2021FY Results presentation

February 2022

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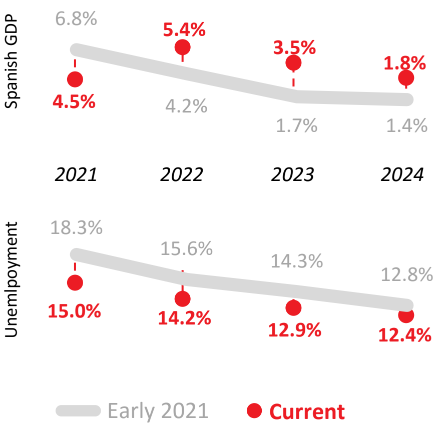
2021FY Results presentation
Executive summary

Macroeconomic scenario:

- The process of economic recovery is being delayed, although employment figures improve
- Next Generation Funds is expected to boost economic recovery
- In the meantime, uncertainty about the evolution of the pandemic, upward trend in energy costs and the scarcity of raw materials or geopolitical tensions persist



Fulfillment of internal guidance

in a year dominated by external uncertainties

Core banking business
+8.2%
vs 2019 (pre-COVID)

Excellent performance in core activities

showing the strength of the business model

Positive dynamics in asset quality metrics persist

solid position to face potential impacts of the crisis

strengthening market positioning

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Key highlights

Asset quality

Financial performance

ANNEX
Financial Figures in detail

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Key highlights

Unique financial strength
Unequivocal social orientation

Solvency leader

1st

The **highest CET1** & **LR**

The **lowest P2R**
Fourth-lowest in Europe

The **largest MDA** buffer

Final **MREL** target **fulfilled**

+ Outstanding asset quality and coverage levels

NPL	Coverage	Texas
1.86%	**80.1%**	**29.9%**
	96.3%[(1)]	

The Banker Database TOP 1000 WORLD BANKS 2020 — Best-Performing Banks Spain Ranking: 1

The Banker Database TOP 1000 WORLD BANKS 2021 — Best-Performing Banks Spain Ranking: 1

Solid and **sustainable** business model

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**

More than

€1,000 million

in dividends since 2012

(1) Including prudential provisioning of NPE according to ECB calendar.

Good relative progress compared to the sector particularly in *core* activities

Loan book
(Δ market share)

+26bps vs 2019[1]

New Mortgages market share

8.2%
(42.6% in Home-markets)
vs 3.3% in branches

Investment funds
(Δ market share)

+90bps vs 2019

Funds net subscriptions

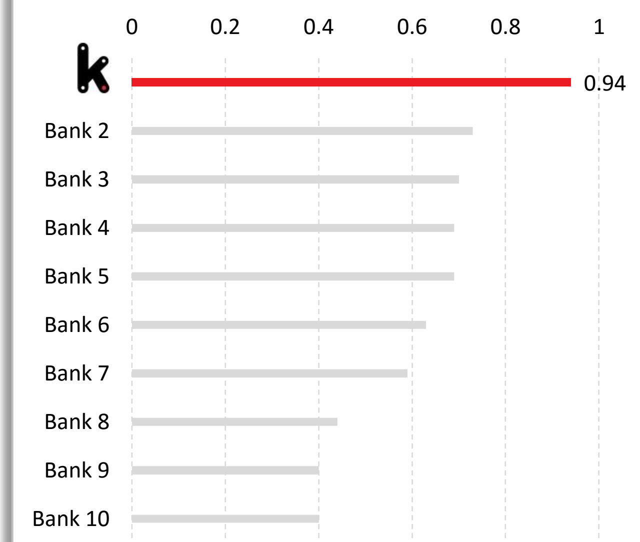
10.2%
1 out of every 10 euros in the market goes to Kutxabank

Insurance
(total premiums in portfolio)

Better performance than the sector **in all business lines** on which the company is focused

LEADING THE INDUSTRY IN TERMS OF INCOME DIVERSIFICATION

Kb Group has the highest percentage of service income to total assets in the sector[2]



[1] September 21 vs December 19 (last available data for the sector).
[2] Sample: 10 Spanish banks under direct supervision of the SSM. Source: public information of entities as at December 21, except for Ibercaja (Sep-21). Service incomes includes revenues from the Insurance business.

Key product activity reaches new highs again with the loan book showing a steady growth

kutxabank

Residential mortgages
(New production)

€4.2bn FY21

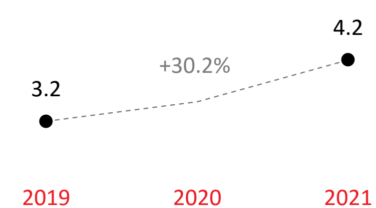
+18.8% YoY

o/w
€1.1bn
(1 out of 4)
Green

Quality growth
Growth remains focused on **high credit quality customer**

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

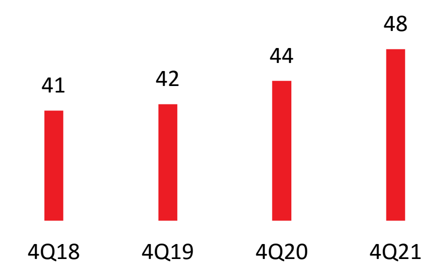
New Residential mortgages (€bn)



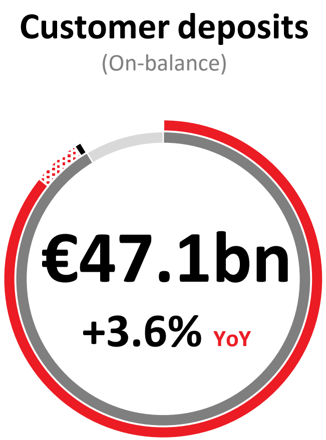
Loan book breakdown (billion of Euros)

	Net	% secured	Δ21-20
Public sector	4.8	0.7%	+34.0%
Private sector	42.7	78.2%	+5.0%
o/w Households	*33.9*	*93.2%*	*+3.8%*
o/w SMEs	*2.9*	*48.5%*	*-2.6%*
o/w Non-Fin Corp	*5.0*	*1.8%*	*+18.8%*
o/w RED	*0.4*	*100.0%*	*-27.5%*
o/w Others	*0.6*	*-*	*ns*
Total Loan book	**47.5**		**7.4%**

Loan book evolution (billion of Euros)



Customer funds growing trend continues
Off-balance now accounts for more than one-third of total Customer funds

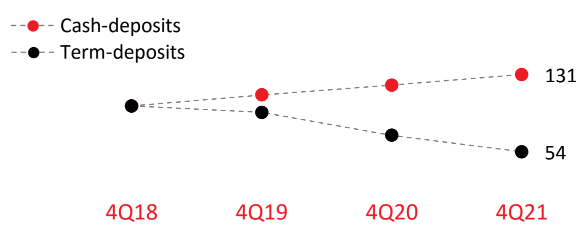


LtD
100.6% 4Q21

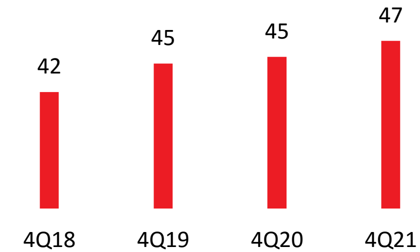
Breakdown (billion of Euros)

	Net	%/Total	Δ21-20
Public sector	4.1	8.6%	+21.1%
Private sector	43.0	91.4%	+2.2%
o/w Retail&SME	*40.5*	*85.9%*	*+2.1%*
o/w Non-Fin Corp	*2.2*	*4.8%*	*+6.3%*
o/w Fin Corp	*0.3*	*0.7%*	*-13.5%*
Total Deposits	**47.1**		**3.6%**
o/w Cash-deposits	*41.5*	*88.1%*	*+4.2%*
o/w Term-deposits	*5.6*	*11.9%*	*-4.2%*

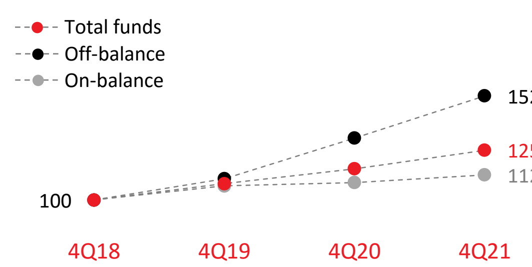
Cash vs Term-deposits (4Q18=100)



On-balance deposit evolution (billion of Euros)

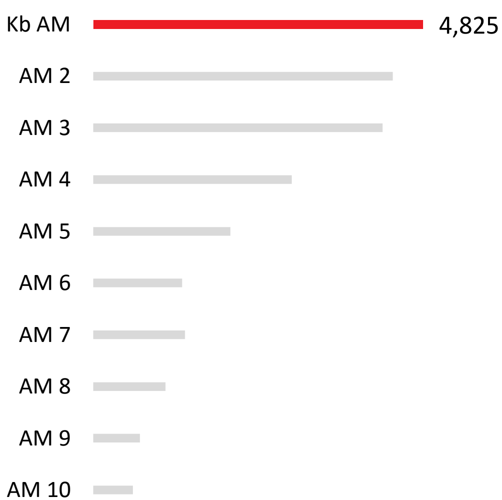


Total Customer fund evolution (4Q18=100)

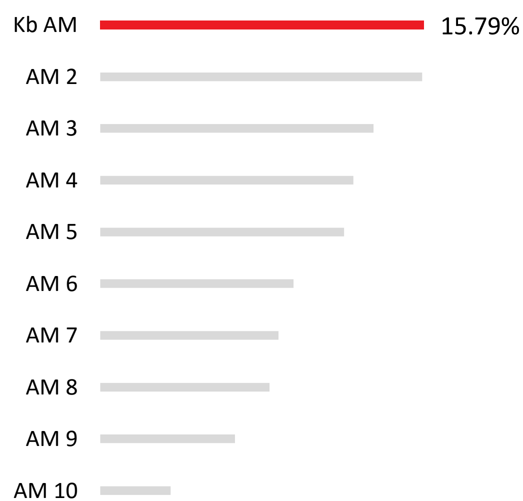


Outstanding track record of the Group's AM
Leader in net subscriptions and profitability

Net subscriptions (million of Euros)
Ranking of the last cumulative 3 years[(1)]

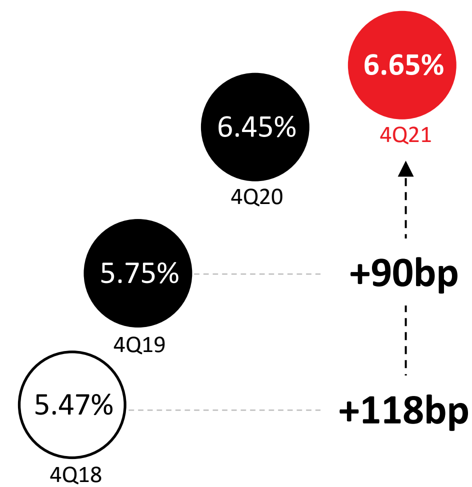


Average return per euro under management
Ranking of the last cumulative 5 years[(2)]



MARKET SHARE EVOLUTION IN INVESTMENT FUNDS ALL ACROSS SPAIN[(3)]

Significant progress in market share reflecting the loyalty and trust of its customer base in this particular challenging market environment



[(1)] Top-10 Asset Managers in Spain in terms of cumulative net subscriptions in the period 2019-2021. For recent mergers the sum of participants is considered. Source: Inverco.
[(2)] Top-10 Fund Managers by assets under management (representing c.80% of the total assets in Spain) in the period 2017-2021. Source: Inverco.
[(3)] Source: Inverco. Including Fineco, Kb's private banking specialised unit.

Growing contribution of the Insurance business
Better performance than the sector in all lines

Nearly 125,000 new policies have been commercialized during the year

stock of policies already approaching

1 million

Green Home insurance
(New production)
+49% YoY

Insurance business revenues
(through OOI[1])
+10% YoY

Competitive performance
Premiums total portfolio, YoY evolution

	Sector	kutxabank seguros
HOME	+4.9%	+13.0%
LIFE	+7.9%	+10.7%
DEATH	+3.2%	+11.4%
HEALTH	+4.9%	+8.9%

[1] OOI: Other Operating Income (net of income from assets under insurance and reinsurance contracts and expenses from liabilities under insurance and reinsurance contracts).

Focused on the digitization of the multichannel relationship model

Omnichannel commercial offer

- ✓Progress in personalized commercial solutions
- ✓Advances in pension and investment funds contracting
- ✓ Identification of marketing opportunities to be forwarded to the branch manager

Improved user experience

- ✓New App experience
- ✓More Push notifications
- ✓Operational expansion: ID card sending, estimation of receipts…
- ✓Online management of consents and security improvements

Facilitating the long-distance relationship

- ✓Deployment of the digital signature: funds, accounts, tactical solution for mortgage loans…
- ✓Extension of the *Wall* to portfolio clients
- ✓Promotion of video meetings

Positioning & transformation

- ✓Progress in the Business segment Digital Plan
- ✓Improvements and efficiencies in customer service model
- ✓New Digitalization Dashboards
- ✓VCARD and Google My Business integration

Digital investments
(in the period 2019-21)

>€160Mn

kutxabank

Consolidating digital transformation to improve customer relations efficiently

Digital clients

57.3%

>70% in personal banking & commercial network outside home region

Active users of Mobile banking

42.1%

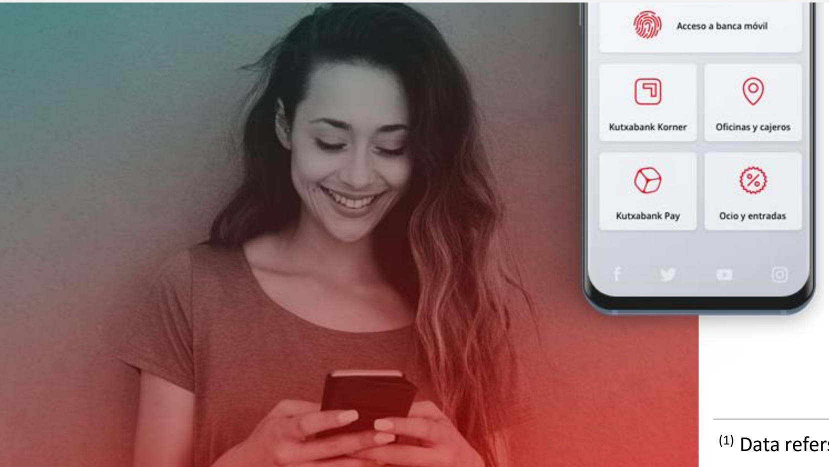
+8.5% YoY

Digital sales

+26%

2021 vs 2020

More than 90% of operational transactions already carried out through digital channels



Digital leads in mortgages[1]

27.0%

Digital formalisation of consumer products

34.4%

[1] Data refers to new customers of commercial network outside home region.

Latest developments in ESG governance

New corporate Sustainability Policy

approved by the Board of Directors

Setting up of a Climate technical office

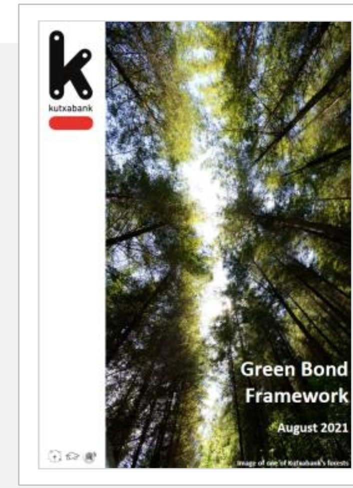
with a special focus on stress testing and the development of the NFIS

Company's Internal taxonomy

Progress in the definition and deployment

Environmental impact assessment

3rd edition including corporate activity and financing portfolio



New Green Bond Framework[1] approved on August 19, 2021, by the recently created Green Bond Committee, which will serve to align financial plans with corporate sustainability objectives

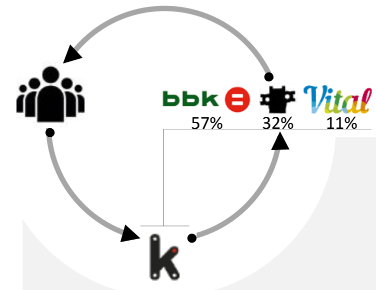
[1] www.kutxabank.com/cs/Satellite/kutxabank/en/investor_relations/fixed_income/sustainable-financing.

Making progress in our responsible banking model

Renewable energy consumption
(electric energy)
100%

Carbon footprint reduction
(in the period 2019-21)
▼88%

1st
financial institution to have a **positive carbon footprint** by **reducing consumption** and **managing its own forests**



The highest pay-out
in the sector
60%
Entirely for promoting
Social Work

A total amount of
€2.8bn was mobilized in 2021 for projects that promote initiatives with a **positive environmental and social impact**

Financial Inclusion
>90%
branch share in municipalities with <1,000 inhabitants

Equality
70%
women in new hires
(2021)
60%
in new promotions
(2021)

Only financial group with its **own collective bargaining agreement**

Talent management
most training hours per employee in the industry

Launching of the inaugural Green bond

Transaction rationale

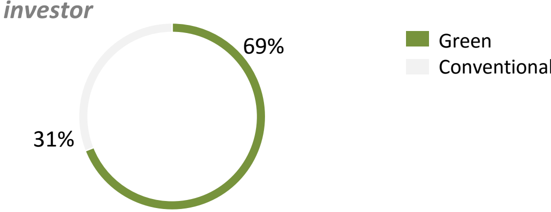
- ✓ Inaugural Green Bond Senior Non Preferred transaction, representing Kb's second MREL issuance
- ✓ The transaction aims to continue building sufficient management buffer to the binding MREL requirement of 19.8% over RWAs in Jan-24
- ✓ Channelling wholesale liquidity into assets and projects with a positive environmental impact

Summary Term Sheet

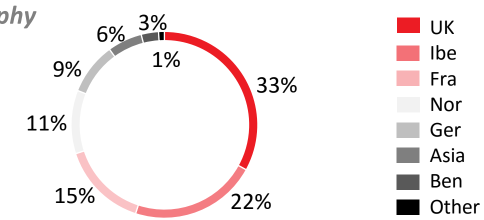
Format	**6NC5 Fixed Rate Reset SNP Green Notes**
Rating	Baa3/ BBB- / BBB+ by Moody's / S&P / Fitch
Size	€500 million
Pricing date	October 6, 2021
Maturity	October 14, 2027
Call date	October 14, 2026
Coupon	0.5% fixed
Re-offer	MS+75bps / Yield 0.567% / Px 99.671
Use of proceeds	The Bank intends to apply an amount equal to the net proceeds to finance and/or refinance, in whole or in part, new or existing, Green Eligible Projects.
Listing/G. law	AIAF/ Spanish law
JLMs	Barclays, BBVA, HSBC, Norbolsa and Société Générale

Despite the weak market tone at that time, the strong feedback received after two intense days of meetings with investors allowed Kb to launch the transaction achieving a 2.4x oversubscribed order book, with the participation of high quality accounts, a predominantly international demand and a prevalence of ESG orders that the JLMs estimated close to 70%.

By sort of investor



By geography



Boosting the marketing of sustainable products

SME&Corporates lending embedding ESG aspects

>€1bn

Green Retail mortgages

1 in every 4
new mortgages

Green Consumer loans

x1.8
vs 2020

Groups' AM

1st AM in Spain
with all its products classified as sustainable

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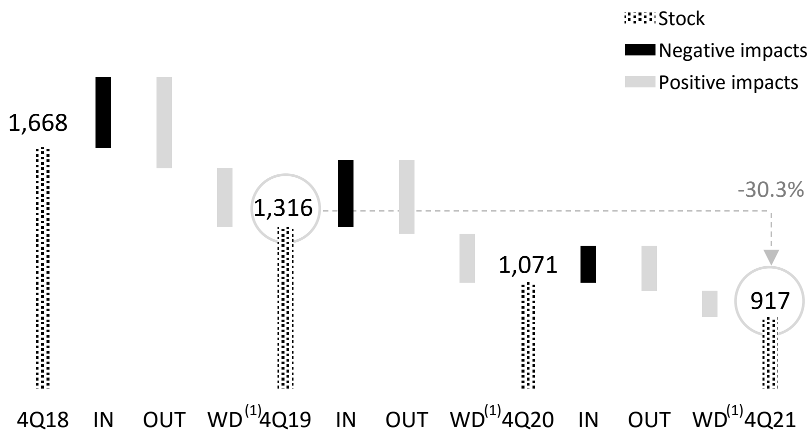
Asset quality

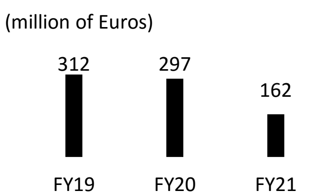
Stock of doubtful loan keeps decreasing
Still no pressure in terms of new entries

Doubtful-loan stock evolution in the period 2019-2021

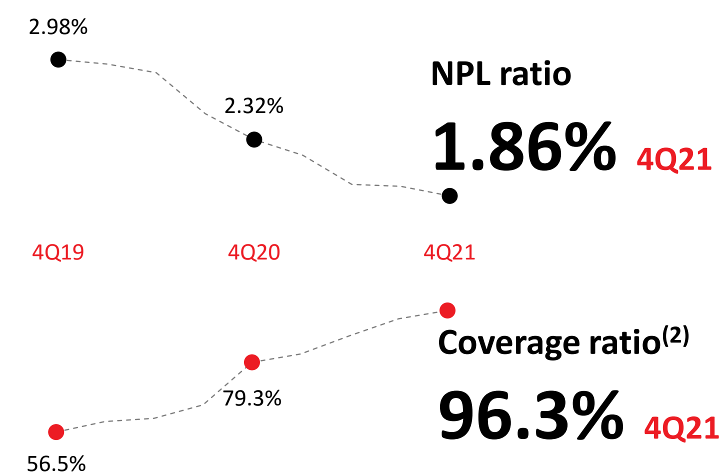


New entries remain subdued

The limited exposure to credit relief measures allows to be optimistic about its future development



Despite the backdrop, Kb continues to make progress in the reduction of NPLs

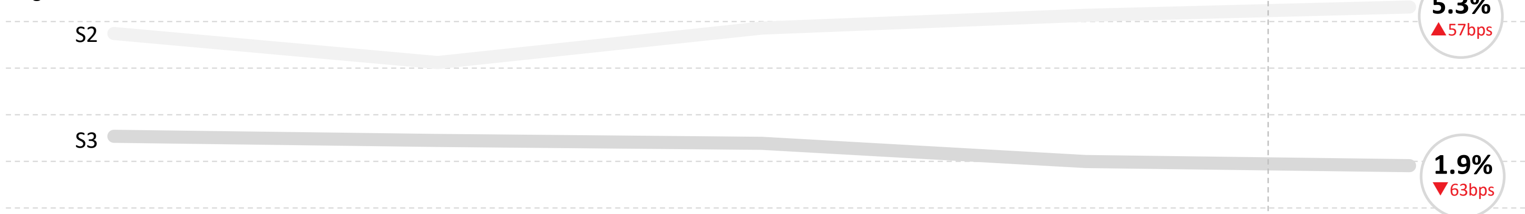


(1) Write-downs.
(2) Including prudential provisioning of NPE according to ECB calendar.

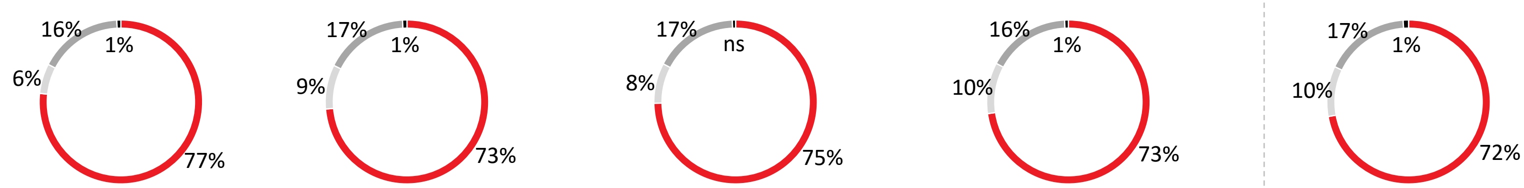
Risk migration matrix
since the outbreak of the COVID crisis

	4Q19		2Q20		4Q20		2Q21		4Q21	
	S2	S3	S2	S3	S2	S3	S2	S3	S2	S3
Households	3.85%	2.11%	3.59%	2.13%	4.51%	2.05%	4.21%	1.82%	4.36%	1.77%
Public sector	0.53%	0.31%	0.32%	0.19%	0.33%	0.20%	0.23%	0.15%	0.21%	0.15%
Non-FIN Corp	10.54%	5.41%	8.65%	5.10%	8.79%	5.03%	12.42%	3.99%	12.71%	3.64%
FIN-Corp	0.91%	0.07%	0.05%	0.78%	0.07%	0.11%	0.07%	0.09%	0.17%	0.04%

Stage 2&3 evolution since the COVID outbreak



Loan book composition by business segment



No significant deterioration all across business segments since the outbreak of the COVID crisis, except for the increase of stage 2(1) in Households in 4Q20 and the 3.6pp increase of stage 2(1) in NFC in 2Q21 after adopting a conservative approach towards those exposures that have been the object of some sort of COVID-aid extension.

Credit exposure mix remains stable.

(1) This category includes transactions for which a significant increase in credit risk has been identified since initial recognition. The impairment loss allowance for instruments of this kind is calculated as the lifetime expected credit losses of the transaction that result from possible default events.

Financing granted through guarantee lines
Extremely conservative approach

Total amount formalised by guarantee provider

32%

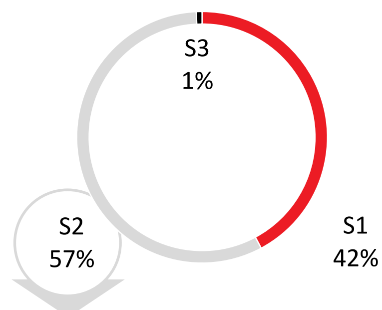
Elkargi[1] –the most relevant- and other similar entities in Navarre (Sonagar), Andalusia (Garantía) and rest of the country (Iberaval)

68%

€100bn divided in 5 tranches (1.3% allocated to Kb)

80% coverage for new loans up to €1.5Mn
70% for new loans > €1.5Mn
60% for refinancing

Current exposure by risk status



The entity has adopted a extremely conservative approach by classifying as S2 100% of the guaranteed loans that have been novated with an extension of the initial term or with the inclusion of a payment holiday period.

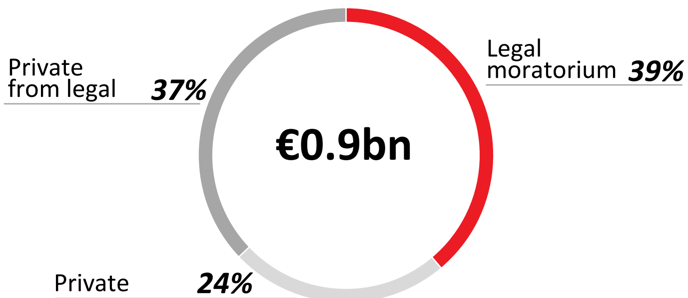
Kb has only a 0.7% market share in financing guaranteed by the ICO

Kb has more than half of the total exposure classified as Stage 2 –although there are no signs of possible deterioration yet-, which demonstrates **a highly prudent management of this portfolio**

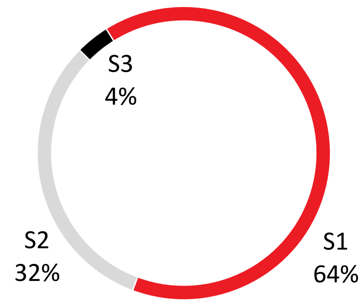
(1) Basque mutual guarantee society. €500 million line promoted by the Basque Government. 100% coverage cost-less.

Loans with moratorium measures
The lowest relative exposure

Total amount formalised by Sort of moratorium



Total exposure by risk status



Total amount granted peaked at c.0.9bn with an NPL ratio of 3.7% and 30% already classified as stage 2 in 4Q21

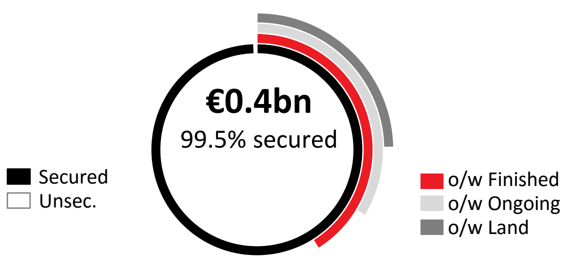
Currently only €2Mn outstanding

Real Estate exposure in detail
Limited and manageable exposure

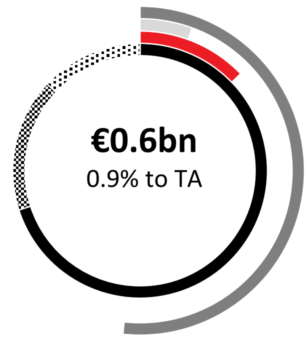
Credit exposure to Developers
No longer a legacy problematic portfolio

Business-line track record
A total amount of
€4bn
originated since 2012 with a
0% arrears
rate

Credit exposure breakdown

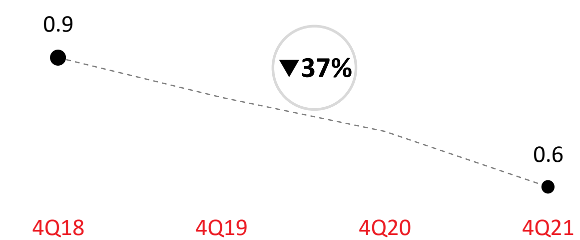


Other Real Estate Owned (OREO)



	Gross	Cov%	NAV
Developers	1.00	58%	0.42
o/w Finished	*0.15*	*39%*	*0.09*
o/w Ongoing	*0.10*	*66%*	*0.03*
o/w Land	*0.76*	*61%*	*0.30*
Residential	0.14	38%	0.09
Others	0.11	29%	0.08
TOTAL	**1.25**	**53%**	**0.58**

Kb keeps working on the ***divestment of Real Estate assets*** *with a* ***focus on the preservation of their value***

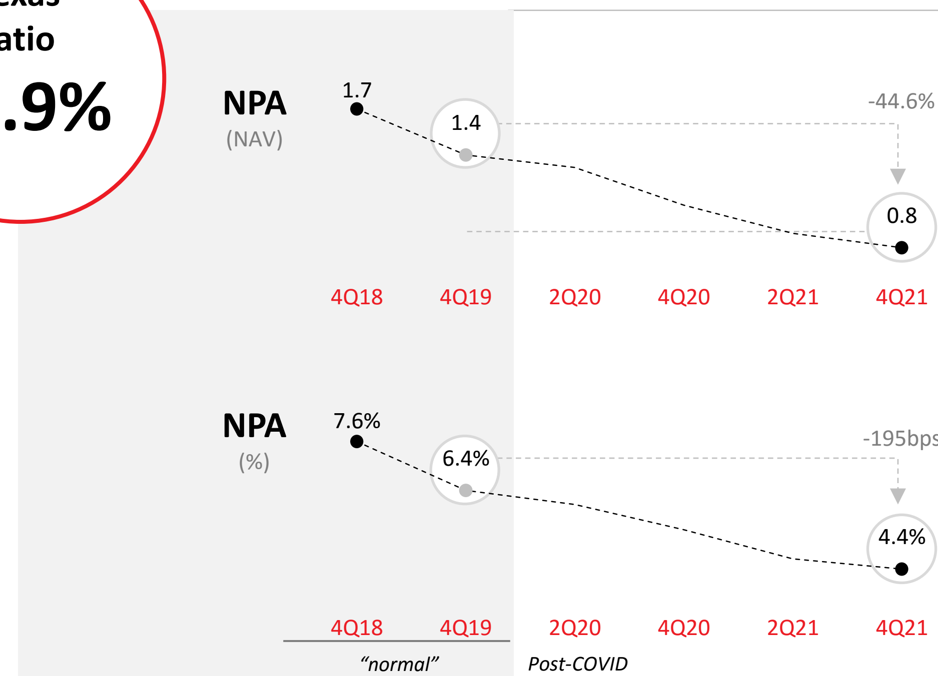


Total NPA summary
Manageable and well-covered exposure

	Gross	%	Cov%	NAV
Foreclosed assets	1.25	57.1%	53.3%	0.58
NPLs	0.94	42.9%	80.1%	0.19
o/w RED	*0.08*	*3.7%*	*32.4%*	*0.06*
o/w rest of NPLs	*0.86*	*39.2%*	*84.6%*	*0.13*
TOTAL NPA	**2.19**	**100.0%**	**64.8%**	**0.77**
To Total assets	**3.3%**			
To Total loans+FA	**4.4%**			

Texas ratio

29.9%



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Financial performance

P&L summary
On the right track

(million of Euros)

	FY21	FY20	Δ21-20	Δ21-19
Net interest income	559.3	566.4	-1.3%	
Net Fees+Ins. business	606.4	510.5	18.8%	
Core banking business	**1,165.7**	**1,076.9**	**8.2%**	**8.2%**
Equity method&Dividends	58.4	64.9	-10.0%	
Trading income	2.3	0.7	Ns	
Other operating income (OOI)	-99.4	-83.6	19.0%	
Gross margin	**1,127.1**	**1,059.1**	**6.4%**	
Operating expenses	-604.9	-639.5	-5.4%	-8.3%
Pre-provisioning profit	**522.1**	**419.6**	**24.4%**	
Provisions	-278.7	-346.4	-19.5%	-138.8
Other income	51.4	161.6	-68.2%	
Tax and others	-78.4	-54.6	43.6%	
Net income	**216.5**	**180.3**	**20.1%**	**-135.7**

Strong increase in Core banking business which improves pre-Covid levels by +8,2% thanks to a solid growth in Fees (+19.4%) and Insurance business (+18.6%). The sum of these two lines more than offsets the pressure of Euribor repricing on NII.

Further cost reductions. Administrative expenses decreased by **-6.5% in two years** leading to a Pre-provision operating profit growth of 19.4% vs 2019.

An amount of **€625Mn** has been allocated **to provisions** so far since the COVID outbreak, maintaining a highly precautionary approach to potential impacts derived from the crisis, which to date have not yet emerged

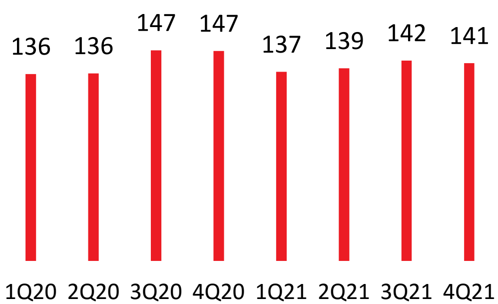
P&L in detail
Top line performance

Net interest income (NII)

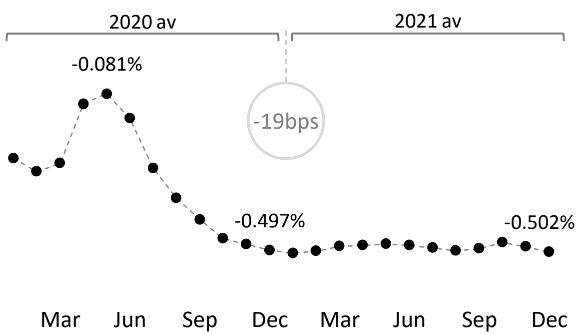
€559.3Mn

-1.3% YoY

NII quarter evolution (million of Euros)



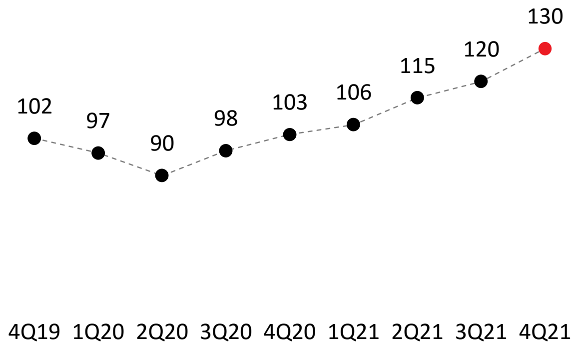
12 month Euribor evolution



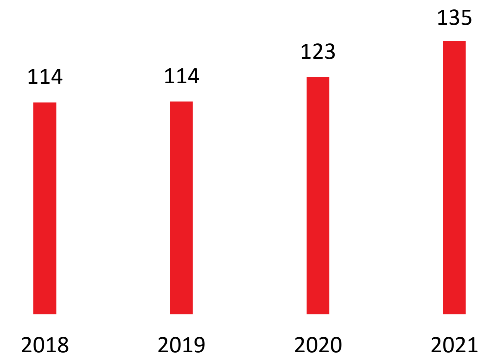
Despite the increase in volumes, the repricing of the Euribor (19bps lower in average vs 2020) pushes the Net interest income 1.3% below previous year.

P&L in detail
Top line performance

Fee evolution (million of Euros)



Ins. Business (million of Euros)



Net Fees+Ins. business

€606.4Mn

+18.8% YoY

Income from Services and Insurance business already cover 100.2% of the Group's total administrative expenses.

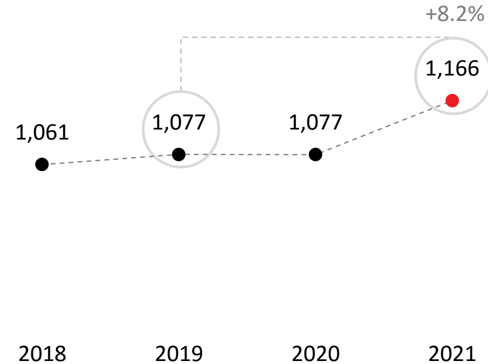
P&L in detail
Top line performance

Core banking business

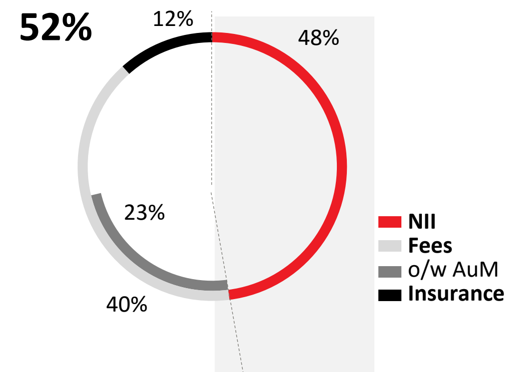
€1,165.7Mn

+8.2% YoY

Core banking revenues (million of Euros)



Income source diversification



More than 52% of Core banking revenues come from Services and the Insurance business, exceeding already the contribution of the NII.

Kutxabank **leads the sector** in terms of Service revenues to Total assets (including revenues from the Insurance business).

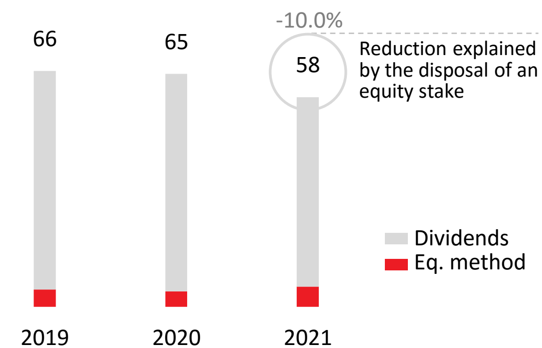
P&L in detail
Other revenues/expenses

Equity method &Dividends

€58.4Mn

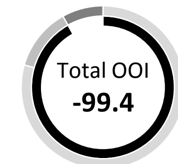
-10.0% YoY

Equity portfolio revenues (million of Euros)

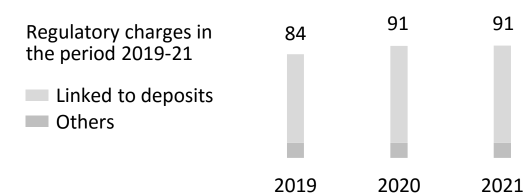


Other operating income (OOI)

(million of Euros)	FY21
Regulatory charges	-91.3
o/w from deposits	*-79.0*
o/w others	*-12.4*
Other OOI/expenses	-8.1



Regulatory charges in the period 2019-21



Despite the uncertainty about the impact of the pandemic's evolution on real economy, income arising from equity instruments has performed reasonably stable. YoY decrease is mainly due to the disposal of Euskaltel.

On the contrary, Regulatory charges have increased by 17.1% in the last 5 years and represent a 7.8% of the Core banking income.

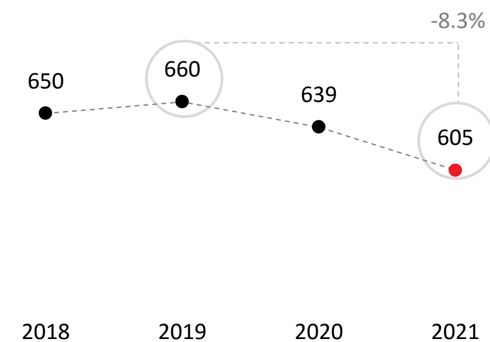
P&L in detail
Costs

Administrative expenses

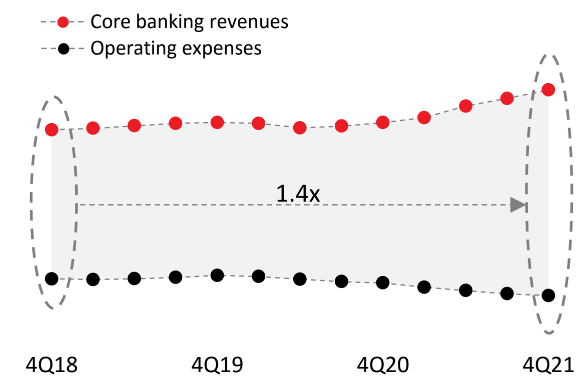
€561.1Mn

-3.0% YoY

Operating exp evolution (million of Euros)



Evolution of Core revenues vs Op. expenses



Including amortisations, Operating expenses amounted to €604.9 million (-5.4% YoY).

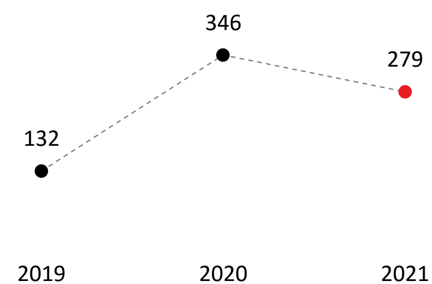
In the period 2019-21 the **margin** between Core banking revenues and Operating expenditures **has expanded a 40%**.

P&L in detail
Cost of risk

Total provisions

€278.7Mn

Total Provisions evolution (million of Euros)



Cost of risk (bps)	2019	2020	2021
	0	36	15

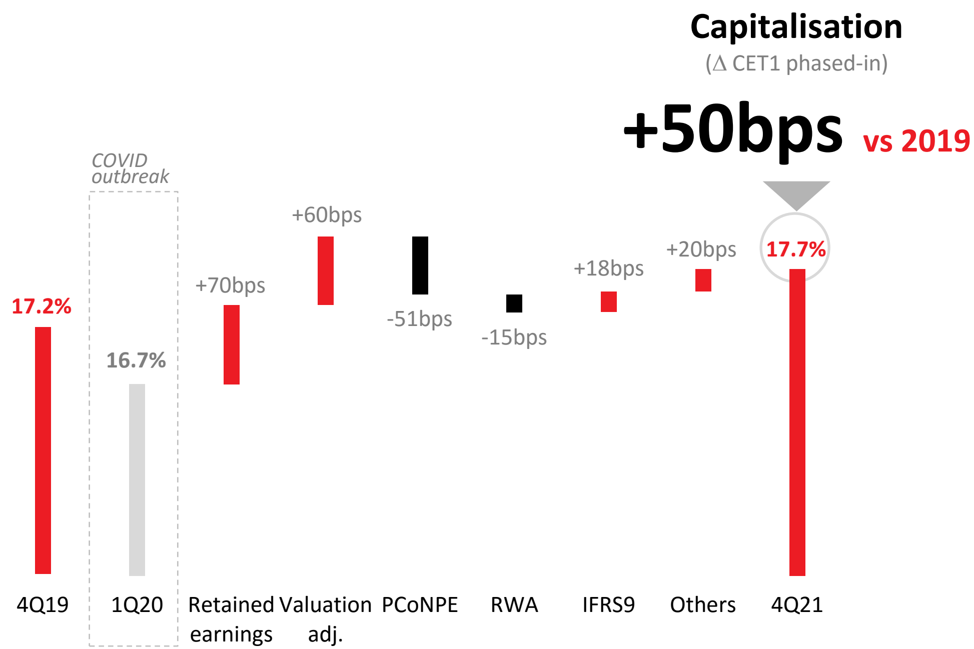
Provisions breakdown (million of Euros)

	FY21
Credit risk	71.3
Other provisions&cont.	98.5
RE assets	109.6
Total provisions	**278.7**
o/w COVID	*11.4*

Despite the improved context, still significant impairments and provisions are allocated to the loan and real estate portfolio.

Capital management
Solvency already above pre-covid levels

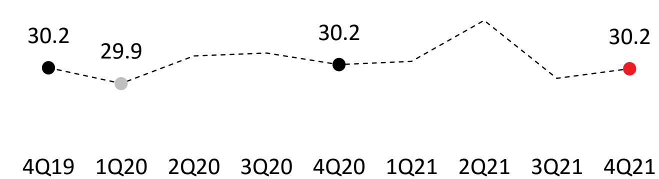
Solvency evolution since 4Q19
Phased-in



Main impacts on capital since 4Q19

	Impact (€Mn)	Impact (bps sv 19)	
Prudential coverage	152.7	50.6	▼
o/w in 2020	*110.8*	*36.7*	▼
o/w in 2021	*41.9*	*13.9*	▼
Valuation adjustments	7.5	2.5	▼
o/w first impact	*187.6*	*62.1*	▼
o/w markets recovery	*180.0*	*59.6*	▲
Total earnings	396.7	131.4	-
o/w retained	*158.7*	*52.6*	▲

Risk-weighted assets evolution (Phased-in; €bn)



Capital management
Robust capital position from every angle

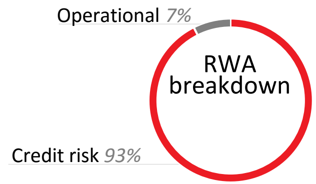
Total capital = CET1
AT1&T2 buffers fully available

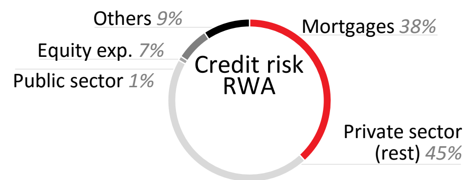
17.7%
4Q21

Phased-in ≈ Fully loaded
Only 41bps difference

RWA density above the average due to 100% use of the standard approach for calculating capital adequacy requirements

100% Standard method



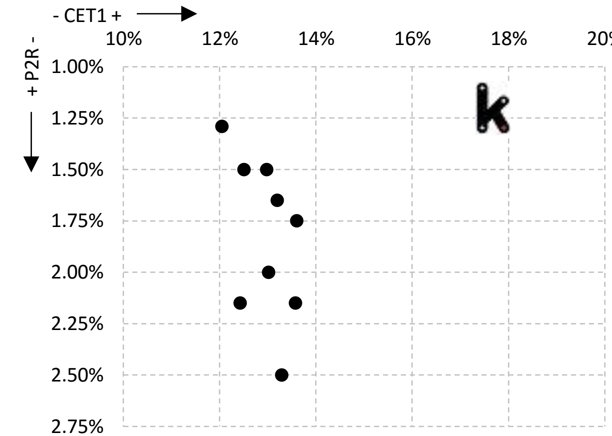


Asset density
46.3%

Leverage ratio
8.6%

OUTSTANDING CAPITAL BUFFERS

Kb offers the **highest capital ratios** combined with the **lowest risk profile**



MDA buffer
(CET1 to OCR)
598bps

MREL-debt buffer[1]
(CET1 o/TLOF)
8.3%

[1] This buffer is calculated as the percentage of CET1 to TLOF, and represents the level of protection for bailinable debt investors.

Capital management
MREL final target already met

Formal communication:

- On January 24, Kb received from the Bank of Spain the formal communication regarding the MREL established by the Single Resolution Board (SRB).
- According to this decision, from the 1/1/2024 Kb must maintain an amount of own funds and eligible liabilities at consolidated levels of at least 17.28% to its Total Risk Exposure Amount (TREA) and of 5.25% to its Leverage Risk Exposure (LRE).
- Additionally, a binding intermediate target of 16.59% to TREA and 5.25% to LRE as of 1st January 2022 has been set in the said communication.

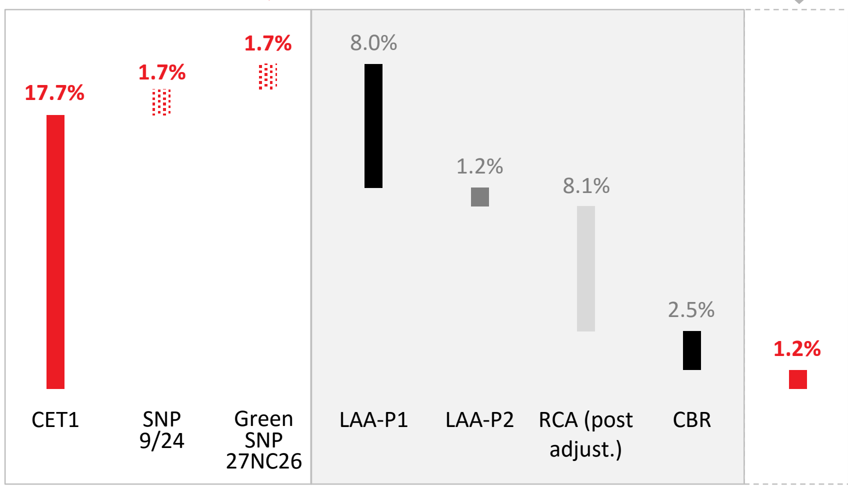
MREL current position vs requirement

The Group will keep working on building a sufficient buffer consistent with its business model and risk profile

Eligible liabilities (100% subordinated) **21.0%** 4Q21

Final MREL target[1] (to be met by Jan-24) **19.8%**

Excess vs Final target



	Amount (€Mn)	% o/TREA
Current position	6,335	21.0%
o/w CET1	*5,335*	*17.7%*
o/w SNP	*1,000*	*3.3%*
Loss Absorption Amount	2,776	9.2%
RCA post adjustments	2,438	8.1%
2022 MREL target	5,760	19.1%
2024 MREL target	5,968	19.8%
Excess vs MREL-22	575	1.9%
Excess vs Final target	**367**	**1.2%**

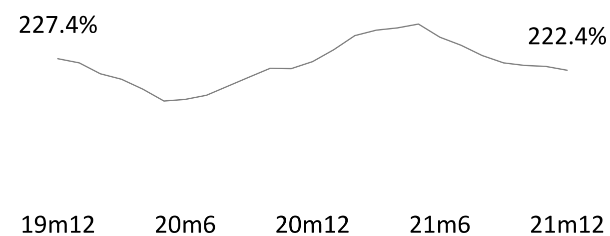
(1) No subordination required.

Liquidity risk management
Solid liquidity and funding profile

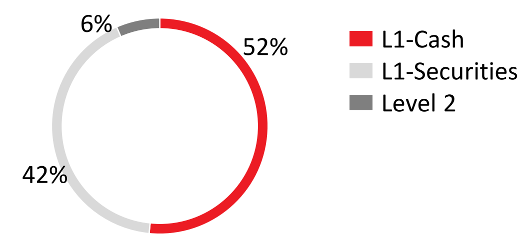
LCR
233.2%
21m12

222.4%
Last 12m av.

LCR 12 month moving-average



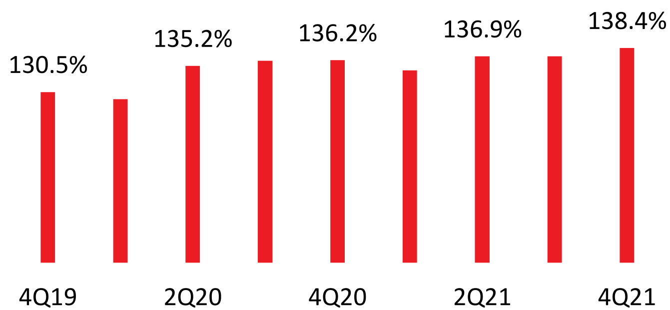
HQLA breakdown (4Q21)



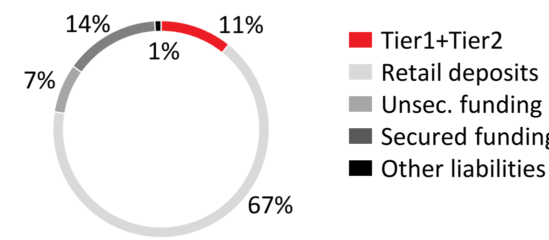
NSFR
138.4%
4Q21

136.7%
Last 12m av.

NSFR quarterly evolution



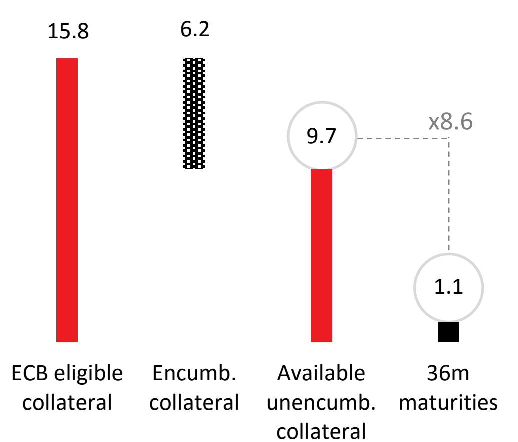
Stable funding estructure (4Q21)



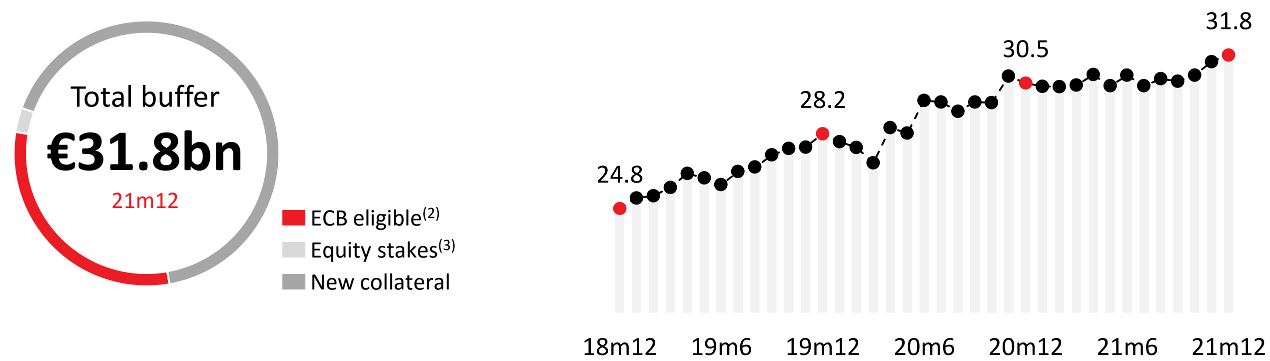
Liquidity risk management
Large liquidity buffers

Available unencumbered collateral eligible for ECB covers 9x all debt maturities in the coming 3 years

Available unencumbered collateral[1] (€bn)



Total unencumbered liquidity buffer (€bn)

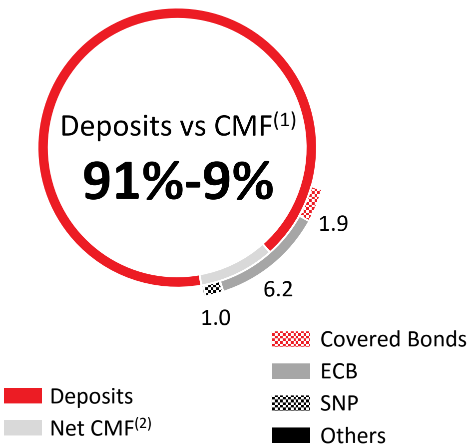


(1) Data as at 4Q21.
(2) ECB eligible collateral value is haircut deducted.
(3) Only listed equity stakes in HTC&S through OCI portfolio.

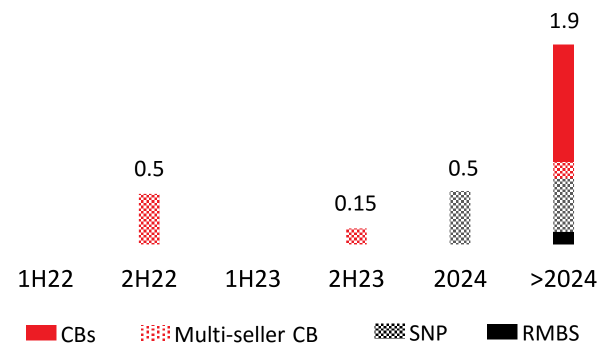
Liquidity risk management
Well-diversified and stable funding structure

Low reliance to capital markets thanks to a large and sticky Retail deposit base

Funding source breakdown[1] (€bn)



Maturity profile (€bn)



ECB funding

(TLTRO III.3, 4, 7)

€6.2bn 4Q21

The bulk of the position matures in 2023, awaiting news on the ECB's exit strategy

[1] Data as at 4Q21.

[2] Total outstanding capital markets funding, including ECB funding, is adjusted by the excess cash position including reverse repo net position. As at 31 December 2021, total capital markets funding was €9.2bn vs €4.6bn excess cash position.

2021FY Results presentation

ANNEX

Financial Figures in detail

kutxabank

Balance-sheet
Assets

	4Q21	4Q20	Var.	3Q21	Var.
Cash and balances at central banks	5,693.0	6,988.1	-18.5%	4,629.5	23.0%
Financial assets held for trading	61.8	78.0	-20.8%	65.9	-6.3%
Trading derivatives	*61.8*	*78.0*	-20.8%	*65.9*	-6.3%
Other financial assets at fair value through p&l	56.8	64.2	-11.5%	60.2	-5.7%
Equity instruments	*35.1*	*39.1*	-10.1%	*37.3*	-5.8%
Debt securities	*21.7*	*25.1*	-13.8%	*23.0*	-5.7%
Available-for-sale financial assets	5,895.3	6,117.4	-3.6%	5,810.9	1.5%
Equity instruments	*1,459.4*	*1,900.8*	-23.2%	*1,274.5*	14.5%
Debt securities	*4,435.9*	*4,216.6*	5.2%	*4,536.4*	-2.2%
Loans and receivables	48,017.3	44,567.2	7.7%	47,373.8	1.4%
Bank deposits	*501.1*	*305.5*	64.0%	*489.9*	2.3%
Customer loans and advances	*47,516.2*	*44,261.7*	7.4%	*46,883.9*	1.3%
Held-to-maturity investments	2,132.9	1,696.0	25.8%	2,132.9	0.0%
Non-current assets held for sale	546.0	778.3	-29.8%	577.0	-5.4%
Hedging derivatives	47.9	81.9	-41.6%	65.6	-27.1%
Equity investments	169.4	174.7	-3.0%	175.4	-3.4%
Reinsurance assets	27.9	24.9	12.0%	26.3	6.2%
Tangible assets	796.1	825.3	-3.5%	806.5	-1.3%
Intangible assets	401.5	377.8	6.3%	382.4	5.0%
Tax assets	1,744.5	1,786.3	-2.3%	1,754.3	-0.6%
Other assets	214.3	219.5	-2.3%	213.7	0.3%
TOTAL ASSETS	**65,804.7**	**63,779.5**	**3.2%**	**64,074.4**	**2.7%**

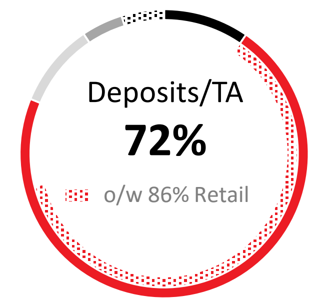
Assets grouped by main items (4Q21)

(billion of Euros)	NAV	%
Cash&CB	5.7	8.7%
Loans and advances	47.5	72.2%
Debt instruments	6.6	10.0%
Equity instruments	1.5	2.3%
Tangible assets	0.8	1.2%
Other assets	3.7	5.6%
TOTAL	**65.8**	**100.0%**

Balance-sheet
Liabilities and Own funds

	4Q21	4Q20	Var.	3Q21	Var.
Financial liabilities held for trading	65.6	80.4	-18.4%	69.7	-5.9%
Financial liabilities at amortised cost	57,263.4	55,437.0	3.3%	55,732.9	2.7%
Deposits from central banks	*6,181.4*	*5,673.3*	*9.0%*	*6,197.5*	*-0.3%*
Deposits from credit institutions	*411.6*	*154.5*	*166.4%*	*194.9*	*111.2%*
Customer deposits	*47,945.2*	*46,356.3*	*3.4%*	*47,044.1*	*1.9%*
Debt securities in issue	*2,232.7*	*2,832.8*	*-21.2%*	*1,745.8*	*27.9%*
Other financial liabilities	*492.5*	*420.1*	*17.2%*	*550.7*	*-10.6%*
Hedging derivatives	445.9	*237.8*	87.5%	436.6	2.1%
Reinsurance liabilities	621.4	*618.2*	0.5%	616.7	0.8%
Provisions	471.9	*481.4*	-2.0%	410.3	15.0%
Tax liabilities	379.4	*419.1*	-9.5%	327.4	15.9%
Other liabilities	247.2	*217.9*	13.4%	212.9	16.1%
Total liabilities	**59,494.7**	**57,491.8**	**3.5%**	**57,806.4**	**2.9%**
Equity	5,802.0	5,626.5	3.1%	5,843.3	-0.7%
Accumulated other comprehensive income	500.3	650.7	-23.1%	414.8	20.6%
Minority interests	7.6	10.6	-28.2%	9.8	-22.7%
Total equity	**6,310.0**	**6,287.7**	**0.4%**	**6,267.9**	**0.7%**
TOTAL EQUITY AND LIABILITIES	**65,804.7**	**63,779.5**	**3.2%**	**64,074.4**	**2.7%**

Total liabilities grouped by main items (4Q21)



(billion of Euros)	NAV	%
Equity	6.3	9.6%
Customer deposits	47.1	71.6%
ECB funding	6.2	9.4%
Capital markets funding	3.1	4.7%
Rest of liabilities	3.1	4.8%
TOTAL	**65.8**	**100.0%**

kutxabank

Balance-sheet
Deposits and Loans

	4Q21	4Q20	Var.	3Q21	Var.
Customer deposits	47,945.2	46,356.3	3.4%	47,044.1	1.9%
o/w net of multiseller covered bonds	47,117.9	45,495.9	3.6%	46,203.8	2.0%
Deposits from the Public sector	4,070.8	3,362.6	21.1%	3,689.8	10.3%
Deposits from the Private sector	43,047.1	42,133.3	2.2%	42,514.0	1.3%
o/w Cash deposits	37,506.3	34,899.5	7.5%	36,460.7	2.9%
o/w Term deposits	5,537.8	7,230.4	-23.4%	6,050.3	-8.5%
o/w Repurchase agreements	1.2	1.3	-4.0%	1.2	-0.5%
o/w Valuation adjustments	1.8	2.1	-13.5%	1.8	1.4%
Total Cash deposits	41,496.2	38,170.4	8.7%	40,104.3	3.5%
Total Term deposits	5,621.8	7,325.5	-23.3%	6,099.5	-7.8%
Customer loans	47,516.2	44,261.7	7.4%	46,883.9	1.3%
Pro-forma: Gross Customer loans	48,245.5	44,996.5	7.2%	47,663.1	1.2%
Loans to Public sector	4,976.7	3,750.7	32.7%	4,930.3	0.9%
Loans to Private sector	43,268.8	41,245.8	4.9%	42,732.8	1.3%
o/w Secured	34,066.1	33,207.3	2.6%	34,042.8	0.1%
o/w Unsecured	9,202.7	8,038.5	14.5%	8,690.0	5.9%
Loans to Hosueholds	34,147.3	32,901.5	3.8%	33,960.0	0.6%
o/w Secured	31,871.3	30,727.1	3.7%	31,741.4	0.4%
o/w Unsecured	2,276.0	2,174.4	4.7%	2,218.6	2.6%
Doubtful loans	918.7	1,073.1	-14.4%	944.1	-2.7%
NPL ratio[1]	1.86%	2.32%	-47 bps	1.94%	-8 bps
Provisions	754.2	761.1	-0.9%	791.3	-4.7%
Loan coverage ratio [1]	96.33%	79.31%	1702 bps	93.54%	279 bps

[1] Including contigent risks and Prudential Coverage.

Key indicators

	4Q21	4Q20	Var.	3Q21	Var.
ROE	3.77%	3.24%	53 bps	4.44%	-66 bps
ROTE	4.04%	3.47%	57 bps	4.75%	-71 bps
ROA	0.33%	0.29%	4 bps	0.40%	-7 bps
RORWA	0.71%	0.60%	12 bps	0.81%	-10 bps
Cost to Income	53.20%	53.11%	9 bps	52.75%	45 bps
LCR	233.21%	253.53%	-2031 bps	211.53%	2168 bp
NSFR	138.39%	136.21%	219 bps	136.93%	147 bp
LtD	100.62%	96.99%	363 bps	101.35%	-73 bp
# of customers	2,392,591	2,438,588	-1.9%	2,404,946	-0.5%
# of employees	5,205	5,365	-3.0%	5,231	-0.5%
# of branches	774	820	-5.6%	798	-3.0%
# of ATMs	1,595	1,723	-7.4%	1,637	-2.6%

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Solvency

	4Q21	4Q20	Var.	3Q21	Var.
Capital	2,060.0	2,060.0	0.0%	2,060.0	0.0%
Reserves	3,588.1	3,512.0	2.2%	3,641.3	-1.5%
Retained earnings	86.6	72.1	20.1%	70.5	22.8%
Prudential Coverage of NPE	-152.7	-110.8	37.8%	-114.2	33.7%
Minority interests	2.1	2.4	-12.5%	2.7	-24.1%
Valuation adjustments	561.3	654.4	-14.2%	453.1	23.9%
Intangible assets	-354.8	-322.5	10.0%	-341.3	3.9%
Deductions	-455.7	-476.1	-4.3%	-486.4	-6.3%
CET I capital	**5,335.0**	**5,391.5**	**-1.0%**	**5,285.8**	**0.9%**
Tier I capital	5,335.0	5,391.5	-1.0%	5,285.8	0.9%
Total capital	5,335.0	5,391.5	-1.0%	5,285.8	0.9%
RWA	30,171.2	30,241.3	-0.2%	30,004.4	0.6%
o/w Credit risk	27,908.9	28,025.1	-0.4%	27,778.2	0.5%
CET I ratio	**17.68%**	**17.83%**	**-15 bps**	**17.62%**	**7 bps**
Tier I ratio	**17.68%**	**17.83%**	**-15 bps**	**17.62%**	**7 bps**
Total Capital ratio	**17.68%**	**17.83%**	**-15 bps**	**17.62%**	**7 bps**
Leverage ratio	**8.55%**	**9.23%**	**-68 bps**	**8.52%**	**3 bps**
Pro-forma: CET I ratio fully loaded	17.27%	17.44%	-17 bps	17.18%	9 bps
Pro-forma: Total Capital fully loaded ratio	17.27%	17.44%	-17 bps	17.18%	9 bps
Pro-forma: Leverage fully loaded ratio	8.36%	9.02%	-65 bps	8.32%	4 bps
MREL	**21.00%**	**19.48%**	**152 bps**	**19.19%**	**181 bps**

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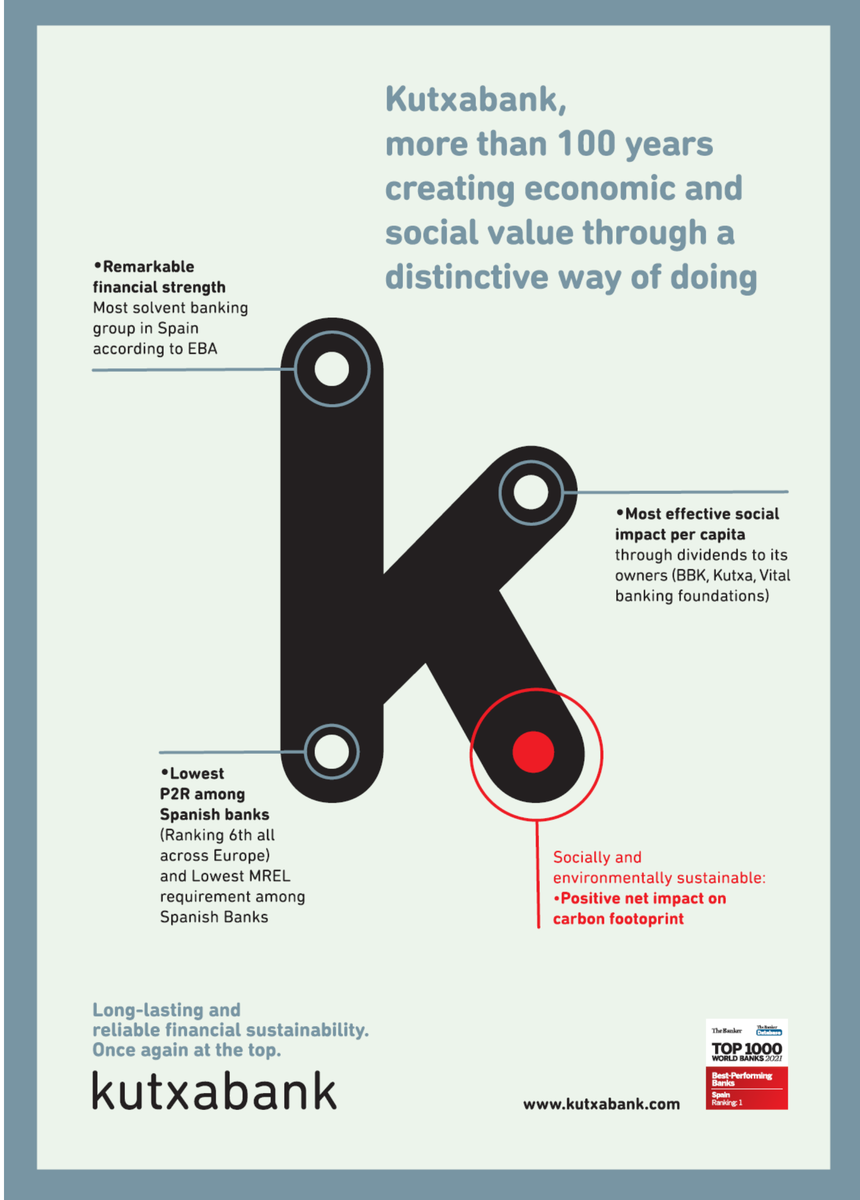

Glossary

Term	Definition
CBR	Combined Buffer Requirement.
CET1	Common Equity Tier 1.
CMF	Capital markets funding.
CoR	Cost of Risk. Ratio of: (Numerator) Total provisions and impairments, (Denominator) total amount of loans and advances to customers and contingent liabilities.
Core banking business income	Includes the heading of Interest Margin, Fee and commission incomes, Fee and commission expenses and the Insurance business contribution via OOI.
Coverage ratio	Ratio of: (Numerator) Total value adjustments for impairment of assets under Customer loans and advances and Contingent risks; (Denominator) Total gross doubtful assets corresponding to these same headings.
Coverage including Prudential Coverage of NPE	Ratio of: (Numerator) Total value adjustments for impairment of assets under Customer loans and advances and Contingent risks and the deduction from CET1 of the value of the legacy NPEs; (Denominator) Total gross doubtful assets corresponding to these same headings..
FA	Foreclosed assets.
GDP	Gross domestic product.
HQLA	High quality liquid assets.
HTC&S through OCI	Hold to Collect and Sale portfolio measured at air value through other comprehensive income
LAA	Loss absorption amount.
LCR	Liquidity Coverage Ratio.
LtD	Loan to Deposit ratio
MDA	Maximum Distributable amount
MREL	Minimum Requirement of Elegible Liabilities.

Glossary

Term	Definition
NAV	Net asset value
NFC	Non-financial corporates
NFIS	Non-financial Information Statement.
Non-performing loans ratio (NPL)	Ratio of: (Numerator) Doubtful + Contigent risks; (Denominator) Lending + Contigent risks.
NPA	Non-performing assets
NSFR	Net Stable Funding Ratio.
OCR	Overall capital requirement.
P2R	Pillar 2 Requirement
Pre-provisioning profit	It is the difference between Gross margin and General expenditures and amortisations.
RCA post adjustments	Adjusted recapitalization amount
RED	Real Estate and Developers
RWA	Risk Weighted Assets
SSM	Single Supervisory Mechanism. It refers to the system of banking supervision in Europe comprising the ECB and the national supervisory authorities of the participating countries.
TA	Total assets
Texas ratio	Ratio of: (Numerator) Non-performing assets; (Denominator) Tangible common equity and loan loss reserves.
TLOF	Total liabilities and own funds
TLTRO	Targeted Longer-term refinancing operations
TREA	Total Risk Exposure Amount

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