Press release
03/03/2021

RESULTS 2020

IBERCAJA RAISES ITS CAPITAL RATIO TO 12.6% AND PROVISIONS AN ADDITIONAL 90,1 MILLION EUROS FOR THE COVID CRISIS

- **The Bank's net profit, 23.6 million euros, has been conditioned by the impact of the 90,1 million euros of additional provisions made by COVID-19 and the 151 million euros of extraordinary cost associated with the redundancy to be carried out in 2021 and 2022**
- **In this particularly complicated environment, the Bank has achieved a high level of activity, increasing its customer funds by 7.9%, to 65,411 million euros, thanks to the increase in the volume of deposits (+10.4%) and the advancement of assets under management and life insurance products (+4.9%)**
- **Net inflows to mutual funds of 1,167 million euros (+58,7% year-on-year), the second largest figure in the sector in the year, are noteworthy, bringing total stock of mutual funds to 15,248 million euros (+9.1% year-on-year) and progress 46 basis points of market share in the year, to 5.5%, the Bank's new all-time record**
- **New loans granted amounted to 6,424 million euros. This represents a growth of 18.2% year-on-year, driven by financing to non-real estate companies, 3,762 million euros (+32%), and mortgages, 1,440 million euros (+25.6%), a segment in which the Bank reaches a market share of 3.8%**
- **Funding granted in partial state-guaranteed operations through the ICO amounts to 1,830 million euros, 82% of which has gone to the self-employed and SMEs**
- **The Bank continued to strengthen its balance sheet soundness, with an improvement in the Fully Loaded common equity tier 1 (CET1) ratio of 124 points from December (+8 basis points in the fourth quarter), to 12.6%, thus exceeding the target set out in the 2020 Strategic Plan**
- **NPL ratio as of 2020 was 3.2%, 123 basis points below the sector average, with a coverage ratio of problematic assets of 62.2%, up from 51.6% at the end of 2019**
- **The total number of digital customers grew by 10% in the year to 842,000, thanks to an increase in mobile app users (+20.7%) and Ibercaja Pay users (+148,4%). 76.0% of transactions were carried out via digital channels, compared to 72% at the end of 2019**

IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

- **The Bank has put in place, more than ever, its corporate purpose "Helping people build the history of their lives", in a year marked by the crisis caused by COVID-19, implementing numerous measures to meet the needs of families, the self-employed, SMEs and most vulnerable companies and to help society**
- **The Bank has continued to progress in its firm commitment to society and the environment, with the approval by the Board of Directors of its Sustainability Policy and strengthening its structure with a new Chief of Sustainability Business and a new Department of Sustainable Finance.**

Zaragoza, 3rd March 2021. Ibercaja made 23.6 million euros in net profit in 2020, down 71.9% from the previous year. The year's results were impacted by the additional provisions of 90,1 million euros made to deal with the potential adverse economic effects caused by the pandemic and the expenditure of 151 million euros accounted for by the new redundancy plan.

The reduction in recurring costs (-5,4% year-on-year), allows Ibercaja to compensate the fall in recurring revenues (-3,5% year-on-year) in a negative interest rate environment and allows for recurring pre-provision profit to remain stable (-0,2% year-on-year).

In a year marked by the COVID-19 crisis, the Bank has revalidated and reinforced its corporate purpose "*Help people build the story of their lives, because it will be our story"*, implementing numerous measures to meet the needs of their private customers, the self-employed, SMEs and most vulnerable companies and support society.

In this particularly complicated environment, in which interest rates have continued to set historical lows, Ibercaja has maintained a high level of activity, increasing customer funds by 7.9% to 65,411 million euros, and has continued to increase the financial strength of its balance sheet, improving the Fully Loaded common equity tier 1 (CET1) ratio by 124 basis points in the year, up to 12.6%. It also has a strong liquidity position, 14,959 million euros, and a coverage ratio of non-performing assets of 62.2%.

Significant support to customers and society

Ibercaja has implemented various measures to support its customer base and to become a key part in the recovery of the economy.

Ibercaja has granted 8.664 moratoria to customers with difficulties to face its debt repayments because of the pandemic. Total moratoria granted amount to 741 million euros of which 366 million euros remain outstanding.

Since the beginning of the crisis and with no cost for its customers, Ibercaja has advanced the payment of retirement benefits amounting to 4,056 million euros and unemployment benefits totalling 635 million euros.

IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

Ibercaja has been strengthening the support it provides through online channels and has launched new services to respond to the growing demand from customers. It launched Ibercaja Próxima, with 60 digital managers, which provides a specialised and personalised non-face-to-face service. Call centres activity has grown by 51%.

In addition to these measures, Ibercaja suspended cash withdrawal fees at ATMs of other Spanish entities and monthly POS fees during confinement.

Ibercaja and its shareholders jointly launched 10 solidarity platforms with the aim of protecting vulnerable people in its territories. This private plan has almost raised 1 million euros in donations.

Results highlights include asset management and financing for SMEs and retail mortgages

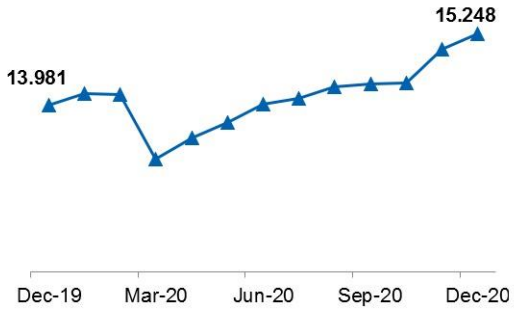
Customer funds increased by 7.9% during this year to 65,411 million euros, mainly driven by demand savings, which grew by 15.8% in this period (+4,505 million euros) and assets under management and life insurance products. The volume of off-balance sheet funds has increased by 4.9% compared to December 2019 (+1,375 million euros), allowing the Bank to advance to fifth place in the national ranking by assets under management and life insurance products, with a 5% market share (+18 basis points in the year).

The performance in mutual funds has once again stood out in 2020 and the stock grew by 1,268 million euros, to reach 15,248 million euros, 9.1% above the figure of 31 December 2019.

A customer-oriented management model, based on advice, profitability, and innovation constitute a significant competitive advantage in a context such as the current one, with interest rates at negative levels, which has allowed Ibercaja Gestión to be the second Bank in Spain by volume of net contributions, 1,167 million euros, 58.7% higher than in 2019, and advance its market share by 46 basis points in the year to 5.5%, a new all-time record.

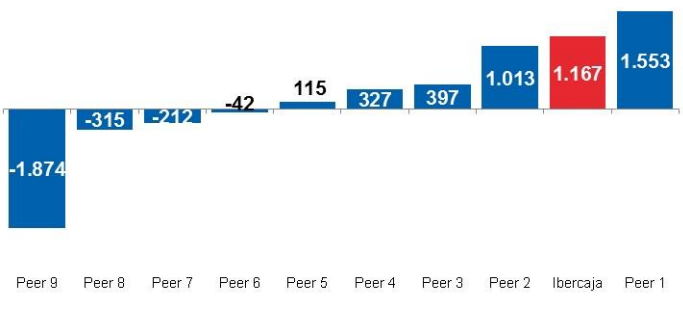
Stock of mutual funds

€m - Ibercaja Gestión



Net new money inflows

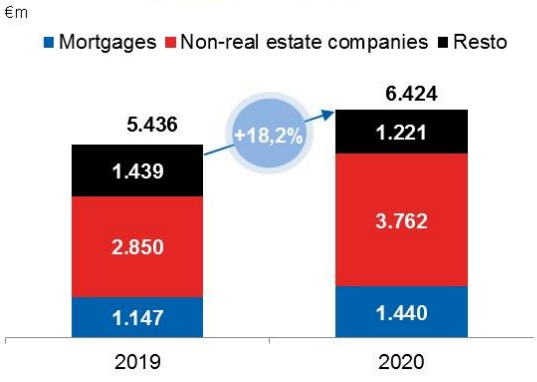
€m - 2020; 10 top mutual funds management groups in Spain



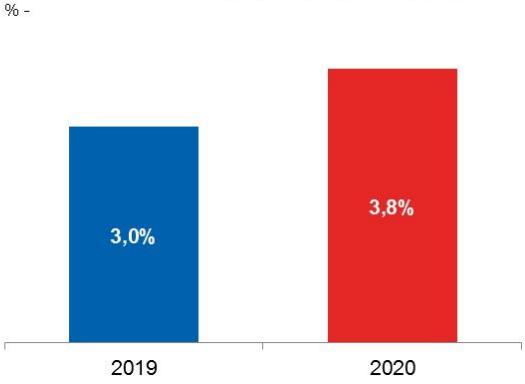
IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

The lending activity over these twelve months was also particularly strong, with 6,424 million euros of new lending, 18.2% more than in the previous year. This was mainly supported by granting mortgages for a total of 1,440 million euros, 25.6% more than 2019, and by loans to non-real estate companies, which increased by 32% year on year.

New lending production



Market share in new mortgages



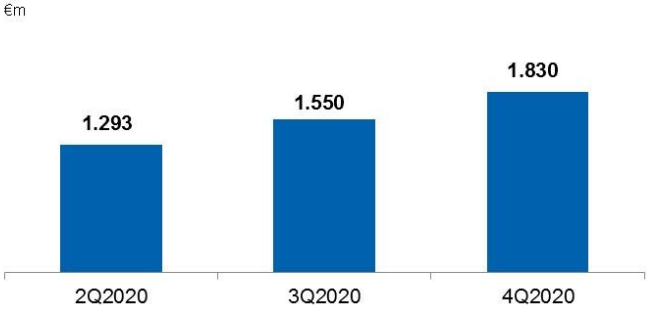
The special attention paid to the most urgent needs of companies and the efficiency in implementing the measures adopted by the Bank over these months led to an increase in lending activity for this segment, notably with the granting of 1,830 million euros in operations involving ICO COVID lines, 82% of which was allocated to the self-employed and SMEs. Of these lines, 280 million euros have been granted in the last quarter of the year thus supporting the investments of companies aimed at recovering their activity, after addressing the liquidity needs of the first months of the crisis.

The balance of the outstanding moratoria on loans to individuals which totalled 741.4 million euros, fell by 50.6% at the end of the year to 366 million euros, representing 1.2% of the bank's total gross lending. This significant reduction shows that, after overcoming the initial impact of uncertainty, in recent months the majority of Spanish families are progressively regaining more stability in their income streams.

Moratoria granted and outstanding as of 2020YE



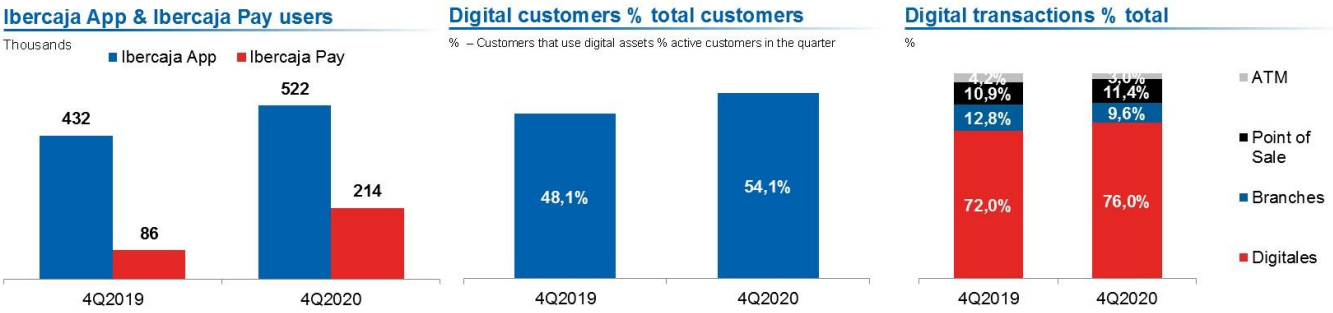
Accumulated evolution of ICO lending



IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

Significant increase in digital customers and the use of non-face-to-face channels

The total number of digital customers grew by 10% in the year to reach 842,000 at 31 December, thanks to an increase in mobile app users (+20.7%) and *Ibercaja Pay* users (+148,4%). In addition, 54.1% of customers used the Bank's digital assets in the last quarter and 76% of transactions were carried out through the Bank's various non-face-to-face channels, compared to 72% at the end of last year and 75% of consumer lending operations were carried out through digital channels.



During the last few months, the Bank has been strengthening the support it provides through these channels and has launched new services to respond to the growing demand from customers. It launched Ibercaja Próxima, which provides a specialised and personalised non-face-to-face service. It upgraded its Digital Business Banking service with a new technological platform, with more functions and operations and a simpler and more intuitive design and format layout. It also implemented a Beginners Mode into its mobile banking app, to make it easier for customers who have never used online banking.

The progress in the digitalisation process which the Bank has been encouraging in recent years has helped to speed up the implementation of all these services since the beginning of the crisis. This is complemented by strengthening the activity and meeting the needs of its customers with the same quality of service, in a situation where face-to-face operations are limited.

Results: reinforcement of provisions and redundancy plan costs

Net interest margin stood at 533.7 million euros, 2.5% lower than in the same period in 2019, due to the negative interest rate environment in which retail banking activity has been carried out in recent years.

Net fee income amounted to 375 million euros, representing a year-on-year decline of 5% or 19.9 million euros. The sharp fall in the markets in the first quarter of the year led to a decrease in mutual funds success fees of 19.5 million euros.

Nevertheless, the increase in the stock of assets under management in the last three months have entailed that non-banking fees are growing by 16.4% compared to the

IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

third quarter, up to 66 million euros, almost in line with the amount recorded in 2019 (-4.3%).

Recurrent revenues, as the sum of both items (net interest margin and net fee income), amounted to 908.7 million euros, a decrease of 3.5% in the year.

Total expenditure increased by 19.7% year-on-year due to the registration of 151 million euros of the workforce adjustment plan to be carried out in 2021 and 2022. The Bank reached an agreement last December with the majority of the representation of workers.

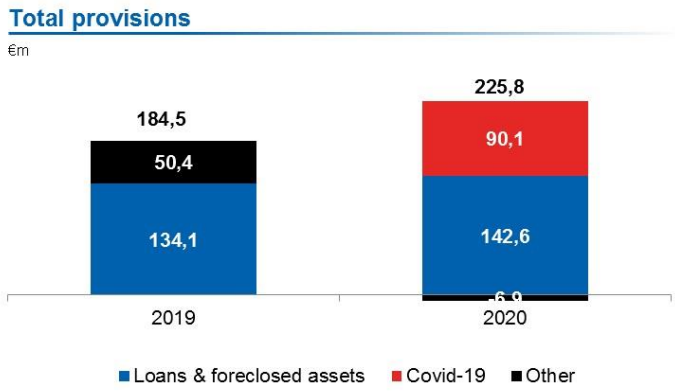
Excluding this extraordinary cost, recurring expenses declined by 5.4% year on year, as a result of the ongoing monitoring and review of general expenses.

As a result of the change in recurring revenues and costs, at the end of 2019 the Bank's recurring efficiency ratio is 62.5%.

Trading income has registered a significant increase as a result of the sale of an amortized cost portfolio during the fourth quarter, amounting to 1,382 million euros, which has resulted in an extraordinary income of 114.6 million euros.

Profit before provisions amounts to 283.3 million euros, 13.2% lower than that registered in 2019.

Total net provisions up to the end of 2019 amounted to 225.8 million euros. This amount includes 90.1 million euros that the Bank has established as an extraordinary measure to alleviate the potential impact arising from the effects of the economic crisis caused by COVID-19.



In conclusion, despite this significant additional provisioning and the extraordinary costs arising from the workforce redundancy plan, Ibercaja has been able to achieve a net profit of 23.6 million euros in 2020.

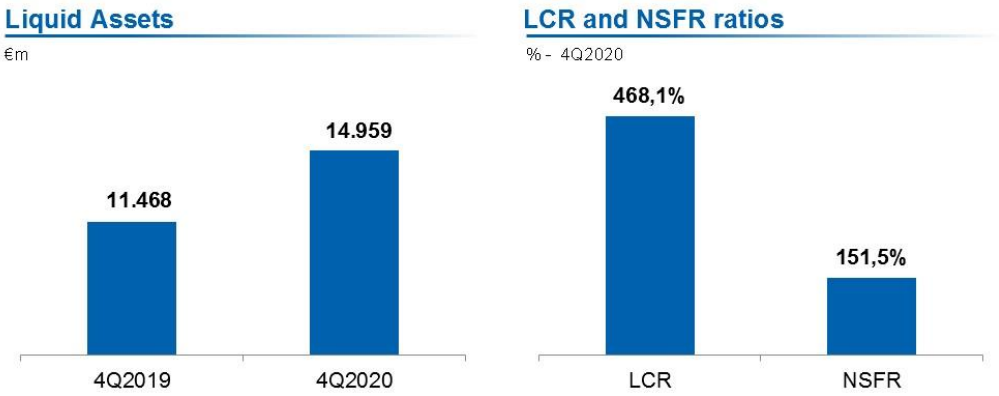
IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

CET1 stands at 12.6%, exceeding the Bank's target

The Bank strengthened the financial soundness of its balance sheet, with the Fully Loaded common equity tier 1 (CET1) ratio improving 124 basis points in the year, to reach 12.6%, exceeding the target set out in the 2018 - 2020 Strategic Plan.

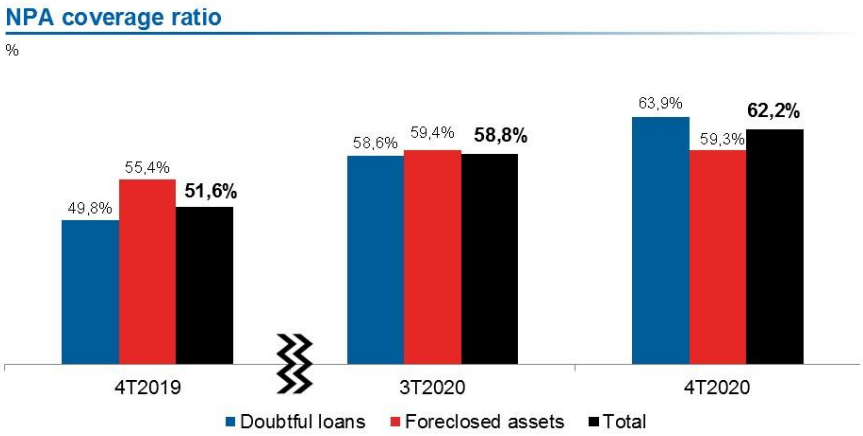
In Phased In terms, the common equity tier 1 (CET1) ratio is 13.6%, while the Total Capital ratio is 18.3%. The excess of capital in MDA terms, increased to 549 basis points from 327 basis points at the end of 2019.

Ibercaja also improved its already healthy liquidity position, with growth in liquid assets of 3,492 million euros in these twelve months, bringing the LCR ratio to 468%.



The Bank carried out an effective management of irregular investment over these nine months, achieving a reduction in non-performing assets (doubtful + foreclosed assets) of 286 million euros, 14.9% year-on-year. The Bank's NPL ratio has continued to decline to 3.2%, which stands 123 basis points below the sector average.

The Bank has increased the coverage ratio of problematic assets by 10.5 percentage points in the year to 62.1%.



IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

A robust and sustainable business model

In addition to high levels of solvency, coverage ratio of non-performing assets and healthy liquidity, Ibercaja Banco has a diversified business model, in which 37% of recurrent revenues comes from asset management and bancassurance as well as a loan portfolio stronger and more defensive than the sector: the weight of credit to families is greater than that of its competition (76.2% vs. 63.7%), which gives it a lower expected loss.

In addition, the need for moratoria in this credit portfolio was 63% lower than other comparable financial institutions and its exposure to the business sectors most affected by the pandemic is also 59% lower than its comparable competition.

Ibercaja also wants to position itself as a benchmark in sustainability, reinforcing its commitment to society and the environment. Last January, the Board of Directors approved the Bank's new Sustainability Policy with the aim of integrating environmental, social and good governance (ESG) aspects into its business strategy and thus driving sustainable, inclusive and environmentally-friendly growth.

In this context, at the beginning of the year, Ibercaja created a new Sustainability business area, with the aim of facilitating the integration of ESG aspects across the whole organisation. A new Sustainable Finance department has also been created to align the commercial strategy with the ESG objectives, which have already been implemented by Ibercaja Gestión and Ibercaja Pensión in managing their investments and now exceed 1 billion euros of assets under these criteria. A cross-functional team composed of the Bank's main business areas was also launched to develop this new Sustainability roadmap.

The financial institution is a signatory to the United Nations Responsible Banking Principles, adheres to the recommendations of the Task Force on Climate-Related Financial Disclosures and is aligned with the fulfilment of the United Nations 2030 Agenda Sustainable Development Goals.

IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja

2020 Main Figures

P&L Account

€mm	2019	2020	YoY
Net Interest Income	547,2	533,7	-2,5%
Net Fee Income	394,8	375,0	-5,0%
Recurring revenues	**942,1**	**908,7**	**-3,5%**
Gains/Losses on Financial Assets and Liabilities	7,1	119,2	n/a
of which: Sale of a Portfolio at Amortized Cost		114,6	n/a
Other Operating Income (net)	-22,6	-26,0	15,1%
Gross Operating Income	**926,6**	**1001,8**	**8,1%**
Operating Costs	-600,1	-718,5	19,7%
of which: Recurring Costs	-600,1	-567,5	-5,4%
of wich: 2020 Redundancy Plan		-151,0	n/a
Pre-Provision Profit	**326,5**	**283,3**	**-13,2%**
Total Provisions	-184,5	-225,8	22,4%
of which: Covid-19		-90,1	n/a
Other Gains and Losses	-13,3	-4,0	-69,8%
Profit before Taxes	**128,6**	**53,5**	**-58,4%**
Taxes & Minorities	-44,6	-29,9	-33,1%
Net income	**84,0**	**23,6**	**-71,9%**

Commercial Activity & Balance Sheet

€mm	2019	2020	Var.
Customer Funds	**60.643**	**65.411**	**7,9%**
of which "Core" deposits	32.772	36.165	10,4%
of which Asset Management & Life Insurance	27.870	29.246	4,9%
Gross Lending	**32.563**	**31.590**	**-3,0%**
of which performing loans ex REPO	29.654	28.956	-2,4%
of which doubtful loans	1.293	1.013	-21,7%
Total Assets	**55.422**	**58.401**	**5,4%**

IBERCAJA COMMUNICATION
Pza. Basilio Paraíso, 2 50008 – Zaragoza
976 767629
comunicacion@ibercaja.com
www.ibercaja.com/salaprensa/
@ibercaja