

# IBERCAJA BANCO 9M2020 RESULTS

November 4<sup>th</sup>, 2020

EL BANCO  
DEL  
*Vamos*

iberCaja 



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# 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

5<sup>th</sup>

Ibercaja has become the **5<sup>th</sup> 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)

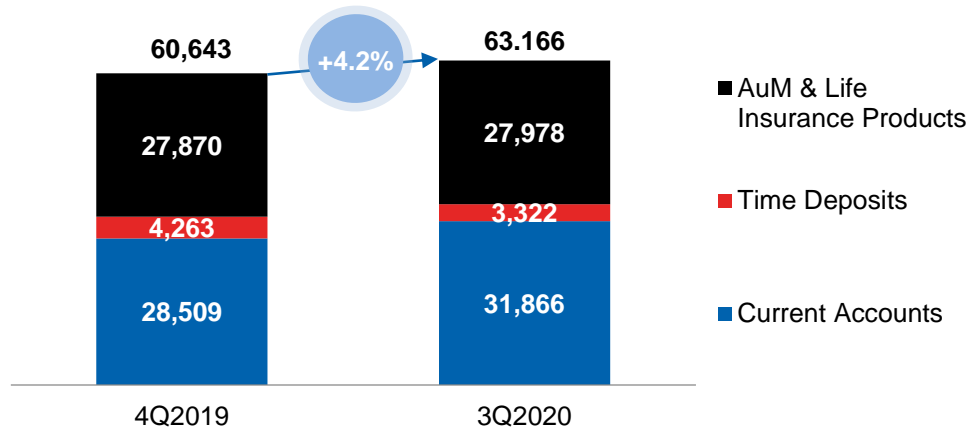


# COMMERCIAL ACTIVITY

# CUSTOMER FUNDS

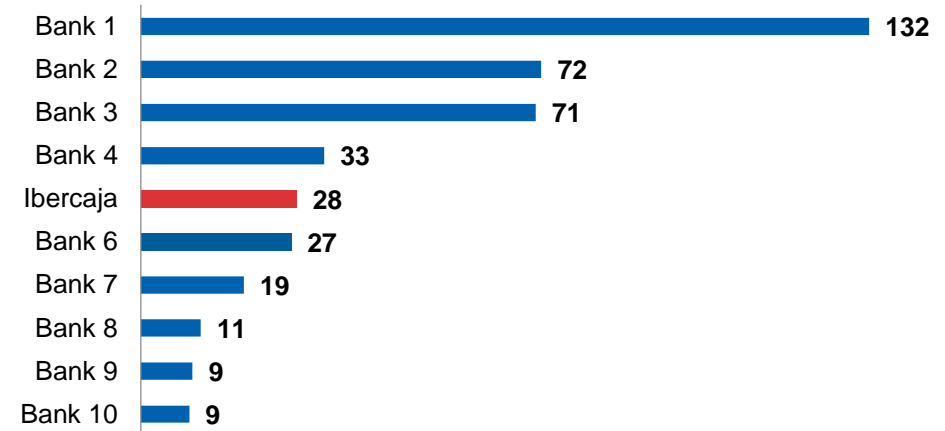
## Customer funds

€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



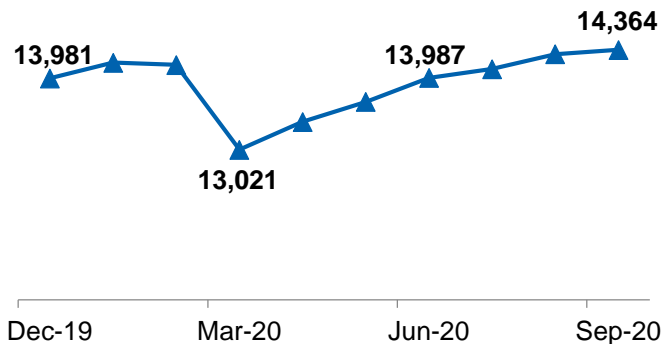
# MUTUAL FUNDS

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%.

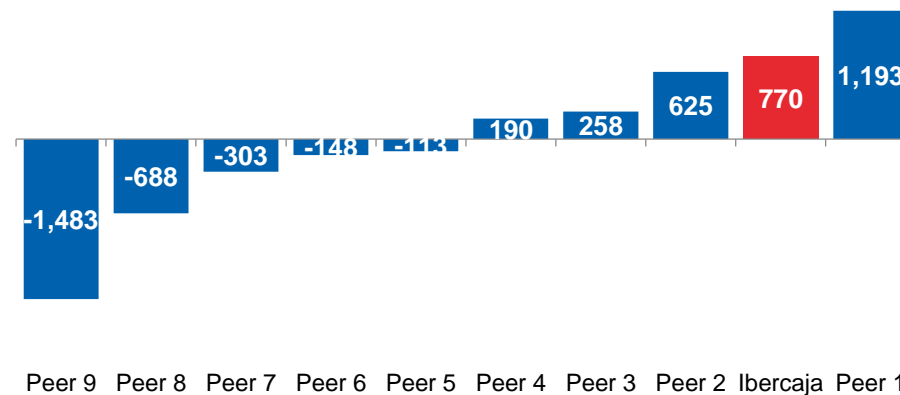
## Stock of mutual funds

€m - Ibercaja Gestion



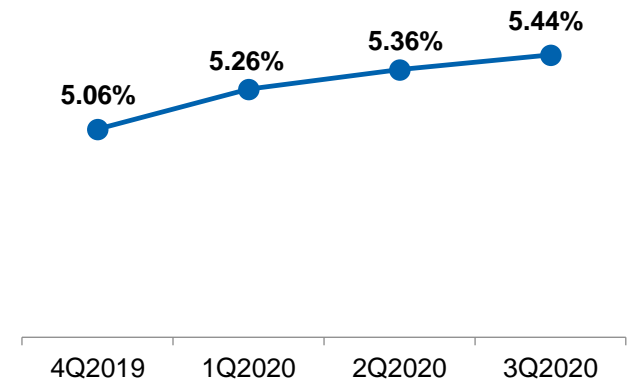
## Net new money inflows

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



## Mutual funds market share

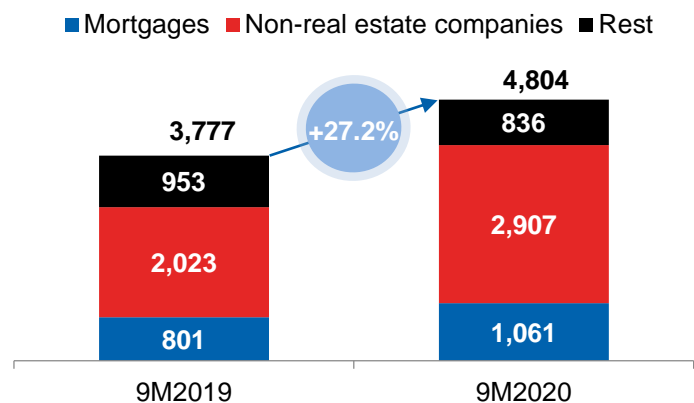
% - Ibercaja Gestion



# CUSTOMER LOANS

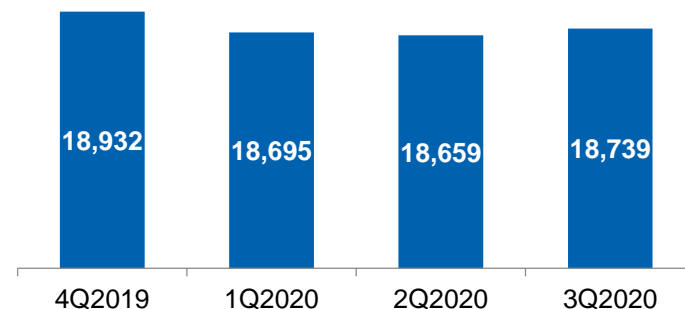
## New lending production

€m



## Stock of performing mortgages

€m



## Loan portfolio

€m

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

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<sup>1</sup> 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).

<sup>1</sup> Source: Bank of Spain accumulated to August 2020

<sup>2</sup> Impact from advance payments: +€163m

# MORATORIA AND ICO GUARANTEED LENDING

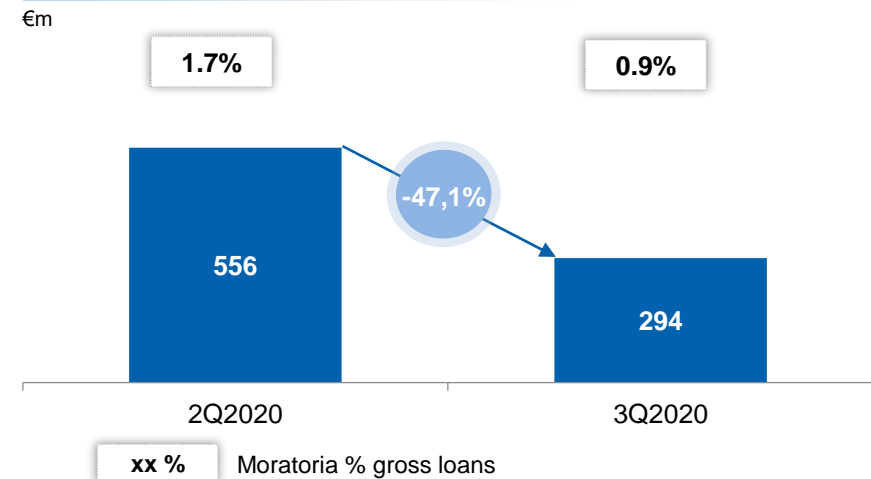
## Outstanding moratoria falls 47.1% to €294m or 0.9% of gross lending.

- ▶ 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.

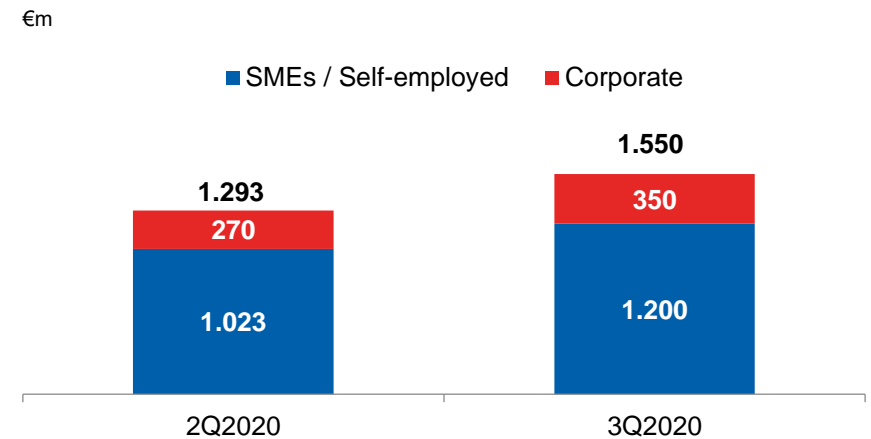
## Ibercaja has granted €1,550m in loans with ICO guarantee (+€257m in 3Q). The guaranteed amount stands at €1,193m.

- ▶ **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<sup>1</sup>).

### Outstanding moratoria



### Accumulated evolution of ICO lending



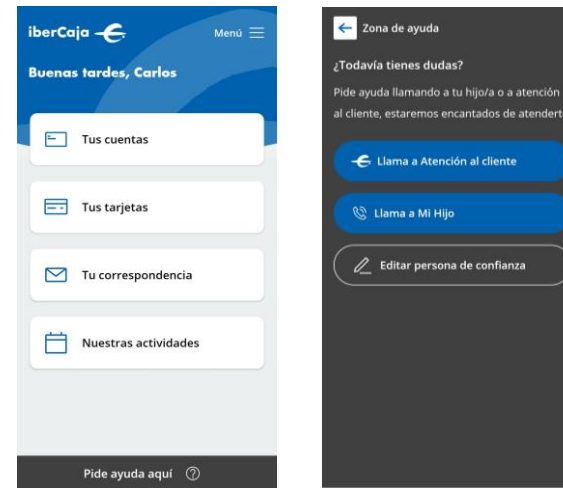
<sup>1</sup> Includes: transport, distribution, hospitality & recreational activities

# DIGITALISATION (2/2)

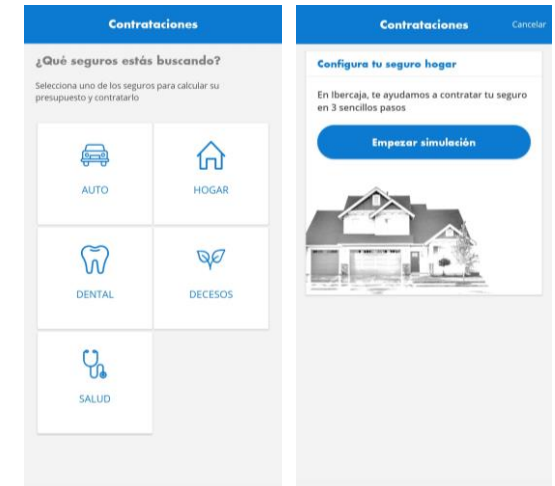
In 2020 Ibercaja has implemented numerous digital projects to strengthen its digitalisation:

- ▶ 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.

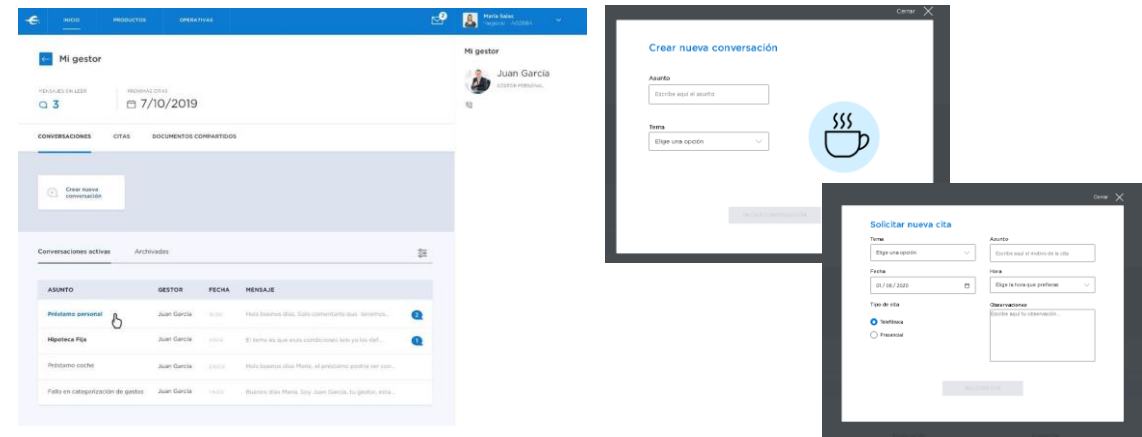
## Beginners mode



## Non-life risk insurance



## My manager





# RESULTS

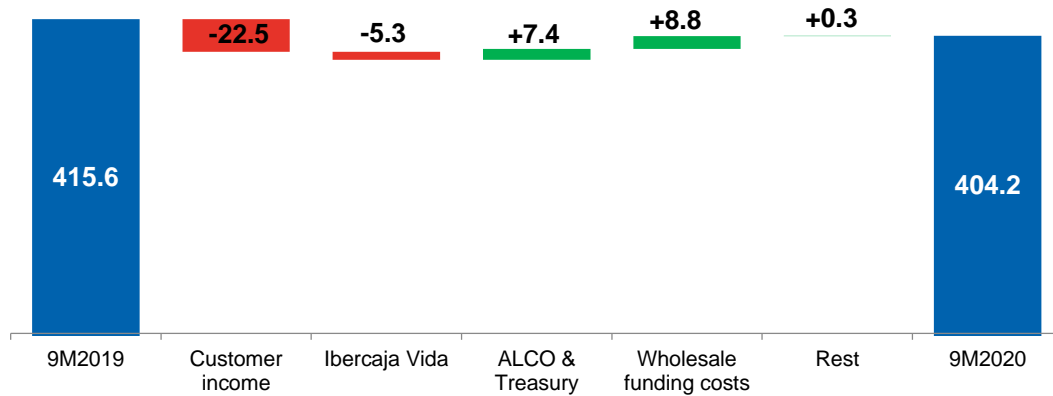
# P&L ACCOUNT

	€m		
	9M2019	9M2020	YoY
Net Interest Income	415.6	404.2	-2.8%
Net Fee Income	287.6	272.8	-5.1%
<b>Recurring revenues</b>	<b>703.2</b>	<b>677.0</b>	<b>-3.7%</b>
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
<b>Gross Operating Income</b>	<b>729.9</b>	<b>732.8</b>	<b>0,4%</b>
Operating Costs	-441.2	-426.0	-3.4%
<b>Pre-Provision Profit</b>	<b>288.7</b>	<b>306.8</b>	<b>6.3%</b>
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%
<b>Profit before Taxes</b>	<b>142.3</b>	<b>144.8</b>	<b>1.7%</b>
Taxes & Minorities	-50.9	-46.2	-9.3%
<b>Net Profit Attributable to Shareholders</b>	<b>91.4</b>	<b>98.7</b>	<b>7.9%</b>

# NET INTEREST INCOME

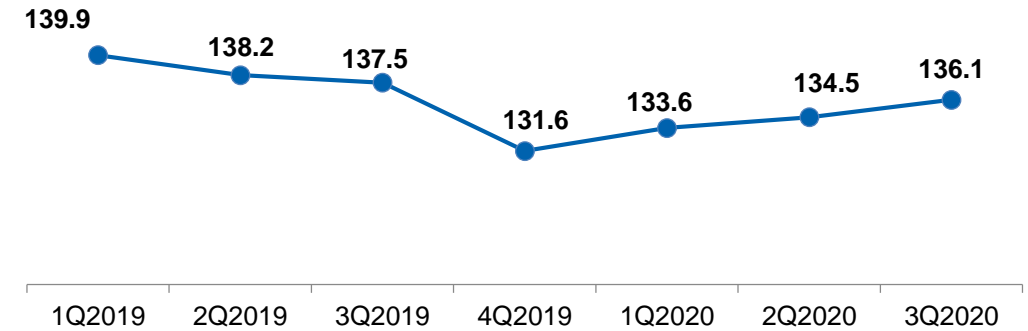
## Net Interest Income breakdown

€m



## Quarterly Net Interest Income

€m -



### Net interest income decreases 2.8% YoY.

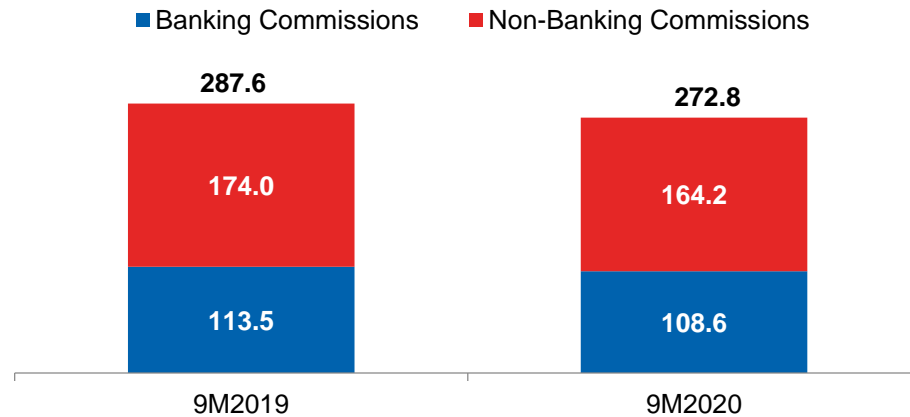
- ▶ **Customer income** drops **€22.5m** as a result of the decrease in loans revenues (-€28m).

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

# NET FEE INCOME

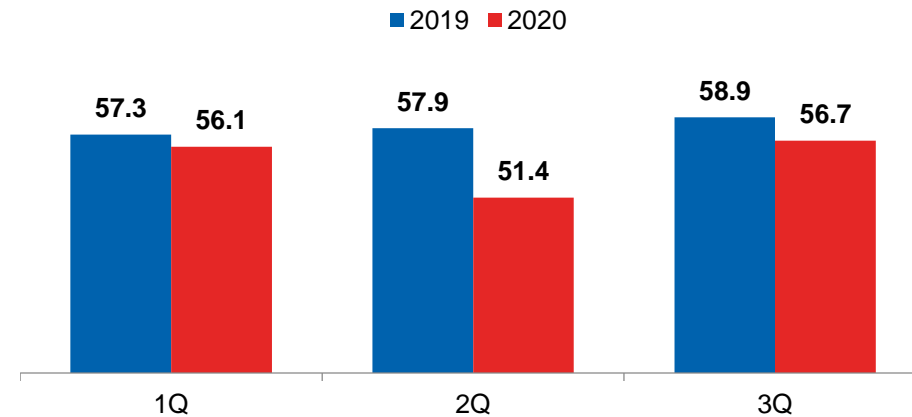
## Net fee income

€m



## Non-banking commissions

€m



**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.**

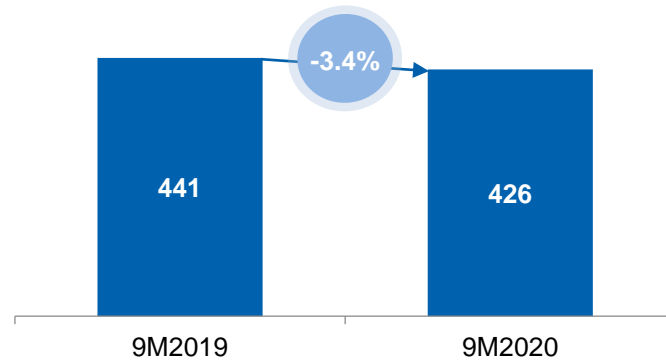
- ▶ Growth in assets under management allow for a **10.4% quarterly increase in non-banking commissions in 3Q vs. 2Q** and stand **only 3.7% below 3Q2019 levels.**



# COSTS AND PRE-PROVISION PROFIT

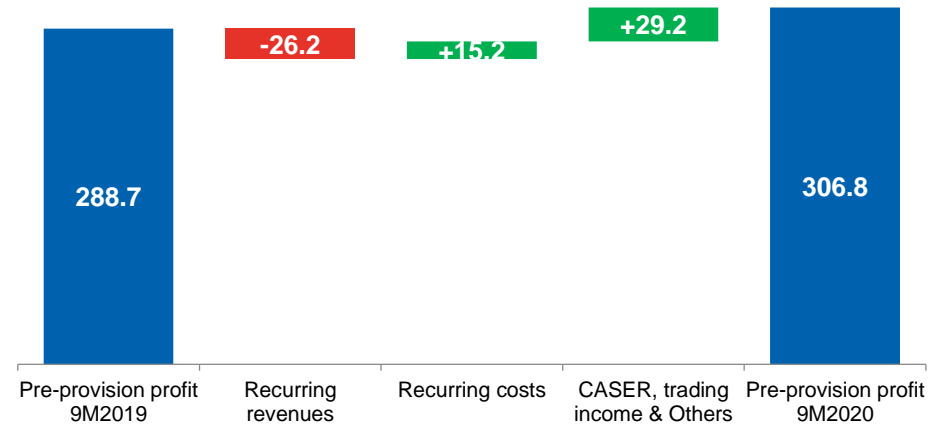
## Recurring costs

€m



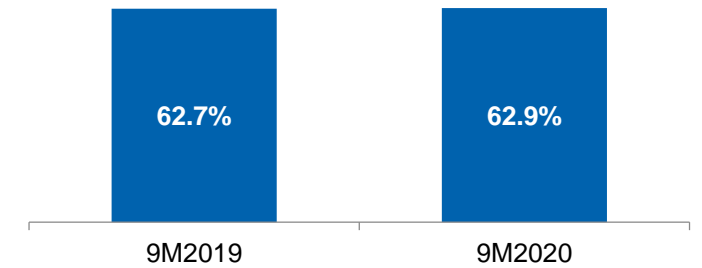
## Pre-Provision Profit

€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**.

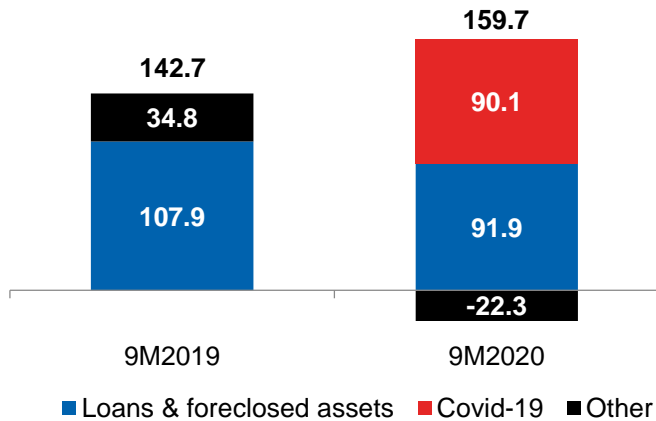
### Pre-provision profit grows by 6.3% YoY thanks to CASER extraordinary income (€52.6m).

- ▶ **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

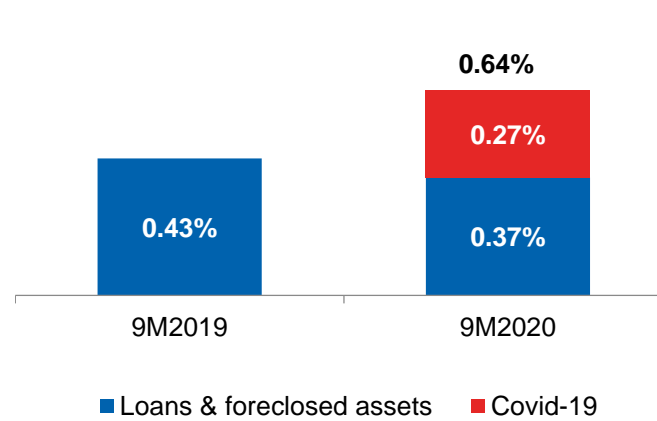
## Total provisions

€m



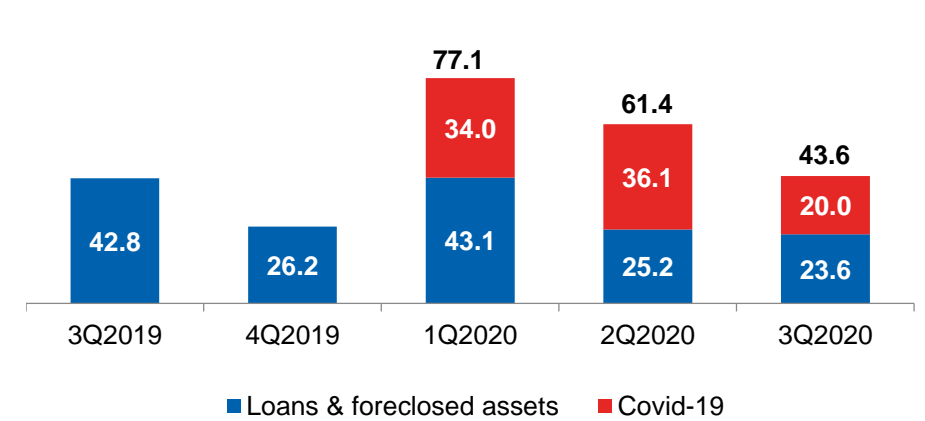
## Cost of risk

%



## Provisions for loans and foreclosed assets + Covid

€m



### 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)

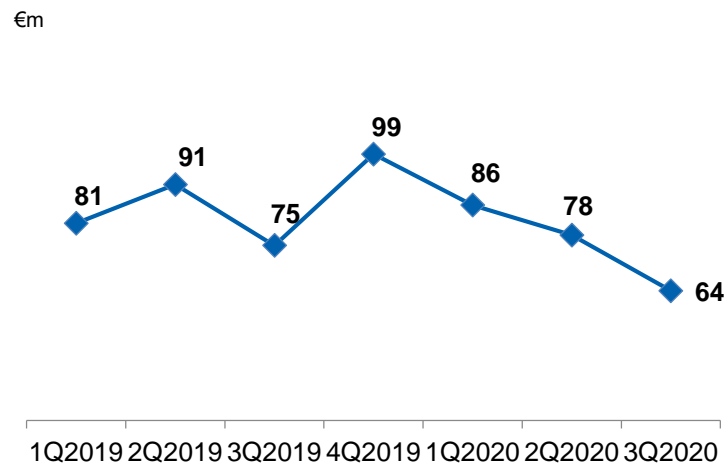
The volume of gross NPL entries shrinks 8.1% YoY.

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

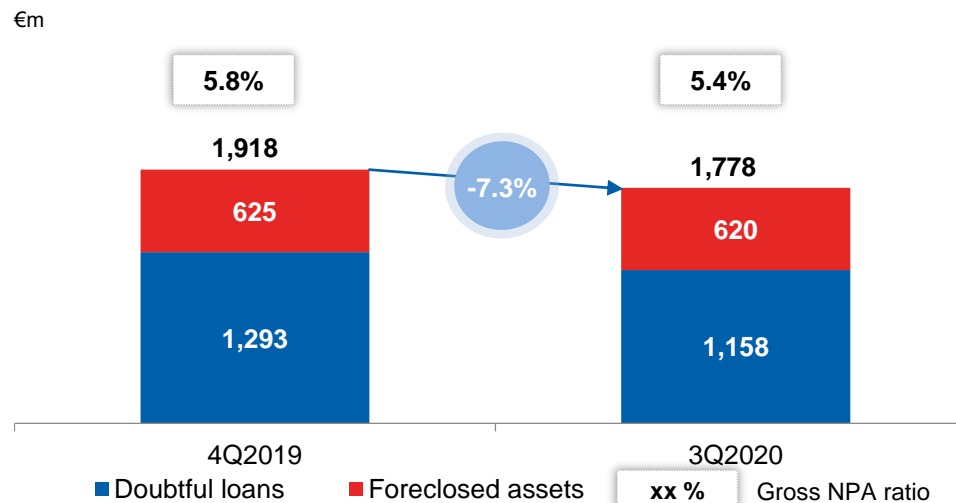
Stock of non-performing assets falls 7.3% YTD (-€140m). NPA ratio falls 40 b.p. to 5.4%. In 3Q non-performing assets reduction amounts to €72.3m vs. €29.2m in 2Q and €38.3m in 1Q.

- ▶ **Doubtful assets** drop by 10.4% or €135m (vs. +1.4% of the sector<sup>1</sup>). 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).

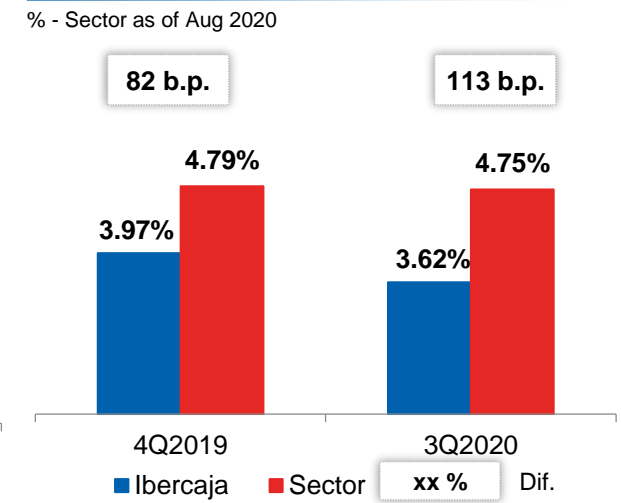
## Gross NPL entries



## Gross NPAs



## NPL ratio



<sup>1</sup> Source: Bank of Spain, January-August 2020 (credit institutions)

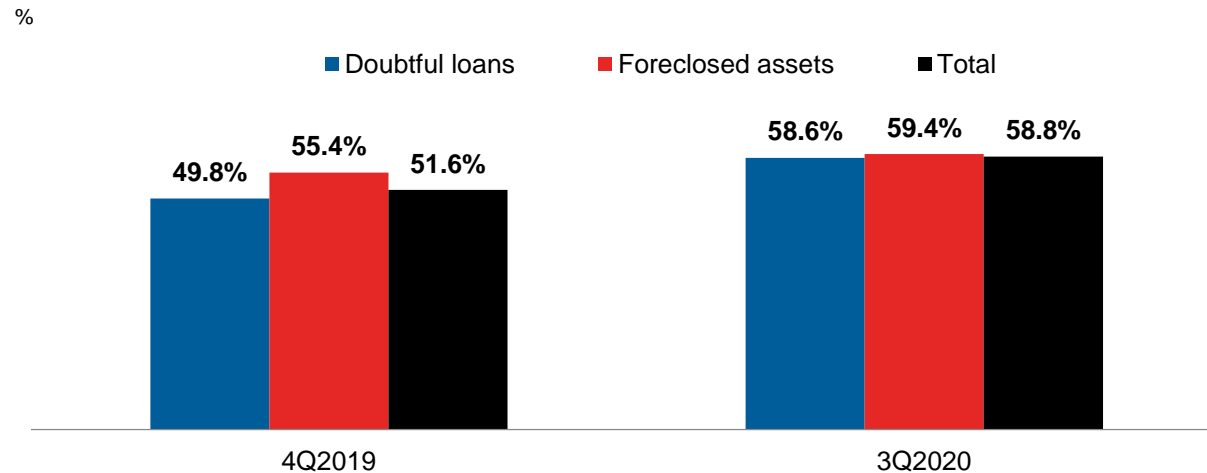
# ASSET QUALITY (2/2)

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

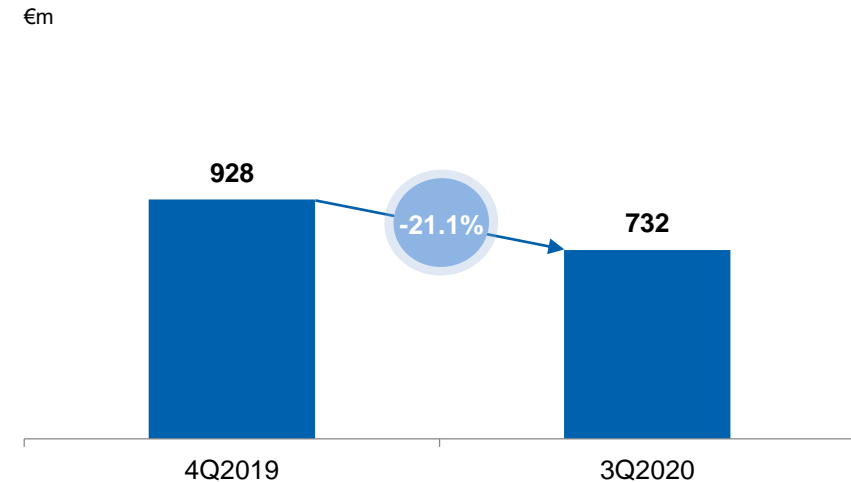
- ▶ **NPA coverage ratio improves 325 b.p. in 3Q thanks to the increase in coverage of doubtful loans (+282 b.p.) and foreclosed assets (+407 b.p.).**

**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

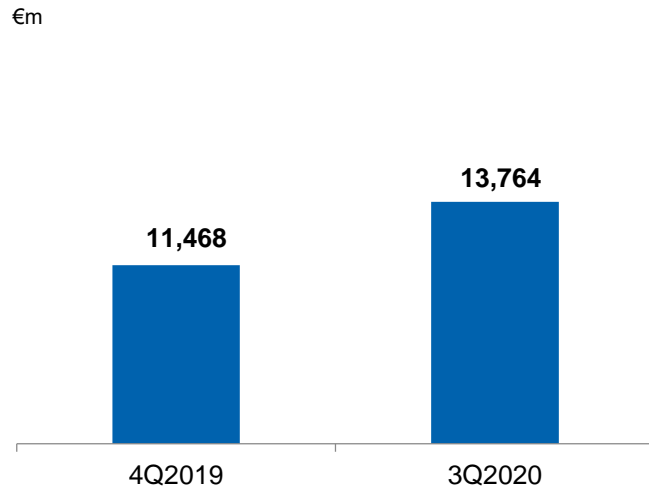


# LIQUIDITY AND FUNDING PROFILE

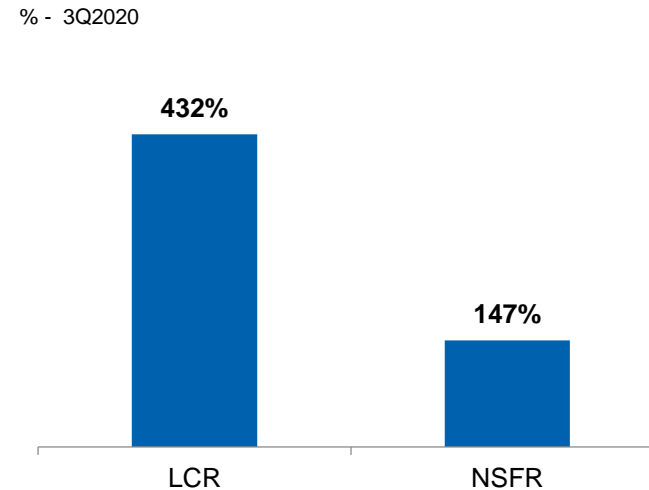
Ibercaja increases its liquid assets and shows a strong funding profile.

- ▶ **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.

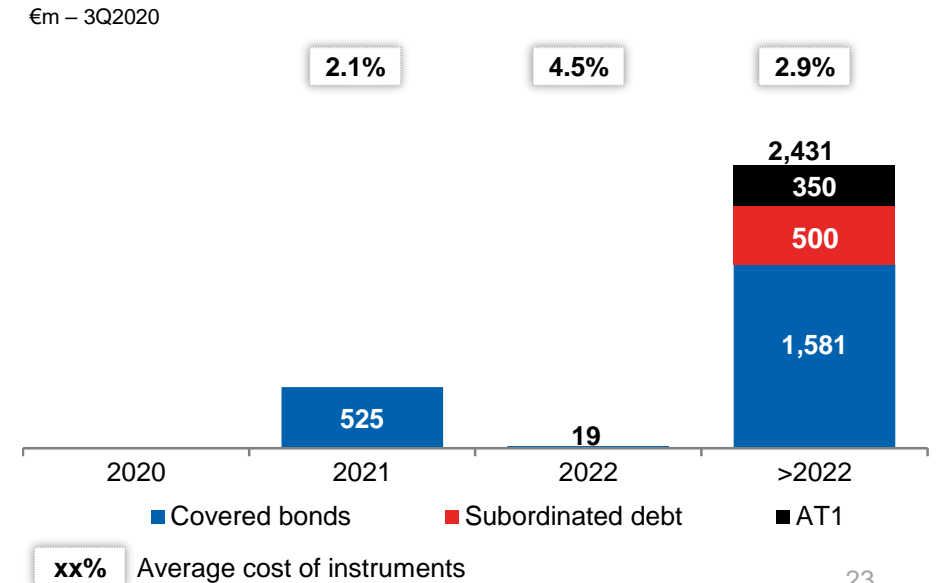
## Liquid Assets



## LCR and NSFR ratios



## Maturity profile



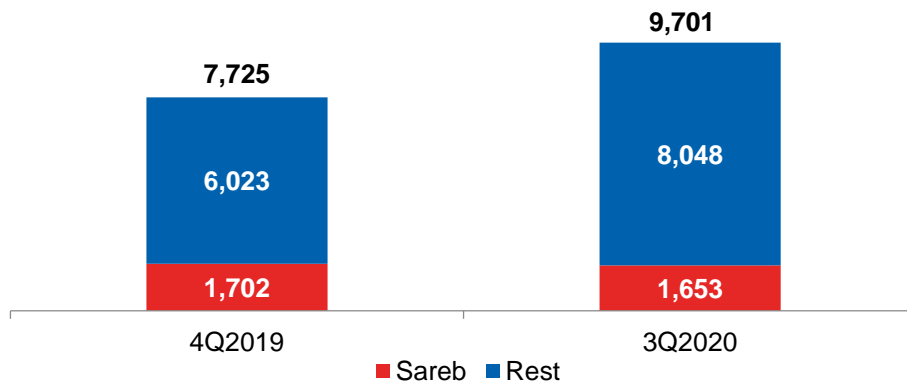
# ALCO PORTFOLIO

Ibercaja has increased its ALCO portfolio<sup>1</sup> by 25.6% YTD.

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

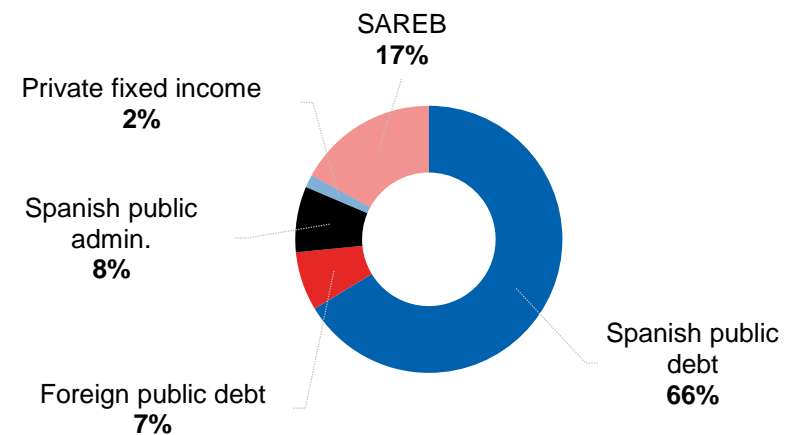
## ALCO portfolio

€m



## ALCO portfolio breakdown

% - 3Q2020



<sup>1</sup> Excludes insurance activity portfolio.

<sup>2</sup> Includes interest rate swaps.

# SOLVENCY

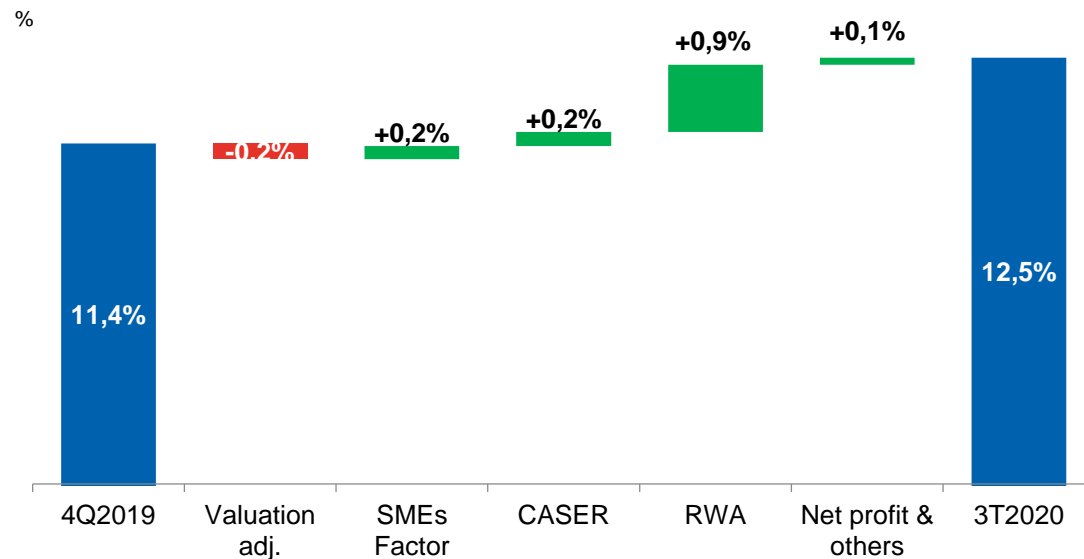
CET1 Fully Loaded ratio improves 18 b.p. in 3Q (+116 b.p. YTD) and reaches 12.5% in line with Ibercaja's strategic target.

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

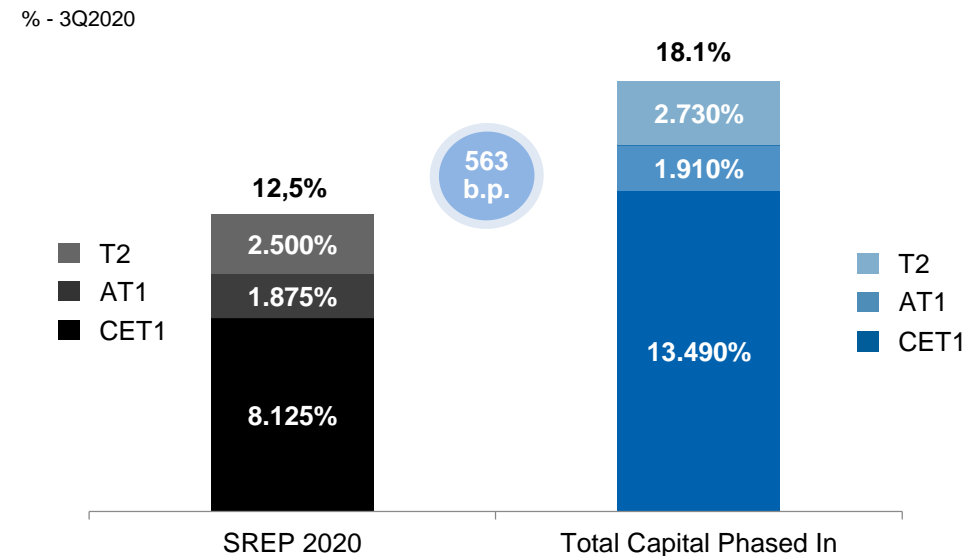
In Phased In terms, CET1 ratio stands at 13.5% and Total Capital ratio at 18.1%. Leverage ratio reaches 6.1%.

- 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



# GLOSSARY

Ratio / APM	Definition
<b>Customer Spread</b>	Difference between the average yield on the loan portfolio and the cost of retail deposits (ex. repos and covered bonds)
<b>Recurring Revenues</b>	Net interest income plus net fee and commission income plus net exchange differences
<b>Recurring Costs</b>	Personnel expenses plus other administration expenses plus amortisation and depreciation minus extraordinary expenses (redundancy plan)
<b>Recurring Profit before Provisions</b>	Recurring revenues minus recurring costs
<b>NPL ratio</b>	Doubtful balances in loans and advances to customers divided by gross loans and advances to customers
<b>NPL coverage ratio</b>	Loans and advances to customers impairments divided by balances in loans and advances to customers
<b>Foreclosed Assets coverage ratio</b>	Foreclosed assets impairment losses (since loan origination) divided by gross foreclosed assets
<b>Non-performing Assets (“NPAs”)</b>	Sum of doubtful balances in loans and advances to customers and gross foreclosed assets
<b>NPA ratio</b>	Gross non-performing assets divided by gross loans and advances to customers plus gross foreclosed assets
<b>NPA coverage ratio</b>	Sum of foreclosed assets impairments and loans and advances to customers impairments divided by gross non-performing assets
<b>Cost of Risk</b>	Sum of impairments associated with credit risk and foreclosed assets divided by the average balance of the sum of gross loans and foreclosed assets
<b>Liquid Assets % Total Assets</b>	Total liquid assets divided by total assets. Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)
<b>Loans-to deposits ratio</b>	Net customer loans (ex. repos) divided by customer deposits (ex. repos and covered bonds)
<b>Net Stable Funding Ratio</b>	Amount of available stable funding relative to the amount of required stable funding
<b>Liquidity Coverage Ratio</b>	High quality liquid assets divided by net outflows during the following 30 days
<b>ALCO portfolio</b>	Bank’s fixed-income portfolio. Excludes the fixed-income portfolio of the insurance company

# THANKS!

For further information:  
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[investor@ibercaja.es](mailto:investor@ibercaja.es)

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