



# Ibercaja Banco

## 1Q2022 Results

5<sup>th</sup> May 2022



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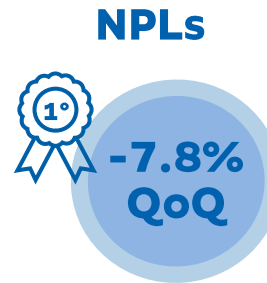


# Key highlights

# Key highlights

1

Ibercaja continues to improve its asset quality



(System -0.7%)\*



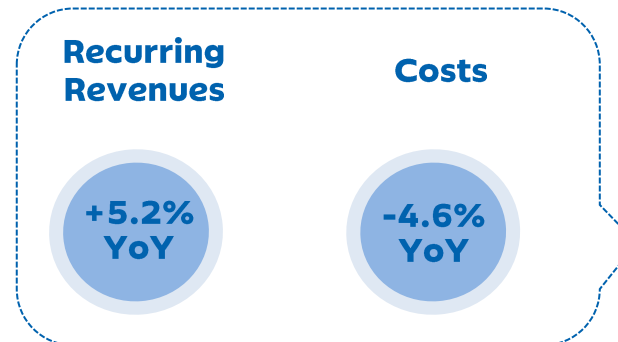
(System: 4.3%)\*



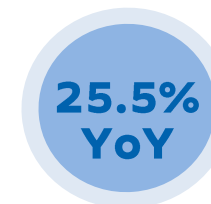
(Peers: ≈61%)\*\*

2

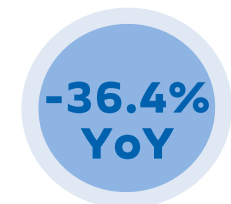
All main P&L lines improve in 1Q2022



**Recurring profit before provisions**



**Provisions**



# Key highlights

As a result,

**3** Ibercaja achieves the highest net income in a 1Q in the recent history of the Entity

Net  
Income

€63m

YoY

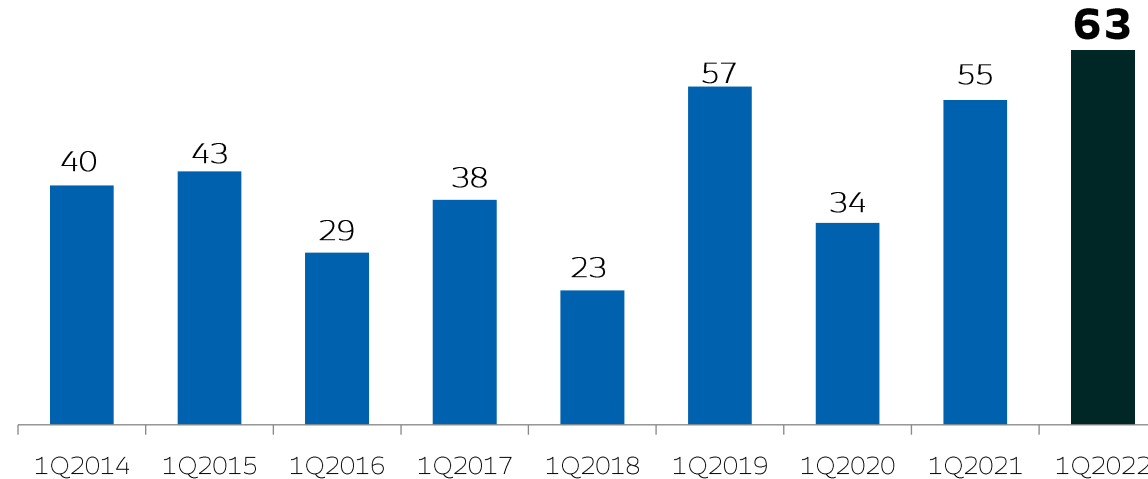
+15.2%

ROTE  
1Q annualised

9.5%

Net Income 1Q

€m





# Commercial activity

# Customer funds

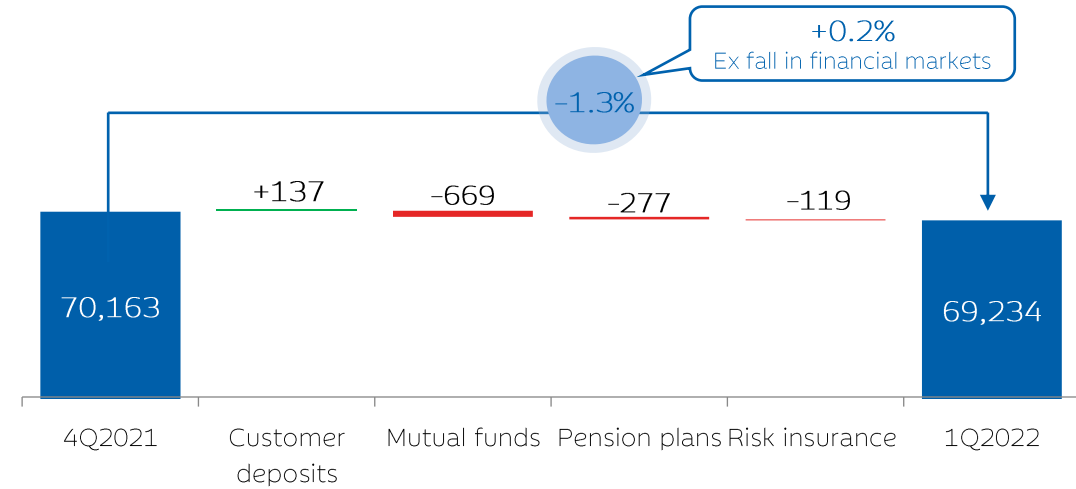
## Customer funds

€m and %

	1Q2022	YoY	QoQ
Customer deposits	37,268	3.7%	0.4%
Current Deposits	34,943	6.0%	0.8%
Time Deposits	2,325	-21.7%	-5.4%
AuM & Life insurance products	31,966	4.9%	-3.2%
Mutual funds	18,931	9.1%	-3.4%
Pension plans	6,285	2.9%	-4.2%
Risk insurance	6,749	-3.7%	-1.7%
<b>Customer funds</b>	<b>69,234</b>	<b>4.3%</b>	<b>-1.3%</b>

## Customer funds (YTD evolution)

Mn€



**Customer funds decrease by 1.3% QoQ or €929m. Excluding the impact of the fall in financial markets, customer funds remain stable (+0.2%).**

- ▶ AuM and life insurance products decrease by 3.2% QoQ or €1,066m. The decline is explained entirely by the fall in financial markets. Despite the increase in market volatility there has been no net outflows of customers funds.
- ▶ AuM and life insurance products represent 46.2% of total customer funds.

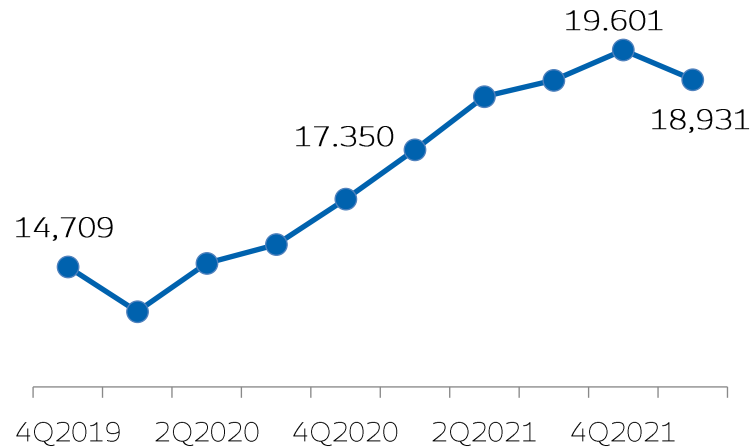
**In YoY terms, customer funds grow 4.3% or €2,842m.**



# Mutual funds

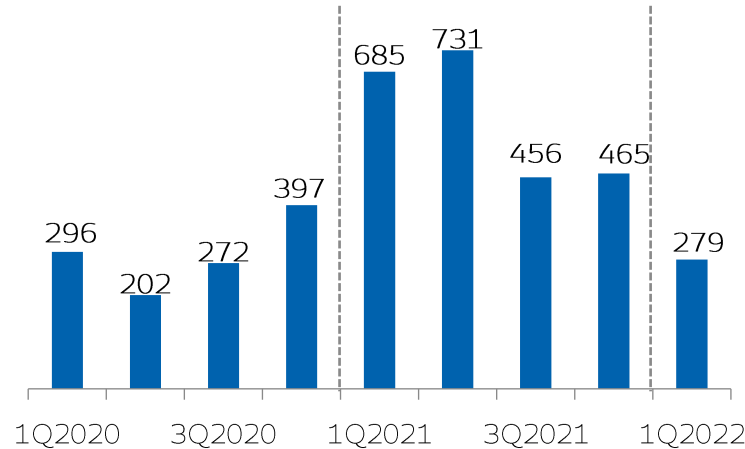
Stock of mutual funds

% -



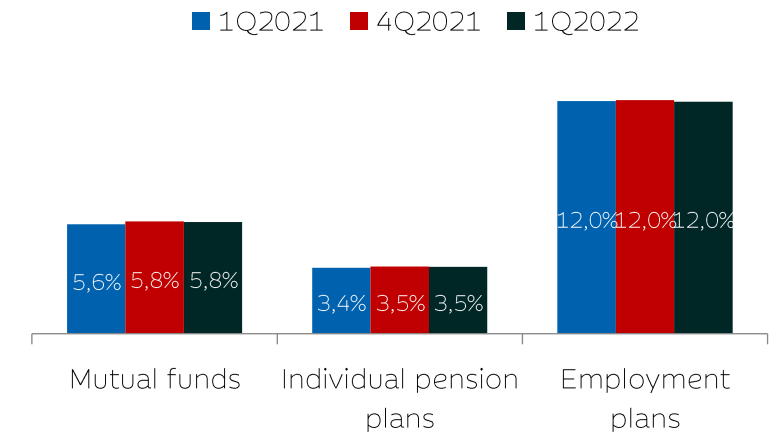
Net new money inflows

€m - Source: Inverco



Market share in AuM

% - Ibercaja Pension - Source: Inverco



**The stock in mutual funds falls by 3.4% or €669m in the quarter, although it grows 9.1% YoY or €1,581m.**

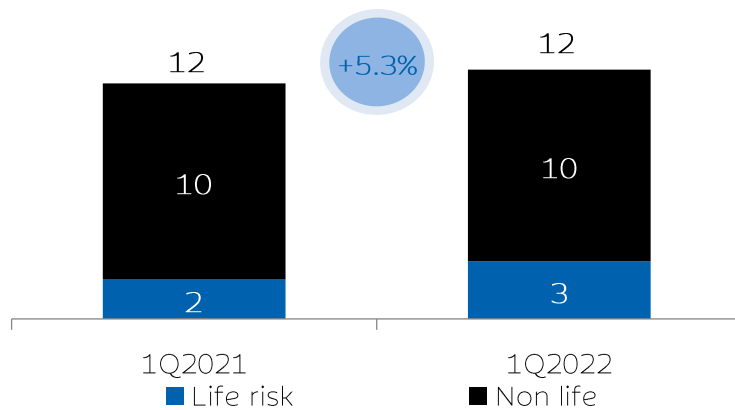
- High resilience in net new money inflows: Ibercaja’s advisory model allows for no net outflows during the most volatile periods of the Ibercaja; instead Ibercaja increases its market share in net new money inflows: in 1Q2022 the market share in net new money inflows reached 10.7% vs. 9.1% registered throughout 2021. Since the start of the pandemic, market share in net new money inflows has been 12.8%.

**Market share in mutual funds and pension plans remains stable in the quarter.**

# Risk insurance

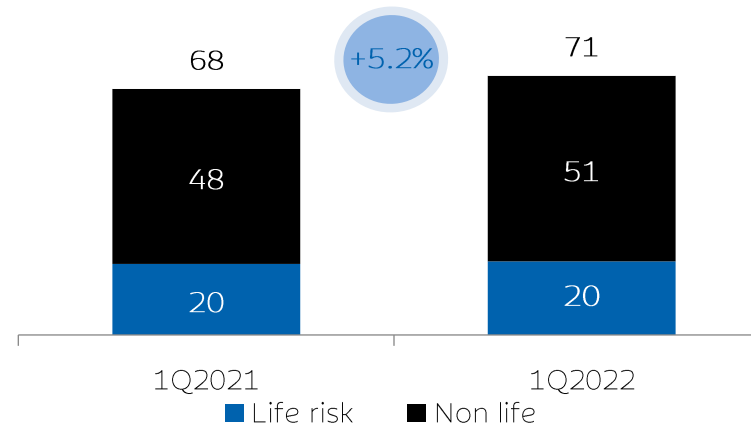
New production of risk insurance premiums

€m



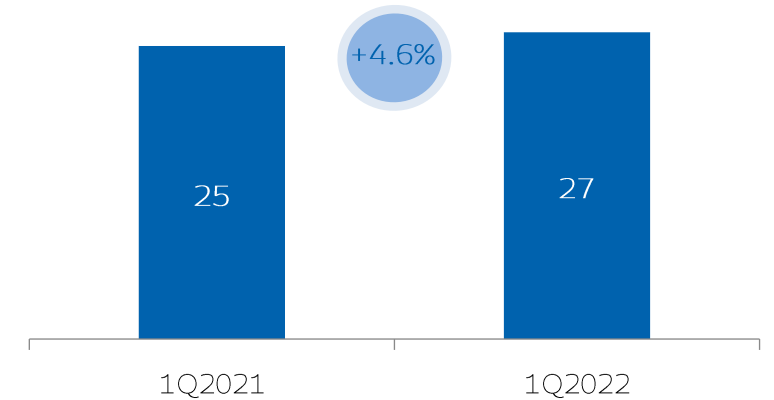
Risk insurance premiums (portfolio)

€m – premiums collected



Risk insurance revenues

€m -



**New production of risk insurance premiums reaches €12m in 1Q2022, 5.3% higher than in 1Q2021.**

- ▶ Strong boost in new production of life risk insurance, which increases by 45.6% YoY.

**The risk insurance portfolio grows by 5.2% YoY up to €71m (+6.0% in non life and +3.6% in life risk).**

**The contribution to the gross margin of risk insurance reaches €27m in the quarter (+4.6% YoY).**

# Customer loans

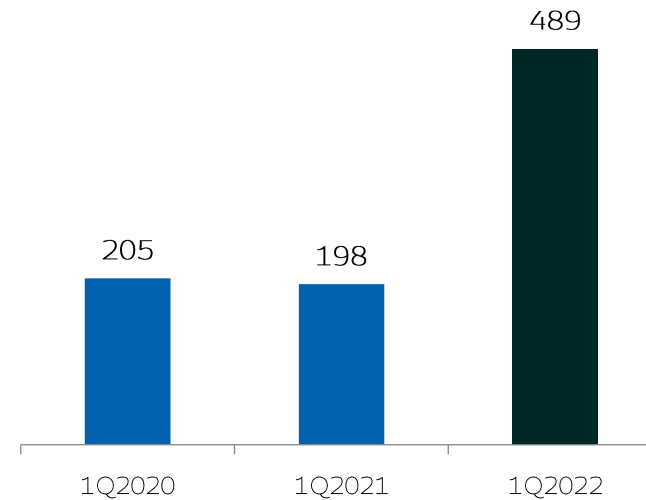
## Customer loans

€m

	1Q2022	YoY	QoQ
Loans to households	19,758	-1.5%	-0.3%
Mortgages	18,108	-1.3%	0.0%
Consumer and others	1,650	-3.9%	-4.0%
Loans to companies	8,126	1.3%	1.4%
Non-Real estate companies	7,145	1.7%	1.5%
Real estate companies	981	-1.2%	0.8%
Public sector and others	1,188	-2.4%	15.6%
<b>Performing gross loans ex repos</b>	<b>29,072</b>	<b>-0.8%</b>	<b>0.7%</b>
Repos	1,618	0.1%	0.1%
Doubtful loans	661	-30.8%	-7.8%
<b>Customer loans</b>	<b>31,351</b>	<b>-1.6%</b>	<b>0.5%</b>

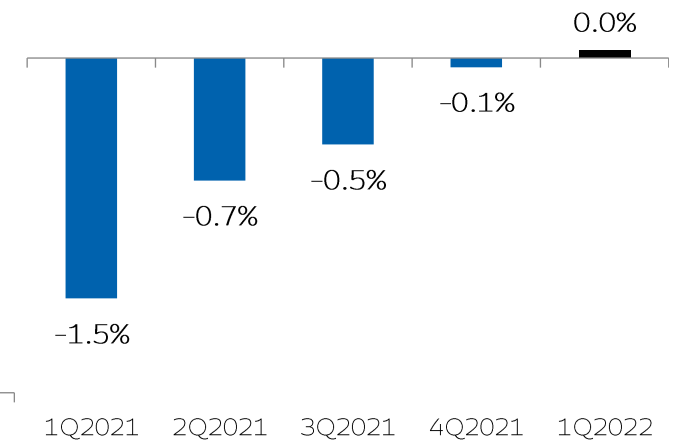
## New mortgages production

€m



## Mortgages loan book

% - QoQ



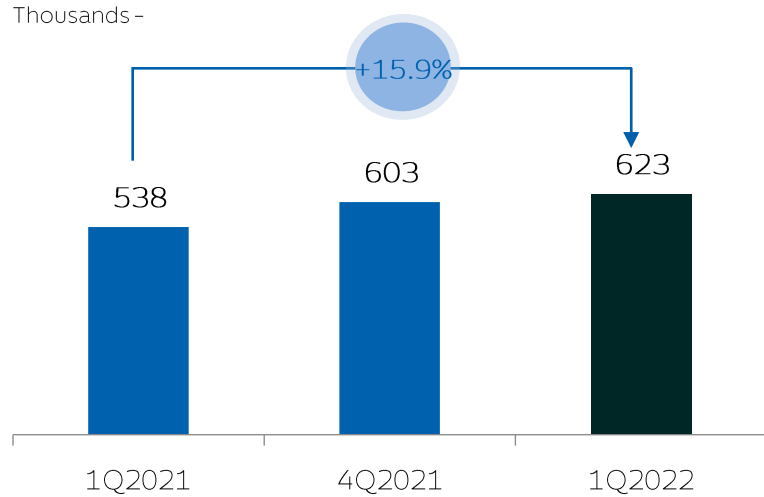
### Loan portfolio increases in the quarter by 0.7% or €209m.

- ▶ Loans to companies grow by 1.4% vs 4Q2021 or €110m and Ibercaja increases its market share 6 bps<sup>1</sup> in the year.
- ▶ Mortgage portfolio stabilizes for the second consecutive quarter due to the increase in new mortgages production in the quarter, which reaches €489m (+2.5x YoY, maximum levels of new lending production in the last 5 years in a 1Q).

<sup>1</sup> Data as of March 2022

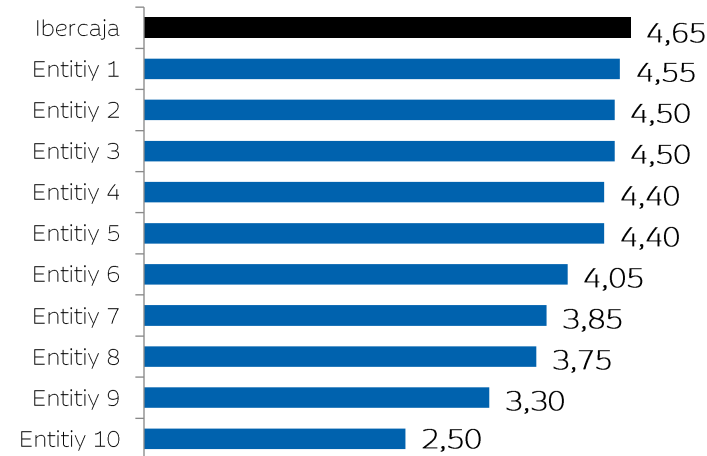
# Digitalisation

## Ibercaja App users

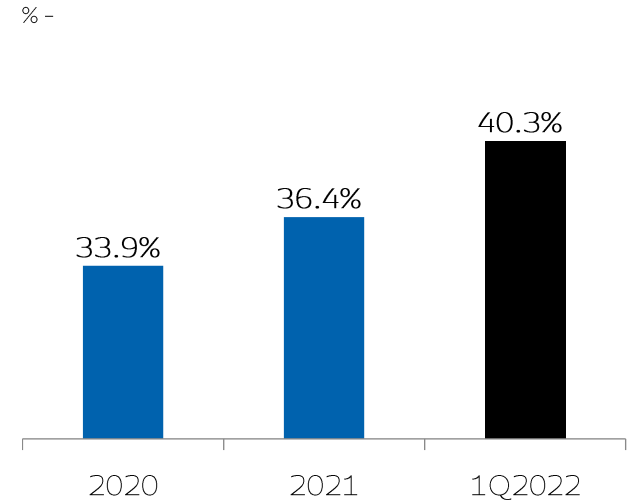


## APPs Ranking<sup>1</sup>

Scale 1-5 – Play Store Android and AppStore



## Digital sales



**The number of Ibercaja App users grow by 15.9% YoY and boost the number of digital customers by 4.6% YoY.**

- ▶ Digital customers already represent 58.1% of the total.
- ▶ Since June 2021, Ibercaja App is leading the ranking in customer satisfaction with a score of 4.65 in Apple Store and Google Store.

**The percentage of digital sales exceeds 40%.**

- ▶ The weight of digital channels grows strongly in mortgages exceeding 26% (vs. 13% in 4Q2021) and in risk insurance up to 8% (vs. 5% in 4Q2021).

<sup>1</sup>: The ranking is defined as a weighted average between the scores received from users of the Android and IOS Apps.. Peers includes :ABANCA, Bankia, Bankinter, BBVA, CaixaBank, Kutxabank, Liberbank, Sabadell, Santander and Unicaja (March 2021).

# ESG Progress

## E

**€2,203m in sustainable investment (according to art. 8 UE Taxonomy)**

**Financing and advisory services for energy efficiency projects**

### Decarbonisation strategy

Carbon neutral (scopes 1 and 2)

- **Objective:** neutral in scope 3 in 20250. Decarbonization pathways.
- 100% energy consumed is green

### Influence on the value chain

**43%** Tier 1 and 2 suppliers

provide ESG information

## S

**Contribution of 460 thousand euros to solidarity projects from Solidarity and Sustainable products**

**+ 14m in social investment from Fundación Ibercaja**

**€40 thousand aid to Ukraine from Ibercaja Foundation project**

**“Somos empresa”**



- +100 conciliation measures
- **Target:** 40% management positions held by women by 2023

**4,569 professionals trained in sustainability**

**5,227 beneficiaries of 2021 Financial Education programs**

**Approval of the Decalogue of personalized attention to senior clients**



## G

**Sustainability Policy**

**Strategic Purpose and Sustainability Initiative**

**ESG Policy Development by Ibercaja Group**

**ESG Commitments:**



**Action plan for integrating ECB expectations on climate risks**



# Results

# 1Q2022 P&L account

	1Q2021	1Q2022	YoY
Net Interest Income	123	120	-2.1%
Net Fee Income	98	112	14.4%
<b>Recurring Revenues</b>	<b>221</b>	<b>232</b>	<b>5.2%</b>
Gains/Losses on Financial Assets and Liabilities	35	5	-86.2%
Other Operating Income (Net)	8	3	-65.9%
<b>Gross Operating Income</b>	<b>263</b>	<b>240</b>	<b>-8.9%</b>
Operating Expenses	-148	-142	-4.6%
<b>Pre-Provision Profit</b>	<b>114</b>	<b>98</b>	<b>-14.4%</b>
Total Provisions	-34	-22	-36.4%
Other Gains and Losses	-1	10	n/a
<b>Profit Before Taxes</b>	<b>80</b>	<b>86</b>	<b>8,7%</b>
Taxes	-25	-24	-5.4%
<b>Net Income</b>	<b>55</b>	<b>63</b>	<b>15.2%</b>

# Net interest income

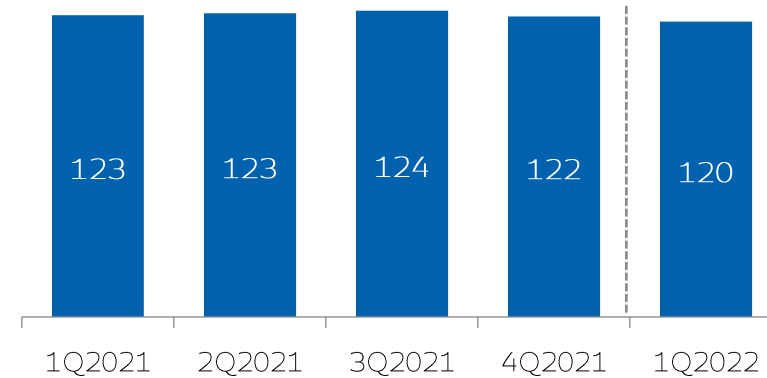
Net interest income variation

€m



Quarterly net interest income

€m



**Net interest income falls 2.1% YoY or €3m.**

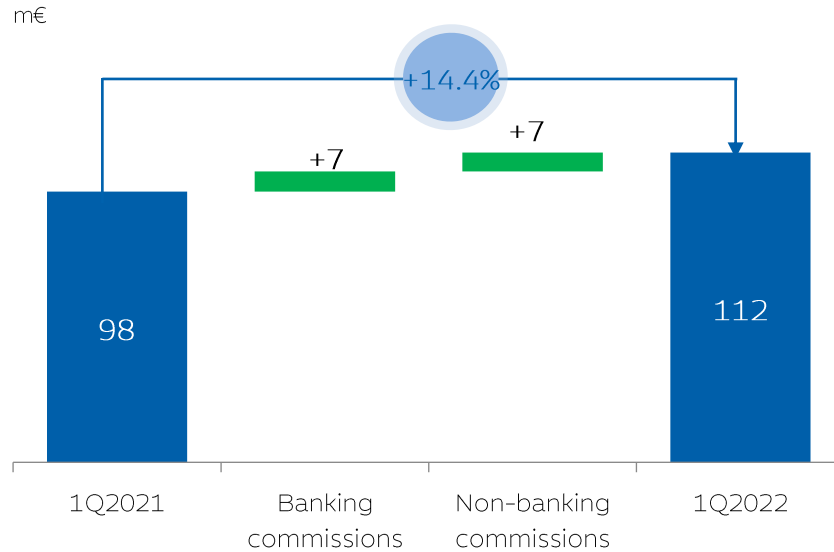
**Ibercaja expects a recovery in net interest income in the second half of the year:**

- ▶ The positive dynamics in new lending will drive interest income.
- ▶ Additionally, the Entity has greater leverage than the sector to increases in Euribor due to higher weight of the mortgage portfolio (62% of performing loans).

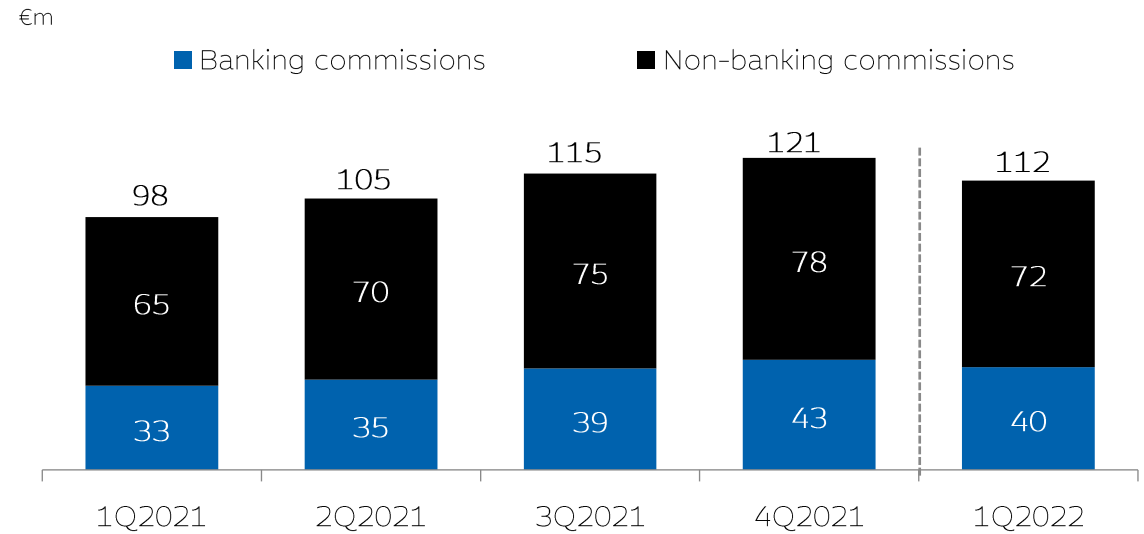


# Net fee income

Net fee income variation



Quarterly commissions

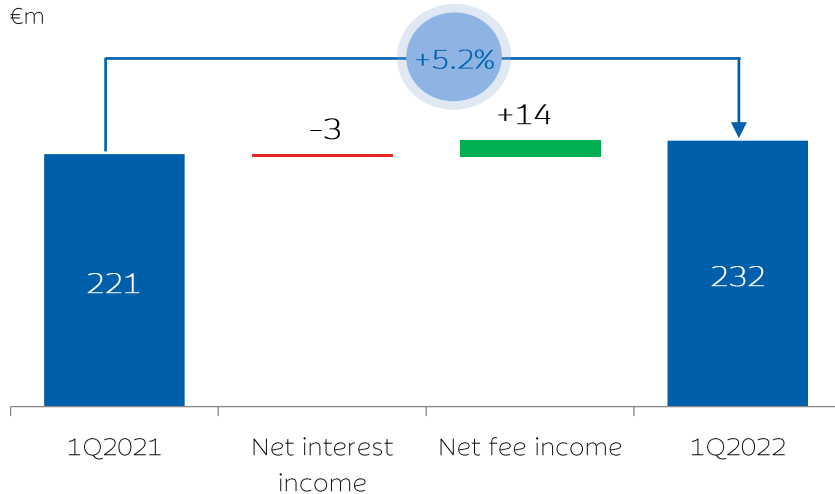


## Net fee income grows 14.4% YoY or €14m.

- The increase in banking activity and new tariffs boost banking commissions by €7m while the growth in AuM in YoY terms translates into growth in non-banking commissions of €7m.

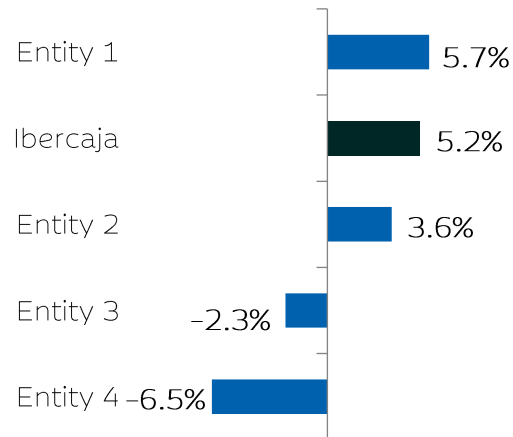
# Recurring revenues and gross operating income

Recurring revenues variation



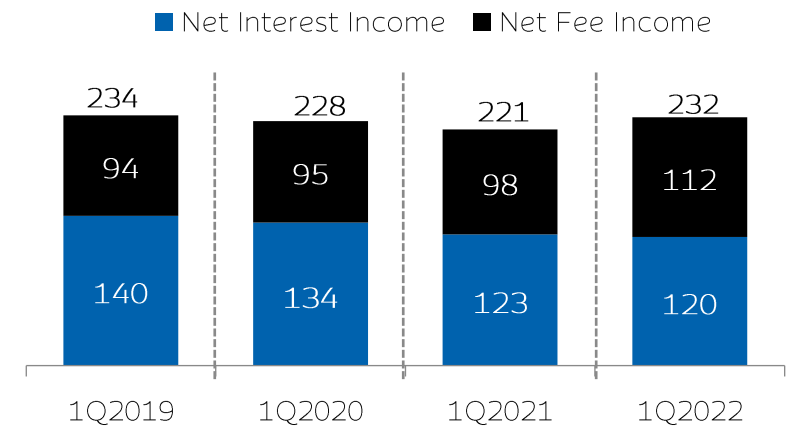
Recurring revenues YoY<sup>1</sup>

% - 1Q2022 vs. 1Q2021



Recurring revenues

€m



**Recurring revenues are up by 5.2% YoY or €12m, the second highest increase among peers.**

**The diversification of Ibercaja’s revenues model allows for a recovery of recurring revenues to pre-pandemic levels.**

**Gross operating income falls by 8.9% YoY due to the absence of results from trading income.**

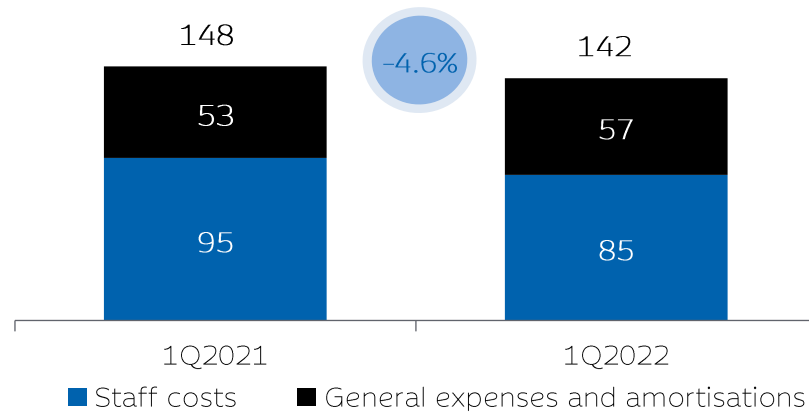
- ▶ Net interest income and net fee income represent 97% of the gross operating income in 1Q2022 and prove the recurrence of Ibercaja’s revenues.

<sup>1</sup> Peers are: Bankinter, Caixabank, Sabadell and Unicaja

# Operating costs

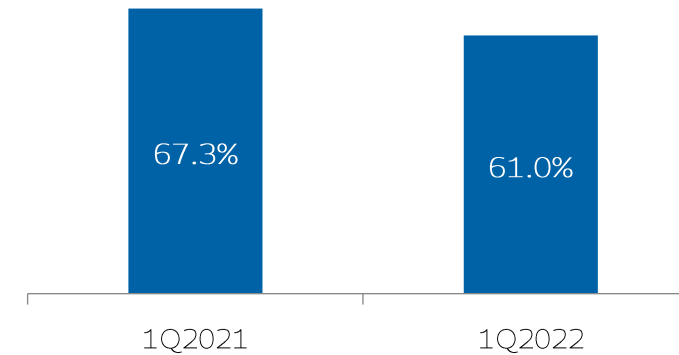
## Operating costs

Mn€



## Recurring cost to income ratio

%

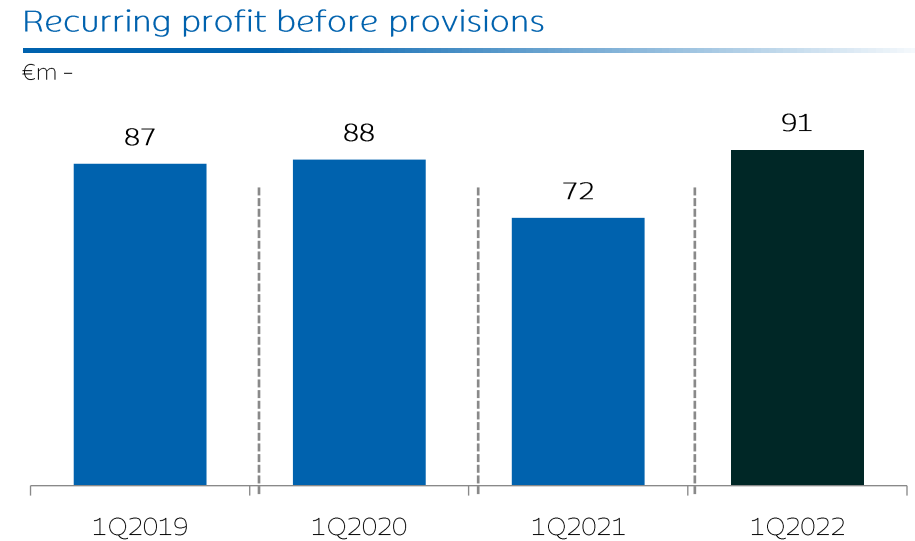
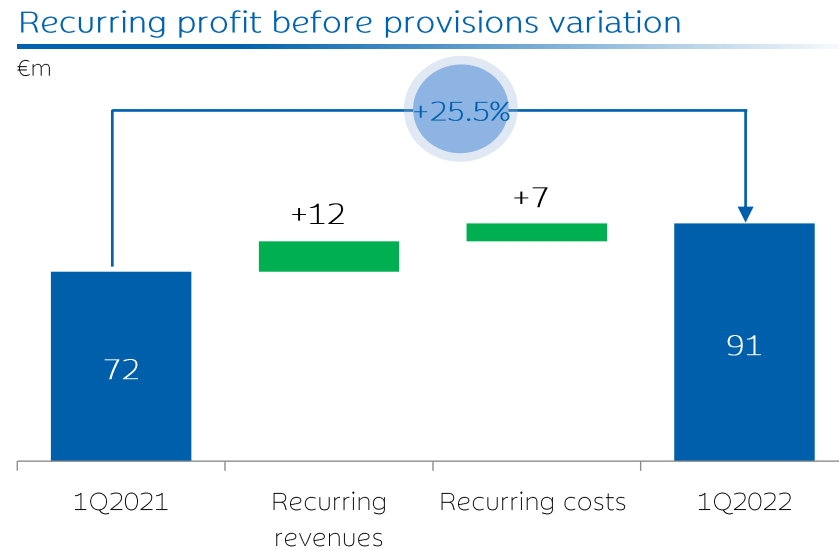


### Recurring costs decrease 4.6% YoY or €7m.

- In 1Q2022 staff costs fall 10.5% YoY or €10m thanks to the cost savings derived from the 2021-2022 redundancy plan. As of March 2022, there have been 642 departures out of 750 approved, which represents a degree of execution of 86%. The remaining departures will materialise in 2Q2022.

### Recurring cost to income ratio improves 6 p.p. to 61%.

# Recurring profit before provisions



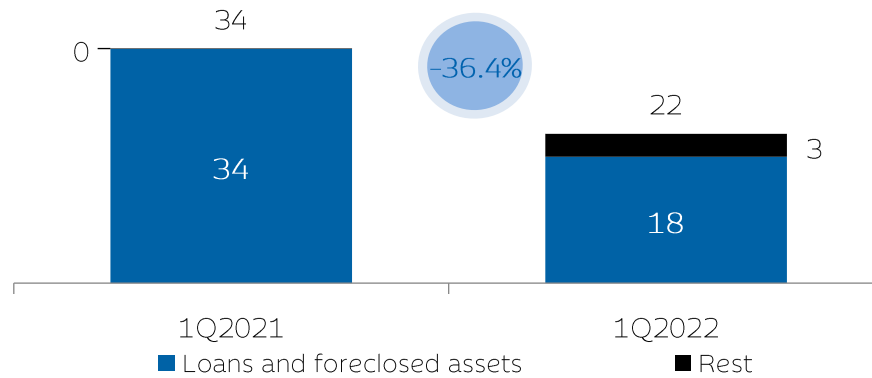
**Recurring profit before provisions amount to €91m (+25.5% vs. 1Q2021).**

**In 1Q2022, recurring profit before provisions exceeds the levels that Ibercaja generated before the pandemic.**

# Provisions

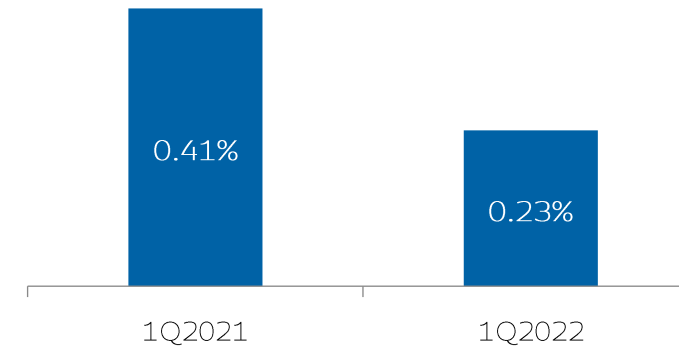
## Total Provisions

€m



## Cost of Risk

%



**Total provisions record a drop of 36.4% YoY or €12m. Cost of risk provisions fall by 46.0% YoY or €16m.**

- Cost of risk stands at 23 bps vs. 41 bps in 1Q2021 due to the excellent evolution in asset quality.

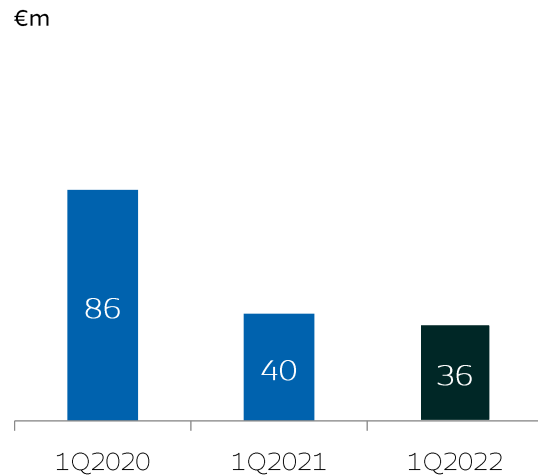
**Ibercaja maintains an unused post-model adjustment of €52m.**

# IV

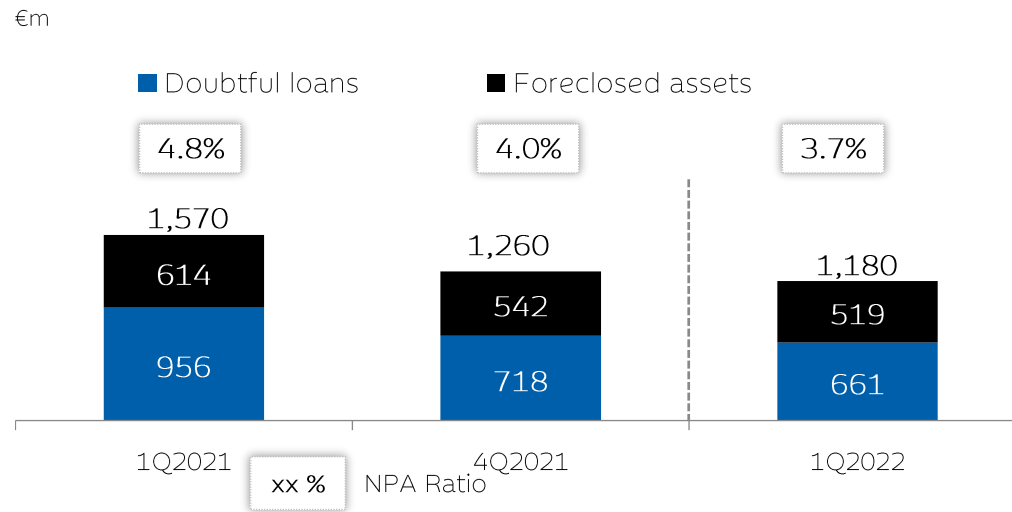
## Asset quality, liquidity and solvency

# Non-performing assets

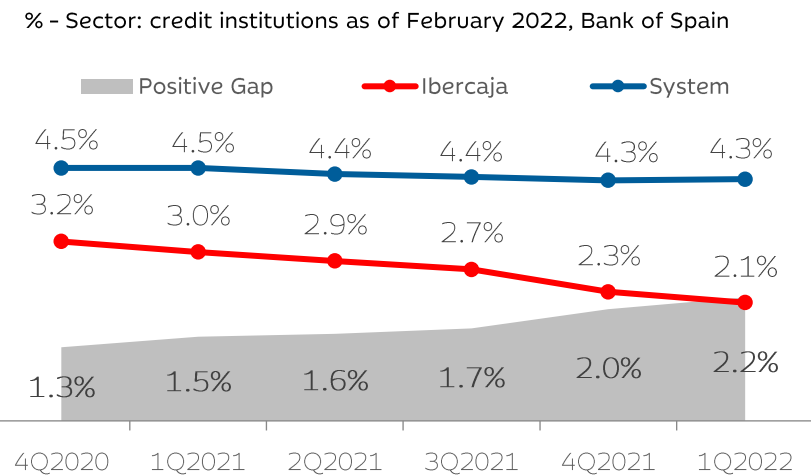
Gross NPLs entries



Gross NPAs



NPL ratio evolution vs. sector



**Doubtful loans continue to fall during the quarter (-7.8% vs. 4Q2021 or €56m) and NPL ratio decreases to 2.1%.**

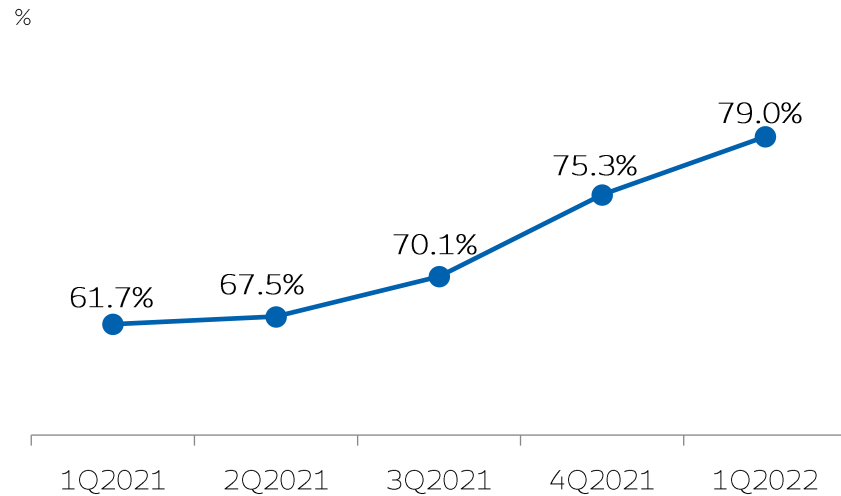
- ▶ Ibercaja widens its positive gap in NPL ratio vs. the sector to 220 bps.
- ▶ Gross NPLs entries reach a new low (-11% YoY) while recoveries remain at high levels.
- ▶ Mortgages moratoria has come to an end this quarter with no material impact on the cost of risk or gross NPLs entries.

**Gross NPAs fall by 6.3% in the quarter or €80m (-24.8% vs. 1Q2021) and NPA ratio decreases 27 bps to 3.7%.**

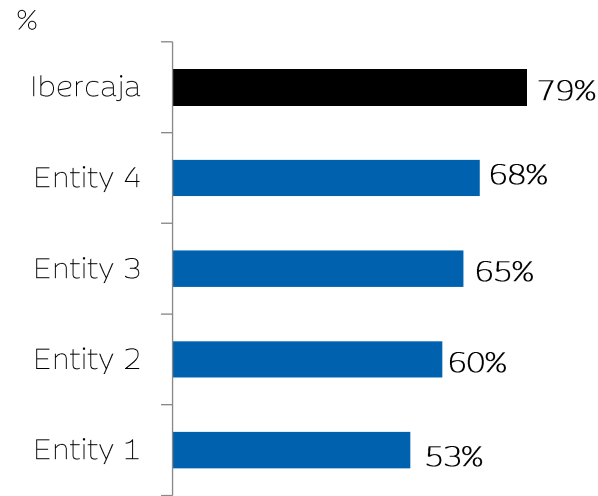
\* Sector data as of February 2022

# Coverage ratios

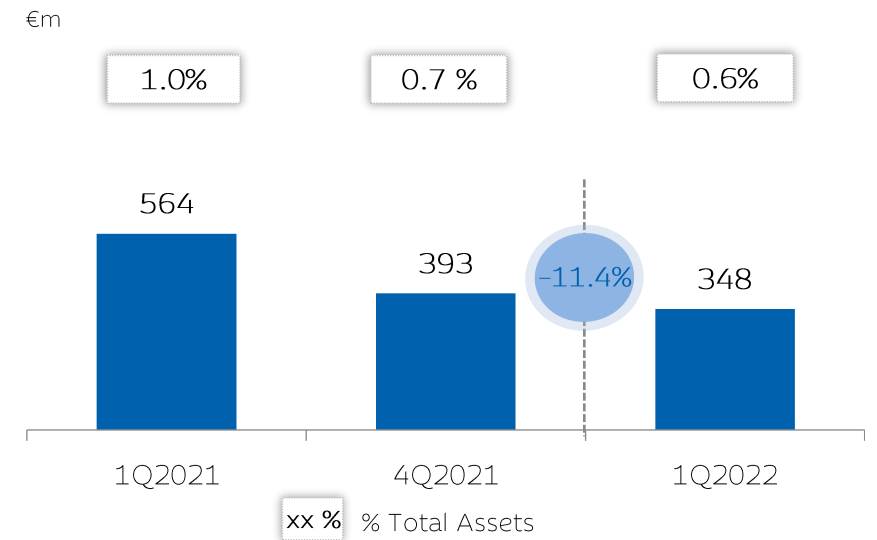
NPL coverage ratio



NPL coverage ratio vs peers<sup>1</sup>



Net NPAs



**NPLs coverage ratio continues to improve and reaches 79.0% (+3.7 p.p. in the quarter), the highest among peers.**

**NPAs coverage ratio improves 1.7 p.p. in the quarter up to 70.5%.**

**Net NPAs fall by 11.4% in the quarter to €45m (-38.2% vs 1Q2021). The weight over total assets falls to 0.6%.**

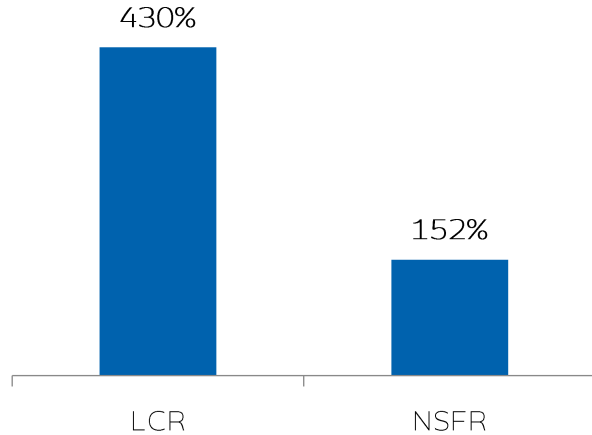
<sup>1</sup> Peers are: Bankinter, Caixabank, Sabadell ex TSB and Unicaja



# Liquidity and ALCO portfolio

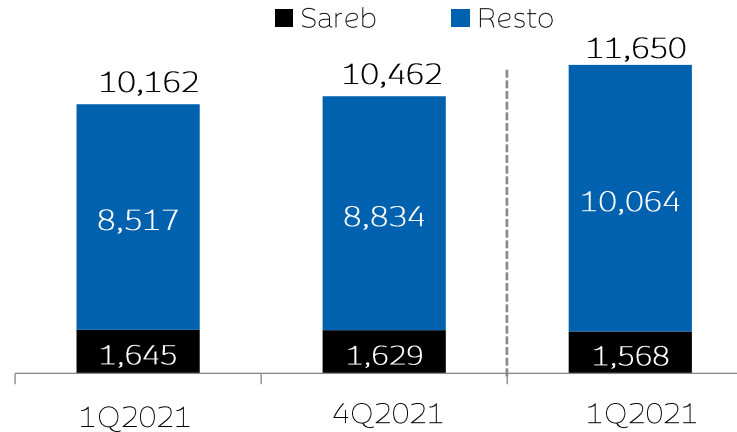
## LCR and NSFR ratios

% - 1Q2022



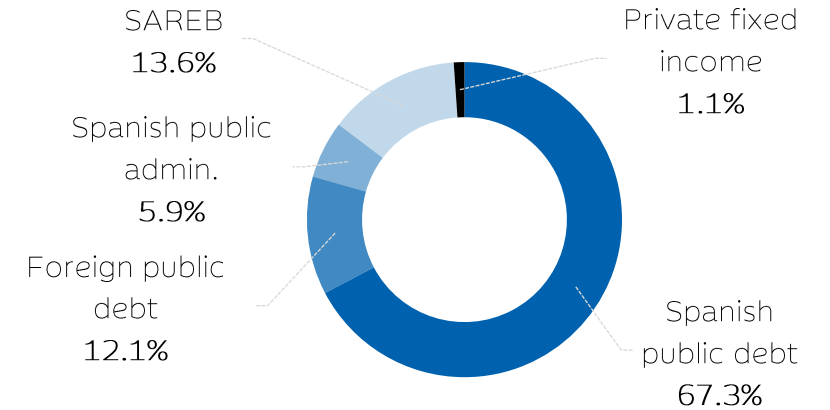
## ALCO Portfolio

€m



## ALCO Portfolio breakdown

% - 1Q2022



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

- ▶ LCR and NSFR ratios stand at 429.8% and 151.8%, respectively.
- ▶ LTD ratio stands at 78.4%.

### The Entity increases its ALCO portfolio<sup>1</sup> in the quarter while maintaining a low risk profile.

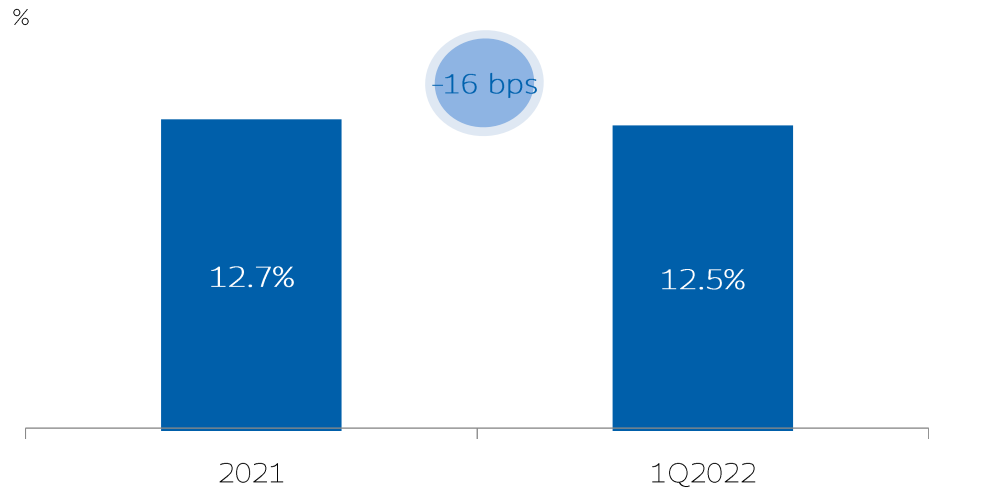
- ▶ The portfolio is mainly composed of Spanish sovereign debt (67.3%) with an average duration of 5.0 years<sup>2</sup> and an average yield of 0.4%.
- ▶ 95% of the portfolio is classified at amortised cost.

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

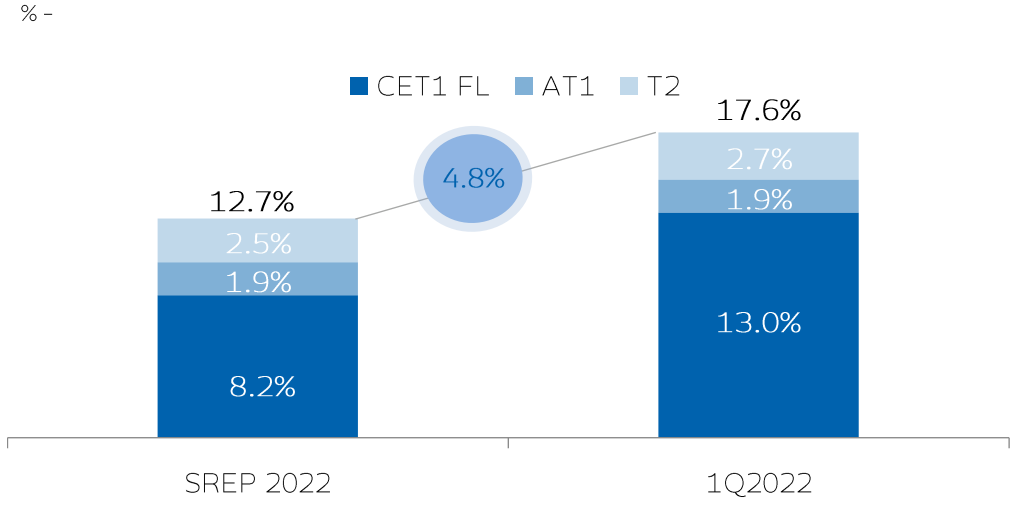
<sup>2</sup> Includes interest rate swaps.

# Solvency

CET1 Fully Loaded



Capital Total Phased In vs. SREP requirements\*



**CET1 Fully Loaded ratio, based entirely on the standardised approach, stands at 12.55%, decreasing 16 bps vs 4Q2021 and remains in line with Ibercaja’s medium-term target of 12.5%.**

- ▶ Portfolio valuation adjustments have an impact of –30 bps in capital.
- ▶ The Entity accrues a 65% payout for capital calculation in the quarter.

**Total Capital Fully Loaded ratio stands at 17.2% (17.6% in Phased-in terms).**

**MDA distance, which measures the excess capital vs. SREP requirements, stands at 477 bps.**

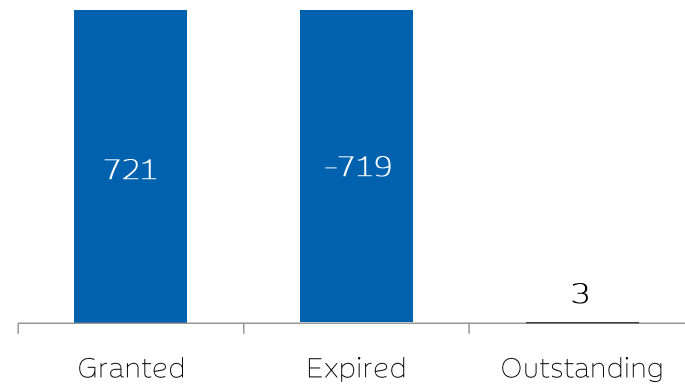
**VI**

**Annex**

# Moratoria and ICO lending

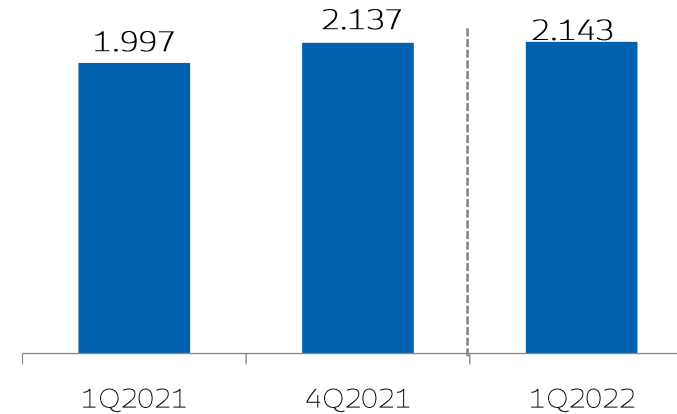
## Outstanding granted moratoria

€m – 1Q2022



## Evolution of ICO lending granted

€m – Accumulated amount



**As of 1Q2021, outstanding moratoria is residual (€3m, it represents less than 0,01% of gross loans).**

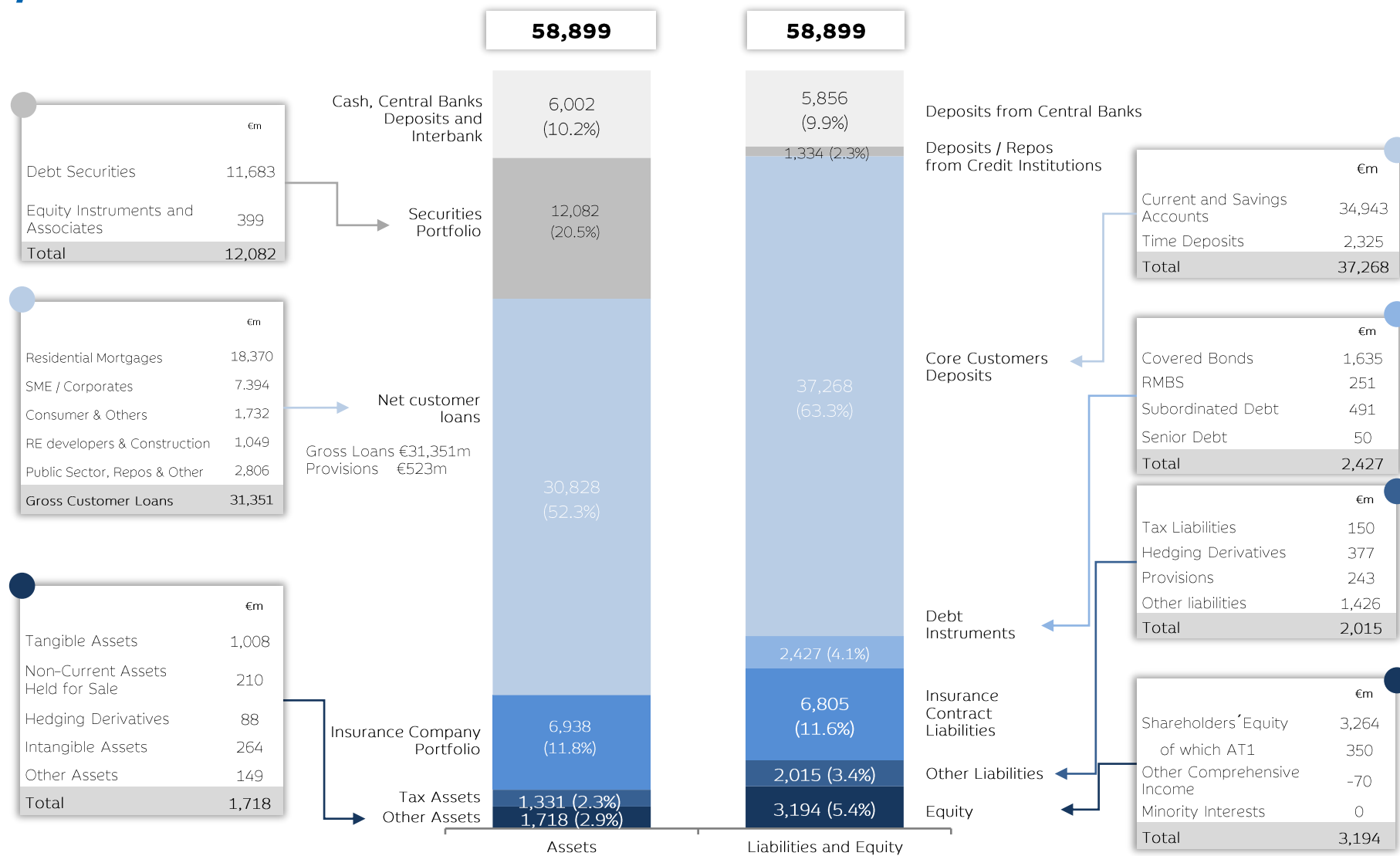
- ▶ The impact of this measure on the bank's asset quality has been marginal: only 3.2% has been classified as Stage 3 (€23m)

**Ibercaja has granted €1,970m in loans with ICO guarantees. Outstanding ICO financing remains stable (€1.637m).**

- ▶ 42.5% of ICO loans are already amortising capital.
- ▶ 2.4% of ICO financing is considered NPL and 18,5% is classified in Stage 2.

# Balance sheet

€m – 31/03/2022



# 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>Net NPAs</b>	Sum of doubtful balances in loans and advances to customers and net 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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