



FINANCIAL ADVICE IS THE GREATEST
VALUE-ADDED SERVICE RETAIL BANKING
OFFERS ITS CUSTOMERS

BANKIA FOCUSES ON THREE KEY AREAS
WHEN SERVING BUSINESSES:

**ADVICE, FINANCE AND SUPPORT
FOR INTERNATIONALISATION**

BANKIA IS COMMITTED TO **BUILDING
A MULTI-CHANNEL OFFERING** TO
BE ABLE TO SERVE EVERY TYPE OF
CUSTOMER AND IN ANY CIRCUMSTANCES

BANKIA HAS ENHANCED ITS SYSTEM
FOR **EVALUATING INVESTMENTS**
FROM AN ENVIRONMENTAL, SOCIAL AND
CORPORATE GOVERNANCE PERSPECTIVE



BUSINESS MODEL

“In order to successfully attract customers, a multi-channel strategy is crucial, offering our customers a consistent experience through both physical and digital channels”.

JOSÉ IGNACIO GOIRIGOLZARRI

THIRD BEST SPANISH BANK
IN CUSTOMER SERVICE

CUSTOMER SATISFACTION INDEX
82.4%

SATISFACTION SURVEYS
112,080

POST-SALE SURVEYS
2,400

“PLUS+” BRANCHES FOR ADVICE
52

COMPLAINT RESPONSE
TIME REDUCTION
40%

THE CUSTOMER AT THE HEART OF WHAT WE DO

In an increasingly competitive environment, Bankia's primary goal is to have satisfied, loyal customers. In all its activities the bank gives priority to delivering an increasingly efficient, high quality service, striving always to meet the needs and expectations of consumers.

Customer behaviour is changing very fast and the bank is adapting to respond to the new demands. Keeping pace with customers in this transformation, without moving too fast or too slow, requires above all an ability to listen. Only by listening will the bank be able to detect users' emerging demands and measure their satisfaction with the service they receive.

It is precisely this alignment with customers' needs that has inspired Bankia's Strategic Plan 2016-2018. One of the first measures associated with the new plan is the launch of the "sin comisiones" (no fees) strategy. Since the start of this year, the only requirement for individual customers to sign up to this programme is to have their salary (minimum 450 euros per month) or pension (minimum 200 euros per month) paid directly into their Bankia account. The programme offers a total exemption on all the demand accounts of all qualifying customers, old or new. This is just one initiative, of the many yet to come, that has resulted from listening to customers.

MEASURING QUALITY

Another result of the concern for listening to customers and delivering the highest quality is Plan Avanza, a programme to improve service quality in

the branches that demands an in-depth knowledge of the customer experience. To gain that knowledge, satisfaction levels are measured continuously, especially in respect of the activities that have the biggest impact on the bank's sales performance.

This regular monitoring helps keep management processes and methods constantly under review and serves to identify the branches that can be used as a model and those that need the most improvement, for which specialised improvement plans are developed.

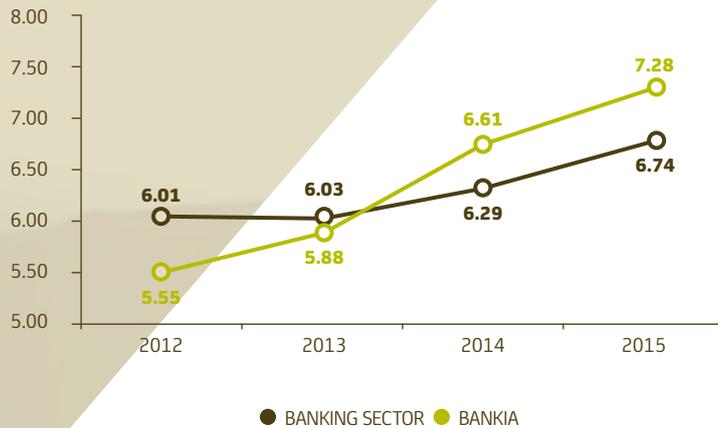
One of the measurement tools used is satisfaction surveys. In 2015 a total of 112,080 satisfaction surveys were conducted, with a view to finding out what customers expected and to what extent their expectations were met in their interactions with Bankia.

Another customary method of measuring service quality is mystery shopping (unannounced visits to branches by supposed customers, whose real mission is to report back on the service they receive). Mystery shopping services are usually provided by outside companies and the results allow comparisons between the objective quality of different financial institutions. Bankia has risen to third place among Spanish banks in service quality, with an above-average score.

CUSTOMER SATISFACTION (%)



THIRD BEST RESULTS IN MYSTERY SHOPPING ACTIONS



This improvement is a consequence of having put the customer at the centre of the bank's activities, involving the whole organisation, from the Individuals, Businesses and Private Banking segments to central services. Central services, for example, have signed service level agreements that demonstrate their determination to deliver a quality service to the branches, with all that this entails for the end customer.

The quality performance improvement is also attributable to the new segmentation of branches by customer profile. Of the 1,941 retail banking branches in Spain, 52 are "Plus+" branches, devoted purely to financial advising; 135 are Agile Branches (open all day), focused on the more transactional services; and 462 are situated in the areas surrounding the Agile Branches and are open mornings and afternoons. The remaining 1,254

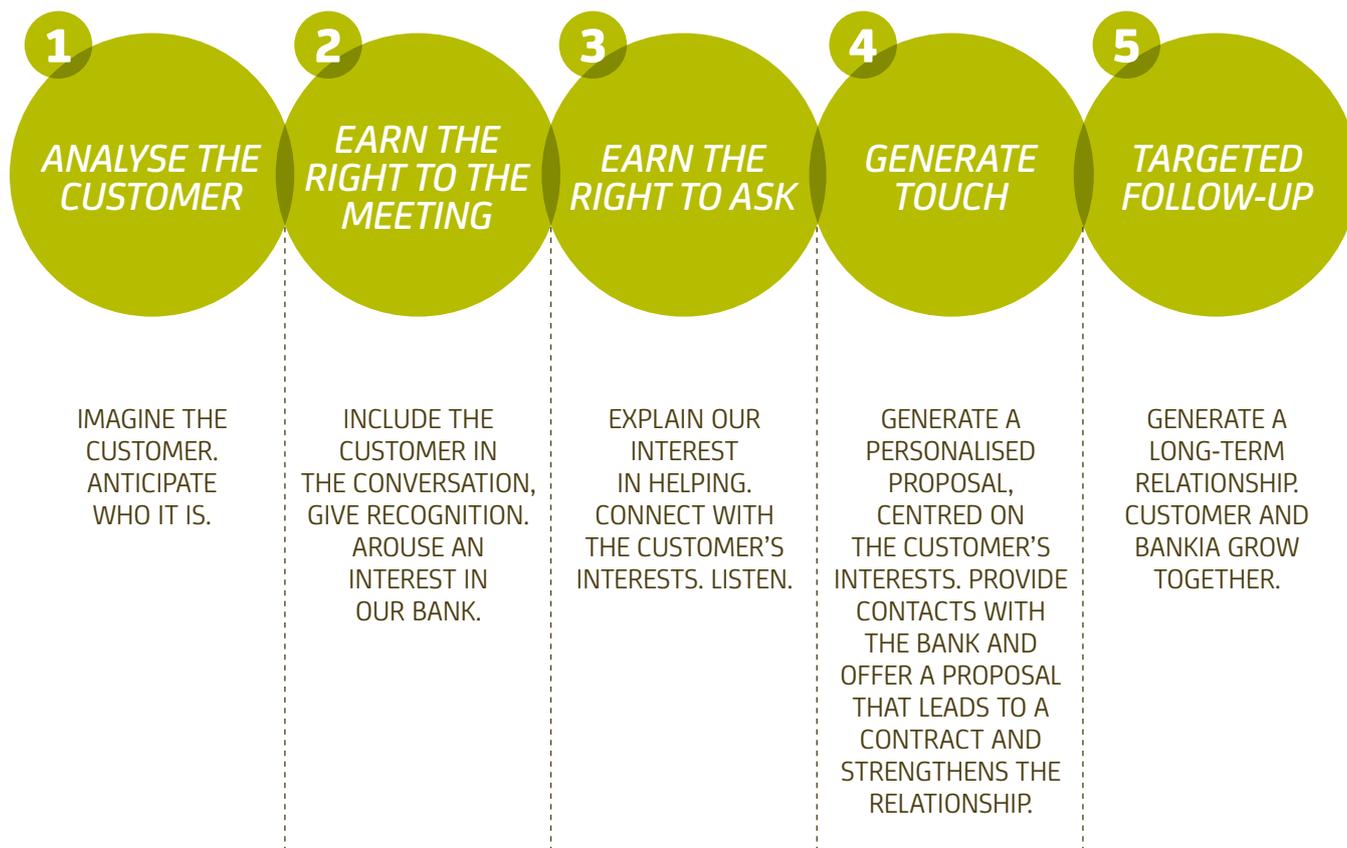
are universal branches. To serve business customers, the bank has 61 business centres (two of them embedded in other branches) and two corporate banking branches. Bankia Banca Privada has 13 branches, which serve high net worth customers who require specialised advice.

Another way of measuring service quality is through post-sale surveys. A total of 2,400 such surveys were conducted in 2015, achieving product acceptance of 73.1%.

RELATIONAL QUALITY

During the second half of 2015, the Relational Quality Model was implemented in the retail banking network. This model shifts the marketing paradigm away from product-focused actions towards a customer-focused approach, with the aim of building unique relationships with customers, centred on customers' emotions and needs. The bank's aim is to reach more customers in a different way, following a five-step model.

RELATIONAL QUALITY MODEL



Branches that follow this process see immediate improvements in productivity, value added to customers, overall customer satisfaction and customer acquisition. Starting in December, specific workshops were held to support the implementation process, reinforcing the steps of the model and capitalising on success stories.

The Relational Quality Model is fundamental to the strategy Bankia has adopted for 2016 to position itself in relation to customers.

CUSTOMER SERVICE

Bankia's Customer Service Department (CSD) is an independent body which helps to improve the bank's relations with its users, always in as equitable a way as possible and following applicable law and industry best practices.

Over the course of 2015, the CSD designed new complaints and claims management procedures, so as to deliver a faster, more satisfactory response. These procedures include:



*THE RELATIONAL
QUALITY MODEL IS
FUNDAMENTAL TO
THE STRATEGY BANKIA
HAS ADOPTED FOR
2016 TO POSITION
ITSELF IN RELATION TO
CUSTOMERS*



*DURING 2015,
BANKIA'S CUSTOMER
SERVICE DEPARTMENT
(CSD) DEvised NEW
PROCEDURES FOR
HANDLING CLAIMS AND
COMPLAINTS TO OFFER
QUICKER SATISFACTORY
RESPONSES*

- An early detection system for the most common complaints, so that all areas of the bank can work to resolve them.
- An online training module aimed at encouraging employees to be proactive in resolving incidents that lie within their scope of responsibility.
- A tool for monitoring complaints at regional level, broken down by customer type, with special emphasis on complaints relating to treatment received in the branches.

The CSD also put special effort into reducing response times, with the result that by the end of the year the average was 28 days, compared to 47 days the previous year, a reduction of 40% in just one year. The target for 2016 is to increase the branches' capacity to resolve incidents for themselves, providing solutions designed for the most common incidents.

Complaints handling is governed by Customer Care Regulations. Complaints are channelled through the complaint forms available at all Bankia branches, which include both the bank's own forms and those supplied by the supervisory bodies (Banco de España, CNMV).

COMPLAINTS ACCEPTED
FOR INVESTIGATION

49,318

COMPLAINTS RECEIVED
FROM CUSTOMERS

67,703

COMPLAINTS RESOLVED IN
THE CUSTOMER'S FAVOUR

22,693

AVERAGE RESPONSE TIME
FOR ACCEPTED CUSTOMER
COMPLAINTS

28 DAYS



PERSONAL ACCOUNT
MANAGERS
1,943

BRANCHES WITH
PERSONAL ACCOUNT
MANAGERS
1,314

FINANCIAL ADVISERS
232

BRANCHES WITH
FINANCIAL ADVISERS
52

INDIVIDUALS, SMES AND THE SELF-EMPLOYED

Retail Banking serves individuals, the self-employed and SMEs with a turnover of up to 6 million euros, aiming to strengthen their ties with Bankia by adding value to the products and services offered and ensuring the highest possible quality in customer service and advice.

The advice is provided by specialised professionals, boosting satisfaction rates and opening up new business opportunities. At year-end 2015, more than 1,600,000 customers, i.e. more than a quarter of the total, had an account manager assigned to them.

Acquiring and retaining customers, cross-selling, expanding the product range and adapting the bank's services and image to a more advanced, up-to-date scenario are the general principles that guide Bankia's retail banking activities. To put these principles into effect, the bank relies on customer segmentation, so that each customer type can be treated according to its needs.

BANCA PRIVADA

Aimed at high net worth customers who require personalised advice across many different fields. Bankia Banca Privada combines the advantages of a financial boutique with the backing of a large financial group, which enables it to offer the full range of banking services.

PERSONAL BANKING

This is a service provided throughout the retail network to customers with annual income of more than 45,000 euros or financial net worth of 75,000 euros. It is provided by 2,175 highly qualified personal account managers, who work exclusively with this segment. One of Banca Personal's

main objectives is to promote contact between account managers and customers. To achieve this, the account managers have specific contact functionalities via remote channels, mainly Oficina Internet, where the customer can arrange a meeting with his account manager.

HIGH POTENTIAL

Introduced in 2015 in order to detect each customer's business growth expectations and provide a service in line with the customer's needs. At 31 December, the Banca Personal and High Potential segments had specialised account managers deployed throughout the branch network. In branches that have no specialised account manager assigned to them, this service is provided by the branch manager.

INDIVIDUALS

Personal customers who do not fit in any of the other segments have access to a full range of products, from sight and demand savings deposits to debit and credit cards and guarantees. Direct deposit of income, direct debit, insurance and investment and pension funds are also available to all customers. Some services in the Individuals segment are targeted at particular age groups, such as the Mi Primera Cuenta and Cuenta Joven accounts for children and young people, the Tarjeta Joven youth card, the Portal and Discount Club for young people, and Bankia Sénior.

The highest value added service the retail banking service provides to its customers is financial advice, which in 2015 resulted in 120,926 investment proposals and the creation of 80,748 portfolios, in each case for a specific purpose such as retirement. The financial advisers have a wide range of Bankia products at their disposal, including 60 international funds.

Another important product is consumer finance, which over 2015 as a whole amounted to 1.21 billion euros, up 38% on the previous year. At year-end, more than 1.8 million customers had a pre-approved line of credit, which could be taken out in less than a minute through any of the bank's channels. There is also a standing offer of tailored financing for the occasions when it tends to be most needed, e.g. when large purchases have to be made and before loans fall due.

In 2015, the FinanExpress service, which can be used to cover card purchases, bills or even taxes, was extended to all the bank's channels. More than 136,000 FinanExpress loans were granted for an aggregate amount in excess of 55 million euros. Also in consumer finance, February saw the launch of the Créditos campaign, offering up to a 100% discount on auto or home insurance to those who take out a loan.

Bankia lent 1.42 billion euros to households for home purchase.

On the liabilities side, besides term deposits, structured products and investment and pension funds, Bankia launched the Ahorro 5 savings deposit, a recently regulated long-term product that can be used to supplement the

retirement pension, has no age limit and pays interest that is exempt from personal income tax. With Ahorro 5, the saver knows beforehand the return on each amount invested and his money is fully insured by the Deposit Guarantee Fund.

NEW “SIN COMISIONES POR SER TÚ” PROGRAMME

Another line of implementation of the business strategy for the Individuals segment is the “sin comisiones” (no fees) programme, which springs from a business model based on cross-selling, taking an all-round view of the customer. During 2015, the “sin comisiones” programme benefitted current accounts, debit cards, cheque deposits and credit transfers in euros, with a limit of 3,000 euros and with special conditions for certain customer groups.

In January 2016, the bank decided to position itself with a new strategy, focused mainly on customers whose income is paid directly into their account, and released 2.4 million customers from paying fees. Under the new plan, the only condition for individual customers to benefit from the fee exemption is to have their income, be it salary or pension, paid directly into their account, with a minimum of 450 euros for salaries and 200 euros for pensions. The fee exemption applies, without limitation, to all of a given customer's accounts, the usual debit cards, credit transfers within Spain in euros, transfers to other EU countries through any channel, cheque deposits and Bankia credit card fees (subject to just one purchase per year). The exemption applies equally to old and new customers.

DISTRIBUTION NETWORK

Bankia has 1,941 retail branches, grouped in 100 areas, which report to 10 regional head offices, each of which has four large departments: risk control, commercial management, agency network and recoveries. Bankia is segmenting its retail banking network into different types of branches, so as to be able to tailor its services to customers' needs.

Besides the full-service branches, Bankia has 135 Agile Branches, partial service branches and the Plus+ Branches opened in 2015 in the provinces of Madrid, Valencia and Castellón, with the aim of reaching a total of 180 in 2016 (in 2015 there were 52 of these branches). It also has recoveries centres, settlement centres and developer branches.

AGILE BRANCHES

BRANCHES SPECIALISING IN OVER-THE-COUNTER TRANSACTIONS

ALL-DAY OPENING, EXTENDED TO 6PM

IN HIGH FOOTFALL AREAS

AT STRATEGIC SITES,
USING OUR BEST PROPERTIES

SUPPORT NEARBY ADVISORY BRANCHES
(462 PARTIAL-SERVICE BRANCHES IN SURROUNDING AREAS)

SELL SIMPLE PRODUCTS

HAVE LARGE NUMBER OF ATMS



AVERAGE
CUSTOMER
SERVICE TIME

3'43"

AVERAGE NUMBER
OF CUSTOMERS
SERVED PER DAY

230

AVERAGE
WAITING TIME
TO BE SERVED

3'29"

PERCENTAGE
OF CUSTOMERS
USING SERVICES
IN AFTERNOONS

18%

AVERAGE NUMBER
OF TRANSACTIONS
PER DAY

255



PLUS+ BRANCHES

SPECIALISING IN PROVIDING ADVICE

LOCATED IN MICRO-MARKETS WHERE THERE IS AN AGILE BRANCH

AT STRATEGIC LOCATIONS

STAFFED BY HIGHLY TRAINED FINANCIAL ADVISERS

SERVE CUSTOMERS SEEKING ADVICE

OFTEN ALSO GIVE SPECIALISED ADVICE TO SMES,
MICRO-ENTERPRISES AND RETAILERS

Bankia also has an agency network, whose activity is focused on customer acquisition, both individuals and businesses. The main agent is MAPFRE, which distributes the Bank's products and services through its commercial network under an agency agreement. In 2015, a total of 774 Bankia branches received customers and business from 3,519 distributor sales staff and 350 distributor branches. In addition, Bankia has its own network of nine financial agents and 78 representatives. At year-end, this agency channel had a total of 7.3 billion euros of business with 254,000 customers.

Customer service extends through the online, mobile and telephone banking channels, as well as through the traditional self-service terminals (ATMs), numbering 4,830 on-site and 686 off-site. The ATMs are available twenty-four hours a day for account inquiries, cash withdrawals, bill and tax payments, credit transfers, ticket purchases and mobile phone top-ups, among other transactions.

SMES AND SELF-EMPLOYED

The SMEs and Self-Employed business is strategically important for Bankia and the efforts the bank has made in this segment have translated into continued significant growth in this business year after year. One of Bankia's priorities is to increase its business with this type of customer, which mainly means increasing lending to these groups.

In 2015, the bank's lending to SMEs and the self-employed totalled 3.44 billion euros, 44.6% more than the previous year. The total increase breaks down as a 43% increase in lending to SMEs and a 72.8% increase in lending to the self-employed. SMEs and the self-employed accounted for 86.7% of business lending, with a total of 47,656 loans, up 45.3% on the previous year

To serve these customers, the bank has a management model based on

*153 SME MANAGERS
ACROSS 153 BRANCHES
AND 106 SME
MANAGERS BELONGING
TO VARIOUS REGIONAL
DIVISIONS HELPING
PROVIDE A QUICKER
SERVICE TO CUSTOMERS*



specialised advice and closeness, following the philosophy that companies should see their Bankia advisor as just another member of their staff, whom they can consult any time they need financial advice.

Small and medium businesses with sales of less than 6 million euros per year are served by the Retail Banking Directorate but are offered a specialised service. The branches with most SME customers have specialised sales staff, who offer advice and products specifically designed for these customers, as well as for self-employed business owners. In total, the bank has 259 of these specialised managers. Branches that do not have a SME account manager have a manager who specialises in their needs, usually the branch manager.

To get closer to customers, Bankia has the “Reconquer your neighbourhood” plan, where branch managers or specialised account managers call on local retailers, SMEs and self-employed professionals to offer them exclusive products and services on very competitive terms. The branch managers also undertake to visit customers regularly at their place of business and provide them with financial advice.

During 2015, numerous initiatives aimed at promoting sales to SMEs, retailers and the self-employed were started.

- **Tax loan.** An interest-free loan to finance tax payments, where the customer simply pays an account opening fee, the amount of which is based on the customer’s credit history and the chosen repayment period.

TOTAL NO. OF SME ACCOUNT MANAGERS

259

TOTAL NO. OF SME AND MICRO-ENTERPRISE CUSTOMERS

647,944

- **Free premium legal advisory service.** The bank has also decided to offer SMEs, retailers and the self-employed, free of charge subject to a certain minimum commitment, a legal protection service that includes access to expert lawyers for legal advice and drafting of contracts and appeals, among other things.
- **Mobile POS terminal.** A device that allows professionals to collect payment for their services from anywhere, using their smartphone or tablet.
- **Free web site creation.** A solution that allows SMEs, retailers and the self-employed to start up their online business.

PRODUCTS FOR SPECIFIC PURPOSES AND GROUPS

INDIVIDUALS

PRODUCT	CUSTOMER SEGMENT	DESCRIPTION
Consumer loan modification	Individuals	Absorbs and refinances the loans of customers who are unable to pay off consumer loans
Migrant remittances	Immigrants	Family aid remittances to the countries of origin
NGO cards*	Individuals	Debit or credit card where the holder contributes a percentage of the net profit from the use of the card in retail establishments to associations and foundations affiliated with the NGO programme.
Fundación Síndrome de Down	Individuals, self-employed, small retailers, SMEs and businesses	A solidarity card, where Bankia pays a percentage of the fee revenue to Fundación Síndrome de Down de Madrid. Both individuals and businesses can be holders of this card.
Paralimpics card	Individuals, self-employed, small retailers, SMEs and businesses	Bankia will donate a percentage of the revenue from fees and use in retail establishments. So that individuals and businesses collaborate with the Spanish Paralympic Committee and Paralympic sports federations at no additional cost or effort..
Aquí-Allá debit and prepaid card	Immigrants	Offers remittance solutions and facilities to immigrants in Spain who want to transfer money to relatives in their country of origin.
Carné Joven affinity card	Young people/children	In collaboration with the Youth Departments of the autonomous communities of the Canary Islands, Valencia, Castilla y León, Castilla la Mancha and Ceuta, Bankia issues the Carné Joven, in the form of a debit card, at no additional cost to the holder. Bankia also helps to the sponsor the Carné Joven youth card in various autonomous communities.
Agro financing	Individuals and businesses engaged in crop and livestock farming and fisheries	Credit to the agricultural, livestock and fishing sector. Advances on CAP funds and subsidies. Investment loans for the acquisition and adaptation of land and the repair and renewal of machinery
ICO loans	Self-employed, SMEs, businesses, public and private sector entities (foundations and NGOs)	Credit to businesses, SMEs and specific sectors in the areas of business startup and entrepreneurship, innovation and technology and for internationalisation
EIB line	Self-employed, SMEs and midcaps	Financing of business projects in Spain and the EU for this type of company and self-employed business owners. This line of financing is not available for projects in certain sectors, including weapons production, real estate development, gaming and tobacco production and sale.
Home refinancing	Individuals	Mortgage modification, forbearance and protection of mortgage debtors who have no resources (RD 6/2012)
Business refinancing	Self-employed, retail establishments, SMEs and mid and large companies	Modification of unsustainable debt and zero instalment loan facilities for business activities

PAYMENT INSTRUMENTS

FINANCING

PRODUCTS FOR SPECIFIC PURPOSES AND GROUPS

	PRODUCT	CUSTOMER SEGMENT	DESCRIPTION
CONSUMER CREDIT	Crédito Joven	Young people	Universal personal consumer loan (for education, furniture, vehicles, etc.) for customers aged 18 to 30
INSURANCE	Farming insurance	Individuals and businesses engaged in crop and livestock farming and fisheries	Cover for activities in the farming, livestock and fishing sector and related operations
	Insurance for solar photovoltaic plants	SMEs and mid and large companies	Cover for assembly damage, material damage, general liability and loss of income for lack of sun (hours and intensity)
	Modular health insurance	Individuals	Access to health care and private treatment. Tailored cover, with modules that can be taken out together or separately, according to the particular need.
ASSET MANAGEMENT	Pioneer Funds – Global Ecology	Individuals and businesses	Investment in securities of companies involved exclusively in sustainable development (alternative energy, recycling, water treatment, biotech, etc.)
	Employer Plans	Individuals and businesses	Investment according to ESG criteria on a hybrid basis: best-in-class screening, supplemented by exclusion criteria
SERVICES	NGO credit transfers	Individuals and businesses	Free credit transfers to specified charitable and social entities (http://www.bankia.es/is/services/credit-transfers-to-ngo)
	Online correspondence	Individuals	Allows customers to view correspondence relating to their products and services in digital (PDF) format via Oficina Internet and Oficina Móvil
	Supplier payment service	Self-employed, retail establishments, SMEs and mid and large companies	Allows the customer to centralise payments to suppliers. Streamlined payments processing, cost reduction, control and security
	Non-resident certificate application service	Immigrants	Processing of the application for a non-resident certificate (first application and renewal)

*NGO CARDS AT 31/12/2015



In 2015, a total of 368 organisations were affiliated to the NGO programme: seven linked to the personalised NGO card (Unicef, Acnur, Cruz Roja, Acción Contra el Hambre, Ayuda en Acción, Manos Unidas, Medicus Mundi) and 361 linked to the generic NGO card.

CUSTOMERS
23,567

LOANS
€28.89 BN

MANAGED FUNDS
€12.86 BN

BUSINESS CENTRES
63

SPECIALISED
ACCOUNT MANAGERS
233

PENETRATION RATE
35.5%

BUSINESS BANKING

This is the group division that serves companies with annual sales of more than six million euros. It ended 2015 with more than 23,500 customers. It has a very diversified portfolio, including companies in all the productive industries, although services, construction and supplies are particularly well represented, jointly accounting for 50% of the total.

The goal of the business banking area is to combine long-term profitability for the bank and value creation for shareholders with good service to customers, in particular as regards the financing of their projects. To serve these customers, at the end of 2015 Bankia had 59 business centres, two business corners inside other branches and two corporate banking branches, in Madrid and Barcelona.

The commercial policy has two main objectives: to offer minimum prices based on the cost of funds and the company's level of risk and to actively seek out cross-selling opportunities, i.e., to ensure that the customer benefits from as many of the bank's products and services as possible. The risk assessment is performed individually by specialised teams at a regional or national level, depending on the scale of each operation.

ADVICE, FINANCE AND SUPPORT FOR INTERNATIONAL GROWTH

Bankia offers companies three key types of services to accompany and help them at every step they take. The aim is for customers to feel that Bankia is part of the company, working with them to improve their results. The first type of service is advice, the second, financing and the third, support for internationalisation.

In order to provide the best advice, the Business Centres have 233 specialised account managers, who in turn have the support of the bank's risk specialists, legal counsel and experts in capital markets, trade and marketing.

In financing, Bankia continues to increase its volume of lending, whether for working capital or for investment. In 2015, it granted a total of 10.53 billion euros of loans to companies with sales of more than six million euros, 9.6% more than the previous year. Adding to this figure the 3.22 billion euros of loans to SMEs and the 216 million euros granted to the self-employed, the total came to 13.96 billion euros, up 16.6%. Bankia has also granted 16.09 billion euros of pre-approved credit to companies, both customers and non-customers, for short and long-term finance.

In syndicated loans, which are the responsibility of the Capital Markets Directorate, in 2015 Bankia ranked fourth in the Spanish financial system, with 3.8 billion euros, representing 5.1% of the total.

In support for internationalisation, Bankia offers a wide range of services and products for companies looking to enter the export market, from short-term working capital finance for foreign purchases and sales and international reverse factoring, factoring or forfaiting to medium and long-term investment and development finance for projects tendered for outside Spain. To resolve its customers' needs and doubts, the bank offers personalised advice from trade specialists throughout its branch network and an exclusive telephone and online service, "Línea Experta Comex", to respond to customers' trade finance inquiries.

Bankia's support for companies' foreign trade activity totalled 8.73 billion euros, an increase of 20.9%. The bank grew its base of customers with foreign trade activity by 19.8%. This growth came after a 13.4% increase in export-import finance, from 5.43 billion euros to 6.16 billion euros, and a 43.5% increase in international guarantees issued, bringing the total to 2.57 billion euros, compared with 1.79 billion euros in 2014.

By autonomous community, Bankia granted 3.6 billion euros to support the foreign trade activities of companies in the Community of Madrid, a year-on-year increase of 25%. They were followed by companies in Catalonia (1.55 billion euros, up 15%), the Valencian Community (1.03 billion euros, up 18%) and the Basque Country (622 million euros, up 49%). The communities with the fastest year-on-year growth in trade financing were the Balearic Islands (120%), the Basque Country (49%), Murcia (43%), Cantabria (43%), Extremadura (39%) and Andalusia (28%).

TECHNOLOGICAL DEVELOPMENT

Alongside its financing activity, during 2015 Business Banking redoubled its efforts to build closer relationships with customers and help them improve their businesses, especially in terms of technology and digital transformation. To do that, it offered its customers the following new services:

- Bankia Índicex, a free self-assessment tool for detecting weaknesses in a company's online sales strategy, so as to find solutions and boost the company's sales.
- A tool that helps companies manage currency risk and allows them to directly and automatically enter into interest rate hedges.
- Creation of a transparent, effective website, so that suppliers who are not Bankia customers can consult and receive advance payment of receivables which the buyers of their products or services have ordered to be paid through the bank (reverse factoring).
- Advice from companies specialising in state aid, so that Bankia customers have ready access to all the available information on subsidies, be they local, regional, national or EU.

ONLINE BANKING

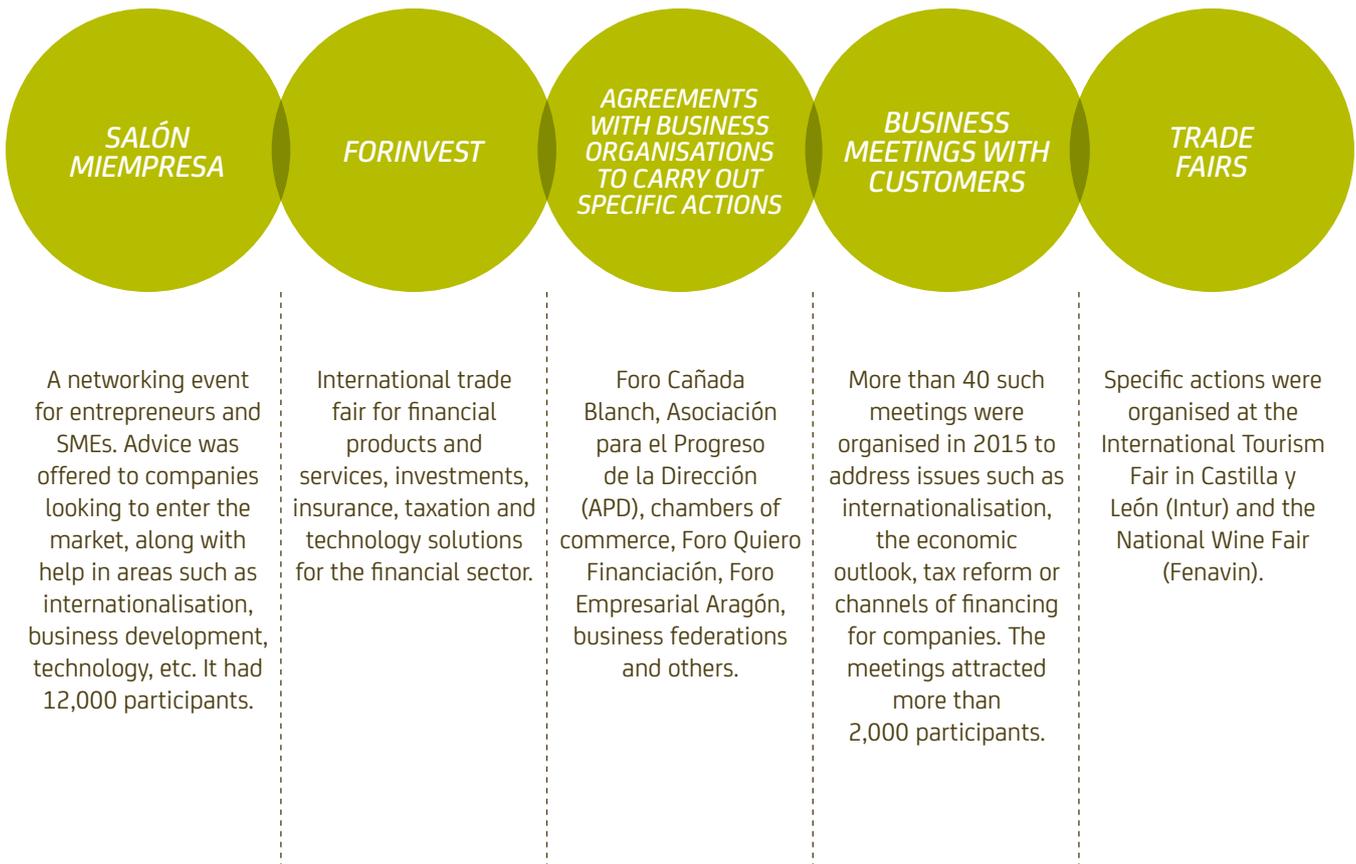
Following the implementation, from 2014 onward, of the new Oficina Internet Empresas online platform, the online banking service has established itself as a privileged channel for doing business with customers in this area. At 31 December 2015, the online

LOANS TO COMPANIES WITH SALES OF MORE THAN SIX MILLION EUROS

€10.53 BN

channel had 356,435 users (including mid and large companies, SMEs, self-employed, retail establishments, their legal representatives, etc.), who carried out more than 394 million transactions during the year. The new platform includes improvements such as multicompany access, revamped browsing, and collection and payment functionalities.

BUSINESS SPONSORSHIPS



CUSTOMERS
5,144

BUSINESS VOLUME
€5.05 BN

INVESTMENT
FUNDS, PENSION
PLANS AND SICAVS
€2.27 BN

WEALTH
MANAGERS
46

BRANCH MANAGERS
WITH AN ASSIGNED
PORTFOLIO
8

PRIVATE BANKING

The customers of Bankia Banca Privada have access not only to the traditional, banking products and services but also to other, specific products, notably advice from highly qualified personal account managers, who can offer solutions tailored to their needs.

The service is provided through an exclusive network of 13 specialised branches, which draw support from any Bankia division that can help the account managers find answers to the financial, wealth or tax issues raised by the customer, whether relating to the customer's personal affairs or professional activity.

Bankia Banca Privada thus simultaneously offers its customers advice and management in a wide range of specialised and customisable financial products, with the backing of a large group.

Through its branch network it offers the main assets traded in the markets, a wide range of national and international investment funds in all their variants, structured deposits, pension plans and collective investment companies (SICAVs), both from within the group and from external suppliers.

The personal account managers tailor the proposal for each customer to the customer's risk profile, expected return and investment horizon. This advisory service was especially highly valued during 2015 due to the volatility of the markets during the year.

Last year two specific products were launched:

LORIGA INVERSIONES 2015

Sicav, a conservative absolute return fund that aims to deliver attractive returns with limited risk, thanks to strict control of volatility.

AN ISSUE OF TWO-YEAR SENIOR BONDS

Aimed specifically at private banking clients.

The portfolio of socially responsible investment funds was also expanded in 2015 to cover practically all the possible asset classes and investment strategies. Besides the diversification, professional management and favourable tax treatment that are common to all funds, socially responsible investment funds offer a new management approach, which not only produces attractive returns but also helps improve society and the environment.

At 31 December 2015, Bankia Banca Privada had 5,144 customers, 54 personal account managers (46 wealth managers and 8 branch managers with an assigned portfolio), 5.05 billion euros in business volume and 2.27 billion euros in investment funds, pension plans and SICAVs.

POLICIES
1.99 MN

PREMIUMS WRITTEN
€484 MN

SAVINGS MANAGED
€5.78 BN

BANCASSURANCE

Bankia carries on its insurance activity following the distribution model established in the agreement entered into with Mapfre in 2014.

Pursuant to that agreement, a joint venture called Bankia Mapfre Vida was set up to take charge of insurance within the life business. Mapfre has a 51% interest in the joint venture and Bankia the remaining 49%. The non-life business is entrusted directly to Mapfre, except for policies for companies with annual sales of more than two million euros, which receive differentiated treatment.

The alliance with Mapfre was an important step towards the goal of adopting a single, integrated insurance distribution model for the entire commercial network, with improved efficiency and quality and a product catalogue specific to Bankia. With that goal in mind, already in 2013 Bankia reorganised the various insurance agents in which it had a presence, including Mapfre Caja Madrid, Aseval and Laietana Vida. The agreements with other non-group companies were also reviewed at that time to make the bank's range of insurance products more consistent and more homogeneous.

For Bankia it is strategically important to deliver a good service in the insurance activity, both for individuals (savings, health, life, auto, home) and for businesses (trade, third-party liability, transport, credit). Overseeing this activity and providing specialised support to the network is the responsibility of the Bancassurance Directorate, which in 2015 continued to work to equip the branches with the best tools for marketing the policies to their customers.

ACTIONS AND RESULTS

The actions carried out include employee training (216,658 hours of training given), adapting the marketing and sales system to the bancassurance channel, downsizing the product catalogue, simplifying sales procedures and putting appropriate aftersales support in place. Additionally, between May and August, specific action was taken to promote sales of life, accident, household, auto and health insurance through the branches.

As a result of these efforts, net premiums written in 2015 reached 484 million euros, an increase of 11% compared to the previous year, while the mathematical provisions for life savings insurance came to 5.78 billion euros. At 30 September, according to ICEA (Investigación Cooperativa entre Entidades Aseguradoras), Bankia's market share of net premiums written in Spain through the bancassurance channel was 2.57%, rising to 6.02% in the case of risk insurance.

INVESTMENT FUNDS

*ASSETS***€11.96 BN (+23.34%)***UNITHOLDERS***515,308**

PENSION FUNDS

*ASSETS***€6.86 BN (+1.17%)***UNITHOLDERS WITH BALANCES***834,848**

ASSET MANAGEMENT

Bankia supplies investment products to its commercial network through Bankia Fondos and Bankia Pensiones, which at 31 December 2015 managed a joint total of 18.82 billion euros of assets, 14% more than the 16.48 billion euros managed the previous year.

If Bancassurance is added, the volume of savings managed by Bankia at year-end 2015 was 24.17 billion euros, which is 1.39 billion euros, or 6%, more than in 2014.

The growth in these three savings lines (funds, pensions and insurance) has been steady over the last four years, thanks to the launch of products increasingly tailored to customers' needs and the circumstances of the environment. The 2012 total of 19.28 billion euros grew to 20.55 billion euros in 2013, 22.79 billion euros in 2014 and 24.17 billion euros in 2015. This represents growth of 25% over that period.

Bankia is committed to responsible investing and one of its goals is to continue to apply ESG (environmental, social and good governance) criteria in asset analysis and selection.

BANKIA FUNDS

Bankia's fund manager offers a wide range of competitive, high quality products in all categories (money market, fixed-income, equity, mixed, guaranteed, global, etc.) and all geographical areas (national and international). This variety allows it to meet the needs of different customer profiles, from the most conservative, whose priority is capital preservation, to the more adventurous, who are willing to take certain risks in the interest of a higher return.

At the end of 2015, Bankia Fondos held 11.96 billion euros in securities, well above the 9.7 billion euros held in 2014. This 23.34% increase in the volume of assets managed coincided with an improvement in return, despite the turmoil that shook the equity market during the year. All this put Bankia Fondos in fifth place among Spanish fund managers, with a share of 5.44%, compared to the previous year's 4.98%, according to Inverco, the Spanish Association of Investment and Pension Funds.

During 2015, risk-profiled products were the ones that attracted the most interest among Bankia Fondos clients, reaching a total of 4.56 billion euros, an increase of 3.18 billion euros compared to 2014. Risk-profiled products, which already account for more than 38% of the fund manager's volume, invest most of their assets in other funds, resulting in a highly diversified portfolio, both in terms of assets and in terms of geographical areas.

Bankia has two ranges of risk-profiled products, each made up of three products with different risk levels for the customer to choose from. The "Soy Así" range is made up of directional funds, designed to obtain income in line with market performance. The "Evolución" range aims for a positive return in the medium term, regardless of any short-term oscillations that may occur.

Lastly, the assets placed in the 48 open-ended investment companies (SICAVs) administered by Bankia remained practically stable. At the end of 2015 they were valued at 273 million euros.

BANKIA PENSIONES

Bankia has for many years been making significant efforts to encourage long-term saving to supplement the future state pension. To do this it continually offers advice through its commercial network and has effective simulation tools to resolve any queries that may be raised in this respect.

As regards supply, Bankia owns 100% of two pension fund management companies and also has an interest in, and distribution agreements with, the insurance company Caser. This allows it to offer savers various different types of pension fund (individual, employment and associated), always following the principle of tailoring the product as far

as possible to each customer's needs and retirement horizon.

At 31 December 2015, the total value of Bankia's pension funds was 6.86 billion euros, compared to 6.78 billion euros in 2014. Of the end-of-year total, 71.96% related to individual plans and the rest, to employer and associated plans.

RESPONSIBLE INVESTMENT

In 2015 the bank improved its system for evaluating investments according to environmental, social and corporate governance criteria. Through an international provider of socially responsible investment services, investments are categorised based on a hybrid criterion, using best-in-class screening combined with two exclusion criteria: non-compliance with the principles of the Global Compact and involvement in controversial weapons.

BANKIA HAS FOR MANY YEARS BEEN MAKING SIGNIFICANT EFFORTS TO ENCOURAGE LONG-TERM SAVING TO SUPPLEMENT THE FUTURE STATE PENSION



AT BANKIA PENSIONES, COVERAGE UNDER SRI CRITERIA

€1.017 BN*

(APPROXIMATELY 61% OF THE ASSETS
MANAGED IN EMPLOYER PENSION PLANS)

*Figure amended after the report went to print.

The Asset Management Risk Management Directorate, which is responsible for controlling these non-financial risks, presents and analyses the information provided by the SRI provider, along with the changes in the ESG ratings of the issuers of financial assets, in the Risks Committee. It also prepares detailed information on the ESG ratings of the pension fund portfolios and the implementation of ESG criteria and actions taken, so that the Commercial Directorate can present them to the control committees of each employer fund.

The Investments Directorate has incorporated ESG criteria into all the decision making that previously was based on fundamental and market criteria. This also allows it to monitor the company's commitment, compliance and future plans in ESG matters.

*THE INVESTMENTS
DIRECTORATE HAS
INCORPORATED ESG
CRITERIA INTO ALL THE
DECISION MAKING THAT
PREVIOUSLY WAS BASED
ON FUNDAMENTAL AND
MARKET CRITERIA*



TELEPHONE BANKING

CUSTOMERS

3,523,997

TRANSACTIONS

70,112,016**ONLINE BANKING**

CUSTOMERS

3,597,925

TRANSACTIONS

1,201,454,074**MOBILE BANKING**

CUSTOMERS

1,075,451

TRANSACTIONS

803,827,785

MULTI-CHANNEL MARKETING

Technological change and the development of the information society have given banks new ways of serving their customers. Counter service is still needed and will continue to be needed, but online and mobile banking are gaining ground. That is why all financial institutions see correct multi-channel customer service as a priority.

Bankia is no exception and in 2015 created the Corporate Directorate for New Distribution Models, which is responsible for carrying out the bank's multi-channel transformation project. The priorities within this strategic frame are to improve the customer experience and drive digital sales. Essentially, the aim is to have more channels through which to serve customers and offer products and services, without losing the personal relationship and always with an optimal level of quality.

In recent years, competitors have emerged from other sectors, usually specialising in one or other of the products that used to be exclusive to banks (payment instruments, financing, investments, etc). To meet this direct competition, financial institutions can exploit the opportunities arising from their customer knowledge and the information they gather from their activities (Big Data).

INCREASING DIGITALISATION

At year-end 2015, 56% of multi-channel customers already used a mobile phone or tablet (as the only channel or in combination with other channels) to do business with Bankia and used the new functionality of the bank's digital app, which has modal screens in which customers are unintrusively informed about matters of interest to them, thus increasing communication and closeness. Further progress was made

in migrating transactional services to remote channels ("Cuando Quieras" plan), which is something that will continue and evolve, focussing more on people and putting the emphasis on full use of the digital channels.

An example was the start-up of the free "Conecta con tu experto" service, which will be key to delivering multi-channel customer service in the future, especially to the more digital customers. At 31 December this service had 88 specialised account managers and 104,412 customers, who received specialised service from their assigned account manager. These customers have access to the usual digital channels, including the Oficina Internet, Oficina Telefónica, Oficina Móvil, and so on. At the same time, they have specialised advice from an account manager (always the same person), who is there when they need help to carry out any transaction and whom they can contact by any electronic means.

A new evolved Oficina Internet was created, offering customers four different ways to interact with Bankia: web, phone, email and chat. The service is personalised through a new, simpler and more intuitive procedure, which has already been used by more than 953,000 customers.

The optimisation of online processes has encouraged customers to sign up for products such as pre-approved loans through the digital channels and has allowed

personalised digital advertising actions, which have proven effective in attracting attention and improving conversion rates, i.e., turning visits into sales.

ATM NETWORK

In the last two years, 54.8% of the installed ATMs have been renewed and adapted and the range of services they offer has been expanded. Bankia cash machines, for example, allow users to request an electronic receipt to be delivered to their mobile phone or email address, unlock their PIN, pay taxes and obtain pre-approved credit. In 2015, as part of the effort to strengthen the sales network, the agreement to locate cash machines in the Madrid metro was extended and Bankia was awarded the contracts to install ATMs in the El Prat (Barcelona) and Manises (Valencia) airports.

Digital channels and ATMs allow Bankia to serve customers who live in areas of low population or where there is no branch. The bank has a total of 607 ATMs in such areas. To reach these areas, the bank also has the mobile branches service. A total of 11 mobile branches serve 324 municipalities in Castilla y León, Castilla-La Mancha, the Valencian Community, the Community of Madrid and La Rioja.

Bankia has adapted 60% of its ATMs with audio systems, keyboards and screens that make them accessible to people with any degree of disability, especially vision impairment.

MEANS OF PAYMENT

Bankia continues to develop new technologies, including in payment instruments. The main line of development is the Bankia Wallet application, which allows the user to manage all his cards. The number of contactless cards is growing, both of the traditional kind (more than 1.1 million) and in the form of stickers (slightly over 103,000). The latest major development is the launch of mobile payments using NFC technology, so that users can pay for their purchases completely securely in retail outlets that have contactless POS terminals.

The new developments in cards are as follows:

- Crédito Plus. Pack of two cards: one for everyday use and one for deferred payment of larger purchases.
- Collaboration agreement with the Spanish Paralympic Committee to introduce new types of cards (debit and business), improve the price for the customer and provide financial support to sportspeople through the donation of part of the income from these cards.
- Agreement to issue the Carné Joven youth card in Castilla-La Mancha, in both financial and non-financial form, similar to those Bankia already has in other autonomous communities.

ATMs

5,516

NEW ATMS
INSTALLED

693

ATMS
IN AREAS OF
LOW POPULATION

607

ATMS
ADAPTED
FOR THE BLIND

3,316

TRANSACTIONS
CARRIED OUT
THROUGH ATMS

241,684,673

STOCK OF ATMs RENEWED

54.8%

- Acceptance, in stores and ATMs connected with Bankia, of UnionPay cards, of which there are 5,000 million units in circulation around the world and which are used by the more than 250,000 Chinese tourists that visit Spain each year.
- New ServiRed “Tú decides” programme, in which establishments that have a POS terminal may offer immediate credit.

Following the approval of the new decree regulating fees for the use of ATMs, Bankia signed an agreement with Euro6000 and Sabadell that entitles Bankia customers to favourable terms on cash withdrawals at more than 17,800 ATMs throughout Spain. Bankia thus offers its customers the biggest ATM network in the country on the most advantageous terms. Also, for non-customers Bankia offers the cheapest rates of any of the large networks in Spain..

BUSINESS INTELLIGENCE

During 2015 the Business Intelligence Directorate was integrated in the Corporate Directorate for New Distribution Models. The purpose of this integration is to facilitate the development of the bank’s Business Intelligence Transformation Plan, within the framework of the Multi-channel Transformation Plan. In 2015, work was started in three areas:

BIG DATA

Development of advanced multi-channel analytics, which is vital in order to get a comprehensive view of the customer and drive sales with offers tailored to each profile. Implementation of a commercial prioritisation engine, which in a multi-channel marketing context enforces consistency and prioritises business opportunities through the different channels

CRM

Creation of advanced segmentations, so as to have a multidimensional view of the customer portfolio as regards its captured value, its potential value and its future value. A modelling system is in place that identifies a commercial offering for 100% of customers 100% of the time. Two million customers already have a Next Best Offer identified.

COMMERCIAL ACTIONS.

Optimisation of the effort-to-results ratio in terms of total sales, product consumption per customer and sales per employee.

TOTAL NO.
OF CARDS

6,365,712

TOTAL NO.
OF POS TERMINALS

97,913

TOTAL NO. OF
CONTACTLESS
CARDS

1,101,727

TOTAL NO. OF
BANKIA WALLET
STICKERS

103,144

TOTAL NO. OF
BANKIA WALLET
APP DOWNLOADS

46,340

PLANS FOR THE FUTURE

Over the course of 2016, many of the projects started in 2015 that are part of important transformation plans will be consolidated and implemented in full:

RENEWAL OF DIGITAL CHANNELS

Over the period to 2017, the public website, the app and the private website will be renovated as part of the strategy of adapting the channels to the goals of enhancing the customer experience and improving product marketing. The aim is to achieve a greater closeness to customers and results orientation.

GROWTH IN MULTI-CHANNEL CUSTOMERS

The effort already begun will continue until 2018. A new “Cuando Quieras” plan, centred on the digital world, will be started. This plan will be targeted at customers who already use the channels but are not aware of all their possibilities. Customers will perceive Bankia as being more accessible and as offering a comprehensive, professional service through its digital channels. Mobile internet use will be a particularly important part of this strategy.

GROWTH OF SALES

The channel improvements that have already been implemented and those to come over the next few years will drive online sales. Actions will also be taken to retain and acquire customers in various segments by offering attractive terms for all their digital banking transactions. Besides improving its sales, these actions will bring Bankia closer to its customers, meeting each need as it arises.

CONNECT WITH YOUR EXPERT

Professionalism and closeness are the key advantages of this service and if 2015 was the launch year, 2016 will be the year it reaches cruising speed. The customer base will be expanded and new centres will be opened to cover the different regions in which Bankia is present. Specialised personal advice and extended opening hours will add benefits to a channel offering in which people will find a variety of ways to stay in touch with their bank.

DIGITAL CULTURE PLAN

In 2016 this plan will involve the whole workforce and entails creating training itineraries and implementing the multi-channel approach in the bank's commercial systems. A clear commitment to this objective already exists at all levels and the Digital Culture Plan will further reinforce it.

BUSINESS INTELLIGENCE PLATFORM

This platform will be implemented in 2016, so as to gradually increase the bank's functionalities and profitability. Offers to customers will continue to increase in number and degree of personalisation and increasingly will be available in any channel.

STRENGTHENING OF COMMERCIAL ACTIONS

The management of commercial actions will be targeted to achieve better results, adapting the actions to customers' real needs as detected through data processing. The incorporation of a Big Data ecosystem will also allow improvements in risk analysis and expand the offering of pre-classified risk.

E-COMMERCE
CARD
TRANSACTIONS

22,836,018

TOTAL VALUE OF
TRANSACTIONS
PERFORMED

€1.23 BN

ACCESS
THROUGH
m.bankia.es

APP
DOWNLOAD



*MOST ONLINE
BANKING
TRANSACTIONS CAN
ALSO BE PERFORMED
THROUGH MOBILE
BANKING ANYTIME,
ANYWHERE*

TRANSFERS
CARD-ACCOUNT TRANSFERS
MOBILE TELEPHONE TOP-UPS
CONTRIBUTIONS TO PENSION PLANS
AND INVESTMENT FUNDS
VIEW, DOWNLOAD AND FILE
ELECTRONIC CORRESPONDENCE
OBTAIN FINANCE THROUGH
FINANEXPRESS SERVICE

ATM MASTER PLAN

MILLION
EUROS INVESTED

100

NEW
ATMS INSTALLED

2,346

TRANSACTIONS
DIVERTED TO ATM
NETWORK THROUGH
CUANDO QUIERAS
PLAN

14 MILL.



Bankia

DAYS A YEAR

365

HOURS A DAY

24

ATMS OFFER
OUR CUSTOMERS
AN END-TO-END
SERVICE

TOTAL NO. OF
ASSETS SOLD
9,190 UNITS

INCOME FROM
ASSET SALES
€643 MN

REAL ESTATE ASSETS

Since 2014, the management, supervision and marketing of BFA-Bankia's real estate assets has been entrusted to Haya Real Estate, a member of the Cerberus group. Haya is also responsible for property maintenance and for keeping the assets in optimal condition for disposal. Ultimately, the goal is for BFA-Bankia to dispose of these assets with the least possible adverse impact on its income statement.

Substantial progress was made during 2015 in building knowledge of the real estate portfolio and a major effort was made to make more assets available for sale, both physically and legally. To speed up subsequent sales, a specific management unit was set up and tasked with promoting sales through Bankia's commercial network.

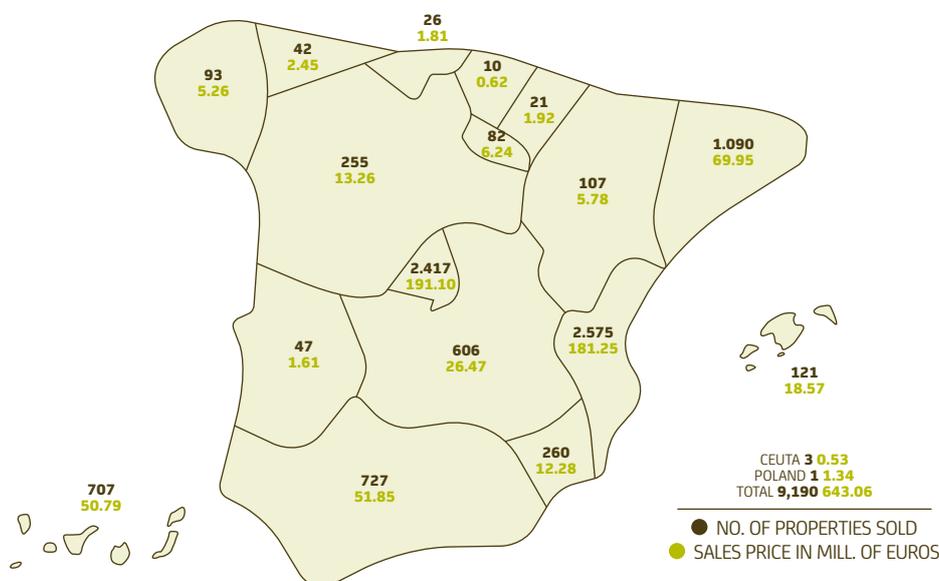
Thanks to all this, backed by continuous national and local advertising campaigns throughout the year, the stock of real estate assets decreased for the first time. A total of 9,190 units were sold for a total amount of 643 million euros. This represents an increase of 40.8% in number of sales and 14.6% in revenue. Some 48.83% of the sales were channelled through the bank's

branches, 46.64% through agents and the rest through the website.

The main targets for 2016 are:

- Continue to implement general measures aimed at disposing of real estate assets.
- Ensure that divestment is oriented primarily to sale and only secondarily to rental, which should only be the aim in special circumstances or in connection with the Social Housing Pool.
- Increase transparency in the offering of assets for sale to the public.
- Avoid exclusivity in marketing and sales.

MAP OF SALES BY AUTONOMOUS COMMUNITY



SALES IN 2015
220 INVESTEEES

REVENUE
€909 MN

CAPITAL GAINS
€307 MN

SALES OF DEBT
PORTFOLIOS
€3.83 BN

INVESTEES

The Strategic Plan 2012-2015 included ambitious divestment commitments aimed at accentuating Bankia's profile as a commercial bank.

During the last year of the plan, the divestment process was completed through the orderly disposal of companies unrelated to the bank's core business that still remained in its portfolio. The strategy, as in previous years, was implemented taking advantage of the opportunities that offered the highest return.

Specifically, thanks to the efforts of its specialised investment managers, during 2015 BFA-Bankia divested from a total of 220 companies (37 group subsidiaries), 71 of which were industrial or financial companies and 149 real estate companies. These divestments brought proceeds of 909 million euros and capital gains of 307 million euros.

At 31 December 2015, the BFA-Bankia Group had holdings in nearly 170 unlisted companies of various types, from financial and banking-related firms (asset management, bancassurance) to industrial, real estate and services firms. Apart from group subsidiaries such as Bankia Fondos and Bankia Pensiones, the main investments were Globalvía (50%), for which a sale agreement has been signed, and Torre Norte Castellana. The aim is to divest from these other firms in the course of 2016, along with Renovables Samca (33.3%), Corporación Financiera Habana (60%), Grupo NAU (48.6%) and other smaller investments. Various corporate restructurings and structured disposals that will bring significant benefits are also planned or under way.

PORTFOLIO OF DEBT

In 2015, in three transactions, a total of 1.61 billion euros of corporate loans were sold directly to brokers and funds in the secondary market:

- A 407 million-euro portfolio of collateralised loans associated with the hotel sector, classified as doubtful.
- A 559 million-euro portfolio of real estate developer exposures, of which 434 million euros were classified as very doubtful.
- A 645 million-euro portfolio of industrial loans.

Disposals of granular loans (for small amounts) reached a total of 1.7 billion euros, including a 1.21 billion-euro portfolio of secured loans, of which 1 billion euros were classified as doubtful and 205 million euros as very doubtful.

In total, the portfolios sold came to 3.31 billion euros: 2.75 billion euros were from Bankia (23% classified as very doubtful) and 557 million euros from BFA (94% very doubtful).

Besides the portfolios just mentioned, the group disposed of a further 515 million euros of mainly real estate developer loans.