

04.3

BUSINESS BANKING.

BUSINESSES NEED NOT ONLY FINANCING BUT ALSO ADVICE. MEETING BOTH THESE NEEDS IS THE FUNDAMENTAL OBJECTIVE IN THIS SEGMENT, FOR WHICH BANKIA HAS A BROAD OFFERING.

Bankia is one of the biggest players in the Spanish market among companies with sales of more than six million euros per year. Its portfolio in this segment comprises more than 20,000 customers and is well diversified among the different sectors, although services, manufacturing and retail account for 46% of the total. The penetration rate is 40.3% in Madrid, 58.8% in Valencia and also very significant in La Rioja, the Canary Islands and Castilla-La Mancha.

Across the various regions it covers, Bankia has 59 business centres, two company corners, a corporate office in Madrid and another in Barcelona. In all of them it operates from a dual perspective of profitability and prudent management, taking a long-term view of its financial relationships with customers. The commercial teams have targets based on contribution to results, cross-selling and close supervision of risks, so as to provide financial support to business ventures that will help them develop.

In pursuing these targets, Bankia adheres to policies that are compatible with its corporate values, including transparency, legality and protection of human rights, which means that certain controversial sectors, specified in the internal operations manuals, are excluded from the relationship. One of these policies, the commercial policy, is based around active management of total customer return, combining price discipline with active pursuit of business opportunities.

A BETTER RELATIONSHIP WITH CUSTOMERS

Following these principles, in 2016 Bankia continued to build relationships with business customers, putting special emphasis on



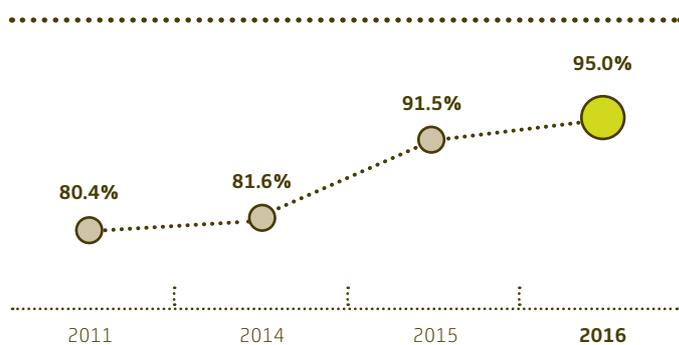
technological developments and companies' digital transformation. Considerable effort went into evolving the tools that help account managers be more effective, both in terms of sales effort and in terms of planning their activity, by providing them with the necessary knowledge and closeness to their customers. The alerts system was improved and a new portfolio segmentation by amount invested, commercial potential and scope for cross-selling was implemented that helps the bank meet companies' financial needs more effectively.

One of the big innovations of 2016 was the launch of the InVeinte service, with the support of specialists in information acquisition and the management of government subsidies, whether local, regional, state or European. There were also notable improvements to the usability of the Oficina Internet for Businesses (which started to be implemented in 2015), as regards order submission (payments and collections, receipts, etc.), speeding up customers' ordinary operations.

In foreign trade, Bankia has a correspondent account in renminbi in a Chinese bank and was the first Spanish bank to exchange information with credit institutions in Iran using SWIFT codes, following the lifting of most sanctions in 2012. All international business is conducted in accordance with the international standards of SWIFT's KYC Registry, scrupulously complying with anti-money laundering requirements.

As regards communication and contact with customers, in 2016 the bank organized 36 one-day conferences in different parts of Spain to debate issues concerning today's economy and business digitisation, as well as 11 working breakfasts on future trends and practical applications in the foreign exchange market. The purpose of these events was to improve customer relationships and respond to any needs that will help customers grow their business.

BUSINESS CUSTOMER SATISFACTION



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BUSINESS BANKING.

HELPING TO GROW

During 2016 Bankia maintained a rapid pace of lending to companies with annual sales of more than six million euros, both for working capital and for investment. Over the course of the year, it provided 8,617 million euros of credit and loans to this segment. If lending to SMEs and the self-employed is added, the total comes to 12,137 million. In addition, pre-approved credit totalling 16,881 million euros is available to business customers, existing and new. In loan syndication Bankia ranked fourth in the Spanish financial system in 2016, with 4,304 million euros, 8.4% of the total.

Foreign trade finance absorbed 9,900 million, 13% more than in 2015. The customer base increased 14.9%, thanks to the fact that export and import finance grew at a rate of 16.6%, from 7,618 to 8,888 million euros. Once again, guarantees given exceeded 1,000 million euros. The Autonomous Communities in which this type of financing grew most strongly were Aragón (49 million, 104.80%), Balearic Islands (21 million, 71.50%), La Rioja (45 million, 70.63%), Andalusia (157 million, 45.16%), Asturias (34 million, 22.97%) and Castilla la Mancha (33 million, 22.51%). They were followed by Galicia (46 million, 22.26%), Valencian Community (183 million, 17.89%), Navarra (14 million, 15.91%), Cantabria (7 million, 14.51%), Community of Madrid (496 million, 13.77%) and Castilla y León (18 million, 11.05%).



8,617 MILL

Financing granted
to companies with annual sales of more than 6 million.



3,520 MILL

SMEs and self-employed
annual financing.



16,881 MILL

Pre-approved credit
to businesses.



During 2016 BANKIA maintained a rapid pace of lending to businesses, both for working capital and for investment. For operations in Spain in provided 8,617 million euros, plus 9,900 million of foreign trade finance.

QUALITY ABOVE ALL

In the current environment of deleveraging and low interest rates, the challenge for Bankia in the Businesses segment is to build a profitable franchise that is capable of providing increasingly high quality financial services to

its customers. At the internal level, that means it is essential to continue to improve the tools provided to sales managers and deliver further operational and process improvements. Externally, the aim is to supplement the offering with non-financial products and services and continue to offer information and news about the world of finance and the economic and digital environment through newsletters and working sessions with customers.

PARTICIPATION IN TRADE EVENTS

SALÓN MIEMPRESA

The two-day Salón MiEmpresa fair received more than 15,000 visitors. Under the slogan "Supérate" ("Outdo Yourself"), the meeting provided opportunities for sharing of experiences and networking. The fair, which is sponsored by Bankia, offered entrepreneurs and SMEs advice on how to enter the market and help in facing future challenges in areas such as internationalisation, business development, technology, etc.

FORINVEST

International trade fair for financial products and services, investments, insurance, taxation and technology solutions for the financial sector. One of the speakers at Forinvest 2016 was Bankia CEO José Sevilla.

SPAIN STARTUP SOUTH SUMMITH

Spain StartUp South Summit, Held in Madrid, the event was attended by more than 10,000 people, including entrepreneurs and investors. It has become one of Europe's biggest meetings for startups.

FERIA INTERNACIONAL DE TURISMO DE CASTILLA Y LEON, (INTUR)

Bankia sponsors this trade fair for tourism professionals and travellers. The first two days were devoted to professional meetings, including most notably the INTUR Negocios buyers and sellers market. This year the fair attracted more than 44,000 visitors.

OTHERS

Fenavin Contact
Foro Innova Pyme
(Alicante and Barcelona)
Manager Business Forum
(Madrid and Bilbao)
FERCAM