IBERCAJA BANCO
1Q2020 RESULTS

May 5th, 2020



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COVID-19 UPDATE

COMMITTED TO OUR PURPOSE

We care about our people, our clients and society overall

Ibercaja is implementing the measures needed to keep being close by its clients, coming along with them at every time and everywhere and giving them solutions that are the answer to their problems, being a **key piece in the economic recovery.**

I **Continuity Plan**

II **Society Support**

III **Customer Support**



SWIFT ADAPTATION TO A NEW ENVIRONMENT

Continuity Plan

Successful implementation of the Continuity Plan.
The continuity of the business has been guaranteed while keeping the security of our employees and clients.

Maintenance of service:

97% branch network remains open

100% working ATMs

Telework

>80% of headquarter employees are working from home

Team rotation in our branch network

Digital operations

Digital channels account for 79% Bank's transactions

Ibercaja´s App user grow 5,7% until April.

Society Support

Ibercaja Bank, banking Foundation Ibercaja, Foundation Caja Badajoz and Foundation Cajacírculo have jointly launched a **solidarity platform** with the aim of protecting vulnerable people in our territories.



SWIFT ADAPTATION TO A NEW ENVIRONMENT

Customer Support

#1: ICO guarantees and private/public moratorium:

More than 6,200 customer requests to defer mortgage payment have been handled, representing a portfolio of €547m, which is equivalent to 2.8% of the outstanding mortgages.

More than 9,750 requests were received for the ICO guarantee scheme for the self-employed, SMEs and corporates, for a total amount of more than €1.2bn. Ibercaja has already fully formalised the first of the two quotas announced until the date.

#2: Advanced payment of pensions and unemployment benefits:

The advances have amounted to €330m in March and €372m in April

#3: Strengthening the relationship channels with our customers:

Launch in record time of Ibercaja Próxima, a remote management solution for customers.

Strengthening of the call centre (+58% in the number of calls).

#4: Other measures:

Cancellation of cash withdrawal fees at ATMs of other Spanish entities.
Fractioning of the receipt of life insurance.
Easing of conditions for Cuenta Vamos.
Redemption of pension plans for customers affected by Covid-19

* As of April, 30th

EL BANCO DEL Vamos

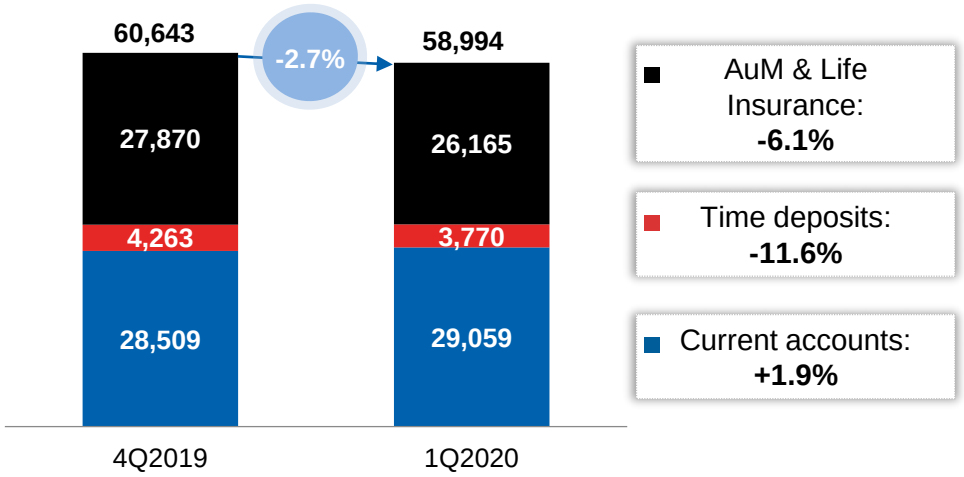
II

COMMERCIAL ACTIVIY

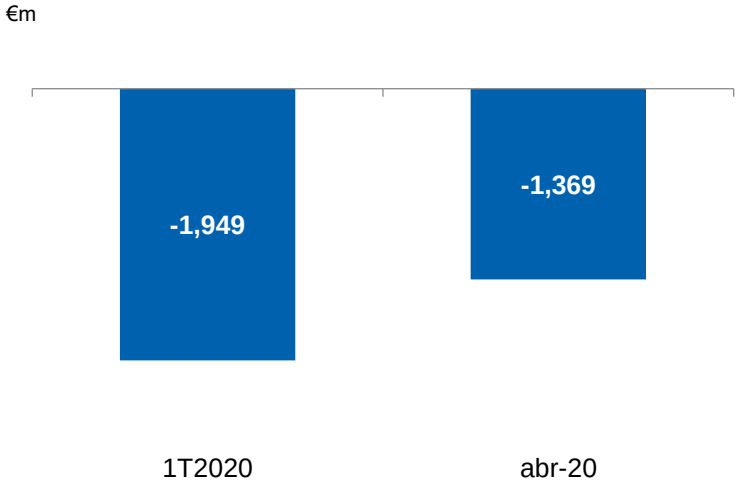
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CUSTOMER FUNDS

Customer funds



Market evolution impact



Customer funds decreased 2.7% (€ -1,694m) vs. end of 2019.

- **Total customer funds** (current accounts and time deposits) **remain stable.**
- **Assets under management and life insurance products** fall by **€1,949m** due to the **negative impact of the market**. In April, the positive effect of revaluations amount to € 580m.
- Excluding the negative market evolution, customer funds **increase 0.5% or €300m** vs. 2019YE.

MUTUAL FUNDS

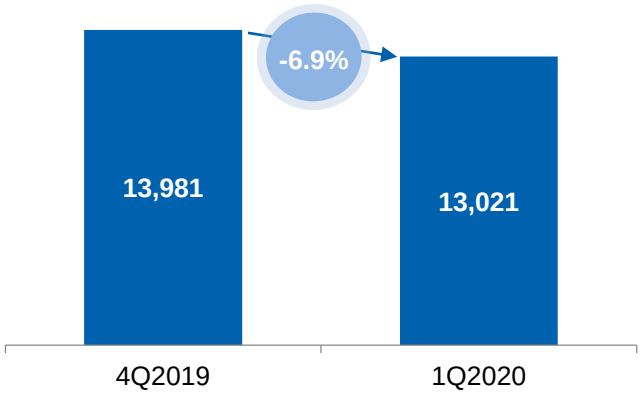
Mutual funds drop by 6.9% or € 959.8m vs. 2019YE.

Ibercaja, due to its historical strengths in asset management, keeps gaining market share even in an adverse market environment:

- **Net new money** reaches **€295.9m** in the quarter. **Ibercaja Gestión** ranks **2nd** in terms of net inflows in Spain.
- **Markets share** reaches **5.3% (+20 b.p. market share** in just one quarter**)**

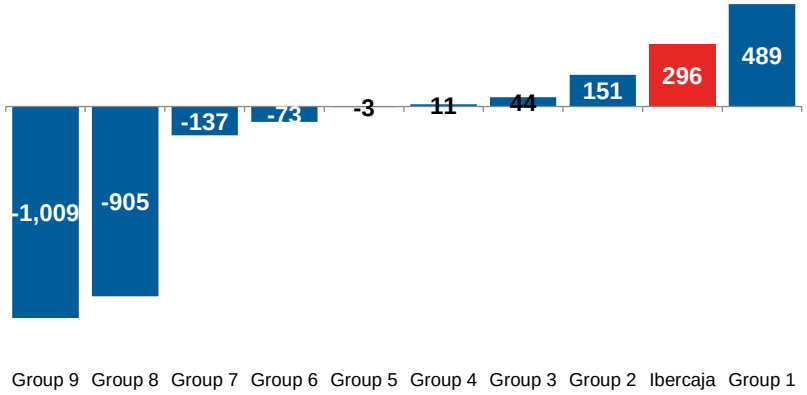
Stock of mutual funds

€m



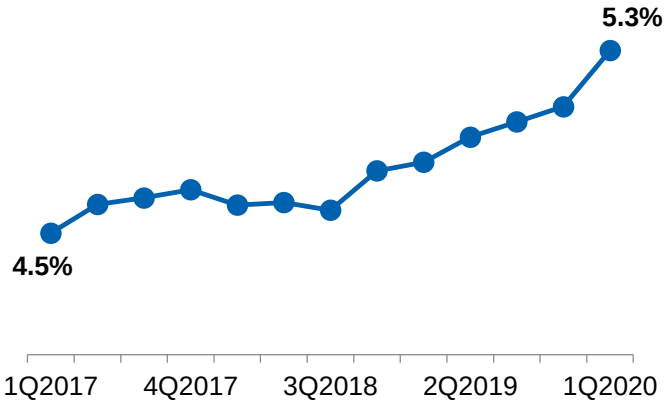
Net new money inflows

€m - 10 top mutual funds managment groups in Spain



Mutual funds market share

% -



Source: Inverco; The top 10mutual funds managment groups are Caixabank, Santander, BBVA, Bankia, Kutxabank, Sabadell, Ibercaja, Bankinter, Mutua Madrileña and Unicaja

CUSTOMER LOANS

New lending increases 0.8% YoY:

- Ibercaja continues to implement its diversification strategy: Lending to **non-real estate companies** represents **52%** of new lending. .

New lending in April registers a strong increase up to €800m.

- New lending in the month is **2.3x more than the average of the previous months** thanks to the boost in non-real estate companies and implementation of ICO guarantees. New lending to mortgages increases despite the economic slowdown.

Stock of performing loans fall 0.5% vs 2019YE:

- The increase in consumer and others is explained by advanced payment of pensions and unemployment benefits.
- **Performing loans grow €100m in April.** Current ICO guarantees request should allow for a positive evolution of performing loans in 2Q2020.

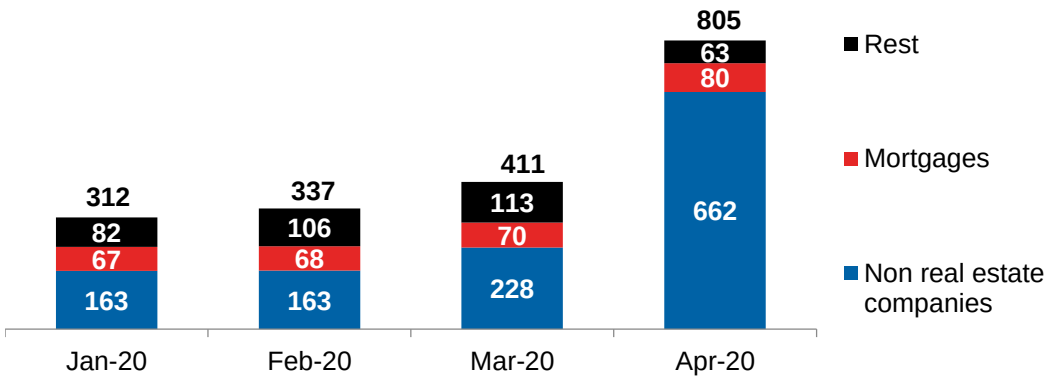
Loan Portfolio

€m

	4Q2019	1Q2020	Var.
Loans to Individuals	**20,434**	**20,310**	**-0.6%**
Mortgages	18,932	18,695	-1.3%
Consumer and Others	1,502	1,616	7.5%
Loans to Companies	**7,807**	**7,682**	**-0.6%**
Non-Real Estate Companies	6,750	6,576	-2.6%
Real Estate Companies	1,058	1,107	4.6%
Public Sector and Others	**1,412**	**1,512**	**7.1%**
Performing Gross Loans ex Repos	**29,654**	**29,505**	**-0.5%**
Repos	1,616	1,614	-0.1%
Doubtful Loans	1,293	1,253	-3.1%
Gross Loans	**32,563**	**32.372**	**-0.6%**

New Lending Production

€m



III

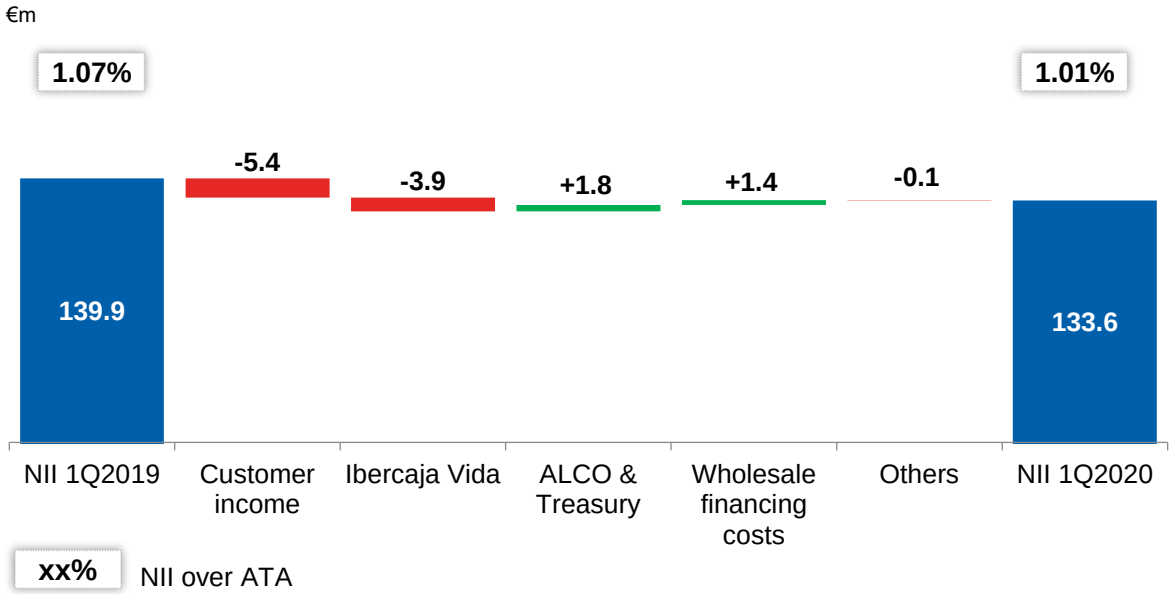
RESULTS

P&L ACCOUNT

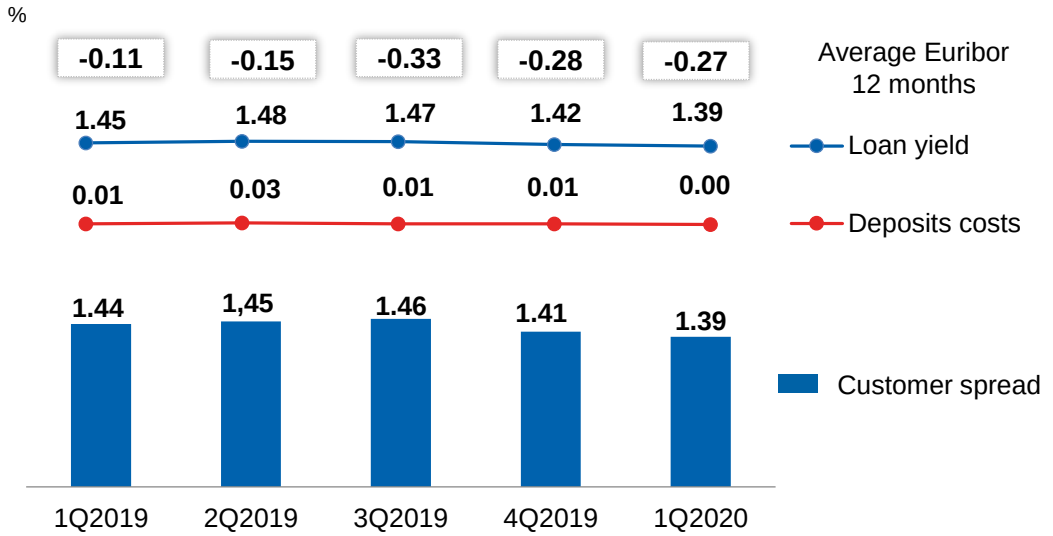
	€m		
	1Q2019	1Q2020	YoY
Net Interest Income	139.9	133.6	-4.5%
Net Fee Income	93.8	94.8	1.1%
Recurring revenues	**233.7**	**228.4**	**-2.3%**
Gains/Losses on Financial Assets and Liabilities	18.6	8.4	-54.8%
Other Operating Income (net)	12.5	5.4	-57.0%
Gross Operating Income	**264.9**	**242.2**	**-8.6%**
Operating Costs	-146.5	-140.5	-4.1%
Pre-Provision Profit	**118.3**	**101.7**	**-14.1%**
Total Provisions	-39.3	-50.3	28.0%
of which: Covid-19		-34.0	n/a
Other Gains and Losses	1.1	-1.2	n/a
Profit before Taxes	**80.2**	**50.1**	**-37.5%**
Taxes & Minorities	-23.4	-16.2	-30.5%
Net Profit Attributable to Shareholders	**56.8**	**33.9**	**-40.3%**

NET INTEREST INCOME

Net interest income breakdown



Customer spread



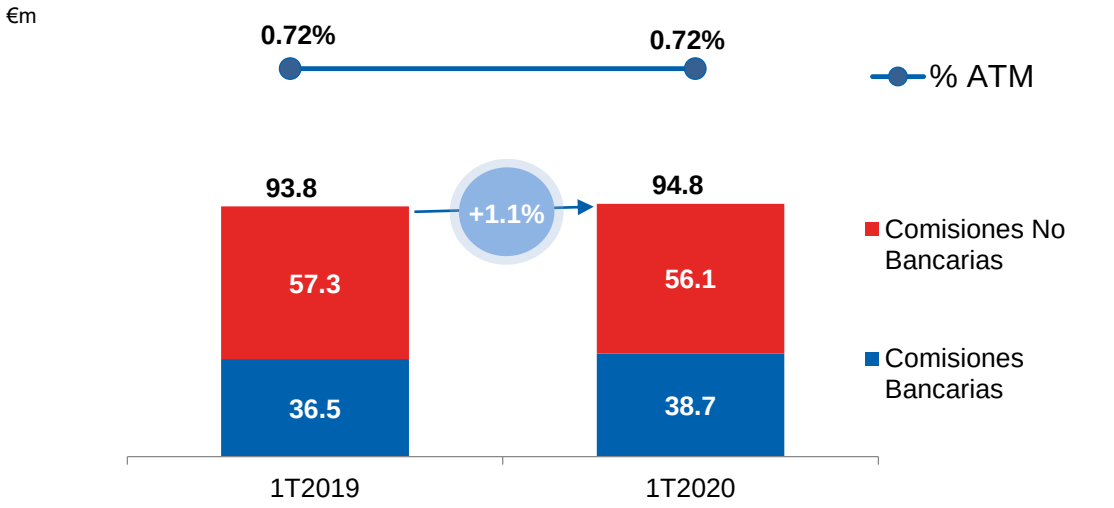
Net interest income decreases 4.5% YoY or € 6.3m.

- **Customer spread** falls by €5.4m affected by **Eurbibor repreciation and the drop in the stock of loans.**

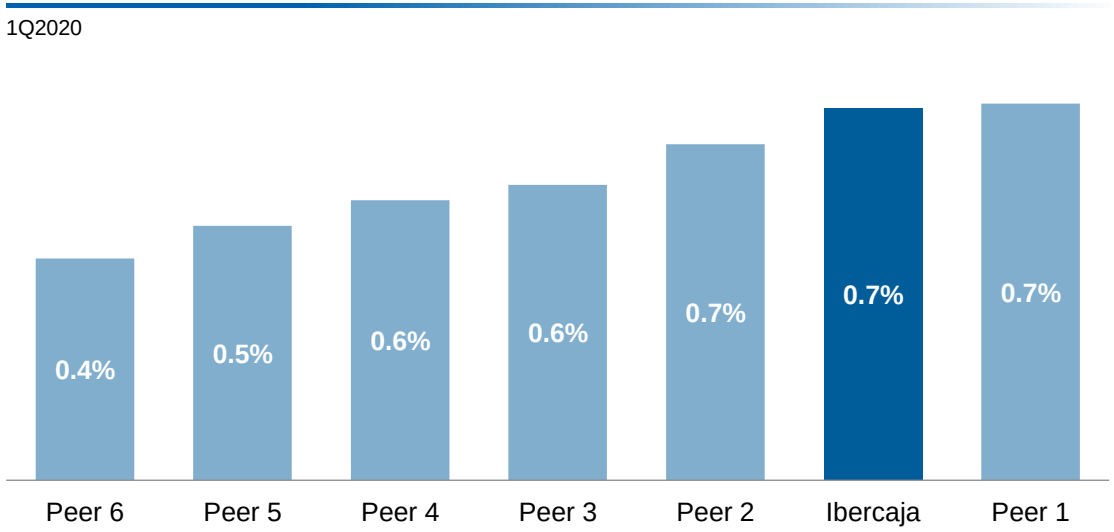
Net interest income increases 1.5% QoQ.

NET FEE INCOME

Net fee income



Net fee income as % of ATA



Net fee income grows 1.1% YoY.

- **Non-banking commissions*** (mutual funds, risk insurance and pension funds) **fall 2.0% YoY** as a result of a higher volatility in the financial markets.
- **Banking commissions increase 5.8% YoY** driven by a good performance of payment solutions (+5.0% YoY) and securities brokerage (+27.0% YoY).

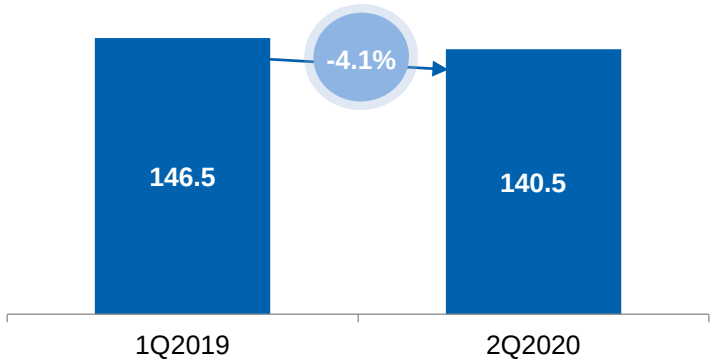
The strong position in asset management and insurance products gives Ibercaja greater capacity to generate commissions and long-term growth once the volatility in the markets comes to an end.

* 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.

OPERATING COSTS

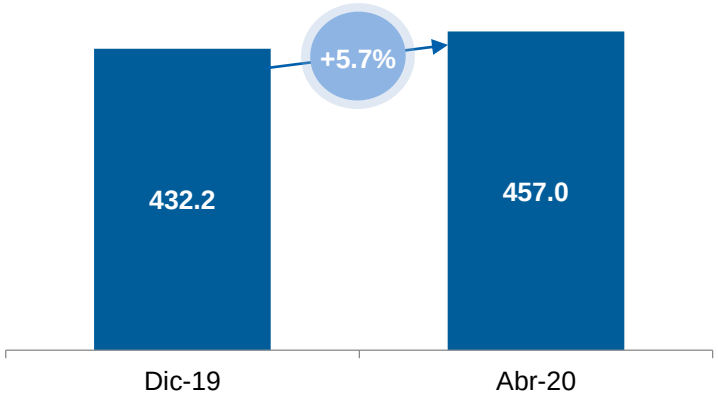
Operating costs

€m

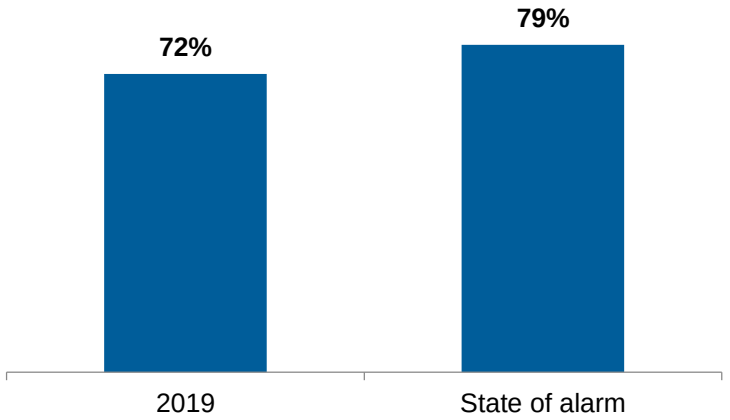


Ibercaja App customers

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% Digital operations



Operating costs fall by 4.1% YoY.

- **Other general expenses drop by 12.2% YoY** thanks to cost reduction measures.

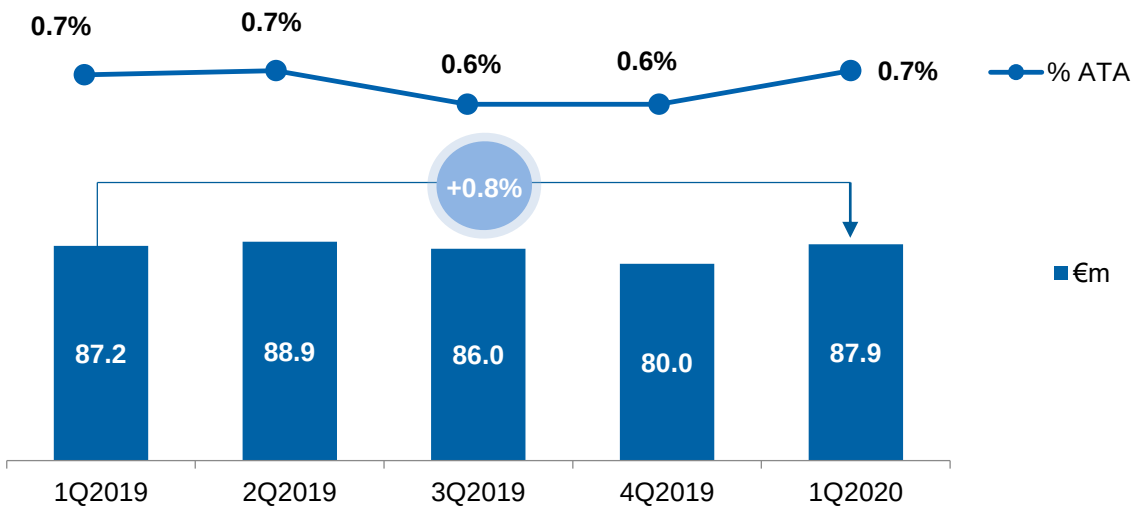
The Group has temporarily suspended the redundancy plan negotiations.

Ibercaja´s digital channels record significant increase in activity:

- **Ibercaja´s App customers** increase by 24,800 which represents **5,7% more than 2019YE.**
- **Transactions through digital channels** represent **79%** of total transaction since state of alarm was declared.

PROFIT BEFORE PROVISIONS

Recurring profit before provisions



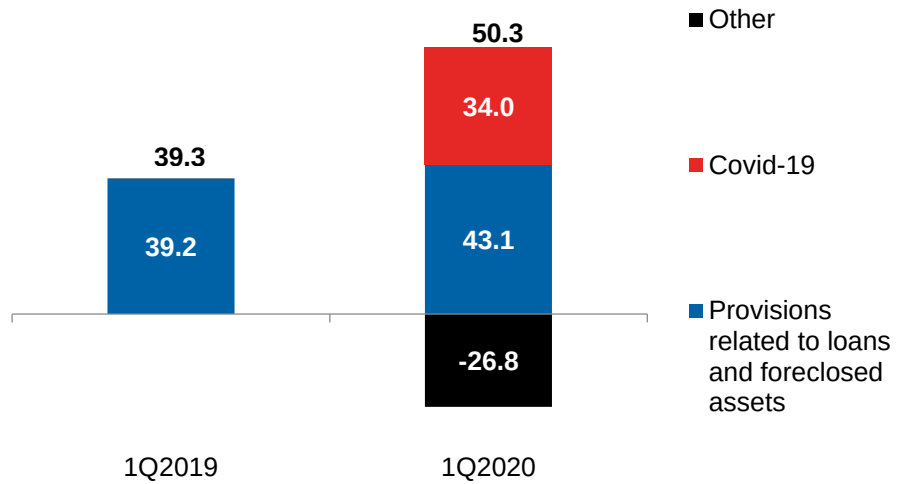
Recurring profit before provisions grows 0.8% YoY thanks to the costs reduction which have made possible to offset the fall in revenues.

Profit before provisions decrease 14.1% YoY due to the fall in dividends received in the quarter and the negative result associated with the repurchase of our Tier II in January (€ -9.2m).

PROVISIONS

Total provisions

€m



2020 Cost of Risk Target

≈60 b.p.

The first estimates made by Ibercaja point out that cost of risk in 2020 will be around 60 b.p. vs our medium term target of 35 b.p.

Total provisions grow 28.0% YoY.

- **Provisions related to loans and foreclosed assets** reach **€77.1m.** This figure includes extraordinary credit provisions amounting to **€34m** associated with Covid-19
- **Annualized cost of risk** in the first quarter stands at **93 b.p.** including the **provisions associated with Covid-19**

The Group has released €9.2m of provisions to cover the impact of the repurchase of Tier II and €19m due to the prescription of contingencies.

IV

ASSET QUALITY, LIQUIDITY AND SOLVENCY

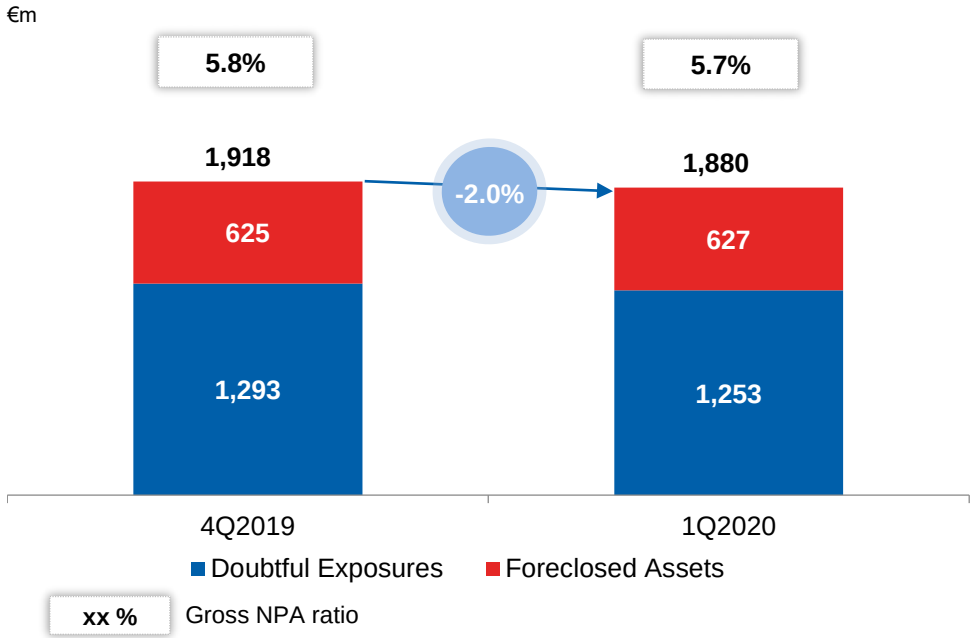
ASSET QUALITY (1/2)

Non-performing assets – doubtful exposures and foreclosed assets- decrease 2.0% or € 38m in the first quarter. NPA ratio falls 8 b.p to 5.7% QoQ.

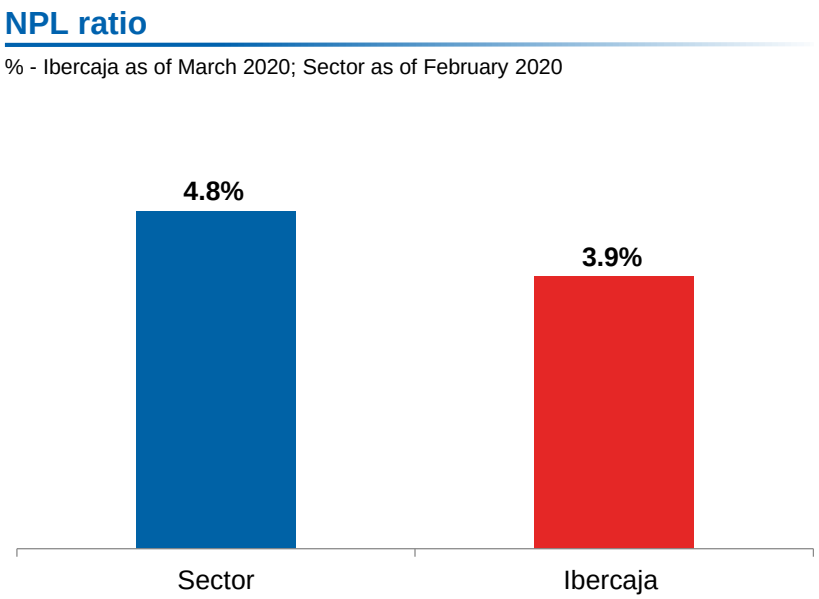
Doubtful exposures decrease 3.1% QoQ or € 40.5m and NPL ratio stands at 3.9%, 91 b.p lower than sector average.

47,5% of doubtful exposures are mortgages, with a lower expected loss.

Gross NPAs



NPL ratio



ASSET QUALITY (2/2)

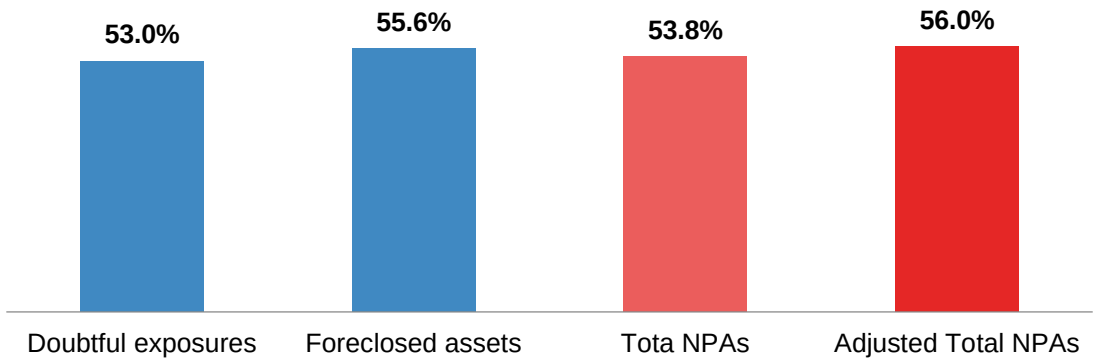
Coverage ratio of non-performing assets stands at 53.8%, 221 b.p higher than end of 2019 (51.6%).

- **Coverage ratio of doubtful exposures** reaches **53%,** 315 b.p higher than December 2019.
- Coverage ratio of non-performing assets does not include **€40m** of provisions made last year. Including this amount, adjusted coverage ratio would be **56%.**

The reduction of gross non-performing assets coupled with the effort made in recording provisions, makes possible that net non-performing assets drop by 6.5% or €60m in the quarter.

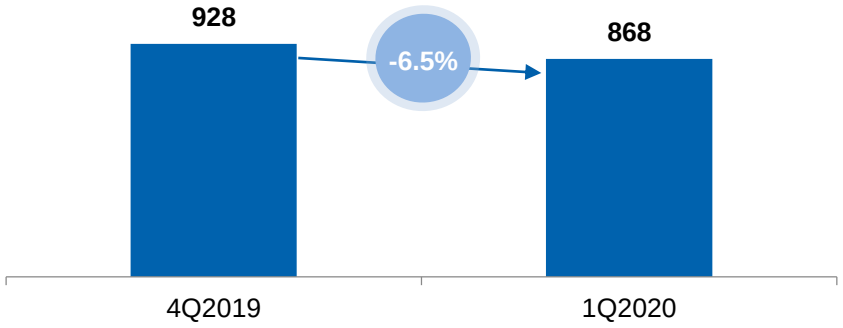
NPA coverage ratio

% - 1Q2020



Net NPAs

€m



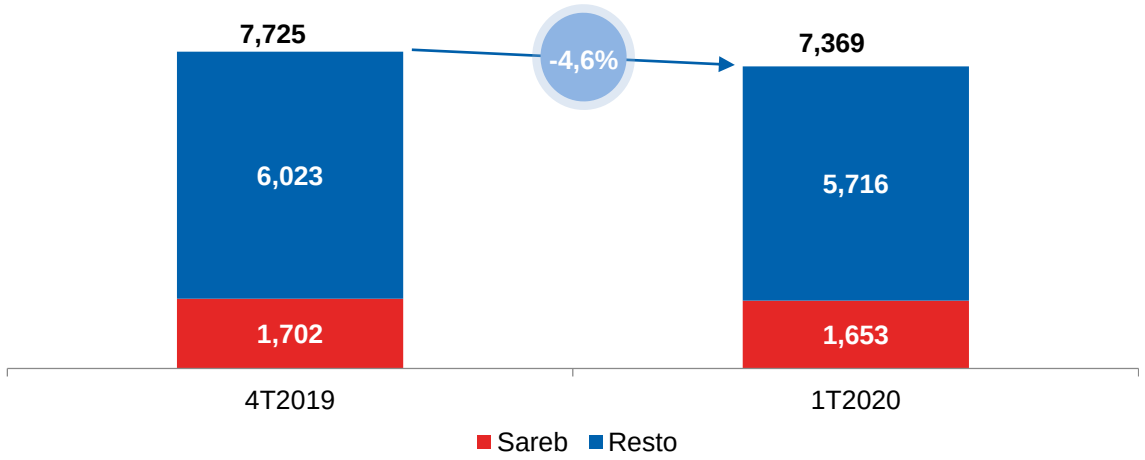
ALCO PORTFOLIO

Fixed income portfolio falls to € 7,369m[1]. This portfolio has a low risk profile and is mainly composed of Spanish sovereign debt.

- **Average duration** of **4.7 years**[2].
- **Average yield** of **0.9%.**
- **92.6%** of the portfolio is classified as **amortised cost.**

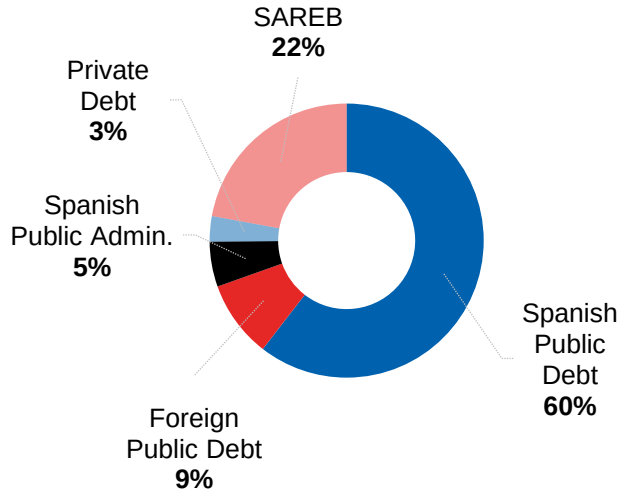
ALCO portfolio

€m



ALCO portfolio breakdown

% - 1Q2020



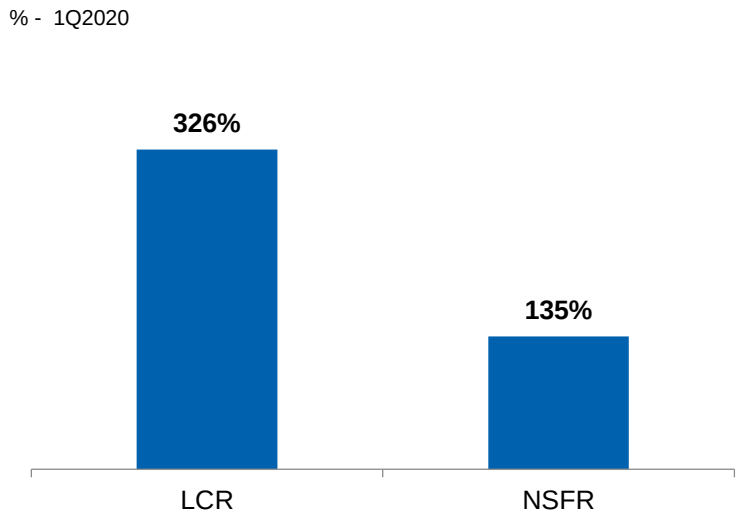
[1] ALCO portfolio does not include insurance portfolio.
[2] Includes interest rate swaps.

LIQUIDITY AND FUNDING PROFILE

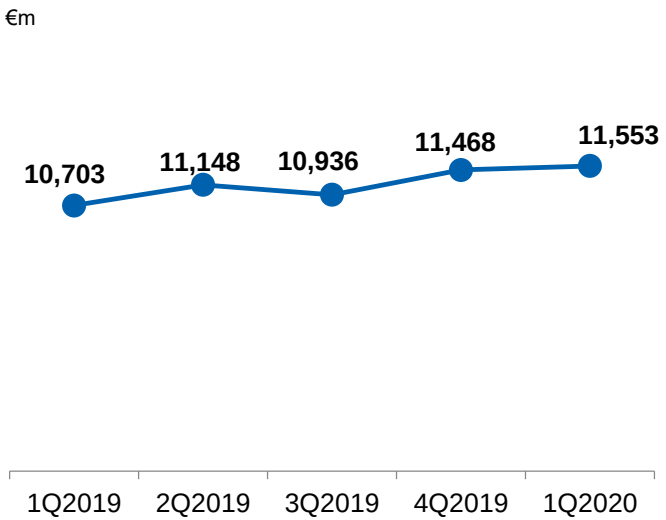
Ibercaja holds a comfortable liquidity position and a prudent funding profile.

- **LCR and NSFR ratios** substantially exceed regulatory requirements. .
- **Liquid assets exceed €11,550m** (+€85m QoQ and +€850m YoY) and represent **22.3%** of total assets.
- **Loan to deposits** ratio stands at **91,7%.**
- After Tier II refinancing in January 2020 (€500m at 2.75%), **no additional issuance is planned for the rest of the year.**

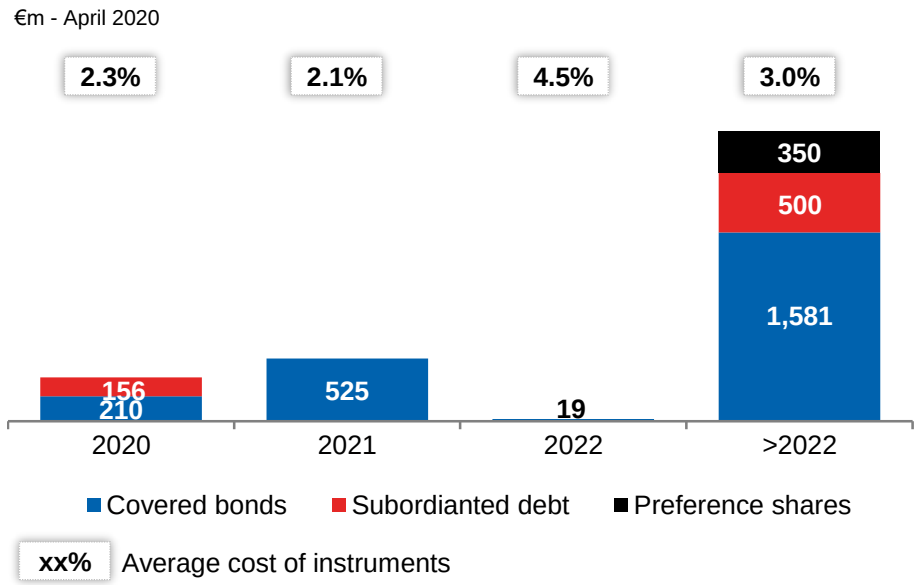
LCR and NSFR ratios



Liquid assets



Maturity profile



SOLVENCY (1/2)

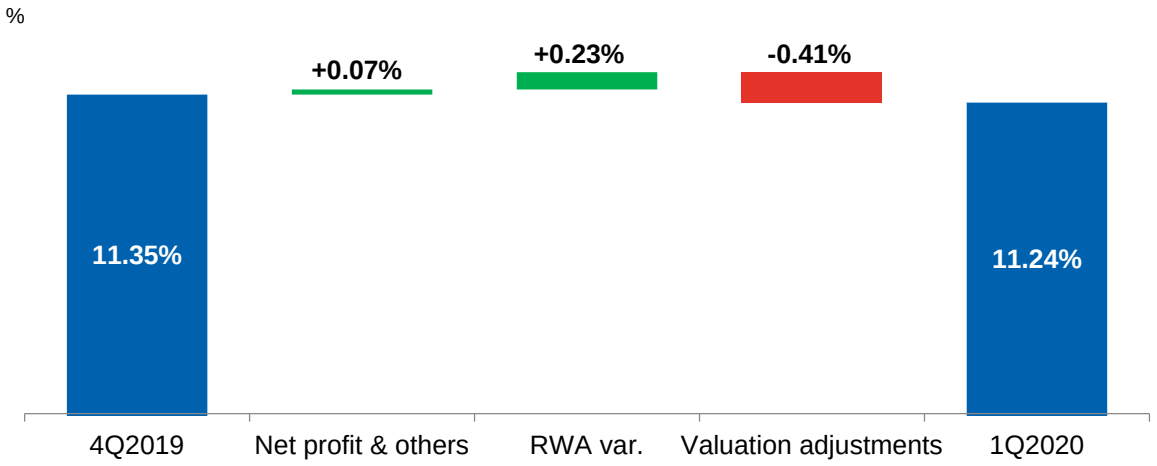
In fully loaded terms, CET1 stands at 11.24% (-11 b.p. in the quarter), while Total Capital reaches 15.4%.

- These ratios do not include the **4.45% sale of CASER** that will have an impact of **+0.2%** in CET Fully Loaded and **+0.3%** in Total Capital once the transaction is closed, which is expected to happen in the first semester.

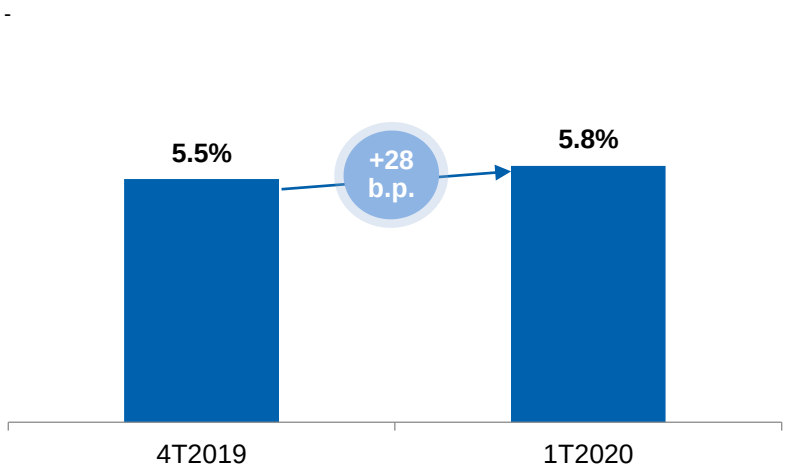
Leverage ratio stands at 5.8% vs 5.5% at the end of 2019.

The General Meeting of Shareholders has agreed to condition the payment of the dividend with charge to 2019 results (€17.5m) to a new agreement that should take place once the uncertainties caused by the sanitary crisis situation have disappeared. The payment will, in no case, be prior to October 1, 2020.

CET1 Fully Loaded



Fully loaded leverage ratio



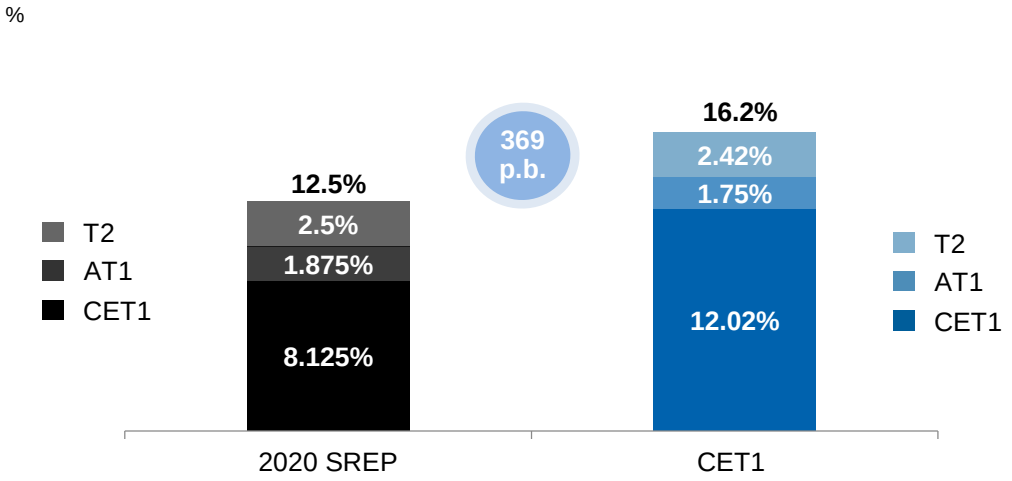
SOLVENCY (2/2)

In Phased In terms, CET1 stands at 12.0% while Total Capital reaches 16.2%.

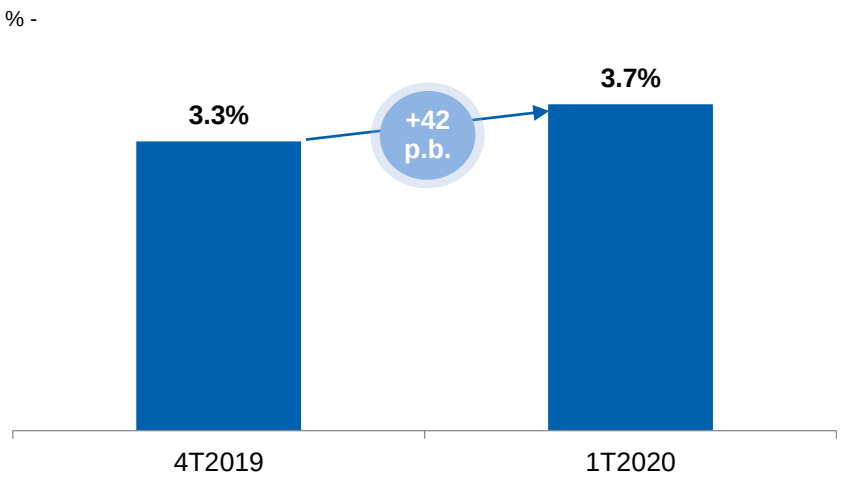
- After recent regulatory changes, **CET1 ratio stands 390 p.b. above the SREP requirement.**
- **In terms of MDA, the excess of capital increases to 369 b.p.** vs. 327 b.p. as of 2019YE thanks to the strategy implemented by Ibercaja to complete its hybrid capital buckets

Solvency calculation is fully based on standard approach which result in high density of RWA.

SREP requirement vs. total capital



MDA excess

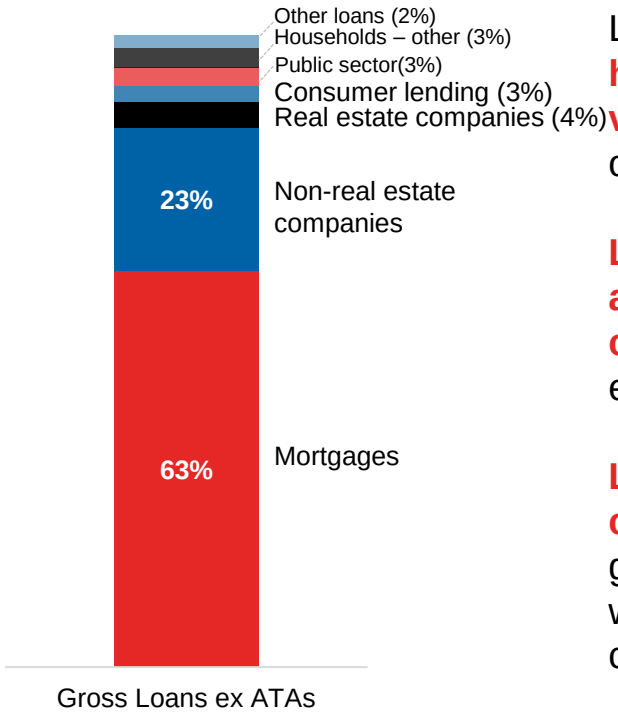


V

FINAL REMARKS

SOUND POSITION TO FACE THE NEW SCENARIO

Defensive loan portfolio

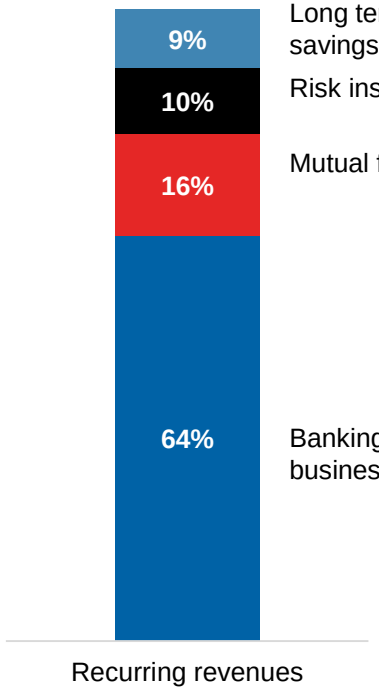


Loan portfolio focused on **high quality mortgages and very granular** (seasoning over 9 years).

Low exposure to the most affected sectors due to the crisis[1] (<4.5% of gross loans ex repos).

Limited exposure to consumer lending (<3% of gross loans ex repos) mainly with pre-classified customers.

Diversified business model



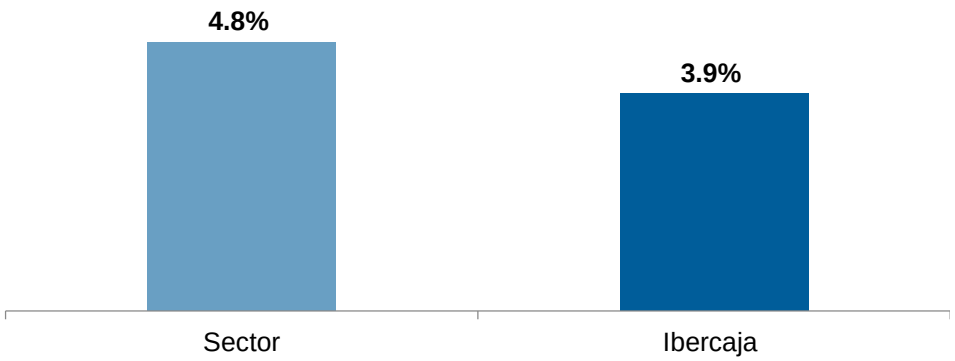
Asset management and assurance business accounts for **36% of total recurring revenues**.

These businesses have a **strong growth potential in the long term** due to the demographic situation in Spain and the low penetration of these products.

As of March 2020; [1] Within non-real estate companies the sectors considered more affected by Covid-19 are a hospitality, recreational activities, retail distribution, transport and oil.

SOUND POSITION TO FACE THE NEW SCENARIO

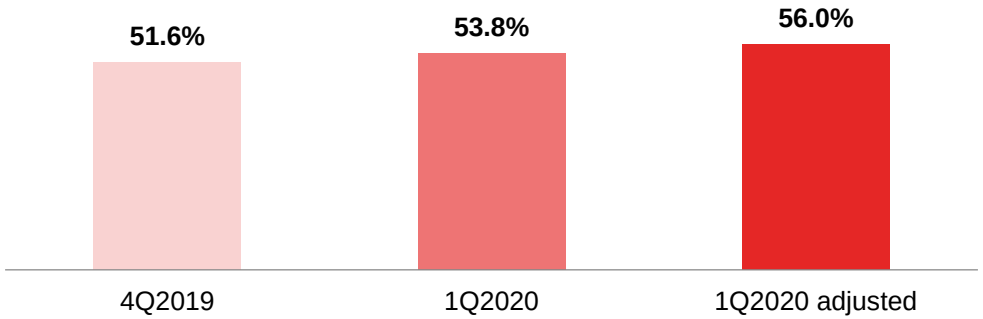
NPL ratio below sector average



Ibercaja´s **NPL ratio** stands **91 b.p below the sector average.**

47.5% of doubtful exposures are **mortgages** that record **lower expected loss.**

Strengthening of NPA coverage ratio



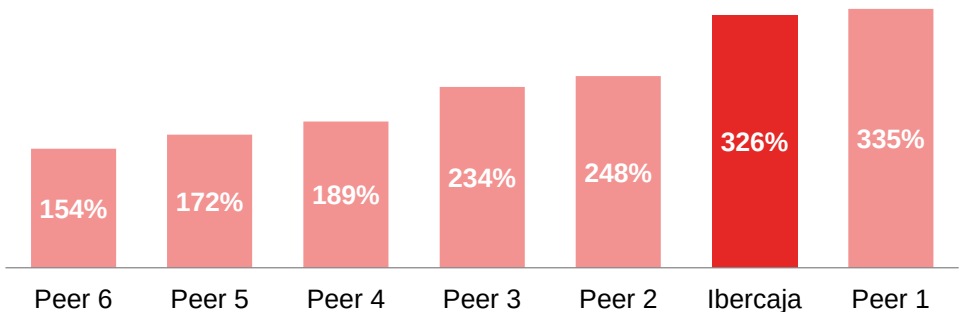
Ibercaja has made extraordinary provisions of € 34m in the quarter due to Covid-19.

Adjusted coverage ratio reaches **56%.**

As of March 2020

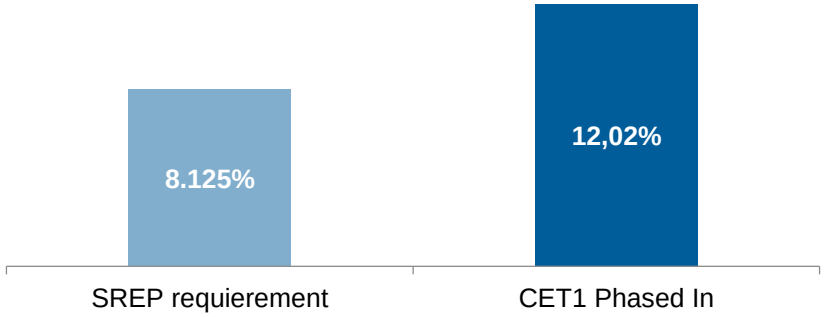
SOUND POSITION TO FACE THE NEW SCENARIO

Comfortable liquidity position



With over **€11,550m of liquid assets and a LCR ratio of 326%**,Ibercaja has an excellent liquidity position, clearly above sector average.

Strong capital buffers



CET Phased In exceed in **390 b.p** the **new SREP requirement** of 8.125%.

Fully loaded leverage ratio reaches **5.8%.**

The **sale of CASER stake** will result in **a positive impact in capital** (+0.2% in CET1 and +0.3% Total Capital)

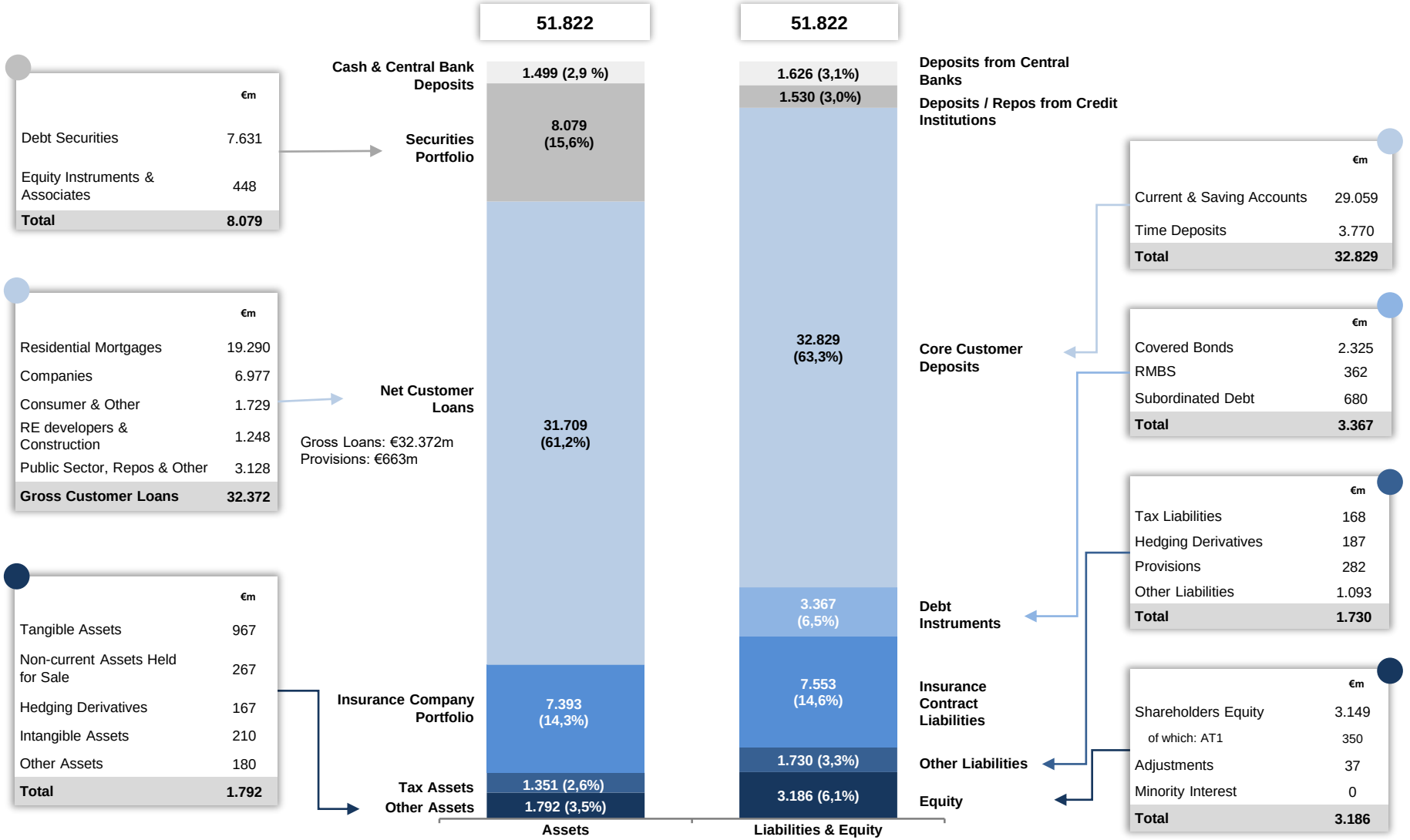
As of March 2020; [1] Peer group includes Bankia, Bankinter, Caixabank, Liberbank, Sabadell y Unicaja. Last data available

VI

ANNEX

CONSOLIDATED BALANCE SHEET

€m- 31/03/2020



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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