Ibercaja Banco

1H2022 Results

29th July 2022



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In case of disagreement, the Spanish version will prevail.

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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.

System: Last available data May 2022

Key highlights

3

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

Net income

€115m

YoY

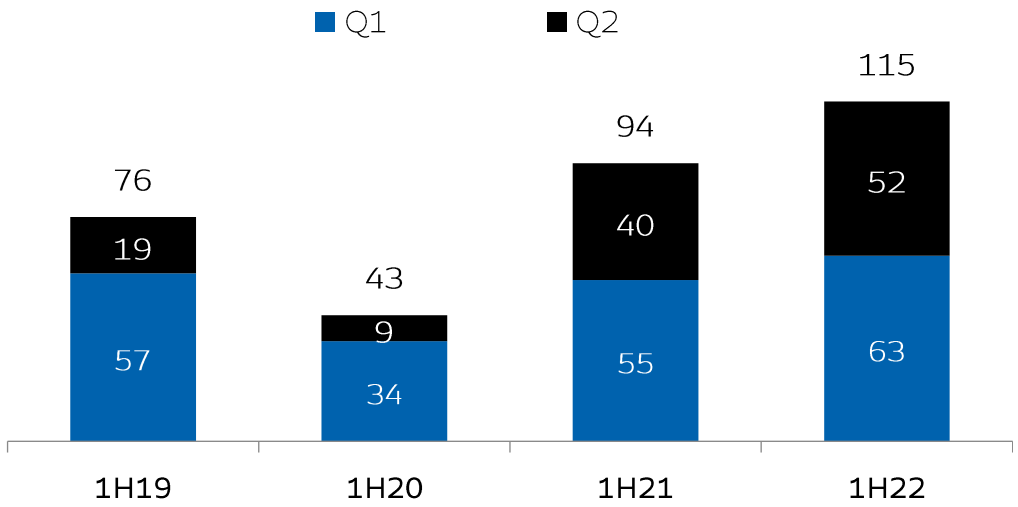
+22.2%

ROTE
1H annualised*

8.7%

Net Income 1H

€m



* It doesn´t include Deposit Guarantee Fund contribution expected in Q4

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II

Commercial activity

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Customer funds

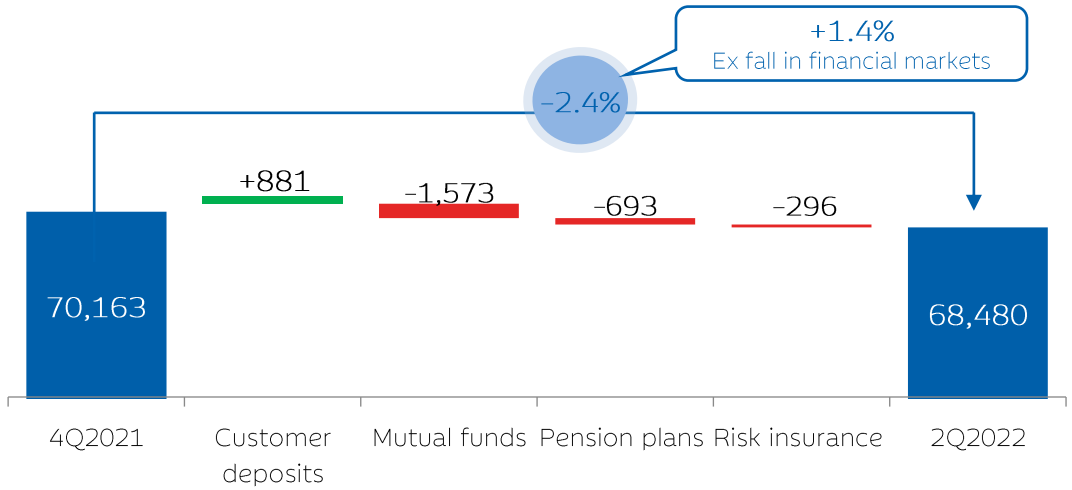
Customer funds

€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.

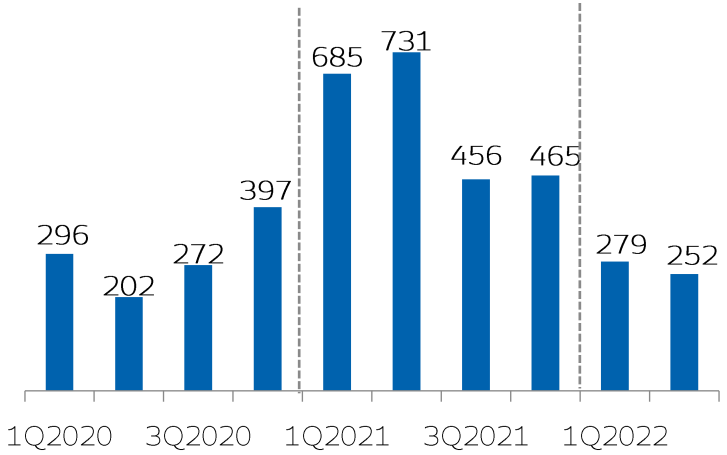
- AuM and life insurance products decreased -7.8% or €2,563m impacted by the fall in the financial markets. However, excluding this effect, customer funds grow by 1.4% (€980m) in 2022.

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

Mutual funds

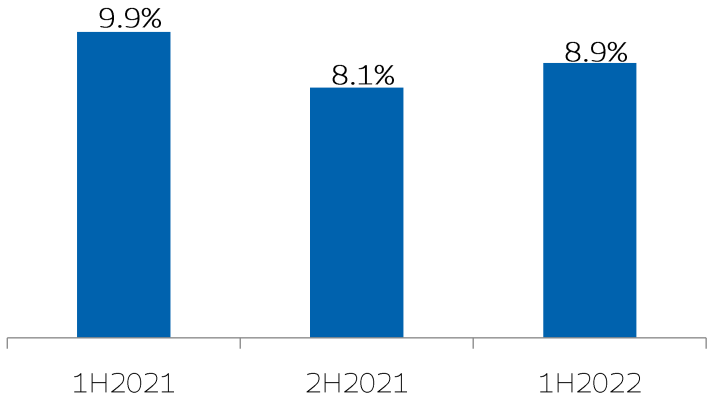
Net new money inflows

€m - Source: Inverco



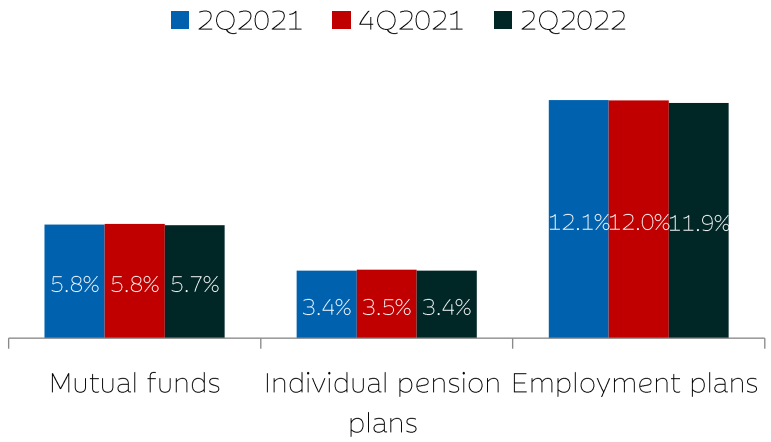
Market share in net new money inflows

% - 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

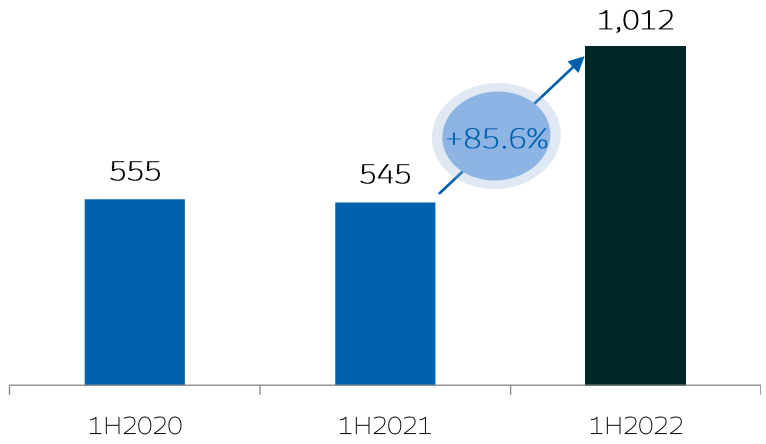
Customer loans

€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 share[1] 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.

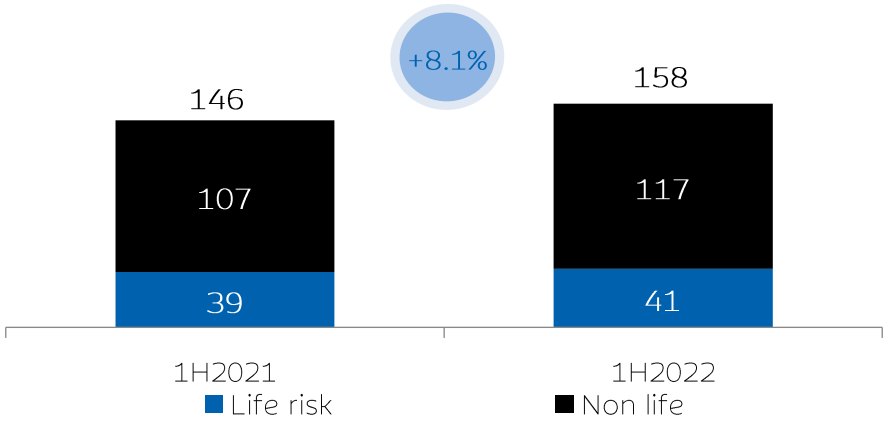
Performing gross loans *ex* repos grow 2.7% YoY, boosted by non-real estate companies loans, one of the main strategic targets of the Entity, which grows 5.7% YoY or €390m.

[1] Data as of May 2022

Risk insurance

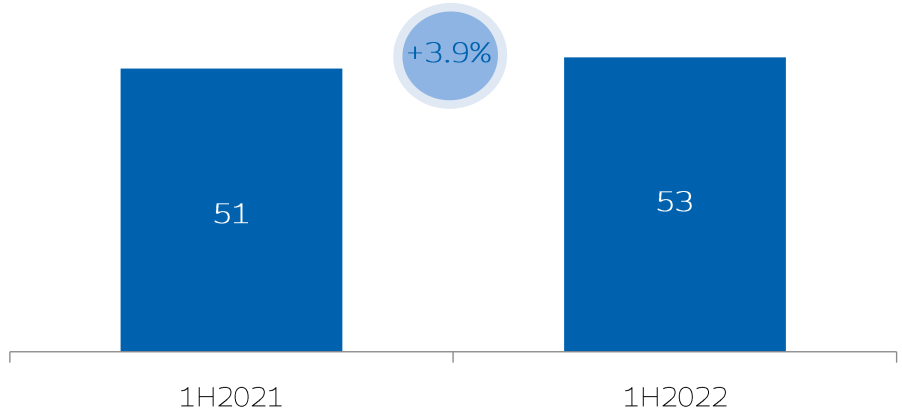
Risk insurance premiums (portfolio)

€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).

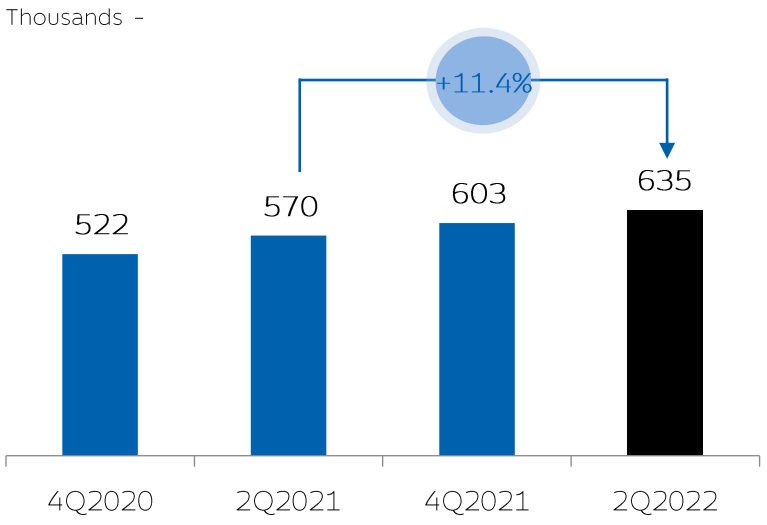
New production of risk insurance reaches €37m in 1H2022, 2.6% more than in 1H2021.

- 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.

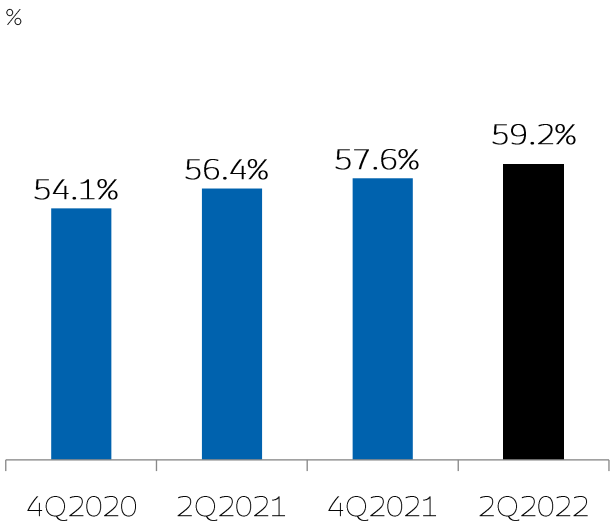
The contribution of risk insurance to gross margin is close to €53m in the first half of the year (3.9% YoY) and represents 11% of the recurring revenues of the Bank.

Digitalisation

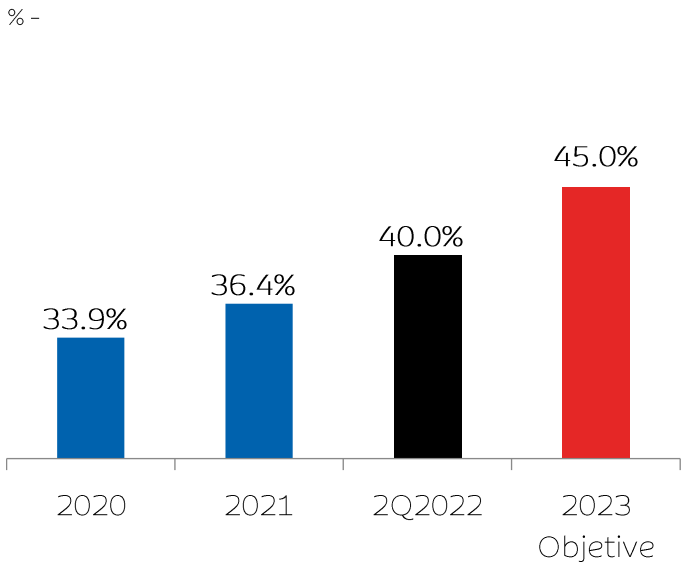
Ibercaja App users[1]



% Digital customers[2]



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%.

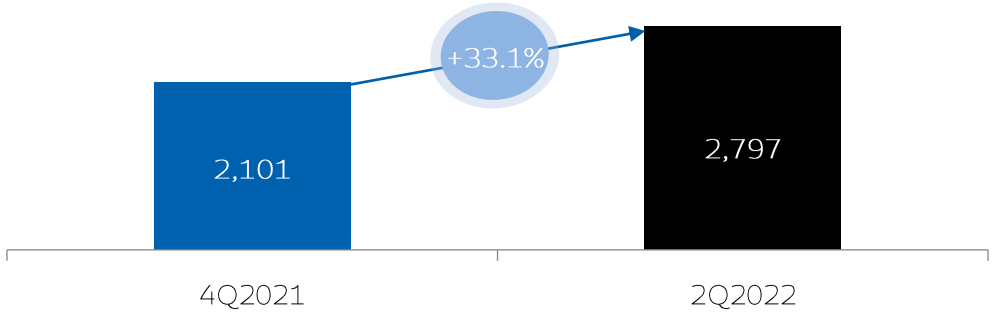
- The weight of digital channels grew strongly in mortgages to 18.9% and in risk insurance up to 8.4%.

[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 Governance[1]

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 effective[1], 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] Subjetc to the approval by the ECB.

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III Results

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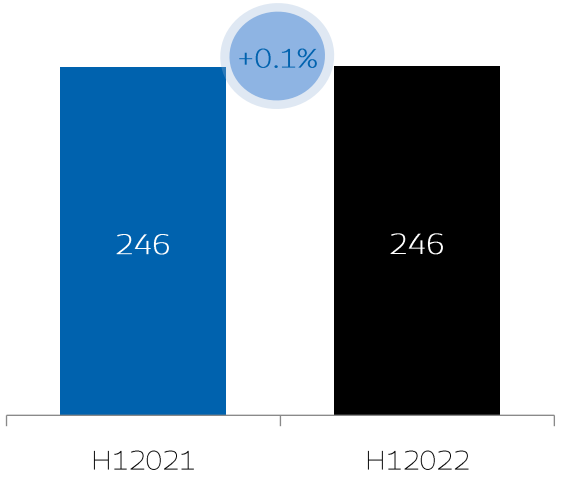
1H2022 P&L account

	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

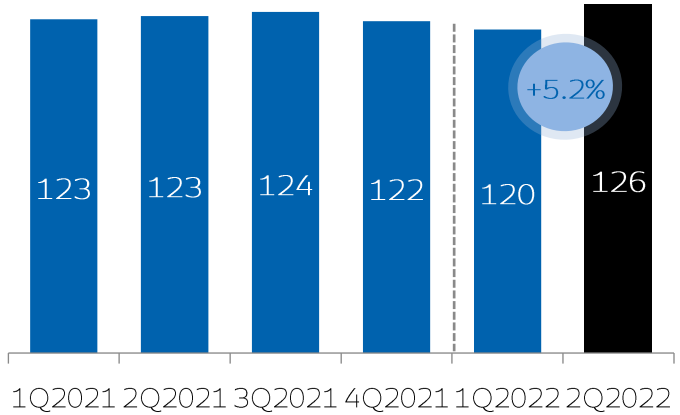
Net interest income

€m



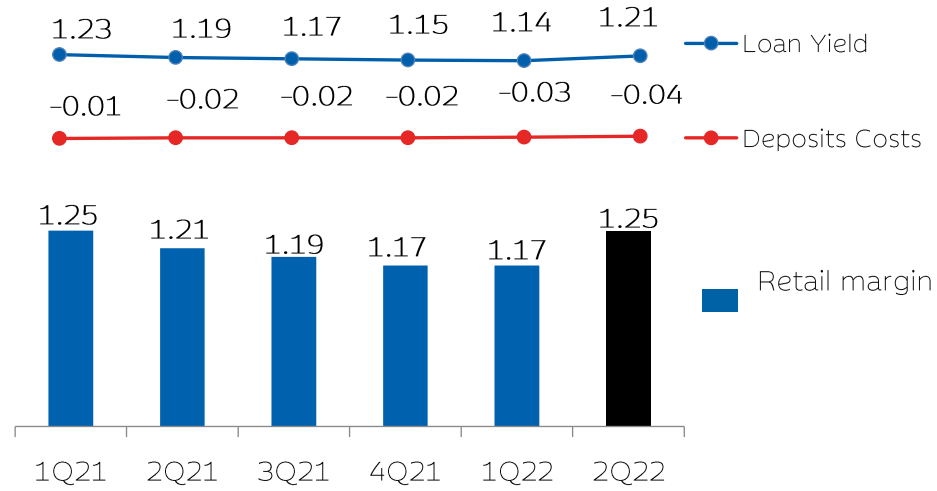
Quarterly net interest income

€m



Retail margin

€m



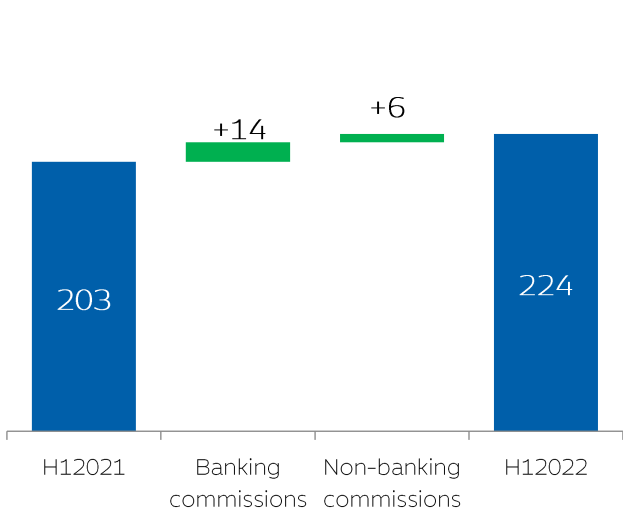
Net interest income remained stable (0.1% yoy).

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.

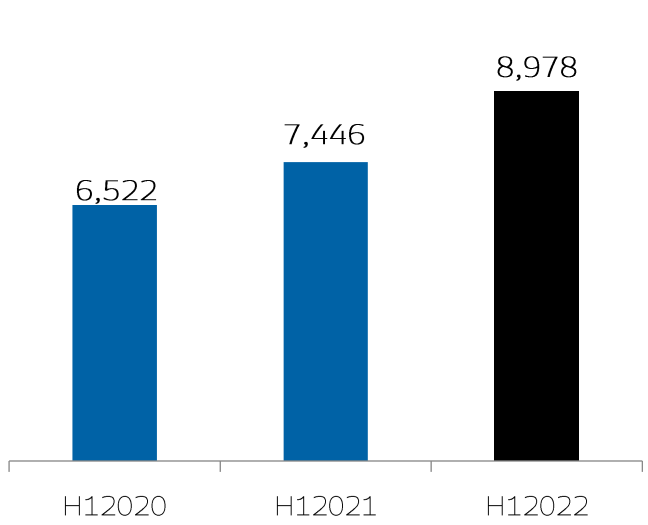
- Retail margin grew by 8.1% or €7m in the second quarter.
- Ibercaja expects this positive net interest income dynamic gains traction in the second half of the year.

Net fee income

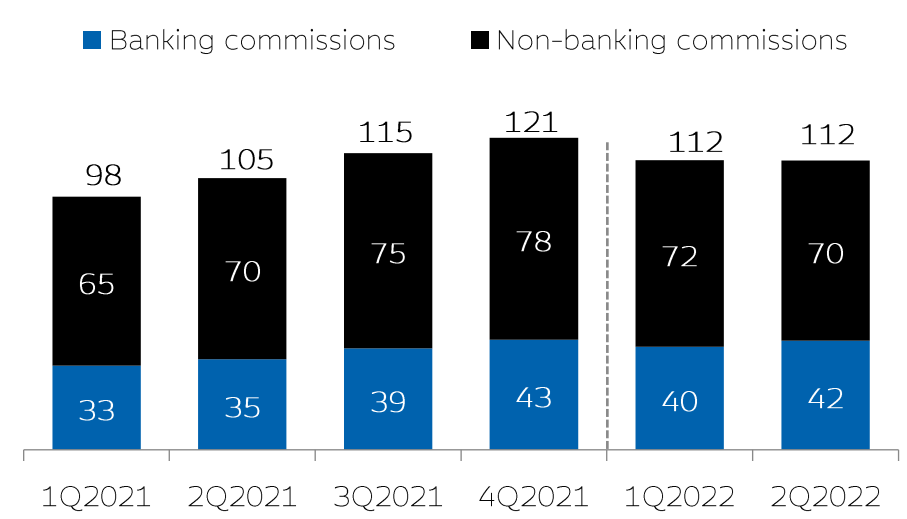
Net fee income variation



Turnover cards and POS Ibercaja



Quarterly commissions



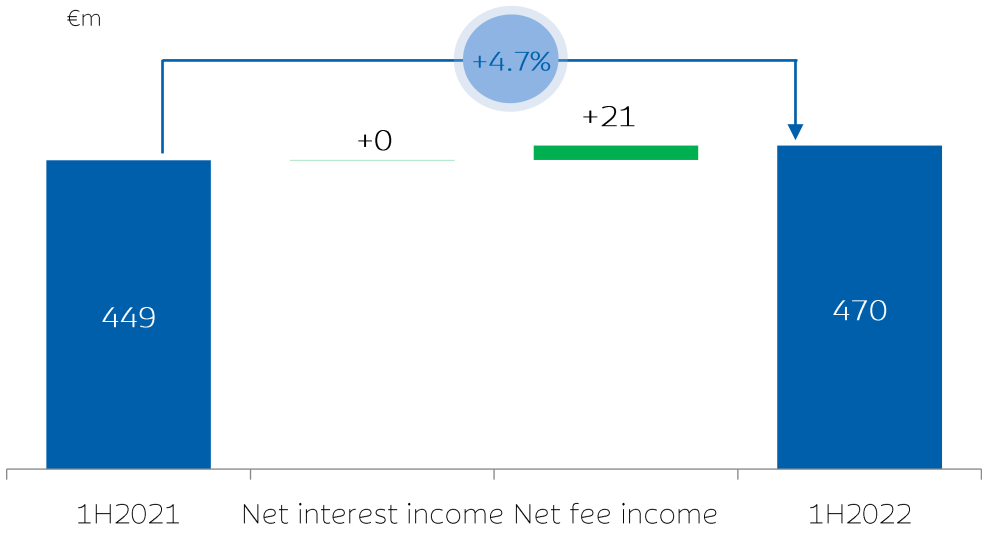
Net fee income increased 10.3% yoy or €21m.

- 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.

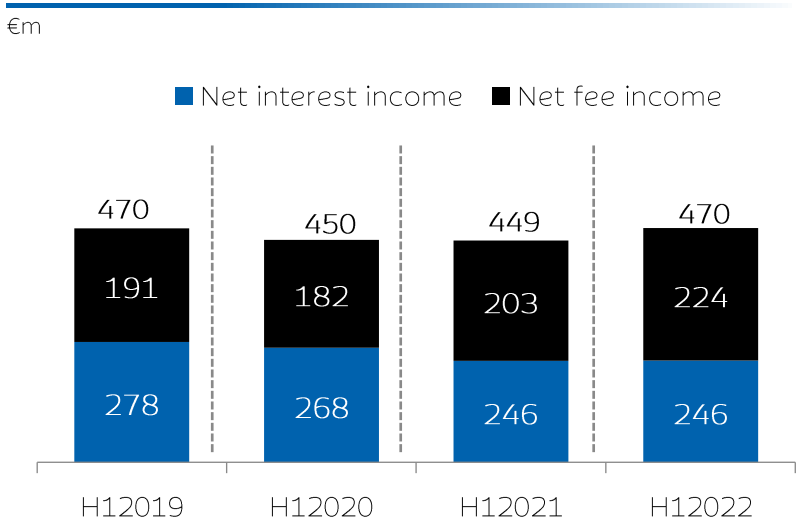
In the second quarter, net fee income remained stable (-0.1%) due to volatility in financial markets, which weighted down non-banking commissions.

Recurring revenues and gross operating income

Recurring revenues variation



Recurring revenues



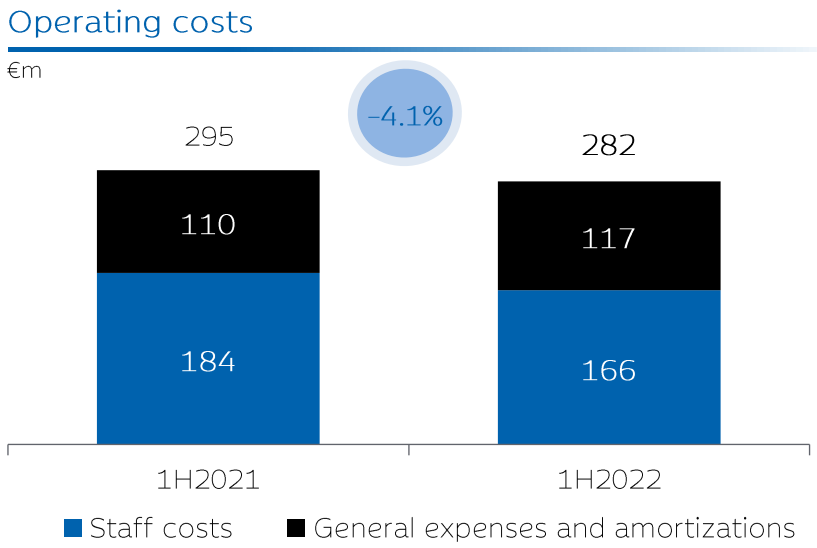
Recurring revenues rebounded 4.7% yoy or €21m in the first half, supported by growth in fee income and stabilization of net interest income.

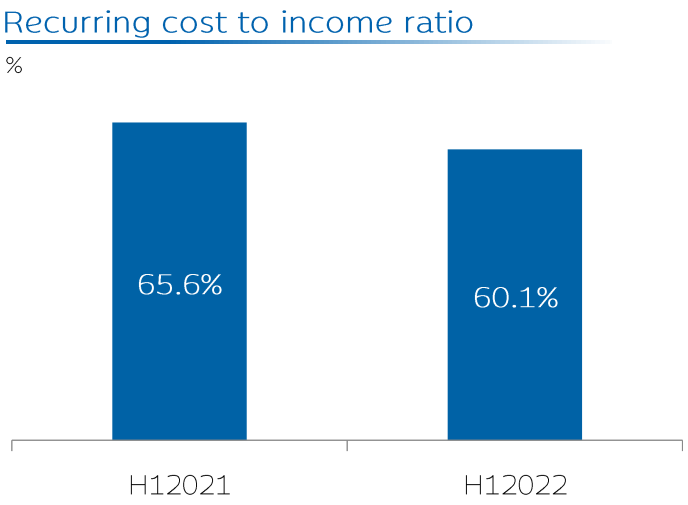
- Recurring revenues are now at levels similar to those recorded before the pandemic, reaching €470m in the first half of the year.

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





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

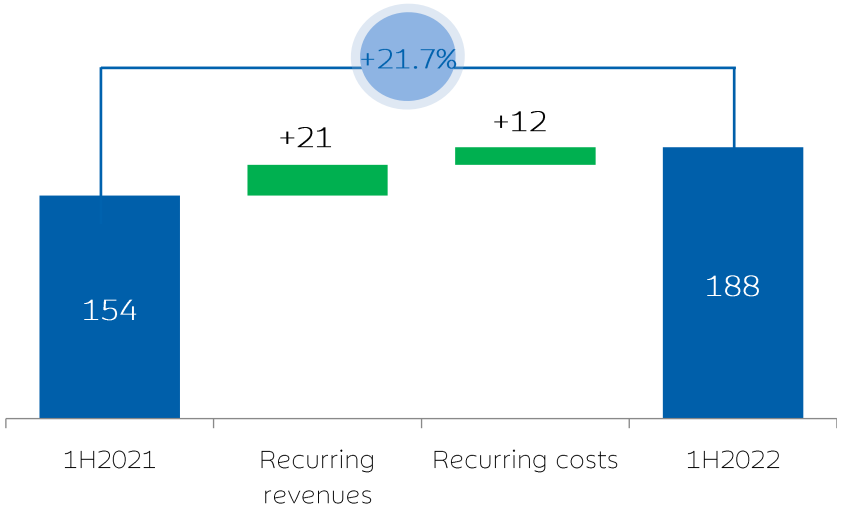
- In 1H22, staff costs decreased by 10.0% yoy or €18m thanks to the cost savings from the 2021-2022 redundancy plan. As of June 2022, all approved departures have been fully implemented, amounting to 750 employees, and 134 branches have been closed.

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

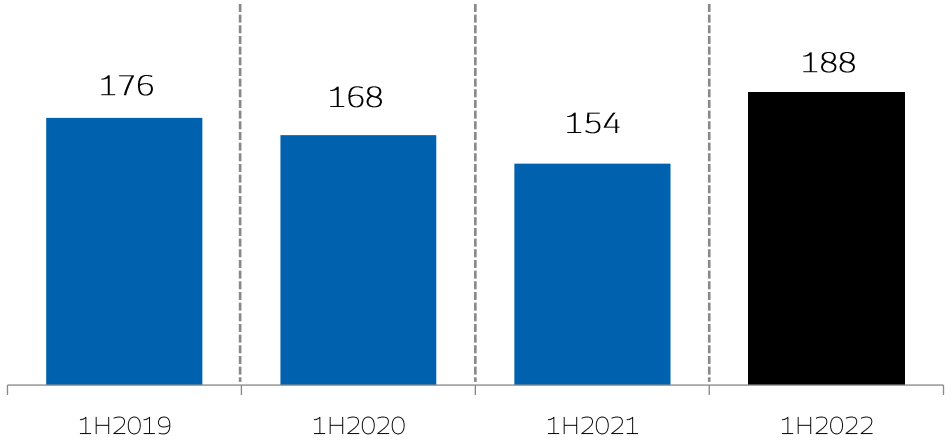
Recurring profit before provisions variation

€m



Recurring profit before provisions

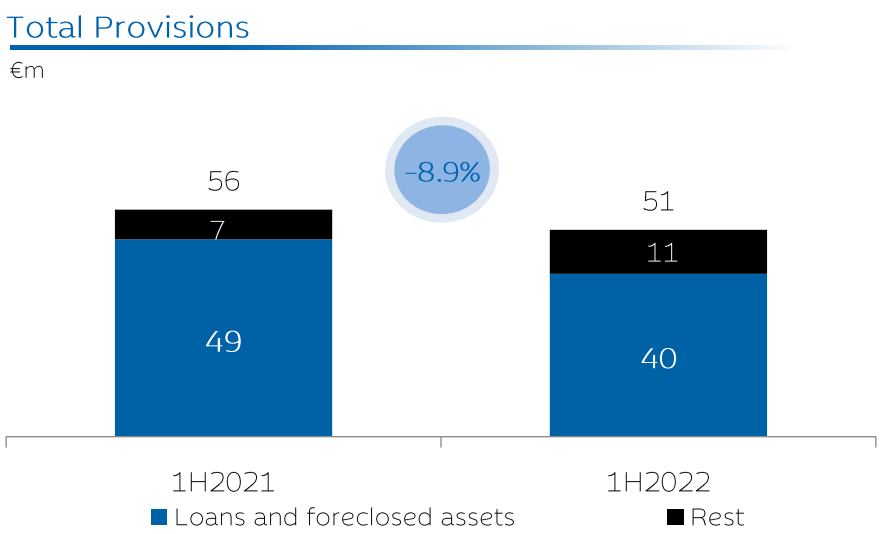
€m

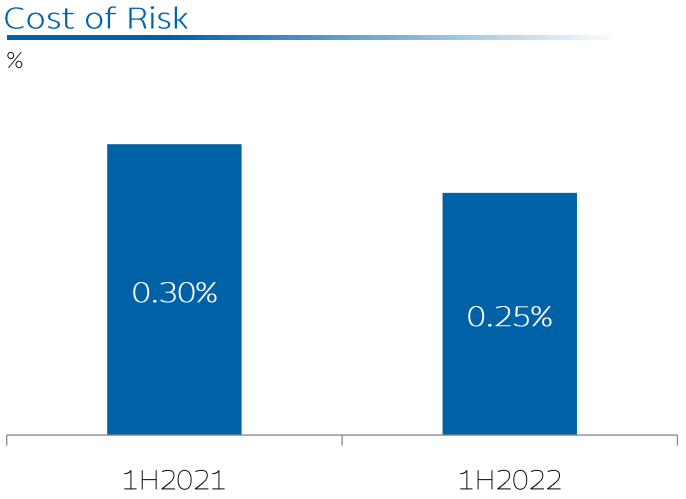


Recurring profit before provisions grew 21.7% yoy in the first half to €188m, thanks to cost containment and higher recurring revenues.

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

Provisions





Total provisions 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.

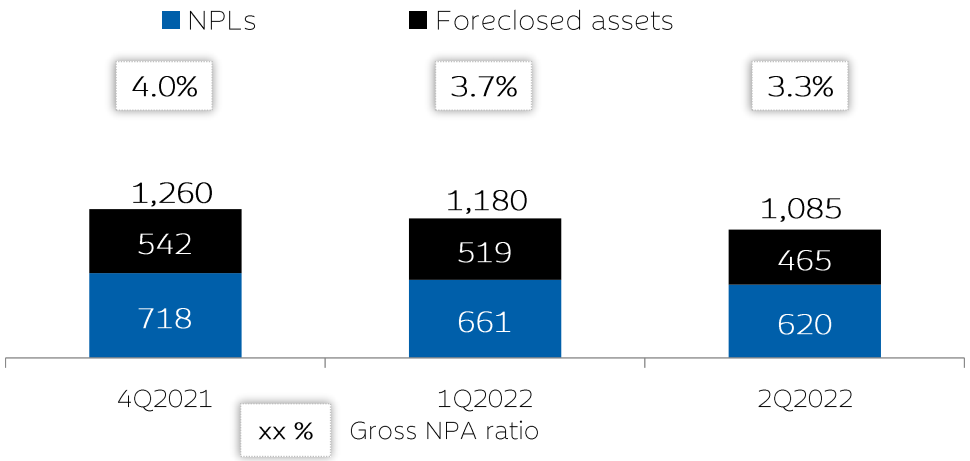
IV

Asset quality, liquidity and solvency

Non-performing assets

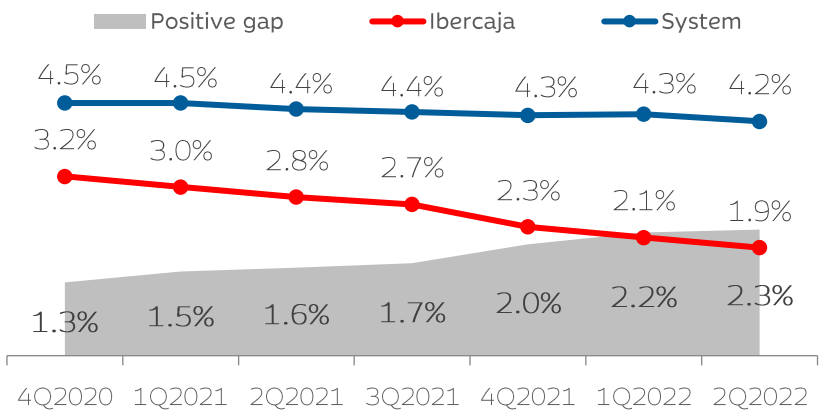
Gross NPAs

€m



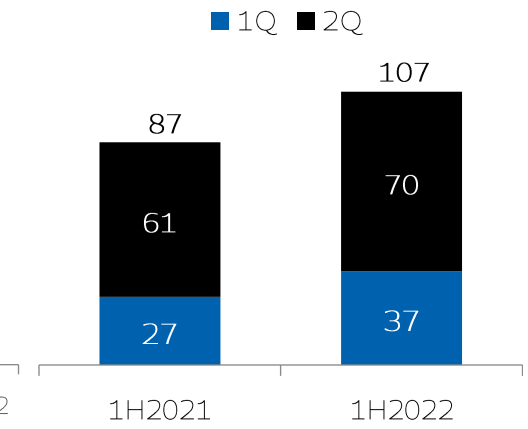
NPL ratio evolution vs. sector

% - 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%.

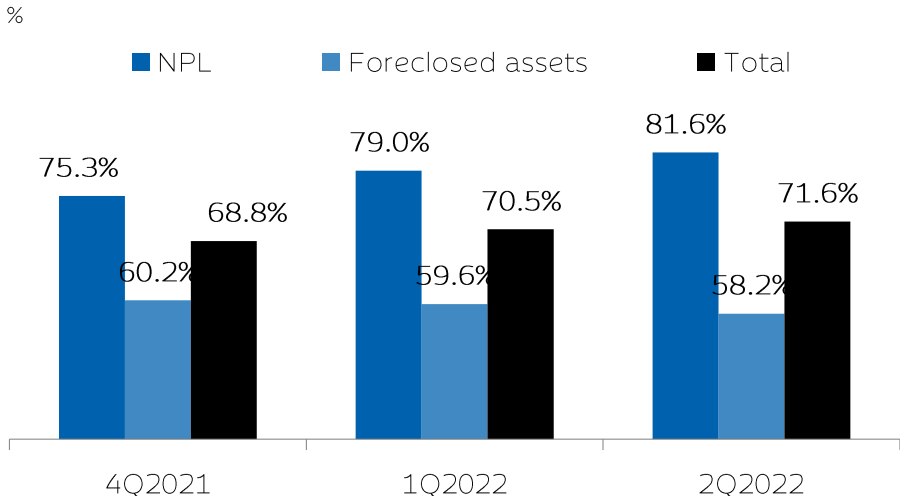
- Ibercaja reaches its lowest level of NPLs in 15 years and widens its positive NPL spread vs. the sector to 225 bps.
- 80% of ICO loans have completed the grace period and are paying principal with no impact on asset quality.

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

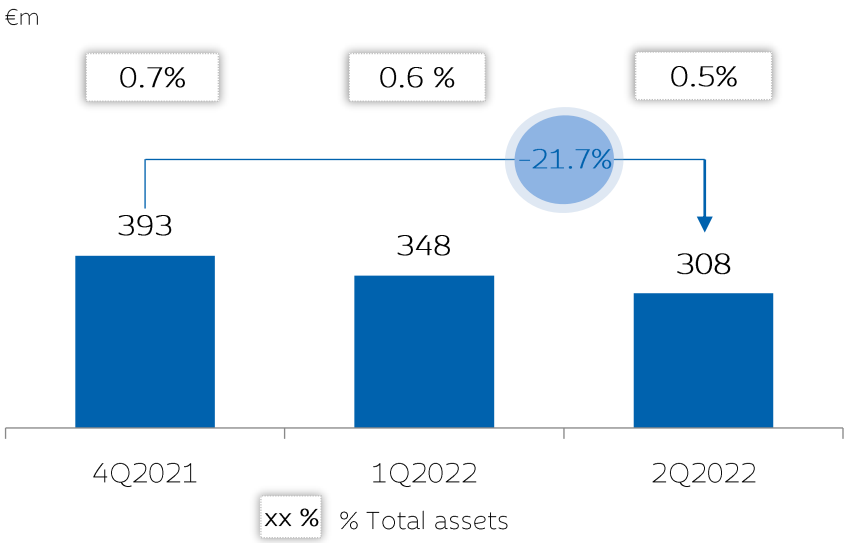
- Foreclosed assets sales increased 22.6% YoY in the first half of the year to €107m. Land sales accounted for 68% of total sales.

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).

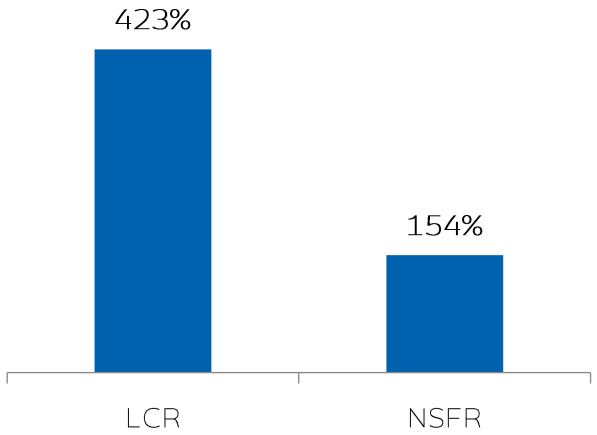
The total problem assets coverage ratio improved 2.8% in the first half of the year to 71.6%.

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

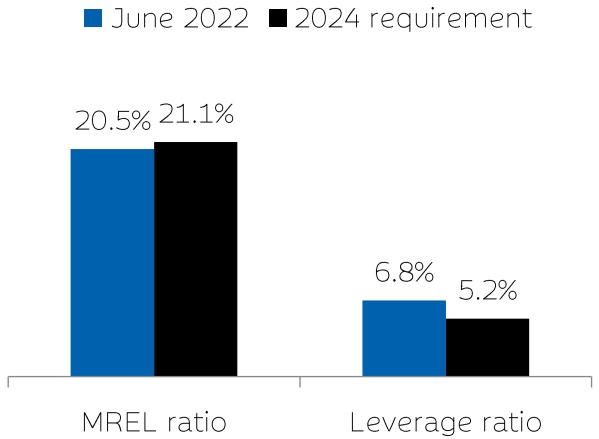
LCR and NSFR ratios

% - 2Q2022



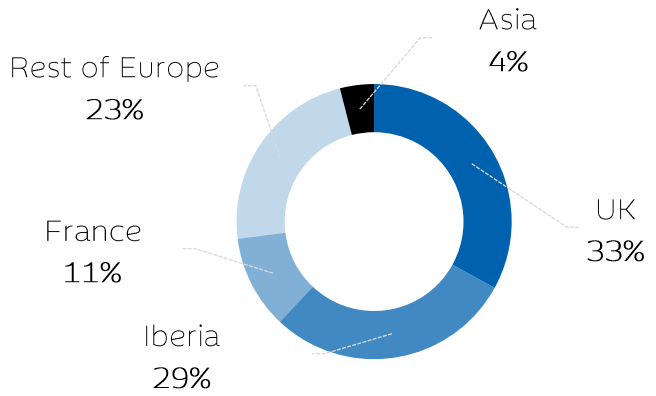
MREL requirement

% - 2Q2022



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%.

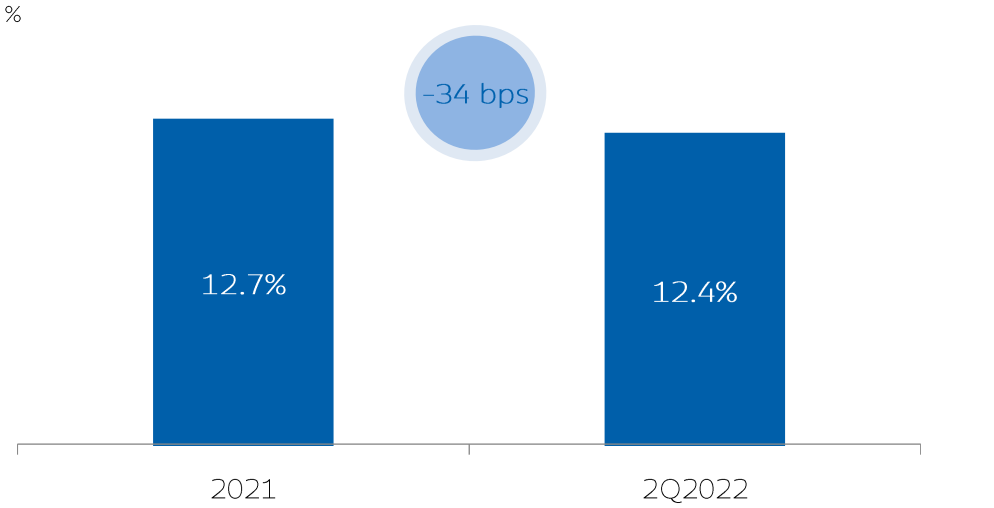
In June 2022, Ibercaja issued a senior preferred bond 3NC2 for an amount of €500m eligible for the MREL requirement. The total demand received was €800m. 72% of the issue was placed with international investors.

- 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.

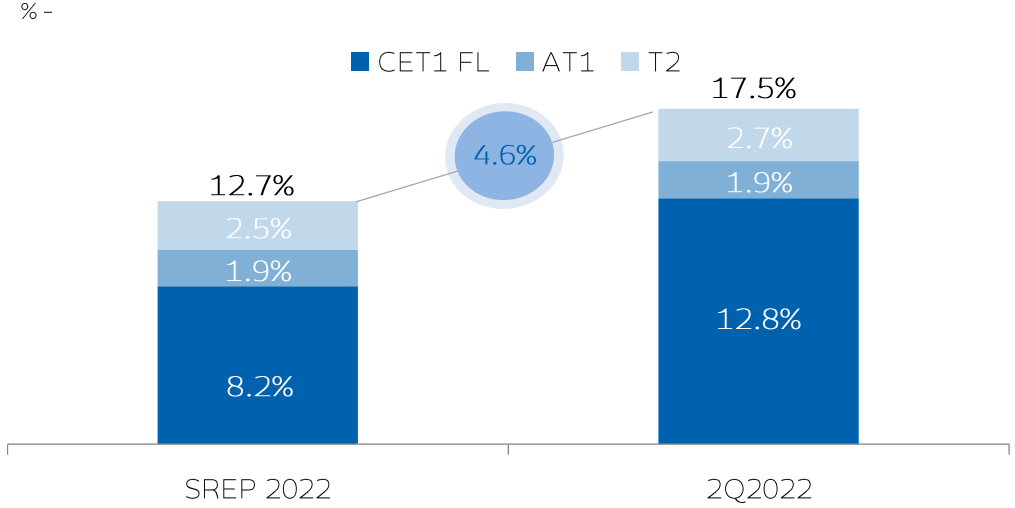
In July, Fitch rating agency upgraded Ibercaja's rating to BBB-, placing it in investment grade.

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



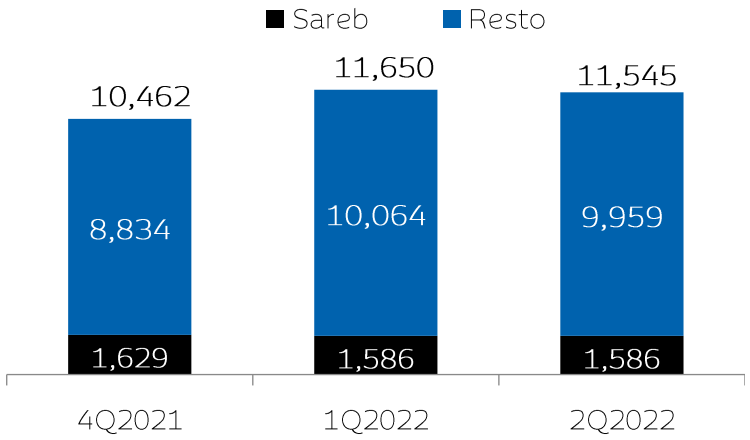
* ROTE considers 1H2022 annualised net Income. It doesn´t include Deposit Guarantee Fund contribution expected in Q4

VI Annex

ALCO portfolio

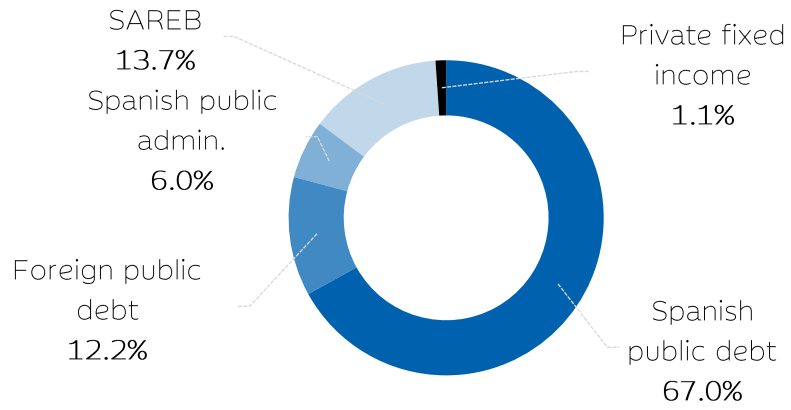
ALCO portfolio

€m



ALCO Portfolio breakdown

% - 2Q2022



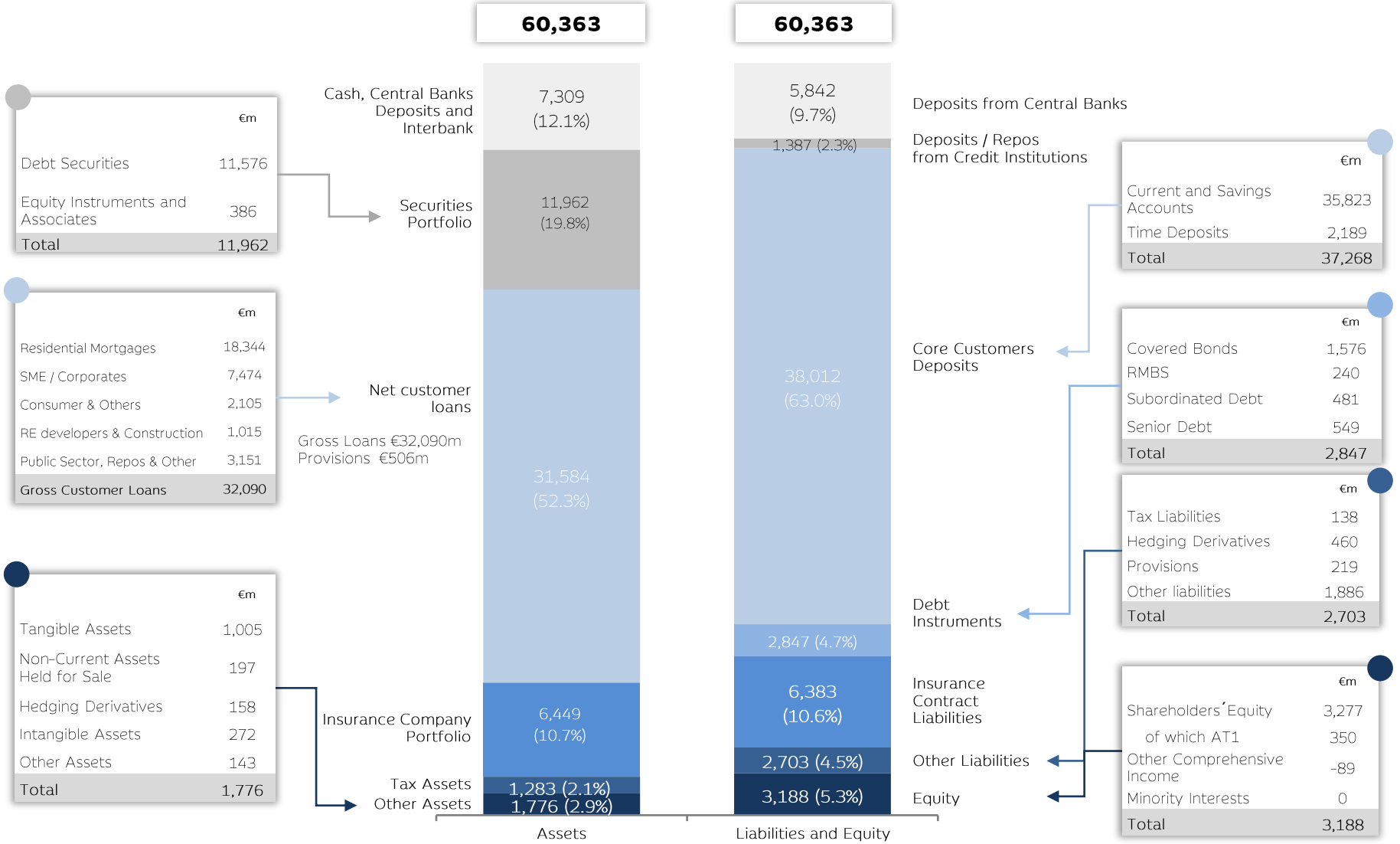
The Entity maintains stable its ALCO portfolio[1] in the quarter with a low risk profile.

- The portfolio is mainly composed of Spanish sovereign debt (67.0%) with an average duration of 4.8 years[2] and an average yield of 0.4%.
- 95% of the portfolio is classified at amortised cost.

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

Balance sheet

€m- 30/06/2022



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
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



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