

MATERIAL DISCLOSURE

Pursuant to article 228 of the consolidated text of the Securities Market Act, approved by Legislative Royal Decree 4/2015 of 23 October, Bankia, S.A. hereby reports that has agreed to carry out an issue of preferred securities contingently convertible into newly issued ordinary shares of Bankia (the “**Preferred Securities**”), with exclusion of pre-emptive subscription rights for shareholders, (the “**Issuance**”). Bankia and its consolidated subsidiaries are referred to herein as the “**Group**”.

Bankia will request that the Preferred Securities qualify as Additional Tier 1 Capital pursuant to Spanish Act 10/2014, of June 26, 2014, on regulation, supervision and solvency of credit entities, and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013, on prudential requirements for credit institutions and investment firms.

The Issuance is targeted only at professional investors and in any case will not be offered to, and may not be subscribed for, in Spain or by Spanish residents, without prejudice to the additional sales restrictions set out in the terms and conditions of the Issuance.

Application has been made to the Irish Stock Exchange plc for the Preferred Securities to be admitted to the Official List and trading on the Global Exchange Market of the Irish Stock Exchange plc.

For the purposes set out in articles 414, 417 and 511 of the Spanish Companies Act, a director’s report and a report by an independent expert/auditor of accounts different from the Company’s auditor have been issued. In this regard, these reports will be made available and published on the occasion of the first General Shareholders’ Meeting to be held after the Issuance of the Preferred Securities.

For the purposes of the proposed Issuance, Bankia has prepared the below pro forma financial information in connection with the announced merger with Banco Mare Nostrum, S.A. (“**BMN**”) (the “**Pro Forma Financial Information**”). The Pro Forma Financial Information has been prepared on the basis of the unaudited consolidated financial statements of Bankia as of 31 March 2017 and management accounts of BMN as of 31 March 2017 and making appropriate adjustments that Bankia believes are reasonable in the current circumstances. The Pro Forma Financial Information is presented as of 31 March 2017 for illustrative purposes only and is not necessarily indicative of the financial position or results of operations of Bankia or its Group had the merger been effected at 31 March 2017, nor is it indicative of the future financial position or results of operations of Bankia or its Group. Additionally, the Pro Forma Financial Information has not been drafted in accordance with the EU Prospectus Regulation (Commission Regulation (EC) No 809/2004) and has not been reviewed or verified by any independent accountant or external auditor.

Solvency and leverage (figures in %)

	Bankia standalone as at 31 March 2017	Pro Forma Combined as at 31 March 2017
Common Equity Tier I ratio (Group) BIS III Phase In (incl. U/R gains) ⁽¹⁾	15.12	12.98
Common Equity Tier I ratio (Group) BIS III Phase In (excl. U/R gains) ⁽¹⁾	14.91	12.81
Common Equity Tier I ratio (Group) BIS III Fully Loaded (incl. U/R gains) ⁽¹⁾	13.63	11.73
Common Equity Tier I ratio (Group) BIS III Fully Loaded (excl. U/R gains) ⁽¹⁾	13.37	11.51
Common Equity Tier I ratio (Solo) BIS III Phase In (incl. U/R gains) ⁽¹⁾	14.57	12.47
Common Equity Tier I ratio (Solo) BIS III Phase In (excl. U/R gains) ⁽¹⁾	14.38	12.33
Common Equity Tier I ratio (Solo) BIS III Fully Loaded (incl. U/R gains) ⁽¹⁾	13.03	11.18
Common Equity Tier I ratio (Solo) BIS III Fully Loaded (excl. U/R gains) ⁽¹⁾	12.80	11.01
Total capital ratio (Group) Basel III Phase In (incl. U/R gains) ⁽¹⁾⁽²⁾	16.50	14.30
Total capital ratio (Group) Basel III Fully Loaded (incl. U/R gains) ⁽¹⁾⁽²⁾	15.01	13.04
Total capital ratio (Group) Basel III Phase In (incl. U/R gains + €500m 2017 T2)	17.16	14.84
Total capital ratio (Group) Basel III Fully Loaded (incl. U/R gains + €500m 2017 T2)	15.66	13.58
Leverage ratio (Group) BIS III Phase In (incl. U/R gains) ⁽¹⁾	6.24	5.40
Leverage ratio (Group) BIS III Fully Loaded (incl. U/R gains) ⁽¹⁾	5.66	4.91

Solvency⁽¹⁾

(figures in millions of euros)

	Bankia standalone as at 31 March 2017	Pro Forma Combined as at 31 March 2017
Common Equity Tier I (Group) BIS III Phase In (incl. U/R gains) ⁽¹⁾	11,478	12,043
Common Equity Tier I (Group) BIS III Fully Loaded (incl. U/R gains) ⁽¹⁾	10,347	10,880
Common Equity Tier I (Solo) BIS III Phase In (incl. U/R gains) ⁽¹⁾	10,834	11,393
Common Equity Tier I (Solo) BIS III Fully Loaded (incl. U/R gains) ⁽¹⁾	9,687	10,217
Risk-Weighted Assets (Group)	75,905	92,763
Risk-Weighted Assets (Solo)	74,372	91,379
Distributable Items (Solo) ⁽³⁾	8,045	8,473

Risk management

(figures in millions of euros and %)

	Bankia standalone as at 31 March 2017	Pro Forma Combined as at 31 March 2017
Total credit exposure ⁽⁴⁾	103,516	124,898
NPLs ⁽⁴⁾	10,146	12,476
Loan loss provisions ⁽⁴⁾	5,501	6,875
NPL Ratio (%) ⁽⁴⁾	9.80	9.99
Coverage Ratio (%)	54.22	55.11
Foreclosed Assets	3,388	4,846
Coverage Ratio of Foreclosed Assets (%)	34.83	36.26

(1) U/R gains refers to unrealized sovereign gains/losses of available for sale portfolio.

(2) Does not include the €500 million subordinated bonds issued by Bankia in March 2017.

(3) Distributable Items after Bankia's capital reduction executed in June 2017 and discounting expected dividend.

(4) Only includes credit to private sector borrowers (i.e. excludes public sector borrowers and contingent exposures).

The above is notified as a material disclosure for all pertinent purposes.

Madrid, 30 June 2017

BANKIA, S.A.

IMPORTANT INFORMATION

This price sensitive information does not constitute an offer to sell, or the solicitation of an offer to buy any securities, nor shall there be any sale of such securities in any state of the United States or in another jurisdiction in which such offer, solicitation or sale would not be permitted before registration or qualification under the securities laws of such state or jurisdiction. The Securities described above have not been registered under the U.S. Securities Act of 1933, as amended, or any applicable securities laws of any other jurisdiction. Unless so registered, such Securities may not be offered or sold in the United States or any other jurisdiction except pursuant to an exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, and any applicable securities laws of such other jurisdiction.

As included in the documentation related to the offer of the Preferred Securities, other restrictions apply in certain jurisdictions, such as the United Kingdom and Spain.

Restrictions on Marketing and Sales to Retail Investors The Preferred Securities are not intended to be sold and should not be sold to retail clients in the European Economic Area, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (as amended or replaced from time to time) (the PI Rules) other than in circumstances that do not and will not give rise to a contravention of those rules by any person.