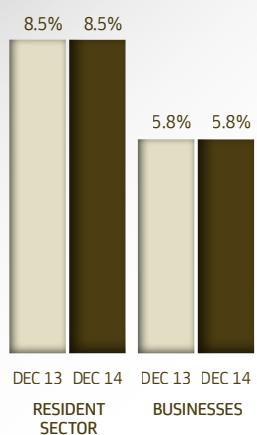


MAP OF THE RETAIL NETWORK

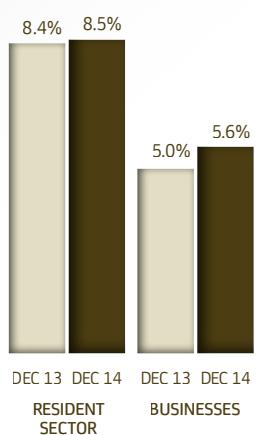


MARKET SHARE

LENDING



DEPOSITS



RETAIL CUSTOMERS



LENDING

€87,034 M



DEPOSITS

€78,804 M



INVESTMENT FUNDS

€10,543 M



PENSION PLANS

€5,863 M

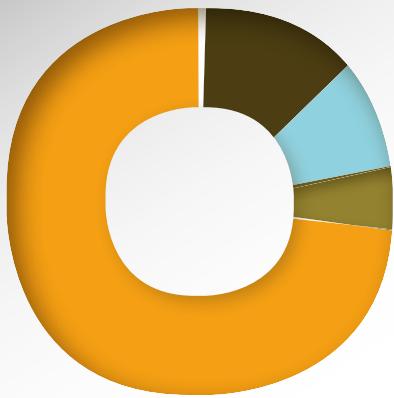




The retail banking business consists of retail banking for private individuals, independent contractors and SMEs with annual sales of up to six million euros, which are all served by an extensive multichannel network in Spain based on a model that is focused on customer satisfaction and profitable management.

Retail banking is a strategic business for Bankia and unsurprisingly it is one of the leading financial institutions in this segment in Spain with market shares of 10.8% for consumer lending, 9.5% for household deposits, 5% for investment funds and 6.8% for pension plans. The bank is also one of the market leaders for traditional banking products such as automatic payroll receipts, mortgages, term deposits, credit cards and POS terminals for retailers.

TOTAL CUSTOMERS



- PRIVATE BANKING **0.04%**
- PERSONAL BANKING **11.18%**
- PREFERENTIAL MANAGEMENT **9.16%**
- SMES AND MICRO-ENTERPRISES **7.49%**
- RETAIL CUSTOMERS **72.13%**



ADVERTISING CAMPAIGNS 2014 FOR RETAIL CUSTOMERS.

BANKIA'S ACTIVITIES

RETAIL CUSTOMERS

► CUSTOMER SEGMENTATION

Retail banking focuses on retail activities, based on a universal banking model. Its objective is to build and retain customer relationships, providing them with value through the products and services offered, as well as advice and quality service. The bank's strategy involves targeting the most appropriate products and services for each of segment, in order to:

- Attract and develop customers.
- Increase the number of product lines.
- Strengthen customer loyalty.
- Adapt Bankia's image to reflect a more evolved and up-to-date situation.

Bankia strives to offer each customer a service that meets their specific needs. It therefore provides a specialised service for each profile - private banking, personal banking, preferential management, SMEs and micro-enterprises, and private individuals.

- **Private banking:** For high-wealth customers that require personal financial and tax advice.
- **Personal banking:** This service is offered across the whole of the retail banking network for customers with financial assets greater than €75,000 or a net annual income greater than €45,000, as well as those with high earnings potential. Personal service is provided by specialist and highly qualified managers (personal managers), who exclusively serve and advise customers in this segment.
- **Preferential Management:** This service is provided to customers with financial assets greater than €30,000 but less than €75,000, or net income of between €30,000 and €45,000, distributed across various portfolios, who are provided with a personal and specialist service.
- **SMEs, retailers and independent contractors:** Retail banking also serves small and medium companies with annual sales of less than six million euros. Branches with a large number of these types of customers have specialist sales people that can provide these customers with advice and specific products, as well as covering the business needs of independent contractors. The most important products for the business segment are those related to cash management, business insurance and ICO loans.

Branches that do not have a dedicated business manager still provide these customers with a regular manager who





specialises in their needs, who is usually the manager of the branch.

Numerous initiatives were launched in 2014 to boost commercial relations with SMEs, retailers and independent contractors and SME Plan (Plan Pymes) was launched at the start of the year. A total of 250 specialist managers were appointed and assigned to the most appropriate branches across the whole of Spain, with a business model for this segment focused on personal relationships and professional advice. In mid-2014, the Independent Contractors' Plan (Plan de Autónomos) was launched, supplementing the model for customers with business activities. In addition to launching both plans, the complete range of products and services was also reviewed and updated and adapted to customers' needs.

One of the main priorities for branches in 2014 was to attract local companies -mostly retailers- as customers, which has significantly increased the number of new customers in this segment and increased sales of the main business products (such as new POS terminals) four times. By the end of the year, Bankia was attracting 200 companies of this type every day; the number of POS terminals grew by 24% during the year; and business cards grew by 14%.

Initiatives such as these serve a dual purpose – firstly to position Bankia as a leading bank in the business customer segment, and secondly, to increase the volume of business

IN 2015, THE BANK'S CHALLENGE IS TO CONSOLIDATE THE STRONG GROWTH RECORDED LAST YEAR AND TO MAINTAIN THE MOMENTUM OF ITS BUSINESS.

lending. In 2015, the bank's challenge is to consolidate the strong growth recorded last year and to maintain the momentum in this part of the business.

- **Retail customers:** A comprehensive range of products and services are available to retail customers at Bankia, which includes demand and term deposits, mortgage loans, consumer credit, short and long-term financing, guarantees and debit and credit cards, among others. Other bank products and services are also provided, especially those that build on the relationship with the customer and sales of other products, such as standing orders and direct debit bill payments, third-party products such as investment funds and pension plans, as well as insurance and savings policies.

This segmentation enables Bankia to assign specialist managers to specific customers, who are responsible for their complete relationship with the bank. Under this structure, anyone that requires specialist service or advice, or a personalised service is assigned a specialist manager, whether from private banking, personal banking or SMEs and micro-enterprises, which generates higher levels of customer satisfaction and leads to new sources of business.

BANKIA'S ACTIVITIES

RETAIL CUSTOMERS

► BANKIA'S "NO FEES" PROGRAM

Bankia has designed a business model based on the level of affiliation with each of its customers, whether they are portfolio-assigned customers or not, in order to increase customer margins, retention and loyalty. This model, called the "No Fees" Program, is designed to improve penetration of the bank's priority products and forms the basic strategy for relations with customers that are individuals, independent contractors and SMEs.

The program is open to all customers, but specifically adapted to different segments to make it accessible (specific conditions apply, such as those for the agricultural and livestock segment). The program is customer-specific not account-specific, so that customers that are eligible for the program are exempt from fees across all their accounts and basic debit cards, as well as fees for paying-in cheques and Euro transfers (up to €3,000) made via certain channels.

Retail banking focuses on retail activities based on a universal banking model, but with a specialised service depending on the segment in question - children, young people or the elderly, among others. It provides customised products and services, such as My First Account (Mi Primera Cuenta) and the Young Person's Account (Cuenta Joven), Young Person's Card (Tarjeta Joven), the Young People's Portal and Discount Club or Bankia Senior.

Furthermore, the use of CRM models enables customers to be profiled in order to offer them products and services that are closely matched to their needs, providing them with greater value.

In 2014, Bankia also prioritised consumer finance, lending more than €800 million, 28% more than in 2013. At the end of the year, 1.5 million customers were offered pre-approved loans that take less than one minute to formalise via any of the banks channels. This is supplemented by a permanent offer of personalised financing, available for when the customer needs it the most, such as major purchases, loan maturities, etc. In addition, the FinanExpress service for micro-financing was extended, from offering financing for card transactions via SMS to financing bills and taxes and to other channels, exceeding 110,000 transactions with a combined value of more than €51 million.

THE "AGILE BRANCH" CONCEPT IS A PIONEERING INITIATIVE IN SPAIN AND OFFERS A HIGH QUALITY AND QUICK SOLUTION FOR TRANSACTION-INTENSIVE CUSTOMERS.



► DISTRIBUTION NETWORK

Bankia's distribution network consists of a network of widely distributed branches with a high degree of penetration (1,945 retail banking branches), a complementary agency network (including the Mapfre network) that represents an additional competitive advantage, and a multi-channel distribution network (with channels such as self-service devices, the internet, mobile banking and telephone banking).

The Retail Banking Directorate is structured into 10 regional head offices, subdivided into 105 area offices, each of which manages around 20 branches. The new regional head offices are structured into four departments - Management Control, Sales Department, Agency Network and Recoveries.

To strengthen its competitive position based on its customer relationships, Bankia has segmented the branch network into full-service branches, business branches, private banking centres and agile branches (for transactional business), which are always supported by a series of nearby advisory branches. This differentiation strengthens the bank's image and optimises its spaces to meet the needs of different types of customers.

AGILE BRANCHES

Bankia launched the Agile Branch concept –a pioneering initiative in the Spanish financial system– as a new type of branch that offers a high quality and quick solution to transaction-intensive customers (cash withdrawals, bill payments, paying-in funds, transfers, etc.) in order to free up time at nearby sales branches, which now specialise more in advisory work and sales.

These new branches have longer opening hours, from 8:15 am to 6:00 pm, with a high number of ATMs and quick service cashiers. At the end of the year, Bankia had a total of 120 agile branches in Spain (20 opened in 2013 and 100 in 2014), which serve those areas with the highest numbers of transaction-intensive customers.

COMPLEMENTARY CHANNELS AND THE AGENCY NETWORK

Bankia also has an agency network, which focuses on attracting new customers, both retail and businesses, as well as selling products and services from the bank's catalogue. This network consists of 5,363 agents and 446 Mapfre bank distribution branches as well as a proprietary network of 15 financial agents and 98 collaborators that distribute Bankia's products and bring in new customers. In total, they manage 286,000 customers and €7,900 million worth of business.

Bankia also has other complementary channels, such as its network of self-service devices, with 5,593 machines in Spain (4,805 ATMs in branches and 788 non-branch ATMs), which are available 24-hours a day for withdrawing cash, movement enquiries, transfers, bill payments, purchasing entertainment tickets and recharging mobile telephones, among other operations.



BUSINESS CUSTOMERS



CUSTOMERS

MORE THAN 20,000



LENDING

€28,573 M



MANAGED FUNDS

€13,335 M



SPECIALISED CENTRES

63



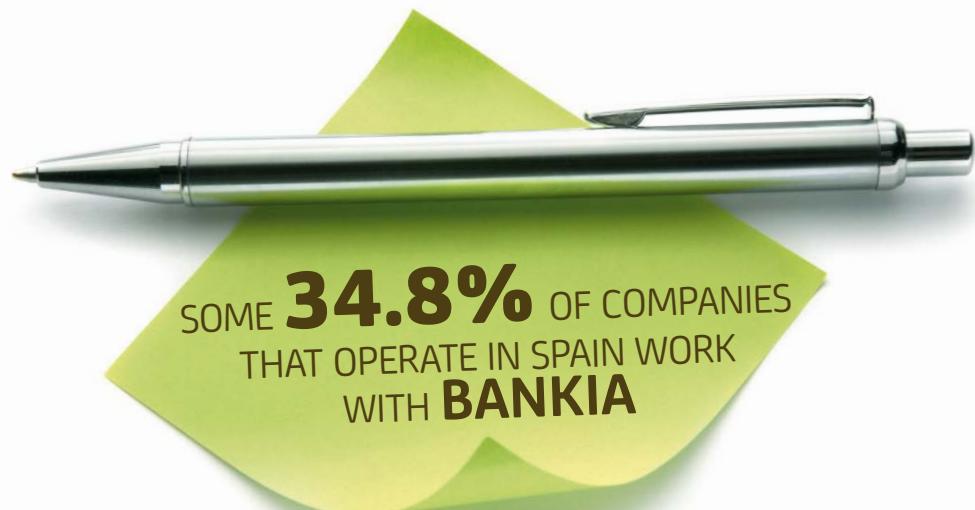


Business banking is the Bankia division that serves companies with annual sales greater than six million euros. At present, more than 20,000 companies of this type (34.8% of those that operate in Spain) have a financial relationship with Bankia. This segment is managed by teams that specialise in meeting their financial requirements and generating and distributing value-added products. The customer base is highly diversified across the various productive sectors of the economy and includes the service, construction and supplies sectors, which account for more than half of the portfolio (51%) and indicative of the markets in which Bankia operates.

Following the restructuring of the branch network in 2013, Bankia has maintained its 63 business centres located in the most important towns and cities in every region of Spain.

Business banking is based on a customer-orientated distribution model and specialised teams of professionals, who focus on long-term customer profitability and management. The prices offered to customers take into consideration the cost of funds, the customer's risk and its level of affiliation with the bank.

Customer service is based on a portfolio concept – in other words, each manager is assigned a group of customers and is responsible for the commercial relationship with them. The manager is supported by teams of specialists in different areas from the rest of the bank, such as specialist products, marketing, legal and tax advice, and risk approval and management, among others.



BANKIA'S ACTIVITIES

BUSINESS CUSTOMERS

► MORE LENDING

The main objective of this division is to financially support businesses by providing them with credit to help the Spanish economy to grow and to increase the customer's business volume and consequently its revenues.

As a result of this approach, lending by the business banking division increased by 16.9% through loans,

credit, working capital facilities and foreign trade financing. The growth in business banking is reflected by a 1.8 pp increase in the bank's market share of ICO products to 11.15%, through which it has arranged and paid out €2,394 million, almost €1,000 million more than the previous year.

Similarly, as a way of making credit more available, at the end of September Bankia launched the "Préstamo Dinamización" loan with extremely favourable conditions. It offers an average discount of 30% on the interest rate and terms of up to four years, which can be used to cover customers' financial needs in the medium term. After just over three months of marketing this product in 2014, the bank closed 2,941 transactions for a combined total of €940 million.

This desire to support Spanish businesses is also reflected in the increase in foreign trade facilities, to finance customers'

PRÉSTAMO DINAMIZACIÓN

2,941

TRANSACTIONS

940

MILLION EUROS



BUSINESS CUSTOMER LENDING

+16.9%

international business activities, which the bank believes are essential to stimulate the Spanish economy. Last year, Bankia was the leading bank for the ICO Short Term Exporters facility arranging a total of €1,160 million, with a market share of 24.22% when the facility was closed. In December, there were 32% more foreign trade facilities in existence than the previous year.

In the syndicated lending activity carried out by the Directorate of Capital Markets, Bankia was ranked fourth in the Spanish financial sector with a 5.3% market share. Bankia's advisory teams analysed 186 transactions and derivative transactions with businesses increased by 6% as a result of customer sales work.

► CORPORATE BANKING

The corporate banking sector, which has two specialist centres, in Madrid and Barcelona, serves a series of large companies that, due to the nature of their business, require more complex and sophisticated financial products and services.

The corporate banking account managers cover every productive sector of the economy and are structured into specialist teams by business sector. Similar to business banking, the teams that support the largest companies work closely with the capital markets product teams and are supported by product specialists in the areas of foreign trade, leasing, factoring, confirming and services (payment methods, insurance management, transactional support, derivative hedging, advice, etc.), among others.

► INTERNET AND REMOTE CHANNELS

The internet banking service for businesses is provided as a privileged channel for business banking customers, and nearly 90% of this customer group use it. Across the bank as a whole, there are 142,169 active agreements for this channel. In 2014, implementation of the new technology platform for Internet Banking for businesses was almost completed and it is now used by 95% of customers. It will be finalised in 2015. The most important features of this new platform include the possibility for multi-enterprise use, its remodelled browser, and collection and payment operations within the SEPA framework, as well as improved foreign trade operations.



PRIVATE BANKING



CUSTOMERS

5,154



MANAGED FUNDS

€5,050 M



INVESTMENT FUNDS

€1,751 M



SPECIALIST MANAGERS

53





Bankia Private Banking consolidated its position in 2014 following the integration carried out the previous year. During the year, the company reinforced the service it provides to high net worth or high income customers, who require specialist financial and tax advice. This has led to an increase in the volume of managed funds and customer numbers as part of a trend that it intends to consolidate in the coming years.

Bankia Private Banking offers its customers a boutique financial service coupled with the advantages of a major financial group. Customers have a personal manager who provides them with customised solutions for their financial needs, whether related to their financial, wealth or tax requirements.

The bank offers a personalised service through an exclusive network of branches with specialist and highly qualified managers. These professionals also have the support of the bank's other divisions in order to offer solutions to any personal or business issue raised by the customer.

As well as traditional banking products, Bankia Private Banking customers also have access to the main types of exchange-traded assets, an extensive range of national and international investment funds (with open architecture), SICAVs, structured deposits, pension plans, etc.

In short, a comprehensive range of products available from Bankia and third parties, selected by a wealth manager according to the customer's risk profile, expected returns and investment horizon in each specific case, based on individual analysis of each customer. The approval of the new tax reforms means that this customer segment increasingly values this type of advice.

Bankia Private Banking also offers specific products to this customer segment, based on the financial or tax situation at any given time. In 2014, the company launched the Bankia Gestión de Autor fund as a collective investment product to enable our customers to invest in funds from other prestigious Spanish fund managers.

In addition to all the personalised proprietary solutions for this segment, Bankia also offers these customers all of the bank's global services so that they benefit from the most comprehensive wealth advice possible, in addition to being able to perform all of their financial transactions.

BANCASSURANCE



INSURANCE
POLICIES

2,100,000



PREMIUMS

€783 M



SAVINGS
MANAGED

€6,304 M



The sale of insurance is a strategic part of Bankia's business. Its Bancassurance Directorate is responsible for distributing life and general insurance across all group companies and providing specialist support to the bank's network. Bankia sells policies to cover risks for retail customers (savings, health, life, motor, household, etc.) and businesses (retailers, SMEs, civil liability, transport, credit, etc.).

One of the most important milestones achieved in 2013 was the restructuring of the bank's agreements with insurance companies in order to offer a single and integral insurance distribution model to the whole network that is more efficient, higher quality and provides a catalogue of differentiated products. The different bancassurance operators were also integrated into the company.

On 31 January 2014, Bankia reached an agreement with Mapfre through which the insurance company became Bankia's exclusive insurance provider, for both life and non-life insurance. The only policies excluded from this agreement were those for companies with annual sales greater than €2 million. This agreement unified the catalogue of insurance products and the marketing systems used across the whole of the bank's branch network.

After signing this agreement, the distribution model is as follows:

- Non-life insurance. Distribution agreement with Mapfre.
- Life insurance, distribution agreement through the joint-venture Bankia Mapfre Vida (51% Mapfre Vida – 49% Bankia), which resulted from integrating the insurance companies in which Bankia had a shareholding (Mapfre Caja Madrid Vida, Aseval y Laietana Vida).

Another important milestone in 2014 was the technological integration of the different bancassurance operators.

During the year, various actions were initiated and implemented to provide the branch network with the appropriate tools for selling insurance, such as:

- Training actions with differentiated content according to the employee segment. A total of 287,786 hours of insurance related training were provided.
- Progressive adaptation of the sales systems for the bancassurance channel.
- Streamlining the product catalogue and simplification of the purchasing process.
- Implementation of appropriate after-sales support and advice for selling insurance for the branch network.

In addition, during the last four months of 2014, an institutional sales action was carried out to promote the sale of insurance online, boosting the sale of life, accident, household, motor, funeral and health insurance.

Net premiums written totalled €783 million based on mathematical provisions for life-savings plans of 6,304 million.

Bankia obtained a 3.57% market share for net premiums written via the bancassurance distribution channel in Spain to December 2014, according to the latest figures published by the ICEA association for cooperative research by insurance companies.

ASSET MANAGEMENT

INVESTMENT FUNDS



ASSETS

€9,700 M
(+ 32.9%)

UNITHOLDERS

418.565

PENSION FUNDS



ASSETS

€6,783 M
(+6.62%)

UNITHOLDERS

764,492

BANKIA IS THE FOURTH LARGEST SPANISH FINANCIAL BANK FOR THE MANAGEMENT OF INVESTMENT FUNDS, PENSION PLANS AND SICAVS.

Bankia is the fourth largest Spanish financial bank for asset management, which includes management, administration and support for the marketing of Collective Investment Schemes (CIS), pension plans and SICAVs. The group operates this business area through Bankia Fondos and Bankia

Pensiones, which supply investment products to the network and jointly manage €16,400 million in assets, rising to €22,700 when combined with the savings managed by the Group in bancassurance products.



ADVERTISING CAMPAIGNS FOR PENSION PLANS AND FUNDS IN 2014.

BANKIA'S ACTIVITIES

ASSET MANAGEMENT

► BANKIA FONDOS

The investment fund manager Bankia Fondos manages, administers and designs a unique catalogue of funds for the whole Bankia branch network, which consists of 44 discretionary investment funds for retail customers and five funds under the Bankia Private Banking brand, in addition to 51 guaranteed funds.

As at 31 December 2014, Bankia Fondos managed €9,700 million in investment funds, giving it a market share of 4.98%, ranking it sixth in the Spanish market. During the year, assets under management increased by €2,402 million (32.9%), thanks to strong net deposits (€2,129 million) and the upturn in the market. This increase in assets also boosted the market share by 2.4 percentage points.

Bankia focused on selling profiled funds, which accounted for 70% of the total funds sold (€1,485 million). Bankia has three ranges of profiled investment funds – the “Soy Así” funds; the “Evolución” funds, each with three risk profiles; and the traditional range of mixed investment funds. These cover a wide range of customers, from the most conservative, who need to preserve their capital, through to the most resolute customers that are prepared to assume more risk in exchange for higher returns.

In the final part of the year, the management firm launched two guaranteed funds. One fixed income and one equity, designed for customers that particularly value the security of a guaranteed return at maturity. Sales of discretionary funds also continued during the year through the “Combinados de Bankia” (deposit + fund).

The bank's customers enjoyed good results in 2014 with all funds recording positive returns, from monetary funds through to higher risk funds. The Bankia Fonduxo fund remained near the top of its ranking throughout the year with a yield of 13.35%. These excellent returns were based on the strong performance of the stock markets, mainly the Spanish stock market, and of the US dollar and international fixed income markets, especially in peripheral economies. At the same time, guaranteed fixed income funds have recorded once-in-a-lifetime yields in recent years.

In June 2014, the Bankia Gestión de Autor fund was launched for Bankia Private Banking, which as at 31 December had assets of €21.8 million.





BANKIA RAISED
2,129
MILLION EUROS IN
FUNDS IN 2014.

► BANKIA PENSIONS

In pension plans, the Group made significant efforts to encourage long-term savings, stressing the need to set aside savings sufficiently in advance to supplement future state pensions. Pensions advice and simulation tools are the main levers used by Bankia to sell these long-term savings products.

As at 31 December 2014, Bankia had sold a total of €6,783 million in pension funds, giving Bankia a market share of 6.83% and ranking it fourth in Spain according to Inverco.

The pensions business of the management firm Aseval was transferred to the group's management firm, Bankia Pensiones, during the year. Subsequently in December 2014, the first mergers were begun to definitively restructure the product catalogue, which will be completed in early 2015.

Pension plans for groups (employees and associates) account for 27% of the total assets managed under pension plans. The management firm, together with the control committees, continues to apply socially responsible investment criteria to the management of important groups that represent around 208,670 unitholders. Its future objectives include continuing to develop the application of good environmental, social and governance criteria to the analysis and selection of investments.

As for investment funds, all of the group's pension plans ended the year in positive territory, especially protected plans with long-term maturities, with a yield of 32.44% in the case of B. Pr. Renta Premium and 26.54% for B. Pr. 2025. There were also significant gains in Spanish equity plans, with a yield of 6.81%, and European equity with 5.25%, which consistently ranked them in the top two positions in their category during the year.

MULTI-CHANNEL

	ONLINE BANKING USERS	4,000,000
	ONLINE BANKING TRANSACTIONS	1,690 M
	CARD	6,500,000
	CONTACTLESS CARDS	1,100,000
	BANKIA WALLET	100,000





BANKIA WILL TAKE A QUALITATIVE STEP FORWARD IN 2015 IN TERMS OF CUSTOMER EXPERIENCE AND ITS COMMERCIAL PRODUCTS AND SERVICES AVAILABLE ONLINE.

In 2014 Bankia set up specific teams to develop its multi-channel approach in order to improve its commercial response to customers that prefer to operate via remote channels instead of visiting a branch.

Bankia's technological improvements will provide a qualitative breakthrough in customers' experience and in the company's products and services offered online. A project was launched in November for 30,000 customers, who were offered an improved version of Internet Banking, with personalised offers and an option to have direct contact with a specialist agent via different means, such as telephone, mail or webchat. This new approach will be progressively rolled out during the first half of 2015 to a larger number of customers that use internet channels.

In addition to these technological improvements, which will be available to all the bank's customers, a new service for more digital-intensive customers is

being developed. The service includes a team of expert managers that will offer personalised service to certain groups of customers, which will include advice on products and services and the possibility to contract these products and services remotely with support from their manager, with extended availability compared to branch network opening hours. This new service is available from March 2015.

► ONLINE BANKING

In addition to coming up with new possibilities for its digital-intensive customers, the bank already has a comprehensive range of technology channels (Internet Banking, Mobile Banking and Telephone Banking), which enables users to carry out their banking operations and transactions, to contract and manage products and services, and to use the online broker service to trade shares in a simple and reliable way. At the end of 2014, Bankia had almost 4,000,000 regular users of the services it provides via these channels, who performed more than 1.69 billion transactions during the year.

Mobile Banking is increasingly important and constantly growing. The 762,000 active users that Bankia already has in this channel performed 568 million transactions during the year. Telephone Banking continues to be one of the most appreciated channels by customers and although it is less used than other channels, the number of active and regular users continues to grow.

BANKIA'S ACTIVITIES

MULTI-CHANNEL

Numerous operational improvements have been made to streamline and simplify remote banking channel –especially internet and mobile– improving the user experience and making them more attractive, reflecting their importance. These include adaptations so that young people between the ages of 14 and 17 can begin to familiarise themselves and perform transactions via the internet and the mobile app; the creation of a unique space for contracting products and services, grouping all of the options together in a simplified and graphical way; as well as renewing and continuously reviewing the catalogue of products available to the customer, so that they are better adapted to their needs.

Similarly, new functionality has been incorporated to make them more versatile and to reinforce customers' relationships with Bankia. This includes the possibility to apply for cards and pre-approved loans via

the internet and mobile devices; financing for purchases made with cards or for bills paid by direct debit (this functionality is also available at ATMs); contributions to pension plans from mobile devices; or paying bills or taxes with a credit or debit card.

Another significant improvement has been the use of new digital communication formats with customers that are more direct and immediate, making operations more efficient from a commercial and regulatory perspective. They also enable the bank to send personalised offers, important information, business opportunities, useful communications about sales actions, etc.

In 2014, Bankia launched an online customer registration process that does not require the customer to visit a branch in person, instead completing a simple procedure before a mobile manager visits the customer's home to complete the registration.

- TE PRESENTAMOS -

Bankia Wallet

El sticker que convertirá tu teléfono móvil en una tarjeta de débito



► PAYMENT METHODS

In 2014 Bankia worked on developing new payment technologies, associated with traditional payment methods, such as cards, and new supports that are appearing in the market. The initiatives launched include the contactless payment sticker, Bankia Wallet; the virtual wallet, iupay; and the possibility to withdraw money from all Servired ATMs at no cost during July and August.

BANKIA WALLET

This is Bankia's solution for on-the-go payments and combines a sticker with a mobile application. The sticker adheres to the mobile telephone and allows debit payments to be made in shops by means of contactless technology, as well as for withdrawing cash from Bankia's ATMs simply by swiping the sticker across the machine and entering the PIN.

The app complements the sticker, converting it into Bankia's payment application, which provides users with useful information about their cards and the possibility of making online payments. This application will shortly offer payments using NFC technology via mobile devices. Bankia Wallet can be downloaded from Google Play or the Apple Store.

The rollout of this new service was a complete success, distributing more than 100,000 stickers in just six months and 50,000 application downloads.

IUPAY

Iupay is a digital bank wallet that enables users to store all their cards for making online purchases.

Iupay allows users to make payments in online stores without the need to enter the user's card details, which increases security. For online retailers, Iupay offers an additional payment method for their customers, making payments easier and safer.

CONTACTLESS CARDS

Building on the initiative launched in 2013, Bankia continues to invest in contactless payment technology for its cards with the number of cards using this technology exceeding 1 million in 2014. Furthermore, these cards enable contactless cash withdrawals at Bankia ATMs, making the service faster and more secure by allowing the customer to put away his or her card as soon as it has been read by the ATM.

SERVIRED "TÚ DECIDES"

This is a financing service for private individuals that is offered directly by retailers. When customers make a purchase, the terminal automatically detects and offers the customer the option to directly defer their payment by 3, 6, 9 or 12 months, even though the card is not a deferred payment method.

This service offers cardholders the possibility of paying for their purchases in instalments, quickly and easily, at the interest rate applicable to their card. For the retailer, it increases sales opportunities by offering deferred payments with no paperwork and at zero cost.

Furthermore, in 2014 Bankia implemented the following customer service improvements in relation to payment methods:

REDESIGNED CREDIT CARD STATEMENTS

Bankia completely redesigned the format and quality of the information included in the monthly credit card statements that it sends to its customers, providing greater transparency, detail and control over the transactions they carry out.

FREE SERVIRED WITHDRAWALS DURING THE SUMMER

During the months of July and August, Bankia offered all of its customers in the "No Fees" Program free cash withdrawals from all Servired ATMs, in response to its customers' increased needs for cash during their travels over the summer.

This initiative proved extremely popular and was a major improvement to the service.

TOPPING UP THE MADRID PUBLIC TRANSPORT CARD AT BANKIA ATMS

In 2014, Bankia increased the number of ATMs offering this service from 800 initially to more than 1,260, increasing the service by nearly 60%. The topping up options also included Category B and C monthly passes.

In 2015, Bankia's main challenge will be to fully develop mobile payments.

OTHER INVESTEE COMPANIES



DIVESTMENTS
IN 2014

221 INVESTEE
COMPANIES



REVENUES
GENERATED

€2,910 M



GAINS

€794 M



INVESTEE
COMPANIES

77 COMPANIES



OTHER COMPANIES
INCLUDED IN THE SCOPE

91 COMPANIES



The BFA-Bankia Group sold the majority of its main equity investments during 2014 as part of the divestment commitment it undertook in 2012. As a result of the dedication of the management teams and the favourable market conditions, the group managed to obtain nearly €800 million in capital gains from these transactions.

These included the sale of its holdings in Iberdrola, NH Hoteles, Deoleo and 2.99% of Mapfre, as well as divestments of subsidiaries such as Bancofar and Intermediación y Patrimonios. In total, 112 non-real estate equity investments were sold generating cumulative revenues of 2,868 million and gross capital gains of 765 million. In addition, 109 real estate equity investments were sold for a total of 42 million, producing a gain of more than 29 million.

BFA-Bankia continues to divest its portfolio of investee companies with non-core businesses, in line with the bank's Restructuring Plan and Strategic Plan. The ultimate goal is to focus efforts on consolidating Bankia's profile as a commercial bank.

The timeframe set for these divestments is four years, which is currently halfway through, during which time more than half of the agreed divestments have been sold. The divestment strategy is being carried out in a controlled way, based on business criteria and expected returns.



BANKIA'S ACTIVITIES

OTHER INVESTEE COMPANIES

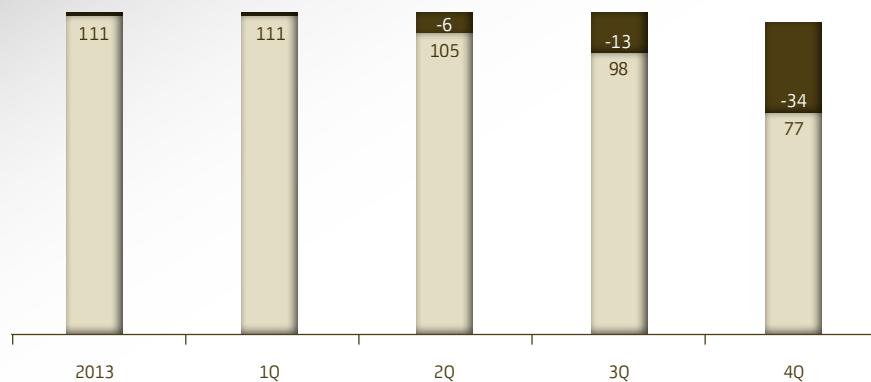
► INVESTMENTS IN LISTED, INDUSTRIAL, FINANCIAL AND REAL ESTATE COMPANIES

At the end of 2014, the only equity investment that the BFA/Bankia Group held in listed companies was 24.95% of Realia.

BFA-Bankia has equity investments in more than 30 unlisted companies in the industrial, financial and other sectors, which include Globalvia (50%) and Renovables Samca (33.3%), both of which are in the process of divesting their own assets, which is expected to be completed during the first half of 2015. The portfolio of equity investments in unlisted real estate firms consists of 61 companies.

During 2014, the group made divestments in more than 220 companies, including financial assets held for sale, either by selling them or winding these companies up through corporate restructuring processes. The portfolio of equity investments in group subsidiaries includes a total of 77 companies of different types, consisting of financial or banking-related firms (asset management, bancassurance and specialist financial services), and industrial, real estate and services companies. This group includes assets related to companies such as City National Bank, CM Florida Holdings, Inc., Bankia Pensiones, Bankia Fondos and Torre Norte Castellana.

PORTFOLIO OF INVESTEE COMPANIES



● GROUP COMPANIES

● DEPARTURES FROM GROUP



**AT THE END OF 2014,
THE ONLY SHAREHOLDING
THAT THE BFA-BANKIA
GROUP HELD IN LISTED
COMPANIES WAS 24.95%
OF REALIA.**

► DEBT PORTFOLIOS

A total of €800 million of corporate lending was directly sold to dealers and funds in the secondary market in 2014. Of this 800 million, 75% related to projects in the USA, South America, Eastern Europe and the Middle East. In addition, the sale of a portfolio consisting of an additional €800 million of doubtful corporate loans secured by hotel properties was finalised in October, which was sold in a competitive tender held with international investors.

Divestments of packages of small loans totalled 1,931 million, divided into three different lots:

- A portfolio of 712 million, of which 400 million was considered to be doubtful, with a high percentage of unsecured loans.
- A portfolio of 895 million of unsecured loans, of which 480 million was classified as doubtful and the rest as defaulted.
- A portfolio of 324 million of loans with real estate developers, almost entirely classified as doubtful. This portfolio also included a package of nearly 400 units of foreclosed real estate assets.

During the last quarter of the year, a €500 million portfolio of highly doubtful and doubtful corporate loans, mostly with real estate developers, was put up for sale with the goal of closing the deal during the first quarter of 2015. During 2015, the bank will also offer other packages of developer risk for sale (combining it with sales of residential mortgage loans with private individuals) and doubtful loans, as well as continuing to sell unsecured loans that were recently classified as defaulted or non-performing.

► OTHER PROJECTS

The Holdings Directorate is launching various corporate restructuring processes that are expected to progress and be finalised during 2015, which will generate significant profits for Bankia from higher revenues, costs savings and other impacts on its income statement.

REAL ESTATE ACTIVITIES. HAYA REAL ESTATE



ASSETS
SOLD

6,525
(+127.9%)



AMOUNT

€561 M



Bankia Habitat is the company that used to manage the real estate assets of the BFA-Bankia Group until October 2013, when Bankia outsourced the real estate management to Haya Real Estate, part of the Cerberus group. To accelerate asset sales, a specific department was created during 2014 to boost sales via Bankia's commercial network and continuous sales campaigns were launched both locally and nationally. These included the "Pisoterapia Fin de Año" campaign, in which the Group offered more than 5,000 second-hand homes across the whole of Spain for less than €80,000, with discounts of up to 50%.

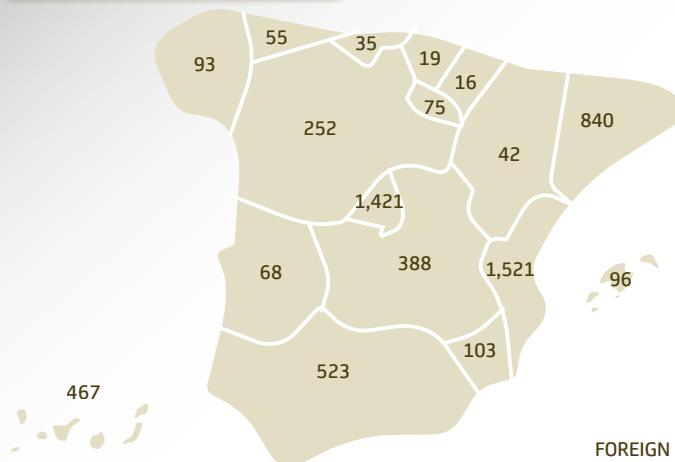
The campaign led to a considerable increase in sales, which in 2014 reached 6,018 real estate assets and a total of €472 million,

compared to 2,300 assets sold the previous year for €148.5 million. Sales from real estate developer subrogations and the sale of singular assets generated €560.8 million from 6,525 assets.

The Region of Valencia accounted for the most sales (1,521 assets, more than triple the previous year); followed by the Region of Madrid (1,421 assets, double the figure in 2013); Catalonia (840, nearly four times more); Andalusia (523); the Canary Islands (467); Castilla-La Mancha (388) and Murcia (103).

These business areas will be further developed in 2015, maintaining the high level of sales through branches and sales agents.

SALES IN 2014 BY REGION



RISK MANAGEMENT

TOTAL EXPOSURE



€199.12 BN

MORTGAGE LOAN RISK



61.7%

BUSINESS LOAN RISK



18.4%

NON-PERFORMING LOANS



**€-3.48 Bn
in 2014**

NPL RATIO



12.9%

COVERAGE RATIO



57.6%

MORTGAGE MODIFICATIONS



14,079

SOCIAL RENTALS ARRANGED



654



RISK MANAGEMENT

► CORPORATE GOVERNANCE IN RISK MANAGEMENT

One of the main features of the European regulation enacting the capital accords known as BIS III is the introduction of corporate governance as a core element of risk management. Under this regulation, banks must have sound corporate governance procedures, including a clear organisational structure, effective risk identification, management, control and reporting procedures, suitable internal control mechanisms, and remuneration policies and practices that are compatible with appropriate and effective risk management.

In this respect, BFA-Bankia responds fully to the spirit of the new regulation, with its governing bodies assuming responsibility for the oversight and control of risk:

- The Board of Directors is the highest governing body. It determines and approves the general internal control strategies and procedures, as well as the policies for assuming, managing, controlling and reducing the risks to which the group is exposed. It has several internal committees, attributed different risk control and monitoring responsibilities.
- The Audit and Compliance Committee's basic duties include verifying that the bank's internal control model, internal audit and risk management systems are effective. In particular, it is responsible for regularly reviewing internal control and risk management systems to ensure the main risks are correctly identified, managed and declared.
- The Risk Advisory Committee advises the Board of Director on the entity's overall susceptibility to risk at present and in the future, and its risk strategy.



Notwithstanding the foregoing, the Board of Directors retains overall responsibility for risk. The Risk Advisory Committee's duties include the following:

- Ensuring that the pricing policy for assets and liabilities offered to customers takes full account of the business model and risk strategy of the bank.
- Determining, together with the Board of Directors, the nature, amount, format and frequency of reporting on risks that is to be received by the Risk Advisory Committee itself and the Board of Directors.
- Providing assistance to establish rational remuneration policies and practices that consider risk, capital, liquidity and the probability of and opportunity for profits.
- Presenting risk policies to the Board of Directors.
- Undertaking periodic monitoring of the loan portfolio of the bank and the group, with the purpose of proposing to the Board of Directors controls to ensure risk assumed is in line with the established risk profile, with particular attention to the principal customers of the bank and the group and the distribution of risk by business sector, geographical area and type of risk.
- Periodically verifying evaluation systems, processes and methodologies and criteria for approval of transactions.
- Proposing to the Board of Directors the evaluation, monitoring and implementation of the instructions and recommendations of supervisory entities in the exercise of their authority and, if applicable, referring proposals of actions to be taken to the Board of Directors, without prejudice to following the instructions received. Verifying that the bank's risk reporting processes are those appropriate for management of the risks assumed, and, if not, proposing such improvements as it deems to be necessary for correction thereof.
- Evaluating whether the risk unit has the processes, technical resources and personnel necessary for proper performance of its duties in an independent manner, consistent with the bank's risk profile.

The Board Risk Committee is the body responsible for approving risks within the scope of its powers, and guiding and administering powers conferred on lesser bodies, all of the foregoing without prejudice to the supervisory authority legally corresponding to the Audit and Compliance Committee. It has operational authority and, therefore, may adopt the corresponding decisions within the scope of authority delegated by the Board. Its main functions are as follows:

- Adopting decisions regarding risks within its powers delegated by the Board of Directors.
- Reporting to the Board of Directors on those risks that may affect solvency, profits, operations or the reputation of the bank.



RISK MANAGEMENT

RISK APPETITE AND TOLERANCE

Acting on the bank's willingness to boost the importance of corporate governance in risk management and following the recommendations of leading international regulators, the Board of Directors approved a Risk Appetite Framework (RAF) for the BFA-Bankia Group in September 2014.

The RAF comprises a battery of tools enabling the governing bodies to set risk appetite and tolerance levels, and compare these with the bank's actual risk profile at any given time. The BFA-Bankia Group's RAF has three pillars:

- 1.** A risk appetite and tolerance statement, setting out the desired and maximum risk thresholds (appetite and tolerance). Such thresholds are set for global risks (profitability and solvency ratios), and for each material risk (credit, liquidity, market, interest-rate, operational and business).
- 2.** A monitoring and control mechanism, enabling the bank to ensure the risk profile does not exceed established thresholds.
- 3.** Roles and responsibilities, which specify the responsibilities of the various teams involved in the process.

BENEFITS OF DRAWING UP THE RISK APPETITE FRAMEWORK

- 1** Compliance with the requirements and recommendations of good governance in the risk function of most regulators, including the new single European regulator.
- 2** Improved perception of risk at all levels of the bank, thereby strengthening the corporate risk culture.
- 3** Transparency vis-à-vis external agents, shareholders, regulators, rating agencies, analysts and investors.
- 4** Consistency in budget preparation and planning processes with risk targets affecting capital, the balance sheet and the income statement.

► RISK MANAGEMENT

Risk management is a strategic pillar in the organisation. The primary objective of risk management is to safeguard the group's financial stability and asset base, while creating value and developing the business in accordance with the risk appetite and tolerance levels set by the governing bodies. To this end, it provides tools for measuring, controlling and monitoring the requested and authorised levels of risk, managing non-performing loans and recovering outstanding receivables.

The process started in 2013 to bring the risk function into line with best practices was consolidated during 2014 by developing and completing major projects through which an enhanced risk function is

being built. The transformation process had three main cornerstones:

- 1.** General principles governing the risk function, including its global reach covering all definitions of material risk across the group, its independence, and the commitment of senior management, bringing conduct into line with the strictest of ethical standards and following regulations to the letter.
- 2.** A new organisational model: The risk function is restructured in accordance with general premises, the most notable of which is a holistic view of the complete risk life cycle. Accordingly, credit risk management falls to the risk units, Wholesale Risks and Retail Risks, each of which brings together, within
- 3.** their particular jurisdictions, all the risk approval, risk monitoring and loan recovery functions. The structure was reinforced in 2014 with the creation of a Risk Process Industrialisation Department, the remit of which is to provide effective and systematic management.



RISK MANAGEMENT

BASIC PRINCIPLES GUIDING RISK MANAGEMENT

- 1** INDEPENDENT RISK FUNCTION, WHICH ASSURES THERE IS ADEQUATE INFORMATION FOR DECISION-MAKING AT ALL LEVELS.
- 2** OBJECTIVITY IN DECISION-MAKING, TAKING ACCOUNT OF ALL RELEVANT (QUANTITATIVE AND QUALITATIVE) RISK FACTORS.
- 3** ACTIVE MANAGEMENT THROUGHOUT THE LIFE OF THE RISK, FROM PRELIMINARY ANALYSIS UNTIL THE RISK IS EXTINGUISHED.
- 4** CLEAR PROCESSES AND PROCEDURES, REVIEWED REGULARLY AS NEEDS ARISE, WITH CLEARLY DEFINED LEVELS OF RESPONSIBILITY.
- 5** COMPREHENSIVE MANAGEMENT OF ALL RISKS THROUGH IDENTIFICATION, MEASUREMENT AND CONSISTENT MANAGEMENT BASED ON A COMMON MEASURE (ECONOMIC CAPITAL).
- 6** INDIVIDUAL TREATMENT OF RISKS, CHANNELS AND PROCEDURES BASED ON THE SPECIFIC CHARACTERISTICS OF THE RISK.
- 7** GENERATION, IMPLEMENTATION AND PROMOTION OF ADVANCED TOOLS TO SUPPORT DECISION-MAKING WHICH, WITH EFFICIENT USE OF NEW TECHNOLOGIES, AIDS RISK MANAGEMENT.
- 8** DECENTRALISATION OF DECISION-MAKING BASED ON THE APPROACHES AND TOOLS AVAILABLE.
- 9** CONSIDERATION OF RISK IN BUSINESS DECISIONS AT ALL LEVELS: STRATEGIC, TACTICAL AND OPERATIONAL.
- 10** ALIGNMENT OF OVERALL AND INDIVIDUAL RISK TARGETS IN THE BANK TO MAXIMISE VALUE CREATION.

ORGANISATION AND FUNCTIONS OF THE RISKS DEPARTMENT

A series of major changes were made over the last year to strengthen the process of transforming the risk function:

- A new department was established, charged with industrialising risk processes. Firstly, this involves organising all risk management activities in clearly defined and documented processes. It is then necessary to industrialise all the processes requiring systematic roll-out, optimising the allocation of in-house and third-party resources to the various activities.

As with all industrial processes, the various activities comprising them must

be appropriately coordinated and scaled, and must also be efficient. It is therefore essential that managers are equipped with the most suitable tools for the job.

- A department was also established specialised in managing the restructuring of major borrowers' debt. This measure will enable proposals for new solutions to be put forward with regard to debt restructuring processes, controlling and monitoring the special transactions involved, and restructuring the debts of major customers and groups of borrowers, especially when a cross-cutting perspective (retail and wholesale) is required. In short, the objective is to maximise the amount of debt recovered in special cases which, given their complexity, importance or lack of past

experience, require non-standardised measures with the borrowers and third parties involved.

- Lastly, the Internal Control and Validation departments were merged under the Technical Secretariat of the Risks Department. This does not represent any change with regards to the importance given to these functions, which are developed as part of the Transformation Plan.

At year-end 2014, the Risks Department was structured as follows, subsequent to the aforesaid changes:



RISK MANAGEMENT

► CREDIT RISK

RISK POLICY

Risk policies are approved by the Board of Directors and are intended to achieve the following objectives:

- Consistency in the general criteria for approving credit risk.
- Marrying of specific criteria per segment with the bank's strategic goals and with the economic environment in which it operates.
- Risk-adjusted pricing.
- Limits on risk concentration.

- Data quality. Effective risk assessment requires information of an adequate nature and of sufficient quality, whereby the consistency and integrity thereof must be ensured.
- Solvency.
- Compliance. Risk policies must be complied with at all times, and any exceptions (granted for customers with whom there is a close relationship) must be signed off after being duly documented and justified.

GENERAL RISK APPROVAL CRITERIA



► **ACTIVITY:** FOCUSES ON INDIVIDUALS AND SMALL TO MEDIUM ENTERPRISES IN SPAIN. TRANSACTIONS WITH LARGER BUSINESSES MUST BE RESTRICTED TO SHORT-TERM FINANCE, TRANSACTIONAL BANKING AND FOREIGN TRADE PRODUCTS AND SERVICES. THE FINANCING OF REAL-ESTATE ACTIVITIES, PROJECTS, ACQUISITIONS AND ASSETS IS RESTRICTED.

► **CREDITWORTHINESS OF THE BORROWER:** ABILITY TO PAY, COMPREHENSIVE VIEW OF THE CUSTOMER, KNOWLEDGE OF A CUSTOMER AND SECTOR, ETC.

► **TRANSACTION:** FINANCING IN ACCORDANCE WITH THE SIZE AND PROFILE OF A CUSTOMER; APPROPRIATE BALANCE OF SHORT AND LONG-TERM FINANCING; COLLATERAL VALUATION.

► **ENVIRONMENTAL RISK:** ENVIRONMENTAL IMPACT OF A BORROWER'S BUSINESS ACTIVITY MUST BE CONSIDERED, ALONG WITH THAT OF ANY ASSETS ACCEPTED AS COLLATERAL.



In addition to these four major risk approval criteria, another relevant aspect is the need for diversification, with limits being set per customer and sector.

Of particular importance are the thresholds defined for finance to sectors that are controversial because of the impacts they have on society. This includes investing in or granting finance to arms manufacturers, companies that violate human rights or companies that perform any activity that might conflict with Bankia's ethics. Specifically, financing transactions or projects involving counterparties or targets that are companies with a proven connection to the manufacture, distribution or sale of controversial arms (antipersonnel mines, cluster munition, biological weapons or chemical weapons) is strictly prohibited. Finance is also not provided for the transactions or projects of companies in the arms or munitions industry incorporated or domiciled in countries involved in armed conflicts or featuring on the list of countries subject to arms embargoes by the UN Security Council or the EU, non-proliferation treaties and other international obligations. It is also prohibited to extend finance for operations or projects related to companies that are proven to have violated human rights.

The risk policies introduce specific credit approval criteria based on the portfolio segment, notably the setting of minimum credit rating grades and minimum collateral coverage ratios. Certain product-specific

criteria are also in place, setting thresholds for aspects such as loan terms, minimum coverage, grace periods, etc., along with criteria for the correct use and control of said thresholds in general and specifically for customers being monitored.

As a general rule, it is prohibited to finance real-estate activity, except any investments earmarked for increasing the value of any pledged collateral or enabling divestment of property, minimising the final potential loss.

Another key feature of the credit risk policies is the raft of conditions in place to appraise eligible collateral to mitigate risk in lending transactions. As well as having to meet all the conditions regarding legal certainty and due documentation in all instances, specific requirements are defined for each type of collateral, such as low correlation, liquidity or valuation.

THE BANK ACTS EARLY VIS-À-VIS RISK EXPOSURES TO CUSTOMERS TO IDENTIFY AND TRY TO AVOID COMPLEX SITUATIONS BEFORE THEY DEFAULT.

As regards risk monitoring, a business activity monitoring policy is in place, aimed at involving all areas of the bank in taking a forward-looking approach to the management of risk exposures to customers, so as to anticipate potential problems before they result in default.

A very important feature of risk management concerns refinancing and restructuring, aimed at adjusting finance to a customer's current ability to meet its payment obligations. These arrangements must always be used as a means to solve a problem, never as a means of concealing or postponing it.

RISK MANAGEMENT

TOOLS

Risk is managed in accordance with the limits and instructions established in the policies laid down in the Risk Appetite and Tolerance Framework. A raft of tools is available to achieve this, which can be classified as follows based on their purpose:



I. RISK CLASSIFICATION

Rating and scoring tools are used to classify borrowers and/or transactions by risk level. Virtually all segments of the portfolio are classified, mostly based on statistical models. This classification not only informs decisions on risks but also enables the risk appetite and tolerance stipulated by the governing bodies to be incorporated through the thresholds established in the policies.

All the methods for analysing the credit worthiness of borrowers and transactions are laid down in the “Credit Rating System” which segments risk according to the characteristics of borrowers and their transactions, and results in borrowers/transactions being assigned a rating.



Two advisory bodies form an essential part of the system: the Ratings Committee (established in 2013, responsible for decisions in the wholesale business) and the Credit Scoring Committee (established in June 2014, responsible for supervising the models for the retail business). The purpose is to ensure portfolios are rated on a consistent basis based on information not collated using the models used to inform these decisions. Neither of these committees have executive powers, but are advisory bodies responsible for ensuring the entire rating and scoring system functions correctly.

Risk classification also includes the so-called monitoring levels system, the aim of which to proactively manage a decline in the quality of loans related to business activities through classification into four categories:

Each level is determined in accordance with ratings, but also with other factors, e.g. activity, accounting classification, existence of non-payment, the situation of the borrower's group. The level determines credit risk approval powers and manager assignment. All risks must be managed and are therefore assigned automatically according to their status.

The credit risk measurement parameters derived from internal models are exposure at default (EAD), probability of default (PD) based on the rating, and loss given default (LGD) or severity. There are different approval levels for these parameters (conditional upon the current situation or averages that are representative of a full economic cycle) and therefore, various metrics can exist at the same time. One of these will be the most appropriate depending on the specific purpose.

II. RISK QUANTIFICATION

Credit risk is quantified using two measurements: expected loss on the portfolio, which reflects the average amount of losses and is related to the calculation of provisioning requirements, and unexpected loss, which is the possibility of incurring substantially higher losses over a period of time than expected, affecting the level of capital considered necessary to meet objectives; i.e. economic capital.

Expected loss and economic capital are forward-looking measurements of risk that the bank uses before the risk materialises. Risk must therefore be managed using these measurements; otherwise it will not be possible to identify any problems in advance. In this regard, the Risk Appetite and Tolerance Framework uses expected loss and economic capital as basic measurements to determine the risk thresholds that the bank must have in place and not exceed.

- | | | | |
|--|--|--|---|
| <p>► LEVEL I OR HIGH RISK
RISKS TO BE EXTINGUISHED IN AN ORDERLY MANNER</p> | <p>► LEVEL II OR MEDIUM-HIGH RISK
REDUCTION OF THE RISK</p> | <p>► LEVEL III OR MEDIUM RISK
MAINTENANCE OF THE RISK</p> | <p>► OTHER EXPOSURES DEEMED STANDARD RISKS</p> |
|--|--|--|---|



RISK MANAGEMENT

III. RISK FORECASTING

Stress test models are another key element of credit risk management, allowing for the risk profiles of portfolios and the sufficiency of capital under stressed scenarios to be evaluated. This therefore contributes appropriately to capital planning. The purpose of these tests is to evaluate the systemic component of risk, while also considering the specific vulnerabilities of the portfolios. The impact of stressed macroeconomic scenarios on risk parameters and migration matrixes are assessed. The tests may determine not only the unexpected loss (or required solvency), but also the impact on profit and loss.

These stress tests are also becoming an increasingly important tool for supervising banks, as evidenced in 2014 during the European assessment by the EBA and ECB prior to adoption of the Single Supervisory Mechanism in November.

IV. RISK-ADJUSTED RETURN

The profitability of a transaction must be adjusted by the costs of the various related risks, not only the cost of the credit. And it must be compared to the volume of capital to be assigned to cover unexpected losses or to comply with regulatory capital requirements.

The risk measures are included in price-setting tools based on risk-adjusted returns (RAR). Therefore, it is possible to determine the price that meets the RAR target for a portfolio or the price that meets a minimum RAR below which the transaction would not be admissible.

V. DRIVING UP BUSINESS

One of the functions of risk management is to create value and develop the business in accordance with the risk appetite established by the governing bodies. In this respect, the Risks Department is equally



responsible for revitalising the lending business, providing tools and establishing criteria that identify potential customers, simplify the decision-making processes and allocate risk lines, always within pre-defined tolerance levels. It has tools and pre-authorisation and limit assignment processes for lending to both companies and retail customers.

VI. RECOVERY MANAGEMENT

Recovery management is defined as an end-to-end process that begins even before a payment is missed, covering all phases of the recovery cycle until a solution is reached.

Bankia uses early warning models in lending to retail customers. They are designed to identify potential problems and offer solutions, which may entail adapting the conditions of the loan. In fact, a large number of mortgage loan renegotiations during the year resulted from the proposals put forward proactively by the bank.

With business loans, the system of levels described above has the same objective: proactive non-performing loan management. Therefore, the entire portfolio is monitored and default is always the result of failed prior negotiations.

Recovery management requires adaptable management tools for quantifying in real time the result of the activity of the various participants in the process, on the one hand, and for defining in a flexible manner different recovery strategies using all information available, including the valuations generated by the so-called recoveries models. The bank therefore worked hard in 2014 to avail of a new tool that will enable more efficient management and will contribute decisively to industrialising the recovery processes.

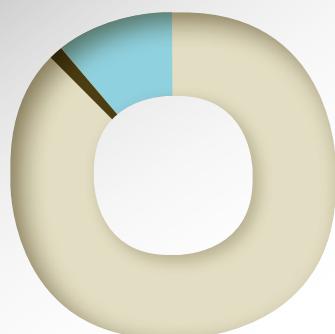
RISK PROFILE

Based on the distribution of risk-weighted assets (RWAs), credit risk is clearly the main component of Bankia's risk profile, and within this category, the mortgage loan portfolio, and then business loans:

The equities portfolio shrank by 83.5% during the year due to the sale of the stakes in Iberdrola, NH, Mapfre and Deoleo. The fixed income portfolio also decreased by 6.19 billion euros as bond issues matured.

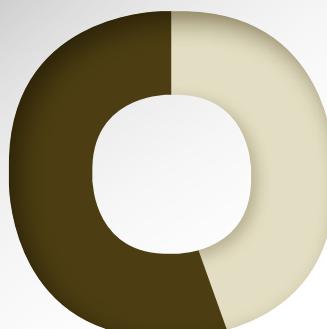
One of the key milestones reached by the Bankia Group in 2014 was to slash NPLs by 3.48 billion euros, outstripping initial projections. This enabled it to cut its NPL ratio to 12.9%, 1.8 basis points below the figure at year-end 2013, while increasing the NPL coverage ratio to 57.6%. One factor contributing significantly to this achievement was the process of selecting and selling off NPL books valued at 1.49 billion euros.

RISK PROFILE

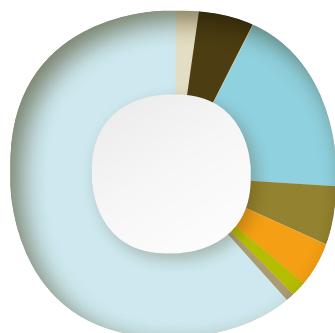


- CREDIT RISK **90%**
- MARKET RISK **1%**
- OPERATIONAL RISK **9%**

DISTRIBUTION OF NPLS BY COMPONENT



- SUBJECTIVELY DOUBTFUL AND RETURNED-TO-PERFORMING **44%**
- OBJECTIVELY DOUBTFUL **56%**



- CONSUMER LOANS AND CARDS **2.5%**
- MICRO-ENTERPRISES AND SELF-EMPLOYED **5.4%**
- BUSINESSES **18.4%**
- PUBLIC SECTOR **5.6%**
- SPECIAL PURPOSES **4.3%**
- DEVELOPERS **1.5%**
- FINANCIAL INSTITUTIONS **0.6%**
- MORTGAGES **61.7%**

RISK MANAGEMENT

56% of the NPL book is classed as doubtful for objective reasons, including arrears in payment, insolvency proceedings and lawsuits; 27% due to subjective criteria; and the remaining 17% comprise refinanced or restructured loans returned to the performing loan book.

Credit risk at year-end 2014 calculated using the metrics of exposure at default (EAD), expected loss, economic capital and regulatory capital is distributed across the following loan books.

Expected loss represents 4.1% of the total exposure considered, including the NPL book, and is therefore fully covered by the provisions set aside at the 2014 year end. Economic capital is generally less than regulatory capital, especially in the mortgage loan book. This latter loan book has been purged on applying the criteria regarding refinancing, whereby performing loans correspond to loans that have survived the crisis with no defaults on payment and also have a high average age. The specific component related to concentration is the cause of economic

capital exceeding regulatory capital in some loan books. This component is decreasing in line with the bank's intention to reduce its major exposures. It can be concluded on analysing these data that the bank has more than sufficient provisions and own funds to cover expected and unexpected losses to a very high confidence level.

CREDIT RISK

LOAN BOOK	EAD	REGULATORY CAPITAL	ECONOMIC CAPITAL	EXPECTED LOSS
LOANS TO PUBLIC SECTOR	43,309	241	0.6 %	320
LOANS TO BANKS	29,634	431	1.5 %	284
LOANS TO BUSINESSES	40,805	1,848	4.5 %	1,964
LOANS TO DEVELOPERS	2,535	134	5.3 %	388
MORTGAGE LOANS	69,918	1,949	2.8 %	1,117
CONSUMER LOANS	2,315	107	4.6 %	67
CREDIT CARDS	3,258	67	2.1 %	55
LOANS TO MICRO-ENTERPRISES AND THE SELF-EMPLOYED	6,996	239	3.4 %	119
EQUITIES	351	66	18.9 %	0
TOTAL	199,121	5,082	2.6 %	4,314
				8,248
				4.1 %

€ mm amounts and percentages calculated on EAD.



► MARKET RISK

Market risk is the risk of a possible loss caused by potential adverse movements in the prices of the financial instruments in which the bank trades.

During 2014 and as a result of the commitments assumed in the Recapitalisation Plan, Bankia ramped down trading in the financial markets and focused on serving its customers and managing its own structural risks. The bank does not trade on its own account, thereby dramatically reducing market risk and capital needed to cover this risk.

Market risk is measured as follows:

- **VaR.** Market risk is primarily measured using two metrics: sensitivity, expressing the impact of fluctuations in the various risk factors on the value of financial instruments; and VaR, which quantifies the maximum loss that could be borne over a given time horizon and confidence level. SVaR is the VaR calculated in an adverse market scenario.
- **Sensitivity.** Sensitivity quantifies changes in the economic value of a portfolio due to given movements and determinates of the variables affecting this value. The main fluctuations in market factors used in sensitivity analysis

are: interest rates (100 basis-point change), equity prices (20% change in price), exchange rates (10% change), volatility (change by type of underlying risk), and credit spreads (change according to credit rating).

- **Stress testing.** Periodically, stress-testing is performed to quantify the economic impact of extreme movements in market factors on the portfolio.

► COUNTERPARTY RISK IN FINANCIAL MARKETS

Credit/counterparty risk derives from the probability of a counterparty defaulting on its contractual obligations, resulting in the bank incurring a loss on its financial market trades. The Credit Risk of Market Trading Policy Manual is applicable in this area, setting out the policies for financial and non-financial entities and treasury desks, and defining global limits within which they can trade.

This manual chiefly includes the definition of counterparty risk and the type of products authorised, the definition of authorised parties and the criteria for assigning limits, the metrics used to calculate counterparty risk, and the measures to mitigate counterparty risk.

► STRUCTURAL INTEREST RATE RISK

Structural interest rate risk relates to potential losses in the event of adverse trends in market interest rates. Rate fluctuations affect both net interest income and equity. The intensity of the impact depends largely on different schedules of maturities and repricing of assets, liabilities and off-balance sheet transactions.

At the end of 2013, the bank worked hard to enhance management and control of structural interest rate and exchange rate risk by establishing the Structural Risks Unit and approving the Structural Interest Risk in the Banking Book Policy Manual. The associated metrics were developed in early 2014 and the bank monitored interest rate and exchange rate risk in the banking book on a monthly basis. Interest rate risk in the banking book is measured using a scenario approach and VaR. The scenario of shifts in the regulatory capital curve (parallel fluctuations of 200 basis points) was completed with a scenario extending the time horizon for two years (for net interest income sensitivity) and another analysing the slope of the curve.

The impact on own funds of the various structural risks in the fixed income portfolio is also measured using the VaR methodology. The VaR approach is completed with an analysis in an adverse scenario and another in a stressed scenario. In this way, all risks associated with the available-for-sale portfolio can be monitored.

RISK MANAGEMENT

► FINANCING AND LIQUIDITY RISK

Structural liquidity risk consists of the uncertainty, in adverse conditions, of the availability of funds at reasonable prices to enable the bank to meet the obligations undertaken and finance the growth of its investment business.

Bankia focuses on three main areas to monitor this risk. Firstly, the liquidity gap, classifying asset and liability transactions by maturity and taking into consideration any residual maturity. This calculation is performed for recurring commercial activity and for the funding requirements of the bank's on-balance sheet portfolios. The second area is the financial structure, identifying the relationship between long-term funding, and the diversification of finance activity by type of assets, counterparties and

other categories. Thirdly, pursuant to the current regulatory approach of stress ratios, Bankia is determining metrics that can be used to forecast and obtain a snapshot of the aforesaid ratios over a longer time horizon. Alongside all this, the bank has a clearly defined contingency plan setting out warning mechanisms and procedures to be followed if the plan has to be triggered.

During 2014, the Operational and Market Risks Unit developed and launched the Financing and liquidity Policy Manual, approved at the ended of 2013. The policies therein establish a series of limits and procedures, which were adhered to in 2014. The bank has modelled metrics to monitor liquidity risk in normal and adverse liquidity conditions, which have served as a benchmark for setting thresholds in accordance with the Risk Appetite Framework.



THE BANK HAS ESTABLISHED A CONTINGENCY PLAN SETTING OUT THE NECESSARY WARNING MECHANISMS.

► OPERATIONAL RISK

Bankia's operational risk management aims to minimise possible losses arising from failures or shortcomings in processes, personnel or internal systems, or from external events. This definition includes legal risk, but excludes reputational risk, which is taken into account by qualitatively evaluating the impact on end customers of any identified operational risks.

Bankia's operational risk management objectives are as follows:

- Foster a culture focused on risk awareness, assuming responsibility and commitments, and service quality.
- Ensure operational risks are identified and measured in order to prevent possible damages that could affect results.
- Reduce losses from operational risks by applying systems to continuously improve processes, control structures and mitigation plans.
- Encourage the use of risk transfer mechanisms that limit operational risk exposure.
- Verify the existence of contingency and business continuity plans.

Management efforts during 2014 were significantly shaped by the recommendations deriving from Internal Audit's report on the 2013 Guide on Application of the Standardised Approach.

In 2014, internal assessment process was widened to include 55 Operational Risk Originator Centres (COROS), covering the entire bank and two of the most important

group companies. This work resulted in a map of events across the whole bank. The Operational Risk Tool (ARO) was also updated on delivery of its second phase.

The first inventory was also taken of insurance policies taken out by Bankia's various business units (excluding the policies covering obligations with retired employees). The aim of this task is to verify how effective the policies are at mitigating operational losses, although the plan is to change tack in coming years and take out policies that cover operational losses.

A special collaboration programme will be carried out in 2015 with the team responsible for managing retail branch network operations to mitigate the most significant loss events at branches. This programme will include prevention of events related with transaction documents (MiFID, EMIR) and due diligence. There will be a drive during the year to furnish branches with guidelines on the operational risks to which their day-to-day work is exposed.



RISK MANAGEMENT

► ENVIRONMENTAL RISK

BORROWER-RELATED ENVIRONMENTAL RISK

A bank's activities have a very limited impact on the environment. However, its lending decisions do have a very significant influence. This indirect effect stems from its customers' production activities and asset investment decisions. Environmental risk management is intended to protect the quality of its assets, monitoring its loan books and controlling what decisions are made regarding investments in the bank's own financial and tangible assets.

One new area that is covered is climate change, which will add to the mix of banking (credit, operational and business) risks, leading to greater reputational risk as its transactions with customers come under closer scrutiny with regards to their environmental impact.

ENVIRONMENTAL RISK ASSOCIATED WITH LENDING

Borrowers bring with them environmental risk through their business activity. Such risk is inherent in the production process, which may be passed on to the bank as credit risk or reputational risk.

This environmentally-related credit risk relates to:

- Feasibility of the activity (environmental permits or regulation).
- Increase in investments in technology or mitigation measures.
- Impact on the business's cash flows.
- Public or criminal liability for environmental impact, with internal or external insurance.
- Regulatory risk affecting activity or products.
- Impairment of assets pledged as collateral.

Environmental risk varies depending on the regulations in each country:

- In high-income OECD member countries, environmental legislation guarantees a high level of control and transparency.
- In other countries, it is necessary to determine the environmental and social issues affected by production, and carry out an ad hoc audit thereof. In these cases, it is more appropriate to refer to environmental/social risk.

ENVIRONMENTAL RISK SCALE

	VERY LOW	LOW	MEDIUM	HIGH
NO IMPACT	<ul style="list-style-type: none"> • SPECIFIC IMPACTS CLOSE TO LOCATION • CUSTOMER DEMONSTRATES ENVIRONMENTAL MANAGEMENT COMPETENCE • LOW-RISK BUSINESS ACTIVITY AS PER SPANISH BUSINESS ACTIVITY CODING (CNAE) 	<ul style="list-style-type: none"> • WIDER IMPACT ENCOMPASSING SEVERAL SECTORS • CUSTOMER UNABLE TO DEMONSTRATE SUFFICIENT COMPETENCE OR ENVIRONMENTAL MANAGEMENT MEASURES REQUIRED • MEDIUM TO HIGH-RISK BUSINESS ACTIVITY AS PER SPANISH BUSINESS ACTIVITY CODING (CNAE) 	<ul style="list-style-type: none"> • FORESEEABLE/ COMPLEX EXISTING AND FUTURE IMPACTS • PERMANENT MONITORING MEASURES REQUIRED • MEDIUM TO HIGH-RISK BUSINESS ACTIVITY AS PER SPANISH BUSINESS ACTIVITY CODING (CNAE) 	

ENVIRONMENTAL RATING

In order to manage environmental risk, Bankia has implemented a policy for managing environmentally-related credit risk as an environmental rating tool.

This rating tool is intended to provide qualitative information that supports the information obtained from credit ratings.

The environmental rating provides an indication of the environmental impact of a company's activity and the possible repercussions on credit risk and the feasibility of its own businesses.

A scale is therefore drawn up to reflect the company's position from an environmental perspective.

The environmental rating tool can be used to individually rate large and medium-sized corporate segments of the loan book (companies with sales of more than 20 million euros, excluding real estate development companies).

Roll-out of this tool has been postponed until 2015 so that it can be brought into line with the bank's new internal structure resulting from the restructuring and clean-up in 2013 and most of 2014.

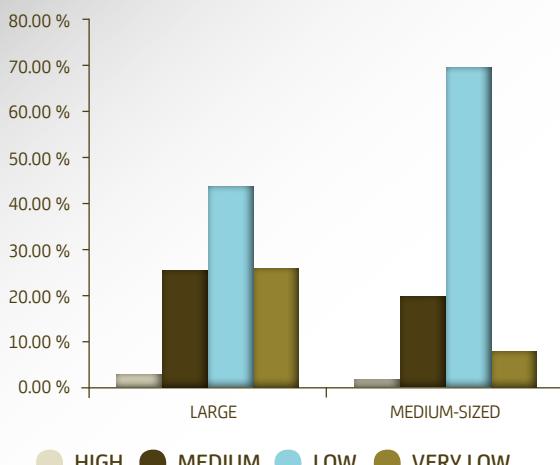
		BORROWERS		VALUE AT RISK	
RISK BUCKET	NUMBER	%	€MN	%	
Very low	370	12.4%	3,028.01	20.7%	
Low	1,871	62.9%	6,087.96	41.5%	
Medium	639	21.5%	4,380.00	29.9%	
High	96	3.2%	1,164.90	7.9%	
Total	2,976	100.0%	14,660.87	100.0%	

Specific criteria are also used to rate large and medium-sized corporates taken as a whole. The result of the assessment shows that 75.3% of borrowers and 62.2% of the value at risk relates to portfolios rated as having low or very low environmental risk.

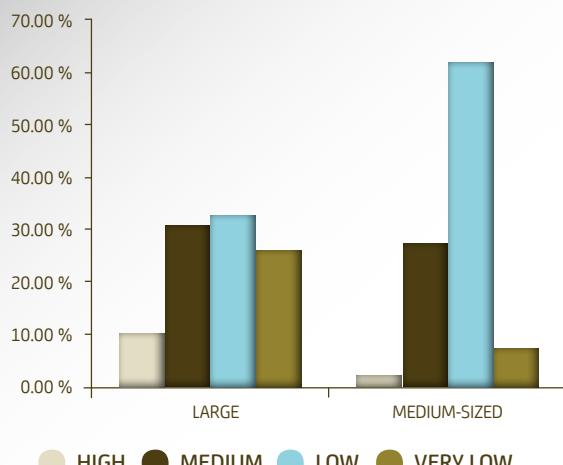
Graph A shows the two corporate segments separately, and provides a breakdown of the percentage of borrowers in each risk bucket.

Graph B looks at the percentage of value at risk in each risk bucket.

A) DISTRIBUTION OF BORROWERS IN EACH PORTFOLIO (%)



B) DISTRIBUTION OF VALUE AT RISK IN EACH PORTFOLIO (%)



These graphs underline the fact that the low and very low risk buckets are the most heavily populated in both segments.

RISK MANAGEMENT

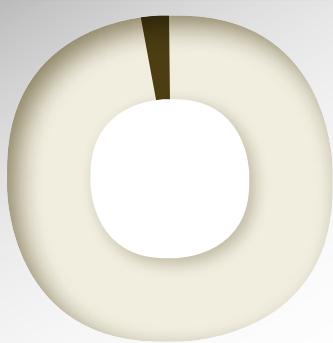
The tool also includes a module for rating investment projects using the scale and methodology of the Equator Principles, which includes certain environmental and social criteria. The tool is currently being redesigned to adapt it to the needs of each business area.

In project finance and specialised lending, environmental impact is assessed, as required under current environmental regulations, by commissioning a report from a technical adviser. Any loans exceeding 1 million euros must be approved by the bank's governing bodies.

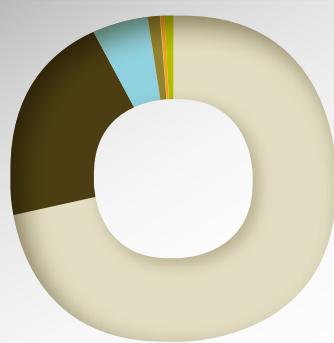
The authorised exposure of the specialised lending portfolio is concentrated (98%) in OECD countries. Companies in these countries are encouraged to follow certain principles and standards of good practice (OECD Guidelines for Multinational Enterprises), aimed at ensuring responsible business conduct in areas such as human rights, anti-corruption, taxation, labour relations, environment and consumer protection.

The bank's commitment to tackling climate change is also demonstrated by its financing of numerous investment projects related to the renewable energy sector.

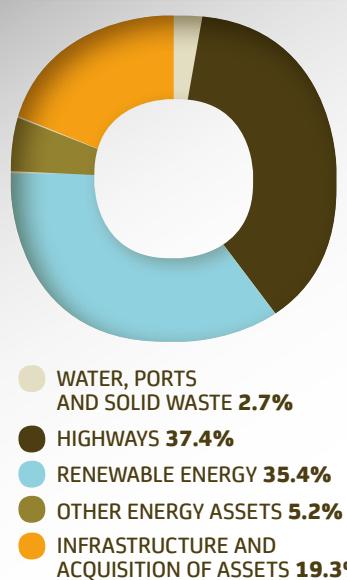
OECD PROJECTS



PORTFOLIO DISTRIBUTION BY REGION



PORTFOLIO DISTRIBUTION BY INDUSTRIAL SECTOR



► SOCIAL RISK

During 2014, the bank continued to reach agreed-upon solutions for customers in the early stage of default (loan modification, handing over of assets in lieu of payment) and in cases where assets had already been foreclosed.

The problems arising from eviction orders have been reduced, as Bankia has taken steps to reach agreements with customers and because there is now the possibility of applying to the courts for a two-year grace period if a customer is able to demonstrate that he or she meets the requirements to be classified as belonging to an especially vulnerable group.

In the case of mortgage foreclosures therefore, the possibility of forgiveness of any debt not covered by the repossessed dwelling voluntarily handed over in lieu of payment gave rise to a significant increase in the number of amicable repossession as opposed to forced evictions. Of all repossessed dwellings, in 2014 3,220 were given up voluntarily, 1,765 of which the result of being handed over in lieu of payment. A further 69 suspensions were granted following requests in which customers alleged they were in an especially vulnerable position or financial difficulty.

Bankia is the top provider of properties to the Social Housing Pool (FSV), having contributed 1,000 dwellings. In total, the Pool has 5,891 properties across Spain. Bankia is party to several housing agreements with the regional governments of Valencia, Catalonia and the Canary Islands, and with Mataró and Badalona city councils.

SOLUTIONS REACHED

ITEM	YEAR				TOTAL	
	2011	2012	2013	2014	AMOUNT	%
Dwellings handed over in lieu of payment	1,499	3,356	1,590	1,497	7,942	4.47%
Home reposessions	13,115	9,207	4,614	5,570	32,506	18.29%
Mortgage modifications	5,203	19,049	23,178	14,079	61,509	34.62%
Consumer loan modifications	10,737	12,640	23,752	12,821	59,950	33.74%
Modifications of loans to the self-employed/businesses	3,240	3,402	5,667	3,477	15,786	8.88%
TOTAL	33,794	47,654	58,801	37,444	177,693	100.00%

FIGURES ON SOCIAL HOUSING RENTALS: SOCIAL HOUSING POOL AND SPECIAL RENTALS, 2014

FSV applications	2,104																								
Special rental applications	700																								
TOTAL APPLICATIONS RECEIVED	2,804																								
BREAKDOWN BY STATUS																									
<table border="1"> <tbody> <tr> <td>Pending</td> <td>FSV</td> <td>635</td> </tr> <tr> <td></td> <td>Special rental</td> <td>50</td> </tr> <tr> <td>Rejected</td> <td>FSV (1)</td> <td>1,253</td> </tr> <tr> <td></td> <td>Special rental</td> <td>37</td> </tr> <tr> <td>Approved</td> <td>FSV</td> <td>35</td> </tr> <tr> <td></td> <td>Special rental</td> <td>140</td> </tr> <tr> <td>Signed</td> <td>FSV</td> <td>181</td> </tr> <tr> <td></td> <td>Special rental</td> <td>473</td> </tr> </tbody> </table>		Pending	FSV	635		Special rental	50	Rejected	FSV (1)	1,253		Special rental	37	Approved	FSV	35		Special rental	140	Signed	FSV	181		Special rental	473
Pending	FSV	635																							
	Special rental	50																							
Rejected	FSV (1)	1,253																							
	Special rental	37																							
Approved	FSV	35																							
	Special rental	140																							
Signed	FSV	181																							
	Special rental	473																							
TOTAL SOCIAL HOUSING RENTALS IN 2014																									
654																									

The bank also launched a specific initiative in 2014 to provide rental properties to customers who have lost their homes and who do not strictly meet the vulnerability criteria stipulated in Law 1/2013 but are still suffering social exclusion.

These agreements resulted in the following action regarding rented social housing (through the FSV and special rentals).

RISK MANAGEMENT

► MAIN DEVELOPMENTS IN 2014 AND CHALLENGES FOR 2015

The main measures taken in 2014 and planned for 2015 are intended to enhance the bank's risk management and controls, as part of the Risk Function Transformation Plan drawn up in 2013. They are also designed to ensure the bank complies with new regulatory requirements (Basel III) and supervisory arrangements (Single Supervisory Mechanism), while contributing to ramping up lending to aid the economic recovery.

The Risk Function Transformation Plan entailed the launch of 71 projects in 2013, 31 of which were pending completion at year-end 2014. The most notable projects completed in 2014 are as follows:

ESTABLISHMENT OF A RISK ADVISORY COMMITTEE

In October 2014, Bankia's Board of Directors approved the setting up of a Risk Advisory Committee, granted powers to provide advice and consultation to the Board regarding risk control and supervision. The Board Risk Committee retains executive functions. This measure has enhanced corporate governance and fulfils the requirement laid down in the Spanish law on the planning, oversight and solvency of credit institutions (*Ley de Ordenación, Supervisión y Solvencia de Entidades de Crédito*).

DEFINITION AND ROLL-OUT OF THE RISK APPETITE FRAMEWORK

The Risk Appetite Framework was approved by the boards of Bankia and BFA on 23 and 24 September, respectively, giving rise to substantive changes in the bank's risk management and control.



REVIEW AND INDUSTRIALISATION OF THE RECOVERIES PROCESS

Significant progress was made in rolling out the Recovery IT tool, which can be used to effectively and efficiently manage recoveries while also reducing the manpower needed at central services and regional and business units. The year drew to a close with the successful launch of the Collection Agencies recoveries management module, while the Insolvency Proceedings and Litigation module and Amicable and Pre-trial Settlement module are pending roll-out – planned for the first half of 2015.

AMENDMENTS TO THE CREDIT RISK APPROVAL CIRCUIT

In September, the Board of Directors also approved a new Credit Risk Approval Circuit, the most important features of which are: a more simplified calculation method, iso-risk curves analysing capital consumption, a move towards unifying decision-making across the entire transaction generated for each economic group, introduction of the financial programme concept within the authorisation framework (providing greater flexibility and speed when approving transactions), and the introduction of new delegation levels at retail branch and business centre levels, enabling greater control and discrimination depending on use by branches.

THE NEW INITIATIVES ARE INTENDED TO ENHANCE RISK MANAGEMENT AND CONTROL, RESPONDING TO THE NEW REGULATORY ENVIRONMENT AND BOOSTING NEW LENDING TO FUEL THE ECONOMIC RECOVERY.

FORMALISATION AND DOCUMENTATION OF PROCESSES

Working process were formalised to ensure they are duly documented and can be consulted and audited internally and externally, including by Europe's single supervisor.

The most important projects of the Transformation Plan that will be carried out in 2015 are as follows:

- Roll-out of the Capital Planning Framework.
- Design and launch of a Recoveries Plan.
- Introduction of the internal liquidity adequacy assessment process.
- Development of a credit limit scale allowing risk-adjusted returns to be optimised within the risk appetite thresholds determined by the Board of Directors.



RESPONSIBLE MANAGEMENT

“To be the best bank, we must achieve sustained profitability, which depends on satisfied customers, engaged teams, controlled risk and social recognition”.

José Ignacio Goirigolzarri



OUR COMMITMENT

"An enterprise cannot be sustained without social recognition, which comes from a particular way of conducting oneself, a particular way of doing things".

José Ignacio Goirigolzarri





Bankia has defined its vision, mission and values with the aim of setting a direction and establishing a pattern of behaviour that will become our trademark, while ensuring that the necessary resources are available to enable us to complete the journey which we, Bankia's workforce, must make together.

BANKIA'S BUSINESS STRATEGY AND MANAGEMENT MODEL REVOLVE AROUND THE BANK'S VALUES, MAKING IT POSSIBLE TO BUILD STRONG AND STABLE RELATIONSHIPS OF TRUST AND TO CREATE VALUE FOR THE BUSINESS AND ITS STAKEHOLDERS.

VISION



WE TAKE A PRINCIPLE-BASED APPROACH IN ORDER TO PROVIDE YOU WITH THE BEST BANKING SERVICE

MISSION



PROVIDE AN EFFICIENT AND HIGH QUALITY SERVICE TO OUR CUSTOMERS



REWARD OUR SHAREHOLDERS COMPETITIVELY



MAKE A POSITIVE CONTRIBUTION TO THE PUBLIC FINANCES



PROVIDE OUR EMPLOYEES WITH OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT



HELP TO IMPROVE THE MARKET'S ASSESSMENT AND PERCEPTION OF THE FINANCIAL SYSTEM

VALUES



PROFESSIONALISM



PROXIMITY



ACHIEVEMENT ORIENTATION



INTEGRITY



COMMITMENT

RESPONSIBLE MANAGEMENT

OUR COMMITMENT

VALUES BECOME ACTIONS AND NEW CHALLENGES FOR THE FUTURE

STAKEHOLDER	WHAT WE HAVE DONE	CHALLENGES
CORPORATE GOVERNANCE	<p>Creation of Lead Director role.</p> <p>Appointment of Chief Executive Officer (CEO).</p> <p>Assessment of Board and Chairman by an independent non-executive director.</p> <p>Measures to make committee structure and composition more efficient.</p>	<p>Continue to adopt corporate governance best practices by monitoring national and international trends and regulations.</p> <p>Provide ongoing training and information to the Board of Directors.</p>
CUSTOMERS	<p>Implementation of new commercial model.</p> <p>Simplification of contracts and of the product catalogue.</p> <p>Focus on customer satisfaction: post-sale surveys, focus groups, pseudo-purchases.</p>	<p>Improve customer satisfaction index.</p> <p>Develop socially and environmentally responsible products.</p> <p>Use new technologies as a means to promote wider access to financial services.</p>
PEOPLE	<p>Active dialogue: focus groups and intranet forums.</p> <p>Training oriented to customers and product and service customisation.</p> <p>Recognition, meetings with the Chairman for the branches with the best service quality score.</p> <p>Internal talent promotion and development: internal appointment to senior management posts.</p>	<p>Create an internal talent development model.</p> <p>Provide flexible training.</p> <p>Create an internal management talent pool and a succession plan for strategic business positions.</p>
SHAREHOLDERS	<p>Compliance with Strategic Plan.</p> <p>New communication strategy.</p>	<p>Implement the dividend policy.</p> <p>Strengthen relationships with minority shareholders.</p> <p>Include ESG information in roadshows to institutional investors.</p>
SUPPLIERS	<p>Implementation of procurement management system; e-billing and e-contract.</p> <p>Supplier payment periods.</p> <p>Supplier Service Centre (SAP).</p> <p>Supplier portal.</p> <p>Supplier surveys.</p>	<p>Quality surveys.</p> <p>Service commitment letters.</p> <p>Obtain UNE-CWA 15896 certification for procurement management system.</p> <p>Establish specific rules of conduct for the procurement function.</p> <p>Approve the responsible procurement policy.</p>
SOCIETY	<p>Implementation of projects that are close to the branches.</p> <p>Encouragement given to volunteering.</p> <p>Support for training and employment.</p> <p>Social housing and social rent fund.</p>	<p>Continue to carry out projects in line with the Bank's social action strategy, especially projects linked to local development and employment.</p>
ENVIRONMENT	<p>Environmental management of work centres.</p> <p>Eco-efficiency.</p> <p>Support for the fight against climate change.</p>	<p>Extend the reach of the ISO 14001 certificate.</p> <p>Develop the strategic eco-efficiency plan (reduce consumption).</p> <p>Reinforce the commitment on climate change.</p>



Bankia's sustainability rests on a long-term view, good corporate governance, responsible business activity and honest behaviour towards all stakeholders (customers, shareholders, employees and society at large).

The commitment to responsible management, driven primarily by the Board of Directors, applies across the entire organisation, affects all areas and so is part of the Bank's overall strategy. With a view to putting that commitment into effect, at the end of 2014 the Responsible Management Committee was created. The main functions of this committee are to define, implement and supervise Bankia's responsible management policy and make the necessary decisions to enable the Bank to accomplish that strategy.

The Responsible Management Committee is linked to the Management Committee through its chairman.

One of the committee's first tasks was to define the responsible management policy, which is an enterprise-level policy that affects all Bankia's activities.

Bankia's responsible management policy constitutes a comprehensive, enterprise-wide frame of reference. It establishes the pillars on which the Bank must cement its relations with stakeholders and informs the policies, action plans and procedures that will translate the Bank's commitments into daily practice.

The responsible management policy is:

- **Realistic:** A frame of reference for the deployment of the rest of the Bank's policies.
- **Enterprise-wide:** comprehensive scope, refers to all of Bankia's activities and applies to all employees.

- **Establishes commitments** towards all stakeholders.

- **Simple and clear.**

- **Specific:** it is deployed in the Bank's projects, goals and indicators.

Bankia's Management Committee itself will be responsible for reviewing the committee's work at regular intervals, to ensure that it remains aligned with the Bank's values and corporate strategy and the requests of the stakeholders with which the Bank has relationships, so as to accomplish Bankia's mission and achieve its vision.



RESPONSIBLE MANAGEMENT

OUR COMMITMENT

► KNOW AND LISTEN

G4-24, G4-25

Bankia's responsible management must embrace not only its stakeholders' needs but also their expectations, acting in accordance with our values and in keeping with economic, social and environmental realities.

Bankia's responsible management model gives special importance to the Bank's relationship with the stakeholders it interacts with in its daily activities. Active listening to stakeholders' needs and expectations is therefore an integral part of the Bank's decision-making processes.

To report on what Bankia does with its stakeholders, six priority groups have been defined:

SHAREHOLDERS

SUPPLIERS

CUSTOMERS

SOCIETY

STAKEHOLDERS

ENVIRONMENT

OUR CORPORATE VALUES
ARE WHAT DEFINE US TO
OUR STAKEHOLDERS



Communication with each group is founded on transparency (knowledge of Bankia's present and future), participation and dialogue (ongoing, two-way communication) and mutual benefit (balanced development and progress, not only economic development).

CHANNELS OF DIALOGUE

G4-26

Bankia has various permanent and two-way dialogue channels in place to actively listen to and engage stakeholders.

The outcome of this dialogue enables us to roll out improvements to our internal processes and provide complete and useful information on Bankia's activity and its sustainable development.

This is achieved following a proprietary methodology founded on the AA1000 Assurance Standard principles of inclusivity, materiality and responsiveness, in addition to the consultation and response processes described in GRI G4-27.

CHANNELS OF DIALOGUE



CUSTOMERS

- Letters and emails from the Chairman
- Branch network
- Customer Service
- Social networks
- 'Bankia Actualidad' (Bankia News) bulletin monthly newsletter
- Corporate websites
- Interviews and surveys
- Specific seminars and event days
- Confidential whistle-blowing channel



SHAREHOLDERS AND INVESTORS

- General Shareholders' Meeting
- Branch network
- Road shows
- International conferences
- Shareholders' Office
- Corporate websites



EMPLOYEES

- People managers
- Intranet
- On-line forums
- Focus groups
- 'Bankia On-line' magazine
- 'Bankia En30segundos' (Bankia in 30 seconds) weekly newsletter
- 'Vivirlo y contarlo' (Live it and share it) publication
- HR People line
- Seminars and event days
- Corporate websites
- Confidential whistle-blowing channel



SUPPLIERS

- Supplier portal
- Supplier Service
- Specialised strategic supplier manager
- Satisfaction surveys
- Corporate websites
- Confidential whistle-blowing channel



SOCIETY

- Branch network
- 'Bankia Actualidad' newsletter (Bankia News) monthly newsletter
- CSR mailbox
- Volunteers' Portal
- Social networks
- Corporate websites
- Annual report



GOVERNING BODIES

- Internal and external workshops
- Meetings with staff
- Emails from the Chairman



RESPONSIBLE MANAGEMENT

OUR COMMITMENT

► MATERIALITY ANALYSIS

G4-20, G4-21

Bankia has made progress in the way in which it engages stakeholders. In 2014, it carried out a consultation process in the different regions served by the bank and contacted individual customers, business customers, shareholders, employees, suppliers and corporate social responsibility experts through interviews, focus groups and surveys to find out first-hand about their concerns regarding the bank.

It carried out a materiality study based on these consultations, analysing each participant's opinions in order to prepare a guide based on the content the interviewees considered was important to know. An independent expert, Cegos Deployment, collaborated in the materiality analysis to bring reliability and transparency to the process.

The opinions expressed and materiality study provide information on what stakeholders consider to be relevant and identify opportunities and areas for improvement to steer the development of new projects.

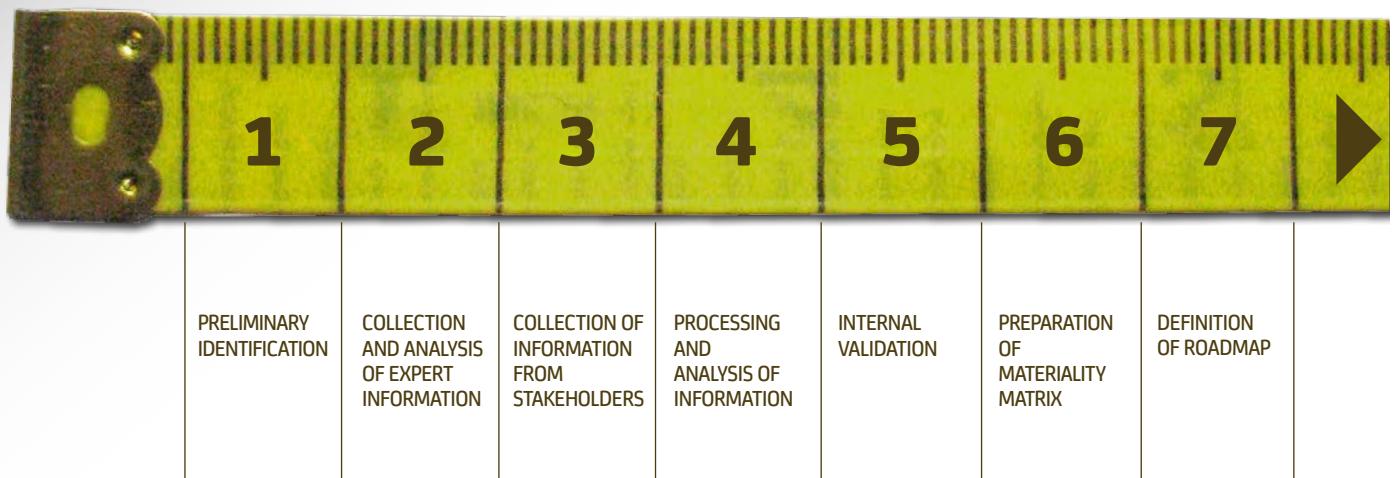
The materiality analysis provides added value as it allows reporting in accordance with the AA1000APS standard and the recommendations set forth in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative.

STAKEHOLDERS

INDIVIDUAL CUSTOMERS	204 TELEPHONE SURVEYS AND 6 FOCUS GROUPS
BUSINESS CUSTOMERS	204 TELEPHONE SURVEYS AND 3 FOCUS GROUPS
SUPPLIERS	2 FOCUS GROUPS AND 201 SURVEYS
EMPLOYEES	3 FOCUS GROUPS
CSR EXPERTS	5 IN-DEPTH INTERVIEWS
SOCIETY	2 FOCUS GROUPS



MATERIALITY ANALYSIS PHASES



RESPONSIBLE MANAGEMENT

OUR COMMITMENT

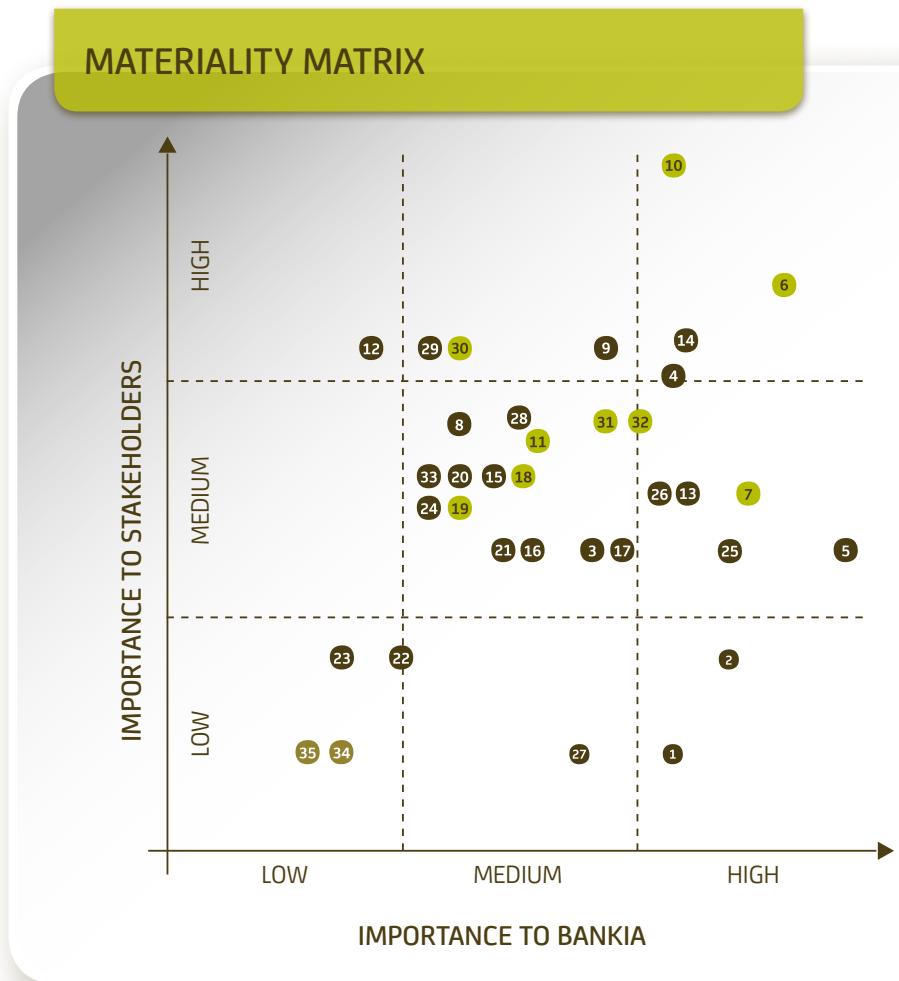


TABLE OF MATERIAL ISSUES

G4-19, G4-27

Nº	MATERIAL OR RELEVANT INFORMATION
1	COMPOSITION OF THE BOARD OF DIRECTORS
2	BEST PRACTICES IN CORPORATE GOVERNANCE
3	EVALUATION OF THE BOARD OF DIRECTORS
4	STRATEGIC PLAN AND FOLLOW-UP
5	BANKIA'S MISSION, VISION AND VALUES
6	BANKIA'S FINANCIAL POSITION (SOLVENCY/ROBUSTNESS OF FINANCIAL POSITION)
7	BANK'S SOCIAL IMPACT. ADDED VALUE GENERATED BY BANKIA
8	RECOGNITION OF PAST ERRORS AND DESCRIPTION OF PROCEDURES AND INTERNAL CONTROLS IN PLACE AT THE BANK TO AVOID THEM REOCCURRING
9	REPAYMENT OF STATE AID RECEIVED BY BANKIA
10	RESPONSIBLE MARKETING PROCESSES IN BRANCH NETWORK
11	USE OF SAVINGS DEPOSITED (SOCIALLY RESPONSIBLE INVESTMENT, SRI)
12	WHERE DOES THE BANK SERVE AND WHAT RELATIONSHIPS DOES IT HAVE WITH COMPANIES IN CERTAIN SECTORS (FINANCING OF ARMS, ACTIVITIES INVOLVING A HIGH RISK OF CONTAMINATION, NUCLEAR ENERGY, ETC.)
13	CUSTOMER FOCUS AND SERVICE
14	TRANSPARENCY OF INFORMATION IN THE PROCESS OF MARKETING PRODUCTS AND SERVICES
15	RESPONSIBLE ADVERTISING
16	MONEY LAUNDERING PREVENTION (CUSTOMER TRANSACTIONS IN TAX HAVENS)
17	STAFF'S COMMITMENT TO BANKIA'S FUTURE PROJECT
18	PROFESSIONALISM OF OUR STAFF (CAREER PLANS, DEVELOPMENT, ETC.)
19	EQUAL OPPORTUNITIES AND WORK-LIFE BALANCE
20	MECHANISMS FOR DIALOGUE WITH CUSTOMERS, EMPLOYEES, SUPPLIERS AND SOCIETY IN GENERAL
21	DIALOGUE AND RELATIONS WITH SHAREHOLDERS AND INVESTORS
22	POLICIES FOR CONTRACTING AND PAYING SUPPLIERS
23	SUPPLIER EVALUATION AND CONTRACTING CRITERIA
24	TRANSPARENT COMMUNICATION OF CRITERIA FOR AWARDING CONTRACTS
25	CODE OF ETHICS AND CONDUCT
26	ETHICS COMMITTEE AND WHISTLE-BLOWING CHANNEL (PROCEDURE AND DATA)
27	ETHICAL PRACTICES FOLLOWED IN RELATIONS WITH CUSTOMERS, STAFF, SUPPLIERS, ETC.
28	TAX ETHICS: BANKIA'S FULFILMENT OF ITS TAX OBLIGATIONS
29	HOW BANKIA PROVIDES ACCESS TO ITS FINANCIAL SERVICES (BRANCH CLOSURES, CUSTOMER SERVICES, ETC.)
30	SUPPORT TO SPECIFIC GROUPS (REFINANCING, MICROLOANS, SMES, YOUNG PEOPLE, CUSTOMERS, ETC.)
31	BUDGET EARMARKED FOR SOCIAL ACTION (SOCIAL HOUSING, DONATIONS, ETC.)
32	SOCIAL INITIATIVES CARRIED OUT (SOCIAL HOUSING, DONATIONS, ETC.)
33	INNOVATION PROJECTS
34	RECYCLING, ENERGY SAVING, ETC.
35	MEASURES TO FIGHT CLIMATE CHANGE

RESPONSIBLE MANAGEMENT

OUR COMMITMENT



BANKIA IS A SIGNATORY OF THE UNITED NATIONS GLOBAL COMPACT. THE TABLE BELOW PROVIDES DETAILS OF THE DOCUMENTS AND AREAS IN WHICH THE GLOBAL COMPACT'S PRINCIPLES ARE APPLIED.

PRINCIPLE 1

BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS WITHIN THEIR SPHERE OF INFLUENCE.

- Corporate governance
- Code of Ethics and Conduct
- 2012-2015 Strategic Plan
- Business model
- Global risk management
- Financing of controversial sectors
- Environmental and social risk management
- Social action strategies

PRINCIPLE 2

BUSINESS SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

- Code of Ethics and Conduct
- 2012-2015 Strategic Plan
- Business model
- Financing of controversial sectors

PRINCIPLE 3

BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING.

- Code of Ethics and Conduct
- 2012-2015 Strategic Plan

PRINCIPLE 4

BUSINESSES SHOULD UPHOLD THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR.

- Code of Ethics and Conduct

PRINCIPLE 5

BUSINESSES SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR.

- Code of Ethics and Conduct

PRINCIPLE 6

BUSINESSES SHOULD UPHOLD THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION.

- Corporate governance
- Code of Ethics and Conduct
- 2012-2015 Strategic Plan

PRINCIPLE 7

BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

- Code of Ethics and Conduct
- Global risk management
- Environmental and social risk management

PRINCIPLE 8

BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

- Code of Ethics and Conduct
- Collaboration with stakeholders

PRINCIPLE 9

BUSINESSES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

- Code of Ethics and Conduct
- Ecoefficiency plans

PRINCIPLE 10

BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY.

- Corporate governance
- Code of Ethics and Conduct
- 2012-2015 Strategic Plan
- Regulatory compliance: crime risk prevention and anti-money laundering and terrorist financing policies

INITIATIVES AND FORUMS OF WHICH BANKIA IS A MEMBER



FINANCIAL EDUCATION PLAN OF
THE CNMV AND BANK OF SPAIN



SPAINSIF (SOCIALLY RESPONSIBLE
INVESTMENT) PLATFORM



CARBON
DISCLOSURE PROJECT



FORÉTICA
(ETHICS AND CSR INITIATIVE)



DIVERSITY CHARTER



SERES FOUNDATION



LEALTAD FOUNDATION

RECOGNITION AND AWARDS



CORPORATE GOVERNANCE



THE BOARD OF DIRECTORS
HAS **11 MEMBERS**



22 MEETINGS OF THE
BOARD OF DIRECTORS IN 2014



BOARD MEMBER
TERM OF OFFICE: **4 YEARS**



ANNUAL EVALUATION
OF THE BOARD OF DIRECTORS



► CHANGES TO THE CORPORATE GOVERNANCE MODEL

Bankia complies with the best national and international corporate governance practices. At the 2014 General Meeting, shareholders approved a raft of amendments to the by-laws and regulations, including a number of developments laid down in subsequent legal reforms approved at the end of the year and some of the recommendations set out in the new Code of Good Governance for listed companies published by the CNMV in February 2015.

Bankia's governing bodies are the General Meeting of Shareholders and the Board of Directors, as well as the standing committees: the Audit and Compliance

Committee, the Appointments Committee, the Remuneration Committee, the Risk Advisory Committee and the Board Risk Committee. On 22 October 2014, the Board resolved to disband the Appointments and Remuneration Committee and created a separate Appointments Committee and a Remuneration Committee.

On 25 June and following the former Appointments and Remuneration Committee's recommendation, Bankia's Board of Directors voted to appoint José Sevilla as the new CEO, and Antonio Ortega – General Director of People, Organisation and Technology – as a new executive director.

BANKIA'S BOARD OF DIRECTORS COMPRISES:

**3 EXECUTIVE DIRECTORS AND
8 INDEPENDENT DIRECTORS.**



RESPONSIBLE MANAGEMENT CORPORATE GOVERNANCE

MANAGEMENT COMMITTEE

The Management Committee has been expanded to seven members with the addition of the heads of Retail Banking, Fernando Sobrini, and of Business Banking, Gonzalo Alcubilla.



Its members are: ① **José Ignacio Goirigolzarri**, Bankia's Chairman; ② **José Sevilla**, CEO; ③ **Antonio Ortega**, executive director and General Director of People, Organisation and Technology; ④ **Miguel Crespo**, Secretary to the Board of Directors; ⑤ **Amalia Blanco**, Deputy General Director of Communication and External Relations, ⑥ **Fernando Sobrini**, Deputy General Director of Retail Banking, and ⑦ **Gonzalo Alcubilla**, Deputy General Director of Business Banking.



These changes represent another step in bolstering Bankia's corporate governance, paving the way to achieve the objectives for transforming the bank and further engaging the bank's general directors in the decision-making process.

Milestones reached in developing best corporate governance practices are as follows:

- In June 2013, shareholders at the General Meeting voted to create the figure of lead director, boosting the power of the independent directors on the Board of Directors and acting as a counterweight to the Chairman's executive profile. The lead director will be appointed for a term of three years and cannot be re-elected for a successive term.

- The lead director is responsible for channelling any questions or concerns received from external directors and he/she may request the Board convene and include items on the agendas of board meetings.

MEASURES TO STRENGTHEN CORPORATE GOVERNANCE

- 1** SHORTENING OF BOARD MEMBERS' TERMS OF OFFICE TO FOUR YEARS
- 2** DIRECTORS SERVING FOR 12 YEARS WILL NO LONGER BE CONSIDERED INDEPENDENT
- 3** NON-EXECUTIVE DIRECTORS MAY ONLY GRANT PROXIES TO ANOTHER DIRECTOR IN ACCORDANCE WITH THE LAW
- 4** THE LEAD DIRECTOR WILL HEAD UP THE CHAIRMAN'S PERFORMANCE APPRAISAL
- 5** BOARD MEMBERS HAVE BEEN BOUND BY THE DUTIES OF DILIGENCE AND LOYALTY, AND A REVIEW HAS BEEN PERFORMED OF ANY CONFLICTS OF INTEREST
- 6** THE SPECIFIC POWERS THAT CANNOT BE DELEGATED OF THE GENERAL MEETING OF SHAREHOLDERS AND THE BOARD OF DIRECTORS HAVE BEEN DEFINED, PURSUANT TO THE RECOMMENDATIONS OF THE EXPERT CORPORATE GOVERNANCE COMMITTEE
- 7** MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE, APPOINTMENTS COMMITTEE, REMUNERATION COMMITTEE AND RISK ADVISORY COMMITTEE MUST BE NON-EXECUTIVE DIRECTORS



RESPONSIBLE MANAGEMENT

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

(8 INDEPENDENT / 3 EXECUTIVE DIRECTORS)

22 MEETINGS
IN 2014

José Ignacio Goirigolzarri Tellaecche
Executive Chairman

José Sevilla Álvarez
Chief Executive Officer

Antonio Ortega Parra
Executive Director

Joaquín Ayuso García
Independent Director

Francisco Javier Campo García
Independent Director

Eva Castillo Sanz
Independent Director

Jorge Cosmen Menéndez-Castañedo
Independent Director

José Luis Feito Higuera
Independent Director

Fernando Fernández Méndez de Andés
Independent Director

Alfredo Lafita Pardo
Independent Director Lead Director

Álvaro Rengifo Abbad
Independent Director

Miguel Crespo Rodríguez
Secretary to the Board of Directors



AUDIT AND COMPLIANCE COMMITTEE

(4 INDEPENDENT EXTERNAL DIRECTORS)

Alfredo Lafita Pardo

Chairperson

Joaquín Ayuso García

Jorge Cosmen Menéndez-Castañedo

José Luis Feito Higueraula

16 MEETINGS IN 2014

Supervising the effectiveness of internal control, internal auditing and systems for managing risks.
Overseeing the process of preparing and submitting regulated financial information.
Proposing the appointment of the external auditors and engage appropriately with them.
Assessing compliance with the regulations of the governing bodies and the by-laws, among other responsibilities.

APPOINTMENTS AND REMUNERATION COMMITTEE

(UNTIL 22 OCTOBER)

(4 INDEPENDENT EXTERNAL DIRECTORS)

Joaquín Ayuso García

Chairperson

Francisco Javier Campo García

Alfredo Lafita Pardo

Álvaro Rengifo Abbad

6 MEETINGS IN 2014

General authority to propose and report on remuneration.
Appointing and dismissing directors and senior officers.
Reviewing the remuneration programmes, considering their appropriateness and utility.
Ensuring transparency on remuneration and remuneration policy.

APPOINTMENTS COMMITTEE

(AS FROM 22 OCTOBER)

(4 INDEPENDENT EXTERNAL DIRECTORS)

Joaquín Ayuso García

Chairperson

Francisco Javier Campo García

Alfredo Lafita Pardo

Álvaro Rengifo Abbad

1 MEETINGS IN 2014

General authority to propose and report on appointments matters and removal of directors and senior managers.
Evaluating the necessary competencies, ability, diversity and experience in the Board of Directors.
Deciding on the functions and skills needed by candidates to fill vacancies. Evaluating the time and dedication needed to effectively perform duties.
Examining and organising succession plans in the governing bodies.

REMUNERATION COMMITTEE

(AS FROM 22 OCTOBER)

(4 INDEPENDENT EXTERNAL DIRECTORS)

Eva Castillo Sanz

Chairperson

Joaquín Ayuso García

Jorge Cosmen Menéndez-Castañedo

Alfredo Lafita Pardo

0 MEETINGS IN 2014

General proposal-making and reporting powers on matters relating to the remuneration and other contractual terms and conditions of directors and senior officers.
Reviewing the remuneration programmes, considering their appropriateness and outcomes.
Ensuring transparency on remuneration and the remuneration policy.

RISK ADVISORY COMMITTEE

(3 INDEPENDENT EXTERNAL DIRECTORS)

Francisco Javier Campo García

Chairperson

Fernando Fernández Méndez de Andés

Eva Castillo Sanz

6 MEETINGS IN 2014

Advising the Board of Directors on the bank's general risk appetite and strategy. Overseeing the pricing policy.
Presenting risk policies.
Proposing the risk control and management policy of the bank and the group, by way of the Individual Capital Adequacy Assessment Report (ICAAR).

BOARD RISK COMMITTEE

(4 DIRECTORS)

José Sevilla Álvarez

Chairperson

Fernando Fernández Méndez de Andés

Francisco Javier Campo García

Eva Castillo Sanz

37 MEETINGS IN 2014

Establishing and supervising compliance with the bank's risk control mechanisms.
Approving material transactions and establishing global limits.

RESPONSIBLE MANAGEMENT

CORPORATE GOVERNANCE

**BANKIA HAS A MANUAL
OF PROCEDURES FOR
EVALUATING THE SUITABILITY
OF BOARD MEMBERS, GENERAL
DIRECTORS AND SIMILAR
OFFICERS AND KEY PERSONNEL
AT BANKIA, S.A.**

Once a year and under the guidance of the lead director, the Board of Directors also assesses the Chairman's performance based on a report by the Appointments Committee.

► EVALUATION AND PERFORMANCE

The Chairman of the Board of Directors organises and coordinates alongside the chairperson of the Audit and Compliance Committee and the chairperson of the Appointments Committee, regular appraisals of Board members, which are carried out by an independent expert selected from among leading firms in the market.

CONTENT OF TRAINING PROVIDED

CORPORATE GOVERNANCE AND BOARD MEMBER RESPONSIBILITIES

RISK TOLERANCE

MARKETING SYSTEMATICS

BUSINESS INTELLIGENCE

TALENT MANAGEMENT

EMPLOYMENT FRAMEWORK AND REMUNERATION POLICY

INFORMATION SECURITY

► TRAINING

2014 saw the start of a process to increase Board members' knowledge of economic and social matters, with a schedule of regular training sessions being drawn up, the content of which will be modified according to:

- The needs of Board members;
- Possible regulatory requirements; and
- Recommendations related to best practices in this area.

BOARD OF DIRECTORS' REMUNERATION

*(THOUSANDS OF EUROS)

NAME	SALARY	FIXED REMUNERATION	PER DIEMS	SHORT-TERM REMUNERATION	LONG-TERM REMUNERATION	FEES FOR SITTING ON BOARD COMMITTEES	INDEMNITY PAYMENTS	OTHER ITEMS	TOTAL, 2014	TOTAL, 2013
JOSÉ IGNACIO GOIRIGOLZARRI TELLACHE	498	0	0	0	0	0	0	2	500	500
JOSÉ SEVILLA ÁLVAREZ	495	0	0	0	0	0	0	5	500	500
ANTONIO ORTEGA PARRA	500	0	0	0	0	0	0	0	500	500
JOAQUÍN AYUSO GARCÍA	0	100	0	0	0	0	0	0	100	100
FRANCISCO JAVIER CAMPO GARCÍA	0	100	0	0	0	0	0	0	100	100
EVA CASTILLO SANZ	0	100	0	0	0	0	0	0	100	100
JORGE COSMEN MENÉNDEZ-CASTAÑEDO	0	100	0	0	0	0	0	0	100	100
JOSÉ LUIS FEITO HIGUERUELA	0	100	0	0	0	0	0	0	100	100
FERNANDO FERNÁNDEZ MÉNDEZ DE ANDÉS	0	100	0	0	0	0	0	0	100	100
ALFREDO LAFITA PARDO	0	100	0	0	0	0	0	0	100	100
ÁLVARO RENFIGO ABAD	0	100	0	0	0	0	0	0	100	100

► REMUNERATION OF THE BOARD OF DIRECTORS

With regard to remuneration, while the bank continues to receive public aid, the caps on remuneration stipulated in Royal Decree-Law 2/2012 of 3 February, Ministerial Order ECC/1762/2012 of 3 August and Law 10/2014 of 26 June will remain in force.

All remuneration of Board members not performing executive duties is therefore capped at 100,000 euros per annum for all components of their pay. Moreover, no consideration is paid by way of fees for attending meetings of the Board or the standing committees.

Executive director remuneration is capped at 500,000 euros for all considerations, including compensation from within the group, while their variable remuneration cannot exceed 60% of this amount.

As proposed by the Remuneration Committee, Bankia's Board of Directors has identified targets that must be met

for entitlement to variable remuneration, giving priority to fulfilment of the Restructuring Plan and defining the parameters for adjusting the types of risks affecting the bank's risk profile, taking into account the cost of capital and liquidity required.

Express approval is required from the Bank of Spain before variable remuneration can be paid, which if approved, will be settled three years after it is accrued, pursuant to prevailing rules.

Each year, the Board of Directors approves the remuneration policy, which sets out the criteria and basis on which board remuneration is calculated. This policy is put before the General Meeting of Shareholders and submitting to an advisory vote and as a separate point on the agenda.

The report includes complete, clear and comprehensible information on the board remuneration policy approved by the Board during the corresponding year, as well as any policy planned for future years.

► CONFLICTS OF INTEREST

The mechanisms in place at the bank to detect and deal with possible conflicts of interest include the following:

- Directors must disclose to the Board of Directors any conflict they may have with Bankia's interests, and refrain from attending meetings and participating in deliberations affecting matters in which the director or person related thereto, is personally interested.
- Directors must also declare any direct or indirect ownership interest which either they or persons related to them hold in the share capital of companies engaging in an activity that is identical, similar or complementary to the activity constituting the corporate purpose of the bank, and shall give notification of the positions held or duties discharged thereat.
- Directors must make a first declaration of any conflicts of interest upon taking office. This declaration must be updated immediately whenever any of the declared situations are changed or terminated or new situations appear.

RESPONSIBLE MANAGEMENT

CORPORATE GOVERNANCE

► CORPORATE INTEGRITY

CODE OF ETHICS AND CONFIDENTIAL WHISTLE-BLOWING CHANNEL

THE BANKIA GROUP AVALS OF A CODE OF ETHICS AND CONDUCT, APPROVED BY THE BOARD OF DIRECTORS ON 28 AUGUST 2013. THE CODE SETS OUT THE RULES AND CRITERIA ON PROFESSIONAL CONDUCT THAT MUST BE ADHERED TO AND APPLIED BY ALL THE BANK'S STAFF AND OFFICERS AND ACROSS ALL THE BANKIA GROUP'S ACTIVITIES AND BUSINESSES.

The objectives of the Code of Ethics and Conduct are as follows:

1

REGULATE PERMITTED AND PROHIBITED CONDUCT BY THE BANK.

2

ESTABLISH THE GENERAL ETHICAL PRINCIPLES AND RULES THAT SHOULD GUIDE HOW THE GROUP AND AFFECTED STAFF SHOULD BEHAVE TOWARDS EACH OTHER AND IN THEIR DEALINGS WITH CUSTOMERS, PARTNERS, SUPPLIERS AND, GENERALLY, ANY PERSON OR PUBLIC OR PRIVATE ENTITY WITH WHICH THE GROUP HAS A DIRECT OR INDIRECT RELATIONSHIP

3

IMPOSE STANDARDS OF ETHICAL CONDUCT AND CORPORATE INTEGRITY AS AN ESSENTIAL REQUIREMENT FOR GAINING AND MAINTAINING THE TRUST AND RESPECT OF INSTITUTIONS, WHICH ANYONE WITH ANY TYPE OF PROFESSIONAL CONNECTION TO THE BANKIA GROUP MUST FULFIL.

884
EMPLOYEES
RECEIVED TRAINING
ON CODE OF ETHICS
AND CONDUCT

The most relevant aspects covered by Bankia's Code of Ethics are as follows:

BANKIA GROUP ETHICAL VALUES AND PRINCIPLES

Commitment, integrity, professionalism, proximity and a performance-focused approach.

CORPORATE ETHICS

The Code establishes the values that must guide relations between the Bankia Group and its staff, customers, suppliers and society as a whole. In particular, the Bankia Group prevents institutional conflicts of interest using Chinese walls to ensure non-public information on its investment decisions and other activities obtained through its relations with customers, suppliers or privileged institutional relations cannot be used in an abusive or illegal manner.

ETHICS AND INTEGRITY IN MARKET DEALINGS

In order to ensure this ethical commitment is adhered to, a raft of policies, procedures and controls has been put in place to guarantee compliance with relevant international standards. In particular, policies are in place to avoid market manipulation and the use of insider information, and to encourage free competition and transparency in the information provided to the market.

ETHICAL STAFF

It is absolutely prohibited to:

- (a) accept any kind of gift, gratuity, income or commission in relation to transactions performed by the Bankia Group;
- and (b) influence matters that could give rise to actual or potential conflicts of interest.

Persons subject to the Code of Ethics and Conduct are required to be familiar with it, follow it, and help others to comply with it, which includes reporting through the channels established for this purpose, any indications or proof that the Code has been breached.

In this area, the Audit and Compliance Committee approved the launch of a Confidential Whistle-blowing Channel through which any breaches of the Code of Ethics and Conduct can be reported by email or on line.

This channel has its own regulation signed off by the Audit and Compliance Committee, establishing mechanisms for receiving, filtering, classifying and resolving reports of misconduct submitted, in accordance with the criteria of the Spanish Data Protection Agency.

The aim of the Confidential Whistle-blowing Channel is to provide a single point of contact for the bank's directors, staff and suppliers to report any breaches of the Code of Ethics and Conduct.

This channel is managed by a third party (a specialist firm outside the Bankia Group, currently PwC) and is overseen by the Ethics and Conduct Committee; ensuring all reports of misconduct received are analysed by an independent party and that only those people who are strictly necessary to the investigation and resolution are notified.

The Code of Ethics and Conduct and the Confidential Whistle-blowing Channel are key elements of the crime detection and prevention model.

The Code of Ethics and Conduct is disseminated to Bankia's entire workforce, and the Confidential Whistle-blowing Channel can be accessed via Bankia's corporate website and the staff intranet.

12 SUBMISSIONS RECEIVED IN 2014

THREE CONCERNED QUESTIONS AND NINE REPORTS OF MISCONDUCT

TYPE OF REPORTS OF MISCONDUCT RECEIVED

DESCRIPTION	2013*		2014	
	OPEN	CLOSED	OPEN	CLOSED
Market abuse				
Workplace bullying		1		
Irregular conduct with suppliers		1		
Misappropriation or siphoning off of resources	1		1	
Accounting and auditing aspects			1	
Confidentiality or use of insider information				
Conflicts of interest		1		
Question/Suggestion	1		2	
Falsification of contracts, reports or records				
Infringements regarding securities or equities trading				
Environmental protection				
Information security				
Physical security				
Bribery or corruption				
Infringement of employee rights	1			
Other	2		4	
Total reports of misconduct submitted	0	4	3	9

NATURE OF ACTION TAKEN

CLOSED	2013*	2014
Operational matter		4
Rejected/No grounds	3	
Corrective measures/sanctions/redesign of controls or processes		4
Total closed	3	8

*The Channel was opened at the end of September 2013.

RESPONSIBLE MANAGEMENT

CORPORATE GOVERNANCE

PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM

The Bankia Group actively collaborates with the authorities responsible for overseeing and controlling compliance with Spanish laws designed to prevent the laundering of money from illicit activities and the financing of terrorism, which faithfully transposes the European Union directive on this matter.

On 16 June 2011, the Board of Directors approved the Anti-money Laundering and Financing of Terrorism Policy Manual for the Bankia Group. The manual is constantly updated to bring it into line with legislative developments concerning the prevention of money laundering and the financing of terrorism.

Each affiliate and group responsible for any transactions that could be considered high risk due to its activity and/or type of customer, has a manager and specific manual of anti-money laundering policies and procedures.

The Bankia Group also avails of controls and expert systems contributing to the segmentation of customers, products, transactions and work centres based on their risk level, and helping to detect at an early stage any transactions that may be intended to cover up money laundering, and to comply with regulations on identifying, accepting and knowing customers as part of the due diligence process.

According to legislation, anti-money laundering procedures are examined annually by an independent expert to detect any possible incidents and, if necessary, propose improvements. The results of these examinations and any action plans for improvements must be put before the Board of Directors on completion of the examination.

The Group is aware that the best form of prevention is to inform and raise the awareness of its staff, and therefore places special importance on training in this area, which is provided through annual training plans.



883
EMPLOYEES
RECEIVED TRAINING
ON ANTI-MONEY
LAUNDERING



CRIME RISK PREVENTION

The Reform of the Fundamental Act 10/1995 on the Penal Code, which came into force in December 2010, regulates the criminal liability of bodies corporate, establishing that these entities can extenuate themselves or stand exempt of any liability by establishing “effective measures to detect and prevent crimes that may be committed in the future using the resources or under the auspices of the body corporate” (Art. 31 bis).

The current climate makes it even more necessary for management and employees to act with diligence to strictly and carefully comply with and ensure compliance with internal rules, which are clearly designed to prevent acts that could result in the bank being exposed to crime risk.

As a starting point, the Bankia Group has numerous internal controls in place, set up to mitigate specific risks related to the business and/or to comply with various financial and internal control regulations (anti-money laundering, market abuse, MiFID, personal data protection, Basel, etc.) in order to prevent criminal acts.

It also has a battery of general controls contributing to the prevention of criminal acts, while also encouraging staff and management to adhere to high ethical standards. These controls are also used to detect and deal with breaches of professional conduct rules and criteria, such as the Code of Ethics and Conduct and the Confidential Whistle-blowing Channel.

As delegated by the Board of Directors, the Audit and Compliance Committee approved the Crime Detection and

Prevention Manual, based on prior analysis of a risk map (linking the group's various business areas with types of acts that could result in criminal liability), and the effectiveness of pre-existing controls and the need, if required, to strengthen them or put new control mechanisms in place.

Crime Risk Prevention Rulebook, setting out the general principles for preventing and detecting crime in the group.

The Crime Risk Prevention Officer (who is the Director of Regulatory Compliance, on agreement with the Audit and Compliance Committee) reports to the Ethics and Conduct Committee and the Audit and Compliance Committee on any weaknesses in or areas for improvement of the model to establish corrective measures to guarantee that the model remains up-to-date and an effective tool for preventing use of the bank to commit criminal acts.



The purpose of this manual is to define and implement a crime detection and prevention model. Guidelines have been drawn up to establish the model as a structured and organic control and prevention system that is effective in mitigating the risk of crimes being committed in relation to Bankia's operations. It also provides evidence that Bankia exercises proper control over its business activity, thereby complying with the requirements set forth in the prevailing Penal Code.

This model is regularly reviewed and updated to bring it into line with legislative developments/amendments and changes in the bank, and to detect and redress any anomalies arising over time.

On 25 May 2014, the Audit and Compliance Committee approved the Bankia Group's

Bankia has a Corporate Internal Audit Division, the activity of which is overseen by the Audit and Compliance Committee. The internal audit function is an independent, objective assurance and consulting activity designed to add value and improve the group's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes and information systems. The team also collaborates with the external auditors when they provide audit services and with supervisory bodies to ensure regulatory compliance.

DATA PROTECTION

Bankia has a raft of measures in place – defined in a personal data protection policy – to guarantee appropriate application of the principles and rights of customers regarding data protection: information that must be provided during data collection; duty of confidentiality and safekeeping of data; consent to process data; and exercising of the right to access, rectify or delete data or oppose the handling of personal data.

SHAREHOLDERS

198,427 VISITS



TO THE SHAREHOLDER AND INVESTOR SECTION OF THE CORPORATE WEBSITE



**1,289 PHONE CALLS AND
230 E-MAILS** HANDLED BY THE
SHAREHOLDER'S OFFICE



750 CONTACTS WITH ANALYSTS
AND INSTITUTIONAL INVESTORS FROM
460 DIFFERENT FIRMS



112% INCREASE IN FOREIGN
INSTITUTIONAL INVESTORS IN
THE SHARE CAPITAL

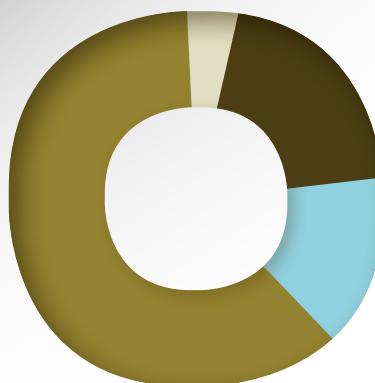


Continuous communication with shareholders became increasingly important in 2014. Bankia is an interesting company for potential shareholders, institutional investors and financial and non-financial analysts, who increasingly demand faster and more direct communication channels to obtain clear, comprehensive and reliable information.

Bankia has therefore incorporated specific social, environmental and governance information into its standard reporting for institutional shareholders in response to the demand for information about these issues.

► SHAREHOLDER PROFILE

MAIN SHAREHOLDERS AS AT 31/12/2014



- INSTITUTIONAL SPAIN **3.86%**
- INSTITUTIONAL FOREIGN **19.60%**
- RETAIL **14.33%**
- BFA 62.21%**

MAIN BANKIA SHAREHOLDERS BY INVESTOR TYPE	% SHARE CAPITAL AS AT 31/12/2013	% SHARE CAPITAL AS AT 31/12/2014	ANNUAL VARIATION (P.P.)
BFA	68.39	62.21	-6.18
Spanish institutional investors	4.09	3.86	-0.23
Foreign institutional investors	9.26	19.60	10.34
Retail investors	18.26	14.33	-3.93

RESPONSIBLE MANAGEMENT SHAREHOLDERS



On 28 February 2014, BFA sold 7.5% of Bankia's share capital (863,799,641 shares). The sale was an accelerated private placement among qualified investors and raised €1,304 million at a price of €1.51 per share. Around 99% was acquired by foreign institutional investors.

In 2014, foreign institutional investors expressed their confidence in Bankia, significantly increasing their positions (+112%).

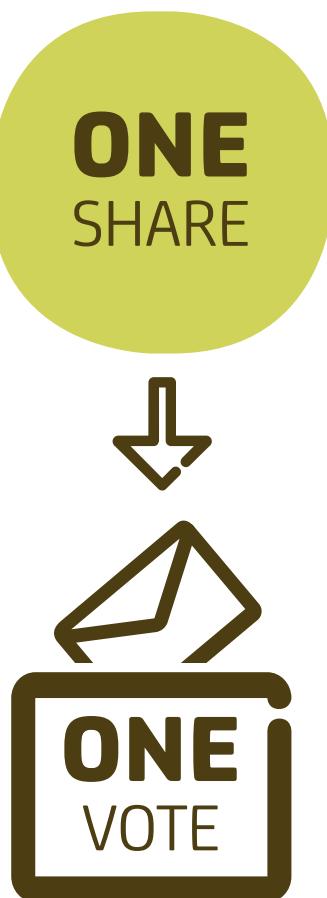
► ATTENDANCE OF THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is Bankia's principal governing body and an essential instrument for direct and participative communication between Bankia and its owners – the shareholders. The General Meeting discusses and adopts different resolutions about the issues on the agenda that are submitted to be approved – in other words resolutions proposed by the Board of Directors or other parties.

It is common practice for listed Spanish companies to make attendance of the meeting conditional upon ownership of a minimum number of shares. To improve corporate governance, Law 31/2014 on capital companies states that the eligibility criteria defined in the bylaws of listed companies for shareholders attendance at the General Meeting may not exceed 1,000 shares. In 2014, the General Meeting agreed to set minimum share ownership requirement to attend the General Meeting at 500 shares.

► COMMUNICATION CHANNELS

Bankia's articulates its commitment to open dialogue with its shareholders and the investor community through different actions and channels, establishing open, continuous and transparent communication.



The senior management and investor relations team had direct contact with more than 750 institutional investors, analysts and managers from around 460 different firms last year, by means of roadshows, international conferences, field trips and visits. All of these were opportunities to present the bank, its strategy and evolution, as well as to clarify any doubts and share opinions.

BANKIA IS PROPOSING A CASH DIVIDEND OF 1.75 CENTS PER SHARE THANKS TO THE RESULTS OBTAINED IN 2014.

Bankia provided its shareholders with material information about the company throughout 2014, by sending SMS messages with quarterly results information and via its real estate newsletter as well as other important financial information accessible via the corporate website and the results webcasts.

The bank's website is another important communication tool with shareholders, especially the "Shareholder Corner" section that includes the investor calendar, information about benefits for shareholders, FAQs and contact details. The structure of the website was improved during the year and its content was continuously updated.

New content was also added, such as:

- The "Equity Analysts" section, with the list of the main analysts that monitor and publish target prices and recommendations regarding the Bankia share
- Key information about the company in the "Who we are" section
- The ratings of the bank's mortgage covered bonds

The Investor Calendar in the Shareholders and Investors section of the company's website provides up-to-date information about Bankia's initiatives with investors and analysts. It openly publishes the documents and presentations provided to participants in these specialist forums and provides access to the webcasts of recordings of the company's main financial events (quarterly and annual results presentations), as well as the chairman's speech at the General Meeting of Shareholders in 2014.

The Shareholder's Office communicates directly and openly with all shareholders. It can be used to obtain information about the group and the Bankia share, the advantages of being a Bankia shareholder, and for making enquiries and obtaining answers to questions and suggestions.

► BENEFITS FOR SHAREHOLDERS*

In 2014, Bankia continued to offer its shareholders a series of exclusive benefits.

Some of the benefits that are accessible via the corporate website are:

- "No Fees" program on the account associated with your securities account.
- Special conditions and discounts on cards: "The Tarjeta Oro at the standard credit card price and the Tarjeta Platinum at the Oro price".
- 15% discount on rewards in the Bankia Dream Points program.
- Exclusive benefits when purchasing real estate owned by the Bankia Habitat group: discounts, access to preferential financing, information about real estate offers, personal advice from real estate managers, etc.

* Consult terms and conditions at bankia.com or at Bankia branches.

► SHAREHOLDER REMUNERATION

The group is proposing a shareholder dividend paid in cash of 1.75 cents per share charged against profits for 2014. This represents a total dividend distribution of €202 million and a payout ratio of 27.0%. This dividend payment will be possible if the profitability targets of the Strategic Plan are achieved.

The dividend is expected to be paid once the proposal has been approved by the bank's General Meeting of Shareholders.

The chairman of Bankia, José Ignacio Goirigolzarri, announced that the Board and the Bankia team are dedicated and committed to rewarding the loyalty of its shareholders, as well as being an additional way of reimbursing Spanish taxpayers.

The possibility of paying a dividend is an important milestone in returning the bank to normality. It means that Bankia is a profitable company, with recurrent and sustainable profits, capable of paying a cash dividend once it has been approved by the authorities.

The shareholder remuneration policy for the coming years is yet to be defined and approved by the corresponding bodies.

CUSTOMERS



**CUSTOMER SATISFACTION INDEX:
80.2%**



**12% INCREASE IN SERVICE
QUALITY ACROSS BRANCH NETWORK**



**1,484 AFTER-SALES SURVEYS
OF PRODUCTS SOLD**



**3,054 ATMS ADAPTED
FOR DISABLED PEOPLE**



**485,595 DOWNLOADS
OF BANKIA'S MOBILE APP**





BANKIA IS ORIENTATING ITS BUSINESS TO WHAT MATTERS: **THE CUSTOMER**

Bankia has demonstrated great aptitude for change, treating its restructuring obligations as a business opportunity, improving efficiency and making its business more customer-focussed, which gives it a competitive advantage in an environment in which the financial sector business model is changing.

This approach to business, designed to provide customers with a more efficient and higher quality service, aligned with their expectations and needs, has led to the implementation of a new sales office model and new business tools, which enables better interaction between Bankia and its customers.

In addition to the above, the company's commitment to training the staff in its sales network has resulted in a more personalised service that is better adapted to the customer.

Bankia has progressively implemented a new sales office model in its retail network to standardise its branches, reinforce the bank's image and optimise the distribution of space. The entrances have been improved, with a larger lobby that houses 24-hour ATMs, while the commercial area has been redesigned to be more comfortable and intuitive for customers. In short, a new type of space has been created that has improved service quality and customer relations.

BRANCH LAYOUT AND DISTRIBUTION



RESPONSIBLE MANAGEMENT

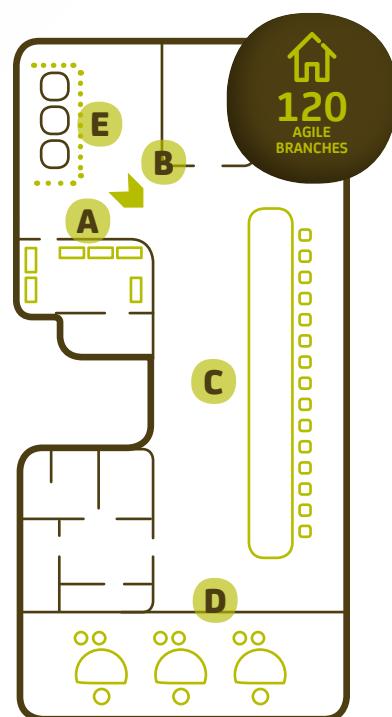
CUSTOMERS

This commitment to get closer to the customer led to the launch of the “agile branch”, a new branch concept to serve customers and non-customers that want

a faster and higher-quality transactional service, with uninterrupted and longer opening times until 6:00 pm, among other initiatives.

DISTRIBUTION AND SPECIFIC RESOURCES

THE DISTRIBUTION OF THE **AGILE BRANCH** IS DESIGNED TO MAKE IT POSSIBLE FOR CUSTOMERS AND STAFF TO PERFORM **SIMPLE TRANSACTIONS QUICKLY**.



AGILE BRANCHES. CONCLUSIONS

BENEFICIAL FOR CUSTOMERS, WHO CAN PERFORM THEIR PROCEDURES IN LESS THAN 10 MINUTES

IT OFFERS BETTER SERVICE TO THE CUSTOMER AND GREATER EFFICIENCY FOR THE COMPANY

IT HELPS BRANCHES IN THE SAME ZONE AS THE AGILE BRANCH, AS THEY CAN DEDICATE MORE TIME TO OFFERING MORE AND BETTER ADVICE TO THEIR CUSTOMERS

344
QUICK GUIDES
EASY TO UNDERSTAND
CONTENT SUMMARIES
COLLABORATION
WITH BRANCH STAFF

Technological improvements that enable transactions to be carried out more efficiently have been made, in addition to the infrastructure improvements to improve service levels, so that staff in the sales network can offer a faster and more efficient service. One of these improvements is NEO (the new branch desktop application), which combines all the necessary commercial management functionalities for our customers.

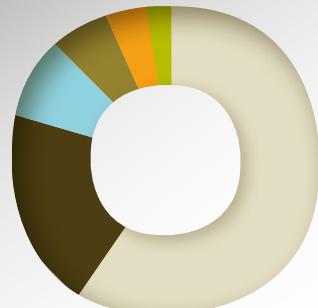
It facilitates the commercial management process by always offering a visual summary of the customer's most important information and contains all the customer's commercial, operational and contract details across every channel.

Another advance is the implementation of the Support Operations Service (SOS), which supplies the sales network with transactional information and makes it easier to access the key information for each process.

In the case of personal and private banking customers, specialist managers are assigned to establish a clear customer-manager relationship. These managers go through training programs (basic-advanced-specialist) to acquire the commercial skills and knowledge to help them understand each customer's specific needs.

Every private banking customer is offered the portfolio advisory or management service that is appropriate for their risk profile, while their transactional business remains at their retail network branch. This collaboration between private banking and the retail network represents a business opportunity that is appreciated by our customers. The work of offering advice and selecting assets is supported by the analysis performed by Bankia's committees specifically created for this purpose, which also draw on specialists from private banking.

PAGES VIEWED IN SOS BY TYPE OF OPERATION



- PRODUCTS AND SERVICES **922,601**
- RECOVERIES **319,698**
- COMMERCIAL MANAGEMENT AND CUSTOMERS **132,624**
- INTERNAL MANAGEMENT **91,010**
- CASH OPERATIONS **67,730**
- EQUIPMENT AND DEVICES **27,494**

146,184
HOURS OF
SPECIFIC
TRAINING

NEO



84.7% OF PERSONAL BANKING CUSTOMERS RATE THEIR LEVEL OF SATISFACTION ABOVE 7 OUT OF 10. SOME 76.5% RATE THEIR LOYALTY WITH THE SAME SCORE, WHILE FOR "CUSTOMER RECOMMENDATION" 74.2% OF THOSE SURVEYED ALSO GAVE A MAXIMUM SCORE OF OUTSTANDING

IN THE FIRST HALF OF 2014, MANAGED CUSTOMER FUNDS INCREASED BY €794 MILLION (+2.4% ANNUALISED)

BANKIA HAS 2,129 PB MANAGERS IN 1,480 BRANCHES (75% OF OUR NETWORK)



THE COMMERCIAL TRUST THAT OUR MANAGERS HAVE GENERATED OVER THE LAST FEW MONTHS MEANS THAT **67.1%** OF PB CUSTOMERS CAN NOW IDENTIFY THEIR MANAGER, **8.5%** MORE THAN DECEMBER 2013

RESPONSIBLE MANAGEMENT

CUSTOMERS

In 2014, more than 1,000 personal banking customers were invited to cultural events as a thank you for their loyalty to Bankia. These included private visits to the latest exhibitions, such as "El Greco: arte y oficio", held in October at the Museo de Santa Cruz; a performance of Beethoven's fifth symphony at the Palau de Barcelona; and sponsorship of the 19th edition of The Ages of Man exhibition.

One of the priority segments in terms of improved service and support is the segment for SMEs, retailers and independent contractors, which makes an important contribution to the Spanish economy and the business sector, by offering them personalised and ongoing advice as well as a differentiated range of products and services.

Bankia is consolidating its role in society by promoting and developing commercial agreements and defining a comprehensive catalogue of products and services, helping to finance small and large companies, retailers, entrepreneurs and independent contractors. These agreements provide a flexible and specialised response to the financial needs of the Spanish business sector. Bankia currently has 85 commercial agreements in place, including with the European Investment Bank (EIB), the Official Credit Institute (ICO), the Ministry of Agriculture, Food and Environment, SGR (AvalMadrid, Iberaval, AvalUnión, Avalia Aragón, etc.), various associations, business federations, etc.

SME PLAN



OBJECTIVE
INCREASE MARKET
SHARE WITH SMEs



INCREASED
LENDING

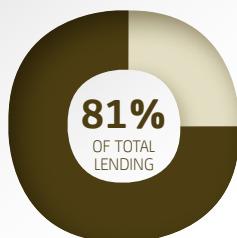


BETTER
SERVICES

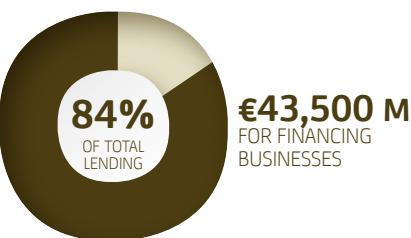


SME MANAGERS
SPECIALISED IN SMEs, THEY ARE
READY TO PROVIDE PERSONALISED
ADVICE ABOUT COMMERCIAL
MANAGEMENT, RISKS, PRODUCTS
AND SERVICES, FINANCIAL AND
ECONOMIC ISSUES AND LEGAL
AND TAX ADVICE

2014



2015



KEY FIGURES

BUSINESS
VOLUME

€5,000 M

TRAINING
HOURS

209
PER MANAGER

PORTFOLIO-ASSIGNED
SME CUSTOMERS

16,000

**SME
MANAGERS**

249



CUSTOMER REQUIREMENT

FINANCIAL ADVICE

SUPPORT, ACCOMPANIMENT AND TRAINING
IN-BRANCH LEADER / SOLUTIONS

EXPAND YOUR BUSINESS

OFFERS THAT ADD VALUE THAT IMPROVE THEIR BUSINESS
APPROPRIATE PRODUCTS AND SERVICES

QUICK ACCESS TO FINANCING

GUIDANCE AND SECURITY
RIGHT PRICE AND PRODUCT

FINANCIAL ADVICE

ADVISE, PROPOSE AND OFFER ALTERNATIVES THAT GENERATE BENEFITS FOR THE CUSTOMER

REDUCE COSTS

GUIDE CUSTOMER TOWARDS PAYING NO FEES

KEY FACTORS (MANAGEMENT MODELS)



PERSONAL MANAGER



DIFFERENTIATED RANGE INDEPENDENT CONTRACTORS' PACK



FINANCING



CROSS-SELLING BANKIA NO FEES FOR SMEs AND INDEPENDENT CONTRACTORS

HOW?

MANAGER



A CUSTOMER THAT CAN IDENTIFY HIS/HER MANAGER SCORES TWICE THE LEVEL OF SATISFACTION
BRANCH MANAGER RESPONSIBLE FOR PORTFOLIOS OF MICRO-ENTERPRISES & RETAILERS.

RANGE OF PRODUCTS AND SERVICES



WE OFFER PRODUCTS AND SERVICES THAT HELP BUSINESSES TO GROW, THROUGH THE **INDEPENDENT CONTRACTORS' PACK**

FINANCING



DIFFERENTIATE PERSONAL FINANCING FROM BUSINESS FINANCING WITH COMPETITIVE PRODUCTS AND PRICING. PROVIDE RAPID RESPONSE AND ADVICE

CROSS-SELLING



CAPTURE OUR CUSTOMERS' BUSINESS ACTIVITIES. GUIDE CUSTOMERS TO BECOME ELIGIBLE FOR THE NO-FEES PROGRAM

Bankia has also supported SMEs and independent contractors during the year through different collaboration agreements as well as attending events and trade shows related to financing, entrepreneurship, start-ups, international trade, the agri-food sector, tourism, etc.

These include trade fairs such as Salón MiEmpresa, designed to allow entrepreneurs and SMEs to exchange experiences and to network with each other, or Forinvest, an international exhibition of financial products and services, investments, insurance, tax issues and technology solutions, which was addressed by José Ignacio Goirigolzarri.

Bankia's branch network has made significant efforts to work with companies that need financing for their import and export activities.

FOREIGN TRADE PROJECT. TRIPLE OBJETIVE



IMPROVEMENT PROCESSES

- 135 SPECIFIC OPERATIONAL POINTS
- REORIENTATION OF OPERATIONS CIRCUITS
- FOREIGN TRADE EXPERT LINE AND NOTIFICATION SERVICE (EMAIL, OFICINA INTERNET FOR BUSINESSES, AND SMS)



EXPAND COMMERCIALISATION CAPABILITIES



UPDATE PRODUCT CATALOGUE

- INTERNATIONAL FORFAITING AND CONFIRMING
- SHORT-TERM "ICO" FACILITY
- "CESCE" LIQUIDITY CERTIFICATES

RESPONSIBLE MANAGEMENT CUSTOMERS



Bankia's support for business customers has also taken the form of various conferences organised with business leaders to enable the bank to provide comprehensive advice and support, incorporating professional experiences and creating a space to share concerns and discuss the latest trends.

A key factor has been to ensure that business centres are able to quickly respond to customers' needs and this has been achieved by offering higher returns, above the market average, and personalised advice.

“INTERNATIONALISATION AND FINANCING” CONFERENCES

With title
“STRATEGIES, CHALLENGES AND OPPORTUNITIES: INTERNATIONALISATION, FINANCING AND BUSINESS EXPERIENCES”, Bankia organises various conferences with businesses throughout Spain.

This initiative aims to generate ideas and solutions based on an analysis of the latest challenges in the economic environment, while sharing companies' innovative strategies to boost their competitiveness.

These conferences tackle three main issues:

INTERNATIONALISATION, FINANCING INNOVATION AND BUSINESS DEVELOPMENT

They highlight the opportunities for Spanish companies facing the challenges of business innovation, financing and internationalisation, allowing participants to discuss ways of supporting companies in the current environment.

TALK ON THE ECONOMIC OUTLOOK

BUSINESS SUCCESS STORIES; HOW, WHEN AND WHERE TO SELL DURING DIFFICULT TIMES. NEW MARKET SCENARIOS





Other major milestones achieved by Bankia Business have been measures to delegate powers, rigorous risk control (classified by levels), a reduction in NPL ratios and control of the cost of risk, the inclusion of "quality" among the objectives of the business centres and branch centralisation, among others.

In 2014, Bankia worked especially hard to unify the plans and funds from the management firms integrated into the Bankia Group, producing a more streamlined product catalogue.

Bankia's funds and managers were recognised during the year by companies such as Morningstar and Allfunds, which awarded their highest ratings to several Bankia Fondos funds. Furthermore several Bankia funds are in the top places of the rankings drawn up by specialist media, such as Expansión.

During 2014, Bankia consolidated an important project to improve its commercial advice and accessibility to financial services

by simplifying its contracts to reflect Bankia's more customer-focused corporate values, which primarily aims to improve transparency and clarity.

The result of this project, which arose from actively listening to our branches and customers, is a better contracting experience with Bankia - more appropriate wording and fewer printed documents and signatures.

KEY FIGURES

NEW CONTRACTING MODEL: SERVICE PROVISION AGREEMENT + RETAIL CUSTOMERS AGREEMENT

LARGER SIZE BANKIA FONT

CLEARER AND MORE UNIFORM LAYOUT

COVERS ALL PRODUCTS AND SERVICES

GENERATES CUSTOMER TRUST AND MORE EFFICIENT SALES PROCESS

ANNUAL SAVING OF 1.2 MILLION PAGES

BENCHMARK CONTRACTING MODEL IN THE SECTOR

PREVIOUS CONTRACTING

30 PAGES
4 SIGNATURES

-26 PAGES (-87%)
-3 SIGNATURES (-75%)

4 PAGES
1 SIGNATURE

BANKIA CONTRACTING

WE HAVE SIMPLIFIED
195 AGREEMENT FORMS

WE HAVE REVIEWED
1,028 DEMAND AND TERM PRODUCTS, CREDIT AND DEBIT CARDS, CHANNELS

RESPONSIBLE MANAGEMENT CUSTOMERS

Various initiatives have been launched with customers (focus groups, surveys, etc.) to strengthen the listening process and improving the contracting process so that prior to launching a new product or starting a promotion or sales campaign, a pre-test is carried out and improvements/suggestions can be included once the customers' real requirements have been tested and passed on to the bank.

A range of improvement initiatives were identified from customers' suggestions related to marketing and communication processes with customers. In 2015, Bankia

will launch a process to streamline its communication channels that will allow media and supports to be continuously improved and aligned with the needs expressed by its customers (for example, greater use of email).

Bankia is firmly committed to complying with and applying the principles and standards that govern bank advertising to improve communications with our customers. All commercial communications issued by the bank comply with standards on accuracy, objectivity, fidelity and honesty.

Nº OF AFTER-SALES PRODUCT SURVEYS



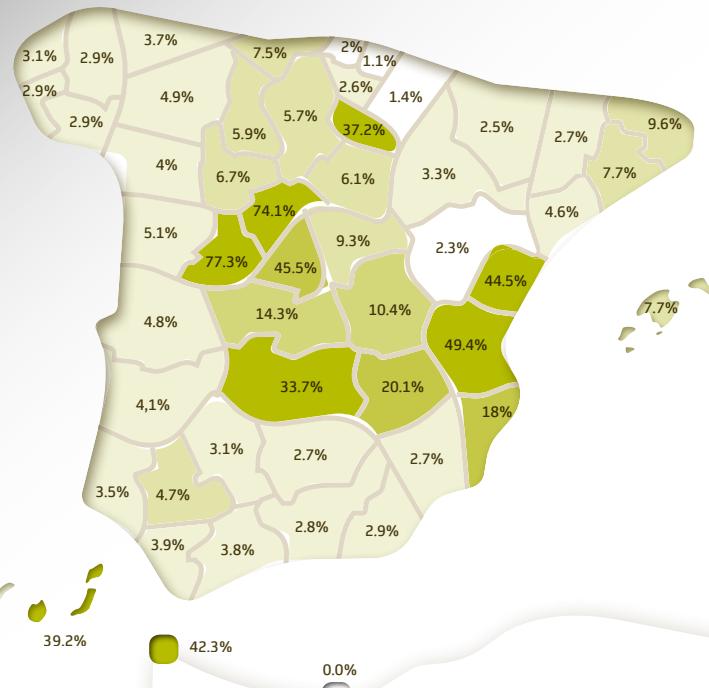
MARKETING OF FUNDS	299
MARKETING OF FUNDS (TARGET RETURN)	184
MARKETING OF INSURANCE	601
MARKETING OF CARDS	400



The bank's commitment to the aforementioned values is reflected in:

- 1.** The existence of a commercial communications policy for customers, approved by the board of directors, which includes the obligatory principles, criteria and standards applicable to the process of creating and implementing the bank's advertising.
- 2.** Bankia's membership of Autocontrol, an independent association for advertising self-regulation.

MAP OF MARKET SHARE



ACTIVE CUSTOMERS BY POPULATION SIZE

INHABITANTS	DEC. 2013	DEC. 2014
<2,000	4.31%	4.45%
<=5,000	6.62%	7.13%
<=10,000	8.64%	9.63%
<=20,000	6.84%	7.84%
<=50,000	10.98%	12.93%
<=100,000	14.11%	16.35%
<=500,000	13.27%	15.74%
>500,000	26.99%	29.78%



RESPONSIBLE MANAGEMENT

CUSTOMERS

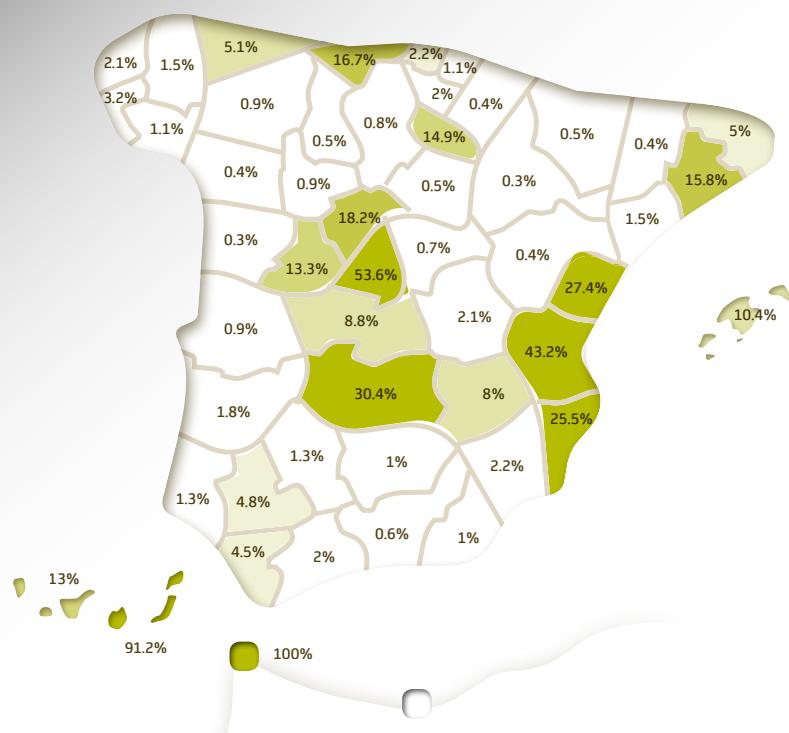
Bankia uses technology to better serve its customers and has been developing the "Cuando Quieras" Plan, based on a multi-channel approach since 2013. The goals of the plan are:

- Free-up transactional tasks, using this time for higher value commercial activities.
- Adopt a proactive attitude and inform customers about greater use of all channels.
- Improve customers' perception of their experience with the bank.

The main purpose is to encourage use of the following channels and operations:

- **ATMs:** updating bank books, withdrawals, paying-in funds, transfers, and transferring and paying bills.
- **Internet Banking:** enquiries, transfers, and transferring and paying bills.
- **Mobile Banking:** enquiries, transfers, and transferring and paying bills.
- **Telephone Banking:** enquiries, transfers, and transferring and paying bills.

PERCENTAGE OF BRANCHES IN EACH PROVINCE



NUMBER OF BRANCHES AND ATMS IN LESS POPULATED AREAS

INHABITANTS	DISTRIBUTION OF THE BRANCH NETWORK BY POPULATION CENTRE 31/12/2014
<2,000	3.96%
<=5,000	4.78%
<=10,000	6.07%
<=20,000	5.30%
<=50,000	10.44%
<=100,000	11.73%
<=500,000	23.35%
>500,000	34.36%

NUMBER OF BRANCHES AND ATMS IN LESS POPULATED AREAS IN 2014

BRANCHES IN LESS POPULATED AREAS	288
ATMS IN LESS POPULATED AREAS	587



Transactions can be performed whenever and wherever, without waiting.

The company's ATMs are in the process of being renewed to give them all of the functionality currently available in the market (paying-in cash online, bill payments with return of coins, contactless, etc.). All ATMs have larger size touch screens, making them easier to use. Physical security measures have also been reinforced (anticopy devices) to combat fraud, which Bankia is developing as part of its continuous improvement process.



RESPONSIBLE MANAGEMENT CUSTOMERS

TELEPHONE BANKING

CUSTOMERS

4,425,488

TRANSACTIONS
40,110,854

INTERNET BANKING

CUSTOMERS

3,983,055

TRANSACTIONS
1,126,023,743

MOBILE BANKING

CUSTOMERS

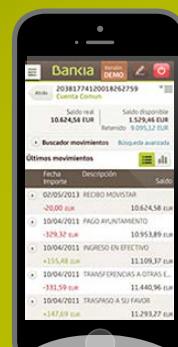
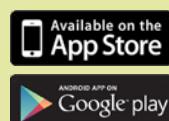
762,306

TRANSACTIONS
568,230,019

OFICINA MÓVIL BANKIA



DOWNLOAD
OUR APP



ENTER VIA
YOUR
BROWSER AT
m.bankia.es

WITH MOBILE BANKING YOU CAN CARRY OUT THE MAJORITY OF THE OPERATIONS AVAILABLE IN INTERNET BANKING, AT ANY TIME AND FROM ANY LOCATION:

MAKE TRANSFERS

TRANSFER A CARD BALANCE TO AN ACCOUNT
TOPPING UP A MOBILE PHONE

MAKE CONTRIBUTIONS TO INVESTMENT FUNDS AND PENSION PLANS

CONSULT, DOWNLOAD AND ARCHIVE YOUR ELECTRONIC CORRESPONDENCE

FINANCE TRANSACTIONS VIA THE FINANEXPRESS SERVICE.



The new Oficina Internet for businesses was launched in 2014, with universal improvements to the technology, browsing design and quality, with a new customer orientated interface; a uniform, modern and practical image, and a product-focused browsing experience.

Bankia also improved customer accessibility to its financial services offering alternative solutions to physical branches in those areas where there are no branches, because they are outside of our traditional network or are difficult to access, by using “Ofibuses” (travelling branches) and strategically located ATMs.

NUMBER OF “OFIBUSES”

AUTONOMOUS REGION	NUMBER OF “OFIBUSES”	MUNICIPALITIES THAT THEY SERVE
CASTILLA Y LEÓN	5	159
CASTILLA-LA MANCHA	1	18
REGION OF VALENCIA	2	64
MADRID	1	35
LA RIOJA	2	46
GENERAL TOTAL	11	322

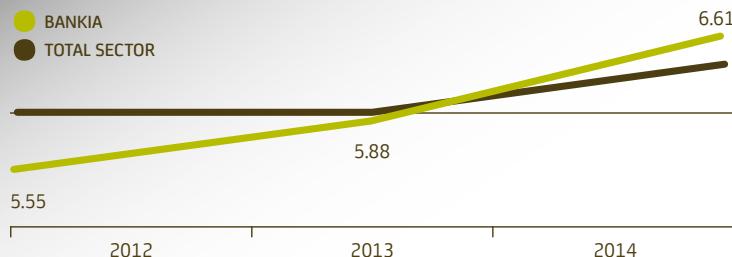
SERVICE QUALITY: CENTRAL TO OUR ACTIVITY

Quality measurements are taken as part of Bankia's Quality Plan, which helped to improve the customer's experience and the customer's level of satisfaction with the bank. The goal is to listen to customers' opinions about the issues that have the greatest impact on its commercial activities. The results obtained enable strengths to be identified and improvement actions to be defined.

One of the techniques used by Bankia to measure service quality in the branch network includes "mystery shopping", which is managed by a third party company that pretends to be a customer, visiting branches without warning. This project enables target quality levels to be compared to the sector and internal improvements to be made to those aspects considered necessary. The results obtained during 2014 show an improvement of more than 12%, ranking the bank above the sector average and the majority of its main competitors.

Another important project worth highlighting is the control established to ensure compliance with Bankia's values (professionalism, integrity, commitment, proximity and focus on achievement) throughout the whole process of selling products and services to customers.

SCORE OF BANKIA'S COMMERCIAL PERFORMANCE MEASURED BY MYSTERY SHOPPING

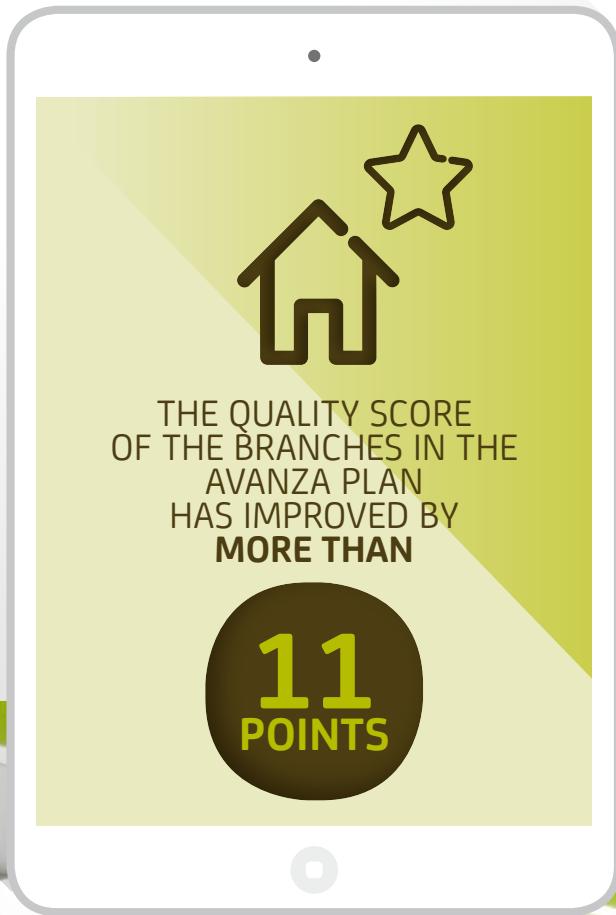


COMPARISON OF BANKIA WITH THE SECTOR

BANK 1	7.32
BANK 2	7.16
BANK 3	7.05
BANKIA	6.61
BANK 4	6.56
TOTAL SECTOR	6.29
BANK 5	6.20

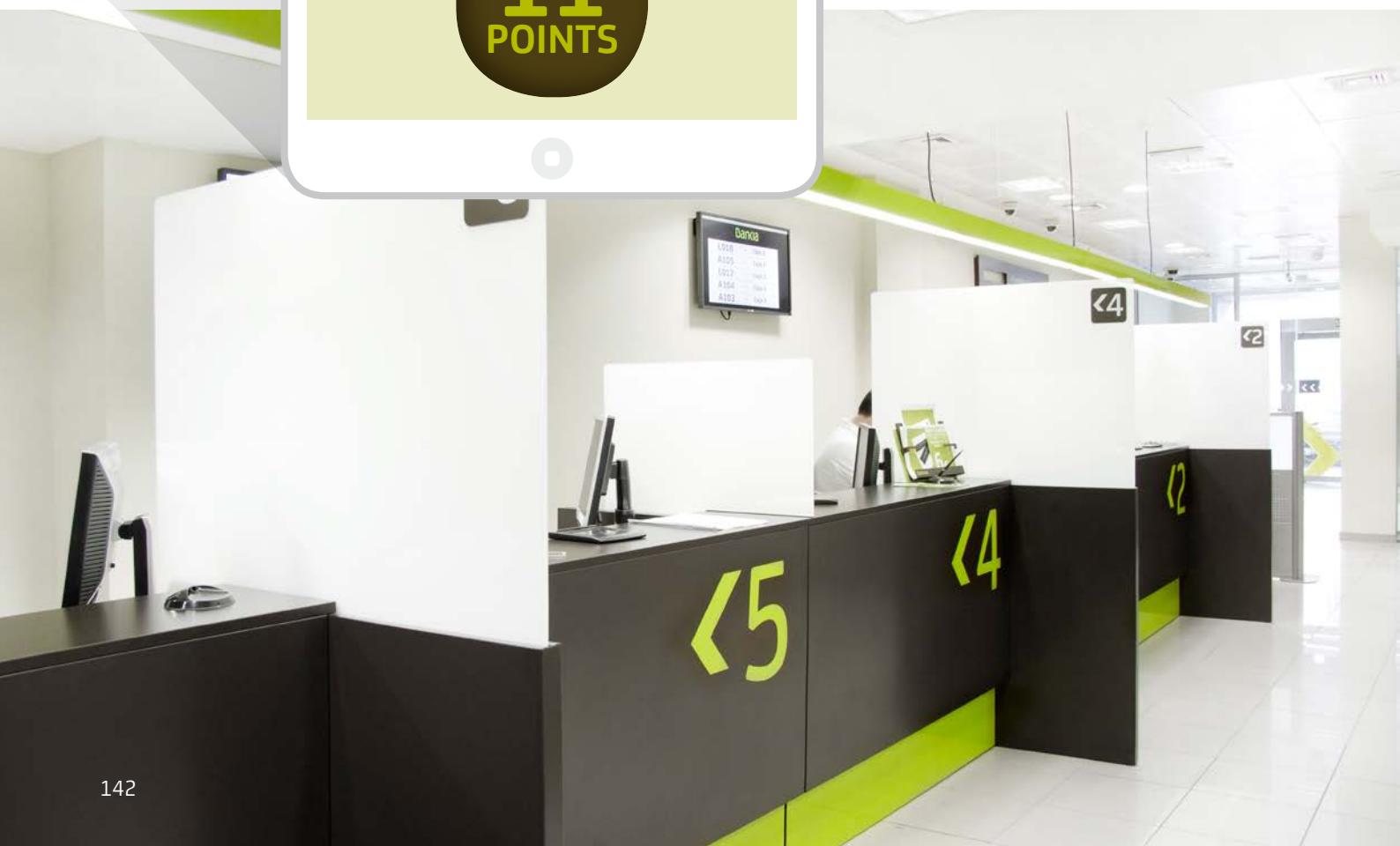


RESPONSIBLE MANAGEMENT CUSTOMERS



All of this is reflected in the Quality Scorecard designed in 2014, which enables stakeholders' perceptions of Bankia to be regularly monitored (customers, employees, society, shareholders and suppliers, via specific indicators).

Regular monitoring of these indicators allows permanent improvements to be defined for the bank's processes and/or management methods; to identify outstanding centres that serve as an example to others; and to identify those centres that still have to improve in terms of service quality, by implementing customised improvement plans.



**42,847
CLAIMS
ADMITTED**

**19,298
CLAIMS AWARDED
IN THE CUSTOMER'S
FAVOUR**

The Avanza Plan, designed as a methodological support to improve customer perceptions in those centres that need to improve the most, requires the involvement of the whole branch team to raise the bank's levels of service quality.

Quality is included among most employees' objectives, aligned with the bank's customer-focused approach. Customer satisfaction is an objective for the retail banking and business banking branch network, the private banking centres and those central services that have the greatest impact on customers.

Bankia's Customer Service was created to promote good relations between the bank and

its customers, seeking to build trust and offer them an appropriate level of protection by dealing with and solving their complaints and claims as satisfactory as possible.

The service is independent of the operational and commercial parts of the Bankia Group. Its key function is to check that the activities involved in any claim have been performed in accordance with any documented agreements, and that they observe current legislation and good banking practices.

Bankia has an internal regulation on customer protection as well as official Bankia compliant forms and forms for complaining

to the financial supervisory authorities (Bank of Spain, CNMV and the DGSFP), which are available from the commercial network.

WHAT IS THE AVANZA PLAN?

METHODOLOGICAL SUPPORT FOR DEFINING AND IMPLEMENTING PLANS AND ACTIONS TO IMPROVE QUALITY IN BRANCHES:

- IT DEFINES THE METHODOLOGY IN DETAIL FOR IMPROVING CUSTOMER PERCEPTIONS.
- IT OFFERS ADVICE TO THOSE BRANCHES THAT NEED TO IMPROVE THE MOST
- IT IDENTIFIES ELEMENTS FOR CONSIDERATION IN ORDER TO ANALYSE ASPECTS THAT REQUIRE IMPROVEMENT
- IT COMPILES AND INCORPORATES BEST PRACTICES FROM THE BEST BRANCHES IN RELATION TO SERVICE QUALITY
- IT IS INTEGRATED INTO SOFTWARE THAT INCLUDES PREVIOUS ISSUES

THIS METHODOLOGY PROVIDES **CLEARLY POSITIVE RESULTS:** THE AVERAGE SCORE OF BRANCHES INCLUDED IN THIS PROJECT IS 8 POINTS ABOVE THE BANK AS A WHOLE.

THE MAIN GOAL IS TO INCREASE CUSTOMER SATISFACTION REGARDING THEIR RELATIONSHIP WITH THE BANK IN ORDER TO HELP ACHIEVE BUSINESS OBJECTIVES:

A SATISFIED CUSTOMER IS THE MOST VALUABLE ASSET FOR OUR BANK BECAUSE HE/SHE WILL RECOMMEND OUR SERVICES, CONTRACT NEW PRODUCTS AND INCREASE THEIR AFFILIATION.

RESPONSIBLE MANAGEMENT

CUSTOMERS

PRODUCTS DESIGNED FOR SPECIFIC PURPOSES AND GROUPS

CATALOGUE	PRODUCT	CUSTOMER SEGMENT	DESCRIPTION
RETAIL CUSTOMERS 	Adapt consumer lending	Private individuals	Absorbs and refinances loans with customers that are unable to meet their consumer loan obligations.
	Remittances Immigrants	Private individuals Immigrants	Sending money to help family members in their home countries
PAYMENT METHODS 	NGO Cards*	Private individuals	Debit and credit cards that enable the cardholder to contribute a percentage of the net profit obtained from use of the card, to associations and foundations.
FINANCING 	Down Syndrome Foundation Business Card	Independent contractors, retailers, SMEs and businesses	Bankia transfers a percentage of its revenues from card fees and card use with retailers allowing businesses to collaborate at no extra cost or effort.
	Aquí-Allá Card Debit and Prepaid	Private individuals Immigrants	It offers immigrants in Spain that want to transfer funds to their families in their home countries, solutions and terms for sending money.
	Affinity Card Carné Joven	Private individuals Young people/Children	Offers the advantages of the Carné Joven combined with a debit card, in a single card, for the cost of the Carné Joven fee only (Canary Islands, Region of Valencia and Castilla y León)
	Agro Financing	Private individuals and businesses in the farming-fishing sector	Loans for the agricultural, livestock and fishing sector. Advance payment of CAP grants and subsidies. Investment loans for acquiring and adapting land, and repairing and renewing machinery.
	ICO facilities	Independent contractors, SMEs, businesses, public and private entities (foundations and NGOs)	Credit for businesses, SMEs and specific sectors in areas related to business and enterprise, innovation, technology and for international expansion.
	EIB facility	Independent contractors, SMEs and midcaps	Financing business projects carried out in Spain and the EU by these types of companies and independent contractors. This facility is not available for projects in certain sectors such as military products, real estate development, gaming, production and sale of tobacco, among others.
	Refinancing for residential housing	Private individuals	Mortgage adaptation and modifications to protect mortgage debtors in difficulties (RD 6/2012)
	Business refinancing	Independent contractors, retailers, SMEs and businesses	Adaptation of unsustainable debt and Cuota-Cero (Zero-Instalment) loan facilities

CATALOGUE	PRODUCT	CUSTOMER SEGMENT	DESCRIPTION
CONSUMER CREDIT			
	Young persons' loan	Young people	Universal personal consumer loan (for education, furniture, vehicles, etc.) for customers between the ages of 18 and 30.
INSURANCE	Agro insurance	Private individuals and businesses in the farming-fishing sector	Coverage for activities related to the agricultural, livestock and fishing sector, and enterprises related to this sector.
	Insurance for photovoltaic solar power installations	SMEs and businesses	Coverage for assembly damages, material damages, civil liability, and for loss of performance from lack of sun (hours and intensity).
	Medical insurance and modular healthcare	Private individuals	Access to private healthcare and consultations. Choice of personalised insurance that offers coverage that can be taken out independently or jointly, according to each need.
ASSET MANAGEMENT	Pioneer Funds – Global Ecology	Natural and legal persons	Investment in securities of companies exclusively focussed on sustainable development (alternative energy, recycling, water treatment, biotech, etc.)
SERVICES	NGO transfers	Natural and legal persons	Free transfers to specific charitable-social entities (http://www.bankia.es/es/servicios/transferencias-a-ong)
	Correspondence via internet	Private individuals	Enables customers to access their correspondence in digital format (pdf) for their products and services, via Internet Banking and Mobile Banking
	Supplier payment service	Independent contractors, retailers, SMEs and businesses	Centralised payment service for customers to their suppliers. Flexibility in payment procedures, cost savings, control and security.
	Service for processing non-resident certificates	Immigrants	Procedure required to obtain non-resident certificates (first applications and renewals)

NGO CARDS AS AT 31/12/2014*

Nº
NGO
CARDS
97,098

DONATIONS TO
NGOS
€333,967.89

A total of 423 NGOs belonged to the program in 2014 (7 from the personalised NGO card: Unicef, Acnur, Red Cross, Acción Contra el Hambre, Ayuda en Acción, Manos Unidas, Medicus Mundi and 416 NGOs associated with the generic NGO card).

PEOPLE



NUMBER OF **EMPLOYEES:**

13,685*



1,586 WOMEN

HOLD MANAGEMENT POSITIONS



258 MANAGERIAL APPOINTMENTS

THROUGH INTERNAL PROMOTION



84 EMPLOYEES COLLABORATE

IN TRAINING PROGRAMS



2,604 BANKIA TUTORS

HAVE GIVEN 3,044 IN-HOUSE
TRAINING SESSIONS



52 FOCUS GROUPS

WITH EMPLOYEES

*Data Bankia, S.A.





Last year was extremely active in terms of personnel management, due to various reasons – the workforce restructuring plan (ERE) underway, primarily to restructure the central services function, although there have also been departures from the commercial network due to downsizing (Madrid and Levante), which led to 509 redundancies; the implementation of new commercial models (the “Agile Branch”) and new organisational structures, etc. All of this has led to more

than 3,700 job changes for the bank’s staff, always trying to match individual profiles to the position, especially in the case of management roles.

Furthermore, a total of 2,045 people who applied for the reassignment plan, part of the Restructuring Plan 2012-2017, have been helped and have received more than 58,000 job offers, an average of 28 offers per person. Job offers have also been received through the job listings service.

► EMPLOYEE APPRAISALS

The employee appraisal procedure was carried out in Bankia during October and December 2014. It is a systematic process of analysis, evaluation, communication and professional development, which strengthens:

- **Communication** and explains the skills and conduct that will enable each member of staff to effectively perform their role.
- **The implementation of the corporate culture**, developing Bankia’s values related to performance and competences.
- **Results**, identifying the skills and competences that will help to achieve the objectives for each role.
- **Feedback**, recognition and development, through the Appraisal and Development Meeting.

Some 13,499 people were appraised by their line managers during this process. In addition, during the same period, 287 of the bank’s manager received a “180º Evaluation”, when they were appraised by their colleagues and line managers as well as performing a self-assessment.

At the same time, a catalogue of more than 120 proposed development actions was drawn up, for each performance evaluated, which were specifically applied and adapted to the needs of each person. By the end of the process, a total of 16,331 development actions had been defined.

These actions seek to instil Bankia’s values into the management of its people by identifying, developing and generating career opportunities for the best professionals.

RESPONSIBLE MANAGEMENT PEOPLE

► PROFESSIONAL DEVELOPMENT AND MANAGING TALENT

The bank's current talent model, which forms the basis for decisions regarding professional and career development, is the gateway to the company's management positions. In a change from previous years, more than 250 appointments have been made based on this model, both in the commercial network and in central services (17 assistant branch managers, 152 branch managers, 7 new regional managers and more than 82 central services managers), which represents a new direction for this process, designed to boost professional careers and personal development.

In 2014, the Directorate of Personnel implemented various actions to support and complement the professional development of employees with potential, as well as to accelerate the career path of people identified with talent. Bankia's

Talent Management Model, based on differentiated values, skills and capabilities, backed up by professionalism, dedication and aspiration, was reviewed in the second half of 2013.

The complete personnel management team received specific training to ensure that the model for evaluating and developing talent and potential is uniformly applied.

The process to identify talent in the commercial network began in the first quarter of 2014, before moving on to central services at the beginning of the second quarter. This process is being carried out using individual interviews.

As part of the talent management framework and as one of Bankia's transformation projects, the Directorate of Personnel has also designed various initiatives to develop the bank's talented professionals:





4,557
PERSONAL INTERVIEWS
WERE CARRIED OUT
UNDER THE TALENT
MODEL AS A GATEWAY TO
MANAGEMENT ROLES.

- **Management Skills Development**

Programs: In October, four development programs were carried out for talented managers from the commercial network and central services. A total of 59 of the bank's staff took part.

These programs seek to:

- Analyse the development of skills, offering a broad vision of the level of critical skills required by the management function.
- Exercise these critical competences, offering learning scenarios that enable this process.
- Structure a Personal Development Plan in order to develop those skills and competences required for better performance and leadership. Participants are helped by a coach to prepare and implement their Personal Development Plan.

In early 2015, two additional development programmes were planned for a further 30 managers from the commercial network and central services.

- **Career Development Plans**

Career Development Plans enable talented professionals to develop and accelerate their careers towards key positions, while taking into account the company's existing and future needs at all times.

These plans include periods working in different parts of the organisation, the possibility of participating in strategic and/or cross-company projects, development programs, coaching, mentoring, etc.

Career Development Plans require a strong commitment from the individual as well as the company, which accompanies and supports their professional development and improvement.

Twelve Career Development Plans were launched in November and December 2014, while a total of 50 such plans are due to be implemented in the first half of 2015.

RESPONSIBLE MANAGEMENT PEOPLE

- **Mentoring.** Bankia's Mentoring Programme was set up in last half of 2014. More than 30 mentors with their corresponding mentees will take part.

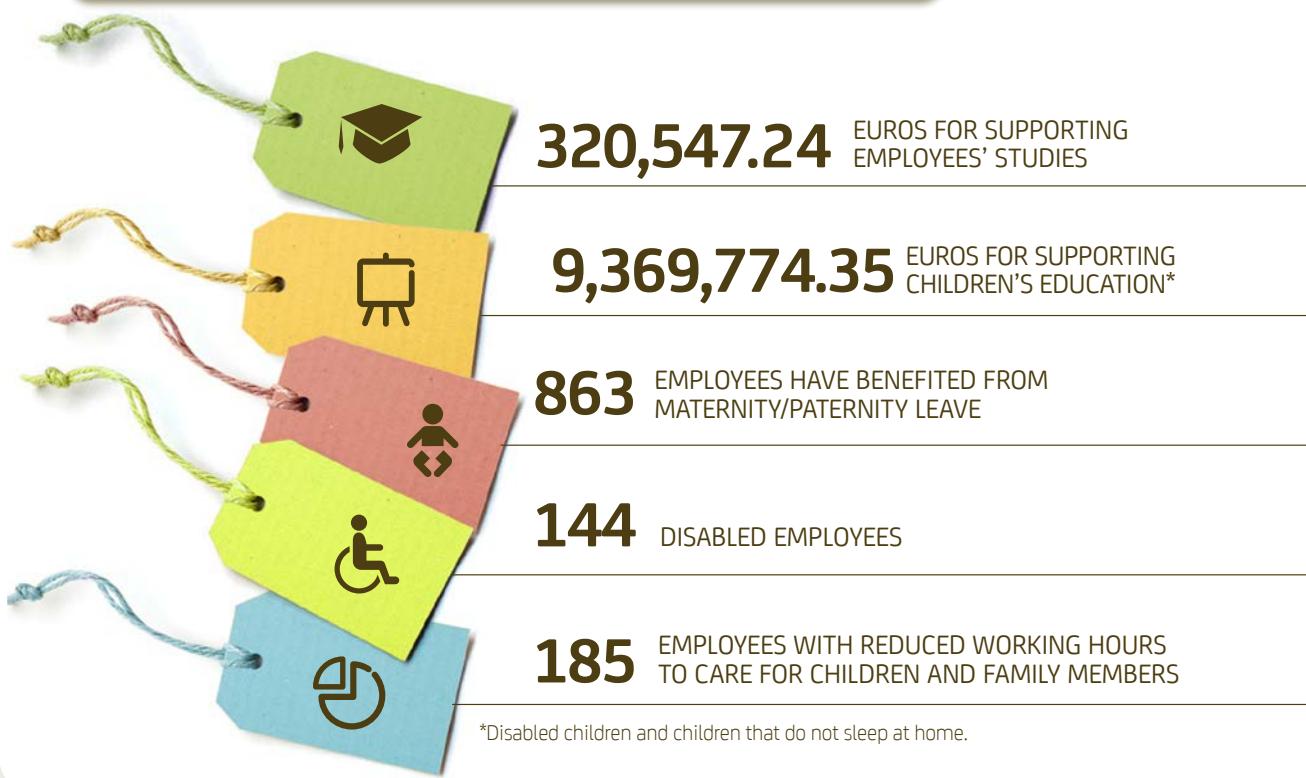
The first programme is intended to last for 18 months (from the first quarter of 2015 until mid-2016).

The first working session of this project took place in December 2014. The corresponding meetings between mentors and mentees prior to the launch of the mentoring sessions will take place in early 2015.

- **Talent pool.** In 2014, the bank consolidated its "Talent Pool" program designed to identify young candidates that are trained for positions in the organisation that require greater specialisation and that, due to their characteristics, make the search for internal candidates more difficult (capital markets, treasury, corporate banking, private banking, etc.). In 2014, this project consisted of seven employees, rising to eight in 2015.

This initiative will be rolled out to the Corporate Directorate of Technology and Operations in 2015 for positions that are particularly difficult to cover.

MEASURES FOR SUPPORTING EMPLOYEES





► TRAINING

During 2014, the training plan focused on promoting people's core competences, aligning the training actions carried out with the bank's priorities while associating processes for measuring how these are converted into results.

Branch manager training, which began in mid-2013, continued during the first quarter of the year with the objective of developing the core principles of managing the business and a sales team.

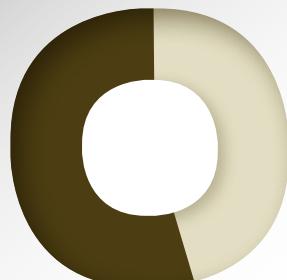
The launch of the regional managers' program was particularly important this year, working with the whole group for more than eight months in order to instil and consolidate the skills required to generate better business results, strengthen the commercial system, and the management of income versus expenses, and personnel.

A series of training actions was also launched to:

- Promote the management of SME customers, encouraging commercial advice for this segment. Training actions to develop both commercial and risk management skills were also launched for people in the retail and business banking networks.
- Implement a specific training plan linked to technological changes in the Branch Desktop Application, for the entire sales network, combining different methodologies in order to distribute training quickly and effectively.
- Provide training on aspects such as managing income and expenses, foreign trade and operations, or about the different aspects that cover the requirements imposed by regulatory authorities, such as regulations on insurance, the prevention of money-laundering or the single euro payments area (SEPA).

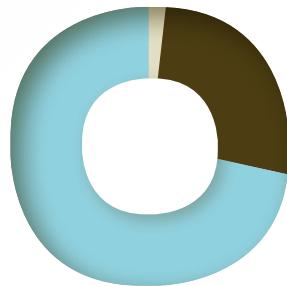
TRAINING

► TRAINING HOURS BY GENDER



MEN **46.77 %**
WOMEN **53.23 %**

► TRAINING HOURS BY PROFESSIONAL CATEGORY



SENIOR MANAGERS **2.15 %**
MIDDLE MANAGERS **26.00 %**
OTHERS **71.85 %**



RESPONSIBLE MANAGEMENT PEOPLE

► STAFF HEALTH AND SAFETY

Bankia promotes a working environment based on the health and safety of its staff, implementing a consistent and coordinated health and safety policy.

The Health and Safety Management System consists of all the activities designed to prevent, eliminate or minimise occupational risk. They are implemented via the annual preventive activities programme, which is approved by the National Health and Safety Committee.

Various agreements have been signed between the management and employees' representatives to improve working conditions. For example, the protocols for situations involving violence or robberies are executed immediately in a coordinated way to support and help employees.

Preventive campaigns are organised to promote good health as well as collaborative actions with the Spanish Cancer Association, which seek to raise awareness and inform all members of the organisation. Blood donation campaigns have also been organised in collaboration with different public organisations.

MAIN INDICATORS⁽¹⁾

	2014	2013	2012
Absenteeism (%) ⁽²⁾	5.64	5.96	4.65
Working hours lost due to absenteeism	1,312,578	1,687,023	1,509,113
Accident rate (%) ⁽³⁾	0.23	0.23	0.23
Working hours lost due to occupational accidents	2,918	4,314	8,348
Work-related deaths	0	0	0
Number of employees taking maternity leave	582	835	778
Number of employees taking sick leave	3,042	3,797	4,308

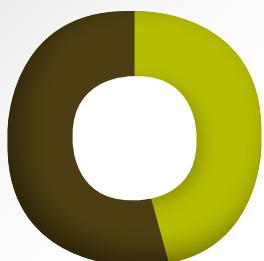
(1) Data Bankia, S.A.

(2) Days of absence as a percentage of total days during period (average workforce's working day).

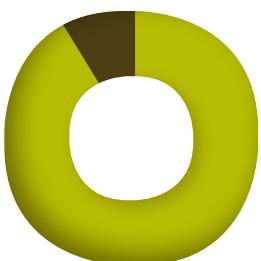
(3) Percentage of occupational accidents (excluding accidents on way to/from work) for average workforce over the period.

WORKFORCE PROFILE DISTRIBUTION OF EMPLOYEES (%)⁽¹⁾

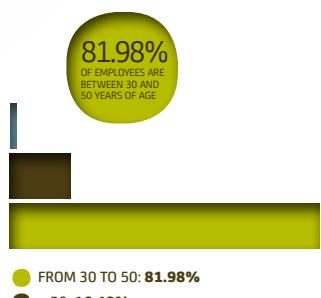
► BY GENDER



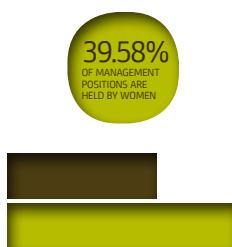
► BY BUSINESS AREA



► BY AGE



► MANAGEMENT POSITIONS



► BY CONTRACT TYPE



► AVERAGE EMPLOYEE TURNOVER BY GENDER

0,26%
AVERAGE FEMALE EMPLOYEE TURNOVER

► AVERAGE EMPLOYEE TURNOVER BY AGE

0,01%
UNDER 30

► AVERAGE EMPLOYEE TURNOVER BY AGE

0,65%
30 to 50 YEARS

0,13%
OVER 50

(1) Data Bankia, S.A.

(2) Includes: Networks, intermediate structures and business banking.

RESPONSIBLE MANAGEMENT PEOPLE

► FAMILY PLAN

This program, in collaboration with the ADECCO Foundation, offers disabled children of Bankia employees advice, guidance and a personal accompaniment plan to help provide the necessary resources for their integration into society and employment.

The Family Plan is designed for both children and adults, because its mission is to develop competences and skills from the earliest age to enable disabled people to become integrated in society, to have a job and a career, as well as professional, personal and social development through an accompaniment plan that is personalised for each beneficiary according to their age and personal situation.

**90
PEOPLE
SUPPORTED**

MULTI-DISCIPLINARY WORK

SUPPORTING PEOPLE WITH DISABILITIES

- EVALUATION AND DIAGNOSIS
- EARLY STIMULATION
- THERAPIES AND TREATMENTS
- PSYCHO-SOCIAL REHABILITATION
- ADAPTED PHYSICAL ACTIVITY
- SOCIALISATION AND NORMALISATION
- EMPLOYMENT GUIDANCE
- EMPLOYMENT INTERMEDIATION
- GRANTS AND TRAINING
- ADAPTATIONS
- EMPLOYMENT WITH SUPPORT



FAMILIES

- INFORMATION – ADVICE
- CONTACT NETWORKS
- FAMILY RESPITE
- FAMILY THERAPIES





► ACTIVE LISTENING

Bottom-up internal communication to support continuous improvement.

Bankia has implemented an internal communications strategy based on “active listening”, designed to boost continuous improvement in the organisation, strengthening the employee’s “voice” as a driver of change. All of this is achieved through close relationships and feedback, which enables opinions and suggestions from the workforce to be redirected towards the corresponding departments in order to help with detecting and solving problems and ensuring that the improvement measures adopted are correct. The company has therefore implemented channels that enable the perceptions and opinions of the company’s staff to be continually collected via an employee focus group; suggestions and best practices forums; the possibility to publish comments in real time in all sections of the online magazine and in the videos published in the audiovisual space; and tests carried out among “internal communication correspondent” employees.

In 2013 Bankia’s active listening program was recognised by the awards for Best Internal Communication Practices in a Spanish company from the Observatory of Internal Communication and Corporate Identity, established by IE Business School, Capital Humano and Inforpress.

In November 2014, Bankia published and sent all employees the publication “Vivirlo y contarla” in recognition of all their hard work and commitment, to mark the second anniversary of the Strategic Plan 2012-2015. This publication shares personal testimonies and images from hundreds of employees about the main projects undertaken in their day-to-day work, showing how the bank’s values are integrated in its business and how the work of its people and teams is focused on achieving Bankia’s vision.

VISITS TO THE CORPORATE INFORMATION PUBLISHED ON THE INTRANET

2,641,636



VISITS TO THE AUDIOVISUAL SPACE

216,019



VISITS TO BANKIA’S ONLINE MAGAZINE

560,582



EMPLOYEES THAT PARTICIPATE IN INTERNAL COMMUNICATION CHANNELS

3,024



CREATED FORUMS

945



SUGGESTIONS / COMMENTS

3,584



SUPPLIERS

	SUPPLIER PAYMENTS	€936.3 M
	SUPPLIER SATISFACTION INDEX	75.5
	SUPPLIERS CLASSIFIED WITH CSR CRITERIA	751
	NEW SUPPLIERS	977
	NUMBER SME SUPPLIERS	883
	SUPPLIER PAYMENTS MADE IN LESS THAN 30 DAYS	97%
	CONTRACTS MANAGED VIA E-CONTRACT	98%

“BANKIA, THE FIRST BANK TO IMPLEMENT A VALUE-ADDED PROCUREMENT MANAGEMENT SYSTEM”

In 2014, Bankia became the first bank to implement a Procurement Management System according to the UNE-CWA 15896 standard on value-added procurement management.

The increased complexity of economic and international issues means that the supply chain can directly impact a company's risk. This has been the context for developing a European standard by all of the European Procurement Associations, including AERCE (the Spanish Association of Purchasing, Procurement and Provisioning Professionals) of which Bankia is a member.

Following the implementation of the UNE-CWA 15896 standard on value-added procurement management, Bankia's main goal is to achieve excellence and to minimise risk when managing its purchases. Furthermore, the standard is based on European best business practices and establishes a standard quality commitment that adds value to the company and ensures that all environmental, ethical and sustainability aspects are also observed.

► ETHICS AND TRANSPARENCY WITH SUPPLIERS

The Code of Ethics and Conduct requires the company to act with complete transparency with suppliers, who shall know the situation of their certification process and any exclusions from it, at all times.

Furthermore, goods and services must be purchased or contracted based on wholly independent decisions, unaffected by any personal, family or financial associations that could call into question the decision-making criteria.

General procurement conditions may not include abusive clauses that contravene the principles of good faith and a fair balance between the rights and obligations of the bank and those of the supplier. Goods and services must be procured in a way that is appropriate for the requirement, their suitability and with a view to restricting costs.

A system of authorisations and delegated powers exists for awarding contracts to ensure transparency and diligence when selecting suppliers. These ensure that all purchases are reported and/or signed-off by multidisciplinary committees that are authorised to approve them according to the proposed contract type and amount.

RESPONSIBLE MANAGEMENT SUPPLIERS

► PROCUREMENT POLICY

The Procurement Policy is a specific part of the bank's Responsible Management Policy and it is intended to establish a collaboration framework between Bankia and its suppliers in order to encourage solid and long-lasting commercial relationships, obtain mutual benefits and comply with the values defined by Bankia and its suppliers.

Bankia is committed to business diversification between different local, national and international suppliers to help generate wealth in a balanced way while offering equal opportunities. Bankia therefore strives to include new suppliers every year, which account for at least 10% of the total number of authorised suppliers. In 2014, 977 new suppliers were included in a total of 3,586 authorised suppliers, an increase of 27%.

Furthermore, to ensure that suppliers support the bank's policies, priority is given to those suppliers that demonstrate a commitment to their employees, quality, the environment and human rights -among other issues- while blocking any procurement from suppliers that fail to comply with legal, tax, employment, environmental, health and safety or human rights requirements. Agreements include environmental clauses and an annex related to occupational health and safety if the service is being provided at the bank's own facilities.

► CERTIFICATION, ANALYSIS AND EVALUATION

The Supplier Portal was set up in October 2014 as a new online communication channel that enables suppliers to register themselves, to manage all of the information required for their certification and to stay up-to-date.

The supplier certification process is based on best social responsibility practices (30% weighted for CSR, HR and the environment) and breaches of these requirements result in exclusion. All supplier applicants must include the information requested by Bankia in the Supplier Portal to begin the certification process.

Suppliers can access their score, which is automatically calculated once the requirements have been fulfilled, and is fully transparent. Certification is an essential prerequisite to a commercial relationship with Bankia.

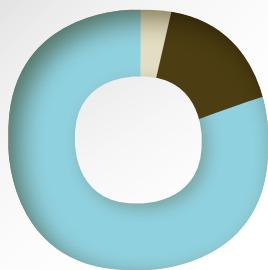
Suppliers are evaluated on a regular basis, reviewing their compliance as they improve as per the established requirements, classifying them into three categories (see figure).

At the same time, periodic meetings and evaluations are carried out to verify compliance with employment, tax, environmental and health and safety regulations.

Suppliers are analysed according to their financial, social and environmental risk and they must have an appropriate financial risk rating.

A total of 7.16% of suppliers have a high financial risk although none have been identified with either social or environmental risk.

CLASSIFICATION OF APPROVED SUPPLIERS



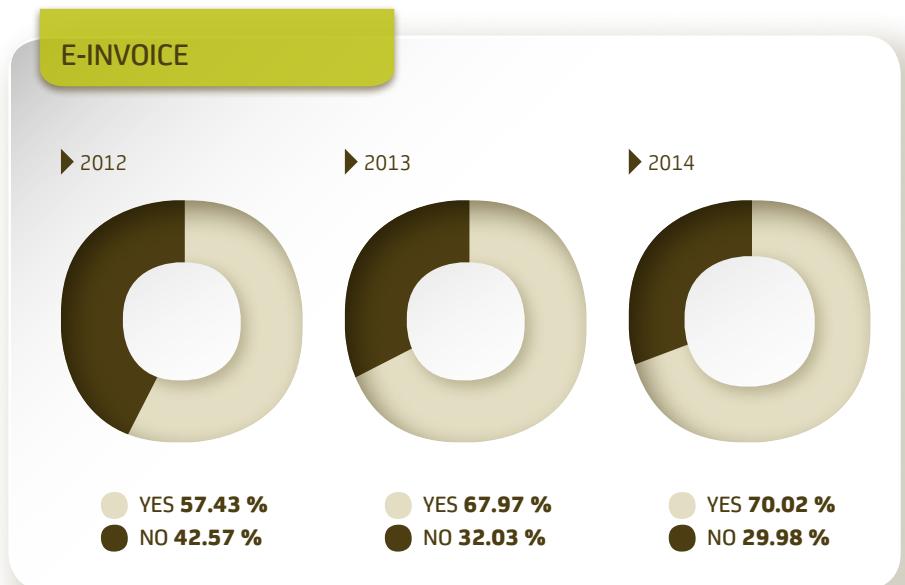


► PAYMENT COMMITMENT

Approvals, supplier communications, invoices and agreements are managed electronically to provide greater flexibility of payments and cost savings by eliminating paperwork.

Bankia understands the importance for suppliers of knowing their collection periods in advance, especially for small companies, since 89.5% of active suppliers in its main business region are SMEs. Bankia therefore strives to play its part in the process of re-activating the economy.

In 2014, use of the digital invoicing system rose to 69.22% of the total number of invoices managed, while Bankia reduced the average payment time for supplier invoices from 21.8 to 6.1 days from the date of issue (4.3 days in the case of e-invoices). Consequently, 97% of the bank's payments (both with and without electronic invoices) are made in less than 30 days.



RESPONSIBLE MANAGEMENT SUPPLIERS



► STREAMLINING AND IMPROVING PROCESSES

The e-contract project (digitally signed contracts) became firmly established in 2014, encompassing the company's active suppliers and managing 3,938 paperless documents, among other measures to improve the bank's procurement process. During 2014, some 98% of the contracts that Bankia implemented with its suppliers were managed by this system.

Various service level agreements were also established during the year related to purchases and services to supply office and cleaning materials, reflecting the bank's commitment to provide a quality service to branches while ensuring a customer-focused approach throughout the organisation. These agreements take the form of service charters, which identify the services that central units provide and the corresponding responsibilities and quality commitments, as well as defining and monitoring the indicators to ensure compliance with these commitments.

Furthermore, the management of service requests such as cash management, security operations, general services and procurement are periodically evaluated to detect any process improvements.

► SUPPLIER RELATIONSHIPS

Different channels exist to enable suppliers to contact Bankia:

- The Confidential Whistleblower Channel, available to suppliers but managed by an independent third party, was created in 2013 to detect potential breaches of the bank's Code of Ethics and Conduct.

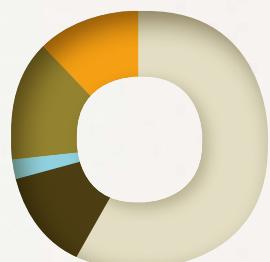
- The Supplier Service Department, created in 2014, enables suppliers to make complaints, claims and suggestions related to invoice payments and the provision of contract related services, and disagreements related to supplier selection processes. All of the claims received by the Supplier Service Department are dealt with directly by the Chairman's Office.
- Satisfaction surveys, implemented in 2014, assess the perception of Bankia's suppliers about aspects such as the courtesy shown to them, the Confidential Whistleblower Channel, negotiation processes, compliance with payment commitments, etc. as well as understanding the extent to which the bank's values are transmitted. The survey was sent to more than 1,700 suppliers. The results showed that 75.5% of suppliers ranked their level of satisfaction equal to or greater than 7 out of 10.

As part of the bank's materiality project, focus groups were performed with suppliers to learn about their opinions regarding their relations with the company.

To improve communication and facilitate contact and to effectively monitor the performance of the relationship, a supplier "sponsor" role was created and developed in 2013. A sponsor is assigned to key suppliers (strategic and preferential) and is responsible for resolving any doubts or problems that arise in any area of the supplier's relationship with Bankia.

To improve our understanding of suppliers and their services, an assessment is carried out by users of the services once they have been provided enabling improvement actions to be incorporated. In 2014, the functioning of different general service requests, such as office supplies and cleaning materials, was evaluated.

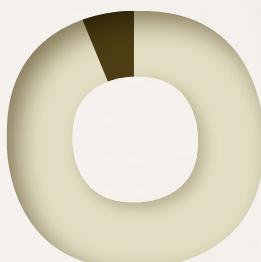
► CLASSIFICATION OF ACTIVE SUPPLIERS BY SECTOR



- SERVICES **58.09%**
- INFORMATION TECHNOLOGY **12.64%**
- TRANSPORT **2.51%**
- REAL ESTATE / CONSTRUCTION **14.12%**
- OTHERS* **12.64%**

*Security, office supplies, furniture, insurance, advertising, etc.

► NUMBER OF SMEs THAT ARE ACTIVE SUPPLIERS



- IN BANKIA'S MAIN ACTIVITY AREAS: 767 COMPANIES **89.50%**
- NOT IN BANKIA'S MAIN ACTIVITY AREAS: 90 COMPANIES **10.50%**

MAP OF ACTIVE SUPPLIERS SMEs



ANDALUSIA	22
ARAGÓN	7
ASTURIAS	7
BALEARIC ISLANDS	3
CANARY ISLANDS	21
CASTILLA Y LEÓN	18
CASTILLA-LA MANCHA	14
CATALONIA	80
GALICIA	8
LA RIOJA	5
MADRID	576
MURCIA	3
NAVARRE	2
BASQUE COUNTRY	17
REGION OF VALENCIA	74
TOTAL PROV.	857

► A TOTAL OF 3,586 CERTIFIED SUPPLIERS, OF WHICH 1,551 ARE ACTIVE SUPPLIERS



- ACTIVE SUPPLIERS **43.25%**
- INACTIVE SUPPLIERS **56.75%**

► ACTIVE SUPPLIERS DOMICILED LOCALLY



- NATIONAL SUPPLIERS (LOCAL) **95.74%**
- FOREIGN SUPPLIERS (NON-LOCAL) **4.26%**

► % BILLING FROM LOCAL SUPPLIERS



- NATIONAL SUPPLIERS (LOCAL) **99.14%**
- FOREIGN SUPPLIERS (NON-LOCAL) **0.86%**

SOCIETY



€13.97 M ALLOCATED TO
SOCIAL INVESTMENT



9 AGREEMENTS SIGNED WITH
REGIONAL GOVTs TO SUPPORT
VOCATIONAL EDUCATION & INTERNSHIPS



1,000 PROPERTIES CONTRIBUTED
TO THE SOCIAL HOUSING POOL



EMPLOYMENT SUPPORT PLAN OFFERED
TO MORE THAN **4,000 CUSTOMERS**



€1,44 M DISTRIBUTED TO
WORK INTEGRATION PROGRAMS FOR
PEOPLE WITH DISABILITIES



**474 FOUNDATIONS AND
ASSOCIATIONS** SUPPORTED FOR
LOCAL AND RURAL DEVELOPMENT



456 VOLUNTEERS
FROM THE BANK AND THEIR FAMILIES



SOCIAL ACTION

In 2014, Bankia consolidated and strengthened its commitment to society through five lines of social action and social sponsorship defined the previous year: Housing/Emerging Poverty, Education, Employment, Local-Rural Development and Disabilities.

Bankia focused its social investment on these priority lines as a way of alleviating some of the most pressing needs caused by the current socio-economic situation. The Corporate Social Responsibility policy is also defined by the relationship between the bank's social activities and its business, in which its employees are able to identify socio-economic problems.

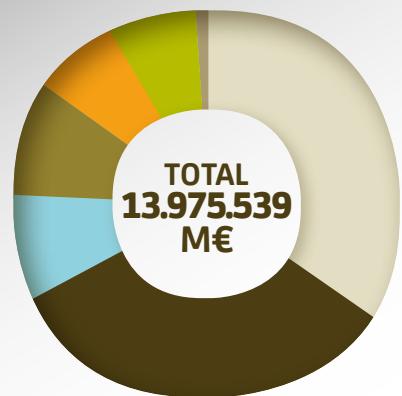
The two hallmarks of Bankia's Social Sponsorship and Social Action are:

- The commitment and involvement of every part of the bank and its entire workforce to the social projects supported.
- Close relationships in every social, local and community project, with significant dissemination of the social investment.

Bankia allocated a budget of €13.97 million to social investment through social action and sponsorship projects. The education area accounted for the largest percentage of the budget (30%) as is considered to be a major strategic pillar for promoting employability and job creation, a goal that was boosted with an additional 11% of the budget for programs to support employment integration.

Bankia demonstrated its desire to support projects throughout Spain and to promote local development by allocating 26% of its budget to the Local and Rural Development area, while the Housing/Emerging Poverty area accounted for 2% of the social investment, and Disabilities 10%.

SPONSORSHIP + SOCIAL ACTION



- EDUCATION **30%**
- LOCAL AND RURAL DEVELOPMENT **26%**
- EMPLOYMENT **11%**
- SPONSORSHIP **11%**
- DISABLED PEOPLE **10%**
- VOLUNTEERS EMPLOYEES' PROJECTS **10%**
- EMERGING POVERTY/HOUSING **2%**

The bank also allocated a significant percentage to corporate sponsorship (11%), which went to local development projects, as well as 10% to charitable projects proposed by employees for NGOs with strong local ties. These projects were selected by staff from different branches, regional offices and business centres in every Spanish region through the Solidarity Network Programme.



RESPONSIBLE MANAGEMENT SOCIETY

► HOUSING AND EMERGING POVERTY

Bankia maintained its policy of supporting social housing for disadvantaged families through the properties allocated to the Social Housing Pool (it contributed 1,000 properties to this pool and was the leading Spanish bank in terms of the number of assets provided).

In addition to the significant increase in the number of social rental properties provided via the Social Housing Pool, this year Bankia signed two new agreements with regional governments (Catalonia and the Canary Islands) to provide these regions with 230 and 50 properties respectively, for use as social housing. At the same time, it also earmarked a budget to help families with additional financial difficulties.

In addition to these arrangements, Bankia reached an agreement with the Tengo Hogar Foundation to support families in the Region of Madrid. The NGOs will accompany and monitor these families in the process of applying for housing (to speed up the necessary procedures and documentation) and to assess whether they require additional welfare support or help through job search programs.

In the Emerging Poverty area, Bankia directly donated funds to various different projects, including support for food banks in Girona, Zaragoza, the Canary Islands and Madrid, and an additional eight food banks through the "Contigo Dos pueden ser Cuatro" campaign supported by the bank. It also contributed to different projects meeting people's basic needs, such as four community kitchens in Catalonia (Girona, Mataró, Terrassa and Badalona), the Santa María de la Paz refuge in Madrid (run by the Hermanos de San Juan de Dios) and Casa Caridad in Valencia.

Furthermore, Bankia continued to donate materials from its closed or refurbished branches. In 2014, a total of 131 furniture donations were made from Bankia branches and offices (tables, chairs, cupboards, filing cabinets, partitions and photocopiers).

A total of 14 donations of IT materials were made (46 desktop computers, one laptop and five flat screen monitors).





► EDUCATION

Bankia has decided to support vocational education and internships as one of the best ways of providing young people with access to work – one of the sections of society most affected by the crisis and unemployment.

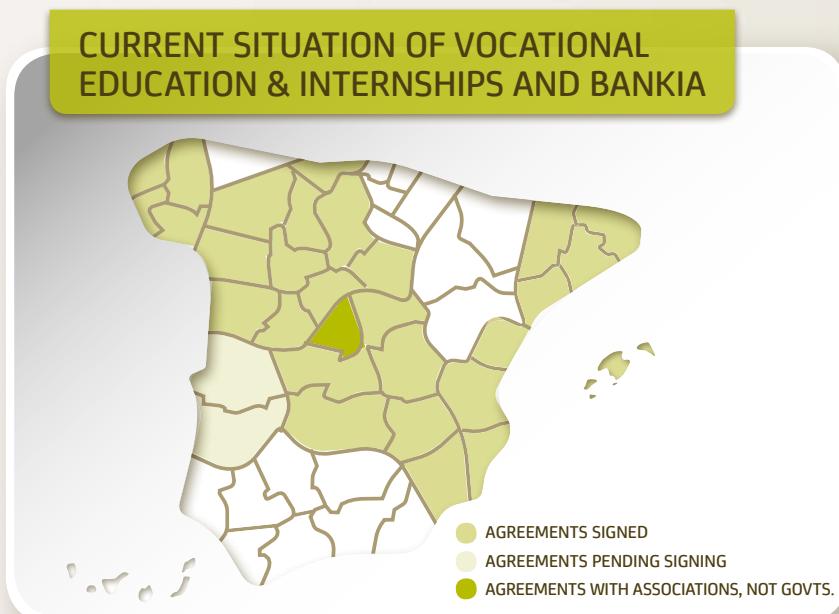
This type of vocational training combines teaching and learning inside the company and in the training centre, which gives students real contact with the workplace, experience and professional competitiveness. It is an expanding training model, which gives students professional qualifications and work experience, putting them in a better position to avoid unemployment.

In 2014, Bankia signed collaboration agreements with various regional governments, the Ministry of Education, Culture and Sport, and private associations to carry out Vocational Education & Internships projects, which in turn strengthens and enhances the reputation of vocational education in Spain.

Agreements were signed with Galicia, the Region of Valencia, Murcia, Cantabria, Castilla-La Mancha, Castilla y León, La Rioja and Catalonia.

An agreement was also signed with Cooperativa Gredos San Diego and the Monte Madrid Foundation to promote grants for students and training for educators.

VOCATIONAL EDUCATION ACTIONS CARRIED OUT IN DIFFERENT REGIONS



REGION OF VALENCIA

- Grants program 13/14.
- 392 beneficiary students.

LA RIOJA

- Co-financing or grants for students in Vocational Education & Internships projects
- Training for educators.
 - Just-in-time training
 - Short stays with companies.
- Professional internships in Europe for vocational education students in La Rioja as part of the Erasmus+ program.
- Innovation projects.
 - Innovation projects (five projects).
 - Spin-off in vocational education.
- Prizes for academic excellence in vocational education.

CASTILLA - LA MANCHA

- Language immersion and excellence grants program 14/15.
- 150 beneficiary students.
- Support for procuring IT material required by vocational education centres in the region.

CANTABRIA

- Cantabria Skills. Olympics between centres.
- Support for procuring IT material required by vocational education centres in the region.

CASTILLA Y LEÓN

- Agreement signed in 2014 for actions during the 14/15 academic year.

MURCIA

- Agreement signed in 2014 for actions during the 14/15 academic year.

GALICIA

- Agreement signed in 2014 for actions during the 14/15 academic year.

CATALONIA

- Agreement signed in 2014 for actions during the 14/15 academic year.

BALEARIC ISLANDS

- Agreement signed in 2014 for actions during the 14/15 academic year.

MINISTRY OF EDUCATION AND SCIENCE

- Language immersion grants for teachers. 75 beneficiaries.

GRUPO SIENA VOCATIONAL EDUCATION CONFERENCE

- Bankia took part in the Vocational Education & Internships (VE&I) Conference that brought together more than 200 people to analyse the current situation and the future of VE&I in Spain from a multidisciplinary perspective.
- It was attended by regional ministers, educators, companies involved in occupational and vocational education, etc. and was opened by Amalia Blanco, Bankia's General Director of Communication and External Relations.

1st CORPORATE VOCATIONAL EDUCATION CONGRESS

- This congress about the Vocational Education & Internship model was held in Madrid. It involved directors from educational centres, educators, etc.

RESPONSIBLE MANAGEMENT SOCIETY

► EMPLOYMENT

**MORE THAN
4,000
BANK'S CLIENTS
PARTICIPATED IN
THE EMPLOYMENT
SUPPORT PLAN
LAUNCHED IN 2014**

In 2014 Bankia launched an employment support program for the bank's customers that were unemployed and in socially vulnerable situations. Following a pilot program at the end of 2013, the Employment Support Program was launched in May 2014 and was offered to more than 4,000 customers in this situation.

Customers were offered a program that included training and an active job search, carried out by Randstad Outplacement and the Randstad Foundation. A total of 1,332 Bankia customers registered for this program, of which 842, from 45 provinces, ended up joining the program, including the pilot program. The success rate (the number of people that found work) was 22% at the end of 2014 (the program is continuing in 2015). In total, 191 Bankia customers have found work through this program.

In addition to the employment project for the bank's customers, Bankia collaborated with two major nationwide employment programs, run by Cáritas and the Spanish Red Cross, for the most vulnerable groups in society – those over the age of 45, young people and women with limited

education, as well as single-parent families or families in which all members are unemployed, with a total of 5,713 beneficiaries in Spain.

Working with Cáritas, 13 projects were launched with a total of 5,099 beneficiaries. These programs included work placement projects for young entrepreneurs, programs to promote self-employment and others on employment guidance and training in different fields.

For its part, the Red Cross implemented 19 projects in 15 provinces, with 614 beneficiaries based on programs that are founded on four pillars: Employment plans for young people; employment plans for families in which every member is unemployed; retraining programs for people affected by the crisis; and work experience programs for young people in specific sectors.

Bankia also supported a training and job search program for women that are victims of gender violence in the Region of Valencia, through the Integra Foundation, and an employment search program for young people with the Norte Joven Association in Madrid.





1.44

MILLION EUROS
DISTRIBUTED
AMONG 43 NGOS
ACROSS SPAIN.

► DISABLED PEOPLE

Bankia continued to allocate funding to improve the employment prospects of disabled people across Spain, from funds contemplated in the alternative measures of the Spanish General Disability Act.

In 2014 the bank distributed €1.44 million among 43 NGOs throughout Spain that support employment programs for disabled people.

The agreements signed included support for three nationwide foundations (Randstad Foundation, Adecco Foundation and ONCE), and agreements with 7 local NGOs in Madrid, 6 in Ávila, 6 in Catalonia, 5 in the Canary Island, 4 in the Region of Valencia (where various employment integration programs were also organised in collaboration with the Bancaja Foundation), 3 in La Rioja, 3 in Castilla y León, 2 in Castilla-La Mancha and one each in Cantabria, Navarre, Aragon and the Balearic Islands.



RESPONSIBLE MANAGEMENT SOCIETY

► LOCAL AND RURAL DEVELOPMENT

Bankia is working hard to maintain its social activities in the bank's core regions and it has therefore strengthened its direct investment in these areas through agreements with the Caja Rioja Foundation, Bancaja Foundation, Monte Madrid Foundation, Caja Canarias Foundation and Caja Ávila Foundation. A total of 474 foundations and associations were supported through local agreements and programs with the aforementioned foundations.

- Programs with the Monte Madrid Foundation worth one million euros (to which Bankia contributes 50%): 70 NGOs were supported, of which 61 were in the Region of Madrid and nine in Castilla-La Mancha, with a total of 164,137 beneficiaries according to figures provided by the NGOs.
- Programs with the Bancaja Foundation: 68 NGOs supported with a budget of 525,000 euros. This funding comes from Bankia's donation of 50% of the fees received from customers' use of the "Tarjeta ONG" payment card, which is associated with
- the Bancaja Foundation. A total of 38 social exclusion projects in the Region of Valencia were supported as well as 30 international cooperation projects.
- Programs with the Caja Rioja Foundation: 295 NGOs supported with a total amount of 100,000 euros. The work carried out by the eight Caja Rioja Foundation centres, with 1,085 activities and 152,320 users, was also supported as well as various rural development programs and two programs in collaboration with the regional government of La Rioja for technology for the elderly and the development of women in rural society.
- Programs with the Caja de Canarias Foundation: 26 NGO projects in this region, supported with a total of 165,000 euros, of which 70% was provided by Bankia's social action.
- Agreements with the Caja de Ávila Foundation: Supporting 15 NGOs; the work of the Caja de Ávila Foundation's centres; the launch of a micro-projects program,



a program for transferring usable spaces; and a program for acquiring school materials and books for families, together with the Red Cross; and support for the San Juan de la Cruz home for the elderly, with a budget of 222,000 euros managed directly and in collaboration with the Caja de Ávila Foundation.

Each agreement encompassed various different projects for social activities and specific local development programs, although all of them were intended to help maintain urgent social work as part of the bank's social action lines.

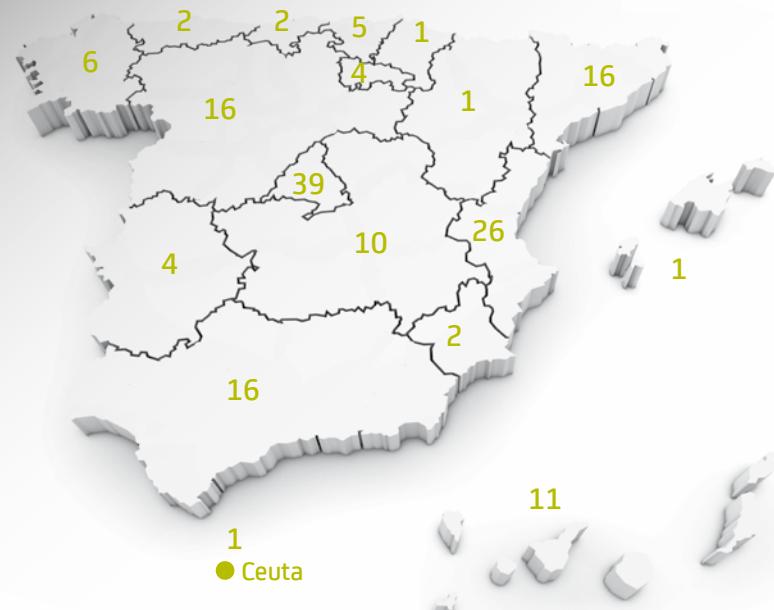
In addition to supporting the main foundations in its traditional markets, Bankia places special emphasis on young people as a channel for local development, with innovative ideas and social entrepreneurship, by working alongside recognised NGOs.

As a result, in 2014 Bankia launched the "Historias en Red" program for young people to demonstrate their solidarity through a campaign that benefitted an NGO of their choice, for which they could earn up to 4,000 euros.

These programs, launched by the Lo Que de Verdad Importa Foundation will be reinforced with various congresses about values and raising awareness for young people in seven Spanish cities in 2015 (three congresses by this foundation were supported in 2014).

Furthermore, Bankia signed two agreements to implement equality programs for women in rural society, with the Spanish Federation of Rural Women (FEMUR) and the Association of Families and Women in the Rural Environment (Afammer).

LOCAL IMPACT SOLIDARITY NETWORK 2014



163 projects for different NGOs
More than 60 municipalities
More than 68,000 direct beneficiaries
More than 1.2 million euros

Bankia also consolidated the Solidarity Network project as one of its pillars that links its local development work with its strategy of involving its employees in the company's social work. In this program, the employees themselves detect and choose the charitable projects to support within their province. Part of the profits generated by the employees' branch or region are then donated to this project.

In total, 163 projects across Spain were helped thanks to the results and objectives achieved by the teams that submitted these charitable projects. The total budget for the Solidarity Network exceeded 1,229,000 euros. In addition, in 2014 employees began volunteering activities with the NGOs in the Solidarity Network.

RESPONSIBLE MANAGEMENT SOCIETY

► ENGAGING ALL EMPLOYEES IN COMMUNITY SERVICE

Bankia's social action is made possible by the involvement of all employees. Social investment in local development, housing agreements, employment programs for customers or supporting an NGO for disabled people are just some of the main lines undertaken. All of them have been forged with the support and vision of all our employees, who try to ensure that social action is carried out on the ground where our business is conducted, and where these needs are identified. The Solidarity Network is also the result of this cross-company involvement.

The commitment of Bankia's employees was also evident in the response to projects launched for employees. The most representative of these was the "Contigo Dos pueden ser Cuatro" campaign, in which Bankia employees donated 31,843 euros in "Operation Kilo" launched in November 2014 on behalf of food banks in Spain, in collaboration with the Spanish Federation of Food Banks (FESBAL). Bankia doubled this amount and added an initial 4,000 euros, bringing the total donation to 67,686 euros.

Another program that drew a huge response was the "Run for a dual purpose" campaign, a symbolic program in which Bankia employees took part in races on behalf of Bankia Volunteers. The bank then converted the kilometres run into a donation to cancer prevention programs. Some 387 runners took part in the 2013-2014 program, with a total donation of 30,000 km which was converted into 37,500 euros donated to the Make a Wish®Spain Ilusiones Foundation.

Bankia's employees also gave up their free time to collaborate in different volunteering and awareness-raising activities organised by the bank. In 2014, Bankia organised 64 one-off and recurrent volunteering days in different towns and cities in Spain, involving 456 volunteer employees from the bank and their families.

This included regular volunteering for the "Teach what you know" program, in which 36 Bankia volunteers worked with the Randstad Foundation to give financial





education and financial management workshops to people with disabilities. A total of 39 workshops were given in Spain to 282 people.

Bankia's volunteers also made an ongoing commitment to the Madrid Food Bank, where a group of 40 volunteers took turns every Saturday during the year to help classify foodstuffs at the NGO's warehouse in this city, and from where it distributes food to community kitchens and NGOs that perform outreach work in this community.

The bank also strengthened its internal volunteering portal, which every week reports on activities organised by the bank itself, in addition to around 1,000 volunteering offers across the whole of Spain submitted directly by NGOs, as well as social news from the bank and around the world. Every week 3,940 employees receive a "Bankia Volunteers" newsletter with all of the important information about the charitable campaigns and activities in which they can take part.

Employees can also find information about the annual "Propose your project" initiative in this portal, in which they can propose charitable projects that they are involved in and for which they are seeking support. Each project received

a minimum of 4,000 euros, which is topped up by an amount in euros equivalent to the number of votes each project receives from other co-workers at the bank. In 2014, 41 projects were proposed, of which 12 were selected that obtained a total of 10,080 votes. Bankia donated a total of 62,080 euros to the 12 selected NGOs.



RESPONSIBLE MANAGEMENT SOCIETY

SOCIAL SPONSORSHIP

► SOCIAL SPONSORSHIP ACTIONS IN 2014

BANKIA ESCOLTA VALÈNCIA PROGRAM TO PROMOTE MUSICAL EDUCATION AND PREVENT STUDENTS FROM DROPPING OUT OF SCHOOL THROUGH MUSIC. THIS ACTIVITY IS DEEPLY ROOTED IN THE REGION, WHERE 90% OF MUNICIPALITIES WITH MORE THAN 200 RESIDENTS HAVE THEIR OWN BAND. THANKS TO THIS AGREEMENT, 1,007 PEOPLE RECEIVED GRANTS AS PART OF A PROGRAM THAT RECEIVED MORE THAN 6,000 APPLICATIONS. THE "MUSIC TO COMBAT EARLY SCHOOL LEAVING" PROGRAM WAS ALSO LAUNCHED, WHICH FORMS PART OF THE "BANKIA ESCOLTA VALENCIA" PROJECT IN COLLABORATION WITH THE REGIONAL MINISTRY OF EDUCATION. THIS PROGRAM PRIMARILY SEEKS TO PROMOTE THE PRESENCE OF MUSIC IN PRE-SCHOOL, PRIMARY AND SECONDARY EDUCATION CENTRES AS A TOOL THAT HELPS TO STOP STUDENTS FROM DROPPING OUT OF SCHOOL. THE PROGRAM FORMS PART OF THE "BANKIA ESCOLTA VALENCIA" PROJECT, WHICH SEEKS TO PROMOTE THE STUDY AND DISSEMINATION OF THE MUSICAL ARTS IN THE REGION, AND WHICH DIRECTLY BENEFITS 470 EDUCATION CENTRES AND 80,000 STUDENTS.

BANKIA IS ENGAGED IN A **SPORTS SPONSORSHIP** PROGRAM - COMPLETELY UNRELATED TO THE SUPPORT RECEIVED BY LEADING TEAMS - SINCE IT FOCUSES ON **ENCOURAGING GRASSROOTS SPORT** AND TRAINING, ENCOURAGING SPORT AMONG YOUNG CHILDREN IN SPORTS SCHOOLS IN LAS PALMAS (GRAN CANARIA BASKETBALL CLUB), LOGROÑO (ESCUELA DEL CB CLAVIJO), PUENTE ROMANILLOS ATHLETICS CLUB IN ÁVILA AND THE SALA FUTSAL FOOTBALL CLUB SCHOOL IN SEGOVIA. MORE THAN 1,000 BOYS AND GIRLS BENEFITS FROM THIS SPONSORSHIP.

IN ÁVILA THE BANK SUPPORTED THE "**AHORA + QUE NUNCA**" **CAMPAINA** FOR THE THIRD CONSECUTIVE YEAR, PROMOTED BY THE RED CROSS, IN COLLABORATION WITH DIARIO DE ÁVILA NEWSPAPER. THIS CAMPAIGN WAS ASSOCIATED WITH A **COLLECTION OF TOYS AT CHRISTMAS** THAT WERE THEN DISTRIBUTED DURING EPIPHANY, IN COLLABORATION WITH THE RED CROSS AND THE YOUNG TENNIS STAR, PAULA ARIAS (WHO IS SPONSORED BY BANKIA) AND WHO IS ALSO THE CAMPAIGN'S PATRON.

ANDALUSIAN AWARDS FOR THE FUTURE: SEVENTH EDITION, IN COLLABORATION WITH GRUPO JOLY, TO RECOGNISE YOUNG PEOPLE IN ANDALUSIA THAT EXCEL IN SCIENCE, SPORTS, SOCIAL ACTION, BUSINESS AND CULTURE. THESE AWARDS ARE IN THE FORM OF A GRANT TO ENABLE EACH WINNER TO CONTINUE THEIR STUDIES.

YOUNG TALENT AWARDS: SECOND EDITION, IN COLLABORATION WITH DIARIO LEVANTE NEWSPAPER, TO RECOGNISE YOUNG PEOPLE IN THE REGION OF VALENCIA THAT EXCEL IN SCIENCE, SPORTS, SOCIAL ACTION, BUSINESS AND CULTURE.



MOVIES FOR THE ELDERLY: AGREEMENT WITH ÁVILA TOWN COUNCIL TO SUBSIDISE CINEMA TICKETS FOR THE ELDERLY, REDUCING THE PRICE FOR THIS GROUP TO A SYMBOLIC AMOUNT.

COLONIA VENERO CLARO: AN AGREEMENT WAS REACHED WITH THE CAJA DE ÁVILA FOUNDATION THROUGH WHICH GRANTS WERE PROVIDED TO MORE THAN 400 BOYS AND GIRLS TO ATTEND THE SUMMER SCHOOLS IN ÁVILA. THESE SUMMER SCHOOLS OFFER RECREATIONAL ACTIVITIES, GAMES, WORKSHOPS, ENGLISH CLASSES, ETC.

VOLTA A PEU. THE OLDEST AND MOST POPULAR RACE IN VALENCIA. BANKIA BOTH SPONSORS AND ORGANISES THE EVENT IN COLLABORATION WITH THE BANCAJA FOUNDATION. A CONTRIBUTION OF ONE EURO FROM THE PURCHASE OF THE RUNNERS' ENTRY NUMBER WAS DONATED TO CASA CARIDAD FOR THE SECOND CONSECUTIVE YEAR. A TOTAL OF €20,000 WAS RAISED, WHICH WAS ENTIRELY DONATED TO THE ASSOCIATION.

SPECIAL VISIT BY A DISABLED ASSOCIATION TO **THE AGES OF MAN** EXHIBITION IN ARÉVALO (ÁVILA).

CASA CARIDAD GALA. SPONSORSHIP OF THE SPECIAL GALA ON LEVANTE TV TO RAISE FUNDS FOR CASA CARIDAD.

RECOVERY OF THE AQUEDUCT IN SEGOVIA. AN AGREEMENT WAS REACHED WITH THE CITY COUNCIL OF SEGOVIA TO CLEAN AND MAINTAIN THIS WORLD HERITAGE SITE.

TITIRIMUNDI. SPONSORSHIP OF THE INTERNATIONAL PUPPET FESTIVAL HELD IN SEGOVIA. THIS CULTURAL EVENT CELEBRATED ITS 28TH EDITION THIS YEAR WITH 350 SESSIONS, 254 IN THE CITY OF SEGOVIA, FROM 25 COMPANIES FROM DIFFERENT COUNTRIES.



ENVIRONMENT



€10 M INVESTED IN THE
ENERGY EFFICIENCY PLAN



17.4% REDUCTION IN TONNES
OF PAPER CONSUMED



**17.9% REDUCTION IN
INDIRECT CO₂E EMISSIONS**
FROM PAPER CONSUMPTION AND
PRINTER CARTRIDGES



100% OF ELECTRICITY CONSUMED
PURCHASE FROM **CLEAN SOURCES**

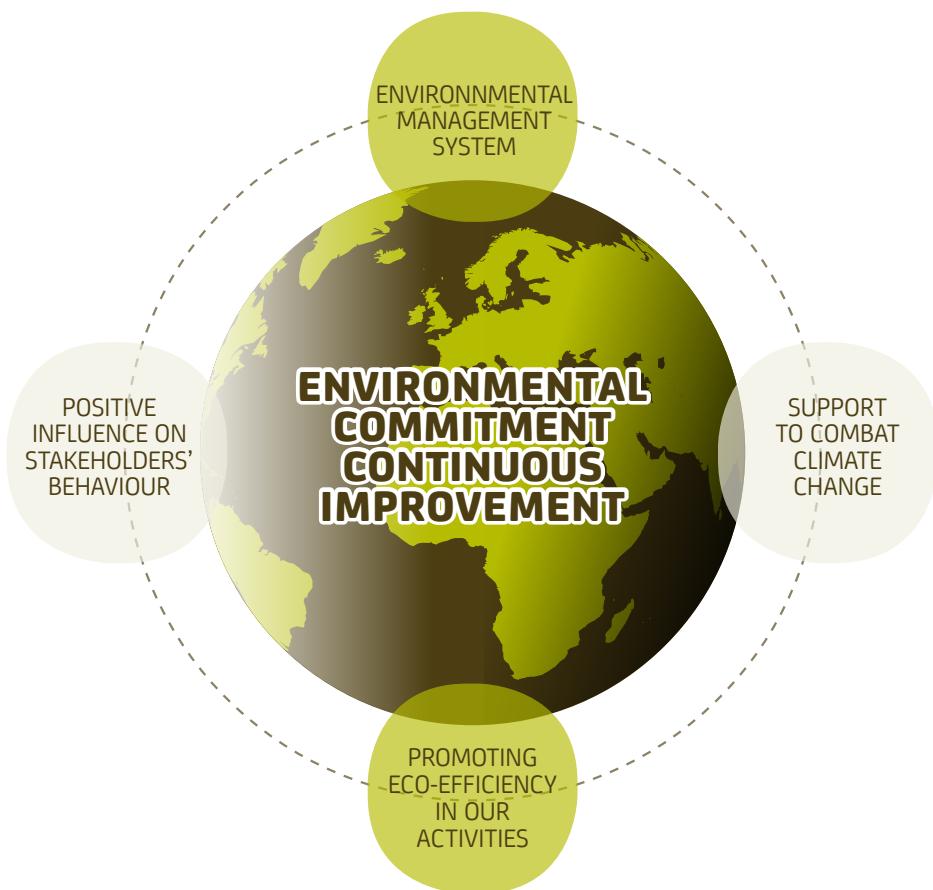


48% INCREASE IN THE USE
OF AUDIO-CONFERENCES AND
MULTI-VIDEOCONFERENCES





Bankia believes that measuring the environmental footprint of its activities and proactively working to reduce it, is fundamental. It therefore focuses its efforts on the environmental management of its work centres, eco-efficient resource use, combatting climate change and the promotion of responsible attitudes among its staff, suppliers and customers.



RESPONSIBLE MANAGEMENT ENVIRONMENT

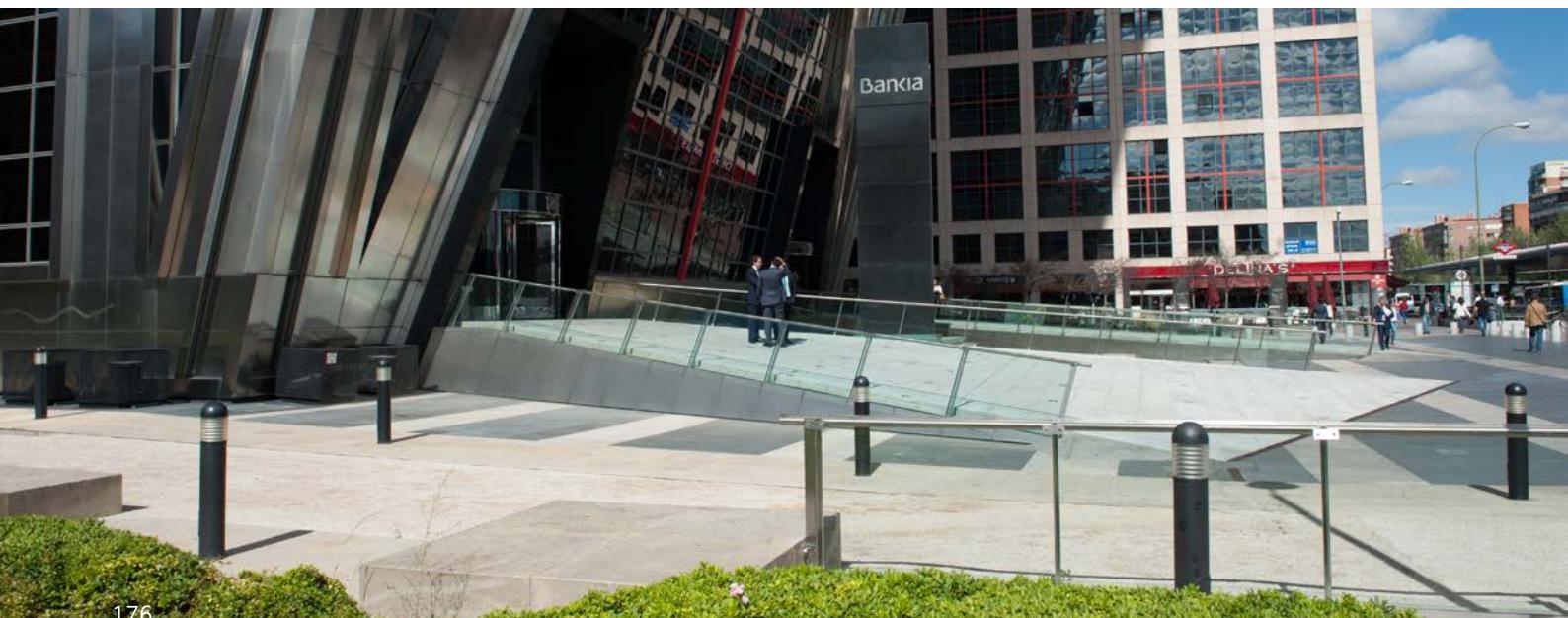


► ENVIRONMENTAL MANAGEMENT

Bankia is implementing a management model in its work centres based on the international ISO 14001:2004 standard. Bankia's headquarters in Valencia and its operations centre in Madrid have a certified Environmental Management System. Last year marked an important milestone for the company, obtaining ISO 14001 environmental certification for our Las Rozas building in Madrid, home to Bankia's data processing centre.

► ENERGY EFFICIENCY PLAN 2015-2019

In 2013, Bankia made a significant effort to analyse and diagnose the energy status of its network of branches and buildings. In 2014 the analysis culminated in one of the bank's most important projects – the Energy Efficiency Plan 2015-2019, which will affect the majority of our work centres.



**BANKIA'S
GOAL IS A
19%
REDUCTION IN
ENERGY USE
COMPARED TO 2013**

Following the implementation of the Energy Efficiency Plan, Bankia set itself the goal to reduce its electricity and fuel consumption (natural gas and diesel) by 19% compared to the base year of 2013.

To ensure that this plan is achieved, the company plans to invest 10 million euros over the five years of the plan. This investment will be used, among other measures, to implement smart metering in offices and for IT equipment; renew air conditioning equipment; and to carry out internal awareness campaigns, all of which requires an integral management approach to the company's facilities focused on energy and financial savings.

► SUSTAINABLE WATER USE

As part of its water strategy, Bankia continued to implement actions to rationalise its water use. For example, water saving systems were installed in the taps in all of the bank's branches and buildings, which will save between 40% and 60% in consumption. Changes and modifications to the cooling systems of the bank's large buildings were also made based on water reduction criteria.

CONSUMPTION OF MATERIALS¹

	2014	2013	UNITS
Total paper consumption (DIN A4)	658.9	797.7	Tonnes
Consumption of paper produced using virgin pulp with a low environmental impact (DIN A4) ²	1.3	4.2	Tonnes
Consumption of paper produced using ECF virgin pulp (DIN A4)	100.0	100.0	Percentage
Consumption of paper reels	608.1	603.2	Tonnes
Consumption of printer cartridges	13.328	18.906	Cartridges
Recycled paper consumption (DIN A4)	657.6	793.5	Tonnes
Percentage of paper that is recycled (DIN A4)	99.8	99.5	Percentage
Percentage of printer cartridges that is recycled	99.7	99.3	Percentage

¹ Data for Bankia, S.A.

² Paper supplied by manufacturers with FSC and PEFC certifications, which guarantee that the materials used come from sustainably-managed forests.

ENERGY AND WATER CONSUMPTION¹

	2014	2013	UNITS
Total consumption of primary energy	16,794	34,321	Gj
Natural gas consumption	11,674	25,600	Gj
Fuel consumption	5,120	8,721	Gj
Electricity consumption ²	369,051	461,490	Gj
Water consumption ³	73,180	89,088	Cubic metres

¹ Data for Bankia, S.A.

² Figure for total electricity consumption. In 2014, 100% of the electricity acquired was generated by renewable energy sources (green energy).

³ Total water supplied by mains networks. Buildings: Las Rozas, Pº Castellana, 189 and Pº Castellana, 259-A, in Madrid; Pintor Sorolla, 8, in Valencia; Pza. Santa Teresa, in Avila; Triana, 20, in Las Palmas de Gran Canaria; and Cervantes, 22, in Segovia.

RESPONSIBLE MANAGEMENT ENVIRONMENT

► WASTE MANAGEMENT

Bankia's strategy aims to prevent waste and promote recycling.

In line with these objectives, Bankia continued its campaigns in 2014 to donate furniture and electrical and electronic equipment, making more than 131 donations to various non-profit organisations supporting social work and educational centres. This initiative,

launched in 2013, makes a major contribution to the social work of these organisations, while preventing these elements from being wasted.

General waste bins at each work station in the largest buildings are gradually being phased out to promote and increase the separation of waste, with specific bins being installed in common areas to separately collect non-confidential paper, packaging and batteries, among other wastes.

WASTE¹

	2014	2013	UNITS
NON-HAZARDOUS WASTE DESTINED FOR REUSE AND/OR RECYCLING			
Paper	812.2	1,521.6	Tonnes
IT equipment	38.9	46.7	Tonnes
Printer cartridges	33.9	33.4	Tonnes
Batteries	0.14	0.05	Tonnes
Packaging	9.4	16.0	Tonnes
Glass	0.7	1.3	Tonnes
Vegetable oil	0.04	0.04	Tonnes
NON-HAZARDOUS WASTE DESTINED FOR LANDFILL			
Portable IT devices	10.6	0.0	Tonnes
Bank cards	0.4	6.6	Tonnes
HAZARDOUS WASTE			
Hazardous waste handled by an authorised waste management company and recycled	0.32	0.56	Tonnes
Hazardous waste handled by an authorised waste management company and sent to a safe waste storage facility	0.33	0.62	Tonnes

¹ Data for Bankia, S.A.



36,905.1
TONNES OF CO₂
EMISSIONS PREVENTED BY
PURCHASING ELECTRICITY
FROM RENEWABLE
SOURCES.

► TACKLING CLIMATE CHANGE

Climate change is one of the greatest challenges in the field of environmental management.

The Energy Efficiency Plan 2015-2019 was approved in 2014, marking an important milestone for the company as part of its strategy to combat climate change. This plan is a continuation of Bankia's commitment to clean energy and to continue to purchase all of its electricity from clean and renewable sources (green energy). Thanks to this initiative, since 2013 Bankia has managed to eliminate the indirect emissions associated with electricity consumption in all of its buildings and across its commercial network.

In the field of renewable energy, Bankia has six photovoltaic solar energy capture systems, of which one is installed on the Pintor Sorolla building in Valencia (the bank's headquarters) and five are in the Canary Islands, with a total capacity of 2,586.60 kW.

The use of audio-conferencing and multi-videoconferencing facilities as an alternative to business travel continued to be promoted in 2014 to minimise fuel consumption and reduce the polluting emissions associated with transport.

These services received 3,923 requests and were used by 64,521 people, a rise of 48% compared to 2013.

The protocol for measuring our carbon footprint is now well established and a comprehensive review of emissions sources has been carried out, increasing the coverage of the information taken into account in search of continuous management improvement and to offer a more comprehensive overview.

RESPONSIBLE MANAGEMENT ENVIRONMENT



Bankia is part of the “A List” in the CDP Climate Performance Leadership Index 2014 (CPLI). Moreover, Bankia was the company that most improved its score over the last year (to a score of 97) primarily due to advances in the protocol and calculation of the carbon footprint and in the evaluation of its portfolio of companies in terms of environmental risks.

Furthermore, reflecting the improvement in transparency in the publication of its climate change information, Bankia has been recognised as the most-improved company during the last year within the Iberia 125 group, which is made up of CDP member companies in Spain and Portugal.

EMISSIONS¹ G4-22

	2014	2013	UNITS
SCOPE 1 EMISSIONS^{2,3} (REF. GRI)	3,348.1	4,083.1	Tonnes
Direct CO ₂ e emissions from natural gas consumption	662.8	1,453.5	Tonnes
Direct CO ₂ e emissions from fuel consumption	346.5	623.4	Tonnes
Direct CO ₂ e emissions from refrigerant gas recharging	2,338.8	2,006.2	Tonnes
SCOPE 2 EMISSIONS	0	0	Tonnes
Indirect CO ₂ e emissions from electricity consumption ⁴	0	0	Tonnes
SCOPE 3 EMISSIONS^{2,5}	4,672.7	4,195.4	Tonnes
Indirect CO ₂ e emissions from business trips ⁶	3,281.0	2,810.9	Tonnes
Indirect CO ₂ e emissions from travel (Ofibus shuttle service)	249.1	47.8	Tonnes
Indirect CO ₂ e emissions from travel (shared transport)	9.2	9.2	Tonnes
Indirect CO ₂ e emissions from paper consumption (DIN A4) and printer cartridges	1,089.0	1,327.5	Tonnes
Indirect CO ₂ e emissions from water consumption	25.2	--	Tonnes
Indirect CO ₂ e emissions from waste management	19.2	--	Tonnes
OTHER EMISSIONS⁷			
CO emissions	0.21	0.41	Tonnes
NOx emissions	1.53	3.10	Tonnes

1 Data for Bankia, S.A.

2 Sources of emissions factors used: IPCC 2006/2013, CORINAIR 2007, U.S. EPA, Spain – GHG Inventory Report 1990-2012 (2014), DEFRA 2014, Guide for calculating GHG emissions (2014) – Catalan Office for Climate Change, Environmental Paper Network (2012) and Carbon Impact Studies: Toner Refills at Cartridge World – Comparative Carbon Footprints (2008).

3 **G4-22** 4-22 the Scope 1 emissions relating to 2013 have been recalculated taking into account the global warming potentials for 100 years published in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) (2013). National Markets and Competition Commission.

4 100% of the electricity acquired was generated by renewable energy sources (green energy). This has prevented the emission of 36,905.1 tonnes of CO₂. Source: Electricity Labelling and Source Guarantee System (2013). National Markets and Competition Commission.

5 In 2014, the number of emissions sources used was increased to include emissions from water consumption and those related to waste management.

6 The emissions relating to business trips made by employees by plane, train and leased fleet vehicles were also included, as well as the emissions related to the mileage travelled by employees in their own vehicles, for work purposes.

7 Source: CORINAIR 2007.

► COLLABORATION WITH STAKEHOLDERS

Bankia carries out initiatives to encourage its staff, customers and suppliers to adopt the Bank's commitment to the environment.

Environmental conservation has become a guiding principle for all Bankia staff and is included in the Code of Ethics and Conduct. To further strengthen this commitment and involve the bank's staff more actively, environmental training was given to all departments involved in environmental management processes in 2014.

A series of environmental best practices was disseminated via the bank's intranet, complemented by the bank's corporate environmental signage strategically placed around the main buildings to remind staff about taking personal responsibility for using resources and managing waste efficiently.

In 2014 a new "Responsible Management" space was created in Bankia's corporate website, which includes information about the progress made in environmental management, among other information.

The company has continued to promote the use of new and more efficient banking methods among its customers through channels such as Internet Banking or Mobile Banking, which help to minimise travel and reduce polluting greenhouse gas emissions.



Furthermore, customers have the option to receive all their correspondence from Bankia in electronic format via Internet Banking, reducing the use of paper. In 2014, the number of customers that use this service significantly increased to 2,517,266.

With regards to suppliers, last year a specific assessment of their environmental management and performance was included in the supplier certification process.

To encourage those suppliers with the greatest environmental impacts to collaborate more, Bankia offers them the chance to take part in various training and awareness days that cover basic environmental management information and best practices. These sessions also offer a forum for open dialogue that encourages continuous improvement, creating a virtuous circle that helps us to be an increasingly committed and sustainable organisation.



ENVIRONMENTAL PRINCIPLES THAT GOVERN OUR SUPPLIER RELATIONSHIPS

GRI G4 INDICATORS

SCOPE AND EXTERNAL AUDIT OF EXTRA-FINANCIAL INFORMATION G4-18

The scope of the independently reviewed extra-financial information in this report is based on G4 Guidelines and the Financial Services Sector Supplement of the Global Reporting Initiative (GRI). These guidelines include a raft of principles and indicators designed to define the scope and coverage of extra-financial reporting, while ensuring the quality of the information provided. In the preparation of this report, Bankia called on the services on an independent expert to carry out exhaustive materiality analysis for the purposes of carrying out various stakeholder consultations and identify the most relevant matters that must be covered in this report.

The GRI G4 Content Index is provided hereon.

During the entire process of compiling and presenting information, Bankia adheres to the principles of balance, comparability, accuracy, timeliness, reliability, and clarity required to ensure the quality of the information presented in this report.

The work was performed by an external assurance provider (Ernst & Young); the same firm responsible for auditing the consolidated financial statements. The Audit and Compliance Committee is responsible for assuring the external assurance provider's independence.

The information reviewed covers the financial activities performed by the Bankia Group. Any indicators with a different scope are specified in the GRI indicators table. Where required for clarification purposes, the methods used to calculate the data and estimates applied, are explained in the relevant tables or chapters of the report to make them easier to understand.



INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
STRATEGY AND ANALYSIS					
G4-1	Statement by the organisation's most senior decision-maker (person holding an executive management position, chairman or similar officer) concerning the relevance of sustainability to the organisation and its strategy	•	●	•	Page 04-05
ORGANISATIONAL PROFILE					
G4-3	Name of the organisation	•	•	•	Bankia, S.A.
G4-4	Primary brands, products, and services	•	•	•	Page 42-73
G4-5	Location of organisation's headquarters	•	•	•	Pintor Sorolla, nº 8 (46002 Valencia)
G4-6	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	•	•	•	Page 44-45
G4-7	Nature of ownership and legal form	•	•	•	Bankia is inscribed in the Valencia Companies Register (Volume 9,341, Book 6,623, File 104, Sheet V-17,274). It is a credit bank supervised by the Bank of Spain, and is inscribed in the Bank of Spain's Administrative Register with the BE Code: 2038, BIC: CAHMESMMXXX
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	•	●	•	Page 42-73 Page 128-145
G4-9	Scale of the reporting organisation, including: a. Number of employees b. Number of transactions c. Net sales (for private sector organisations) or net revenues (for public sector organisations) d. Total capitalisation broken down in terms of debt and equity (for private sector organisations) e. Quantity of products or services provided	•	●	•	Key indicators
G4-10	a. Total number of employees by employment contract and gender b. Total number of permanent employees by employment type and gender c. Total workforce by employees and supervised workers and by gender d. Total workforce by region and gender e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers	•	✓	•	Page 146-155

GRI G4

INDICATORS

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
G4-11	Percentage of total employees covered by collective bargaining agreements	•		•	100%
G4-12	Describe the organisation's supply chain	•		•	Page 156-161
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	•		✓	Page 10-15 Page 103 Page 113 Page 156-161
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	•		•	Page 174-181
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	•		•	Page 111
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation holds a position	•		•	Page 111
MATERIAL ASPECTS AND BOUNDARY					
G4-17	Group entities: a. List all entities included in the organisation's consolidated financial statements or equivalent documents b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	•		✓ Page 196	Note 15.1 to the financial statements
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content	•		✓ Page 196	Page 182
G4-19	List all the material Aspects identified in the process for defining report content	•		✓ Page 196	Page 109
G4-20	Report the aspect boundary within the organisation for each material aspect	•		✓ Page 196	Page 106
G4-21	Report the aspect boundary outside the organisation for each material aspect	•		✓ Page 196	Page 106
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	•		✓ Page 196	Page 180
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	•		✓ Page 196	There were no significant changes in the scope, the aspect boundaries or the valuation methods, except for the matter reported under G4-22

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
STAKEHOLDER ENGAGEMENT					
G4-24	Provide a list of stakeholder groups engaged by the organisation	•		✓ Page 196	Page 104
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	•		✓ Page 196	Page 104
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	•	❖	✓ Page 196	Page 105
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concern	•	❖	✓ Page 196	Page 109
REPORT PROFILE					
G4-28	Reporting period for information provided	•		✓	2014
G4-29	Date of most recent previous report (if any).	•		✓	2014, Year 1 Report
G4-30	Reporting cycle	•		✓	Annual
G4-31	Provide the contact point for questions regarding the report or its contents	•		✓	bankiacomunicacion@bankia.com
G4-32	Report the 'in accordance' option and External Assurance Report	•		✓	Page 196
G4-33	Assurance policies and involvement of senior executives	•		✓	Approval of the sustainability content of the year 2 Report by the Responsible Management Committee, the Management Committee and the Board of Directors. External review performed by E&Y
GOVERNANCE					
G4-34	Report the governance structure of the organisation, including committees of the highest governance body Identify any committees responsible for decision-making on economic, environmental and social impacts	•	❖	✓	Page 06-07 Page 116-117
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	•	❖	✓	Page 103 Page 116
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	•	❖	✓	Page 103 Page 116

GRI G4

INDICATORS

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics if consultation is delegated, describe to whom and any feedback processes to the highest governance body	•		✓	Page 92-95 Page 103-105
G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> a. Executive or non-executive b. Independence c. Tenure on the governance body d. Number of each individual's other significant positions and commitments, and the nature of the commitments e. Gender f. Membership of under-represented social groups g. Competences relating to economic, environmental and social impacts h. Stakeholder representation 	•		✓	Page 06-07 Page 116-117
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	•		✓	Page 116-117
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	•		✓	Page 117-118
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed Report whether conflicts of interest are disclosed to stakeholders	•		✓	Page 119
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	•		✓	Page 101 Page 103 Page 117
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	•		✓	Page 103 Page 118
G4-44	Evaluation of the Board of Directors and action taken	•		✓	Page 118
G4-45	Board of Director's role in the identification and management of economic, environmental and social risks and opportunities, and in stakeholder engagement	•		✓	Page 76-77 Page 103 Page 107
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	•		✓	Page 76-77 Page 117
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	•		✓	Page 117
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered	•		✓	Sustainability content of Year 2 Report approved by the Responsible Management Committee, the Management Committee and the Board of Directors
G4-49	Report the process for communicating critical concerns to the highest governance body	•		✓	Page 76-77 Page 103

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	•		✓	Page 74-98
G4-51	Remuneration policies for the Board of Directors and senior executives	•	⊕	✓	Page 119
G4-52	Report the process for determining remuneration Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management Report any other relationships which the remuneration consultants have with the organisation	•	⊕	✓	Page 119
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	•	⊕	✓	Page 119
G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country			✓	Not available
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country			✓	Not available
ETHICS AND INTEGRITY					
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	•	⊕	✓	Page 100-101 Page 120-121 Page 137
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	•	⊕	✓	Page 105 Page 120-121 Page 143
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	•	⊕	✓	Page 105 Page 120-121 Page 143

GRI G4

INDICATORS

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
ECONOMIC					
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	•	⊕	✓	Calculation of EC1 indicator Page 195
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	•	⊕	✓	Page 92-94 Page 174-181
G4-EC3	Coverage of the organisation's defined benefit plan obligations	•	⊕	✓	Staff costs Note 36 to the financial statements
G4-EC4	Financial assistance received from government	•	⊕	✓	€2,279,502 in grants for training
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	•	⊕	✓	According to the collective agreement, basic salaries are only broken down by professional category
G4-EC6	Proportion of senior management hired from the local community at locations of significant operation	•	⊕	✓	100% of senior management are Spanish Corporate governance sub-chapter
G4-EC7	Development and impact of infrastructure investments and services supported	•	⊕	✓	Page 162-171
G4-EC8	Significant indirect economic impacts, including the extent of impacts	•	⊕	✓	Page 95 Page 150 Page 154 Page 159-161
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	•	⊕	✓	Page 156, 161
ENVIRONMENTAL					
G4-EN1	Materials used by weight or volume	•		✓	Page 177
G4-EN2	Percentage of materials used that are recycled input materials	•	⊕	✓	Page 177
G4-EN3	Energy consumption within the organisation	•	⊕	✓	Page 177
G4-EN4	Energy consumption outside of the organisation	•	⊕	✓	Page 177
G4-EN5	Energy intensity	•		✓	
G4-EN6	Reduction of energy consumption	•	⊕	✓	Page 174, 177
G4-EN7	Reductions in energy requirements of products and services	•	⊕	✓	Page 174, 177
G4-EN8	Total water withdrawal by sources	•		✓	Page 177
G4-EN9	Water sources significantly affected by withdrawal of water	•		✓	All Bankia's work centres are in urban areas, with appropriate water withdrawal and distribution services provided by suppliers
G4-EN10	Percentage and total volume of water recycled and reused	•		✓	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	•		✓	All Bankia's offices are in urban areas, and therefore none are located in, or adjacent to, this type of protected area

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	•		✓	Bankia's activity does not impact biodiversity
G4-EN13	Habitats protected or restored	•		✓	None
G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	•		✓	Bankia's activity does not impact biodiversity
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	•	☀	✓	Page 180
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	•	☀	✓	Page 180
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	•	☀	✓	Page 180
G4-EN18	Greenhouse gas (GHG) emission intensity	•	☀	✓	Page 180
G4-EN19	Reduction of greenhouse gas (GHG) emissions	•	☀	✓	Page 180
G4-EN20	Emissions of ozone-depleting substances (ODS)	•	☀	✓	Page 180
G4-EN21	NOx, SOx and other significant air emissions	•	☀	✓	Page 180
G4-EN22	Total waste water discharge by nature and destination	•		✓	All Bankia's offices are in urban areas, and therefore all waste water is discharged into the municipal sewer system Bankia has a number of waste permits for its Castellana 189 work centre (by volume)
G4-EN23	Total weight of waste by type and processing method used	•	☀	✓	Page 178
G4-EN24	Total number and volume of significant spills	•		✓	Bankia's activity does not result in spills
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	•		✓	Bankia does not transport, import or export hazardous waste
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	•		✓	Bankia's activity does not impact biodiversity
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	•	☀	✓	Page 135 Page 174, 176-180
G4-EN28	Percentage of products sold and packaging materials that are reclaimed by category	•	☀	✓	Page 178
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	•		✓	No significant environmental fines have been received Significant fines are those described in Note 1.8 to the financial statements (p. 14)
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	•	☀	✓	Page 180
G4-EN31	Total environmental protection expenditures and investments by type	•	☀	✓	Page 174-177

GRI G4

INDICATORS

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	•		✓	Page 154, 156
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	•		✓	No significant environmental impacts have been identified
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	•		✓	Two grievances about environmental impacts have been resolved, resulting in a sanction of €400
SOCIAL PERFORMANCE					
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	•		✓	Page 151
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	•		✓	Collective labour agreement applicable, no differentiation in this regard
G4-LA3	Return to work and retention rates after parental leave, by gender	•		✓	100% retention rate as per collective labour agreement and prevailing legislation
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements			✓	15 days according to the Workers' Statute
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	•		✓	100%
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, by region and by gender			✓	Page 150
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	•		✓	Page 150
G4-LA8	Health and safety topics covered in formal agreements with trade unions	•		✓	Page 150
G4-LA9	Average hours of training per year per employee by gender, and by employee category	•		✓	Page 149
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	•		✓	Page 145-149
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	•		✓	Page 145-147
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	•		✓	Page 114 Page 151
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	•		✓	According to the collective agreement, basic salaries are only broken down by professional category
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	•		✓	Page 154, 156
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	•		✓	No significant actual impacts for labour practices have been identified in the supply chain
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	•		✓	Page 119

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
HUMAN RIGHTS					
G4-HR1	Total number and percentage of significant investment agreements that include human rights clauses or that underwent human rights screening	•		✓	Page 95 Page 110 Page 137-140 Page 144-145
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	•		✓	No specific training provided on these matters, other than on aspects relating to Bankia's activity
G4-HR3	Total number of incidents of discrimination and corrective actions taken	•		✓	No knowledge of any claims, reports, lawsuits or litigation relating to incidents of discrimination
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	•		✓	No activities or operations have been identified that are exposed to this type of risk
G4-HR5	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	•		✓	No activities or operations have been identified that are exposed to this type of risk
G4-HR6	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	•		✓	No activities or operations have been identified that are exposed to this type of risk
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	•		✓	Security personnel are outsourced and are therefore not subject to supplier controls
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	•		✓	Due to the scope of its activity, Bankia is not affected by this risk
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	•		✓	Due to the scope of its activity, Bankia is not subject to reviews or controls of this nature
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	•		✓	Page 156-158
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	•		✓	No significant human rights impacts have been detected in the supply chain
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	•		✓	No knowledge of any claims, reports, lawsuits or litigation relating to incidents of human rights violations

GRI G4

INDICATORS

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
SOCIETY					
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	•		✓	Page 162-171
G4-S02	Operations with significant actual and potential negative impacts on local communities	•		✓	No significant impacts on local communities have been detected
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	•		✓	Remote audits have been performed of 100% of the branches using an alerts system designed to prevent fraud and exercise internal control
G4-S04	Communication and training on anti-corruption policies and procedures	•		✓	Page 120-123
G4-S05	Confirmed incidents of corruption and actions taken	•		✓	Page 121
Page 120					
G4-S06	Value of political contributions, by country and recipient/beneficiary	•		✓	The Code of Ethics and Conduct expressly states that: "on no account may donations be made to political parties or unions, or to representatives thereof".
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	•		✓	No knowledge of any claims, reports, lawsuits or litigation relating to anti-competitive behaviour, anti-trust, or monopoly practices
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	•		✓	No significant fines have been received for non-compliance with laws and regulations. Fines are those described in Note 2.21.2 to the financial statements (p. 51) Corporate governance sub-chapter
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	•		✓	Page 156-158
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	•		✓	No significant impacts on society in the supply chain have been identified
G4-S011	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	•		✓	No knowledge of any claims, reports, lawsuits or litigation relating to impacts on society Corporate governance sub-chapter

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
PRODUCT RESPONSIBILITY					
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	•		✓	Page 135-136, 141-145
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	•		✓	Page 121
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	•		✓	Bankia's activity does not require labelling of products and services
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	•		✓	Bankia's activity does not involve any possible incidents of non-compliance of this nature
G4-PR5	Results of surveys measuring customer satisfaction	•		✓	Page 128, 136, 141-143
G4-PR6	Sale of banned or disputed products	•		✓	Sector regulation prohibits Bankia from having banned or disputed products
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	•		✓	No knowledge of any claims, reports, lawsuits or litigation relating to marketing communications, advertising and sponsorship
G4-PR8	Number of substantiated complaints regarding breaches of customer privacy and losses of customer data	•		✓	Bankia has received five complaints regarding protection, resulting in a fine of €104,358.5
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	•		✓	No significant fines have been received concerning the provision and use of products and services. Fines are those described in Note 2.21.2 to the financial statements (p. 51)

GRI G4

INDICATORS

INDICATOR	DESCRIPTION OF INDICATOR	RESPONSE	MATERIAL ISSUE	INDEPENDENT REVIEW	REFERENCE
ECONOMIC ASPECTS FOR THE FINANCIAL SERVICE SECTOR					
Economic performance					
G4-EC1	Direct economic value generated and distributed	•		✓	Calculation of the EC1 indicator Page 195
ENVIRONMENTAL ASPECTS FOR THE FINANCIAL SERVICE SECTOR					
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	•		✓	Page 180
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 3)	•		✓	Page 180
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)				Page 180
G4-EN23	Total weight of waste by type and processing method used	•		✓	Page 178
HUMAN RIGHTS ASPECTS FOR THE FINANCIAL SERVICE SECTOR					
G4-HR1	Total number and percentage of significant investment agreements that include human rights clauses or that underwent human rights screening	•		✓	Page 95 Page 110 Page 137-140 Page 144-145
SOCIAL ASPECTS FOR THE FINANCIAL SERVICE SECTOR					
Local communities					
FS-13	Accessibility in areas of small populations or economically disadvantaged areas	•		✓	Page 137-140
FS-14	Initiatives to improve access to financial	•		✓	Page 95 Page 132, 135, 137-140, 144-145
Product portfolio					
FS-6	Percentage of the portfolio for business lines by specific regions, sizes (e.g. large, SME, micro-firms) and by sectors	•		✓	Page 132, 135, 137-140, 144-145
FS-7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	•		✓	Page 128-145
FS-8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	•		✓	Page 128-145
Active ownership					
FS-10	Percentage and number of companies held in the bank's portfolio with which the reporting organisation has interacted on environmental or social issues	•		✓	Page 106-107
FS-11	Percentage of assets subject to positive and negative environmental or social screening	•		✓	Page 92-94

CALCULATION OF THE EC1 INDICATOR: BANKIA GROUP**2014****2013⁽⁴⁾****2012**

€ THOUSAND

ECONOMIC VALUE GENERATED⁽¹⁾	4,087,144	3,629,708	4,028,283
Gross income	4,008,812	3,481,629	4,009,799
Net profit/(loss) of discontinued operations	85,328	116,600	-5
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	-6,996	31,479	18,489
ECONOMIC VALUE DISTRIBUTED	2,013,695	1,572,630	-909,564
Dividends ⁽²⁾	201,553		
Other administrative expenses	538,590	558,620	663,824
Staff costs	987,320	1,116,772	1,353,452
Income and other taxes ⁽³⁾	286,232	-102,762	-2,926,840
ECONOMIC VALUE RETAINED (ECONOMIC VALUE LESS DISTRIBUTED ECONOMIC VALUE)	2,073,449	2,057,078	4,937,847

(1) Gross margin plus net gains on disposal of assets

(2) Dividends charged against 2014, 2013 and 2012 profits

(3) Only includes expense for "Income tax" and "Levies and taxes"

(4) Figures restated in the 2014 financial statements

INDEPENDENT REVIEW REPORT



Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid
España

Tel: 915 727 200
Fax: 915 727 238
ey.com

INDEPENDENT REVIEW OF THE SUSTAINABILITY INFORMATION INCLUDED IN BFA-BANKIA REPORT YEAR II

To the Board of Directors of Bankia

Scope of the work

We have carried out, according to the request of the management of Bankia, the review of the sustainability information of the BFA-Bankia Report Year II (hereinafter the Report), which has been included in the "Responsible Management" chapter and in the GRI table of indicators that is included as an Annex. This information has been prepared based on:

- The Global Reporting Initiative (GRI) Preparation Guide (version 4)
- The principles stated in the AA1000 APS 2008 guide issued by AccountAbility (Institute of Social and Ethical AccountAbility)

The scope determined by Bankia for the preparation of this report is defined in the "Scope and External Review" section in the accompanying report.

The preparation of the sustainability information, as well as the information contained therein, is the responsibility of the administrative bodies and management of Bankia. They are also responsible for defining, adapting, and maintaining the management systems and internal controls from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- Standard ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited scope of assurance
- AA1000 AccountAbility Assurance Standard 2008, with a moderate level of type 2 assurance
- The Guidelines for reviewing Corporate Responsibility Reports, issued by the Official Register of Auditors of Accounts (ICJCE)

Applied procedures

Our review consisted in performing inquiries to the managers of the Corporate Responsibility unit as well as the various managers of the business units that have participated in the preparation of the "Responsible Management" section of the accompanying report, and in applying analytical procedures and sampling review tests as described below:

1. Interviews with the people in charge of the elaboration of the sustainability information. The purpose of these was to obtain an understanding of the Corporate Sustainability objectives and policies, as well as how they are put into practice and integrated into Bankia's strategy
2. Analysis of the adaptation of the structure and content of the sustainability information as indicated in G4 Global Reporting Initiative (GRI)

3. Test, on a sample basis, of the quantitative and qualitative information of the indicators included in the Report, as well as its adequate compilation from data supplied by information sources. The review tests have been defined to provide assurance levels as described in "Criteria" section in this report

The scope of this review is considerably lower than in a reasonable assurance report. Therefore, the degree of assurance is also less extensive. This report in no case should be considered an audit report.

Independence

We have performed our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).

Conclusions

As a result of our review of the sustainability information included in the "Responsibility Management" section and in the table of indicators included as an Annex:

- No matter came to our attention that would lead us to believe that the Report has not been prepared according to the Guidelines included in the Global Reporting Initiative (GRI) Preparation Guide for Sustainability Reports, as it is stayed on it
- No matter came to our attention that would lead us to believe that the remaining information and indicators reviewed contain significant errors, or that they have not been prepared in accordance with the principles of inclusivity, materiality and responsiveness established in the AA1000 APS (2008) standard developed by Accountability, as described in the "Responsible Management" chapter

Recommendations

- **Inclusivity:** The Company has established mechanisms to identify stakeholders. We recommend continuing to develop the channels that allow the stakeholders to participate in Bankia's sustainability strategy
- **Materiality:** The significant aspects to be included in the Report have been identified. We recommend continuing to analyze the relevant issues regularly in order to identify the most important sustainability risks
- **Responsiveness:** The Company has mechanisms to design, evaluate, and communicate the answers to the main expectations of the stakeholders. We recommend defining sustainability objectives for each identified material issues

This report has been prepared solely according to Bankia's interest, in accordance with the terms set out in our engagement letter.

ERNST & YOUNG, S.L.  AA1000
Licensed Assurance Provider
000-59

(Free translation from the Original Report on Independent Review in Spanish dated 23rd February 2015. In case of any discrepancy, the Spanish version always prevails.)

Edited by
BFA-Bankia

Publication date
April 2015

Digital version: www.bankia.com

HIGHLIGHTS

IN MILLION EUROS

	BFA	CHANGE BFA 2014-2013	BANKIA GROUP	CHANGE 2014-2013
NET INTEREST INCOME	3,016	19.23%	2,927	14.05%
GROSS INCOME	4,082	-9.10%	4,009	6.27%
OPERATING PROFIT (BEFORE PROVISIONS)	2,332	-9.48%	2,267	21.38%
ATTRIBUTABLE PROFIT	116	-94.19%	747	22.27%
EFFICIENCY (4Q EX-GAINS/LOSSES ON FINANCIAL ASSETS AND LIABILITIES AND EXCHANGE DIFFERENCES)	42.9%	-9.7 p.p.	43.7%	-8.9 p.p.
ROA (EXCLUDING EFFECT OF PROVISION FOR IPO)	0.4%	-0.3 p.p.	0.3%	0.1 p.p.
ROE⁽¹⁾ (EXCLUDING EFFECT OF PROVISION FOR IPO)	7.5%	-2.2 p.p.	8.6%	3.0 p.p.
TOTAL ASSETS	242,472	-9.92%	233,649	-7.09%
NET LOANS AND ADVANCES TO CUSTOMERS	112,680	-5.30%	112,691	-5.40%
CUSTOMER FUNDS UNDER MANAGEMENT	155,351	-4.52%	152,242	-3.35%
BUSINESS VOLUME	268,031	-4.86%	264,933	-4.23%
NPL RATIO	12.9%	-1.9 p.p.	12.9%	-1.8 p.p.
PROVISIONS	9,670	-17.40%	9,527	-15.78%
NPL COVERAGE	58.2%	0.3 p.p.	57.6%	1.1 p.p.
LOAN TO DEPOSITS	105.5%	-9.8 p.p.	105.5%	-9.8 p.p.
COMMON EQUITY TIER 1 (CET 1) BIS III PHASE IN	13.28%	2.8 p.p.	12.28%	1.6 p.p.
CET 1 BIS III FULLY LOADED	10.35%	2.1 p.p.	10.60%	2.0 p.p.
NUMBER OF SHARES (MN)			11,517	0.00%
YEAR-END SHARE PRICE (IN EUROS)			1.238	0.32%
CAPITALISATION			14,258	0.32%
EARNINGS PER SHARE (IN EUROS)			0.07	0.00%
DIVIDEND PER SHARE (IN EUROS)			0.175	n.a.
NUMBER OF BRANCHES			1,978	-1.54%
NUMBER OF EMPLOYEES			14,382	-6.56%
VOLUME OF NEW LOANS GRANTED (IN MILLION EUROS)			14,756	-0.99%
MORTGAGE MODIFICATIONS (NO.)			14,079	-39.25%
SOCIAL RENTS (NO.)			654	n.a.

	2014*	2013
HOURS OF TRAINING	669,293	589,000
DIVERSITY: %MEN / WOMEN	45.87 / 54.13	46.38/53.62
OPEN-ENDED CONTRACTS	99.85%	99.24%
ELECTRICITY CONSUMPTION (Gj)	369,051	461,490
ELECTRICITY ACQUIRED FROM RENEWABLE ENERGY SOURCES (GREEN ENERGY)	100%	100%
EMISSIONS AVOIDED THANKS TO ACQUISITION OF ELECTRICITY FROM RENEWABLE SOURCES (T CO₂)	36,905.10	42,944.20
RECYCLED PAPER USED (DIN A4) (%)	99.80%	99.50%

1) Calculated as net profit/assets and liabilities to facilitate comparison with the criterion used in the strategic plan.

* Data for Bankia, S.A.

Bankia
SIGAMOS TRABAJANDO