

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 forward to the material disclosures of recent months on the merger by absorption of Banco Mare Nostrum, S.A. by Bankia, S.A., it is hereby reported that today, once obtained all the administrative authorisations to which the merger's execution was subject as condition precedent, Bankia, S.A. and Banco Mare Nostrum, S.A. have executed the deed of the merger by absorption of the latter by the former, as approved by their respective General Meetings of Shareholders held on 14 September 2017 on the terms of the common draft terms of the merger of 26 June 2017.

The swap of Banco Mare Nostrum, S.A. shares for Bankia, S.A. shares as a consequence of the merger will take place in the days following said deed's registration in the Mercantile Registry.

In order to carry out the share swap, Bankia, S.A. has increased its share capital by issuing 205,630,814 new ordinary shares with a par value of one euro each, all of the same single class and series as the shares currently outstanding, and represented by book entries, for delivery to the shareholders of Banco Mare Nostrum, S.A. according to the swap procedure described in the notice attached to this material disclosure as an Annex.

Madrid, 29 December 2017

BANKIA, S.A.

ANNEX

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

29 December 2017

As provided in the common draft terms of merger by absorption of Banco Mare Nostrum, S.A. (“**BMN**” – absorbed) by Bankia, S.A. (“**Bankia**” – absorbing) dated 26 June 2017 (the “**Draft Terms of Merger**”) and to the resolutions approved by the Extraordinary General Meetings of Shareholders of both companies held on 14 September 2017, the rules and procedure for the BMN-Bankia share swap as a consequence of the merger-absorption of BMN by Bankia (the “**Merger**”) are hereby made public.

1. SHARES TO BE DELIVERED BY BANKIA

Bankia will carry out the Merger exchange by delivering to the shareholders of BMN newly issued ordinary shares of Bankia according to the share exchange ratio fixed in the Draft Terms of Merger of ONE (1) ordinary share of Bankia, with a par value of one euro, for every SEVEN POINT EIGHT TWO NINE EIGHT SEVEN (7.82987) ordinary shares of BMN, with a par value of one euro each, with no supplementary cash compensation.

Pursuant to article 26 of Act 3/2009 of 3 April 2009 on structural modifications of business corporations, BMN shares owned by Bankia and own shares held by BMN as treasury stock will not be swapped and will instead be retired.

Bankia owns no BMN shares and BMN holds 3,590,560 of its own shares, which will be held as treasury stock until the Merger is executed and, therefore, will not be swapped. Accordingly, a total of 1,610,062,544 shares of BMN (i.e., all of the 1,613,653,104 shares that represent BMN's share capital less the aforesaid 3,590,560 own shares held as treasury stock) may be exchanged.

Taking into account the share exchange ratio specified above and the BMN shares that will not take part in the swap as explained above, Bankia shall deliver 205,630,814.305 newly issued ordinary shares in order to carry out the Merger swap. However, given that the shares are indivisible and that it is impossible to issue or deliver fractions of a share, the companies taking part in the Merger have arranged, in accordance with the Draft Terms of Merger and the resolutions approved by their respective Extraordinary General Meetings of Shareholders on 14 September 2017, for a mechanism to ensure that the number of shares to be delivered by Bankia to the BMN shareholders is a whole integer. That mechanism involves appointing a financial institution as a «fractions agent» who, once the fractions acquisition procedure referred to by section 2.3 posterior below has been completed, will waive the last fraction of a Bankia share to which it could be entitled as BMN shareholder as a result of the acquisition of fractions.

In this regard, the entity appointed as «fractions agent», which is identified in section 2.2 below, has waived the last fraction of a Bankia share that is deliverable thereto as shareholder of BMN by virtue of the fractions it acquires in the procedure set out in section 2.3 below (that is, a fraction equivalent to 0.305 shares of Bankia), so that the number of ordinary Bankia shares to be issued and delivered to the BMN shareholders be a whole integer of 205,630,814 shares.

2. SWAP PROCEDURE

2.1 Allocation of Bankia Shares

The Bankia shares may be allocated, according to the share exchange ratio indicated above, to whomever is entitled thereto according to the book entries of Ahorro Corporación Financiera S.V. S.A.U., as entity responsible for the bookkeeping of the BMN shares, at the end of the date on which the merger deed is registered with the Commercial Registry of Valencia, which is expected to take place on Friday 5 January 2018.

2.2 Exchange Agent and Fractions Agent

GVC Gaesco Beka, S.V., S.A. will act as exchange agent for the Merger and as «fractions agent» for the purposes provided for in section 2.3 below. Through that entity, and according to the pertinent trading instructions, the trustees of the BMN shares must evidence the ownership of those shares and carry out such formalities as are appropriate to facilitate the exchange.

2.3 Fractions Acquisition Procedure

The owners of a number of BMN shares that according to the agreed exchange ratio does not entitle them to receive an integer number of Bankia shares may acquire or transfer shares so that the resulting shares do entitle them according to that exchange ratio to receive an integer number of Bankia shares. That decision, whether to purchase or to buy, will rest with each shareholder individually.

Without prejudice to the above, the companies involved in the merger have set up a mechanism aimed at facilitating the execution of the swap for those shareholders by appointing a «fractions agent». The fundamental terms and conditions of the fractions acquisition procedure are as follows:

- (i) In view that the share exchange ratio is one ordinary share of Bankia for every 7.82987 ordinary shares of BMN, at the end of the day on which the merger deed is registered in the Commercial Registry of Valencia, every BMN shareholder who, according to that exchange ratio and to the shareholder's position in each of the securities accounts held by the shareholder, is not entitled to receive a whole share of Bankia (because the shareholder has fewer than 8 BMN shares) or who is entitled to receive an integer number of Bankia

shares plus a remainder (integer or otherwise) of BMN shares that do not carry the right to an additional whole share of Bankia (such remainder will be considered a «fraction»), may transfer that fraction to the «fractions agent». Every shareholder of BMN will be understood to participate in the fractions acquisition system described here without having to send instructions to the trustee to such effect, and the trustee will inform the shareholder of the result of the transaction once it has been completed.

(ii) The acquisition price that the «fractions agent» will pay for each fraction will be equal to the amount given by:

a) Dividing (x) the arithmetic average of the weighted average trading prices of Bankia shares in the Spanish stock market interconnection system (Continuous Market) during the last three trading sessions before the day on which the merger deed is registered with the Commercial Registry of Valencia, inclusive (which is expected will be the sessions for days 2, 3 and 4 January 2018) by (y) 7.82987; and

b) Multiplying it by the amount of the fraction in question;

rounding the result off to the closest euro cent and, in the case of one half of a euro cent, up to the immediately higher euro cent.

(iii) GVC Gaesco Beka, S.V., S.A., as entity appointed as «fractions agent», acting in its own name and for its own account, will acquire the fractions that remain in the positions existing at the end of the day on which the merger deed is registered in the Commercial Registry of Valencia. The fractions thus acquired by the «fractions agent» will be exchanged for the relevant number of Bankia according to the share exchange ratio, although as already indicated above, in order for the number of Bankia shares to be delivered in the swap to the BMN shareholders (including the «fractions agent») to be an integer, the «fractions agent» has waived receiving the last fraction of a Bankia share to which it may be entitled according to the exchange ratio.

(iv) By way of example, a BMN shareholder who owns 10 shares in a given securities account at the end of the day on which the merger deed is registered in the Commercial Registry of Valencia, will be entitled to receive one share of Bankia and will have a fractional remainder of 2.17013 BMN shares that will be acquired by the «fractions agent» at the price indicated in paragraph (ii) above.

2.4 Execution of the Swap

As from the day on which the merger deed is registered with the Commercial Registry of Valencia (which is expected to take place on 5 January 2018) the swap of BMN shares for Bankia shares and the acquisition of fractions by the «fractions

agent» will take place. Nevertheless, if the date or the conditions foreseen for the swap eventually change, such change will be duly announced.

The exchange of BMN shares for Bankia shares will be carried out through the trustees with whom the former are deposited, according to the procedures stipulated for the book entries system and, in particular, to the provisions of Royal Decree 878/2015 of 2 October 2015 on clearing, settlement and registration of negotiable securities represented as book entries, and applying the provisions of article 117 of the Spanish Corporations Act (Ley de Sociedades de Capital) and other applicable legislation of relevance.

It is expected that as from 11 January 2018, once the customary settlements of transactions of this type have been made the BMN shareholders will have at their disposal the Bankia shares delivered to them in the swap. To obtain more information on the time as from which the shares delivered in the swap will be at their disposal, each BMN shareholder should consult the entity or entities that act as trustees for their BMN shares.

Lastly, it is hereby communicated that the new shares issues as a consequence of the merger are expected to be admitted to trading on the Spanish Stock Exchanges as from 12 January 2018.

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