

Master Agreement

BETWEEN

BANCO FINANCIERO Y DE AHORROS, S.A.U.

AND

BANKIA, S.A.

Madrid, 28 February 2014

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Madrid, 28 February 2014

PARTIES

- I. As one party, Banco Financiero y de Ahorros, S.A.U, a Spanish lending institution, with tax identification code (N.I.F.) A-86085685 and domicile in Madrid at Paseo de la Castellana, 189, registered in the Valencia Commercial Registry at volume 9253, folio 1, sheet V-141272, entry 1, and in the Bank of Spain's Administrative Registry of Banks and Bankers with number 0488.

This party hereinafter will be called "**Banco Financiero y de Ahorros**" or the "**Entity**"

- II. As the other party, Bankia, S.A., a Spanish lending institution with N.I.F. A-14010342 domiciled in Valencia at Calle Pintor Sorolla, 8, 46002, registered in the Madrid Commercial Registry at Volume 11,883, Folio 173, Section 8 of the Companies book, Sheet M-186664, entry 1, and in the Bank of Spain's Registry of Banks and Bankers with number 2038.

This party hereinafter will be called "**Bankia**" or the "**Company**".

The Parties mutually acknowledge sufficient interest and the legal capacity necessary to enter into this master agreement (hereinafter the "Agreement") and to that end

RECITALS

- I. On 22 June 2011 the Master Agreement was signed by Bankia S.A. and Banco Financiero y de Ahorros S.A.U.
- II. On 27 June 2011 the Services Agreement was signed by Bankia S.A. and Banco Financiero y de Ahorros S.A.U.
- III. On 27 June 2012 the Fund for Orderly Bank Restructuring (Fondo de Reestructuración Ordenada Bancaria, hereinafter the "FROB") became the sole shareholder of Banco Financiero y de Ahorros S.A.U. holding 100% of its share capital, with complete elimination from its shareholdings of the Savings Banks (Cajas de Ahorro) that signed the Integration Agreement that led to the Institutional Protection Scheme.
- IV. On 26 November 2012 the European Commission in its State Aid Resolution approved the terms established in the Plan for Recapitalisation of the Banco Financiero Group, which provided that *"The BFA Group must adopt one of the following measures before 31 December 2013: (i) Merger with Bankia into a*

single company or (ii) Simplification of BFA as a holding company with no banking licence."

- V. On 19 December 2013 the Board of Directors of Banco Financiero y de Ahorros S.A.U. resolved to apply for a waiver to continue operating as a lending institution on the terms ordered by the FROB. For this reason, if appropriate, the references in this Agreement to Banco Financiero y de Ahorros or the Entity must be understood to be made to the company ultimately resulting from the process of simplification contemplated in the preceding point, which will be fully subrogated to all rights and obligations deriving from this Master Agreement.
- VI. At the signature date of this Master Agreement Banco Financiero y de Ahorros is the majority shareholder of Bankia SA, with 60.895% of its share capital.
- VII. As a result of all of the foregoing, and in view of the current circumstances of the Group, the Parties believe it is appropriate to rescind the Master Agreement signed on 22 June 2011 and proceed to sign a new Master Agreement.
- VIII. The Boards of Directors of Banco Financiero y de Ahorros and Bankia on 27 February 2014 resolved, respectively, to authorise Mr. Manuel Lagares Gómez-Abascal and Mr. José Sevilla Alvarez to proceed on a joint and several basis to formalise this Agreement.
- IX. Based on the truth of the foregoing recitals, the two parties agree to enter into this Master Agreement, which will be governed by the following

CLAUSES

1. PRINCIPLES AND OBJECTIVES

1.1 The Parties expressly state that this Master Agreement is signed to regulate the relationships between Banco Financiero y de Ahorros (or the Entity resulting from the process of simplification) and Bankia, with the intention of defining the mechanisms necessary to, within the legal limits, accomplish the following:

- (i) to ensure at all times an appropriate level of coordination of Bankia with Banco Financiero y de Ahorros or the entity and the companies in its group (the "**Companies in the Banco Financiero y de Ahorros Group or the Entity's Group**") and
- (ii) to manage and minimise situations of potential conflict of interest between the Entity and Bankia (in particular within the context of

related-party transactions), at the same time ensuring due respect for and protection of the interests of the shareholders of the Entity and BANK KEY, within a framework of transparency in the relationships between the two entities.

1.2 The Parties agree that the establishment of the desired framework of coordination, transparency and autonomy will be structured on the basis of the following parameters:

- a) delimitation of the principal areas of activity of the Entity and those of Bankia;
- b) establishment of general criteria for undertaking related party transactions on market terms, as well as identification of the services that Bankia provides or may provide to the Entity and those that the Entity and/or the Companies in the Banco Financiero y de Ahorros Group in turn provide to Bankia; and resolution of such possible conflicts of interest as may arise.
- c) determination of mechanisms to achieve the required flow of information between the Parties to meet their own requirements for management and obligations to the respective regulators, if applicable.

1.3 The Entity and Bankia repeat that their relationships are subject to the provisions established regarding conflicts of interest, relationships with major shareholders, related-party transactions and insider trading, among others, in the applicable legislation in effect from time to time, as well as, to the extent applicable to them, the Board of Directors Regulations and the Internal Code of Conduct for the Securities Markets in effect from time to time within Bankia.

2. EFFECTIVE DATE.

2.1 This Agreement will enter into effect on the date it is signed.

3. SUBJECTIVE SCOPE

3.1 This Master Agreement seeks to regulate not only the relationships of those signing it, but also those of their respective Groups, the Parties, in their capacities as controlling companies, assuming responsibility for performance by their controlled companies of the obligations set forth in this Master Agreement.

For purposes of this agreement, the Banco Financiero y de Ahorros group will be comprised of that entity and the companies that are controlled by it within the meaning of art. 4 of the Securities Market Act, with the exception of Bankia and the companies controlled by Bankia. The term "Group" will be used without distinction to refer to the group controlled by the Entity (excluding the Bankia group) or the group controlled by Bankia.

3.2 Also, each Party will ensure that the Companies that are not a part of its group, but for accounting purposes are considered to be associated or multi-group companies in respect thereof, comply with the provisions of this Master Agreement.

3.3 The provisions of this Agreement in no case will result in any change in the scheme and scope of liability of the members of the governance bodies of the parties.

4. COMPOSITION OF THE BANK KEY BOARD OF DIRECTORS AND OF THE AUDIT AND COMPLIANCE COMMITTEE. OTHER COMMITTEES

4.1 The Entity, in its capacity as the majority shareholder of Bankia, will place on the Board of Directors of Bankia and within the majority group of directors a proportion of independent and other outside directors that is at least in line with the provisions of the applicable regulations and the Bankia Articles of Association. Under the Bankia Articles of Association, the Board of Directors may be called on the request of a single director.

4.2 The Audit and Compliance Committee of Bankia will consist exclusively of outside directors, the majority of them being independent, and will be chaired by an independent director.

4.3 The Nominating and Compensation Committee of Bankia will have a majority of independent directors and will be chaired by an independent director.

5. PRINCIPAL AREAS OF ACTIVITY OF THE BANK KEY GROUP

5.1 As a result of the European Commission's Resolution on State Aid dated 26 November 2012, approving the terms of the Recapitalisation Plan for the Banco Financiero Group, the structure the Group is to be simplified, with Banco Financiero y de Ahorros becoming a holding company, after renouncing any right to continue operating as a Lending Institution.

The Parties acknowledge that references in this Agreement to Banco Financiero y de Ahorros or the Entity must be understood to be made to the company resulting from the process of simplification referred to in the preceding paragraph, and that it will be fully subrogated to the rights and obligations deriving from this Master Agreement.

5.2 The scope of Bankia's actions is focused on:

- a) Engaging in its business in the financial sector (including, inter alia, consumer finance, the insurance business, financial and operating leases ("leasing" and "renting"), management of funds, pensions and assets, securities brokerage and consulting and property management).
- b) Developing its business as a retail bank.
- c) Developing its business in the corporate banking or wholesale banking sector, and the financial sector in general.

The foregoing listing states the scope of actions of Bankia on an exhaustive basis at the date of this Master Agreement. The Parties may include new areas that are identified, always with observance of and compliance with the limitations imposed by the Decision of the European Commission of 28 November 2012.

For its part, the Entity covenants, even while it maintains a banking licence, not to engage, directly or indirectly through Companies in which it holds interests, in any of the activities inherent in the scope of action of Bankia as described in this Clause.

Also, the Entity and the companies in its Group will not in any way compete with Bankia or the companies in the Bankia Group in the establishment of entities, or acquisition of interests in entities that engage in the activities contemplated in this Clause.

6. RELATED PARTY TRANSACTIONS

6.1 The relationships between Bankia and Banco Financiero y de Ahorros currently in effect, as well as such relationships and services or transactions as may be agreed in the future, will be referred to as the **"Related Party Transactions"**.

For purposes of this Agreement, "related party transactions" are understood to be the undertaking, between the parties hereto, of any

transaction (financial or otherwise), service, transfer, acquisition or investment or divestment, directly between them or through any companies in their consolidated groups.

6.2 The Parties covenant that any intragroup service or transaction will always have a contractual basis and that, without prejudice to the provisions of each specific contract, all of the Related Party Transactions will be governed by the following general principles:

- a) transparency and the undertaking or rendering thereof on reasonable and equitable market terms
- b) preferred treatment, determined by the commitment of the Parties mutually to offer the most favourable terms they are offering for the transaction or service in question to third parties in the market at a given time;
- c) commitment of the Parties to render services with the maximum diligence using all possible resources available to them;
- d) commitment of the Parties to maintain confidentiality of and not disclose any information to which they have access as a result of performing the Related Party Transactions;
- e) if there is a change of control of Bankia both Parties will be entitled to terminate the provision of the corresponding services with reasonable advance notice, subject to good faith and payment by the Parties of any break costs the early termination may cause to each of them, provided that the contracts contain no provision in respect thereof. In any event, the Parties will cause termination of the Related Party Transactions to occur on an orderly basis over a reasonable transitional period, during which they will seek to accomplish progressive replacement of the services, in such manner that the Bankia business is not negatively affected.
- f) when a given service or activity can be provided by a third party or by one of the Parties or a company in its respective Group to the other or a Group company, the Party receiving the service will evaluate the options, in view of its own corporate interest.

6.3 The contracting, amendment or renewal of Related Party Transactions or any other Transactions that as to the parties thereto are treated as being Related Party Transactions of a material nature, will require approval of the Board of Directors of Bankia, after a favourable report from the Audit

and Compliance Committee, which must expressly decide regarding the proposed essential terms and conditions (term, purpose, price, etc.).

In the event of urgency, the transactions may be authorised by the Executive Committee, after a report from the Chairman of the Audit and Compliance Committee, thereafter being required to be ratified by the Board of Directors, after a favourable report from the Audit and Compliance Committee.

- 6.4 The Board of Directors of Bankia, after a favourable report from the Audit and Compliance Committee, may grant generic authorisations to engage in related party transactions, provided that they involve the following circumstances: (i) they are customary or recurrent transactions requiring speedy execution; and (ii) they are at market prices.

Once a generic authorisation is granted, it will not be necessary for transactions taken individually to be submitted for authorisation of the Board of Directors after a favourable report from the Audit and Compliance Committee. On a quarterly basis a report will be submitted to the Audit and Compliance Committee, and it will submit a report to the Board of Directors including the transactions implemented under the generic authorisations.

- 6.5 No authorisation of the Board of Directors of Bankia or specific report of the Audit and Compliance Committee will be required in order to contract for any kind of services, or enter into any transaction, provided that the following three conditions are simultaneously satisfied: (i) the services are provided or transaction entered into under contracts the terms of which are standardised and apply en masse to multiple customers; (ii) the prices or fees are established on a general basis by the one acting as the supplier of the goods or services in question; and (iii) the amount is not in excess of 1% of the consolidated revenue of Bankia appearing in the most recent consolidated annual accounts approved at the date of the corresponding transaction.

- 6.6 In particular, in the event of an extension of financing by Bankia to the Entity, in addition to the principles and rules for Related Party Transactions contemplated in this Agreement, it must comply with the following additional principles and requirements:

- a) it must be of an extraordinary and temporary nature. For this purpose, the Entity must submit a report to Bankia in support of its application, containing detailed information on the alternatives to the

requested financing that have been discarded, and the reasons therefor; and

- b) the compensation to Bankia for the grant to the Entity of that financing may not be less than the average of quotes obtained for entities with credit ratings comparable to that of Banco Financiero y de Ahorros from at least three first-tier financial institutions of high standing.

6.7 Without prejudice to the foregoing, the Parties may agree the establishment of an access mechanism allowing Banco Financiero y de Ahorros, through Bankia, to resort to liquidity and financing mechanisms that the ECB establishes for Lending Institutions in the Eurozone, as well as the private financing inherent in the operations of lending institutions.

The provisions of the preceding section if applicable may be developed by way of signature of the corresponding contracts.

6.8 The directors of Bankia affected by Related Party Transactions, in addition to not exercising or delegating their voting rights, must leave the meeting room while the Bankia Board deliberates and votes thereon, in accordance with the provisions of the Clause governing conflicts of interest.

6.9 The Parties covenant that each year, for purposes of this Master Agreement, to the extent necessary, for the planning of their respective resources, they will update the list of Related Party Transactions.

6.10 Banco Financiero y de Ahorros, in accordance with its own articles provisions, may establish the internal mechanisms and/or bodies to monitor this Master Agreement as it deems appropriate.

7. MONITORING OF THE MASTER AGREEMENT

As regards this Master Agreement, the Audit and Compliance Committee of Bankia will have the following powers:

- (i) To be advised by the Secretary of the Board of Bankia, after reasoned proposal by an internal evaluation committee comprised of the Risk, Internal Audit and Regulatory Compliance Departments, of an intention to undertake any transaction between the parties to this Agreement that could be a related party transaction.

The Secretary of the Board of Bankia may delegate the aforesaid presentation to the group's Compliance Manager.

- (ii) To demand such information as it deems to be necessary from the body designated by the Entity to handle the case, including the presence of executives of Bankia or, if applicable, the Entity, if deemed to be appropriate by the Chairman. In the latter case the demand for such presence will be made through the Chairman of the Audit Committee of Banco Financiero y de Ahorros. Finally, if it deems it to be appropriate the Committee may hire an independent expert or consultant to assist it in its duties.
- (iii) To evaluate the attendant circumstances and issue a detailed prior report on the undertaking of the transaction to the Board of Directors, except in the case of transactions that by reason of their amount or terms may require only a report to the Committee that, by reason of the customary or recurrent nature thereof, there already is a generic authorisation of the Board of Directors. In all cases the Board will be kept informed.
- (iv) To report in advance to the Board of Directors regarding the information on related party transactions subject to this Agreement that must be included in the Annual Corporate Governance Report and other reports of a public nature.
- (v) To report on a timely basis to the Board of Directors on the status of compliance with this Agreement.
- (vi) To report in advance on any proposal for amendment of this Agreement, and propose improvements hereof.
- (vii) Such tasks and authority as may be assigned to it by the Board of Directors in implementation of this Agreement.

8. OUTSOURCING OF TRANSACTIONS

Either of the parties may outsource the exercise of its functions without the other being in a position to allege breach of this Agreement, provided that it is justified by reasons of economic rationality and efficiency.

9. INFORMATION FLOWS

9.1 Each Party covenants to continue diligently providing the other Party with the information it requests and is necessary in order for Banco Financiero y de Ahorros to comply with its legal, accounting, tax and capital obligations, as well as for such other purposes as redound to the benefit

and common interest of Bankia and the Entity, by way of example and not limitation including the following purposes:

- a) Preparation of the annual accounts and interim financial statements, both individual and consolidated of Bankia and individual and consolidated of Banco Financiero y de Ahorros and its subsidiaries;
- b) Compliance with one-time or recurring reporting obligations (in particular the regulatory reporting obligations regarding capital) to the National Securities Market Commission, the Bank of Spain and other supervisory or regulatory authorities (competition or otherwise), domestic or foreign;
- c) Design of the policy and coordination of the general strategies of the Banco Financiero y de Ahorros Group, including operational and financial planning functions as well as management control;
- d) Tax consolidation scheme taxation of Bankia and/or its domestic or foreign subsidiaries in tax consolidation groups including other companies in the Group, both in Spain and in other countries;
- e) Obtaining, maintaining and updating credit ratings and provision of information to institutional investors and financial analysts; and
- f) Compliance with the obligations assumed in financing agreements and issues of fixed income securities.
- g) The information that Banco Financiero y de Ahorros and Bankia receive in application of the provisions of this clause will be used solely and exclusively for the purposes for which it was collected and, when appropriate, will be kept secret and will be subject to the provisions of the Bankia Internal Code of Conduct for the Securities Markets and the applicable rules on protection of personal information. The Parties will provide the resources necessary to make the aforesaid information flows technically possible, for that purpose developing, when necessary, the technological platforms and solutions that are required.

10. CONFLICTS OF INTEREST

10.1 While this Agreement is in effect, the members of the Bankia Board of Directors will avoid any situation of direct or indirect conflict they might have with the interests of the Entity, in any event giving notice thereof, if inevitable, to the Board of Directors, which will decide regarding the

matter. In the event of a conflict, the affected director must leave the meeting room, abstaining from participation in deliberation and voting of the Board regarding the matter to which the conflict relates.

10.2 In any event the proprietary directors representing the Entity will leave the meeting room, abstaining from participation in the deliberations and voting that under this Agreement are to be adopted regarding related party transactions and conflicts of interest by the Bankia Board of Directors.

10.3 If there is a common director on the boards of directors of the parties to this agreement, that director of course will abstain from participating in the matters that are subject to this Agreement.

11. DIVIDEND POLICY: RETURNS TO THE ENTITY

11.1 Bankia through adoption of the appropriate resolutions of the Board of Directors and the General Meeting, in accordance with applicable legislation, will publicise the dividend distribution policy.

12. TERM

This agreement will be effective from the date of its signature for so long as at least one of the following circumstances exists:

- The Entity has a controlling interest in Bankia.
- The Board of Directors of Bankia includes proprietary directors representing the Entity constituting at least 30% of the Board.

13. TRANSITIONAL MATTERS

The entry of this Master Agreement into force will not affect the contracts already signed between companies in the Banco Financiero y de Ahorros Group and Bankia under the former Master Agreement.

14. NOTICES

14.1 All notices between the Parties in respect of this Master Agreement will be in writing and hand-delivered with written confirmation of receipt by the other Party, sent through a notary, by bureaufax, mail or electronic means, or by any other means, provided in all cases that there is evidence of proper receipt by the addressee.

The Parties designate the following addresses for the receipt of notices:

Banco Financiero y de Ahorros

Paseo de la Castellana, 189

28046 Madrid

To the attention of: Mr. Manuel Lagares Gómez-Abascal

(i) **Bankia:**

Paseo de la Castellana, 189

28046 Madrid

To the attention of: Mr. José Sevilla Alvarez

14.2 Any change in domiciles or persons for purposes of notices must be notified immediately to the other Party in accordance with the rules set forth in this clause. If a Party has not received notice of such changes, notices it gives in accordance with these rules based on the original information will be deemed to have been properly given.

15. NULLITY AND INDEPENDENT NATURE OF CLAUSES OF THE AGREEMENT

If a competent court or authority holds any of the provisions of this Master Agreement to be void or unenforceable, this Agreement will remain in effect with the exception of the part held to be void or unenforceable, unless it is of an essential nature or very significantly affects the balance of the obligations of the Parties, in which case this Master Agreement will be of no force or effect. The Parties will mutually consult and use their best efforts to agree upon a valid and enforceable provision that is a reasonable replacement for the void and unenforceable provision, in accordance with the spirit of this Master Agreement.

16. AMENDMENT OF THE TERMS OF THE AGREEMENT AND ASSIGNMENT

16.1 The terms of this Master Agreement may only be amended by agreement of the Parties. For that purpose they must follow the procedures established in their respective Articles of Association and Board of Directors Regulations.

In particular, amendment of this Agreement will require a prior favourable report of the Audit and Compliance Committee of Bankia, as well as approval thereof by the Board of Directors of Bankia with the corresponding majority based on the rules set forth in the Board of Directors Regulations.

16.2 All rights under this Master Agreement are personal to the Parties and may not be assigned without prior written consent of all Parties.

17. APPLICABLE LAW

This Master Agreement will be governed and interpreted in accordance with Spanish law.

18. JURISDICTION

For the resolution of any dispute, conflict or claim deriving from this Master Agreement or in respect hereto, the Parties agree to settle their differences in good faith during a term of one month. That term having elapsed without reaching an agreement, they expressly submit to the exclusive jurisdiction of the courts and tribunals of the city of Madrid, expressly waiving any other forum that might correspond to them. However, the Parties covenant that they previously will negotiate any difference that may derive from performance or interpretation of the provisions hereof in good faith.

IN WITNESS WHEREOF the Parties sign this Master Agreement in duplicate for a single purpose in the place and on the date indicated in the preamble.