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HUMAN CAPITAL.

TALENT DETECTION AND PROMOTION, CONTINUING PROFESSIONAL DEVELOPMENT AND A DISTINCTIVE MANAGEMENT STYLE ARE ESSENTIAL FOR ANY INSTITUTION WHICH, LIKE BANKIA, ASPIRES TO CONSOLIDATE ITS INDUSTRY LEADERSHIP. CUSTOMERS BENEFIT FROM IT AND SO DO THE 13,159 PEOPLE WHO WORKED FOR THE BANK AS OF 31 DECEMBER.

From a people management point of view, 2016 was a year of consolidation of the various distribution models generated the previous year, especially in the multichannel arena:

- The launch of the “Conecta con tu Experto” branches was reinforced with 18 more such branches throughout Spain. By year-end there was a total of 27 “Conecta con tu Experto” branches, with 282 staff and more than 300,000 active customers.
- Agile branches, which operate extended opening hours, numbered 130, with 795 staff.
- Two new staff roles were created: the micro-enterprise account manager and the multi-branch micro-enterprise account manager. A total of 41 professionals were assigned to these roles, bringing the total number of staff assigned specifically to the micro-enterprises and self-employed professionals segment to 301.
- People development became more transparent and more accessible to employees with the launch of a programme to publish internal vacancies on the corporate intranet. A total of 91 posts in different functional areas were advertised through 60 selection processes.
- The voluntary redundancy plan started in May the previous year continued, resulting in the separation of 176 employees during 2016.

All these actions generated 3,776 changes of assignment, providing opportunities to optimise the fit between employee profiles and the available positions in the business, especially at senior management levels.

TRAINING

Continuing professional development of its employees is strategically important



for Bankia because it strengthens the organisation, increases workforce efficiency and enables the bank to provide a higher quality service to its customers. Accordingly, in 2016 more than 666,000 hours of training were given, with the aim of reinforcing and expanding the capabilities of people in the commercial network and central services. The following educational initiatives deserve special mention:

- The accreditation of financial advisers with EFA (European Financial Advisor) certification through the European Financial Planning Association continued.
- The courses aimed at specialised Personal Banking and SME Banking account managers were extended.
- Branch managers and assistant branch managers reinforced their knowledge in the area of integrated management of SMEs.
- Training itineraries on subjects such as the sales promotion model, customer strategy and customer experience were organised for Business Banking executives and account managers.
- A programme for area and branch managers was aimed at training them to put the customer at the centre of their activity, hold quality conversations with their team and implement commercial intensity appropriately in each branch.
- The Digital Talent School started operating, with a focus on the challenges and opportunities generated by new technologies, strategies for optimising the resolution of changing situations, attracting customers' attention and helping to position the bank appropriately.
- The Risks School also took its first steps, which first involved defining the technical competencies of risk professionals, before moving on to strengthen these professionals' capabilities, leading to certification.
- A training programme was started aimed at identifying the characteristic traits of a Bankia senior manager, based on the bank's values and paying special attention to the relationship with the teams.
- People who support the commercial activity from central services joined an ambitious plan which includes project management and opens the door to the Professional Project Management certification issued by the Project Management Institute.

HOURS OF CONTINUING TRAINING IN 2016

666,624

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HOURS OF TRAINING BY GENDER %



47.45

Men



52.55

Women

HOURS OF TRAINING BY PROFESSIONAL CATEGORY %



0.96

Senior management



34.02

Middle management



65.02

Other staff

	2016	2015
INVESTED IN TRAINING (€MN)	8.02	7.5
EMPLOYEES TRAINED	12,589	13,040
COURSES RUN	901	857
HOURS OF TRAINING PER EMPLOYEE	50.66	58.17
TRAINING PROVIDED ONLINE	60.4%	64.5%
HOURS OF IT TRAINING	41,297 H.	17,775 H.

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PROFESSIONAL DEVELOPMENT AND TALENT MANAGEMENT

Bankia has a Talent Model for detecting, developing and managing its employees' potential, so as to have people who are able to help grow the business, reinforcing differential and sustainable competitive advantages that are consistent with the bank's values.

During 2016 there were 229 appointments: 20 senior managers (including 10 area managers), 138 branch managers, 40 central services managers and 31 assistant branch managers. All the vacancies that arose during the year were filled from within, except for 15 managers, 35 specialists and 25 sales staff. At 31 December, 16 external selection processes remained open.

The Talent Model operates on the basis of each person's individual responsibility for his or her own development, providing support through actions that help them increase their capabilities and potential from day to day:

- **Senior Management Program (SMP).** Between November 2015 and December 2016 a total of 164 managers took part in the first two editions of the Senior Management Program, given by IE Business School. Issues covered include analysis of

APPOINTMENTS IN 2016

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the macroeconomic environment, the future of the financial sector, banking business transformation and digital strategy.

- **Career Development Plans (CDPs).** CDPs help to plan the professional development of high-potential individuals, adapting it to the present and future needs of the business and the individual. They include actions such as temporary placements in different areas of the organisation and programmes to develop management, mentoring and coaching skills. By 31 December almost two hundred CDPs had been drawn up. Since the end of 2014, a total of 101 CDPs have been designed and put into effect. Between 2015 and 2016, 17 managers with a CDP were promoted to senior manager level.
- **Management skills development programmes.** In 2016, in order to accelerate the careers of high-potential professionals, various editions of the management skills development programmes were run for more than a

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hundred senior management candidates and managers from the commercial network and central services. All participants have the support of experienced expert consultants, who support them in their individual development plans.

- Development programme for commercial network and central services managers. Apart from face-to-face working sessions, these include a development process guided by a professional coach. 30 managers took part in the two editions that were held.
- Development programme for senior management candidates in the commercial network. Launched in 2015, the scope of this programme was extended in three new editions, in which 45 professionals took part.
- Development programme for senior management candidates in central services. A new skills development programme was designed and started. Two editions were held, with 31 participants.

- **Mentoring programme.**

The first edition, involving 30 mentors and their mentees, ended in the last quarter of 2016. The second edition, involving another 60 of the bank's professionals, started in June. This second edition is also set to last 18 months.

- **Transformational Leadership.**

This is a programme run by the International Center for Leadership Development, created by Fundación CEDE. It is focused on the exercise of the management function on the basis of

inspiration, example, positivism, a spirit of collaboration and respect. Bankia sponsored the tenth edition of the programme, which took place in Valencia in November. So far, 13 managers from the bank have taken part in this programme.

- **Stimulus Plans.**

These plans are aimed at giving senior management candidates a more holistic vision, both of the business and of the bank, so that Bankia is able to meet its organisational needs internally and with the necessary quality. In 2016, 493 professionals were included in these plans, bringing the total to 841 people, of which 101 were promoted.

- **Business Academy 2016-2017.** This programme was started in the first few months of the year with the aim of preparing professionals for certain posts in the bank that are more difficult to fill because they are so specialised. The programme is set to last for two years and as of the end of 2016 had 10 participants.

- **Bankia Dual Education Programme.**

This programme trains students of the advanced vocational training programme in Administration and Finance to work as customer managers in financial institutions. This pioneering project, which has an eminently practical approach, is carried out in collaboration with four training centres in Madrid and the Valencian Community. With their assistance, Bankia has designed individual work plans involving large numbers of the bank's professionals, given the cross-

disciplinary nature of the project. After two years, in June, the first 50 students will graduate.

- **2016 WomenMatter Project.**

In April 2016, together with around 50 other large companies, Bankia was invited to take part in a study conducted by McKinsey on gender diversity in Spain. The bank provided quantitative data and interviews with the professionals responsible for people management. In addition, 108 managers (approximately 50% women and 50% men) completed online questionnaires about perceptions within the organisation regarding gender diversity initiatives and attitudes/mentalities that can be barriers to change.

- **Filling of vacancies.**

All the vacancies in the bank were filled internally, apart from 15 senior managers in different organisational areas, 35 specialists and 25 sales staff for the retail branch network in Valencia. Sixteen external selection processes remain open.

During 2016, a Talent Management space was created on the corporate intranet. Its purpose is to make the work of the human resources department more comprehensible and more transparent to employees. For 2017 work has started on an application that will allow employees to play a more active role in their professional development by keeping a record of their expectations, achievements and aspirations.

In November 2016 a section called “Human Capital” was added to the corporate website. It covers aspects such as internal talent management, culture and values in people management, management style, corporate volunteering, training, occupational health and safety, dual education, etc.



MANAGEMENT STYLE GUIDE

Senior management's key responsibility lies in overseeing and developing teams, as the Bankia project can only succeed if all the people who work in the bank are committed to it. Becoming a senior manager entails a responsibility to

generate and promote commitment and a sense of belonging, as well as adhering to guidelines and behaviours set out in the Management Style Guide, which was published in November 2016. This guide describes Bankia's way of managing teams and is a mark of its identity, which, today more than ever, plays a decisive role in creating a major competitive advantage. It is also intended to be an accessible, simple and transparent guide for managers, to help them integrate the bank's values in their daily activities, striving

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constantly to improve and offer the best possible service to customers.

"Building on the Management Style Guide, specific action models are being defined for each phase of a person's working life, matching the aspirations of the professionals to the needs of the business.

CLIMATE, CULTURE AND COMMITMENT

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In the second half of 2015 Bankia carried out its Climate, Culture and Commitment survey. Around 7,850 employees took part, giving a participation rate of 58.2% with overall satisfaction of 51%.

The overall results of the survey and a breakdown by Retail Network, Business Banking and Central Services were shared with all the bank's professionals. Based on these results, the bank is designing and implementing specific actions in the areas found to need improvement. The conclusions drawn from the survey have been used to establish a diagnosis of the situation, detect areas for improvement and define action priorities.

STAFF HEALTH AND SAFETY

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In 2016 the bank continued to design a Healthy Work Environment Model to create an environment in which people can interact with one another at work, develop competencies and gain in well-being.

The Occupational Hazard Assessment Methodology was updated to include the subjective psychosocial dimension and steps were taken to adopt an integrated approach to workplace health promotion, including the signing of the Luxembourg Declaration, which sets the European standard in this field.

Efforts to build awareness and investigate occupational accidents, both in the workplace and on the way to or from work, continued throughout the year. The goal is to reduce the impact, frequency and severity rates, which already are below the average for the banking sector.

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EMPLOYEE HEALTH AND SAFETY

Absenteeism rate	3.47
Total working hours lost to absenteeism	747,319
Occupational accident rate	0.23
Total working hours lost to occupational accidents	6,718
Total ordinary sick leaves	3,979
Total work-related fatalities	0

ACTIVE LISTENING

Bankia has implemented a multidirectional internal communication strategy based on active listening. Through the various channels at their disposal (intranet, email), employees receive, in real time, all the information they need in order to perform their duties and contribute to the success of the bank's strategic business plans.

Active listening converts the voice of employees into a driver of change and channels employees' opinions and suggestions to the appropriate

departments, so as to identify opportunities for improvement. For that same purpose, focus groups and forums are organised on the corporate intranet and comments are published in the in-house magazine.

One of the most important projects in 2016 was to provide support for the bank's digital transformation through a specific internal communication plan. The plan for 2017 is to create a website with content that will inspire and inform Bankia's professionals about digitisation. A more prominent role will be given to brand ambassadors, identifying and recruiting the employees who are most active in social networks.

	2016	2015
Visits to the corporate information pages published on the intranet	3,213,447	3,104,668
Visits to the audio-visual space	333,746	334,245
Employee posts in internal communication channels	38,328	34,797
Employee forums created	551	633
Suggestions / comments received via employee forums	2,011	2,083
Visits to the Bankia Online magazine	882,195	689,972

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WORKFORCE PROFILE

BY GENDER



● MEN 45.39%
● WOMEN 54.61%

BY BUSINESS AREA



● % EMPLOYEES IN CENTRAL SERVICES 14.67%
● % EMPLOYEES IN BUSINESS 85.33%

BY AGE



44.17

Average age of employees

BY SENIORITY



18.33

Average length of service of employees

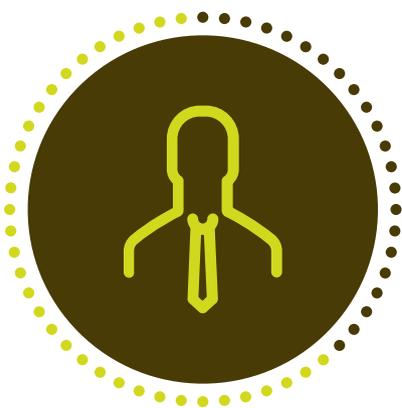
EMPLOYEES UNDER 30 AS % OF TOTAL WORKFORCE **0.25**

EMPLOYEES AGED 30 TO 50 AS % OF TOTAL WORKFORCE **76.59**

EMPLOYEES OVER 50 AS % OF TOTAL WORKFORCE **23.16**



SENIOR MANAGEMENT POSITIONS



● MEN 59.28%
● WOMEN 40.72%

TYPE OF CONTRACT



● OPEN-ENDED 100%
● TEMPORARY 0%
99.96% WORK IN SPAIN

UNWANTED EXTERNAL TURNOVER



0.59%

AVERAGE EMPLOYEE TURNOVER BY GENDER %



AVERAGE EMPLOYEE TURNOVER BY AGE %

