
# Fixed Income Investor Presentation

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# Kutxabank Group overview
## A singular case in the Spanish financial system

### 100% owned by three Banking Foundations promoting a firm sustainable approach to banking

Proceeds from Kb's profitability serve the long-term viability of the business by strengthening the bank's solvency...

...and boosting socially-cohesive and economically efficient projects

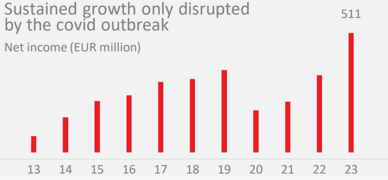
**Dividend distribution**(1)

EUR**1.6**bn since 2012

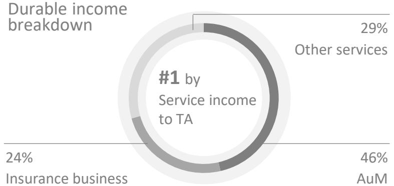
### Solid and sustainable business model with a meaningful income diversification profile

Sustained growth only disrupted by the covid outbreak

Net income (EUR million)




Durable income breakdown




### Remarkable financial strength

Strong solvency based on 100% core capital and very healthy liquidity position even after completing the TLTRO exit strategy

**CET1** Phased-in **18.0%**

Liquidity regulatory ratios

**LCR** **172%** 23m12

**NSFR** **141%** 23Q4

### Outperforming asset quality and Low-risk profile

Highly conservative risk standards and consistently prudent management policies reflected in one of the lowest capital requirements in Europe

**P2R**(2) **1.2%**

**#1** in Spain

**#3** all across Europe

Asset quality metrics

| NPL | Cov(3) | Texas |
|---|---|---|
| 1.4% | 102% | 23% |
| Spanish lowest | Spanish highest | Best-in-class |

| | |
|---|---|
| CET1 MDA distance | 10.4% |
| Total capital MDA distance | 6.3% |

(1) Kutxabank is the only bank whose dividends serve entirely for the purpose of carrying out activities and projects of the shareholders' respective Social work.

(2) P2R: supervisory Pillar II requirement assigned to Kutxabank Group according to the latest ECB's SREP (Supervisory Review and Evaluation Process) decision regarding capital requirements applicable from 1 January 2024 onwards.

(3) Total coverage including prudential provisioning of NPE according to ECB calendar stands at 121%.

# Kutxabank Group overview
## Local customer proximity-oriented model

A retail-focused banking Group concentrated in the wealthy region of the Basque Country, with a selective presence in the rest of the Spanish market

Geographic deployment


- Some presence
- Significant presence

*Market share levels (%)*

Branches|Loans|Deposits

# Kutxabank Group **overview**
## Main figures


### Structural features

| | |
|---|---|
| Total assets (EURbn) | 63.7 |
| Customer loans (EURbn) | 46.5 |
| Customer funds (EURbn) | 82.4 |
| Turnover (EURbn) | 129.6 |
| Equity (EURbn) | 6.0 |
| Employees | 5,053 |
| Branches | 685 |
| Customers (million) | 2.3 |
| Digital customers (%) | 63.2 |
| ATMs | 1,401 |

### Income statement

| | |
|---|---|
| Core revenues (EURbn) | 1.8 |
| Net attributable income (EURbn) | 0.5 |
| NII/TA (%) | 1.81 |
| Service fees/TA (%) | 0.96 |

### Ratings[1]

| | |
|---|---|
| Moody's \| Fitch \| DBRS | A3 \| A- \| A |
| Sustainalytics | Negligible Risk |

### KPIs/ KRIs

| | |
|---|---|
| Cost to Income | 37.7 |
| RoA | 0.8 |
| RoTE | 9.3 |
| RoOCR | 14.5 |
| NPL | 1.39 |
| Coverage | 102.4 |
| CET1 Phased-in \| Fully-loaded | 18.0 \| 17.9 |
| TC Phased-in \| Fully-loaded | 18.0 \| 17.9 |
| LR Phased-in \| Fully-loaded | 8.3 \| 8.3 |
| MREL \| Requirement | 23.0 \| 20.2 |
| LCR | 172.3 |
| NSFR | 141.2 |
| LtD | 94.7 |

All data as of Decemeber 2023. Income statement figures and KPIs based on results refer to whole year 2023.
[1] Credit rating for Senior unsecured debt instruments and Long Term Bank deposits.

# Kutxabank Group **overview**

## Balance sheet

**Total assets**

EUR**64**bn

4Q23

### Assets

Cash&CBs
**7.6%**

Loans and advances
**73.0%**

| | EURbn | % |
|---|---|---|
| Households | 31.8 | 68% |
| SME | 2.7 | 6% |
| Non-FIN Corp | 6.2 | 13% |
| Public sector | 5.2 | 11% |
| FIN Corporates | 0.5 | 1% |
| **TOTAL** | **46.5** | **100%** |

Debt instruments
**10.5%**

Equity investments
**2.5%**

Tangible assets
**1.2%**

Other assets
**5.2%**

### Liabilities

Equity
**10.2%**

| | EURbn | % |
|---|---|---|
| Shareholders' equity | 6.0 | 92% |
| *o/w Capital* | *2.1* | *32%* |
| *o/w Reserves* | *3.9* | *60%* |
| Other comprehensive income | 0.5 | 8% |
| Minority interests | ns | ns |
| **Total Equity** | **6.5** | **100%** |

Customer deposits
**77.1%**

| | EURbn | % |
|---|---|---|
| Retail & SME | 39.3 | 80% |
| Non-FIN Corp | 3.5 | 7% |
| Public sector | 5.3 | 11% |
| FIN Corporates | 1.2 | 2% |
| **TOTAL** | **49.3** | **100%** |

DCM Funding
**6.2%**

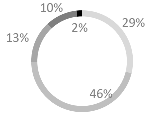
ECB funding
**0.9%**

Other liabilities
**5.6%**

Institutional funding

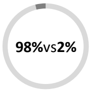
| | EURbn | % |
|---|---|---|
| Covered bonds | 1.3 | 29% |
| *o/w multi-seller CB* | *0.2* | *4%* |
| SP/SNP | 2.0 | 46% |
| ECB Funding | 0.6 | 13% |
| CP | 0.4 | 10% |
| ABS | 0.1 | 2% |
| Subtotal Institutional | **4.4** | **100%** |
| Excess deposits on CBs | 3.5 | |
| **Net institutional funding** | **0.9** | |
| *Pro-forma ECB net position* | *-2.9* | |

Institutional funding mix




Total funding mix

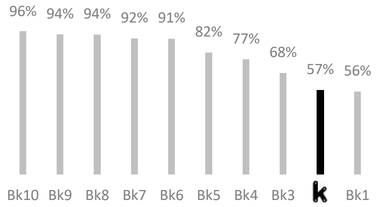
Customer Deposits
Net institutional



# Kutxabank Group overview
## ALCO portfolio

Following the recent sharp increase in market interest rates, banks could have suffered investment losses on their fixed income portfolios, especially with respect to its Hold to Maturity portfolios where such losses are not crystallized until the bonds are sold.

Weight of Kb's HTC portfolio is one of the lowest in the sector[(1)], combining a moderate duration with a highly conservative credit profile




Therefore, Kb's unrecognized losses from the HTC portfolio are certainly modest

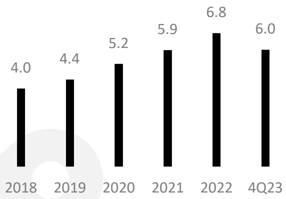
The smallest unrealized losses in the Spanish banking sector

**Unrealised losses[(2)] to RWA**
**10bp**
4Q23

**ALCO portfolio size to CET1 capital**
**1.1x**
4Q23

ALCO portfolio (4Q23)

### Evolution and breakdown by type of counterparty



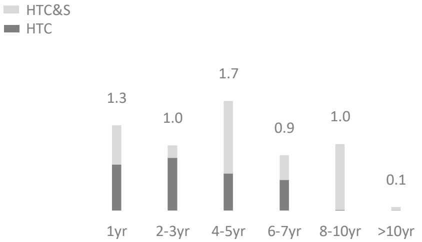

| | EURbn | % |
|---|---|---|
| Govies | 4.6 | 77% |
| SSA | 0.4 | 6% |
| Covered | 0.3 | 4% |
| Corporate | 0.2 | 4% |
| Fin-unsec | 0.5 | 9% |
| **TOTAL** | **6.0** | **100%** |

ES 85%
Other EU 15%

### Portfolio breakdown

| Portfolio | Amount (EURbn) | WAL | Duration |
|---|---|---|---|
| HTC&S | 2.57 | 2.69 | 1.54 |
| HTC | 3.38 | 5.07 | 3.77 |
| **Blended** | **5.95** | **4.04** | **2.81** |

### Maturity profile




[(1)] Own elaborated based on data publicly disclosed by entities. Sample of banks: Santander, BBVA, Caixabank, B. Sabadell, Unicaja, Bankinter, Abanca, Ibercaja and Cajamar. Data as of September 2023 for all the sample including Kb.
[(2)] Without the tax effect, the estimated gross impact would be 13bp.

# Kutxabank Group overview
## Relative position

**Most solvent bank in Spain.**

Kutxabank stands out for consistently being the most solvent banking group in Spain. And it holds this position without bailouts or transfers of problematic assets, and without having raised capital or made use of internal levers to generate it.

Moreover, it also leads the rankings[(1)] in other areas

Kutxabank ranks Top 3 in all these metrics

**Balance sheet**
Loans to TA
Deposits to TA

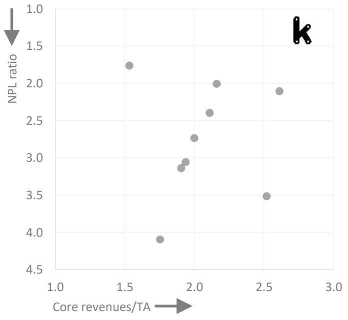
**P&L**
NII to Total assets (TA)
Fees to TA
Core revenues to TA
Net income to TA

**Asset quality**
NPL ratio
NPL coverage
NPE to TA
Texas ratio
CoCR

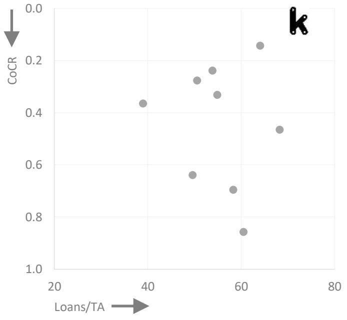
**Solvency**
CET1
Total capital
Leverage ratio

**Profitability**
ROA
Cost to income

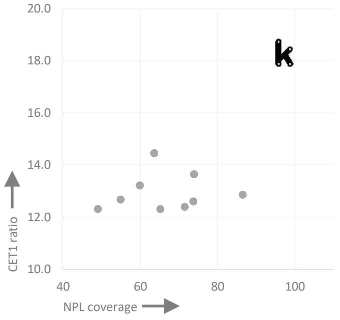
Core revenues/TA & NPL ratio




Loans/TA & CoCR



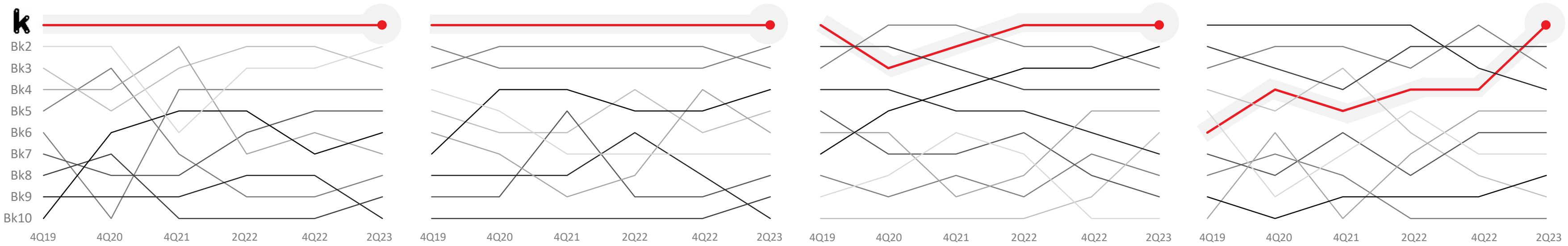

Capital (CET1 ratio) & NPL coverage




(1) Rankings are based on public information from the 10 significant banks in Spain directly supervised by the ECB. Data as of December 2023 except for Ibercaja (latest available data as of 3Q23).

# Kutxabank Group overview
## 2023 EU-wide EBA Transparency Exercise

**#1 by FL CET1%** **#1 by Leverage%** **#1 by NPL%** **#1 by Efficiency%**




Rankings are based on public information from the 10 significant banks in Spain directly supervised by the ECB.

# Kutxabank Group **overview**

## 2023 EU-wide Stress Test

**Outperforming asset quality and low risk profile.**

In the context of the SREP, the EBA and the ECB have developed a new STRESS TEST (ST) exercise in 2023 for significant European financial institutions

The EBA has conducted a ST on 70 banks (+20 vs 2021). In addition, the ECB has conducted the same exercise for smaller institutions (41)

Kutxabank falls within the scope of the EBA (granular publication of results through detailed transparency templates vs ECB scope with smaller data sets by ranges)

Additionally, in the context of the 2023 EU-wide ST, the EBA has carried out an additional analysis over the bonds portfolios held by financial entities

**Highest *FL*-CET1 in Spain**

**15.3%**

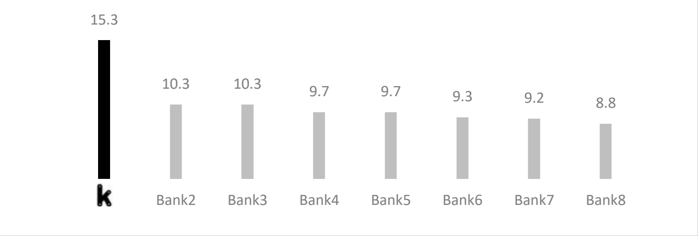
Adverse (2025)

The only entity exceeding the European average

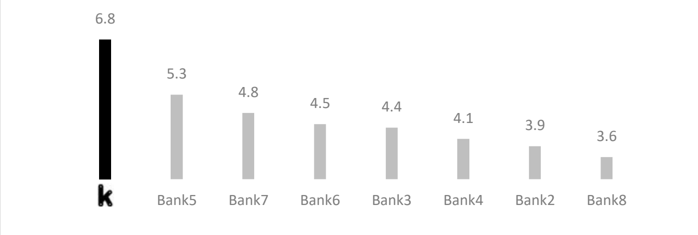
The most improved capital depletion vs 2021 exercise

The smallest unrealized losses in the debt portfolio among Spanish Entities[1]

Adverse scenario: CET1 *fully-loaded* 2025, Spanish banking sector




Adverse scenario: Leverage ratio *fully-loaded* 2025, Spanish banking sector




(1) This statement is based on the information that can be obtained from the standalone data collection exercise carried out by the ECB, together with the EBA, on the unrealised losses in banks' bond portfolios measured at amortised Cost. Its results are not part of the EBA/SSM EU-wide stress test.

# Kutxabank Group overview
## A model of economic, social and environmental sustainability

ESG criteria integrated into the mission, vision and values of an entity with a very solid, reliable and successful business model

Commitment to ESG is an integral part of our understanding of the banking business

### Mission
E S G

Kutxabank promotes a sustainable creation of economic and social value, through an advanced, innovative and high-quality financial offer

### Vision

S
**Reference commercial bank.** Being the main promoter of the financial ecosystem of its home markets

S G
**Strong team.** Pride of belonging to a project committed to professional equality and development, competing to attract and retain local talent

E S G
**Trustworthy.** Thanks to the close and transparent relationship we have with our customers, our main stakeholder

S G
**Socially responsible.** Committement to maximise the positive economic, social and environmental impact of our activities

### Values

- Proximity
- Easiness
- Prudence and Solvency
- Transparency
- Commitment
- Innovation
- Sustainability

# Kutxabank Group overview

## A model of economic, social and environmental sustainability

**Commitment to ESG is an integral part of our understanding of the banking business**

**E**


**S**


**G**

# Kutxabank Group **overview**

## Impact assessment: looking for the *optimal*

Expenses, investments, salaries, taxes, loans and credits... They all have an economic impact that generates wealth, but at the same time they also have an environmental impact.
The *optimal* point is to achieve the *maximum economic impact with the minimum environmental impact*

Since 2018 Kb develops not only an **economic impact** analysis of its activity but also an **environmental impact assessment** of its corporate and lending activities

The study[1] also includes elasticity concepts to understand which sectors and investments are more efficient in terms of economic and environmental impact

Scope of application


**Outcome.**

In relative terms, Kutxabank's corporate activity generates 0.15% of the Spanish GDP while causing less than 0.04% of the total environmental impact.

Lending activity supports 2.84% of the Spanish GDP, almost in line with the environmental impact, albeit focused on non-hazardous waste. The significance of the mortgage portfolio in the bank's balance sheet makes the weight of permanent non-hazardous wastes –cement in housing- relevant.

| tn/m3 | GHGs | Other gases | Hazardous waste | Non-hazardous | Water |
|---|---|---|---|---|---|
| Corporate activity | 82,486 | 1,298 | 1,127 | 45,810 | 7,573 |
| *o/w Direct* | *581* | *26* | *29* | *491* | *863* |
| *o/w Indirect/Induced* | *81,906* | *1,272* | *1,099* | *45,319* | *6,710* |
| Financing activity | 7,074,396 | 82,911 | 73,383 | 5,724,875 | 297,669 |
| TOTAL | 7,156,882 | 84,209 | 74,510 | 5,770,685 | 305,242 |
| ENVIRONMENTAL IMPACT (YoY evolution) ⬆ | +11% | +14% | +12% | +2% | +23% |

| | GDP | Employment | Taxes |
|---|---|---|---|
| ENVIRONMENTAL IMPACT (YoY evolution) ⬆⬆ | **+23%** | **+5%** | **+11%** |

Growth in lending activity implies an increase in our environmental impact. However, our **greatest economic impact increases bank's positive externalities**.

[1] Elaborated by the Economic Forecasting Center Association (CEPREDE).

# Kutxabank Group overview

## A model of economic, social and environmental sustainability

Highly committed to the economic, social and environmental development of its home territory, being the main promoter of the Basque financial ecosystem

Leading financial services institution in the Basque Country

### Contribution in the Basque Country through direct, indirect and induced impact

**Corporate activity**
**1.3%** of GDP

**Financing activity**
**13.1%** of GDP

Contributing to the maintenance of 140,000 jobs

### Taxes

More than EUR220 million in taxes

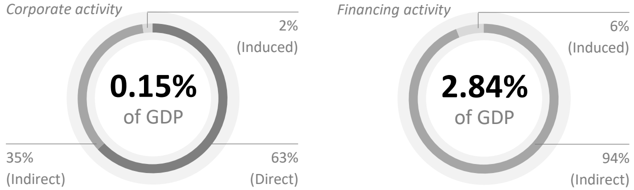
Helping to sustain more than EUR4bn of Basque Country's revenues[1]

### ...but also in Andalusia and Spain

being one of the relevant companies in generating and sustaining added value in the economy

**Impact on GDP.**

Kutxabank generates the 0.15% of Spanish GDP, while helping to sustain a 2.84% of it. This percentage rises to 14% in its operating areas




**Taxes.**

Standing out as one of the companies with the highest tax contribution
More than EUR480 million in taxes
Helping to support more than EUR15bn of the total Spanish tax collection

[1] The Basque Government, through the regional governments of the Historical Territories, has the authority and competence to regulate, establish and manage the tax system within its territory.

# Kutxabank Group overview

## With a well-developed ESG governance framework

### List of manuals and policies on ESG-related subjects

- Sustainability Policy
- Sustainability Plan
- CSR Code
- Environmental policy
- Sustainability Risk Policy in the area of customer service provision
- Sector Policy
- Risk Appetite Framework
- Internal Governance Framework for Risk Management
- Green Bond Framework
- Internal Climate Stress Testing Framework
- Sustainable Financing Framework
- Corporate Framework for Remuneration Policy
- Occupational risk prevention plan
- Training plan
- Equality plan
- Policy on representation target for the underrepresented sex on the Board of Directors
- Competence assessment process
- Data protection policies
- Ethical Whistleblowing Channel
- Adverse Impact Policy for Investment Decisions
- Code of Conduct
- Language policy
- General Conflict of Interest Policy
- Outsourcing of Services and Functions Policy
- Governance and Product Oversight Policy
- Internal Code of Conduct in the Securities Market Scope
- Policy on the Provision of Banking Services
- Prevention of money laundering and terrorist financing framework
- Fiscal strategy

**Public disclosure.**

Kutxabank has published its CSR report since its origins, as did the savings banks –bbk, kutxa and Vital- before it.

This publication, which has been voluntary for years, verified by an independent expert and carried out under GRI Standards, has now become a legal requirement.

Its content provides details of the environmental impact of Kutxabank's activity.

From 2022 Kutxabank also publishes the Climate Report (TCFD) in which the company reflects out its commitment to Sustainability,
and its strategy, organizational structure and procedures for climate risk management.


# Kutxabank Group overview

## And a well-defined governance and organizational structure

### A new Sustainability Management in the *core* of the organizational structure

Since 2021, variable remuneration applied to senior management is linked to the promotion of ESG actions


| | |
|---|---|
| BOARD OF DIRECTORS AND DELEGATED COMMITTEES | BOARD OF DIRECTORS; EXECUTIVE COMMITTEE; RISK CONTROL COMMITTEE |
| EXECUTIVE COMMITTEES | CSR COMMITTEE; MANAGEMENT COMMITTEE; RISK COMMITTEE; ALCO; INVESTEE COMMITTEE |
| SPECIALISED AREAS | New Sustainability Management: ESG MANAGEMENT; CLIMATE TECHNICAL OFFICE — GLOBAL RISK CONTROL |
| INTERNAL CONTROL | REGULATORY COMPLIANCE; INTERNAL AUDIT |
| RISK COORDINATION AREAS | CREDIT RISK; CONTROLLER; TREASURY AND CAPITAL MARKETS; INVESTEE MANAGEMENT; OTHER AREAS |
| CROSS-SECTIONAL AREAS | HUMAN RESOURCES; RETAIL BUSINESS; WHOLESALE BUSINESS; IT; PROCESS MANAGEMENT; OTHER AREAS |

# Kutxabank Group overview
## Progress in Sustainability

The Group has advanced in its Sustainable Banking model, being pioneer in different aspects related to Sustainability and ESG factors

- Signatory to the United Nations Global Compact since 2012 and signatory of the agreement to align its activity with the United Nations and Paris Agreement climate Action Goals
- First bank to issue a social bond in Spain (2015)
- First banking group signing a long-term contract for 100% renewable energy supply
- *Kutxabank Gestión* was the first AM in the Spanish market to have 100% of its active management funds classified under Art. 8 authorised by the CNMV(1) (2021)
- Formalization of Sustainability Policy, reflecting its commitment to advance in a sustainable business model, seeking to maximize the positive impact of its activity in the economic, social and environmental spheres
- Setting specialised areas to promote the sustainable banking business model and managing climate and environmental risks
- Setting of strategic objectives in relation to the channeling of funds with sustainable objectives.
- Establishing of a Green Bond Framework in 2021 (2 green bonds so far and annual allocation&impact reporting)
- Design of the Roadmap incorporating the actions that the Group is carrying out to comply with the expectations set forth by the ECB in its Guide on Climate and Environmental Risks
- First financial institution to become a member of the Basque Ecodesign Center, the private-public circular economy partnership promoted by Ihobe(2)
- Incorporating climate-related and environmental risk KPIs and KRIs To the 2022-2024 Strategic Plan
- Formalization of the Sustainable Financing Framework
- Disclosure of the Intermediate Decarbonization Targets of the financing portfolio
- Approval of the Sector Policy that seeks to limit financing/investment in potentially environmentally or socially harmful activities
- Preliminary calculation of the carbon footprint of the financing and investment portfolio using the PCAF methodology
- Participation in sectoral projects to improve data collection on C&E aspects and strengthen the information infrastructure to advance in compliance with regulatory reporting obligations on C&E issues
- One of the first six entities in Europe to undergo an on-site inspection (OSI) on C&E risks

(1) CNMV: *Comisión Nacional del Mercado de Valores* (the National Securities Market Commission) is the body responsible for the supervision and inspection of Spanish securities markets and the activity of all those involved in them.
(2) Ihobe: Public Environmental Management Company of the Basque Government.

# Kutxabank Group overview

## Main lines of action in the ESG area

**Main lines of action included in the 2022-24 Strategic Plan**

**E**

- Reduction of corporate environmental impact and that of the credit and investment portfolio
- Measuring impact and setting transition targets
- Climate Risk Roadmap and Stress Testing
- Deployment of climate taxonomy and reporting

**S**

- Equality and work-life balance
- Inclusion and financial education
- Corporate volunteering
- Entrepreneurship
- Supplier selection based on ESG criteria and *Km0* localization
- Language management

**G**

- Management of under-represented gender presence
- Strengthening of the ESG Governance framework

# Kutxabank Group overview

## 2024 *big targets*

**Chanelling Sustainable financing**

EUR**5**bn
2022-24

Maintaining positive carbon footprint

**Investment Funds under SRI criteria**

**100%**

Sustainable Action Framework Development

**Net Zero 2050 commitment**

Transitional targets set

Maintaining a balanced economic and environmental impact

kutxabank

Ambitious goals to make a decisive contribution to a transition towards a more sustainable model

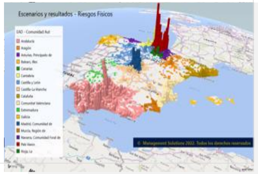
# Kutxabank Group overview

## Specific climate initiatives deployed under the plan

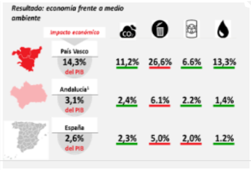
1. Synthetic indicators of C&E risks
2. Performance of the ECB Climate Stress Test
3. Calculation of the company's own and financed Carbon Footprint
4. Measurement of the level of sustainability of the balance sheet and definition of the sectoral heat map
5. Progress on taxonomy and regulatory climate reporting
6. Capture of climate data (EPC, physical risks, ESG rating of companies, etc.)
7. Pilots with independent experts to measure prospective physical risks in different science-based scenarios up to 2100 and their impact on PD and LGD
8. Progress on the C&E risk roadmap and training for all staff

## Initiatives to improve the management model for mitigating the impact of climate risks

CLIMATIC RISK STRESS TESTING FRAMEWORK



EXPOSURE MEASUREMENT AND CARBON FOOTPRINT



DECARBONIZATION TARGETS AND POLICY BY BUSINESS SECTORS

CLIMATE-RELATED DATA COLLECTION

MATERIALITY ANALYSIS AND RISK MAP

SUSTAINABLE FINANCING FRAMEWORKS

# Kutxabank Group overview

## Milestones for mitigating C&E risks

In order to deploy the lines of work defined in the SP 2022-24 the bank has made progress in four strategic milestones within its C&E risk mitigation and action plan

These milestones have a relevant impact on the adaptation of the Entity's strategy and business model in relation to C&E risks

### 1 Policy by sectors

Identification of the sectors and activities that are potentially most harmful to the environment and society and where the Entity wants to limit its exposure

### 2 Decarbonisation targets

Setting intermediate decarbonization targets in the funding portfolio for key sectors/portfolios, with the objective of aligning portfolios with the Paris Agreement targets

### 3 Sustainable financing

Definition and clarification of internal criteria for the identification and classification of exposures

### 4 C&E Stress Testing

Development of the Internal C&E Stress Testing Framework. Methodological sophistication and robustness

# Kutxabank Group overview
## Strengthening Climate risk management

**Intermediate decarbonisation targets set.**

The preliminary setting of interim decarbonisation targets for the financing portfolio allows Kutxabank to advance in its commitment to sustainability and in the deployment of strategies to mitigate potential climate and environmental risks to its business model.

Starting with the sectors with the greatest impact and where there is a public commitment to decarbonization by the counterparties, and including new sectors in the future as more information becomes available

The bank will put in place the necessary mechanisms to ensure compliance with the intermediate decarbonisation targets set and will continue to work on their development.

Achievement of the targets set by the Entity is to a large extent subject to the fulfillment of the specific objectives of the counterparties. The Entity will closely monitor the commitments disclosed by the clients. As more information becomes available, the Entity will expand the definition of decarbonisation targets to more sectors.

Specific clauses may be included to encourage clients to comply with their publicly announced decarbonisation targets. In addition, the Entity has approved an exclusion policy document.

Interim decarbonisation targets by portfolio:

| Portfolio/ Sector | Units | Target reduction |
|---|---|---|
| Mortgages | kg CO2/m2 | ▼10% |
| Energy | kgCO2eq/MWH | ▼30% |
| Oil&Gas | ktCO2eq/M€ | ▼30% |

The Entity has also determined a series of KPIs and KRIs on climate issues, deployed at portfolio level

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Compliance with the commitments made at COP25

Providing transparency with the exposure and impact of the Entity's loan book

Setting targets to support the transition to a low-carbon economy

To mitigate potential climate and environmental risks

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# Table of contents

# Financial performance

## 2023 Results

### Strong growth in core revenues

**+41.3%**
YoY

### Progress in market share of core businesses

### Cost of risk remains at very low levels

keeping the best relative position in asset quality metrics

CoCR
**7bps**
FY23

### Leading efficiency levels

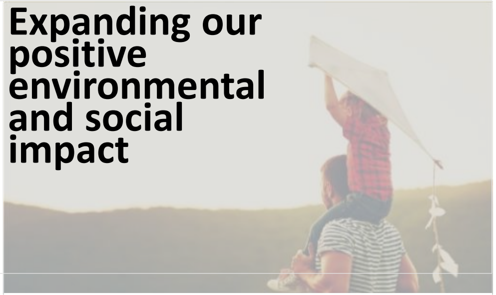
#1 in Spain according to 2023 EU-wide EBA Transparency Exercise

C-to-I[1]
**37.7%**
4Q23

### Business sustainability further enhanced

with increased provisioning and an improved capital position

CET1
**18.0%**
4Q23



### Expanding our positive environmental and social impact

[1] Cost-to-Income: 4Q23 data shows the efficiency level considering a twelve-month period. The efficiency ratio would improve up to 36.7% excluding the Banking tax.

# Financial performance

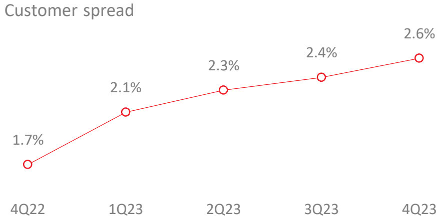
## Strong growth in core revenues

Core Revenues[1]

EUR**1,792**mn

+41% YoY

### Net interest income (NII)




EUR**1,172**mn

**+82.9%** YoY

NII was 83% higher YoY for FY23 reflecting the successful balance sheet management in the face of interest rate increase, benefiting from an optimal positioning for such rate increases and cost control on the liability side of the balance sheet

### Income from services[2]

EUR**620**mn

**+1.4%** YoY[3]

Progress in service revenues, with a positive contribution from the asset management business, means of payment and the insurance business. The latter grew by 4.9% YoY on a comparable basis after the application of IFRS17.

[1] Core revenues: Net interest income (NII) plus Income from services, including the Insurance business activity.
[2] Income from services includes the Insurance business activity.
[3] YoY evolution is calculated considering the portion of income from insurance business activity on a comparable like-for-like basis under IFRS17.

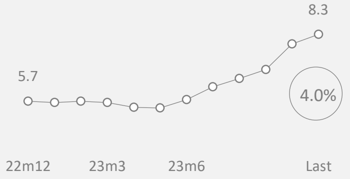
# Financial **performance**

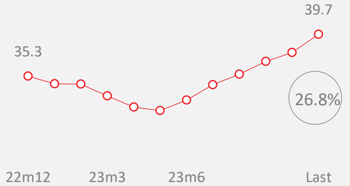
## Progress in market share of core businesses

**Residential mortgages.**
New production market share

- All across Spain
- Basque Country

X.x% Market share of branches



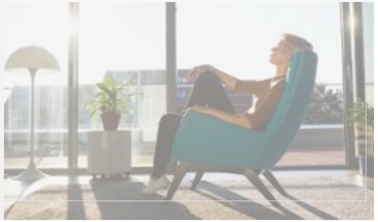




Residential mortgage production rebounds
**+2.5%**
YoY

**Residential mortgages**

EUR**3.3**bn
FY23

>80% of new mortgages are made with Premium and Premium Plus clients



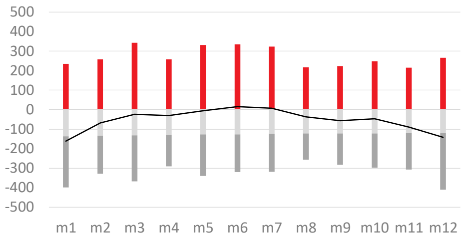
# **New production is developing soundly** although historically high prepayment levels persist

The acceleration in mortgage repayments due to the rise in Euribor are restraining the growth in volumes

Pressure on margins continues as well

Kb's flexible pricing strategy focused on value preservation and customer management

Residential mortgage book: monthly evolution during the year (EUR million)



# Financial **performance**

## Progress in market share of core businesses

**Savings and investments.**

A management model based on a long-term vision, with deeply rooted principles such as prudence, diversification and Sustainability

kutxabank gestión

Fineco

#4 by AuM in Spain 4Q23

#3 by ESG AuM

#3 by net fund -takings 2023

**Market share: 14.5%**

Leader in the sustainable evaluation of mutual funds by Morningstar Sustainability Rating

Pioneers in launching solidarity funds:
*Kutxabank Fondo Solidario*
(in the process of becoming art. 9; currently art. 8)

Leading SFDR-qualified product offering

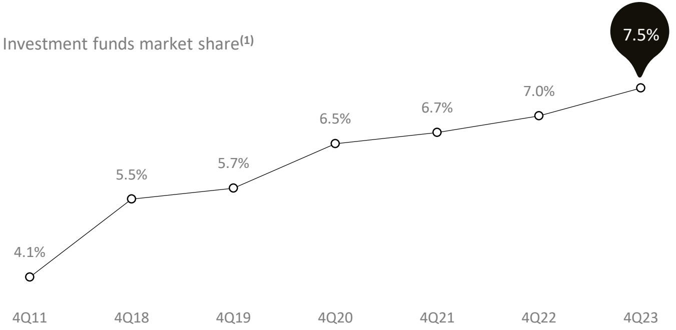
- ✓ 26 investment funds as art. 8 or 9
- ✓ 69% of total AuM
- ✓ #3 AM by ESG AuM
- ✓ #1 AM by art. 9 AuM

Participation in collaborative initiatives promoted by international organizations promoted by PRI:
"Advance" (human rights)
"Spring" (environment)

**Investment net fund-takings**
EUR**2.8**bn
FY23

13% of total net fundraising of Spanish market

Investment funds market share(1)




(1) Market share in investment funds all across Spain for Kutxabank Gestión and Fineco, Kb's private banking specialised unit. Source: Inverco.

# Financial **performance**

## Expanding our positive environmental and social impact

New Sustainable financing[1]
EUR**2,116**mn

| Green mortgage[2] | Green Consumer loans | Green insurance | Sustainable financing to Corporates |
|---|---|---|---|
| **22%** of new mortgages | **x2.4** YoY | **+20%** YoY | |




[1] Mortgages, consumer loans and corporate financing. Classification of sustainable products based on internal criteria developed in the Sustainable Financing Framework.
[2] Regarding Green mortgages and Green consumer loans methodological improvements have been applied in Q4 to adapt screening criteria to the demands of supervisors and the requirements set out in the new internal Sustainable Financing Framework. Comparison with 2022 is made on a like-for-like basis.

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# Financial performance

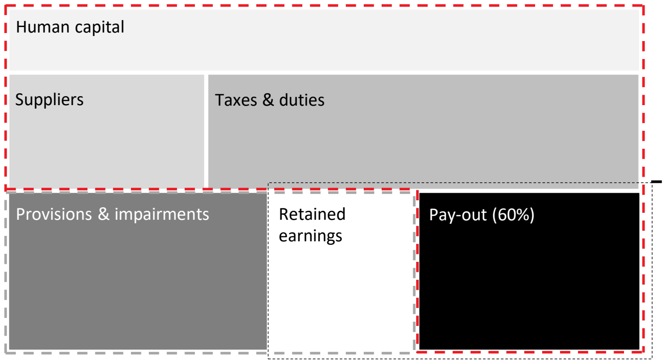
## Expanding our positive environmental and social impact

**70%** of revenues (over EUR1.3bn) **return to the society** via staff, suppliers, taxes and social dividend[2]

Total Revenue[1]

EUR**1.9**bn (over **EUR5bn** across the entire Strategic Plan)

**30%**
(c.EUR0.6bn) for business growth and sustainability
(Retained earning + Provisions & impairments)




Net attributable income
EUR**0.5**bn
FY23

**60%** pay-out

| | | Return to society | Business sustainability |
|---|---|---|---|
| Human capital[3] | 18.9% | 18.9% | - |
| Suppliers | 10.9% | 10.9% | - |
| Taxes & duties[4] | 23.8% | 23.8% | - |
| Provisions & impairments | 19.2% | - | 19.2% |
| Net attributable income | 27.2% | | |
| o/w Retained earnings | | | 10.9% |
| o/w Pay-out (60%) | | 16.3% | - |
| | 100.0% | 69.9% | 30.1% |

[1] Total revenue (EUR1,879.3mn): Gross margin (EUR1,735.4mn) excluding taxes and levies (EUR143.9mn).
[2] Pay-out entirely to Foundations Shareholders that generate social value through Welfare Projects.
[3] Personnel expenses not including social security contributions.
[4] Includes levy on credit institutions, contributions to DGS/FUR, deposit tax, social security contributions, supervision fees, corporate income tax and other duties.

# Financial performance
## Highlights

### Income statement

**Core revenue up 41% YoY**
predominantly driven by higher net interest income

**Controlled cost inflation**
with labor costs and amortisations as main drivers

**Cost of risk remain subdued**
However, a very significant amount of provisions related to further reduce legacy NPE and to cover the costs of a new early retirement program

**Net interest income** +83% YoY

**Net attributable income** +55% YoY

**RoOCR[1]** 14.5%
RoTE 9.3%

### Balance sheet

**Customer funds**
Deposits volume shows an upward trend over the last few years so far. Adding off-balance funds managed by the Group, the growth was remarkable

**Loan book**
slightly downward, impacted by repayments

**Asset quality**
NPL dynamics remain virtually stable.

**Customer deposits** +0.7% YoY

**Customer deposits** +1.6% QoQ

**Perfoming loan book** -0.4% YoY

[1] RoOCR: Return on Overall Capital Requirement. The result of dividing the Net attributable income by the equity needed to cover the total capital requirement

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# Financial performance
## FY23 results summary

### FY23 Net income

EUR**511**mn
**+54.5%**
YoY

| (EUR million) | FY23 | FY23-FY22 |
|---|---|---|
| Net interest income | 1,171.7 | 82.9% |
| Net Fees+Ins. business | 620.1 | -1.2% |
| **Core revenues** | **1,791.7** | **41.3%** |
| Equity method&Dividends&TI | 104.2 | -10.3% |
| Other operating income (OOI) | -160.6 | 40.5% |
| **Gross margin** | **1,735.4** | **36.6%** |
| Operating expenses | -653.6 | 6.6% |
| **Pre-provisioning profit** | **1,081.8** | **64.6%** |
| Provisions | -384.0 | 65.3% |
| Other income | 25.1 | -22.1% |
| Tax and others | -212.2 | 67.4% |
| **Net income** | **510.7** | **54.5%** |

**Core revenues continued to grow strongly (+41% YoY),** supported by the positive development of net interest income in the current interest rate environment and the effective management of liability costs**.** Fees and commissions declined slightly, still impacted by the implementation of IFRS17 in the Insurance business and the suppression of commissions on large deposits

Includes the payment of the bank tax (first year) and the contribution to the Single Resolution Fund

**Increase in operating expenses** mainly due to higher amortisation resulting from **significant investments in digitalisation.** Despite this increase **PPP was up 65% YoY**

The Group maintains a high level of prudent provisioning with a focus on the impairment of foreclosed assets, including also the impact of staff renewal measures

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# Financial performance

## Outlook 2024

**Volumes**
Lending balances maintenance and Deposit growth

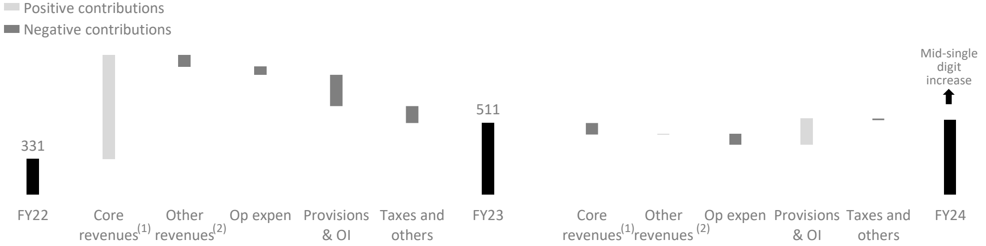
**Asset quality**
NPL ratio virtually unchanged. CoCR close to current levels

**Core revenues**
NII will gradually decline due to the evolution of rates and projected increase in the cost of liabilities, although overall performance for the year will be stable versus FY23.
Service income would perform flat to slightly negative

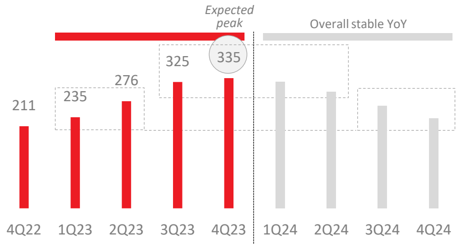
**Expenses**
Higher impact of tax on banks, offset by lower contribution to the DGS/SRF.
Increased Operating expenses as a result of persistent inflation.
Lower pressure on provisions

**Net income**
Mid-single digit FY24 NI growth expected

Net income breakdown by main drivers




Focus on Net interest income outlook




[1] Core revenues: Net interest income (NII) plus Income from services, including the Insurance business activity.
[2] Other revenues: the sum of (i) Equity method income+Dividends+Trading Income and (ii) Other Operating Income (OOI).

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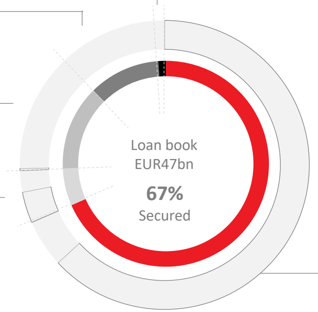
# Asset **quality**
## Robust low risk profile

**Consistently prudent lending policy and highly-conservative risk standards.**

Kutxabank balance sheet structurally relies on secured lending mainly to households, which shows a more resilient trend vs other segments

| NPL | Cov[1] | Texas |
|---|---|---|
| **1.4%** | **102%** | **23%** |
| Spanish lowest | Spanish highest | Best-in-class |

Loan book breakdown by business segment (4Q23)



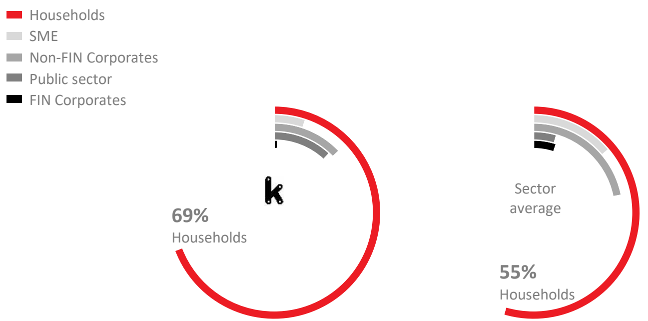

| | SHARE | SECURED \| UNSEC. |
|---|---|---|
| Households | 68.4% | 92% \| 8% |
| SME | 5.9% | 59% \| 41% |
| Non-FIN Corporates | 13.3% | 2% \| 98% |
| Public sector | 11.2% | 0% \| 100% |
| FIN Corporates | 1.2% | 0% \| 100% |
| | *100%* | ***67%*** \| *33%* |

[1] Total coverage including prudential provisioning of NPE according to ECB calendar stands at 121%.

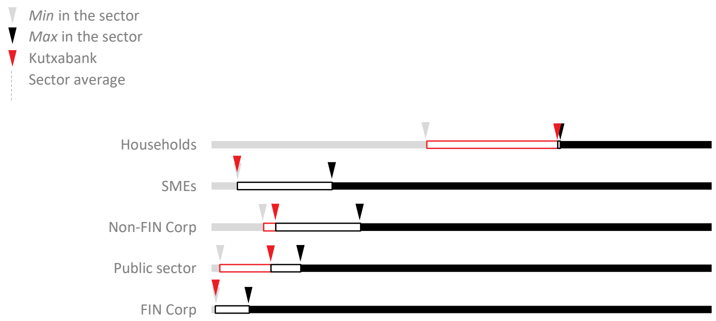
# Asset quality

## The largest relative exposure to Households, mainly secured

Distribution of the loan portfolio segments vs sector(1)




Distribution of the loan portfolio segments vs sector(1)




(1) Sector average obtained from information published in the EBA-wide transparency exercise 2023. Data as of 2Q23 for both to make them comparable.

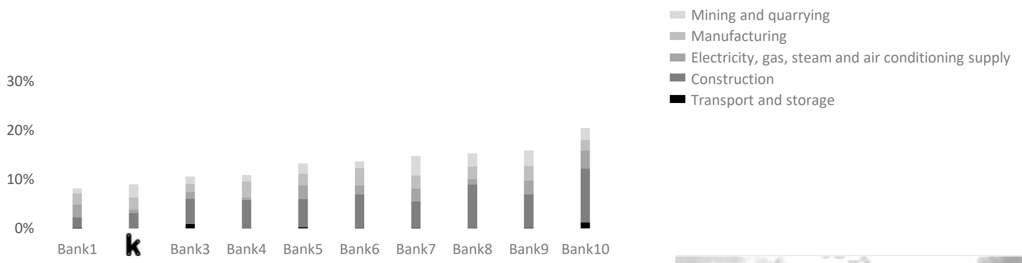
# Asset quality

## One of the lowest relative exposure to GHG intensive sectors

**Exposure to GHG intensive industries.**

According to the data collection exercise carried out by the EBA in the context of recent EU-wide transparency exercise, Kutxabank has the second lowest exposure to GHG intensive industries in the Spanish banking sector.

Breakdown of GHG intensive sector exposure as % of Total Loan book[1]



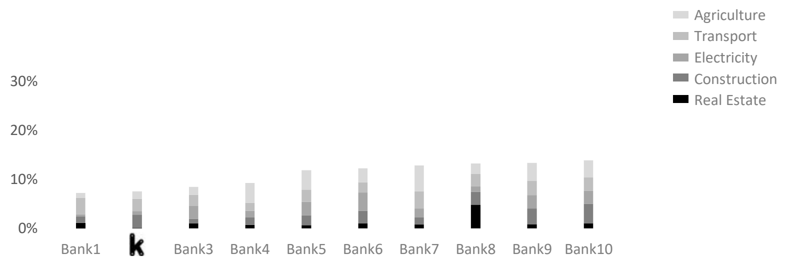

[1] Data as of 2Q23, based on the information published in the EBA-wide transparency exercise 2023.

# Asset quality
## …as to sectors most affected by Inflation

**Exposure to sectors most affected by inflation.**

Similarly, Kutxabank has the second lowest exposure to the sectors most impacted by inflationary price dynamics.

Breakdown of the Exposure to sectors most affected by Inflation as % of Total Loan book[1]



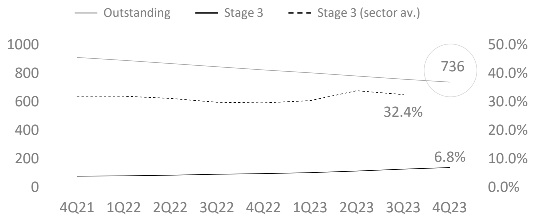

[1] Data as of 2Q23, based on the information published in the EBA-wide transparency exercise 2023.

# Asset **quality**
## COVID related and other relief measures

### Households

**Moratoria.**
The stock of residential mortgages that were subject to moratoria continues to decrease. Although the delinquency rate of this portfolio has increased, it remains far below the average levels of the sector

Moratoria: outstanding (EUR million) and NPL% evolution vs sector[1]



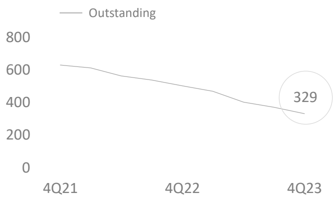

**Code of Best Practices.**
Only 503 applications accepted (EUR55 million), resulting in an increase in doubtful assets of EUR12 million.

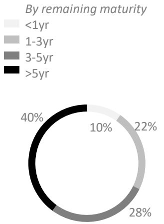
### Guarantee lines

**ICO loans and other guarantee lines.**
Financing mainly to self-employed and SMEs with different levels of coverage.
Guarantee was not considered for the credit analysis in the loan granting process.
This conservative approach is well reflected in the bank's appeal to this line of guarantees

Guarantee lines in detail

| | Outstanding (EUR Mn) | S2 | S3 |
|---|---|---|---|
| ICO lines | 220 | 42.1% | 13.3% |
| Other lines[2] | 109 | 32.5% | 0.1% |
| *Total* | *329* | *38.9%* | *8.9%* |



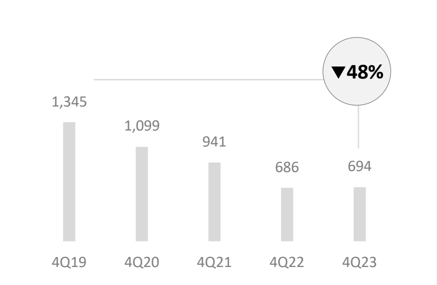




[1] Source: PwC. Banking sector data includes 9 of the 10 significant banks in Spain. Last data available 3Q23.
[2] Mainly guarantees provided by *Elkargi* (Basque mutual guarantee society) under a EUR500 million line promoted by the Basque Government, with a cost-less 100% coverage level.

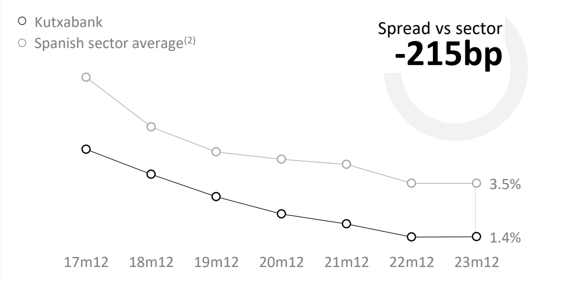
# Asset quality

## Stock of doubtful loans remains fairly stable

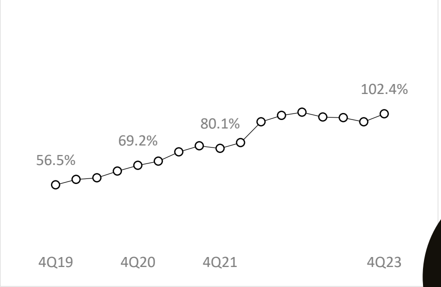
Stock of NPL[1] YoY evolution (EUR million)




Kutxabank relative position: NPL ratio (%)




NPL Coverage level evolution




Total coverage including prudential provisioning of NPE according to ECB calendar

**120.9%**

(1) Doubtful loan stock includes contingent risks.
(2) Source: BoS.

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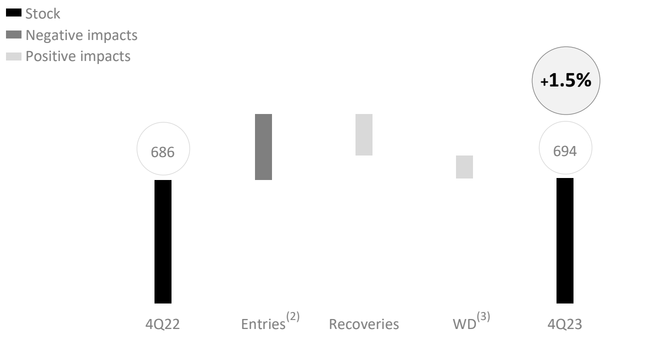
# Asset **quality**

## Stock of doubtful loans remains fairly stable

Despite the challenging context there are **no major signs of deterioration or trend change in any business segment**

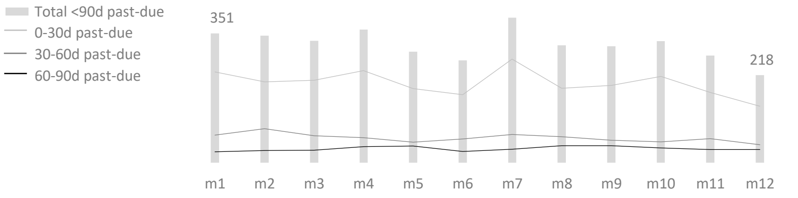
### Doubtful-loan stock[1] evolution in 2023 (EUR million)




### Loans and advances by segments and stages. Evolution vs 4Q22

| | T | | | | T vs T-1 | | | |
|---|---|---|---|---|---|---|---|---|
| | S1 | S2 | S3 | Cov | S1 | S2 | S3 | Cov |
| Households | 93% | 5% | 1% | 75% | -1.4% | 1.4% | 0.0% | +7% |
| Non-FIN Corporates | 90% | 8% | 3% | 139% | 1.7% | -1.6% | -0.1% | -25% |
| *o/w SME* | *77%* | *15%* | *8%* | *108%* | *0.7%* | *-0.6%* | *-0.0%* | *-29%* |
| Public sector | 100% | 0% | 0% | ns | 0.0% | 0.0% | 0.0% | - |
| FIN Corporates | 100% | 0% | 0% | ns | 0.0% | 0.0% | 0.0% | - |

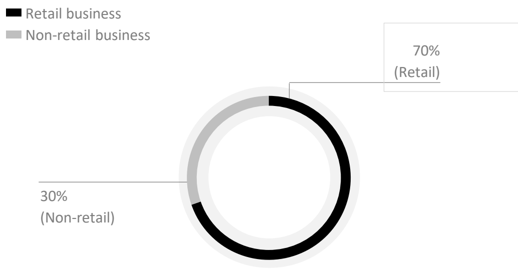
### Evolution of <90 days past-due balances during the year




(1) Doubtful loan stock includes contingent risks. Contingent risks were down EUR1.6 million in the year.
(2) Some singular exposures have been classified as subjective doubtful.
(3) WD: Write-downs.

# Asset quality
## Stock of doubtful loans in detail

### NPLs[1] by business segment of origin




Loans to individual is by far the most relevant exposure in the bank's loan book

Exposure to individuals accounts for most of the stock of NPLs

Average NPL%
1.4%

### Residential mortgages

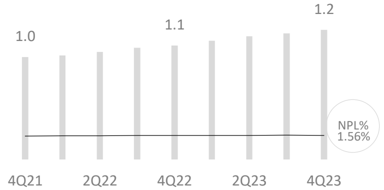
| Vintage | Outstanding (%) | NPL% |
|---|---|---|
| Up to 2008 | 24.4% | 3.38% |
| 2009 | 3.4% | 1.14% |
| 2010 | 4.3% | 0.68% |
| 2011 | 3.1% | 0.60% |
| 2012 | 1.6% | 0.55% |
| 2013 | 0.7% | 0.26% |
| 2014 | 1.1% | 0.29% |
| 2015 | 1.7% | 0.19% |
| 2016 | 2.8% | 0.27% |
| 2017 | 3.6% | 0.20% |
| 2018 | 4.9% | 0.30% |
| 2019 | 7.2% | 0.09% |
| 2020 | 9.4% | 0.05% |
| 2021 | 12.1% | 0.03% |
| 2022 | 9.4% | 0.00% |
| 2023 | 10.6% | 0.00% |

### Consumer loans

Relatively low exposure to consumer loans although with steady growth in the last few years.

NPL ratio for this business is only 1.56%, well below Spanish sector average.

Consumer loan book evolution (EUR billion)




[1] Do not include contingent risks.

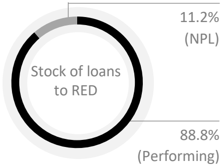
# Asset **quality**

## Lending to Commercial Real State

**Very limited exposure**

Exclusively focused on the ultimate goal of residential mortgage origination

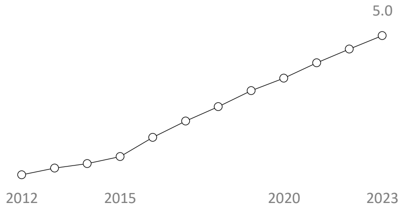
| Gross | Cov | Net | OC[1] |
|---|---|---|---|
| EUR**0.55**bn<br>99.8% secured | **15%** | EUR**0.47**bn | **1.12**x |




**The new portfolio**

RED credit exposure originated since 2012[2]

Cumulative amount granted since 2012 so far (EUR billion)




Outstanding exposure (EUR million)

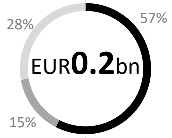
| Gross | NPL |
|---|---|
| EUR**392**Mn<br>100% secured<br>**>70%** of the back book | **0.1%** |

[1] OC reflects the ratio between the present value of collateral and net credit exposure.
[2] 2012 is the year in which Kutxabank was founded, after the merger of the former Basque savings banks.

# Asset quality
## NPAs in detail

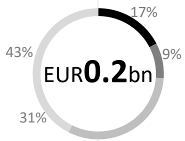
### Floreclosed asset (FA) breakdown by origin (4Q23; EUR million)

| | Gross | Provisions | Cov% | NAV |
|---|---|---|---|---|
| Developers | 850.3 | 715.7 | 84% | 134.6 |
| Residential | 96.0 | 61.5 | 64% | 34.6 |
| Others | 91.5 | 26.7 | 29% | 64.9 |
| TOTAL | ⬇1,037.9 | ⬆803.8 | 77% | ⬇234.1 |



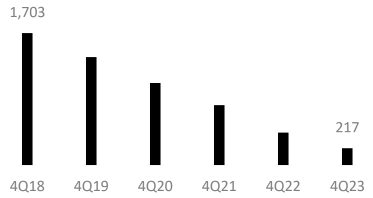

### FA breakdown by type of asset (4Q23; EUR million)

| | Gross | Provisions | Cov% | NAV |
|---|---|---|---|---|
| Finished properties | 86.8 | 46.0 | 53% | 40.7 |
| Ongoing developments | 70.7 | 50.3 | 71% | 20.4 |
| Land | 692.9 | 619.4 | 89% | 73.5 |
| Others | 187.6 | 88.1 | 47% | 99.5 |
| TOTAL | 1,037.9 | 803.8 | 77% | 234.1 |

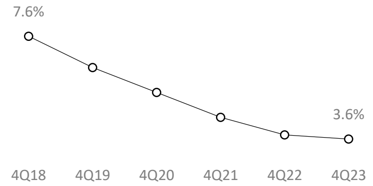



### Total NPA: FA+NPL (4Q23; EUR million)

| | Gross | Provisions | Cov% | NAV |
|---|---|---|---|---|
| Total NPLs | 694.5 | 711.5 | 102% | - |
| Foreclosed assets | 1,037.9 | 803.8 | 77% | 234.1 |
| TOTAL | 1,732.4 | 1,515.3 | 87% | 217.1 |




### NPA% YoY evolution




**Texas ratio**
**23.0%**
4Q23

# Table of contents

# Capital & Funding
## Another step further forward

### Highlights

- After deducting the 60% pay-out, retained earnings contribute +68bp during the year.
- Decrease in Prudential provisioning after relevant efforts made in accounting to provision these assets and the favorable evolution of unrealized capital gains on fixed income and equity investments added an extra 23bps.
- The one-off impact of IFRS17 together with RWA inflation and the increase in deductions were the main impacts absorbed during the year.

Main impacts on capital (Phased-in; EUR mn)

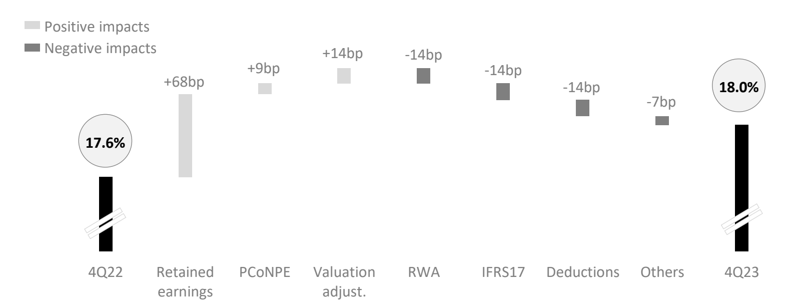
| | Impact vs4Q22 | Impact (bp) vs4Q22 | |
|---|---|---|---|
| Valuation adjustments | 42 | 14 | ▲ |
| Prudential provisions | 26 | 9 | ▲ |
| IFRS17 | 41 | 14 | ▼ |
| Deductions | 41 | 14 | ▼ |
| Risk-weighted assets | 228 | 14 | ▼ |
| Total earnings | 511 | | |
| *o/w retained* | *204* | *68* | ▲ |

**CET1**
Phased-in
**18.0%**
4Q23

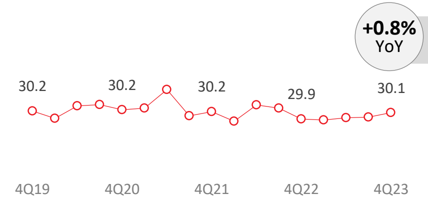
Fully-loaded CET1 ratio
**17.9%**
4Q23
**+70bp** YtD

RWA calculation method: STANDARD
**100%**

CET1 phased-in FY23 evolution by components




RWA evolution (Phased-in; EUR billion)




RWA inflation driven by operational risk following the increase of pure banking revenues, while RWA related to credit exposure declined during the year

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# Capital & Funding
## Liquidity risk management

**Deposit dynamics**

Customer deposit volume, clearly shows an upward trend over the last few years so far

On an annual basis, Customer deposits have grown. If we also add off-balance funds managed by the Group, the growth was remarkable

**Main drivers**

Prepayments in the loan book remain at high rates while there have been a significant flow of deposits into funds, particularly during 1H23.

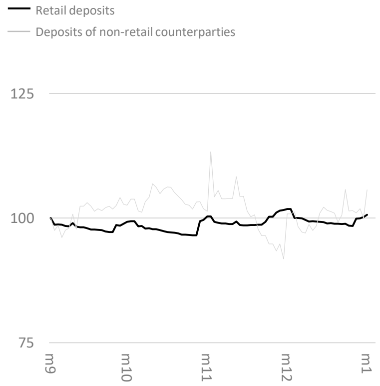
Both factors put pressure on the deposits. Otherwise, no major outflows are observed

**Customer Deposit evolution**

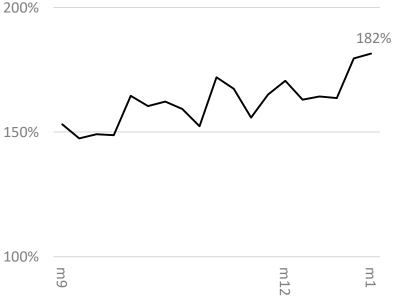


Focus on the most recent evolution (4Q23-YtD)

Deposit evolution (4Q23-YtD; base: 2023/9/30=100)




LCR evolution (4Q23-YtD; base: 2023/9/30=100)



# Capital & Funding
## Liquidity risk management

**Deposits with a markedly stable nature.**

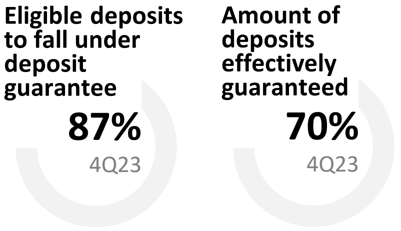
Deposit base profile is well reflected in the significant proportion of guaranteed deposits covered by DGFs

Large Retail deposit base with a very high level of transactionality

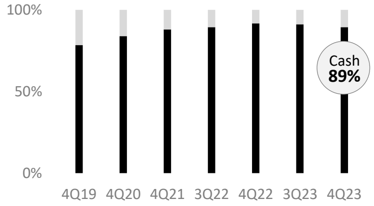
The proportion of cash deposits continues to be very significant

As of 4Q23 more than 40% of non-Retail deposits are operational

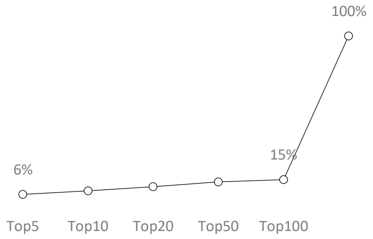
Guaranteed deposits




Customer deposit mix: cash vs term-deposits




Customer deposit concentration



# Capital & Funding
## Liquidity risk management

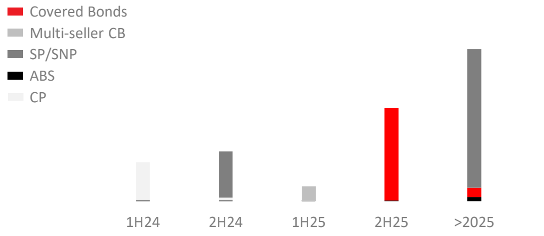
### TLTRO repayments

- Repayments will be made on the scheduled date of each borrowing.
- The bulk of the position already repaid in 2023.

TLTRO maturity calendar

| | Repayment date | Amount (EUR bn) | Status |
|---|---|---|---|
| TLTRO III.3 (03/2020) | 03/2023 | 0.6 | Repaid |
| TLTRO III.4 (06/2020) | 06/2023 | 4.9 | Repaid |
| TLTRO III.7 (03/2021) | 03/2024 | 0.6 | Pending |

Capital market funding maturity profile (EUR million)

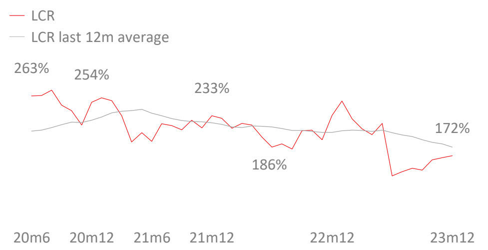



### Regulatory liquidity ratios

**LCR**
**172%**
23m12

Last 12-month average
**185%**

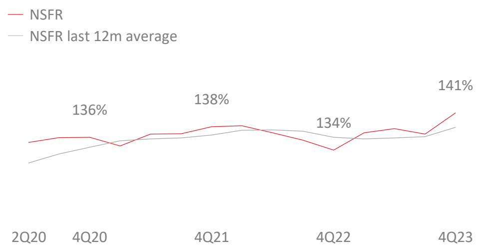
LCR% evolution




**NSFR**
**141%**
4Q23

Last 12-month average
**138%**

NSFR% evolution

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# Capital & Funding
## Funding plan

- 2023 Funding Plan considered two transactions of bail-inable debt instruments. Both of them were materialized in 1H23.
- Persistence of uncertainties regarding the second half of the year was the driver for bringing forward the second of the planned issues.

- Financial plans for the next two years will focus on existing debt maturities (c.EUR1bn per year) while monitoring the evolution of the MREL's management buffer.
- Current expectation for the commercial gap points toward a moderately positive liquidity contribution.
- Resulting funding needs will be covered predominantly by covered bonds. 1 or 2 benchmark transactions per year in the coming might be expected, market dependent.

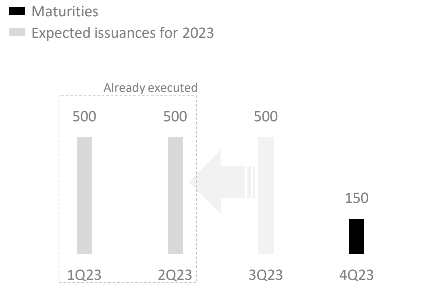
### Outstanding bailinable debt instrument (4Q23)

| ISIN code | Format | Amount (EUR bn) | Maturity date | Call date | MREL eligibility loss |
|---|---|---|---|---|---|
| ES0343307015 | SNP | 0.5 | 09/2024 | - | 09/2023 |
| ES0243307016 | SNP | 0.5 | 10/2027 | 10/2026 | 10/2026 |
| ES0343307023 | SP | 0.5 | 02/2028 | 02/2027 | 02/2027 |
| ES0343307031 | SNP | 0.5 | 06/2027 | 06/2026 | 06/2026 |

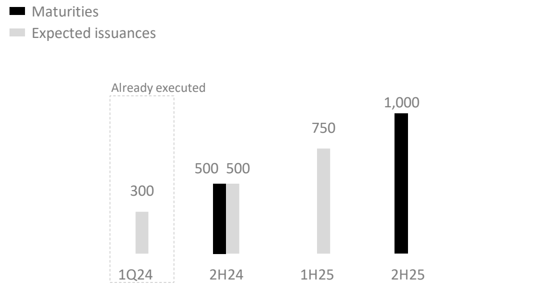
### Outstanding tradeable covered bonds

| ISIN code | Format | Amount (EUR bn) | Maturity date | LCR status | European Premium |
|---|---|---|---|---|---|
| ES0443307063 | Bullet | 1.0 | 09/2025 | L1B | ✓ |
| ES0443307022 | Bulet | 0.1 | 12/2026 | N/A | ✓ |

### Debt maturities vs new issuances 2023




### Debt maturities vs new issuances 2024-25



# Capital & Funding
## Covered Bond programme

Programme overview

**New legal framework** that introduces relevant aspects that **enhance the product quality**

### Issuer/ Guarantor

Kutxabank S.A.

### Primary assets[1]

i. Loans secured by residential properties up to the 80% of the value of the pledged properties

ii. Exposures to or guaranteed by central governments, ESCB central banks, public sector entities, regional governments or local authorities in the Union

### Substitute assets

Both coverage pools may include substitute assets up to 10% of the principal amount of the covered bonds they back

### Liquidity buffer

Both type of cover pool must include at all times a liquidity buffer made up of available high quality liquid assets in accordance with Article 11.3 of RDL 24/2021 to cover the maximum cumulative net liquidity outflow over the next 180 days

### Derivative contracts

Both type of cover pool may include derivative contracts in accordance with the requirements set forth in article 12 of RDL 24/2021

### OC

Issuances of covered bonds under this Programme will have an OC level equal to the greater of (i) the Legal OC (5%) and (ii) the Voluntary or Contractual OC

### Extendable maturity structures

Covered bonds issued under this Programme may have extendable maturity structures when any of the circumstances specified in article 15.2 of RDL 24/2021 occur, provided that such circumstances are adequately specified in the contractual T&C of the covered bonds


Bonds issued under this programme are allowed to use the label

https://www.bde.es/bde/en/secciones/servicios/autorizacion-de-programas-de-bonos-garantizados-3bec373d9d49181.html

[1] Under the current program, Kutxabank is authorized to issue both cédulas hipotecarias and cédulas territoriales. Currently, there is only one active cover pool backing currently outstanding cédulas hipotecarias and new potential cédulas hipotecarias going forward. The primary assets of this cover pool consist of residential mortgage loans.

# Capital & Funding
## Covered Bond programme

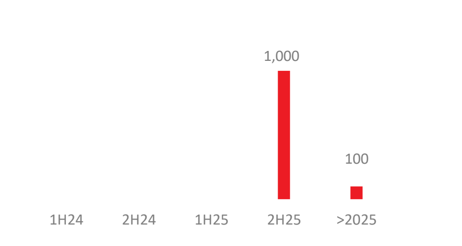
Outstanding bonds

Type of outstanding covered bonds: **Cédulas Hipotecarias**

### Outstanding marketable *Cédulas Hipotecarias*

| ISIN code | Amount (EUR mn) | Currency | Premium | LCR status | Issue date | Maturity date | Maturity type | Coupon type | Current coupon |
|---|---|---|---|---|---|---|---|---|---|
| ES0443307063 | 1,000 | EUR | ✓ | Level 1B | 09/2015 | 09/2025 | Hard bullet | Fixed | 1.25% |
| ES0443307022 | 100 | EUR | ✓ | - | 05/2013 | 05/2026 | Hard bullet | Fixed | 3.68% |

### Covered bond maturity profile (EUR million)




COVERED BOND LABEL

Kb is a labeled issuer since the initiative was launched

The Covered Bond Label is a quality Label which responds to a market-wide request for improved standards and increased transparency in the covered bond market. Common Harmonised Transparency Template (HTT) across jurisdictions for all covered bond issuers which hold the Covered Bond Label, which facilitates investors' due diligence and cross-border comparison of data in a centralised way and in a comparable format.

Direct links:
[coveredbondlabel.com]
[kutxabank.com/cs/Satellite/kutxabank/en/investor_relations/fixed_income/covered-bonds]
[Last template]

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# Capital & Funding
## Covered Bond programme

The cover pool

**100% prime residential** cover pool

WA LTV
**51%**

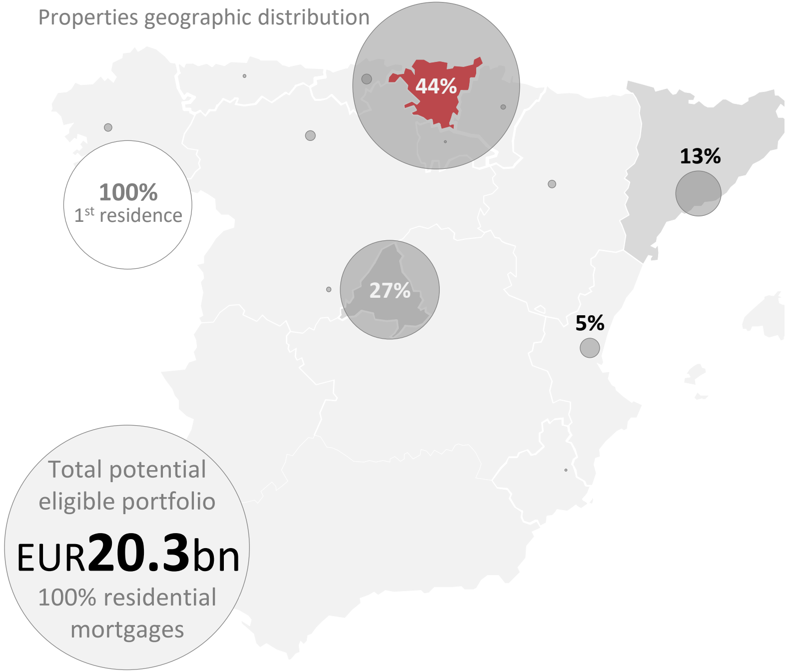
90d past due
**0%**

Currency: EUR
**100%**

| | | |
|---|---|---|
| **Outstanding balance** | EUR million | **1,512.3** |
| Number of loans | Units | 12,961 |
| Average loan size | EUR thousand | 116.7 |
| Number of borrowers | Units | 20,653 |
| WA LTV | % | 50.76 |
| WA seasoning | Months | 68.75 |
| WA contractual maturity | Years | 20.50 |
| WA Life | Years | 8.37 |
| WA yield | % | 3.17 |
| *o/w floating-rate loans* | % | *4.6* |

| | | |
|---|---|---|
| Outstanding Bonds | EUR million | 1,100.0 |
| *o/w retained* | EUR million | - |
| Nominal OC | % | 137.5 |
| Liquidity buffer (LB) | EUR million | 0 |
| **OC including LB** | % | **137.5** |
| Credit rating | Moody's/DBRS | Aa1/AAA |

Properties geographic distribution

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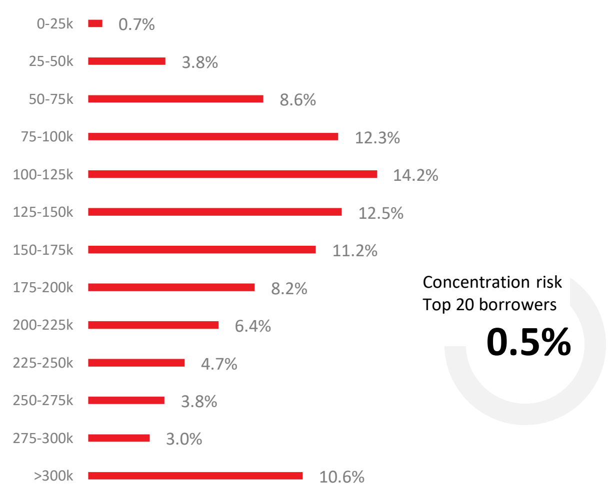
# Capital & Funding
## Covered Bond programme

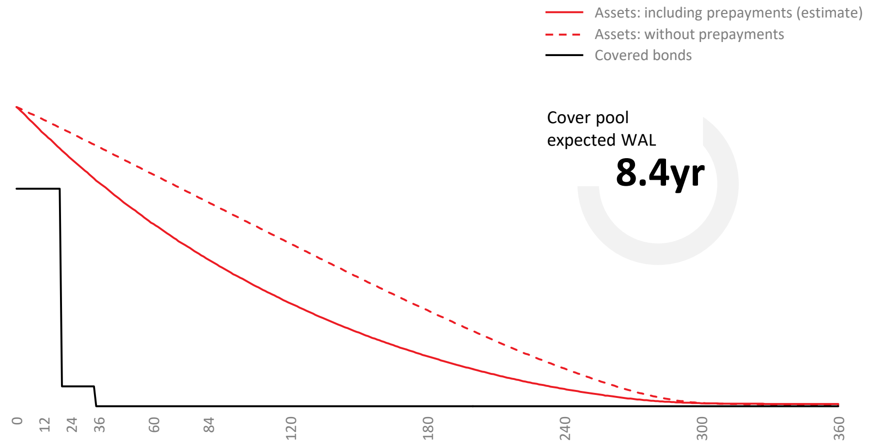
The cover pool

**100% prime residential** cover pool

Loan size distribution




Assets and Liabilities maturity profile on a contractual basis

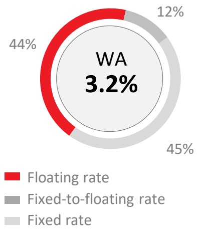


# Capital & Funding
## Covered Bond programme

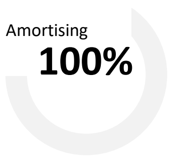
The cover pool

**100% prime residential** cover pool

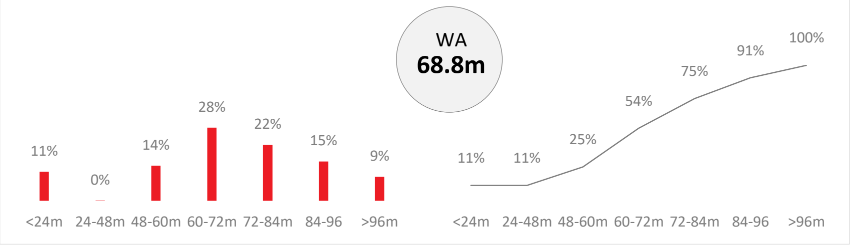
Breakdown by interest rate



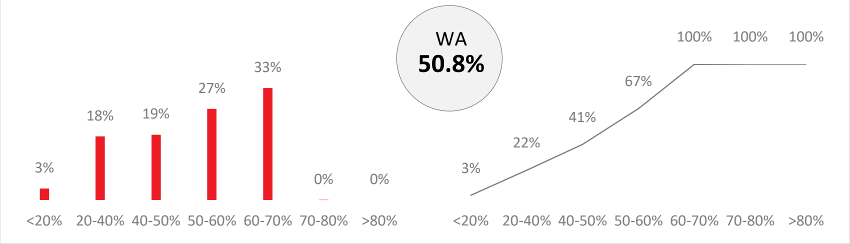

Repayment type



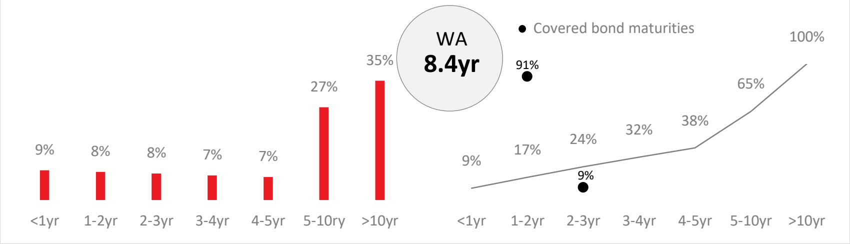

### Loan seasonig (months)




### Loan to value (LTV)




### Loan book residual life (expected maturity; years)



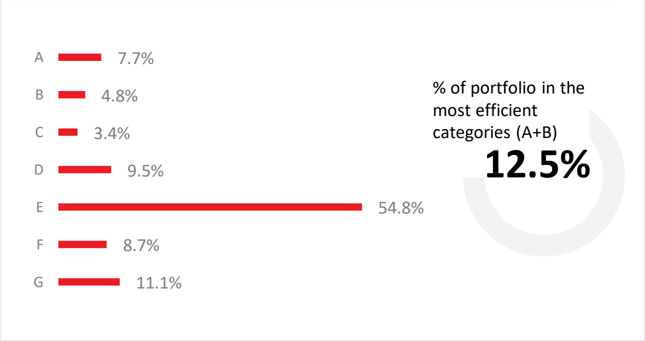
# Capital & Funding

## Covered Bond programme

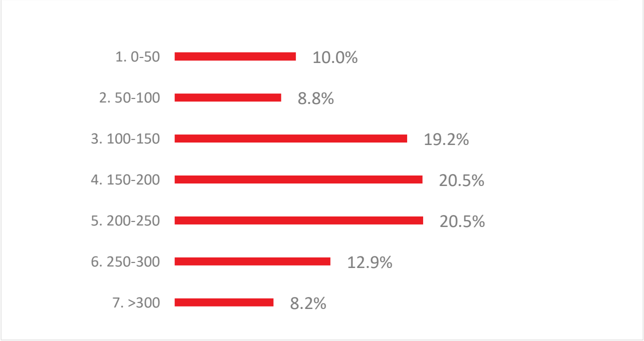
The cover pool

**100% prime residential** cover pool. No sustainable strategy is pursued in the Cover pool for the time being.

EPC distribution




Average energy use (kWh/m² per year)

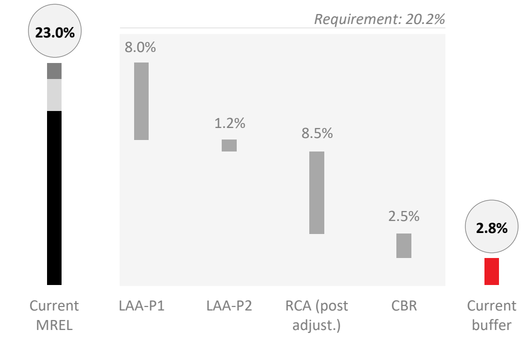


# Capital & Funding
## MREL position

**MREL 23.0%**
4Q23

**20.2%** required

MREL: current position vs requirement




| | Amount (EUR million) | % o/TREA |
|---|---|---|
| Current position | 6,934 | 23.0% |
| *o/w CET1* | *5,434* | *18.0%* |
| *o/w SNP* | *1,000* | *3.3%* |
| *o/w SP* | *500* | *1.7%* |
| Loss Absorption Amount | 2,772 | 9.2% |
| Recapitalisation Amount | 2,772 | 9.2% |
| RCA post adjustments | 2,564 | 8.5% |
| 2022 MREL target | 5,751 | 19.1% |
| 2024 MREL target | 6,089 | 20.2% |
| Current excess vs applicable target | 1,183 | 3.9% |
| Current excess vs Final target | 845 | 2.8% |

## MREL strategy

- The Group will keep working on designing a MREL-management buffer consistent with its business model and risk profile which will involve raising the MREL to a certain level above the regulatory requirement.
- Although no subordination requirement applies, in the building blocks of MREL Kutxabank will seek to maintain at all times a level of subordination sufficient to provide the necessary support for the quality of the risk currently assumed by bondholders and depositors. The excess might be filled with senior preferred.

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# Annex
## 1Q24 Financial results

# Annex: 1Q24 Financial results

## Highlights

| | | | |
|---|---|---|---|
| **CORE REVENUES** | Net interest income (NII) | EUR345mn<br>+2.8% QoQ | • **NII was 3% higher QoQ (+47% YoY)** reflecting the successful balance sheet management, benefiting from an optimal positioning for rate increases and cost control on the liability. The change in central banks' rate cut expectations vs 2023 year-end points to a more sustained evolution of the Euribor throughout the year. |
| | Income from services | EUR160mn<br>+7.5% YoY | • **Fees and commissions also showed a positive evolution (+8% YoY)**, underpinned by the positive contribution of the asset management business. |
| **BALANCE SHEET** | Customer funds | EUR50.4bn<br>+4.0% YoY | • Customer funds continue to increase driven by growth in off-balance volumes while on-balance deposits are also increasing. |
| | Customer loans | EUR46.5mn<br>+0.7% YoY | • Performing loan book growths +0.7% with strong increases in Corporates and Public sector. Remarkable performance of Consumer lending, with Point of sale financing up nearly 37%. |
| **ASSET QUALITY** | NPL | 1.39% | • Cost of risk remains at very low levels keeping the best relative position in asset quality metrics |
| | Cost of credit risk | 6bp | |
| **ESG** | New sustainable financing | EUR930mn<br>+57.4% YoY | • Expanding our positive environmental and social impact far exceeding internal guidance. |

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# Annex: 1Q24 Financial results

## P&L summary

**1Q24**
**Net income**

EUR**120**mn
**+8.5%**
YoY

| (EUR million) | 1Q24 | 1Q24-1Q23 |
|---|---|---|
| Net interest income | 344.9 | 46.9% |
| Net Fees+Ins. business | 159.7 | 7.5% |
| **Core revenues** | **504.6** | **31.7%** |
| Equity method&Dividends&TI | 30.4 | -23.6% |
| Other operating income (OOI) | -82.7 | 46.5% |
| **Gross margin** | **452.4** | **23.4%** |
| Operating expenses | -170.1 | 8.5% |
| **Pre-provisioning profit** | **282.2** | **34.5%** |
| Provisions | -96.6 | 75.0% |
| Other income | 2.8 | -27.6% |
| Tax and others | -68.4 | 43.0% |
| **Net income** | **120.0** | **8.5%** |

**Core revenues continued to grow strongly (+32% YoY),** supported by the positive development of net interest income which has not yet reached its peak and the effective management of liability costs**.** Fees and commissions grew by 8%, underpinned by fees from AUM and Insurance business

Includes the payment of the bank tax (second year)

**Pre-provisioning profit was up 34% YoY** well above internal guidance

The Group will maintain a high level of prudent provisioning thoughout the year

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# Annex: 1Q24 Financial results

## Top-line results

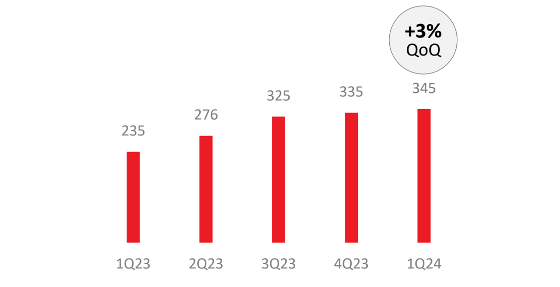
### Net interest income (NII)

EUR**345**mn

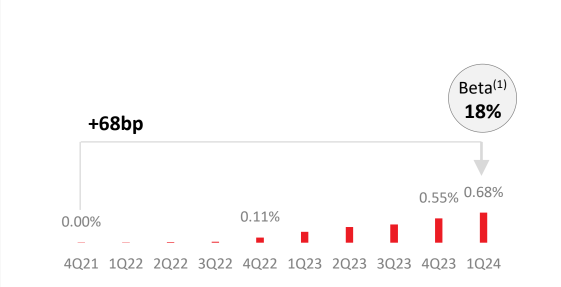
**+46.9%**

YoY

NII QoQ evolution (EUR million)



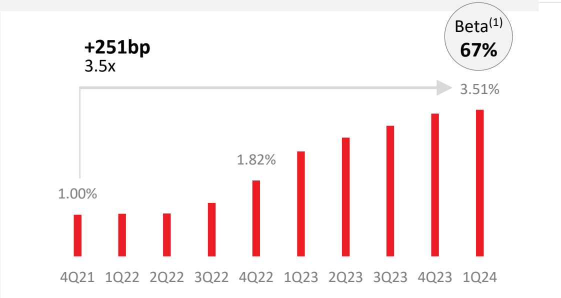

Deposit yield QoQ evolution




### Highlights

- Strong net interest income growth driven by sustained loan book contribution and controlled cost of liabilities
- Loan book yield has increased by 3.5x since 4Q21, with an absolute variation of 251bp over the same period. Beta analysis on the deposit side also shows that appreciation of deposit rates has been very limited.

Loan book yield QoQ evolution




**Customer spread**

**283bp**

1Q24

NII sensitivity (annual):

10bp movement in interest rates

EUR**8-10**mn

[1] Calculated as the ratio of the difference between the increase in the loan/deposit yield in the observation period vs the Eur12m at the end of that period.

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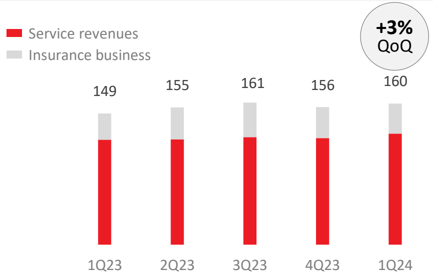
# Annex: 1Q24 Financial results

## Top-line results

### Income from services & Insurance business

EUR**160**mn
**+7.5%**
YoY

**Total Services revenues QoQ evolution (EUR million)**




**Total Services revenues distribution**

| | SHARE | YoY EVOLUTION |
|---|---|---|
| AuM | 50% | +16.4% |
| Ins. Business | 21% | +13.4% |
| Services | 16% | -15.7% |
| Means of payment | 11% | +1.9% |
| Others | 2% | +13.1% |

### Highlights

- Income from services & Insurance business increased mainly leveraged on AuM, which already accounts for 50% of total Services revenues.
- The Group's Insurance business continues to contribute with stable and recurring revenues, which increased by 13.4% compared to last year.

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- Good commercial performance enables the insurance business to continue to provide stable and recurring revenues
- High commercial activity with an increase of 4.2% in the number of policies sold compared to last year

Home **+180%**

Auto[1] **+8%**

Home[2] **+9%**

(1) Budget compliance.
(2) Home insurance turnover.

# Annex: 1Q24 Financial results

## Top-line results

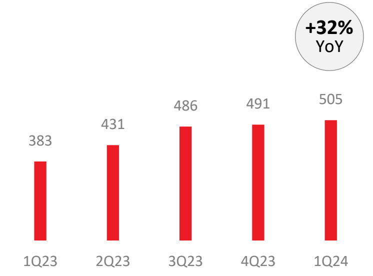
### Core revenues

EUR**505**mn
**+31.7%**
YoY

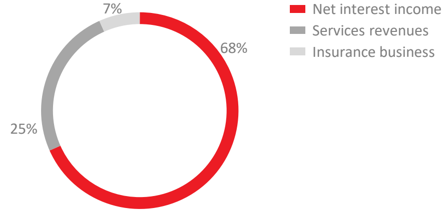
### Highlights

- Banking business net revenues were significantly higher YoY reflecting the increase in Net interest income while Service revenues continue to be a solid and reliable source of income.
- The revenue diversification structure of the banking business continues to provide stability and soundness to the Group's results.

Core banking income QoQ evolution (EUR million)




Income source diversification (1Q24)



# Annex: 1Q24 Financial results

## Other Income and Expenses

### Equity method & Dividends

EUR**26**mn
1Q24

### Other operating income (OOI)

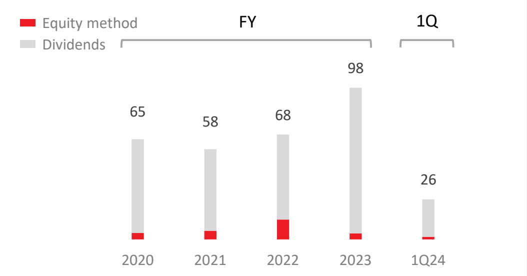
EUR-**83**mn
1Q24

Including the register of EUR 71.8 million of the banking tax

Pro-forma P&L summary *ex*Banking tax

| (EUR million) | 1Q24 | 1Q24 *Pro-forma* |
|---|---|---|
| Core revenues | 505 | N/A |
| Gross margin | 452 | 524 |
| Pre-provisioning profit | 282 | 354 |
| Net income | 120 | >190 |

Revenues from the equity portfolio (EUR million)




### New banking tax

- 4.8% on interest and commissions amount
- Aggregate impact of c.EUR120Mn (2023-2024). The application of the tax is likely to be extended beyond the two years initially set

**47**mn 2023

**72**mn 2024

- Kb has filed an appeal against the order that develops the new bank levy

### Efficiency Ratio(1)

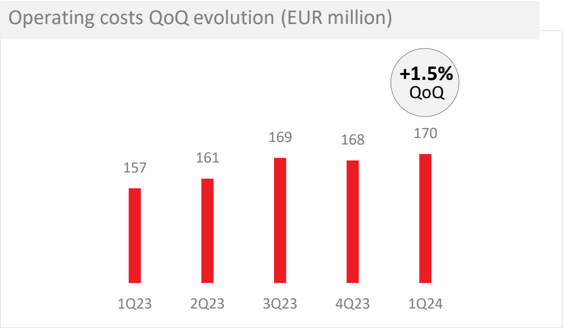
**36.8%**
1Q24

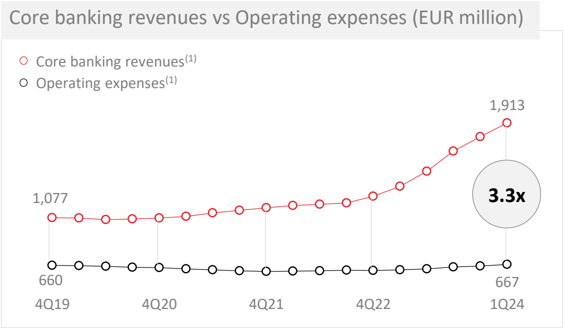
(1) The efficiency ratio would improve up to 35.4% excluding the Banking tax.

# Annex: 1Q24 Financial results
## Costs

### Operating expenses

EUR**170**mn
**+8.5%**
YoY




### Highlights

- Administrative expenses were EUR160.1mn, up 8.8% YoY. Increases in labor costs were the main drivers.
- Pure banking business margin (difference between Core banking revenues and Operating expenses) has more than tripled in the last 3 years.

(1) Revenues and expenses for each period are calculated as the moving sum of the last four quarters.

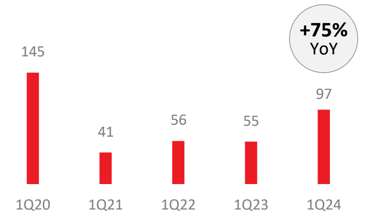
# Annex: 1Q24 Financial results

## Costs

### Credit risk impairments and other provisions

EUR**97**mn
**+75.0%**
YoY

Total provisions & impairments YoY evolution (EUR million)




Total provisions & impairments in detail (EUR million)

| | FY23 |
|---|---|
| Credit risk | 12.3 |
| Other provisions&cont. | 70.4 |
| Impairments on RE assets | 14.0 |
| **TOTAL provisions** | **96.6** |

**CoCR**
**6bp**

### Highlights

- A significant level of provisioning effort is maintained in the face of geopolitical risk and macroeconomic uncertainties, even though there are still no signs of deterioration.
- Most of the provisions allocated to "other provisions and contingencies" are intended to cover the risk arising from potential claims for mortgage expenses that in the past were paid by the borrower.

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# Annex
## Digital transformation of the business

# Annex: Digital transformation of the business

## Expansion of digital functionalities

c.EUR**90**mn invested in digitalisation
2023

5 lines of action

- Digital customers
- Omnichannel sales
- Customer experience
- Digital Gap
- New innovation programs

**Digital customers**

63.2%

**Customer experience** rating

4.26

# Annex: Digital transformation of the business

## Expansion of digital functionalities

**Digital sales**

**47%**

Of all transactions

+4% YoY

**Digital sales in different products**

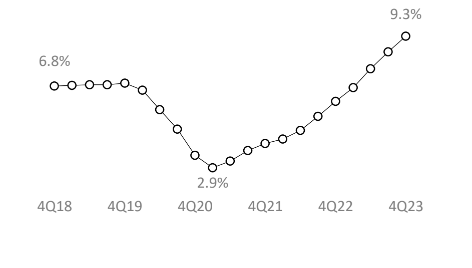
| | | |
|---|---|---|
| **Pension plans** 71% | **Investment funds** 44% | **Mortgages** 59% |
| **Card business** 21% | **Consumer** 53% | **Insurance** 12% |

# Annex
## Key indicators

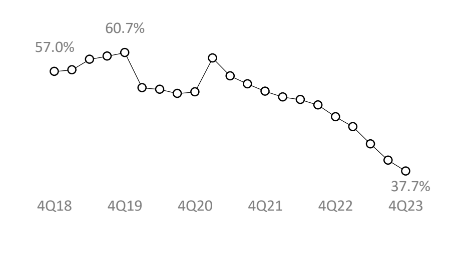
# Annex: Key indicators

| | 4Q23 | 4Q22 | 4Q23 vs 4Q22 | 3Q23 | 4Q23 vs 3Q23 |
|---|---|---|---|---|---|
| ROE | 8,58% | 5,67% | 291 bp | 7,88% | 70 bp |
| ROTE | 9,26% | 6,10% | 316 bp | 8,50% | 76 bp |
| ROA | 0,79% | 0,50% | 29 bp | 0,71% | 8 bp |
| RORWA | 1,71% | 1,10% | 61 bp | 1,55% | 15 bp |
| Cost to Income | 37,66% | 48,26% | -1060 bp | 39,77% | -210 bp |
| LCR | 172,34% | 233,48% | -26,2% | 150,83% | 14,3% |
| NSFR | 141,22% | 133,55% | 5,7% | 136,86% | 3,2% |
| LtD | 94,66% | 95,04% | -0,4% | 96,98% | -2,4% |
| # of customers | 2.320.082 | 2.345.738 | -1,1% | 2.329.180 | -0,4% |
| # of employees | 5.053 | 5.023 | 0,6% | 5.025 | 0,6% |
| # of branches | 685 | 709 | -3,4% | 693 | -1,2% |
| # of ATMs | 1.401 | 1.491 | -6,0% | 1.433 | -2,2% |

ROTE% evolution




Cost to income% evolution

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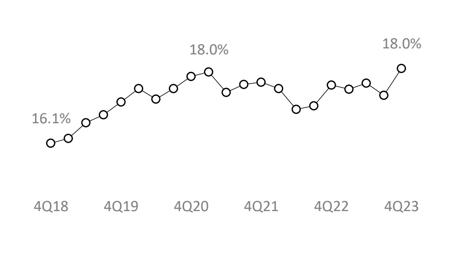
# Annex
## Solvency

# Annex: Solvency

| | 4Q23 | 4Q22 | 4Q23 vs 4Q22 | 3Q23 | 4Q23 vs 3Q23 |
|---|---|---|---|---|---|
| Capital | 2,060.0 | 2,060.0 | 0.0% | 2,060.0 | 0.0% |
| Reserves | 3,667.1 | 3,610.4 | 1.6% | 3,667.6 | 0.0% |
| Retained earnings | 204.3 | 132.2 | 54.5% | 89.1 | 129.3% |
| Prudential Coverage of NPE | -128.2 | -154.1 | -16.8% | -143.4 | -10.6% |
| Minority interests | 0.4 | 2.0 | -82.2% | 2.6 | -86.4% |
| Valuation adjustments | 512.8 | 456.1 | 12.4% | 391.2 | 31.1% |
| Intangible assets | -419.8 | -366.8 | 14.5% | -383.8 | 9.4% |
| Deductions | -462.4 | -474.9 | -2.6% | -488.7 | -5.4% |
| CET I capital | 5,434.2 | 5,264.8 | 3.2% | 5,194.5 | 4.6% |
| Tier I capital | 5,434.2 | 5,264.8 | 3.2% | 5,194.5 | 4.6% |
| Total capital | 5,434.2 | 5,264.8 | 3.2% | 5,194.5 | 4.6% |
| RWA | 30,127.2 | 29,899.3 | 0.8% | 29,951.7 | 0.6% |
| *o/w Credit risk* | 27,381.9 | 27,490.9 | -0.4% | 27,552.4 | -0.6% |
| CET I ratio | 18.04% | 17.61% | 43 bp | 17.34% | 69 bp |
| Tier I ratio | 18.04% | 17.61% | 43 bp | 17.34% | 69 bp |
| Total Capital ratio | 18.04% | 17.61% | 43 bp | 17.34% | 69 bp |
| Leverage ratio | 8.32% | 7.71% | 61 bp | 8.14% | 18 bp |
| *Pro-forma: CET I ratio fully loaded* | 17.91% | 17.21% | 70 bp | 17.27% | 63 bp |
| *Pro-forma: Total Capital fully loaded ratio* | 17.91% | 17.21% | 70 bp | 17.27% | 63 bp |
| *Pro-forma: Leverage fully loaded ratio* | 8.27% | 7.56% | 71 bp | 8.11% | 15 bp |
| MREL | 23.02% | 20.95% | 206 bp | 22.35% | 67 bp |

CET1% evolution (Phased-in)

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# Annex
## Glosary

# Annex: Glosary

| | |
|---|---|
| AM | Asset manager |
| ABS | Asset Backed Securities |
| AuM | Assets under management |
| BoS | Bank of Spain |
| C&E | Climate and environmental |
| Cash&CB | Cash and Central Banks deposits |
| CBR | Combined Buffer Requirement |
| CET1 Fully-loaded | Common Equity Tier 1 without considering the transitional adjustments |
| CET1 Phased-in | Common Equity Tier 1 considering the transitional adjustments |
| CoCR | Cost of Credit Risk |
| Core revenues | The result of the sum of NII, Income from services including revenues from the Insurance business |
| Cost to Income | The result of dividing the sum of Administrative expenses and amortisations, by the gross margin |
| COV | Coverage level resulting from allocating provisions and impairments. |
| CP | Commercial paper |
| CSR | Corporate Social Responsibility |
| DCM Funding | Debt capital markets funding |
| DGS | Deposit Guarantee Schemes |
| Durable income | Income from services including revenues from the Insurance business |
| EPC | Energy Performance Certificate |
| ESG | Environmental, Social and Governance |
| Fin-Corp | Financial corporates |
| GDP | Gross Domestic Product |
| GHG | Greenhouse gas |
| GRI | Global Reporting Initiative |
| HTC | Hold to collect portfolio. Assets valued at amortised cost. |
| HTC&S | Hold to collect and sale portfolio. Assets valued at fair value through other comprehensive income. |
| IFRS17 | International Financial Reporting Standards 17 |
| KPI | Key Performance Indicators |
| KRI | Key Risk Indicators |

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# Annex: Glosary

| | |
|---|---|
| LCR | Liquidity Coverage Ratio |
| LGD | Loss given default |
| LR Fully-loaded | Leverage ratio without considering the transitional adjustments |
| LR Phased-in | Leverage ratio considering the transitional adjustments |
| LtD | Loan to Deposits |
| MDA | Maximum Distributable Amount |
| MREL | Minimum Requirement of Eligible Liabilities |
| NAV | Net Asset Value |
| NFIS | Non-financial Information Statement |
| NII | Net interest income |
| Non-Fin Corp | Non-financial corporates |
| NPA | Non-performing assets |
| NPE | Non-performing exposures |
| NPL | Non-performing loans including doubtful contingent risks |
| NSFR | Net Stable Funding Ratio |
| P2R | Pillar II requirement |
| PCAF | Partnership for Carbon Accounting Financials |
| PD | Probability of default. Estimation of the likelihood that a borrower will be unable to meet its debt obligations. |
| RE | Real Estate |
| ROA | Return on assets |
| ROE | Return on equity |
| RoOCR | Return on overall capital requirement |
| RoTE | Return on tangible equity |
| RWA | Risk Weighted Assets |
| SFDR | Sustainable Finance Disclosure Regulation |
| SLL | Sustainability Linked Loan |
| SME | Small&Medium Enterprises |
| SNP | Senior non-preferred |
| SP | Senior preferred |

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# Annex: Glosary

| | |
|---|---|
| SREP | Supervisory Review and Evaluation Process |
| SRF | Single Resolution Fund |
| SRI | Socially Responsible Investing |
| TA | Total assets |
| TC Fully-loaded | Total capital without considering the transitional adjustments |
| TC Phased-in | Total capital considering the transitional adjustments |
| TCFD | Task force on Climate-related Financial Disclosures |
| Texas | Texas ratio. Ratio between (i) non-performing assets and (ii) tangible common equity and loan loss reserves. |
| TLTRO | Targeted Longer-term Refinancing Operations |
| Turnover | The sum of Customer loans and Customer resources |

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