Ibercaja Banco

9M2022 Results

November 4th, 2022



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In case of disagreement, the Spanish version will prevail.

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Key highlights

Key highlights

1 **All the main P&L items improve YoY**

Recurring Revenues +1.7% YoY

Recurring Costs -3.6% YoY

Recurring profit before provisions 11.1% YoY

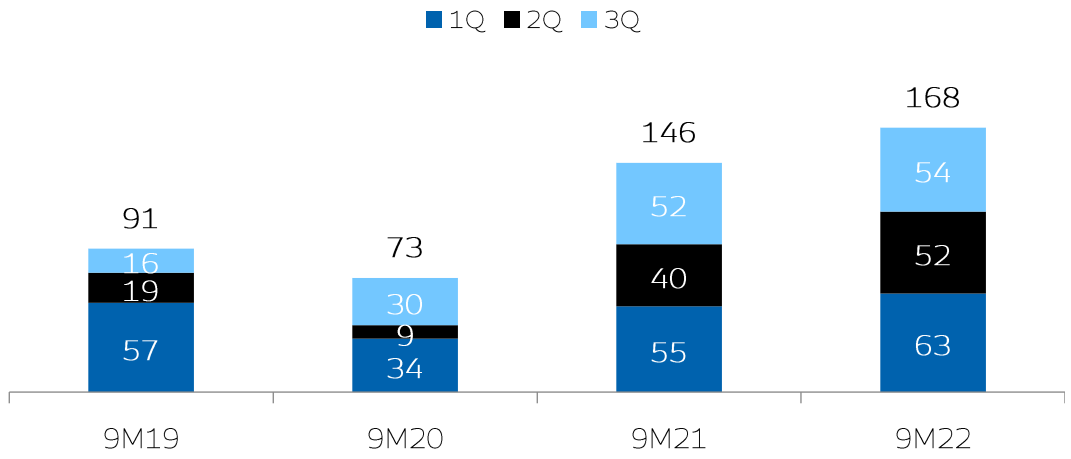
CoR Provisions -13.3% YoY

CoR stands at 0.28%.

2 **Net profit reaches €168m, +15.4% YoY and +84% vs. pre pandemic levels**

Net profit

€m



ROTE
9M annualised*

7.2%

* ROTE considers 9M2022 annualised net Income and the Deposit Guarantee Fund contribution expected in 4Q2022

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II

Commercial activity

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Customer funds

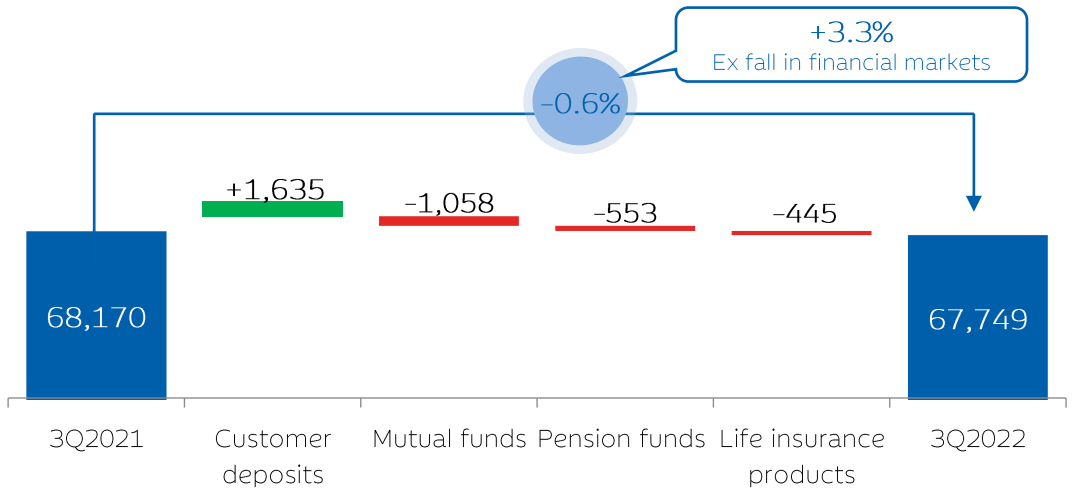
Customer funds

€m and %

	3Q2022	YoY
Customer deposits	37,628	4.5%
Current Accounts	35,552	6.4%
Time Deposits	2,076	-19.9%
AuM & Life insurance products	30,121	-6.4%
Mutual funds	17,861	-5.6%
Pension funds	5,768	-8.8%
Life insurance products	6,492	-6.4%
Customer funds	**67,749**	**-0.6%**

Customer funds variation in 2022

€m



Customer funds decrease -0.6% or €421m YoY.

- Excluding the negative impact form financial markets evolution (€2.6bn), customer funds would have grown 3.3% YoY.

As of September, despite market volatility, net new money into mutual funds amounts to €689m.

- Ibercaja reaches a 7.7% market share in new money inflows into mutual funds in Spain during the year.
- Ibercaja has revamped its fixed income mutual funds offering and expects an acceleration in net new money inflows in coming months.

Customer loans

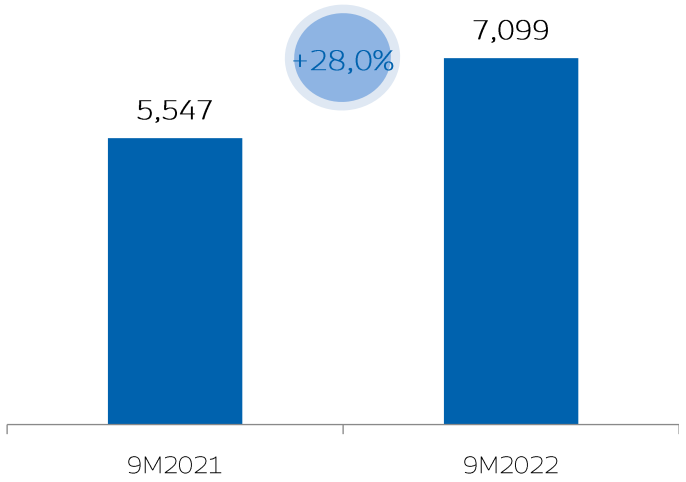
Customer loans

€m

	3Q2022	YoY
Loans to households	19,477	-1.7%
Mortgages	17,827	-1.6%
Consumer loans and others	1,650	-3.4%
Loans to companies	8,137	5.4%
Non-Real estate companies	7,197	6.9%
Real estate companies	940	-5.0%
Public sector and others	1,513	28.2%
Performing gross loans ex repos	**29,127**	**1.4%**
Repos	1,616	-0.2%
Doubtful loans	591	-29.8%
Customer loans	**31,334**	**0.5%**

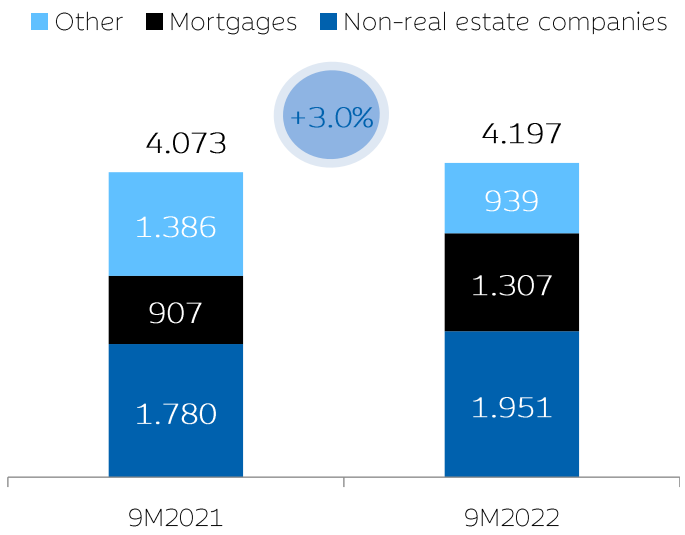
Working capital financing

€m – accumulated amount



New loan production

€m



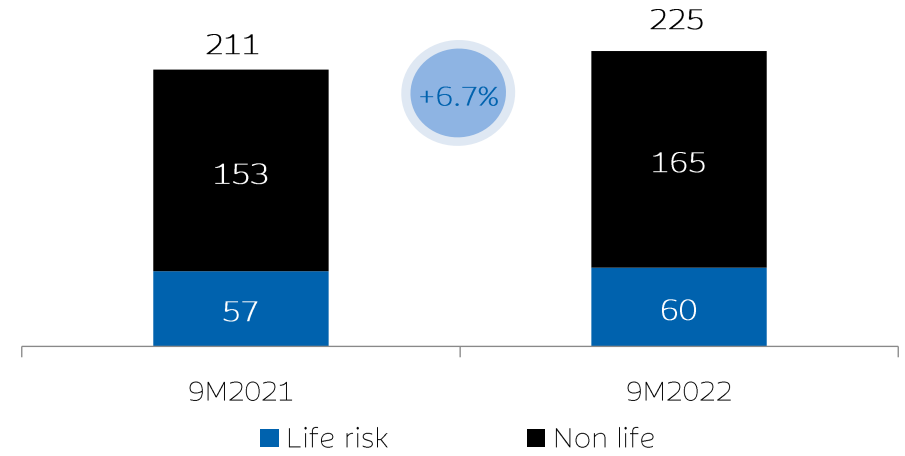
Performing gross loans ex repos grow 1.4% YoY or €409m.

- Loans to companies grow 5.4% YoY or €418m due to the strong commercial momentum in working capital financing (volume has increased 28% YoY, reaching an historical high) and the new production of loans and credits to non-real estate companies (+9.6% YoY).
- New mortgage production grows 44% YoY and reaches €1,307m.

Risk insurance

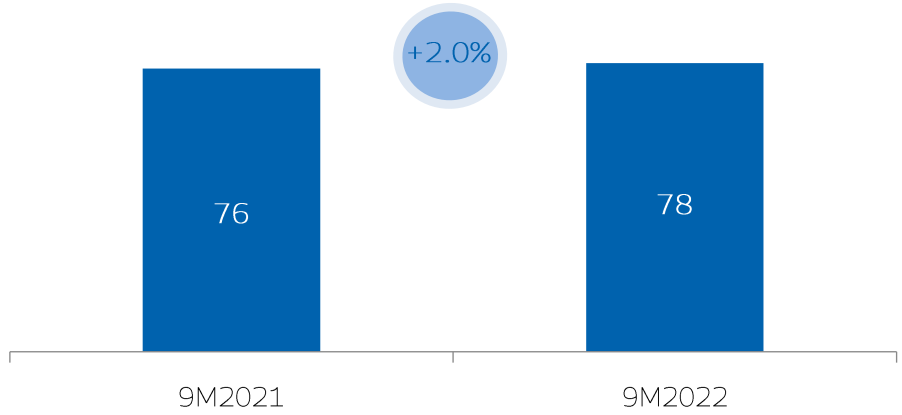
Risk insurance premiums (portfolio)

€m – premiums collected



Contribution to gross margin

€m -



The risk insurance portfolio grows 6.7% YoY up to €225m (7.5% in non-life and 4.7% in life risk).

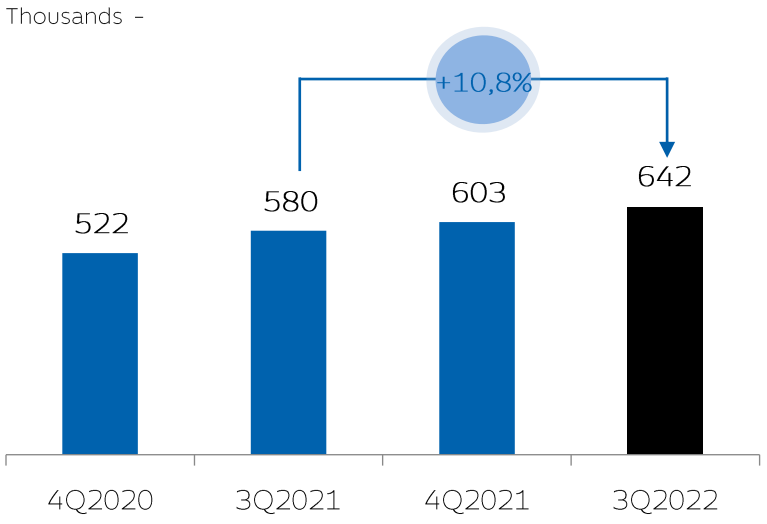
New production of risk insurance reaches €49m in 9M2022, 2.0% more than in 9M2021.

- Strong boost in new production of life risk insurance, which increases 24.8% YoY.

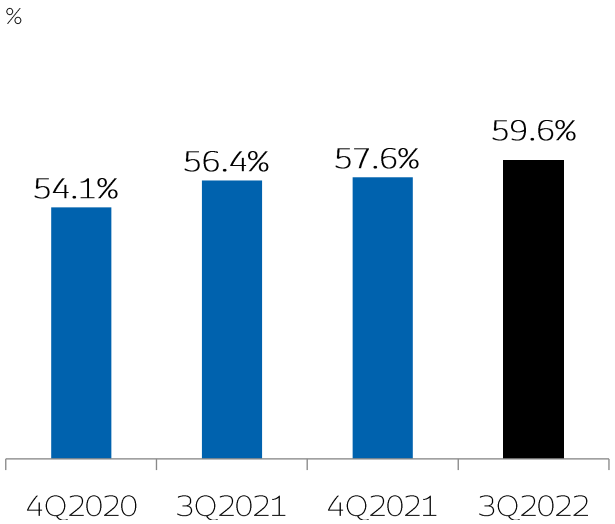
The contribution of risk insurance to gross margin is €78m in the first nine months of the year (2.0% YoY) and represents 11% of the recurring revenues of the Bank.

Digitalisation

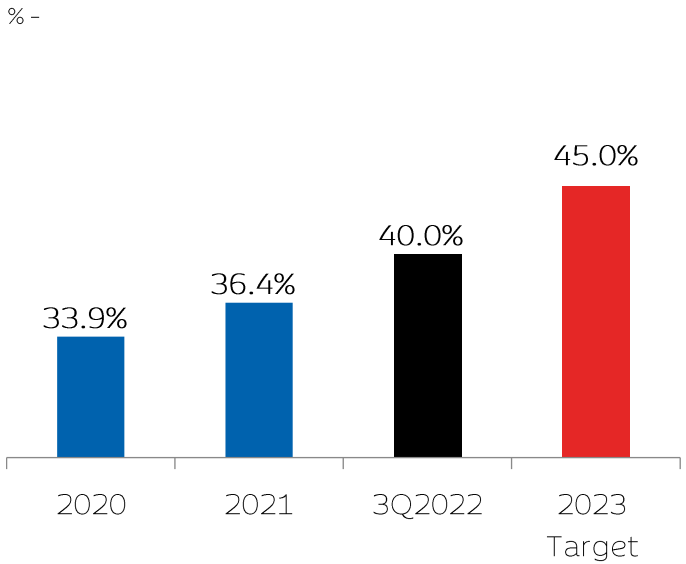
Ibercaja App users[1]



% Digital customers[2]



Digital sales



The number of Ibercaja App users grow 10.8% YoY. As a result, the number of digital customers grow to more than 890 thousand.

Digital customers already represent 59.6% of the total customers of Ibercaja.

The percentage of digital sales reaches 40%.

- The weight of digital channels grew strongly in mortgages to 25.3% and in risk insurance up to 8.9%.

Ibercaja recently renewed its alliance with Microsoft, our strategic partner in the digitization process since 2016.

[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.

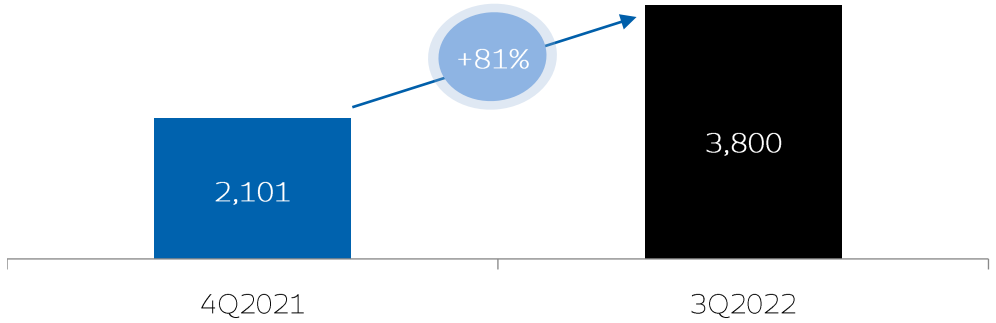
Sustainability

NZBA commitments

Sector[1]	Métrica	Base Year (2021)	Objetive 2030[2]	Variation (%)
Power generation	Kg CO_2e/ MWh	164	103	-37%
Iron and steel production	Kg CO_2e/ t	576	518	-10%
Real estate residential	Kg Co_2/ m^2	42	36	-16%

Sustainable mutual funds and pension plans

€m



Ibercaja, in compliance with the Net Zero Banking Alliance (NZBA) of the United Nations, has defined intermediate decarbonisation targets for its credit portfolio for 2030 to achieve greenhouse gas emission neutrality by 20250. These targets are:

The stock of sustainable mutual funds and pension plans amounts to more than €3,800m, +81% in the year.

Ibercaja has recently published a Guide to Good Environmental Practices in line with the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD).

Ibercaja & Ibercaja Banking Foundation have presented a reforestation project to plant nearly 40,000 trees.

[1] Emissions have been calculated using the PCAF methodology
[2] The percentages represent absolute reductions

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III

9M2022 P&L account

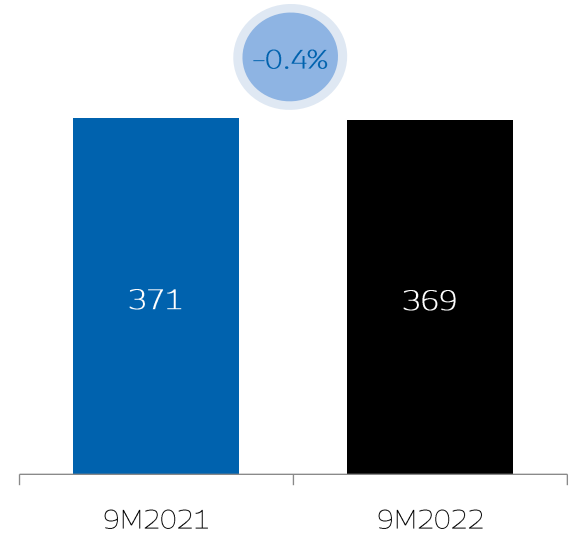
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9M2022 P&L account

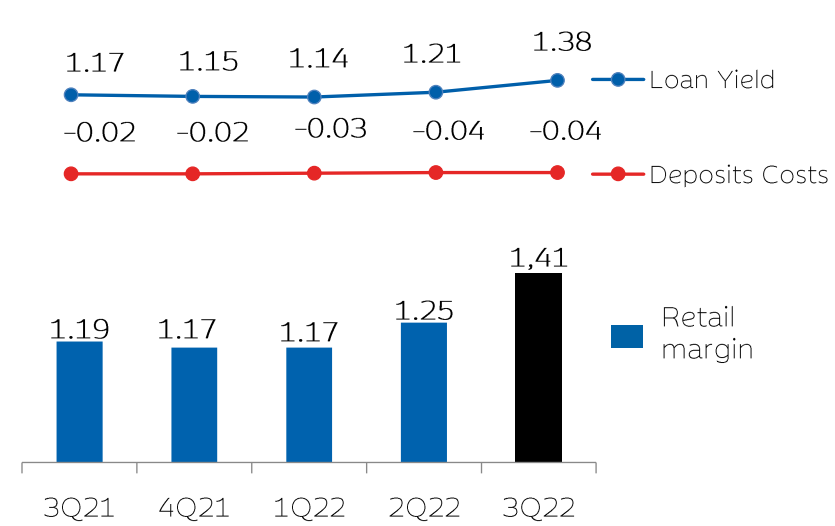
	9M2021	9M2022	YoY
Net Interest Income	371	369	-0.4%
Net Fee Income	318	331	4.1%
Recurring Revenues	**688**	**700**	**1.7%**
Gains/Losses on Financial Assets and Liabilities	40	17	-58.0%
Other Operating Income (Net)	4	11	n.a
Gross Operating Income	**732**	**727**	**-0.7%**
Operating Expenses	-441	-425	-3.6%
Pre-Provision Profit	**291**	**302**	**3.8%**
Total Provisions	-85	-85	-0.6%
of which: Credit Risk and Foreclosed Assets Provisions	-78	-68	-13.3%
Other Gains and Losses	1	7	n.a
Profit Before Taxes	**206**	**224**	**8.7%**
Taxes	-60	-56	-7.7%
Net Income	**146**	**168**	**15.4%**

Net interest income

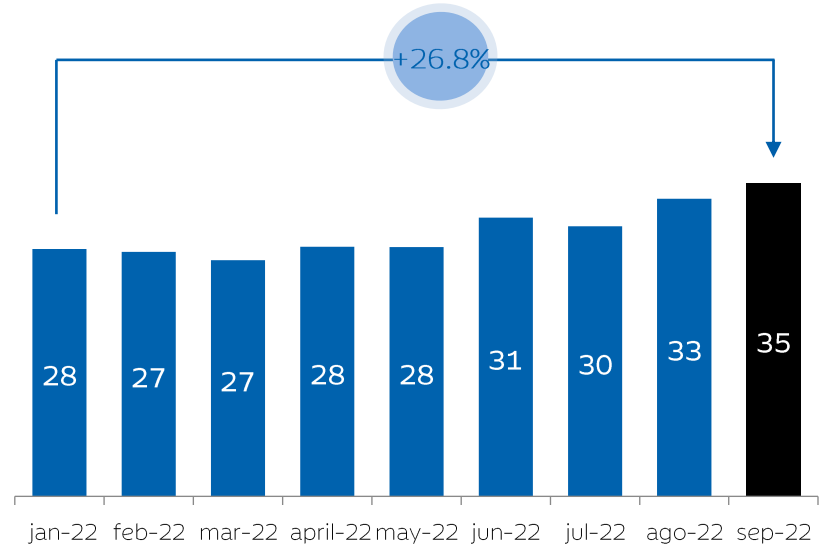
Net interest income



Retail margin



Loan Income



Net interest income remains stable (-0.4% YoY).

- In the third quarter quarter, net interest income decreased by 3.0% QoQ mainly due to the negative impact of the cost of the senior preferred debt issued in June and the negative impact of the TLTRO.

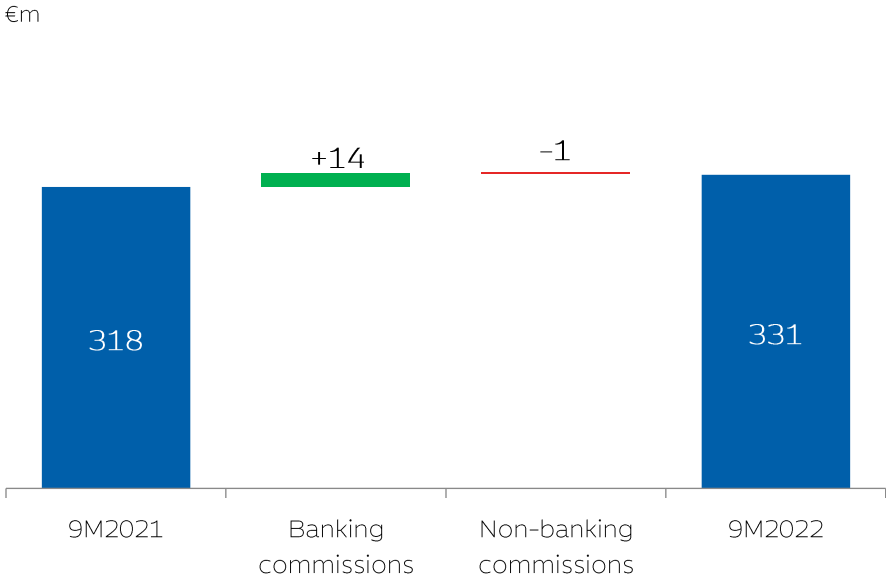
Retail margin grows 12.6% in the quarter (+€11.5m) thanks to the positive impact of the repricing of the loan portfolio (loan yield improves 17 b.p. in the quarter).

- Loan income in September is already more than 25% higher than at the beginning of the year.

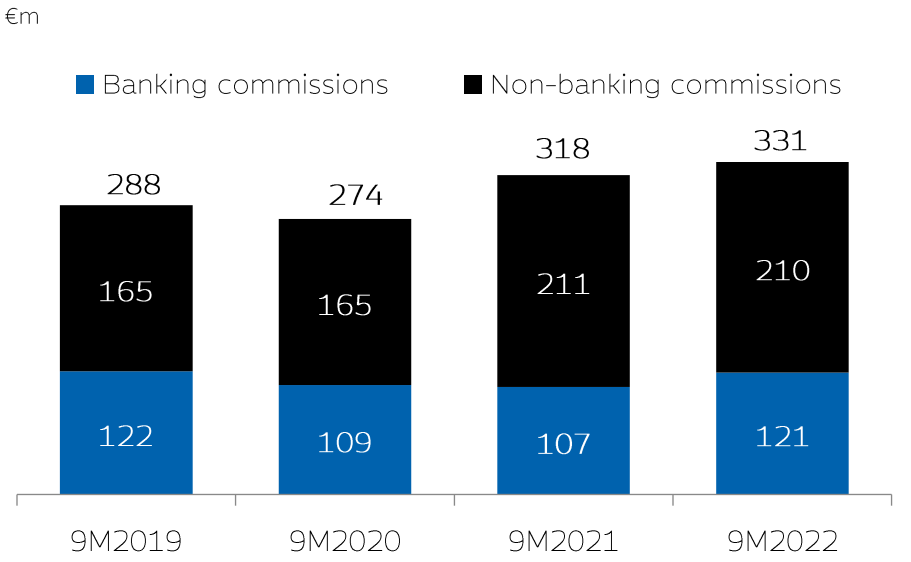
Ibercaja expects a significant improvement of net interest income already in 4Q.

Net fee income

Net fee income YoY



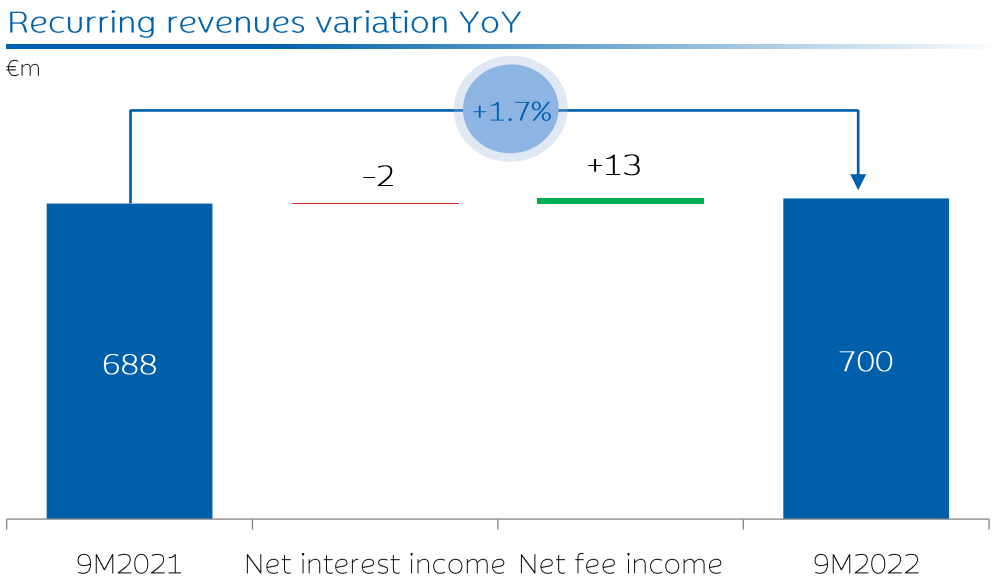
Net fee income evolution

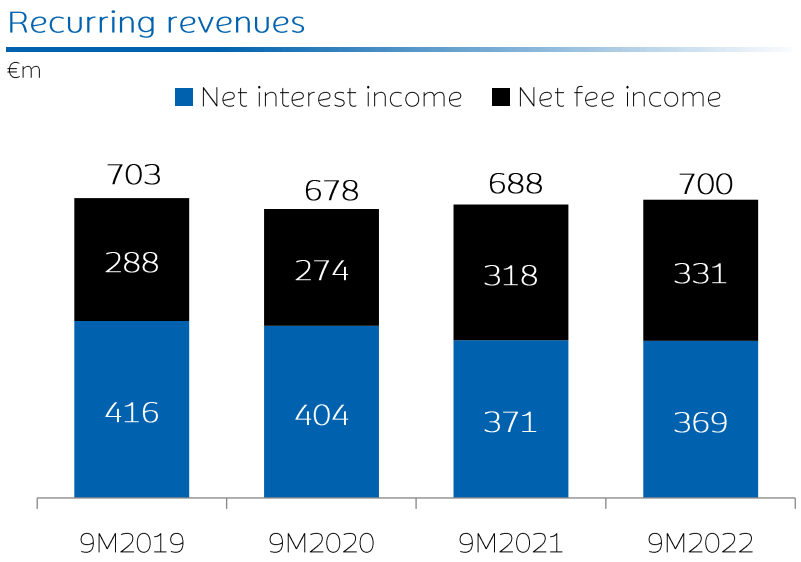


Net fee income increased 4.1% YoY or €13m entirely explained by the growth in banking commissions.

- Banking commissions grow by €14m or 13.4% YoY supported by the increase in commercial activity and new tariffs implemented last year.
- Non-banking commissions decrease €1m as a result of the fall in assets under management due to market volatility.

Recurring revenues and gross operating income





Recurring revenues grow 1.7% YoY or €11m in the first nine months of the year.

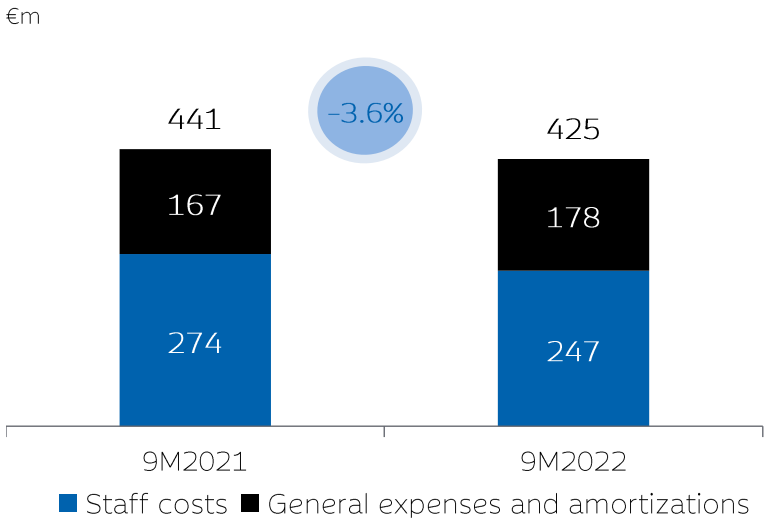
- Recurring revenues reach the levels recorded before the pandemic.

Recurring revenues represent close to 96% of the gross operating income for the nine months of the year and prove the recurrence of the Ibercaja´s revenues.

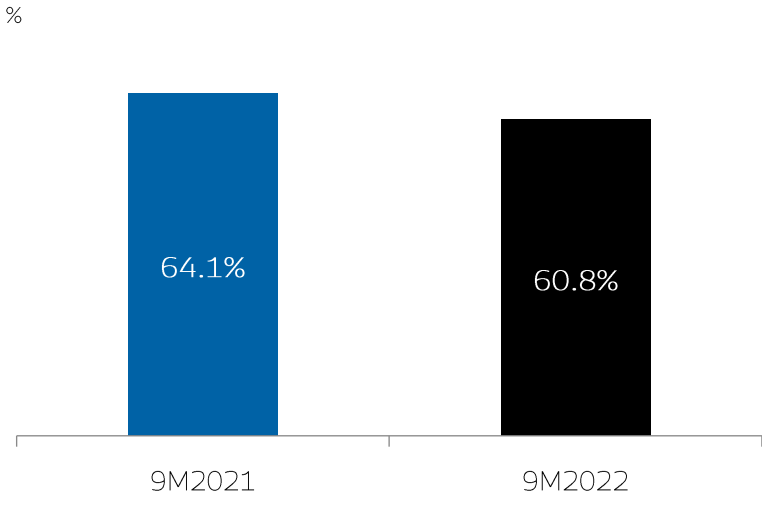
- Gross operating income declined 0.7% yoy in the first nine months of the year due to the lower trading income.

Operating costs and recurring profit before provisions

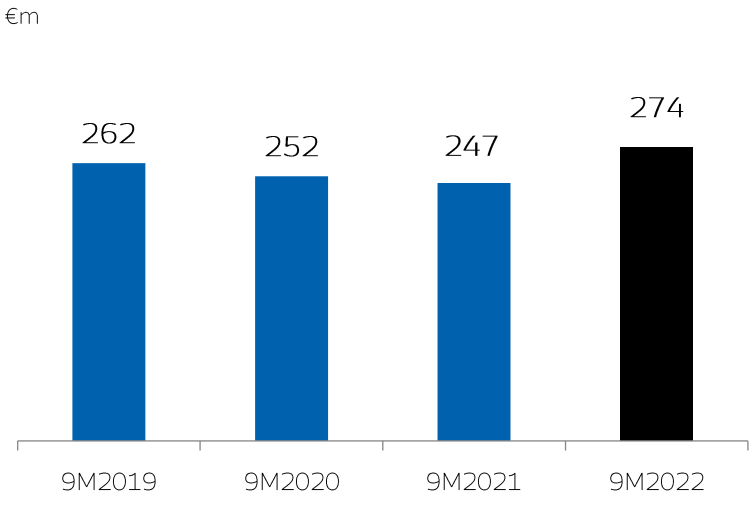
Operating costs



Recurring cost to income ratio



Recurring profit before provisions



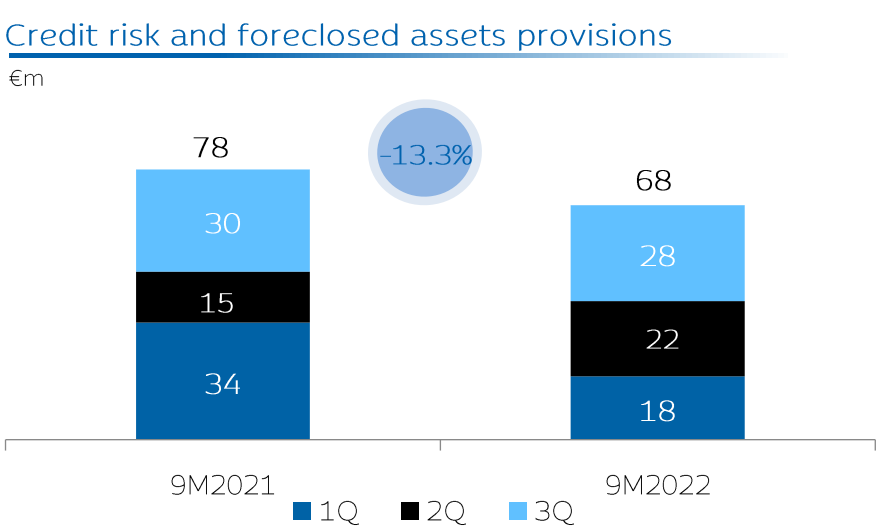
Recurring costs fall 3.6% YoY or €16m despite the inflationary environment.

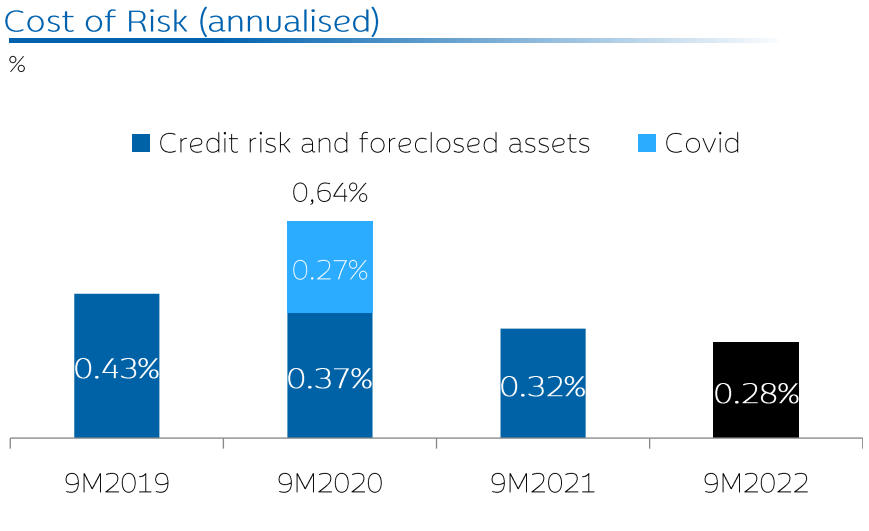
- Staff costs fall 9.7% YoY thanks to the savings from the redundancy plan.

Thanks to the recovery of recurring revenues and cost reduction effort, the recurring cost to income ratio improves to 60.8% (vs. 64.1% as of 9M2021).

Recurring profit before provisions grows 11.1% YoY in the first nine months of the year to €274m.

Credit risk and foreclosed assets provisions





Provisions for credit risk and foreclosed assets fall 13.3% or €10m YoY.

- Cost of Risk stands at 28 bps, broadly in line with medium-term target set at 30 bps.

Overlay provisions (PMA covid/macro) stand at €58m (+€6m in the year).

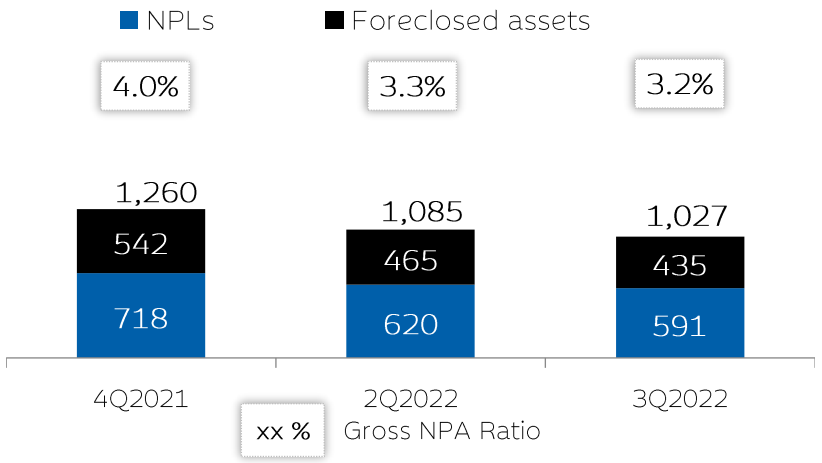
IV

Asset quality, liquidity and solvency

Non-performing assets

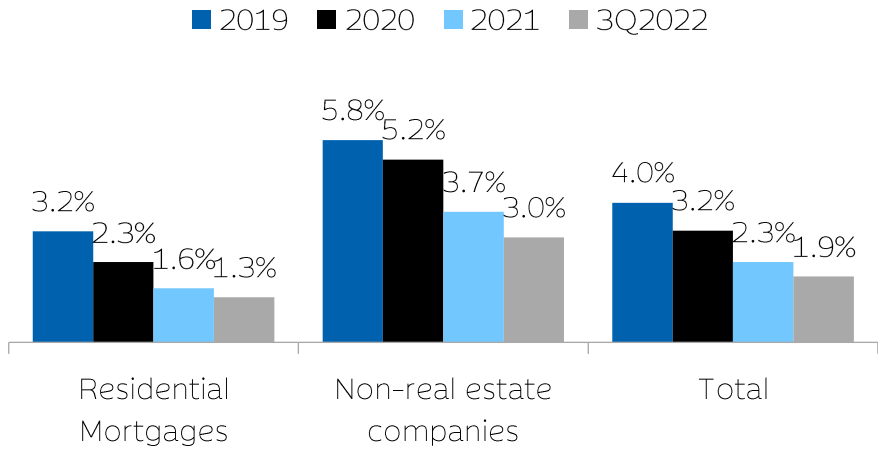
Gross NPAs

€m



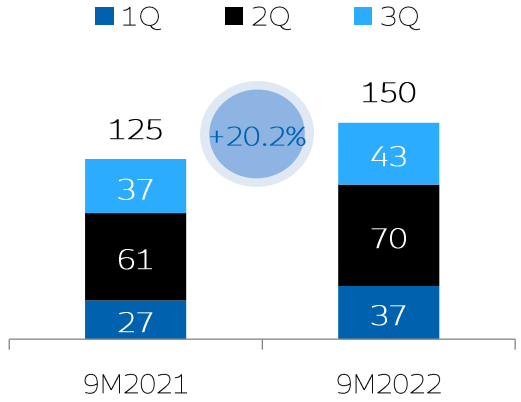
NPL Ratio by segment

%



Foreclosed assets sales

€m



Ibercaja maintains its positive trend in terms of asset quality: NPAs decrease 18.5% or €233m in the year (-€58m in 3Q2022). NPA Ratio improves 10 bps to 3.2% in the 3Q.

NPLs decrease 17.6% YoY or €127m (€29m in 3Q2022) and NPL ratio stands below 1.9%.

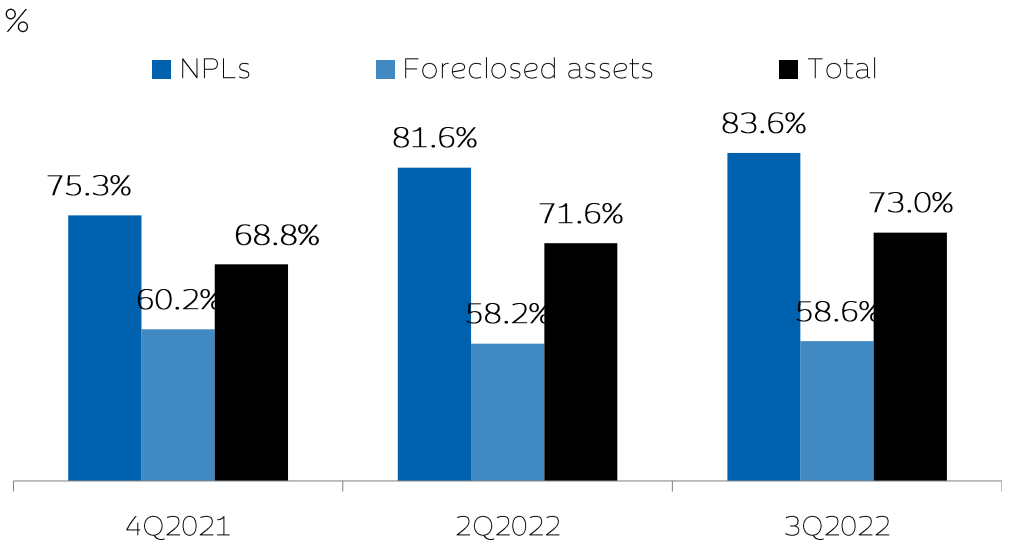
- NPL ratio improves in the main portfolios: residential mortgages 1.3% and non-real estate companies 3.0%.
- Ibercaja maintains a positive 200 b.p. gap in terms of NPL ratio vs. the system.

Foreclosed assets fall by 19.7% or €107m in the first nine months of the year (€29m in 3Q2022).

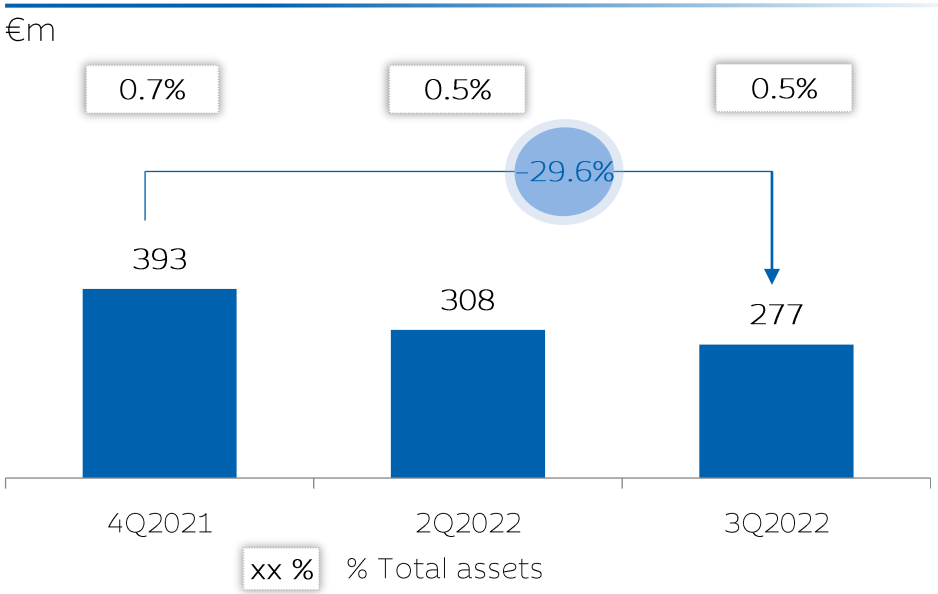
- Foreclosed assets sales increase to €150m (+20.2% YoY). Land sales represent 71% of total sales as of September.

Coverage ratios

Coverage ratios



Net NPAs



NPLs coverage ratio keeps improving and reaches 83.6% (+8.3 p.p. YTD).

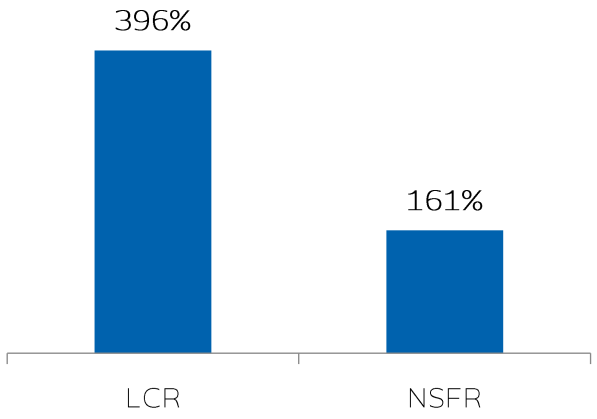
NPAs coverage ratio increases to 73.0% (+4.2 p.p. YTD).

Net NPAs are reduced by 29.6% or €116m in the year (€31m in the quarter) and represent less than 0.5% of total assets.

Liquidity and ALCO portfolio

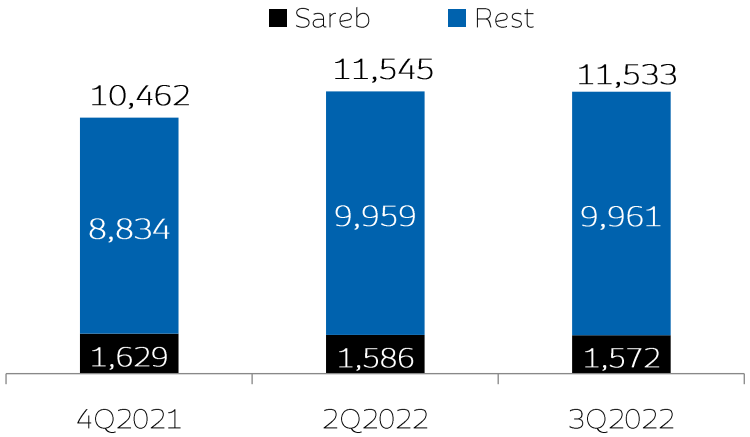
LCR and NSFR ratios

% - 3Q2022.



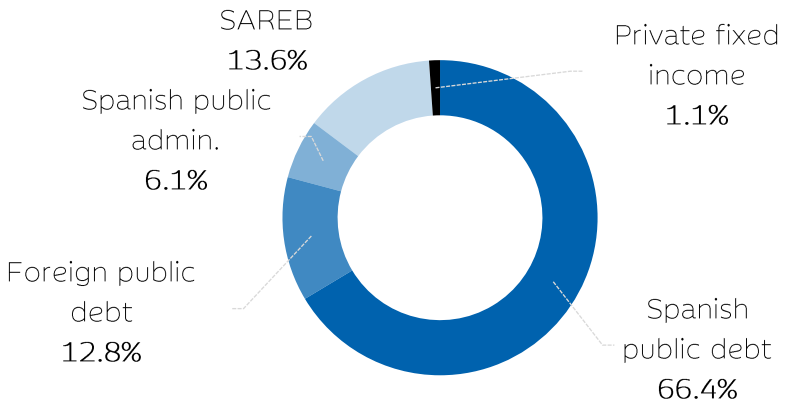
ALCO portfolio

€m



ALCO Portfolio breakdown

% - 3Q2022



Ibercaja has a high liquidity position.

- The LCR and NSFR ratios are 396% and 161% respectively, and the loan-to-deposit ratio stands at 77.7%.

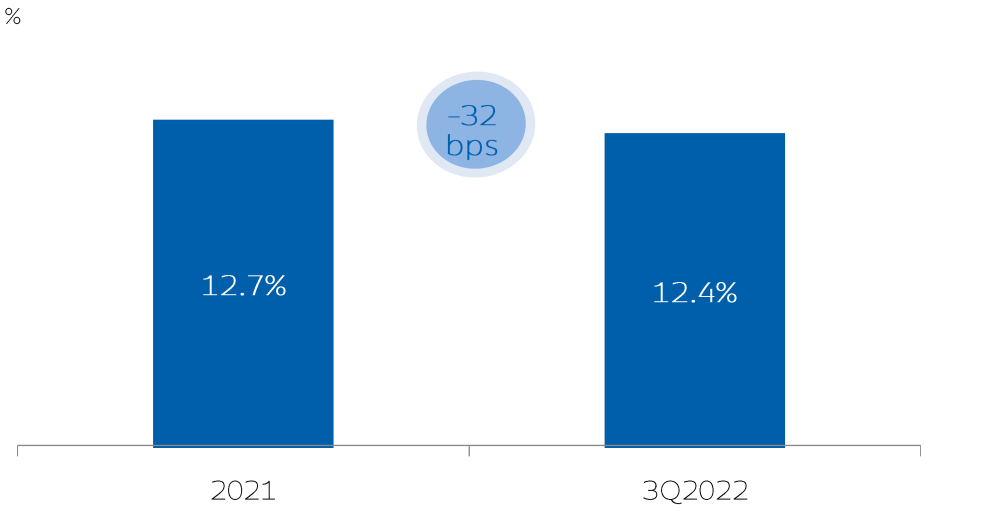
The Entity maintains stable its ALCO portfolio[1] in the quarter (€11,533m) with a low risk profile.

- The portfolio is mainly composed of Spanish sovereign debt (66.4%) with an average duration of 4.5 years[2]. The average yield stands at 0.4%.
- 96% of the portfolio is classified at amortised cost.

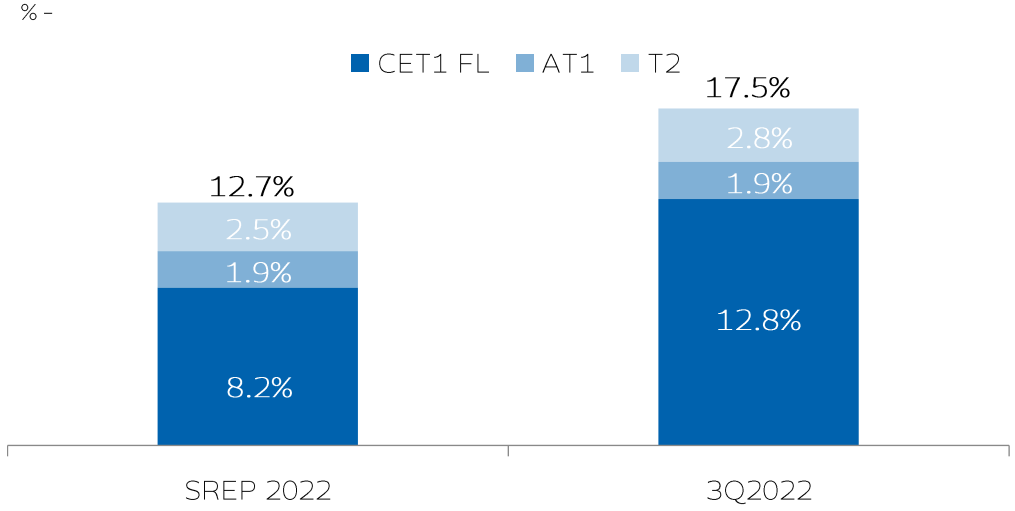
[1] Excludes insurance activity portfolio.
[2] Includes interest rate swaps. .

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), stable vs 2Q2022 (-32 bps vs. 4Q2021).

- The Entity has accrued a payout of 65% from capital in the first nine months of the year.

Total Capital Fully Loaded ratio stands at 17.1% (17.5% in Phased-in terms).

MDA ratio, which measures the excess of capital vs. SREP requirements, stands at 462 bps.

The Reserve Fund constituted by Ibercaja Banking Foundation amounts to €136m as of September 2022.

V

Final remarks

Ibercaja is delivering on its medium term targets



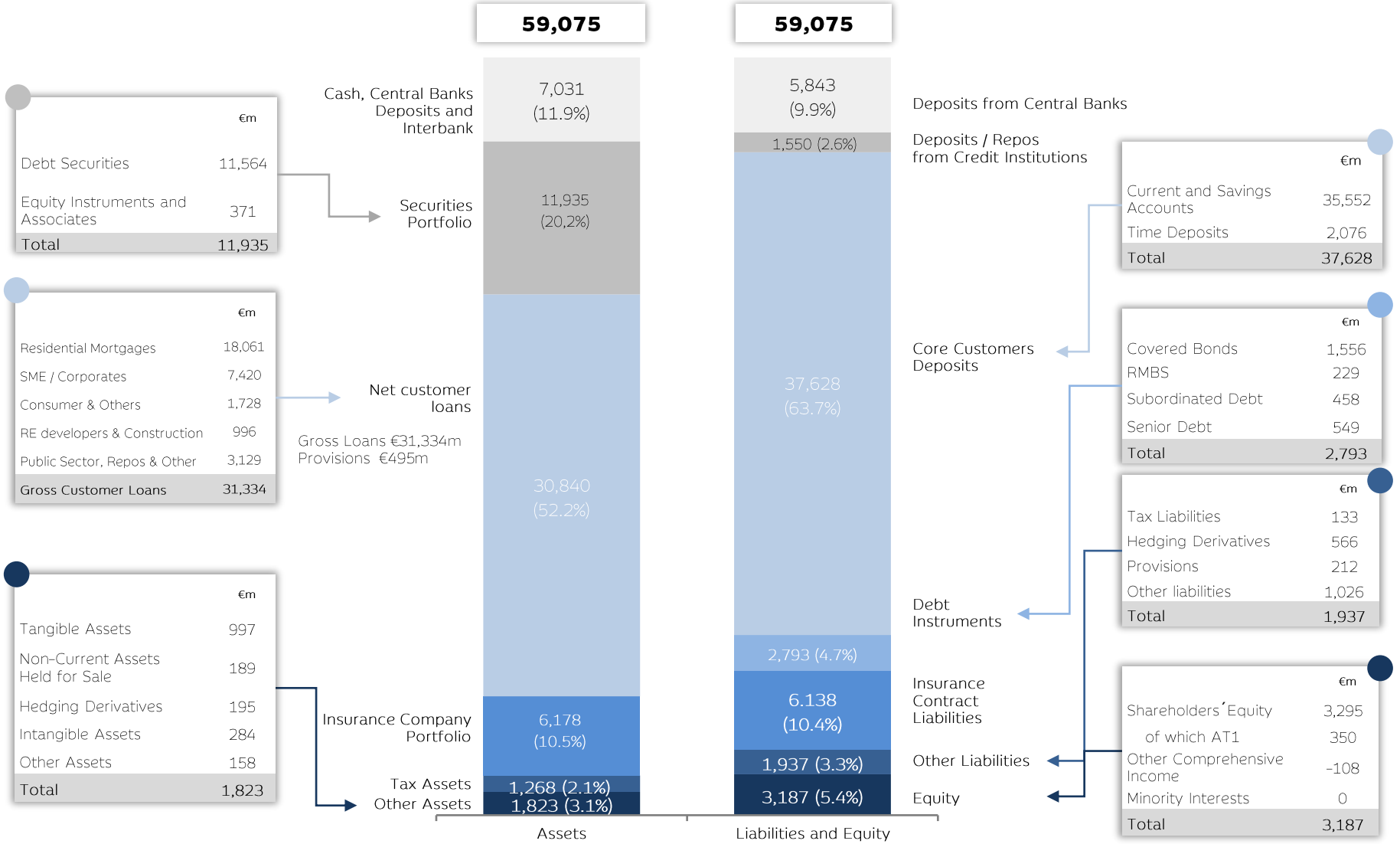
* ROTE considers 9M2022 annualised net Income and the Deposit Guarantee Fund contribution expected in Q4

VI Annex

Annex

Balance sheet

€m- 09/30/2022



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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