

Ibercaja Banco
1Q23 Results

May 11th 2023

EL BANCO DEL vamos

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In case of disagreement, the Spanish version will prevail.

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1. Key Highlights



Key Highlights

NII grows 48.9% YoY

Outstanding performance of the NII driven by the increase in customer spread thanks to the repricing of the loan portfolio and the successful strategy of diversifying customer funds into AuM and life insurance products

Customer Spread +126 bps

AuM & life insurance % Customer Funds 49.3%

Pre-provision profit grows 15.7% YoY

Recurring pre-provision profit, which excludes the impact of the bank tax, grows 56.7% YoY and Ibercaja achieves a significant improvement in its cost to income ratio

Recurring cost to income 51.6%

Loan and foreclosed assets provisions fall 10.9% YoY

Ibercaja maintains a low cost of risk, consistent with its low risk profile

Cost of Risk 0.21%

NPA ratio 2.9%

Net income *ex* temporary bank tax rises 30.5% YoY

Reported net profit falls 14.8% YoY to €54m, affected by €28.9m of bank tax

Ibercaja maintains its target of achieving a 9% ROTE

Ibercaja has one of the strongest balance sheet in Spain

Strong improvement in solvency ratios and remarkable liquidity metrics after having repaid 100% of the TLTRO

CET1 FL 12.8%

LTD 83.5%

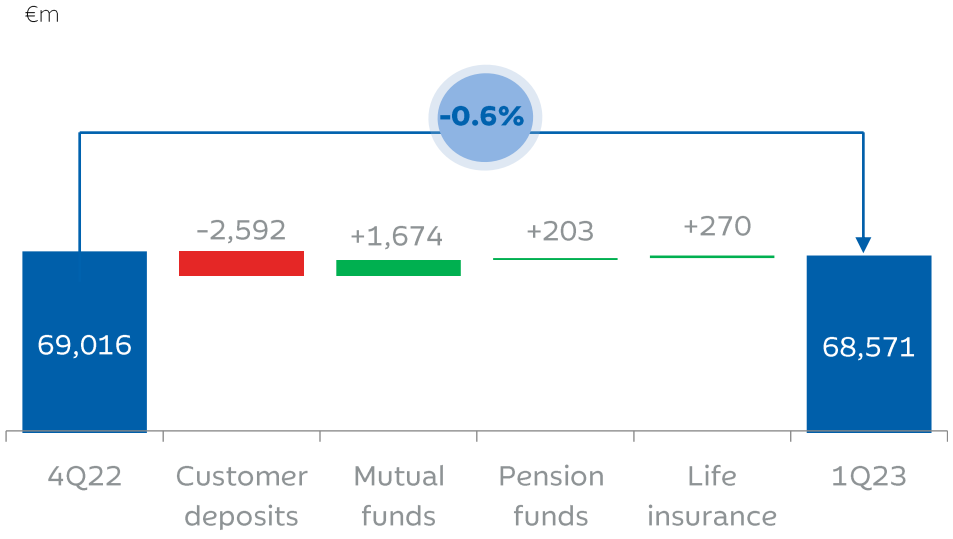
LCR 239%

2. Commercial activity

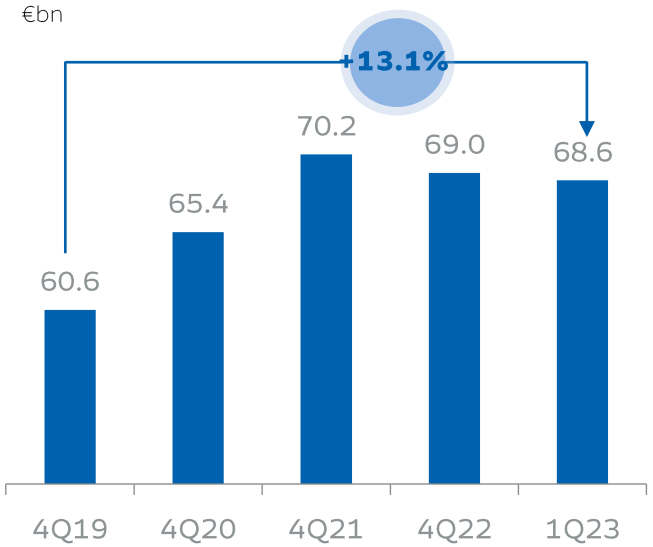


Customer funds (1/3)

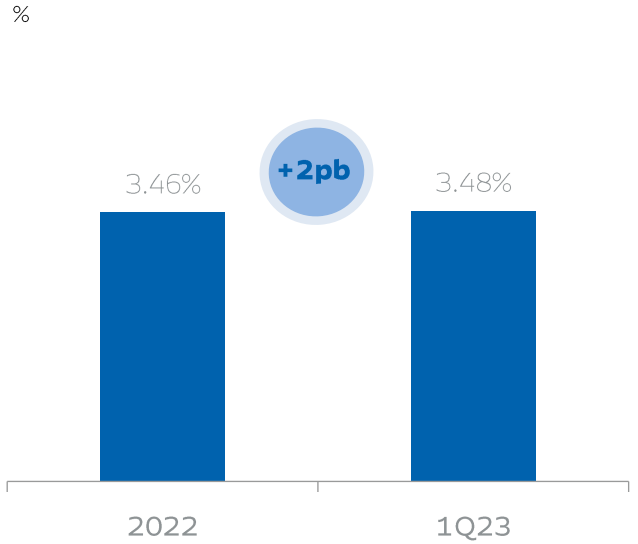
Customer funds evolution in 1Q



Customer funds



Market share in customer funds[1]



In 1Q2023, customer funds remain roughly stable: -0.6% or -€445m QoQ.

- **Excellent evolution of AuM and life savings. Mutual funds grow 8.8%** in the quarter, **pension plans 3.5%** and **life insurance 4.0%.**
- The rise in **early mortgage amortizations** (2x 1Q22 levels) and the increase in **customer spending** due to inflation explain the moderate fall in customer funds in 1Q23.

After strong growth during the pandemic, customer funds stand 13.1% or €7.9bn above 2019 levels.

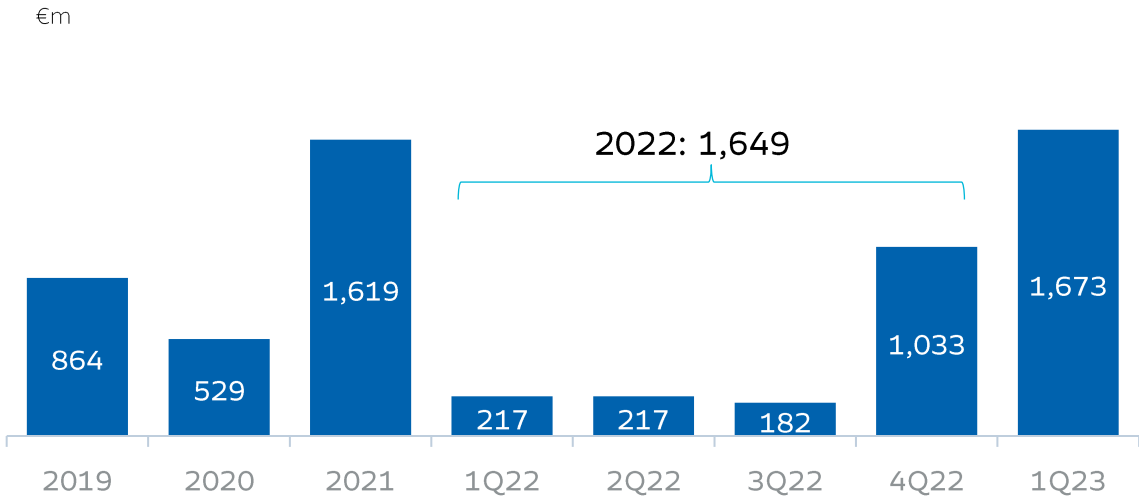
- Since 2019, **customer deposits** grow **€2bn or 6.1%.**

Ibercaja´s total market share in customer funds (deposits + AuM + life insurance products) improves 2 bps QoQ to 3.48%.

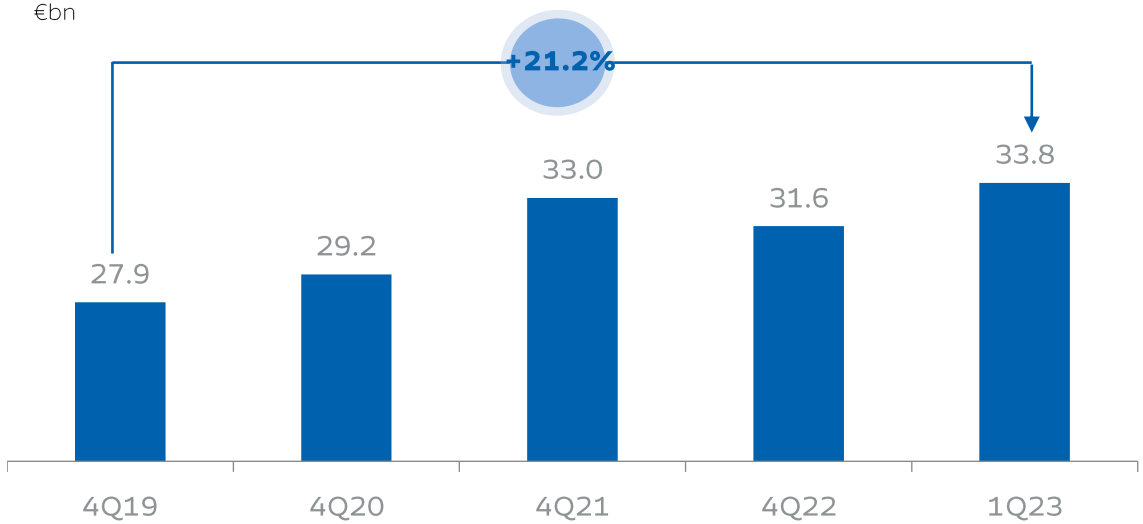
[1]Market share with Bank of Spain, Inverco and ICEA and internal calculation.

Customer funds (2/3)

Net new money inflows into AuM & life insurance products[1]



AuM and life insurance products



Ibercaja´s commercial strategy is focused on diversifying customer funds into more value added products, increasing costumer linkage and satisfaction levels. The new interest rate environment has allowed Ibercaja to offer an attractive product range of mutual funds and life insurance products with outstanding results.

In first quarter, net new inflows in AuM and life insurance products have reached historical levels, totalling 1.7bn€.

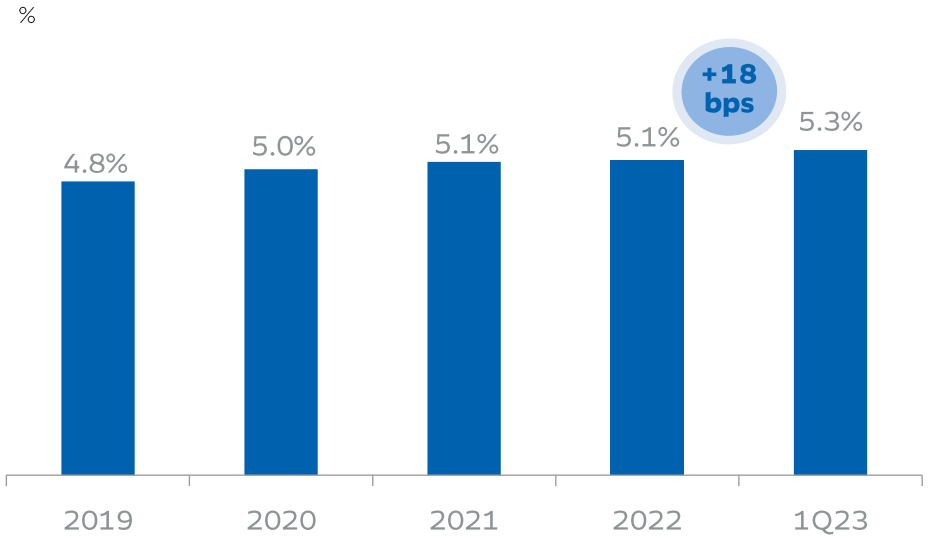
- **Net inflows just in 1Q23 stand above the net inflows of 2021 and 2022.**
- **Mutual funds** are the key product with **net new money amounting to 1.4bn€[2].**

Total AuM and life insurance products reaches an historical high of €33,788m, having grown 21.2% since 2019 or €5.9bn.

[1]Net new money inflows – internal data
[2]Inverco – March 2023.

Customer funds (3/3)

Market share in AuM + life insurance[1]

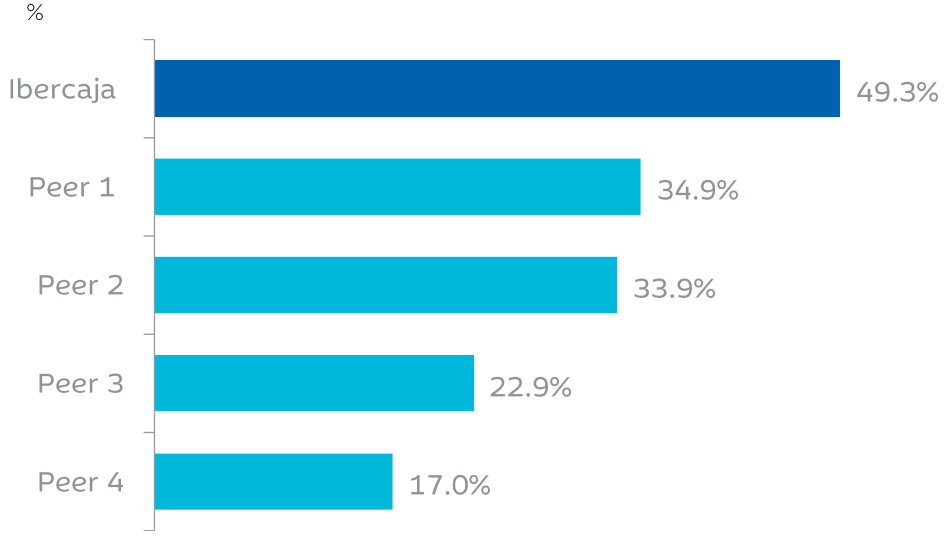


Δ Mutual funds +25 bps

Δ Life insurance products +7 bps

Δ Pension plans +1 bps

AuM & life insurance products as % of customer funds[3]



Ibercaja´s strategy leads to an increase in the combined market share of AuM and life insurance products of 18 bps in just one quarter, reaching 5.3%.

- Ibercaja has achieved a **15% market share in net new money[2] in mutual funds in 1Q23** and as a result the **market share in mutual funds has increased 25 bps** in just one quarter to 6.1%. **In life insurance Ibercaja has gained 7 bps in market share.**

As a result of its best-in-class advisory model, implemented consistently throughout the years, Ibercaja is the bank with the highest diversification of its customer funds (49.3% in AuM and life insurance products).

[1]Market share – Bank of Spain, Inverco and ICEA data, internal calculation
[2]Net new money inflows market share – Inverco as of March 2023.
[3]Peers include: Sabadell, CaixaBank, Unicaja and Bankinter. Data as of 1Q2023 – public information.

Customer loans

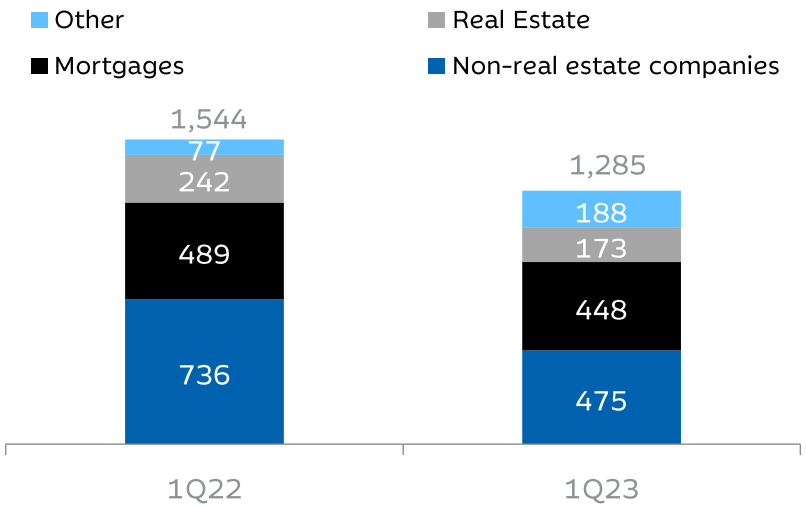
Performing customer loans

€m

	1Q2023	QoQ
Loans to households	**19,289**	**-1.3%**
Mortgages	17,650	-1.3%
Consumer loans and others	1,639	-1.3%
Loans to companies	**8,188**	**-2.0%**
Non-Real estate companies	7,229	-2.3%
Real estate companies	959	0.1%
Public sector and others	**1,506**	**12.0%**
Performing gross loans ex repos	**28,982**	**-0.9%**

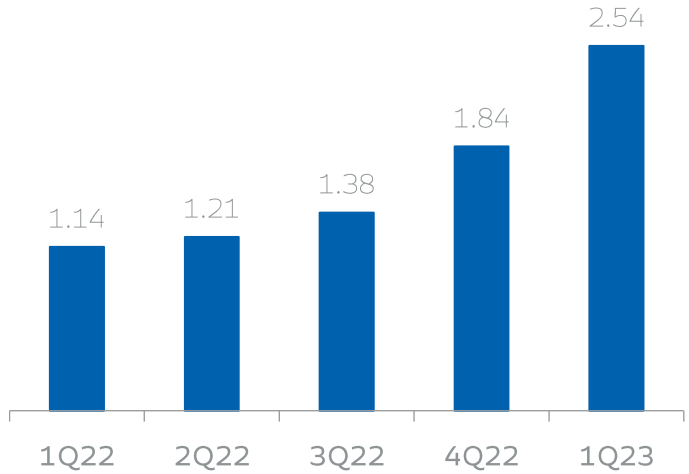
New loan production

€m - accumulated amount



Loan yield evolution

%



Performing gross loans ex repos decrease 0.9% QoQ or €255m explained by the lower volume of new loan production in 1Q2023. Ibercaja maintains its loan market share stable in the quarter.

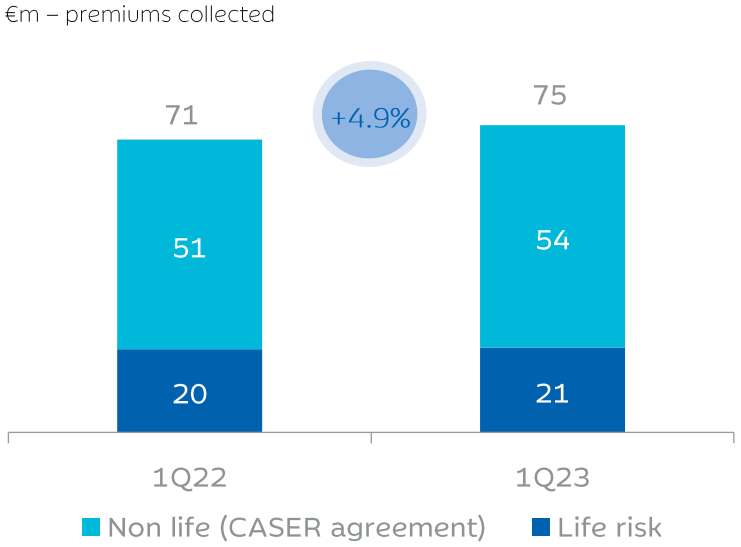
- **Mortgages decrease 1.3% QoQ** mainly impacted by lower new production and higher early repayments.
- **Loans to companies decline 2.0% QoQ,** explained by the decrease in long-term financing.

Loan yield increases 140 bps in the year boosted by the repreciation of the loan portfolio.

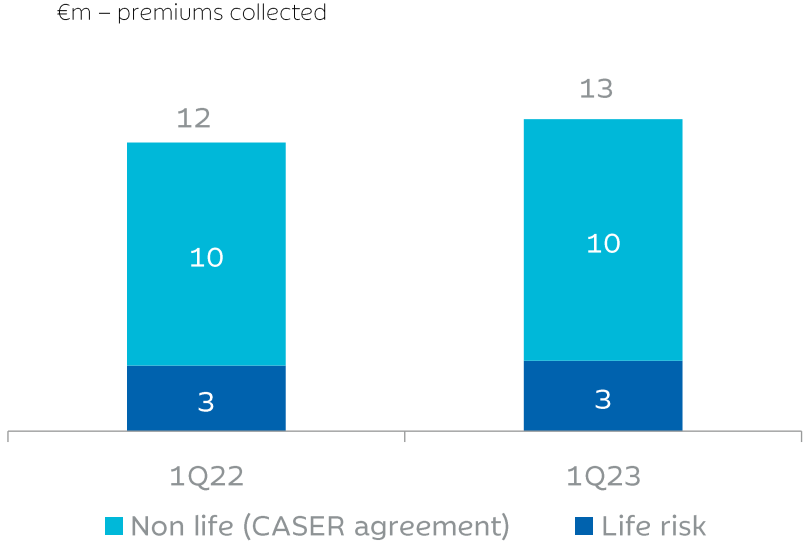
- **Around 3/5 of floating rate mortgages still priced at Euribor <3%.**

Risk insurance

Risk insurance premiums (portfolio)



Risk insurance new production



Risk insurance premiums grow 4.9% YoY to €75m (6.1% in non-life and 2.0% in life risk).

New production premiums performed positively in 1Q2023 both in non-life and life risk insurance.

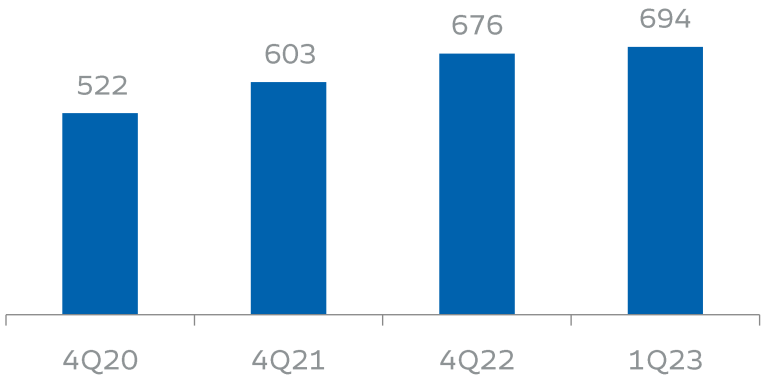
- New production of **life risk insurance** premiums increases **6.3% YoY and 8.4% YoY in non-life.**

Ibercaja has revamped its life risk offering with more granular products (from Basic to Premium) in order to adapt better to customer needs. In addition, Ibercaja has launched automatized subscription to streamline sales processes.

Digitalisation

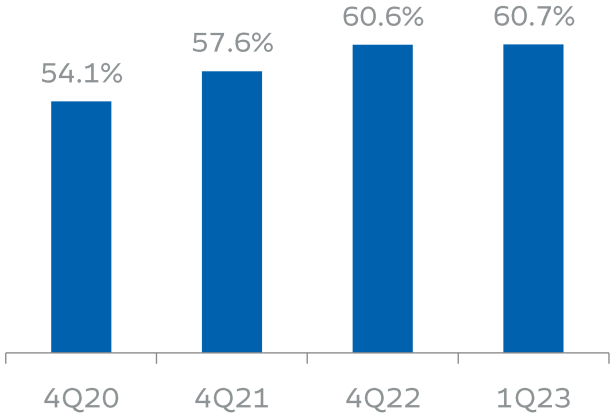
Ibercaja App users[1]

Thousands -



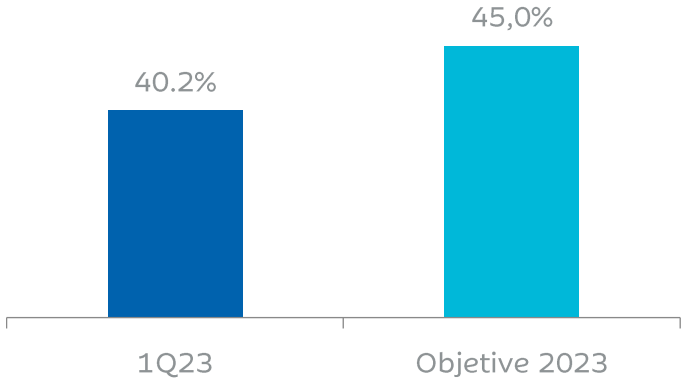
% Digital customers[2]

%



Digital sales[3]

% -



Ibercaja App users increase by 11.3% YoY. As a result, the total number of digital customers grows to more than 928,700 and represents 60.7% of Ibercaja's total customers..

The % of digital sales remains around 40%.

- The **weight of digital channels** has grown strongly in **mortgages** where it reaches **29.8%** and in **risk insurance 9.0%.**

1 Includes only active customers in the last month of the quarter.
2 Customers who have logged into the Ibercaja website or App in the last three months of the period
3 Distance sales are those made through digital channels, telemarking or through digital managers taking into account the main products of the entity of private customers (cards, prequalified consumer loans, mortgage financing, non-life risk insurance, securities, pension plans and investment funds).

Sustainability

Ibercaja launches new sustainable products, thus reinforcing its commitment to support the transition towards a decarbonised economy:

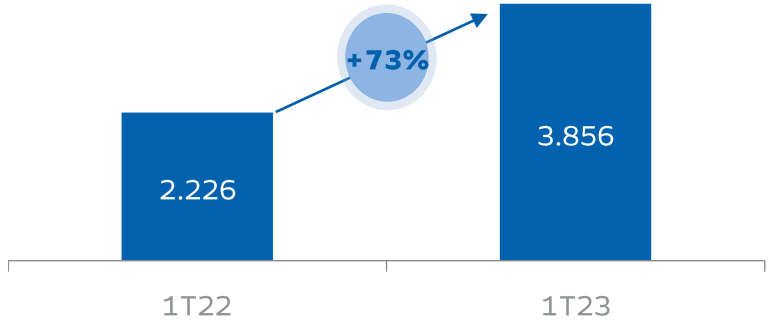
- **Sustainable financing:** Ibercaja incorporates into its offer of sustainable products the **Renewable Energy Financing Loan** aimed at facilitating the production or self-consumption of electricity through renewable energy sources of companies.
- **"Hipoteca +Sostenible":** aimed at financing homes with **energy rating A or B**. Ibercaja facilitates access to sustainable housing by improving its financing rates and offering a comprehensive solution for improving the energy efficiency of homes that do not reach that qualification. **The sustainable housing of Ibercaja's mortgage portfolio** grows by **48.3%**, with 4.3% of homes with Energy Efficiency rating A and B in December 2022.

Governance: the Board of Directors has approved the **ESG Risk Governance Policy.**

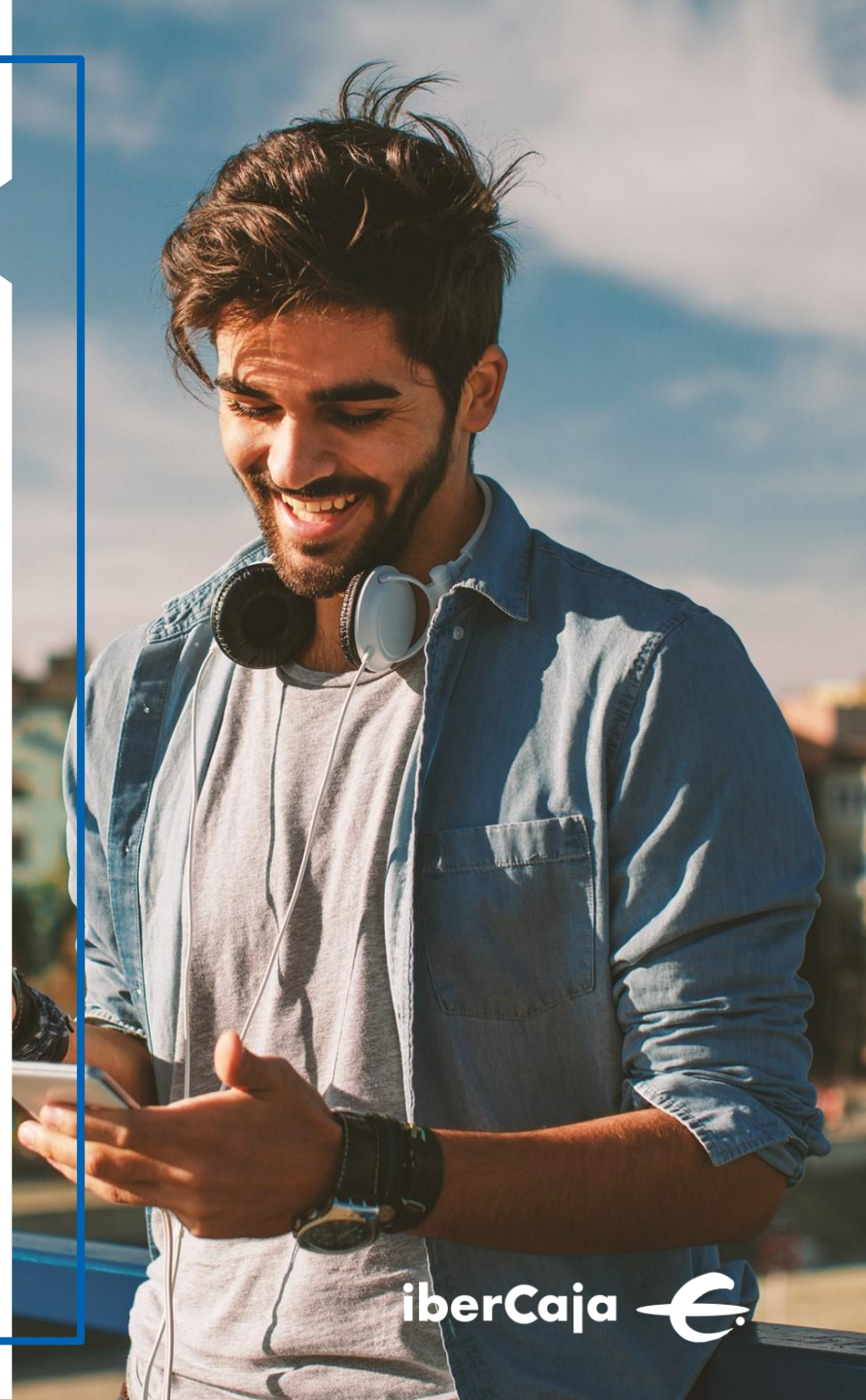
Neutral in scope 1 and 2 emissions. Ibercaja is neutral in emissions (1 and 2) and participates in compensation projects certified by **Ecodes – Climate Trade and MITERD – CO2Gestión.**

Sustainable mutual fund and pensions plans

Mn€



3. 1Q2023 P&L Account



1Q2023 P&L account

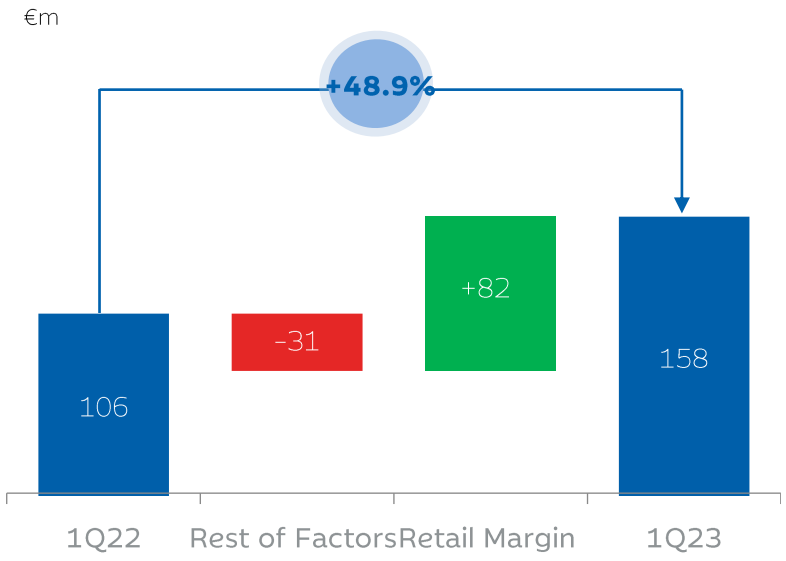
	1Q2022	1Q2023	YoY
Net Interest Income	105.8	157.5	48.9%
Net Fee Income	112.0	109.1	-2.6%
Net income under insurance contracts	13.8	24.7	79.8%
Recurring Revenues	**231.6**	**291.4**	**25.8%**
Gains/Losses on Financial Assets and Liabilities	6.6	0.5	-91.8%
Other Operating Income (Net)	2.7	-26.7	n.a.
of which: temporary bank tax		-28.9	n.a.
Gross Operating Income	**240.0**	**265.2**	**10.1%**
Operating Expenses	-141.5	-150.3	6.2%
Pre-Provision Profit	**99.3**	**115.0**	**15.7%**
Total Provisions	-21.6	-22.4	4.1%
of which: Credit Risk and Foreclosed Assets Provisions	-18.3	-16.3	-10.9%
Other Gains and Losses	10.0	-0.5	n.a.
Profit Before Taxes	**87.8**	**92.0**	**4.8%**
Taxes	-24.0	-37.7	56.8%
Net Income	**63.8**	**54.3**	**-14.8%**

1Q23 reported under IFRS17 with 2022 restated under IFRS17. 1Q2022 is only provided for comparative purposes. Most of the results of Ibercaja Vida will now be accounted for in the line "Net income under insurance contracts".

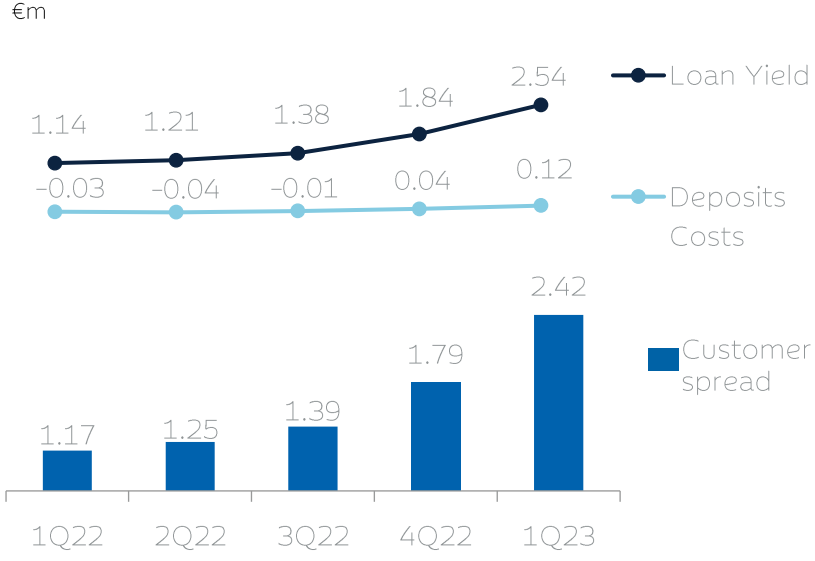
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Net interest income

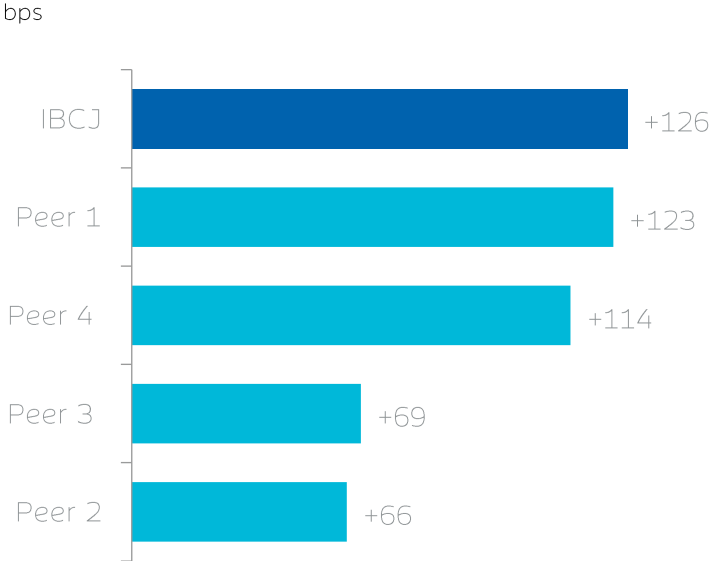
Net interest income evolution



Customer spread



Customer spread YoY increase vs peers[1]



Remarkable performance of net interest income with an increase of 48.9% YoY to €158m in 1Q2023.

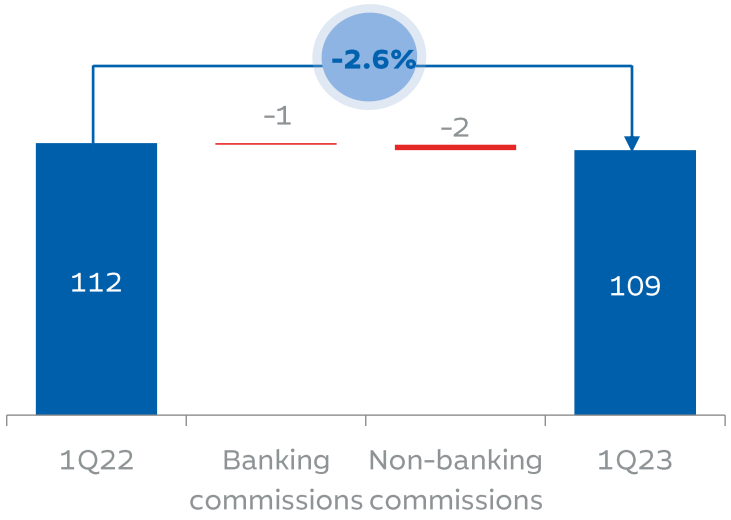
- **Customer spread grows 126 bps YoY** boosted by growth in loan yield of 140 bps. On the other hand, the cost of deposits remains contained thanks to Ibercaja' s strategy of diversifying customer funds towards AuM & life insurance products
- As a result of both trends, **Ibercaja is the Entity with greater relative increase in customer spread among its peers.**
- The end of TLTRO and the increase in wholesale funding costs contribute negatively to NII evolution.

[1]Peers include: Sabadell ex TSB, Unicaja, CaixaBank and Bankinter.

Net fee income

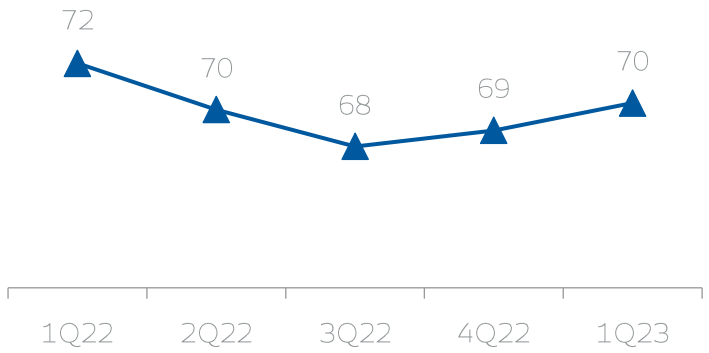
Net fee income evolution

€m



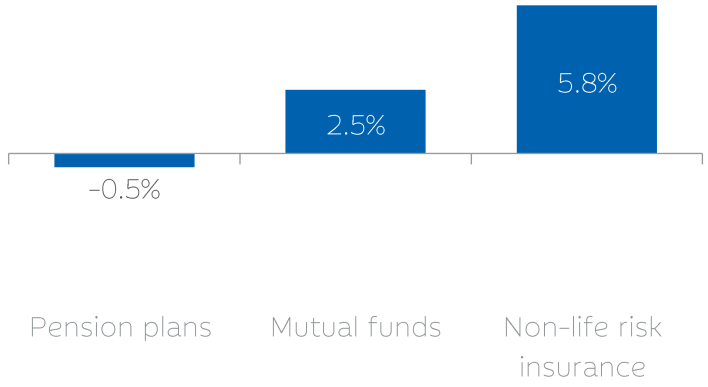
Non-banking fees

€m



Non-banking fees QoQ

%

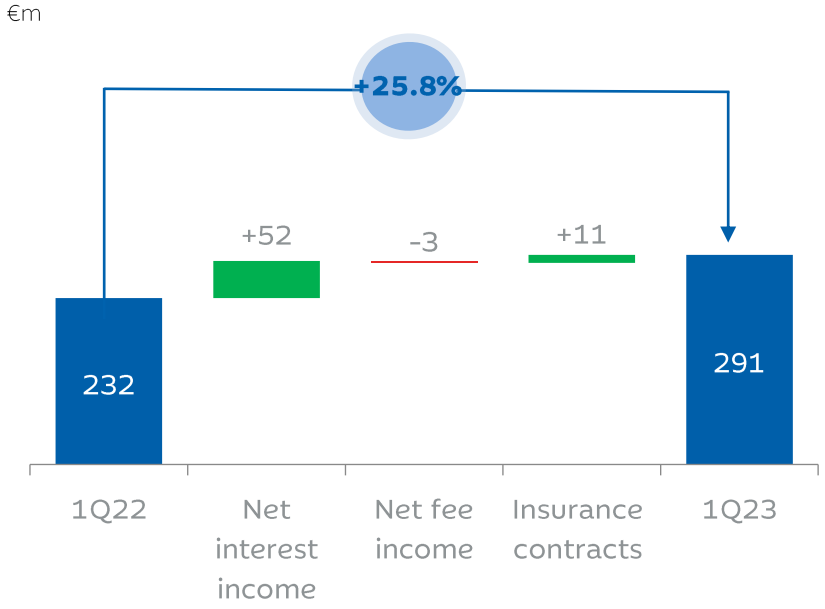


Net fee income reaches €109m, a decrease of 2.6% YoY.

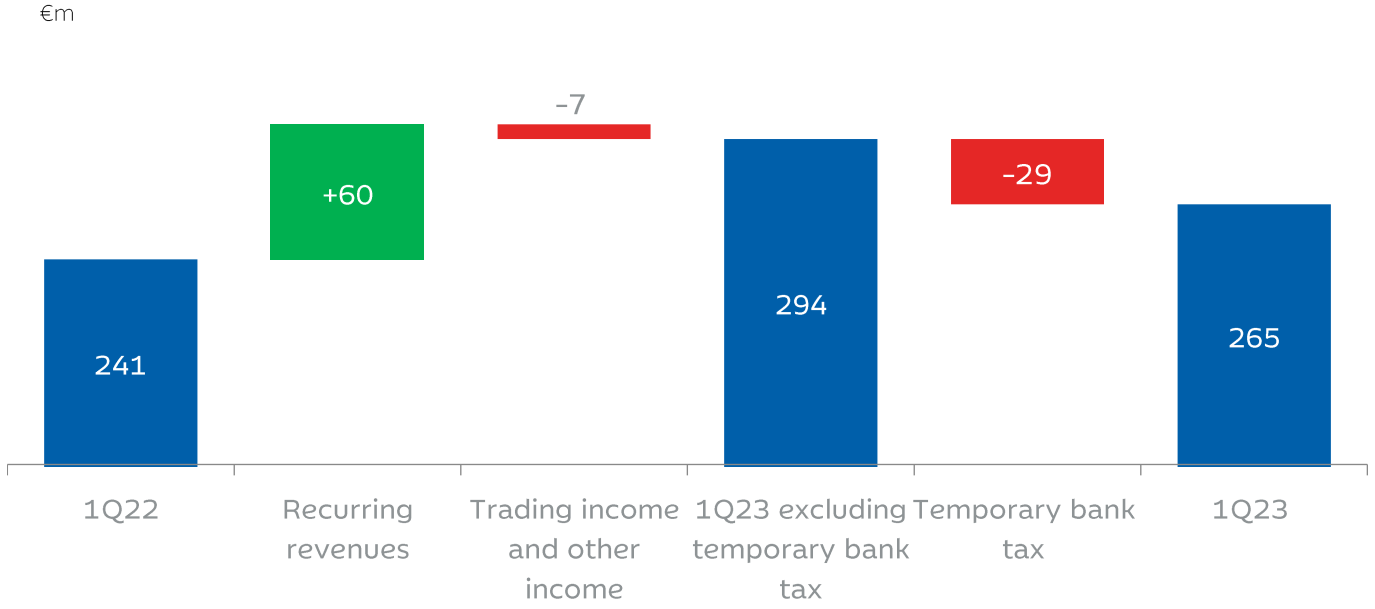
- Banking commissions decline €1m or 1.8% YoY.
- Non-banking commissions evolution is impacted by the fall in financial markets in 2022. However, they increase by 2.2% QoQ as a result of the strong inflows into mutual funds and positive market evolution. The **strong increase in net inflows in the last two quarters will drive growth in net fee income in coming quarters.**

Recurring revenues and gross operating income

Recurring revenues



Gross operating income evolution



Recurring revenues grow 25.8% YoY in 1Q2023.

- The main driver of this increase is net interest income (€+52m YoY) thanks to the strong evolution of the customer spread.

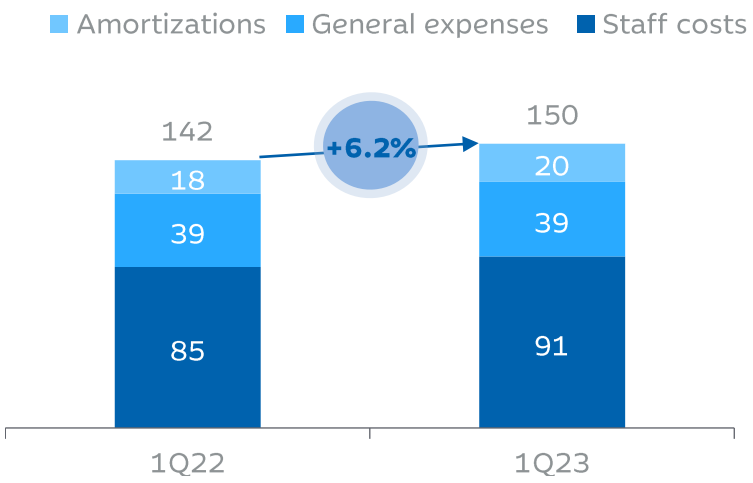
Gross operating income raises 10.1% YoY driven by the increase in recurring revenues, which offsets lower trading income and other operating income and the impact from the temporary bank tax.

- In 1Q23 Ibercaja has already accounted for the temporary bank tax which amounts to €-29m. **Gross operating income excluding the temporary bank tax increases 22.1% YoY.**

Operating costs and recurring profit before provisions

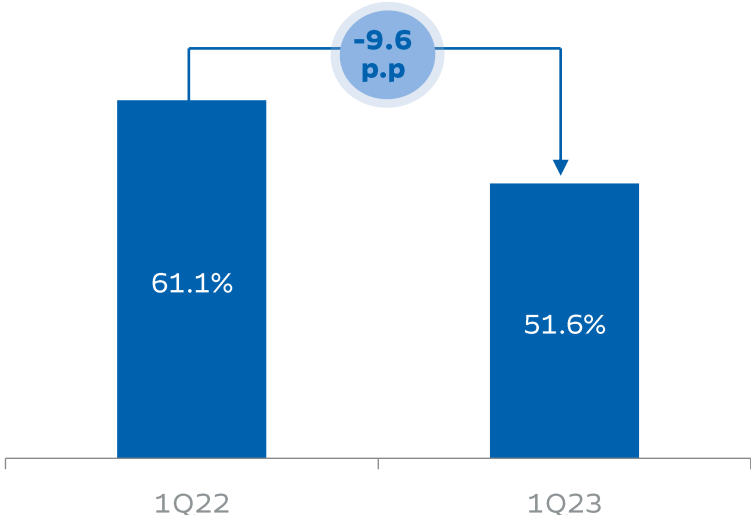
Operating costs

€m



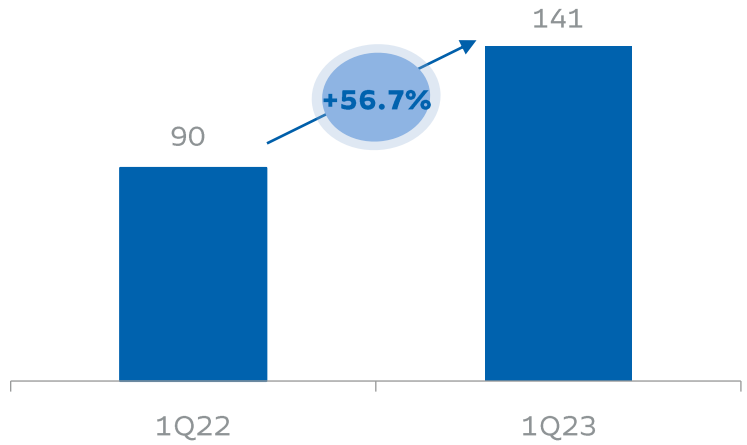
Recurring cost to income ratio

%



Recurring profit before provisions

€m – Recurring revenues – recurring costs (ex. bank tax)



Operating costs increase +6.2% YoY due to the increase in staff costs in the quarter.

- Inflation compensation payment in 1Q to the employee base amounts to €6m. Excluding this, operating costs increase by 1.8% YoY, well below current inflation rates

Positive *jaws* allow for:

- **Recurring cost to income ratio** improvement to **51.6%** (vs. 61.1% in 1Q2022).
- **Recurring profit before provisions** growth of **56.7% YoY** to €141m in 1Q2023.

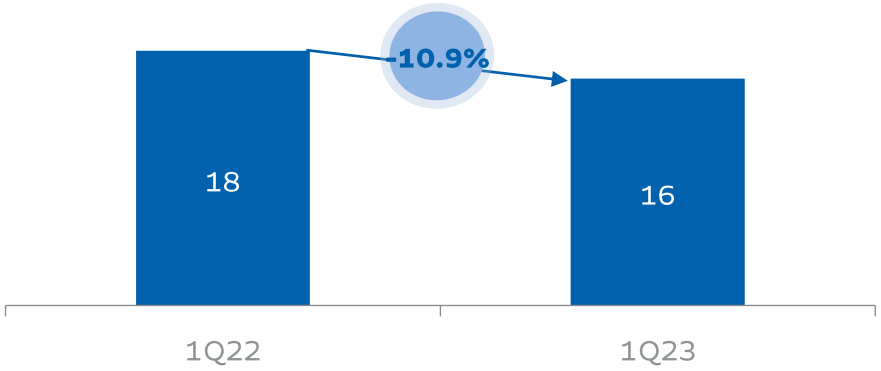
Pre-Provision Profit grows 15.7% YoY.

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Loan and foreclosed assets provisions

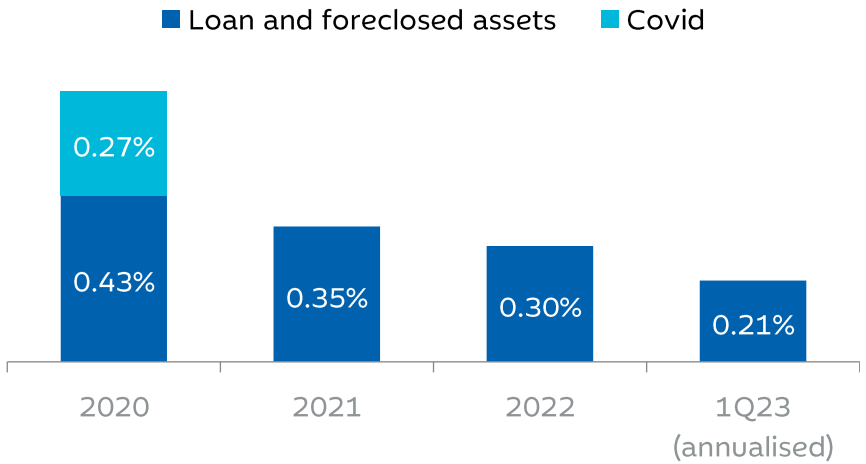
Loan and foreclosed assets provisions

€m



Cost of Risk (annualised)

%



Provisions for loan and foreclosed assets fall 10.9% YoY.

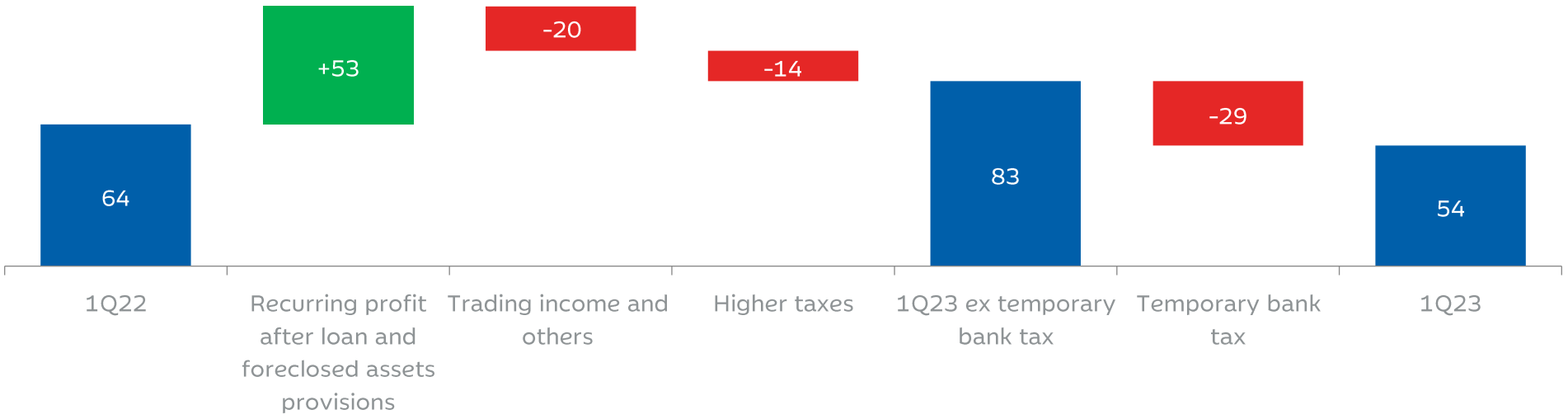
- **Cost of Risk** stands at **21 bps**

Ibercaja maintains overlay provisions of almost €50m.

Net income

Net income evolution YoY

%



Net income excluding temporary tax bank grows 30.5% YoY to €83m.

- Highest 1Q net income in the last decade excluding the temporary tax.

Including the tax, net income decreases 14.8% YoY or €10m to €54m.

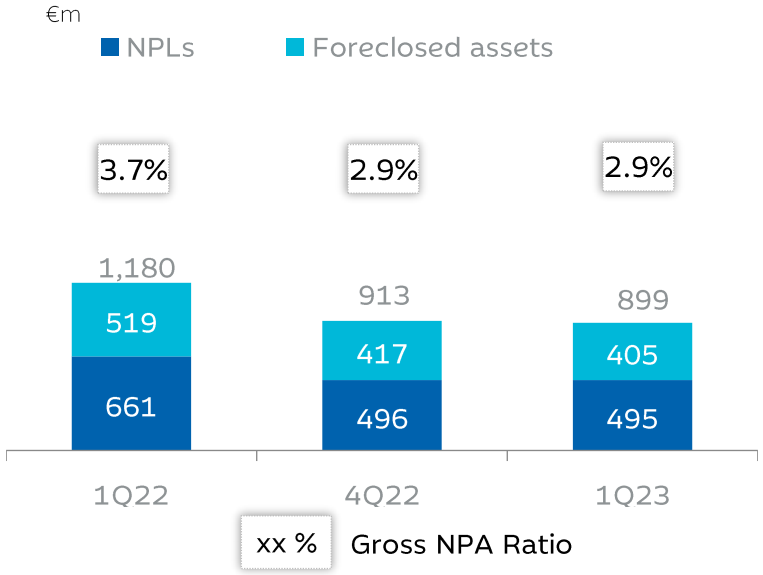
Recurring revenues is the main driver of the performance of net income YoY.

4. Asset quality, liquidity and solvency

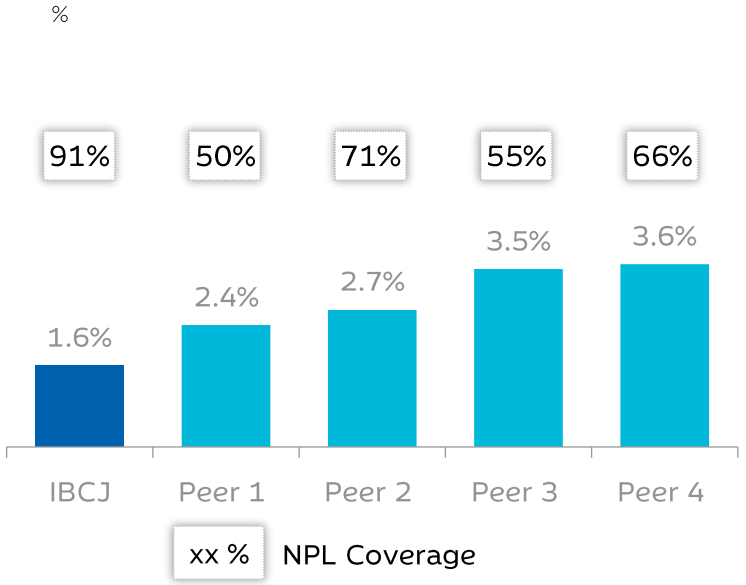


Asset quality

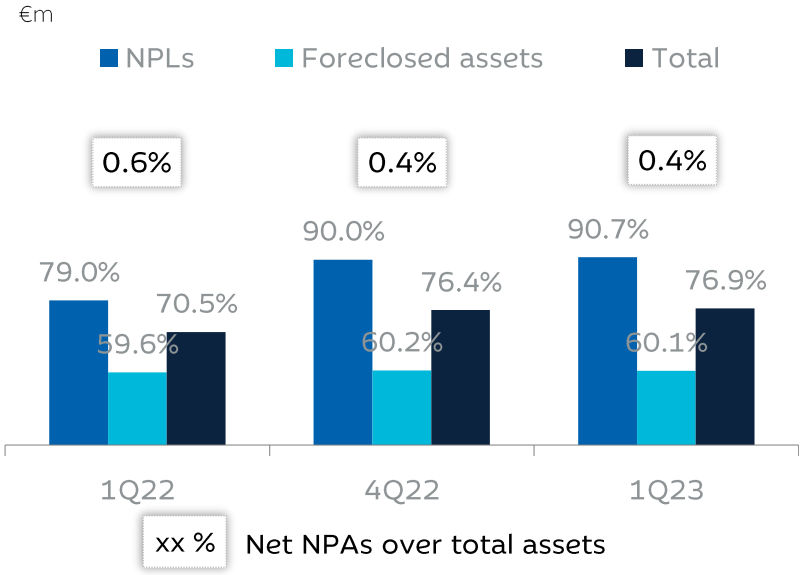
Gross NPA evolution



NPL ratio vs. peers[1]



Coverage ratios



Despite the tightening of financial conditions, Ibercaja keeps its outstanding asset quality levels: NPAs fall €13m QoQ or 1.5% and NPA ratio stands at 2.9%, one of the lowest in the Spanish financial system.

- **NPLs fall €1m in first quarter** (-25.2% YoY or €167m) and **NPL ratio** stands at **1.6%**.
- Ibercaja maintains a positive gap of **195 bps** in terms of NPL ratio vs. the system[1].
- **Foreclosed assets** fall by **€12m or 3%** and annualised **sales** represent **28%** of the stock of foreclosed assets at the end of last year.

NPA coverage ratio reaches 76.9% (90.7% for NPLs and 60.1% for foreclosed assets).

- **Net NPAs** represent less than **0.4%** of total assets.

[1] Peers include: Bankinter, Sabadell, Unicaja and Caixabank

Liquidity & funding

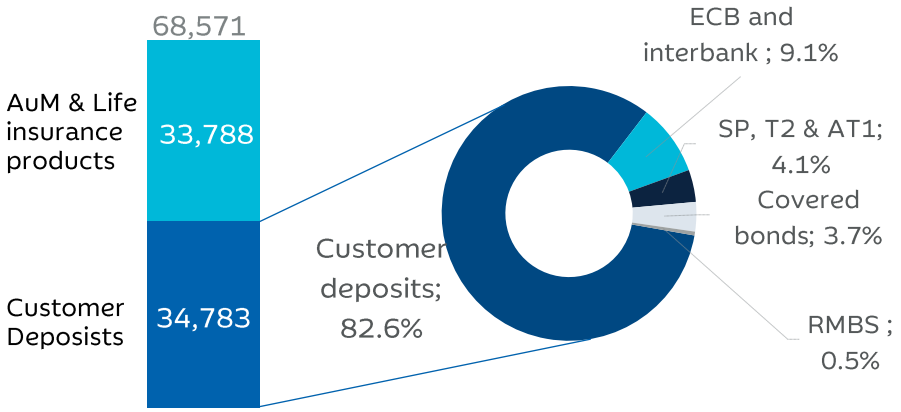
Main liquidity and funding ratios

% - 1Q2023.

83.5%	Loan to Deposit
239%	LCR Ratio
145%	NSFR Ratio

Breakdown of funding structure

% - 1Q2023.



Retail deposits composition

% - 1Q2023.

76.5%	Stable deposits
77.2%	Deposits covered by FGD
1.6%	20 top depositors

Ibercaja maintains a sound liquidity position.

- **LCR ratio** stands at **239%.** Ibercaja already **fully repaid the TLTRO last November (€5,959m).**
- **Liquid assets** stand at **€10,797m** and represent **20.0% of total assets.** Total available liquidity, €17,831m, covers 6 times the institutional debt maturities.

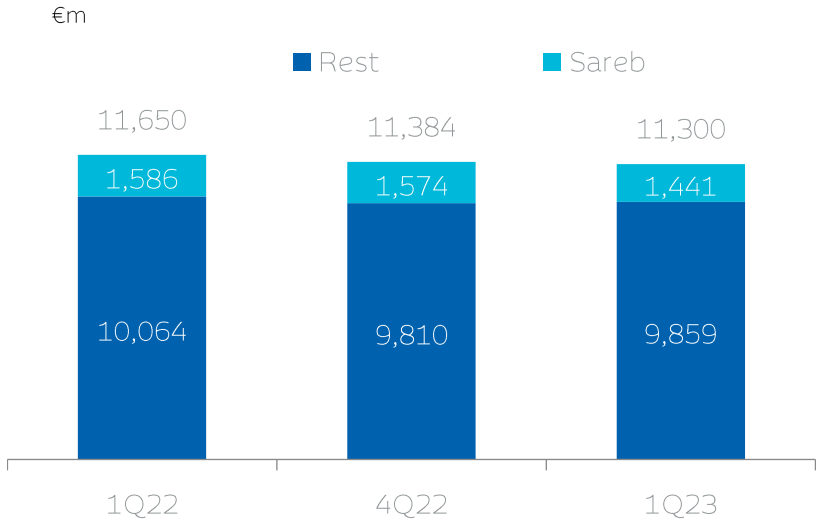
The Entity shows a strong funding profile with a highly granular deposit structure.

- **NSFR ratio** stands at **145%** and **LTD ratio** at **83.5%.**
- **Customer deposits** represent **82.6%** of Ibercaja´s external funding.
- **Over total deposits, 76.5%** are considered **stable[1]. Deposits covered by the FGD amount to 77.2%. 20 largest depositors** represent around **1.6%** of Ibercaja total deposits.

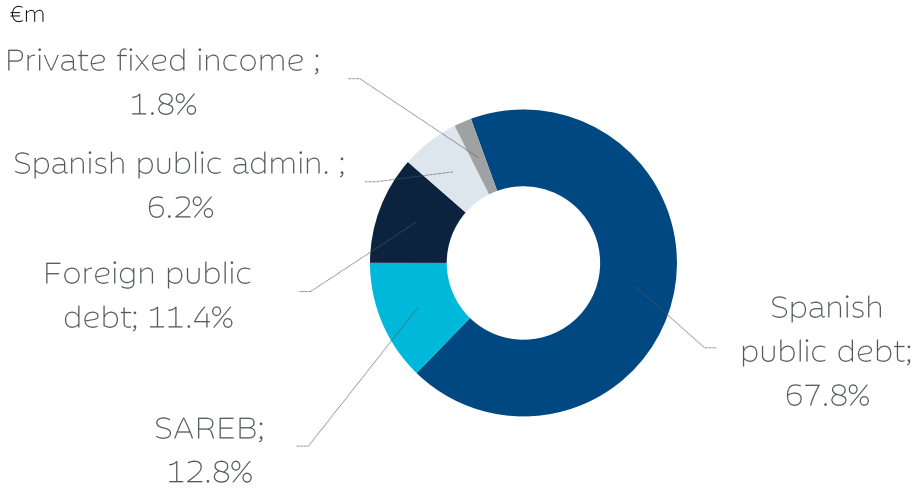
[1] Based on LCR reporting.

ALCO portfolio

ALCO portfolio[1]



ALCO portfolio breakdown



The Entity maintains stable its ALCO portfolio[1] in the quarter (€11.300m) with a low risk profile.

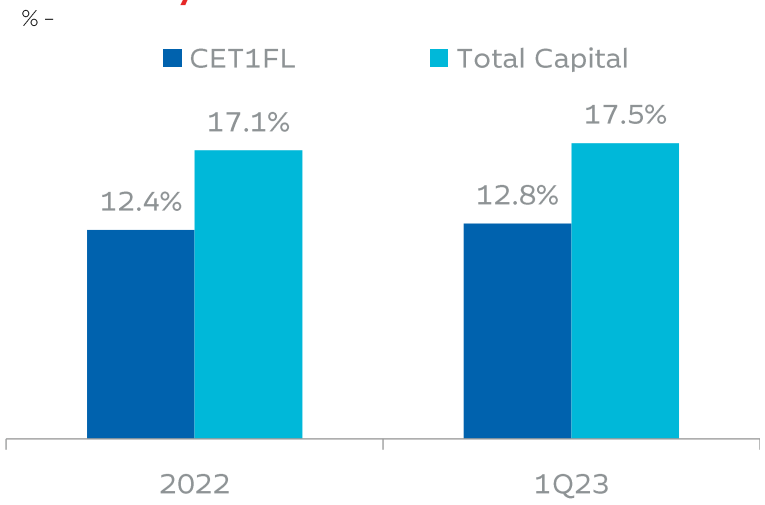
- The portfolio is mainly composed of Spanish sovereign debt (67.8%)
- 95% of ALCO portfolio are considered High quality liquid assets (HQLA).
- 95.6% of ALCO portfolio is classified at amortized cost.

[1] Excludes insurance activity portfolio.

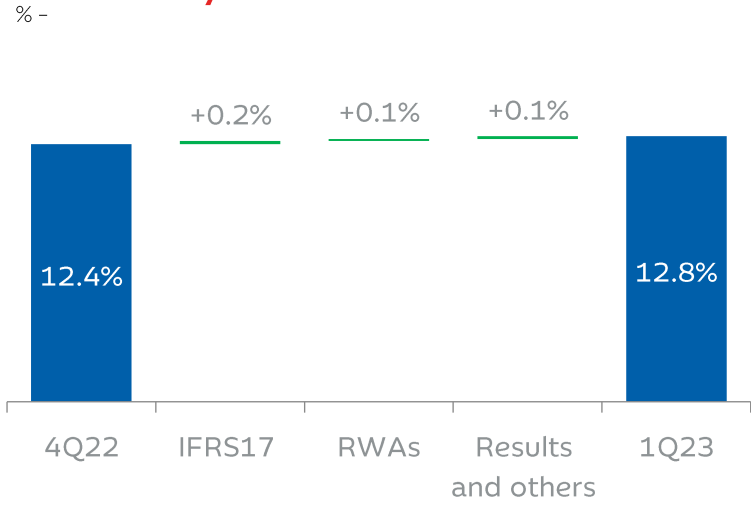
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Solvency

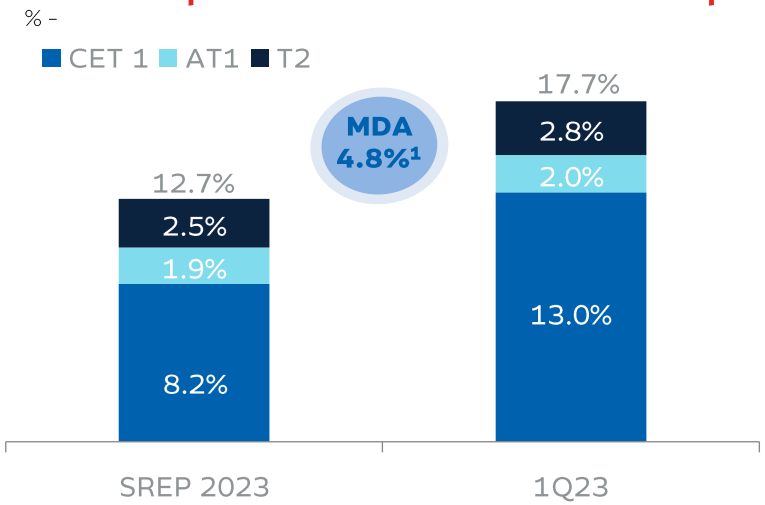
Solvency levels



CET1 Fully Loaded



Total Capital Phased In vs. SREP req.



Outstanding evolution in capital ratios in the quarter.

- **CET1 Fully Loaded ratio** increases by 39 bps QoQ to **12.8%.**
- Total Capital Fully Loaded ratio stands at **17.5%** (17.7% in Phased-in terms), +42 bps in the quarter. After successfully issuing €350m of AT1 in January, **Ibercaja has amortized in April its 2018 AT1 issuance**.
- The Entity has accrued a **payout of 60%**.
- The net **impact** on the **Group's Equity** due to the first application of all effects of **IFRS17** amounts to **+€28 million.**

With an efficient capital structure, Ibercaja´s MDA ratio increases to 477 bps.

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

5. Final Remarks



Ibercaja is delivering on its medium-term targets

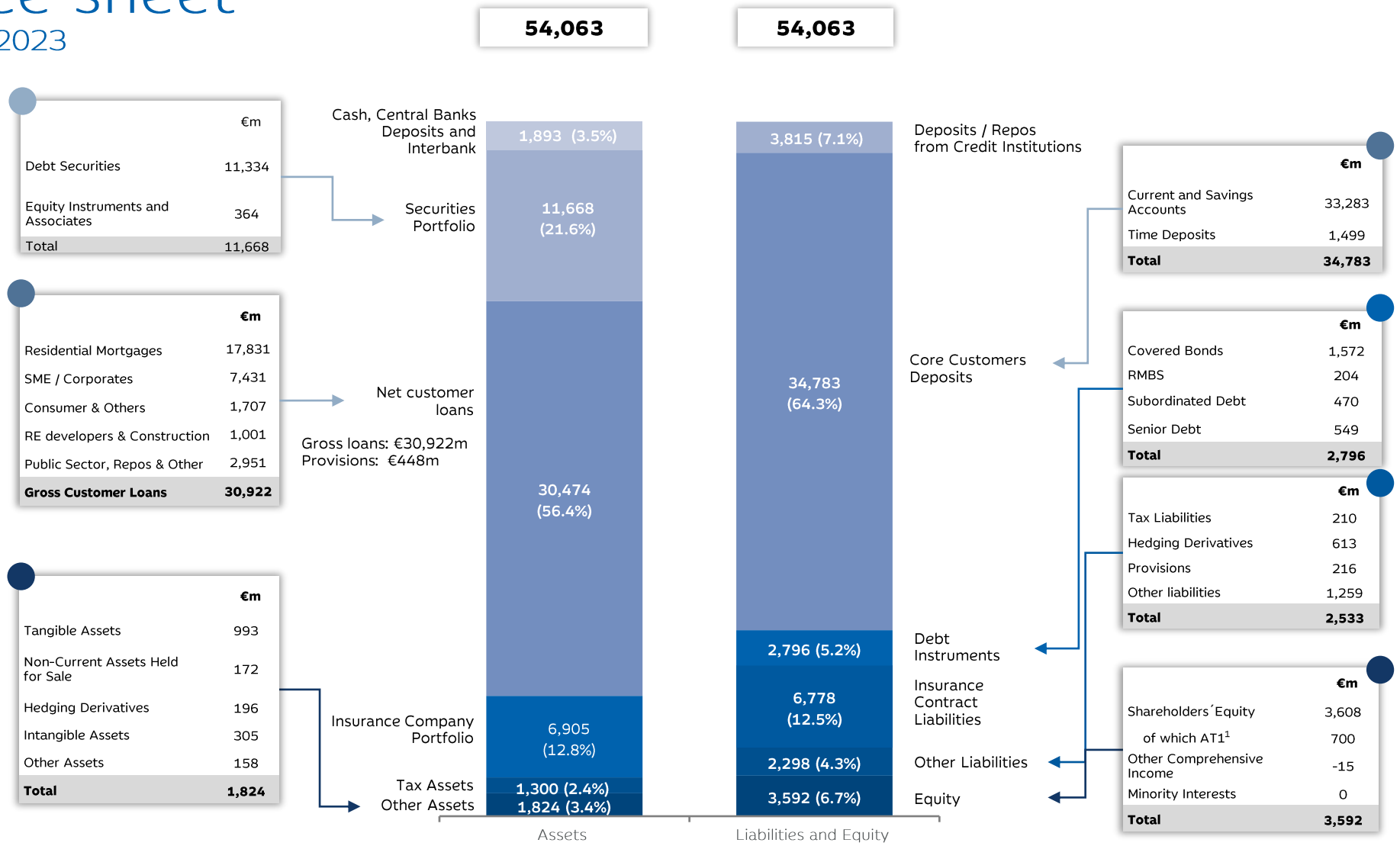


6. Annex



Balance sheet

€m – 03/31/2023



[1] In April 2023, Ibercaja already amortized 350M of AT1.

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 plus Income and expense under insurance contracts
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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Thank you

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