2025 Q1 results presentation

2 May 2025

kutxabank

2025 Q1 results presentation

Highlights

kutxabank

Volumes up, Income up

Solid quarter with consolidation of volume **growth** trends in strategic business lines

+6% YoY

Business volume

+3% YoY

Income from services

+8% YoY

Pre-provisioning profit

Volume growth and increasing operating income while asset quality metrics continue to improve

Net income
EUR**149mn**
1Q25

+24% YoY

Amid increased macroeconomic and geopolitical uncertainty

Growing business in an environment fraught with **uncertainty**

01

Growth

Globally, economic activity has maintained robust growth, albeit with notable differences among the world's major economies. In this context, Spain has shown a stronger growth rate compared to the EZ average

02

Prices

Headline inflation eases in the first quarter of the year, mainly due to the recent moderation in energy prices. Tightening inflation opens the door to lower interest rates allowing central banks to shift their focus on fighting growth risks

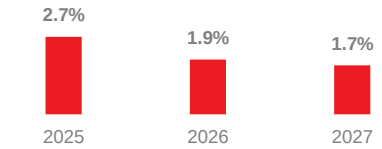
03

Headwinds

US trade policy intensifies global tensions and causes macro uncertainty, resulting in high volatility. Also uncertainty over the way out of the Ukraine conflict

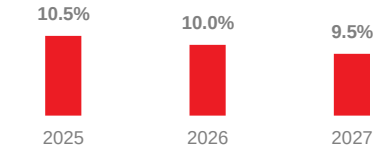
Latest BoS forecasts (1Q25)

GDP



(%)

Unemployment



(%)

Business volume & commercial activity

Business volume evolution reflects the bank's **commercial dynamism**

Mortgages new production	Consolidation of the recovery in mortgage lending
Consumer lending new production	Consumer lending extends its upward trend
Wholesale banking	Growth in Corporate banking loan book & SMEs business volume
Wealth management business	Strong net fund inflows which is reflected in the rising trend of fees
Insurance business	32k new insurance policies
Business volume	Continued growth supported by the favourable evolution of lending and customer funds
Clients	Consolidation of the positive trend in net customer growth
Digitalization	Investments in digital solutions boost client growth and revenue

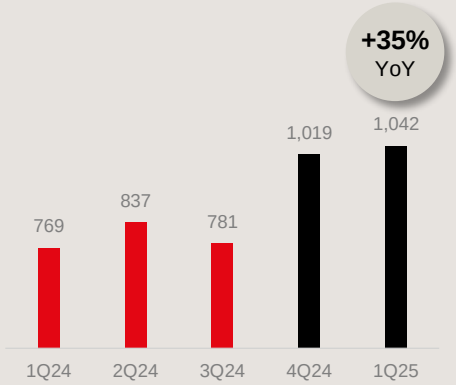
Business volume & commercial activity

Strong commercial activity

Retail banking

Growth in new mortgage production and the success of the campaign to capture payrolls stand out

Consolidating the recovery of residential mortgage lending, supporting growth in value customers and preserving the credit risk profile



(EUR million)

New consumer lending also reflects sustained and robust growth

+14% YoY

Positive evolutions of customer funds driven by **Mutual funds** growth

+10% YoY

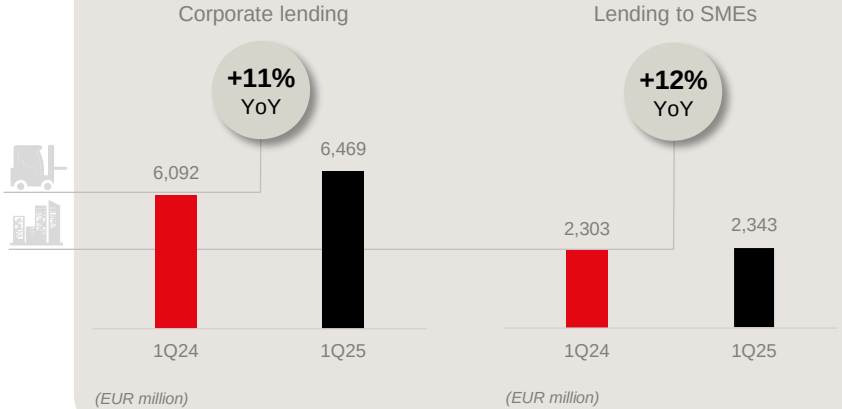
Successful **payroll collection campaign**

>1k monthly

Business volume & commercial activity

Building momentum around **wholesale segments**

Significant business volume growth in Corporate and SME segments succeeding beyond internal guidance



Residential developments

New record of dwellings financed in a quarter, beating 2.5x 1Q24 figure

2k 1Q25

Financing solutions

Increasing amount of transactions in the pipeline setting an attractive revenue stream through structuring fees

Unquestionable strength in asset quality

Growth in business volumes is **coupled with** a continuous **improvement in asset quality**

Doubtful loan stock continue to fall

1.2%

NPL ratio 1Q25

Consistently better asset quality than sector

-206bps

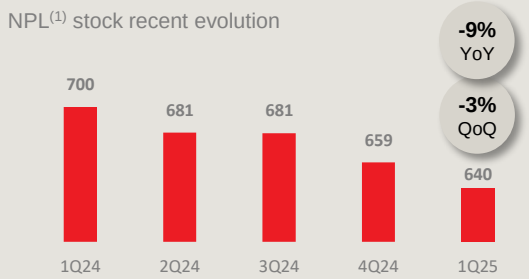
vs sector(2)

Building an extraordinary level of coverage

123%

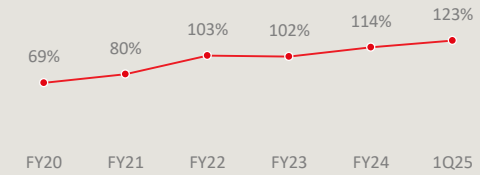
1Q25

NPL(1) stock recent evolution



(EUR million)

NPL coverage ratio evolution



(%)

(1) Doubtful loan stock includes contingent risks (2) Source: latest available information published by BoS (February 2025).

Expanding our positive social & environmental impact

Top 1% of the **world's best** companies

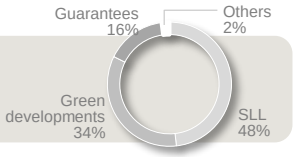
ESG rating by Sustainalytics
(Negligible Risk of experiencing material financial impacts derived from ESG factors).

EUR1,035mn
New sustainable financing in 1Q25(1)
+13% vs 1Q24

Green mortgages
EUR 206mn(2) (20% of new mortgages)

Green consumer loans
EUR 9.9mn (+6,6 YoY)

Sustainable financing to Corporates
EUR 795mn(3)



Latest developments in sustainability

Launching of **kutxabank eragin** New division fully dedicated to sustainability

CSRD reporting adaptation

Continuous improvements in **governance practices**

Progress in sponsorships with **social impact** (Euskorpora, Donostia International Physics Center, eAtlantic Foundation)

New EIF guarantee agreement to support **finance of projects**

(1) Green mortgages, social mortgages, consumer loans and corporate financing. Classification of sustainable products based on internal criteria developed in the Sustainable Financing Framework (2) Of which EUR 17.5mn are also social mortgages (3) Of which EUR 102mn are social financing.

Key developments in digitalization

Digital clients account for over **66%** while digital channels account for **56% of sales**

Digital indicators

Digital sales in different products

Pension plans **72%**	Investment funds **56%**
Mortgages **91%**	Card business **37%**
Consumer **83%**	Insurance **36%**

Latest developments and solutions in digitalization

- Continuous **improvements and upgrades** of the digital banking model
- Approval of **BenetanTEK** IT Plan
- Launching of **a platform to manage leads and provide support to online sales of Auto Insurances**
- **Omnichannel Mortgage** developments
- Launching of '**Kide**', an artificial intelligence based **chatbot**

Kide
Tu asistente virtual
Resuelve tus dudas con ayuda de la IA.

Liquidity & funding

Comfortable liquidity metrics, well above regulatory levels

01

LCR

High-quality liquidity buffers remain ample even after anticipating the 180-day outflows corresponding to the covered bond benchmark maturing in 9m25

179%
3m25

02

LtD

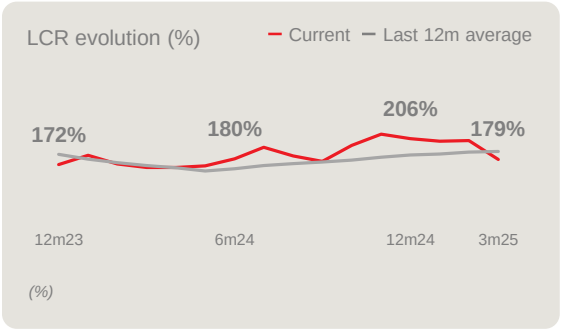
Well-balanced customer volume growth allowing to preserve a structurally healthy and efficient liquidity position

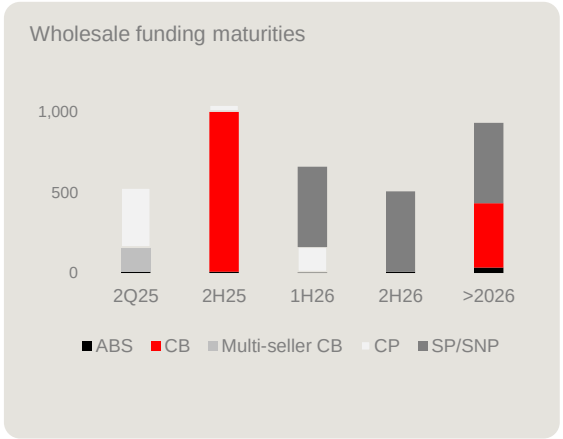
88%
3m25

03

Funding plan

Funding plan in the coming quarters will focus on the management of existing debt maturities and the monitoring of the evolution of the MREL management buffer, as 2025-26 period will require to deal with 2-step implementation of the counter-cyclical buffer and *bail-in*able debt instrument call dates.



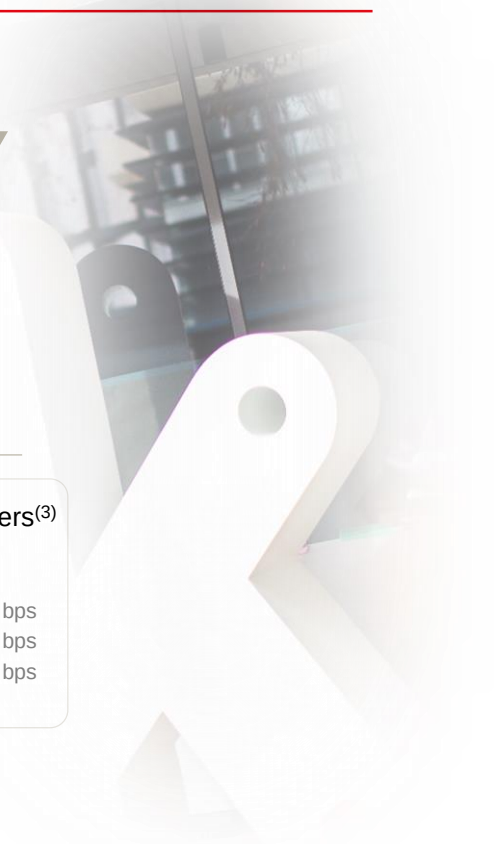


Latest corporate developments: Shareholders remuneration

Distribution of an **extraordinary** dividend in kind[(1)]

A decision taken in a context of being **leader in solvency** with positive development prospects

Ordinary pay-out **60%** + *Extraordinary* **dividend EUR 400 million**



CRR3 impact

Due to the entry into force of CRR3 and the extension of the official reporting dates of COREP statements, 1Q25 CET1 and MREL ratios are not yet available. However, according to preliminary calculations, significant improvement in both indicators is expected vs 4Q24.

Main impacts[(3)] of the extraordinary payment

CET1 ratio FL[(2)]	-70bps
ROTE	+42bps
LCR & NSFR	*negligible*

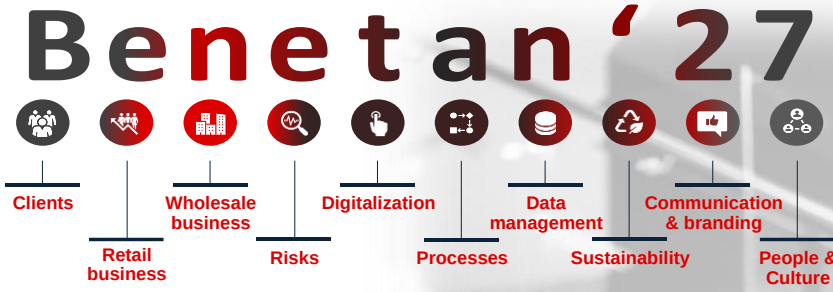
Existing capital buffers[(3)] post-distribution

SREP CET1	826 bps
MDA buffer	576 bps
M-MDA buffer	239 bps

[(1)] EUR 400 million in Iberdrola shares. The extraordinary payment was announced to the market on 18 March, 2025. [(2)] *Fully-loaded* basis approach considers the treatment of holdings in equity instruments under Basel IV at the end of the envisaged transitional timetables. [(3)] 2024 year-end estimates.

Latest corporate developments: *Benetan* 2025-27 strategic plan

10 strategic priorities to deliver **growth** and **impact**, leading to an **ambitious transformational plan** that reinforces Kutxabank's DNA…



…which is reflected in **ambitious targets** for the **coming years**

>EUR600mn
Investment in digital transformation

Business activity

>100k
Net new individual clients

EUR50bn
AuM

Double-digit growth
Wholesale banking lending driven by SMEs

Commitment to Sustainability

EUR10bn
New sustainable financing

▼10%
Financed carbon footprint

Other initiatives
Social finance and forest management

Main targets 2027

Business volume	EUR150bn
CET1 ratio	>18%
Pay-out	60%
Cumulative dividend	EUR1bn
NPL ratio	<1.4%
Cost-to-income	<50%

Latest corporate developments: Merger by absorption of Cajasur Banco[1]

Process launched to
complete the integration
and maximise **synergies**

kutxabank

Merger by absorption
Acquisition of all assets, rights and obligations by universal succession
Unification brand strategy

cajasur

Extinction via dissolution

Main benefits of the transaction

Corporate and organisational simplification

Improvement of the interoperability of the service to clients

Homogenisation of the commercial model and policy

Completion of the integration process and its synergies (operational, technological, commercial, etc.)

Improvement of resolvability

Limited integration costs and synergies

Main milestones of the Merger and Integration Process Roadmap

30 April 2025
Agreement by the 2 Board of Directors of the Merger Project
Request for authorisation to the Ministry of Economy (6 months deadline for reply)

November 2025
Completeness of the merger deed (corporate integration)
Communications and registration

Easter 2026
Completed operational and technological integration

[1] Cajasur bank is already owned 100% by Kutxabank.

2025 Q1
results presentation

Financial performance in detail

kutxabank

P&L summary (1Q25)

(EUR million)	1Q25	1Q24	1Q25 vs. 1Q24
Net interest income	309	345	-10%
Net Fees+Ins. business	165	160	3%
Core revenues	**474**	**505**	**-6%**
Equity method & Dividends & TI	24	30	-20%
Other operating income (OOI)	-9	-83	-89%
Gross margin	**489**	**452**	**8%**
Operating expenses	-184	-170	8%
Pre-provisioning profit	**305**	**282**	**8%**
Provisions	-119	-97	23%
Other income	15	3	435%
Tax and others	-53	-68	-23%
Net income	**149**	**120**	**24%**

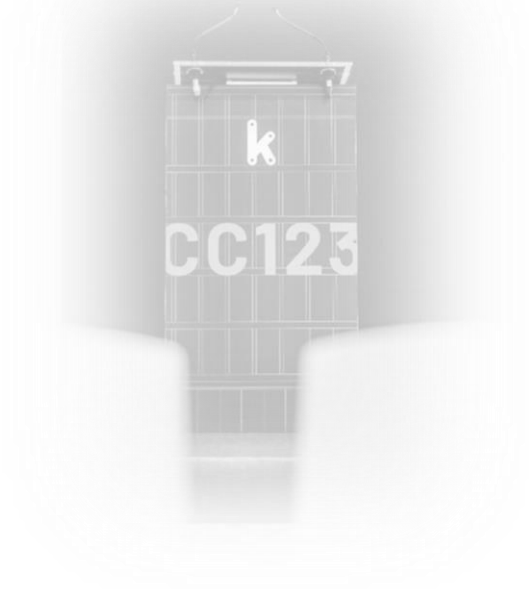
Core revenues	**Core revenues decrease 6%** compared to the same period last year, mainly due to **lower NII caused by downward interest rate pressures, partially offset by higher income from services**
Other Operating Income (OOI)	1Q25 is not impacted by the banking tax
Pre-provisioning profit	**Pre-provision profit was 8% higher**, after absorbing operating expenses slightly higher than those incurred in the same period last year
Provisions	**Provisioning effort remains strong (+23% vs.1Q24)**
Net income	**Net income climbs to EUR149mn in the quarter, up 24% year on year.**

Top-line results

Core banking income

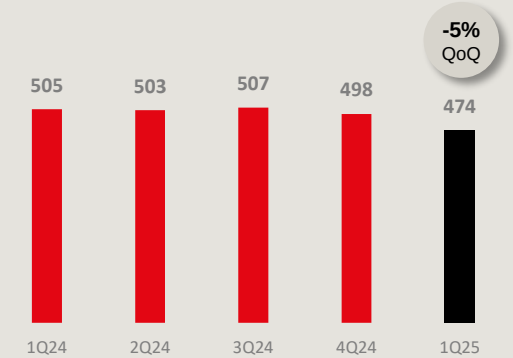
EUR474mn

-6% YoY



Core revenues decrease 6% compared to the same period last year, mainly due to **lower NII caused by downward interest rate pressures.**

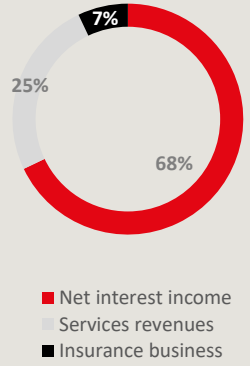
Core banking income QoQ evolution



(EUR million)

The **consistent development of service revenues** provides the Entity with a **robust diversification of revenue streams.**

Income source diversification (1Q25)



(%)

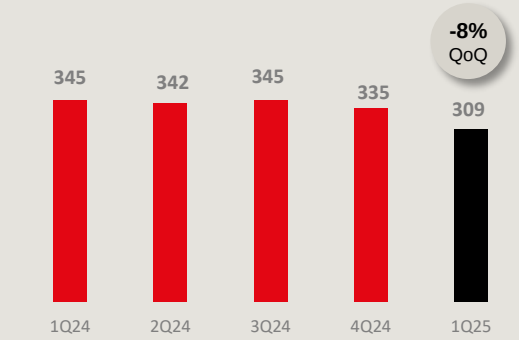
Top-line results

Net Interest Income (NII)

EUR309mn
-10% YoY

NII down 10% YoY and 8% QoQ, in line with internal guidance, reflecting the gradual repricing of the loan portfolio to the interest rate environment

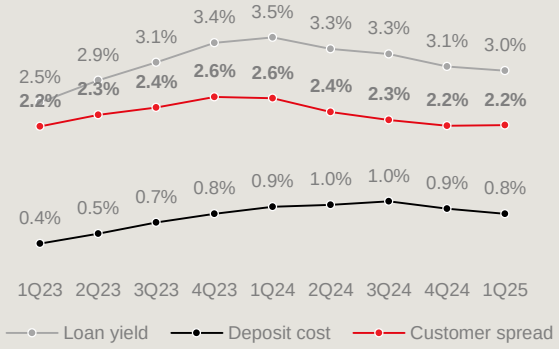
NII QoQ evolution



(EUR million)

Customer spread slightly up (+1bps QoQ) as cost of deposits continues to point downward (deposit beta[1] at 36%, -1% vs 4Q24)

Customer spread evolution



(%)

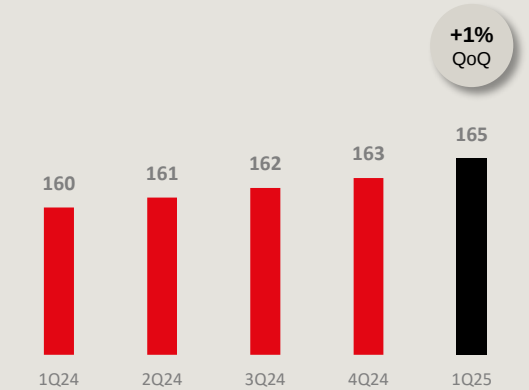
[1] Calculated as the ratio of the difference between the increase in the deposit yield in the observation period vs the Eur12m at the end of that period.

Top-line results

Income from Services & Insurance business

Services revenues continued to grow steadily.

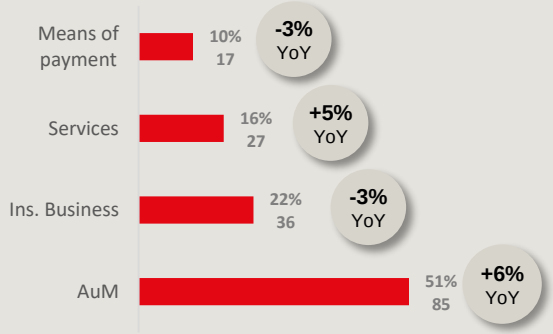
Total Services revenues QoQ evolution



(EUR million)

Income from services & insurance business increased mainly leveraged on AuM, which already accounts for over 50% of total services revenues (+6% YoY).

Total Services revenues breakdown



(EUR million)

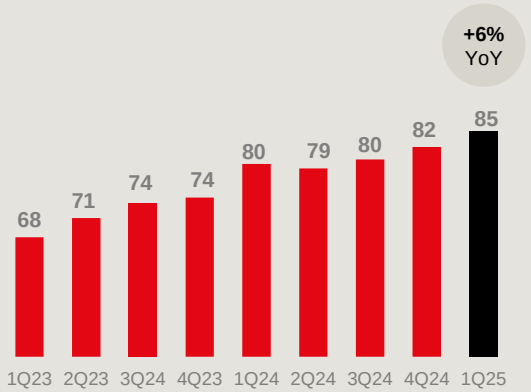
Top-line results

Wealth management

Investments net fund-takings EUR0.7bn
1Q25

Strong growth in wealth management revenues (+6% YoY) due to higher volumes, favoured by the performance of the market and an intensive commercial activity.

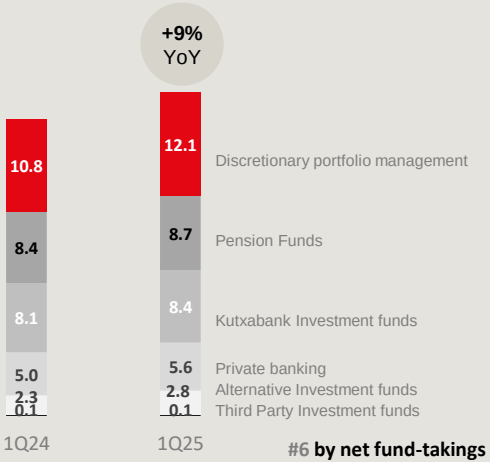
Evolution of fees from wealth management



(EUR million)

Kutxabank´s Wealth management division closed 1Q25 with €37.7 bn of assets under management (+9% YoY).

Off-balance sheet funds breakdown by product 1Q25



(EUR billion)

#6 by net fund-takings

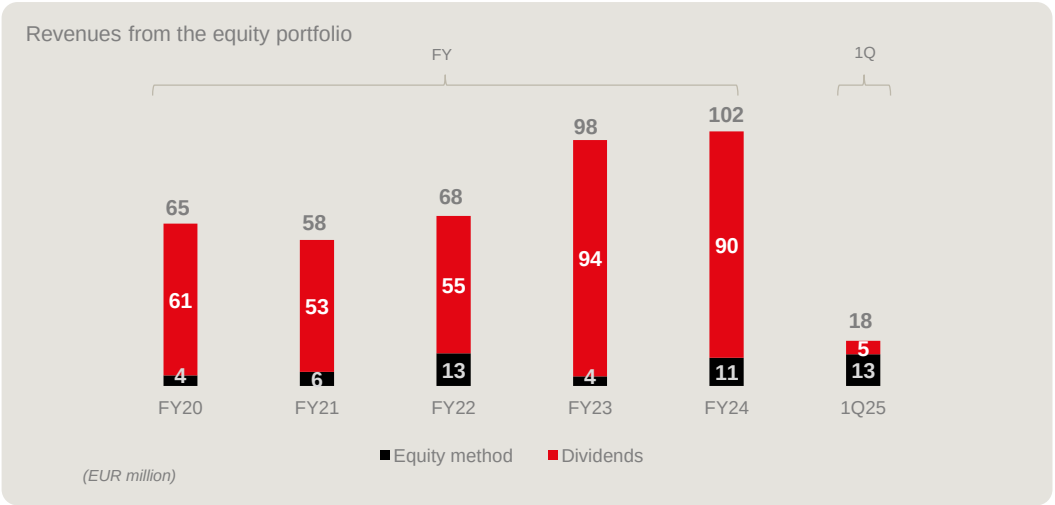
#4 by AuM in Spain
1Q25

Other income and expenses

Equity method & dividends

EUR18mn

Lower dividend contribution and higher attributable profit of entities accounted for using the equity method compared to the same period last year.



Other income and expenses

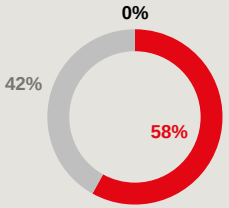
Other operating income (OOI)

EUR-9mn

YoY variation is mainly attributable to the fact that 1Q25 is not impacted by the banking tax vs.1Q24.

OOI breakdown

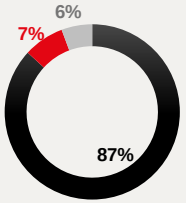
	1Q25
Banking tax	**0**
Other Regulatory charges	**-5.4**
o/w tax on deposits	*-4.1*
o/w tax on DTAs	*-0.6*
o/w others	*-0.7*
Subtotal Regulatory charges	-5.4
Rest of OOI	**-3.9**
TOTAL	-9.3



(EUR million)

OOI breakdown

	1Q24
Banking tax	**-71.8**
Other Regulatory charges	**-6.2**
o/w tax on deposits	*-3.9*
o/w tax on DTAs	*-1.7*
o/w others	*-0.6*
Subtotal Regulatory charges	-78.0
Rest of OOI	**-4.7**
TOTAL	-82.7



(EUR million)

Costs

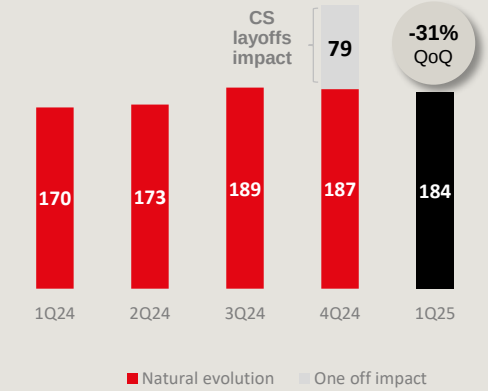
Operating expenses

EUR184mn
+8% YoY

Increase in operating expenses YoY is mainly due to higher staff costs associated to wages increases agreed on in addition to net new hires as envisaged in the new strategic plan.

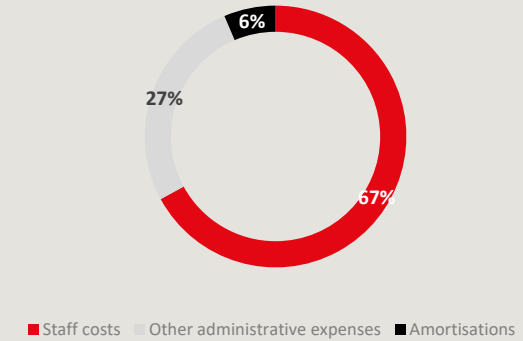
Notable decrease of operating expenses QoQ which is explained by the one-off impact of the layoffs in CS incurred in 4Q24. The cost-to-income ratio stands at 40.1% as of 1Q25 (36.0% excluding the effect of the one-off impact of the layoffs in CS in 2024, which also impacts the ratio of 1Q25 (1)).

Operating costs QoQ evolution



(EUR million)

Operating costs breakdown 1Q25



(%)

(1) The cost-to-income ratio is calculated on an annual basis and therefore both the numerator (operating expenses) and the denominator (gross margin) include the aggregation of values for the last 4 quarters).

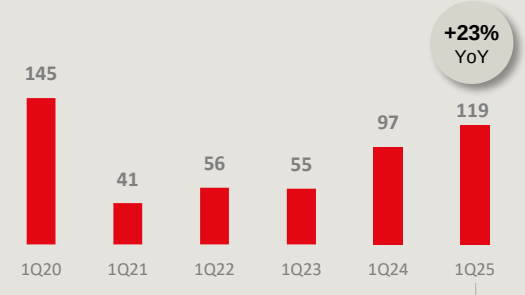
Costs

Credit risk impairments and other provisions

EUR119mn
+23% YoY

Provisioning effort remains strong (+23% vs 1Q24) in the face of geopolitical risk and macroeconomic uncertainties

Total provisions & impairments YoY evolution



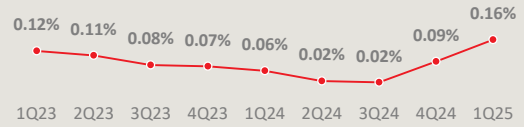
Breakdonw	1Q25	%
Credit risk	47	40%
Impairments on RE assets	12	10%
Other provisions & conting.	60	50%
TOTAL provisions	**119**	100%

(EUR million)

Credit impairments stand at EUR 47 millions as a result of a frontloading of extra provisions to cope with potential macro headwinds derived from geopolitical risks.

Nevertheless, present reality continues to reflect a consistent decrease in the stock of non-performing exposures (EUR -19 millions in 1Q25, EUR -60 million in the last 12 months).

CoCR evolution



(%)

Q1 2025 result presentation

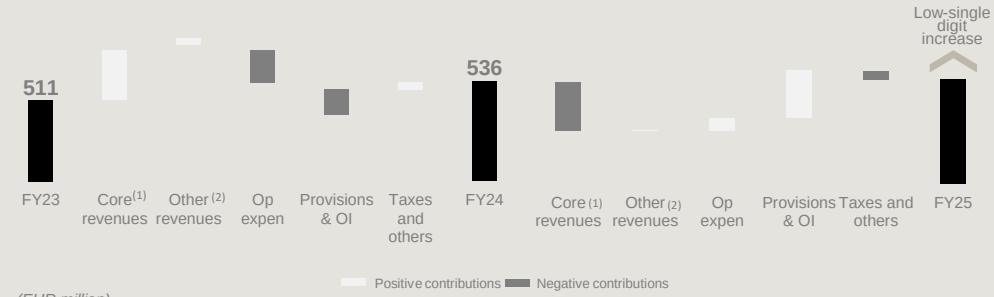
Annex

kutxabank

Outlook 2025

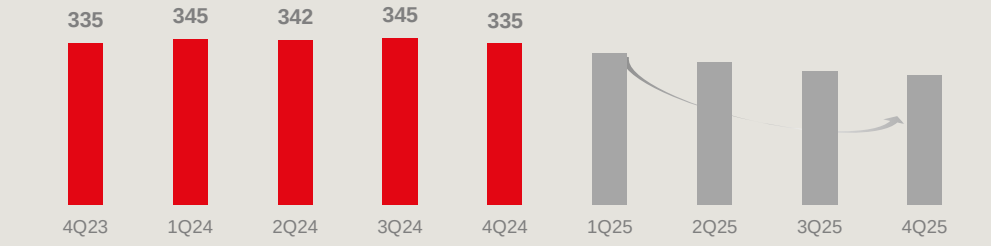
Volumes	Loan growth in key segments coupled with deposit growth. Loan book growth of low-single digit
Core revenues	**NII expected to decline by ~ 15%** due to the evolving rate environment. Income from services & insurance business to grow by low-single digit
Equity method & Dividends & TI	Lower contribution expected from dividend income
OOI	Significantly lower impact of bank tax and lower contribution to DGS/SRF
Operating expenses	Significant decrease in operating expenses due to one-offs costs in 2024. Without this effect operating expenses are expected to increase c.3%
Provisions	**Provisioning effort is expected to continue in 2025** in the face of geopolitical risk and macroeconomic uncertainties
Net income	**Low-single digit FY25 NI growth expected**
Asset quality	**NPL ratio virtually unchanged. CoCR close to current levels**

Net income breakdown FY24 & 2025 outlook (YoY changes in main drivers)



(EUR million)

NII outlook

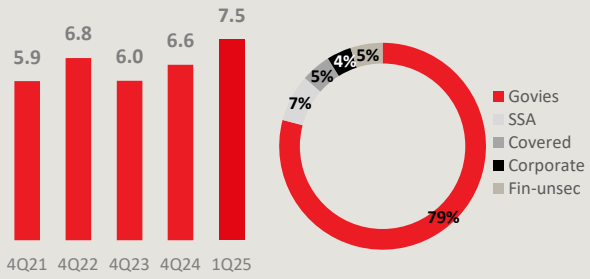


(EUR million)

(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).

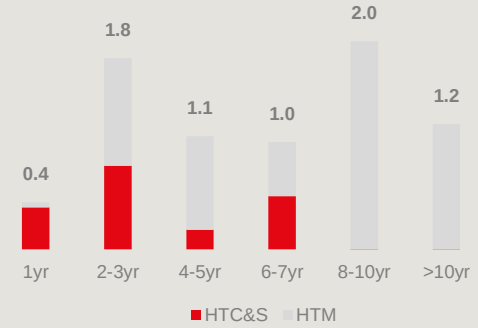
ALCO book

Evolution and breakdown by type of counterparty



(EUR billion)

Maturity profile



(EUR billion)

Portfolio breakdown

Portfolio	Amount	WAL	Duration
HTC&S	1.88	2.7	1.3
HTC[1]	5.62	7.2	4.5
Blended	**7.49**	**6.1**	**3.7**

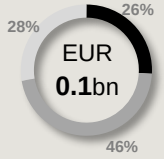
(EUR billion)

[1] No unrealized losses in the HTC portfolio currently.

NPAs in detail

Foreclosed asset (FA) breakdown by origin (1Q25)

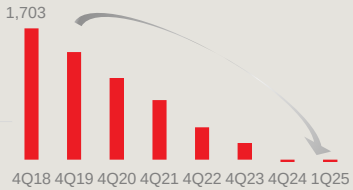
	Gross	Provisions	Cov%	NAV
Developers	782	766	98%	15
Residential	79	52	66%	27
Others	77	61	79%	16
TOTAL	937	879	94%	58



(EUR million)

Total NPA: FA + NPL (1Q25)

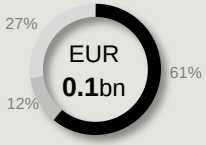
	Gross	Provisions	Cov%	NAV
Total NPLs	640	784	123%	0
FA	937	879	94%	58
TOTAL	1,577	1,663	105%	-86



(EUR million)

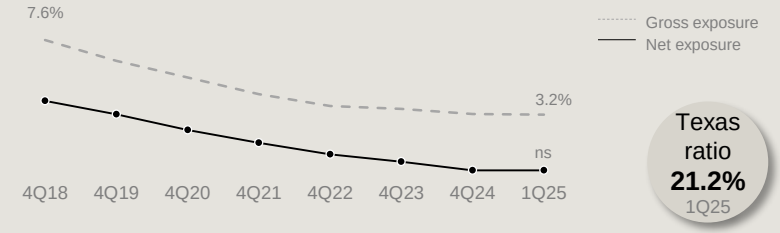
FA breakdown by type of asset (1Q25)

	Gross	Provisions	Cov%	NAV
Finished properties	136	100	74%	36
Ongoing developments	68	68	100%	0
Land	656	649	99%	7
Others	77	61	79%	16
TOTAL	937	879	94%	58



(EUR million)

NPA % YoY evolution



%

Balance sheet

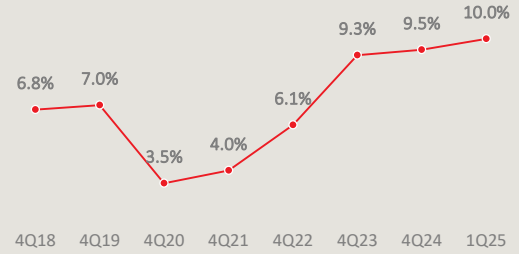
	1Q25	1Q24	Var.	4Q24	Var.
Cash and balances at central banks	6,414	5,324	20%	6,040	6%
Financial assets held for trading	37	32	16%	39	-5%
Trading derivatives	*26*	*32*	-18%	*39*	-33%
Debt securities	*11*	*0*	-	*0*	-
Other fin. assets at fair value through p&l	49	50	-1%	41	20%
Equity instruments	*36*	*35*	1%	*28*	30%
Debt securities	*13*	*14*	-6%	*13*	0%
Available-for-sale financial assets	4,098	4,778	-14%	4,476	-8%
Equity instruments	*1,510*	*1,531*	-1%	*1,729*	-13%
Debt securities	*2,587*	*3,247*	-20%	*2,746*	-6%
Loans and receivables	48,366	47,527	2%	48,221	0%
Bank deposits	*620*	*649*	-4%	*626*	-1%
Customer loans and advances	*47,746*	*46,878*	2%	*47,595*	0%
Held-to-maturity investments	5,597	3,555	57%	4,483	25%
Non-current assets held for sale	53	203	-74%	55	-4%
Hedging derivatives	22	21	6%	16	35%
Equity investments	160	150	7%	147	9%
Reinsurance assets	30	31	-3%	30	0%
Tangible assets	751	754	0%	756	-1%
Intangible assets	507	464	9%	504	1%
Tax assets	1,243	1,409	-12%	1,310	-5%
Other assets	81	128	-37%	105	-23%
TOTAL ASSETS	**67,409**	**64,425**	**5%**	**66,224**	**2%**

	1Q25	1Q24	Var.	4Q24	Var.
Financial liabilities held for trading	27	31	-14%	40	-33%
Financial liabilities at amortized cost	58,516	55,766	5%	57,189	2%
Deposits from credit institutions	*341*	*576*	-41%	*382*	-11%
Customer deposits	*54,109*	*50,580*	7%	*52,825*	2%
Debt securities in issue	*3,446*	*3,964*	-13%	*3,440*	0%
Other financial liabilities	*620*	*646*	-4%	*541*	15%
Hedging derivatives	275	*388*	-29%	*249*	10%
Reinsurance liabilities	578	*590*	-2%	*579*	0%
Provisions	689	*516*	34%	*664*	4%
Tax liabilities	461	*408*	13%	*429*	8%
Other liabilities	263	*227*	16%	*246*	7%
Total liabilities	**60,808**	**57,927**	**5%**	**59,395**	**2%**
Equity	6,030	6,018	0%	6,196	-3%
Accumulated other compr. income	565	480	18%	632	-11%
Minority interests	5	0	1579%	0	1390%
Total equity	**6,600**	**6,498**	**2%**	**6,829**	**-3%**
TOTAL EQUITY AND LIABILITIES	**67,409**	**64,425**	**5%**	**66,224**	**2%**

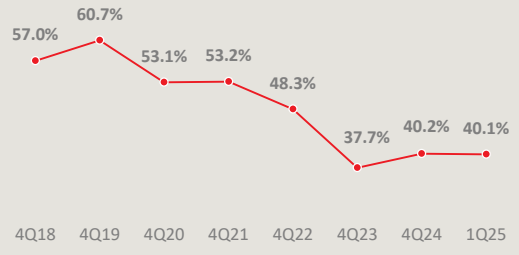
Key indicators

	1Q25	1Q24	1Q25 vs 1Q24	4Q24	1Q25 vs 4Q24
ROE	9.2%	8.7%	52 bps	8.8%	43 bps
ROTE	10.0%	9.4%	61 bps	9.5%	48 bps
ROA	0.9%	0.8%	4 bps	0.8%	4 bps
RORWA	n.d.	1.7%	36 bps	1.8%	34 bps
Cost to Income	40.1%	36.6%	352 bps	40.2%	-3 bps
LCR	179.1%	168.9%	10 bps	205.5%	-26 bps
NSFR	n.d.	142.8%	ND	145.3%	ND
LtD	88.4%	92.9%	-444 bps	90.3%	-186 bps
# of customers	2,305,644	2,317,371	-0.5%	2,308,109	-0.1%
# of employees	5,164	5,071	1.8%	5,116	0.9%
# of branches	629	677	-7.1%	641	-1.9%
# of ATMs	1,329	1,385	-4.0%	1,346	-1.3%

ROTE evolution



Cost to income evolution



(1) Due to the entry into force of CRR3 and the extension of the official reporting dates of COREP statements, RORWA and NSFR are not yet available.

Glossary (I/II)

Term	Definition
ALCO	Asset liability committee
AuM	Assets under Management
BoS	Bank of Spain
CBR	Combined Buffer Requirement
CET1	Common Equity Tier 1
CoCR	Cost of Credit Risk. Ratio of: (Numerator) Credit risk provisions and impairments, (Denominator) total amount of loans and advances to customers and contingent liabilities
Core revenues	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
DTA	Deferred tax asset
HTC	Hold to collect portfolio
HTC&S	Hold to collect and sale portfolio

Glossary (II/II)

Term	Definition
LAA	Loss absorption amount
LCR	Liquidity Coverage Ratio
MREL	Minimum Requirement of Elegible Liabilities
NAV	Net asset value
Net Service Income	Includes the heading of Fee and commission incomes, Fee and commission expenses and the Insurance business contribution via OOI
NPA	Non-performing assets
NPL	Non-performing loans ratio. Ratio of: (Numerator) Doubtful + Contigent risks; (Denominator) Lending + Contigent risks.
NSFR	Net Stable Funding Ratio
Pre-provisioning profit	It is the difference between Gross margin and General expenses and amortisations
RCA post adjustments	Adjusted recapitalization amount
RWA	Risk Weighted Assets
TA	Total assets
Texas ratio	Ratio of: (Numerator) Non-performing assets; (Denominator) Tangible common equity and loan loss reserves
TLTRO	Targeted Longer-term refinancing operations
TREA	Total Risk Exposure Amount

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