2022 Results presentation

25th February 2023

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Financial performance
Results overview

Highlights

- Banking business net revenues were significantly higher YoY reflecting the increase in Net interest income and, to a lesser extent, the increase in service revenues.
- Interest income increased 56.5% YoY for 4Q22 and 14.6% YoY for 2022.
- Performing lending volumes showed a positive evolution boosted by Institutional and Corporate banking segments.
- Customer funds were higher YoY including record net fund-takings in a particularly volatile environment.
- NPLs decreased vs 2021 reflecting the good financial health of households and businesses.
- 2022 Net income was 52.7% higher compared to 2021, returning to pre-covid levels.

Institutional & Corporate lending
+6.4%
YoY

Consumer finance new lending
+11.5%
YoY

Reduction in NPL ratio
-48bp
YoY

Record net fund-takings
EUR2.6bn
in 2022

Net interest income
+14.6%
YoY

Banking business net revenues
+8.8%
YoY

Efficiency ratio
48.3%
4Q22

2022 Net income
EUR331mn
+52.7%
YoY

Financial **performance**
Backdrop radiography

Deteriorating growth, *wild* **inflation** and high market **volatility**

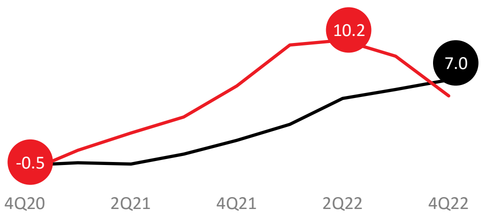
The outbreak of the armed conflict completely undermined the favorable macro scenario expected for 2022

Central Banks' monetary policy shift leads to interest rate hikes implying new business opportunities and challenges

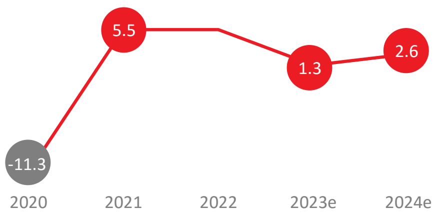
Economic slowdown *evident but not dramatic*

Despite uncertainty, unemployment figures in Spain are encouraging

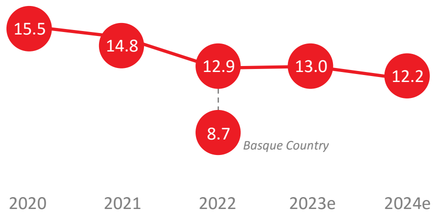
CPI ● /underlying CPI ● (YoY; %)



Spanish GDP[1] (YoY; %)



Spanish unemployment[1] (YoY; %)



[1] Spanish National Statistics Institute for available data. Forecast based on Kutxabank's 2023 macro scenario.

Financial performance
Kb' cover letter

Outstanding **financial strength** and **sustainable business model**

Supervisory view	Credit rating(1)	ESG risk rating

EUROPEAN CENTRAL BANK BANKING SUPERVISION

SREP decision P2R **1.2%**

Best-in-class in Spain
3rd lowest in Europe

EBA EUROPEAN BANKING AUTHORITY

2022 EU-wide transparency exercise

Spanish-market leader in capital, LR and delinquency

Moody's Investors Service	A3 (stable)
FitchRatings	A- (stable)
Morningstar DBRS	AL (positive)

NEGLIGIBLE **9.1**

Morningstar Sustainalytics ESG INDUSTRY TOP RATED 2023

Morningstar Sustainalytics ESG REGIONAL TOP RATED 2023

(1) Credit rating for Senior unsecured debt instruments and Long Term Bank deposits.

Financial **performance**

Contributing to economic and social development

Significant contribution to the economic development of the territories where the bank operates

kutxabank

Contribution in the *Home market* through corporate and financing activity

Regional GDP	Regional employment	Tax collection
14.3%	15.0%	5.6%

Being a record year for dividend distribution

Highest payout in the industry

60%

More than

EUR**1.2**bn

in dividends in the last 10 years

Financial performance
Channeling sustainable financing

- August 2021. Setting up of the Green Bond Framework, developed to align financing plans with the bank's strategic objectives in terms of sustainability.
- October 2021. Kutxabank launched its inaugural green bond, involving investors in the Entity's commitment to sustainability.
- After the one-year anniversary of the issuance the Entity has published the 2022 **Green Bond report**.
- The bank discloses environmental impacts achieved during the reporting period across the asset categories considered, with which it aims to contribute to the objectives related mainly to three SDGs and their targets: Affordable and Clean Energy (SDG 7), Sustainable Cities and Communities (SDG 11) and Climate Action (SDG 13).
- In 2022, new sustainable financing of EUR2.4bn was granted, reflecting a degree of compliance with internal targets of 1.6 times.

Green Bond report 2022[1]

https://www.kutxabank.com/cs/Satellite/kutxabank/en/investor_relations/fixed_income/sustainable-financing

ASSET CATEGORIES

RENEWABLE ENERGY	CLEAN TRANSPORT	GREEN BUILDINGS
100% Wind energy	**100%** Hybrid	**72-28%** Residential vs Develop.

ENVIRONMENTAL IMPACTS

Estimated impact during the reporting period from 14 October 2021 (date of issue of the bond) to 30 June 2022. Exercise carried out by Metroeconomica, an independent third party specialist in economic analysis and public policy (www.metroeconomica.com/en/home/)

- Contributing approximately **67 MW** of wind power to the system
- **19.1 tCO2eq** emissions savings
- Energy Savings: **22.2 Million KWh**
- **4,689 tCO2eq** GHG emissions savings

New sustainable financing in 2022

EUR**2.4**bn

159% of the year-target met

Green buildings: **27%** of new mortgages

Green Consumer loans: **x2.4** YoY

Green insurance: **+2.5%** YoY

Sustainable financing to Corporates: >EUR**1.5**bn YoY

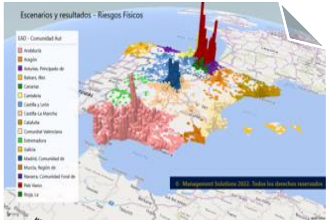
[1] Independent limited assurance report conducted by PwC.

Financial **performance**

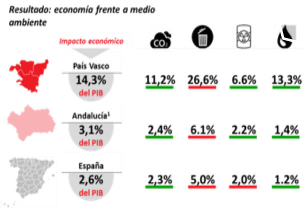
While strengthening Climate risk management

Different initiatives deployed to improve the management model for mitigating the impact of climate risks

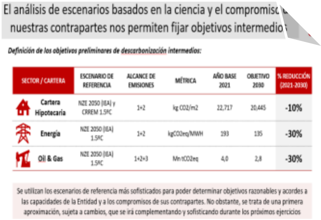
CLIMATIC RISK STRESS TESTING FRAMEWORK



EXPOSURE MEASUREMENT AND CARBON FOOTPRINT



DECARBONIZATION TARGETS AND POLICY BY BUSINESS SECTORS



CLIMATE-RELATED DATA COLLECTION

MATERIALITY ANALYSIS AND RISK MAP

SUSTAINABLE FINANCING FRAMEWORKS

Publication of the entity's first climate report (TCFD)

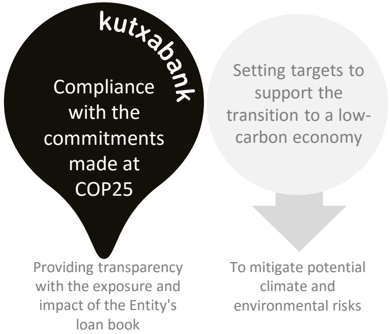
in which it sets out its commitment to sustainability, and its strategy, organizational structure and procedures for climate risk management

Financial **performance**

While 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.

Interim decarbonisation targets by portfolio

Portfolio/ Sector	Units	Target reduction
Mortgages	kg CO2/m2	▼10%
Energy	kgCO2eq/MWH	▼30%
Oil&Gas	Mn tCO2eq	▼30%

- The Entity 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.

Financial performance
ESG risk management recognition

As of December 2022, Kutxabank received an **ESG Risk Rating of 9.1** from Sustainalytics and was assessed to be at **NEGLIGIBLE risk** of experiencing material financial impacts from ESG factors.

Kutxabank's ESG Risk Rating places it **2nd** in the Thrifts and Mortgages assessed by Sustainalytics.

ESG Risk rating summary

ESG risk exposure
LOW
31.4

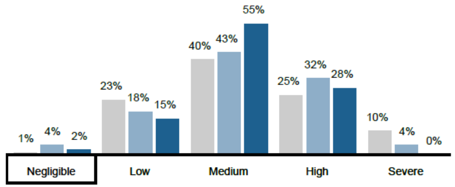
&

ESG risk management
STRONG
74.5

ESG risk rating
NEGLIGIBLE
9.1

ESG Risk rating ranking

UNIVERSE	RANK (1st = lowest risk)	PERCENTILE (1st = Top Score)
Global Universe	138/15613	2nd
Banks INDUSTRY	27/1011	4th
Thrifts and Mortgages SUBINDUSTRY	2/99	2nd



Financial **performance**

Digital transformation of the business model

Digital customers account for more than **85% of the Group's Margin**

Latest developments

Nearly **70% of the IT budget** is dedicated to the **Digital Agenda**

- Intensification of **digital commercial actions**
- Significant advances in **Digital Mortgage project**
- Developing solutions and improving **security**
- **Remote management tools** upgraded and boosted

Digital indicators

Digital clients | **Active users Mobile Banking** | **Digital sales**

With a customer-experience rating of 4.23 out of 5

+8.5 YoY

kutxabank

Financial performance

2022 results summary

2022 Net income

EUR**331**mn

+52.7%

YoY

(EUR million)	FY22	FY22-FY21
Net interest income	640.7	14.6%
Net Fees+Ins. business	627.7	3.5%
Core banking business	**1,268.4**	**8.8%**
Equity method&Dividends&TI	116.3	91.6%
Other operating income (OOI)	-114.3	27.9%
Gross margin	**1,270.4**	**11.7%**
Operating expenses	-613.1	1.4%
Pre-provisioning profit	**657.3**	**23.5%**
Provisions	-232.3	-16.7%
Other income	32.2	-22.1%
Tax and others	-126.8	61.6%
Net income	**330.5**	**52.7%**

Net interest income was significantly higher YoY reflecting a prudent management focused on obtaining long-term value, which has made it possible to optimally capture interest rate repricing**.** This, together with the **growth in Fees** (+1.3%) **and Insurance business** (+11.1%) **pushed Core Banking business** by a **8.8%**.

Mainly due to higher-than-expected contribution from equity investments

Primarily reflects the increase in the contribution to deposit guarantee funds

Contained increase in Operating expenses outperforming inflation substantially, leading to a **PPP growth of 23.5%**.

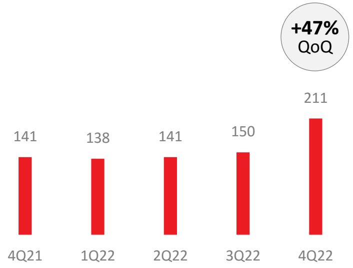
Although lower than previous year, the Group maintains a high level of prudent provisioning

Financial performance
Top-line results

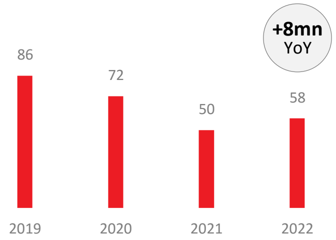
Net interest income (NII)

EUR**641**mn
+14.6%
YoY

NII QoQ evolution (EUR million)



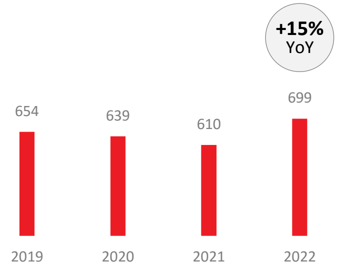
Interest expenses YoY evolution (EUR million)



Highlights

- Strong increase in Interest revenues, which already reflects part of the Euribor repricing, leading the NII 46.7% higher QoQ for 4Q22.
- Financial expenses increased slightly although remaining at moderate levels.
- Positive outlook for the coming quarters due to optimal balance sheet positioning in the face of rate hikes and the remaining repricing to current rates yet to be completed for the whole portfolio.

Interest revenues YoY evolution (EUR million)



Deposit beta and NII sensitivity

BASIC FEATURES OF THE DEPOSIT BASE

✓ Mainly Retail deposit base with a very high level of transactionality
✓ 49% of non-Retail deposits are operational

Conducting a highly conservative projection these are deposit beta considered for the internal NII guidance for the remaining period of the current strategic plan:

~32% 2023e

~45% 2024e

NII sensitivity in the same time-horizon:

Interest rates 100bp → EUR**50-100**mn

Financial performance
Top-line results

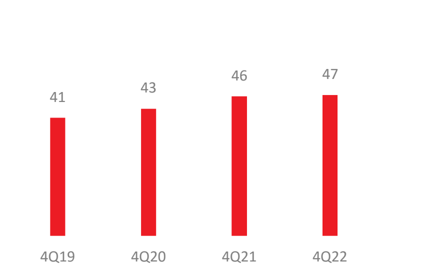
New loan production remains solid

Consumer loans
+11.5% YoY

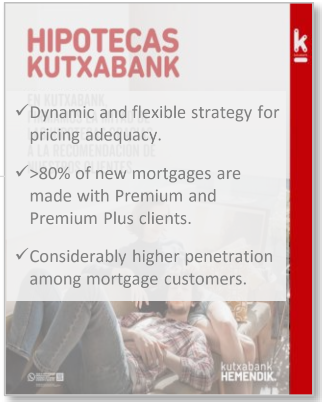
***Point of sale* financing**
+8.0% YoY

Residential mortgages
EUR**3.2**bn 2022

Performing loan book YoY evolution (EUR billion)



Institutional & Corporate lending
+6.4% YoY

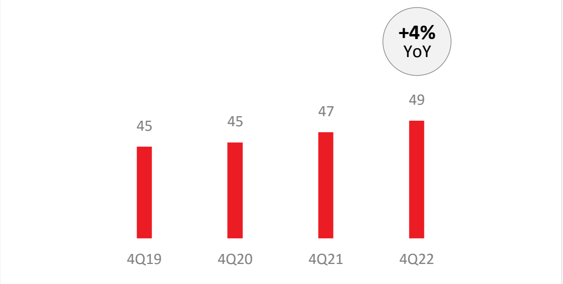


- ✓Dynamic and flexible strategy for pricing adequacy.
- ✓>80% of new mortgages are made with Premium and Premium Plus clients.
- ✓Considerably higher penetration among mortgage customers.

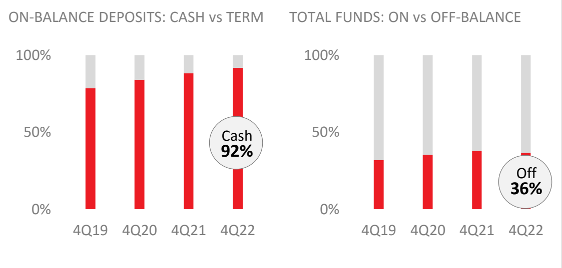
Deposits continue to grow steadily

- Customer deposits were higher 4.0% YoY for 2022, with still low sensitivity to interest rates.
- Cash deposits represent more than 90% of the Customer deposit base at year-end.
- Despite a particularly volatile environment Off-balance deposits still represent c.40% of total Customer funds after a record net fund-takings in 2022.
- According to the expected evolution for the Commercial gap LtD ratio might stand in the range of 90-95%.

Customer deposits YoY evolution (EUR billion)



Customer funds mix evolution

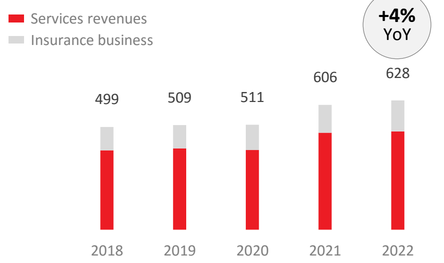


Financial performance
Top-line results

Income from Services & Insurance business

EUR**628**mn
+3.5%
YoY

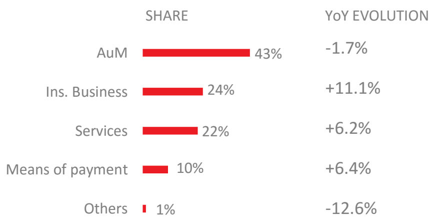
Total Services revenues YoY evolution (EUR million)



Highlights

- Growth trend continues in Fees and income from Insurance business, reinforcing the revenue diversification structure.
- AuM contribution to Fees was penalized by market volatility and uncertainty.
- Kutxabank leads the sector in terms of Service revenues[1] (0.95% to Total assets).

Total Services revenues distribution and recent performance



Driving activity with strategic segments

- Strengthening customer loyalty through our "OK" offering[2].
- More than 25,000 new *OK-Account* customers in 2022, up to 59.5%.
- Focus on campaigns to attract the underage segment and maintenance of a market share of more than 50% among young people in the territories of origin.
- Launch of special attention measures for the elderly.
- Close to 50,000 customers with business accounts and promotion of new solutions: Bizum Negocios, Plazox, TicketBAI, etc..

[1] Including Net fees and revenues from the Insurance business through "Other operating income (OOI)".
[2] "OK" account: account for customers with their salary or pension deposited directly with Kutxabank.

Financial performance
Top-line results

Off-balance resources

Record net fund-takings

EUR**2.6**bn
in 2022

15% of total net fundraising of Spanish market

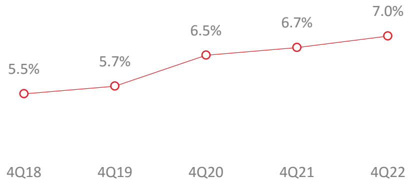
kutxabank
3rd AuM
by investment funds taking in 2022

Managed portfolios(1)

+3.2%
YoY

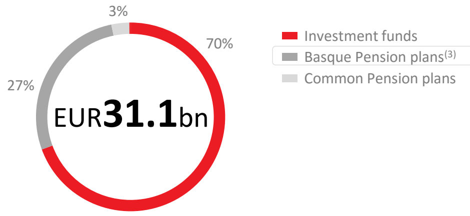
Market share in investment funds all across Spain(2)

kutxabank gestión
+39bp
YoY



Fineco Banca Privada Kutxabank
+7bp
YoY

Off-balance funds mix



Absolut leader in the Basque Country

Market share
47.5%
3Q22

>60% of sales through digital channels

(1) Managed portfolios under discretionary portfolio agreements.
(2) Market share in investment fuds all across Spain for Kutxabank Gestión and Fineco, Kb’s private banking specialised unit. Source: Inverco.
(3) A specific pension product under Basque law.

Financial performance
Top-line results

Insurance business revenues

kutxabank seguros

EUR150mn
+11.1%
YoY

Highlights

- Growing contribution of the Insurance business.
- More than 115,000 new policies have been commercialized during the year.
- Kutxabank Aseguradora, the insurance company with the best ROE.
- Renewal of the automobile insurance distribution agreement with Liberty for 10 years.

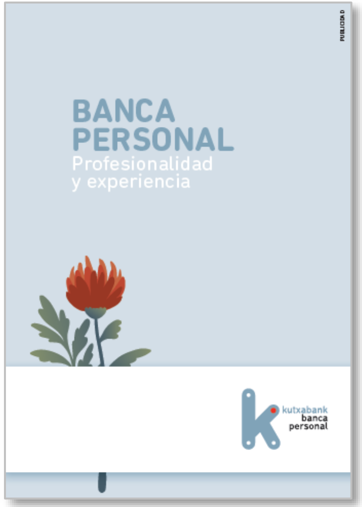
Premiums, new production (YoY; %)

LIFE	+5%
CONSUMER	+6%
DEATH	+21%
COMPANIES	+9%

Financial performance
Top-line results

Personalized and specialized management
key to the profitability of our business model

kutxabank banka pertsonala banca personal

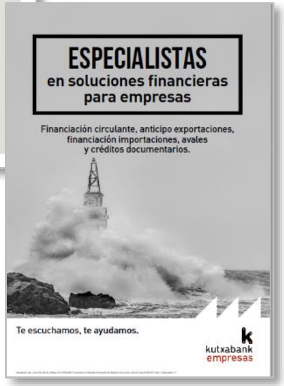


Growth in the number of Personal Banking customers
>16k

Off-balance resources over total customer funds
71%

Increase in the Gross margin contribution
+17%

kutxabank empresas



Capex financing new production
+40%

New Working capital financing
+19%

Increase in the Gross margin contribution[1]
+20%

Doubtful loan stock reduction[1]
▼16%

[1] Gross margin contribution and NPL reduction figures include both SMEs and Corporates business segments.

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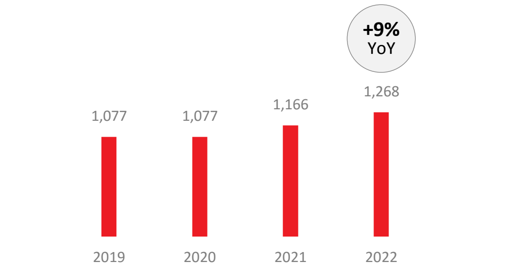
Financial performance
Top-line results

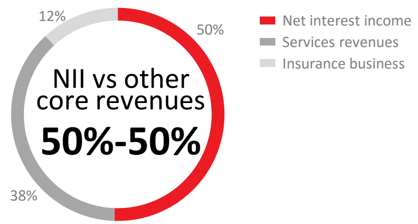
Core banking business

EUR**1,268**mn
+8.8%
YoY

Core banking income YoY evolution (EUR million)



Income source diversification (FY22)



Highlights

- Banking business net revenues were significantly higher YoY reflecting the increase in Net interest income and, to a lesser extent, the increase in service revenues.
- The revenue diversification structure of the banking business continues to provide stability and soundness to the Group's results.

Financial **performance**

Other Income and Expenses

Equity method & Dividends

EUR**68**mn
+16.4%
YoY

Other operating income (OOI)

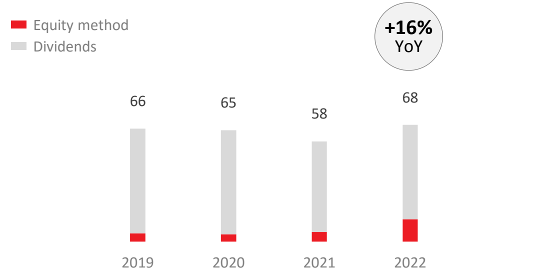
EUR-**114**mn
+27.9%
YoY

Regulatory charges have increased by 26.7% in the last 5 years representing already >8% of the Core banking income

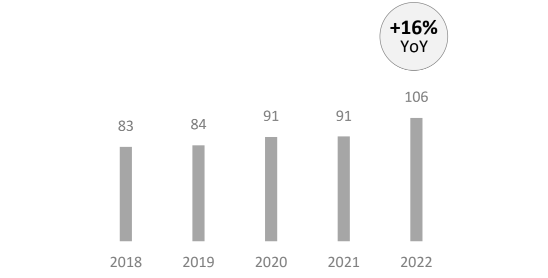
Other operating income breakdown (FY22; EUR million)

	FY22	YoY
Contribution to DGF	80.0	24%
Other Regulatory charges	25.9	-3%
o/w tax on deposits	*14.7*	*3%*
o/w tax on DTAs	*8.3*	*-15%*
o/w others	*2.8*	*8%*
Subtotal Regulatory charges	105.9	16%
Rest of OOI	8.4	ns
TOTAL	**114.3**	**28%**

Revenues from the equity portfolio (EUR million)



Regulatory charges YoY evolution (EUR million)



New banking tax

- 4.8% on interest and commissions amount.
- Estimated aggregate impact of EUR120Mn (2023-2024), exceeding 15% of annual profit for each year.

~50mn 2023e
~70mn 2024e

- Kb has filed an appeal against the order that develops the new bank levy, requesting the suspension of its execution.

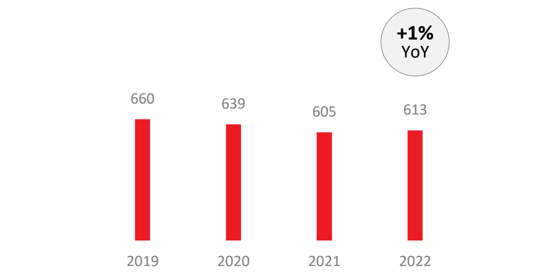
Financial performance

Costs

Operating expenses

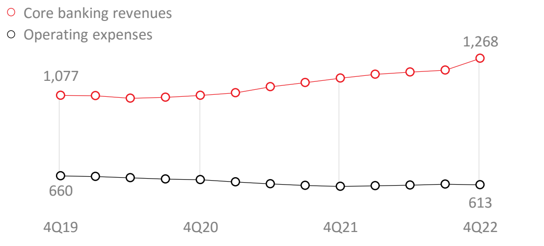
EUR**613**mn
+1.4%
YoY

Operating costs YoY evolution (EUR million)



Core banking revenues vs Operating expenses (EUR million)

Pure banking business margin has increased **1.6x** in the last 3 years



Highlights

- After several years of significant cost reductions, expenses increased. Nevertheless, cost increase was in line with budget and, more importantly, well below inflation.
- Administrative expenses were EUR573.7mn, up 2.3% YoY for 2022, clearly reflecting a very contained evolution.

Financial performance

Cost of risk

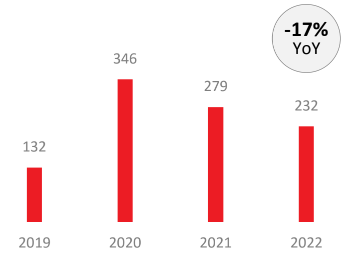
Credit risk impairments and other provisions

EUR**232**mn
-16.7%
YoY

Highlights

- A significant level of provisioning effort is maintained in the face of geopolitical risk and macroeconomic uncertainties.
- Total provisions for 2022 include write-downs on legacy acquired RE assets in order to keep reducing the already low NPE.

Total provisions & impairments YoY evolution (EUR million)



Total provisions & impairments in detail (EUR million)

	FY22
Credit risk	62.8
Other provisions&cont.	56.8
Impairments on RE assts	112.8
TOTAL provisions	**232.3**

CoCR
~13bp

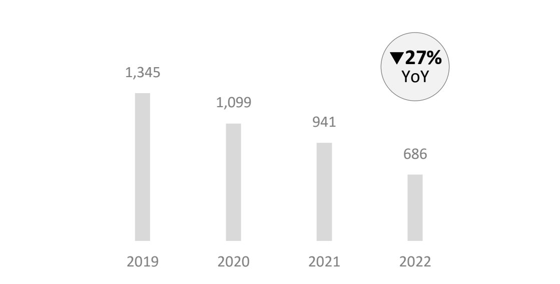
Asset quality
Stock of doubtful loans keeps decreasing

Despite the challenging context stock of doubtful loans keeps decreasing with still **no sign of deterioration in any business segment**

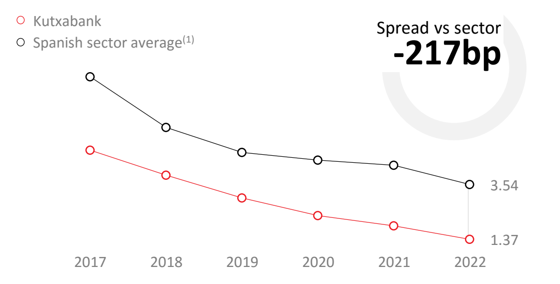
Reduction in doubtful loans

▼EUR**256**mn
in 2022

Stock of non-performing asset YoY evolution (EUR million)



Kutxabank relative position: NPL ratio (%)



Puppy project

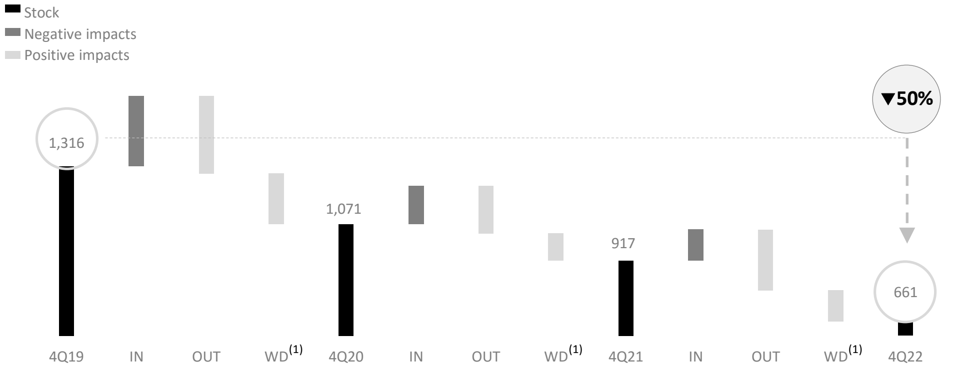
- Sale of a troubled asset portfolio of EUR235Mn (EUR170Mn doubtful) materialized in 3Q22.
- The disposal of non-performing assets was responsible for reducing the NPL ratio by 35bp.
- The estimated Impact on solvency was 15bp.

[1] Source: BoS.

Asset **quality**

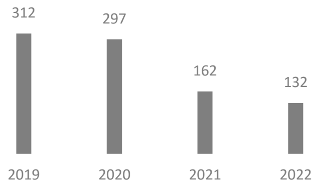
No pressure in terms of new entries

Doubtful-loan stock evolution in the period 2019-2022 (EUR million)



New entries remain subdued

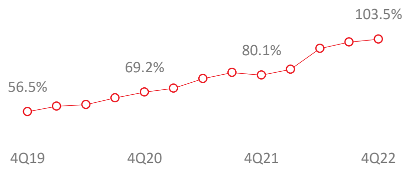
The limited exposure to credit relief measures allows to be optimistic about its future development



Well positioned for rate hikes

- The vast majority of new mortgages granted in the last 7-8 years are at fixed rates and have been hedged.
- New business focused on high or very high income customers.
- Most of the floating portfolio has a high seasoning meaning a lower interest burden on installments
- Interest rate parameters used in the credit risk approval process involve much more demanding levels than those currently in place

NPL Coverage level evolution



Total coverage including prudential provisioning of NPE according to ECB calendar

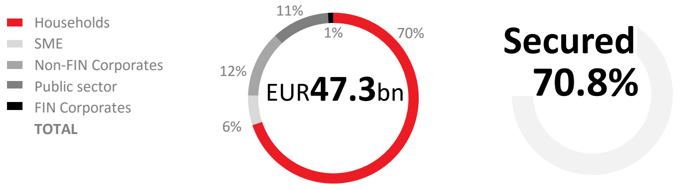
125.9%

(1) WD: Write-downs.

Asset quality
Healthy credit exposure through the loan book

Clear **bias towards** the **household segment**, dominated by the **secured financing**

Loan book breakdown (EUR billion; 4Q22)



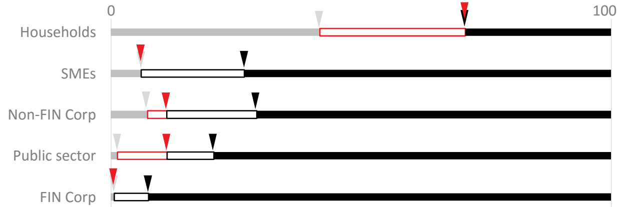
Loans and advances by segments and stages. Risk migration in 2022.

No risk deterioration is observed. Coverage continues to increase.

	T				T vs T-1			
	S1	S2	S3	Cov	S1	S2	S3	Cov
Households	95%	4%	1%	69%	0.9%	-0.4%	-0.5%	+16%
Non-FIN Corporates	88%	9%	3%	164%	4.3%	-3.3%	-1.0%	+33%
o/w SME	*76%*	*16%*	*8%*	*137%*	*7.2%*	*-5.9%*	*-1.4%*	*+32%*
Public sector	100%	0%	0%	ns	0.1%	+0.1%	-0.1%	-
FIN Corporates	100%	0%	0%	ns	0.1%	-0.1%	0.0%	-

Distribution of the loan portfolio segments vs sector[1]

Distribution of the loan portfolio in the sector[1] and Kutxabank's relative position



Kb has the largest relative exposure to the Households segment, and is at the low end of the range in SMEs and FIN-Corp

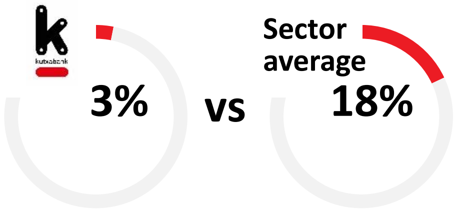
[1] Sector average obtained from information published in the EBA-wide transparency exercise 2022.

Asset **quality**

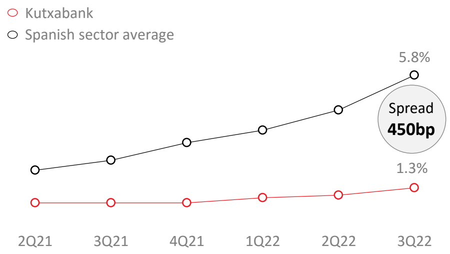
COVID-related aid and other relief measures

Lower relative position and **better risk quality** than the industry

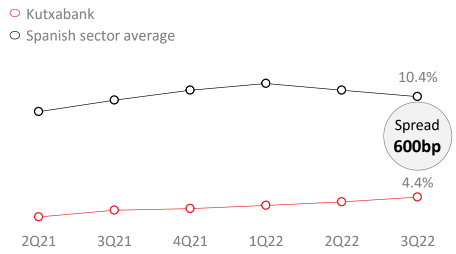
COVID-19 portfolio over total financing to Households, SME and Corporates



ICO portfolio: NPL% evolution, Kb vs sector[1]



Moratoria: NPL% evolution, Kb vs sector[1]



Code of Good Practices

- Kutxabank is adhered to the Code of Good Practices for the viable restructuring of debts with mortgage guarantee on first residence, regulated by RDL 6/2012, of March 9, and to the Code of Good Practices for mortgage debtors at risk of vulnerability, regulated by RDL 19/2022, of November 22.
- Outstanding contracts subject to the first CGP at the sector level are already residual. Kutxabank's share of these transactions is less than 0.5%.
- As for the second type of PBC, the volume of applications for is very moderate for the time being.
- The average profile of the bank's customers is well above the thresholds envisaged in the initiative, so its impact is expected to be very limited.

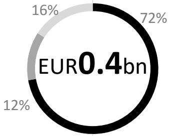
[1] Source: PwC. Data as of September 2022. Banking sector data includes 9 of the 10 significant banks in Spain.

Asset quality
NPAs in detail

Very manageable portfolio size in relation to the existing high coverage and solvency levels, which also shows a clear positive evolution

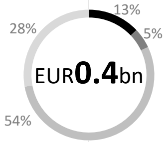
Floreclosed asset (FA) breakdown by origin (4Q22; EUR million)

	Gross	Provisions	Cov%	NAV
Developers	909.7	589.9	65%	319.8
Residential	121.4	68.2	56%	53.2
Others	98.5	28.2	29%	70.3
TOTAL	1,129.6	686.4	61%	443.2



FA breakdown by type of asset (4Q22; EUR million)

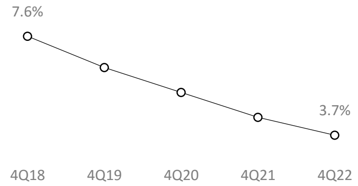
	Gross	Provisions	Cov%	NAV
Finished properties	112.7	55.4	49%	57.3
Ongoing developments	72.3	50.0	69%	22.3
Land	724.6	484.5	67%	240.2
Others	219.9	96.5	43.9%	123.5
TOTAL	1,129.6	686.4	61%	443.2



Total NPA: FA+NPL (4Q22; EUR million)

	Gross	Provisions	Cov%	NAV
Total NPLs	685.9	709.7	104%	-
Foreclosed assets	1,129.6	686.4	61%	443.2
TOTAL	1,815.4	1,396.1	77%	443.2

NPA% YoY evolution



Texas ratio
25.3%
4Q22

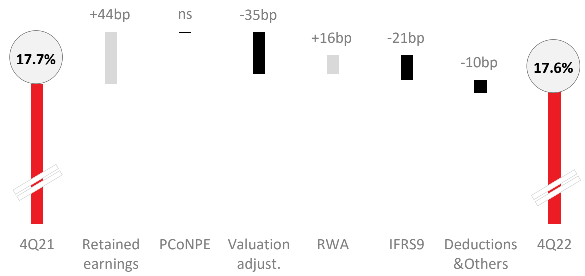
Capital & Funding
Capital remains at very high levels

CET1
Phased-in
17.6%
4Q22

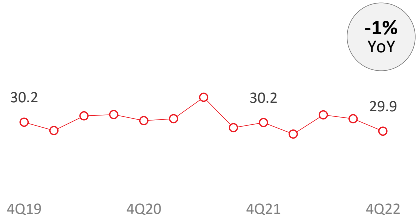
Highlights

- After deducting the 60% pay-out, retained earnings contribute 44bp reflecting the increase in net income up to pre-covid levels.
- the significant impact of valuation adjustments in a volatile market environment is partially absorbed by the slight decrease in RWA.
- Fully-loaded CET1 stood at 17.2% in 4Q22.

CET1 phased-in YoY evolution by components



RWA evolution (Phased-in; EUR billion)



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

	Impact vs4Q21	Impact (bp) vs4Q21	
Valuation adjustments	105	34.9	▼
IFRS	64	21.2	▼
Risk-weighted assets	272	90.1	▲
Total earnings	331	109.6	
o/w retained	*132*	*43.8*	▲

Fully-loaded CET1 ratio
17.2%

Phased-in Leverage ratio
7.7%

RWA calculation method: STANDARD
100%

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Capital & Funding
Liquidity risk management

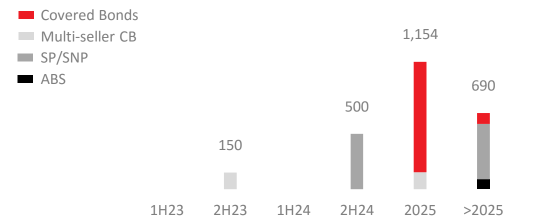
TLTRO repayments

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

TLTRO maturity calendar

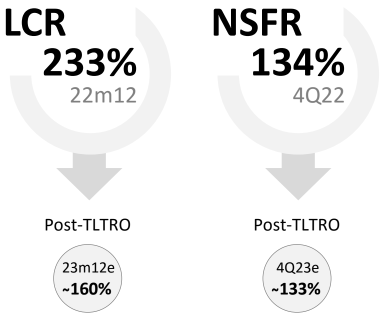
	Repayment date	Amount (EUR bn)
TLTRO III.3 (03/2020)	03/2023	0.6
TLTRO III.4 (06/2020)	06/2023	4.9
TLTRO III.7 (03/2021)	03/2024	0.6

Capital market funding maturity profile (EUR million)

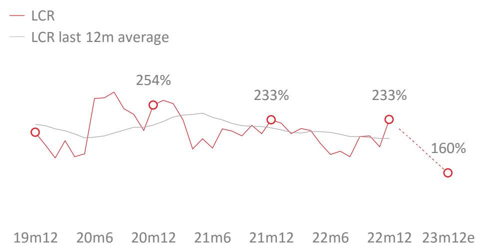


Bearable impact on ratios

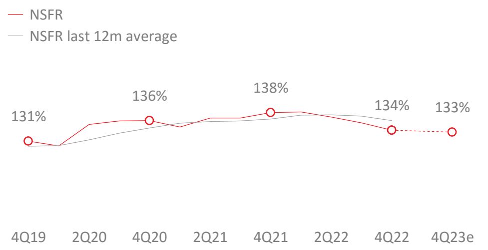
- LCR will reflect a significant impact from current levels. However, the expected landing point after TLTRO borrowing repayment results sufficient vs the regulatory limit, standing also above the corporate target.
- NSFR has already absorbed most of the repayment effect.



LCR% evolution



NSFR% evolution



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Capital & Funding
Funding plan

- Despite the repayment of most of the TLTRO in 2023, no additional funding needs other than those related to the management of MREL are estimated.
- In the baseline scenario, two transactions of bailinable debt instruments are projected; the first, already materialized at the beginning of 2023.

The transaction

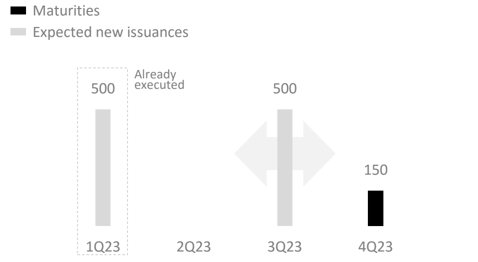
Inaugural Senior Preferred transaction representing Kutxabank's 3rd bailinable debt issuance since 2019.

The transaction aimed to build a management buffer over the MREL.

The bond offered was single A rating by three rating agencies (Moody's, Fitch and DBRS), thanks to the protection that the bank's debt and capital buffers provide to investors in the event of resolution.

Format	Reset Rate Ordinary Senior Notes
Issue rating	A3/A-/AL by M/F/Dbrs
Ranking	Ordinary Senior Notes
Size	EUR500mn
Issue date	01/23/2023
Settlement	02/01/2023
Tenor	5NC4
Re-offer spread	110bp
Listing/Gov law	AIAF/Spanish law

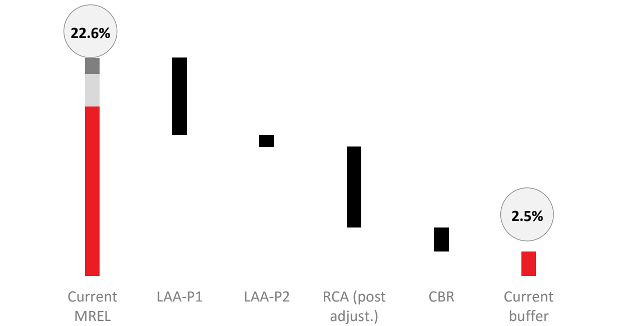
Debt maturities vs new issuances



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.

MREL: current position[1] vs requirement



	Amount (EUR million)	% o/TREA
Current position	6,765	22.6%
o/w CET1	*5,265*	*17.6%*
o/w SNP	*1,000*	*3.3%*
o/w SP	*500*	*1.7%*
Loss Absorption Amount	2,751	9.2%
Recapitalisation Amount	2,751	9.2%
RCA post adjustments	2,512	8.4%
2022 MREL target	5,708	19.1%
2024 MREL target	6,010	20.1%
Current excess vs MREL-22	1,057	3.5%
Current excess vs Final target	755	2.5%

[1] Senior Preferred transaction executed in January 2023 is included in the MREL current position.

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Assets

Total assets
EUR**67**bn
4Q22

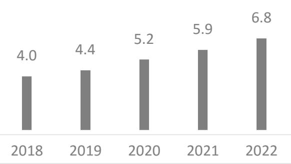
ROA
0.5%
4Q22

Cash&CBs
9.8%

Loans and advances
70.0%

	EURbn	%
Households	33.1	70%
SME	2.7	6%
Non-FIN Corporates	5.9	13%
Public sector	5.2	11%
FIN Corporates	0.5	1%
TOTAL	**47.3**	**100%**

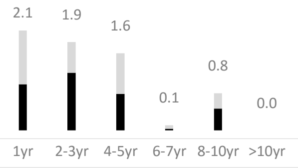
ALCO portfolio (4Q22)



	EURbn	%
Govies	5.8	85%
SSA	0.3	4%
Covered	0.1	1%
Corporate	0.3	4%
Fin-unsec	0.4	6%
TOTAL	**6.8**	**100%**

ES 82% / Other EU 18%

Portfolio	EURbn	Average life (yr)	Sensitivity to bp
HTC&S	3.44	2.84	1.65
HTC	3.36	3.64	2.65
Blended	**6.80**	**3.25**	**2.15**



Debt instruments
11.5%

Equity investments
2.3%

Tangible assets
1.1%

Other assets
5.3%

Annex
Liabilities

Total assets
EUR**67**bn
4Q22

Equity
9.3%

	EURbn	%
Shareholders' equity	5.8	94%
o/w Capital	*2.1*	33%
o/w Reserves	*3.7*	60%
Other comprehensive income	0.4	6%
Minority interests	ns	ns
Total Equity	**6.2**	**100%**

ROTE
6.1%
4Q22

RoOCR
9.4%
4Q22

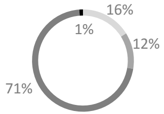
Customer deposits
73.5%

	EURbn	%
Retail & SME	40.6	83%
Non-FIN Corporates	2.8	6%
Public sector	5.1	10%
FIN Corporates	0.5	1%
TOTAL	**49.0**	**100%**

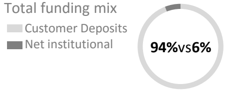
Institutional funding (4Q22)

	EURbn	%
Covered bonds	1.4	16%
o/w multi-seller CB	*0.2*	*2%*
SNP	1.0	12%
ECB Funding	6.2	71%
ABS	0.1	1%
Subtotal Institutional	**8.7**	**100%**
Excess deposits on CBs	5.6	
Net institutional funding	**3.0**	
Pro-forma ECB net position	*0.6*	

Institutional funding mix



Total funding mix



DCM Funding
3.7%

ECB funding
9.2%

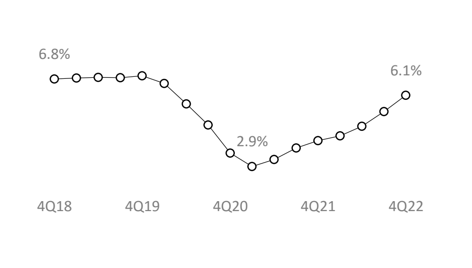
Other liabilities
4.3%

Annex

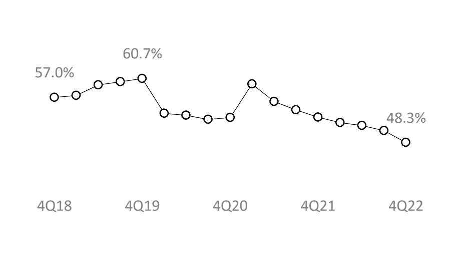
Key indicators

	4Q22	4Q21	4Q22 vs 4Q21	3Q22	4Q22 vs 2Q22
ROE	5.67%	3.77%	190 bp	4.99%	68 bp
ROTE	6.10%	4.04%	205 bp	5.36%	74 bp
ROA	0.50%	0.33%	17 bp	0.44%	6 bp
RORWA	1.25%	0.71%	54 bp	0.96%	29 bp
Cost to Income	48.26%	53.20%	-494 bp	50.55%	-229 bp
LCR	233.48%	233.21%	27 bp	210.42%	2,307 bp
NSFR	133.55%	138.39%	-484 bp	135.61%	-206 bp
LtD	95.04%	100.62%	-558 bp	99.28%	-424 bp
# of customers	2,345,738	2,392,591	-2.0%	2,359,883	-0.6%
# of employees	5,023	5,205	-3.5%	5,028	-0.1%
# of branches	709	774	-8.4%	733	-3.3%
# of ATMs	1,491	1,595	-6.5%	1,523	-2.1%

ROTE% evolution



Cost to income% evolution



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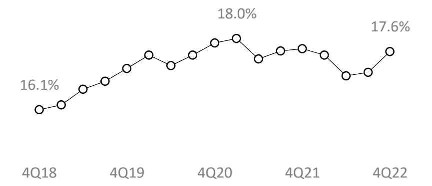
Annex
Solvency

	4Q22	4Q21	4Q22 vs 4Q21	3Q22	4Q22 vs 2Q22
Capital	2,060,0	2,060,0	0,0%	2,060,0	0,0%
Reserves	3,610,4	3,588,1	0,6%	3,615,0	-0,1%
Retained earnings	132,2	86,6	52,7%	100,2	32,0%
Prudential Coverage of NPE	-154,1	-152,7	0,9%	-108,6	41,8%
Minority interests	2,0	2,1	-4,1%	2,6	-23,4%
Valuation adjustments	456,1	561,3	-18,7%	369,2	23,5%
Intangible assets	-366,8	-354,8	3,4%	-361,2	1,5%
Deductions	-474,9	-455,7	4,2%	-505,6	-6,1%
CET I capital	5,264,8	5,335,0	-1,3%	5,171,5	1,8%
Tier I capital	5,264,8	5,335,0	-1,3%	5,171,5	1,8%
Total capital	5,264,8	5,335,0	-1,3%	5,171,5	1,8%
RWA	29,899,3	30,171,2	-0,9%	30,300,9	-1,3%
o/w Credit risk	*27,490,9*	*27,908,9*	*-1,5%*	*28,022,4*	*-1,9%*
CET I ratio	17,61%	17,68%	-7 bp	17,07%	54 bp
Tier I ratio	17,61%	17,68%	-7 bp	17,07%	54 bp
Total Capital ratio	17,61%	17,68%	-7 bp	17,07%	54 bp
Leverage ratio	7,71%	8,55%	-84 bp	7,78%	-7 bp
Pro-forma: CET I ratio fully loaded	*17,21%*	*17,27%*	*-7 bp*	*16,69%*	*52 bp*
Pro-forma: Total Capital fully loaded ratio	*17,21%*	*17,27%*	*-7 bp*	*16,69%*	*52 bp*
Pro-forma: Leverage fully loaded ratio	*7,56%*	*8,36%*	*-81 bp*	*7,63%*	*-7 bp*
MREL	20,95%	21,00%	-4 bp	20,37%	59 bp

CET1% evolution (Phased-in)



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