



04.2 RETAIL BANKING

BANKIA SEEKS TO DEEPEN THE CUSTOMER RELATIONSHIP THROUGH THE “NO FEES” STRATEGY AND BY OFFERING VALUE-ADDED PRODUCTS.

Among the bank’s various business areas, Retail Banking focuses on individuals, applying a universal banking model. Its main objectives are to acquire new customers, cross-sell to existing customers and continuously improve customer satisfaction and loyalty through high quality care and advice.

The strategy in this business involves seeking specialisation in different customer profiles: Private Banking, Personal Banking, High Potential and Individuals.

This segmentation allows the bank to assign each customer a specialised financial adviser, which increases satisfaction and generates new business opportunities.

To specifically serve each type of customer, the bank has three types of physical branch: universal

branches, agile branches (with extended opening hours and offering fast service) and Plus branches (specialising in financial advice). Added to these are the “Connect with your Expert” service, focused on digital customers, and the “Servicio +Valor” service, targeted at the more occasional customers.

At the end of 2017, Bankia had more than 5.9 million active retail customers, of whom almost 2.3 million were digital.

Bankia offers its retail customers a wide range of products, depending on the segment to which they belong (children, young people, seniors). These different types of customers are the target for products such as the Mi Primera Cuenta and Cuenta Joven / Cuenta_ON accounts, the Tarjeta Joven/

Tarjeta_ON cards and the section offering discounts on travel, restaurants, boutiques, technology, household, and health and beauty products, among others, that can be purchased via Bankia.es.

Bankia also places at their disposal 2,108 specialised account managers in Personal Banking.

The Personal Banking business performed well in 2017, as evidenced by the granting of more than 1,300 million euros in consumer loans, 16.7% more than in 2016. At 31 December, 2.3 million customers had a pre-approved line of credit they can take up in less than a minute through any of the bank's channels, backed by the ongoing offer of personalised finance.

The good performance was also reflected in the volume of microloans granted by the FinanExpress service, which exceeded 236,945 transactions, reaching a total amount of 92.5 million euros, 22.2% more than one year earlier. This service covers transactions ranging from debit card purchases to tax payments.



5.96

Million active retail customers



2,108

Number of specialised account managers in Personal Banking

INDIVIDUAL CUSTOMER PROFILE



MEN



WOMEN

48.2	PERCENT OF CUSTOMERS	51.8
49.2	AVERAGE CUSTOMER AGE	51.4
16.6	PERCENT OF VERY LOYAL CUSTOMERS	12.9
29.8	PERCENT OF CUSTOMERS IN EMPLOYMENT	25.5
3.4	PERCENT OF UNEMPLOYED CUSTOMERS	3.2
19.9	PERCENT OF RETIRED CUSTOMERS	17.7

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RETAIL BANKING

“POR SER TÚ”

In 2017 Bankia maintained its “Por Ser Tú” (“Just For Being You”) programme, whereby retail customers, both old and new, can benefit from the fee exemption if they meet certain conditions.

At year-end, 3.57 million customers had opted into the programme, 8% more than in 2016, the year of its launch. The bank also acquired another 387,000 direct salary and unemployment benefit deposits, an increase of 150% compared to the end of the previous year.

However, direct deposit is not the only way to avoid paying fees, as customers without direct income deposit may also qualify for exemption if they meet any of the following requirements:

- Being under 18.
- Being between 18 and 25 and using the exclusive online correspondence service.
- Holding 1,000 or more Bankia shares.
- Having an end-of-month balance of funds in excess of 75,000 euros.
- Being holder of a Cuenta_ON account.

RESULTS OF THE “POR SER TÚ” PROGRAMME

	2017	2016
DIRECT INCOME DEPOSITS ACQUIRED	387,469	154,427
PENSIONS ACQUIRED	91,316	25,038
TOTAL NO. OF CUSTOMERS WITH DIRECT INCOME DEPOSIT	2,775,858	2,668,887
NUMBER OF NEW CREDIT CARDS	345,001	279,714
NUMBER OF NEW DEBIT CARDS	393,107	242,856



3.57 MILLION

Customers
who benefit from the
fee exemption

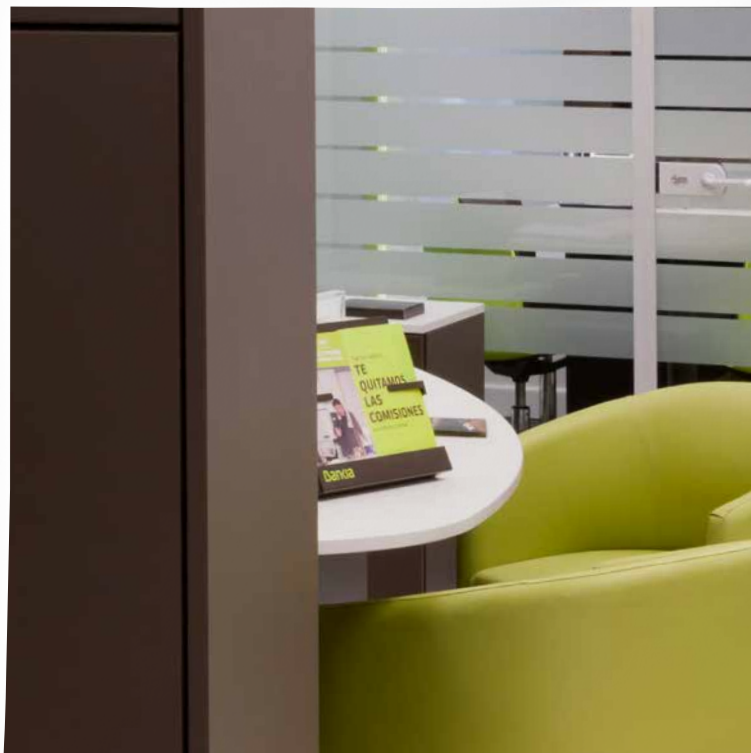
THE “HIPOTECA SIN COMISIONES” MORTGAGE, ANOTHER STEP FORWARD

In line with its “No fees” initiatives and with the aim of taking another step forward in its positioning focused on retail customers with direct income deposit, on 11 January the bank presented the “Hipoteca SIN Comisiones” no-fees mortgage, aimed at the most loyal customers, whether old or new.

In this product all fees (opening fee and partial and full prepayment fees) are waived merely for having direct deposit of income. Moreover, there is no requirement to take up any additional Bankia product in order to benefit from these conditions.

During 2017, Bankia granted 1,908 million euros in mortgage loans, of which more than 72% were without fees.

To help customers and non-customers make their mortgage decisions, in 2016 Bankia presented a simulator in which users are able to elicit information about the amount they can expect to be able to borrow, possible mortgage expenses, monthly instalments and how these amounts would vary with changes in the Euribor. A total of 542,671 simulations were performed using this tool during 2017.



THE MORTGAGE SIMULATOR PERFORMED 542,671 SIMULATIONS IN 2017.

NO. OF NEW MORTGAGES ISSUED

17,674

VOLUME OF MORTGAGES ISSUED (IN MILLIONS OF EUROS)

1,908

NO. OF NEW MORTGAGES ISSUED UNDER THE “SIN COMISIONES” PROGRAMME

12,776

VOLUME OF MORTGAGES ISSUED UNDER THE “SIN COMISIONES” PROGRAMME (IN MILLIONS OF EUROS)

1,443

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RETAIL BANKING

SOCIALLY AND ENVIRONMENTALLY-ORIENTED PRODUCTS

Bankia plays an important role in controlling the impact that

investment and financing activity has on society and the environment. Accordingly, it offers a range of socially and environmentally-oriented products and services, so that customers and consumers have access to financial services that facilitate responsible consumption, so as to improve well-being and the quality of life.

MAIN PRODUCTS

SECTOR	PRODUCT NAME	CUSTOMER SEGMENT	
	CONSUMER	Crédito Joven	Young individuals
		Consumo Sostenible	Individuals
	FINANCING	Préstamo Sostenible Negocios	Self-employed individuals
	CROP AND LIVESTOCK INSURANCE		Individuals and companies engaged in crop and livestock farming and fishing
	INSURANCE FOR SOLAR PHOTOVOLTAIC PLANTS		SMEs and businesses
	MEDICAL INSURANCE		Individuals
	PAYMENT SERVICES	NGO card*	Individuals
	INVESTMENT	Bankia Futuro Sostenible	Individuals and companies

Universal personal consumer loan (for education, purchase of furniture, vehicles, etc.) for customers aged 18 to 30.

Loan to finance sustainable projects such as the purchase of environmentally-friendly vehicles, home improvements to increase eco-efficiency (boilers, windows, etc.) and energy-efficient home appliances.

Loan to finance sustainable projects such as the purchase of environmentally-friendly vehicles, improvements to premises or facilities to increase eco-efficiency and energy-efficient equipment and plant.

Cover for activities in the farming, livestock and fishing sector and related operations.

Cover for assembly damage, material damage, general liability and loss of income for lack of sun (hours and intensity).

Access to health care and private treatment.

Debit or credit card for which Bankia makes contributions to the associations and foundations belonging to the NGO programme, transferring a fixed amount per year for every card in use: €16 for every credit card and €8 for every debit card.

Applies exclusive socially responsible financing and investment criteria (it does not invest in companies that fail to respect life or human dignity), as well as value-based criteria (fight against poverty, hunger and inequality; promotion of health and well-being; responsible consumption; environmental protection; human and labour rights), so as to have a positive impact on achievement of the SDG.

* In 2017, a total of 379 organisations belonged to the NGO programme (seven linked to the personalised NGO card: Unicef, Acnur, Cruz Roja, Acción Contra el Hambre, Ayuda en Acción, Manos Unidas and Medicus Mundi; and 372 linked to the generic NGO card).

PAYMENT SERVICES

2017 was the year of payments, both in terms of the business volume achieved and in terms of the quantity and reach of the new projects that have been implemented.

Cards are becoming increasingly important for making payments, displacing cash in everyday transactions, a trend driven to a large extent by the growth of online shopping.

Thanks to this trend, turnover from purchases in physical stores using Bankia cards grew at a rate of 12% in 2017 and at a rate of 23% in online sales, which already contribute 14% of the total turnover. In 2017 the bank exceeded 7.2 million cards issued, due to the efforts of the sales network and the launch of new products, particularly those targeted at digital customers (Tarjet Crédito_ON), self-employed professionals and SMEs (Solred card) and new customers.

Aware of the advantages of the Bankia Wallet digital wallet, the Bank has launched a new version that includes new services and solutions, such as unlocking via fingerprint scanning, the possibility of withdrawing cash without a card, and the ability to turn cards on and off at a touch.

As regards new payment methods, Bizum, the Spanish real-time payments industry solution, performed strongly and already has one million users. The action taken to market it to the bank's customers resulted in a user share of 8.03% and a transaction share of 9.86% in 2017.

Bankia has been a pioneer in the national and international development of instant payments (24/7 IBAN to IBAN real-time credit transfers), joining a select group of financial institutions in Europe.

It has also launched Bankia Ysi, a payment gateway the bank offers its customers which allows them to obtain instant finance for online purchases.



7.2
MILLION

Cards
issued



€1,846.4
MILLION

Value of
e-commerce card
transactions

Contactless cards	2,508,531
POS terminals	125,344
Bankia Wallet stickers	93,356
Bankia Wallet downloads	262,874

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RETAIL BANKING

MULTICHANNEL APPROACH

During 2017 the bank continued to meet the milestones of the Strategic Plan established in 2015 to keep pace with customers in the increasingly widespread use of digital media.

Further resources were devoted to the “Connect with your Expert” service, which already has more than 580,000 customers and has become a second commercial network, complementary to the traditional branch network. This service has 511 specialised account managers and a customer satisfaction index of 92.5%.

Bankia has also invested in developing and renewing digital services, such as:

- **Bankia Online.** This clients area, which replaces the Oficina Internet, was introduced in July 2017. Customers can use it to request that an account manager contact them, share their screen or engage in an online chat. It also gives access to other functionalities without having to log in, improving the user experience. New operational functions allow users to turn cards on or off, withdraw cash at ATMs without using their card and

manage their limits for the different types of transactions. The number of steps needed to purchase a product is reduced to a minimum and pre-approved finance is made readily accessible. Steps have been taken to explore new business opportunities in partnership with other entities.

- **New Bankia Wallet app.** With this mobile app, users can exchange instant payments with other individuals through Bizum, pay

for purchases with their mobile phone (only for the Android operating system) and consult card transactions, among other possibilities.

- **Bankia app.** Includes new commercial functions, such as making deposits or simple access to financing offers. Other new features are designed to simplify transactions and usability, such as direct entry to Bankia Wallet or standing orders.



92.5%

Satisfaction index of “Connect with your Expert” customers



511

No. of “Connect with your Expert” specialised

| GRI 102-43

- **Bankia.es public website.**

Individuals who wish to become customers may now open an account at Bankia by video call and existing customers have options to recover their access keys to Bankia's online channels. The mortgage and personal loan simulators and the mutual fund comparators on the public website (all of them free) are ways of improving the customer experience and promoting sales. Bankia.es received an average of 268,176 daily visits during 2017.

“CONNECT WITH YOUR EXPERT”, AN ESTABLISHED SERVICE

“Connect with your Expert”, aimed at digital customers, has established itself as part of Bankia's distribution system. Among the many advantages enjoyed by a growing number of Bankia customers are access to a personal account manager (always the same person) who can provide specialised advice when needed, the possibility of carrying out any transaction (except cash transactions) through the adviser and having extended opening hours.

Initially, the target for the “Connect with your Expert” service was to reach 500,000 customers by the end of 2017. In view of the positive response, the target was increased to 600,000 customers. By the end of 2017, the service was handling 584,491 customers through the multichannel centres in Madrid, Logroño, Valencia, Alicante, the Canary Islands (Las Palmas and Tenerife) and Barcelona. These centres are staffed by 51 supervisors and 511 account managers, who supplement the traditional branch network and are laying the foundations of Bankia's new distribution model.



584,491

“Connect with your Expert”
customers

04.2

RETAIL BANKING

MODERNISATION OF ATMS

Bankia has a pool of 5,016 ATMs, of which 4,353 are installed in branches and 663 are off-site. Added to this are the 1,070 ATMs belonging to BMN.

Thanks to renewals in recent years, the bank leads the industry in the implementation of advanced ATMs, which allow customers to perform more than 51 different transactions, as well as more complex transactions. These ATMs are already available in 80% of Bankia branches.

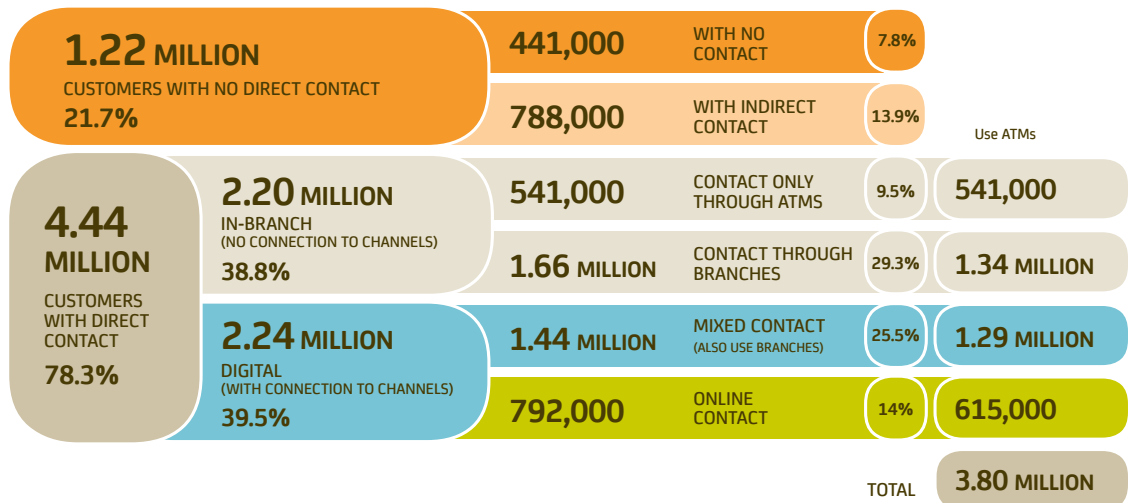
BANKIA'S ATMS ALLOW CUSTOMERS TO PERFORM 51 DIFFERENT TRANSACTIONS.

HOW CUSTOMERS RELATE TO BANKIA *

* Data as of October 2017



5.67
MILLION
Adult customers



As part of the work done to improve Bankia's distribution channels, in 2017 new functionalities were added to the ATMs, including cash withdrawal by mobile phone using NFC technology, cash withdrawal without a card, and top-up of monthly travel passes and of the new Multi travelcard issued by the Madrid Regional Transport Consortium. 65% of ATMs are accessible to people with a disability.

DIGITAL MARKETING

Technological development is opening up great opportunities to extend and deepen the bank's sales and marketing activity, which is why the bank placed great emphasis, during the year, on digital campaigns and on raising Bankia's profile in the digital medium.

To attract customers, the bank carried out 89 search engine marketing (SEM) campaigns, with a focus on affiliate marketing, so that it appeared in the main financial comparison sites, as well as in specialised media.

To optimise the investment in digital campaigns, the bank has started a Data Management Platform (DMP), which combines customer segments with the different advertising platforms, so as to address the right audiences.

BIG DATA AND BUSINESS INTELLIGENCE

Technology opens up opportunities for developments that have already started to become a reality in Bankia. One example is the use of Big Data to increase knowledge of customers. Another is the entry into the traditional banking business of new players and the possibility of exploring mutually beneficial opportunities for collaboration.

During 2017 a new distribution engine for sales actions was implemented that prioritises the sales offering that is presented to customers, given that it is important to choose the right moment to relate to them.

To support this activity, an event generation engine has been developed that will facilitate interaction with customers almost in real time.

