

ANNEX 1

ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED COMPANIES

PARTICULARS OF ISSUER

ENDING DATE OF REFERENCE PERIOD

31/12/2013

C.I.F.

A-14010342

CORPORATE NAME

BANKIA, S.A

REGISTERED OFFICE

CL. PINTOR SOROLLA N.8, (VALENCIA)

FORM OF ANNUAL REPORT ON COMPENSATION OF DIRECTORS OF LISTED COMPANIES

A COMPENSATION POLICY OF THE COMPANY FOR THE YEAR IN COURSE

A.1 Explain the Company's compensation policy. Information will be included under this heading regarding the following:

- General bases for and principles of the compensation policy.
- Most significant changes made to the compensation policy by reference to the policy used during the prior period, and the changes that have been made during the year in the terms for exercise of options already granted.
- Criteria used and composition of the groups of comparable companies the compensation policies of which have been reviewed in order to establish the company's compensation policy.
- Relative importance of the variable compensation categories by reference to the fixed categories, and criteria used to determine the various components of the compensation package of the directors (compensation mix).

Explain the compensation policy

A.1.1 General principles and guidelines

- As it is an entity that has received support from the Fund for Orderly Bank Restructuring (Fondo de Reestructuración Ordenada Bancaria, or "FROB"), without being majority-owned thereby, its compensation policy is based on strict compliance with Royal Decree Law 2/2012 of 3 February 2012 on restructuring of the financial sector ("Royal Decree 2/2012"), Act 3/2012 of 6 July 2012, on urgent measures for reform of the labour market ("Act 3/2012") and Order ECC/1762/2012 of 3 August 2012 ("Order ECC/1762/2012").
- The compensation of directors is structured in accordance with the provisions of article 49 of the Bankia Articles of Association and articles 27 and 28 of the Board of Directors Regulations.

Taking account of the foregoing, the compensation of directors of Bankia has the following features:

- The outside directors receive a periodic amount determined by the Board of Directors, the annual amount not to exceed €100,000.
- Inside directors receive fixed compensation the annual amount of which is not to exceed €500,000.
- No payment whatever is contemplated as per diems for attendance at meetings of the Board of Directors or its committees, subject to reimbursement of the corresponding expenses.
- None of the directors of Bankia receives any compensation for such duties as they may perform within BFA.

Despite the fact that Order ECC/1762/2012 contemplates that the variable compensation of the directors of entities that have received support from the FROB, without being majority-owned by it, may amount to 60% of annual gross fixed compensation, the directors of Bankia currently receive no amount whatever in this category.

It is contemplated, however, that during 2014 an annual variable compensation scheme will be introduced for the inside directors. It in any event will satisfy the requirements established in Royal Decree Law 2/2012 and Order ECC/1762/2012. The Bank of Spain must authorise the amount, accrual and payment of this compensation.

In addition, the compensation policy of the directors that perform executive functions also is governed by the following principles, which are subject to compliance with the regulations and the Articles:

- Importance of fixed compensation: it is the basic element of compensation policy and a sufficiently high part of total compensation, allowing maximum flexibility as regards the variable components.
- Flexibility: the rules for management of compensation of directors incorporate mechanisms that allow dealing with exceptional situations in accordance with the needs arising from time to time. Furthermore, such variable components as may be established will have sufficient flexibility to allow adjustment thereof to the point that it is possible to eliminate variable compensation, in accordance with the applicable regulations.
- Time Horizon: the compensation of inside directors is structured based on a medium and long-term view encouraging directors to act strategically, in addition to achieving short-term results.

- Variability and prudent assumption of risks: taking account of the position of inside directors and their impact and degree of influence on the results of the entity, the amount of their compensation may have a variable component, linked to their performance and results based on prudent and responsible assumption of risks.
- Linkage to interests of the entity and the shareholders: the amount of the compensation of directors is directly correlated to the degree of achievement of the objectives of the entity and its shareholders. To that end, instruments are included that link that amount with the results obtained by the entity and the market value thereof.
- Balance: the compensation scheme is balanced and efficient as among the fixed and variable components, such that the fixed component constitutes a sufficiently high part of total compensation.
- Simplicity: the rules for compensation management are drafted clearly and concisely, with maximum simplification of both the description thereof and the methods for calculation of and conditions applicable to achievement thereof.

A.1.2 Most significant changes made in the compensation policy

In 2014 Bankia intends to introduce an annual variable compensation scheme for inside directors, the principal features of which are described in section A.4. The amount, accrual and payment thereof must be expressly authorised by the Bank of Spain.

A.1.3 Criteria used to establish the compensation policy of inside directors

The criteria when establishing Bankia's compensation policy are those deriving from compliance with the limitations introduced by Royal Decree Law 2/2002 and Order ECC/1762/2012, and application of the principles established for the entity's director group.

A.1.4 Compensation mix for inside directors

In accordance with article 4 of Order ECC/1762/2012, the annual variable compensation of executives and directors of entities that have received support from the FROB, without being majority-owned thereby, may not exceed 60% of annual gross fixed compensation.

However the contracts of the Bankia inside directors contemplate maximum variable compensation of 50% of annual gross fixed compensation.

Taking account of the foregoing, the compensation mix will be comprised of the following elements:

- Fixed compensation in an amount of €500,000.
- Variable compensation resulting from achievement of the fixed objectives, authorised by the Bank of Spain. This compensation is not to exceed the amount of €250,000.

A.2 Information on preparatory work and the decision-making process that has been used to determine the compensation policy and the role, if any, played by the Compensation Committee and other supervisory bodies in setting the compensation policy. This information if appropriate will include the mandate and composition of the Compensation Committee and the identity of the outside advisors the services of which have been used in the determination of the compensation policy. It will also state the nature of the directors, if any, that have participated in determination of the compensation policy.

Explain the process for determination of the compensation policy

In accordance with article 15 of the Board of Directors Regulations and article 47 of the Articles of Association of Bankia, the Appointments and Remuneration Committee has general authority to propose and report on compensation matters and appointment and removal of directors and senior managers. It in particular performs the following functions:

- Submitting to the Board of Directors of independent directors to be appointed by co-option or, if applicable, for submission to decision by the General Shareholders Meeting, and proposals for re-election or removal of those directors by the General Meeting.
- Reporting, on a non-binding basis, on proposals of the Board of Directors for appointment of other directors to be appointed by co-option or, if applicable, for submission to decision by the General Shareholders Meeting, and proposals for re-election and dismissal of those directors by the General Meeting.
- Reporting, on a non-binding basis, on board resolutions related to appointment or removal of senior managers of the Group.
- Proposing to the Board of Directors:
 - The compensation policy for directors and senior executives.
 - The individual compensation and other contractual terms of inside directors.
 - The standard terms for senior executive contracts.
- Periodically revising the compensation schemes, considering their appropriateness and utility.
- Ensuring the transparency of compensation and inclusion in the annual report on director compensation and the annual corporate governance report of information regarding compensation of directors and, to that end, submitting such information as may be appropriate to the board;

- Ensuring compliance with the compensation policy set by the entity; and
- In order to safeguard the independence, impartiality and professionalism of the secretary and assistant secretary of the Board of Directors, reporting on their appointment and removal for approval by the full board.
- When there are few or no female directors, ensuring that the procedures for selection of candidates to fill new vacancies have no implicit bias preventing selection of female directors, seeing to it that the potential candidates include women having the professional experience sought.
- Submitting a report to the board of directors on the performance of the Chairman of the Board.

The Board of Directors Regulations and the Articles of Association of Bankia provide that the Appointments and Remuneration Committee is comprised of a majority of independent directors, with a minimum of 3 and maximum of 5 directors.

At the date of preparation of the report, the composition of the committee was as follows:

- Mr. Joaquín Ayuso García; Position: Chairman; Status: Independent; Date of appointment: 01/06/2012
- Mr. Francisco Javier Campo García; Position: Member; Status: Independent; Date of appointment: 01/06/2012
- Mr. Alfredo Lafita Pardo; Position: Member; Status: Independent; Date of appointment: 22/05/2013
- Mr. Alvaro Rengifo Abbad; Position: Member; Status: Independent; Date of appointment: 08/06/2012

No member of the committee has executive functions within the entity. All of them have proven ability to perform their duties on the committee by reason of their extensive experience in banking and/or positions as senior managers and their knowledge of compensation matters, which allow them to exercise effective and independent control of the compensation policies and practices and the incentives created to manage risk, capital and liquidity.

Bankia's Appointments and Remuneration Committee meets whenever it is called by resolution of the committee itself or its Chairman, with a minimum of four meetings per year. It also will meet whenever the Board of Directors or its Chairman requests the issue of a report or adoption of proposals.

Resolutions are adopted by majority vote of those in attendance, in person or by proxy at the meeting, with the Chairman having a casting vote in the event of a tie.

At the date of preparation of this report the committee has met once during 2014. For preparation of this report

Bankia had the advice of J&A Garrigues, S.L.P.

As regards definition of the compensation policy, Bankia has been advised by HayGroup and Towers Watson.

A.3 Indicate the amount and nature of the fixed components, broken down, if applicable, of the compensation for performance of duties of senior management of the inside directors, the additional compensation as chairman or a member of any board committee, of the per diems for participation on the board and its committees or other fixed compensation as a director, as well as an estimate of the fixed annual compensation resulting therefrom. Identify other benefits that are not paid in cash and the basic parameters on the basis of which they are granted.

Explain the fixed components of compensation

Fixed compensation is the basic component of the compensation policy. This category of compensation is tied to the essential features inherent in the positions filled and their organisational importance, and the scope of responsibility assumed.

In the compensation structure of the directors, fixed compensation must constitute a sufficiently high part of the total compensation, thereby allowing maximum flexibility regarding the variable components.

In the particular case of Bankia, the fixed compensation of the directors respects the limits established in Royal Decree Law 2/2012 and described in section A.1.1 of this Report.

When calculating the limits, account is taken of all compensation received from the various entities in the Bankia Group, as well as the compensation, per diems, indemnifications or similar amounts that the executives and directors receive from entities in which they hold any position for or on behalf of Bankia.

In accordance with the foregoing, the fixed compensation of the Bankia directors has been determined as follows:

- The individual fixed amount to be received by outside directors in 2014 will be €100,000 per annum. In this regard, the directors will not receive any amount as per diems for participating on the board and its committees.

- The annual amount to be received by each of the inside directors as fixed compensation in 2014 will be €500,000. This amount will be the result of the sum of the cash compensation and the in-kind compensation corresponding to the amount of the medical insurance premiums paid by Bankia in favour of these directors. In addition, if these directors receive per diems from other group entities or investees, the compensation of the director will be adjusted by subtracting from the fixed compensation the amount corresponding to the aforesaid per diems, such that the annual fixed compensation in no case will be greater than €500,000.

A.4 Explain the amount, nature and main features of the variable components of the compensation schemes.

In particular:

- Identify each of the compensation plans of which the directors are beneficiaries, the scope thereof, the date of approval, the date of implementation, the term of validity and the main features. In the case of option plans on shares and other financial instruments, the general features of the plan are to include information regarding the conditions for exercise of the options or financial instruments for each plan.
- Indicate any compensation under profit-sharing or bonus plans, and the reason it is paid.
- Explain the basic parameters and basis for any annual bonus system.
- The classes of directors (inside directors, proprietary outside directors, independent outside directors and other outside directors) that are beneficiaries of compensation schemes or plans that incorporate variable compensation
- The underlying basis of such variable compensation schemes or plans, the criteria for evaluation of performance that are used, as well as the components of and methods for evaluation to determine whether or not the evaluation criteria have been met, and an estimate of the absolute amount of the variable compensation resulting from the current compensation plan, based on the degree of fulfilment of the hypotheses or objectives taken as a reference.
- If applicable, the information is to include a report on the payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments, if any.

Explain the variable components of the compensation schemes
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The Bankia directors currently are not beneficiaries of medium-term compensation plans, nor do they have any compensation whatever in the form of profit-sharing or bonuses.

Regarding the annual variable compensation scheme, the directors currently do not receive any amount whatever it is in this category. However, it is contemplated that during 2014 that scheme will be introduced for Bankia executives and employees, also including inside directors, all subject to approval of the competent authorities.

This scheme will be designed in such manner that variable compensation is aligned with the interests of the shareholders and prudent management of risks and generation of value in the long term for the entity. In any event, the Bank of Spain will have express authorisation of the amount, accrual and payment thereof.

The essential features of this compensation are described below:

- The scheme will accrue solely and exclusively on 31 December of each calendar year.
- The annual variable compensation of inside directors in no case will exceed 50% of annual gross fixed compensation, that is, €250,000 for each inside director.

- It in no case will vest, for which reason obtaining it in a given period will not result in the director's acquiring any additional salary right in this regard, the amount received as a part of annual gross salary of the director not vesting.
- As it is an exclusively functional supplement, Bankia may eliminate or reduce it, if applicable in accordance with any contractually-agreed terms, as a result of a change in the duties performed by the inside director.
- Annually, or even during the year in course, Bankia, under the supervisory function of Appointments and Remuneration Committee, will establish the corresponding objectives upon the achievement of which the possible receipt of annual variable compensation depends. In this regard, Bankia has identified objectives, giving priority to implementation of the Restructuring Plan, defining the parameters to adjust the kinds of risks affecting the risk profile of the entity, taking account of the cost of capital and the necessary liquidity.

Based on their scope, there are three kinds of objectives to be included in the Bankia annual variable compensation scheme:

- General objectives: they are the quantitative objectives reflecting the overall results of the entity, representing the priorities most important to Bankia's strategy.
- Individual or team objectives: the objectives preferably will be quantitative and will take account, to the extent possible, of current and potential risks, use of capital and liquidity.
- Personal evaluation: it will measure the quantitative aspects of the director's performance.
- As established by Royal Decree Law 2/2012, the beginning of receipt of annual variable compensation will be deferred for three years after it is accrued. That is, the variable compensation will be paid fully during the fourth year, after the three years of deferral counted from the date of accrual have elapsed.
- On the payment date, the compensation will be paid 50% in cash and 50% in shares. The shares will be restricted for a term of one year after delivery.
- The annual variable compensation of inside directors that is pending payment under this scheme may be reduced or cancelled under certain circumstances (a "malus" clause reducing the variable compensation). The content of this clause will be aligned with the requirements of the rules in effect from time to time.

A.5 Explain the principal features of the long-term savings schemes, including retirement and any other survival benefit, financed in whole or in part by the company, whether funded internally or externally, with an estimate of the amount thereof or the equivalent annual cost, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the conditions for vesting of the economic rights in favour of directors and compatibility thereof with any kind of indemnification for early termination of the contractual relationship between the company and the director.

Also indicate the contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes.

Explain the long-term savings schemes
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Bankia currently has not assumed long-term savings schemes with its directors.

A.6 Indicate any indemnification agreed or paid in the event of termination of a director's duties

Explain the indemnification

As provided in the Seventh Additional Provision of Act 3/2012, until Bankia returns the financial aid received, in the case of termination of a relationship binding inside directors with Bankia, it may not pay indemnifications exceeding the lesser of the following amounts:

- €1,000,000; or
- Two years of the established fixed compensation.

Indemnification for termination of contract includes any amount of an indemnifying nature that the director or manager may receive as a result of termination of the contract, whatever the reason, source or purpose, so the sum of all amounts that may be received may not exceed the stated maximums.

On the other hand, outside directors have no agreed indemnification in the event of termination of their duties.

A.7 Indicate the conditions to apply to the contracts of inside directors exercising senior management functions. The report is to include, inter alia, the duration, the limits on amounts of indemnification, minimum terms of employment (cláusulas de permanencia), terms of advance notice, as well as payment as a substitute for the aforesaid advance notice, and any other clauses related to hiring bonuses, indemnification or golden parachutes for early termination of the contractual relationship between the company and the inside director. Include, inter alia, noncompetition, exclusivity, minimum terms or loyalty and post-contractual noncompetition clauses or agreements.

Explain the terms of the contracts of the inside directors

The contracts of the inside directors are adapted to the limits on compensation and payments for termination of contract established by Royal Decree Law 2/2012, Act 3/2012 and Order ECC/1762/2012.

The principal terms of these contracts are described below:

- Term: the contracts of the inside directors are for an indefinite term. Article 22 of the Bankia Board of Directors Regulations states a maximum term of appointment as a director of six years. Directors may be reappointed for successive terms of the same length.
- Minimum term clauses: The contracts of the inside directors do not contain any kind of minimum term clause.
- Notice periods: the contracts of the inside directors do not contain terms of advance notice.
- Hiring bonuses: The contracts of the inside directors do not contain any kind of hiring bonus.
- Noncompetition (No concurrencia): the directors may not, on their own behalf or on behalf of another, engage in an activity that is the same as or analogous or complementary to Bankia's corporate purpose, except for such positions in which they may serve in other Group companies.
- Noncompetition (No competencia): the directors may not, on their own behalf or on behalf of another, engage in an activity that is the same as or analogous or complementary to Bankia's corporate purpose during the year following their departure from the entity. As compensation they will receive one time their fixed compensation. In the event of breach the director must return the compensation and six additional monthly amounts.
- Professional secrecy and duty of confidentiality: the contracts of the inside directors of Bankia include an obligation to maintain professional secrecy. The duty of confidentiality is regulated in article 30 of the Bankia Board of Directors Regulations, and applies even when the director has left office.
- Termination by decision of the entity: if Bankia unilaterally terminates a director or there is a change in control of the entity, and there has been no material breach of the contract by the director, the director will be entitled to receive indemnification equivalent to one year's fixed compensation.
- Amounts to be received in the event of early termination of the contract: in accordance with the contracts signed by the inside directors, in application of legislation currently in effect, the amounts and quantities in that category received by them, independently of their origin and nature, in particular including indemnification for termination or resignation and the post-contractual noncompetition provision, together in no case will exceed the total amount of two years of the annual fixed compensation of the inside director.

A.8 Explain any additional compensation accrued to directors as consideration for services rendered other than those inherent in the position.

Explain the additional compensation

There is no additional compensation for services rendered to the entity other than as already indicated herein Report.

A.9 Indicate any compensation in the form of advances, loans and guarantees granted, indicating the interest rate, the essential features and the amounts eventually repaid, as well as the obligations assumed on their behalf by way of guarantee.

Explain the advances, loans and guarantees granted

There is no compensation to the directors in the form of advances, loans and guarantees granted.

A.10 Explain the main features of in-kind compensation

Explain the in-kind compensation

Bankia pays the cost of the medical insurance premium of inside directors. The amounts are set forth in section D.1, although this amount is deducted from fixed compensation.

A.11 Indicate the compensation earned by a director by virtue of payments made by the listed company to a third party entity within which the director serves, when the purpose of such payments is to compensate the director's services within the company.

Explain the compensation earned by the director by virtue of payments made by the listed company to a third party entity within which the director serves

There is no compensation earned by the directors of Bankia by virtue of payments made by the listed company to a third party entity within which the director serves.

A.12 Any category of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be considered to be a related party transaction or when payment thereof distorts the true and fair view of the total compensation received by the director.

Explain the other compensation categories

There are no other compensation categories.

A.13 Explain the actions taken by the company regarding the compensation system to reduce exposure to excessive risk and to adapt it to the long-term interests, values and objectives of the company. This if applicable is to include reference to: measures contemplated to ensure that the compensation policy is responsive to the long-term results of the company, measures establishing appropriate balance between fixed and variable components of compensation, measures adopted regarding those categories of personnel the professional activities of which have a material impact on the company's risk profile, recovery clauses or formulas to allow claims for return of variable components of compensation based on results when those components of compensation have been paid based on data the inaccuracy of which is thereafter clearly demonstrated, and measures contemplated for the avoidance of conflicts of interest, if applicable.

Explain the actions taken to reduce risks

The compensation policy currently in effect does not lead to excessive risk-taking by the inside directors and is in accordance with the objectives, values and long-term interests of the entity.

In this regard, the Bankia compensation policy, as it is an entity that has received financial aid from the FROB, in its design is limited by the provisions set forth in Royal Decree Law 2/2012 and Order ECC/1762/2012.

Regarding the possible introduction of an annual variable compensation scheme, Bankia, under the supervision of the Appointments and Remuneration Committee, has undertaken identification of objectives, giving priority to implementation of the Restructuring Plan and defining the parameters to adjust the kinds of risks affecting the risk profile of the entity, taking account of the cost of capital and the necessary liquidity.

In addition, the contracts of the inside directors provide that the maximum amount of variable compensation is not to exceed 50% of fixed compensation.

Regarding the procedure for payment of the variable compensation, the scheme contemplates the ex post facto adjustments discussed in section A.4 (payment in shares, deferral periods and withholding and "malus" clauses).

Finally, Bankia has undertaken centralised and independent evaluation of the application of the compensation policy, in order to verify whether the compensation procedures and guidelines adopted by the Appointments and Remuneration Committee in its supervisory function have been complied with, and to establish whether the latter is compatible with appropriate and effective risk management. The result of this evaluation was positive.

B COMPENSATION POLICY CONTEMPLATED FOR FUTURE YEARS

B.1 Make a general forecast of the compensation policy for future years that describes that policy in respect of: fixed components and per diems and compensation of a variable nature, relationship between compensation and results, retirement schemes, terms of contracts of inside directors, and a forecast of the most significant changes in the compensation policy by comparison with preceding periods.

General forecast of compensation policy

At the date of preparation of this report no material changes are contemplated in the basic principles of the compensation policy for directors as they have been described in section A.1 of this Report, subject to the possible introduction in 2014 of the annual variable compensation scheme for inside directors. These principles will continue to be applied in future years, in compliance with the requirements established in Royal Decree Law 2/2012, Act 3/2012, Ministerial Order and any other rules replacing them in the future.

The Board of Directors, together with the Appointments and Remuneration Committee, has analysed the recommendations, both national and international, in the context of transparency and good governance, that have been published regarding compensation of directors and senior executives, in order to ensure that its compensation policy is consistent with those compensation standards. The conclusion is that the compensation scheme currently in effect within Bankia is consistent with the current rules. It is the entity's intention, within the framework of current regulations, to make such changes in its compensation policy as may be necessary as a result of such new measures or rules as may be made public in the future regarding compensation within lending institutions as may be warranted, in order at all times to adapt its compensation policy to best compensation practices and good governance of lending institutions.

B.2 Explain the decision-making process for establishment of compensation policy contemplated for future years, and the role, if any, played by the compensation committee.

Explain the decision-making process for establishment of the compensation policy

The Appointments and Remuneration Committee, in exercise of the functions that have been attributed to it by the board regulations, as described in point A.2 above, periodically revises the compensation policy of the Board of Directors, and if applicable submits such proposals as it deems to be appropriate to it.

In particular, the Appointments and Remuneration Committee strictly monitors compliance with the limits on compensation established by Royal Decree Law 2/2012 and the changes that may occur within the scope of regulation of compensation schemes of financial institutions, particularly as regards the draft act on organisation, supervision and solvency of lending institutions, which will introduce significant innovations regarding compensation of senior executives and employees that assume risks, those that exercise control functions, as well as any worker receiving overall compensation that places that worker at the same level of compensation as senior executives and employees that assume risks, the professional activities of which have a material effect on the entity's risk profile.

On an annual basis the Appointments and Remuneration Committee prepares a report on compensation of members of the Board of Directors. This report is submitted to an advisory vote of the General Shareholders Meeting, as a separate point on the agenda.

B.3 Explain the incentives created by the company in the compensation scheme to reduce exposure to excessive risk and adapt it to the long-term interests, values and objectives of the company.

Explain the incentives created to reduce risks

Bankia currently has no annual variable compensation scheme. In any event, both the design and the process for payment of annual variable compensation established in the future will comply with the requirements set forth in current regulations and will include the elements necessary to reduce exposure to excessive risk and adapt it to the objectives, values and long-term interests of the entity.

C OVERALL SUMMARY OF HOW THE COMPENSATION POLICY WAS APPLIED DURING THE MOST-RECENTLY CLOSED PERIOD

C.1 Explain in a summary manner the main features of the compensation categories and structure of the compensation policy applied during the most-recently closed period, which results in the details of individual compensation earned by each of the directors reflected in section D of this report, and summarise the decisions taken by the board for application of the aforesaid categories.

Explain the compensation categories and structure of the compensation policy applied during the period

Structure of the compensation policy:

The compensation policy for directors complies with the limits established in Royal Decree Law 2/2012 and Order ECC/1762/2012.

In this regard, the outside directors received fixed compensation the amount of €100,000. No amount whatever has been paid as per diems for attendance at meetings of the Board of Directors or its committees, subject to reimbursement of the corresponding expenses.

Regarding inside directors, each of them has received an amount of €500,000 as fixed compensation, with such directors not having earned or received any amount of variable compensation. The cost of the medical insurance premium of inside directors is included in the fixed compensation.

In the case of Mr. Goirigolzarri, Mapfre, S.A. has paid compensation of €35,686 as per diems for his membership on the Board of Directors of that company. This amount, together with the amount corresponding to the cost of the medical insurance premium paid by Bankia, has been subtracted from the compensation this director receives from Bankia, so the total fixed compensation complies with the maximum limit of €500,000 established by Royal Decree Law 2/2012.

Decisions taken by the Appointments and Remuneration Committee:

The Appointments and Remuneration Committee met fourteen (14) times during 2013, considering the following matters related to compensation policy:

- Conclusions of the centralised and independent evaluation of the 2013 compensation policy.
- Monitoring of the plan for standardisation of pension plans in effect within the entity, coming from the original savings banks (Cajas).
- Monitoring of the audit actions of the Bank of Spain related to compensation policy.
- Review of the compensation of directors for 2012, adjusting it, if applicable, based on the level of attendance at meetings of the board.
- Supervision of recovery of amounts paid in 2011 as variable compensation to the employee group the professional activities of which materially affect the Bankia risk profile (the "identified group").
- Review of the Compensation Report and Annual Corporate Governance Report for 2012, for subsequent approval by the Board of Directors.
- Modification of the terms of compensation of certain members of the identified group.
- Study of developments of a regulatory nature regarding compensation policy in lending institutions.
- Review of employees to be included in the identified group for subsequent validation by the Board of Directors.
- Proposal to pay certain amounts to former senior executives of the entity as a result of the termination of their respective contracts.

D DETAILS OF COMPENSATION INDIVIDUALLY EARNED BY EACH OF THE DIRECTORS

Name	Type	Accrual period during 2013
JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ	Inside	From 01/01/2013 to 31/12/2013.
JOSE SEVILLA ALVAREZ	Inside	From 01/01/2013 to 31/12/2013.
JOAQUIN AYUSO GARCIA	Independent	From 01/01/2013 to 31/12/2013.
FRANCISCO JAVIER CAMPO GARCIA	Independent	From 01/01/2013 to 31/12/2013.
EVA CASTILLO SANZ	Independent	From 01/01/2013 to 31/12/2013.
JORGE COSMEN MENENDEZ-CASTAÑEDO	Independent	From 01/01/2013 to 31/12/2013.
JOSE LUIS FEITO HIGUERUELA	Independent	From 01/01/2013 to 31/12/2013.
FERNANDO FERNANDEZ MENDEZ DE ANDES	Independent	From 01/01/2013 to 31/12/2013.
ALFREDO LAFITA PARDO	Independent	From 01/01/2013 to 31/12/2013.
ALVARO RENGIFO ABBAD	Independent	From 01/01/2013 to 31/12/2013.

D.1 Complete the following tables regarding the individual compensation of each of the directors (including compensation for performance of executive duties) earned during the period.

a) Compensation earned within the reporting company:

i) Cash compensation (€ 000s)

Name	Salary	Fixed compensation	Per diems	Short-term variable compensation	Long-term variable compensation	Compensation for service on Board committees	Indemnifications	Other categories	2013 total	2012 total
JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ	462	0	0	0	0	0	0	2	464	354
JOAQUIN AYUSO GARCIA	0	100	0	0	0	0	0	0	100	60
ALFREDO LAFITA PARDO	0	100	0	0	0	0	0	0	100	56
JOSE SEVILLA ALVAREZ	499	0	0	0	0	0	0	1	500	342

Name	Salary	Fixed compensation	Per diems	Short-term variable compensation	Long-term variable compensation	Compensation for service on Board committees	Indemnifications	Other categories	2013 total	2012 total
FRANCISCO JAVIER CAMPO GARCIA	0	100	0	0	0	0	0	0	100	60
JOSE LUIS FEITO HIGUERUELA	0	100	0	0	0	0	0	0	100	60
FERNANDO FERNANDEZ MENDEZ DE ANDES	0	100	0	0	0	0	0	0	100	60
ALVARO RENGIFO ABBAD	0	100	0	0	0	0	0	0	100	56
EVA CASTILLO SANZ	0	100	0	0	0	0	0	0	100	60
JORGE COSMEN MENENDEZ-CASTAÑEDO	0	100	0	0	0	0	0	0	100	60

ii) Compensation schemes based on shares iii)

Long-term savings schemes

b) Compensation earned by directors of the company for membership on boards of other group companies:

i) Cash compensation (€ 000s)

Name	Salary	Fixed compensation	Per diems	Short-term variable compensation	Long-term variable compensation	Compensation for service on Board committees	Indemnifications	Other categories	2013 total	2012 total
JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ	0	0	36	0	0	0	0	0	36	20
JOAQUIN AYUSO GARCIA	0	0	0	0	0	0	0	0	0	0
ALFREDO LAFITA PARDO	0	0	0	0	0	0	0	0	0	0
JOSE SEVILLA ALVAREZ	0	0	0	0	0	0	0	0	0	0
FRANCISCO JAVIER CAMPO GARCIA	0	0	0	0	0	0	0	0	0	0
JOSE LUIS FEITO HIGUERUELA	0	0	0	0	0	0	0	0	0	0
FERNANDO FERNANDEZ MENDEZ DE ANDES	0	0	0	0	0	0	0	0	0	0
ALVARO RENGIFO ABBAD	0	0	0	0	0	0	0	0	0	0
EVA CASTILLO SANZ	0	0	0	0	0	0	0	0	0	0
JORGE COSMEN MENENDEZ-CASTAÑEDO	0	0	0	0	0	0	0	0	0	0

ii) Compensation schemes based on shares iii)

Long-term savings schemes

c) Summary of compensation (€ 000s):

The summary must include the amounts corresponding to all compensation categories included in this report that have been earned by the director, in thousands of euros.

In the case of long-term savings schemes, the report is to include the contributions to or funding of this kind of scheme:

Name	Compensation earned in the Company				Compensation earned in group companies				Totals		
	Total cash compensation	Amount of shares granted	Gross profit from options exercised	Total for 2013 from company	Total cash compensation	Amount of shares delivered	Gross profit from options exercised	Total for 2013 from group	Total for 2013	Total for 2012	Contribution to savings schemes during the period
JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ	464	0	0	464	36	0	0	36	500	354	0
JOAQUIN AYUSO GARCIA	100	0	0	100	0	0	0	0	100	60	0
ALFREDO LAFITA PARDO	100	0	0	100	0	0	0	0	100	56	0
JOSE SEVILLA ALVAREZ	500	0	0	500	0	0	0	0	500	342	0
FRANCISCO JAVIER CAMPO GARCIA	100	0	0	100	0	0	0	0	100	60	0
JOSE LUIS FEITO HIGUERUELA	100	0	0	100	0	0	0	0	100	60	0
FERNANDO FERNANDEZ MENDEZ DE ANDES	100	0	0	100	0	0	0	0	100	60	0
ALVARO RENGIFO ABBAD	100	0	0	100	0	0	0	0	100	56	0
EVA CASTILLO SANZ	100	0	0	100	0	0	0	0	100	60	0
JORGE COSMEN MENENDEZ-CASTAÑEDO	100	0	0	100	0	0	0	0	100	60	0
TOTAL	1,764	0	0	1,764	36	0	0	36	1,800	1,168	0

D.2 Report on the relationship between compensation obtained by directors and the results or other measures of profitability of the entity, if applicable explaining how the changes in profitability of the company may have influenced changes in compensation of directors.

In 2013 Bankia directors received no variable compensation whatever, for which reason their compensation was exclusively of a fixed nature.

D.3 Report on the result of the advisory vote of the general meeting on the annual report and compensation for the prior period, indicating the number of negative votes, if any:

	Number	% of total
Votes cast	8,275,373,659	71.85%

	Number	% of total
Votes against	55,265,764	0.67%
Votes for	8,219,470,730	99.32%
Abstentions	637,165	0.01%

E OTHER INFORMATION OF INTEREST

If there is any relevant aspect of director compensation that it has not been possible to include in the other sections of this report, but that it is necessary to include in order to set forth more complete and reasoned information regarding the compensation practices and structure of the company as regards its directors, briefly explain.

Regarding the quantitative information in section D of this Report, we wish to note the following:

• Quantitative information regarding Mr. Goirigolzarri:

- The amount indicated in the "other categories" section of table a).i. under point D.1 above corresponds to the cost of medical insurance in an amount of €1,875.

- The amount indicated in the "per diems" section of table b).i. under point D. 1 above corresponds to per diems received by reason of his membership on the Board of Directors of Mapfre, S.A., amounting to €35,686.

- The total amount of €500,000, indicated in the "2013 total" section of table c) under point D.1, includes the fixed compensation, the cost of medical insurance in the amount of €1,875 and the per diems received by reason of his membership on the Board of Directors of Mapfre, S.A., amounting to €35,686.

• Quantitative information regarding Mr. Sevilla:

- The amount indicated in the "other categories" section of table a).i. under point D.1 above corresponds to the cost of medical insurance in an amount of €962.

- The total amount of €500,000 indicated in the "cash compensation" section of table c) under point D.1 includes the fixed compensation and the cost of medical insurance in the amount of €962.

• Information on the result of the advisory voting (D.3): the figure related to the number of abstentions is the number of votes in blank.

Finally, regarding a former inside director that left the entity in 2012 (Mr. Francisco Verdú Pons), Bankia wishes to note that in 2012 Mr. Verdú resigned without Bankia paying any amount whatever as indemnification, although in 2013 it was agreed to pay Mr. Verdú €462,000 by reason of termination of the commercial contract.

This annual compensation report was approved unanimously by the board of directors of the company at its meeting of 17/02/2014.

State whether there are any directors who voted against or abstained from voting to approve this Report.

Yes

No

REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

2013

Bankia

Contents

<i>1. Functioning and Authority</i>	1
<i>2. Composition</i>	3
<i>3. Main Activities In 2013</i>	4
<i>3.1. Remuneration policy for Directors and Senior Managers</i>	4
<i>3.2. Evaluation of the Board and of the Chairman</i>	4
<i>3.3. Annual verification of the classification of Directors</i>	5
<i>3.4. Suitability requirements of Directors and Senior Managers</i>	5
<i>3.5. Reports on appointments</i>	5
<i>3.6 Code of Ethics and Conduct</i>	6
<i>3.7. Annual Remuneration Report and Annual Corporate Governance Report</i>	6
<i>3.8. Other Specific Issues Addressed by the Committee</i>	6

1. FUNCTIONING AND AUTHORITY

Article 44.7 of the BANKIA, S.A. Bylaws provides that the Board of Directors must set up an Appointments and Remuneration Committee, the structure, functions and operating rules of which will be governed, to the extent not covered in the Bylaws, by the Board of Directors Regulations. The Appointments and Remuneration Committee is set up to assist the Board of Directors, with general authority to make proposals and report on compensation matters and on the appointment and removal of directors and senior managers.

The Bankia Appointments and Remuneration Committee is governed by article 47 of the Bylaws and its specific powers are developed in article 15 of the Board Regulations. The Bylaws and the Board of Directors Regulations were amended in 2013 with the aim of introducing certain technical improvements considered beneficial for the company's organisation and management, and to adapt them to the Code of Good Corporate Governance approved by the Spanish securities regulator, the Comisión Nacional del Mercado de Valores (CNMV).

According to article 15 of the Board of Directors Regulations, the Appointments and Remuneration Committee will meet as often as called by resolution of the Committee itself or its chairman, and at least four times per year. Further, it also will meet whenever the Board of Directors or its Chairman requests the issue of a report or adoption of proposals.

There will be a quorum when one half plus one of the Directors that are members of the Committee are present in person or by proxy. Its resolutions will be approved by majority vote of those in attendance at the meeting, in person or by proxy. In the event of a tie, the Chairman will have a casting vote.

The Appointments and Remuneration Committee has general authority to propose and report on remuneration matters and on the appointment and removal of Directors and senior managers. In particular, without prejudice to other tasks assigned to it by the Board, the Appointments and Remuneration Committee will be responsible for:

- (a) making proposals to the Board of Directors of independent Directors to be appointed by co-option or, if applicable, for submission to decision by the General Meeting of shareholders, and proposals for re-election or removal of those Directors by the General Meeting;

- (b) reporting, on a non-binding basis, on proposals of the Board of Directors for appointment of other Directors to be appointed by co-option or, if applicable, for submission to decision by the General Meeting of shareholders, and proposals for re-election and removal of those Directors by the General Meeting;
- (c) reporting, on a non-binding basis, on Board resolutions related to appointment or removal of senior managers of the Group proposed to the Board by the Chairman;
- (d) proposing to the Board of Directors:
 - (i) the remuneration policy for Directors and senior officers;
 - (ii) the individual remuneration and other contractual terms of executive Directors; and
 - (iii) the standard terms for senior officer contracts.
- (e) periodically reviewing the remuneration programmes, considering their appropriateness and utility;
- (f) ensuring the transparency of remuneration and inclusion in the annual report on Director remuneration and the annual corporate governance report of information regarding remuneration of Directors and, to that end, submitting such information as may be appropriate to the Board;
- (g) overseeing compliance with the remuneration policy set by the Company;
- (h) to ensure the independence, impartiality and professionalism of the Secretary and Assistant Secretary of the Board of Directors, reporting on their appointment and removal for approval of the full Board;
- (i) in those situations where there are no or few female Directors, the Committee will strive to ensure that when new vacancies arise there is no implicit bias in the selection procedures which could obstruct the selection of female directors, endeavouring to have women who meet the required professional profile included in the potential candidates;
- (j) reporting to the Board of Directors on the discharge of the functions of the Chairman of the Board.

For better performance of its duties, the Committee may seek the advice of outside professionals on matters within its competence.

2. COMPOSITION

According to the Bylaws and the Board of Directors Regulations, a majority of the Appointments and Remuneration Committee will consist of independent Directors, with a minimum of three and a maximum of five directors. In any event the number of members of the Appointments and Remuneration Committee will be determined directly by way of establishment of that number by express resolution, or indirectly by way of filling vacancies or appointment of new members within the established maximum.

The members of the Appointments and Remuneration Committee will be appointed by the Board of Directors, based on the knowledge, ability and experience of the Directors and the responsibilities of the Committee. The Committee will be chaired by an independent director appointed by the Board of Directors. The Chairman of the Committee must be replaced every four years, and may be re-elected one or more times for terms of the same length.

The Committee will have a Secretary and, optionally, an Assistant Secretary, who need not be Directors and may be other than the Secretary and Assistant Secretary of the Board of Directors, respectively.

At 1 January 2013 the Appointments and Remuneration Committee was composed of four Directors, namely, Mr. Joaquín Ayuso García (Chairman), Mr. Francisco Javier Campo García (Member), Mr. Fernando Fernández Méndez de Andés (Member) and Mr. Álvaro Rengifo Abbad (Member).

On 22 May 2013, the Board of Directors of the company approved the appointment of Board member Mr. Alfredo Lafita Pardo to the Appointments and Remuneration Committee, replacing Mr. Fernando Fernández Méndez de Andés. Consequently, the Committee was thenceforth composed of the persons specified below, who continued to hold those positions at year-end 2013:

APPOINTMENTS AND REMUNERATION COMMITTEE ⁽¹⁾			
DIRECTOR	OFFICE	STATUS	APPOINTMENT DATE
Mr. Joaquín Ayuso García	Chairman	Independent	01-06-2012
Mr. Francisco Javier Campo García	Member	Independent	01-06-2012

⁽¹⁾ A professional profile of the members of the Appointments and Remuneration Committee may be consulted on the Bankia website: www.bankia.com

Mr. Alfredo Lafita Pardo	Member	Independent	22-05-2013
Mr. Álvaro Rengifo Abbad	Member	Independent	08-06-2012

Non-Director Secretary: Mr. Miguel Crespo Rodríguez.

No member of the Committee performs executive duties in the company and all of them are classified as independent Directors, so the requirement that independent Directors make up a majority of the Committee is met. Furthermore, all members of the Committee were appointed by the Board based on their knowledge, skills and experience and the responsibilities of the Committee.

3. Main Activities In 2013

In the performance of its duties, the Appointments and Remuneration Committee held a total of 14 meetings between 1 January and 31 December 2013, with 99% attendance by Directors at those meetings (in person or by proxy).

During the year, the Committee examined and brought before the Board the main remuneration and appointment matters and, in particular, addressed the following questions:

3.1. REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGERS

Over the course of the year the Committee verified that the remuneration policy for Directors and senior managers complied with the limits laid down in the applicable laws, and specifically with the provisions of Royal Decree Law 2/2012, Act 3/2012 and Order ECC/1762/2012. That verification drew on advice from an independent expert on compensation matters.

In this regard, the 18 December 2013 meeting examined the annual independent expert report assessing the company's remuneration policy for 2013, as well as the corporate governance and remuneration policy novelties introduced by Royal Decree Law 14/2013 of 29 November 2013 on urgent measures to adapt Spanish law to European Union rules on the supervision and solvency of credit institutions, and by the Draft Bill on supervision and solvency of credit institutions.

3.2. EVALUATION OF THE BOARD AND OF THE CHAIRMAN

During 2013, in coordination with the Chairman of the Audit and Compliance Committee, the committee carried on the evaluation of the Board of Directors referred to by article 9.5 of the Board of Directors

Regulations. It also conducted an evaluation of the Board Chairman's performance of his duties. In both cases, the Committee was supported by technical advising from an independent expert.

3.3. ANNUAL VERIFICATION OF THE CLASSIFICATION OF DIRECTORS

Pursuant to article 8.3 of the Board of Directors Regulations, at its meeting of 19 March 2013 the Appointments and Remuneration Committee examined the classification of each Director. The related proposal was reviewed by the Board of Directors at its meeting of 20 March 2013, and reported on in the annual corporate governance report.

The Committee has verified that of the current 10 members of the Board of Directors, eight are independent and two are executive Directors.

3.4. SUITABILITY REQUIREMENTS OF DIRECTORS AND SENIOR MANAGERS

As a consequence of entry into force of Royal Decree 256/2013 of 12 April 2013 incorporating into the regulatory framework for credit institutions the European Banking Authority guidelines of 22 November 2012 on the assessment of the suitability of members of the management body and key function holders, at its meeting of 19 June 2013 the Appointments and Remuneration Committee reported favourably on the Manual of Procedures for Evaluating the Suitability of Directors, General Managers or Similar Offices and Key Personnel, which was approved by the Board of Directors on 25 June 2013.

In compliance with the Royal Decree and following the procedure set forth in the Manual, during 2013 an initial suitability evaluation was carried out for all Board members and key personnel and then forwarded to the Bank of Spain.

3.5. REPORTS ON APPOINTMENTS

In relation to its responsibilities in the area of appointments, during 2013 the Appointments and Remuneration Committee submitted and reported on nominations of members of the Board of Directors, on nominations to offices on the Board, and on appointments to Board Committees and to senior management positions.

At its meeting of 13 May 2013 the Commission reported in favour of Mr. Alfredo Lafita Pardo's nomination as member of the Appointments and Remuneration Committee, replacing Mr. Fernando Fernández Méndez de Andés, and at its 12 June 2013 meeting it reported in favour of naming Mr. Antonio Zafra Jiménez Assistant Secretary of the Board of Directors.

The Committee also resolved on 17 July 2013 to report in favour of naming Mr. Joaquín Ayuso García as member of the company's Audit and Compliance Committee. At its meeting of 22 October 2013, it reported in favour of Mr. Alfredo Lafita Pardo's appointment as Lead Independent Director, a position that enhances the role of independent Directors on the Board of Directors and whose appointment marks one more step in the Bank's strategy of strengthening its corporate governance and aligning it with the most advanced international practices on these matters.

3.6 CODE OF ETHICS AND CONDUCT

At its meeting of 17 July 2013 the Committee voted to give the Board of Directors a favourable report on the new version of the Code of Ethics and Conduct, which is mandatory for all persons who maintain any time of professional dealings with Bankia.

3.7. ANNUAL REMUNERATION REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT

On 19 March 2013 the Appointments and Remuneration Committee resolved to issue a favourable report on the Annual Remuneration Report of Directors for 2012 and also to report favourably on the 2012 Annual Corporate Governance Report as regards those matters within its competence.

3.8. OTHER SPECIFIC ISSUES ADDRESSED BY THE COMMITTEE

In the performance of its duties, over the year the Committee likewise examined and reported on several other questions, notably including:

- Insurance.
- Monitoring the plan to unify pension plans.
- Monitoring changes in staffing levels and redundancy proceedings.
- Setting targets.
- Group identified: identification of group and modification of the compensation conditions of certain members.
- Regulatory novelties on remuneration policies in credit institutions.