

## 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 further to the material disclosure made on June 30, 2017, with registration number 254.115, an issue of securities contingently convertible into newly issued ordinary shares of Bankia in the amount of 750 million euros (the "**Issue**" and the "**Securities**") has been disbursed today. Bankia and its subsidiaries will be referred to as the "**Group**".

The Securities have been issued at par and its remuneration, whose payment is subject to certain conditions and to the discretion of Bankia, has been set at 6% on an annual basis for the first five years. After that, it will be reviewed by applying a margin of 581.9 basis points on the Euro five-year Mid-Swap Rate. The remuneration will be payable quarterly in arrears.

The Securities are perpetual although may be called under certain circumstances and will, in any case, be converted into newly issued ordinary shares of the Bank if the common equity Tier 1 ratio (CET1) of Bankia or its Group, calculated in accordance with the Regulation N° 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**European Regulation 575/2013**"), were to fall below 5,125%. The conversion price of the Securities will be the higher of (i) the average of the daily weighted average price per share of Bankia corresponding to the five trading days prior to the day on which the referred conversion is announced; (ii) €2.98 (*Floor Price*); and (iii) the par value of the shares of Bankia at the time of conversion which is, at the present date, one euro.

Bankia will request permission to qualify the Issue as Additional Tier 1 Capital of Bankia and/or of its Group under the Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions, and under the European Regulation 575/2013.

The Issue has been targeted only at professional investors and has been admitted to trading on the Global Exchange Market of the Irish Stock Exchange with ISIN code XS1645651909.

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

Madrid, 18 July 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 Securities, other restrictions apply in certain jurisdictions, such as the United Kingdom and Spain.

Restrictions on Marketing and Sales to Retail Investors. The 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.