

ANNEX 1

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

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CORPORATE NAME

BANKIA, S.A.

REGISTERED OFFICE

CL. PINTOR SOROLLA N.8 (VALENCIA)

FORM OF ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A COMPANY REMUNERATION POLICY FOR CURRENT YEAR

A.1 Explain the Company's remuneration policy. Within this section include information regarding:

- Principles and general guidelines of the remuneration policy.
- Most significant changes made to the remuneration 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 groups of comparable companies whose remuneration policies have been examined to establish the company's remuneration policy.
- Relative importance of the variable remuneration categories by reference to the fixed categories, and criteria used to determine the various components of the remuneration package of directors (remuneration mix).

Explain the remuneration policy

A.1.1. Principles and general guidelines of the remuneration policy:

The principles and guidelines of the remuneration policy for Bankia directors are as follows:

- The Bankia remuneration policy is based on strict compliance with the following rules:
 - Rules related to remuneration schemes of credit institutions: Law 10/2014 of 26 June 2014 on regulation, supervision and solvency of credit institutions ("LRSS"), Royal Decree 84/2015 of 13 February 2015 implementing Law 10/2014 ("RD 84/2015") and Bank of Spain Circular 2/2016 of 2 February 2016 ("Circular 2/2016").
 - Rules related to the remuneration schemes of the entities financially supported by the Fund for Orderly Bank Restructuring (Fondo de Reestructuración Ordenada Bancaria, or "FROB"): Royal Decree Law 2/2012 of 4 February 2012, on reorganisation of the financial sector (*Real Decreto-Ley 2/2012, de 3 de febrero, de saneamiento del sector financiero*, hereinafter "Royal Decree Law 2/2012"), Act 3/2012 of 6 July 2012 on urgent measures to reform the labour market (*Ley 3/2012, de 6 de julio, de medidas urgentes para la reforma del mercado laboral*, hereinafter "Act 3/2012") and Order ECC/1762/2012 of 3 August 2012 (hereinafter "Order ECC/1762/2012").

In turn, in designing the remuneration policy account has also been taken of the Guidelines of the Banking Authority on remuneration policies appropriate under articles 74, section 3 and 75, section 2 of Directive 2013/36/EU and the disclosure of information under article 450 of Regulation (EU) No 575/2013 (the "EBA Guide").

- The remuneration of directors is structured in accordance with the provisions of articles 49 and 50 of the Bankia Bylaws and articles 27 and 28 of the Board of Directors Regulations.

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

- Non-executive directors receive a specified periodic amount. Said amount is determined by the Board of Directors and, in compliance with the aforesaid regulations, the annual amount in no case is in excess of 100,000 euros.
- Executive directors receive fixed remuneration the annual amount of which, in compliance with the aforesaid regulations, in no case is in excess of 500,000 euros. No provision is made for the payment of any remuneration for membership on or attendance at meetings of the Board of Directors or its Committees, without prejudice to reimbursement of the corresponding expenses.
- None of the directors of Bankia receives any remuneration for duties they may perform within BFA.

Order ECC/1762/2012 provides that the variable remuneration of the directors of entities that have received support from the Fund for Orderly Bank Restructuring, but are not majority-owned by it, may reach 60% of annual gross fixed remuneration, receivable starting three years after it accrues.

In this regard, the remuneration policy of the entity includes variable remuneration (both annual and multi-year). The design of the variable remuneration scheme complies with the requirements established in the LRSS, Royal Decree Law 2/2012 and Order ECC/1762/2012. In any event, the Competent Authority must expressly authorise the amount, accrual and payment of this variable remuneration.

A.1.2. Most significant changes made in the remuneration policy:

The most significant change made in the remuneration policy is the participation of executive directors in the multi-year-referenced variable remuneration Plan ("PRVP").

The PRVP is addressed to the executive directors and certain members of the Bankia management team. Its purpose is (i) to incentivise sustainable achievement of the Bank's strategic objectives, (ii) to align its remuneration scheme with the recommendations of the supervisory bodies and (iii) to achieve maximum motivation and loyalty of the key managers to the Bank.

The features of the PRVP are described in section A.4 below.

On the other hand, the malus and clawback clauses have been modified, and the deferral period for variable remuneration has been increased.

A.1.3. Criteria used to establish the remuneration policy of executive directors:

The criteria when establishing the Bankia remuneration policy are those deriving from (i) the remuneration rules described above, and (ii) the application of the principles established for the group of senior managers of the entity.

In addition, the remuneration policy of the directors that perform executive functions also is governed by the following criteria, which are subject to compliance with the regulations and the Bylaws of Bankia:

- Balance of the components of remuneration: The remuneration scheme is balanced and efficient as among the fixed and variable components, with the fixed component constituting a sufficiently high part of total remuneration in accordance with the applicable regulations.
- Focus on results and recognition of excellence: The remuneration policy recognises the achievement of extraordinary results, applying performance-based payment criteria.
- Strategy and time horizon: Director remuneration is structured as a tool promoting strategic action of directors with a view to the medium and long term.
- Relationship of the Company with its shareholders: The amount of director remuneration is directly correlated to the degree of achievement of the objectives of Bankia and the interests of the shareholders.
- Simplicity of regulation and communication: The various schemes comprising the remuneration policy are governed in such manner that a director can determine the amount of total remuneration it can achieve at the end of the year, as well as the conditions that must be fulfilled in order to do so.
- Risk and management: The remuneration policy is compatible with appropriate and effective risk management and with business strategy, values and long-term interests.
- External competitiveness: Both the remuneration policy and the corresponding amounts that may derive therefrom take account of market trends, and are positioned in respect thereof in accordance with the strategic planning of the Company.
- Gender equality: The remuneration conditions applicable to Bankia directors are determined by the content of the position held, without distinguishing based on the gender of the person occupying it, with discriminatory elements on that basis not being acceptable.

A.1.4. "Remuneration mix" for executive directors:

In accordance with article 4 of Order ECC/1762/2012, the variable remuneration of managers and directors of entities that have received support from the Fund for Orderly Bank Restructuring, without being majority-owned thereby, may not exceed 60% of annual gross fixed remuneration.

Thus, taking account of the foregoing, the remuneration mix will be comprised of the following elements:

- Fixed remuneration of €500,000 euros.
- Maximum variable remuneration that may be awarded each year, after verifying compliance with the fixed objectives and authorisation by the Competent Authority: 300,000 euros.

A.2 Information on preparatory work and the decision-making process that has been used to determine the remuneration policy and the role, if any, played by the Remuneration Committee and other supervisory bodies in setting the remuneration policy. This information, if applicable, will include the mandate and composition of the Remuneration Committee and the identity of the outside advisors whose services have been used in determining the remuneration policy. It will also state the category of the directors, if any, who have participated in determining the remuneration policy.

Explain the process for determining the remuneration policy

In accordance with articles 249, 249 bis and 529 octodecies of the Corporations Act, in the version given by Act 31/2014 of 3 December 2014 amending the Corporations Act for the improvement of corporate governance, the following decisions regarding remuneration policy rest with the Board of Directors of the entity:

- The decisions related to remuneration of directors, within the framework set by the Bylaws and, if applicable, the remuneration policy approved by the general meeting.
- Approval of the terms and conditions of the contracts of the chief executive officer or directors that are given executive functions.
- Fixing the remuneration of directors for performance of executive functions.

Mandate of the Remuneration Committee:

In accordance with article 15 bis of the Board of Directors Regulations and article 47 bis of the Bankia Bylaws, the Remuneration Committee has general authority to propose director and senior management remuneration policy to the Board of Directors, as well as the individual remuneration and other contractual terms of executive directors, and to ensure compliance therewith.

In addition, the Remuneration Committee has the following authority:

- Reporting on senior management remuneration. In all events, it will oversee the remuneration of the heads of Internal Audit, Risks and Regulatory Compliance.
- Periodically reviewing the remuneration programmes, weighing its adequacy and yields.
- Ensuring transparency in remuneration and the inclusion of information about directors' remuneration in the annual report on directors' remuneration and the annual corporate governance report, submitting such information as may be necessary to the board for that purpose.
- Overseeing compliance with the remuneration policy set by the Company.
- Making proposals to the board on any remuneration decisions to be made by the board, including those that may have an impact on risk and the Company's risk management, taking into account the long-term interests of shareholders, investors and other stakeholders into account, as well as the public interest, all this without prejudice to the functions assigned to the risk advisory committee on these matters.

In compliance with the provisions of the article 36 of the LRSS, the Remuneration Committee has been separate from the Appointments Committee since 22 October 2014.

Composition of Remuneration Committee:

The Board of Directors Regulations and the Bylaws of Bankia provide that the Remuneration Committee will be composed of a majority of independent directors, with a minimum of three and maximum of five directors. In addition, the Remuneration Committee will be chaired by an independent director.

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

Ms. Eva Castillo Sanz; Office: Chair; Status: Independent; Appointment date: 22-10-2014.
Mr. Joaquín Ayuso García; Office: Member; Status: Independent; Appointment date: 22-10-2014.
Mr. Jorge Cosmen Menéndez-Castañedo; Office: Member; Status: Independent; Appointment date: 22-10-2014.
Mr. Fernando Fernández Méndez de Andrés; Office: Member; Status: Independent; Appointment date: 31-03-2016.

The composition of the Committee complies with the requirements of article 36 of the LRSS, since all members are independent directors. All of them have demonstrated capacity to perform their duties on the Committee by reason of their extensive experience in banking and/or senior management positions and their knowledge in the field of remuneration, allowing them to exercise an effective and independent control of the remuneration policies and practices and incentives created for the management of risk, capital and liquidity.

Meetings of Remuneration Committee:

Bankia's 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 meets 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 twice during 2017.

Risk Advisory Committee:

In accordance with article 16 of the Board of Directors Regulations, the Risk Advisory Committee works to ensure that the remuneration policies and practices established in the entity are rational. In this respect, the Risk Advisory Committee oversees, without prejudice to the functions of the Remuneration Committee, that the incentives policy contemplated in the remuneration system takes account of risk, capital, liquidity and the probability and timing of profits.

Identity of outside advisors:

As regards definition of the remuneration policy, Bankia has been advised by Willis Towers Watson.

For preparation of this report Bankia has been advised by J&A Garrigues, S.L.P.

A.3 Indicate the amount and nature of the fixed components, broken down, if applicable, of the remuneration for performance of duties of senior management of the executive directors, the additional remuneration as chairman or a member of any board committee, of the per diems for participation on the board and its committees or other fixed remuneration as a director, as well as an estimate of the fixed annual remuneration 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 remuneration

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

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

In the specific case of Bankia, the fixed remuneration of directors complies with the maximums established in Royal Decree Law 2/2012 and described in section A.1.1 of this Report.

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

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

- The individual fixed amount to be received by non-executive directors in 2017 will be 100,000 euros per annum. In this regard, the directors do 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 executive directors as fixed remuneration in 2017 will be 500,000 euros. For the three executive directors, this amount will be the result of the sum of the cash remuneration and the in-kind remuneration 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 remuneration of the director will be adjusted by subtracting from the fixed remuneration the amount corresponding to the aforesaid per diems, such that the annual fixed remuneration in no case will be greater than 500,000 euros.

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

In particular :

- Identify each of the remuneration 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 remuneration under profit-sharing or bonus plans, and the reason it is paid.
- Explain the basic parameters and basis for any annual bonus scheme.
- The classes of directors (executive directors, proprietary non-executive directors, independent non-executive directors and other outside directors) that are beneficiaries of remuneration schemes or plans that incorporate variable remuneration.
- The underlying basis of such variable remuneration 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 remuneration resulting from the current remuneration 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 remuneration schemes
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The variable remuneration of the Bankia executive directors has been designed in such manner that it 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 Competent Authority is to authorise the amount, accrual and payment of the variable remuneration expressly.

The elements of the variable remuneration of the directors coincide with those that are included in the remuneration policy for the Bankia management team. In this regard, the variable remuneration is divided into two components:

1. Annual variable remuneration.
2. Multi-year-referenced variable remuneration Plan.

Taking account of the limitations on variable remuneration established in Order ECC/1762/2012, in no case may the sum of annual variable remuneration and the PRVP awarded each year be greater than 60% of the annual gross fixed remuneration, that is, 300,000 euros for each executive director.

Described below are the essential aspects of each of the aforesaid elements of the variable remuneration:

ANNUAL VARIABLE REMUNERATION:

1.a) Access to the annual variable remuneration scheme:

At the beginning of each year the Board of Directors will approve the budget, with an estimated distribution of dividends for the financial year. The financial year having ended, the amounts of variable remuneration resulting from application of the variable remuneration scheme will be multiplied by the following factors, depending on the proposed payment of dividends recommended by the Board of Directors:

- Less than 50%; Factor: 0.0.
- ≥ 50% and less than 60%; Factor: 0.5.
- ≥ 60% and less than 70%; Factor: 0.6.
- ≥ 70% and less than 80%; Factor: 0.7.
- ≥ 80% and less than 90%; Factor: 0.8.
- ≥ 90% and less than 100%; Factor: 0.9.
- Not Less than 100%; Factor: 1.0

1.b) Objectives to which annual variable remuneration is tied:

Annually, or even during the year in course, the Bankia Board of Directors, at the proposal of the Remuneration Committee, sets the targets that will determine the possible receipt of the annual variable remuneration. In this regard, Bankia will identify objectives that, among other aspects, take account of the strategic needs determined based on the internal assessment of capital adequacy, the liquidity requirements plan, and risk management and control policies. Based on their scope, there will be three kinds of objectives included in the Bankia annual variable remuneration scheme:

- Global objectives of the Entity (V1): Quantitative objectives that will reflect the overall results of the entity, representing the priorities most important to Bankia's strategy. They are based on maintaining a sound capital base and fulfilment of the Strategic Plans and/or Reorganisation Plans.
- Unit objectives (V2): Individual contribution to achievement of the objectives of the business unit or control function for which the director is responsible. The objectives preferably will be quantitative and will take account, to the extent possible, of current and potential risks, use of capital and liquidity.

- Individual evaluation (V3): Measurement of the qualitative aspects of director performance, such as results focus, customer focus and continuous improvement.

Only objectives V1 and V3 are applicable to the Chairman.

1.c) Calculation of annual variable remuneration:

The annual variable remuneration to be paid will be determined by applying the following formula:

Variable Remuneration = (Target Variable Remuneration) x (Overall Achievement %) x (Dividend Factor).

Where:

- Target Variable Remuneration: for the executive directors this amount will be 250,000 euros.

- Overall achievement percentage: It will be determined by the weighted sum of results obtained, using the following formula:

$PCG = (\%CV1 \times PV1) + (\%CV2 \times PV2) + (\%CV3 \times PV3)$

Where:

- PCG: Overall Achievement Percentage (*Porcentaje de Cumplimiento Global*).

- %CV(n): Achievement Percentage reached for each of the objectives.

- PV(n): Weighting of each of the objectives, provided that a minimum level of achievement of objectives is reached.

The weighting of each of the objectives will be established by the Board of Directors on proposal of the Remuneration Committee.

The V3 assessment of the Executive Chairman will be performed by the Board of Directors on proposal of the Remuneration Committee and the Appointments and Responsible Management Committee. On the other hand, the V3 assessment of the other Executive Directors will be performed by the Executive Chairman.

In addition:

- Failure to obtain a minimum achievement of 55% in the evaluation of V1 will prevent receiving the part of variable remuneration corresponding to this objective.

- Failure to obtain a minimum achievement level of 60% in the overall V2 assessment will prevent receiving the variable remuneration corresponding to this objective.

- Failure to obtain 55% of the maximum score in the overall evaluation of V3 will prevent receiving the variable remuneration corresponding to this objective.

- The final assessment after application of the V1, V2 and V3 assessments and weightings may not be greater than 100%.

1.d) Adjustment of annual variable remuneration:

Once the levels of achievement of objectives V1, V2 and V3 have been determined, for calculation of the annual variable remuneration, the entity may reduce the total amount resulting from the annual variable remuneration under the circumstances described in rule 39.4 of Circular 2/2016 and detailed in section 4.2.2 of the Director Remuneration Policy of Bankia, S.A.

1.e) Procedure for payment of the annual variable remuneration:

The amount of annual variable remuneration, calculated in accordance with the formula stated in section 1.b) above, is paid 50% in cash and 50% in shares.

In accordance with Royal Decree Law 2/2012, payment of the variable remuneration, both in cash and in shares, must be deferred for three years. At the same time, the EBA Guide requires significant entities like Bankia to establish a deferral period of five years in the case of the executive directors, permitting partial payments. Taking the foregoing into account, the procedure for payment of the 2017 annual variable remuneration is as follows:

- 50% of the annual variable remuneration, both in cash and in shares, will be paid in 2021.

- 25% of the annual variable remuneration, both in cash and in shares, will be paid in 2022.

- The remaining 25% of the annual variable remuneration, both in cash and in shares, will be paid in 2023.

Shares that are delivered net of taxes will be restricted for a period of one year after delivery.

1.f) Malus and clawback:

The annual variable remuneration of the executive directors that is pending payment pursuant to this scheme may be reduced (malus clause) or cancelled (clawback clause) under certain circumstances that are described in section 4.2.2 of the Director Remuneration Policy of Bankia, S.A.

2. MULTI-YEAR-REFERENCED VARIABLE REMUNERATION PLAN ("PRVP").

The PRVP is a remuneration that is awarded annually. Receipt thereof is conditioned on (i) meeting the annual objectives

established for the annual variable remuneration and, thereafter, (ii) meeting the multi-year objectives over a period of three years (years "n+1", "n+2" and "n+3"). Further, the PRVP has an additional deferral period of two years. Therefore, the duration of each PRVP cycle is six years.

2.a) Objectives to which the PRVP is tied:

As explained above, the annual objectives applicable during the first year of each PRVP cycle are the same as those for annual variable remuneration.

The multi-year objectives will be related to the tolerance level of certain indicators established in Bankia's Risk Appetite Framework. These objectives will be determined, defined and fixed by the Remuneration Committee, and may be modified each year to adapt them to the Risk Appetite Framework in force from time to time.

In addition to the final assessment at 31 December of year "n+3", partial assessments will be established at 31 December of each year of deferral ("n+1" and "n+2"), in such manner that if during the deferral period any of the indicators falls below the established tolerance level, the degree of achievement of that objective will be 0, regardless of its value at the end of the deferral period (31 December of year "n+3").

2.b) Calculation of the PRVP:

As explained above, the annual objectives applicable during the first year of each PRVP cycle are identical to those for annual variable remuneration.

First, the Board of Directors will assign executive directors a reference amount or "target incentive" ("RVPTarget") corresponding to the maximum amount they can receive in the event of 100% fulfilment of the annual and multi-year objectives to which the PRVP is tied.

Thereafter, based on fulfilment of the annual objectives, the "Conditional Multi-Year Variable Remuneration" ("RVPconditional"), will be determined in accordance with the following formula:

$$\text{RVPconditional} = \text{RVPTarget} \times \text{GCI}(\text{year "n"}) \times \text{Dividend Factor}$$

Where:

- RVPconditional = Incentive consisting of an amount in cash in a number of shares, conditional on fulfilment of the Multi-Year Objectives. The cash amount represents 50% of the RVPconditional and the value of the shares represents the remaining 50%.

- RVPTarget = Amount of the Target Multi-Year Variable Remuneration assigned on an individual basis.

- GCI(year "n") = Degree of Achievement of the Incentive, based on the degree of compliance using the following procedure:

1. The V1 compliance percentage is applied to the target RVP.

2. The amount resulting from step 1 is multiplied by the V2 and V3 percentages of compliance (90% and 10%, respectively).

-Dividend Factor = Dividend Factor, on the same terms as established for the annual variable remuneration.

During the three years following the period for which the annual objectives have been measured, the amount corresponding to the previously determined Conditional Multi-Year Variable Remuneration may be maintained, reduced, or even eliminated, depending upon fulfilment of the multi-year objectives. In no case may the Conditional Multi-Year Variable Remuneration be increased, unless the BANKIA share price is greater on the calculation date than on the Conditional RVP Calculation Date.

The degree of achievement of the multi-year objectives will be applied to the Final Multi-Year Variable Remuneration ("RVPfinal") as follows:

$$\text{RVPfinal} = \text{RVPconditional} \times (\text{GCIP}(\text{"n+3"}) \times \text{Pond}(\text{"n+3"}))$$

Where:

- RVPfinal = Amount of cash and number of shares in the Final Multi-Year Variable Remuneration.

- RVPconditional = Amount of cash and number of shares in the Conditional Multi-Year Variable Remuneration.

- GCIP("n+3") = Degree of Achievement of the Incentive, based on the degree of fulfilment of each multi-year objective by reference to year "n+3".

- Pond("n+3") = Weighting of each Multi-Year Objective by reference to year "n+3".

2.c) Procedure for payment of the PRVP:

The executive directors will be entitled to receive the cash amount and shares of the Final Multi-Year Variable Remuneration when not less than 60 months and no more than 61 months have elapsed since the Conditional RVP Calculation Date.

Shares that are delivered net of taxes will be restricted for a period of one year after delivery.

2.d) Malus and clawback:

The malus clauses established for the annual variable remuneration also will be applicable during the period of five years between the Conditional RVP Calculation Date and the date of payment of the incentive.

In addition if, during the three years following the calculation and payment under the PRVP, any of the circumstances described in the clawback clauses established for annual variable remuneration arises, Bankia may demand that the director return the PRVP, or even set off such amounts to be returned against other remuneration of any kind the director is entitled to receive.

3. ANNUAL VARIABLE REMUNERATION IN SHARES

Given the fact that fifty percent of the annual and multi-year variable remuneration of executive directors is to be paid in Bankia shares, if the conditions exist and the objectives established in the variable remuneration scheme are achieved, the maximum number of shares resulting from 2017 variable remuneration will be 528,168.

The share price will correspond to the value equivalent to the average share price over the last three months of financial year 2017. In the case of the PRVP, the last three months of the year in which the measurement period for the annual objectives ends will be used.

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

Bankia currently has not undertaken any 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 indemnifications

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

- 1,000,000 euros; or
- Two years of the stipulated fixed remuneration.

Indemnification for termination of contract includes any amount of an indemnifying nature that the manager or director 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.

In addition, the contracts of the executive directors include a clause that provides that any remuneration, indemnification or amount received by the director in the event of extinction of the contract will be adjusted to the provisions of the LRSS and its implementing regulations.

In this regard, the indemnifications, if any, paid to the executive directors will be based on the results obtained by the Company over time, will not reward poor results or improper conduct, and will include the adjustments, before and after the fact, required by Circular 2/2016 and the EBA Guide.

A.7 Indicate the conditions to apply to the contracts of executive 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 executive director. Include, inter alia, noncompetition, exclusivity, minimum terms or loyalty and post-contractual noncompetition clauses or agreements.

The contracts of executive directors are adapted to the limits on remuneration 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 executive 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 four years. Directors may be reelected for successive terms of the same length.
- Minimum term clauses: the contracts of the executive directors do not contain any kind of minimum term clause.
- Terms of advance notice: the contracts of two executive directors contain three-month advance notice provisions.
- Hiring bonuses: the contracts of the executive 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 remuneration they will receive one time their fixed remuneration. In the event of breach, the director must return the remuneration and six additional monthly amounts.
- Professional secrecy and duty of confidentiality: the contracts of the executive directors of Bankia include an obligation to maintain professional secrecy. The duty of confidentiality is regulated in article 31 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 remuneration.
- Amounts to be received in the event of early termination of the contract: in accordance with the contracts signed by the executive directors, in application of legislation currently in force, the amounts and quantities in that category received by them, independently of their origin and nature, in particular including indemnification for termination or resignation, payments for breach of the period of advance notice (in the case of two of the executive directors) and the post-contractual noncompetition provision, together in no case will exceed the total amount of two years of the annual fixed remuneration of the executive director. These amounts in all cases will be paid in accordance with the requirements established in the LRSS and its implementing regulations.

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

Explain the additional remuneration

There is no additional remuneration for services rendered to the entity other than as already indicated in this Report.

A.9 Indicate any remuneration 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 remuneration to the directors in the form of advances, loans and guarantees granted.

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

Explain the in-kind remuneration

Bankia pays the cost of the medical insurance premium of three executive directors set forth in section D.1, although this amount is deducted from (their) fixed remuneration .

A.11 Indicate the remuneration 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 remuneration 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 remuneration accrued 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 remuneration 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 remuneration received by the director

Explain the other remuneration categories

There are no other remuneration categories.

A.13 Explain the actions taken by the company regarding the remuneration 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 remuneration policy is responsive to the long-term results of the company, measures establishing appropriate balance between fixed and variable components of remuneration, 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 remuneration based on results when those components of remuneration 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 remuneration policy currently in force does not encourage excessive risk-taking by the executive directors and is in accordance with the objectives, values and long-term interests of the entity.

In this regard, the Bankia remuneration policy, as it is an entity that has received financial support 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 variable remuneration scheme, both annual and multi-year, the Bankia Board of Directors, on proposal of the Remuneration Committee, has undertaken identification of objectives, 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.

For its part, without prejudice to the functions of the Remuneration Committee the Risk Advisory Committee ensures that the incentives policy contemplated in the remuneration system takes account of risk, capital, liquidity and the probability and timing of profits.

In this regard, this Committee has reviewed the following elements of the remuneration policy to verify that they are aligned with the risk profile of the entity:

(i) Annual and multi-year objectives: the metrics used take account of the capital base, liquidity and the timing of profits;

(ii) Before-the-fact adjustments: the Board of Directors on proposal of the Remuneration Committee or the Risk Advisory Committee, may temporarily suspend annual variable remuneration when it constitutes a risk to maintenance of a sound capital base;

(iii) Adjustments upon assessing performance: Bankia has introduced the adjustments required by rule 39.4 of Circular 2/2016, detailed in section 4.2.2 of the Director Remuneration Policy of Bankia, S.A.;

(iv) After-the-fact adjustments: regarding the procedure for payment of the variable remuneration, the scheme contemplates the after-the-fact adjustments discussed in section A.4 (payment in shares, deferral and withholding periods, malus clauses and clawback clauses”).

In addition to the foregoing, within the entity there is an Objectives Committee, the function of which is to guarantee and certify the deployment, monitoring, assessment and calculation of the variable remuneration, in accordance with the established criteria, methodology and process, ensuring that scheme does not limit the capacity of the entity to maintain a sound capital base and is aligned with effective risk management. This Committee on a permanent basis is composed of the General Corporate Audit Office (*Dirección Corporativa de Intervención General*), Corporate Personnel Office, Corporate Risks Office, Corporate Legal Services and Compliance Office, Corporate Retail Network Office, Corporate Business Banking Office, and by express call the other Offices.

Finally, Bankia has undertaken internal, centralised and independent evaluation of the application of the remuneration policy, in order to verify whether the remuneration procedures and guidelines adopted by the 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. REMUNERATION POLICY CONTEMPLATED FOR FUTURE YEARS

Repealed.

C. GENERAL OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FINANCIAL YEAR

C.1 Explain in a summary manner the main features of the remuneration categories and structure of the remuneration policy applied during the closed financial year, which results in the details of individual remuneration 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 remuneration categories and structure of the remuneration policy applied during the period

Structure of the remuneration policy:

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

In this regard, the non-executive directors received annual fixed remuneration in the amount of 100,000 euros, with the exception of directors joining or leaving during the year, the remuneration of which was lower.

Regarding the executive directors, each of them has received an annual amount of 500,000 euros as fixed remuneration. In the case of the three executive directors, the cost of the medical insurance premium was included within fixed remuneration.

The structure of the variable remuneration is as described in the Annual Report on Remuneration of Directors for 2016. In this regard, the executive directors participated in the system of annual variable remuneration, but were not included in the PRVP, the first cycle of which began in 2016.

The annual variable remuneration earned in 2016 by executive directors depended on the degree of achievement of three kinds of objectives:

• Global objectives of the Entity (V1): These objectives were as follows:

- Capital: CET 1 Fully Loaded.
- Profitability: Recurring ROE.
- Efficiency: Efficiency Ratio ex net financial trading income.
- Troubled assets ratio.
- Quality.

Failure to obtain a minimum achievement of 55% in the V1 assessment precluded receipt of the part of variable remuneration corresponding to this objective.

• Unit objectives (V2): These objectives measured the individual contribution of the director to achieving the objectives of the unit or group where his or her executive functions are performed, taking into account, the current and potential risks, capital consumed and liquidity.

Failure to obtain a minimum achievement of 60% in the V2 assessment precluded receiving the part of variable remuneration corresponding to this objective.

• Individual evaluation (V3): These objectives measured qualitative aspects of the director's performance, such as results, customer focus and continuous improvement.

Failure to obtain a minimum achievement of 55% in the V3 assessment precluded receipt of the part of variable remuneration corresponding to this objective.

The weighting of each of the aforesaid objectives was as follows:

- V1: 40%.
- V2: 50%.
- V3: 10%.

In the case of the Chairman, the V1 objective weighting is 90% and the V3 is 10%.

Taking the foregoing into account, the variable remuneration for 2016 was determined by applying the following formula:

Variable Remuneration = (Target Variable Remuneration) x (% Overall Achievement)

The overall percentage of fulfilment of the objectives of each executive director, established as the weighted sum of the results obtained for each objective, was as follows:

- Mr. José Ignacio Goirigolzarri Tellaeche: 100%.
- Mr. José Sevilla Álvarez: 100%.
- Mr. Antonio Ortega Parra: 100%.

Thus, taking account of the fact that the Target Variable Remuneration amounted to 250,000 euros, the amount of the variable remuneration generated was as follows:

- Mr. José Ignacio Goirigolzarri Tellaeche: 250,000 euros.
- Mr. José Sevilla Álvarez: 250,000 euros.
- Mr. Antonio Ortega Parra: 250,000 euros.

In compliance with the applicable regulations, 50% of the aforesaid remuneration is paid in cash, and the remaining 50% is delivered in shares of the entity.

For purposes of determining the number of shares to be delivered, account was taken of (i) the amount resulting from applying the corresponding taxes (withholdings or payments on account), and (ii) the Bankia share price. For these purposes, the share price will correspond to the value equivalent to the average share price over the three months prior to the date of accrual. The maximum number of shares resulting from the 2016 variable remuneration is 440,142, in application of the remuneration accruing at 31 December 2016, as provided in the director remuneration policy approved by the General Meeting of Shareholders of 22 April 2015.

In accordance with Royal Decree Law 2/2012, payment of the variable remuneration must be deferred for three years. At the same time the EBA Guide requires significant entities like Bankia to establish a deferral period of five years, permitting partial payments. Therefore, the variable remuneration for 2016 will not be paid in full until 2022. All of the shares delivered will be restricted for the year immediately following the date of their delivery.

During the deferral period, the amounts of the variable remuneration may be reduced (malus clause) or cancelled (clawback clause) under the circumstances described in section 4.2.2 of the Director Remuneration Policy of Bankia, S.A.

Decisions made by the Remuneration Committee:

According to article 36 of the LRSS, Bankia has an independent Remuneration Committee separate from the Appointments Committee.

The Remuneration Committee met 9 times during 2016 and reviewed the following matters relating to the remuneration policy:

- Review of the Annual Report on Remuneration of Directors, for its subsequent approval by the Board of Directors.
- Monitoring of the proposal for amendment of the Remuneration Policy, introducing the provision for multi-year variable remuneration.
- Acknowledgment of the degree of achievement of the objectives fixed for 2015.
- Review of the internal, centralised and independent evaluation of the Remuneration Policy for 2015.
- Favourable report on requesting the corresponding authorisation from the European Central Bank for the payment of the variable remuneration for 2015 of members of the Management Committee.
- Favourable report regarding the proposed "Certified Resolution" of the Board of Directors in relation to calculation of the variable remuneration in shares, for subsequent referral to the Board of Directors.
- Favourable report on variable remuneration objectives for 2016.
- Favourable report on the proposal of Multi-Year-Referenced Variable Remuneration.
- Acknowledgment of the proposals for modification of the remuneration conditions of certain executives of the entity.
- Favourable report on the updating of the Remuneration Policy of BANKIA and Bankia Fondos y Pensiones, for subsequent referral to the Board of Directors.
- Favourable report on the proposed multi-year objectives, for subsequent referral to the Board of Directors.
- Acknowledgment of the Resolution regarding variable remuneration, supplementary to the Labour Agreement.
- Favourable report regarding the proposed allocation of the target multi-year variable remuneration based on the degree of impact on the risk profile of the entity, for referral to the Board of Directors for its consideration.

D DETAILS OF INDIVIDUAL REMUNERATION EARNED BY EACH OF THE DIRECTORS

Name	Category	Accrual period 2016
JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ	Executive	From 01/01/2016 to 31/12/2016
JOSE SEVILLA ALVAREZ	Executive	From 01/01/2016 to 31/12/2016
ANTONIO ORTEGA PARRA	Executive	From 01/01/2016 to 31/12/2016
JOAQUIN AYUSO GARCIA	Independent	From 01/01/2016 to 31/12/2016
FRANCISCO JAVIER CAMPO GARCIA	Independent	From 01/01/2016 to 31/12/2016
EVA CASTILLO SANZ	Independent	From 01/01/2016 to 31/12/2016
JORGE COSMEN MENENDEZ-CASTAÑEDO	Independent	From 01/01/2016 to 31/12/2016
JOSE LUIS FEITO HIGUERUELA	Independent	From 01/01/2016 to 31/12/2016
FERNANDO FERNANDEZ MENDEZ DE ANDES	Independent	From 01/01/2016 to 31/12/2016
ALFREDO LAFITA PARDO	Independent	From 01/01/2016 to 15/03/2016
ALVARO RENGIFO ABBAD	Independent	From 01/01/2016 to 31/12/2016
ANTONIO GREÑO HIDALGO	Independent	From 23/05/2016 to 31/12/2016

D.1 Complete the following tables regarding the individual remuneration of each of the directors (including remuneration for performance of executive duties) accrued in the financial year.

a) Remuneration earned within the reporting company:

i) Cash remuneration (€ 000s)

Name	Salary	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Indemnifications	Other categories	Total 2016	Total 2015
JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ	498	0	0	125	0	0	0	2	625	500
JOSE SEVILLA ALVAREZ	495	0	0	125	0	0	0	5	625	500

Name	Salary	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Indemnifications	Other categories	Total 2016	Total 2015
ANTONIO ORTEGA PARRA	500	0	0	125	0	0	0	0	625	500
JOAQUIN AYUSO GARCIA	0	100	0	0	0	0	0	0	100	100
FRANCISCO JAVIER CAMPO GARCIA	0	100	0	0	0	0	0	0	100	100
EVA CASTILLO SANZ	0	100	0	0	0	0	0	0	100	100
JORGE COSMEN MENENDEZ-CASTAÑEDO	0	100	0	0	0	0	0	0	100	100
JOSE LUIS FEITO HIGUERUELA	0	100	0	0	0	0	0	0	100	100
FERNANDO FERNANDEZ MENDEZ DE ANDES	0	100	0	0	0	0	0	0	100	100
ALFREDO LAFITA PARDO	0	21	0	0	0	0	0	0	21	100
ALVARO RENGIFO ABBAD	0	100	0	0	0	0	0	0	100	100
ANTONIO GREÑO HIDALGO	0	61	0	0	0	0	0	0	61	0

ii) Remuneration schemes based on shares

JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ ANNUAL VARIABLE REMUNERATION 2016

Date of implementation	Ownership of options at the beginning of 2016				Options awarded during 2016						
	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise			
01/01/2016	0	0	0.00	.	0	0	0.00	.			
Conditions: .											
Shares delivered during 2016			Options exercised in 2016			Op. accrued and not exercised	Options at the end of 2016				
No. of shares	Price	Amount	Exer. price (€)	No. of Options	Affected shares	Gross Profit (€ '000s)	No. of Options	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise
146,714	0.85	125	0.00	0	0	0	0	0	0	0.00	.
Other requirements for exercise: None of the shares will be delivered in 2017. All are subject to a deferral period of up to 5 years: 73,357 shares will be delivered in 2020 (50% of the total of the shares), 36,678 in 2021 (25% of total) and 36,679 in 2022 (remaining 25%).											

JOSE SEVILLA ALVAREZ ANNUAL VARIABLE REMUNERATION 2016

Date of implementation	Ownership of options at the beginning of 2016				Options awarded during 2016						
	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise			
01/01/2016	0	0	0.00	.	0	0	0.00	.			
Conditions: .											
Shares delivered during 2016			Options exercised in 2016			Op. accrued and not exercised	Options at the end of 2016				
No. of shares	Price	Amount	Exer. price (€)	No. of Options	Affected shares	Gross Profit (€ '000s)	No. of Options	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise
146,714	0.85	125	0.00	0	0	0	0	0	0	0.00	.

Other requirements for exercise: None of the shares will be delivered in 2017. All are subject to a deferral period of up to 5 years: 73,357 shares will be delivered in 2020 (50% of the total of the shares), 36,678 in 2021 (25% of total) and 36,679 in 2022 (remaining 25%).

**ANTONIO ORTEGA PARRA ANNUAL
VARIABLE REMUNERATION 2016**

Date of implementation	Ownership of options at the beginning of 2016				Options awarded during 2016			
	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise
01/01/2016	0	0	0.00	.	0	0	0.00	.

Conditions: .

Shares delivered during 2016			Options exercised in 2016				Op. accrued and not exercised	Options at the end of 2016			
No. of shares	Price	Amount	Exer. price (€)	No. of Options	Affected shares	Gross Profit (€ '000s)	No. of Options	No. of Options	Affected shares	Exer. price (€)	Time limits for exercise
146,714	0.85	125	0.00	0	0	0	0	0	0	0.00	.

Other requirements for exercise: None of the shares will be delivered in 2017. All are subject to a deferral period of up to 5 years: 73,357 shares will be delivered in 2020 (50% of the total of the shares), 36,678 in 2021 (25% of total) and 36,679 in 2022 (remaining 25%).

iii) Long-term savings schemes

b) Remuneration accrued by directors of the company for membership on boards of other group companies:

i) Cash remuneration (€ 000s)

Name	Salary	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Indemnifications	Other categories	Total 2016	Total 2015
JOSE IGNACIO GOIRIGOLZARRI TELLAECHE	0	0	0	0	0	0	0	0	0	0
JOSE SEVILLA ALVAREZ	0	0	0	0	0	0	0	0	0	0
ANTONIO ORTEGA PARRA	0	0	0	0	0	0	0	0	0	0
JOAQUIN AYUSO GARCIA	0	0	0	0	0	0	0	0	0	0
FRANCISCO JAVIER CAMPO GARCIA	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
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
ALFREDO LAFITA PARDO	0	0	0	0	0	0	0	0	0	0
ALVARO RENGIFO ABBAD	0	0	0	0	0	0	0	0	0	0
ANTONIO GREÑO HIDALGO	0	0	0	0	0	0	0	0	0	0

ii) Remuneration schemes based on shares

iii) Long-term savings schemes

c) Summary of remuneration (€ 000s):

The summary should include the amounts accrued by the director in respect of all types of compensation disclosed in this report (in thousands of euros).

For long-term savings plans, include the contributions or allocations to schemes of this type :

Name	Remuneration earned in the Company				Remuneration earned in group companies				Total		
	Total cash remuneration	Amount of shares awarded	Gross profit on options exercised	Total 2016 Company	Total cash remuneration	Amount of shares awarded	Gross profit on options exercised	Total 2016 Group	Total 2016	Total 2015	Contribution to savings schemes during year
JOSE IGNACIO GOIRIGOLZARRI TELLAECHÉ	625	125	0	750	0	0	0	0	750	500	0
JOSE SEVILLA ALVAREZ	625	125	0	750	0	0	0	0	750	500	0
ANTONIO ORTEGA PARRA	625	125	0	750	0	0	0	0	750	500	0
JOAQUIN AYUSO GARCIA	100	0	0	100	0	0	0	0	100	100	0
FRANCISCO JAVIER CAMPO GARCIA	100	0	0	100	0	0	0	0	100	100	0
EVA CASTILLO SANZ	100	0	0	100	0	0	0	0	100	100	0
JORGE COSMEN MENENDEZ-CASTAÑEDO	100	0	0	100	0	0	0	0	100	100	0
JOSE LUIS FEITO HIGUERUELA	100	0	0	100	0	0	0	0	100	100	0
FERNANDO FERNANDEZ MENDEZ DE ANDES	100	0	0	100	0	0	0	0	100	100	0
ALFREDO LAFITA PARDO	21	0	0	21	0	0	0	0	21	100	0
ALVARO RENGIFO ABBAD	100	0	0	100	0	0	0	0	100	100	0
ANTONIO GREÑO HIDALGO	61	0	0	61	0	0	0	0	61	0	0
TOTAL	2,657	375	0	3,032	0	0	0	0	3,032	2,300	0

D.2 Report on the relationship between remuneration 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 remuneration of directors.

As explained in section C1, the degree of achievement of objectives V1, V2 and V3 and the weighting of each of them have been calculated. All of the foregoing resulted in the executive directors generating 100% of the Target Variable Remuneration (250,000 euros) pending the approvals and authorisations contemplated in the current legislation.

This variable remuneration is awarded 50% in cash (see "short-term variable remuneration" column under section D.1.a.i) and 50% in Bankia shares (see, "short-term variable remuneration" column under section D.1.a.ii).

In this regard, the full amount of the variable remuneration will not be paid until 2022. Before doing so Bankia must report to the European Central Bank on the reasons justifying payment of this remuneration. All of the shares delivered will be restricted for the year immediately following the date of their delivery. During the deferral period, the amounts of the variable remuneration may be reduced (malus clause) or cancelled (clawback clause) under the circumstances described in section 4.2.2 of the Director Remuneration Policy.

In neither of the two prior years (2014 and 2015) was any amount awarded as Variable Remuneration, since the three executive directors voluntarily waived such remuneration.

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

	Number	% of total
Votes cast	8,765,272,747	76.11%

	Number	% of total
Votes against	10,820,221	0.12%
Votes in favour	8,727,239,834	99.57%
Abstentions	27,212,692	0.31%

E OTHER INFORMATION OF INTEREST

If there is any relevant aspect of director remuneration 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 remuneration 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 is in respect of the cost of medical insurance in the amount of 1,756 euros.

- The amounts indicated in the "short-term variable remuneration" section of table a).i. under point D.1 and in the "amount" section of table a).ii. under point D.1 are pending both definitive evaluation and the corresponding authorisations and approvals contemplated in current legislation.

- The 625 thousand euros indicated in the "cash remuneration" section of table c) under point D.1 include the fixed remuneration, variable cash remuneration and the cost of medical insurance in the amount of 1,756 euros.

- In section ii) Remuneration schemes based on shares, the amount recorded for Shares delivered during 2016 is given in thousands of euros (€125,000), and the share price is 0.852.

- Quantitative information regarding Mr. Sevilla:

- The amount indicated in the "other categories" section of table a).i under point D.1 above is in respect of the cost of medical insurance in the amount of 5,267 euros.
 - The amounts indicated in the "short-term variable remuneration" section of table a).i. under point D.1 and in the "amount" section of table a).ii. under point D.1 are pending both definitive evaluation and the corresponding authorisations and approvals contemplated in current legislation.
 - The 625 thousand euros indicated in the "cash remuneration" section of table c) under point D.1 include the fixed remuneration, variable cash remuneration and the cost of medical insurance in the amount of 5,267 euros.
 - In section ii) Remuneration schemes based on shares, the amount recorded for Shares delivered during 2016 is given in thousands of euros (€125,000), and the share price is 0.852.
- Quantitative information regarding Mr. Ortega:
- The amounts indicated in the "short-term variable remuneration" section of table a).i. under point D.1 and in the "amount" section of table a).ii. under point D.1 are pending both definitive evaluation and the corresponding authorisations and approvals contemplated in current legislation.
 - The 625 thousand euros indicated in the "cash remuneration" section of table c) under point D.1 include the fixed remuneration, variable cash remuneration and the cost of medical insurance in the amount of 256 euros. In the "other categories" section that amount is not indicated as a result of rounding.
 - In section ii) Remuneration schemes based on shares, the amount recorded for Shares delivered during 2016 is given in thousands of euros (€125,000), and the share price is 0.852.

This annual report on remuneration was approved by the board of directors of the company at their meeting of 9 February 2017.

Indicate if there were directors who voted against or abstained from voting on approval of this Report.

Yes

No