Socioeconomic impact report
Bankia 2016

July 2017
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Bankia has a direct, indirect and induced impact on the Spanish economy. Its activity as a financial institution, the jobs it creates, its tax contribution and its compliance with commitments to suppliers all facilitate the flow of resources to society.

Additionally, Bankia’s social projects contribute to the transformation, development and well-being of the individuals and communities that benefit from them.

To measure this contribution, we have used the Input-Output framework, a statistical and accounting instrument based on data from the national accounts. Input–Output serves to describe the flows between the different sectors of the economy over a fixed period of time, in this case the year 2016. Based on this framework, we have estimated three types of impact on GDP and employment:

**DIRECT IMPACT**
- Value added through the bank’s expenditure on wages and salaries, payments to suppliers, taxes paid and collected, and dividends paid.
- Bankia employees

**INDIRECT IMPACT**
- Spending by Bankia’s suppliers on their direct suppliers and spending by the companies that receive the consumption expenditure of Bankia employees on their direct suppliers.
- Employment generated in direct and indirect suppliers and employment generated to meet the consumption demand of Bankia’s employees.

**INDUCED IMPACT**
- Economic impact on the rest of the supply chain through purchases from suppliers and on the rest of the economy through the salaries of Bankia’s professionals.
- Employment created in the rest of the supply chain through purchases from suppliers and employment created through the salaries paid by Bankia.

The purpose of demonstrating the value of this contribution is to reinforce Bankia’s aspiration to be a close, simple and transparent bank by responding to the main concerns and expectations of its stakeholders.

This first socioeconomic impact report represents a starting point that has helped to detect possible improvements to be worked on steadily year after year with a single objective: to draw attention to the impacts Bankia’s activity has on the economic and social environment.
The Report on Bankia’s socioeconomic impact in Spain 2016 directly explains the value Bankia contributes to society, both through its own business and financial activity and through its social projects.

- **€4,698 million** contributed to Spanish GDP by Bankia’s activity
- **47,046 jobs** generated by Bankia’s business activity
- **€501 million** paid in wages and salaries
- **€724 million** of taxes paid and collected
- **€1,359 million** of new consumer credit granted to individuals
- **€16.6 million** of credit and financing granted to SMEs, the self-employed and businesses
- **€9,900 million** of stimulus to foreign trade transactions
- **2.7 million customers** with no fees
- **€16.7 million** of investment in the community
- **45%** success rate of employment programmes
- **€1.4 million** allocated to Red Solidaria volunteering projects
- **€1 million** allocated to foster Valencian musical culture
There is no comparison between the situation of the Spanish financial system today and the way things were at the start of 2012.

Spain’s efforts to clean up, recapitalise and restructure its banking industry have helped restore market confidence and have put Spanish banks in a position of advantage over those of other countries in its environment that have been slower to act.

Just three months after the Spanish government’s request for European aid, the share prices of the main listed banks had recovered an average of 29% of the lost ground.

Moreover, if we compare the level of the risk premium of the Kingdom of Spain with that of Portugal, which experienced a resurgence of doubts about its financial system in 2016, the amount saved by the Spanish State as a result of the lower cost of its debt issues in the period 2013-2016 is upward of EUR 12,000 million.

In Spain, in 2017, solutions have been found for ailing financial institutions that do not involve resorting to the injection of public funds, in contrast to the situation in Italy or Portugal.

Request for financial aid to recapitalize Spanish banks is announced (9/6/12)
Restructuring plans for various banks are approved (28/11/12)
Banks are recapitalised (December’12 – February’13)

Share price gain of the six largest Spanish banks in the three months after the government’s request for financial assistance

(1) Estimate by Bankia Research for the period 2013-2016.
(2) Percent difference in share price of Santander, BBVA, Caixabank, Sabadell, Popular and Bankinter between 8 June and 7 September 2012.
Banking transformation

What would have happened if Bankia had not been recapitalised?

Scenario without recapitalisation

€60,580.6 million guaranteed by the DGF. (1)

€52,211.1 million not insured by the DGF

If Bankia had not been recapitalised, the €60,000 million in guaranteed deposits would have had to be paid by the DGF, which at that time was supported by public funds.

In addition to the above, if Bankia had not been recapitalised, it is fair to ask:

What would have happened to the rest of the Spanish banks? Would depositors have continued to trust their banks? What would have happened to the supply of credit? And mortgages? Would the Spanish economy have remained in the euro?

The financial assistance assured Bankia’s solvency but not its continued sustainability. Throughout this period, Bankia has concentrated its efforts on becoming a profitable institution, capable of creating value for its shareholders and continuing to repay the state aid.

Corporate governance

Bankia completely renewed its Board of Directors, so that its Board is filled with highly reputed, independent professionals who act in line with their professional and ethical commitments.

Main milestones (2)

Bankia has consolidated its position as the most solvent of the listed Spanish banks (3) and has become an increasingly efficient and profitable entity.

EFFICIENCY RATIO

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63.3%</td>
<td>52.9%</td>
</tr>
</tbody>
</table>

NET PROFIT

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(€19,056 M)</td>
<td>€804 M</td>
</tr>
</tbody>
</table>

CET1 RATIO FULLY LOADED

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.82%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

SATISFACTION INDEX, INDIVIDUALS

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75.0%</td>
<td>87.3%</td>
</tr>
</tbody>
</table>

The recapitalisation of Bankia helped to protect depositors’ money.

Through recapitalisation, the State avoided having to contribute an additional €38,000 million to the Deposit Guarantee Fund (DGF).

(1) The DGF guarantees the first €100,000 deposited by customers in a credit institution.

(2) Data for 2012 after receipt of the aid.

(3) Source: Public information about the banks.
Banking transformation

Repayment of state aid

The Group as a whole received €17,959 million in 2012, in addition to the €4,465 received in 2010. Of that total, €10,620 million went to Bankia.

To date, €1,838 million has been repaid through the first three dividends and the privatisation of 7.5% of the bank.

8% of the total aid received repaid in three years

Refund of hybrids, floor clauses and IPO

Free arbitration procedure for individuals and non-profits.

183,000 requests received (1)
132,823 refunds paid (1)

First entity to refund the amount through a quick, transparent, simple and free process. Persons affected can choose between a cash refund or a reduction in the outstanding principal of their mortgage.

€179 million refunded to 35,500 customers (3)
€100 million estimated saving in court costs

Minority shareholders who bought shares in the 2011 IPO were refunded the full amount of their initial investment, with interest.

€1,577 million refunded, €43 million still to be settled (4)
€400 million estimated saving in court costs

(1) Data as of 30 September 2014.
(2) Data as of 30 June 2017.
(4) Data as of 30 June 2017.
Bankia’s role in the Spanish economy

- €4,698 million contributed to Spanish GDP by Bankia’s activity
- €724 million of taxes paid and collected
- 47,046 jobs generated by Bankia’s business activity
- €259 million of dividends paid in Spain
- €501 million paid in wages and salaries
- 10.4 days average payment period to suppliers
Bankia’s role in the Spanish economy

Impact of Bankia’s activity

Impact of Bankia’s business activity on the Spanish economy

Bankia generates an impact on the economy of its environment through its purchases, through the salaries of its employees and through the taxes and dividends it pays.

€4,698 M
contributed to Spanish GDP by Bankia’s activity

0.5% of GDP

€1,447 million
through payment of wages and salaries

€501 M
paid in salaries in Spain

€2,267 million
through payments to suppliers

95.1% of purchases are from Spanish suppliers

€724 million
of taxes paid and collected in Spain

81.7% of dividends paid to Spanish shareholders

€259 million
dividends paid in Spain

Note: See Appendix for more details on the methodology.
Bankia’s role in the Spanish economy

Impact of Bankia’s activity

Impact of Bankia’s business activity on employment

Bankia generates direct employment – and through the salaries it pays and its purchases from suppliers, it also fosters indirect and induced employment throughout Spain.

47,046
jobs generated by Bankia’s business activity(1).

0.3% of employed workers in Spain (2).

13,141
Bankia employees in Spain (3)

54.6% women in the workforce

18.3 years average length of service

€8.2 million
666,624 hours of training

Contribution to employment by sector:

Services 93.7%

Industry 4.4%

Agriculture 0.5%

Construction 1.5%

12,441
indirect and induced jobs generated by the consumption spending of Bankia’s employees.

21,464
indirect and induced jobs generated by Bankia’s purchases.

NOTE: See Appendix for more details on the methodology

(1) Does not include the employment generated in companies as a result of Bankia’s financial support.
(2) Source: INE.
(3) Bankia’s average full-time workforce in 2016.
Bankia’s role in the Spanish economy

Impact of Bankia’s activity

Impact of Bankia’s business activity by Autonomous Community

<table>
<thead>
<tr>
<th>Autonomous Community</th>
<th>Contribution to GDP through purchases and salaries</th>
<th>Contribution to employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castilla y León</td>
<td>€116 M</td>
<td>1,587</td>
</tr>
<tr>
<td>Valencian Community</td>
<td>€415 M</td>
<td>5,844</td>
</tr>
<tr>
<td>Castilla-La Mancha</td>
<td>€103 M</td>
<td>1,410</td>
</tr>
<tr>
<td>La Rioja</td>
<td>€29 M</td>
<td>538</td>
</tr>
<tr>
<td>Community of Madrid</td>
<td>€2,478 M</td>
<td>29,818</td>
</tr>
<tr>
<td>Catalonia</td>
<td>€240 M</td>
<td>3,280</td>
</tr>
<tr>
<td>Canary Islands</td>
<td>€81 M</td>
<td>1,396</td>
</tr>
<tr>
<td>Community of Madrid</td>
<td>€2,478 M</td>
<td>29,818</td>
</tr>
</tbody>
</table>

€3,714 million
Contribution to GDP through Bankia’s purchases and salaries by sector

Impact on our suppliers

74% of Spanish companies suffer from the adverse consequences of late payment (1).
For Bankia, prompt payment to suppliers is a priority:

Bankia: 10.4 days
Average period of payment to suppliers

83% below the legal maximum (60 days) (2)
Bankia’s commitment: payment in 30 days

Sources:
(1) Source: Estudio de la gestión del riesgo de crédito en España - Crédito y Caución. May 2016.
(2) Source: Finance Ministry.
The economic and social contribution of our Retail Banking business

- 6.5 million customers
- 2.2 million multichannel customers
- 6.9 million cards in circulation
- €1,359 million of new consumer credit
- €737 million of mortgage loans granted
- €20,100 million of assets managed in mutual funds and individual and collective pension plans
Our way of doing banking

Retail Banking

1 in 7

bank customers is a Bankia customer (1)

6.5 million customers

With a satisfaction index of 87.3%

Mystery shopper +7.9% vs. the industry (2)

(1) Source: Afi - Informe Semanal (SAIE), 21 February 2017.
(2) Source: STIGA mystery shopper satisfaction survey.
(3) Source: INE. Data as of December 2016.
(4) Source: INE.
(5) Source: Bankia.

1 in 10 salaries

is paid into an account at Bankia (3)

1.7 million salaries paid by direct deposit

1 million customers collect their pension through Bankia, which represents 12% of pensioners (4)

1,860 branches

6.5% of the total in Spain

130 agile branches

Continuous opening

Mon-Thu 8:15-18:00; Fri 8:15-14:00

Average waiting time to be served 2' 45"

70% below the industry average (5)

2,118 personal banking acct managers and advisors

43 private banking account managers

5,364 ATMs

568 ATMs in towns with < 10,000 inhabitants

11 “Ofibus” branches (mobile branches serving sparsely populated areas) covering 337 municipalities

269 villages with <1,000 inhabitants
Our way of doing banking

Retail Banking

2.2 M
33.8% of customers

- 99.4% Internet and mobile banking
- 0.6% Telephone banking

2,418M transactions
56M transactions

Bankia allows the customer to choose the type of account manager that best suits his or her needs: remote or face-to-face in the local branch.

6.9 million cards
1.3 million contactless cards

62,843 NGO cards, from which Bankia allocates 50% of net profit to the NGO chosen by the customer

€116,114 transferred to NGOs

Mobile and card always in combination:

+ 200,000 downloads of the Bankia Wallet app

102,280 Bankia Wallet stickers

Retail purchases and person-to-person payments. Fast and safe.

Insurance sold by Bankia

- 107,200 vehicles insured
- 614,579 life insurance policies
- 129,786 accident insurance policies

Bankia, recognised for its closeness to customers by EMO Insights.
Highlights the closeness of the customer relationship and the inclusion of emotions and intangible elements

Bank with best Customer Satisfaction Benchmark performance according to Stiga in:
- Satisfaction index
- Loyalty (% main bank)
- Customer commitment

Bankia receives Digital Talent prize
Awarded to the best digital culture transformation by a Spanish company

Bankia, best implementation of Customer Experience culture.
Recognises the bank’s efforts to implement a customer experience culture throughout its organisation
Our way of doing banking

Retail Banking

Customer life cycle

- **New job**
  - 2.7 M
  - salaries and pensions paid by direct deposit

- **Travel, shopping, etc.**
  - €24 M
  - leisure and celebrations

- **1st home purchase**
  - €414 M
  - first home mortgages with terms >35 years

- **Starting a family**
  - €746 M
  - consumer loans for household spending

- **Becoming independent**
  - €166 M
  - mortgages with terms <35 years

- **Buying a vehicle**
  - €205 M
  - consumer loans for vehicle acquisition and repair

- **Dependent relatives**
  - 614,579
  - life insurance policies

- **Home improvements**
  - €338 M
  - consumer loans for home improvements

- **Retirement**
  - 519,286
  - pension plan members

**NOTE:** the age ranges are merely indicative

- age 25-30
- age 30-35
- age 30-40
- age 40-50
- age 60+
Our way of doing banking

Retail Banking

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**Consumer loans**

**€1,359 M**

consumer loans granted

**218,681** transactions

- €746 million for sundry household expenses
- €338 million for home purchase and refurbishment
- €205 million for vehicle purchase and repair
- €24 million for leisure and celebrations
- €18 million for training
- €17 million for health care
- €11 million for taxes and financing

**5.4%** of the consumer credit granted in Spain *(1)*

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**New sustainable loan** *(2)*

- Purchase of home appliances with a Class A or higher energy label
- Low-emission hybrid, electric or alternative fuel vehicles
- Home improvements aimed at energy efficiency

**1,809** consumer loan adjustments in 2016 *(3)*

**60,275** adjustments to consumer loans since 2012, helping customers who are facing difficulties to pay off their debts

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*(1)* Source: Banco de España.
*(2)* Marketed from February 2017.
*(3)* Absorption or refinancing of loans to customers who are unable to meet their obligations under consumer credit agreements.
Our way of doing banking

Retail Banking

Asset management

€20,100 M
of assets under management, between mutual funds and pension plans

Mutual funds

5th place at national level, with a market share of 5.5% (1)

297,336 unitholders in mutual funds managed by Bankia

0.51% average increase in value of the assets held in mutual funds in 2016

Pension plans

More than 519,286 members of pension plans managed by Bankia

More than 18,000 pension plan simulations

€892 million managed by Bankia according to SRI criteria in employer pension plans, 57% of the assets

Bankia Futuro Sostenible, FI (2)

First fund to incorporate ethical, social and environmental criteria aligned with the Sustainable Development Goals:

Deposits

€95,128 million total volume managed

0.28% average return in 2016, 13% above the industry average (3)

(1) Comparative figures at December 2016.
(2) Marketed from July 2017.
(3) Source: European Central Bank.
Our way of doing banking

Retail Banking

Housing

€60,230 M

home loan book

€737 million

of mortgage loans granted in 2016

7,816 mortgages granted

More than 84,000 mortgage simulations

623,991 households insured with Bankia

No Fees Mortgage (2)

✓ No arrangement fee
✓ No credit check fee
✓ No partial prepayment fee
✓ No full prepayment fee

71% “No fees” mortgages as a percentage of total mortgages granted in 2017 (3).

Primary residence

79% of the mortgages granted in 2016 are for first-time buyers

Support for young people under 35

Knowing that we are in a period of high youth unemployment, in which the proportion of young people living independently has fallen by more than 4% in the last three years (4).

28.6%

first-time buyers under age 35

€166 million

of mortgage loans to persons aged < 35

€83,500

average mortgage amount granted to persons under age 35

(1) Source: Banco de España.
(2) Marketed from January 2017.
(3) Data as of June 2017.
(4) Source: INE.
Our way of doing banking

Retail Banking

Negotiated housing solutions

In 2014, in Spain, 68.6% of private debt was for home purchase and the proportion was higher in the lowest income groups (1).

Bankia has promoted more than 107,000 negotiated solutions since 2012 to help particularly vulnerable groups repay their loans and avoid evictions.

74,275 mortgage modifications since 2012 to preserve housing through loan extensions, refinancings or forgiveness of mortgage debt

7,927 homes surrendered in satisfaction of debt since 2012

Bankia follows the Code of Good Practice for the viable restructuring of debts secured by mortgages on primary residences, taking steps to protect the mortgagor.

Circumstances of applicants

- All the members of the family unit have no income.
- Mortgage payments exceed 60% of the family unit’s net income, the mortgage is on the only home owned by the debtor and the loan was granted for the purpose of acquiring the primary residence.
- None of the members of the family unit have any other assets or interests in property sufficient to service the debt.
- The mortgage loan or credit is not secured by any collateral other than the primary residence. If there are guarantors, they are in the same situation as the mortgage holders.

(1) Source: Banco de España.
Our way of doing banking

Retail Banking

Social housing

1 in 4 homes contributed to the Social Housing Pool (FSV) are from Bankia

+€5 M allocated to FSV

Bankia allocates more than five million euros to maintenance and improvements and current expenditure on social housing.

2,379 homes ceded

2nd ranking bank in contributions to the FSV housing pool

€2.9 million in mortgage modifications
€542,000 for payment of annual property tax (IBI)
€813,000 in contributions to homeowner associations
€800,000 in home maintenance

Characteristics of Bankia social housing beneficiaries (FSV and social rents):

- 3.5 average size of family unit
- €202 average monthly income of family unit
- 73% of family units with children

Additional vulnerability factors of the beneficiaries of Bankia social housing (% of housing awarded):

- 18.9% Large family benefit
- 5.5% Single-parent family unit with two or more children
- 2.3% Family unit with at least one child under age three
- 1% Family with a member who has >33% disability
- 0.2% Sharing home with dependants
- 0.3% Family unit with gender violence

(1) Homes contributed to the FSV since 2012.
(2) Source: CECA (September 2015).
Our economic and social contribution to SMEs and the self-employed

- **€1,900 M** in facilities and loans to SMEs and the self-employed
- **€851 M** allocated to the agricultural world
- **339 account managers** specialising in the agricultural world
- **€482 M** in ICO loans
- **€68 M** allocated to improving SMEs’ digital capacity
- **€577,000** allocated to startup acceleration
Our way of doing banking
SMEs and the self-employed

In a period in which lending to the private sector has declined (37.4 p.p. over the period 2012-15) (1), Bankia devotes special attention to SMEs and the self-employed.

1 in 7
self-employed individuals are Bankia customers (2)
473,073 self-employed customers

20% of all SMEs and self-employed in Spain are financed by Bankia

15 years
avg. relationship with Bankia’s SME customers
173,192 SME customers

7 out of 10 new jobs in Spain are created by SMEs (3)

€1,900 M
of facilities and loans to SMEs and self-employed (4)

67,874 SMEs and self-employed using Bankia POS terminals

261 Specialised SME account managers

€3,320 M Volume of payments collected via Bankia POS terminals

(2) Source: ATA. Perfil del autónomo 2016.
(3) Source: Cepyme – Randstad (3rd quarter 2016).
(4) Does not include foreign trade.
Our way of doing banking

SMEs and the self-employed

Agribusiness sector

€851 M
financing granted to crop and livestock farmers

This represents 3.3% of primary sector gross value added (1)

28,000
crop and livestock farmers financed

339 specialised account managers
45,000 advice sessions

EIB agricultural facility (2)

€200 million to stimulate investment by SMEs and self-employed business owners with fewer than 250 employees, aimed at environmental protection and efficient use of natural resources.

51% distributed (3)
542 transactions

12,458 agricultural insurance policies sold by Bankia

ICO loans

€482 M
in ICO loans to SMEs and self-employed (4)

Credit facilities provided by Instituto de Crédito Oficial finance agency to business owners, small and medium enterprises and self-employed business owners, in which Bankia acts as intermediary.

(2) Loans provided by the European Investment Bank and intermediated by Bankia, in which Bankia will have €100 M.
(3) Data as of June 2017.
(4) Includes ICO funding for businesses.
Our way of doing banking

Digitalisation

Indicex

Free self-diagnosis tool that assesses a SME’s digital competitiveness based on its online performance in nine areas, measuring more than 100 parameters. It provides tips on how to optimise a SME’s marketing strategy.

€68 M
Total estimated saving on the cost of service to SMEs in 2016

8,400 reports generated (1)
with results and recommendations on how to improve the digital processes and assets a SME can use to evolve towards a higher level of digitalisation

4,980 registered users with a final report

Indicex Social (2): shortly, Bankia will launch an adaptation of the Indicex tool for NGOs, foundations and associations. This indicator will allow them to assess their own digital competitiveness in seven measurement areas.

La Digitalizadora

A digital immersion programme aimed at building capabilities and awareness in entrepreneurs and executives of industrial companies that want to take part in European Union digitalisation programmes.

€216,000
allocated to entrepreneurship programmes

150 entrepreneurs and executives in the Valencian Community trained

Subjects covered:
- Industry 4.0
- Internet of things
- Robotics
- 3D printing
- New materials
- Virtual and augmented reality
- Artificial intelligence
- Retail-Commerce
- Fintech-Financing
- Biotechnology

(2) In collaboration with Asociación Española de Fundaciones and Fundación Lealtad.
Our way of doing banking

Digitalisation

Bankia Fintech

€420,000 allocated to startup acceleration programmes

Bankia Fintech by Innsomnia is Spain’s first fintech incubator / accelerator. The programme's main objective is to help the selected projects grow and establish themselves, thanks to an innovative incubation and acceleration programme that combines training and mentoring with fundraising, networking and participation in European programmes.

19 startups supported

75% of the companies in the fintech sector were created less than five years ago (1)

13 startups call for participation in Spain (10 months)

6 startups international call for participation (4 months)

€22,105 contributed, on average, per startup, which represents almost twice as much as these companies need in order to get a project started (2)

Bankia Accelerator by Conector

Bankia Accelerator by Conector is an acceleration programme aimed at supporting entrepreneurship, innovation and digital transformation, so as to promote innovative startups that seek to improve traditional sectors by developing digital solutions that have a positive impact on society.

€157,000 allocated to startup acceleration programmes

5 startups supported

Mentoring: three to five expert mentors throughout the programme

Investment: access to an exclusive investor network

Perks: aid in the form of services for associate companies

Ecosystem: networking with key persons in each industry

Offices: free space for the duration of the programme

Training talks: weekly talks on key issues with experts

(1) Asociación Española de Fintech e Insurtech.
(2) Global Entrepreneurship Monitor (GEM España 2016).
Our way of doing banking

No fees

Bankia eliminates all fees for customers with direct deposit of income \(^{(1)}\).

\[
\begin{align*}
2.7 \text{ M} & \quad 2,532,000 \text{ individuals} \\
& \quad 97,800 \text{ self-employed} \\
& \quad 27,300 \text{ SMEs}
\end{align*}
\]

No fees customers

Retail customers

\[\€187\]
estimated avg. annual saving per customer

- \[\€48\] Maintenance
- \[\€31\] Cash withdrawal with debit card at 3rd-party ATM
- \[\€42\] Credit transfers
- \[\€54\] Cards
- \[\€12\] Cheque deposit

Self-employed

\[\€581\]
estimated avg. annual saving per customer

- \[\€48\] Maintenance
- \[\€210\] Credit transfers
- \[\€90\] Administration
- \[\€180\] Cheque deposit

SMEs \(^{(2)}\)

\[\€1,264\]
estimated avg. annual saving per SME

- \[\€198\] Maintenance
- \[\€180\] Bankia online for businesses
- \[\€420\] Credit transfers
- \[\€360\] Cheque / bill deposit
- \[\€53\] Cards

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(1) Estimate based on transaction simulations
(2) Data as of April 2017
The economic and social contribution of our Business Banking business

○ + 20,000 corporate customers

○ €14,700 M of facilities and loans to businesses

○ 95% corporate customer satisfaction

○ €9,900 M of stimulus to foreign trade transactions
Our way of doing banking

Business Banking

Bankia is one of the biggest players in the Spanish market among companies with sales of more than six million euros per year, making a particularly strong contribution to employment, innovation and Spain’s entrepreneurial base.

+ 20,000 customers

95% corporate customer satisfaction, (+3.5 points)

€14,723 M

of facilities and loans to businesses

- Industry and construction: €4,882 million
- Retail: €2,179 million
- Administrative activities: €1,490 million
- Financial services: €1,397 million
- Transport and warehousing: €1,274 million
- Energy: €1,166 million
- Professional activities: €715 million
- Information and communication: €612 million
- Health care and education: €193 million
- Sundry: €163 million
- Hotels and restaurants: €139 million
- Recreational activities: €139 million

Market penetration rate:
- Community of Madrid 40.3%
- Valencian Community 58.8%

Responsible Management tool

Bankia has a simple, free self-assessment tool, for customers and non-customers, which companies can use to:

- Find out how well they perform in terms of Corporate Social Responsibility
- Learn how to improve their responsible management and bring it into line with the market trends

(1) With annual turnover >6 M.
(3) In collaboration with Forética. Launched in June 2017.
Internationalisation

€9,900 M
of stimulus for the internationalisation of Spanish companies in 2016, **13%** more than the previous year (1)

<table>
<thead>
<tr>
<th>Region</th>
<th>Stimulus (€)</th>
<th>% of customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community of Madrid</td>
<td>€4,114 million</td>
<td>23%</td>
</tr>
<tr>
<td>Canary Islands</td>
<td>€205 million</td>
<td>5%</td>
</tr>
<tr>
<td>Castilla-La Mancha</td>
<td>€183 million</td>
<td>3%</td>
</tr>
<tr>
<td>La Rioja</td>
<td>€109 million</td>
<td>1%</td>
</tr>
<tr>
<td>Castilla y León</td>
<td>€185 million</td>
<td>3%</td>
</tr>
<tr>
<td>Catalina</td>
<td>€1,718 million</td>
<td>24%</td>
</tr>
<tr>
<td>Valencian Com.</td>
<td>€1,209 million</td>
<td>24%</td>
</tr>
</tbody>
</table>

6,366 customers

158,000 transactions

▲ 27% more than the previous year

Bankia supports businesses in all their needs relating to foreign trade:

- “Línea Experta Comex” direct customer care by telephone or via the internet
- Foreign trade specialists throughout the commercial network
- Short- and long-term working capital finance
- International factoring, reverse factoring and forfaiting

Inveinte

Free advisory service to promote business growth and competitiveness by processing official European subsidies for innovation; and support for participation in the EU's Horizon 2020 programme.

€400,000
of investment in the programme

4,602 businesses obtained a free report in 2016

77% of the companies that took part have annual revenue of less than six million euros

The companies that take part obtain a report prepared by specialised, independent Bankia professionals. The Free Aid Diagnosis Report (IDAG) contains not only an analysis of the possibilities of obtaining official financial aid for the company’s activity or project but also recommendations on the project and how to use the official aid.

(1) Includes SME activity.
Our contribution to society

€16.7 million of investment in the community

- 11.8% employment
- 2.7% education
- 34% local development
- 7.7% disability
- 10.2% employee projects
- 20.5% housing
- 1.3% new poverty
- 11.8% corporate sponsorship
Education

On 26 July 2016, Fundación Bankia por la Formación Dual (Bankia Foundation for Dual Education) was set up to transform and innovate the education system through dual vocational training.

€405,000
allocated to dual education

10 agreements with autonomous communities and foundations

95 beneficiaries of the training programmes in Administration and Finance, Commerce and Marketing, and Health Care

27 days of talks on vocational training and dual vocational education

Four lines of strategy:

- Stimulate, promote and build awareness of dual education as a driver of employability, especially among the young, and of competitiveness and transformation in Spain’s manufacturing base
- Help to implement dual education within the education system, in coordination with various other bodies, institutions and social agents
- Provide stimulus for research and innovation in the field of dual education
- Offer professional, academic and personal orientation for young people and other groups seeking employment, encouraging an entrepreneurial spirit

Disability

+€1 M allocated to orientation programmes, training itineraries and work experience

6,128 beneficiaries and 37 NGOs involved

55 days of talks on financial education

Local and rural development

+300 specific actions with five autonomous communities

Eight ideas presented by young people to encourage volunteering actions in their immediate environment
Our contribution to society

En acción

Red Solidaria

Social action initiative proposed by the bank’s professionals, linked to real local needs

€1.4 M

allocated to Red Solidaria projects

245 projects

2013

90 Projects

€660,000

560 professionals

2014

163 Projects

+1.2 million €

11,800 professionals

2015

197 Projects

+1.3 million €

11,800 professionals

2016

245 Projects

+1.4 million €

+13,000 professionals

Funding up 133% vs. 2013

24% families with limited resources

32% people with illnesses

11% childhood and youth

Castilla y León

€132,000 contributed

3,411 beneficiaries

La Rioja

€39,000 contributed

134 beneficiaries

Community of Madrid

€532,000 contributed

40,000 beneficiaries

Catalonia

€114,000 contributed

6,250 beneficiaries

Valencian Community

€206,000 contributed

11,694 beneficiaries

Canary Islands

€85,000 contributed

959 beneficiaries

Castilla-La Mancha

€55,000 contributed

4,500 beneficiaries

Actions carried out in each Autonomous Community

Access to housing

Training for employment / entry to work

Improvement of quality of life

Emergency social actions to meet basic needs
Our contribution to society

En acción

Employment

Bankia’s main programmes are aimed at supporting the groups that find it most difficult to gain employment, such as over-45s and young people looking for their first job opportunity.

2,309 people hired thanks to employment programmes

6,657 beneficiaries

Which translates into an estimated economic value of €28.9 million (1)

“Empleo en red” programme

Bankia En Acción-Randstad: the aim is to facilitate, at no cost to the user, active employment search by customers and first-degree relatives through selection processes adapted to the profile of each participant.

1,139 participants → 544 hired

Employment success rate 48%

13% open-ended contracts
49% temporary renewable contracts
38% fixed-term contracts

130 days average period of employment, above the SEPE state employment service average (55 days)

Collaboration with Caritas for employment

1,519 beneficiaries took part in a total of 16 projects in Castilla y León, Community of Madrid, Castilla-La Mancha, La Rioja, Catalonia, Valencian Community and Andalusia, with a total cost of €500,000.

Collaboration with the Employment Plan of Spanish Red Cross

3,999 beneficiaries

1,765 hired

Employment success rate 44%

70% over-45s
24% long-term unemployed
23% immigrants
13% women
7% households with all their members unemployed

3,999 people improved their employability
2,215 acquired a trade
1,765 found a job
397 companies took part in the project

(1) Based on estimates of what it costs the state employment service SEPE to place a jobseeker.

Source: SEPE 2016 Budget.

Source: INE.
Bankia Escolta València

Bankia Escolta València is a programme to support, promote and develop Valencia’s musical culture in all its dimensions. The Valencian Community is home to 50% of Spain’s musical societies and music schools, with a community of 40,000 musicians and 60,000 students.

Scholarships for students of the Music Schools:
targeted at students of the music schools of the federated music societies of the Valencian Community

€1.2 M
in scholarships for music studies since 2014

3,000 students
beneficiaries of scholarships in the Valencian Community

Refurbishment of the Alqueria de Julià:
project to refurbish the building, which has been declared of cultural interest, as future headquarters of the Federation of musical societies.

€100,000 M of investment

First Bankia Orchestral Competition of the Valencian Community

€125,000
in the first edition

11
orchestras taking part

Bankia Awards for musical talent (2017): aimed at giving recognition to nationally and internationally respected individuals and institutions in the different fields of music.

€200,000
of sponsorship

5 categories of awards

€20,000 per category

Bankia Musical Campus: aimed at forming a band of young musicians

150 scholarships for young people aged 10-14

“Música a la Llum”: collaboration with the musical societies to recover and revive the cultural heritage

€60,000
of investment

(1) Includes the three calls for participation 2014-2017.
APPENDIX

Input-Output Methodology
Appendix

Input-Output

Input-Output framework

The Input-Output framework\(^{(1)}\) is a statistical and accounting instrument in which all the production and distribution operations that take place in an economy in a given period of time are represented. It can be used to observe the flows of inter-industry transactions in an economy for a reference year.

The purpose of the Input-Output framework is to produce a detailed, systematic description of the economy, its components and their relationships with other economies. The model on which the tool we use in the study is based starts from the general closed system methodology of Leontief, who in 1973 received the Nobel Prize in Economics for the development of this method. The methodology is defined by the equation:

\[
X = AX + FD
\]

Where:

- \(X\) is the matrix of the outputs of the various homogeneous industries.
- \(A\) is the matrix of output coefficients (each intermediate consumption divided by the output of that industry).
- \(FD\) is the final demand vector of the system.

The model we have used for our study is defined by the equation based on the Leontief inverse matrix:

\[
X = (I - A)^{-1} FD
\]

Where:

- \(A\) is the matrix of output coefficients (each intermediate consumption divided by the output of that industry).
- \(FD\) is the final demand vector of the system.

With this model we can observe certain effects on the system’s output, linked to the system’s exogenous final demand. These effects are broken down into direct or initial impacts and indirect impacts. The Leontief inverse matrix shows the effect of successive rounds of inter-industry economic transactions after the demand in one or more of them has increased.

Application of the methodology to Bankia’s business activity in Spain

To calculate the direct, indirect and induced impacts of Bankia’s business activity on the economy of Spain, especially that of each Autonomous Community, we have used the matrices of the Input-Output framework prepared by the Spanish Institute of Statistics (Instituto Nacional de Estadística, INE), which publishes these tables, drawn up using methodologies established by the European Commission.

We have used a symmetrical table. This table establishes the inter-industry relationships that take place in the Spanish economy for a reference year.

\(^{(1)}\) Methodology used on pages 9, 10 and 11.
Application of the methodology to Bankia’s business activity in Spain

The industries included in this table broadly correspond to the industries in the CNAE industry classification. The table also provides information on the output of each industry.

We also obtained industry data on employment from INE, based on the CNAE industry classification. This data was used to calculate the number of jobs generated by each sector of the Spanish economy.

With industry data for output and employment, we can establish proportionality rules to determine what proportion of employment is directly or indirectly generated or induced by a given output.

For our study we used the Input-Output methodology, which also allowed us to calculate Bankia’s contribution to the Spanish economy in terms of its contribution to GDP.

The inputs used in the model relate to the aspects that involve a direct expenditure by Bankia, that is, the expenditure on employee salaries and the expenditure on purchases from suppliers.

To measure that expenditure and determine the industries in which the expenditure was made, we have used data from INE that show the structure of expenditure by Spanish consumers. By excluding payments to Social Security, payments of personal income tax (IRPF) and savings, distributing the expenditures among the various industries in the symmetrical table of domestic output at basic prices and applying the methodology explained above, we are able to calculate the direct, indirect and induced effects that Bankia’s expenditure on employee salaries generates in the Spanish economy.

The different types of expenditure have been distributed proportionally among the various industries in the CNAE industry classification that are included in the Input-Output matrix, so as to transfer this effect to the calculations and obtain the corresponding indirect and induced effects.

The same procedure can be used for Bankia’s expenditure on suppliers and contractors, based on the different types of supplier and contractor, that is to say, distributing the expenditure among the industries in the CNAE industry classification that are included in the Input-Output framework’s symmetrical matrix, so as to determine the impact on the Spanish economy.

In addition to the results obtained from the Input-Output model, the taxes paid by Bankia to the government and the dividends paid in Spain have also been treated as direct impacts of Bankia’s business activity.
## Appendix

### Input-Output

#### Summary table of the impacts included in the study

<table>
<thead>
<tr>
<th></th>
<th>Direct</th>
<th>Indirect</th>
<th>Induced</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact on GDP</strong></td>
<td>• Payments to suppliers</td>
<td>• Expenditure of Bankia’s suppliers on their direct suppliers (tier-2 suppliers).</td>
<td>• Economic impact on the rest of the supply chain through purchases from suppliers.</td>
</tr>
<tr>
<td></td>
<td>• Salaries</td>
<td>• Expenditure of the companies that receive the consumption expenditure of Bankia’s employees on their direct suppliers.</td>
<td>• Economic impact on the rest of the economy as a whole through the salaries of Bankia’s professionals.</td>
</tr>
<tr>
<td></td>
<td>• Taxes</td>
<td>• Not applicable</td>
<td>• Not applicable</td>
</tr>
<tr>
<td></td>
<td>• Dividends paid</td>
<td>• Not applicable</td>
<td>• Not applicable</td>
</tr>
<tr>
<td><strong>Impact on employment</strong></td>
<td>• Bankia’s own employees</td>
<td>• Employment generated in direct (tier-1) and indirect (tier-2) suppliers to meet Bankia’s demand for goods and services.</td>
<td>• Employment generated in the rest of the supply chain as a result of Bankia’s purchases from suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Employment generated to satisfy the direct and indirect consumption demand of Bankia’s employees.</td>
<td>• Employment generated in the rest of the economy as a result of the salaries paid by Bankia</td>
</tr>
</tbody>
</table>
Bankia
SIGAMOS TRABAJANDO