

EL BANCO  
DEL  
Vamo

# IBERCAJA BANCO

## 1H2021 Results

30<sup>th</sup> July 2021

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# KEY HIGHLIGHTS

# KEY HIGHLIGHTS

## STRONG COMMERCIAL DYNAMISM YEAR TO DATE

+2.8%

**Customer funds** increase by 2.8% YTD.

+13.0%

**Stock of mutual funds** increases by 13.0%.

+5.0%

**Performing gross loans ex repos to companies** increase by 5.0%.

## IBERCAJA CONTINUES TO REINFORCE ITS BALANCE SHEET

-9.6%

**NPAs** decrease by 9.6% YTD.

171 bps

**NPL ratio** (2.8%) is 171 bps below the sector\*.

12.7%

**CET1 FL ratio** improves 14 bps in the semester to 12.7%.

## IBERCAJA DOUBLES ITS NET PROFIT

+6.7%

**Pre-provision profit** improves by 6.7% YoY.

-50.9%

**Total provisions** decline by 50.9% YoY.

94.1 €m

**Net profit** grows by 121% YoY and stands at €94.1m.

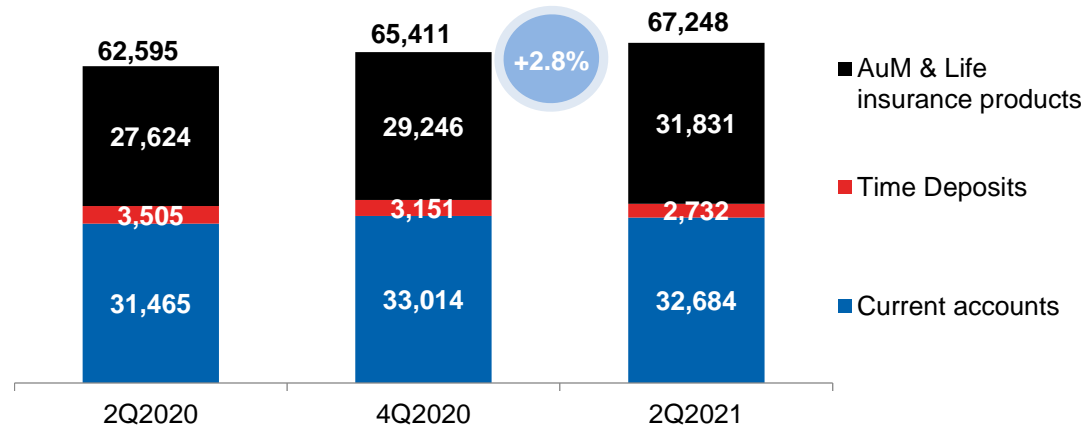


# COMMERCIAL ACTIVITY

# CUSTOMER FUNDS

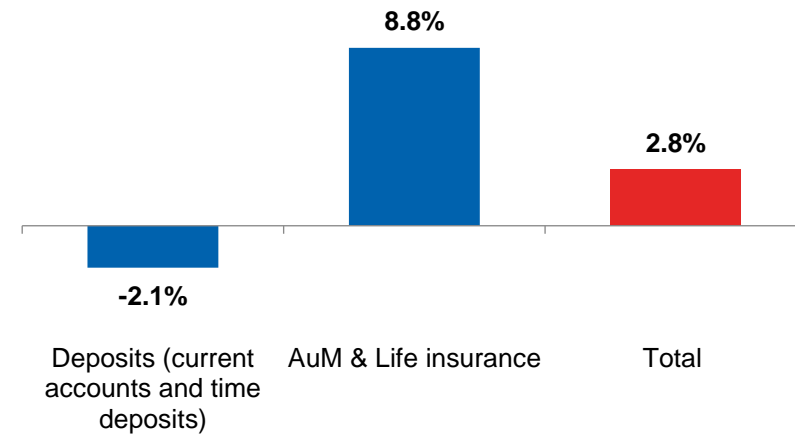
Customer funds

€m



Customer funds YTD evolution

%



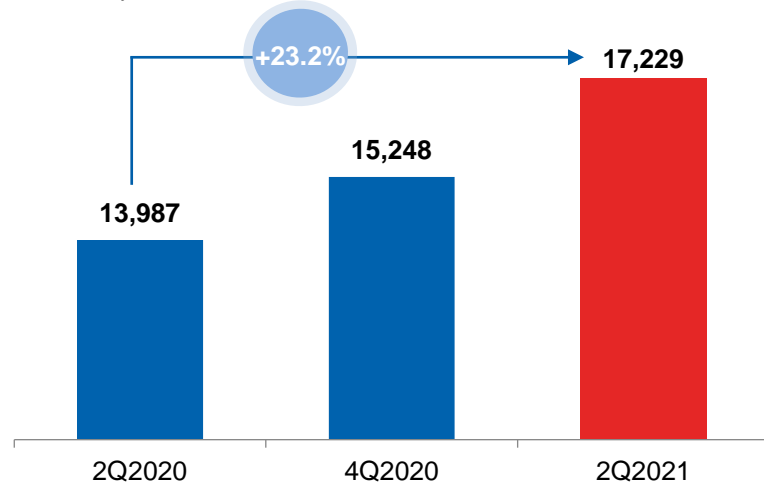
**Customer funds increase by 2.8% or €1,837m vs. 4Q2020. YoY growth amounts to €4,653m or 7.4%.**

- ▶ The **diversification of customer funds towards AuM and life insurance** leads to a reduction of **€749m** or **2.1% YoY** in customer deposits.
- ▶ **AuM and life insurance products** grew by **8.8%** or **€2,586m** in the first half of the year. AuM and life insurance products represent **47.3%** of total customer funds reaching all-time highs thanks to strong inflows and positive performance of financial markets.

# MUTUAL FUNDS

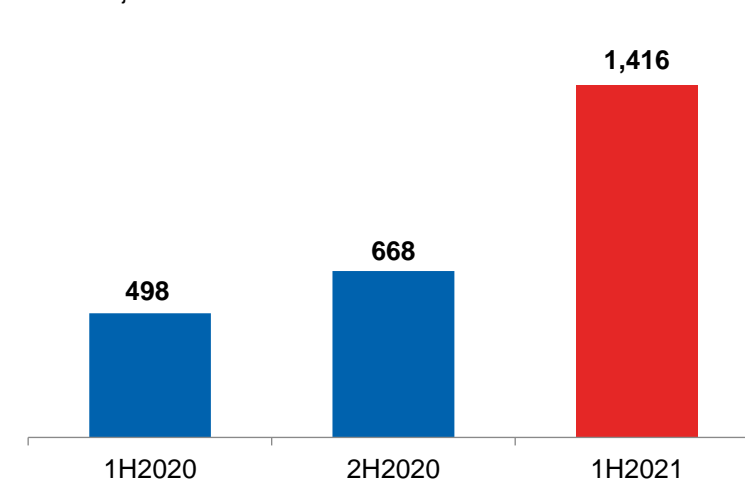
## Stock of mutual funds

€m - Ibercaja Gestión



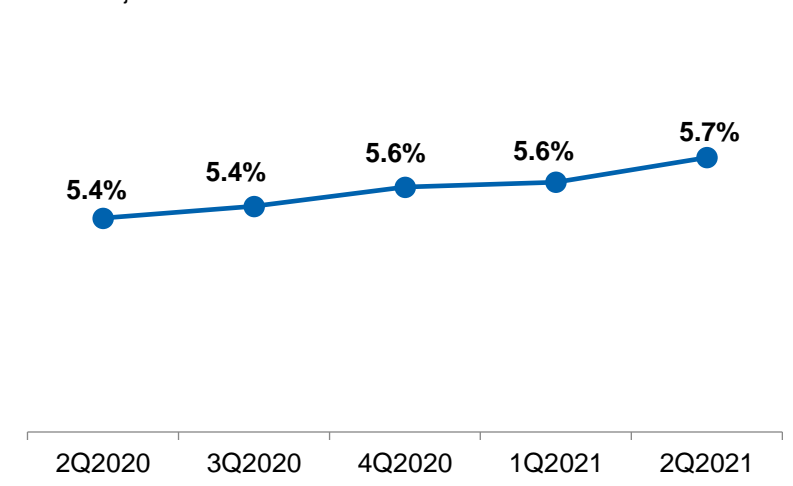
## Net new money inflows

€m - Ibercaja Gestión



## Mutual funds market share

% - Ibercaja Gestión



The stock of mutual funds grows €1,981m or 13.0% in the first half of the year and exceeds €17,220m. YoY, the growth amounts to €3,242m or +23.2%.

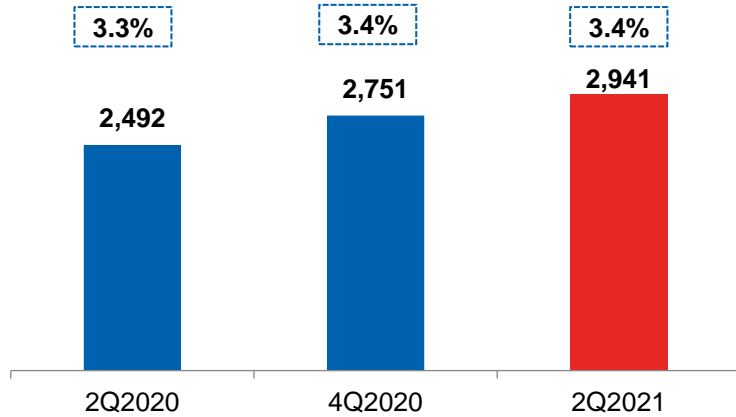
- ▶ Net new money inflows in the first half of the year amount to €1,416m (2.8x the volume recorded in 1H2020), representing 9.9% of mutual funds net inflows in Spain.
- ▶ Market share increases 19 bps in the year to 5.75% (+39 bps vs. 2Q2020).



# PENSION PLANS AND RISK INSURANCE

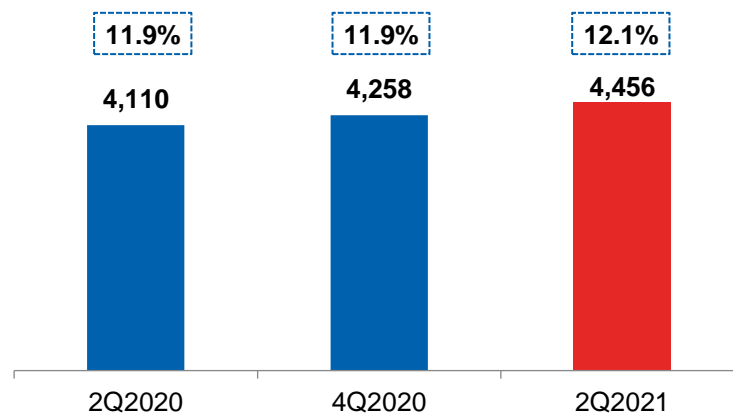
## Individual pension plans

€m and % - Inverco



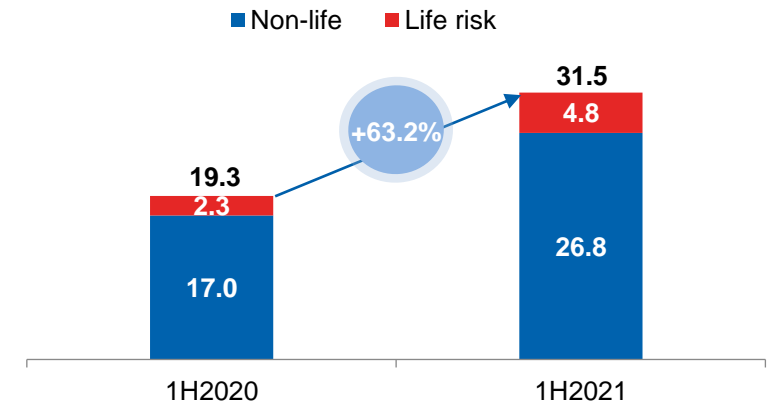
## Employment pension plans

€m and % - Inverco



## New production of risk insurance premiums

€m



### Solid evolution in pension plans and new production of risk insurance premiums.

- ▶ Stock of **individual pension plans** grows by **6.9% vs. 4Q2020** or €190m, representing an increase of **6 bps** in Ibercaja's market share. In **employment pension plans**, Ibercaja grows by **4.7%** or €199m, increasing its market share by **12 bps**.
- ▶ **New production of risk insurance premiums** in the first half year increases by **63.2% YoY (57.4% in non-life and 106.2% in life risk)**.

# CUSTOMER LOANS

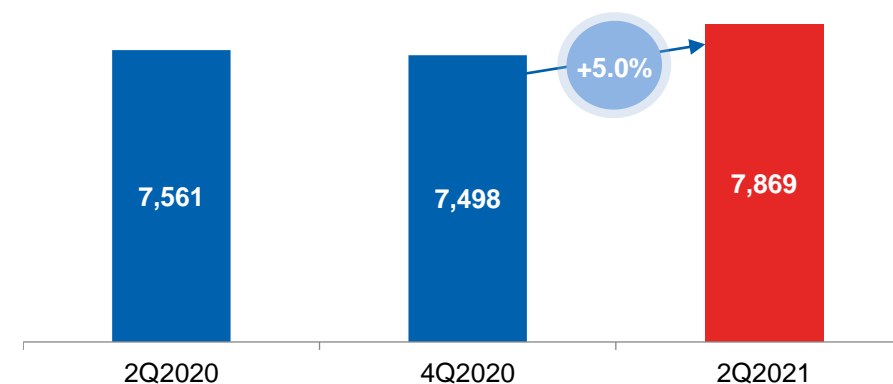
## Customer Loans

€m

	2Q2020	4Q2020	2Q2021	YoY	YTD
<b>Loans to individuals</b>	<b>20,710</b>	<b>20,383</b>	<b>19,932</b>	<b>-3.8%</b>	<b>-2.2%</b>
Mortgages	18,659	18,615	18,206	-2.4%	-2.2%
Consumer and Others	2,051	1,768	1,726	-15.8%	-2.4%
<b>Loans to companies</b>	<b>7,561</b>	<b>7,498</b>	<b>7,869</b>	<b>4.1%</b>	<b>5.0%</b>
Non-Real Estate Companies	6,529	6,557	6,857	5.0%	4.6%
Real Estate Companies	1,032	941	1,012	-1.9%	7.6%
<b>Public sector and Others</b>	<b>1,441</b>	<b>1,075</b>	<b>1,260</b>	<b>-12.6%</b>	<b>17.1%</b>
<b>Performing Gross Loans ex Repos</b>	<b>29,712</b>	<b>28,956</b>	<b>29,060</b>	<b>-2.2%</b>	<b>0.4%</b>
Repos	1,617	1,621	1,615	-0.1%	-0.4%
Doubtful Loans	1,213	1,013	896	-26.1%	-11.6%
<b>Total Gross Loans</b>	<b>32,541</b>	<b>31,590</b>	<b>31,571</b>	<b>-3.0%</b>	<b>-0.1%</b>

## Performing loans to companies

€M



**Performing gross loans ex repos increase by 0.4% YTD.**

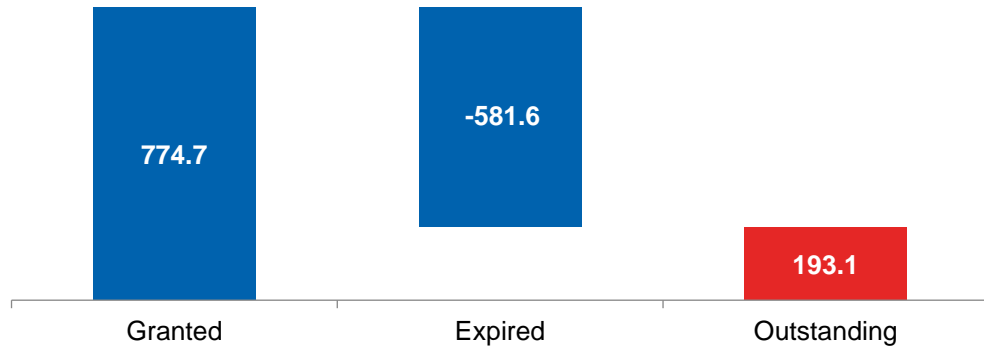
**Loans to companies grow by 5.0% or €372m YTD.**

- Ibercaja increases its **market share in loans to companies** by **9 bps\*** in the first half of the year..

# MORATORIA AND ICO GUARANTEED LENDING

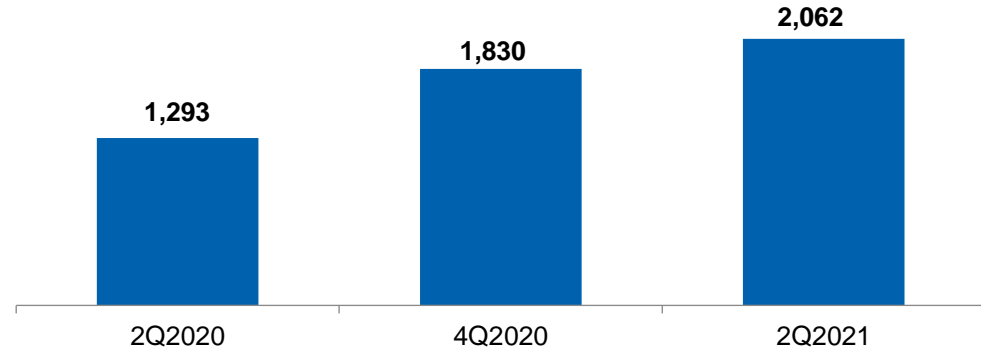
## Moratoria granted vs outstanding as of 1H2021

€m - June 2021



## Accumulated evolution of ICO lending

€m



**Outstanding moratoria amounts to €193.1m and represents 0.6% of gross lending as of 1H2021.**

- ▶ **Outstanding moratoria in mortgages amounts to €179.8m, representing 0,9% of mortgage lending.**
- ▶ **75% of moratoria granted has expired with no significant impact in asset quality: only 3.6% of expired moratoria has been classified as doubtful.**

**Ibercaja has granted €2,062m in loans with ICO guarantee.**

- ▶ **81% has been granted to SMEs and self-employed.**
- ▶ **ICO financing drawn (€1,656m) remains stable in the quarter.**
- ▶ **Only 37.3% of the ICO granted has requested term extension.**

# DIGITALISATION

**Ibercaja App and Ibercaja Pay users grow by 23.1% and 98.3% YoY, respectively.**

The total number of **digital customers** grew by **7.7% YoY** to over **865,000**.

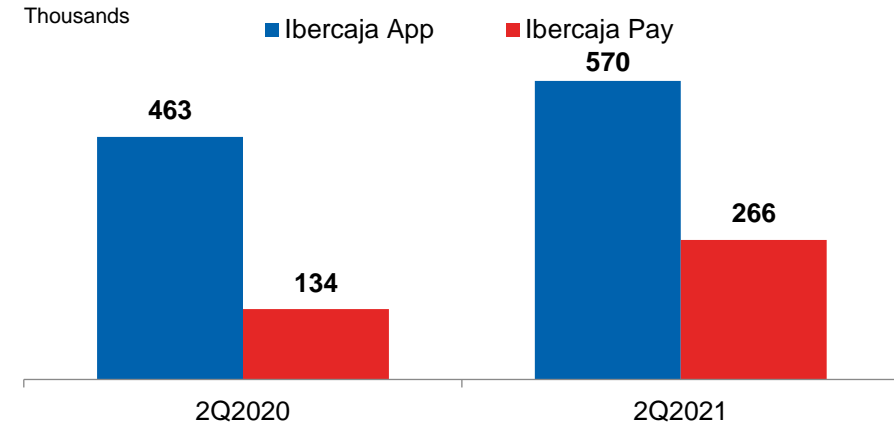
**56.4% of clients used the Bank's digital assets in the last quarter.**

**Digital transactions represent 74.7% of total transactions.**

**The consumer pension project developed by Ibercaja and the fintech Pensumo (linking retirement savings with daily consumption) has been selected by Sandbox Financiero.**

- ▶ This project is one of the 18 selected projects (out of a total of 67 initiatives submitted). **Only 4 projects are led by financial institutions.**
- ▶ The project is another step in **Ibercaja's commitment to promoting long-term savings** and consolidates Ibercaja's position as a **leading and innovative Entity** in the management of customer resources.

## Ibercaja App & Ibercaja Pay users



## Ibercaja & Pensumo

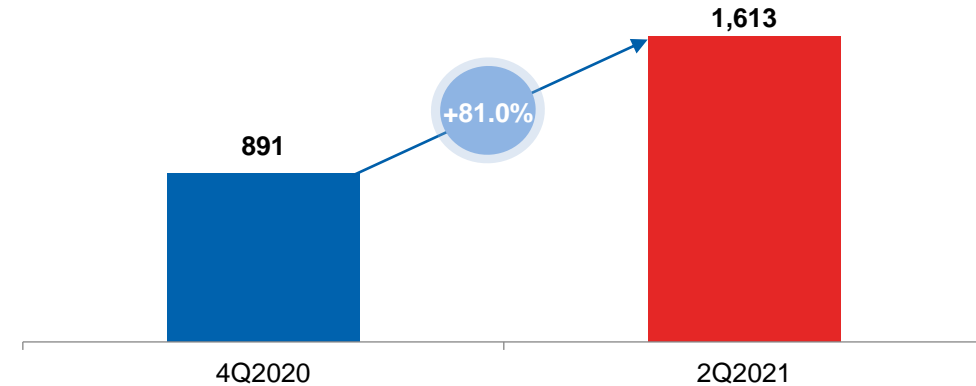


# SUSTAINABILITY



## Sustainable Investment funds and pension plans

Thousands



Ibercaja is one of the founding entities of the Net Zero Banking Alliance, an initiative promoted by the United Nations that reflects the commitment of the financial sector to achieve net zero emissions from lending and investment portfolios by 2050.

During the semester Ibercaja has accelerated the launch of sustainable financing products and services:

- ▶ **Loans to finance household energy efficiency:** Building +Sustainable and Housing +Sustainable...
- ▶ **Loans to finance the transformation of the business sector:** Investment + Sustainable Loans, Sustainable Crops Leasing, Renewable Energy Leasing...

Ibercaja continues to increase the weight of sustainable investment funds and pension plans within the Financial Group's product portfolio.

- ▶ The balance of **sustainable investment funds and pension plans** increases by **81%** in the first half of the year.



# RESULTS

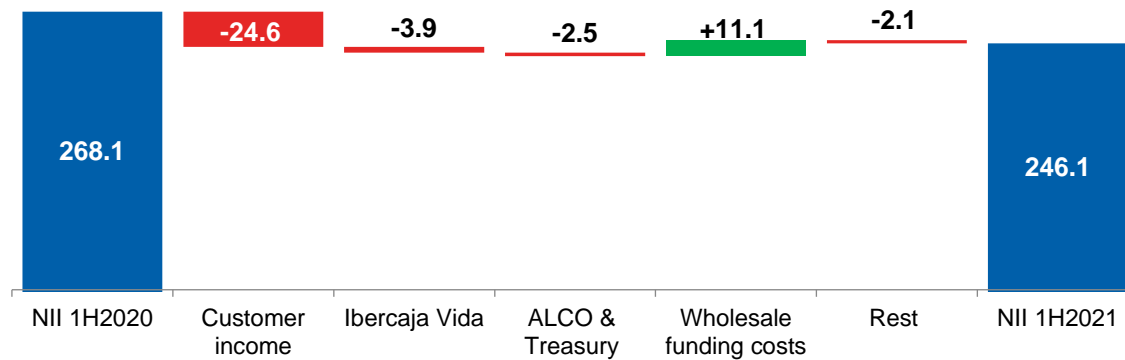
## P&amp;L

	€m		
	1H2020	1H2021	YoY.
Net Interest Income	268.1	246.1	-8.2%
Net Fee Income	182.0	202.9	11.5%
<b>Recurring Revenues</b>	<b>450.2</b>	<b>449.0</b>	<b>-0.2%</b>
Gains/Losses on Financial Assets and Liabilities	2.1	35.6	n/a
Other Operating Income (Net)	9.8	2.0	-79.9%
<b>Gross Operating Income</b>	<b>462.1</b>	<b>486.6</b>	<b>5.3%</b>
Operating Costs	-282.2	-294.6	4.4%
<b>Pre-Provision Profit</b>	<b>179.8</b>	<b>192.0</b>	<b>6.7%</b>
Total Provisions	-113.5	-55.8	-50.9%
of which: COVID-19	-70.1		
Other Gains and Losses	-1.4	-1.4	-0.4%
<b>Profit before Taxes</b>	<b>64.9</b>	<b>134.8</b>	<b>107.6%</b>
Taxes	-22.3	-40.7	82.4%
<b>Net Income</b>	<b>42.6</b>	<b>94.1</b>	<b>120.8%</b>

# RECURRING REVENUES (1/2)

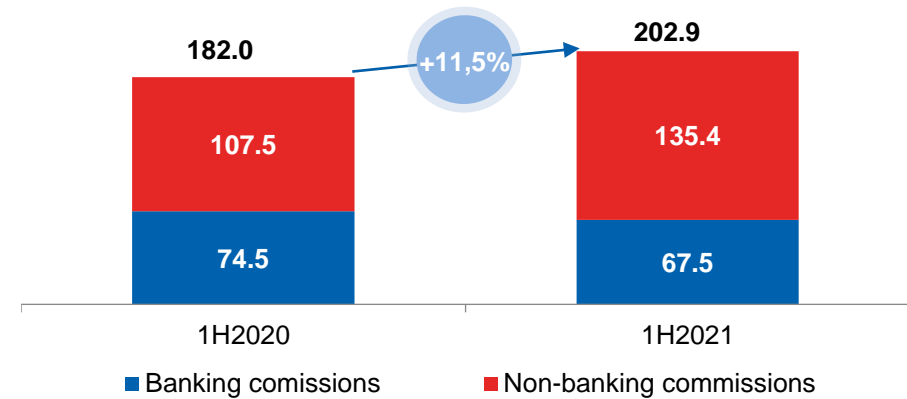
## Net interest income breakdown

€m



## Net fee income

€m



**Net interest income drops by 8.2% or €22.0m YoY in the first half of the year. However, it increased by 0.6% QoQ.**

- ▶ Repricing of the mortgage portfolio at Euribor historic lows has been completed in 1H2021.

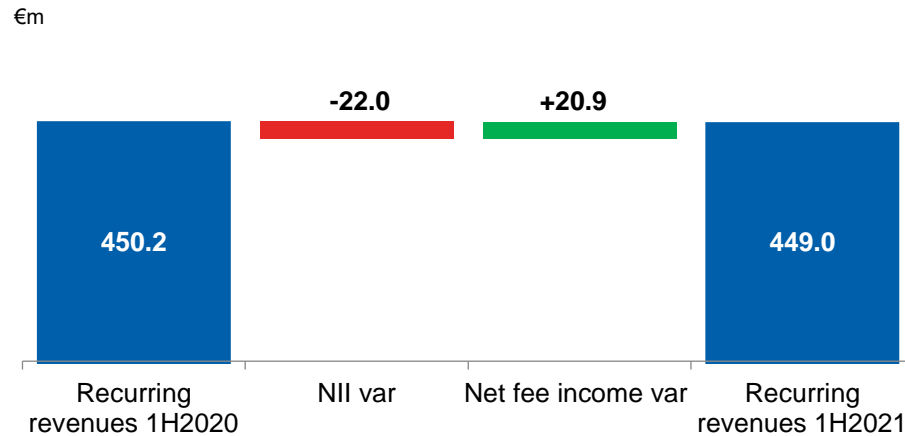
**Net fee income increases by 11.5% YoY or €20.9m and by 7.3% QoQ.**

- ▶ Non-banking commissions grow €27.9m or 25.9% YoY. In the second quarter, non-banking commissions exceed €70m (+7.3% QoQ and +36.3% YoY).

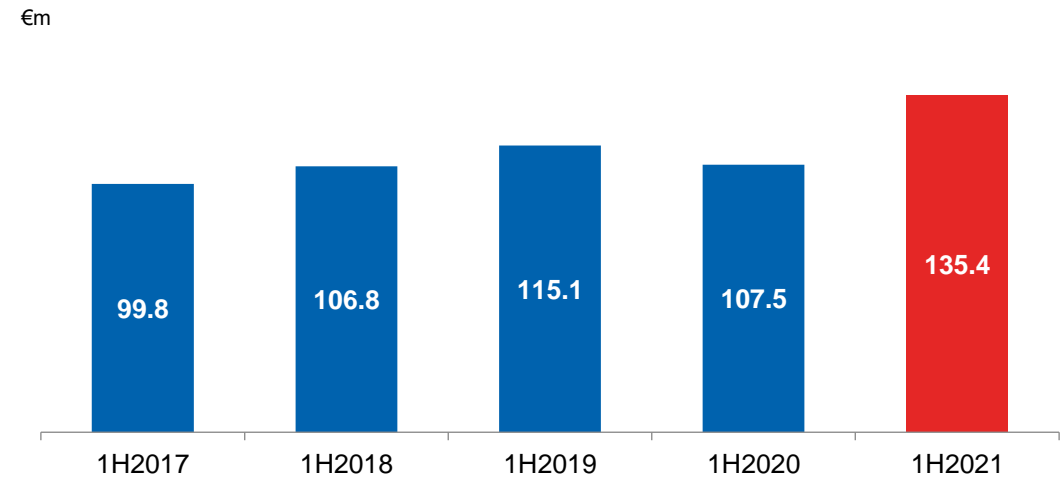


# RECURRING REVENUES (2/2)

Recurring revenues variation



Non-banking commissions evolution



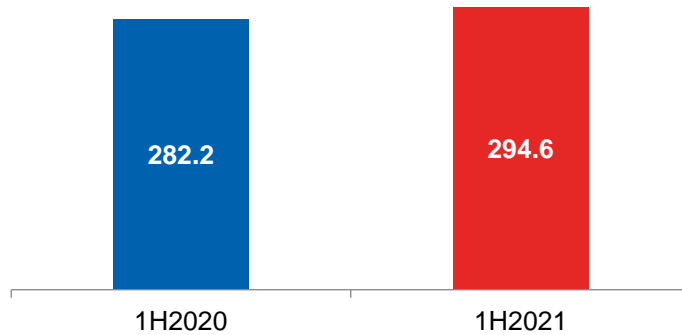
Recurring revenues remain-broadly stable YoY (-0.2%), in line with the target for the year.

Ibercaja Banco's differential positioning in asset management and bancassurance allows non-banking commissions to reach all-time highs in the half year and compensate for the fall in interest margin.

# OPERATING COSTS AND PRE-PROVISION PROFIT

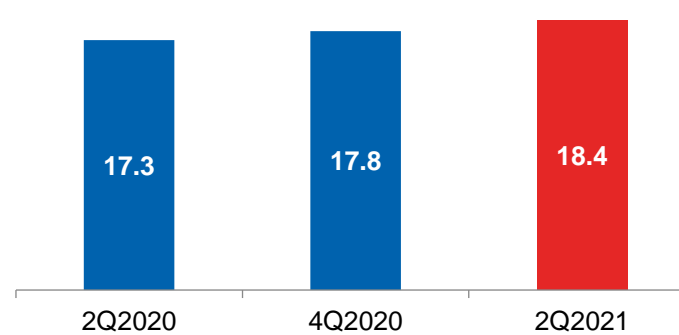
## Operating costs

€m



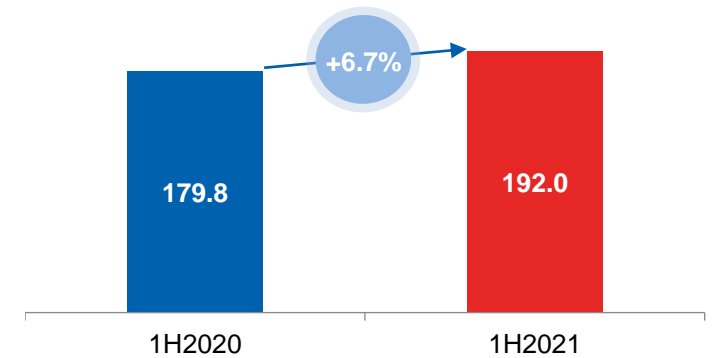
## Business volume per employee

€m



## Pre-provision profit

€m



### Total operating costs increase by 4.4% YoY.

- As of July 1, **242 exits out of the 750 approved in the Redundancy Plan have taken place**, with personnel cost savings expected to materialise in the coming quarters. Total estimated cost of the plan was already booked in 2020.

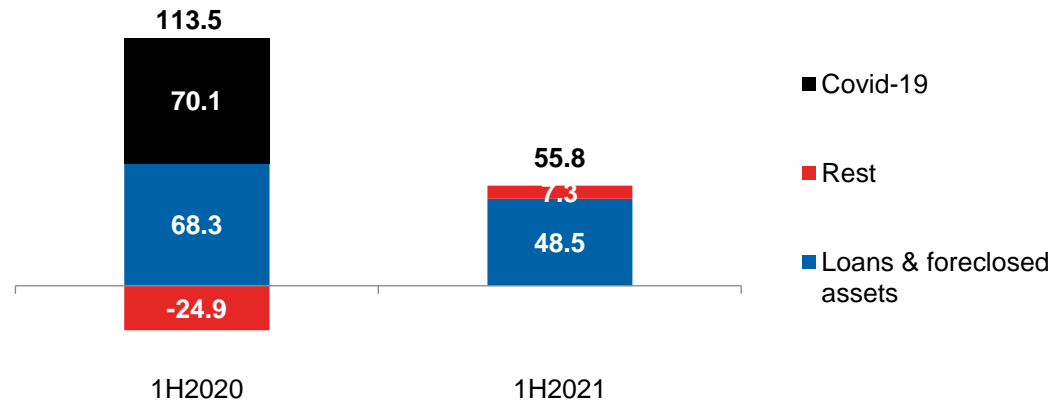
### Business volume per employee grows by 6.9% YoY to €18.4m.

### Pre-provision profit grows by 6.7% YoY or €12.1m due to the increase in gross margin (+5.3% YoY).

# PROVISIONS

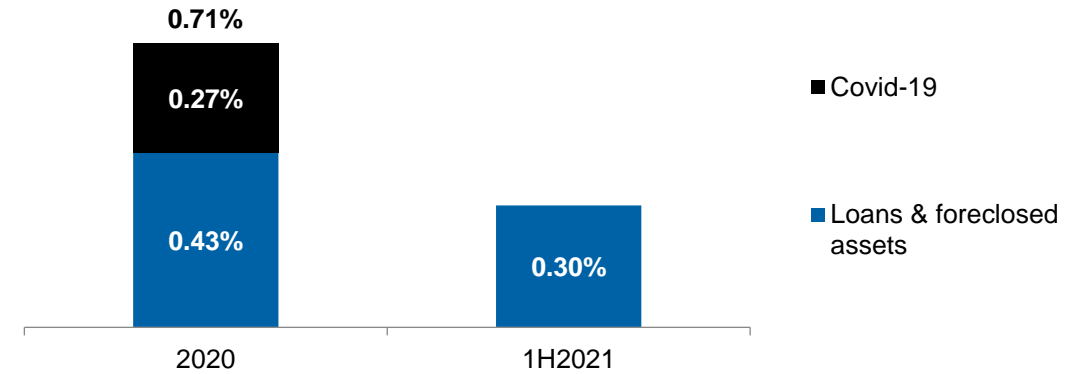
## Total provisions

€m



## Cost of risk

€m



**Total provisions fall by 50.9% YoY or €57.7m.**

**Loans & foreclosed assets provisions (ex Covid provisions) decrease by 29.0% YoY or €19.8m.**

- ▶ **Cost of risk** stands at **30 bps** in 1H2021 (vs. **71 bps** in 2020).
- ▶ Credit and real estate provisions amount to **€14.7m** in 2Q2021, **57% lower than in 1Q2021**.

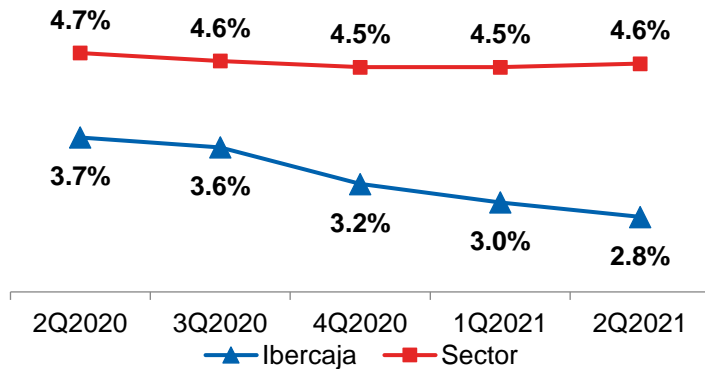
# IV

## ASSET QUALITY, LIQUIDITY AND SOLVENCY

# ASSET QUALITY (1/2)

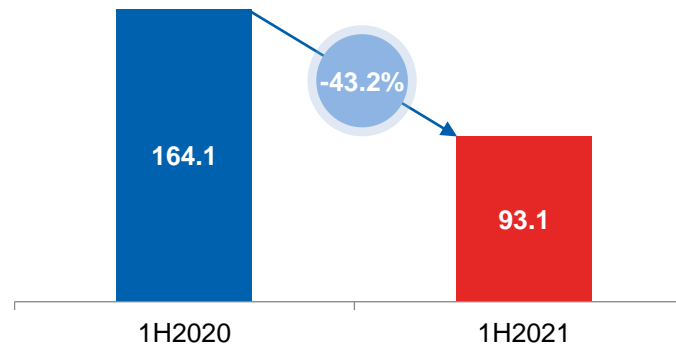
## NPL ratio

% - Sector: credit institutions as of May 2021



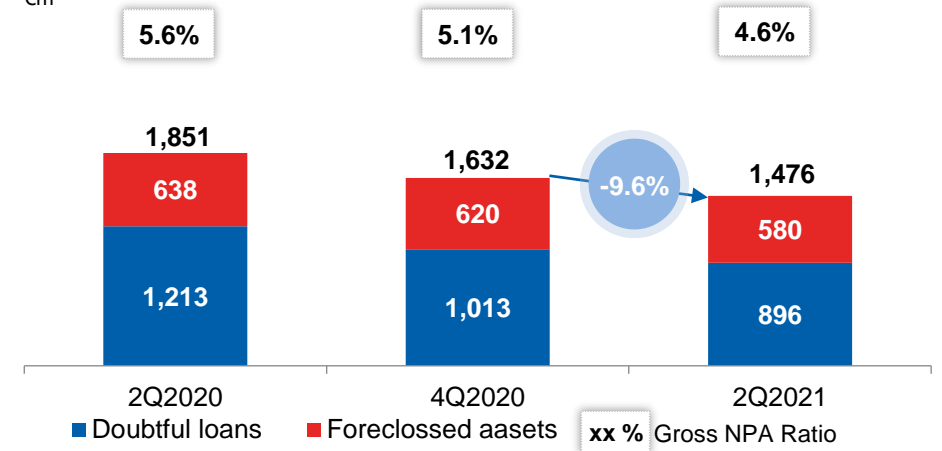
## NPL entries

€m



## Gross NPAs

€m



**Doubtful loans decrease by 11.6% or €117m in 1H2021 (-26.1% and -€317m YoY), with Ibercaja clearly outperforming the sector :**

- ▶ **NPL ratio** falls 37 bps to **2.8%** and **Ibercaja improves its positive gap vs. sector to 171 bps\*** (vs. 130 bps in 4Q2020 and 94 bps in 2Q2020).
- ▶ **NPL entries in the semester drop by 43.2% YoY.**

**Gross NPAs falls by 9.6% in 1H2021 or €156 million and NPA ratio drops by 48 bps to 4.6%. Since 2Q2020, NPAs have fallen €375m or 20.2%.**

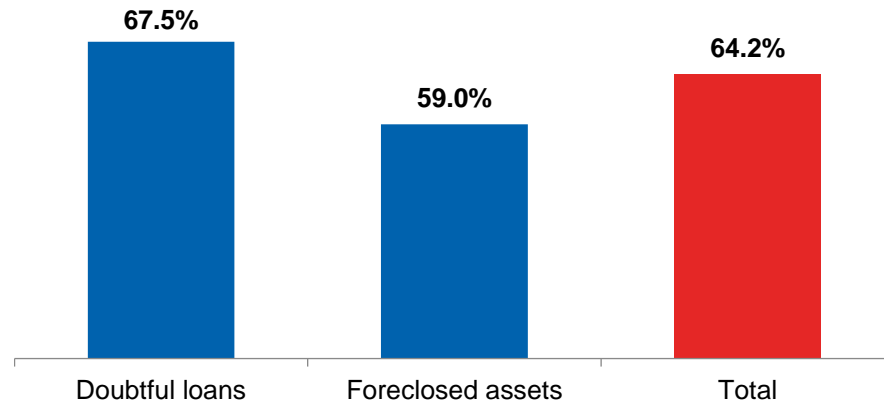
- ▶ **Sales of foreclosed assets** in 1H2021, (**€87.4m**), quadruple those recorded in 1H2020.

\* NPL Ratio of the comparable to May 2021

# ASSET QUALITY (2/2)

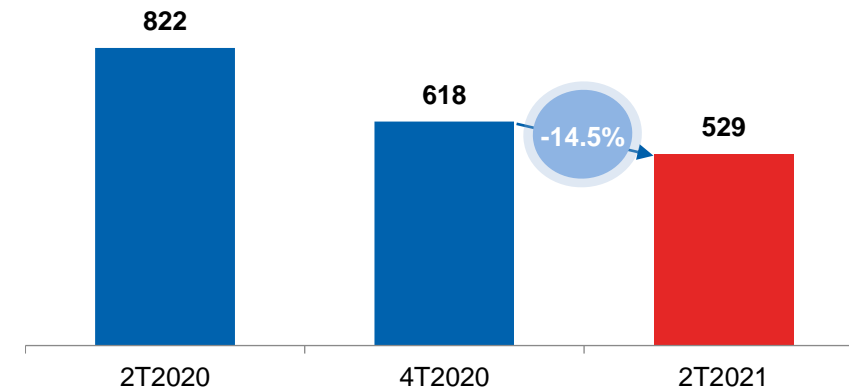
## Coverage ratio

% - 2Q2021



## Net NPAs

€m

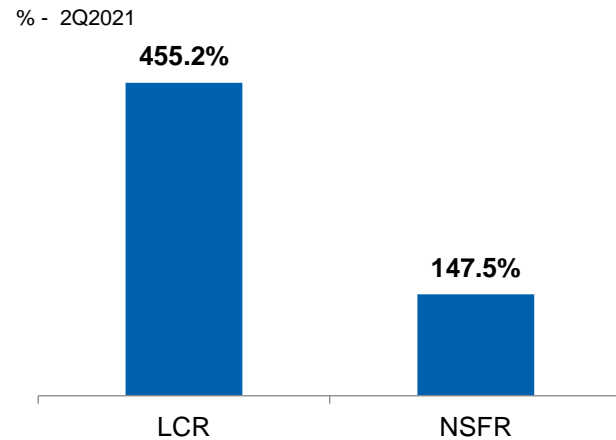


**NPA coverage ratio stands at 64.2%, representing a 204 bps increase since 2020.**

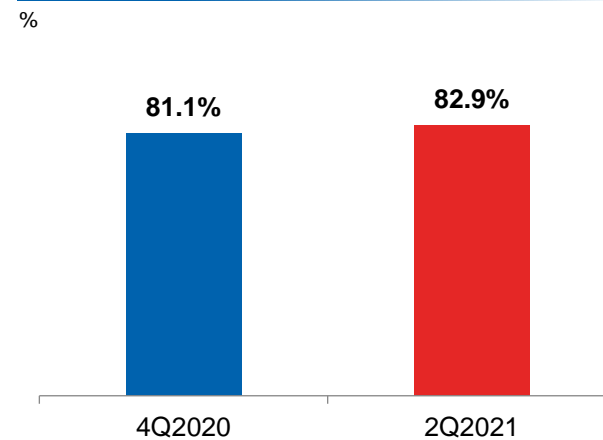
**Net NPAs have fallen €89.3m or 14.5% in the first half of the year (-35.7% YoY).**

# LIQUIDITY AND FUNDING PROFILE

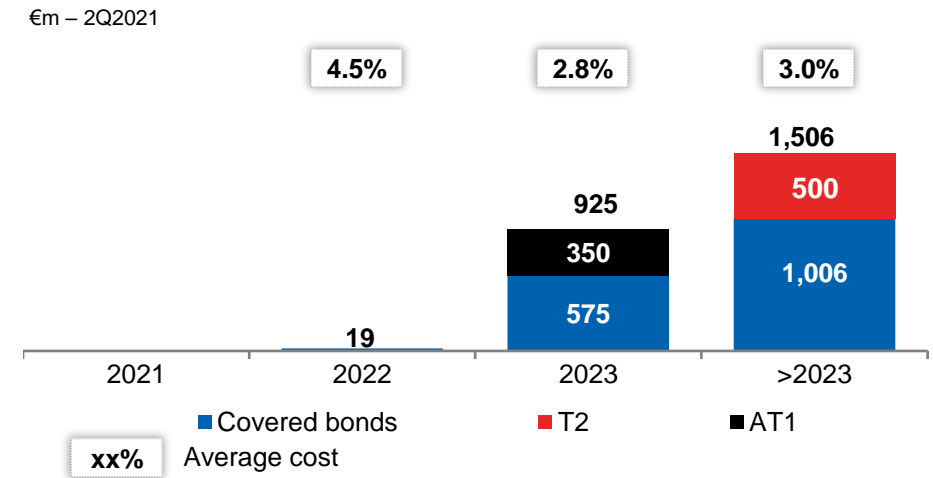
## LCR and NSFR ratios



## LTD ratio



## Maturity profile

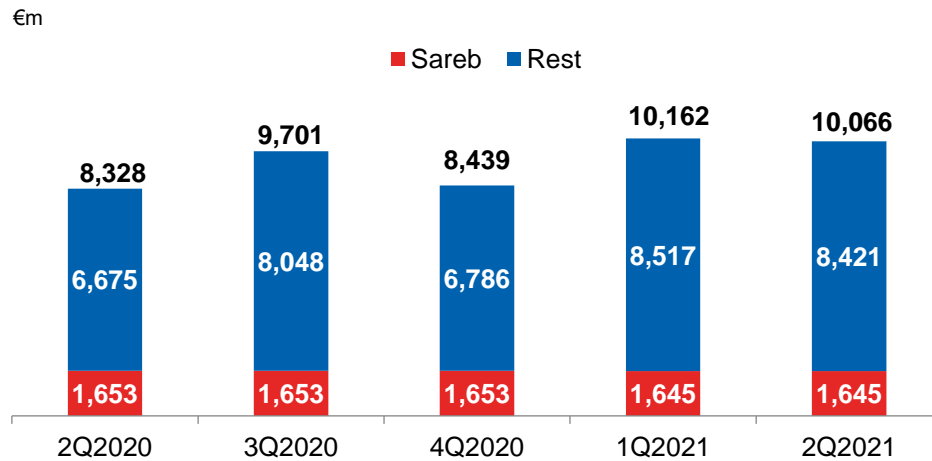


Ibercaja maintains a sound liquidity position and shows a strong funding profile.

- ▶ LCR and NSFR ratios stand at 455.2% and 147.5%, respectively.
- ▶ Drop in deposits leads to an increase in the LTD ratio to 82.9%.
- ▶ No relevant maturities in the next 18 months.

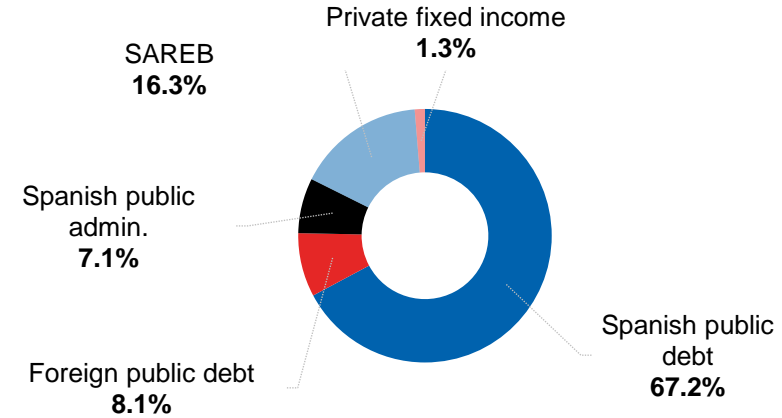
# ALCO PORTFOLIO

## ALCO portfolio



## ALCO portfolio breakdown

% - 2Q2021



Ibercaja has maintained a stable ALCO<sup>1</sup> portfolio in the quarter (-0.9% vs. 1Q2021).

- ▶ The portfolio is mainly composed of Spanish sovereign debt.
- ▶ Average duration of 5.6 years<sup>2</sup>.
- ▶ Average yield of 0.35% (0.42% ex SAREB).
- ▶ 95% of the portfolio is classified at amortised cost.

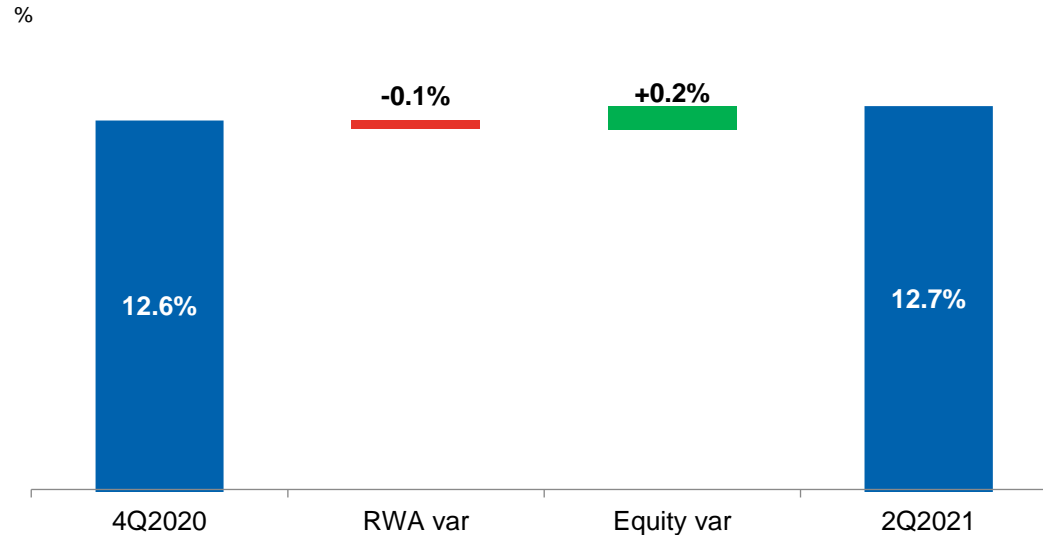
<sup>1</sup> Excludes insurance activity portfolio.

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

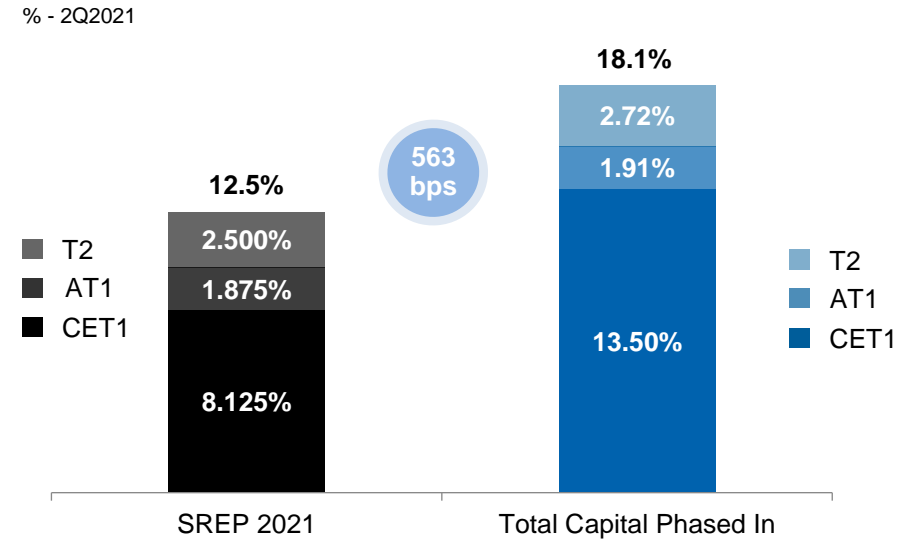


# SOLVENCY

**CET1 Fully Loaded**



**SREP Requirement 2021 vs. Total Capital ratio**



**CET1 Fully Loaded ratio increased by 14 bps in 1H2021 to 12.7% and Total Fully Loaded Capital ratio reached 17.4%.**

**In Phased In terms, CET1 ratio stands at 13.5% and Total Capital ratio at 18.1%.**

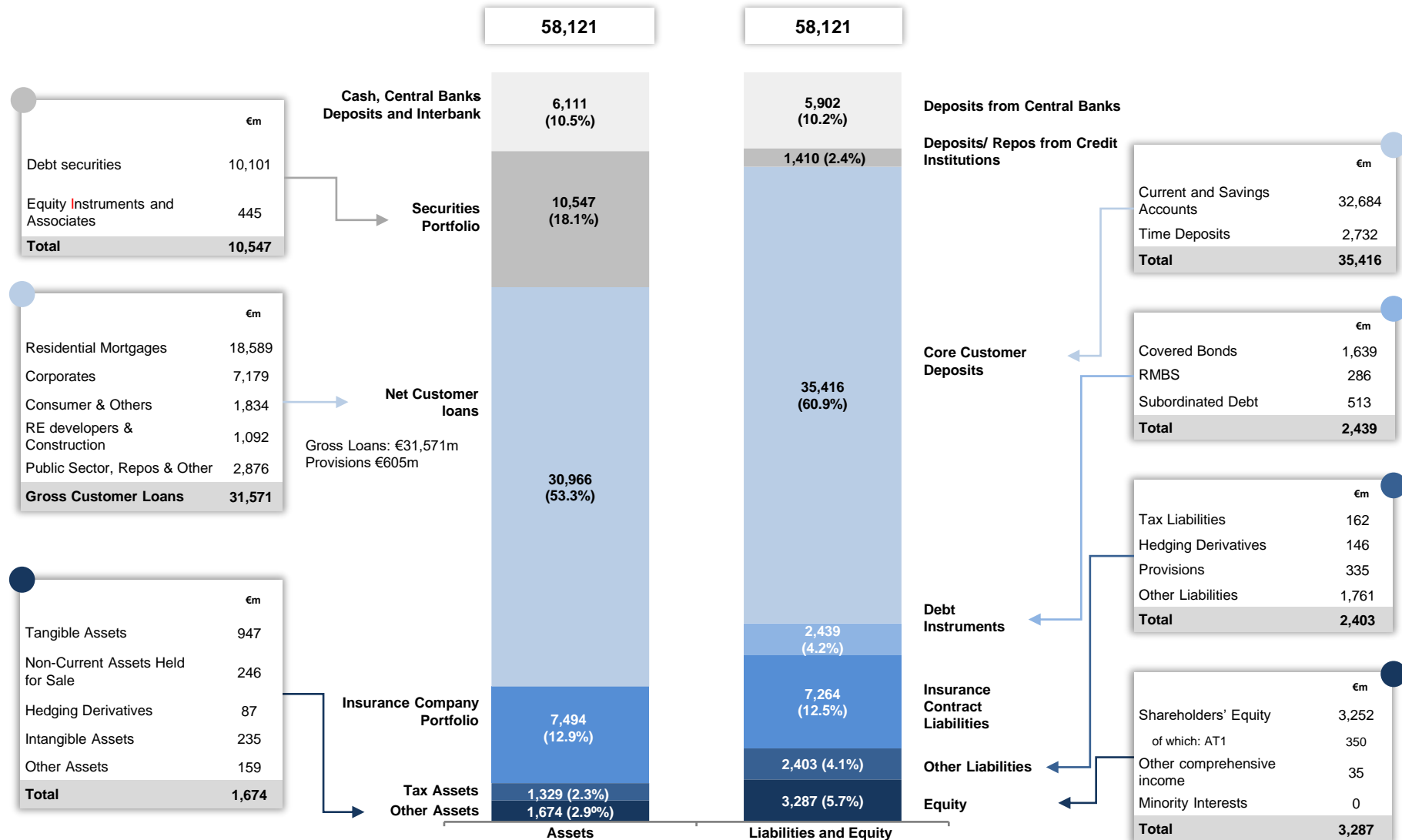
- ▶ Capital ratios are calculated using the **standard approach** for 100% of portfolios.
- ▶ Total capital ratio **exceeds capital requirements by more than 560 bps.**

V

ANNEX

# CONSOLIDATED BALANCE SHEET

€m - 30/06/2021



# 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



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THANK YOU

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DEL *vamos*

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[www.ibercaja.com](http://www.ibercaja.com)  
[investors@ibercaja.es](mailto:investors@ibercaja.es)