



2024 9M Results presentation

31st October 2024



Access to
Main figures



Results
presentations



Disclaimer

This document, its content, its annexes and/or amendments (the “Document”) has been made up by Kutxabank, S.A. (“Kutxabank” o “Kb”) for information purposes only and does not constitute, nor must it be interpreted as, an offer to buy or sell, any securities, futures, options or other financial instruments. None of the information contained in this Document constitutes a recommendation of investment, or legal, tax or any other type of advise and it should not be relied upon to make any investment or decision. Any and all the decisions taken by any third party as a result of the information contained in this Document, are the sole and exclusive risk and responsibility of that third party and Kutxabank shall not be responsible for any damages drove from the use of this document or its content.

The facts and opinions included are furnished as to the date of this Document and are based on Kutxabank's estimations and on sources believed to be reliable by Kutxabank but Kutxabank does not warrant its completeness, timeliness or accuracy. The facts, information and opinions contained in this Document are subject to changes and modifications.

This Document has at no time been submitted to the Comisión Nacional del Mercado de Valores (CNMV – the Spanish Stock Markets regulatory body) for approval or scrutiny. In all cases its contents are regulated by the Spanish law applicable at time of preparation, and it is not addressed to any person or legal entity located in any other jurisdiction. For this reason it may not necessarily comply with the prevailing norms or legal requisites as required in other jurisdictions.

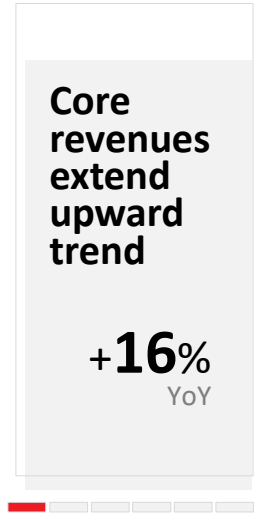
This Document may contain declarations which constitute forward-looking statements and referents to Kutxabank's current intentions, believes or expectations regarding future events and trends which under no circumstances constitute a warranty as to future performance or results.



**2024 9M
Results presentation**

Highlights

Highlights



	YtD evolution		Last Q evolution	
	9M24		3Q24	3Q24
Net Interest Income	+23%	YoY	+6%	+1%
			YoY	QoQ
+				
Net Service Income	+4%	YoY		
o/w Fees	+5%	YoY	+4%	+3%
			YoY	QoQ

EUR**1,515**mn
in 9M24



Highlights

Year-to-date volume growth

Lending volumes evolution remains on the positive side, albeit at a moderate pace. Customer funds continued to grow notably

Performing loan book

9M24
+0.4%
YoY

Corporate lending driving growth

Capex activity in particular stands out
Acelera Empresas plan for the transformation of the business model continued to progress at a good pace

Customer funds

9M24
+8.9%
YoY

Significant inflows well above expectations

Group's Asset Manager consolidates its position in the Top-3 in terms of net fund-takings so far this year
Transfer from cash to term deposits remain contained, as do costs.



Highlights



1 Launch of **Kutxabank Basoa** to gradually transform own forests into autochthonous forests that generate biodiversity without an extractive purpose

2 Getting ready for our 1st Sustainability Report under the CSRD, which is expected to be a game changer on both, reporting and management, due to its impact on strategy, business models and risk management

- 1 Start-up of the microcredit project focusing on two lines: innovation and sustainability and microfinance
- 2
- 3 Development of ESG risk action plans to comply with supervisory reporting and risk management requirements and to capture opportunities
- 4
- 5 Delivering on our commitment to sustainable banking

New sustainable financing⁽¹⁾

EUR**1.8bn**
YtD



Corporate lending

EUR**1.3bn**



Consumer lending

1.7x
YoY



Green mortgage

22%
of the new production

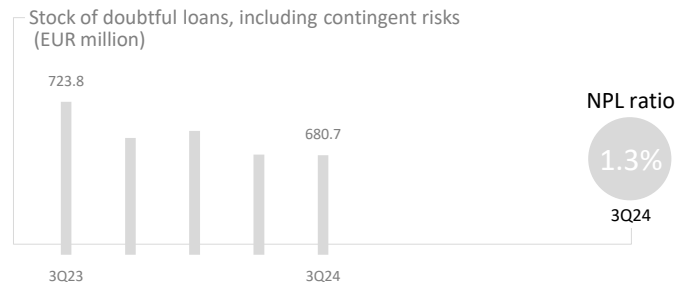


⁽¹⁾ Mortgages, consumer loans and corporate financing. Classification of sustainable products based on internal criteria developed in the Sustainable Financing Framework.

Highlights

Doubtful assets continue to decline

-6%
YoY



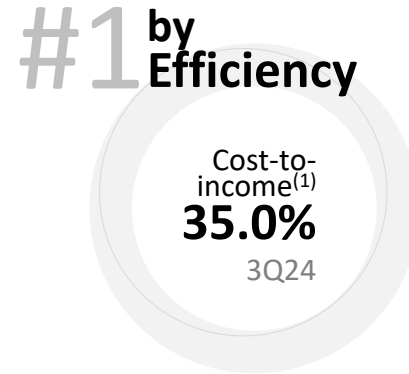
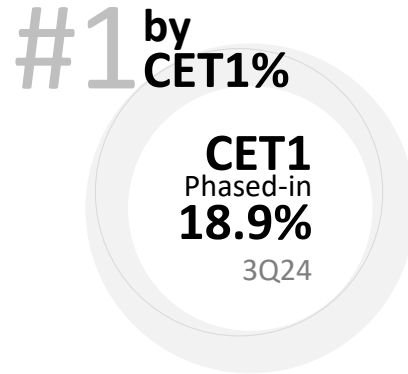
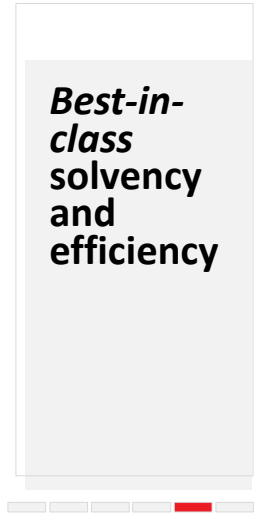
NPA summary

		COVERAGE
Doubtful loans	EUR 0.7 bn	107%
Foreclosed assets	EUR 1.0 bn	94%
Total NPA	EUR1.7 bn	99%

Net NPA ~**0%**
3Q24



Highlights



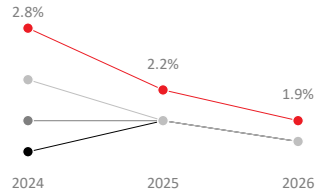
⁽¹⁾ Efficiency ratio excluding the Banking tax. This would add 148bps to the ratio.

Highlights

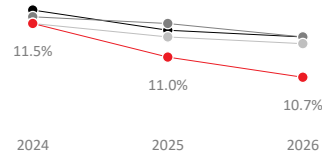
Maintaining discipline despite navigating a favourable context

- Spain shows better dynamism vs its EZ partners, while inflation looks like it has been brought back on track
- Easing financing conditions might boost credit demand

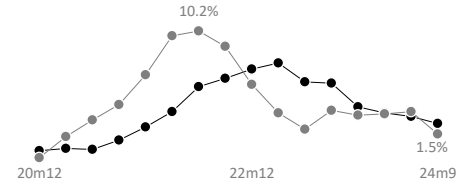
BoS forecast: GDP growth, Spain



BoS forecast: unemployment, Spain



Inflation evolution, Spain



● Dec-23 ● Mar-24 ● Jun-24 ● Sep-24

● Core inflation ● Headline inflation





**2024 9M
Results presentation**

Financial performance

Financial performance

P&L summary

Net income (9M24)

EUR **396**mn
+2.8%
 YoY

(EUR million)	9M24	9M24-9M23
Net interest income	1,031.8	23.4%
Net Fees+Ins. business	482.7	3.9%
Core revenues	1,514.5	16.4%
Equity method&Dividends&TI	76.1	-8.1%
Other operating income (OOI)	-112.4	28.0%
Gross margin	1,478.3	14.1%
Operating expenses	-531.5	9.4%
Pre-provisioning profit	946.8	16.9%
Provisions	-445.3	61.9%
Other income	20.9	36.5%
Tax and others	-126.3	-23.4%
Net income	396.2	2.8%

Core revenues extend upward trend (+16% YoY) sustained by both YoY and QoQ positive evolution of Net interest income and Service income.

Includes the payment of the bank tax (second year)

Pre-provisioning profit was up 17% YoY well above internal guidance despite higher operating expenses.

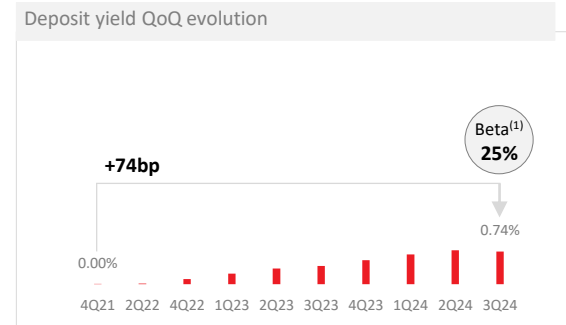
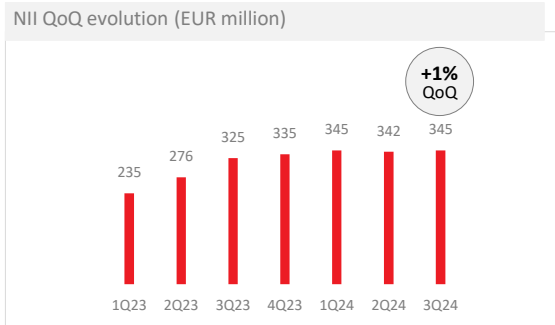
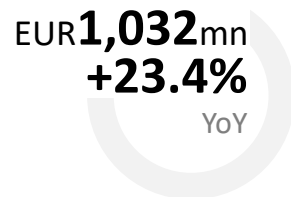
The Group will maintain a high level of prudent provisioning throughout the year



Financial performance

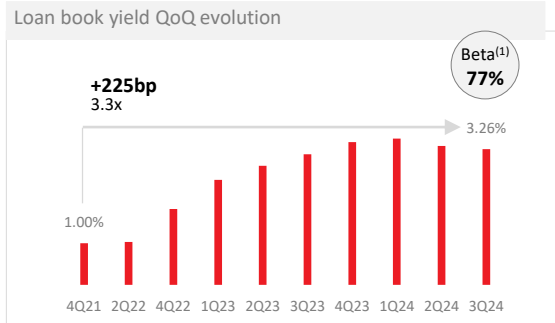
Top-line results

Net interest income (NII)



Highlights

- NII slightly picks up again despite having left behind the peak in terms of revenues.
- Loan book yield remains still well above 2023-year average.
- Beta analysis on the deposit side also shows that appreciation of deposit rates continues to be very limited.



Customer spread
251bp
3Q24

NII sensitivity (annual):

10bp
movement in
interest rates

EUR8-10mn



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

Financial performance

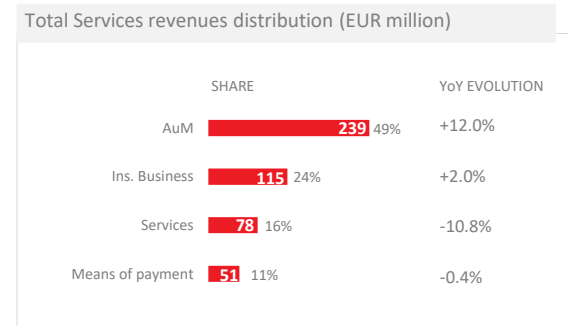
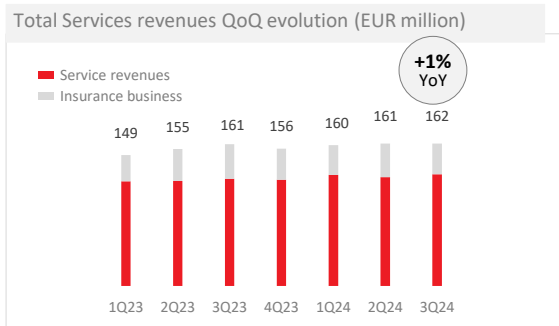
Top-line results

Income from services & Insurance business

EUR **483**mn
+3.9%
 YoY

Highlights

- Income from services & Insurance business increased mainly leveraged on AuM, which already accounts for nearly 50% of total Services revenues.
- The Group's Insurance business continues to contribute with increasing recurring revenues (+1.3% vs 9M23).



Financial performance

Insurance business



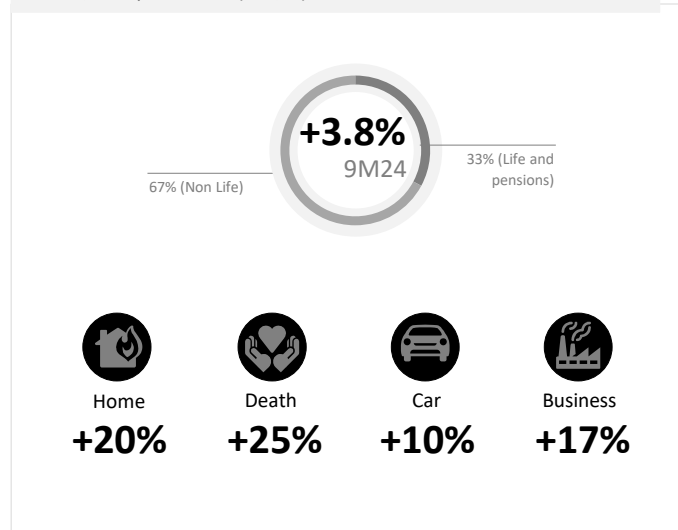
YtD contribution



Combined ratios

Life-risk products 60%	Home insurance 76%
----------------------------------	------------------------------

Policies, new production (YoY; %)



Financial performance

Top-line results

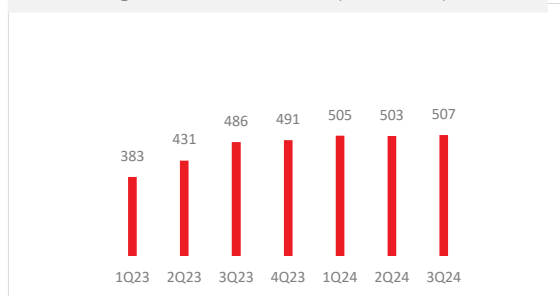
9M24 Core revenues

EUR **1,515mn**
+16.4%
 YoY

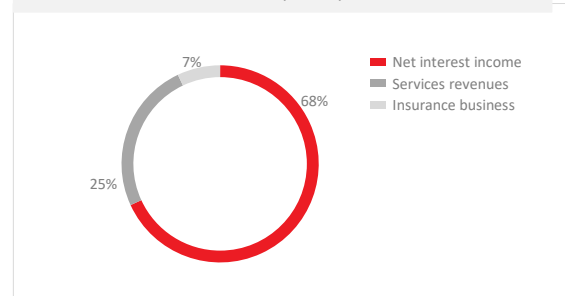
Highlights

- Last quarter shows a new record high (+0.7% QoQ; +4.3% YoY).
- By component, net interest income held up despite the decline in interest rates, while service revenues continued to grow, indicating a very positive diversification of revenue streams.

Core banking income QoQ evolution (EUR million)



Income source diversification (9M24)



Financial performance

Other Income and Expenses

Equity method & Dividends

EUR **78**mn
9M24

Other operating income (OOI)

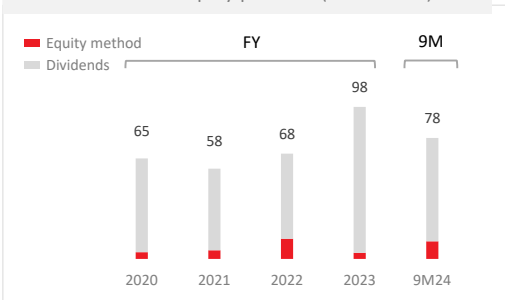
EUR **-112**mn
9M24

Including the impact of EUR 81.2 million of the banking tax

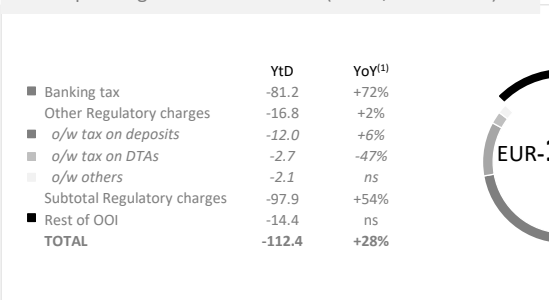
Pro-forma P&L summary exBanking tax

(EUR million)	9M24	9M24 Pro-forma
Core revenues	1,515	N/A
Gross margin	1,478	1,559
Pre-provisioning profit	947	1,028
Net income	396	>470

Revenues from the equity portfolio (EUR million)



Other operating income breakdown (9M24; EUR million)



⁽¹⁾ The positive sign of the YoY variation reflects an increase in charges recorded under OOI.

Financial performance

Costs

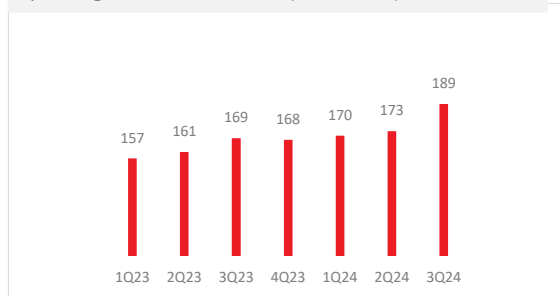
Operating expenses

EUR **532mn**
+9.4%
 YoY

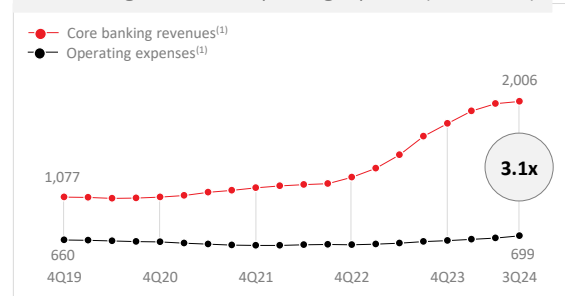
Highlights

- The significant increase in costs is related to Other General Expenses derived from the allocation of one-off project costs.
- Pure banking revenues for the last four quarters now exceed EUR 2bn.

Operating costs QoQ evolution (EUR million)



Core banking revenues vs Operating expenses (EUR million)



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

Financial performance

Costs

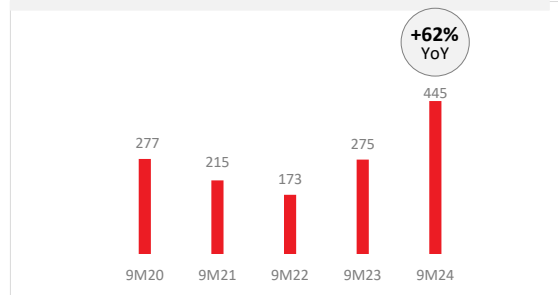
Credit risk impairments and other provisions

EUR **445**mn
+61.9%
 YoY

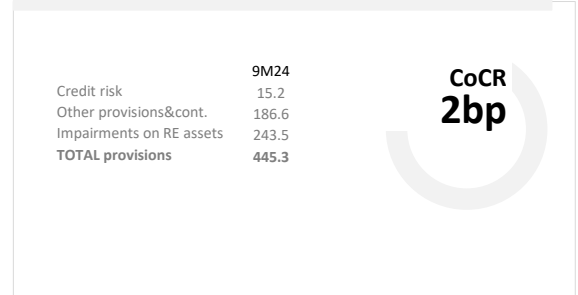
Highlights

- Significant level of provisioning effort although the cost of pure credit risk remains at ultra-low levels.
- Most of the provisions are allocated to cover potential legal contingency costs and the remaining legacy foreclosed asset exposure.

Total provisions & impairments YoY evolution (EUR million)



Total provisions & impairments in detail (EUR million)



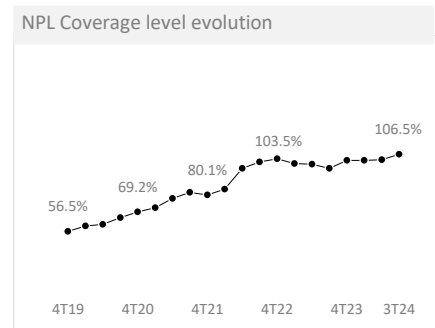
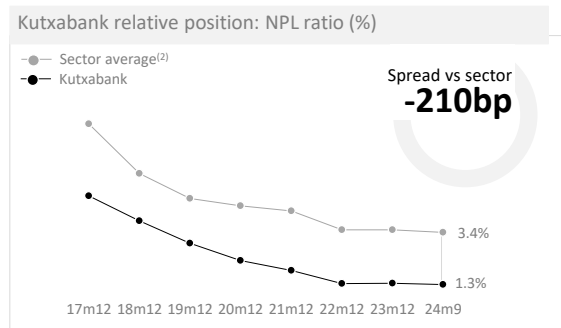
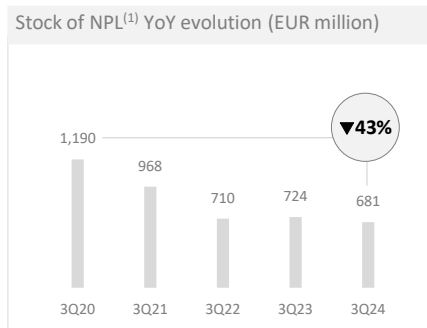


**2024 9M
Results presentation**

Asset quality

Asset quality

Stock of doubtful loans keeps decreasing



Total coverage including prudential provisioning of NPE according to ECB calendar

122.7%

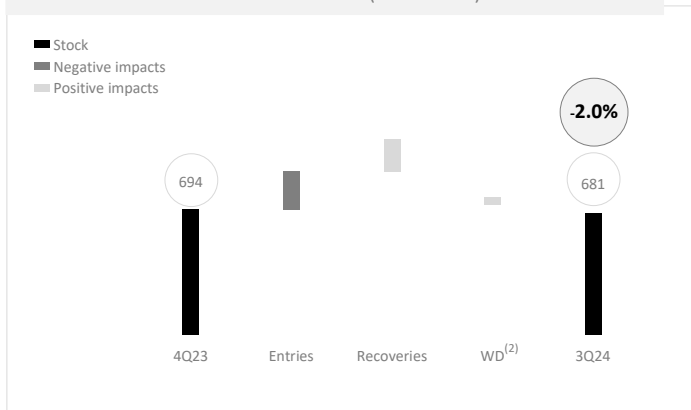


⁽¹⁾ Doubtful loan stock includes contingent risks.

⁽²⁾ Source: BoS. Data as of August 2024 for the sector (latest available data).

Asset quality

Doubtful-loan stock⁽¹⁾ evolution in 9M24 (EUR million)



Risk migration: 3Q24 vs 2Q24

Loans and advances by segments and stages

	Q				Q vs Q-1			
	S1	S2	S3	Cov	S1	S2	S3	Cov
Households	94%	4%	1%	71%	0.1%	-0.1%	0.0%	-1%
Non-FIN Corporates	91%	7%	2%	174%	0.7%	-0.5%	-0.2%	+18%
<i>a/w SME</i>	76%	18%	7%	114%	1.1%	-0.7%	-0.3%	-1%
Public sector	100%	0%	0%	ns	0.0%	0.0%	0.0%	-
FIN Corporates	100%	0%	0%	ns	0.0%	0.0%	0.0%	-



⁽¹⁾ Doubtful loan stock includes contingent risks.

⁽²⁾ WD: Write-downs.



**2024 9M
Results presentation**

Capital and Funding

Liquidity and Funding risk

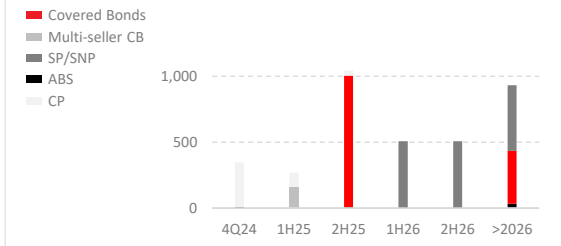
Maturity management

TLTRO borrowings have already been repaid in full.

TLTRO maturity calendar

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

Capital market funding maturity profile (EUR million)



Regulatory liquidity ratios

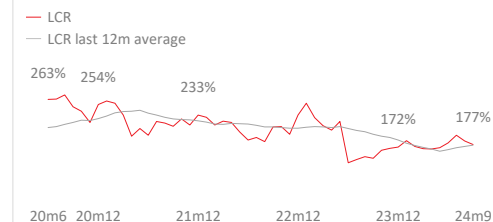
LCR
177%
24m9

Last 12-month average
176%

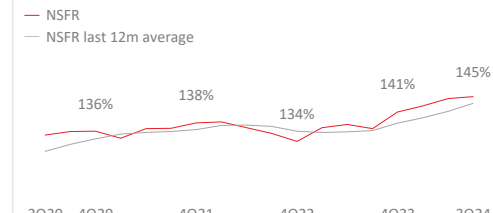
NSFR
145%
3Q24

Last 12-month average
143%

LCR% evolution



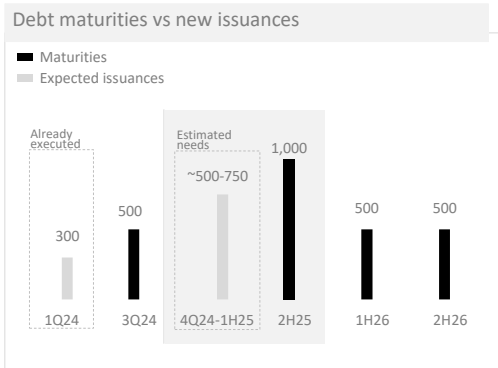
NSFR% evolution



Liquidity and Funding risk

Funding plans

- Funding plans in the coming quarters will be focus on the management of existing debt maturities and the monitoring of the evolution of the MREL-management buffer.
- Current expectation for the year-end commercial gap points toward a moderately positive liquidity contribution, allowing to offset part of the impact of coming maturities on the current comfortable liquidity cushion.
- 2025-26 period will require to deal with 2-step implementation of the counter-cyclical buffer and bail-inable debt instrument call dates.



Outstanding bail-inable debt instrument (3Q24)

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

Outstanding tradeable covered bonds (3Q24)

ISIN code	Format	Amount (EUR bn)	Maturity date	LCR status	European Premium
ES0443307063	Bullet	1.0	09/2025	L1B	✓
ES0443307022	Bullet	0.1	12/2040	N/A	✓



Solvency

Highlights

- Kutxabank's CET1 ratio breaks a new all-time record.
- Besides the organic growth (+53bps) the evolution of the value of investments in equity instruments has pushed the ratio up to almost 19%.
- RWA inflation and IFRS9 phased-out were the main impacts absorbed so far this year.

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

	Impact vs4Q23	Impact (bp) vs4Q23	
IFRS9	22	7	▼
Prudential provisions	18	6	▲
Deductions	52	17	▲
Valuation adjustments	170	56	▲
Risk-weighted assets	665	42	▼
Total earnings	396		
<i>o/w retained</i>	158	53	▲

CET1⁽¹⁾
Phased-in
18.9%

3Q24

Fully-loaded
CET1 ratio

18.8%

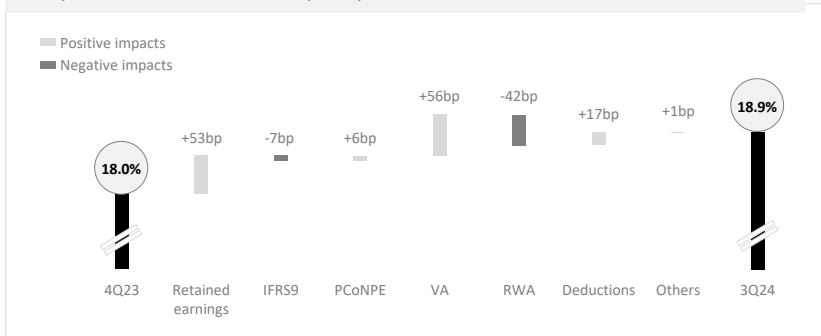
3Q24

+92bp
YtD

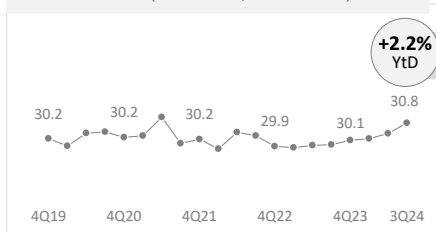
RWA calculation
method: STANDARD

100%

CET1 phased-in 9M24 evolution by components



RWA evolution (Phased-in; EUR billion)



RWA inflation mainly driven by the momentum in lending activity and, to a lesser extent, higher investments value



⁽¹⁾ Preliminary figures.

Final remarks



2024 9M

Core revenues

EUR**1.5**bn

trend ↑

NII slightly picks up again while Wealth Management Net Revenues boost Service income performance

Turnover

EUR**137**bn

trend ↑

Strong growth in Customer funds coupled with a moderate growth in the loan book

Sustainable financing

EUR**1.8**bn

trend ↑

Of new sustainable financing so far this year

Asset quality

CoCR: **2**bp

trend =

Cost of credit risk remains at ultra-low levels. Exposure to NPAs already close to zero

CET1
Phased-in
18.9%



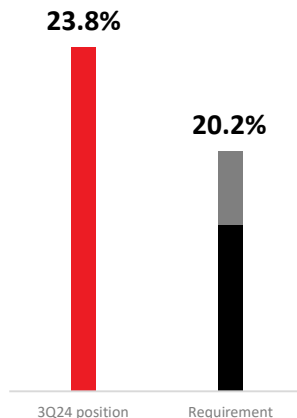
**2024 9M
Results presentation**

Annex

Annex

MREL

23.8% vs 17.7%+CBR



	Amount (EUR million)	% o/TREA
Current position	7,314	23.8%
<i>o/w CET1</i>	5,814	18.9%
<i>o/w SNP</i>	1,000	3.2%
<i>o/w SP</i>	500	1.6%
Loss Absorption Amount	2,833	9.2%
Recapitalisation Amount	2,833	9.2%
RCA post adjustments	2,620	8.5%
2024 MREL requirement	6,223	20.2%
Current excess vs req.	1,091	3.5%



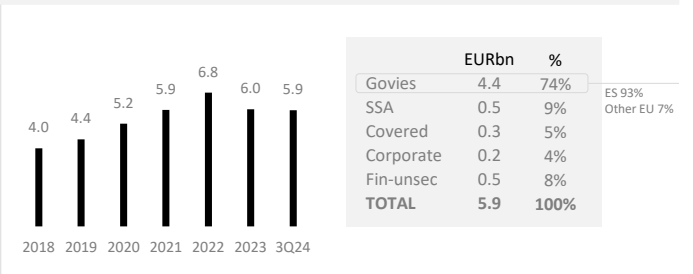
Although no subordination requirement applies, in the building blocks of MREL Kutxabank will seek to maintain at all times a level of subordination sufficient to provide the necessary support for the quality of the risk currently assumed by bondholders and depositors. The excess might be filled with senior preferred.

Annex

ALCO portfolio

ALCO portfolio (3Q24)

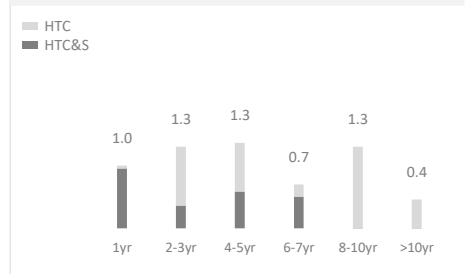
Evolution and breakdown by type of counterparty



Portfolio breakdown

Portfolio	Amount (EURbn)	WAL	Duration
HTC&S	2.34	2.32	1.05
HTC ⁽¹⁾	3.58	6.34	4.20
Blended	5.92	4.88	3.05

Maturity profile



ALCO portfolio size to CET1 capital
1.0x
3Q24

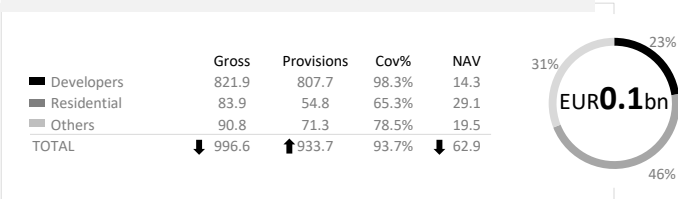


⁽¹⁾ No unrealised losses in the HTC portfolio currently.

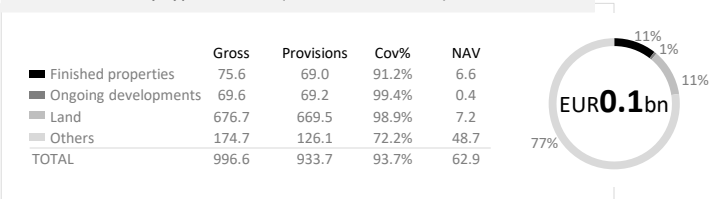
Annex

NPAs in detail

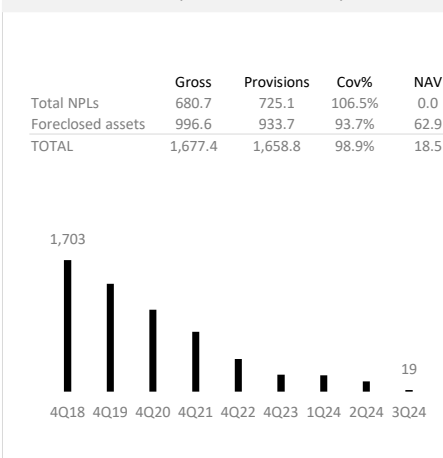
Floreclosed asset (FA) breakdown by origin (3Q24; EUR million)



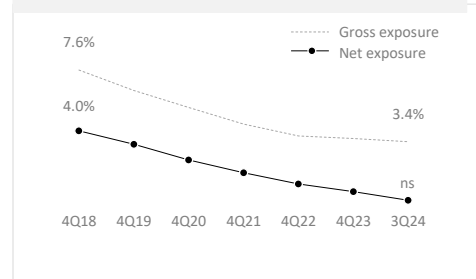
FA breakdown by type of asset (3Q24; EUR million)



Total NPA: FA+NPL (3Q24; EUR million)



NPA% YoY evolution



Texas ratio
21.3%
3Q24

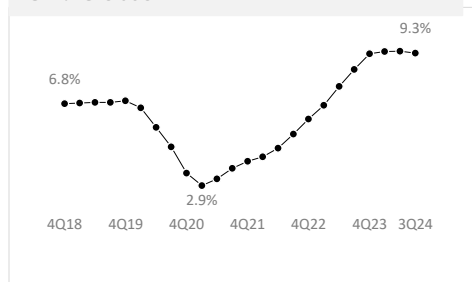


Annex

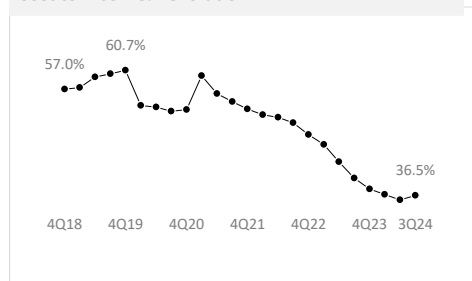
Key indicators

	3Q24	3Q23	3Q24 vs 3Q23	2Q24	3Q24 vs 2Q24
ROE	8.59%	7.88%	71 bp	8.68%	-9 bp
ROTE	9.30%	8.50%	80 bp	9.39%	-9 bp
ROA	0.80%	0.71%	9 bp	0.82%	-1 bp
RORWA	1.72%	1.55%	17 bp	1.74%	-2 bp
Cost to Income	36.46%	39.77%	-331 bp	35.55%	91 bp
LCR	176.68%	150.83%	2585 bp	179.85%	-317 pb
NSFR	145.24%	136.86%	839 bp	144.69%	55 bp
LtD	90.37%	96.98%	-661 bp	91.29%	-92 bp
# of customers	2,320,625	2,329,180	-0.4%	2,315,635	0.2%
# of employees	5,118	5,025	1.9%	5,117	0.0%
# of branches	655	693	-5.5%	663	-1.2%
# of ATMs	1,363	1,433	-4.9%	1,372	-0.7%

ROTE% evolution



Cost to income% evolution

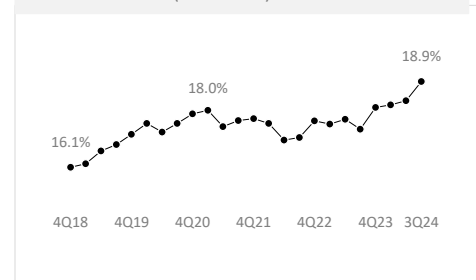


Annex

Solvency

	3Q24	3Q23	3Q24 vs 3Q23	2Q24	3Q24 vs 2Q24
Capital	2,060.0	2,060.0	0.0%	2,060.0	0.0%
Reserves	3,852.8	3,667.6	5.0%	3,853.0	0.0%
Retained earnings	158.5	154.1	2.8%	105.4	50.3%
Prudential Coverage of NPE	-110.3	-143.4	-23.1%	-111.8	-1.4%
Minority interests	0.3	2.6	-89.6%	0.3	0.6%
Valuation adjustments	682.6	391.2	74.5%	512.0	33.3%
Intangible assets	-416.7	-383.8	8.6%	-406.3	2.6%
Deductions	-413.1	-488.7	-15.5%	-465.8	-11.3%
CET I capital	5,814.1	5,259.5	10.5%	5,546.9	4.8%
Tier I capital	5,814.1	5,259.5	10.5%	5,546.9	4.8%
Total capital	5,814.1	5,259.5	10.5%	5,546.9	4.8%
RWA	30,791.8	29,951.7	2.8%	30,367.9	1.4%
o/w Credit risk	28,058.0	27,552.4	1.8%	27,634.2	1.5%
CET I ratio	18.88%	17.56%	132 bp	18.27%	62 bp
Tier I ratio	18.88%	17.56%	132 bp	18.27%	62 bp
Total Capital ratio	18.88%	17.56%	132 bp	18.27%	62 bp
Leverage ratio	ND	8.14%	-	8.08%	-
Pro-forma: CET I ratio fully loaded	18.83%	17.49%	134 bp	18.21%	62 bp
Pro-forma: Total Capital fully loaded ratio	18.83%	17.49%	134 bp	18.21%	62 bp
Pro-forma: Leverage fully loaded ratio	ND	8.11%	-	8.06%	-
MREL	23.75%	22.57%	119 bp	23.21%	55 bp

CET1% evolution (Phased-in)



Annex

Glossary

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 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..
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
LAA	Loss absorption amount.
LCR	Liquidity Coverage Ratio.
MREL	Minimum Requirement of Eligible 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.



Annex

Glossary

Term	Definition
NPA	Non-performing assets.
NPL	Non-performing loans ratio. Ratio of: (Numerator) Doubtful + Contingent risks; (Denominator) Lending + Contingent 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





2024 9M

www.kutxabank.com
investor.relations@kutxabank.es



Access to
Main figures



Results
presentations

