IBERCAJA BANCO
1Q2019 RESULTS

May 7th, 2019



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KEY HIGHLIGHTS

KEY HIGHLIGHTS

SIGNIFICANT INCREASE IN NET PROFIT

- **€57m** — Net profit reaches €57m, 2.5x above 1Q2018 levels
- **+2.6%** — Recurring revenues grow 2.6% YoY
- **+5.2%** — Recurring profit before provisions increases 5.2% YoY

SOUND CAPITAL GENERATION DURING THE QUARTER

- **10.8%** — CET1 Fully Loaded Ratio reaches 10.8%
- **+25 bps** — Ibercaja generates 25 bps of capital during the quarter
- **14.7%** — Total Capital Fully Loaded ratio stands at 14.7%

EL BANCO DEL Vamos

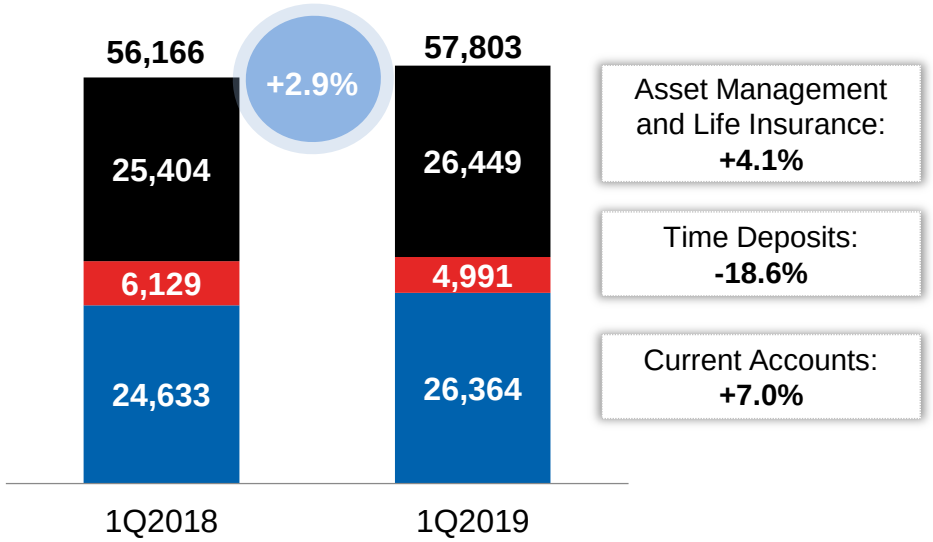
II

COMMERCIAL ACTIVITY

ibercaja

CUSTOMER FUNDS

Customer Funds– €m



Asset Management and Life Insurance: **+4.1%**

Time Deposits: **-18.6%**

Current Accounts: **+7.0%**

"Cuenta Vamos" Commercial Banner



Customer funds increased 2.9% YoY or €1,637m.

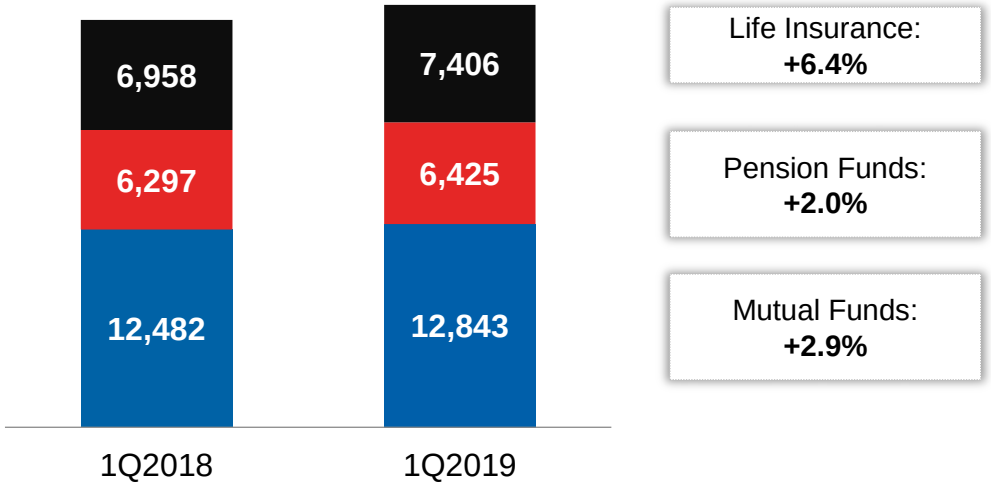
- **Assets under management and life insurance products** grow **4.1%** or €1,045m and account for 45.8% of total customer funds.

Commercial success of "Cuenta Vamos" with 20.000 new accounts since it was launched at the end of 2018.

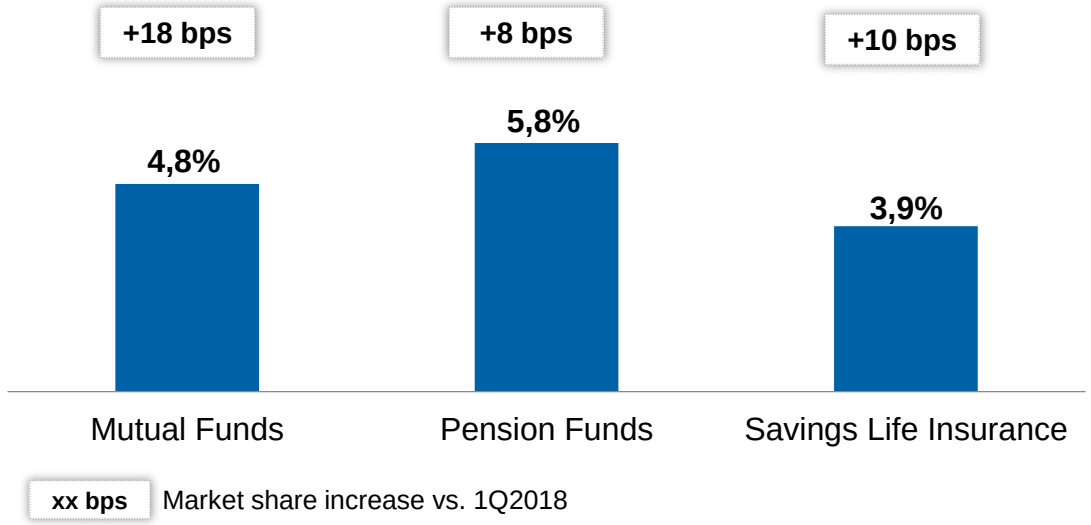
- **Strong cross selling levels** as the customer needs to bring its **payroll**, direct debits and use a payment card.
- **65%** of the new accounts have been opened **outside Ibercaja's Home Markets**. **Digital onboarding** represents **7%** of new accounts.

ASSET MANAGEMENT AND LIFE INSURANCE

Asset Management and Life Insurance[1] – €m



Market Shares[1] – 1Q2019



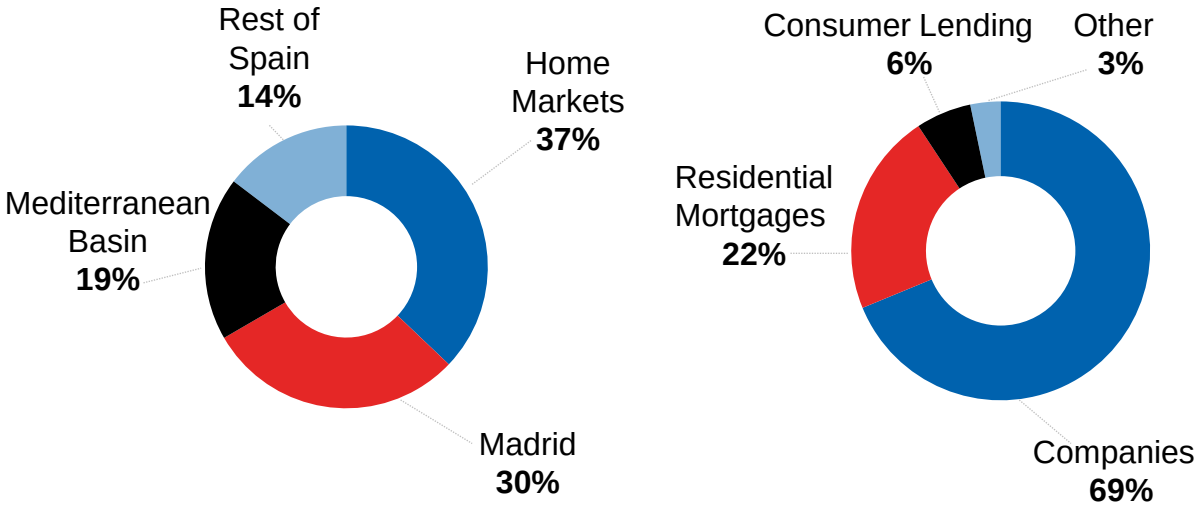
Ibercaja continues to increase volumes and market share in asset management and life insurance products.

- Outstanding evolution in **mutual funds**, with assets under management growing **3% YoY** and market share increasing 18 bps to reach **4.8%.** This growth is driven by **balanced mutual funds** which have grown **41% YoY** (+€1,000m).

[1] Source: Inverco, ICEA

CUSTOMER LOANS

New Lending Production – €m



Loan Portfolio – €m

	1Q2018	1Q2019	YoY
Loans to Individuals	**21,347**	**20,782**	**-2.6%**
Mortgages	19,845	19,297	-2.8%
Consumer and Others	1,502	1,485	-1.1%
Loans to Companies	**7,473**	**7,667**	**2.6%**
Non-Real Estate Companies	6,513	6,652	2.1%
Real Estate Companies	960	1,015	5.8%
Public Sector and Others	**820**	**840**	**2.4%**
Performing Gross Loans ex Repos	**29,639**	**29,289**	**-1.2%**
Repos	941	1,490	58.2%
Doubtful Loans	2,501	2,212	-11.5%
Gross Loans	**33,082**	**32,991**	**-0.3%**

New lending reaches €1,051m and the company continues to implement its diversification strategy:

- New **lending to companies** represents **69%** of total new lending**.**
- **Madrid and Mediterranean Basin** account for **49%** of new lending**.**

Accumulated working capital financing grows 12.6% in the quarter and exceeds €1,800m.

Performing gross loans ex repos fell 1.2%.

- **Gross loans to companies** grow **2.6% YoY.**

III

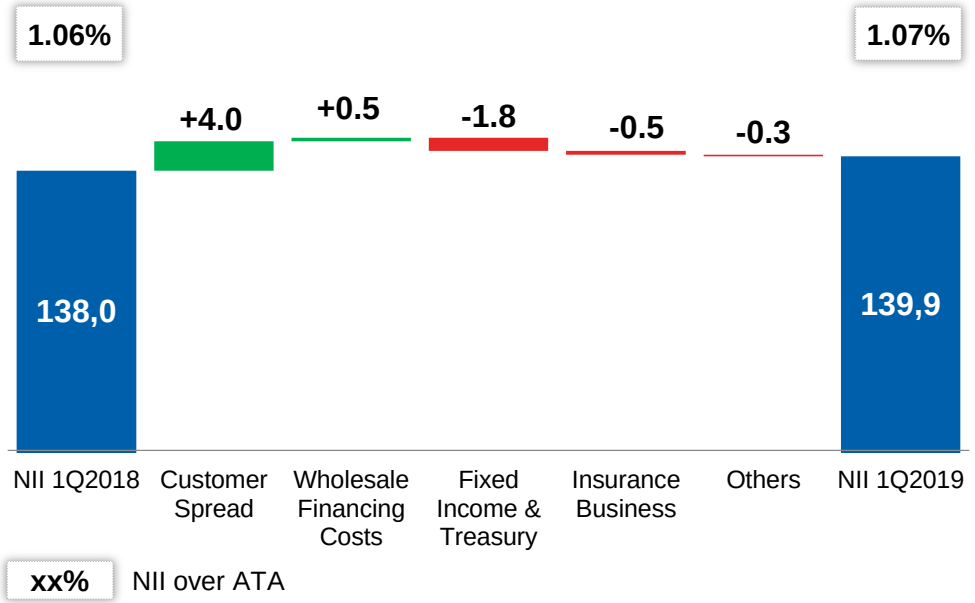
RESULTS

P&L ACCOUNT

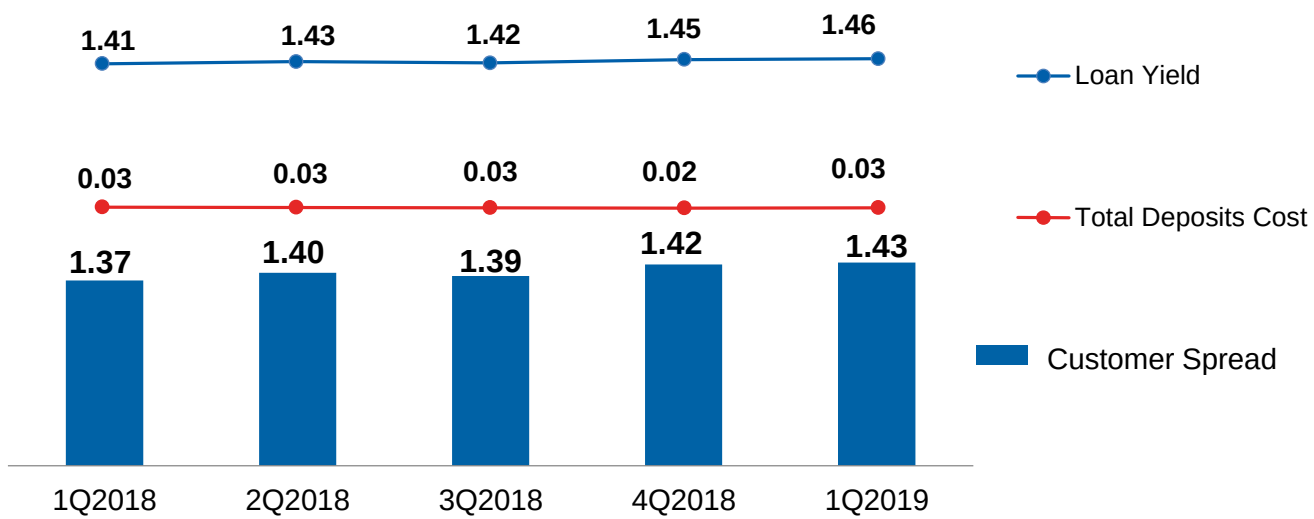
	€m		
	1Q2018	1Q2019	YoY
Net Interest Income	138.0	139.9	1.4%
Net Fee Income	89.9	93.8	4.4%
Recurring revenues	**227.9**	**233.7**	**2.6%**
Gain/Losses on Financial Assets and Liabilities	25.0	18.6	-25.6%
Other Operating Income (net)	5.7	12.5	118.5%
Gross Operating Income	**258.6**	**264.9**	**2.4%**
Operating Costs	-200.5	-146.5	-26.9%
of which: Recurring Costs	-145.0	-146.5	1.1%
of which: Redundancy Plan	-55.5	0.0	n/a
Pre-Provision Profit	**58.1**	**118.3**	**103.5%**
Total Provisions	-26.5	-39.3	48.6%
Other Gains and Losses	3.2	1.1	-64.0%
Profit before Taxes	**34.9**	**80.2**	**130.0%**
Taxes & Minorities	-12.3	-23,4	90.2%
Net Profit Attributable to Shareholders	**22.6**	**56.8**	**151.7%**

NET INTEREST INCOME

Net Interest Income Breakdown – €m



Customer Spread - % and €m

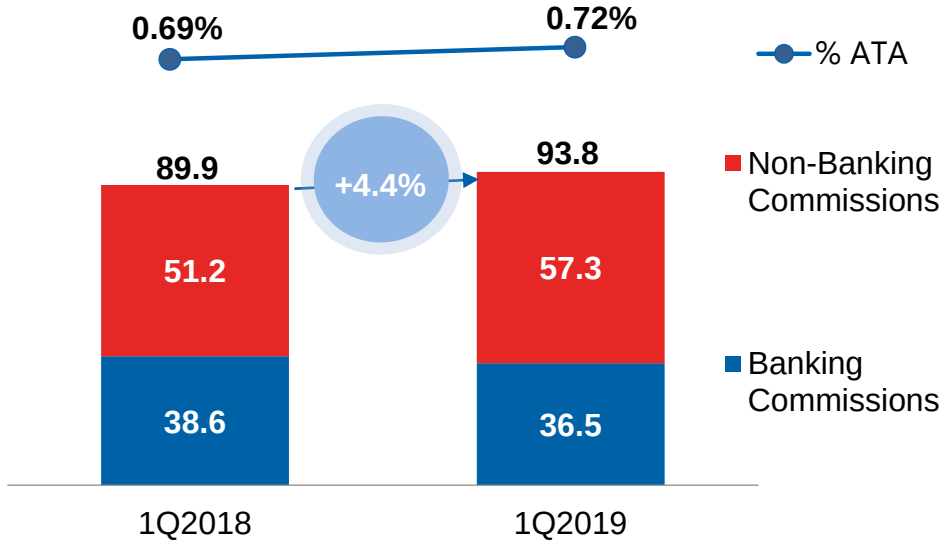


Net interest income grows 1.4% YoY.

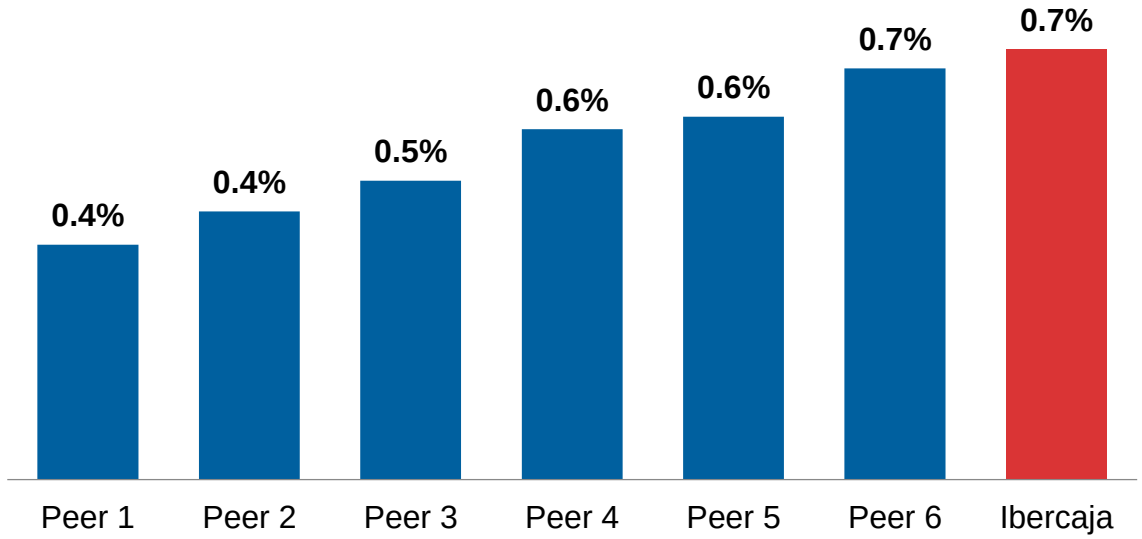
- **Customer spread increases 3.9% YoY or €4.0m.** The reduction in total deposit costs coupled with an improvement in loan yields has allowed customer spread to reach peak levels since 2016.
- **ALCO portfolio and treasury revenues fall €1.8m**. The ALCO portfolio accounts for 11.3% of financial revenues.

NET FEE INCOME

Net Fee income – €m



Net Fee Income % Total Assets[1]



Net fee income increases 4.4% YoY.

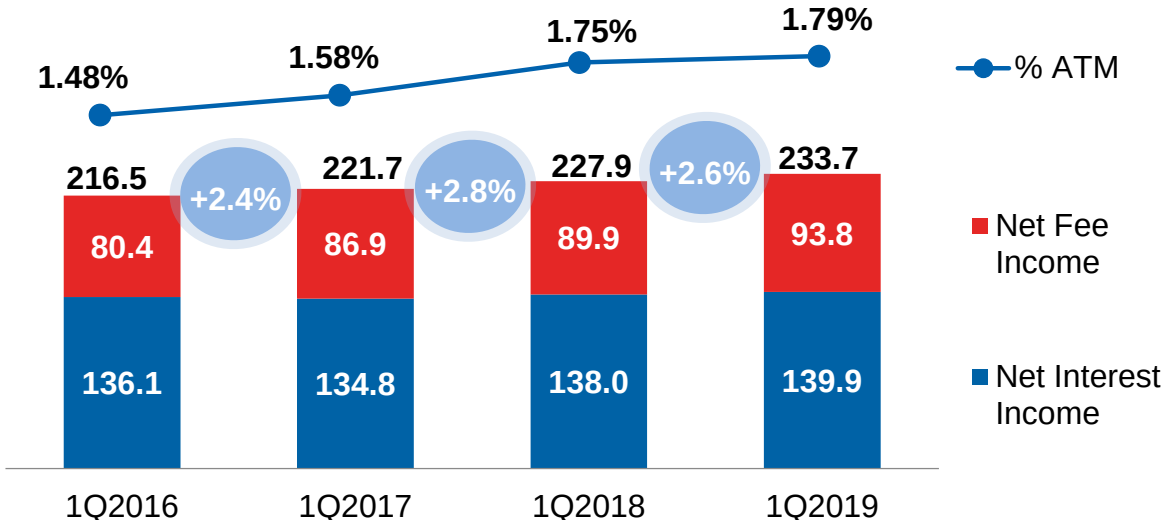
- **Non-banking commissions*** (mutual funds, risk insurance and pension funds) **rise 11.8% YoY.** These commissions represent **61% of the bank's net fee income.**
- **Banking commissions decrease 5.4% YoY.**

* Includes non-banking financial products' commercialization and asset management.
[1] Entities considered: Bankia, Bankinter, Caixabank, Liberbank, Sabadell ex TSB and Unicaja.

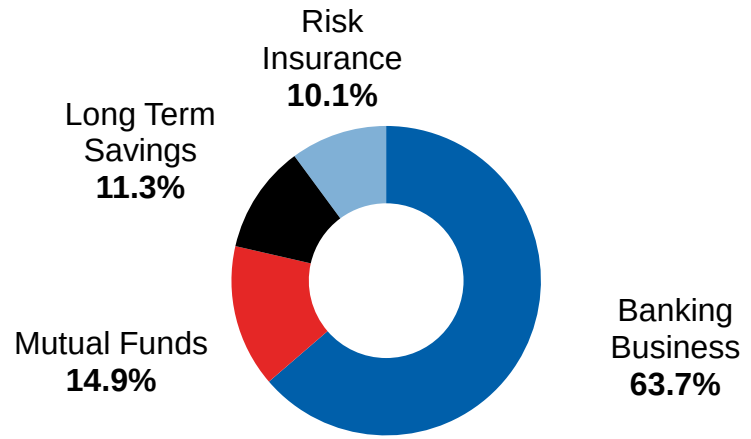
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RECURRING REVENUES

Recurring Revenues – €m



Recurring Revenues Breakdown – % 1Q2019

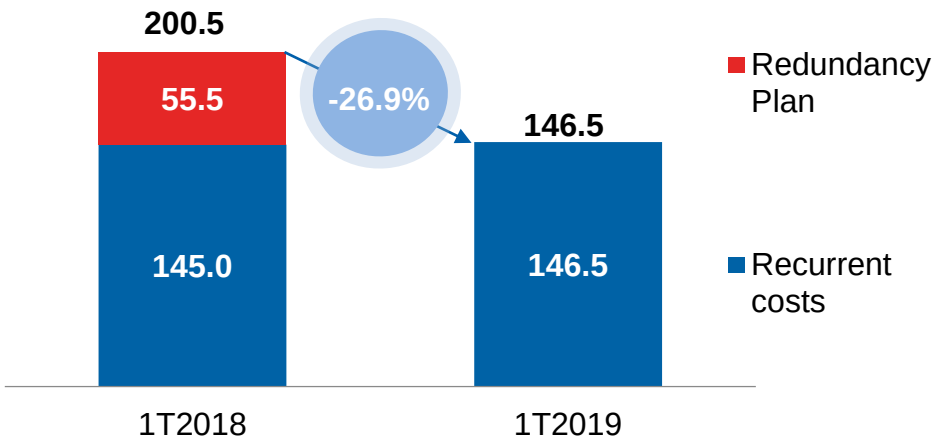


Revenue diversification through asset management and bancassurance has allowed Ibercaja to increase its recurring revenues for three years in a row.

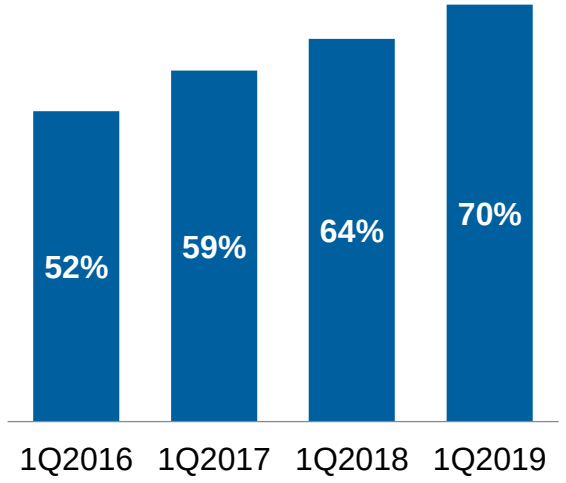
- **Recurring revenues grow 2.6% YoY** and profitability over ATA improves 4 bps reaching **1.79%.**
- **Revenues from asset management and bancassurance rise 3.2% YoY,** representing **36.3%** of the bank's recurring revenues.

OPERATING COSTS

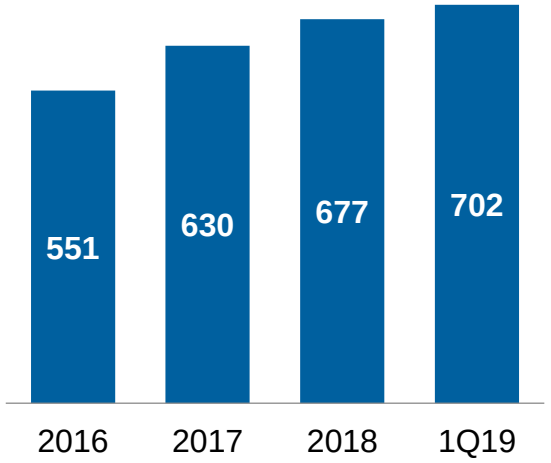
Operating Costs – €m



Digital Operations[1] - %



Digital Customers[2] - K



Total operating costs decreased 26.9% YoY driven by the extraordinary costs accounted in 1Q2018.

► **Recurring costs grow 1.1% YoY.** The company expects the cost base to remain flat through the year.

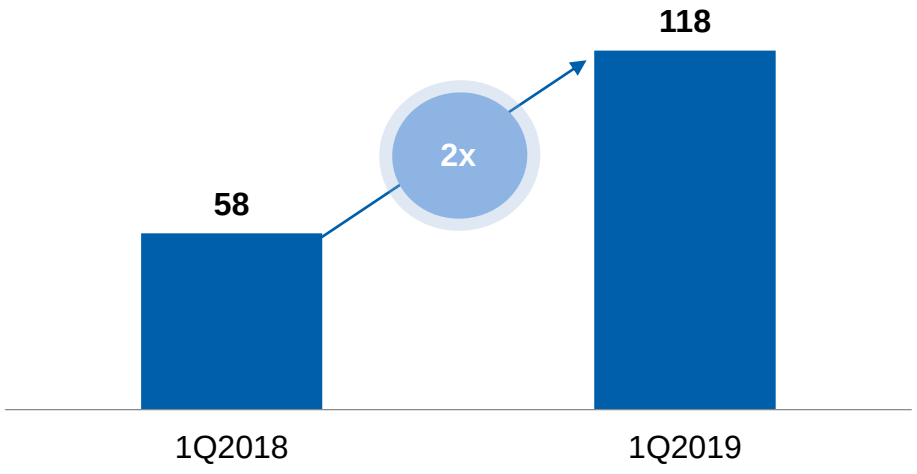
Continuous improvement in % of digital operations due to an increase in the number of digital customers.

► Significant increase in the number of **users of Ibercaja App: +32% YoY** to a total of 337,000.

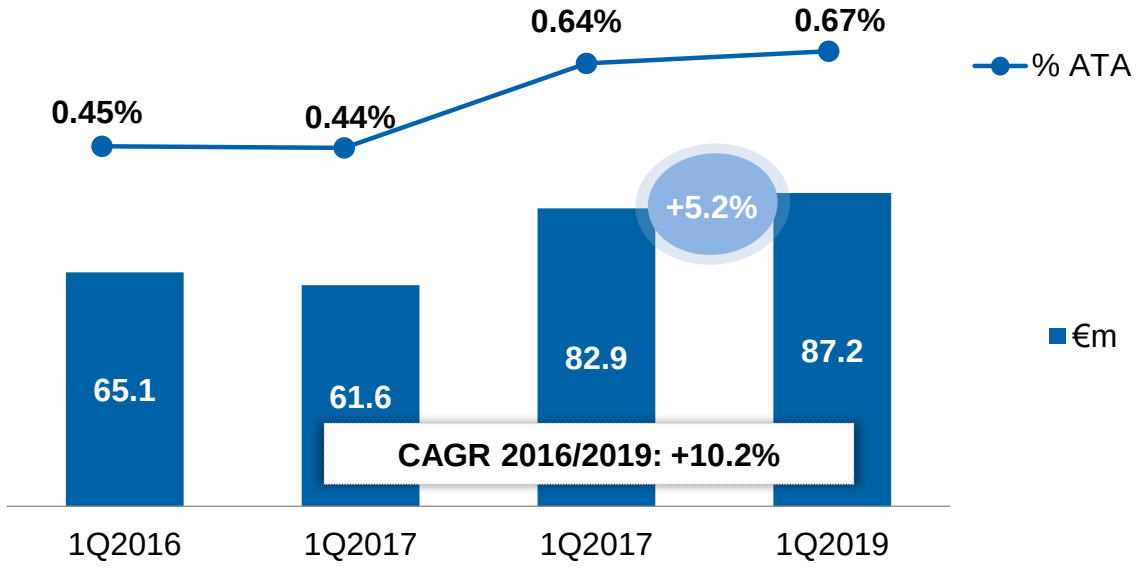
[1] % of operations of customers that has been carried out through digital channels (App, Web).
[2] Number of customers that have used the web or the app of Ibercaja during the last month.

PROFIT BEFORE PROVISIONS

Profit before Provisions - €m



Recurring Profit before provisions – €m



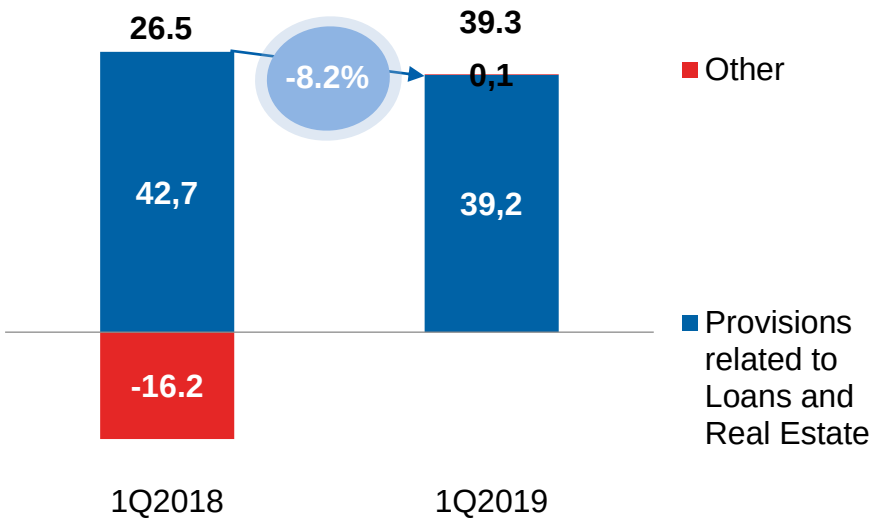
Ibercaja doubles its profit before provisions in 1Q2019.

► This evolution is driven by a **gross margin increase (+2.4% YoY)** and the lack of extraordinary costs (€55.5m in 1Q2018).

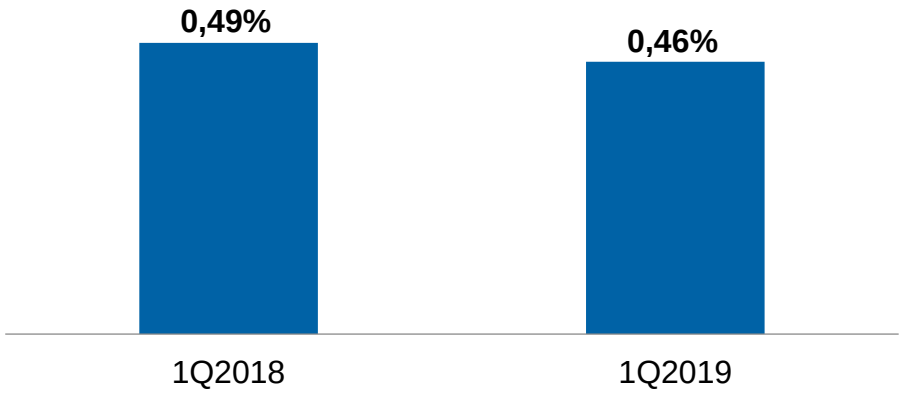
Recurring profit before provisions increases 5.2% YoY. As a % of ATA, it improves 3 bps to reach 0.67%.

PROVISIONS

Total Provisions – €m



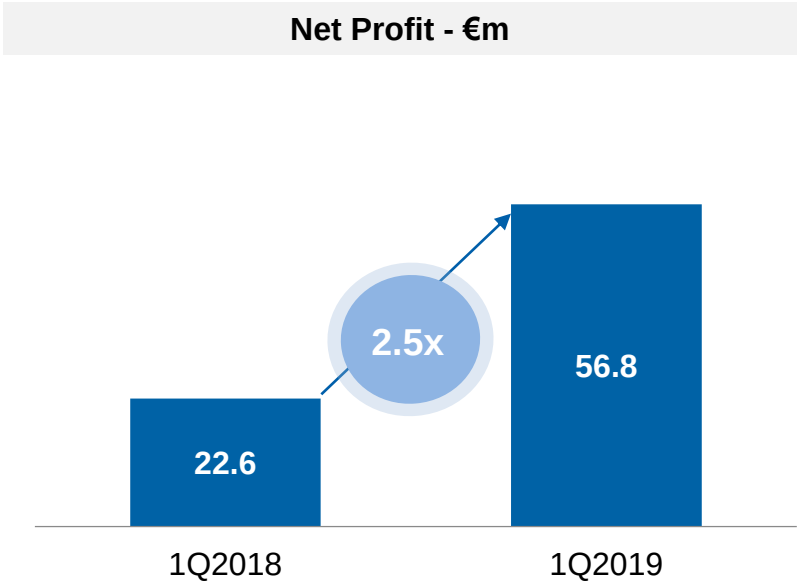
Cost of Risk - %



Total provisions grow 48.6%.

- **Provisions related to loans and real estate** fall **8.2% YoY.**
- **Cost of risk** stands at **46 bps.**

NET PROFIT



Net income reaches €56.8m in the quarter, which represents 2.5x the level of 1Q2018.

IV

ASSET QUALITY, LIQUIDITY AND SOLVENCY

ASSET QUALITY (1/2)

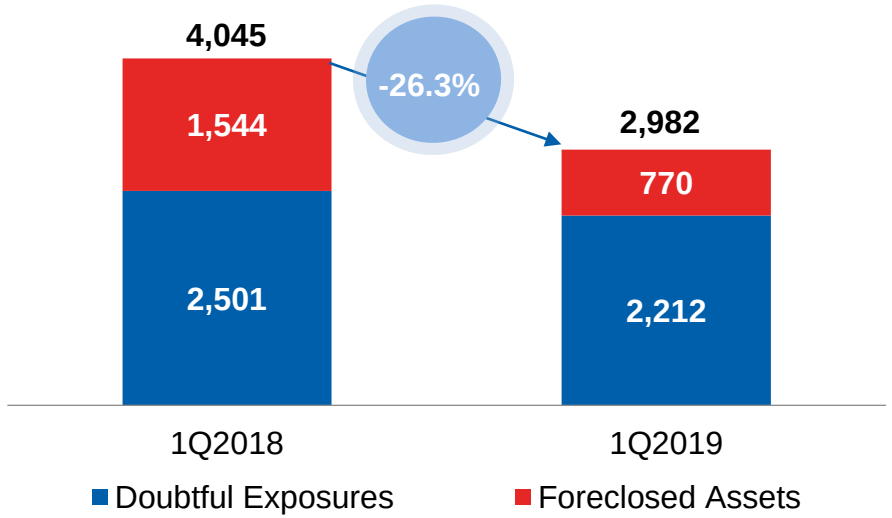
Non-performing assets – doubtful exposures and foreclosed assets – decrease 26.3% YoY or €1,063m.

NPA ratio falls 285 bps during the year reaching 8.8%.

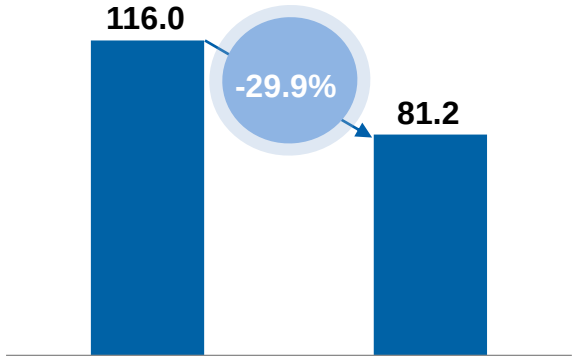
- **Stock of doubtful exposures has decreased 11.5% or €289m.** NPL ratio reaches 6.7%.(-85 bps YoY). Gross NPL entries fall 29.9% YoY.
- **Stock of foreclosed assets falls 50% or €774m.**

The stock of non-performing assets falls 1.9% vs. 4Q2018 driven by a 2.7% reduction in the stock of doubtful exposures.

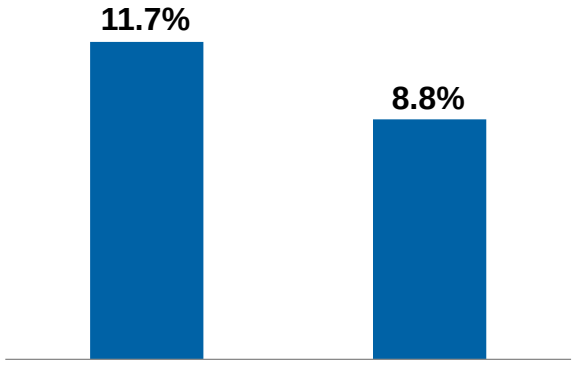
Gross NPAs – €m



Gross NPL Entries – €m



NPA Ratio - %



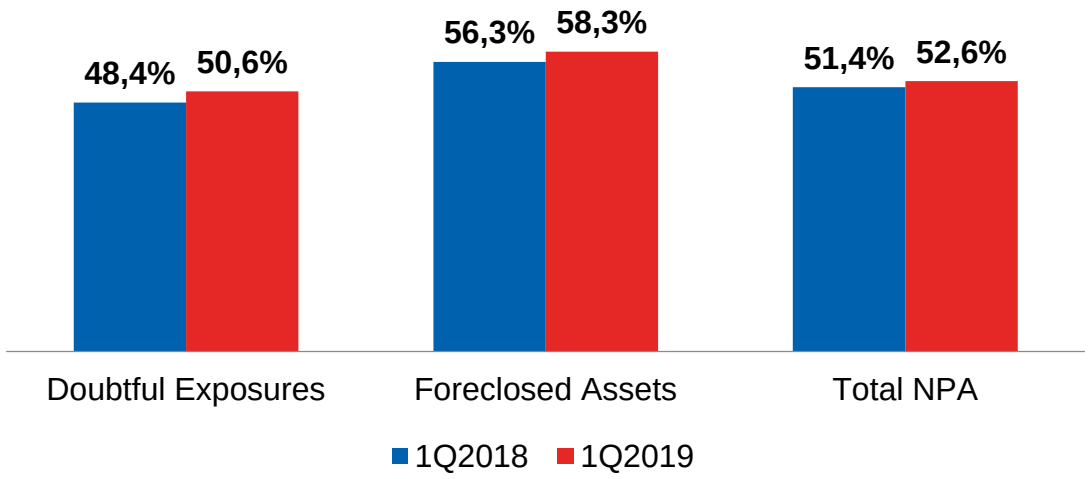
ASSET QUALITY (2/2)

Coverage ratio of non-performing assets increases 118 bps YoY and reaches 52.6%.

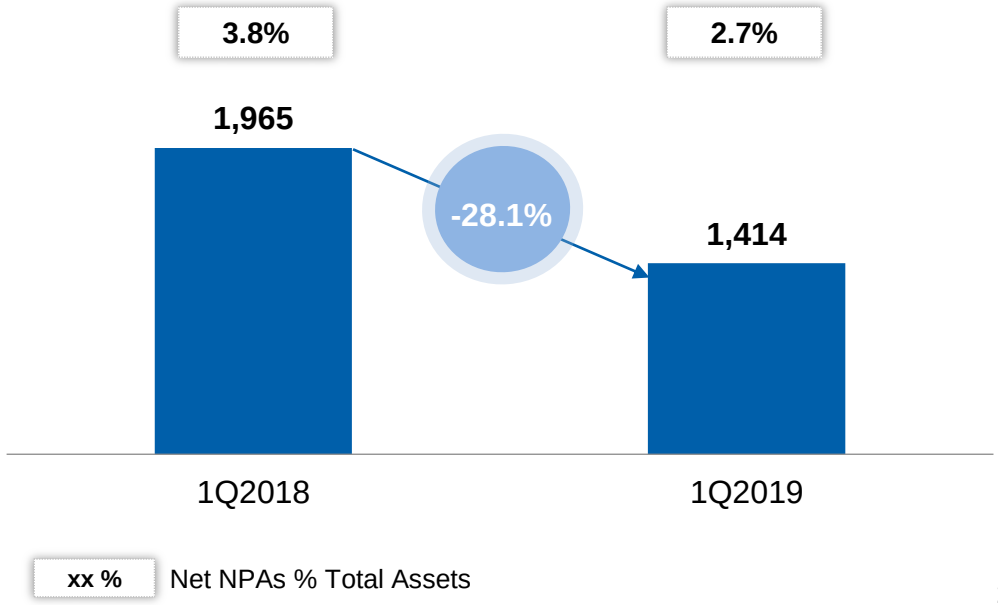
€551m / 28.1% reduction in net non-performing assets vs. 1Q2018 driven by a reduction of gross non-performing assets coupled with the provisioning effort.

Net non-performing assets as a % of total assets have fallen to 2.7% (-107 bps YoY).

NPA Coverage ratio – %



Net Non-performing Assets – €m

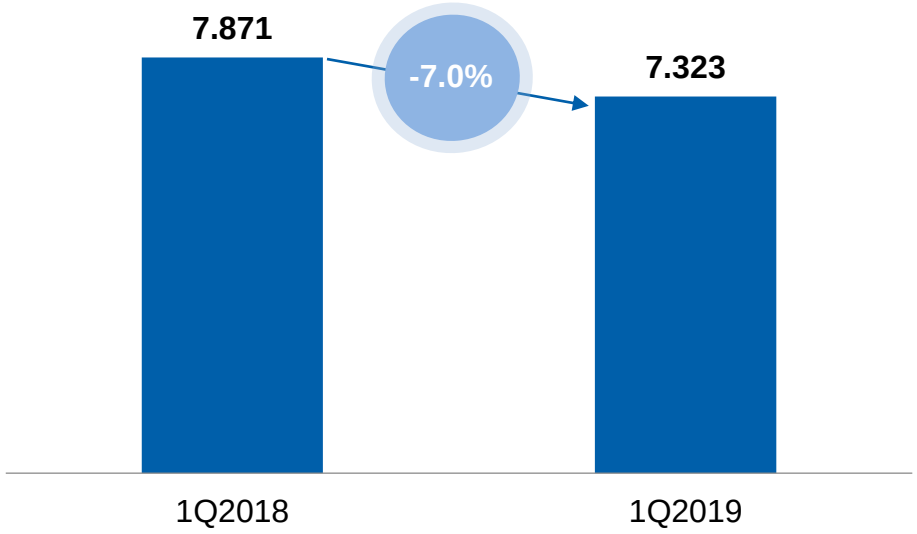


ALCO PORTFOLIO

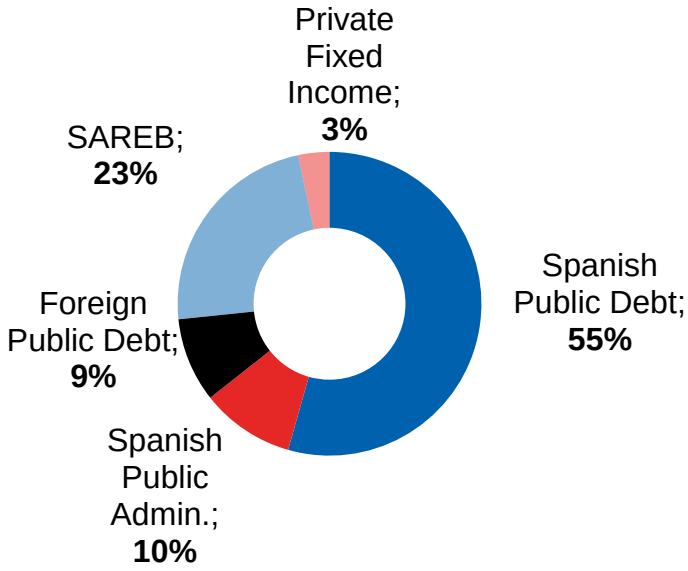
Fixed-income portfolio at €7,323m[1]. This portfolio has a low risk profile and is mainly composed of Spanish sovereign debt.

- **Average duration of 2.2 years**[2].
- **Average yield stands at 1.4% ex SAREB** (1.0% including SAREB bonds).
- **89%** of the portfolio is classified at **amortised cost.**

ALCO Portfolio - €m



Fixed-income[1] % Interest Income[3]



[1] Excluding the insurance portfolio.
[2] Includes interest rates swaps.

LIQUIDITY AND FUNDING PROFILE

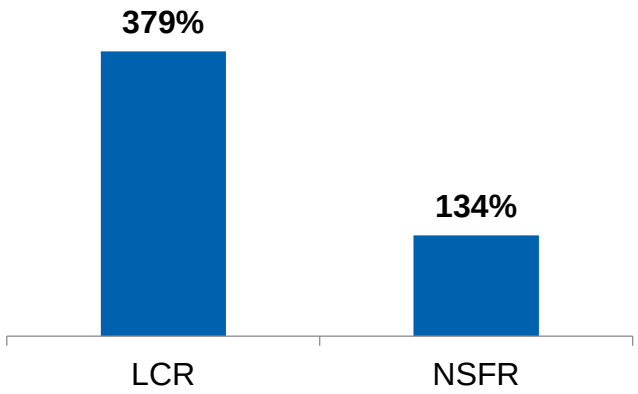
Ibercaja holds a comfortable liquidity position (liquid assets account for 20.5% of total assets) and a strong funding profile (customer deposits account for 79% of gross external funding).

► **LCR and NSFR ratios** stand well above required levels.

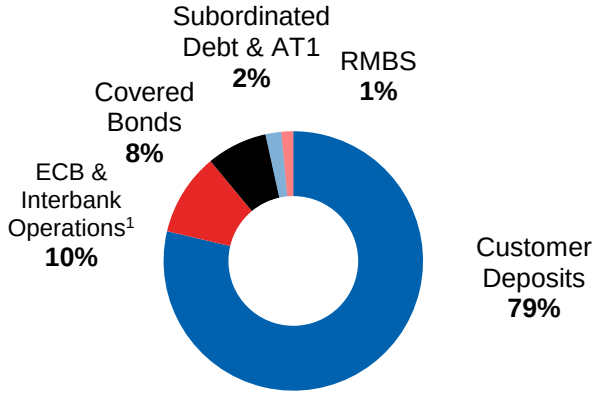
The Single Resolution Board has set an MREL requirement (% of total liabilities and own funds as of 2017YE) of 9.76%. This MREL requirement is equivalent to 20.5% of risk weighted assets.

► The **long calendar** (1st January 2023) coupled with the fact that it has already fulfilled its **hybrid capital buckets**, provides Ibercaja with significant room for manoeuvre.

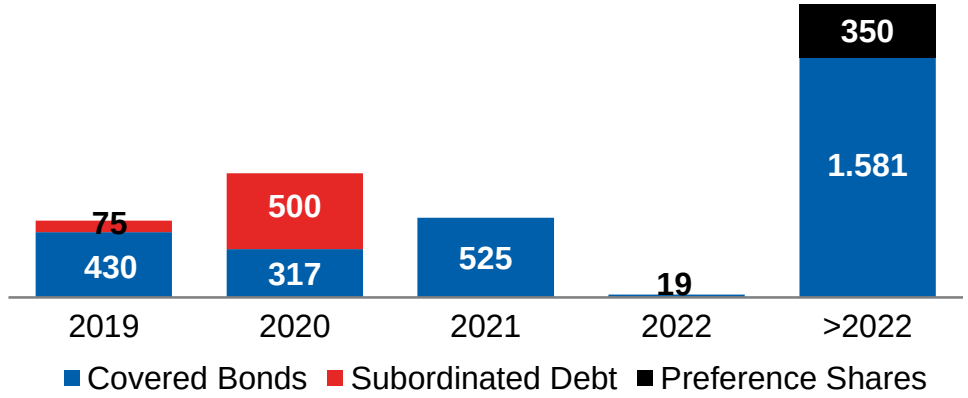
LCR & NSFR Ratios – 1Q2019



Gross External Funding – 1Q2019



Maturity Profile – €m



[1] Includes long term funding from institutional banks such as ICO and EIB.

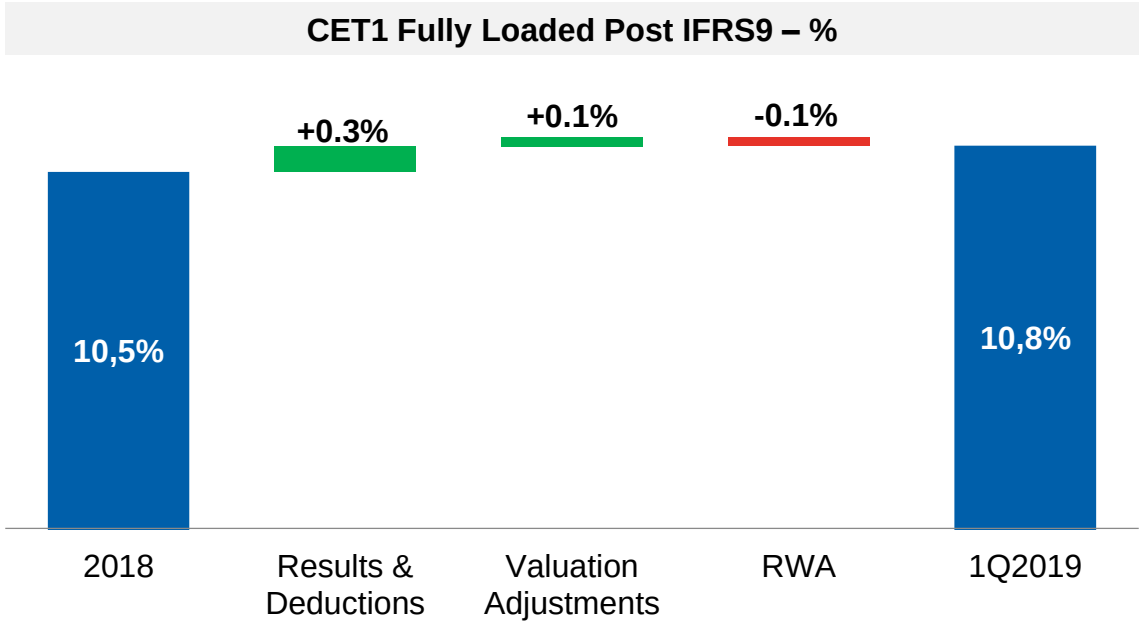
SOLVENCY

Sound capital generation during the quarter which allows Ibercaja to reach a CET1 Fully Loaded ratio of 10.8% (+25 bps vs. 2018YE) while the Total Capital Fully Loaded stands at 14.7%. The leverage ratio reaches 5.6%.

► Extraordinary impacts related to IFRS16 and to changes in RE developers-related RWAs fully offset by the increase in equity.

Phased In solvency ratios stand well above 2019 SREP requirements.

► CET1 ratio stands at **11.7%** and Total Capital ratio at **15.6%** vs. 9% and 12.5% requirements, respectively.

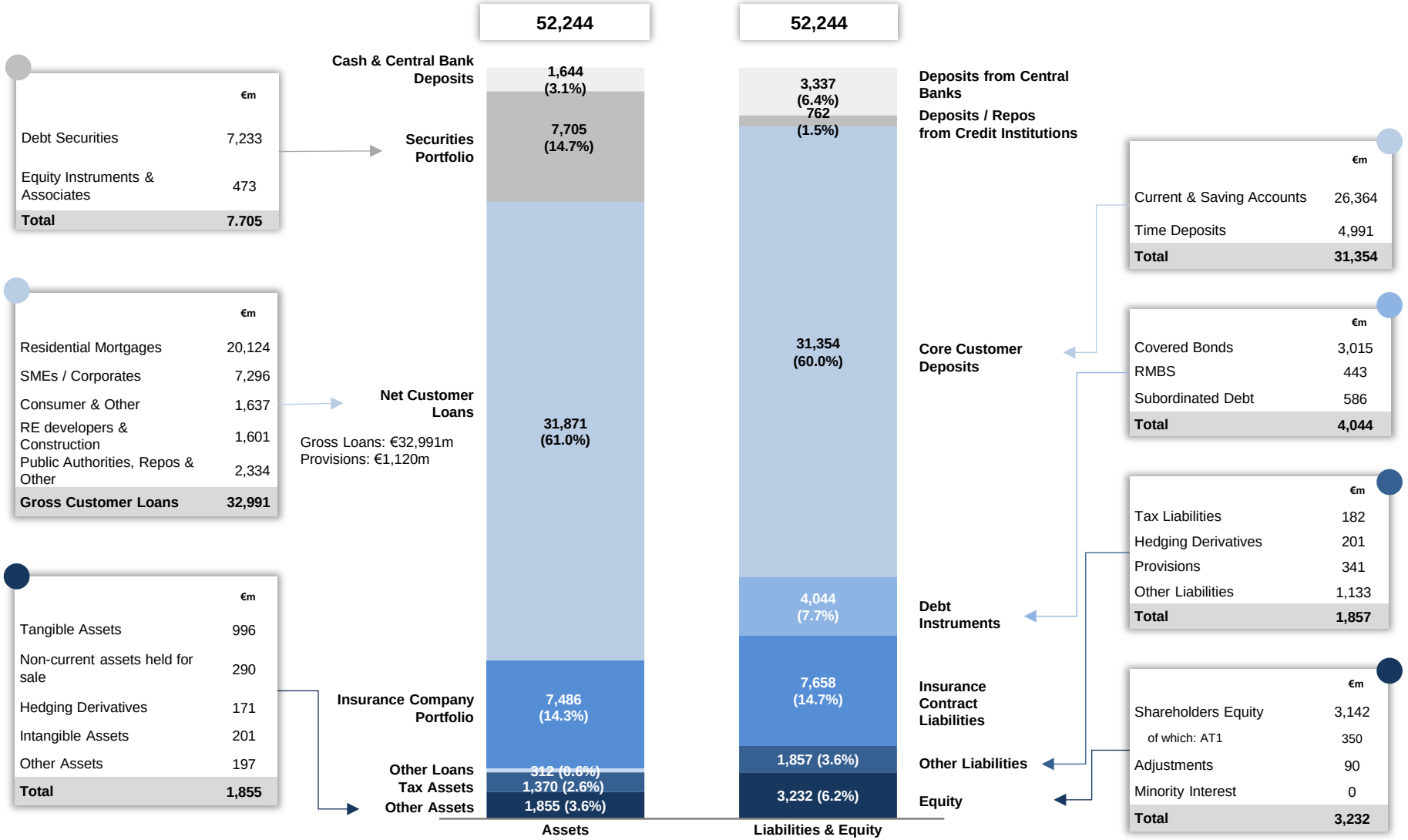


V

ANNEX

CONSOLIDATED BALANCE SHEET

31/03/2019



ANNEX

GLOSSARY

Ratio / APM	Definition
Customer Spread	Difference between the average yield on the loan portfolio and the cost of retail deposits (ex. repos and covered bonds)
Recurring Revenues	Net interest income plus net fee and commission income plus net exchange differences
Recurring Costs	Personnel expenses plus other administration expenses plus amortisation and depreciation minus extraordinary expenses (redundancy plan)
Recurring Profit before Provisions	Recurring revenues minus recurring costs
NPL ratio	Doubtful balances in loans and advances to customers divided by gross loans and advances to customers
NPL coverage ratio	Loans and advances to customers impairments divided by balances in loans and advances to customers
Foreclosed Assets coverage ratio	Foreclosed assets impairment losses (since loan origination) divided by gross foreclosed assets
Non-performing Assets (“NPAs”)	Sum of doubtful balances in loans and advances to customers and gross foreclosed assets
NPA ratio	Gross non-performing assets divided by gross loans and advances to customers plus gross foreclosed assets
NPA coverage ratio	Sum of foreclosed assets impairments and loans and advances to customers impairments divided by gross non-performing assets
Cost of Risk	Sum of impairments associated with credit risk and foreclosed assets divided by the average balance of the sum of gross loans and foreclosed assets
Liquid Assets % Total Assets	Total liquid assets divided by total assets. Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)
Loans-to deposits ratio	Net customer loans (ex. repos) divided by customer deposits (ex. repos and covered bonds)
Net Stable Funding Ratio	Amount of available stable funding relative to the amount of required stable funding
Liquidity Coverage Ratio	High quality liquid assets divided by net outflows during the following 30 days
ALCO portfolio	Bank’s fixed-income portfolio. Excludes the fixed-income portfolio of the insurance company

THANKS

For further information:
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