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

TO THE NATIONAL STOCK EXCHANGE COMISSION (CNMV)

Bilbao, 15th December 2017

Dear Sir / Madam,

Pursuant to the provisions of article 228 of the revised text of Securities Market Act, approved by Royal Decree legislative 4/2015, of 23rd October, KUTXABANK, S.A. (henceforth, "**Kutxabank**") hereby announces the following:

SIGNIFICANT EVENT

Kutxabank has been informed by the European Central Bank of the results of the Supervisory Review and Evaluation Process (SREP), which include the supervisory decision regarding solvency requirements applicable to Kutxabank Group during 2018.

According to this decision, and for the aforementioned period, a supervisory Pillar 2 requirement (Pillar 2 Requirement – P2R) of 1.20% has been assigned to Kutxabank Group (versus the 1.25% established for 2017).

Consequently, from 1 January 2018 onwards Kutxabank Group shall maintain a Total Solvency Ratio over 11.075%, as detailed below:

SOLVENCY REQUIREMENTS		
CATEGORY	**CET1**	**TOTAL SOLVENCY**
Pillar 1	4.500%	8.000%
Pillar 2 (P2R)	1.200%	1.200%
Conservation buffer[1]	1.875%	1.875%
Other buffers	0.000%	0.000%
TOTAL REQUIREMENTS	**7.575%**	**11.075%**

With regard to the Core Capital, reflected in the CET1 Ratio, the minimum threshold required by the European Central Bank has been established at 7.575%.

As of 30 September 2017, Kutxabank Group presented a 15.13% CET1 and Total Solvency ratios, on their phased-in version. Regarding their fully loaded version, those solvency indicators, were 14.76%. These capital ratios are significantly far above the described requirements, therefore, these requirements do not imply any limitations on dividend distribution nor on the variable remuneration.

[1] Applicable percentage according to the transitional calendar: *1.25% during 2017; 1.875% during 2018; 2.50% from 2019 onwards.*