

Ibercaja Banco

1H2022 Results

29th July 2022

EL BANCO
DEL
Vamos

iberCaja 

Disclaimer

Data, estimates, valuations and forecasts, as well as the rest of the contents of this presentation are published for information purposes only. Neither Ibercaja Banco nor any of its directors, managers or employees are obliged, neither implicitly nor expressly, to guarantee that these contents are exact, accurate or complete, to update them or to correct them if they detect any error or omission.

The purpose of this presentation is not to provide financial advice or offer any kind of financial product or service. Ibercaja Banco is not and will not be responsible if any part of this presentation is considered to form the basis of an investment decision. Ibercaja Banco notes that this presentation may contain forward looking statements. It should be considered that such forward-looking statements do not guarantee any future results and are only subjective opinions of Ibercaja Banco in relation to the evolution of its business and as such there may be different criteria, risks, uncertainties and many other relevant factors that may cause it to evolve very differently. In any event, data relating to past performance or profits cannot be relied upon for future performance or profits.

This document has not been submitted to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) for its approval or registration. In any case, it is subject to Spanish law applicable as at the date hereof and is not addressed to any natural or legal person in any other jurisdiction. For this reason, it may not comply with legal requirements of other jurisdictions.

Without prejudice to applicable legal requirements or any other limitations imposed by Ibercaja Banco, it is expressly prohibited any use of this presentation and the distinctive signs or symbols contained therein, including any sort of copy, distribution, transfer to third parties, public communication or transformation, through any mean or medium whatsoever, without prior and express authorization of the respective owners. Breach of this prohibition may constitute an infringement of current laws and may be sanctioned.

In addition to the financial information prepared under International Financial Reporting Standards (“IFRS”), this presentation contains certain alternative performance measures (“APMs”) as defined in the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415). The APMs are performance measures that have been calculated using the financial information from the Ibercaja Banco Group but that are not defined or detailed in the applicable financial information framework and therefore have neither been audited nor are capable of being completely audited. These APMs are being used to allow for a better understanding of the financial performance of the Ibercaja Banco Group but should be considered only as additional information and in no case as a replacement of the financial information prepared under IFRS. Moreover, the way the Ibercaja Banco Group defines and calculates these APMs may differ to the way these are calculated by other companies that use similar measures, and therefore they may not be comparable.

In case of disagreement, the Spanish version will prevail.

Table of Contents

| | |
|---|-----------|
| 1. Key highlights | 4 |
| 2. Commercial activity | 7 |
| 3. Results | 14 |
| 4. Asset quality, liquidity and solvency | 22 |
| 5. Key remarks | 27 |
| 6. Annex | 29 |



Key highlights

Key highlights

1

Ibercaja achieves its lowest NPL ratio in the last fifteen years

NPLs

-13.6%
YtD

(System -3%)*

NPL Ratio

1.9%
4Q2021: 2.3%

(System: 4.2%)*

NPL Coverage

81.6%
4Q2021: 75.3%

2

Good performance of the main income statement items in the first half of the year

Recurring Revenues

+4.7%
YoY

Recurring Costs

-4.1%
YoY

Recurring profit before provisions

21.7%
YoY

Provisions

-8.9%
YoY

Recurrent efficiency ratio improves by 5.5 bps.

Key highlights

3

Net profit reaches €115m, 22,2% higher than 2021 and 51% higher than recorded before the pandemic

Net income

€115m

YoY

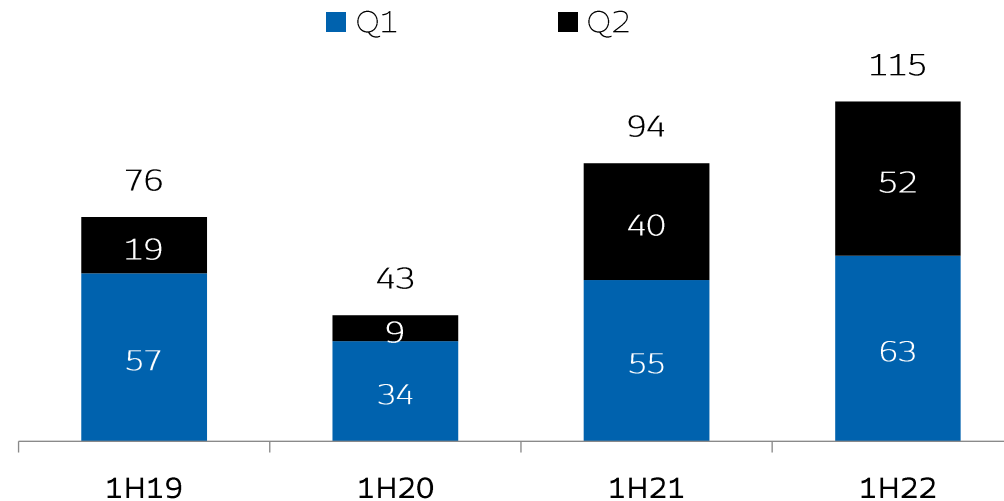
+22.2%

**ROTE
1H annualised***

8.7%

Net Income 1H

€m



* It doesn't include Deposit Guarantee Fund contribution expected in Q4



Commercial activity

Customer funds

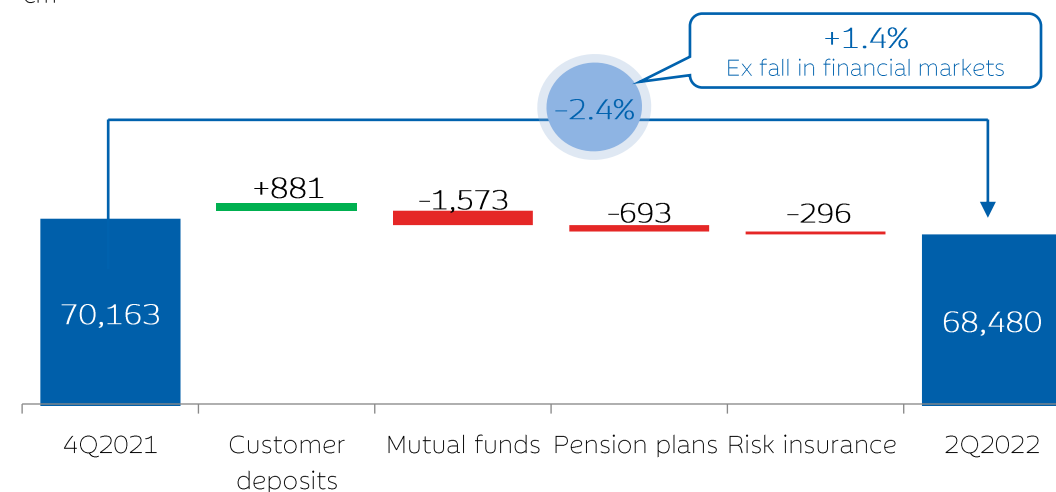
Customer funds

€m and %

| | 2Q2022 | YoY | QoQ |
|-------------------------------|---------------|-------------|--------------|
| Customer deposits | 38,012 | 7.3% | 2.4% |
| Current Deposits | 35,823 | 9.6% | 3.3% |
| Time Deposits | 2,189 | -19.9% | -11.0% |
| AuM & Life insurance products | 30,469 | -4.3% | -7.8% |
| Mutual funds | 18,027 | -2.8% | -8.0% |
| Pensión funds | 5,869 | -7.0% | -10.6% |
| Risk insurance | 6,572 | -5.7% | -4.3% |
| Customer funds | 68,480 | 1.8% | -2.4% |

Customer funds variation in 2022

€m



Customer funds decreased 2.4% in the period or €1,682m.

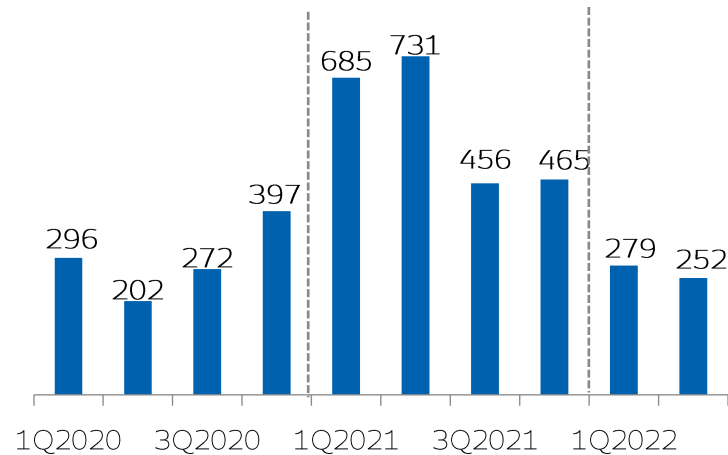
- AuM and life insurance products decreased -7.8% or €2,563m impacted by the fall in the financial markets. However, excluding this effect, customer funds grow by 1.4% (€980m) in 2022.

In YoY terms, customer funds grow 1.8% or €1,233m.

Mutual funds

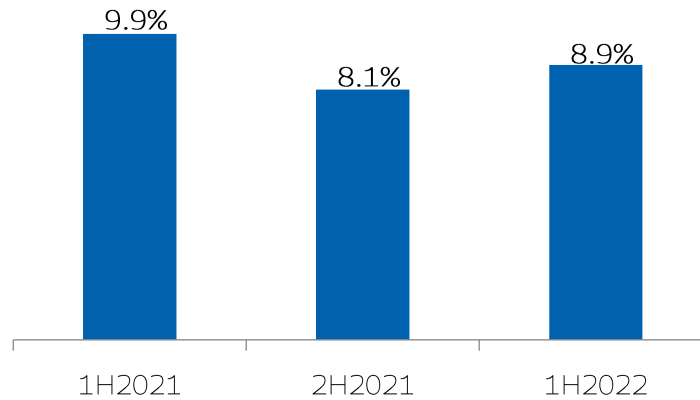
Net new money inflows

€m – Source: Inverco



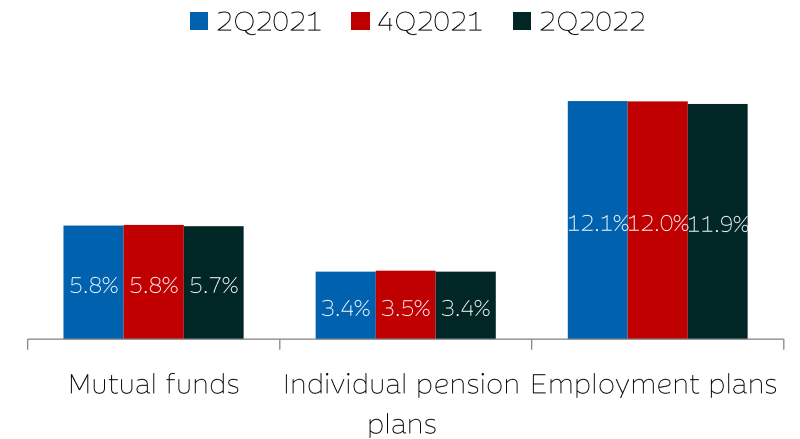
Market share in net new money inflows

% – Source: Inverco



Market share in AuM

% – Source: Inverco



During the first half of the year, the stock in mutual funds decreased 8.0% or €1,537m due to the fall in the financial markets.

- Ibercaja's advisory model allows the Entity to register €531m of net new money inflows during the first half of the year, which is equivalent to 8.9% of net new money inflows of the system.
- The stock in mutual funds exceeds in €1,793m the amount of December 2020, when Plan Estrategico 2023 was launched, which implies an increase of 11.0%.

Customer loans

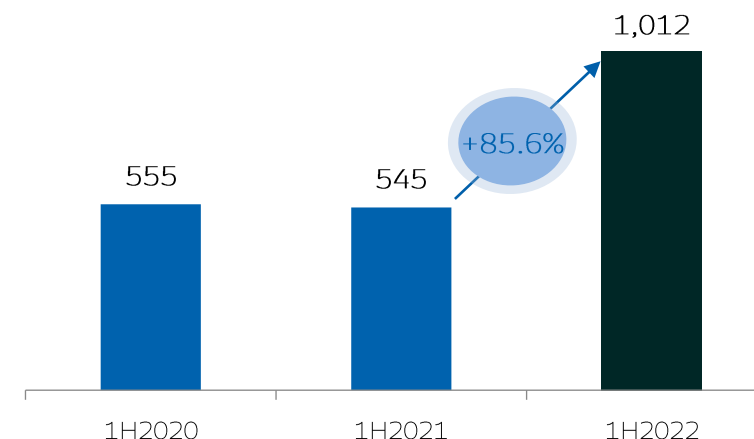
Customer loans

€m

| | 2Q2022 | YoY | Vs. 4Q2021 |
|--|---------------|-------------|-------------|
| Loans to households | 20,121 | 0.9% | 1.5% |
| Mortgages | 18,095 | -0.6% | 0.0% |
| Consumer and others | 2,025 | 17.3% | 17.8% |
| Loans to companies | 8,199 | 4.2% | 2.3% |
| Non-Real estate companies | 7,247 | 5.7% | 2.9% |
| Real estate companies | 952 | -5.9% | -2.2% |
| Public sector and others | 1,526 | 21.1% | 48.4% |
| Performing gross loans ex repos | 29,845 | 2.7% | 3.4% |
| Repos | 1,625 | 0.6% | 0.6% |
| Doubtful loans | 620 | -30.8% | -13.6% |
| Customer loans | 32,090 | 1.6% | 2.9% |

New mortgages production

€m



Performing gross loans ex repos grow in the first half of the year 3.4% or €983m.

- ▶ Loans to companies grow 2.3% vs. 4Q2021 or €183m due to the strong increased in revolving loans (the volume negotiated increase 33.4% YoY). Ibercaja increases its market share¹ 7 bps. in the year.
- ▶ Strong growth in new mortgages production in the first half of the year and already exceed €1,000m (+85.6% vs. 1H2021). Thus, the mortgage portfolio remains stable vs. end of 2021.
- ▶ Pension advances contributes €369m to the portfolio in the semester.

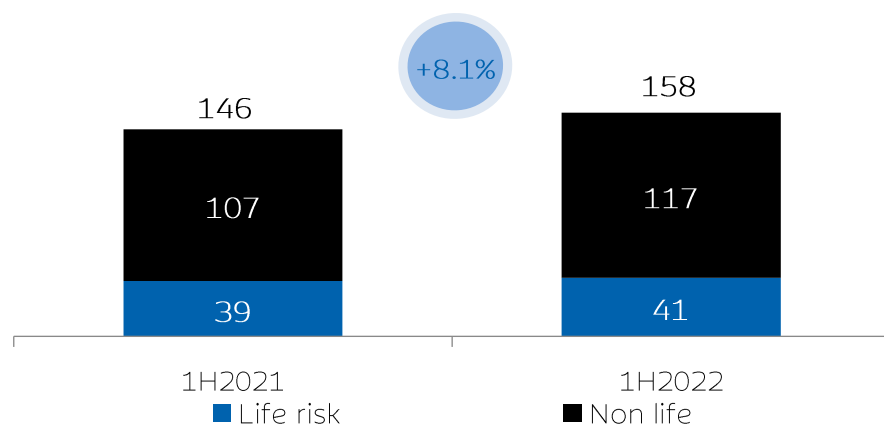
Performing gross loans ex repos grow 2.7% YoY, boosted by non-real estate companies loans, one of the main strategic targets of the Entity, which grows 5.7% YoY or €390m.

¹ Data as of May 2022

Risk insurance

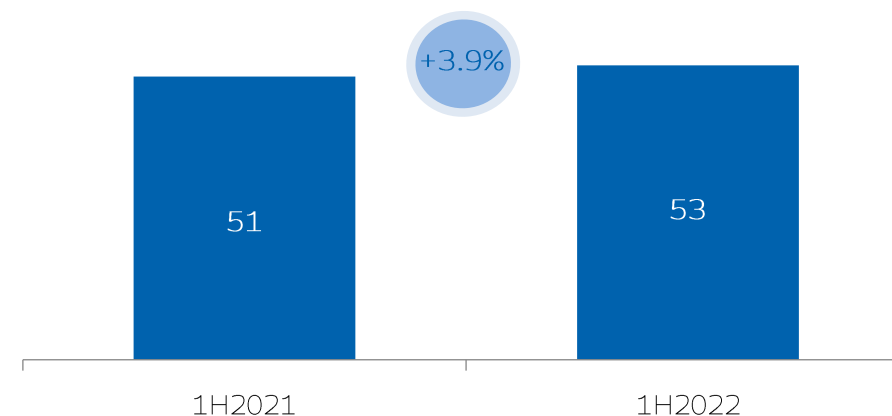
Risk insurance premiums (portfolio)

€m – premiums collected



Contribution to gross margin

€m –



The risk insurance portfolio grows 8.1% YoY up to €158m (9.1% in non life and 5.6% in life risk).

New production of risk insurance reaches €37m in 1H2022, 2.6% more than in 1H2021.

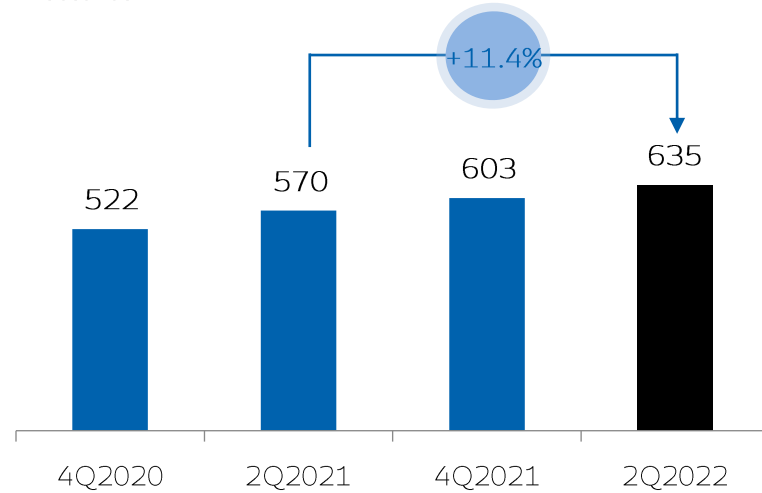
- Strong boost in new production of life risk insurance, which increases 31.6% YoY.
- Ibercaja launched “Cuenta de Seguros Vamos” which allows to group the payment of the insurance products contracted in Ibercaja (life, home, car, deaths, health and accidents) to pay them in a single fixed monthly payment.

The contribution of risk insurance to gross margin is close to €53m in the first half of the year (3.9% YoY) and represents 11% of the recurring revenues of the Bank.

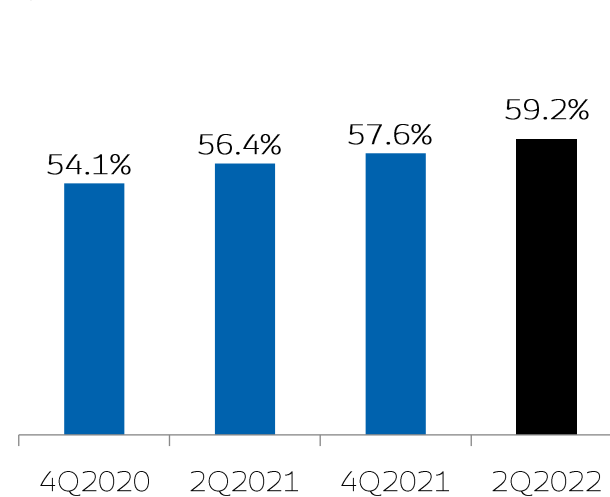
Digitalisation

Ibercaja App users¹

Thousands -

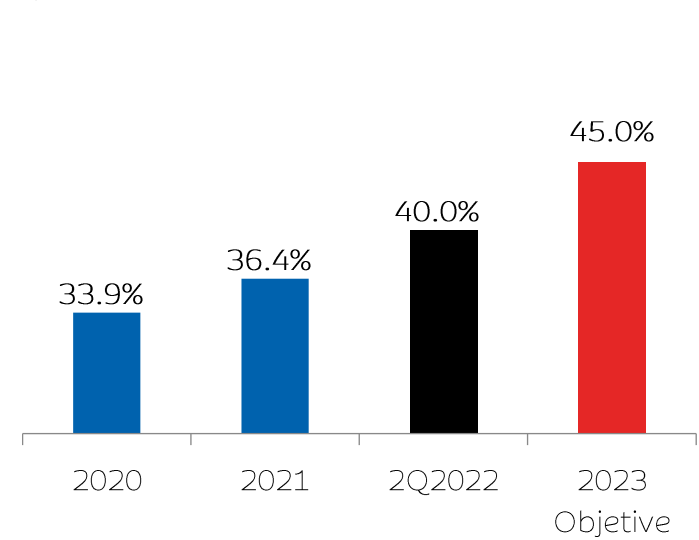
% Digital customers²

%



Digital sales

%-



The number of Ibercaja App users grow 11.4% YoY. As a result, the number of digital customers grow to more than 894 thousand.

Digital customers already represent 59.2% of the total customers of Ibercaja.

The percentage of digital sales reaches 40%.

- The weight of digital channels grew strongly in mortgages to 18.9% and in risk insurance up to 8.4%.

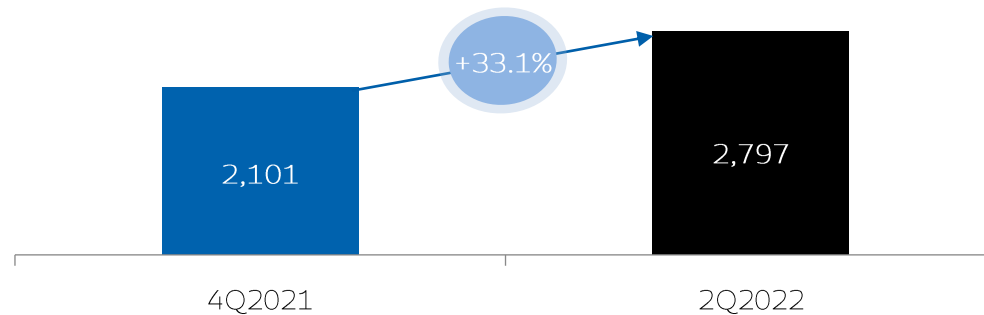
¹ Includes only the active customers in the last month of the quarter.

² Customers that have logged the web or App in the last three months of the period.

Sustainability

Sustainable mutual funds and pension plans

€m



Best practices in Corporate Governance¹

Ibercaja complies with the main recommendations of Corporate Governance:

- ✓ Separation of positions between Executive CEO and Non-executive Chairman
- ✓ 45% of the Board Members are independent
- ✓ 40% of Non-Executive Directors are women
- ✓ The Audit, Large Exposures and Solvency, Appointments and Compensation Committees are chaired by Independent Board Members

Ibercaja has recorded positive results in the ECB's climate stress test.

- The ECB has categorized Ibercaja's climate stress test framework with a "medium-advanced" degree of progress, higher than the average score of the banks analysed.

Ibercaja continues to promote investment with sustainable criteria.

- The balance of mutual funds and sustainable pension plans amounted to almost €2,800m, 33.1% higher in the first half of the year.

The Entity promotes gender diversity in its Board of Directors.

- The Bank has announced the appointment of three female directors. Once the appointments are effective¹, Ibercaja will comply with the 40% ratio of female representation among non-executive directors, in line with the recommendation of the Council and the European Parliament for listed companies.

¹ Subject to the approval by the ECB.



Results

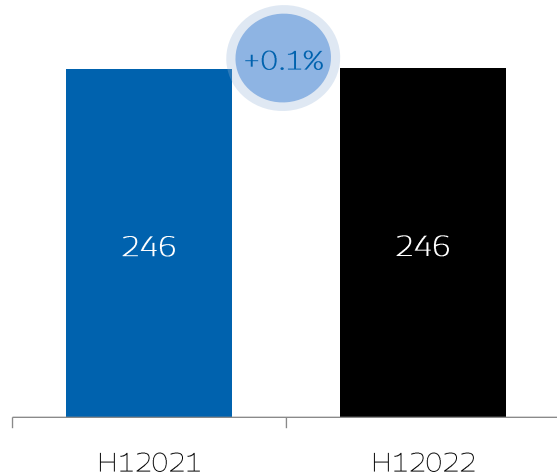
1H2022 P&L account

| | 1H2021 | 1H2022 | YoY |
|--|------------|------------|--------------|
| Net Interest Income | 246 | 246 | 0.1% |
| Net Fee Income | 203 | 224 | 10.3% |
| Recurring Revenues | 449 | 470 | 4.7% |
| Gains/Losses on Financial Assets and Liabilities | 36 | 4 | -89.1% |
| Other Operating Income (Net) | 2 | -5 | n.a |
| Gross Operating Income | 487 | 469 | -3.6% |
| Operating Expenses | -295 | -282 | -4.1% |
| Pre-Provision Profit | 192 | 187 | -2.7% |
| Total Provisions | -56 | -51 | -8.9% |
| Other Gains and Losses | -1 | 9 | n.a |
| Profit Before Taxes | 135 | 145 | 7.3% |
| Taxes | -41 | -30 | -27.2% |
| Net Income | 94 | 115 | 22.2% |

Net interest income

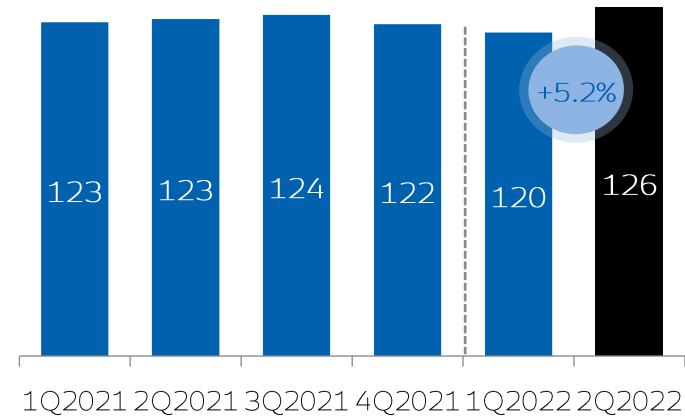
Net interest income

€m



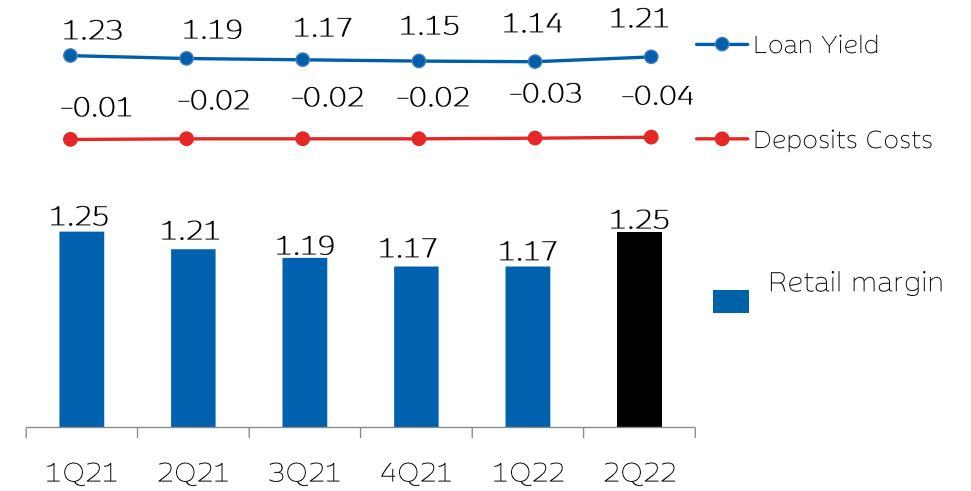
Quarterly net interest income

€m



Retail margin

€m



Net interest income remained stable (0.1% yoy).

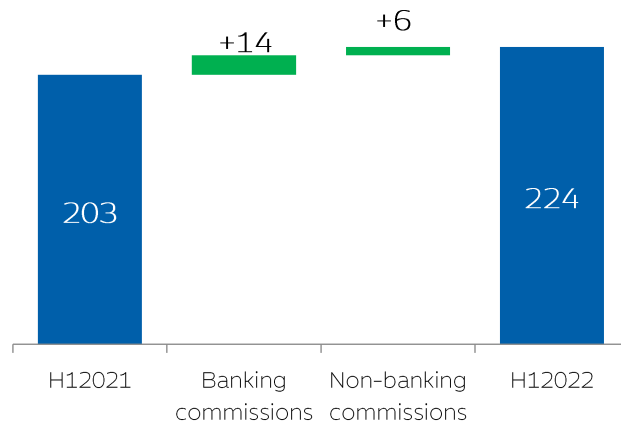
In the second quarter, net interest income increased by 5.2% qoq to €126m, driven by the dynamism of lending and the positive impact of the repricing in the variable-rate loan portfolio.

- Retail margin grew by 8.1% or €7m in the second quarter.
- Ibercaja expects this positive net interest income dynamic gains traction in the second half of the year.

Net fee income

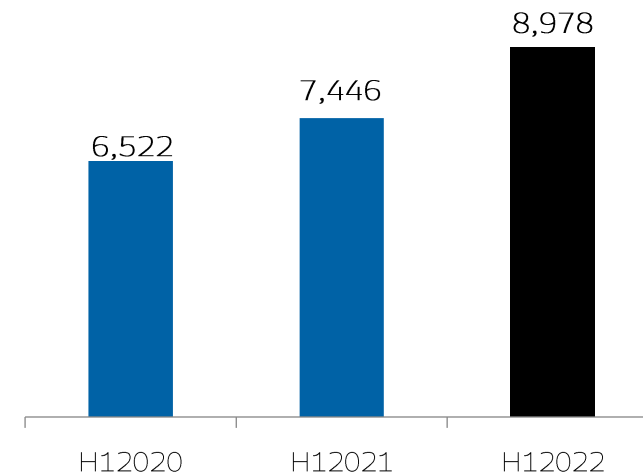
Net fee income variation

€m



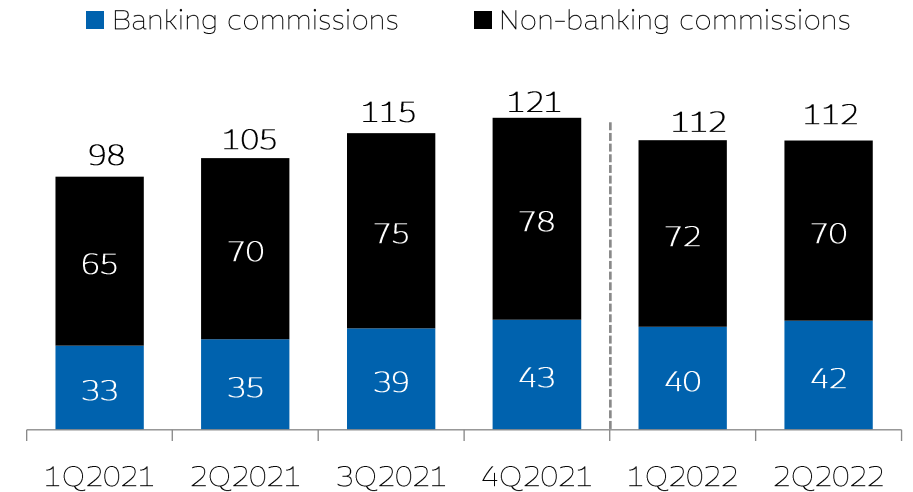
Turnover cards and POS Ibercaja

€m Turnover last 12m



Quarterly commissions

€m

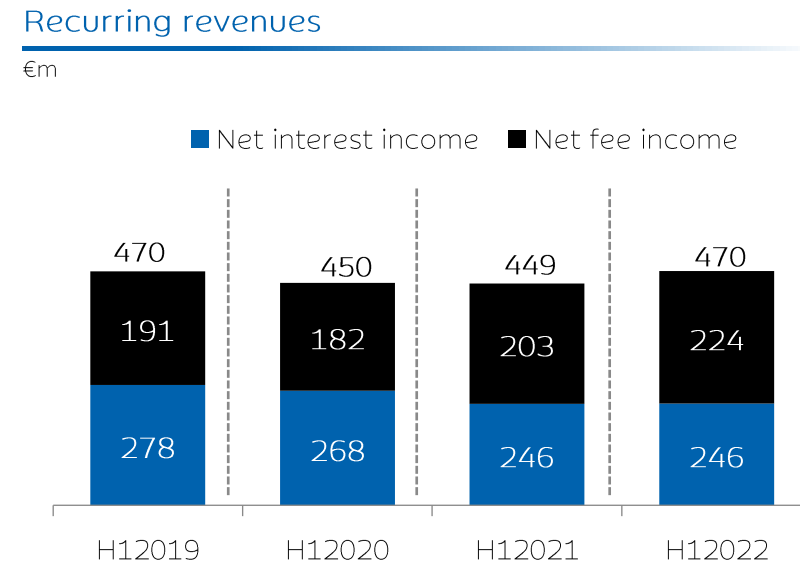
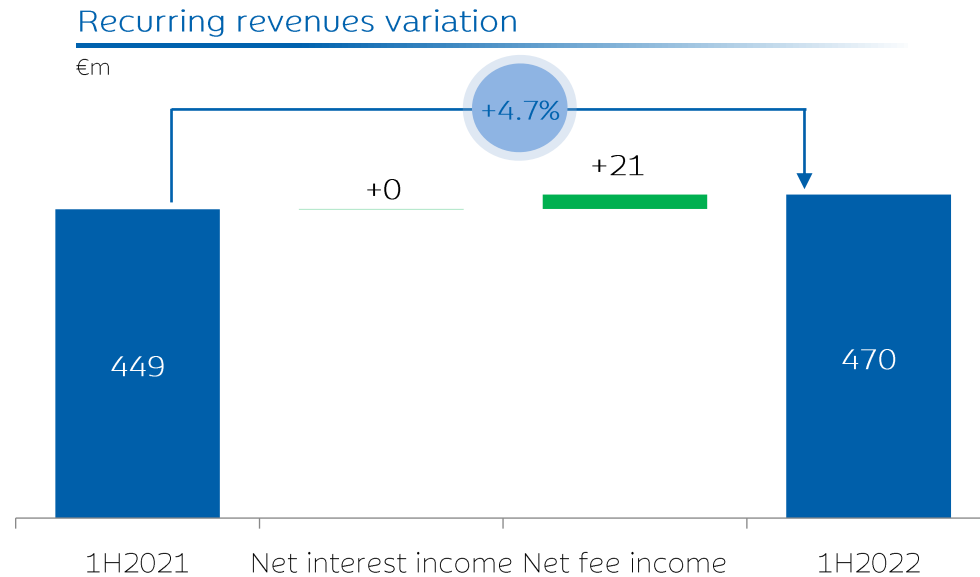


Net fee income increased 10.3% yoy or €21m.

- ▶ Banking commissions grew by €14m or 21.4% yoy supported mainly by the increased in commercial activity (Ibercaja's card and POS turnover increased by more than 20% yoy) and new tariffs.
- ▶ Non-banking commissions grew by €6m yoy or 4.8% in the period.

In the second quarter, net fee income remained stable (-0.1%) due to volatility in financial markets, which weighted down non-banking commissions.

Recurring revenues and gross operating income



Recurring revenues rebounded 4.7% yoy or €21m in the first half, supported by growth in fee income and stabilization of net interest income.

- Recurring revenues are now at levels similar to those recorded before the pandemic, reaching €470m in the first half of the year.

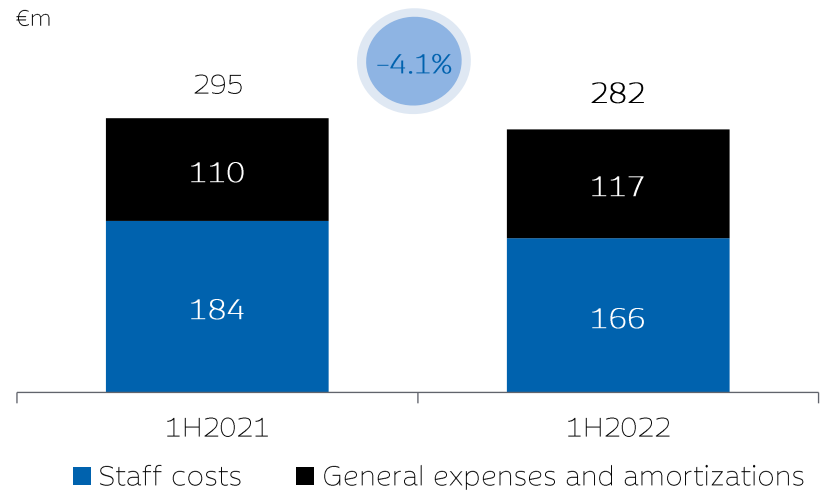
Recurring revenues represent 100% of the gross operating income for the first half of the year and prove the recurrence of the Ibercaja's revenues.

- Gross operating income declined 3.6% yoy in the first half of the year due to the absence of financial operations results.

Operating costs

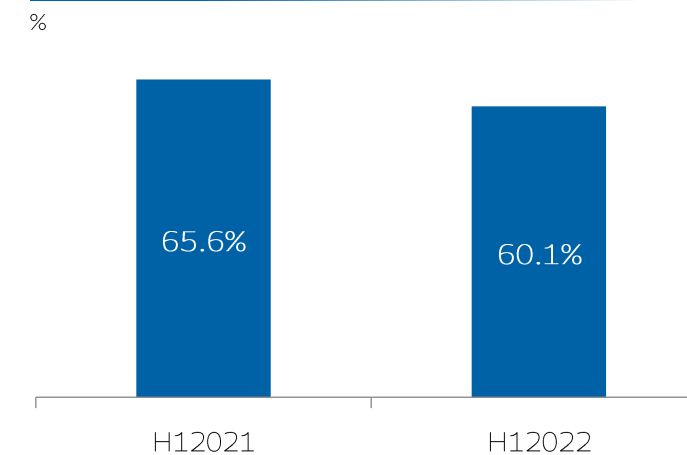
Operating costs

€m



Recurring cost to income ratio

%



Recurring costs decreased by 4.1% yoy or €12m.

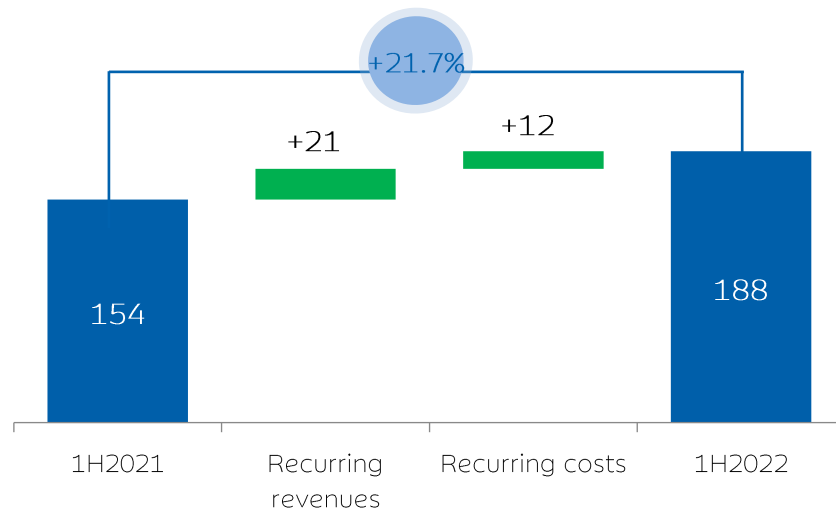
- In 1H22, staff costs decreased by 10.0% yoy or €18m thanks to the cost savings from the 2021-2022 redundancy plan. As of June 2022, all approved departures have been fully implemented, amounting to 750 employees, and 134 branches have been closed.

Thanks to the recovery of recurring revenues and a cost reduction effort, the recurring efficiency ratio stands at 60% (vs. 66% as of June 2021).

Recurring profit before provisions

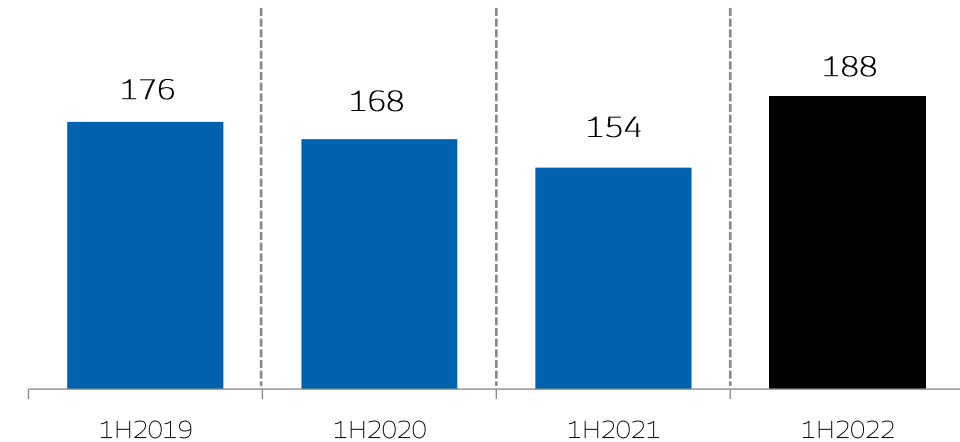
Recurring profit before provisions variation

€m



Recurring profit before provisions

€m



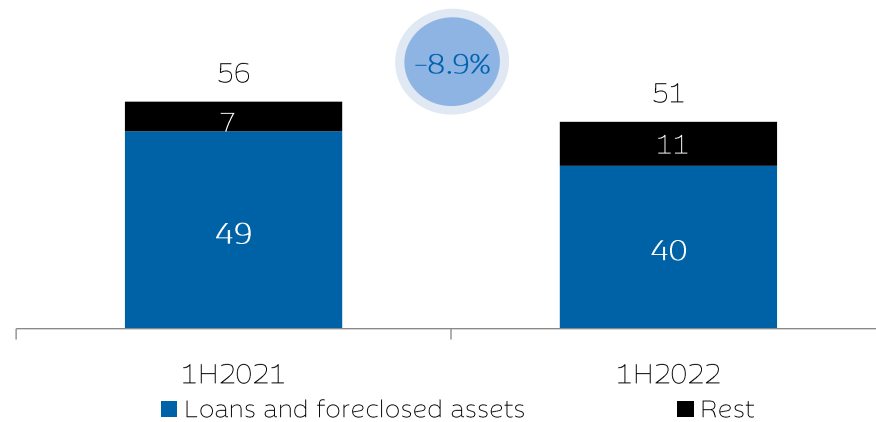
Recurring profit before provisions grew 21.7% yoy in the first half to €188m, thanks to cost containment and higher recurring revenues.

In 1H2022 Ibercaja has surpassed the levels of recurring profit before provisions that it generated before the pandemic.

Provisions

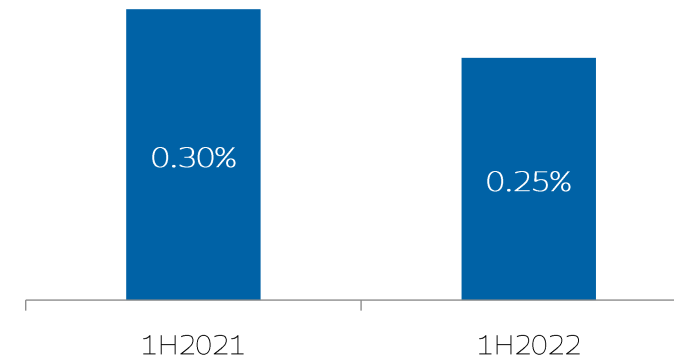
Total Provisions

€m



Cost of Risk

%



Total provisions recorded a drop of 8.9% yoy or €5m in the first half of the year.

- Cost of Risk provisions fell 17.5% yoy or €8m in the first half of the year. Cost of risk stands at 25 bps, below medium term target set at 30 bps.

Ibercaja has set up a €9m fund to reflect the new macroeconomic scenario. In addition, it maintains an unused post-model adjustment of €49m established in 2020.

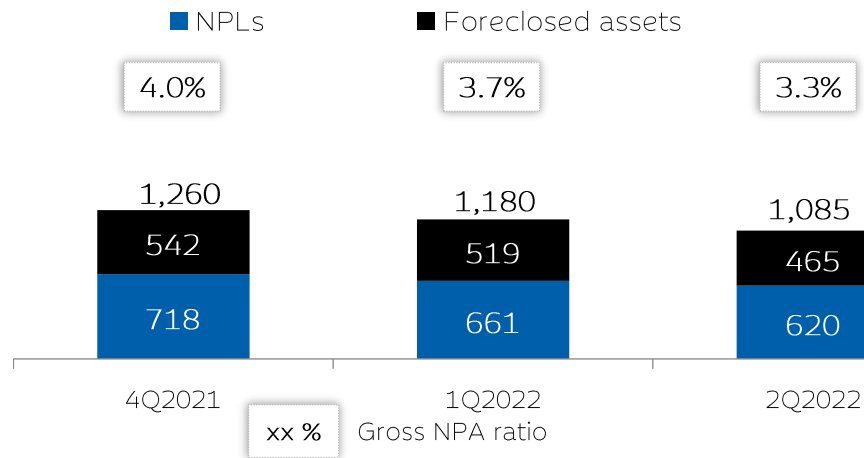
IV

Asset quality, liquidity and solvency

Non-performing assets

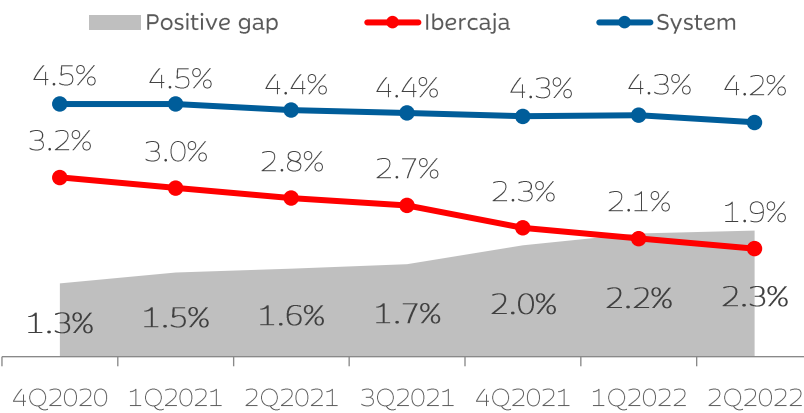
Gross NPAs

€m



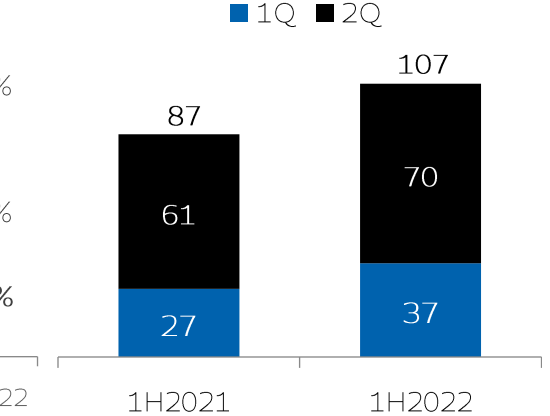
NPL ratio evolution vs. sector

% - Sector: credit institutions as of May 2022, BdE



Foreclosed assets sales

€m



Ibercaja maintains its differential performance in asset quality. The balance of non-performing assets fell by 13.9% or €175m year-to-date (-€95m in 2Q). The NPA ratio improved 37 bps in the quarter to 3.3%.

Doubtful loans fell 13.6% or €97m (€41m in 2Q) and NPL ratio decreases to 1.9%.

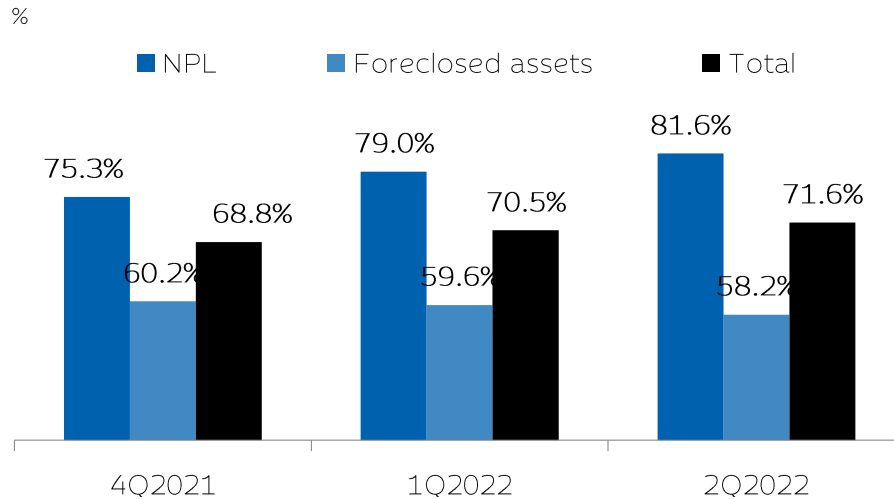
- Ibercaja reaches its lowest level of NPLs in 15 years and widens its positive NPL spread vs. the sector to 225 bps.
- 80% of ICO loans have completed the grace period and are paying principal with no impact on asset quality.

Foreclosed assets decreased by 14.3% or €78m in the first half (€54m in 2Q).

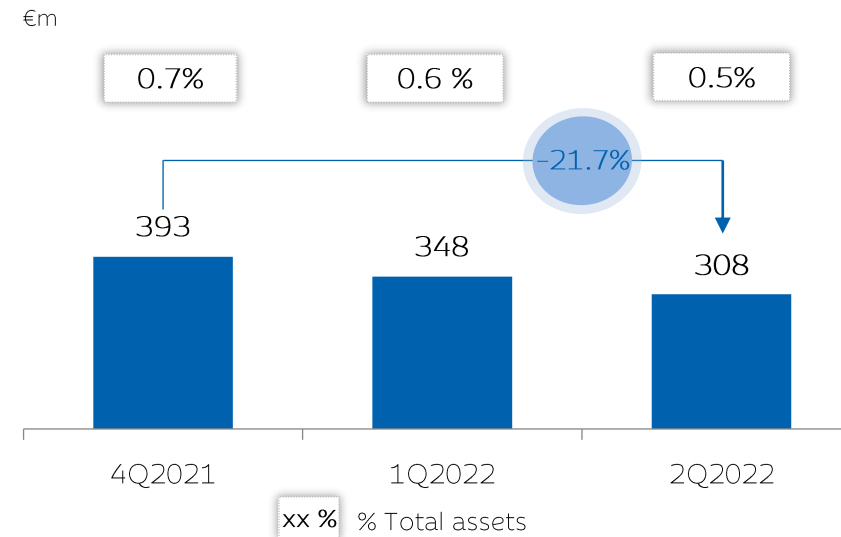
- Foreclosed assets sales increased 22.6% YoY in the first half of the year to €107m. Land sales accounted for 68% of total sales.

Coverage ratios

Coverage ratio



Activos problemáticos netos de provisiones



The NPL coverage ratio continued to improve and reached 81.6% (+6.3% year to date).

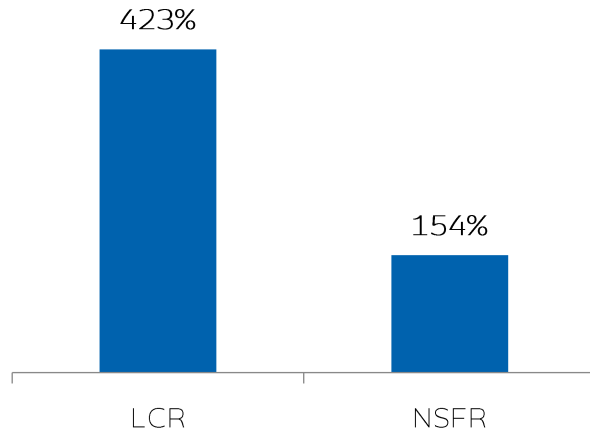
The total problem assets coverage ratio improved 2.8% in the first half of the year to 71.6%.

The volume of non-performing assets net of provisions fell by 21.7% in the first half or €85m (€40m in Q2). Their share of total assets fell to 0.5%, one of the lowest in the system.

Liquidity and MREL

LCR and NSFR ratios

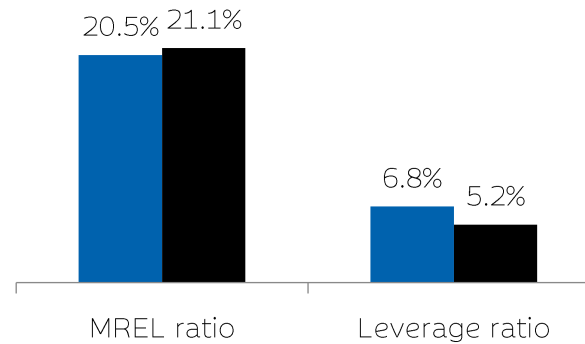
% - 2Q2022



MREL requirement

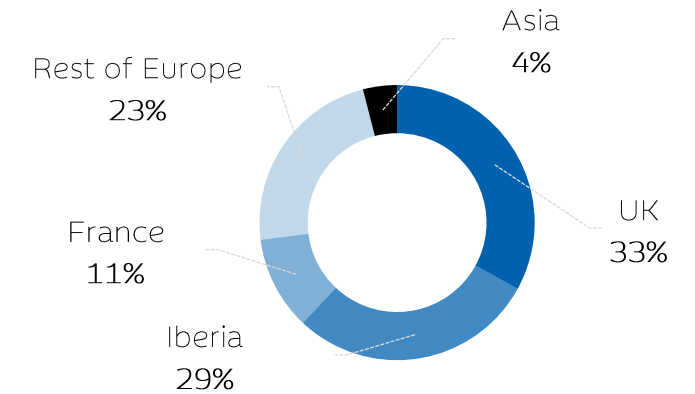
% - 2Q2022

■ June 2022 ■ 2024 requirement



Senior debt issuance – distribution by geography

% -



Ibercaja has a high liquidity position.

- The LCR and NSFR ratios are 423.1% and 153.6% respectively, and the loan-to-deposit ratio stands at 78.8%.

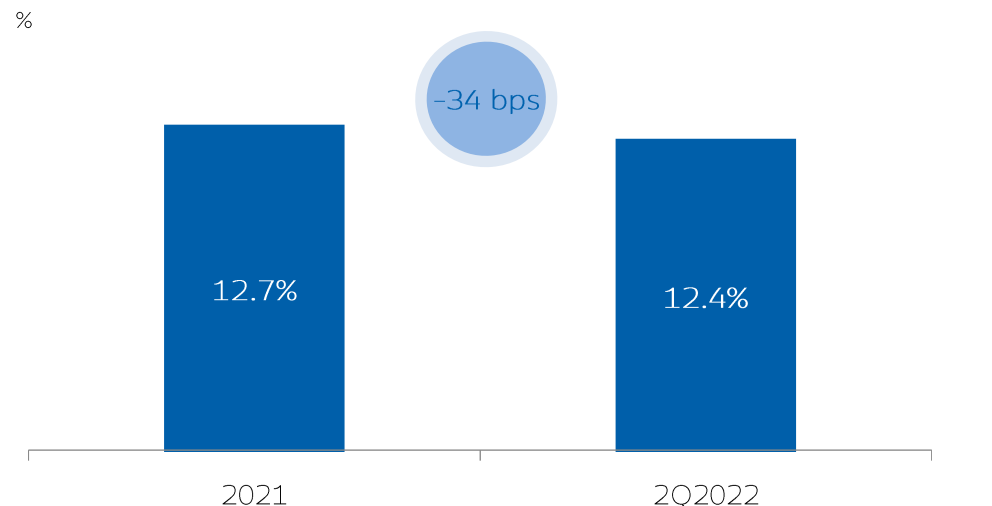
In June 2022, Ibercaja issued a senior preferred bond 3NC2 for an amount of €500m eligible for the MREL requirement. The total demand received was €800m. 72% of the issue was placed with international investors.

- As of June 2022, the MREL ratio stood at 20.5%, a level very close to the 21.1% required for January 2024. The MREL leverage ratio is already well above the 2024 requirements.

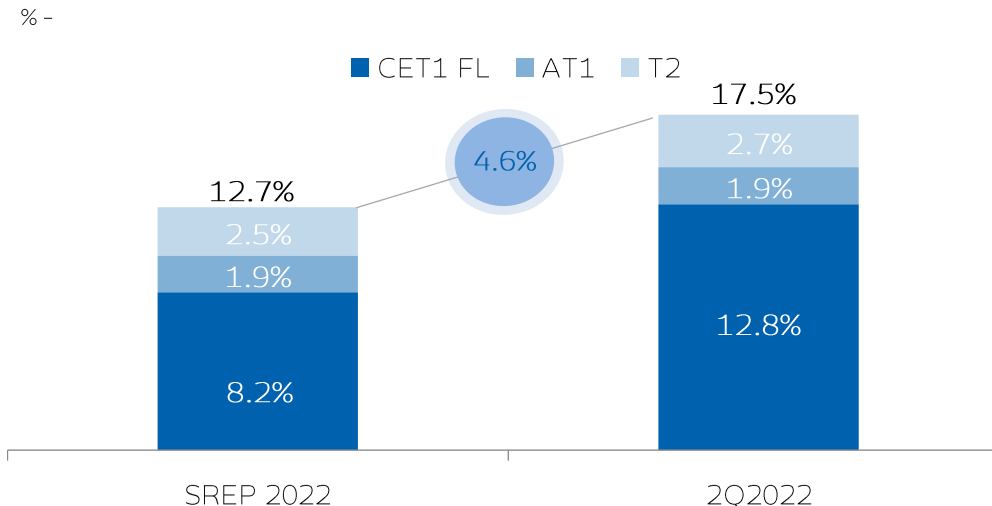
In July, Fitch rating agency upgraded Ibercaja's rating to BBB-, placing it in investment grade.

Solvency

CET1 Fully Loaded



Capital Total Phased In vs. SREP requirements



CET1 Fully Loaded ratio stands at 12.4% (12.8% in Phased-in terms), decreasing 34 bps vs. 4Q2021.

- ▶ In the second quarter, the impact of portfolio valuations represents a reduction of 37 bps in capital.
- ▶ The Entity has deducted a payout of 65% from capital in the first half of the year.

Capital Total Fully Loaded ratio stands at 17.0% (17.5% in Phased-in terms).

MDA ratio, which measures the excess of capital vs. SREP requirements, is 459 bps.

Bank of Spain has approved the Financial Plan of Ibercaja Banking Foundation, which includes the endowment of a Reserve Fund equivalent to 1.75% of the RWAs, before the end of 2025.

- ▶ Ibercaja Banking Foundation has already endowed €108m, which represents 0.59% of the RWAs as of June 2022.

V

Key remarks

Ibercaja moves towards achieving its medium-term targets



* ROTE considers 1H2022 annualised net Income. It doesn't include Deposit Guarantee Fund contribution expected in Q4

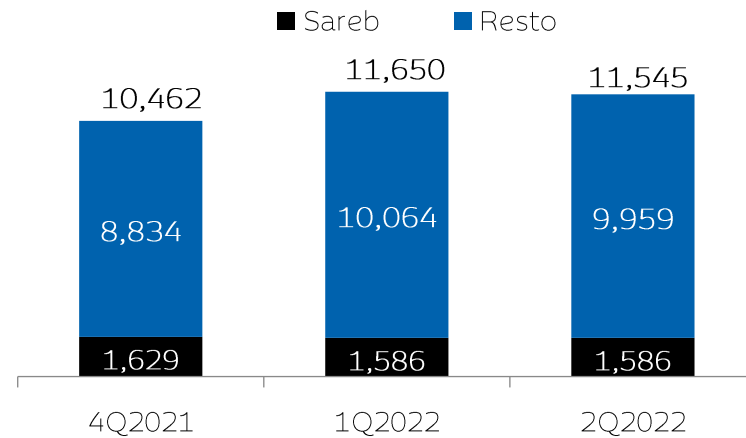
VI

Annex

ALCO portfolio

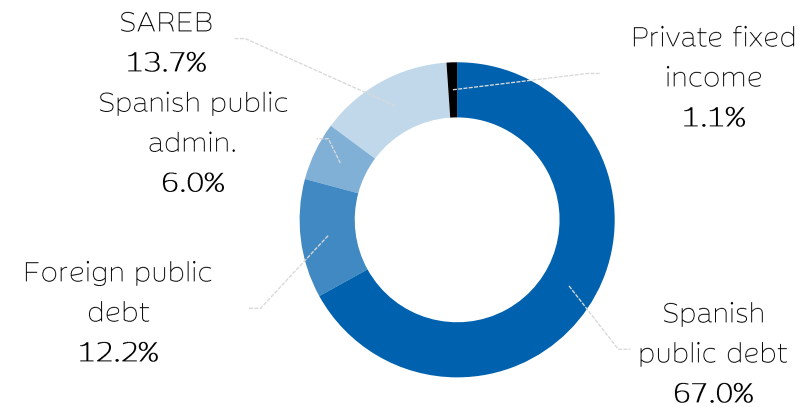
ALCO portfolio

€m



ALCO Portfolio breakdown

% - 2Q2022



The Entity maintains stable its ALCO portfolio¹ in the quarter with a low risk profile.

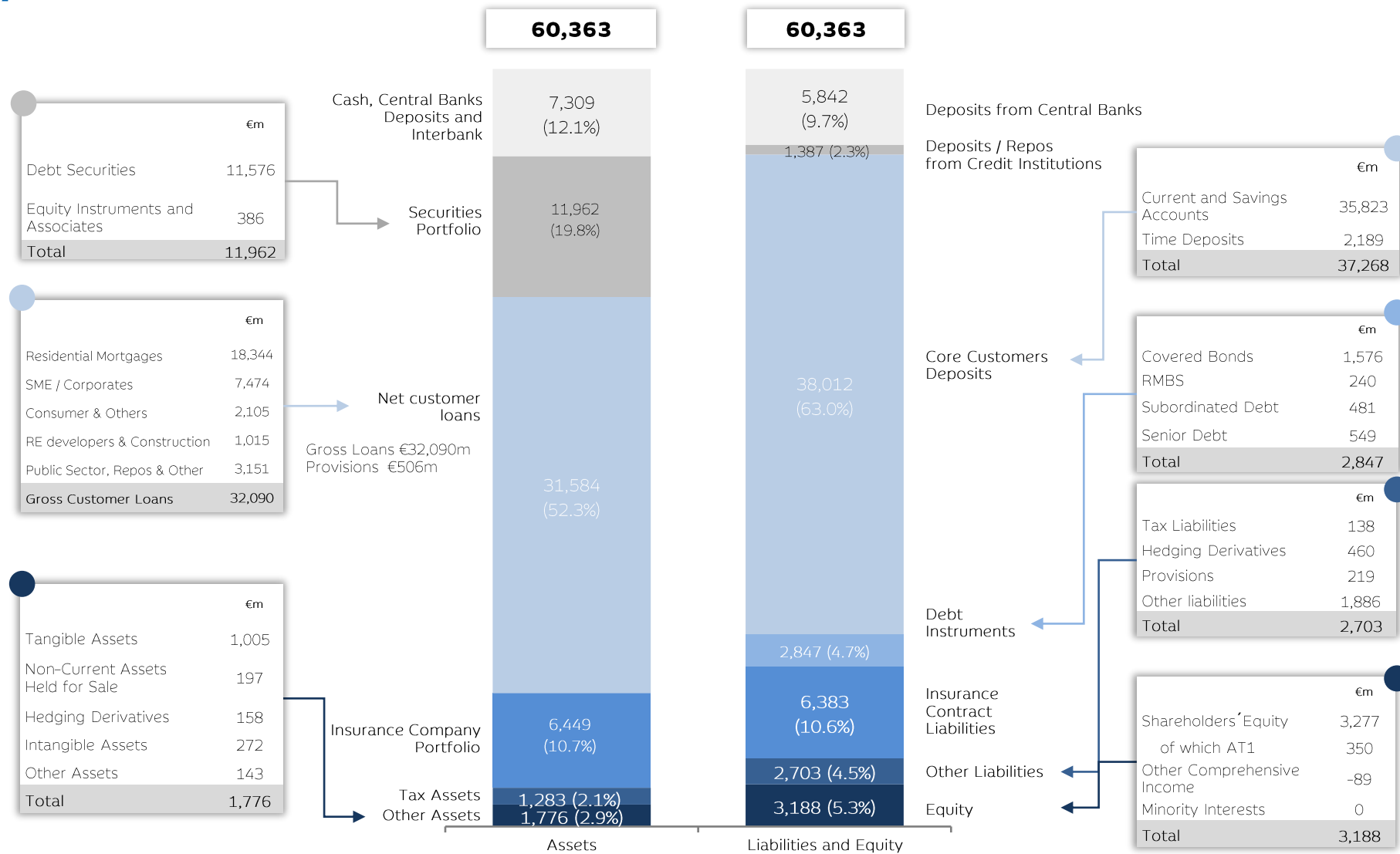
- The portfolio is mainly composed of Spanish sovereign debt (67.0%) with an average duration of 4.8 years² and an average yield of 0.4%.
- 95% of the portfolio is classified at amortised cost.

¹ Excludes insurance activity portfolio.

² Includes interest rate swaps.

Balance sheet

€m- 30/06/2022



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 |
| Net NPAs | Sum of doubtful balances in loans and advances to customers and net 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 |

iberCaja 

EL BANCO
DEL
vamos