

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, and as a continuation of the material disclosure of 29 December 2017 (registration number 260190), it is hereby reported that the deed of the merger by absorption of Banco Mare Nostrum, S.A. by Bankia, S.A., a merger that was approved by the two companies' General Meetings of Shareholders on 14 September 2017 in accordance with the Common Draft Terms of Merger dated 26 June 2017, has been registered in the Mercantile Registry today.

The swap of Banco Mare Nostrum, S.A. shares for Bankia, S.A. shares will take place in the next few days following the exchange rules and procedure described in the new notice, which is attached to this material disclosure as an Annex and which replaces the notice published through the material disclosure mentioned previously, once the merger deed has been registered today, 8 January 2018 (instead of 5 January 2018 as initially planned).

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

Madrid, 8 January 2018

BANKIA, S.A.

ANNEX

NEW NOTICE OF THE SWAP OF BANCO MARE NOSTRUM, S.A. SHARES FOR BANKIA, S.A. SHARES AS A RESULT OF THE MERGER BY ABSORPTION OF THE FORMER BY THE LATTER.

8 January 2018

On 29 December 2017, within the framework of the merger by absorption (the “**Merger**”) of Banco Mare Nostrum, S.A. (“**BMN**” – absorbed company) by Bankia, S.A. (“**Bankia**” – absorbing company) in accordance with the Common Draft Terms of Merger dated 26 June 2017 (the “**Merger Terms**”) and the resolutions of the Extraordinary General Meetings of Shareholders of the two companies held on 14 September 2017, Bankia and BMN published a first notice concerning the rules and procedure for the swap of BMN shares for Bankia shares in the Merger, on the assumption that the merger deed would be registered in the Valencia Mercantile Registry on 5 January 2018.

In fact, the merger deed was finally registered in the Valencia Mercantile Registry today, 8 January 2018, and so this notice has been issued in order to update the rules and procedure for the swap of BMN shares for Bankia shares in accordance with the new timetable resulting from that change of date.

1. SHARES TO BE DELIVERED BY BANKIA

Bankia will meet the requirements of the share swap by delivering to BMN shareholders new ordinary shares of Bankia in accordance with the share exchange ratio set in the Merger Terms, which is ONE (1) ordinary share of Bankia, with a nominal value of one euro, for every SEVEN POINT EIGHT TWO NINE EIGHT SEVEN (7.82987) ordinary shares of BMN, with a nominal value of one euro per share, with no additional cash consideration.

Pursuant to the provisions of article 26 of Law 3/2009 of 3 April on Structural Changes in Companies, any BMN shares held by Bankia and any BMN shares held by BMN in treasury will not be exchanged but will be cancelled.

Bankia does not hold any BMN shares and BMN holds 3,590,560 treasury shares, which will continue to be held in treasury until the Merger has been executed and so will not be exchanged. Consequently, a total of 1,610,062,544 shares of BMN (i.e., all of the 1,613,653,104 issued shares that make up BMN’s share capital less the abovementioned 3,590,560 treasury shares) will be eligible to participate in the merger exchange.

Based on the abovementioned share swap ratio and the number of BMN shares that will not be exchanged, as indicated above, Bankia will have to deliver 205,630,814.305 new ordinary shares in the merger exchange. However, given the indivisibility of the shares and the impossibility of issuing or delivering fractions of a share, the companies taking part in the Merger, pursuant to the Merger Terms and the resolutions adopted by their

respective Extraordinary General Meetings of Shareholders held on 14 September 2017, have established a mechanism to ensure that the number of Bankia shares to be delivered to BMN shareholders is a whole number. This mechanism consists of the appointment of a financial institution to act as “odd-lot agent”, which, once the acquisition of odd lots referred to in section 2.3 below has been completed, waives its claim to any remaining fraction of a Bankia share to which it may be entitled as a BMN shareholder as a result of the odd-lot acquisition.

Accordingly, the institution appointed as the odd-lot agent referred to in section 2.2 below has renounced the last fraction of a Bankia share to which it may be entitled as a BMN shareholder as a result of any odd lots it may acquire under the proceeding established in section 2.3 below (that is, a fraction equivalent to 0.305 Bankia shares), so that the number of ordinary shares of Bankia to be issued and delivered to the shareholders of BMN is a whole number of 205,630,814 shares.

2. EXCHANGE PROCEDURE

2.1 Allotment of Bankia shares

Any person who, according to the book entries kept by Ahorro Corporación Financiera S.V., S.A.U., as the entity responsible for keeping the register of BMN shares, is an accredited holder of such shares at the end of the date of registration of the merger deed in the Valencia Mercantile Registry, that is, at the end of today, 8 January 2018, will be entitled to the allotment of Bankia shares in accordance with the abovementioned share exchange ratio.

2.2 Exchange agent and odd-lot agent

GVC Gaesco Beka, S.V., S.A. will act as exchange agent and as odd-lot agent for the purpose specified in section 2.3 below. The depositories of the BMN shares will have to provide proof of ownership of said shares and perform any procedures that may be necessary in order to achieve best execution of the exchange through GVC Gaesco Beka, in accordance with the pertinent transaction order.

2.3 Odd-lot acquisition procedure

Any BMN shareholders who hold of a number of shares which under the agreed share exchange ratio does not entitle them to receive a whole number of Bankia shares will be able to acquire or transfer shares so that the resulting number of shares entitles them to receive a whole number of Bankia shares under the share exchange ratio. The decision whether to buy or sell shares will be the responsibility of each shareholder individually.

Nevertheless, the companies taking part in the merger have agreed to establish a mechanism to facilitate the exchange for shareholders by appointing an odd-lot agent. The basic terms and conditions of this odd-lot acquisition procedure are as follows:

- (i) Given that the exchange ratio is one ordinary share of Bankia for every 7.82987 ordinary shares of BMN, at the end of the day of registration of the merger deed in the Valencia Mercantile Registry (i.e., 8 January 2018), each BMN shareholder who, under that share exchange ratio and as a result of its position in each of the securities accounts it holds, is not entitled to receive one whole share of Bankia (because it holds fewer than 8 shares of BMN) or who is entitled to receive a whole number of Bankia shares but is left with a number (whole or otherwise) of BMN shares that does not entitle it to receive an additional whole share of Bankia (such leftover number to be referred to as an “odd lot”), may transfer that odd lot to the odd-lot agent. Each BMN shareholder will be deemed to have opted into the odd-lot acquisition system provided for here without its having to issue instructions to its depository, which will report the result of the transaction to the shareholder once it has been completed.
- (ii) The acquisition price the odd-lot agent will pay for each odd lot will be equal to the result of:
- a) Dividing (x) the arithmetic mean of the weighted average price of Bankia’s share in the Spanish stock market interconnection system (*Sistema de Interconexión Bursátil Español*) (Continuous Market) for the last three trading sessions prior to the date of registration of the merger deed in the Valencia Mercantile Registry, inclusive, i.e. the sessions held on 3, 4 and 5 January 2018, by (y) 7.82987; and
 - b) Multiplying it by the amount of the odd lot concerned;
- rounding the result to the nearest euro cent and, in the case of half a euro cent, to the next higher euro cent.
- (iii) GVC Gaesco Beka, S.V., S.A., as odd-lot agent, acting in its own name and for its own account, will acquire any odd lots remaining in the positions existing at the end of the day of registration of the merger deed in the Valencia Mercantile Registry (i.e., 8 January 2018). Any odd lots thus acquired by the odd-lot agent will be exchanged for the appropriate number of Bankia shares in accordance with the share exchange ratio, although, as indicated previously, in order for the number of Bankia shares to be delivered to BMN shareholders (including the odd-lot agent) in the exchange to be a whole number, the odd-lot agent has waived its claim to the last fraction of a Bankia share to which it may be entitled under the share exchange ratio.
- (iv) For example, a BMN shareholder holding 10 shares in a particular securities account at the end of the day of registration of the merger deed in the Valencia Mercantile Registry (i.e., 8 January 2018) would be entitled to receive one Bankia share and would be left with an odd lot of 2.17013 BMN shares, which would be acquired by the odd-lot agent at the price indicated in point (ii) above.

2.4 Execution of the exchange

As from today (8 January 2018, the date of registration of the merger deed in the Valencia Mercantile Registry), the shares of BMN will be exchanged for shares of Bankia and any odd lots will be acquired by the odd-lot agent.

The exchange of BMN shares for Bankia shares will be carried out through the entities that act as depositories of those shares, in accordance with established book-entry procedures and, in particular, in accordance with Royal Decree 878/2015 of 2 October on the clearing, settlement and registration of marketable securities held in book-entry form and applying the provisions of article 117 of the Spanish Corporations Act (*Ley de Sociedades de Capital*) and other applicable law.

It is expected that the Bankia shares delivered in the exchange will be at the disposal of BMN shareholders no later than 12 January 2018, once the settlement procedures usually involved in this type of transaction have been completed. For more information about when the shares delivered in exchange will be at their disposal, each BMN shareholder should consult the entity or entities with which its BMN shares are deposited.

Lastly, it is hereby announced that it is expected that the new shares issued as a result of the Merger will be admitted to trading on the Spanish stock exchanges no later than 15 January 2018.

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