

# CHAIRMAN'S STATEMENT

During 2017 the macroeconomic and regulatory environment had a major impact on the financial sector. For Bankia, the year was marked by events that will undoubtedly influence the direction the bank takes in the future.

The regulators forged ahead with the process of reform and adaptation to new accounting standards, but there was also considerable progress in new business model regulations that are to be introduced over the course of 2018, including MiFID II, PSD2 and GDPR.

Banks' commercial activity, in particular, showed signs of recovery in 2017. For Bankia, with the upturn in the Spanish economy and the strengthening of our commercial positioning, 2017 was a very positive year.

In 2017 we acquired a total of 158,000 new customers, thanks to the decisive action taken, starting in 2016, to implement a positioning that puts the customer at the centre of our strategy.

The increase in commercial activity is a clear sign that this positioning has been a success. 2017 saw an increase in lending in segments that are especially important to the bank, with year-on-year growth in mortgage lending, consumer

finance and lending to SMEs. We also made good progress in the management of customer funds, with significant growth in the volume of assets managed in investment funds.

Turning to the results for the period, thanks to the commercial strategy and the focus on efficiency and control of the cost of risk, attributable profit for 2017 is 816 million euros and the dividend per share has been maintained at the same level as in 2016. We have also reinforced our already strong capital position.

This starting point is crucially important as we embark on a new phase. The fact is that 2017 was a tremendously important year for us because it marked the transition from a restructuring phase to a phase focused on growth.

November 2017 marked five years since the European Commission imposed a Restructuring Plan on the bank in return for the aid received. During that time we have worked mainly with the aim of creating as much value as possible for our shareholders, so as to repay more of the state aid. Thanks to the tenacity and effort of a united and committed team, we were able to achieve the plan targets well ahead of schedule.

The lifting of the restrictions imposed by the European Commission will allow us, in 2018, to expand our activities into areas such as real estate developer finance, Capital Markets and Corporate Banking and leaves the way open for a bank that now has more commercial drive, significantly fewer non-performing assets and a proven ability to generate capital organically.

Together with this milestone, the year-end was marked by another significant event, namely, the sale of a further package of shares by the FROB, allowing Bankia to pay back another 818 million euros of state aid. This sale brought Bankia a step closer to a complete return to normal.

If there was one defining event of the year, however, it was the merger with BMN, a deal announced in June, approved by the two companies' General Meetings in September and cleared by the regulatory authorities on 28 December. Backed by sound industrial and financial logic, the merger of the two institutions puts Bankia in a good position to face the future as the fourth largest bank in the Spanish financial sector and one of the most solvent.

This strong starting point is fundamental when setting out on a new phase that will be marked by a new Strategic Plan for the period

2018-2020. Our goal is to become the best bank in Spain, the leader in profitability, solvency and efficiency, and to distribute more than 2,500 million euros to our shareholders at the end of the period. Diversity will also play a decisive role in our continuous improvement of corporate governance, as has already been demonstrated this year, in which 50% of the managers who have been promoted have been women.

Digitisation is transforming our society and at Bankia we want to accompany our customers in this transformation by offering them a complete multichannel platform, so that they can bank with us by whatever means they choose, thus improving their satisfaction with our bank.

The targets we have set in this plan are challenging and will demand maximum effort on the part of each member of this bank if we are to succeed in an environment subject to constant change, both in the banking industry and in the economy and society in which we do business.

We are convinced of our capabilities and we have the support of a large base of customers and shareholders, to whom we are very grateful for their trust, and the commitment of a great team of professionals, who hold fast to the goal of making us the best bank in Spain. And that is what we will be working to achieve over the next few years.



**JOSÉ IGNACIO GOIRIGOLZARRI**  
CHAIRMAN OF BANKIA

