IBERCAJA BANCO
2019 RESULTS

March 3rd, 2020



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KEY HIGHLIGHTS

KEY HIGHLIGHTS

SIGNIFICANT INCREASE IN NET PROFIT

- **84.0 €m** — Net profit grows 106% YoY and reaches €84.0m
- **+9.7%** — Profit before provisions grows 9.7% and reaches €326.5m
- **-28.1%** — Provisions for credits and foreclosed assets fall 28.1% YoY

STRONG NPA REDUCTION

- **-36.9%** — NPAs decrease 36.9% or €1,124m
- **5.8%** — Gross NPA ratio falls 303 b.p. YoY to 5.8%
- **80 b.p.** — NPL ratio stands at 4.0%, 80 b.p. below sector average

SOUND CAPITAL GENERATION

- **11.4%** — CET1 Fully Loaded ratio increases 82 b.p. and reaches 11.4%
- **+0.2%** — The sale of 4.45% of CASER is expected to generate 0.2% of CET1 Fully Loaded
- **15.5%** — Total Capital Fully Loaded ratio stands at 15.5%

II

COMMERCIAL ACTIVITY

CUSTOMER FUNDS

Customer funds have increased 6.6% YoY or €3,735m to over €60,600m.

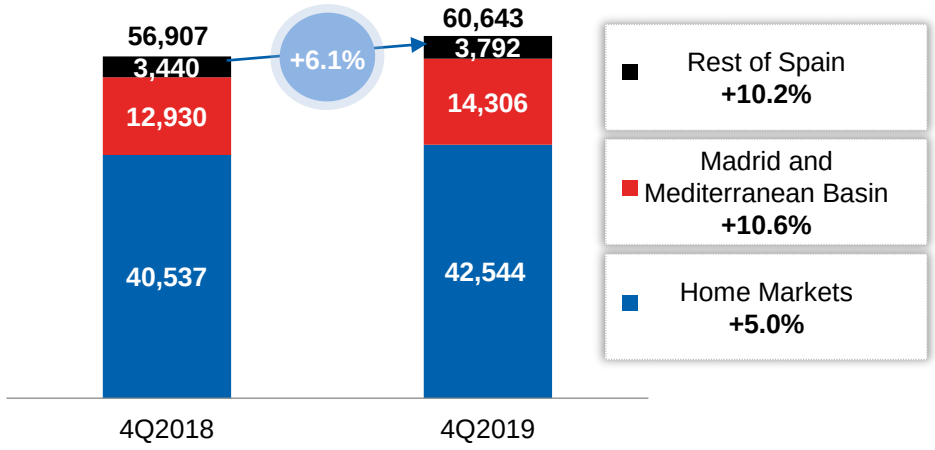
- Customer funds in **Madrid and Mediterranean Basin** grow **10.6% YoY** or **€1,376m.**
- **Personal banking** segment represents **60% of customer funds' growth in the year.**

Ibercaja continues improving its customer funds mix:

- **Assets under management and life insurance products** grow **9.9% YoY** or **€2,502m** up to **€27,870m**.
- **Customer deposits** grow **3.9% YoY. Current accounts** represent **87%** of total customer deposits**.**

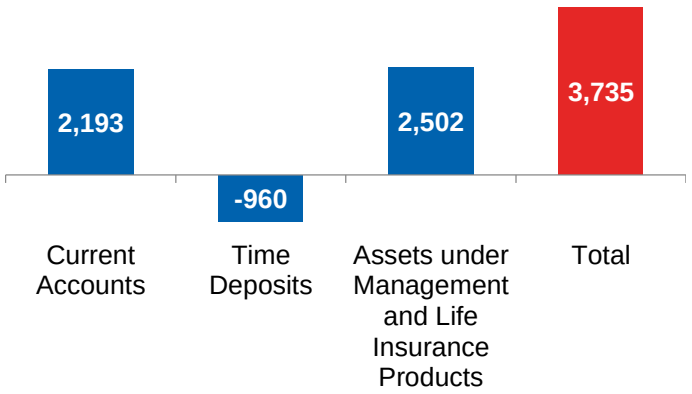
Customer Funds

€m and %



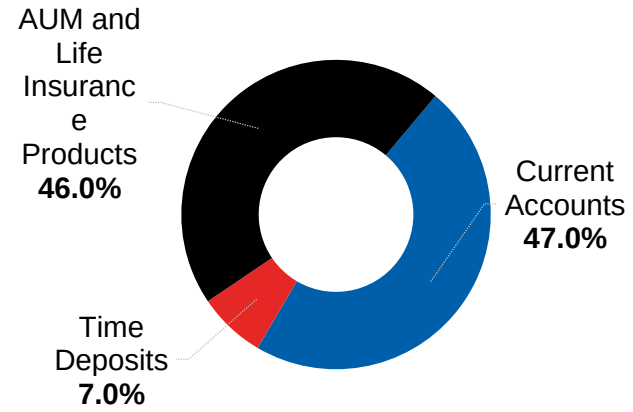
Customer Funds Evolution Breakdown

€m – 4Q2019 vs. 4Q2018



Customer Funds Breakdown by Product

% - 4Q2019



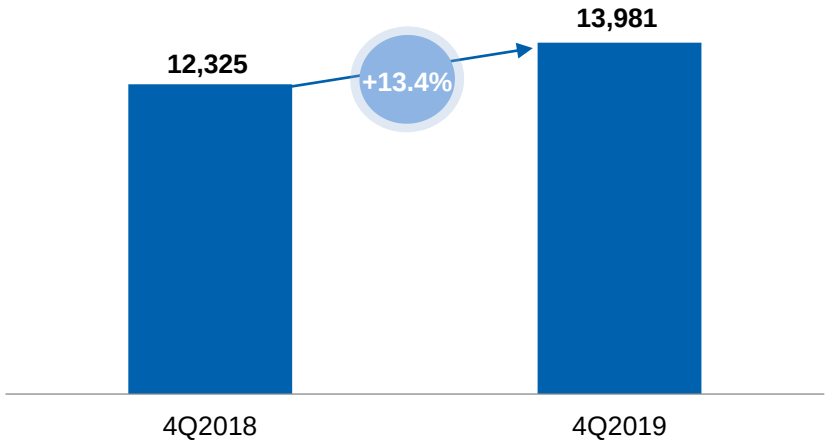
MUTUAL FUNDS

Ibercaja continues to improve its differentiated positioning in mutual funds:

- The **stock of mutual funds** grows **13.4% YoY** or €1,656m and reaches roughly **€14,000m.**
- **Net new money** to Ibercaja Gestion funds reaches **€735m**, 57.2% more than in 2018. Ibercaja ranks 3rd in terms of net inflows among Spanish banks.
- **The market share reaches 5.1%[1] (+27 b.p. market share gain in 2019).**

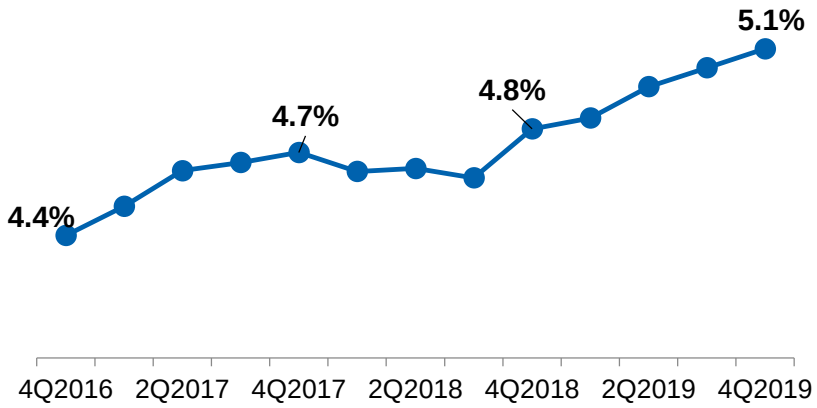
Stock of Mutual Funds[1]

€m & %



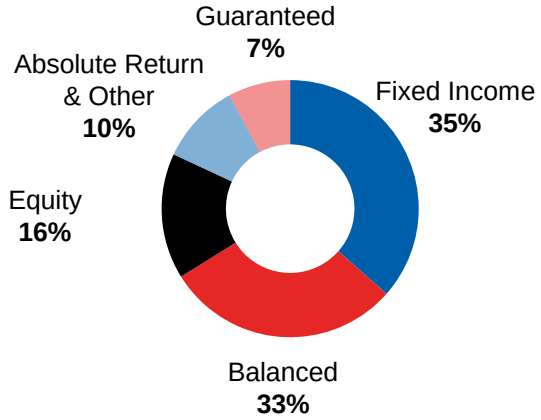
Mutual Funds Market Share[1]

% - Inverco



Mutual Funds Breakdown

%



[1] Source: Inverco

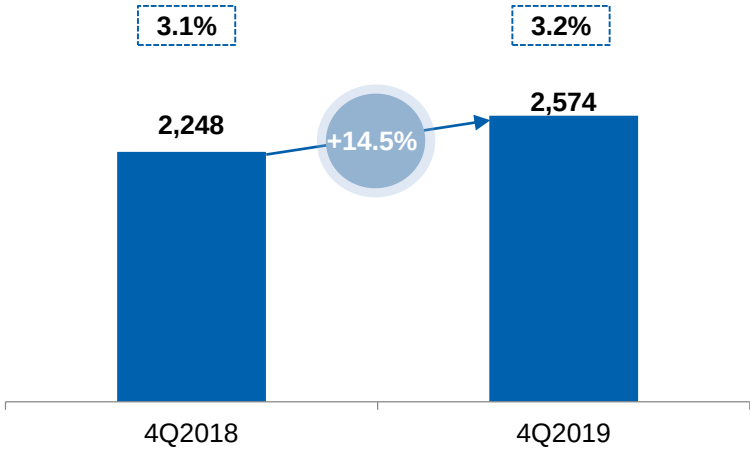
PENSION FUNDS

Strong performance in pension funds:

- **Gross new money** increases **12% YoY** and reaches €263m.
- **Funds managed** grow **9.5% YoY** and reach €6,794m.
- Ibercaja Pensión improved its **market share in individual schemes by 11 b.p. and in company schemes by 17 b.p.**

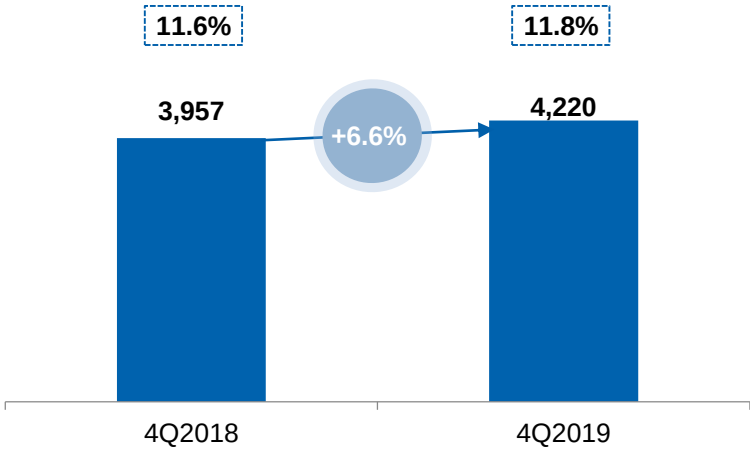
Individual schemes: Volume and market share[1]

€m and % - Inverco



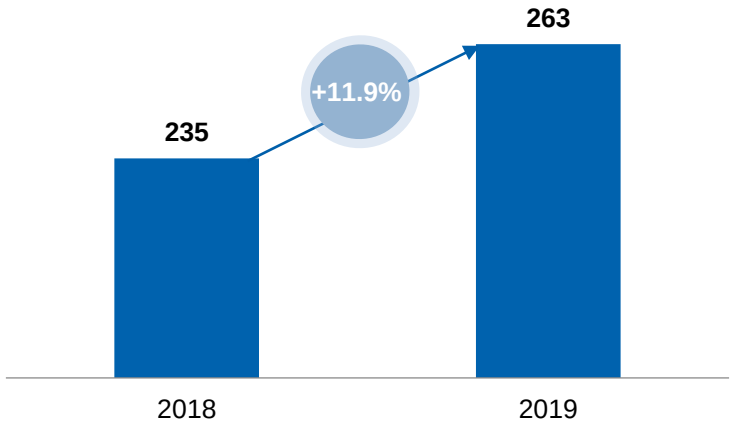
Company schemes: Volume and market share[1]

€m and % - Inverco



Net new money

€m



[1] Source: Inverco

CUSTOMER LOANS

New lending reaches €5,434m with a diversification strategy focused on non-RE companies (52% of new lending).

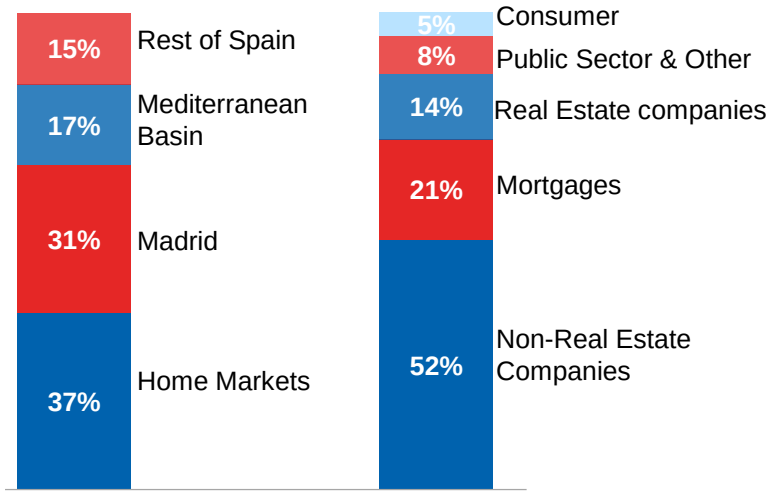
Accumulated working capital financing grows 8.5% YoY and reaches €7,643m.

Performing gross loans ex repos fall 0.3% YoY.

- **48%** of new lending focused on **Madrid and the Mediterranean Basin**, which allowed performing gross loans ex repos in the region to grow 0.3% YoY.

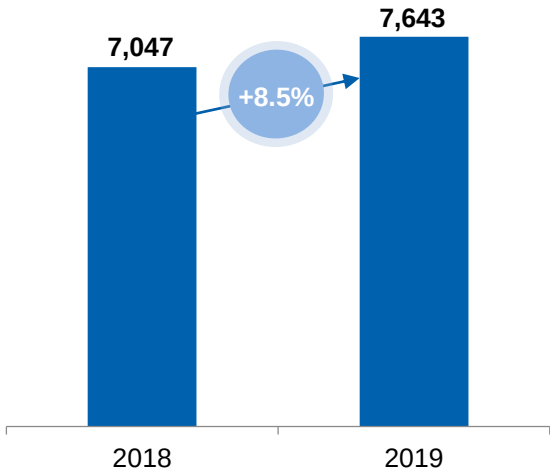
New Lending Production

% - 2019



Accumulated Working Capital Financing

€m



Loan Portfolio

€m

	4Q2018	4Q2019	Var.
Loans to Individuals	**20,999**	**20,434**	**-2.7%**
Mortgages	19,492	18,932	-2.9%
Consumer and Others	1,507	1,502	-0.3%
Loans to Companies	**7,745**	**7,807**	**0.8%**
Non-Real Estate Companies	6,786	6,750	-0.6%
Real Estate Companies	959	1,058	10.7%
Public Sector and Others	**1,002**	**1,412**	**41.0%**
Performing Gross Loans ex Repos	**29,746**	**29,655**	**-0.3%**
Repos	1,704	1,616	-5.2%
Doubtful Loans	2,275	1,293	-43.1%
Gross Loans	**33,724**	**32,563**	**-3.4%**

Risk insurance

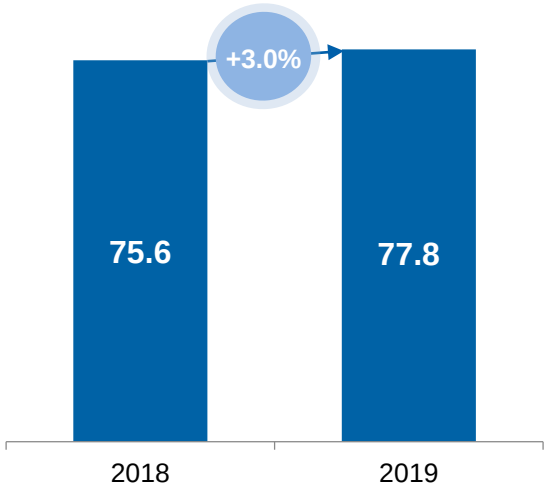
Risk insurance premiums (life risk and non-life) grow 3.5% YoY and reach €276m.

Ibercaja has reached an agreement with Helvetia to sell a 4.45% stake in Caser for c.€51m; Ibercaja will retain a 9.5% stake in Caser and will sign a novation of its non-life distribution agreement.

- **The sale will increase CET1 Fully Loaded ratio by 0.2%**. The novation* envisages a fixed non-adjustable upfront fee of **€70m** plus and an earn-out of up to **€50m** over the next 10 years.

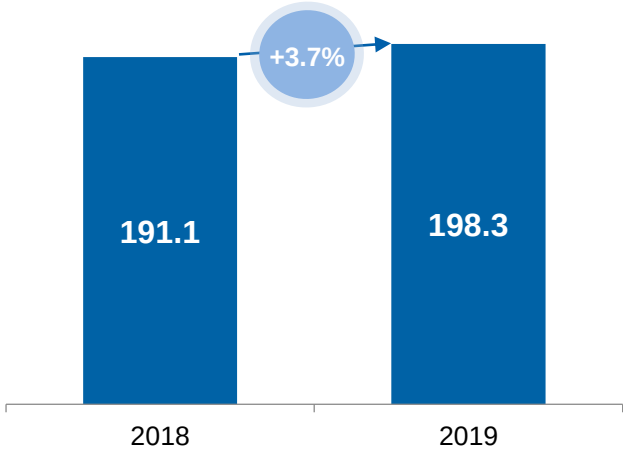
Life risk insurance premiums

€m



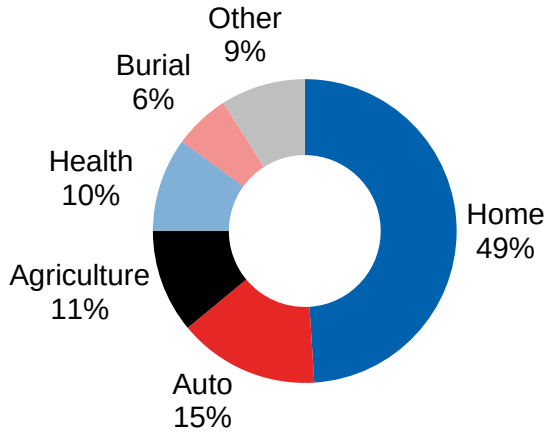
Non-life insurance premiums

€m



Breakdown of CASER agreement-related premiums

%



*The novation implies keeping the existing distribution fees unchanged. The payment of the fixed upfront fee can not be reviewed or adjusted by any circumstance or fact.

EL BANCO DEL Vamos

III RESULTS

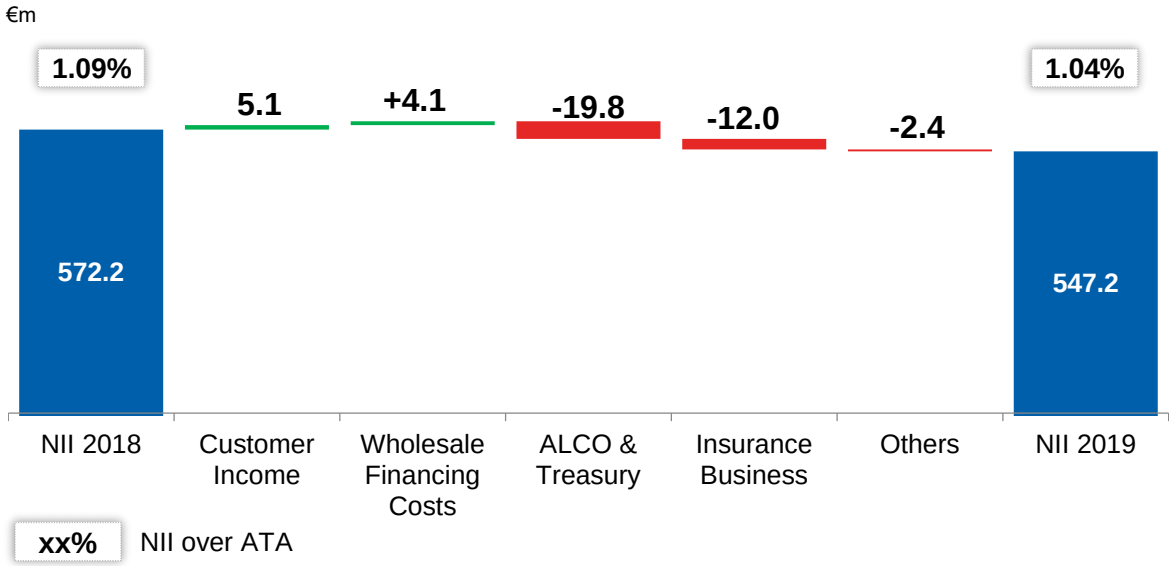
ibercaja

P&L ACCOUNT

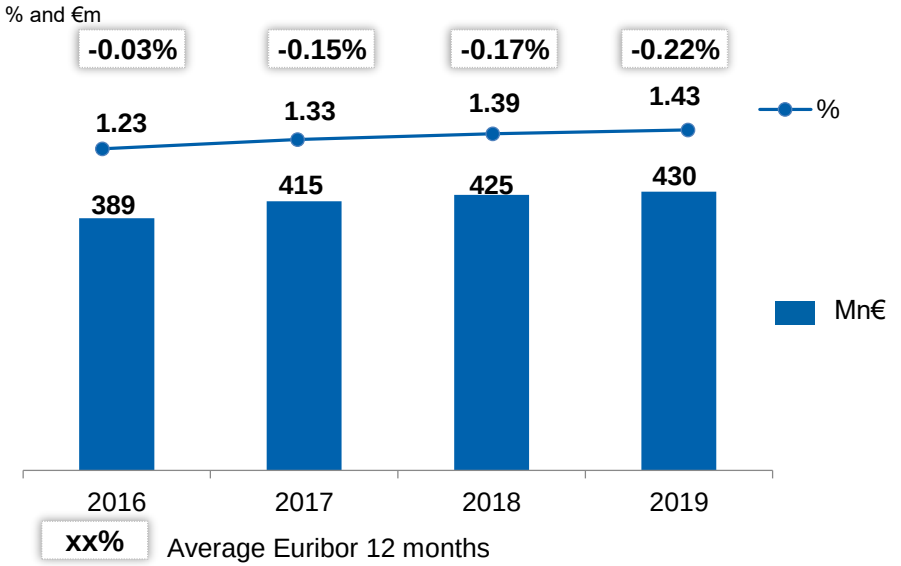
	€m		
	2018	2019	YoY
Net Interest Income	572.2	547.2	-4.4%
Net Fee Income	375.6	394.8	5.1%
Recurring revenues	**947.7**	**942.1**	**-0.6%**
Gains/Losses on Financial Assets and Liabilities	43.6	7.1	-83.8%
Other Operating Income (net)	-24.7	-22.6	-8.7%
Gross Operating Income	**966.6**	**926.6**	**-4.1%**
Operating Costs	-668.8	-600.1	-10.3%
of which: Recurring Costs	-613.1	-600.1	-2.1%
of which: Redundancy Plan	-55.8	0.0	n/a
Pre-Provision Profit	**297.7**	**326.5**	**9.7%**
Total Provisions	-167.3	-184.5	10.3%
Other Gains and Losses	-49.6	-13.3	-73.1%
Profit before Taxes	**80.8**	**128.6**	**59.1%**
Taxes & Minorities	-40.0	-44.6	11.5%
Net Profit Attributable to Shareholders	**40.8**	**84.0**	**105.8%**

NET INTEREST INCOME

Net Interest Income Breakdown



Customer Spread

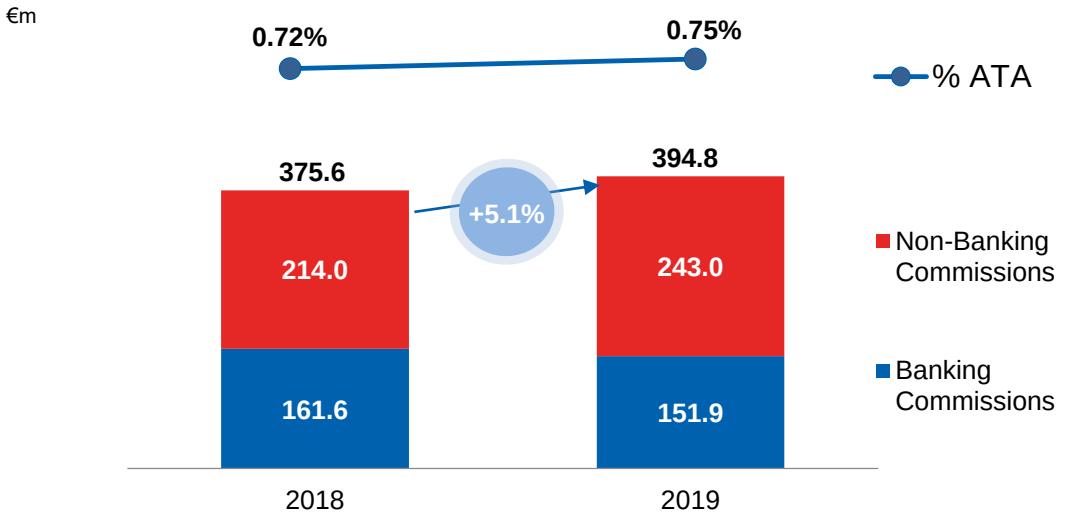


Net interest income decreases 4.4% YoY or €24.9m.

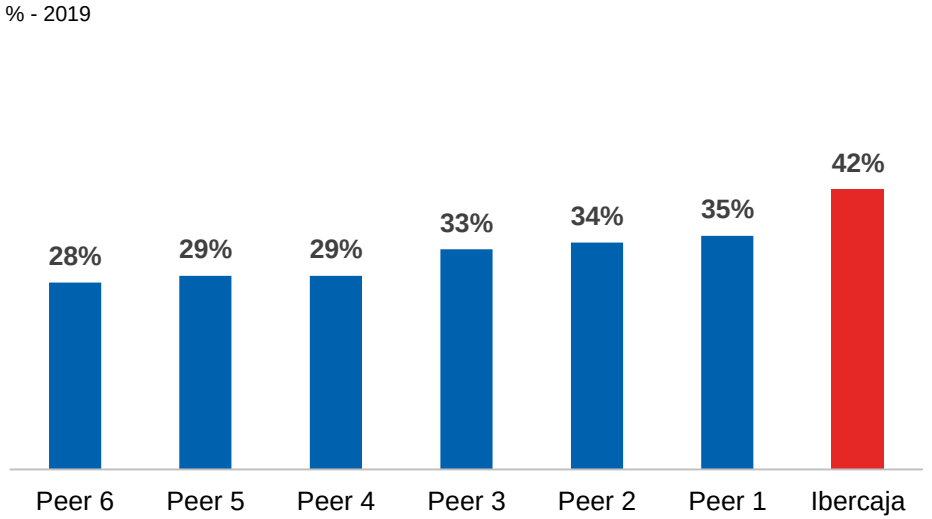
- **Customer income**, loan revenues minus customer deposit costs, **grows 1.2% YoY or €5.1m**. **Customer spread reaches 1.43%** vs. 1.39% in 2018.
- **ALCO portfolio and treasury revenues** fall **€19.8m**. The **ALCO portfolio** accounts for **10.4%** of financial revenues.

NET FEE INCOME

Net Fee Income



Net fee income as % of recurring revenues



Net fee income grows 5.1% YoY.

- **Non-banking commissions*** (mutual funds, risk insurance and pension funds) **rise 13.6% YoY** driven by net inflows and positive market evolution and includes success fees amounting to €22m. **Banking commissions decrease 6.0% YoY**.

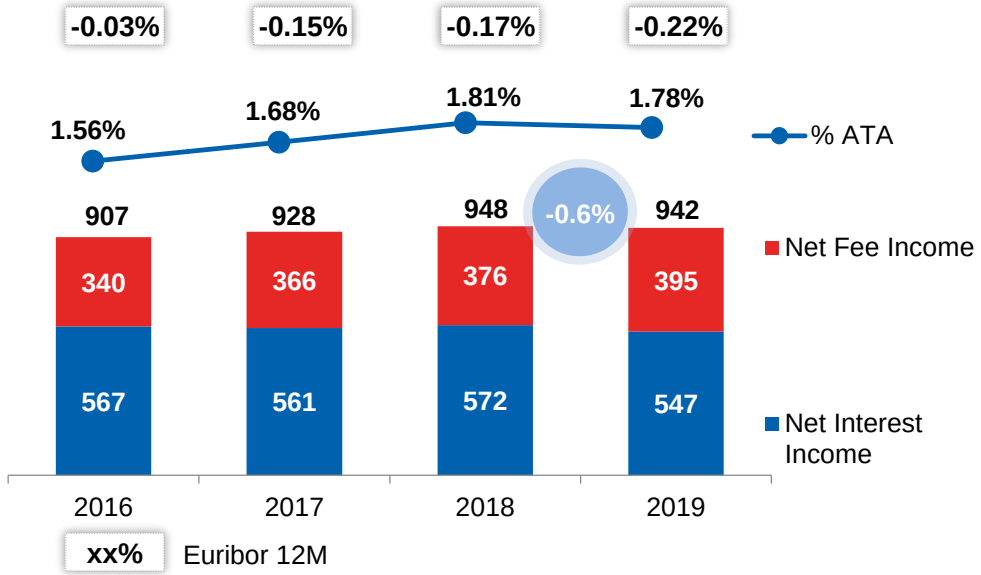
Net fee income as % of ATA at 0.75% which is one of the highest levels among peers. Net fee income accounts for 42.0% of recurring revenues, highest weight among peers.

* Includes both commissions from non-banking financial products' commercialization and commissions from asset management. Peer group includes Bankia, Bankinter, Caixabank, Liberbank,Sabadellex TSB and Unicaja.

RECURRING REVENUES

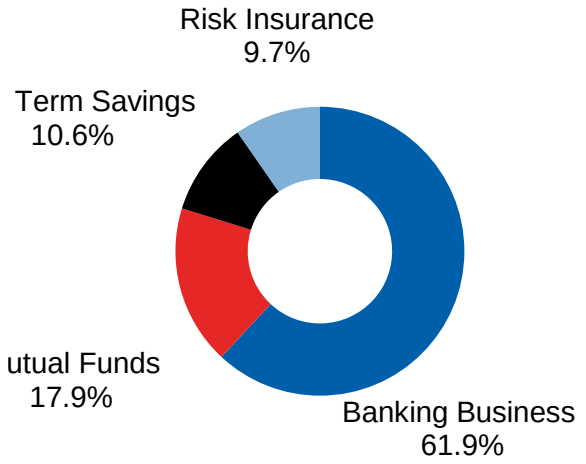
Recurring Revenues

€m and %



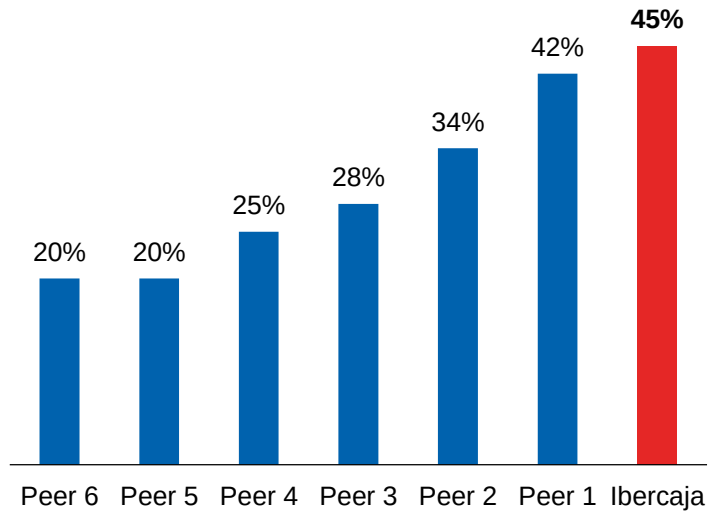
Recurring Revenues Breakdown

% - 2019



Asset management & life insurance

% of retail customer funds - 2019



Recurrent revenues fall 0.6% YoY.

- Under the current **low-rates environment**, Ibercaja continues to show a **more resilient income-generation capacity** vis-á-vis other regional and/or mortgage-focused banks driven by Ibercaja's higher exposure to the asset management and bancassurance businesses.
- **Asset management and life insurance** weight in total retail customer funds remains the **highest among peers.**

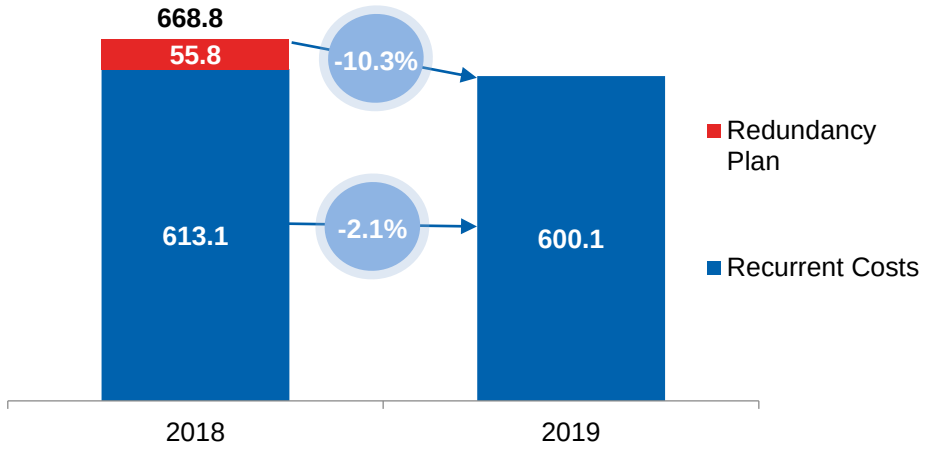
Revenues from asset management and bancassurance represent 38.1% of Ibercaja's recurring revenues.

Peer group includes Bankia, Bankinter, Caixabank, Liberbank,Sabadellex TSB and Unicaja.

OPERATING COSTS

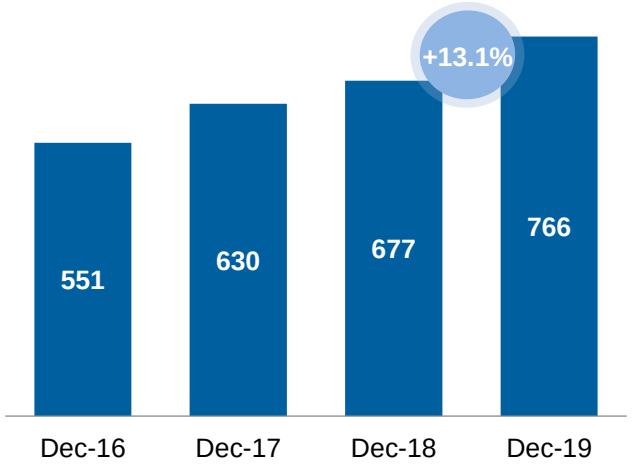
Operating Costs

€m



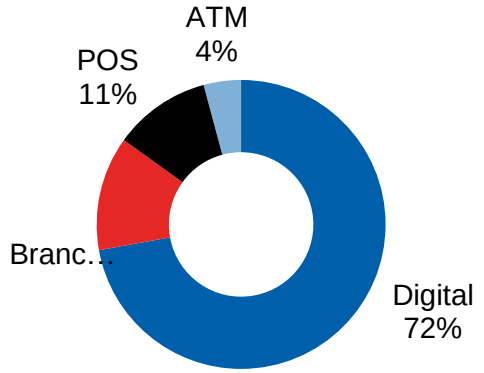
Digital Customers[1]

000



Breakdown of Customer Transactions

% - 2019



Total operating costs fall 10.3% YoY driven by the absence of extraordinary expenses.

- **Recurring costs fall 2.1% YoY.**
- The company has started the negotiations to implement a **new redundancy plan in 2020.**

Digital customers grow 13.1% in the year, driven by a 38.7% increase in Ibercaja app's customers to over 432,000.

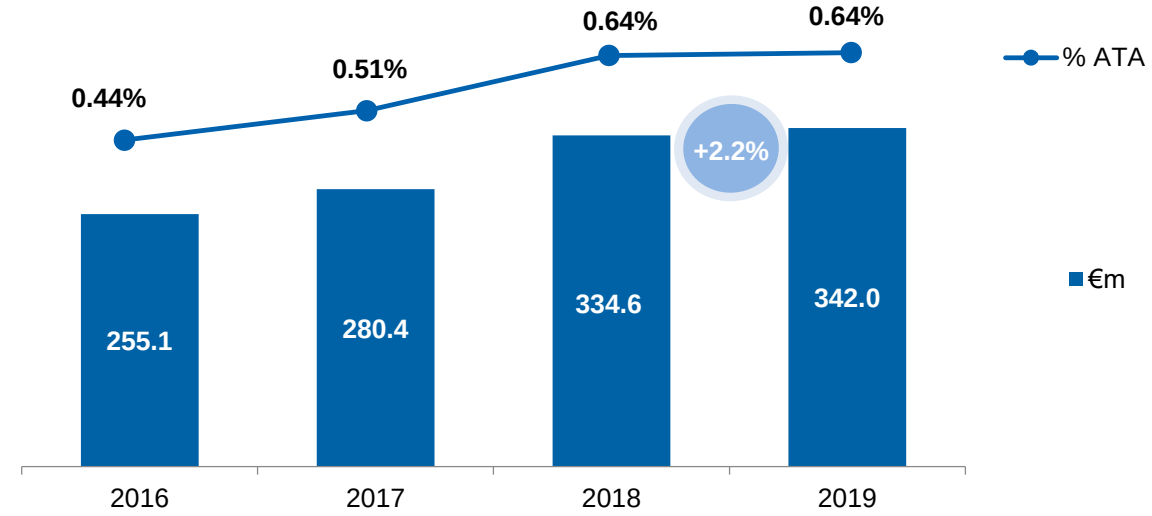
The digital channel accounts for over 70% of customer transactions.

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

PROFIT BEFORE PROVISIONS

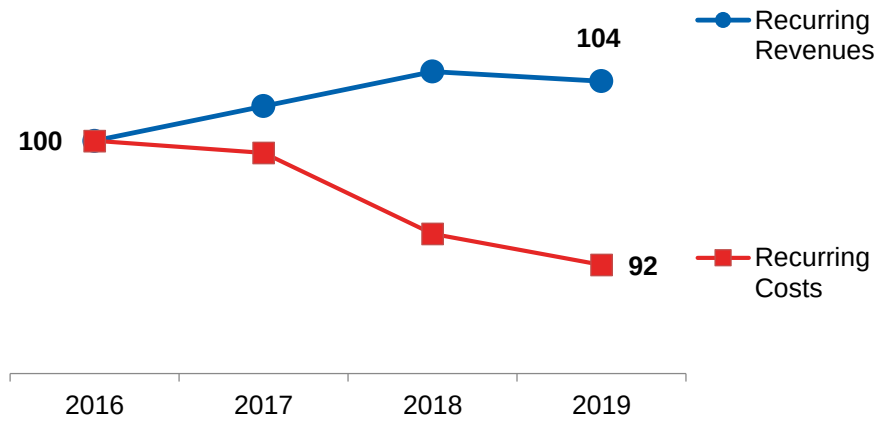
Recurring Profit before Provisions

€m and %



Recurring Revenues & Costs

2016 base year = 100



Profit before provisions increases 9.7% YoY and reaches €326.5m.

In 2019, improvement of operating "jaws" has resulted in a 2.2% YoY growth of recurring profit before provisions (net interest income + net commissions – recurring costs).

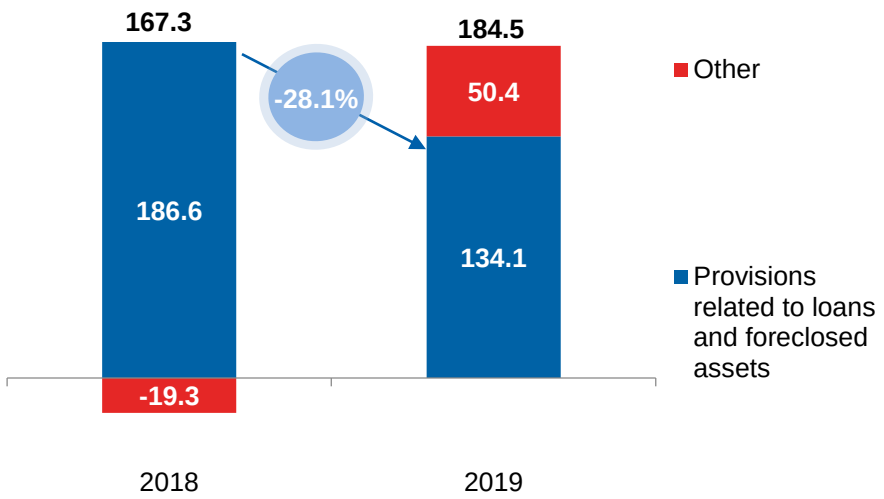
Since 2016 Ibercaja is taking the necessary measures in terms of revenue generation and cost adjustments in order to improve its operating leverage going forward:

► **Since 2016 recurring revenues have grown 3.8% and operating costs have fallen 8.0%.**

PROVISIONS

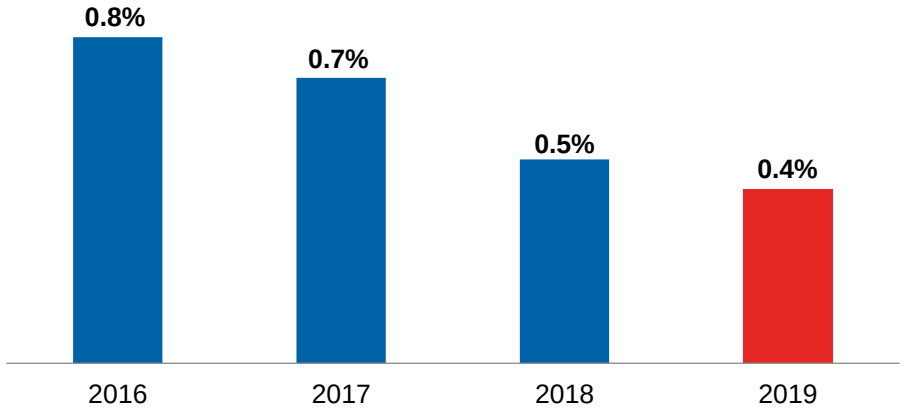
Total Provisions

€m



Cost of Risk

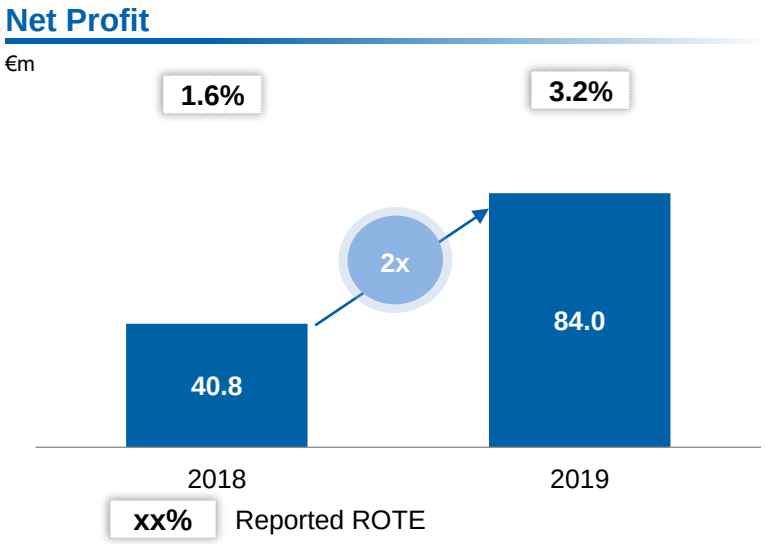
%



Total provisions grow 10.3% YoY.

- **Provisions related to loans and foreclosed assets** fall **28.1% YoY.**
- **Cost of risk** continues to improve and stands at **40 b.p**. in 2019.
- Ibercaja has recorded provisions amounting to **€50m** to anticipate potential impacts from the accelerated NPA reduction that the bank is implementing. **These provisions are not included in the company's coverage ratio.**

NET PROFIT



Extraordinary impacts in 2019
(before taxex)

€42m	Wholesale sale of problematic exposures
€50m	Provisions to anticipate future impacts due to the accelerated strategy of selling NPAs (not included in coverage ratio)

Ibercaja doubles its net profit in 2019 and reaches €84m.

Results have been impacted by two extraordinary impacts:

- Wholesale NPA transactions have had a negative impact of **€42m** (pre-tax).
- **€50m** of provisions (pre-tax) to anticipate potential impacts from the accelerated NPA reduction that the bank is implementing. These provisions are not included in the company's coverage ratio.

IV

ASSET QUALITY, LIQUIDITY AND SOLVENCY

ASSET QUALITY (1/2)

In 2019, non-performing assets – doubtful exposures and foreclosed assets – decrease 36.9% YoY or €1,124m. NPA ratio falls 303 b.p. YoY to 5.8% and comfortably meets Ibercaja's 6% target.

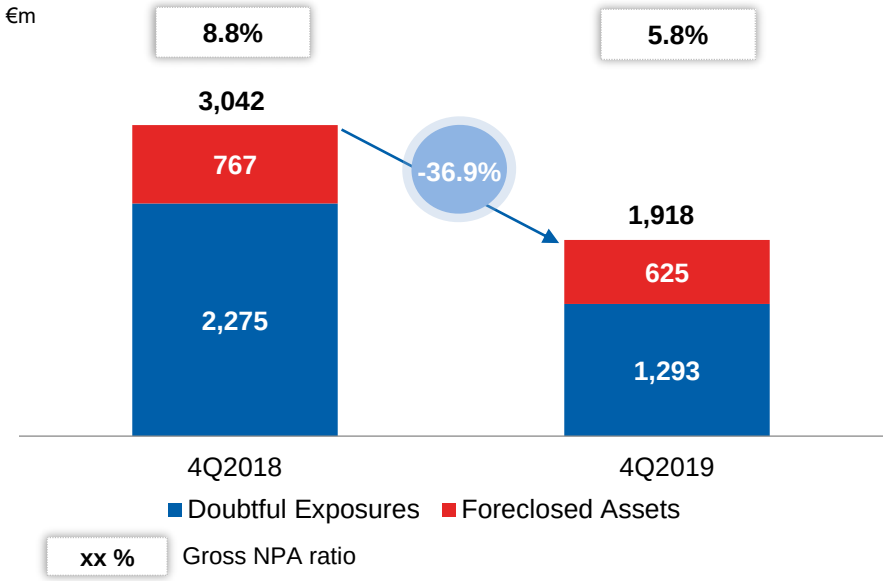
Doubtful exposures fall 43.0% YoY and NPL ratio stands at 4.0%, 80 b.p. below sector average.

- **Gross NPL entries fall 23.8% YoY** while **recoveries** grow **5.3% YoY** (excl. wholesale transactions).

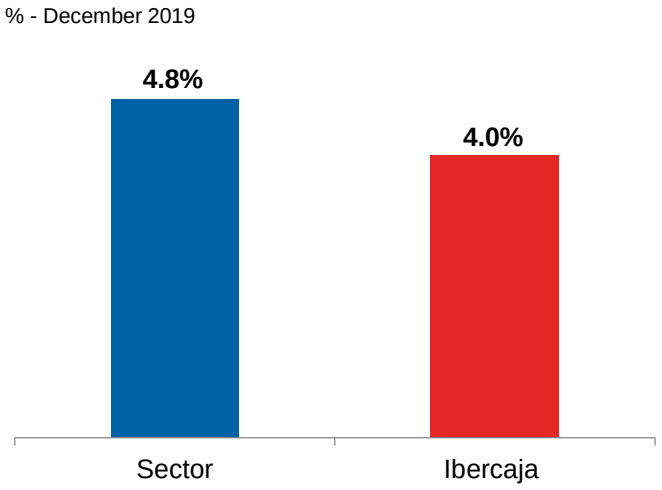
Foreclosed assets fall 18.5% YoY.

- **Sales of foreclosed land** grow 59% YoY, exceeding **€160m.**

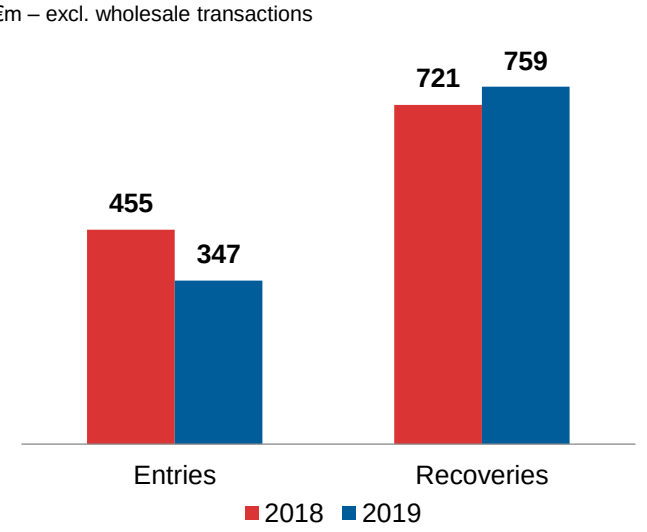
Non-Performing Assets



NPL Ratio



NPL Entries & Recoveries



ASSET QUALITY (2/2)

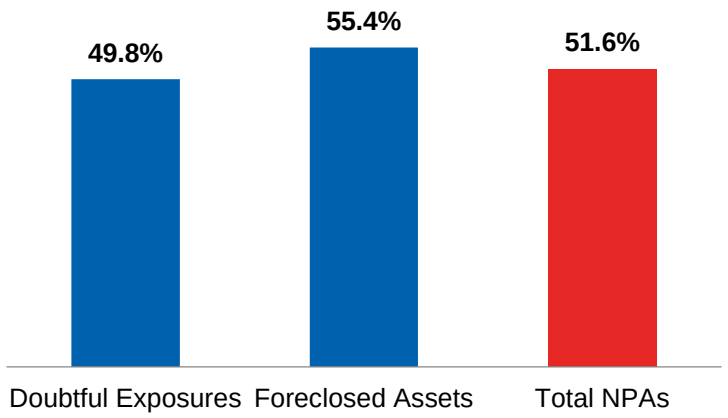
Coverage ratio of non-performing assets stands at 51.6% (vs. 51.5% as of December 2018).

After executing Cierzo and Ordesa transactions[1], **doubtful residential mortgages, with a lower expected loss, account for 48% of non-performing loans.**

€548m / 37.1% reduction in net non-performing assets YoY driven by a reduction of gross non-performing assets together with the provisioning effort. Its **weight as % of total assets represents just 1.7%** (-113 b.p. YoY).

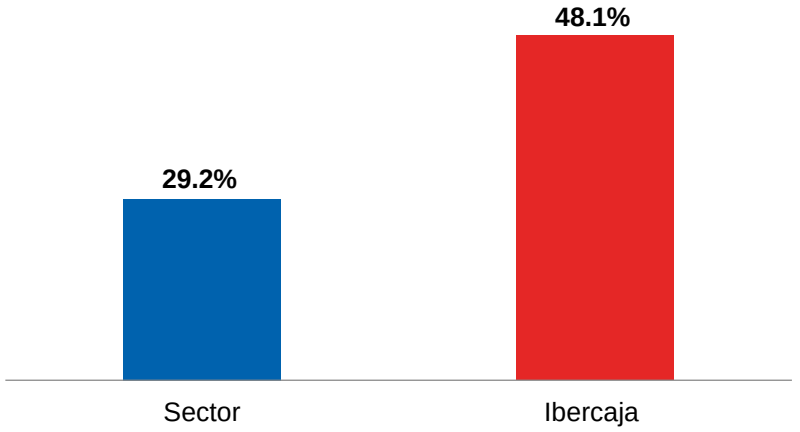
NPA Coverage Ratio

4Q2019 - %



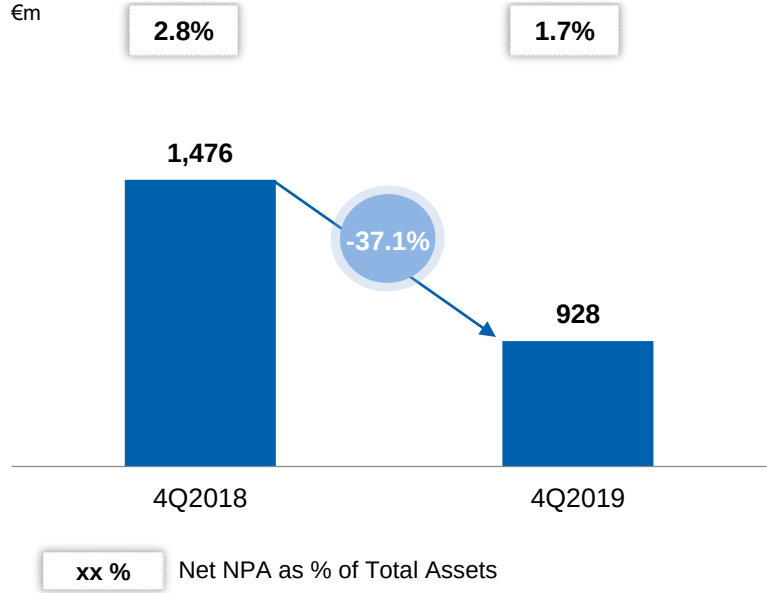
Doubtful Mortgages as % of NPLs

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



Net Non-Performing Assets

€m



[1] Wholesale transactions that took place in 4Q2018 and 2Q2019 mainly focused in foreclosed assets and doubtful loans to companies with a gross value of €641m and €534m, respectively

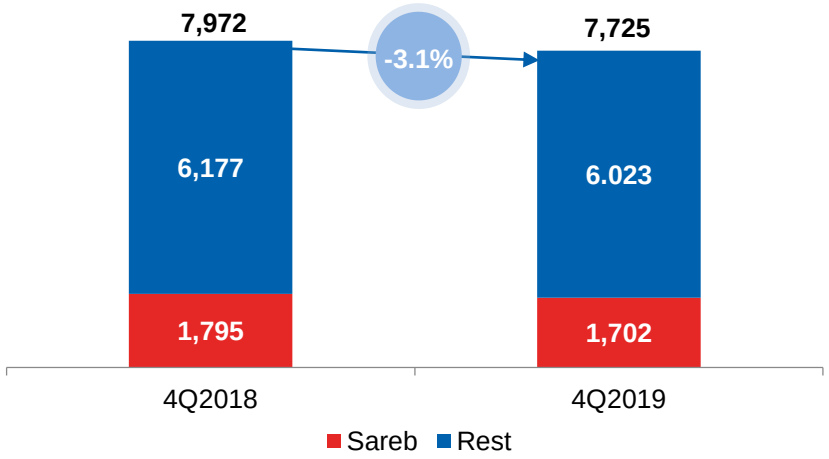
ALCO PORTFOLIO

Fixed-income portfolio stands at €7,725m[1]. This portfolio has a low risk profile and is mainly composed of Spanish sovereign debt.

- **Average duration** of **4.1 years**[2].
- **Average yield** stands at **0.97%.**
- **91%** of the portfolio is classified as **amortised cost.**

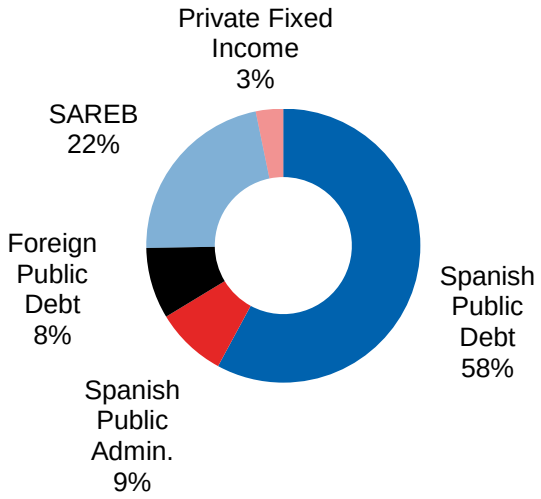
ALCO Portfolio

€m



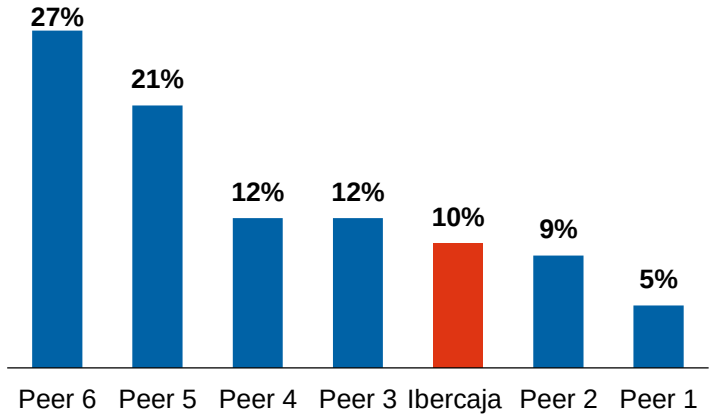
ALCO Portfolio Breakdown

4Q2019 - %



ALCO Portfolio revenues as % of Financial income

2019 - %

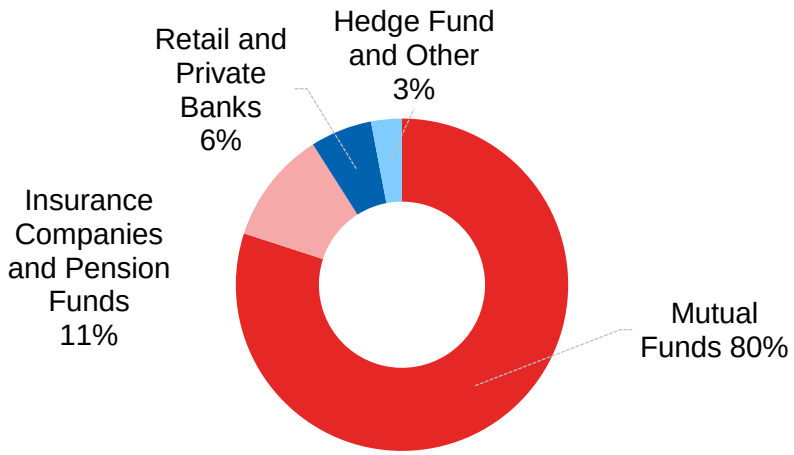


[1] ALCO portfolio does not include insurance portfolio.
[2] Includes interest rate swaps.
Peer group includes Bankia, Bankinter, Caixabank, Liberbank, SabadellexTSB and Unicaja.

TIER II ISSUANCE REFINANCING

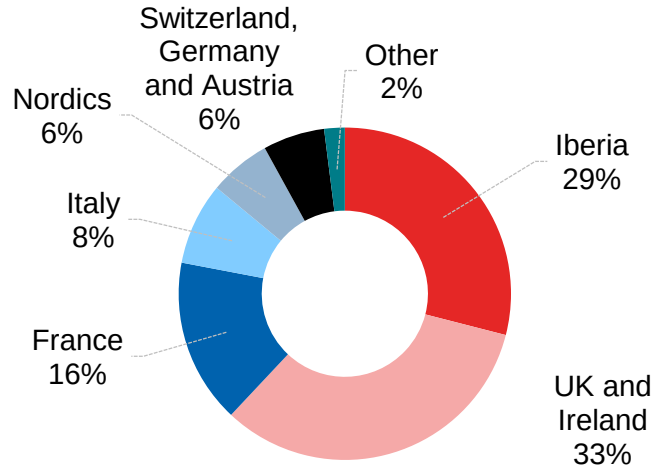
Tier II Investor Base – By Investor Type

% demand



Tier II Investor Base – By Region

% demand



On January 16th, Ibercaja successfully completed the refinancing strategy of the Tier II instruments issued in 2015:

- Ibercaja has issued €500m of Tier II in 10.5NC5.5 format. Investors' demand reached **€1,800m** and over 70% of investors were international. **Coupon was priced at 2.75%** vs. 5% of the previous issuance, which implies over **€11m** annual savings (~2% of net interest income).
- At the same time Ibercaja **has repurchased 56% of the instrument issued in 2015** and the remaining 44% has a call date in July.

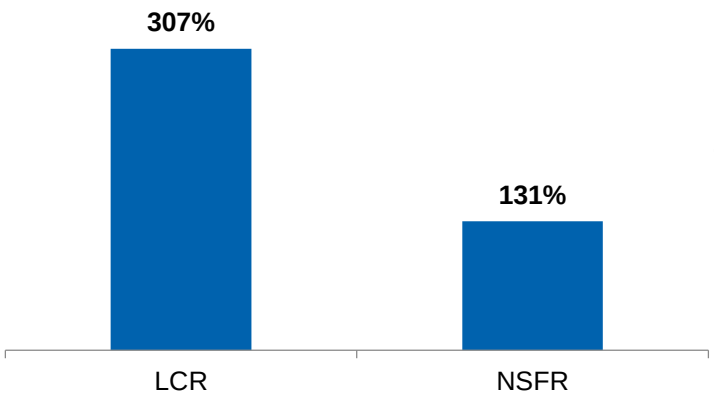
LIQUIDITY AND FUNDING PROFILE

Ibercaja holds a comfortable liquidity position (liquid assets account for 20.7% of total assets) and a prudent funding profile (customer deposits account for 77% of gross external funding).

- **LCR and NSFR ratios** stand well above regulatory requirements.
- **LTD ratio** stands at **92.5%.**
- Ibercaja **has repaid 50% of its TLTRO II financing** and **it does not intend to use any TLTRO III** financing.

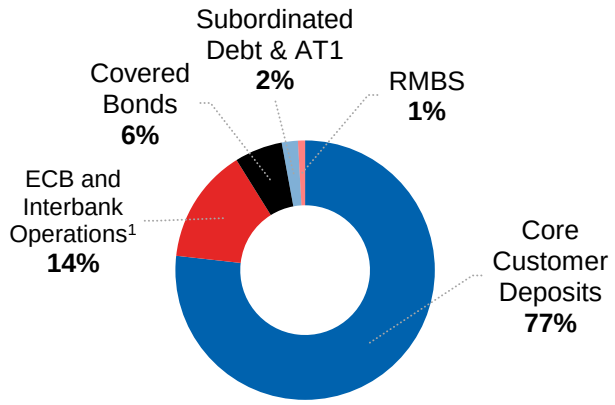
LCR and NSFR Ratios

% - 4Q2019



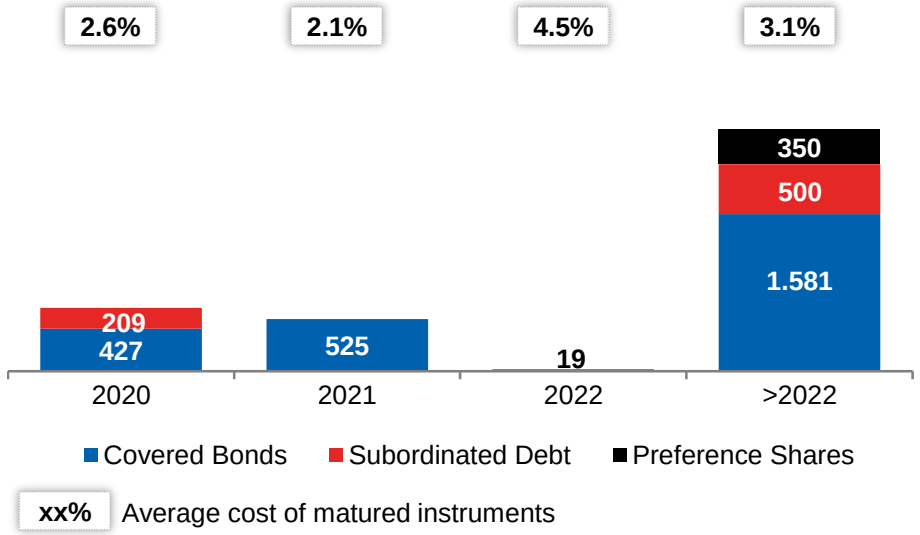
Gross External Funding

% - 4Q2019



Maturity Profile

€m - 31/01/2020 post Tier II refinancing



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

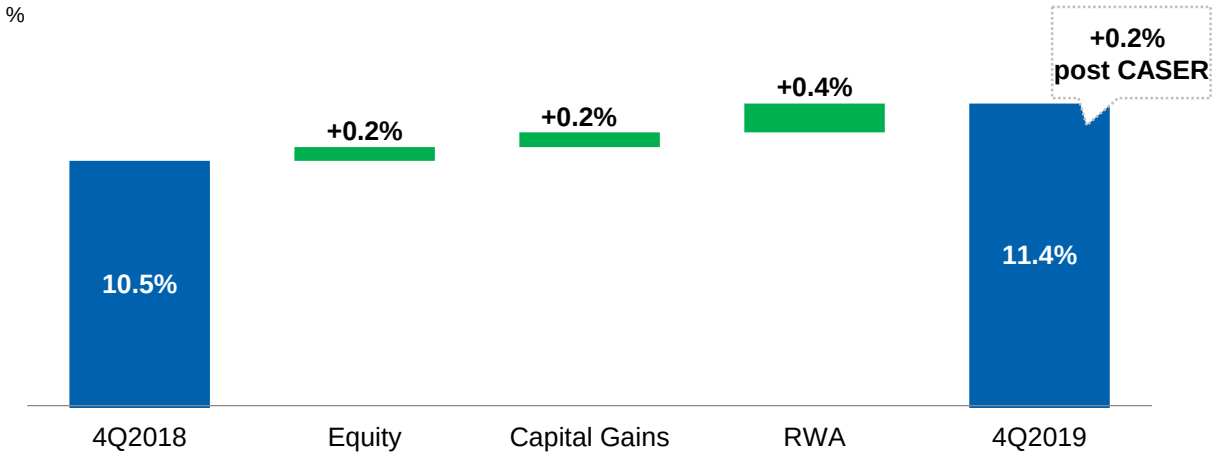
SOLVENCY

In 2019 Ibercaja has generated 82 b.p. of capital. CET1 Fully Loaded ratio reaches 11.4% while Total Capital Fully Loaded ratio stands at 15.5%.

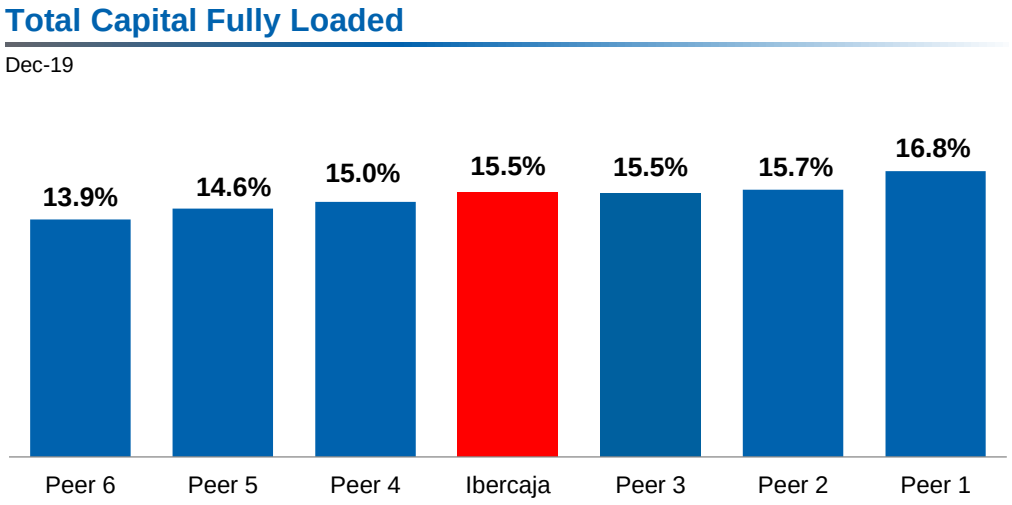
- Fully Loaded leverage ratio stands at **5.5%.**
- **The closing of 4.45% CASER sale will imply a 0.2% increase in CET1 Fully Loaded ratio** and is expected during 1H20.

In Phased-In terms, CET1 ratio stands at 12.3% and Total Capital at 16.4% vs. 9% and 12.5% requirements, respectively.

CET1 Fully Loaded



Total Capital Fully Loaded

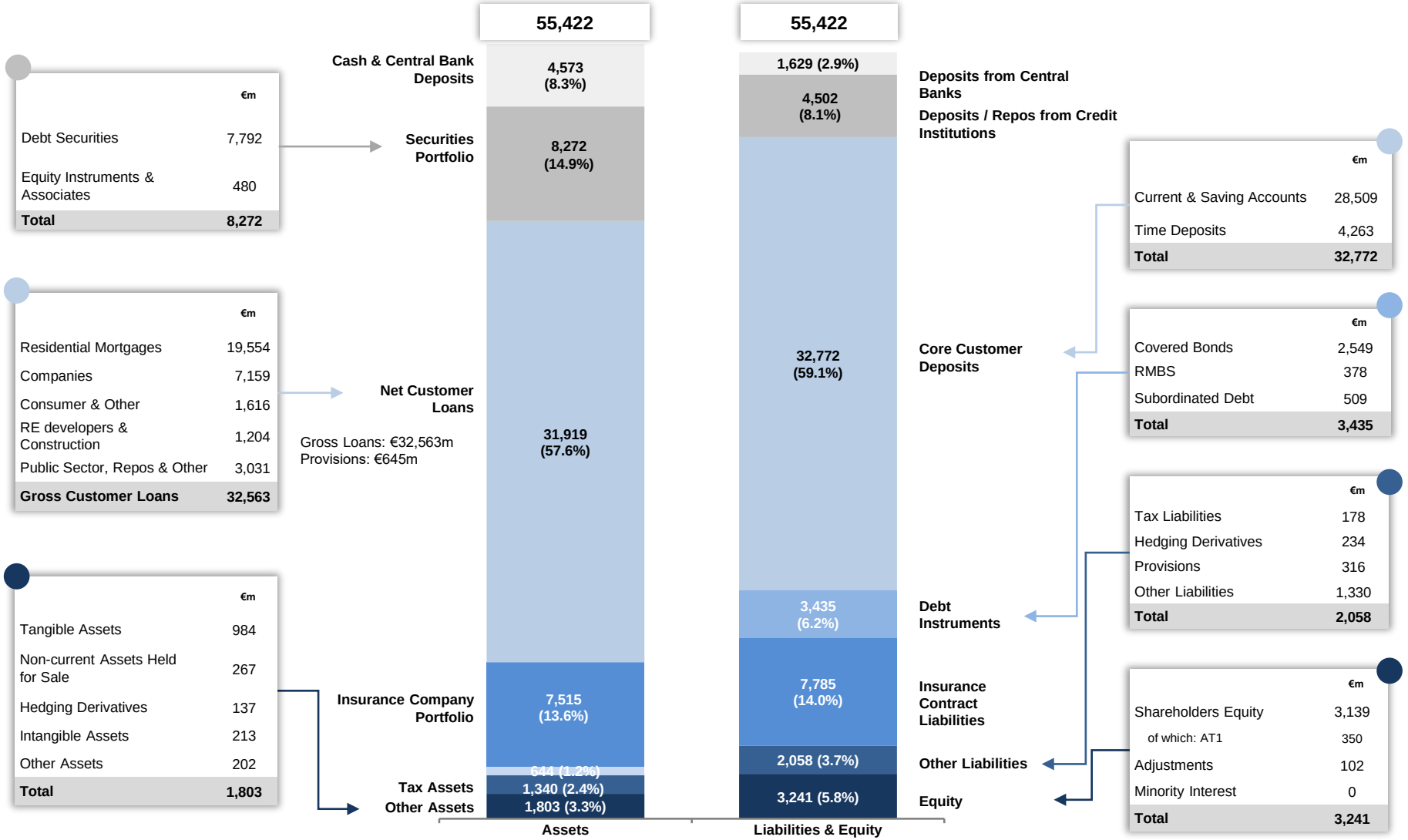


V

ANNEX

CONSOLIDATED BALANCE SHEET

€m - 31/12/2019



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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