IBERCAJA BANCO
9M2020 RESULTS

November 4th, 2020



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iberCaja

I

KEY HIGHLIGHTS

KEY HIGHLIGHTS (1/2)

IBERCAJA KEEPS STRENGTHENING ITS BALANCE SHEET

12.5%

CET1 Fully Loaded improves 18 b.p. in 3Q (+116 b.p. YTD) and reaches **12.5%** in line with Ibercaja's long term target

536 b.p.

MDA distance stands at **536 b.p.** vs. 327 b.p. at the end of 2019

-7.3%

NPAs fall **7.3% YTD.** In 3Q standalone Ibercaja has reduced its stock of NPA by €72.3m vs. €29.2m in 2Q and €38.3m in 1Q

+721 b.p.

NPAs coverage ratio stands at **58.8%,** 721 b.p. higher than at the end of 2019

KEY HIGHLIGHTS (2/2)

SOUND PERFORMANCE OF COMMERCIAL ACTIVITY

+4.2%

Customer funds increase 4.2% since 4Q2019

5th

Ibercaja has become the **5th player by assets under management and life insurance products in Spain**

+27.2%

New lending in 9M2020 grows 27.2% YoY.

NET PROFIT REMAINS SOLID DESPITE THE PANDEMIC IMPACT

52.6 €m

The renewal of the **distribution agreement with CASER** results in a €52.6m positive impact

90.1 €m

Ibercaja records €90.1m of **extraordinary provisions** YTD, +€20m in the 3Q

98,7 €m

Net profit stands at €98.7m (+7.9% YoY; -32% YoY ex CASER)

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II

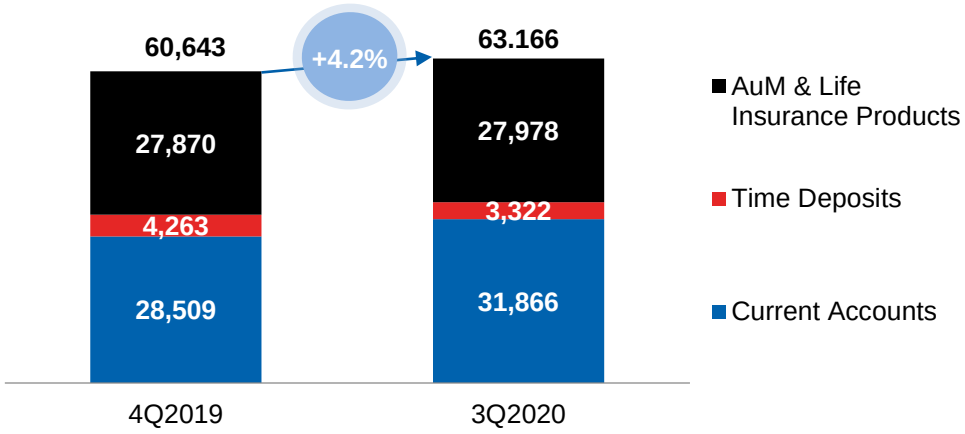
COMMERCIAL ACTIVITY

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CUSTOMER FUNDS

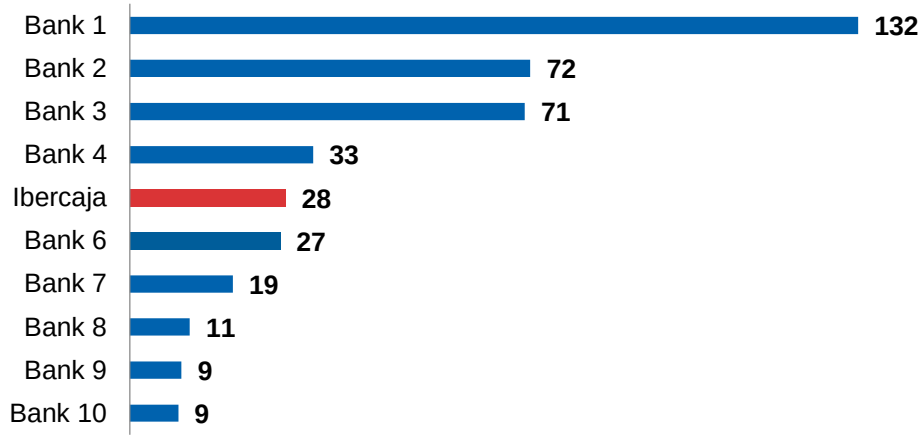
Customer funds

€m



Assets under management and life insurance products ranking

Bn€ – Source: Assets under management according to INVERCO & ICEA criteria. As of Sep-20



Customer funds increase 4.2% YTD or €2,523m.

- **Total customer deposits** (current accounts and time deposits) grow **7.4%** YTD or **€2,416m**, driven by current accounts (+11.8%).
- **Asset under management and life insurance products** increase **0.4%** and stand €107m over 2019YE levels. The **impact from market downturn** stands at **€533m.**
- **Customer funds from non-financial companies** grow **15.0% YTD** (+€611m).

Ibercaja has become the 5th player by assets under management and life insurance products in Spain

The ranking includes: Bankia, Bankinter, BBVA, Caixabank, Grupo Cajas Rurales, Kutxbank, Sabadell, Santander and Unicaja.

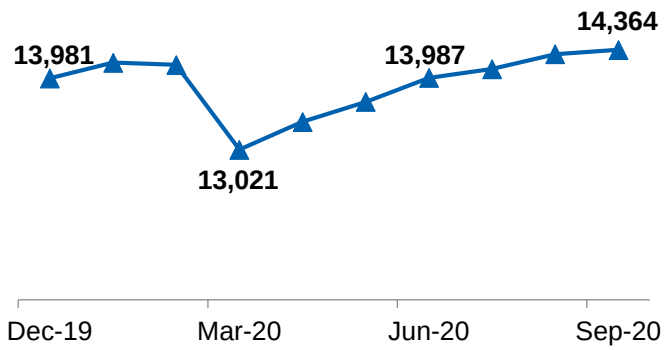
MUTUAL FUNDS

The stock of mutual funds grows €1,343m or 10.3% since march 2020 and reaches all-time highs (2.7% above 2019YE levels).

- **Ibercaja Gestión ranks 2nd in terms of net new money inflows in Spain with €770m (+91% YoY).**
- **Market share increases 38 b.p in the year, up to 5.4%.**

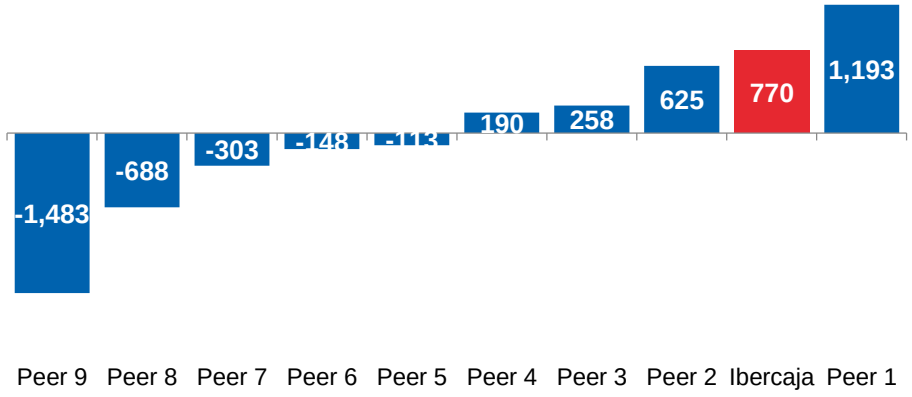
Stock of mutual funds

€m - Ibercaja Gestion



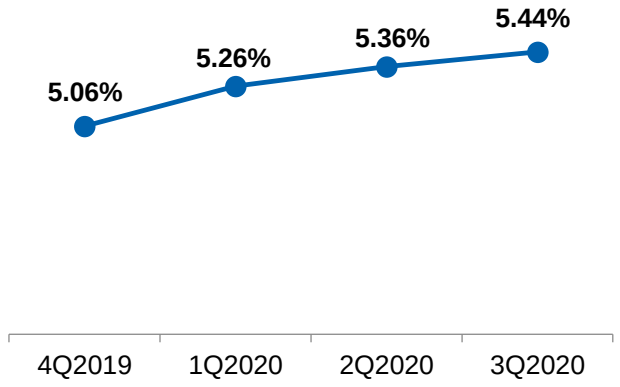
Net new money inflows

€m- 9M2020; 10 top mutual funds management groups in Spain



Mutual funds market share

% - Ibercaja Gestion

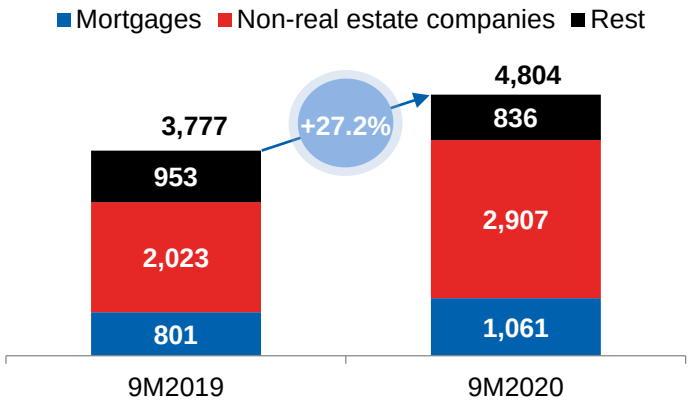


Source: Inverco; The top 10 mutual funds management groups are Caixabank, Santander, BBVA, Bankia, Kutxabank, Sabadell, Ibercaja, Bankinter, Mutua Madrileña and Unicaja

CUSTOMER LOANS

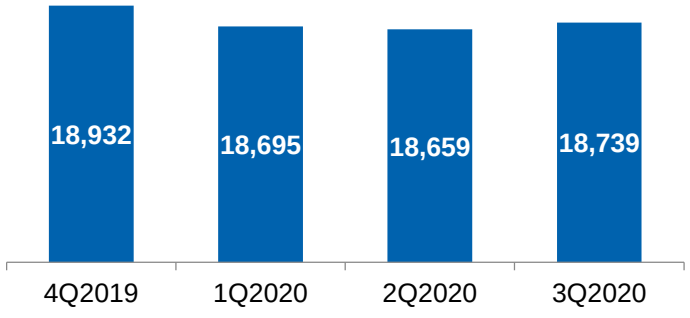
New lending production

€m



Stock of performing mortgages

€m



Loan portfolio

€m

	4Q2019	3Q2020	Var.
Loans to Individuals	**20,434**	**20,384**	**-0.2%**
Mortgages	18,932	18,739	-1.0%
Consumer and Others[2]	1,502	1,645	9.5%
Loans to Companies	**7,807**	**7,463**	**-4.4%**
Non-Real Estate Companies	6,750	6,473	-4.1%
Real Estate Companies	1,058	990	-6.4%
Public sector and Others	**1,412**	**1,419**	**0.5%**
Performing Gross Loans ex Repos	**29,654**	**29,266**	**-1.3%**
Repos	1,616	1,617	0.1%
Doubtful Loans	1,293	1,158	-10.4%
Total Gross Loans	**32,563**	**32,041**	**-1.6%**

Ibercaja maintains a good commercial momentum in new lending activity with a 27.2% YoY increase or €1,027m. In 3Q standalone, new lending production grows 11.6% YoY.

- **New mortgage production** grows **32.5% YoY**. Ibercaja has reached a **4.1% market share**[1] in new production YTD.
- **New lending to non-real estate companies** increased by **43.7% YoY** thanks to the strong momentum in ICO financing.

Stock of performing loans ex repos falls 1.3% since 2019.

- The stock of **performing mortgages has stabilized** in 3Q (+0.4% vs. 2Q).

[1] Source: Bank of Spain accumulated to August 2020
[2] Impact form advance payments: +€163m

MORATORIA AND ICO GUARANTEED LENDING

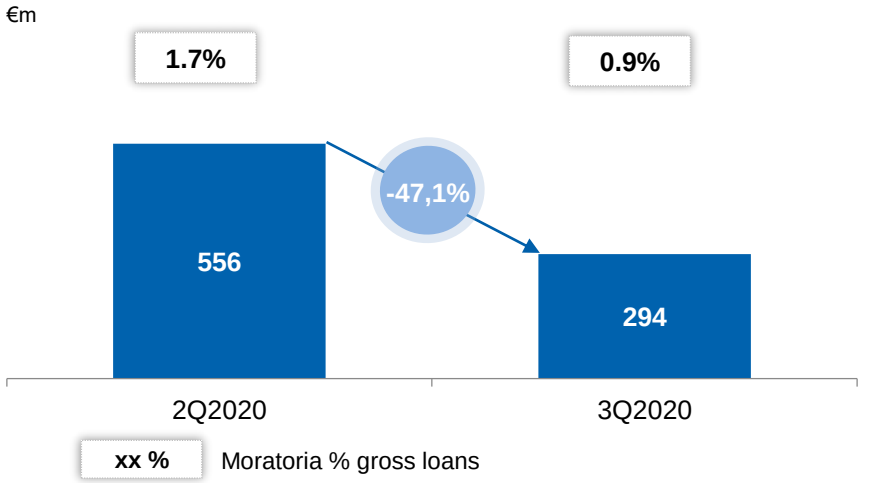
Outstanding moratoria falls 47.1% to €294m or 0.9% of gross lending.

- Outstanding **mortgage moratoria** amounts to **€259.6m or 1.3% of the stock**.
- Outstanding **consumer lending moratoria** stands at **€2.6m** or **0.3%** of the stock.
- Once most of public moratoria has expired, **sector moratoria** represents **91%** of total.

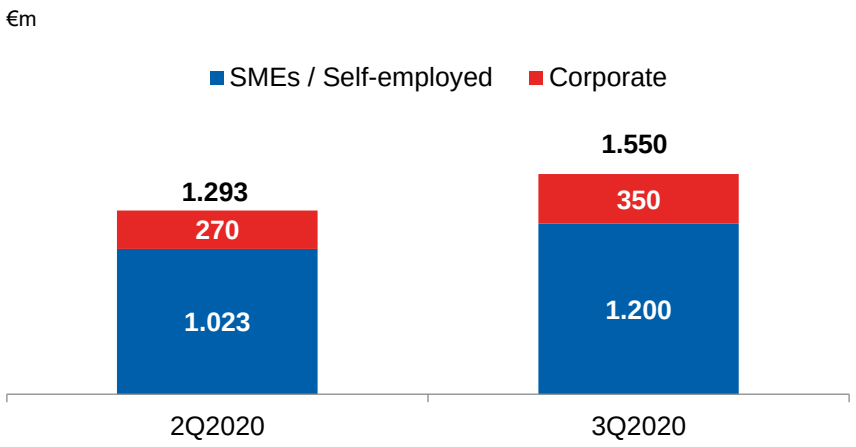
Ibercaja has granted €1,550m in loans with ICO guarantee (+€257m in 3Q). The guaranteed amount stands at €1,193m.

- **77%** of loans have been granted to **SMEs and self-employed**.
- **ICO financing represents 19.3% of performing loans to non-real estate companies (24.9% in the most affected sectors[1]).**

Outstanding moratoria



Accumulated evolution of ICO lending



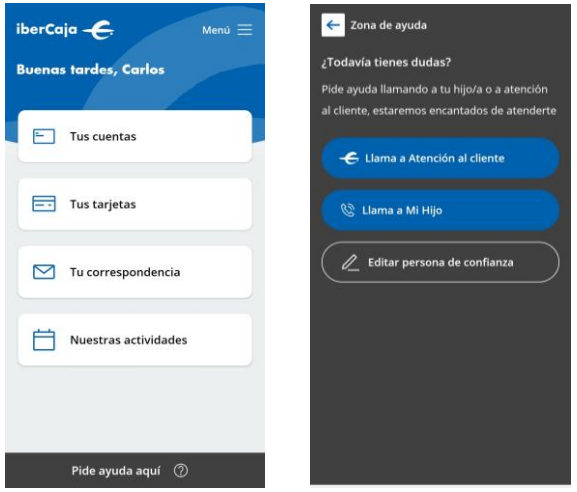
[1] Includes: transport, distribution, hospitality & recreational activities

DIGITALISATION (2/2)

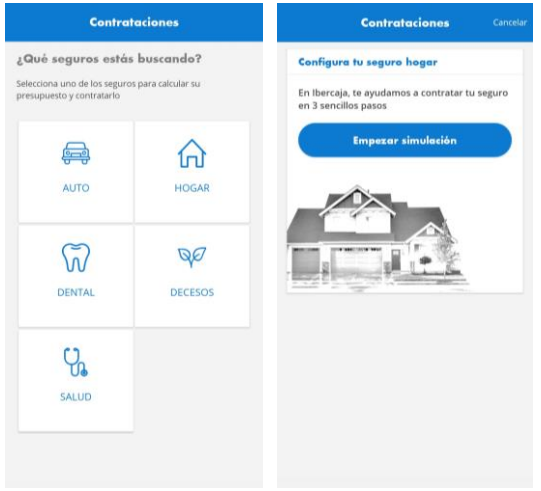
In 2020 Ibercaja has implemented numerous digital projects to strengthen its digitalisation:

- Ibercaja has completely renewed its **digital banking website** with a new design and more functionalities.
- Ibercaja has launched a **"beginners mode"** for its App in order to facilitate its use for those customers who are not familiar with online banking.
- Ibercaja has created **new digital managers** that work with 47,500 customers.
- Ibercaja has implemented a new functionality "**my manager"** aimed to companies and customers with digital managers which aims to make the communication with the bank faster and more secure.
- At the end of 3Q, Ibercaja has launched its **non-life risk insurance marketing solution** for its digital assets.

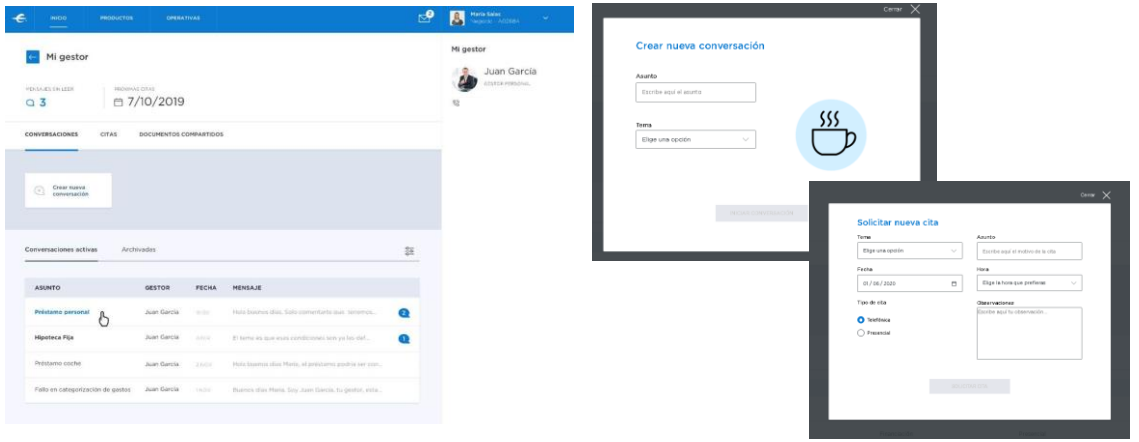
Beginners mode



Non-life risk insurance



My manager



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II RESULTS

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P&L ACCOUNT

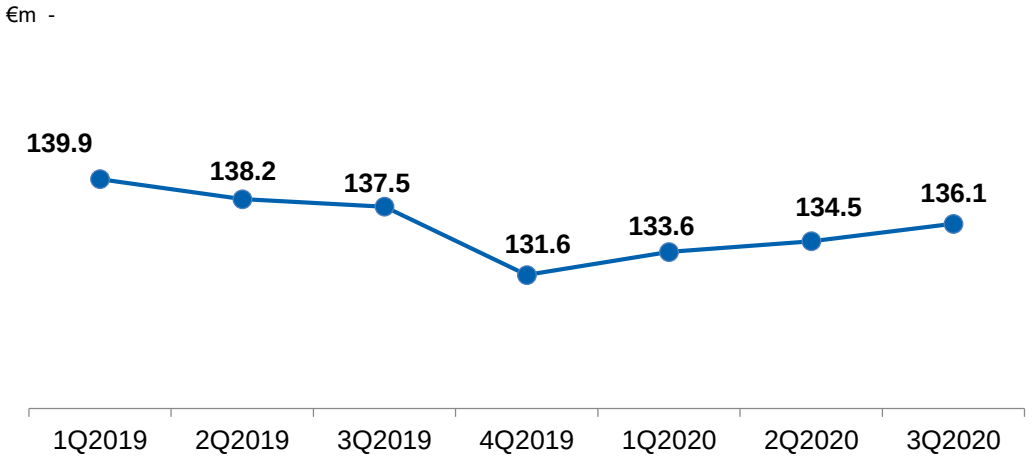
	€m		
	9M2019	9M2020	YoY
Net Interest Income	415.6	404.2	-2.8%
Net Fee Income	287.6	272.8	-5.1%
Recurring revenues	**703.2**	**677.0**	**-3.7%**
Gains/Losses on Financial Assets and Liabilities	17.0	4.4	-73.9%
Other Operating Income (net)	9.7	51.4	431.4%
of which: CASER transaction Jun-2020		52.6	n/a
Gross Operating Income	**729.9**	**732.8**	**0,4%**
Operating Costs	-441.2	-426.0	-3.4%
Pre-Provision Profit	**288.7**	**306.8**	**6.3%**
Total Provisions	-142.7	-159.7	12.0%
of which: Covid-19		-90.1	n/a
Other Gains and Losses	-3.7	-2.3	-38.5%
Profit before Taxes	**142.3**	**144.8**	**1.7%**
Taxes & Minorities	-50.9	-46.2	-9.3%
Net Profit Attributable to Shareholders	**91.4**	**98.7**	**7.9%**

NET INTEREST INCOME

Net Interest Income breakdown



Quarterly Net Interest Income



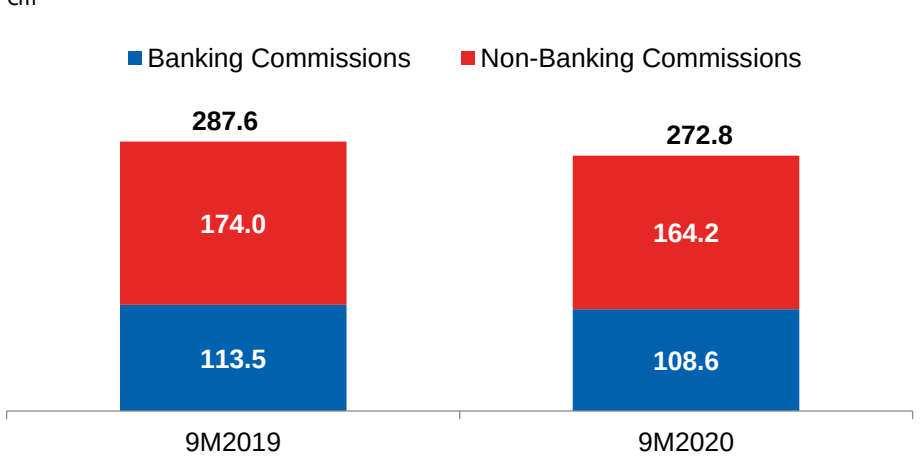
Net interest income decreases 2.8% YoY.

- **Customer income** drops **€22.5m** as a result of the decrease in loans revenues (-€28m).

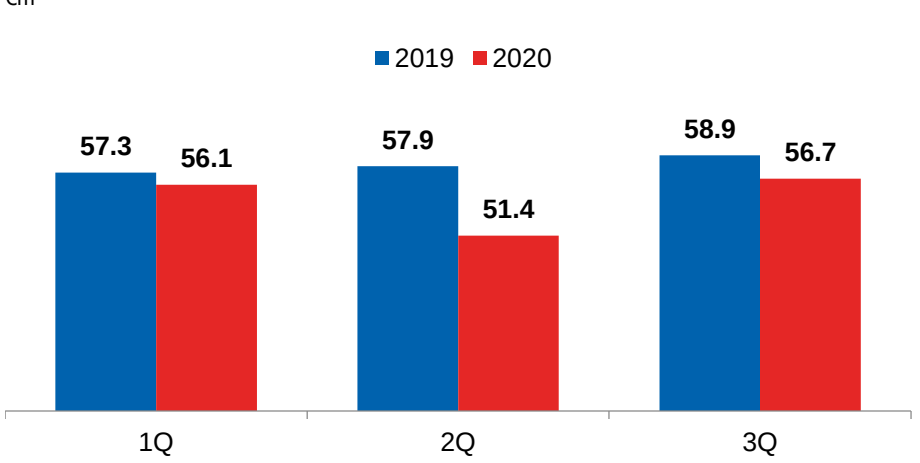
In quarterly terms, 3Q net interest income improves 1.1% vs. 2Q2020

NET FEE INCOME

Net fee income



Non-banking commissions



Net fee income decreases 5.1% YoY or €14.8m.

- **Success fees, as a result of market evolution, explain 89% of the decrease (-€13.2m).** Excluding this item, net fee income falls just 0.6% YoY.

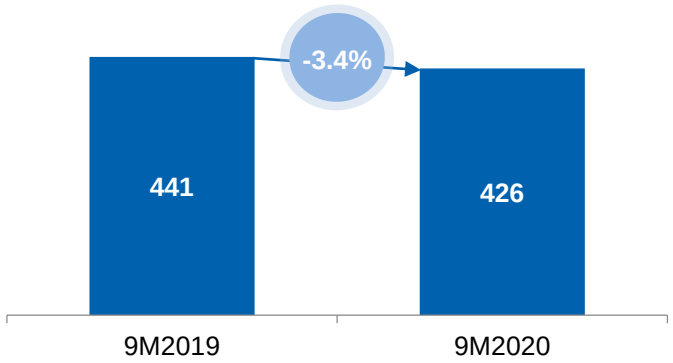
In quarterly terms, 3Q net fee income improves 4.1% vs. 2Q.

- Growth in assets under management allow for a **10.4% quarterly increase in non-banking commissions in 3Q vs. 2Q** and stand **only 3.7% below 3Q2019 levels.**

COSTS AND PRE-PROVISION PROFIT

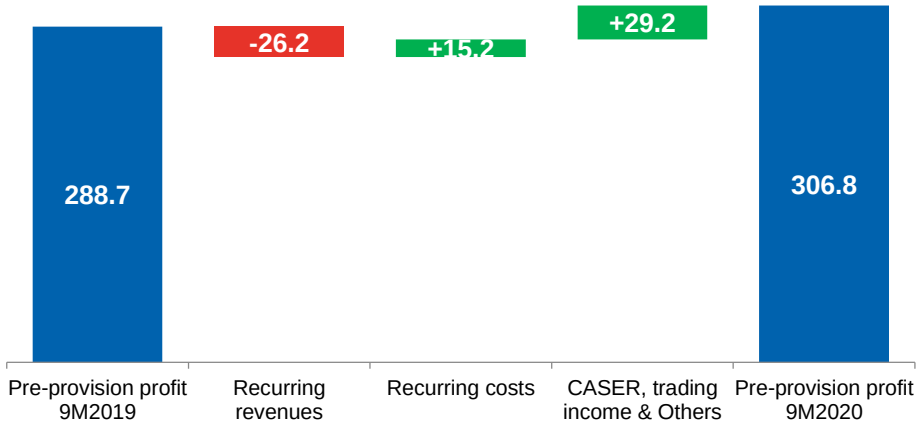
Recurring costs

€m



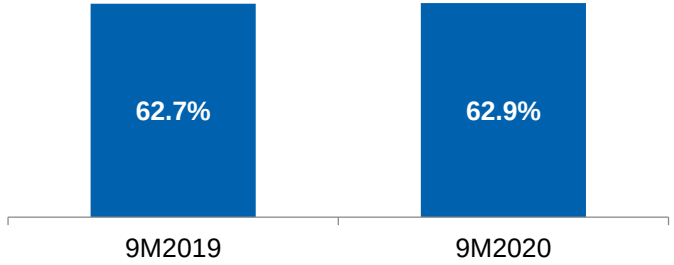
Pre-Provision Profit

€m



Recurring cost to income ratio

€m



Operating costs fall 3.4% YoY or €15.2m.

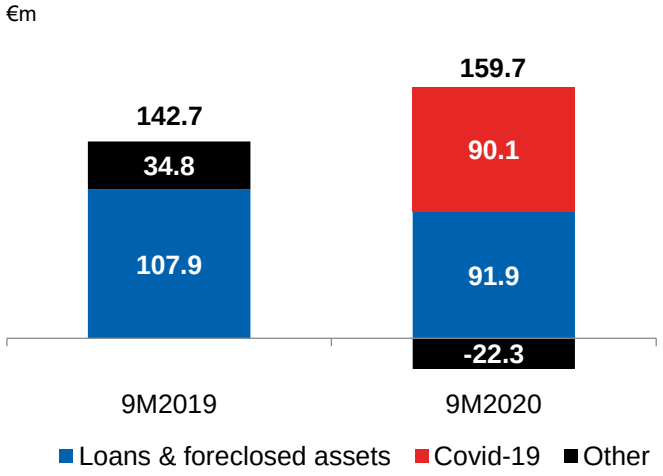
- The Company has started the negotiations to implement a **new redundancy plan in 2021.**

Pre-provision profit grows by 6.3% YoY thanks to CASER extraordinary income (€52.6m).

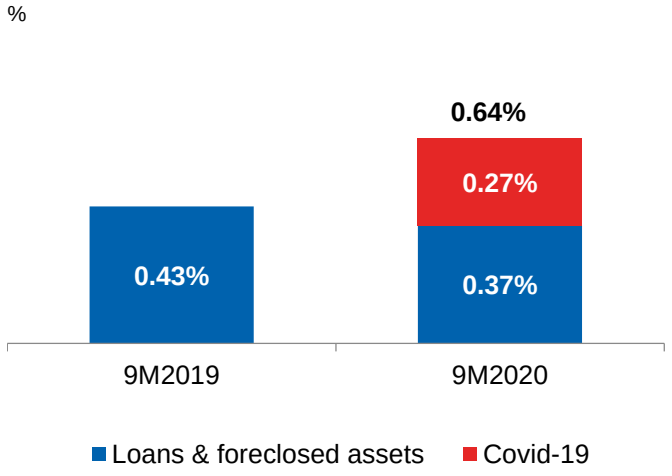
- **Recurring pre-provision profit** (net interest income + net fee income – recurring costs) falls **4.2% YoY** (-€11.0m). **Recurring cost to income ratio** stands at **62.9%**.

PROVISIONS

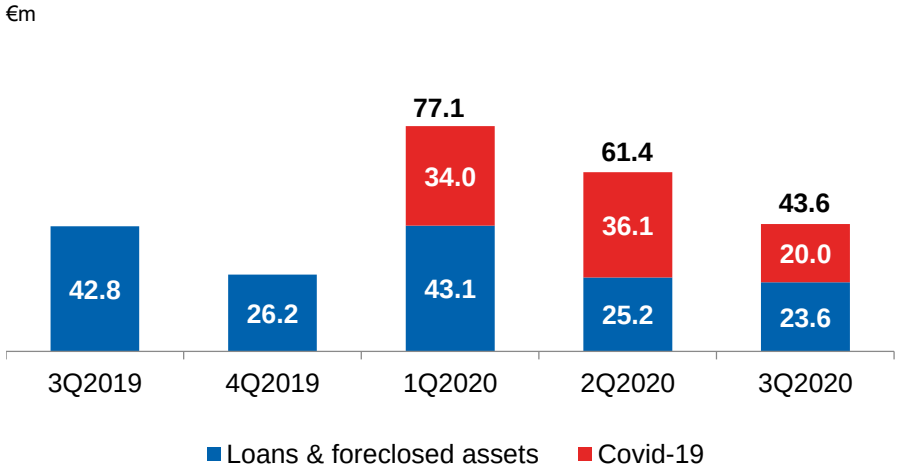
Total provisions



Cost of risk



Provisions for loans and foreclosed assets + Covid



Total provisions grow 12.0% YoY. Cost of risk stands at 64 b.p.

- **Provisions related to loans and foreclosed assets** fall **14.8% YoY** or €15.9m. **Annualized cost of risk related to loans and foreclosed assets** stands at **37 b.p.** vs. 43 b.p. in 9M2019
- In 3Q2020 Ibercaja has increased its **Covid-19 provisions** by **€20m** to **€90.1m**. These provisions represent an increase in **cost of risk** of **27 b.p.** (not annualized).

IV

ASSET QUALITY, LIQUIDITY AND SOLVENCY

ASSET QUALITY (1/2)

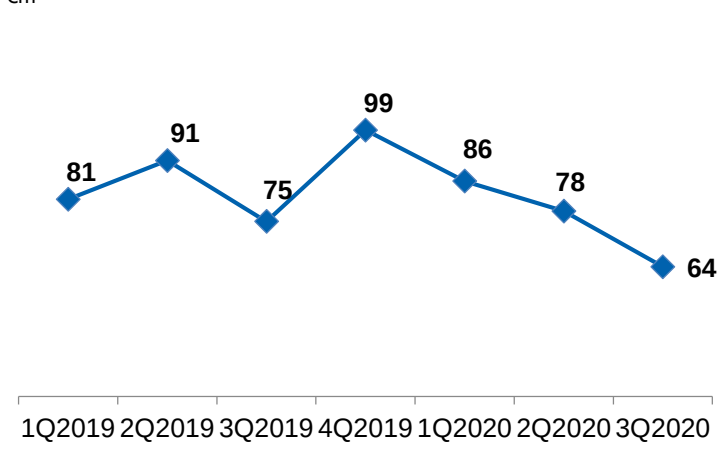
The volume of gross NPL entries shrinks 8.1% YoY.

- Gross NPL entries in 3Q stand 18.5% below 2Q levels.

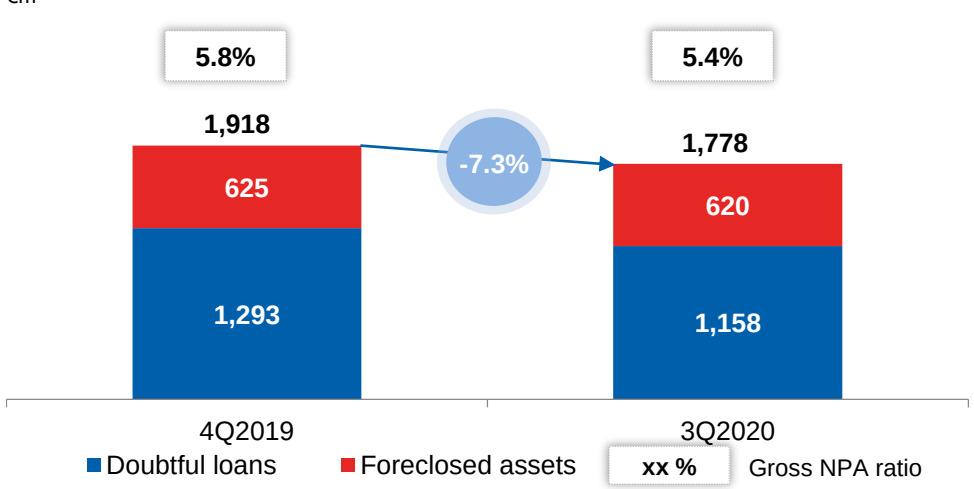
Stock of non-performing assets falls 7.3% YTD (-€140m). NPA ratio falls 40 b.p. to 5.4%. In 3Q non-performing assets reduction amounts to €72.3m vs. €29.2m in 2Q and €38.3m in 1Q.

- **Doubtful assets** drop by **10.4% or €135m** (vs. +1.4% of the sector[1]). NPL ratios falls 36 b.p. to 3.6% and **Ibercaja increases its positive gap vs. sector, reaching 113 b.p.** (vs. 82 b.p. at the end of 2019).
- Foreclosed assets fall 0.8% YTD (-€4.9m).

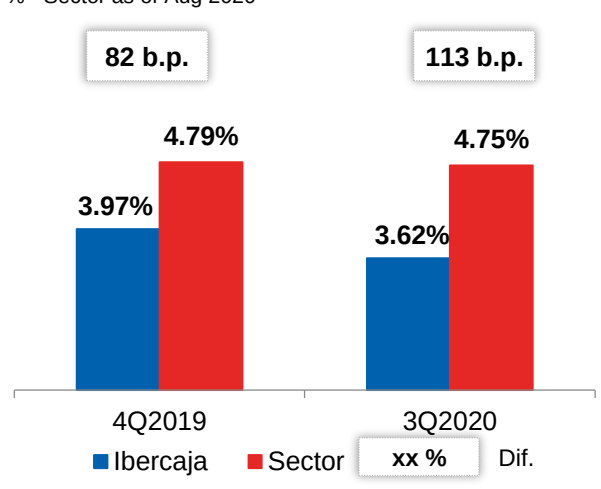
Gross NPL entries



Gross NPAs



NPL ratio



[1] Source: Bank of Spain, January-August 2020 (credit institutions)

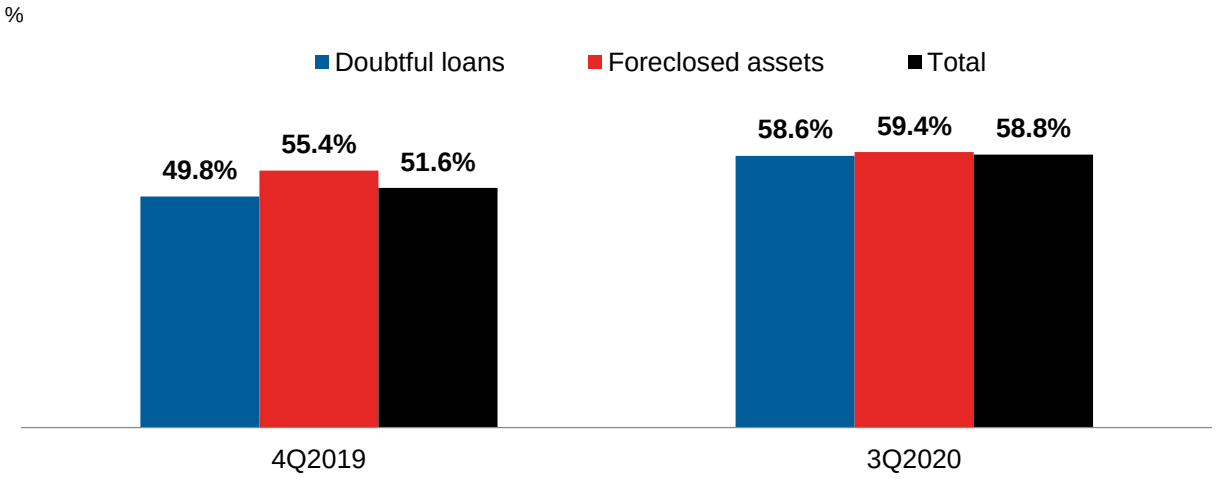
ASSET QUALITY (2/2)

NPA coverage ratio stands at 58.8%, 721 b.p. above 2019YE levels.

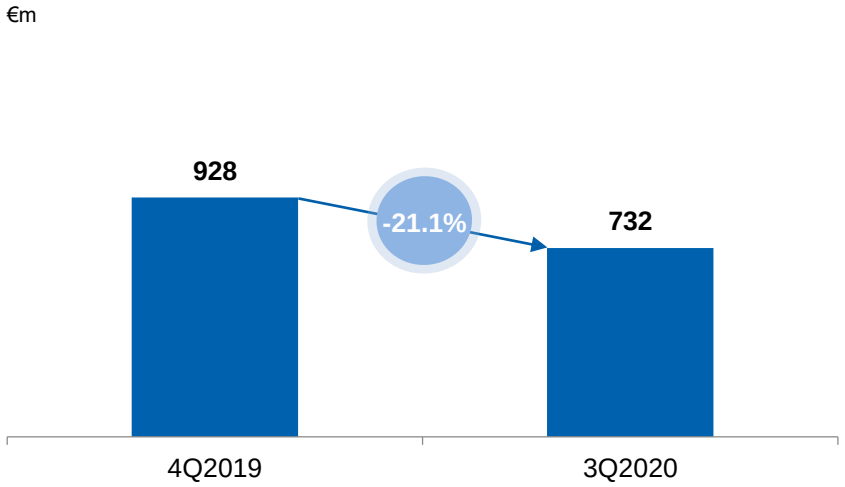
- **NPA coverage ratio improves 325 b.p. in 3Q thanks to the increase in coverage of doubtful loans (+282 b.p.) and foreclosed assets (+407 b.p.).**

The reduction of gross non-performing assets coupled with the provisioning effort made results in net non-performing assets falling €196m or 21.1% YTD.

NPA coverage ratio



Net NPAs



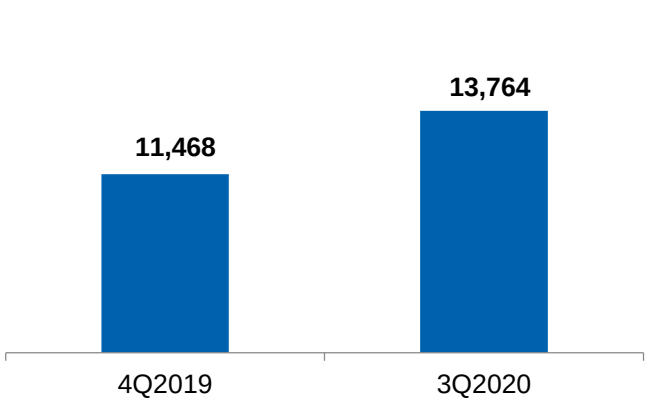
LIQUIDITY AND FUNDING PROFILE

Ibercaja increases its liquid assets and shows an strong funding profile.

- **Liquid assets** grow **€2,296m** YTD and **LCR ratio** stands at **432%.**
- LTD ratio stands at **84.5%.** Customer deposits account for 78% of external funding.
- Ibercaja has no remaining wholesale maturities for the rest of the year.

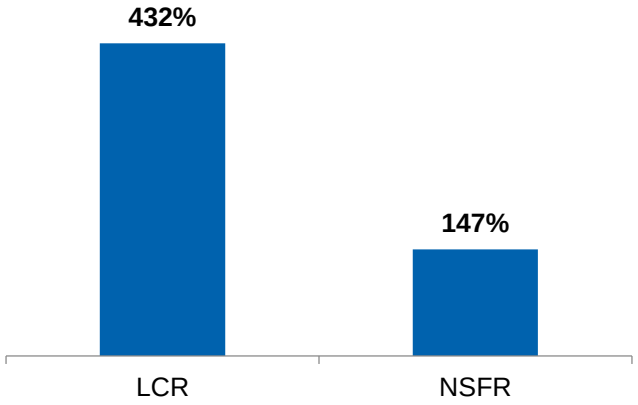
Liquid Assets

€m



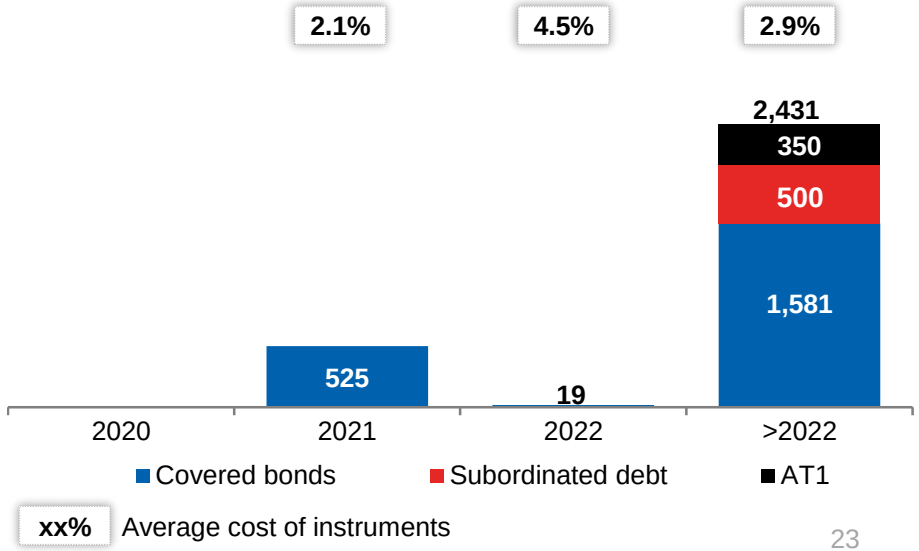
LCR and NSFR ratios

% - 3Q2020



Maturity profile

€m – 3Q2020



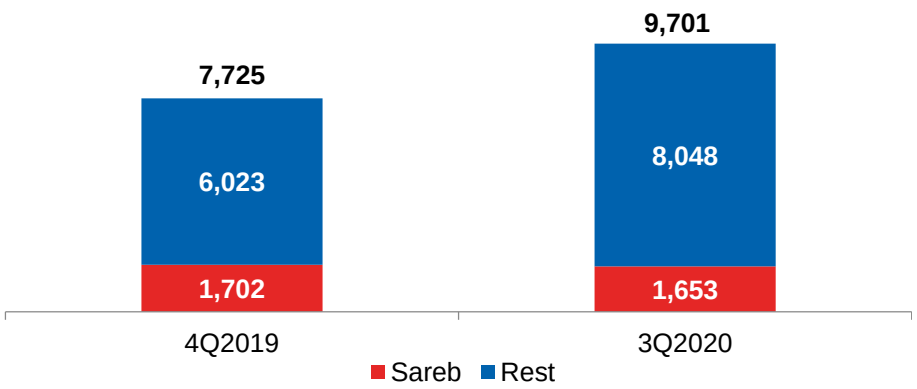
ALCO PORTFOLIO

Ibercaja has increased its ALCO portfolio[1] by 25.6% YTD.

- The portfolio has a low risk profile compounded mainly by **Spanish sovereign risk**.
- **Average duration** of **4.6 years**[2].
- **Average yield** of **0.6%.**
- **99%** of the portfolio is classified as **amortised cost.**

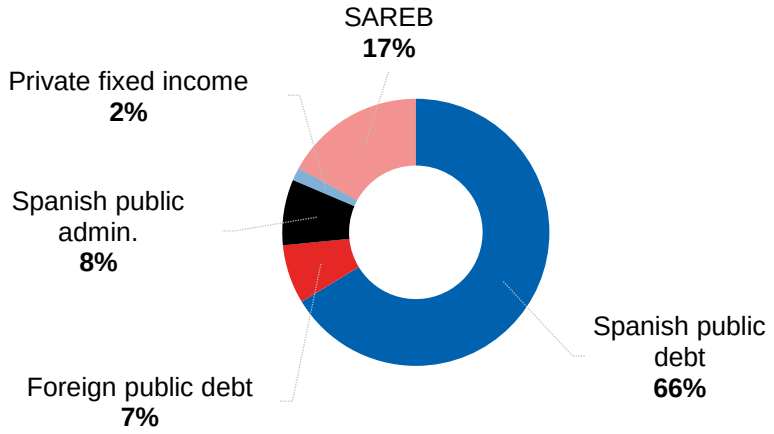
ALCO portfolio

€m



ALCO portfolio breakdown

% - 3Q2020



[1] Excludes insurance activity portfolio.
[2] Includes interest rate swaps.

SOLVENCY

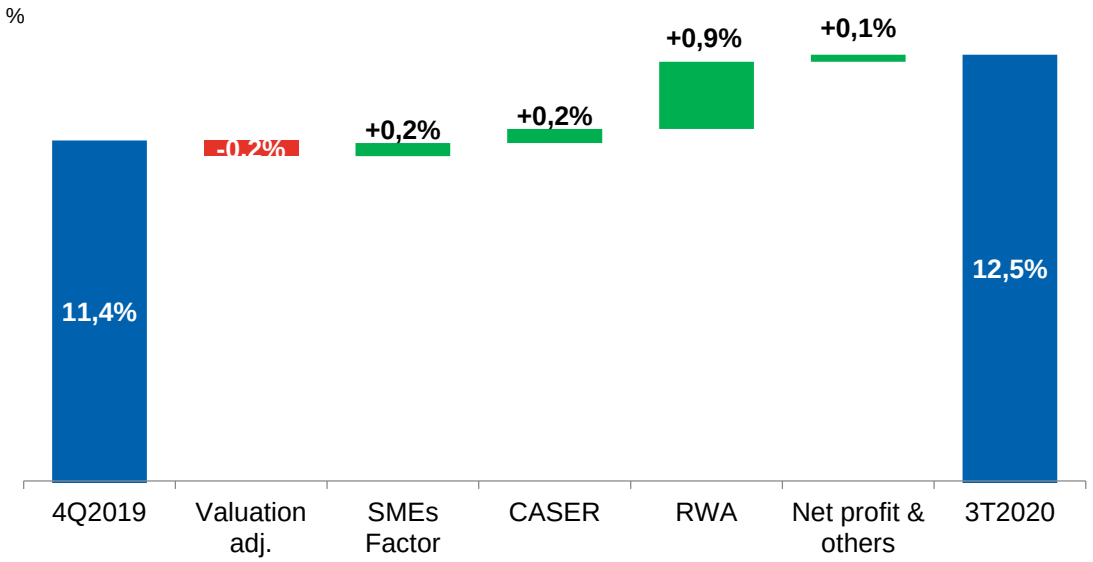
CET1 Fully Loaded ratio improves 18 b.p. in 3Q (+116 b.p. YTD) and reaches 12.5% in line with Ibercaja's strategic target.

Total Capital Fully Loaded Ratio reaches 17.2% driven by the pre-emptive strategy executed by Ibercaja to complete its hybrid capital buffers.

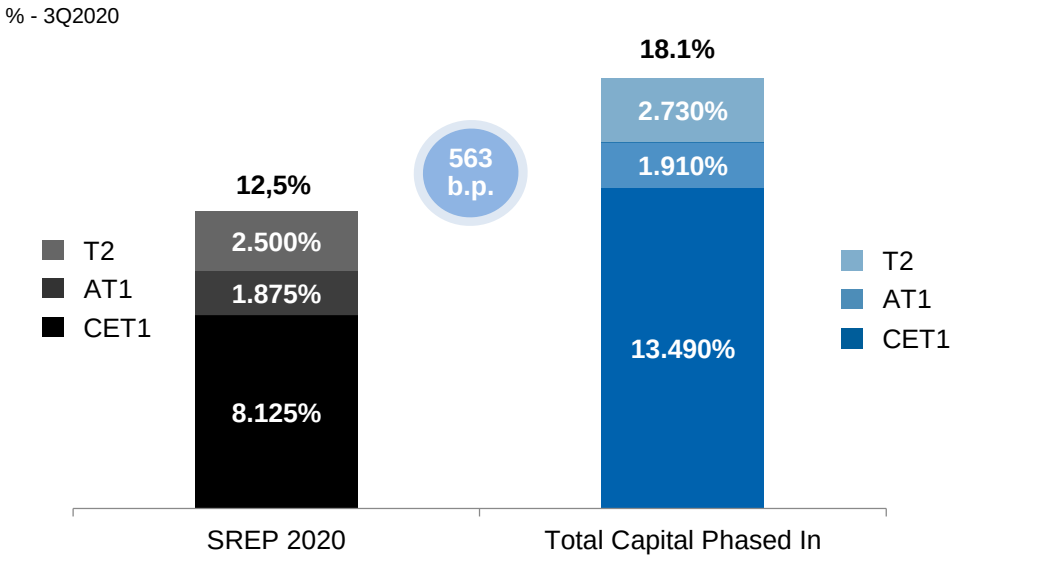
In Phased In terms, CET1 ratio stands at 13.5% and Total Capital ratio at 18.1%. Leverage ratio reaches 6.1%.

- The **excess of capital vs. SREP requirement** stands at **563 b.p**. In **MDA** terms, the excess of capital amounts to **536 b.p.** vs. 327 b.p. as of 2019YE.

CET1 Fully Loaded



SREP requirement vs. Total Capital

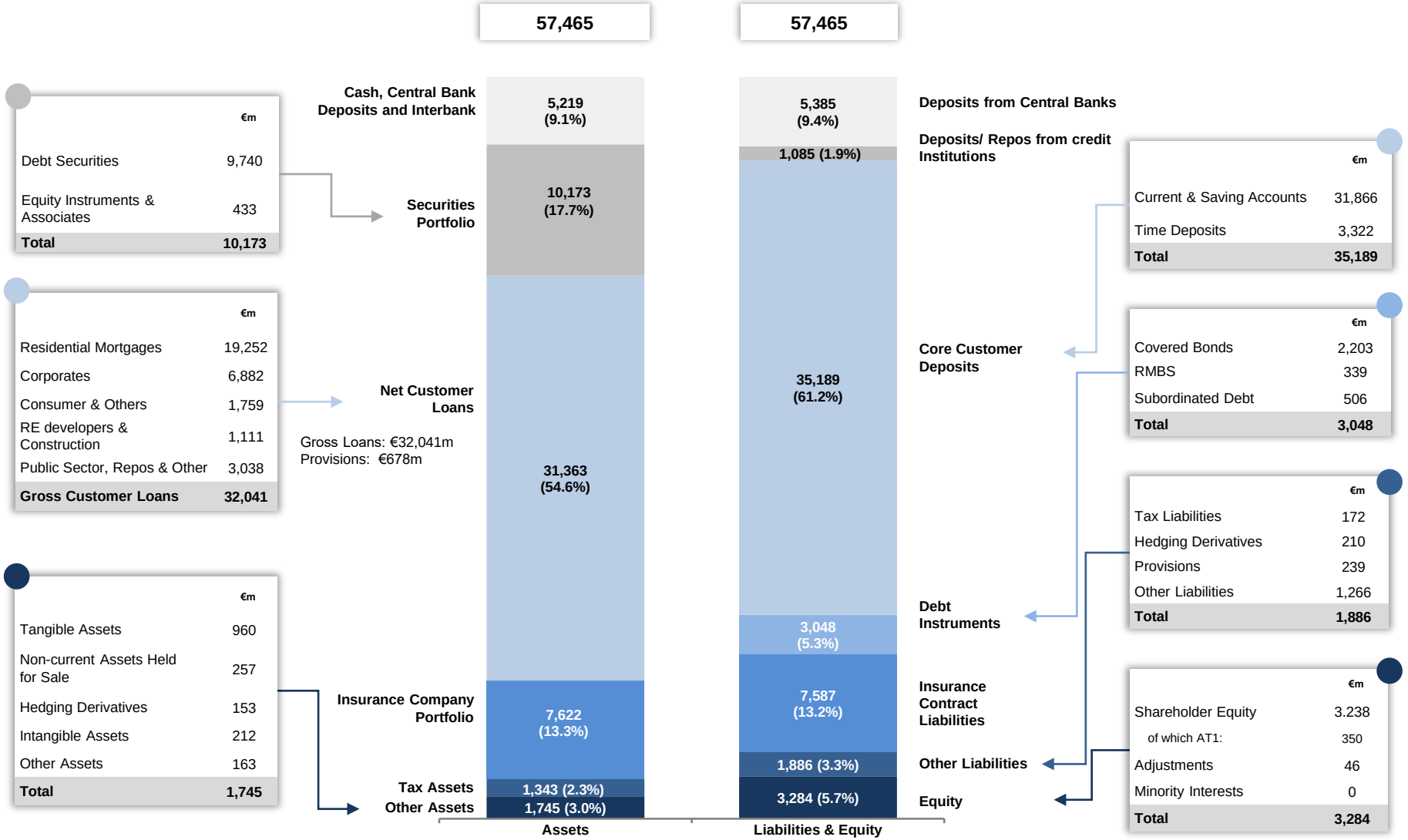


V

ANNEX

CONSOLIDATED BALANCE SHEET

€m – 3Q2020



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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