Ibercaja Banco

2022 Results

March 3th, 2023



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Key highlights

Key highlights

Commercial activity

1.3% YoY — **Performing loans grow 1.3% YoY** driven by strong momentum in loans to non-real estate companies (+5.1% YoY)

8.8% — **Market share in net inflows in mutual funds reaches 8.8% in 2022** with record inflows in the 4Q

6.2% YoY — **Risk insurance premiums rise 6.2% YoY** driven by strong momentum in new production of life risk insurance premiums

Balance Sheet

1.6% — **NPL ratio stands at 1.6%** as stock of NPLs falls 30.9% YoY

306% — **LCR ratio is 306%** Ibercaja has fully repaid the TLTRO financing

12.4% — **CET1 Fully Loaded ratio stands at 12.4%**

Profitability

27.2% YoY — **Recurring profit before provisions increases 27% YoY** driven by recurring revenues (+7% YoY) and falling recurring costs (-4.3% YoY)

0.30% — **Cost of risk stands at 0.30%.** Provisions associate to credit risk and foreclosed assets fall 16% YoY

7.6% — **ROTE stands at 7.6%** Ibercaja net income grows 34% YoY and reaches €202m

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II

Commercial activity

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Customer funds

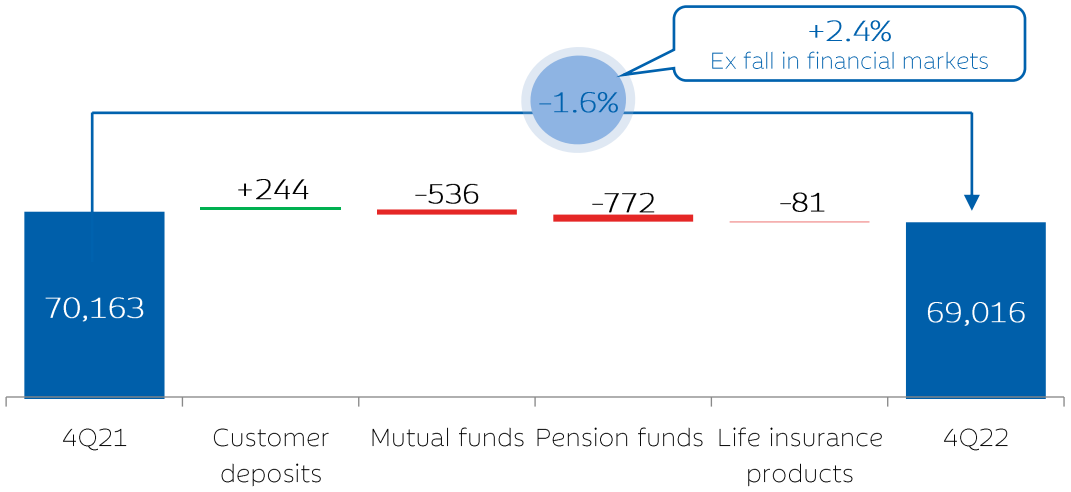
Customer funds

€m and %

	4Q2022	YoY
Customer deposits	37,375	0.7%
Current Accounts	35,575	2.6%
Time Deposits	1,799	-26.8%
AuM & Life insurance products	31,641	-4.2%
Mutual funds	19,064	-2.7%
Pension funds	5,790	-11.8%
Life insurance products	6,787	-1.2%
Customer funds	**69,016**	**-1.6%**

Customer funds variation in 2022

€m



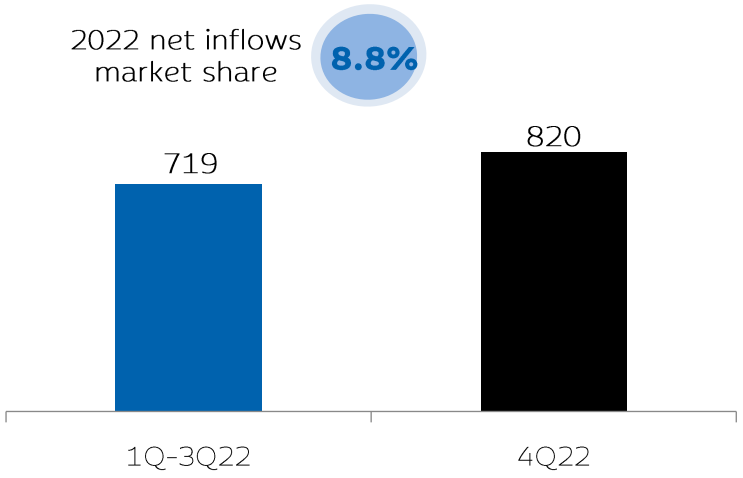
Customer funds decrease -1.6% or €1,147m YoY. In the 4Q, customer funds grow €1,267m.

- Excluding the negative impact from financial markets evolution (€2.8bn), customer funds would have grown by 2.4% YoY.

Mutual funds and life insurance savings

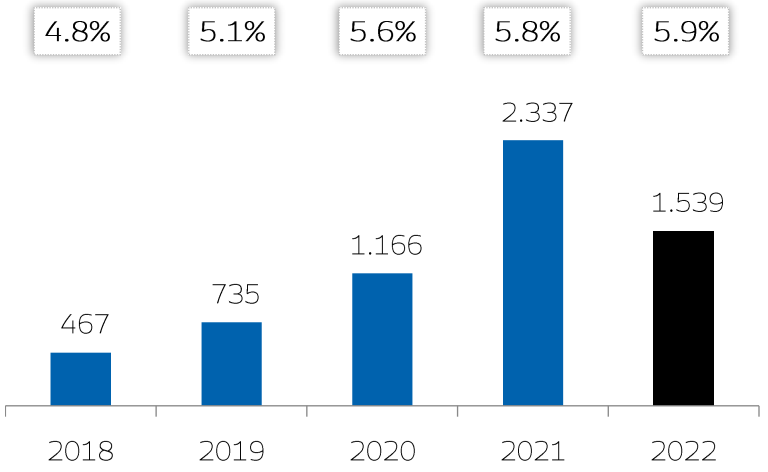
Mutual funds – net new money

€m - Ibercaja Gestión – Source: Inverco



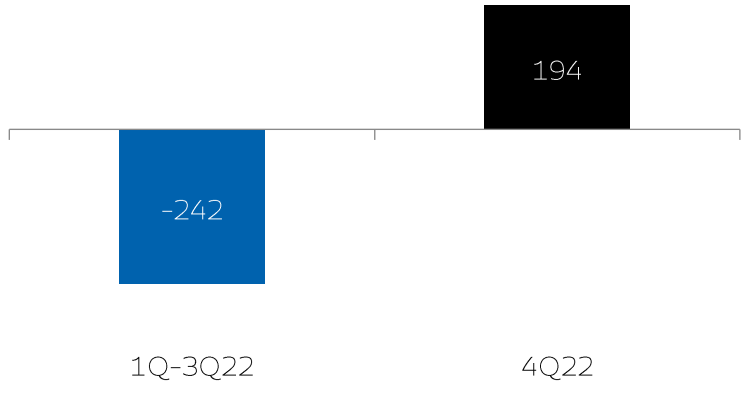
Mutual funds – net new money + market share

€m and % - Ibercaja Gestion – Source: Inverco



Traditional life insurance savings products – net new money

€m



In the fourth quarter, Ibercaja has focused its commercial activity on moving customer deposits to mutual funds and life insurance savings products taking advantage of the new interest rate environment.

- In mutual funds, net new money amounts to €1,539m, and represents 8.8% market share in terms of net new money. In the 4Q net new money reaches €820m, a record quarterly high for Ibercaja.
- In traditional life insurance savings products, net new money amounts to €194m in 4Q2022.

Aggregated market share[1] in AuM (mutual funds and pension plans) and life insurance savings products improves 11 basis points in the 4Q to 5.13%.

[1] Inverco and ICEA data.

Customer loans

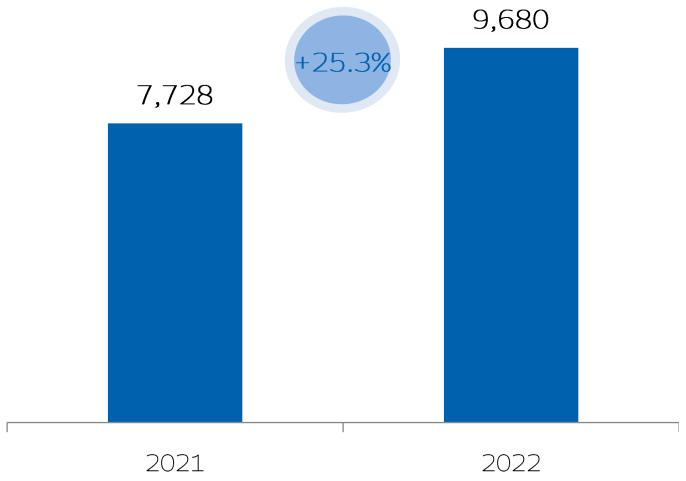
Customer loans

€m

	4Q2022	YoY
Loans to households	19,535	-1.4%
Mortgages	17,875	-1.2%
Consumer loans and others	1,660	-3.4%
Loans to companies	8,358	4.3%
Non-Real estate companies	7,399	5.1%
Real estate companies	958	-1.5%
Public sector and others	1,345	30.8%
Performing gross loans ex repos	**29,237**	**1.3%**
Repos	1,613	-0.1%
Doubtful loans	496	-30.9%
Customer loans	**31,346**	**0.5%**

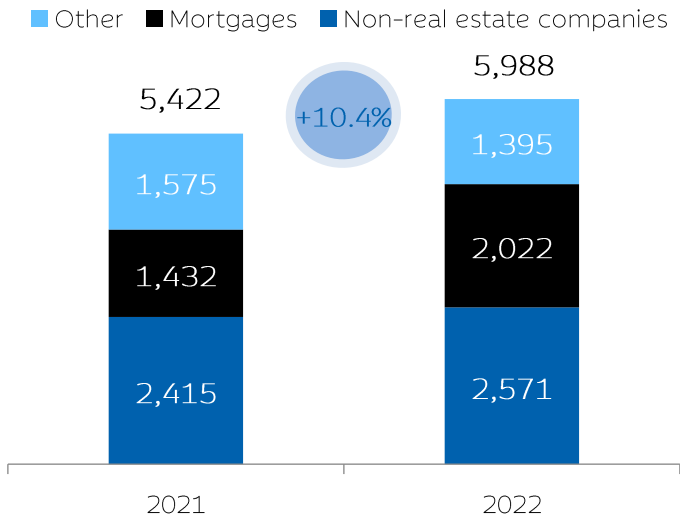
Working capital financing

€m – accumulated amount



New loan production

€m - accumulated amount

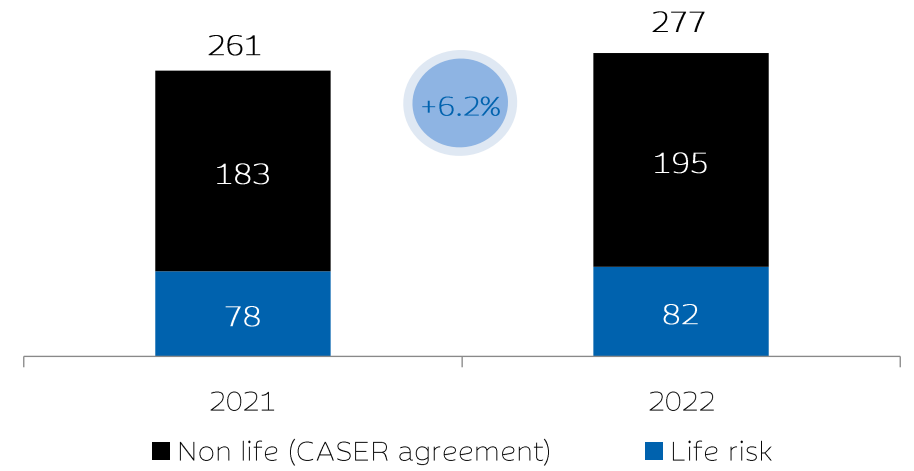


Performing gross loans ex repos grow 1.3% YoY or €375m.

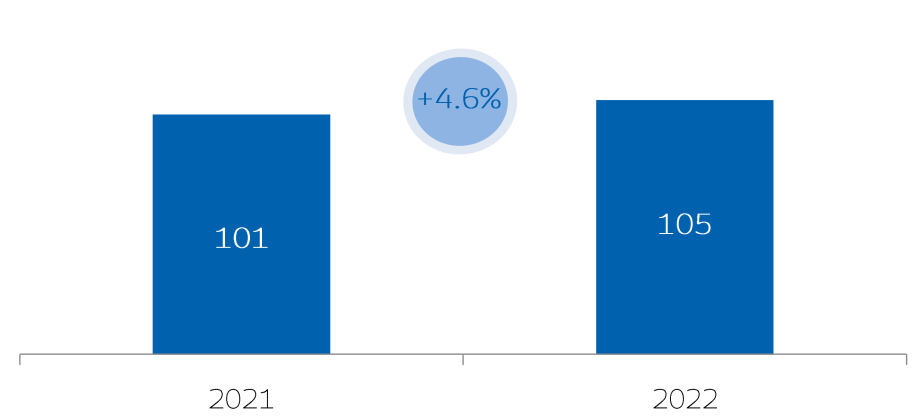
- Loans to companies grow 4.3% YoY or €342m due to the strong commercial momentum in working capital financing (volume has increased 25.3% YoY, reaching an historical high) and the new production of loans and credits to non-real estate companies (+6.4% YoY). As a result, the market share of loans to non-financial companies increased by 8 basis points during the year.
- New mortgage production grows 41.2% YoY and reaches €2,022m. The increase in amortizations and early cancellations results in a contraction of the mortgage book by 1.2%.

Risk insurance

Risk insurance premiums (portfolio)



Contribution to gross margin



The risk insurance portfolio grows 6.2% YoY to €277m (6.6% in non-life and 5.1% in life risk).

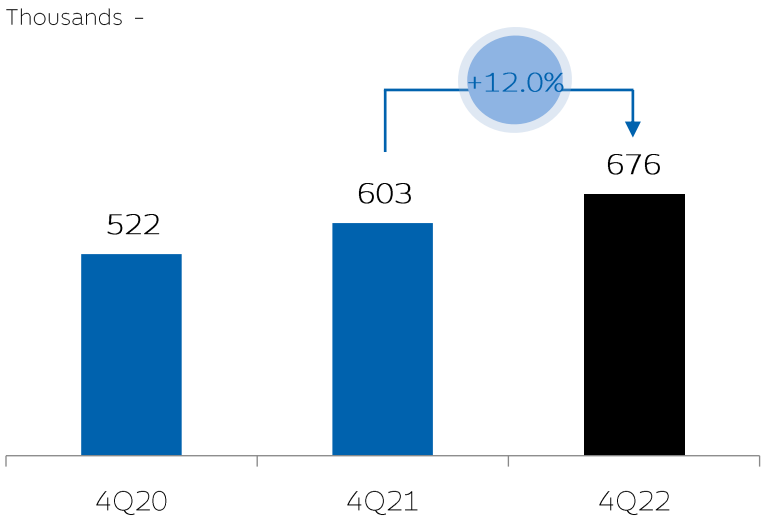
New production of risk insurance premiums reaches €52m (9.4% YoY).

- Strong boost in new production of life risk insurance premiums, which increases 30.2% YoY.

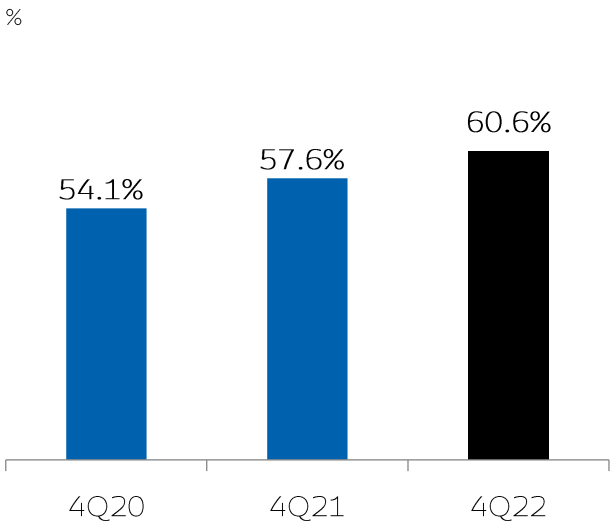
The contribution of risk insurance to gross margin stands at €105m (4.6% YoY) and represents 11% of Ibercaja´s recurring revenues.

Digitalization

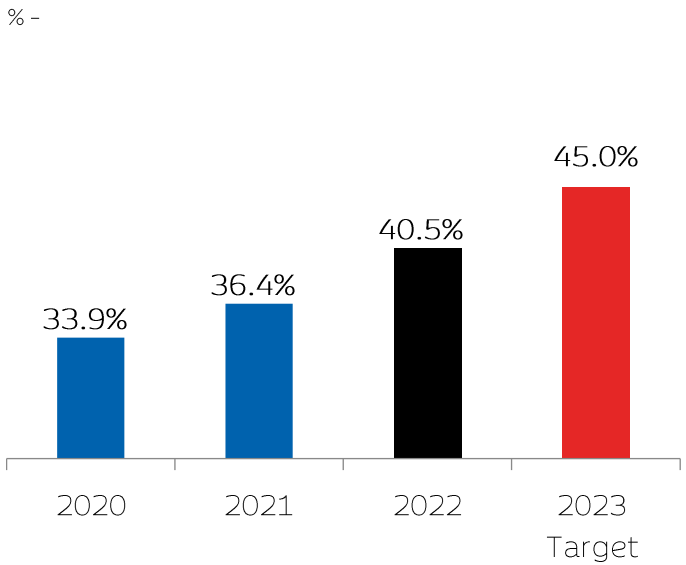
Ibercaja App users[1]



% Digital customers[2]



Digital sales[3]



The number of Ibercaja App users grows 12.0% YoY. As a result, the number of digital customers grows to more than 914.400 and already represent 60.6% of the total customers of Ibercaja.

The percentage of digital sales reaches 40.5%.

- The weight of digital channels grew strongly in mortgages to 28% and in risk insurance up to 9.0%.

Ibercaja has renewed during 2022 its alliance with Microsoft, our strategic partner in the digitalization 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.
[3] Remote sales are those made through digital channels, telemarking or through digital managers taking into account the main products of the entity of retail customers (cards, pre-qualified consumer loan, mortgage financing, non-life risk insurance, securities, pension plans and mutual funds).

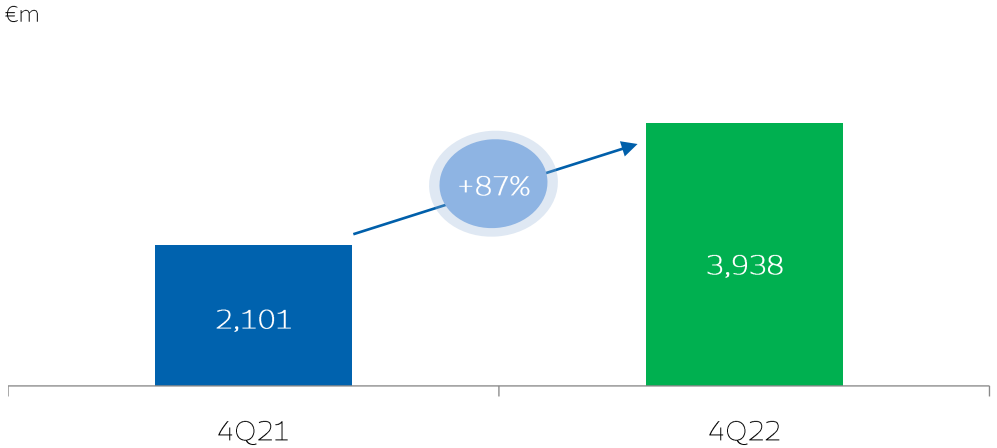
Sustainability

NZBA commitments

Sector[1]	Metric	Base Year (2021)	Objetive 2030	Variation[2] (%)
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%

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

Sustainable mutual funds and pension plans



In compliance with the Net Zero Banking Alliance (NZBA) of the United Nations, it has defined intermediate decarbonisation targets for its credit portfolio for 2030, aiming to achieve greenhouse gas emission neutrality by 2050.

- Ibercaja's own carbon emissions have been neutral since 2021

The stock of sustainable mutual funds and pension plans amounts to more than €3,938m, +87% in the year.

The launch of the "Hipoteca +Sostenible" product expands the range of products aimed at improving the energy efficiency of sustainable financing.

Ibercaja & Ibercaja Banking Foundation have obtained the "Aragón Circular" seal, which recognizes the work carried out in favor of the circular economy, with the development of good practices to improve circularity, within the framework of a sustainable management.

Ibercaja has obtained efr recertification in 2022 as a family-responsible company, for its commitment to the balance between personal, family and work life.

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III

2022 P&L account

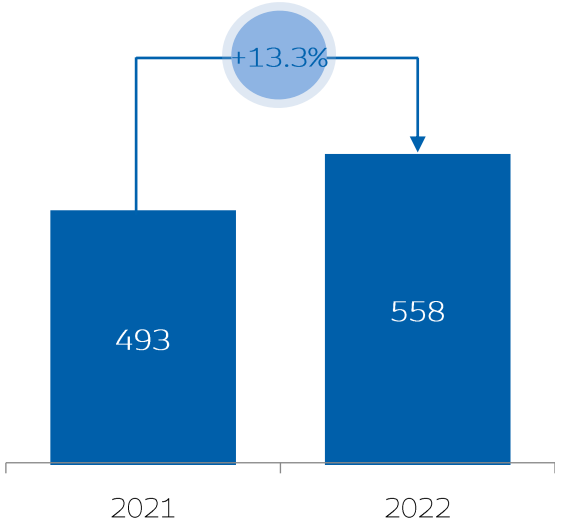
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2022 P&L account

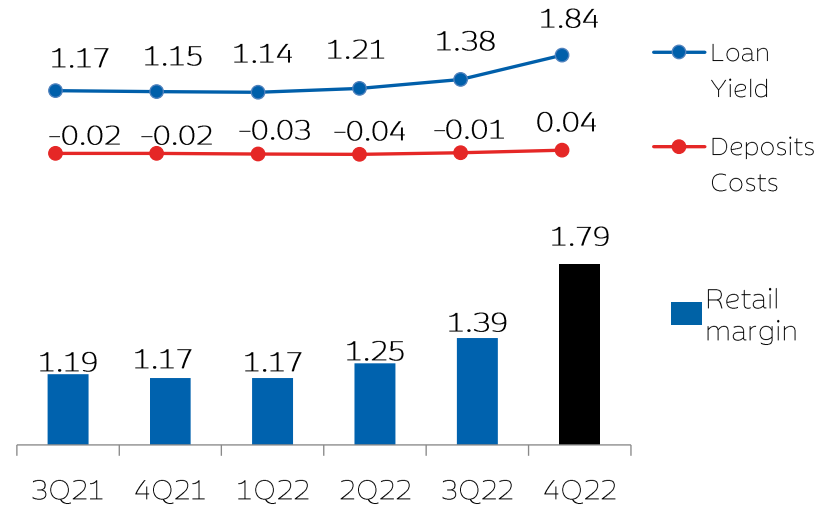
	2021	2022	YoY
Net Interest Income	493	558	13.3%
Net Fee Income	439	438	-0.1%
Recurring Revenues	**931**	**996**	**7.0%**
Gains/Losses on Financial Assets and Liabilities	47	14	-70.4%
Other Operating Income (Net)	-26	-34	30.1%
Gross Operating Income	**952**	**977**	**2.6%**
Operating Expenses	-611	-573	-6.3%
Pre-Provision Profit	**341**	**404**	**18.4%**
Total Provisions	-127	-128	1.1%
of which: Credit Risk and Foreclosed Assets Provisions	-114	-96	-16.0%
Other Gains and Losses	1	8	n.a
Profit Before Taxes	**215**	**283**	**31.9%**
Taxes	-64	-81	27.1%
Net Income	**151**	**202**	**33.9%**

Net interest income

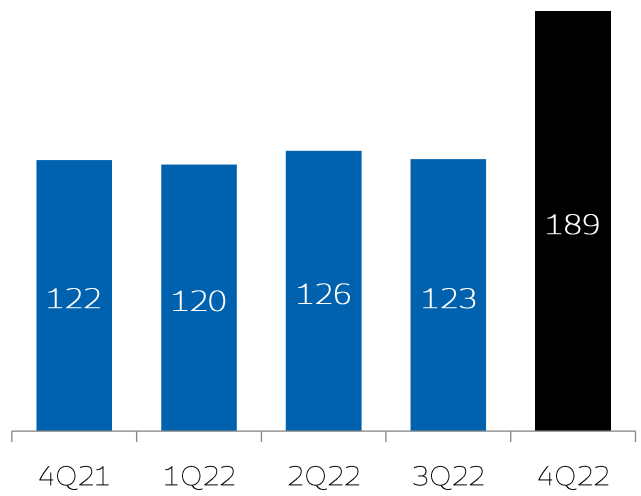
Net interest Income – Var. YoY



Retail margin



Net interest income



Net interest income increases by 13.3% YoY in 2022.

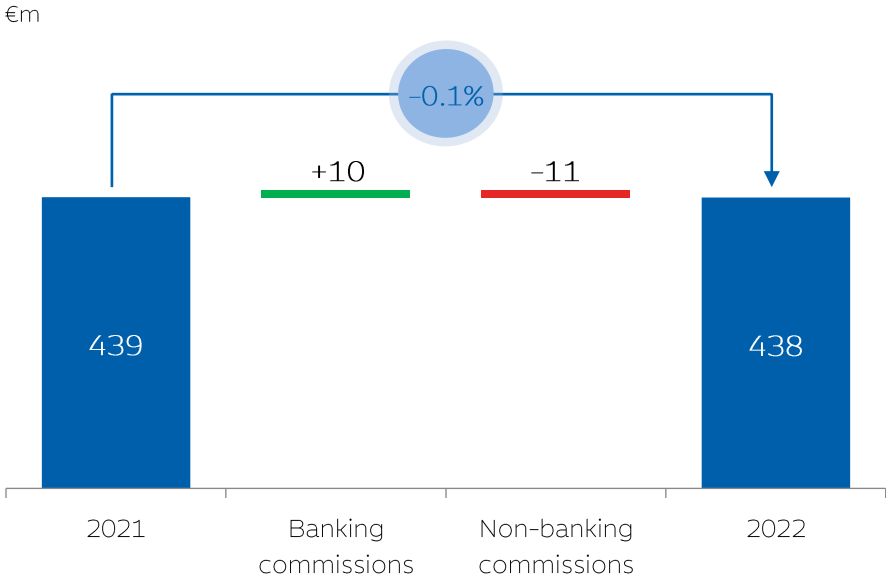
- In the fourth quarter, net interest income registered a sharp increase (54.8% YoY) mainly due the expansion of the retail margin

Retail margin grows 41 b.p. in the quarter (27.5% QoQ) thanks to the positive impact of the repricing of the loan portfolio (loan yield improves 46 b.p. in the quarter to 1.84%).

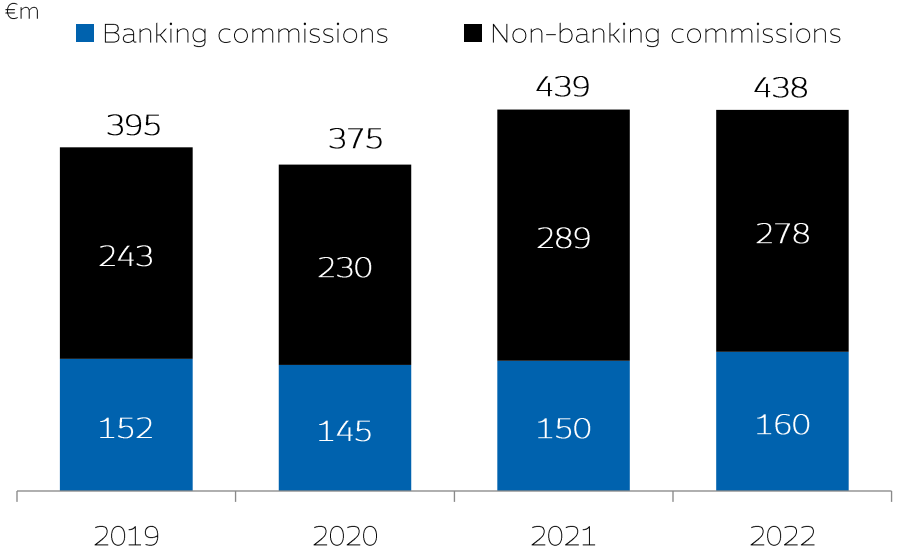
Ibercaja expects a material improvement of net interest income in 2023 as the loan portfolio fully reprices to current interest rates.

Net fee income

Net fee Income – Var. YoY



Net fee income evolution

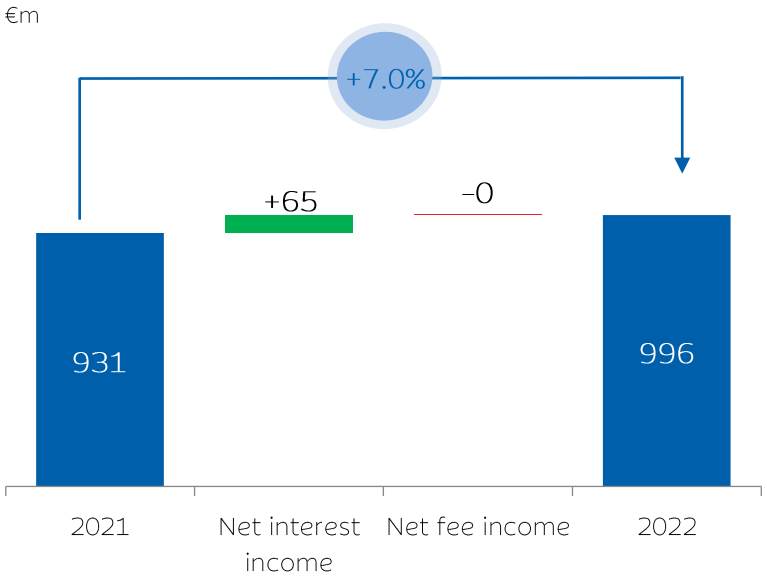


Net fee income reaches €438m, stable from 2021 levels (-0.1% YoY)

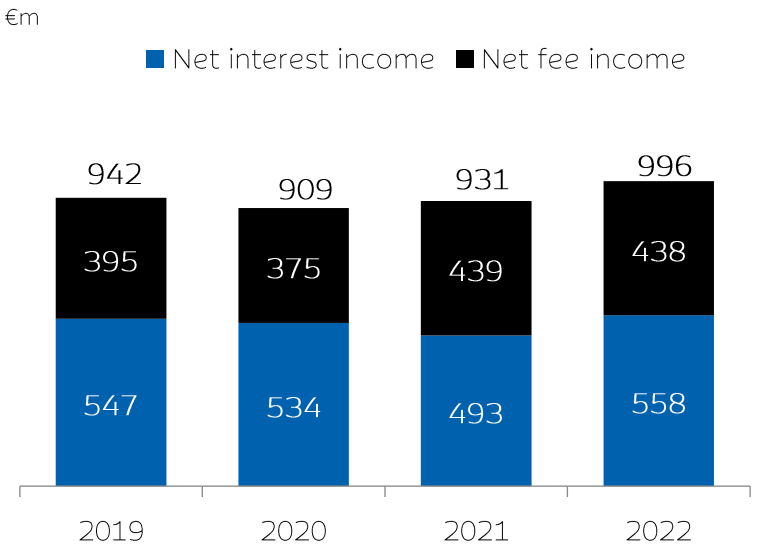
- Banking commissions grow by €10m or 6.9% YoY supported by the increase in commercial activity and new tariffs implemented in 2021.
- Non-banking commissions decrease €11m or -3.7% YoY. Excluding success fees recorded in 2021 (€13m), net growth in 2022 would have been positive.

Recurring revenues and gross operating income

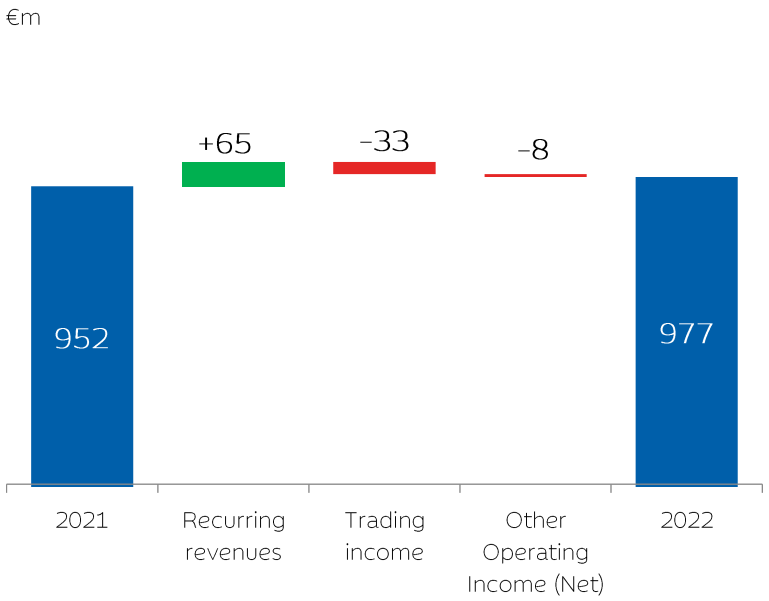
Recurring revenues – Var. YoY



Recurring revenues evolution



Gross operating income evolution



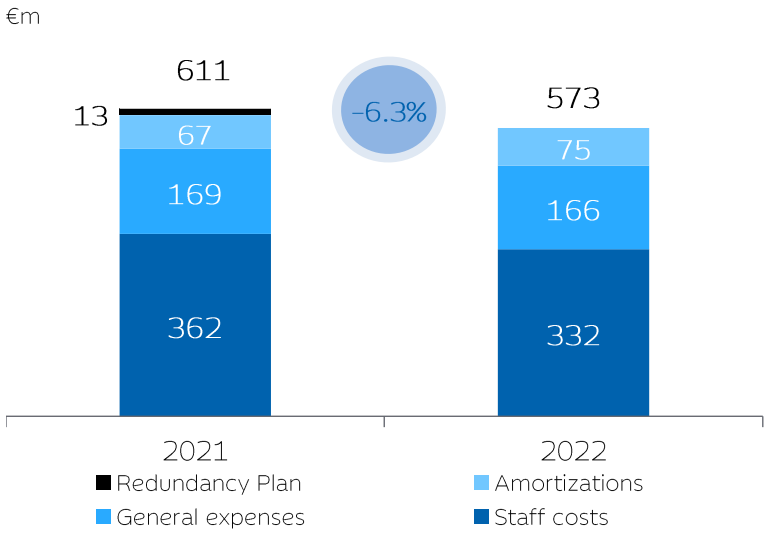
Recurring revenues grow 7.0% YoY or €65m in 2022.

Gross operating income raises 2.6% YoY as a result of the good performance of recurring revenues, which offsets lower trading income and other operating income.

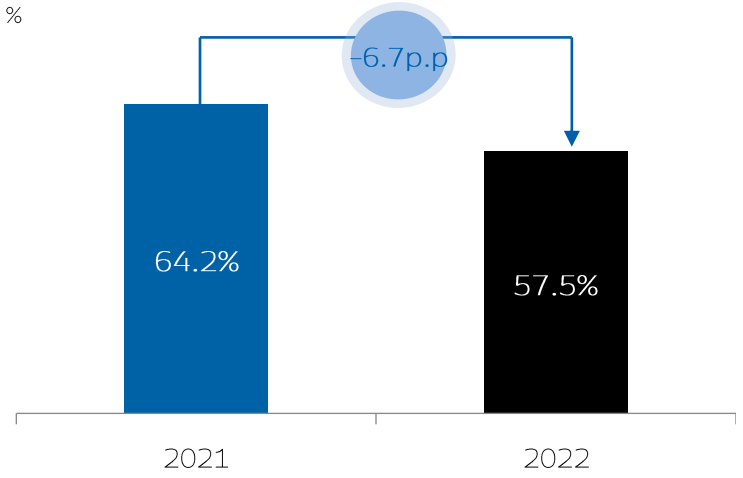
- Trading income represents less than 1.5% gross operating income.

Operating costs and recurring profit before provisions

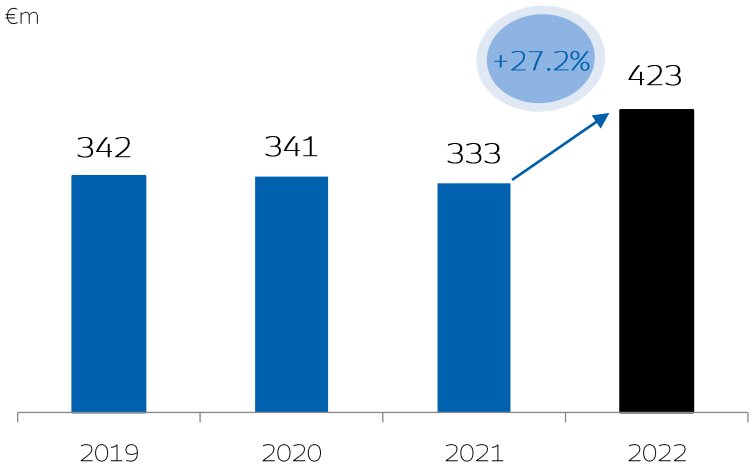
Operating costs



Recurring cost to income ratio



Recurring profit before provisions



Operating costs fall 6.3% YoY. Recurring costs fall 4.3% YoY or €25m despite the inflationary environment.

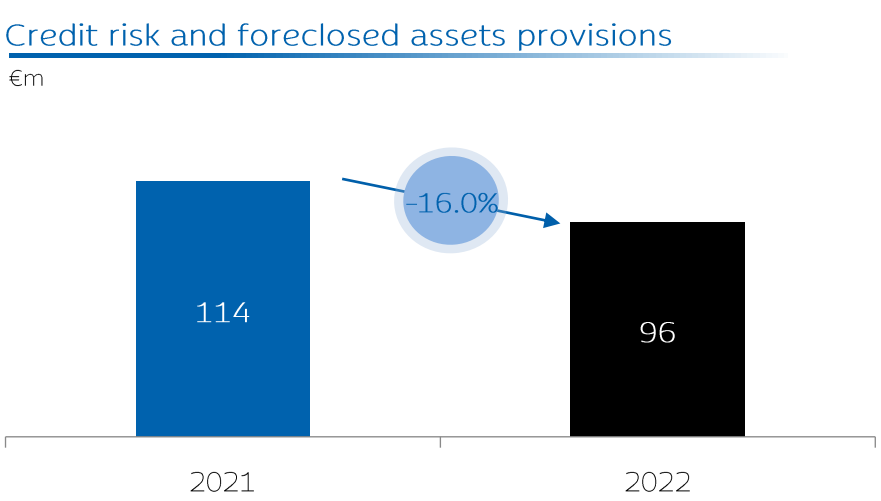
- Recurring staff costs fall 8.4% YoY thanks to the savings from the redundancy plan.

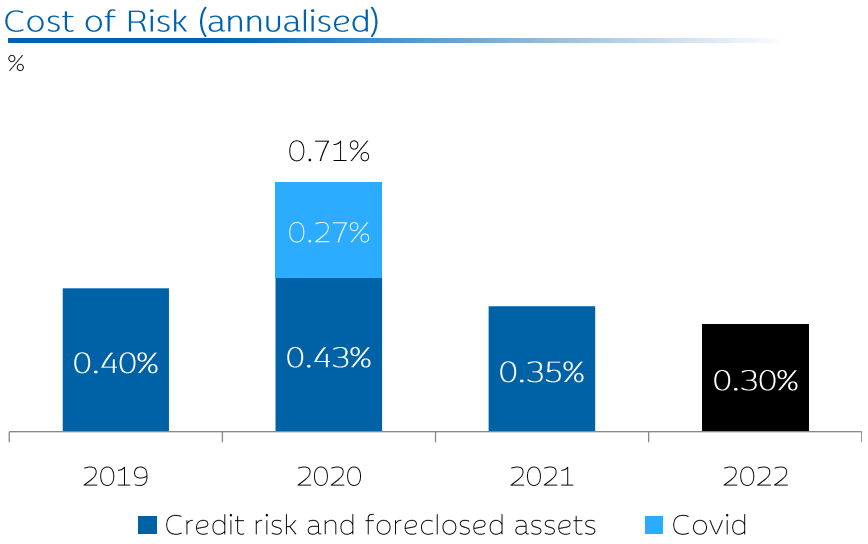
Thanks to the recovery of recurring revenues and cost reduction effort (Redundancy Plan is 100% executed), the recurring cost to income ratio improves to 57.5% (vs. 64.2% in 2021).

Recurring profit before provisions grows 27.2% YoY to €423m during 2022.

- Pre-Provision Profit grows 18.4% YoY.

Credit risk and foreclosed assets provisions





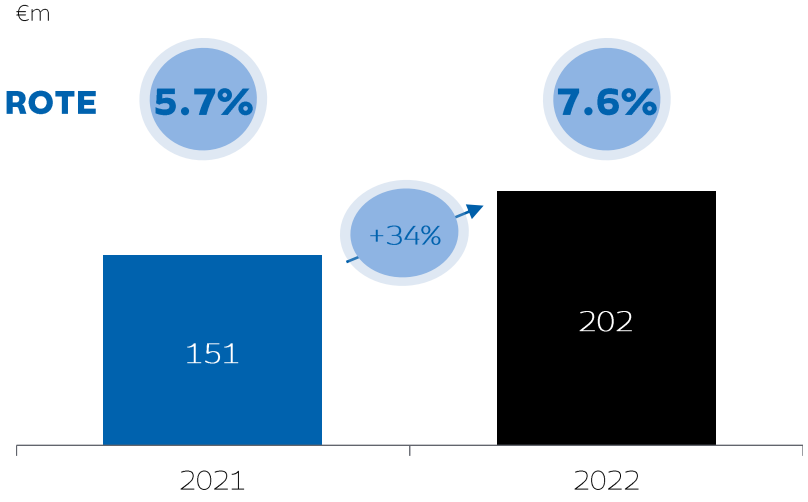
Provisions for credit risk and foreclosed assets fall 16.0% or €18m YoY.

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

Ibercaja maintains overlay provisions of €52m in view of the uncertainty caused by the macroeconomic outlook, largely as a result of the war in Ukraine.

Net income

Net income & ROTE



Net income variation YoY



Net income reaches €202m in 2022 (+34% YoY) and ROTE stands at 7.6%.

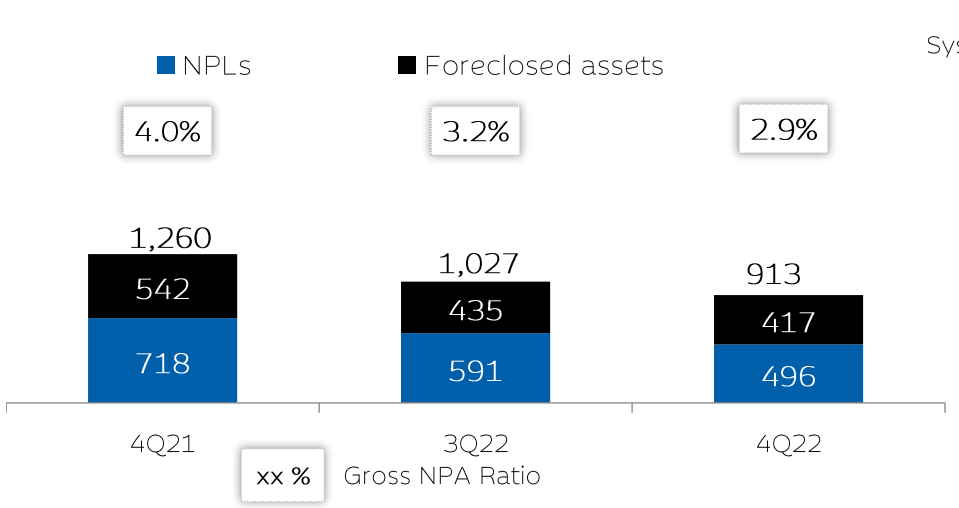
The increase in recurring revenues together with lower recurring costs and cost of risk explains the improvement in Ibercaja' s profitability.

IV

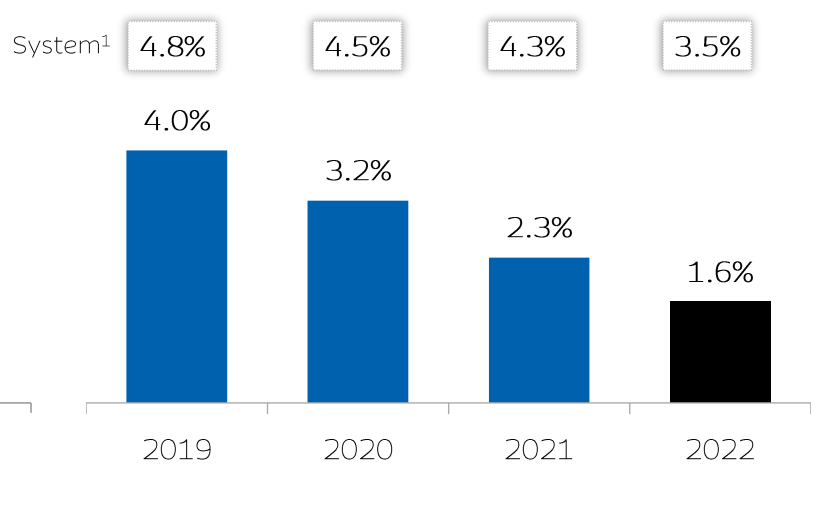
Asset quality, liquidity and solvency

Non-performing assets

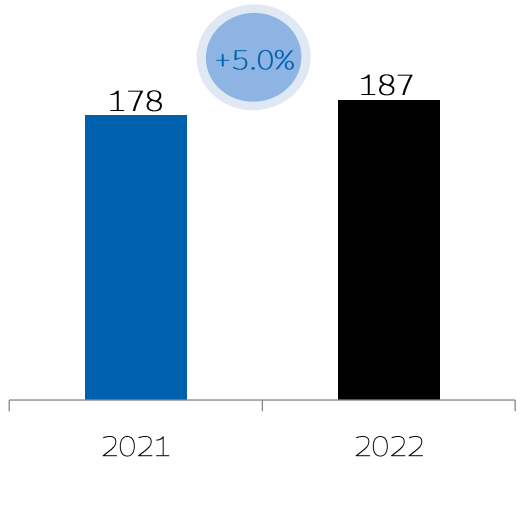
Gross NPAs



NPL Ratio



Foreclosed assets sales



Ibercaja maintains its positive trend in terms of asset quality: NPAs decrease by 27.6% or €347m in the year (-€114m in 4Q2022). NPA Ratio improves 110 bps to 2.9% in the 4Q.

NPLs decrease by 30.9% YoY or €222m (€96m in 4Q2022) and NPL ratio stands below 1.6%.

- NPL ratio improves in the main portfolios: residential mortgages stands at 1.0% and for non-real estate companies reaches 2.6%.
- Ibercaja maintains a positive 196 b.p. gap in terms of NPL ratio vs. the system[1]

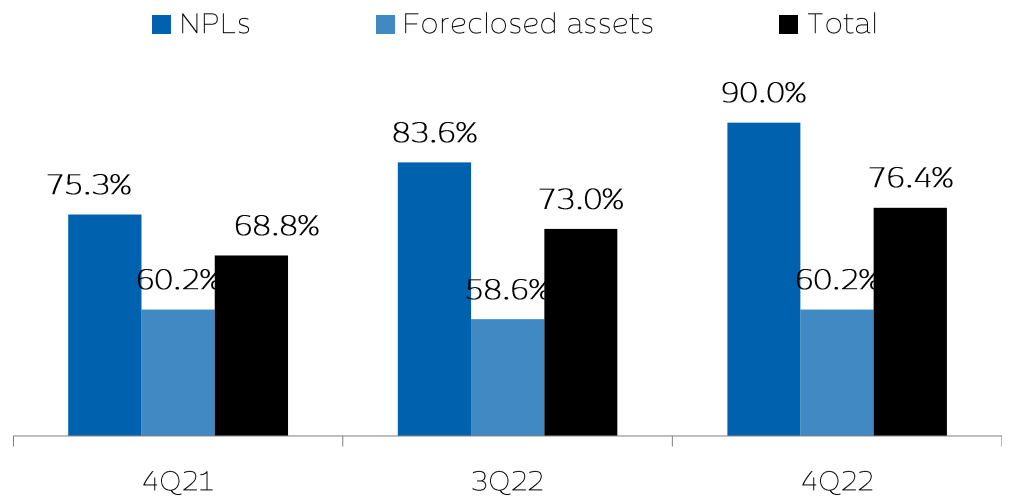
Foreclosed assets fall by 23.1% or €125m during 2022 (€18m in 4Q2022).

- Foreclosed assets sales increase to €187m (+5.0% YoY). Land sales represent 66% of total sales during 2022.

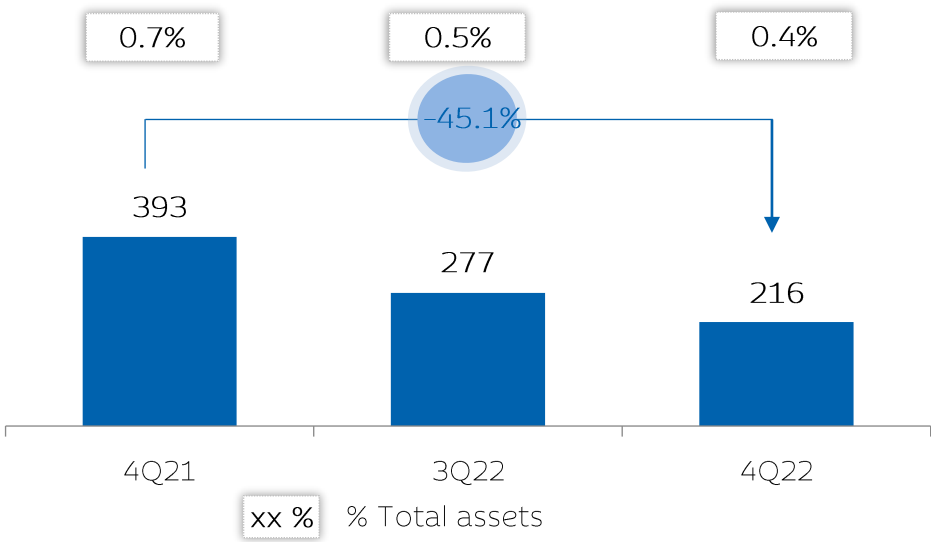
[1] Latest available data Bank of Spain for December 2022

Coverage ratios

Coverage ratios



Net NPAs



NPLs coverage ratio keeps improving and reaches 90% (+14.7 p.p. YoY).

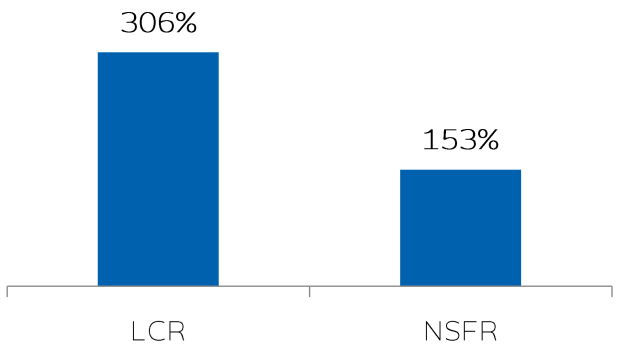
NPAs coverage ratio increases to 76.4% (+7.6 p.p. YoY).

Net NPAs fall 45.1% or €177m in the year (€61m in the fourth quarter) and represent less than 0.4% of total assets.

Liquidity and ALCO portfolio

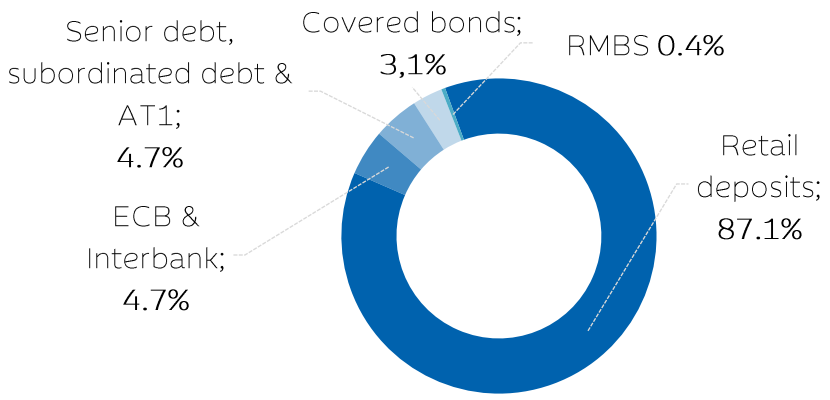
LCR and NSFR ratios

% - 4Q2022.



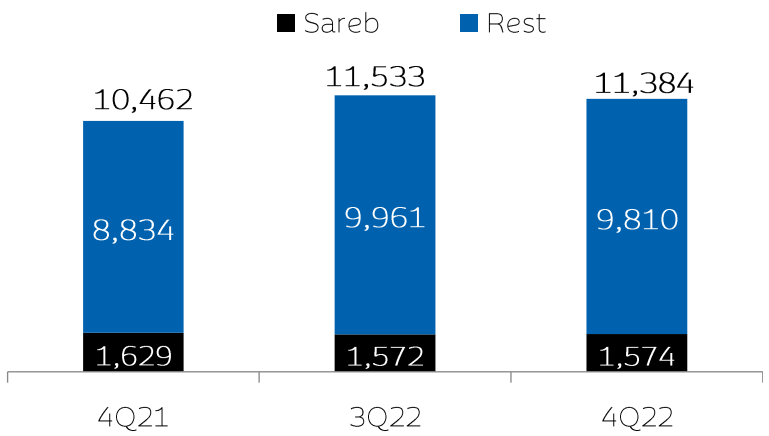
Breakdown of funding structure

€m



ALCO portfolio

€m



Ibercaja has a strong liquidity position. During the month of November, the Bank made a total early repayment of the €5,959 million corresponding to the TLTRO.

- The LCR and NSFR ratios are 306% and 153% respectively, and the loan-to-deposit ratio stands at 78.4%.
- Retail deposits represent 87% Ibercaja's funding structure

The Entity maintains stable its ALCO portfolio[1] in the quarter (€11,384m) with a low risk profile.

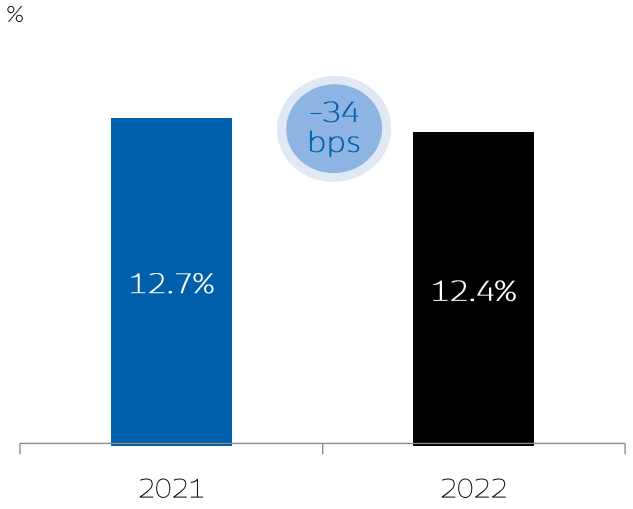
- The portfolio is mainly composed of Spanish sovereign debt (67.3%) with an average duration of 4.3 years[2]. The average yield stands at 0.45% (96% of the portfolio is classified at amortised cost).

As of December 2022, MREL ratio stands at 20.6% of RWAs and MREL leverage stands at 7.7%.

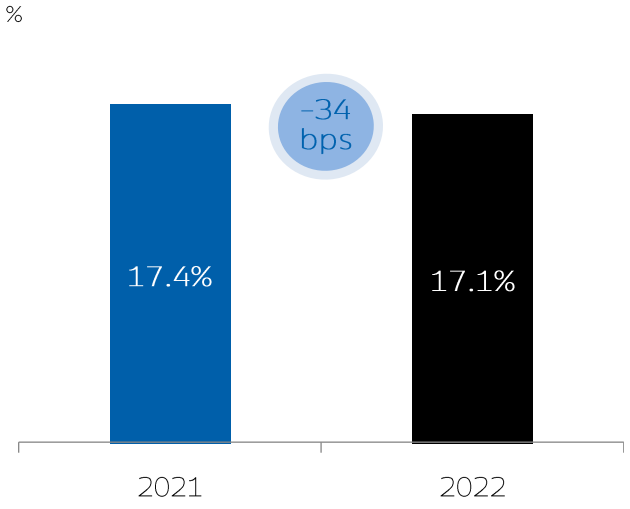
[1] Excludes insurance activity portfolio.
[2] Includes interest rate swaps. .

Solvency

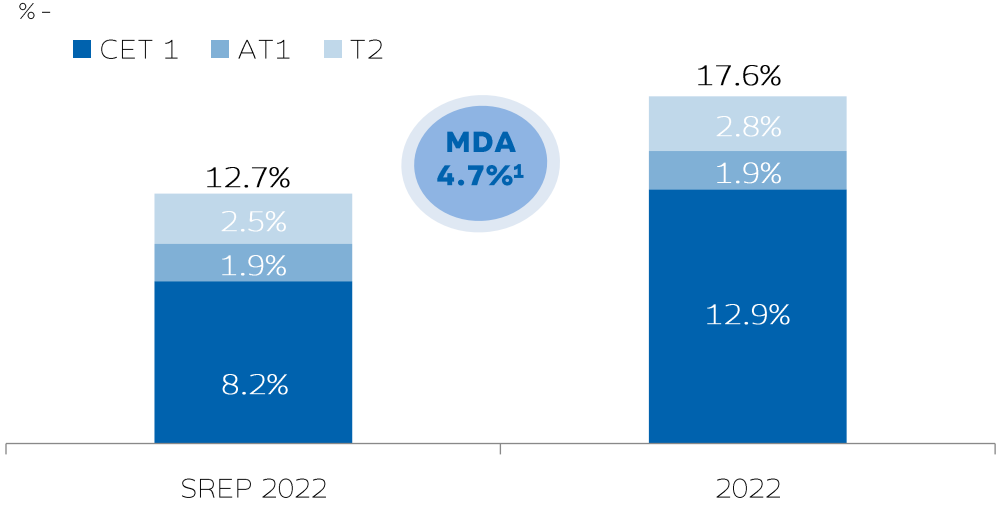
CET1 Fully Loaded



Total Capital Fully Loaded



Capital Total Phased In vs. SREP requirements



CET1 Fully Loaded ratio stands at 12.4%, stable vs 3Q2022 (-34 bps vs. 4Q2021).

- The Entity has accrued a payout of 60%.

Total Capital Fully Loaded ratio stands at 17.1% (17.6% in Phased-in terms).

MDA ratio, which measures the excess of capital vs. SREP requirements, stands at 466 bps.

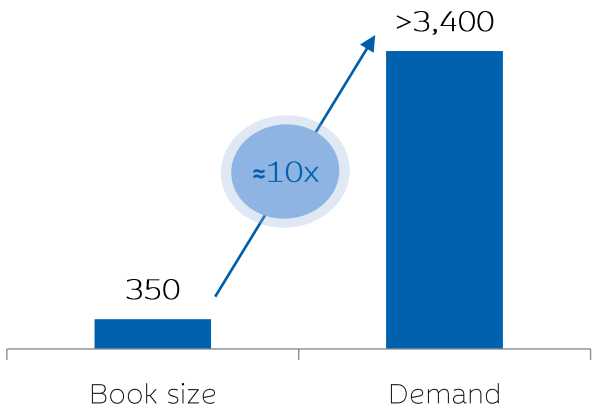
The Reserve Fund constituted by Ibercaja Banking Foundation amounts to €155m (49% of the total amount required)

[1] MDA distance excludes AT1 & T2 excess vs. SREP requirement

New AT1 issuance

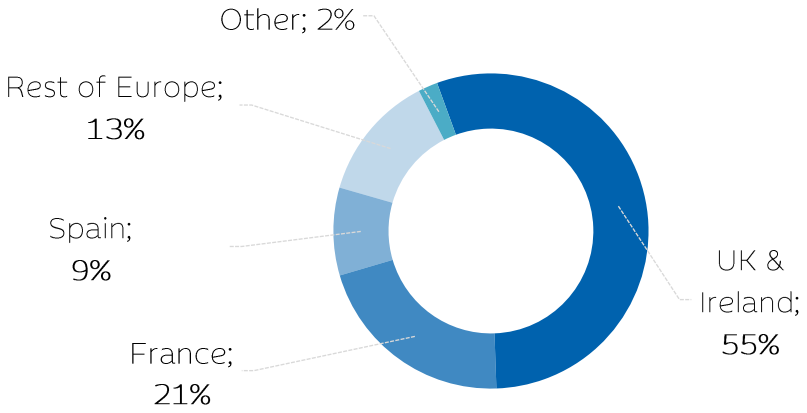
Book size and demand

€m



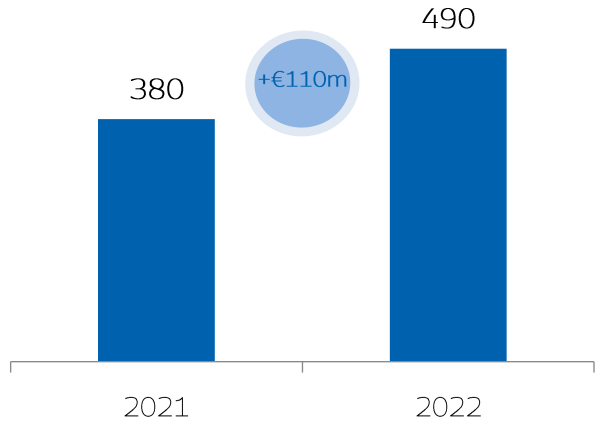
AT1 issuance – orderbook distribution by geography

% -



Available Distributable Items

€m



On January 2023, Ibercaja completed a successful issuance of AT1 for an amount of €350m.

- Books were oversubscribed by almost 10x (>€3,4bn) with orders from nearly 300 investors. 90% of the issuance was allocated to international investors.

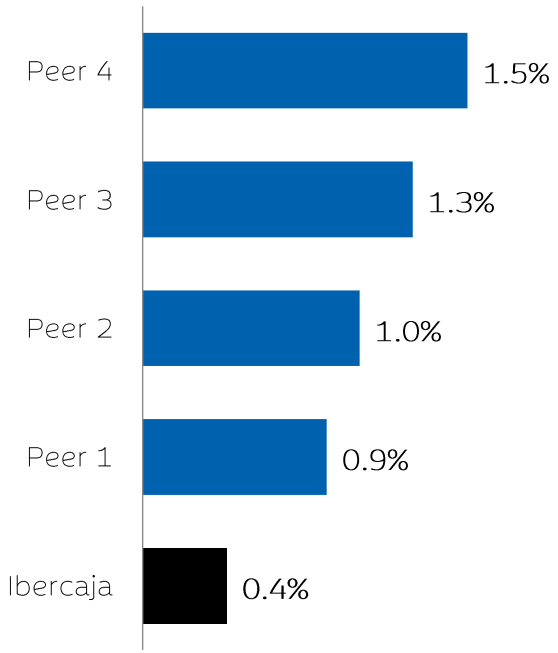
On February 2023, Ibercaja announced the early redemption of its Additional Tier 1 issuance of €350m registered with the CNMV on April 10, 2018

Both operations allow Ibercaja to maintain an efficient and solid capital structure with AT1's bucket fully optimized.

Ibercaja has today one of the strongest balance sheet in the Spanish financial system

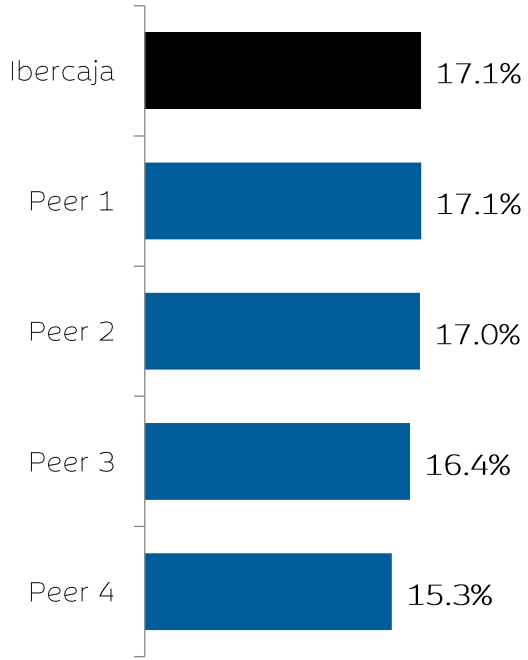
Net NPAs % Total Assets[1]

% - Peers as of 4Q22



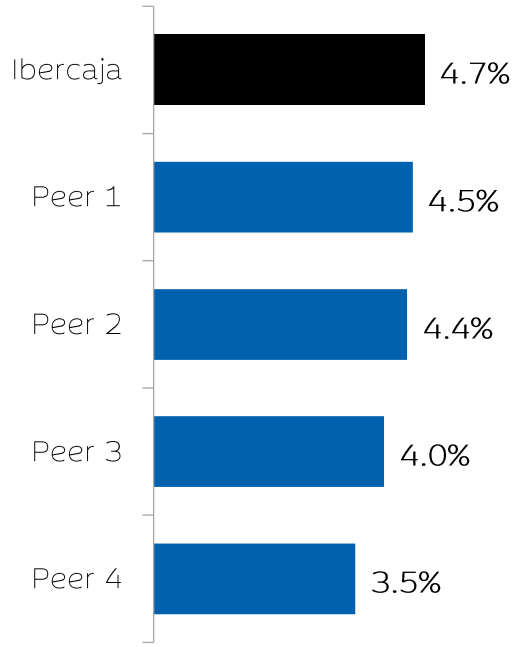
Total Capital Fully Loaded[1]

% - Peers as of 4Q22



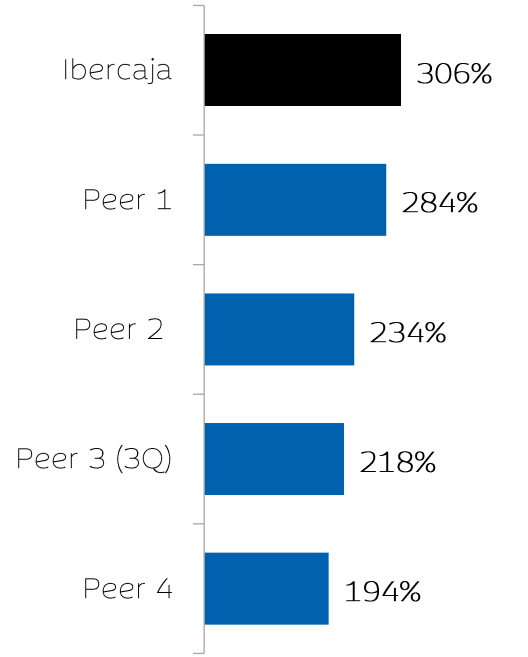
MDA distance (PI) vs. peers[1]

% - Peers as of 4Q22



LCR Ratio[1]

% - Peers as of 4Q22



[1] Peers include listed Spanish domestic banks: Bankinter, Sabadell, Unicaja and Caixabank

V

Final remarks

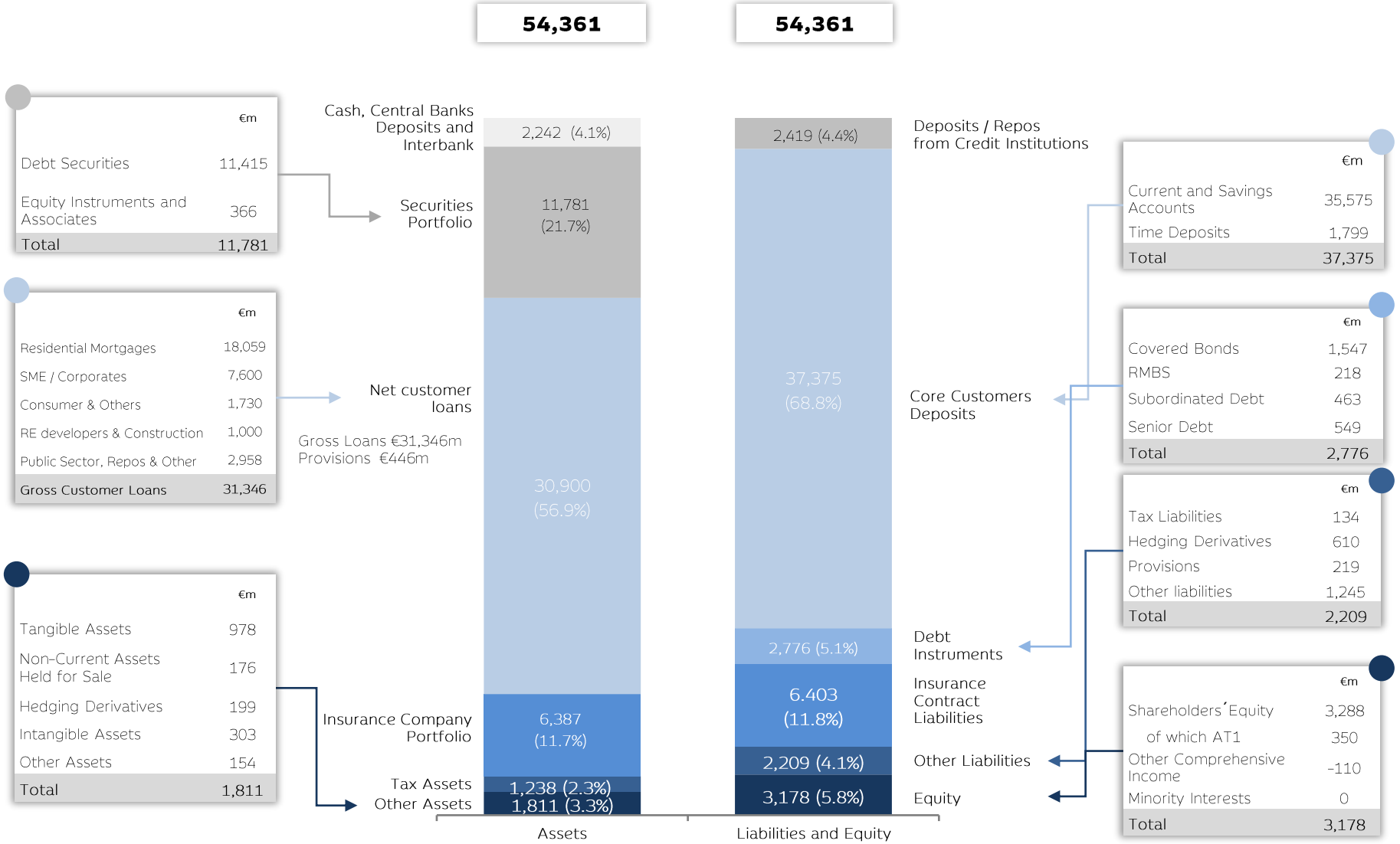
Ibercaja is delivering on its medium term targets



VI Annex

Balance sheet

€m- 12/31/2022



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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