DESPITE ADVERSE ECONOMIC AND GEOPOLITICAL CIRCUMSTANCES, DURING 2016 BANKIA CONSOLIDATED ITS POSITION IN THE MUTUAL FUNDS AND PENSION PLANS BUSINESS. IT DID THIS BY ADAPTING ITS OFFERING TO THE PREVAILING CIRCUMSTANCES AND OFFERING THE MOST DEEPLY RESEARCHED ADVICE.

At 31 December 2016, Bankia had more than 20,100 million euros of assets under management in mutual funds and pension plans. Adding to this the bancassurance activity, total managed funds came to 25,585 million.

BANKIA FONDOS

Bankia’s mutual fund manager, Bankia Fondos, has 297,336 investors and a broad catalogue of 88 products in all categories (fixed-income, equity, mixed, guaranteed, absolute return, global, etc.), so that customers can choose whichever one best matches their investment preferences. Funds are marketed through Bankia’s branch network and also through remote channels.

At the end of 2016, Bankia Fondos had 13,325 million of assets under management. Of that total, 13,015 million related to mutual funds, up 8.8% compared to 2015, despite high market volatility throughout the year. According to the Spanish Investment and Pension Fund Association Inverco, Bankia Fondos ranked fifth among Spanish fund managers, with a 5.53% market share, compared to 5.44% the previous year.

The biggest demand in 2016 was for guaranteed funds, where subscriptions reached 794 million euros. The best performers in terms of returns were the risk-profiled funds, particularly the ones with the most assets (Bankia Evolución Prudente and Bankia Soy Así Cauto), which were able to provide positive returns thanks to their diversification and global investment universe.

The assets under management of the 49 open-ended investment companies (SICAVs) administered by Bankia grew to 289 million euros (273 million in 2015).
PENSION PLANS

Pension plans are a fundamental tool for encouraging a culture of saving, as they help employees provide for a more secure retirement, especially now that demographic pressure is threatening the sustainability of the public pension system as we know it.

At 31 December 2016 Bankia had 6,842 million euros in personal, employer and associated pension plans (6,863 million in 2015) – all of which are tailored as far as possible to the needs of each customer – and 715,679 unitholders. It had a market share of 7.21% in personal pension plans in Spain.

The assets were distributed as follows: 21.4% fixed income, 45.9% mixed, 27.3% guaranteed and 5.4% equity.

Distribution is through the branch network, backed increasingly by the online and mobile channels.

SOCIALLY RESPONSIBLE INVESTMENT

Bankia has a provider of socially responsible investment (SRI) services that offers an ESG analysis of more than 4,500 companies.

This allows Bankia to apply ESG criteria in its investment policies in employer pension plans. Furthermore, in 2016 the reach and scope of the ESG analysis of the companies already in the portfolio was extended through an increase in the coverage of available ratings.

The analysis that is carried out allows companies to be categorised by a system of letters, similar to that used by investment rating agencies, obtained by combining best-in-class standards with two exclusion criteria: compliance with the Global Compact and non-involvement in controversial weapons.

To control extra-financial risk, the Asset Management Risk Management Directorate presents and analyses the relevant information in the Risks Committee, showing the changes in the ESG rating of the issuers of financial assets.

The Asset Management Risk Management Directorate also prepares information on the ESG rating of the pension fund portfolios and on the implementation of the ESG rating and its presentation to the employer fund control committees.

The Investments Directorate includes the ESG analysis in its decision making, taking fundamental and market criteria into consideration. This also allows the bank to monitor companies more closely as regards their commitment, compliance and future action plans.