

iberCaja

IBERCAJA BANCO

1H2021 Results

30th July 2021

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EL BANCO DEL vamos

I KEY HIGHLIGHTS

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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.

* NPL credit institutions to May 2021

EL BANCO DEL Vamos

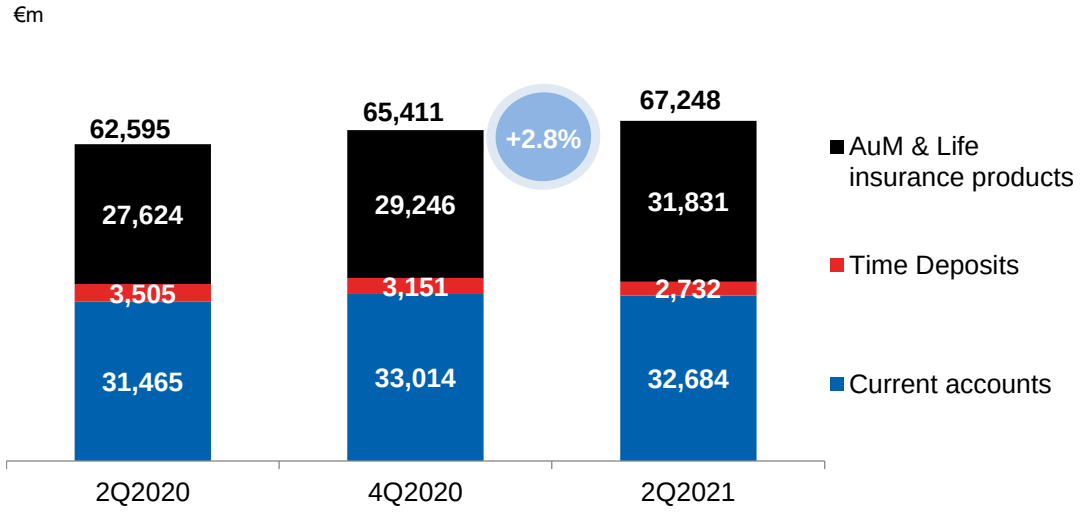
II

COMMERCIAL ACTIVITY

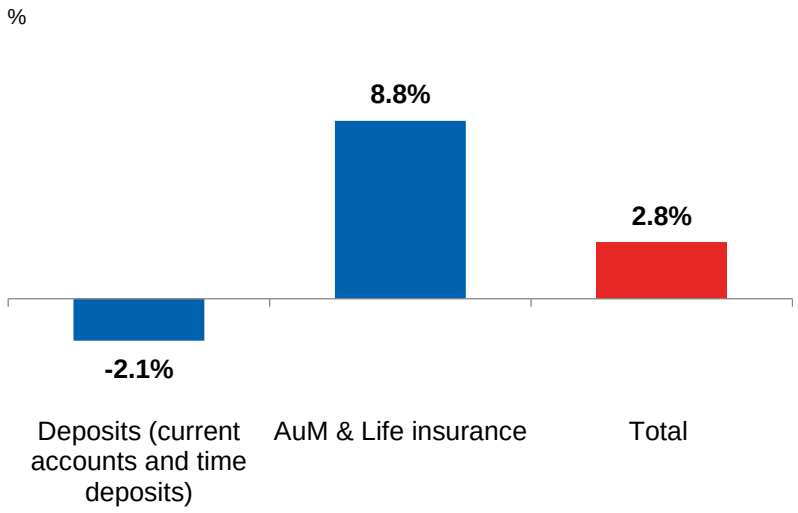
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CUSTOMER FUNDS

Customer funds



Customer funds YTD evolution



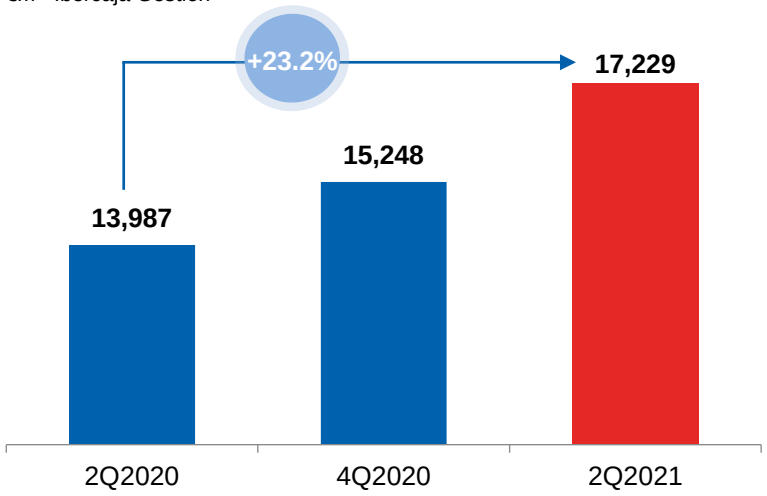
Customer funds increase by 2.8% or €1,837m vs. 4Q2020. YoY growth amounts to €4,653m or 7.4%.

- 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

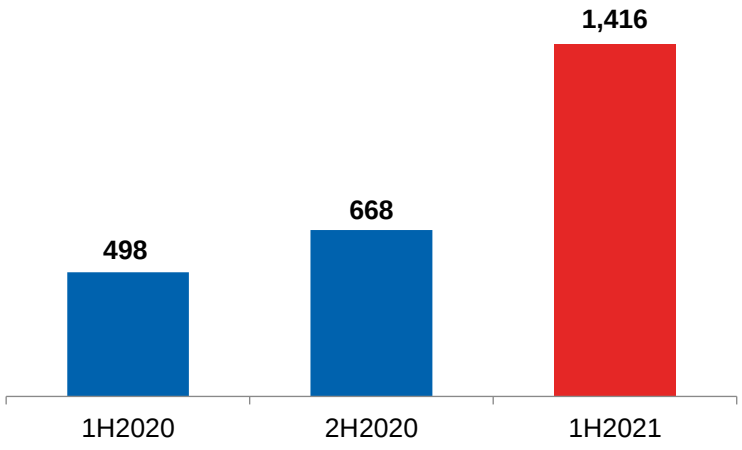
Stock of mutual funds

€m - Ibercaja Gestión



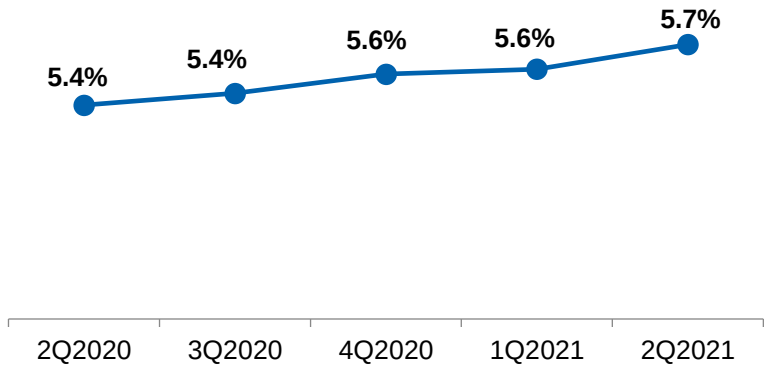
Net new money inflows

€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%.

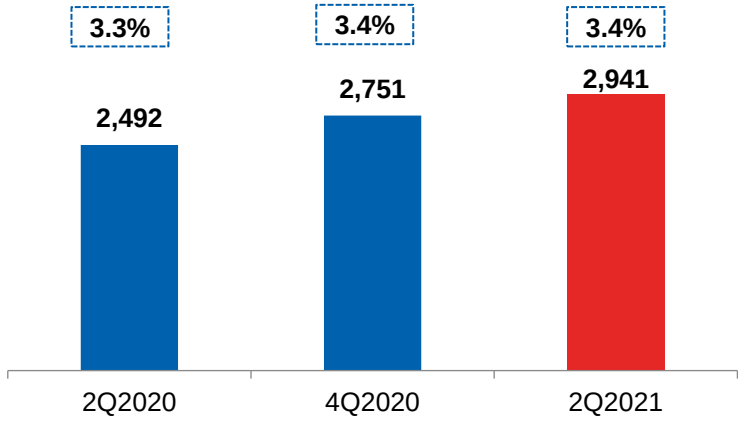
- **Net new money inflows in the first half of the year amount to €1,416m** (2.8x the volume recorded in 1H2020), **representing 9.9% of mutual funds net inflows in Spain.**
- Market share increases **19 bps** in the year to **5.75%** (+39 bps vs. 2Q2020).

Source: Inverco. Note: Inverco has homogenized the criteria for excluding the assets of funds that invest in the manager's own funds (funds of funds). This change caused a decrease in the overall assets of the system and a readjustment of quotas that raises the participation of Ibercaja Gestión at the end of December 2020 to 5.56%.

PENSION PLANS AND RISK INSURANCE

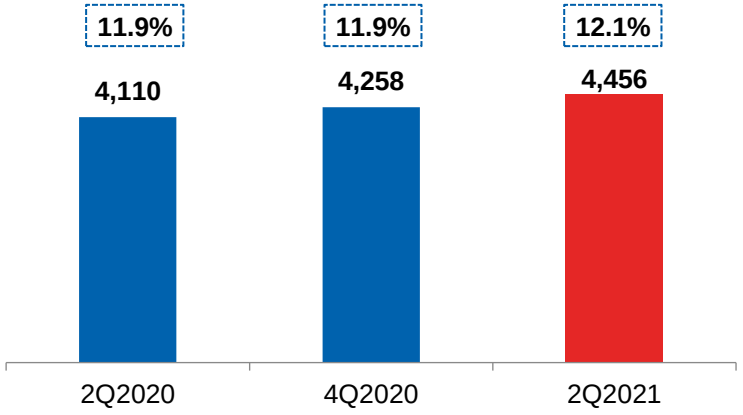
Individual pension plans

€m and % - Inverco



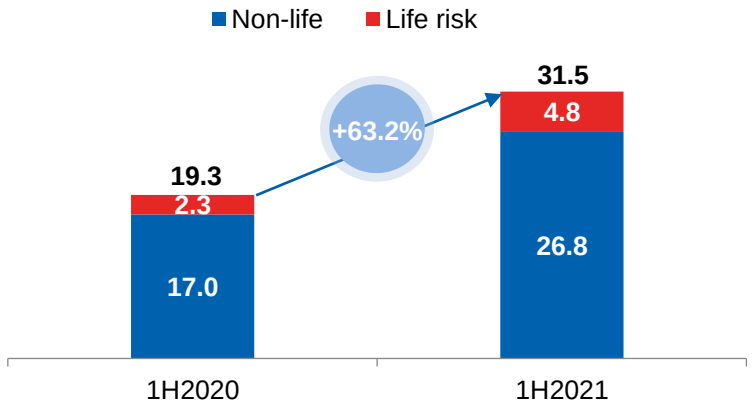
Employment pension plans

€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).**

xx% Market share according to Inverco

CUSTOMER LOANS

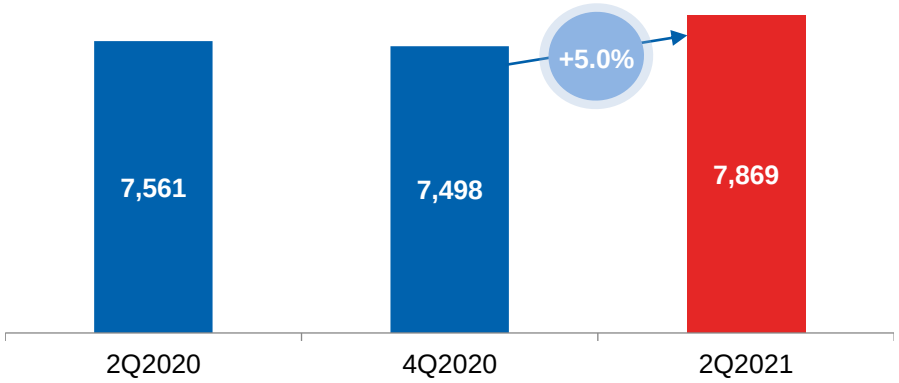
Customer Loans

€m

	2Q2020	4Q2020	2Q2021	YoY	YTD
Loans to individuals	**20,710**	**20,383**	**19,932**	**-3.8%**	**-2.2%**
Mortgages	18,659	18,615	18,206	-2.4%	-2.2%
Consumer and Others	2,051	1,768	1,726	-15.8%	-2.4%
Loans to companies	**7,561**	**7,498**	**7,869**	**4.1%**	**5.0%**
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%
Public sector and Others	**1,441**	**1,075**	**1,260**	**-12.6%**	**17.1%**
Performing Gross Loans ex Repos	**29,712**	**28,956**	**29,060**	**-2.2%**	**0.4%**
Repos	1,617	1,621	1,615	-0.1%	-0.4%
Doubtful Loans	1,213	1,013	896	-26.1%	-11.6%
Total Gross Loans	**32,541**	**31,590**	**31,571**	-3.0%	**-0.1%**

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**..

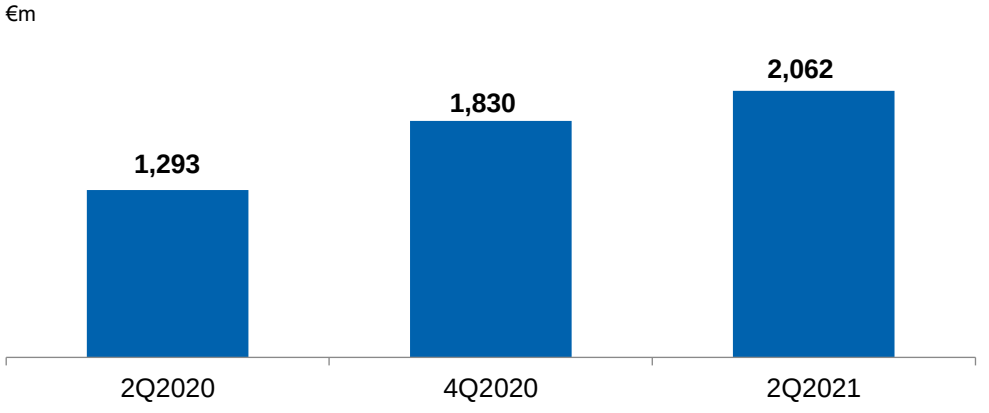
* Bank of Spain as of June 2021.

MORATORIA AND ICO GUARANTEED LENDING

Moratoria granted vs outstanding as of 1H2021



Accumulated evolution of ICO lending



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**.

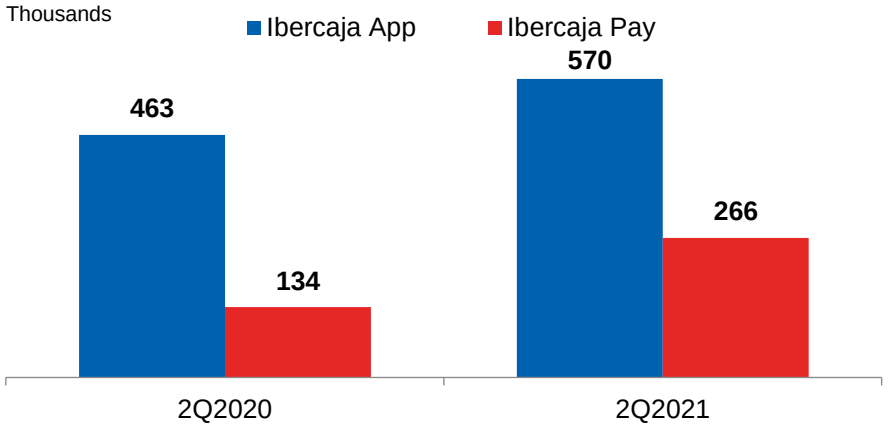
56.4% of clients used the Bank's digital assets in the last quarter.

Digital transactions represent 74.7% of total transactions.

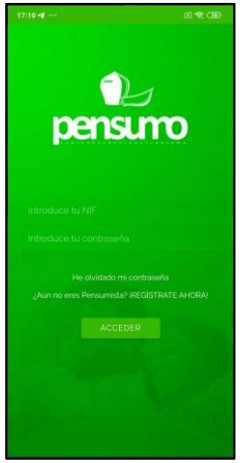
The consumer pension project developed by Ibercaja and the fintech Pensumo (linking retirement savings with daily consumption) has been selected by Sandbox Financiero.

- 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 l**eading and innovative Entity** in the management of customer resources.

Ibercaja App & Ibercaja Pay users



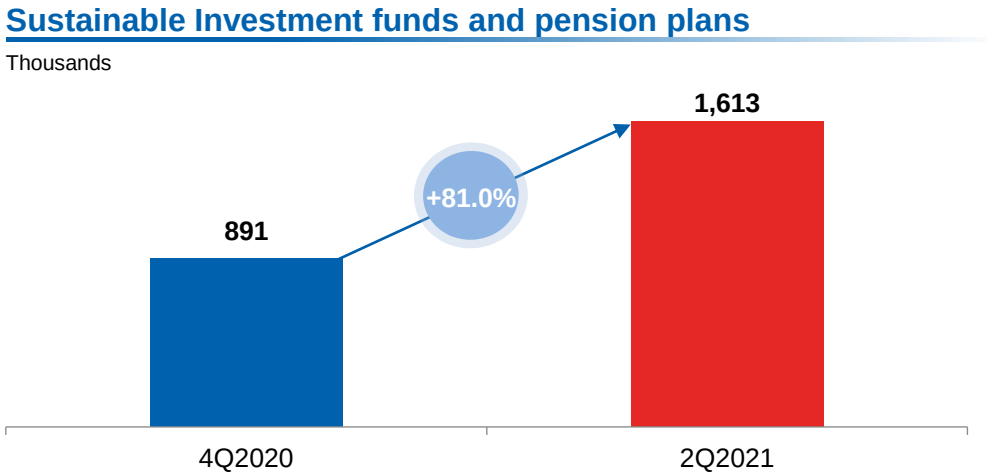
Ibercaja & Pensumo





SUSTAINABILITY





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.

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III

RESULTS

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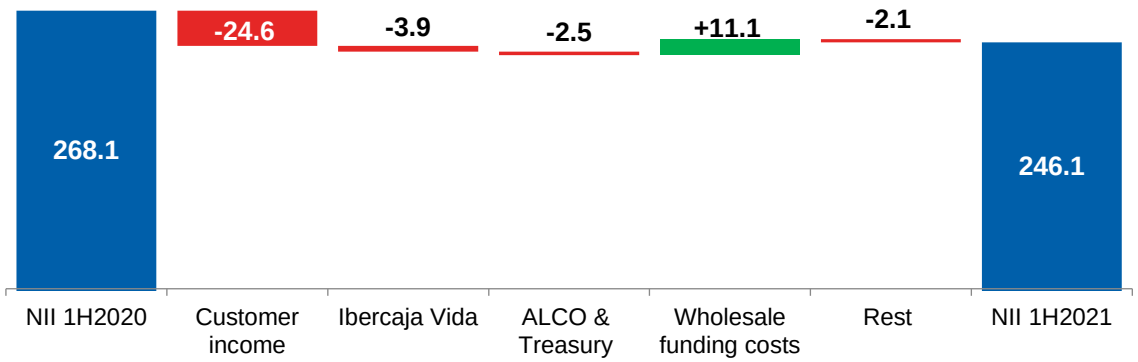
P&L

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

RECURRING REVENUES (1/2)

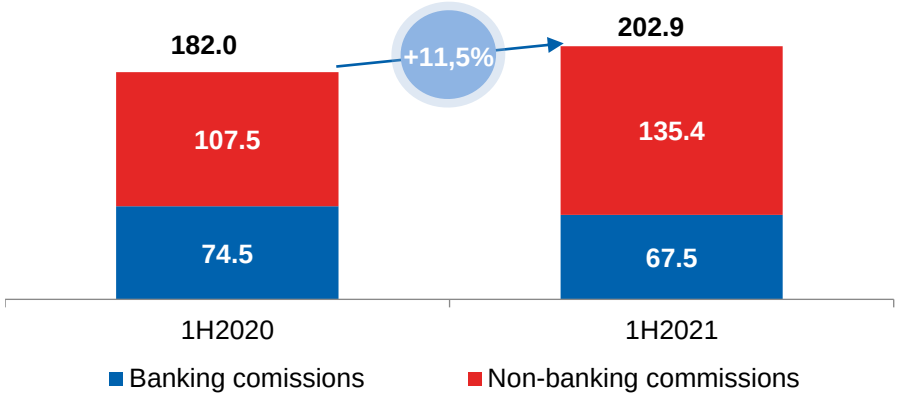
Net interest income breakdown

€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.

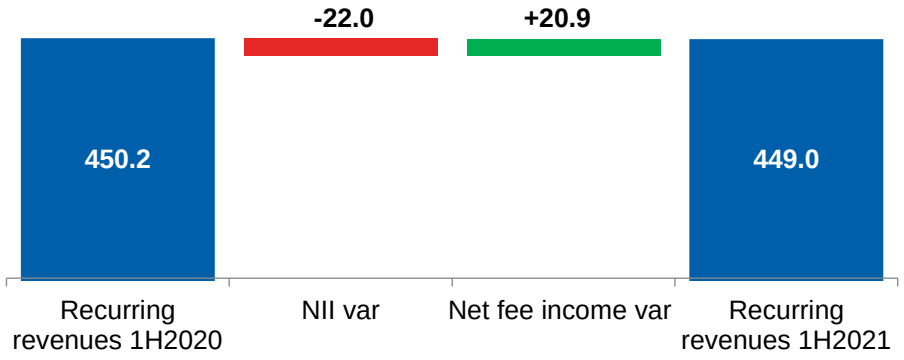
Net fee income increases by 11.5% YoY or €20.9m and by 7.3% QoQ.

- **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)

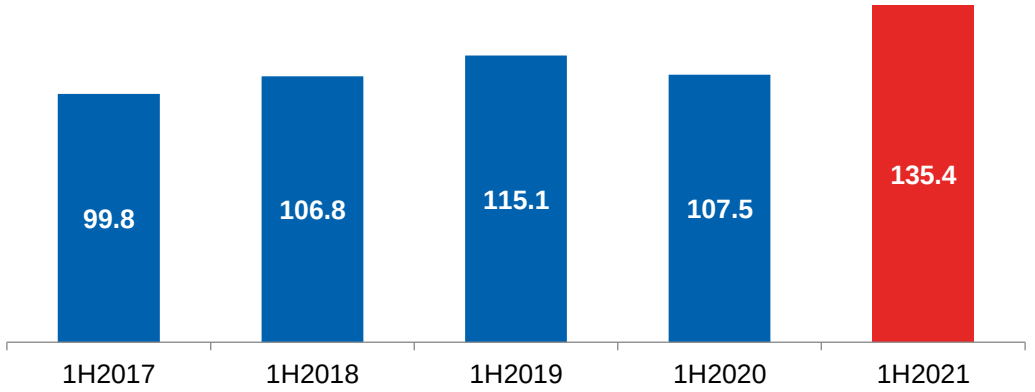
Recurring revenues variation

€m



Non-banking commissions evolution

€m

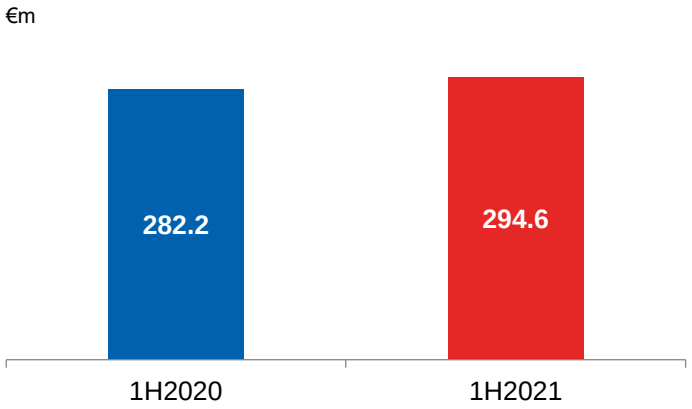


Recurring revenues remain broadly stable YoY (-0.2%), in line with the target for the year.

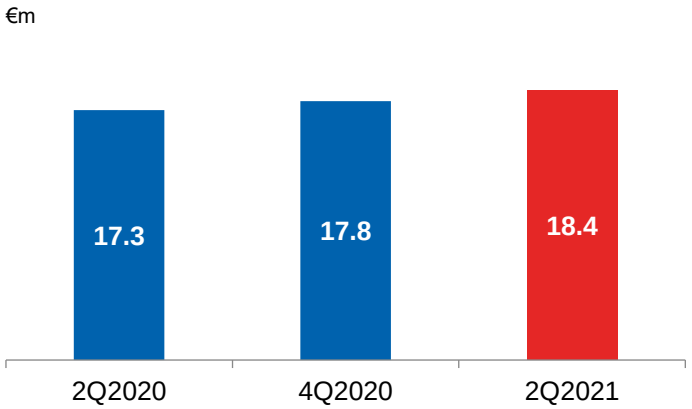
Ibercaja Banco's differential positioning in asset management and bancassurance allows non-banking commissions to reach all-time highs in the half year and compensate for the fall in interest margin.

OPERATING COSTS AND PRE-PROVISION PROFIT

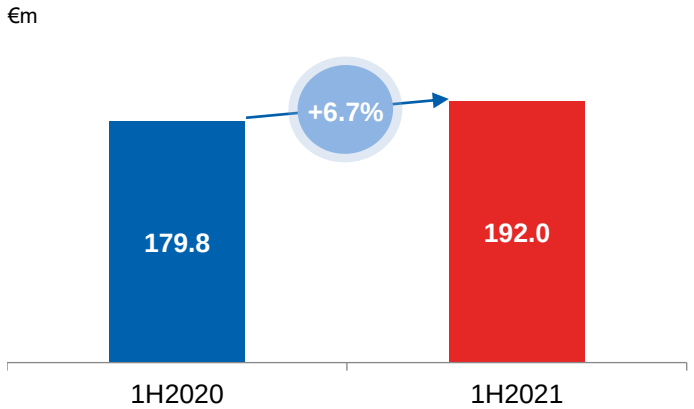
Operating costs



Business volume per employee



Pre-provision profit



Total operating costs increase by 4.4% YoY.

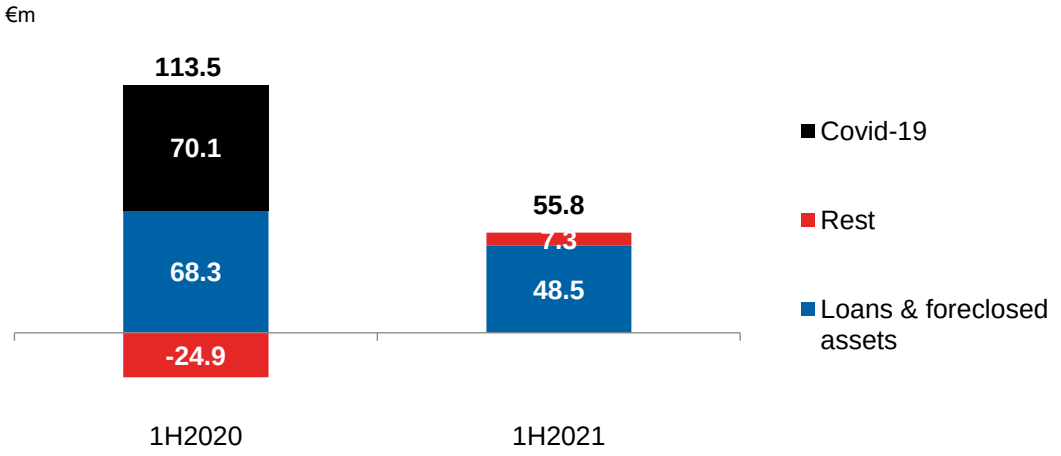
- As of July 1, **242 exits out of the 750 approved in the Redundancy Plan have taken place**, with personnel cost savings expected to materialise in the coming quarters. Total estimated cost of the plan ~~was~~ already booked in 2020.

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

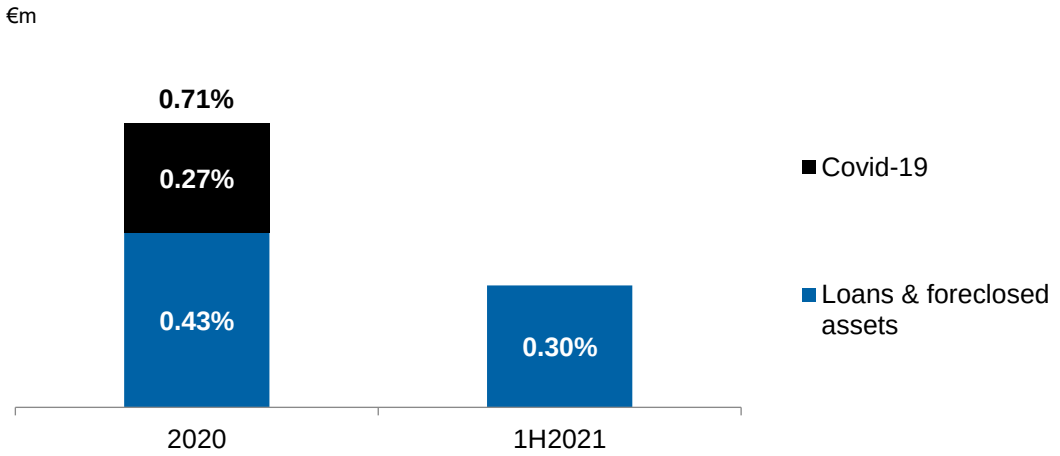
Pre-provision profit grows by 6.7% YoY or €12.1m due to the increase in gross margin (+5.3% YoY).

PROVISIONS

Total provisions



Cost of risk



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.**

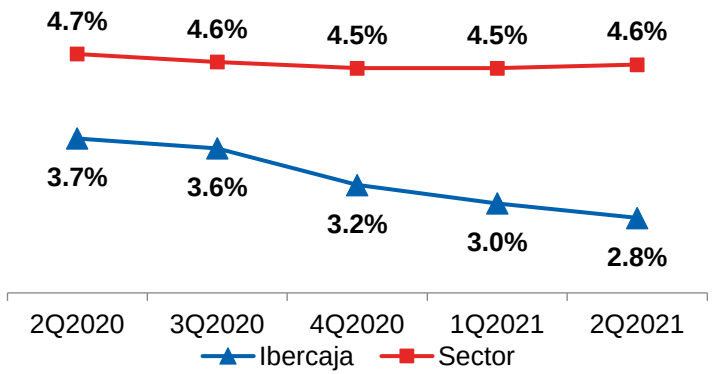
IV

ASSET QUALITY, LIQUIDITY AND SOLVENCY

ASSET QUALITY (1/2)

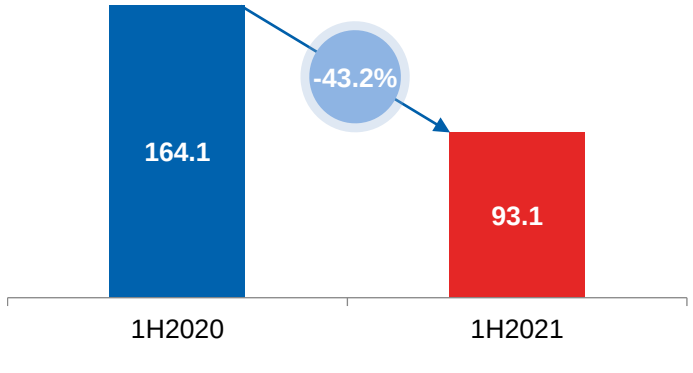
NPL ratio

% - Sector: credit institutions as of May 2021



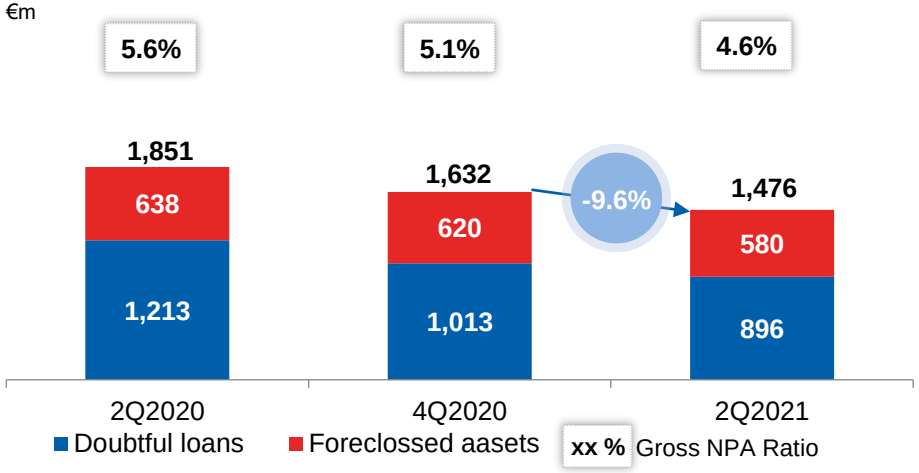
NPL entries

€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%.

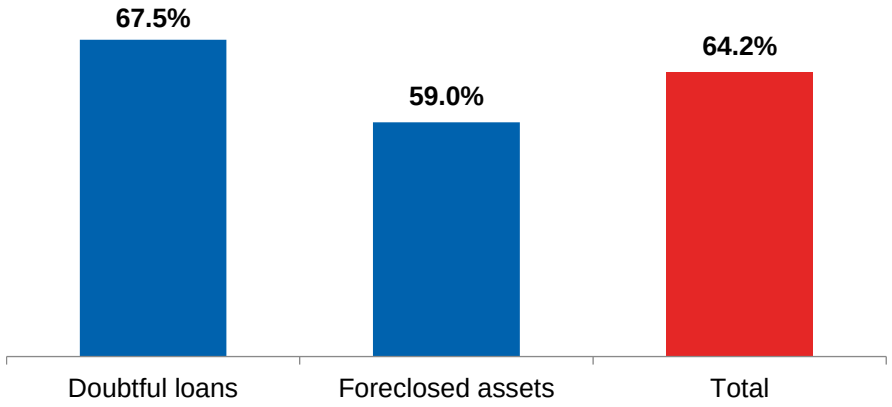
- **Sales of foreclosed assets** in 1H2021, (**€87.4m),** quadruple those recorded in 1H2020.

* NPL Ratio of the comparable to May 2021

ASSET QUALITY (2/2)

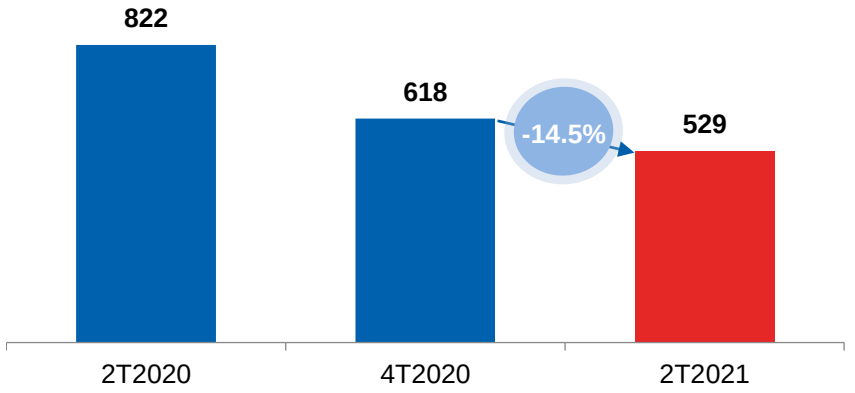
Coverage ratio

% - 2Q2021



Net NPAs

€m

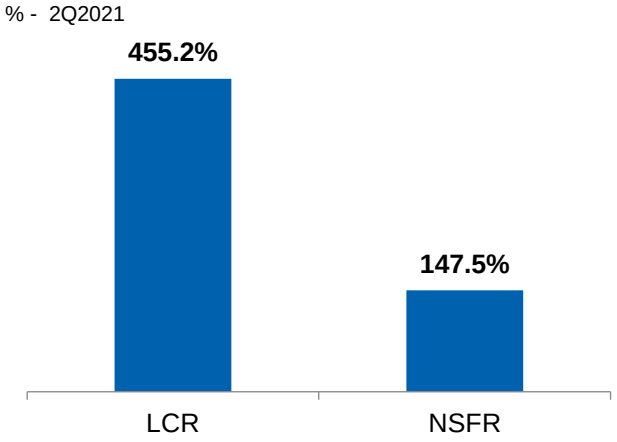


NPA coverage ratio stands at 64.2%, representing a 204 bps increase since 2020.

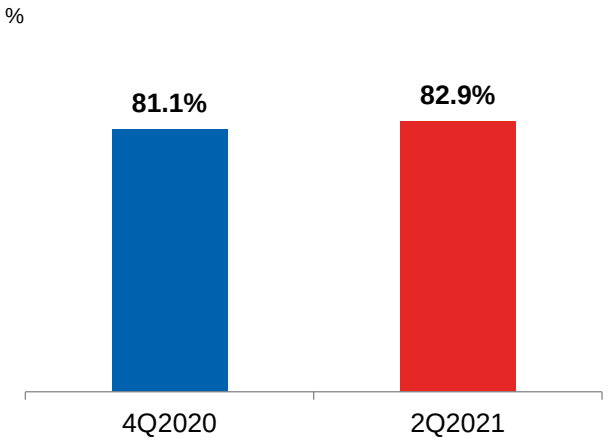
Net NPAs have fallen €89.3m or 14.5% in the first half of the year (-35.7% YoY).

LIQUIDITY AND FUNDING PROFILE

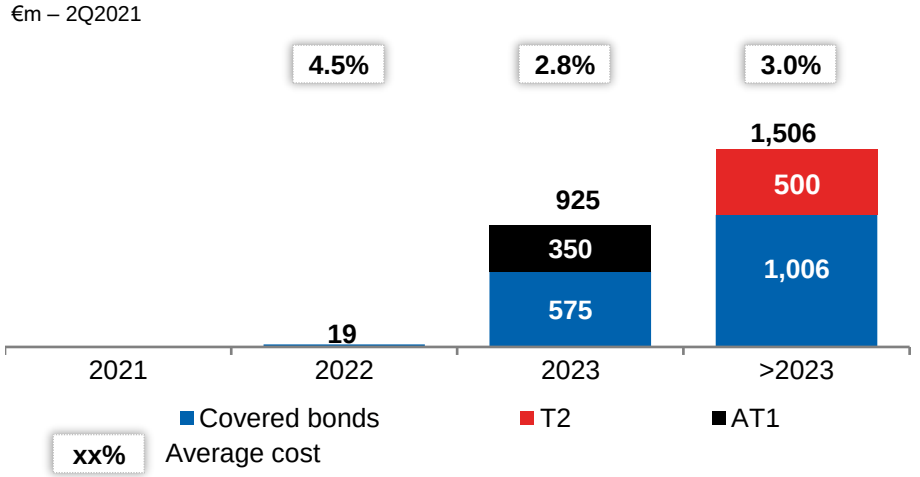
LCR and NSFR ratios



LTD ratio



Maturity profile



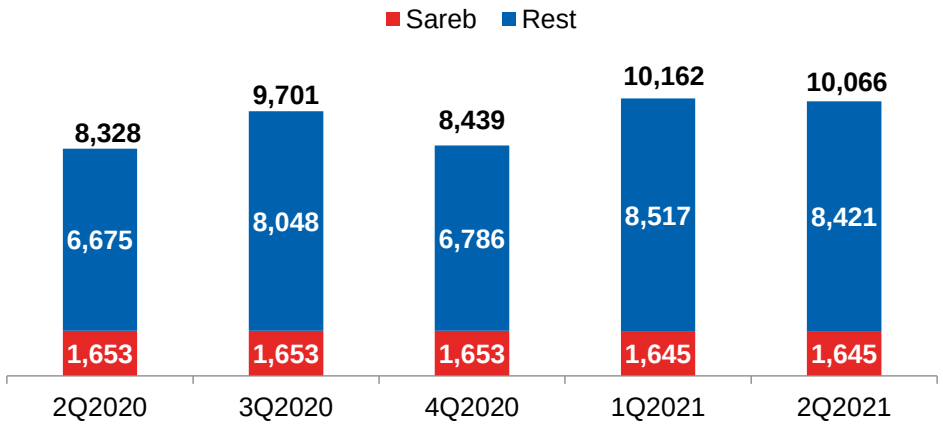
Ibercaja maintains a sound liquidity position and shows a strong funding profile.

- **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

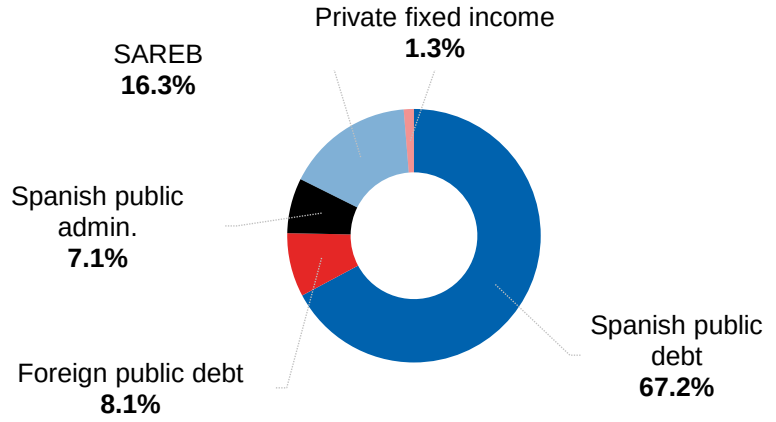
ALCO portfolio

€m



ALCO portfolio breakdown

% - 2Q2021



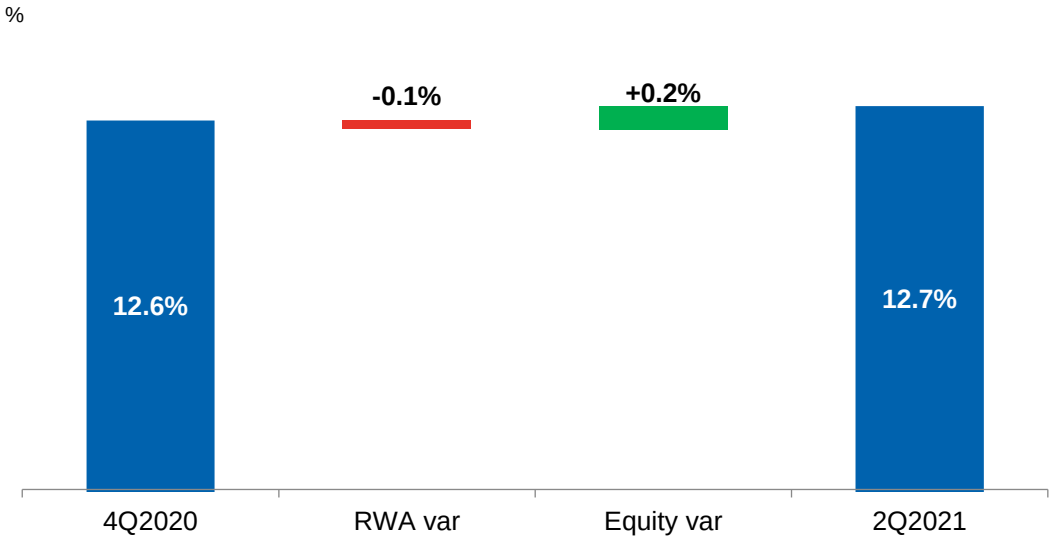
Ibercaja has maintained a stable ALCO[1] portfolio in the quarter (-0.9% vs. 1Q2021).

- The portfolio **is mainly composed of Spanish sovereign debt**.
- **Average duration** of **5.6 years**[2].
- **Average yield** of **0.35%** (0.42% ex SAREB).
- **95%** of the portfolio is classified at **amortised cost.**

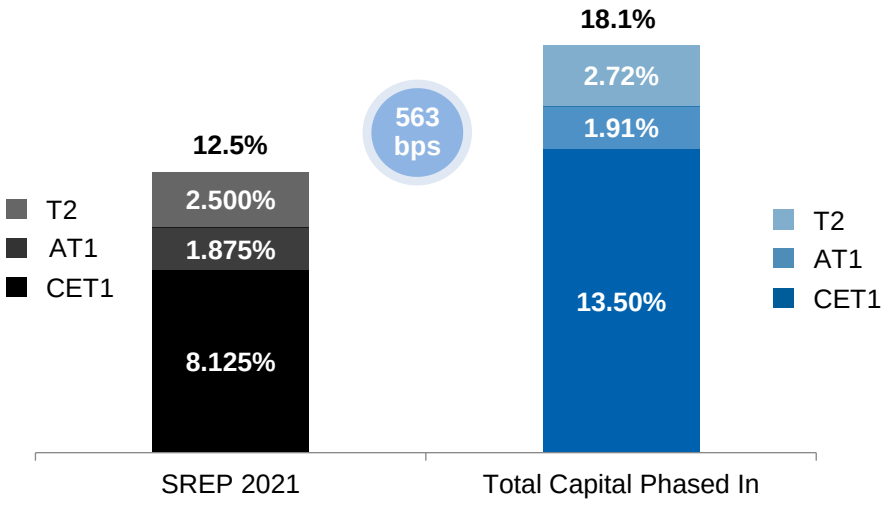
[1] Excludes insurance activity portfolio.
[2] Includes interest rate swaps.

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.**

EL BANCO DEL vamos

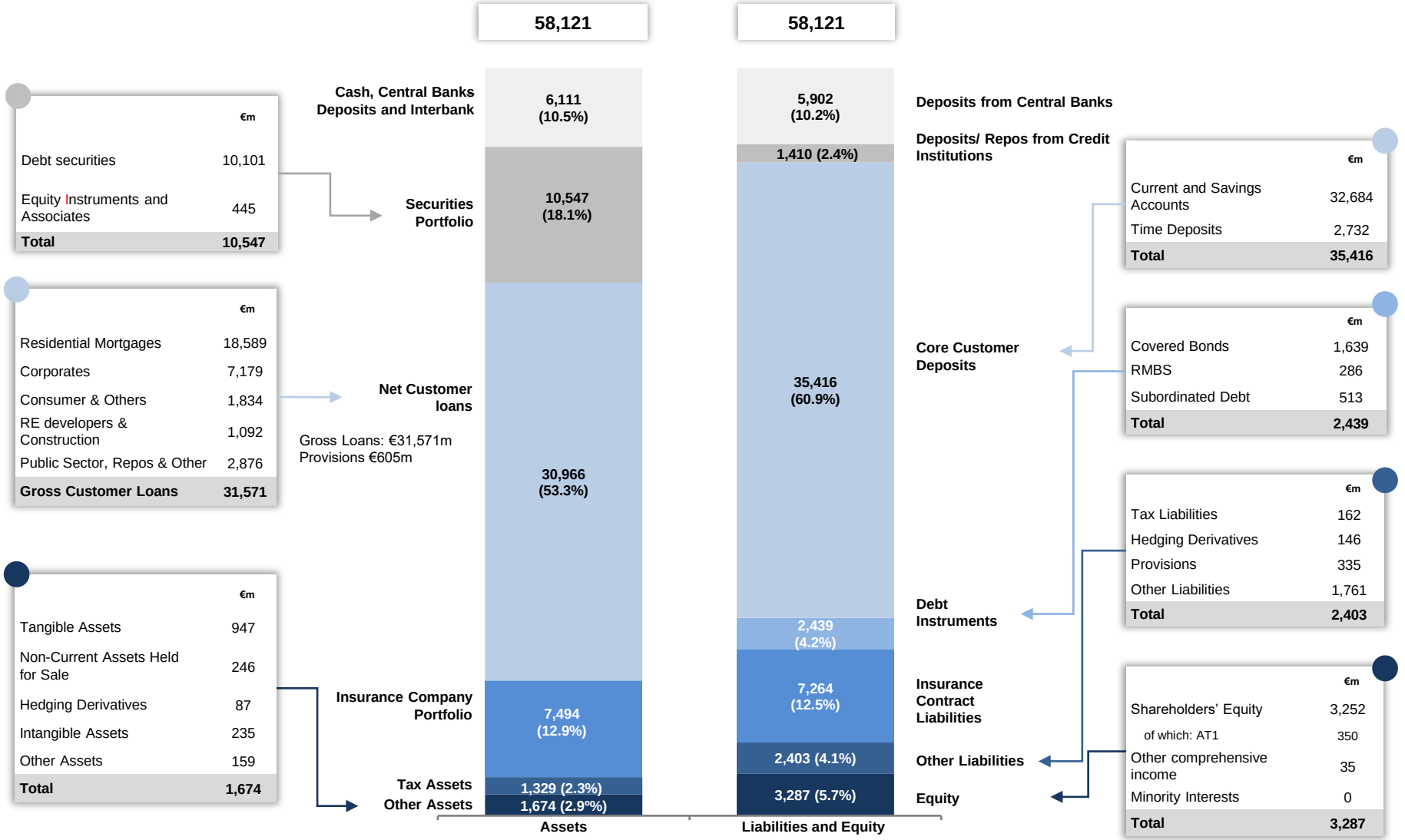
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ANNEX

ibercaja

CONSOLIDATED BALANCE SHEET

€m - 30/06/2021



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



THANK YOU

EL BANCO DEL vamos

Más información:
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