

Protection of securities of a participating entity's customers

Kutxabank, in accordance with article 38 of (UE) Regulation 909/2014, informs the CUSTOMER that within the framework of the double-step registration system regulated in the Legislative Royal Decree 4/2015 of the 23rd of October, which approved the consolidated text of the Securities Market Law (hereinafter, "SML") the CUSTOMER may choose between the following segregation levels:

1. Segregation levels

- General Account: these accounts show the overall balance of the securities that Kutxabank as a participating entity has registered in the accounts of its detailed records in the name of third parties.
- Individual Account: these accounts show the balance of the securities owned by the Kutxabank CUSTOMER, who has agreed to maintain this account in the central registry. Kutxabank, as the participating entity that asks to open this account in the central registry, shall be responsible for its management, and must agree with the CUSTOMER on the disposal terms and conditions for book-entry securities.

2. Description of costs at each level

The CUSTOMER shall cover the costs established below to maintain the securities account:

In the central registry:

- General Account: there is no cost for customers.
- Individual Account: 150€ a month per account to which the V.A.T. in force at any time must be added. This amount shall be debited from the savings account associated with the securities contract.

In the detailed records:

There is no cost for customers.

3. Main legal implications

The SML recognises as the legitimate owner whoever is registered in Iberclear's records or in Kutxabank's records. Therefore, the account segregation option does not affect the legal nature of the registered securities or the position of the owner with regard to the issuer, Kutxabank, or with regard to third parties.

In this regard, article 13.1 of the SML establishes the following:

"Any person appearing as the legitimate owner according to the accounting records shall be presumed to be the legitimate owner and, as a result, may demand from the issuer any benefits to which the security represented by book entry gives entitlement."

To ensure the implementation of these rights prior recognition of the right in the corresponding account in the registration system is necessary, as envisaged by art. 13.3 of the SML:

“in order to transfer and exercise any rights pertaining to the owner of the security, it must first be registered in the name of the holder”

It is also important to stress the protection granted to the purchaser acting in good faith in section 3 of article 11 of the SML:

“a third party purchasing, for a consideration, securities represented by book-entry from a person who was legitimately entitled to transfer such securities according to the accounting records, shall not be liable for any claim for their recovery, unless the aforementioned third party acted in bad faith or with gross negligence at the time of purchase.”

4. Applicable insolvency law

With regard to insolvency, the Law 41/1999, of the 12th of November, on payment and securities settlement systems, (transposition of Directive 98/26CE), the Insolvency law 22/2003 of the 9th of July and the Securities Market Law, in its articles 15 and 102, as well as the applicable regulations at any time shall apply.

5. Summary table of the provided information

Type of account in the Central Registry	Requirement 38 CSDR	Cost for customers	Legal implications	Insolvency of participating entity	Regulatory references
Third-party General Account	Segregation in Global accounts – requires the corresponding breakdown in Kutxabank’s detailed records	0.00 €	Ownership is recognised resulting from registration in detailed records that the participating entity is responsible for	Right to transfer by owner. If there is a deficit: pro-rata distribution in Third-party General Accounts	9, 15 & 102 SML 32 RD 878/2015
Third-party Individual Account	Segregation in individual account	150.00 € plus the V.A.T. in force	Ownership is recognised	Right to transfer by owner	9, 15 & 102 SML 32 RD 878/2015

The CUSTOMER shall also have all the information about protecting securities at their disposal on the following web page: kutxabank.es