

## **9M2019 RESULTS**

### **IBERCAJA OBTAINS A NET PROFIT OF 91.4 MILLION EUROS AND GENERATES 85 BASIS POINTS OF CET1 CAPITAL IN THE FIRST NINE MONTHS OF 2019**

- **Ibercaja's net profit grows 26% year-on-year, based on a strong commercial activity and the reduction in the stock of NPA**
- **CET1 Fully Loaded ratio improves 85 basis points year-to-date and reaches 11.4% while Total Capital Fully Loaded stands at 15.5%**
- **Non-performing assets –doubtful exposures and foreclosed assets – decrease 26.9% year-to-date or 817 million euros; NPA coverage ratio stands at 51.2%**
- **NPL ratio improves 209 basis points year-to-date and stands at 4.6%, 58 basis points below sector average (as of August 2019)**
- **Customer funds grow 3.3% year-to-date and reach 58,600 million euros, driven mainly by asset management and life insurance products which grow 6.6% year-on-year and account for 89% of total customer increase year to date**
- **Ibercaja reaches a market share of 5.0% in mutual funds, a historical milestone for the company; Ibercaja has gained 20 basis points of market share since the end of 2018**
- **New lending reaches 3,776 million euros, of which 66% have been granted to companies; Madrid and Mediterranean Basin account for 48% of new lending, in line with the diversification objectives set out in the 2018-2020 Strategic Plan**
- **Recurring revenues grow 0.6% year-on-year thanks to the strength of Ibercaja positioning in asset management and bancassurance businesses; Ibercaja's recurring revenues have been growing during the last 3 years.**
- **Recurring costs fall 3.2% year-on-year**

Zaragoza, October 30th, 2019.- Ibercaja's net profit grows 26% year-on-year and reaches 91.4 million euros, based on a strong commercial activity and the reduction in the stock of NPA.

Ibercaja has continued transforming its business model while maintaining a strong commercial dynamism, especially in terms of customer funds which have grown 3.3% year-to-date. Mutual funds, pension funds and life insurance products account for 89% of the increase in customer funds. Ibercaja has reached a market

share of 5.0% in mutual funds, a historical milestone for the company. Ibercaja has gained 20 basis points of market share since the end of 2018 in this segment.

Recurring revenues maintain the positive trend initiated 3 years ago and grow 0.6% reaching 703 million euros.

Recurring costs fall 3.2% year-on-year, helping to reach a 7.7% year-on-year increase in the recurring profit before provisions.

Additionally, Ibercaja has reduced the stock of non-performing assets by 26.9% year-on-year and generated 85 basis points of capital year to date.

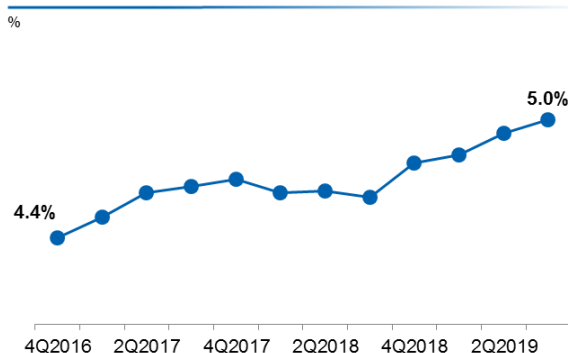
### **Asset management business drives customer funds growth**

As of September 2019, total customer funds managed by Ibercaja stood at 58,637 million euros, 1,871 million euros more than in December 2018, representing a year-to-date growth of 3.3%. This growth is based on a sound evolution of customer funds in Madrid and Mediterranean Basin with a 5.6% year-to-date increase or 729 million euros.

Ibercaja has continued increasing its assets under management and life insurance products. These products have grown 6.6% year-to-date (1,665 million euros) and amount to 26,890 million euros. The increase in these products accounts for 89% of total customer funds growth since the end of 2018.

The evolution in mutual funds has been outstanding. The stock of mutual funds grows 9.6% year-to-date reaching 13,500 million euros. As a result of this growth, Ibercaja reaches a market share of 5.0% in mutual funds, a historical milestone for the company. Ibercaja has gained 20 basis points of market share since the end of 2018.

**Mutual Funds Market Share<sup>1</sup>**



<sup>1</sup> Source: Inverco

Ibercaja's recognized advisory capabilities, together with the products and quality in the management of the Financial Group's companies, constitute a relevant competitive advantage in the current scenario of negative interest rates and the uncertainty regarding economic growth.

### Loans to companies account for 66% of the new lending operations

Ibercaja has granted 3,776 million euros in new loans during the first nine months of 2019. Companies account for 66% of new lending.

Geographically, Madrid & Mediterranean Basin account for 48% of the new loan production; this level stands in line with the growth strategy that the Company is pursuing in these markets, which are the most dynamic ones in the Spanish economy.

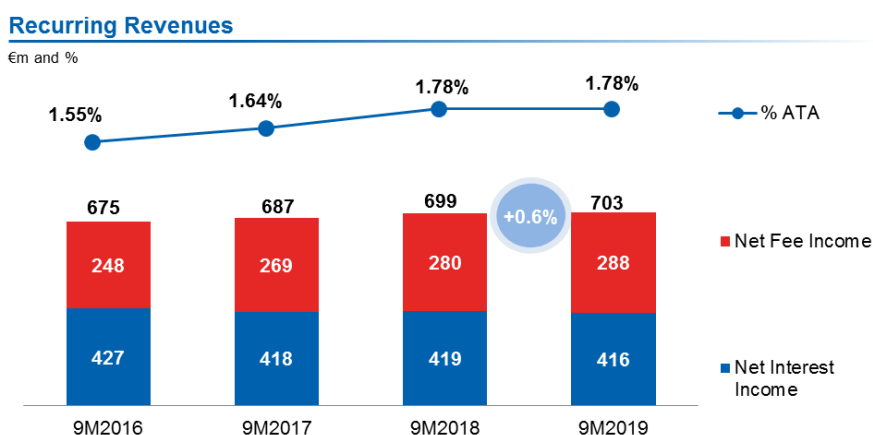
Furthermore, accumulated working capital financing in the first nine months of 2019 has grown by 11.3% year-on-year, to 5,645 million euros.

### Recurring revenues grow for a third year in a row

Net interest margin reaches 415.6 million euros, a 0.8% year-on-year decrease due to a lower contribution from the ALCO portfolio. Customer income, the difference between credit revenues and deposits costs, grows 3.2% year-on-year.

Additionally, net fee income rises 2.8% year-on-year to 287.6 million euros driven by commissions related to asset management and bancassurance businesses (+8.8% year-on-year). This source of revenues represents 60.5% of total net fee income.

As a result, recurring revenues (net interest margin + net fee income) reaches 703 million euros, a 0.6% increase vs. the first nine months of 2018. Ibercaja has been able to increase its recurring revenues for a third year in a row.



Total operating costs fall 13.7% year-on-year after the non-recurring costs of the first quarter of 2018. In that quarter, the Bank registered a 55.5 million euros expense related to the redundancy plan agreed with the majority of worker

representatives in 2017. Excluding the costs related to the redundancy plan, recurring costs decrease 3.2% year-on-year.

As a result, Ibercaja has improved its result before provisions by 23.8% in the first nine months of 2019, reaching 288.7 million euros.

Ibercaja's recurring profit before provisions (net interest margin + net fee income - recurring operating expenses) grows 7.7% year-on-year to 262 million euros.

The improvement in the economic situation, the active management of the non-performing assets carried out by the Bank and the levels of coverage achieved, thanks to the provisioning effort made in previous years, allow the cost of risk to stand at 43 basis points.

The ongoing dynamism of activity with customers, the lack of extraordinary expenses and the non-performing assets reduction allow Ibercaja to post a net profit of 91.4 million euros for the first nine months of 2019, which represents a 26% year-on-year increase.

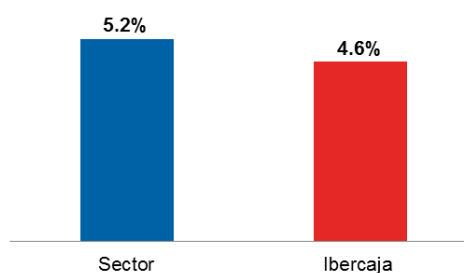
### **NPL ratio stands 58 basis points below sector average**

Non-performing assets (doubtful + foreclosed assets) decrease 26.9% year-to-date (817 million euros). As of September 2019, the stock of non-performing assets stands at 2,225 million euros.

NPL ratio improves 209 basis points year-to-date and stands at 4.6%, 58 basis points below sector average.

#### **NPL Ratio**

% - Sector as of August 2019, Ibercaja as of September 2019

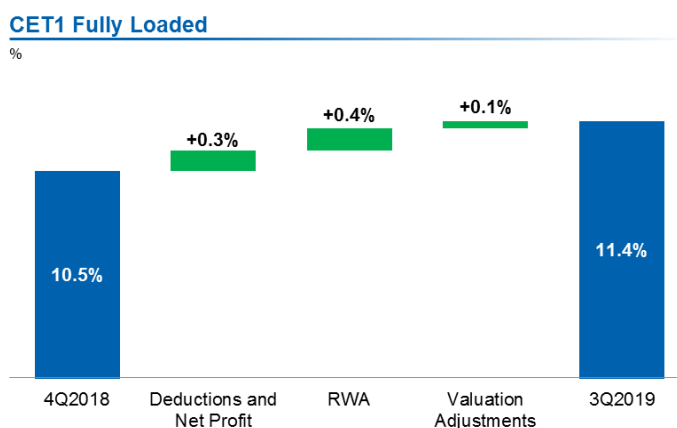


Ibercaja's NPA coverage ratio stands at 51.2%.

The reduction in gross non-performing assets together with the provisioning effort have allowed for a decrease in the Bank's net non-performing exposure of 391 million euros, which represents a 26.5% year-to-date reduction. As a percentage of total assets, net non-performing assets stand at 2.1%, 75 basis points lower than December 2018.

## Continuous improvement in solvency levels

Ibercaja has generated 85 basis points of capital in the first nine months of 2019. As a result, CET1 Fully-Loaded ratio stands at 11.4% and Total Capital Fully-Loaded ratio reaches 15.2%.



In Phased-In terms, CET1 and Total Capital ratios stand at 12.3% and 16.4% respectively, more than 300 basis points above SREP requirements for 2019 in both cases (9% and 12.5%, respectively).

Moreover, available liquid assets represent 20.7% of total assets giving Ibercaja a strong liquidity position. Additionally, Ibercaja shows a prudent funding profile with customer deposits accounting for 79% of gross external funding.

## 9M2019 Main Figures

### P&L Account

€mm	9M2018	9M2019	YoY.
<b>Net Interest Income</b>	419,2	415,6	-0,8%
<b>Net Fee Income</b>	279,8	287,6	2,8%
<b>Recurring Revenues</b>	<b>699,0</b>	<b>703,2</b>	<b>0,6%</b>
<b>Trading Income</b>	42,3	17,0	-59,9%
<b>Other Operating Inc. / Exp. (Net)</b>	3,1	9,7	209,2%
<b>Gross Operating Income</b>	<b>744,4</b>	<b>729,9</b>	<b>-2,0%</b>
<b>Operating Costs</b>	-511,2	-441,2	-13,7%
of which: Recurring Costs	-455,7	-441,2	-3,2%
of which: Redundancy Plan	-55,5	0,0	n/a
<b>Pre-Provision Profit</b>	<b>233,2</b>	<b>288,7</b>	<b>23,8%</b>
<b>Total Provisions</b>	-106,2	-142,7	34,4%
<b>Other Gains and Losses</b>	-11,3	-3,7	-67,1%
<b>Profit before Taxes</b>	<b>115,8</b>	<b>142,3</b>	<b>22,9%</b>
<b>Taxes &amp; Minorities</b>	-43,2	-50,9	17,7%
<b>Net Profit Attributable to Shareholders</b>	<b>72,5</b>	<b>91,4</b>	<b>26,0%</b>

### Commercial Activity & Balance Sheet

€mm	9M2018	9M2019	YoY.
<b>Customer Funds</b>	<b>56.765</b>	<b>58.637</b>	<b>3,3%</b>
of which "Core" deposits	31.540	31.746	0,7%
of which Asset Management & Life Insurance	25.226	26.890	6,6%
<b>Gross Lending</b>	<b>33.724</b>	<b>32.782</b>	<b>-2,8%</b>
of which performing loans ex REPO	29.746	29.652	-0,3%
of which doubtful loans	2.275	1.524	-33,0%
<b>Total Assets</b>	<b>52.706</b>	<b>52.882</b>	<b>0,3%</b>