

03.1

THE GOVERNANCE MODEL.

BANKIA'S CORPORATE GOVERNANCE SYSTEM IS FOUNDED ON GOVERNANCE BEST PRACTICES. THE MODEL IS ARTICULATED THROUGH INTERNAL RULES AND PROCEDURES THAT REGULATE BOTH THE WAY BANKIA OPERATES AS AN ORGANISATION AND THE WAY ITS PROFESSIONALS BEHAVE.

Bankia has a corporate governance system that has been approved by the Board of Directors and that is driven by the group's corporate values in the fields of business ethics and corporate social responsibility, namely, integrity, professionalism, commitment, proximity and achievement orientation.

The model is also underpinned by the good governance principles adopted and developed by the bank in the Corporate Governance Policy approved by the Board of Directors, which itself builds on the recommendations of the CNMV's Code of Good Governance for Listed Companies.

The system comprises a set of internal rules and procedures aimed essentially at ensuring profitable and sustainable business growth and long-term value creation, bearing in mind that the bank has a broad institutional and retail shareholder base. The rules are as follows:

- **Corporate documents.**

These are the bylaws, which lay down the fundamental rules and principles according to which Bankia is organised and operates; the General Meeting Regulations, which govern the actions and functioning of the senior shareholder representative body; and the Board of Directors Regulations, which lay down guiding principles and basic rules of operation for the Board, in line with corporate governance best practice.

- **Corporate policies.**

These are approved by the Board of Directors and set out the guidelines that govern the bank's functions, activities and processes, ensuring internal control and providing legal certainty. They are general in scope and are intended to apply over the long term. The most important issues of corporate policy at Bankia are as follows:



- Structure and corporate governance of the Bankia Group. This policy establishes guidelines and general criteria for the implementation of the Group's strategy through its different subsidiaries and governing bodies, as well as for coordination between the different companies.
- Communication and contacts with shareholders, institutional investors and proxy advisors. This policy fosters ongoing communication and dialogue with each stakeholder group, in order to build strong relationships of trust and promote transparency.
- Director selection. This policy establishes the criteria that the Board of Directors and the Appointments and Responsible Management Committee must take into account in the selection, re-election and ratification of directors. It seeks diversity of knowledge, experience and gender.
- Remuneration of directors, general managers and similar general and senior management positions.
- Selection and appointment of members of senior management. This policy takes into account the assessment procedures and related suitability requirements.
- Risk control and management. This policy deals with the treatment of the different types of risk facing the bank, the systems used to control and manage risks, the criteria for determining the acceptable levels of risk and the corrective measures available for limiting the impact of risks if they materialise.
- Investments and financing. This policy establishes the general guidelines and framework for action in these matters.
- Responsible management. This policy promotes the integration of social, environmental and corporate governance criteria in management. The aim is that management should be oriented to creating value for the different stakeholders.
- Dividends. This policy sets out the principles of shareholder remuneration, always with the aim of improving profitability and creating value sustainably.
- Treasury shares. This policy lays down the rules on transactions in the company's own shares, in accordance with the limits and other conditions established by securities market regulations.
- Conflicts of interest. This policy describes the procedures for preventing conflicts of interest between shareholders and members of the bank's Board of Directors.

.....

03.1

THE GOVERNANCE MODEL.

.....

.....

- **Internal rules of conduct.**

Bankia also has other internal rules and procedures of conduct that comply with legal or regulatory requirements or meet good governance recommendations. They include the following:

- Code of Ethics and Conduct. This code states commitments and principles for the conduct of directors, senior managers and professionals of Bankia, both internally and towards stakeholders.
- Internal Code of Conduct in the Securities Market. This code sets out the obligations arising from the bank's status as a listed company, addressing, among other matters, the market abuse regulations.

The conduct of business rules are further developed and supplemented by other internal provisions and procedures on matters such as the prevention of money laundering and terrorist financing, customer protection and the whistleblowing channel.

.....

THE ANNUAL DIRECTORS' REMUNERATION REPORT PROVIDES FULL, CLEAR AND COMPREHENSIBLE INFORMATION ON DECISIONS REGARDING DIRECTORS' REMUNERATION

.....

BANKIA has internal rules and procedures of conduct that comply with legal or regulatory requirements or meet good governance recommendations.

