



In the event of a discrepancy, the Spanish-language version prevails.

TO THE NATIONAL STOCK EXCHANGE COMMISSION (CNMV)

Bilbao, 26th October 2014

Dear Sir / Madam,

In compliance with what is laid down in article 82 of Law 24/1988, of 28th July, of the Securities Market, KUTXABANK, S.A. (henceforth, "Kutxabank"), hereby announces the following:

SIGNIFICANT EVENT

Kutxabank Group has been subject to the EU-wide comprehensive assessment conducted by the European Central Bank (ECB) in cooperation with Bank of Spain as the National Competent Authorities, prior to assuming by ECB full responsibility for supervision under the Single Supervisory Mechanism (SSM) in November 2014. The comprehensive assessment has been conducted to 130 European credit institutions and constitutes an important first step towards bringing greater transparency of the banks' balance sheets and consistency of supervisory practices in Europe. The assessment started in November 2013 and took 12 months to complete.

The comprehensive assessment comprised of two complementary procedures:

- Asset quality review (AQR): an in depth review of the quality of each banks' assets.
- Stress test – performed in close cooperation with the European Banking Authority (EBA). This examined the resilience of banks' solvency under two different stress scenarios (baseline and adverse) for a three year period (2014-2016). The outcomes of the stress test are not forecasts of financial performance nor forecasts of capital ratios.

The assumptions and methodologies applied in order to analyze the solvency of the institutions establish a minimum threshold for the Ratio Common Equity Tier I (highest quality capital), of 8% in the baseline scenario and 5.5% in the adverse scenario.

In the attached Annex it has been included a summary of the outcome of the comprehensive assessment of the Kutxabank Group, which includes both AQR and Stress Test results.

These results determine that Kutxabank complies widely with the solvency requirements established in the context of the two scenarios of the exercise. In particular, considering the impacts designed in the test, and **under the adverse scenario, Kutxabank Group's Common Equity Tier I will reach 11.8% in 2016 adverse scenario, more than double of the requirement established at 5.5%**. Therefore, Kutxabank does not need any extraordinary recapitalization plans and the Group will follow with its prudent business and risk management which will ensure that future solvency levels will remain adequate.

Further details on the results of the AQR and stress test outcome as well as information on credit exposures and other relevant information provided in the disclosure tables based on the common format provided by the ECB and EBA can be found in the ECB (www.ecb.europa.eu), EBA (www.eba.europa.eu), Bank of Spain (www.bde.es) and Kutxabank (www.kutxabank.com) websites.

Kutxabank, S.A.

2014 COMPREHENSIVE ASSESSMENT OUTCOME

ECB PUBLIC

NAME OF THE ENTITY

ESKTXB

Kutxabank, S.A.

1 Main Results and Overview

A MAIN INFORMATION ON THE BANK BEFORE THE COMPREHENSIVE ASSESSMENT (end 2013)

		END 2013
A1	Total Assets (based on prudential scope of consolidation)	Mill. EUR 60,094.82
A2	Net (+) Profit/ (-) Loss of 2013 (based on prudential scope of consolidation)	Mill. EUR 108.32
A3	Common Equity Tier 1 Capital according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014	Mill. EUR 4,365.83
A4	Total risk exposure * according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014	Mill. EUR 36,027.39
A5	Total exposure measure according to Article 429 CRR "Leverage exposure"	Mill. EUR 61,528.24
A6	CET1 ratio according to CRDIV/CRR definition, transitional arrangements as of 1.1.2014 A6=A3/A4	% 12.12%
A7	Tier 1 Ratio (where available) according to CRD3 definition, as of 31.12.2013 as reported by the bank	% 11.97%
A8	Core Tier 1 Ratio (where available) according to EBA definition	% 11.97%
A9	Leverage ratio	% 7.10%
A10	Non-performing exposures ratio	% 10.13%
A11	Coverage ratio for non-performing exposure	% 45.03%
A12	Level 3 instruments on total assets	% 0.57%

B MAIN RESULTS OF THE COMPREHENSIVE ASSESSMENT (CA)

B1	CET1 Ratio at year end 2013 including retained earnings / losses of 2013 B1 = A6	%	12.12%
B2	Aggregated adjustments due to the outcome of the AQR	Basis Points Change	-8
B3	AQR adjusted CET1 Ratio B3 = B1 + B2	%	12.03%
B4	Aggregate adjustments due to the outcome of the baseline scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	Basis Points Change	33
B5	Adjusted CET1 Ratio after Baseline Scenario B5 = B3 + B4	%	12.36%
B6	Aggregate adjustments due to the outcome of the adverse scenario of the joint EBA ECB Stress Test to lowest capital level over the 3-year period	Basis Points Change	-22
B7	Adjusted CET1 Ratio after Adverse Scenario B7 = B3 + B6	%	11.82%

Capital Shortfall

		Basis Points ¹	Mill. EUR
B8	to threshold of 8% for AQR adjusted CET1 Ratio	0	0.00
B9	to threshold of 8% in Baseline Scenario	0	0.00
B10	to threshold of 5.5% in Adverse Scenario	0	0.00
B11	Aggregated Capital Shortfall of the Comprehensive Assessment B11 = max(B8, B9, B10)	0	0

* Total risk exposure figure is pre-AQR. Please note that the corresponding Year End 2013 figure in the EBA Transparency template is post-AQR and therefore may not match exactly.

¹ RWA used corresponds to relevant scenario in worst case year



2014 EU-wide Stress Test Summary Adverse Scenario

ES - Kutxabank, S.A.	
Actual figures as of 31 December 2013	
	min EUR, %
Operating profit before impairments	447
Impairment losses on financial and non-financial assets in the banking book	373
Common Equity Tier 1 capital ⁽¹⁾	4,375
Total Risk Exposure ⁽¹⁾	36,027
Common Equity Tier 1 ratio, % ⁽¹⁾	12.1%
Outcome of the adverse scenario as of 31 December 2016	
	min EUR, %
3 yr cumulative operating profit before impairments	684
3 yr cumulative impairment losses on financial and non-financial assets in the banking book	780
3 yr cumulative losses from the stress in the trading book	6
Valuation losses due to sovereign shock after tax and prudential filters	-7
Common Equity Tier 1 capital ⁽¹⁾	4,283
Total Risk Exposure ⁽¹⁾	36,062
Common Equity Tier 1 ratio, % ⁽¹⁾	11.9%
Memorandum items	
	min EUR
Common EU wide CET1 Threshold (5.5%)	1,983
Total amount of instruments with mandatory conversion into ordinary shares upon a fixed date in the 2014 -2016 period (cumulative conversions) ⁽²⁾	0
Total Additional Tier 1 and Tier 2 instruments eligible as regulatory capital under the CRR provisions that convert into Common Equity Tier 1 or are written down upon a trigger event ⁽³⁾	0
Of which: eligible instruments whose trigger is above CET1 capital ratio in the adverse scenario ⁽³⁾	0

⁽¹⁾ According to CRR/CRD4 definition transitional arrangements as per reporting date. Figures as of 31/12/2013 computed as of first day of application: 01/01/2014.

⁽²⁾ Conversions not considered for CET1 computation

⁽³⁾ Excluding instruments with mandatory conversion into ordinary shares upon a fixed date in the 2014 -2016 period



2014 EU-wide Stress Test Summary Baseline Scenario

ES - Kutxabank, S.A.	
Actual figures as of 31 December 2013	
	min EUR, %
Operating profit before impairments	447
Impairment losses on financial and non-financial assets in the banking book	373
Common Equity Tier 1 capital ⁽¹⁾	4,375
Total Risk Exposure ⁽¹⁾	36,027
Common Equity Tier 1 ratio, % ⁽¹⁾	12.1%
Outcome of the baseline scenario as of 31 December 2016	
	min EUR, %
3 yr cumulative operating profit before impairments	979
3 yr cumulative impairment losses on financial and non-financial assets in the banking book	402
3 yr cumulative losses from the stress in the trading book	2
Common Equity Tier 1 capital ⁽¹⁾	4,739
Total Risk Exposure ⁽¹⁾	36,042
Common Equity Tier 1 ratio, % ⁽¹⁾	13.1%
Memorandum items	
	min EUR
Common EU wide CET1 Threshold (5.0%)	2,883

⁽¹⁾ According to CRR/CRD4 definition transitional arrangements as per reporting date. Figures as of 31/12/2013 computed as of first day of application: 01/01/2014.