IBERCAJA BANCO
1H2019 RESULTS

July 26th, 2019



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EL BANCO DEL vamos

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KEY HIGHLIGHTS

KEY HIGHLIGHTS

STRONG COMMERCIAL DYNAMISM IN KEY SEGMENTS

+2.8% Customer funds grow 2.8% YoY or €1,590m

4th Fourth asset manager in terms of net inflows into mutual funds in 1H2019

+3.1% Stock of performing loans to companies grow 3.1% YoY

SIGNIFICANT INCREASE IN NET PROFIT

75.9 €m Net profit reaches €75.9m, 1.9x above 1H2018 results

+11% Recurring profit before provisions increases 11.0% YoY

-24.4% Provisions for credits and foreclosed assets fall 24.4% YoY

KEY HIGHLIGHTS

STRONG NPA REDUCTION

-40.5% NPAs decrease 40.5% YoY or €1,587m.

-434 b.p. Gross NPA ratio falls 434 b.p. to 6.9%.

67 b.p. NPL ratio stands 67 b.p. below sector average

SOUND CAPITAL GENERATION

11.2% CET1 Fully Loaded Ratio reaches 11.2%

+69 b.p. Ibercaja generates 69 b.p. of CET1 during the semester

15.2% Total Capital Fully Loaded ratio stands at 15.2%

EL BANCO DEL Vamos

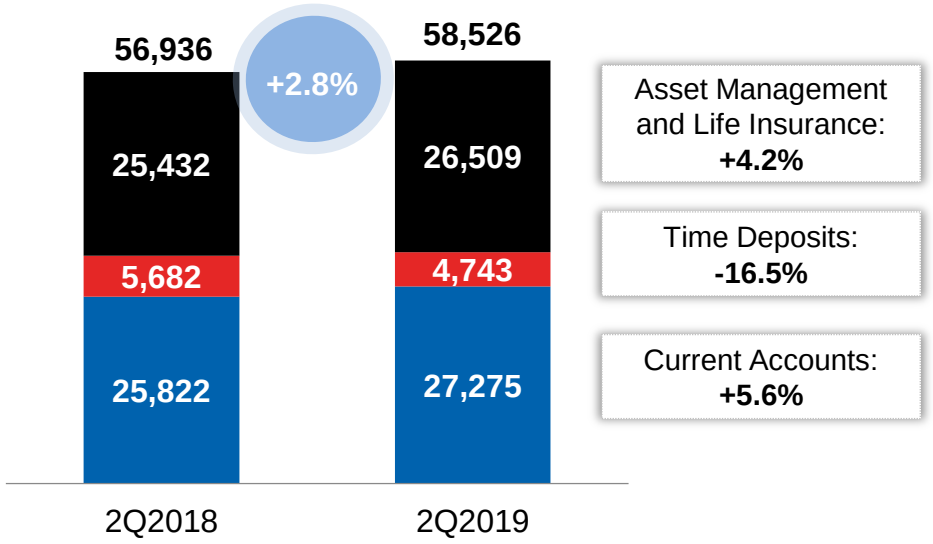
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COMMERCIAL ACTIVITY

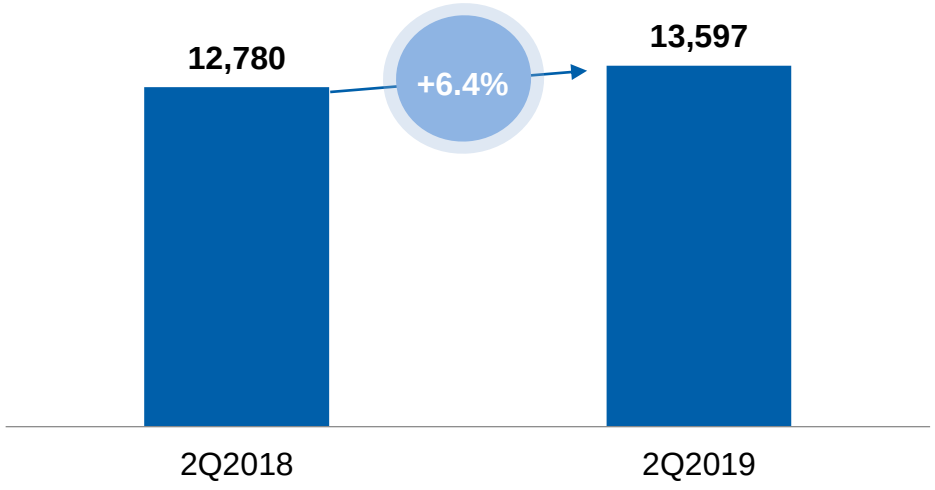
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CUSTOMER FUNDS

Customer Funds– €m



Customer Funds in Madrid & Mediterranean Basin – €m



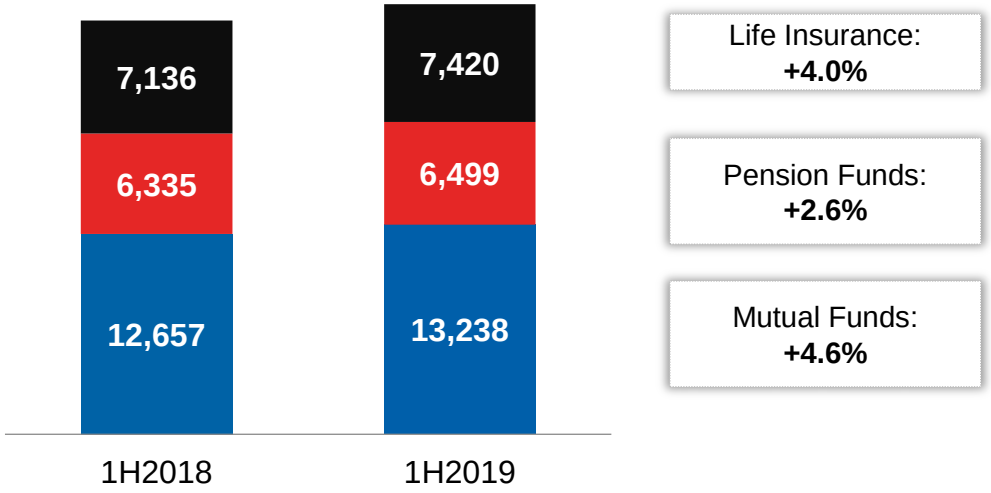
Customer funds increased 2.8% YoY or €1,590m.

- **Assets under management and life insurance products** grow **4.2% or €1,077m** and account for **45.3%** of total customer funds.
- Year-to-date almost **35,000 "Cuentas Vamos"** have been opened, for a total outstanding amount of **€220m.**

Remarkable performance of customer funds in Madrid and Mediterranean Basin, which grow 6.4% or €817m.

ASSET MANAGEMENT AND LIFE INSURANCE

Asset Management and Life Insurance[1] – €m

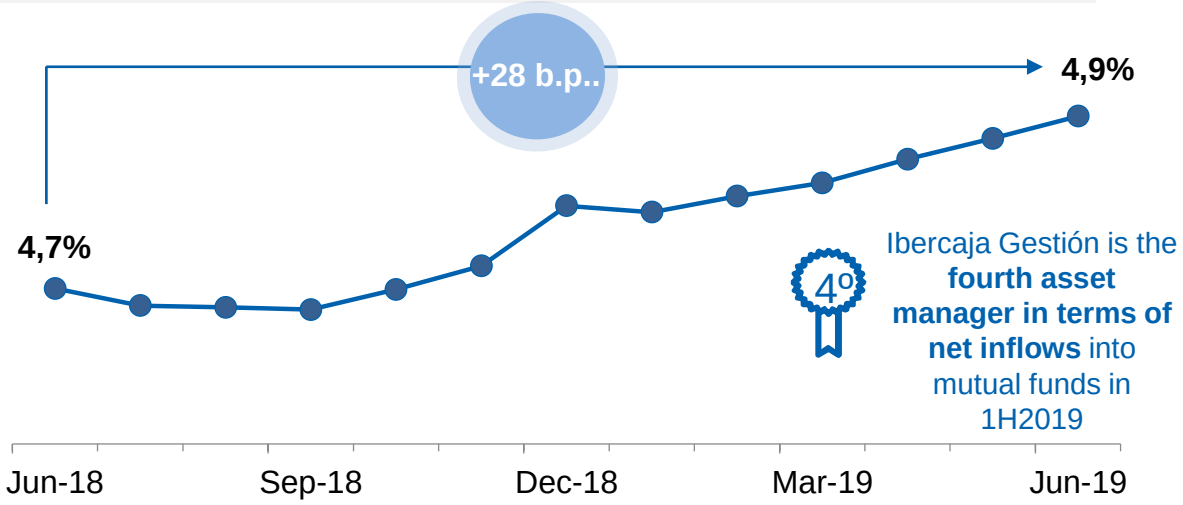


Life Insurance: **+4.0%**

Pension Funds: **+2.6%**

Mutual Funds: **+4.6%**

Market Share in Mutual Funds[1] – %



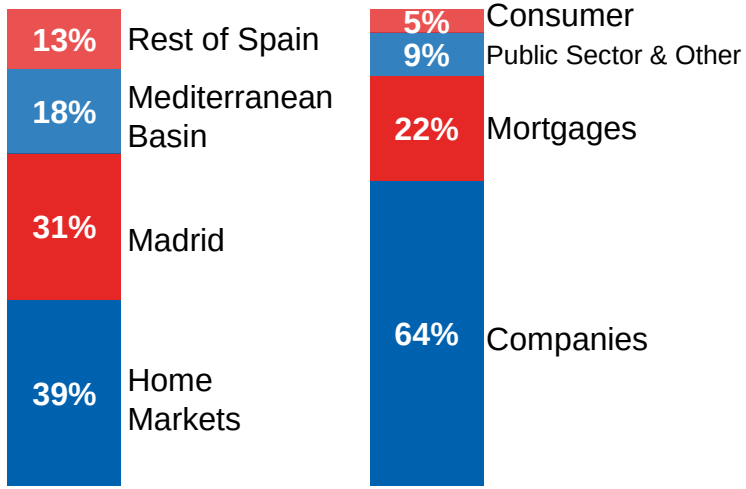
Outstanding evolution in mutual funds:

- Ibercaja Gestión increases its **market share by 28 b.p.** in one year and reaches **4.9%.**
- This growth is mainly driven by **balanced mutual funds (+€979m)**.

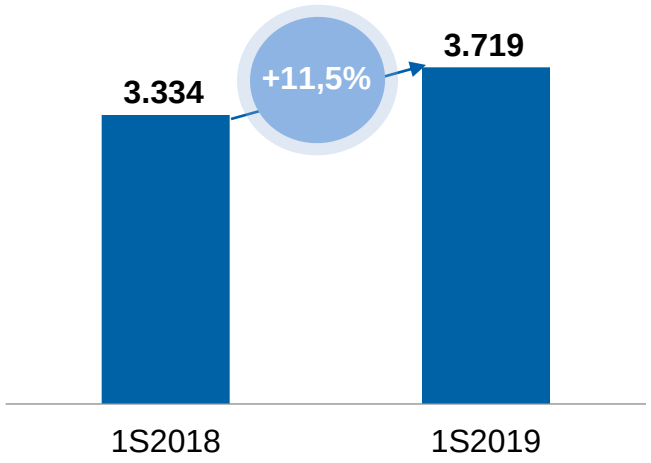
[1] Source: Inverco, ICEA

CUSTOMER LOANS

New Lending Production – €m



Accumulated Working Capital Financing – €m



Loan Portfolio – €m

	2Q2018	2Q2019	YoY
Loans to Individuals	**21,425**	**20,836**	**-2.8%**
Mortgages	19,782	19,199	-2.9%
Consumer and Others	1,643	1,637	-0.4%
Loans to Companies	**7,529**	**7,764**	**3.1%**
Non-Real Estate Companies	6,573	6,763	2.9%
Real Estate Companies	955	1,001	4.8%
Public Sector and Others	**918**	**1,085**	**18.1%**
Performing Gross Loans ex Repos	**29,872**	**29,684**	**-0.6%**
Repos	966	1,602	65.9%
Doubtful Loans	2,434	1,639	-32.7%
Gross Loans	**33,273**	**32,926**	**-1.0%**

New lending reaches €2,568m with a diversification strategy focused in Madrid & Mediterranean Basin (48% of new lending) and companies (64% of new lending).

- **Average size of new lending operations to companies** stands at **€86,000** which reflects Ibercaja's commercial focus in SMEs.

Accumulated working capital financing grows 11.5% YoY.

Performing gross loans ex repos fall 0.6% YoY.

- The **stock of performing loans to companies** grow **3.1% YoY.**

III

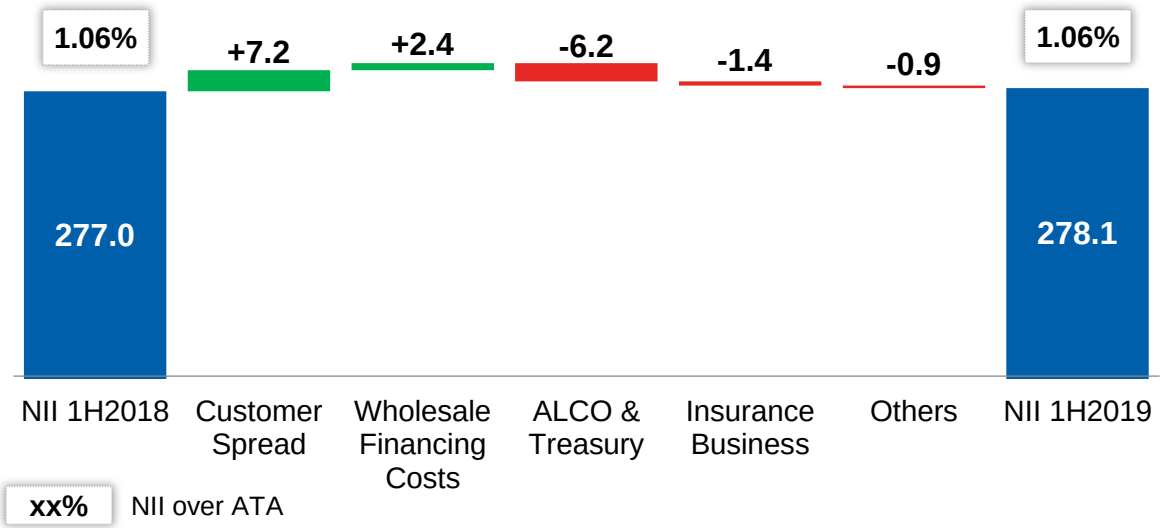
RESULTS

P&L ACCOUNT

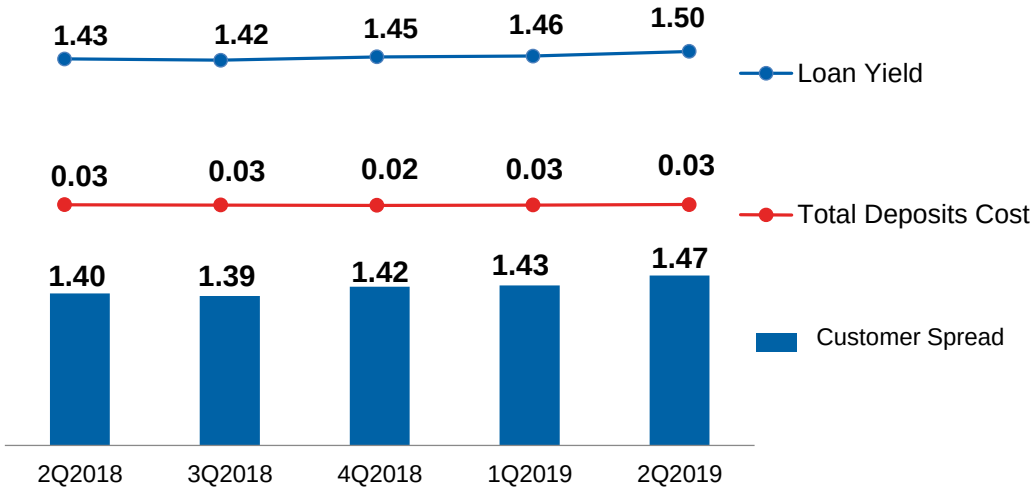
	€m		
	1H2018	1H2019	YoY
Net Interest Income	277.0	278.1	0.4%
Net Fee Income	187.2	191.4	2.2%
Recurring revenues	**464.2**	**469.5**	**1.1%**
Gain/Losses on Financial Assets and Liabilities	35.5	12.3	-65.3%
Other Operating Income (net)	2.2	6.6	196.4%
Gross Operating Income	**502.0**	**488.4**	**-2.7%**
Operating Costs	-361.1	-293.4	-18.8%
of which: Recurring Costs	-305.6	-293.4	-4.0%
of which: Redundancy Plan	-55.5	0.0	n/a
Pre-Provision Profit	**140.8**	**195.0**	**38.5%**
Total Provisions	-67.0	-84.1	25.6%
Other Gains and Losses	-9.7	-0.5	-95.2%
Profit before Taxes	**64.2**	**110.5**	**72.1%**
Taxes & Minorities	-24.9	-34.6	38.5%
Net Profit Attributable to Shareholders	**39.3**	**75.9**	**93.4%**

NET INTEREST INCOME

Net Interest Income Breakdown – €m



Customer Spread - %



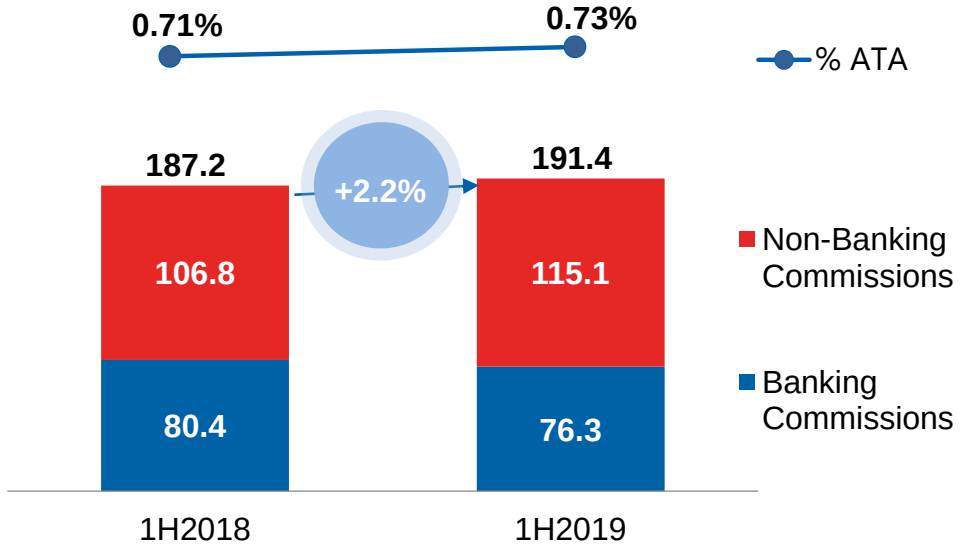
Net interest income remains stable (+0.4% YoY or +€1.1m).

- **Customer spread** grows **3.4% YoY or €7.2m.** The improvement in loan revenues drives the increase in customer spread.
- **ALCO portfolio and treasury revenues** fall **€6.2m** vs. the same period of 2018. The **ALCO portfolio** accounts **11.0% of financial revenues.**

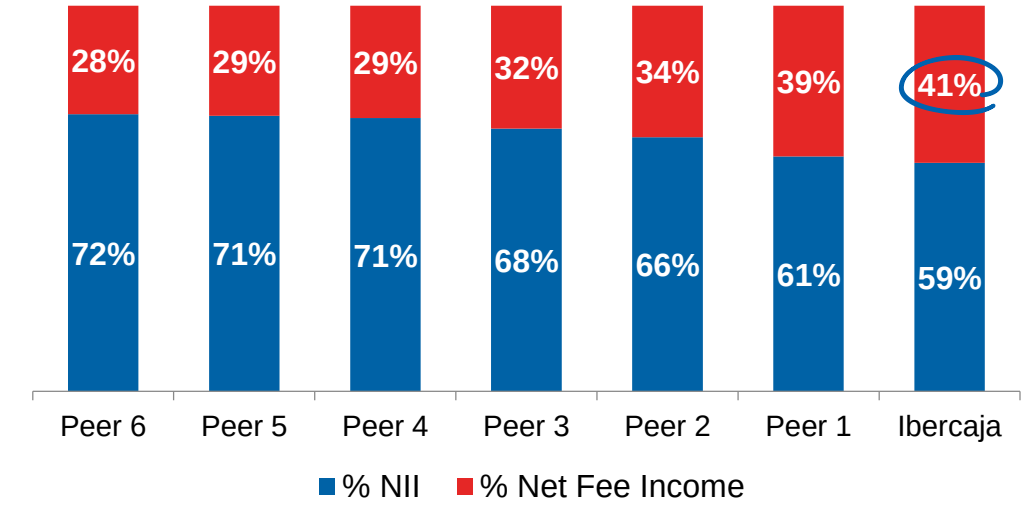
As a %, customer spread grows 7 b.p. and reaches 1.47%.

NET FEE INCOME

Net Fee income – €m



Recurring Revenues Breakdown[1] - %



Net fee income increase 2.2% YoY.

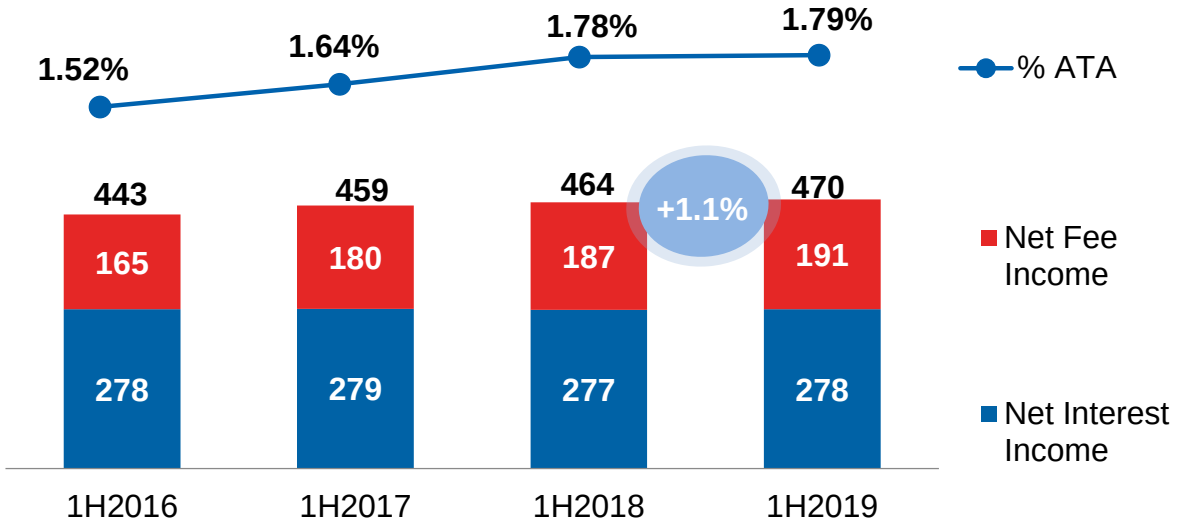
- **Non-banking commissions*** (mutual funds, risk insurance and pension funds) rise **7.8% YoY.** These commissions represent **60% of the bank's net fee income.**
- **Banking commissions** decrease **5.2% YoY.**

As a result of the strength of Ibercaja's asset management and bancassurance business, Ibercaja net fee income accounts for 41% of recurring revenues, the highest weight within the system.

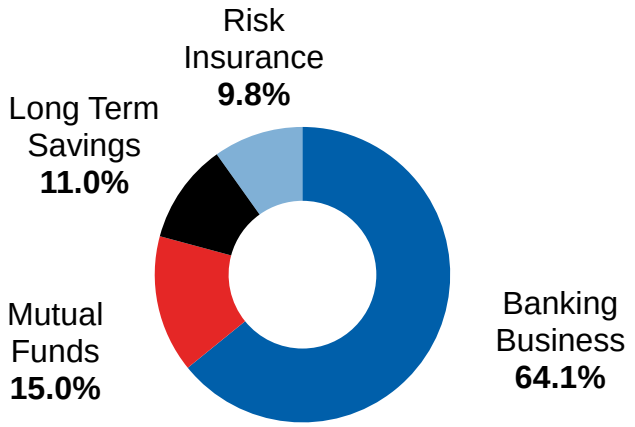
* Includes non-banking financial products' commercialization and asset management.
[1] Entities considered: Bankia, Bankinter, Caixabank, Liberbank, Sabadell ex TSB and Unicaja. Peers data refers to 2018.

RECURRING REVENUES

Recurring Revenues – €m



Recurring Revenues Breakdown – % 1H2019



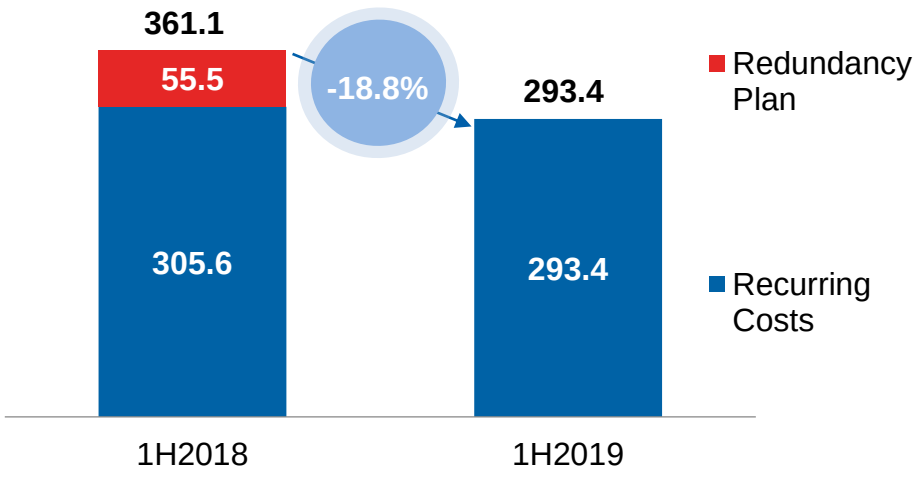
Revenue diversification through asset management and bancassurance has allowed Ibercaja to increase its recurring revenues for three years in a row.

- **Recurring revenues grow 1.1% YoY** and profitability over ATA improves 1 b.p. reaching **1.79%.**
- **Revenues from asset management and bancassurance** represent **35.9% of Ibercaja's recurring revenues.**.

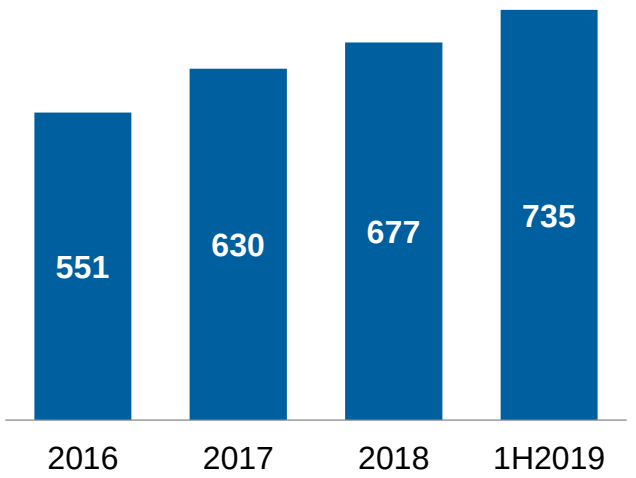
Recurring revenues account for 96% of Ibercaja's gross operating income.

OPERATING COSTS

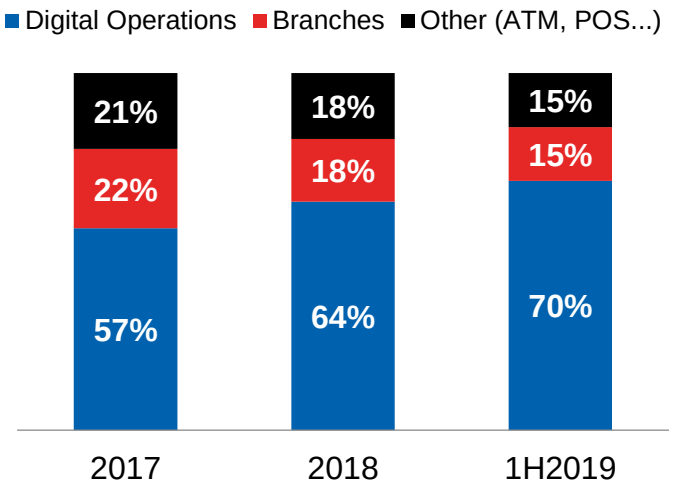
Operating Costs – €m



Digital Customers[2] - K



Operations by Channel Breakdown - %



Total operating costs decreased 18.8% YoY driven by the extraordinary costs accounted in 1Q2018.

- **Recurring costs** fall **4.0% i.a**. The company expects the cost base to remain flat through the year due to the launch of certain strategic initiatives.

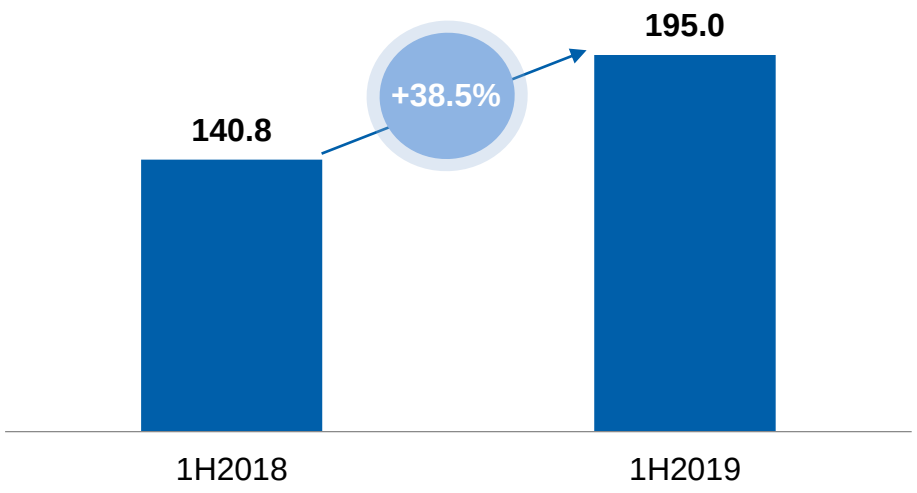
Digital customers grow 8.6% vs. 2018, driven by Ibercaja app (+17%).

- As a result of the progress in digital banking, during the first half of 2019, **70% of total customer operations** were executed through Ibercaja's digital assets (website and apps).

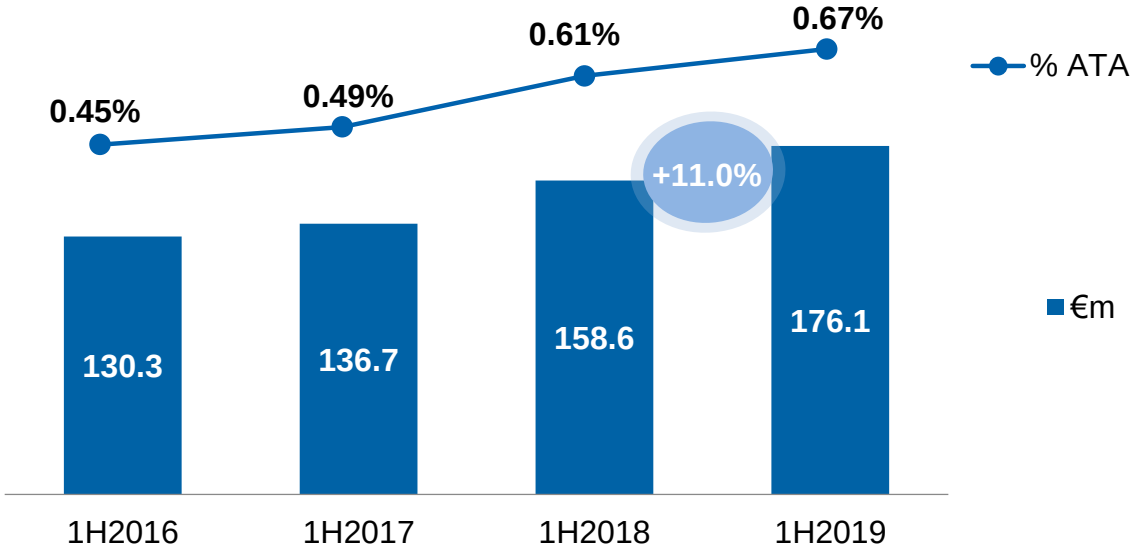
[1] Number of customers that have used the web or the app of Ibercaja during the last month

PROFIT BEFORE PROVISIONS

Profit before Provisions - €m



Recurring Profit before provisions – €m

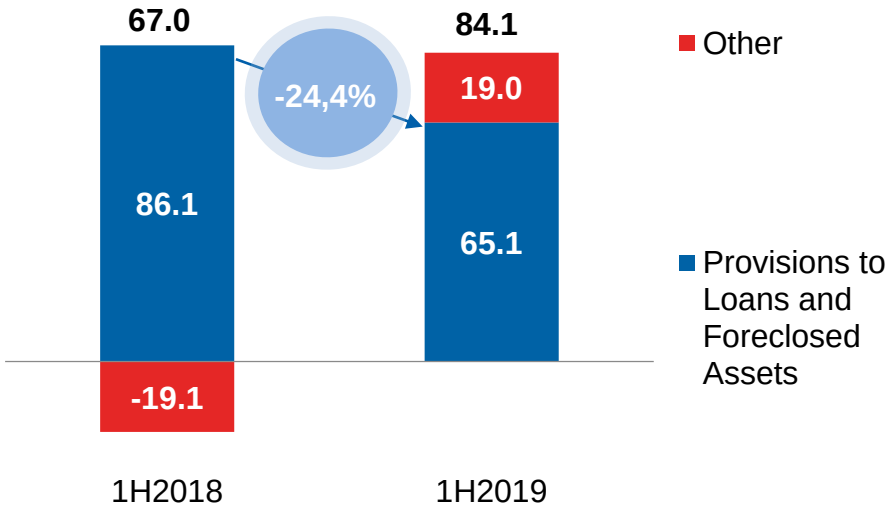


Profit before provisions increases 38.5% YoY to €195m after redundancy plan costs in 1Q2018 (€55.5m).

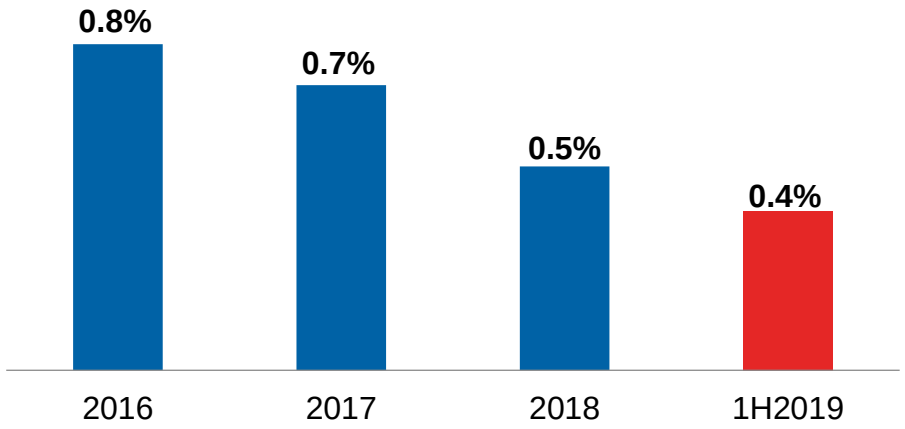
Recurring profit before provisions (net interest income + net fee income – recurring costs) grow 11.0% YoY. As % of ATA, it improves 6 b.p. reaching 0.67%.

PROVISIONS

Total Provisions – €m



Cost of Risk - %

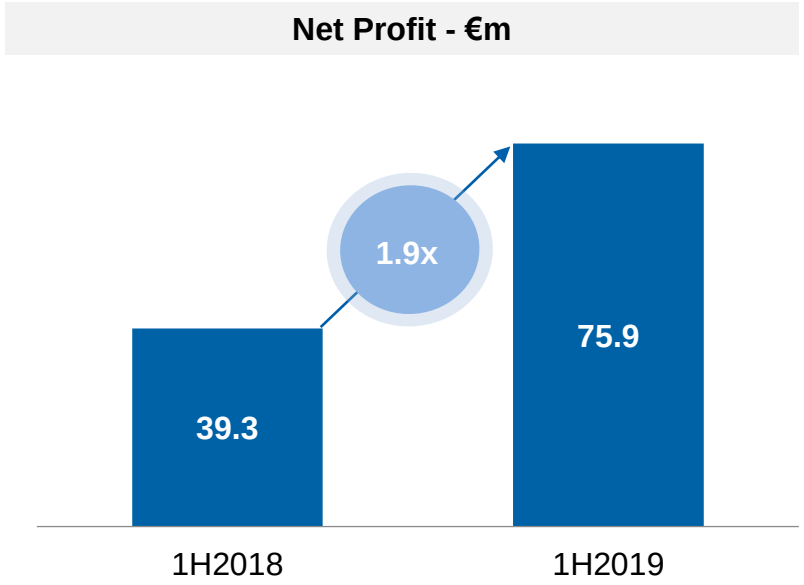


Total provisions grow 25.6% YoY.

- **Provisions related to loans and foreclosed assets** fall **24.4% YoY.**
- **Cost of risk** stands at **38 b.p.** (vs. 50 b.p. in 1H2018).

Ordesa transaction (a portfolio which included loans to companies, mostly classified as doubtful, with a gross value of €534m) has had a negative impact of €27m. This transaction has been registered under financial operations result in 2Q results.

NET PROFIT



Net profit reaches €75.9m, which represents 1.9x vs. the result obtained in 1H2018.

IV

ASSET QUALITY, LIQUIDITY AND SOLVENCY

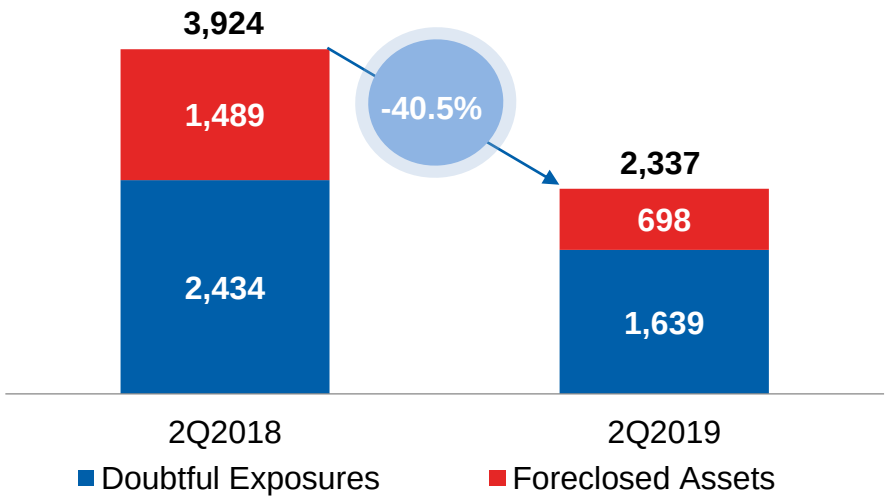
ASSET QUALITY(1/2)

Non-performing assets – doubtful exposures and foreclosed assets – decrease 40.5% YoY or €1,587m.

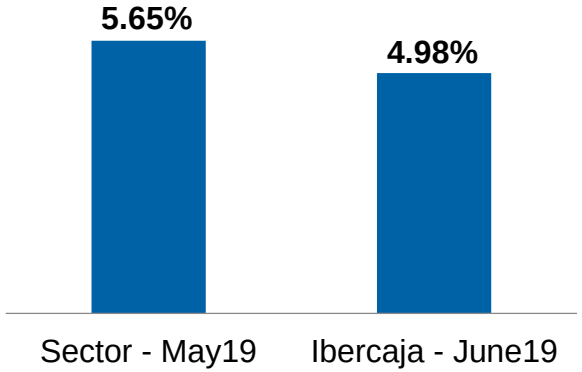
Gross NPA ratio falls 434 b.p. during the year and reaches 6.9%.

- **Stock of doubtful exposures** has decreased **32.7% or €795m** thanks to **Ordesa Portfolio sale and the reduction in NPL entries (-24.1%).** NPL ratio falls 234 b.p. and stands below 5%. This level stands **67 b.p. below sector average.**
- **Stock of foreclosed assets** falls **53.2% YoY or €792m. Land sales** during the semester amount to **€75m.**

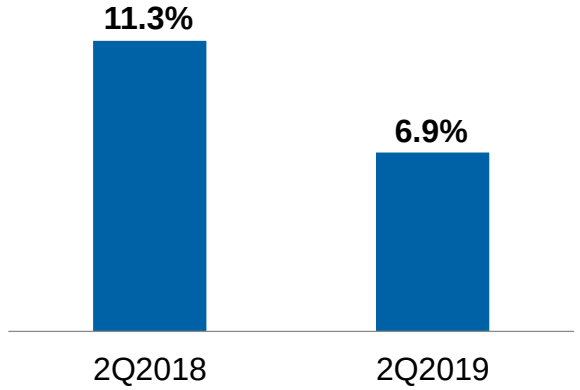
Gross NPAs – €m



NPL Ratio - %



Gross NPA Ratio - %



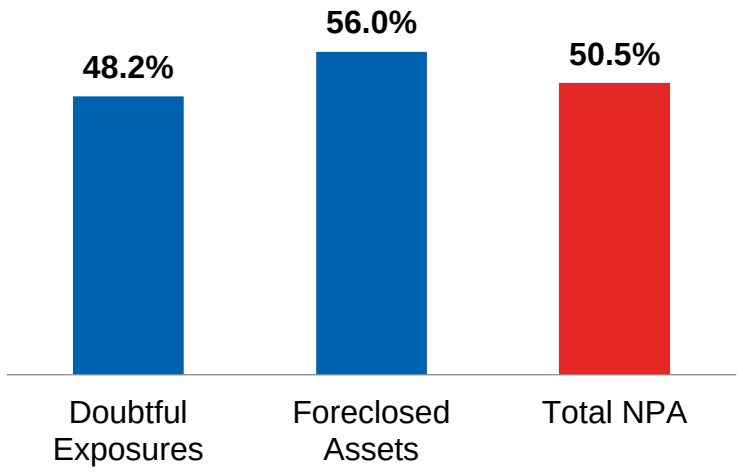
ASSET QUALITY(2/2)

Coverage ratio of non-performing assets stands at 50.5%.

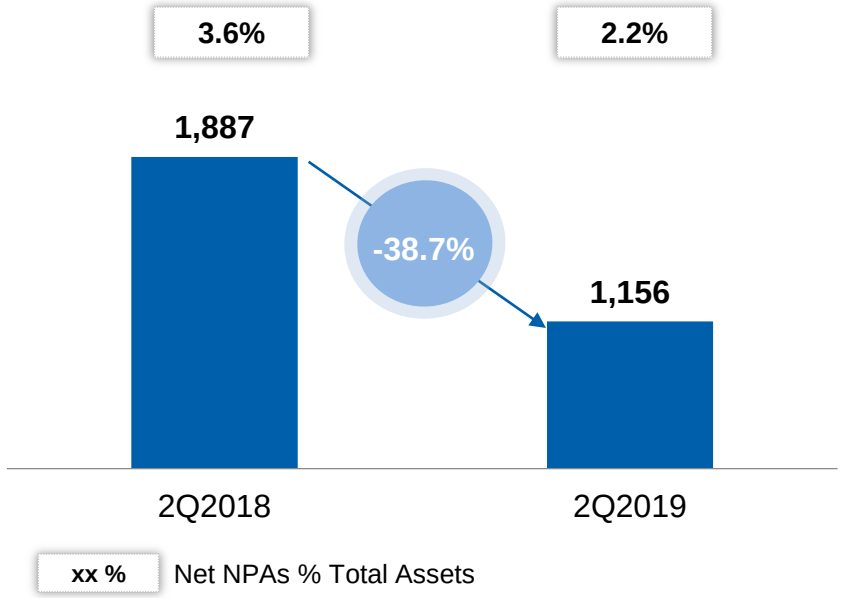
€731m / 38.7% reduction in net non-performing assets vs. 1H2018 driven by a reduction of gross non-performing assets coupled with the provisioning effort. **Its weight as % of total assets reaches 2.2% (-141 b.p. YoY).**

After executing Cierzo and Ordesa transactions, which were focused in foreclosed assets and loans to companies, **doubtful residential mortgages**, with a lower expected loss, account for **48% of net non-performing assets.**

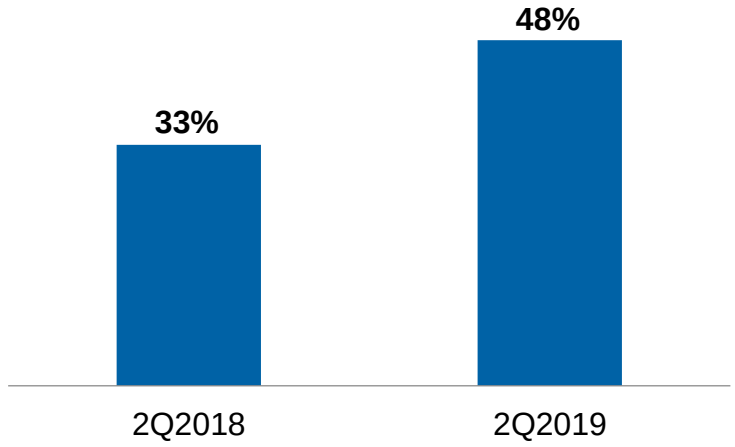
NPA Coverage ratio – 2Q2019 %



Net Non-performing Assets – €m



Residential Mortgages as % of Net NPA

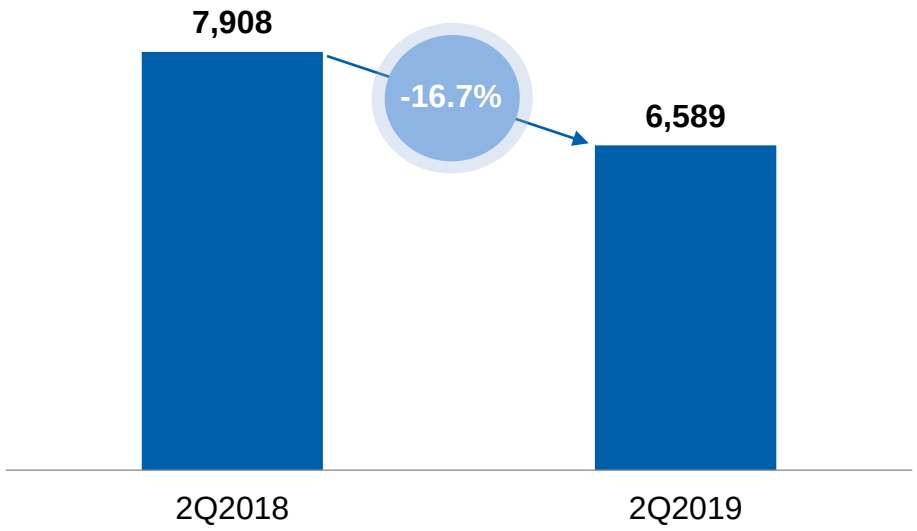


ALCO PORTFOLIO

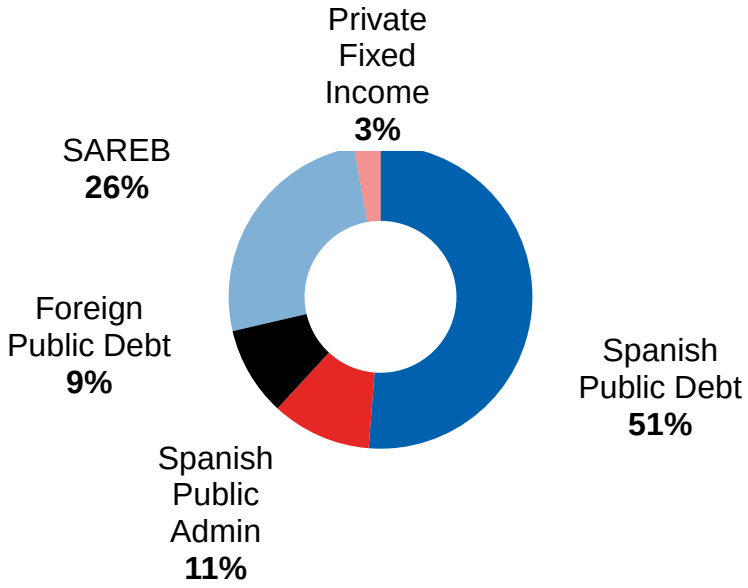
Fixed-income portfolio stands at €6,589m[1]. This portfolio has a low risk profile and is mainly composed of Spanish sovereign debt.

- **Average duration** of **2.7 years**[2].
- **Average yield** stands at **1.0%** (ex SAREB bonds the yield is 1.3%).
- **95%** of the portfolio is classified at **amortised cost.**

ALCO Portfolio - €m



ALCO Portfolio Breakdown - %



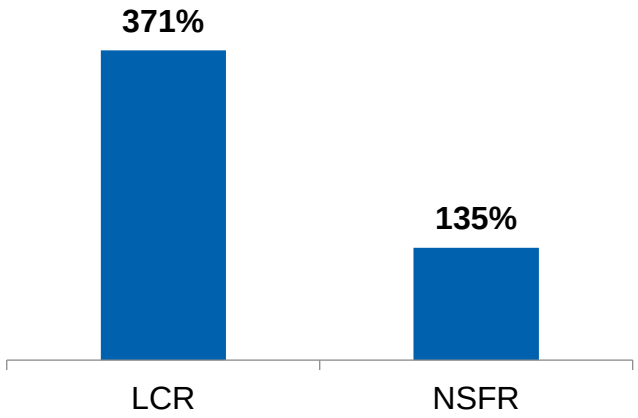
[1] Excluding the insurance portfolio.
[2] Includes interest rates swaps.

LIQUIDITY AND FUNDING PROFILE

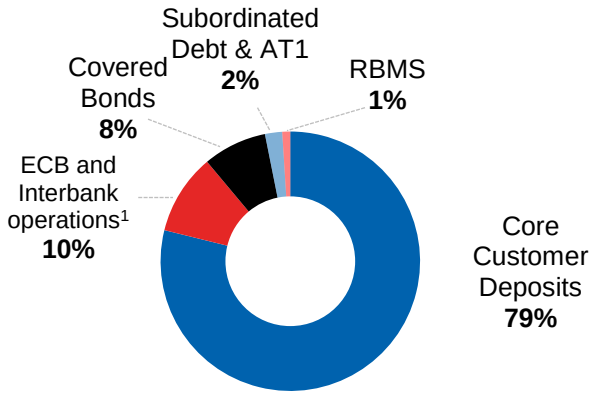
Ibercaja holds a comfortable liquidity position (liquid assets account for 21% of total assets) and a prudent funding profile (customer deposits account for 79% of gross external funding).

- **LCR and NSFR ratios** stand well above required levels.
- **LTD ratio** stands at **95.4%**

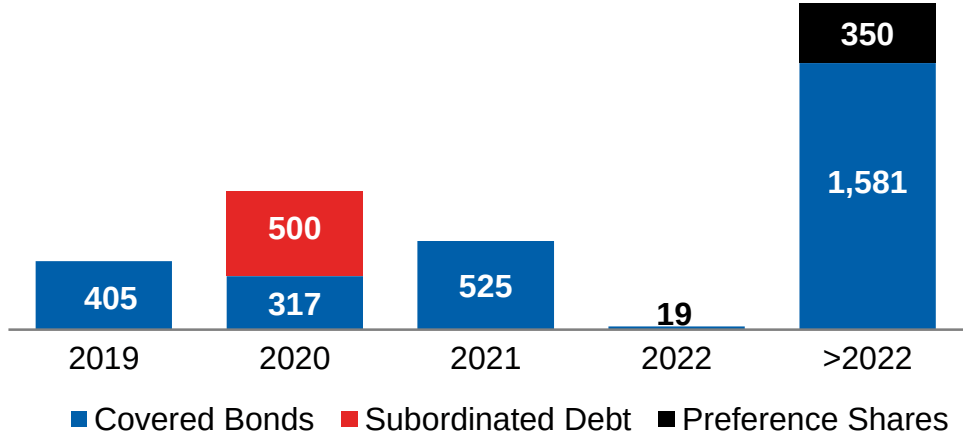
LCR and NSFR Ratios – 2Q2019



Gross External Funding 2Q2019 - %



Maturity Profile – €m



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

SOLVENCY

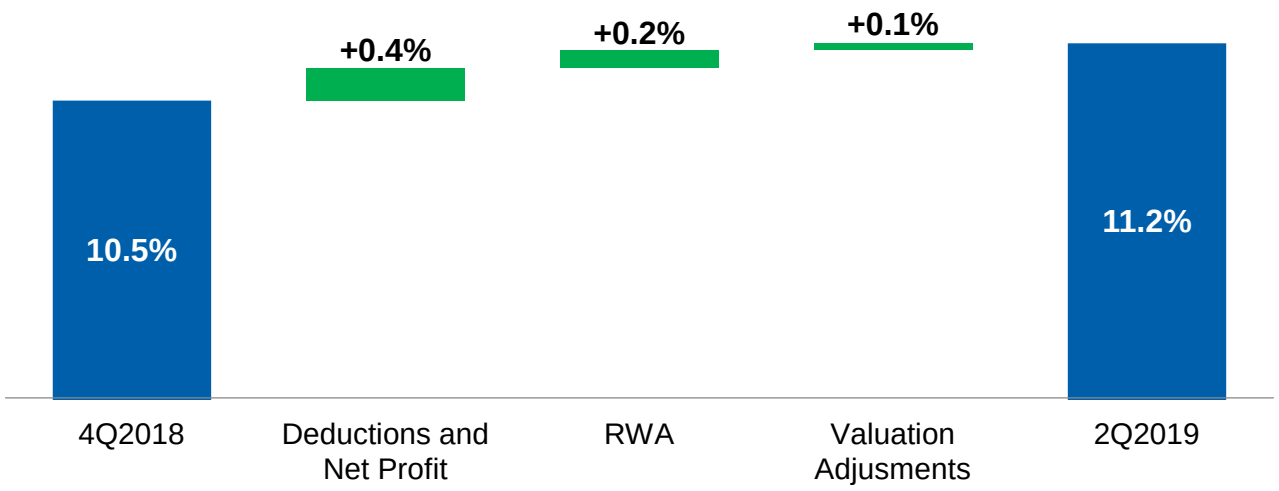
CET1 Fully Loaded ratio reaches 11.2% (+69 b.p. vs. 4Q2018) while the Total Capital Fully Loaded stands at 15.2%. The leverage ratio reaches 5.7%.

- The **increase in net profit, lower deductions and RWA reduction** associated to the decrease in NPAs explain the increase in solvency ratios

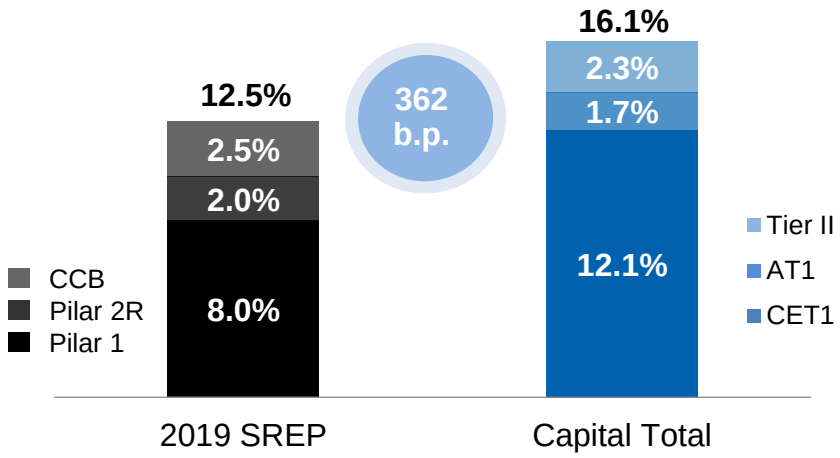
In phased in terms, CET1 ratio stands at 12.1% and Total Capital at 16.1% vs. 9% and 12.5% requirements, respectively.

- Phased In solvency ratios stand **more than 300 b.p. above 2019 SREP requirements**

CET1 Fully Loaded– %



Total Capital Phased In 2Q2019 – %

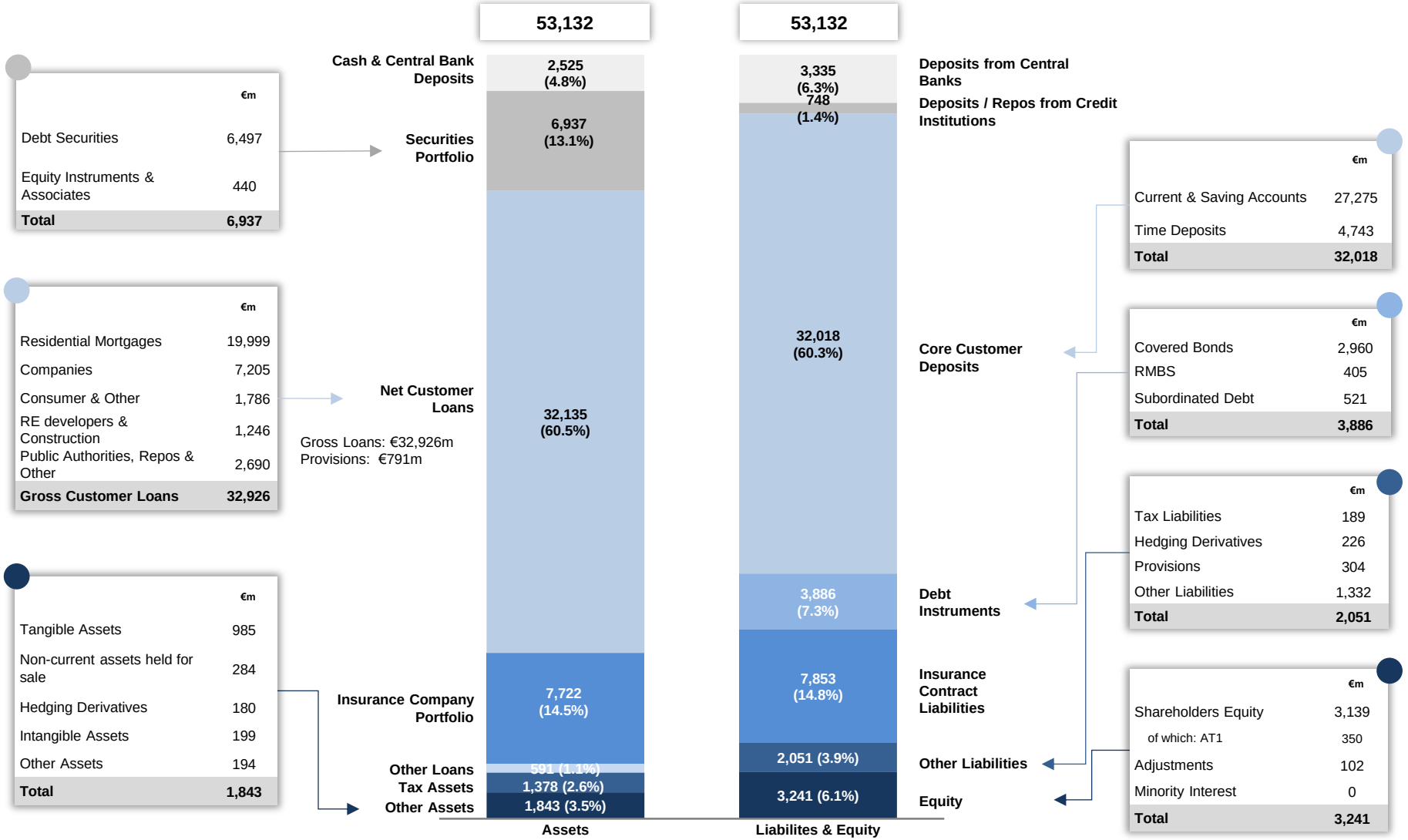


V

ANNEX

CONSOLIDATED BALANCE SHEET

30/06/2019



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

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