



# Ibercaja Banco 1H23 Results

July 28<sup>th</sup> 2023

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EL BANCO  
DEL  
*vamos*

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# 1. Key Highlights



# Key Highlights



## NII grows 48.7% YoY

The repricing of the loan portfolio and a low cost of deposits (thanks to Ibercaja's positioning in AuM & life insurance and a strong liquidity position) drive a 156 bps improvement 2Q23 YoY in customer spread, boosting NII performance

Customer Spread

+156 bps

AuM & life insurance % Customer Funds

51%



## Pre-provision profit grows 47.1% YoY

Ibercaja's recurring cost to income ratio falls below 50%

Recurring cost to income

49.6%



## Cost of risk stands at 30 bps

The stock of NPAs falls 3.3% YTD and Ibercaja continues to reinforce its coverage ratios

NPA Coverage Ratio

77.7%

NPA ratio

2.9%



## Net income rises 70.2% YoY to €192m

Net profit reaches the highest level for first half year results in the last 9 years

1H2023 ROTE exceeds the strategic target of 9%



## Ibercaja has one of the strongest balance sheets in Spain

After having issued €500m in senior debt in May, Ibercaja is already MREL compliant

CET1 FL

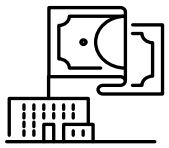
12.7%

LTD

86.1%

LCR

255%



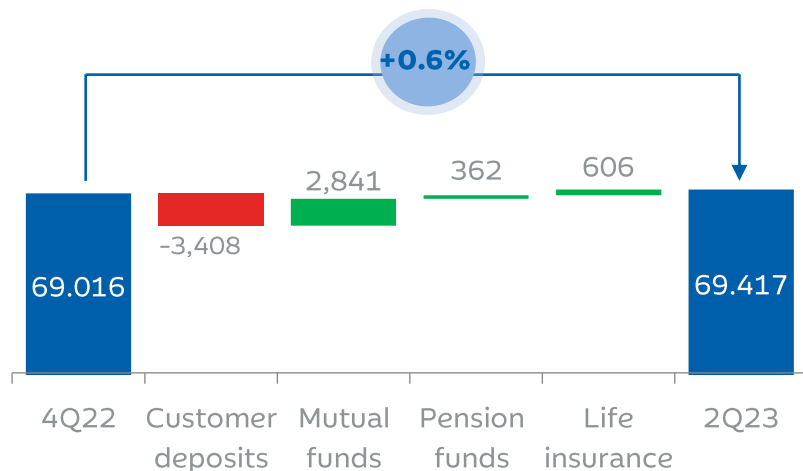
## 2. Commercial activity



# Customer funds (1/2)

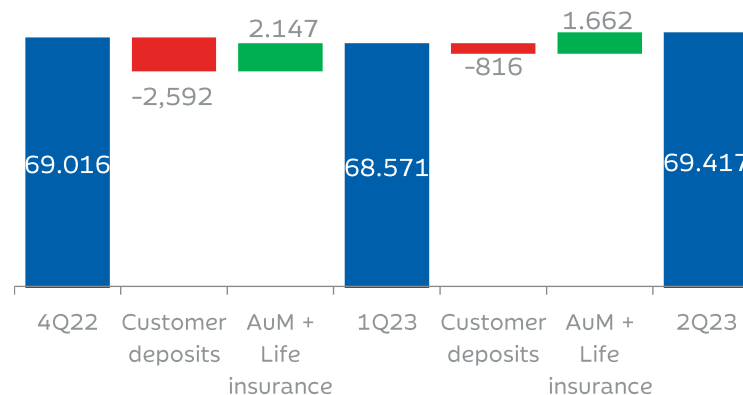
## Customer funds evolution

€m



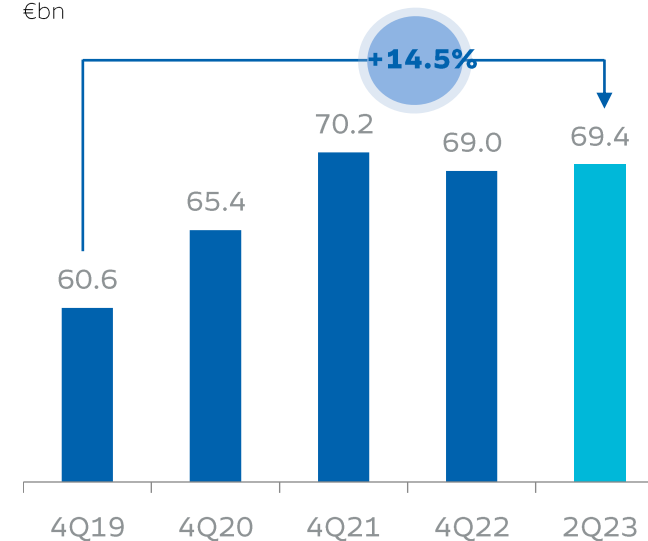
## Customer funds evolution

€m



## Customer funds

€bn



**In 1H2023, customer funds increase 0.6% or €401m.**

- **Excellent evolution of AuM and life insurance products, which grow 12.0% YTD or €3.8bn. Mutual funds grow 14.9%, pension plans 6.3% and life insurance 8.9%.**
- In the 2Q standalone, customer funds grow €846m

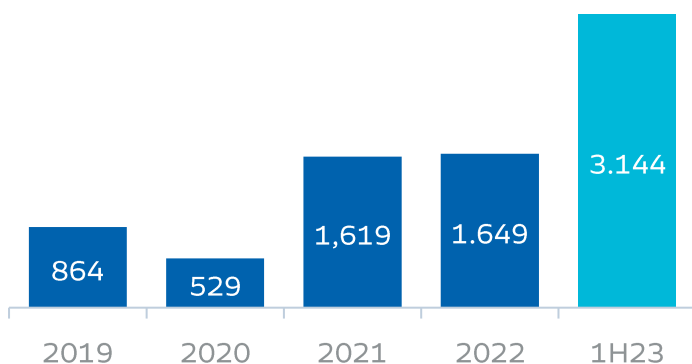
**After strong growth during the pandemic, customer funds stand 14.5% or €8.8bn above 2019 levels.**

- Since 2019YE, **customer deposits** grow **€1.2bn or 3.6%**.

# Customer funds (2/2)

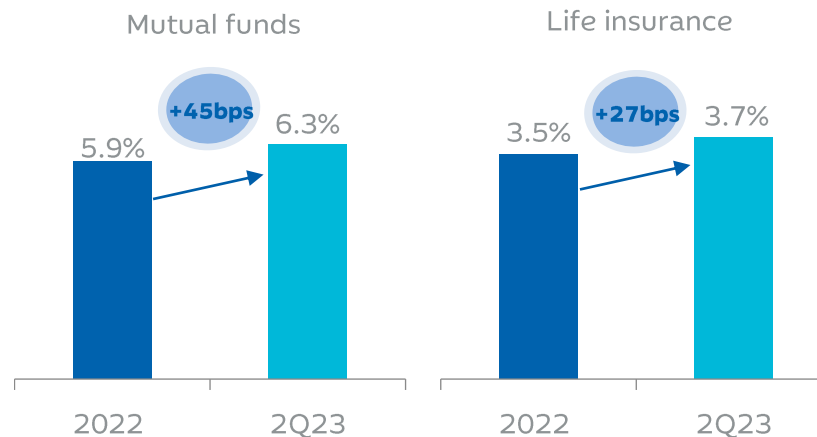
## Net new money inflows into AuM & life insurance products<sup>1</sup>

€m



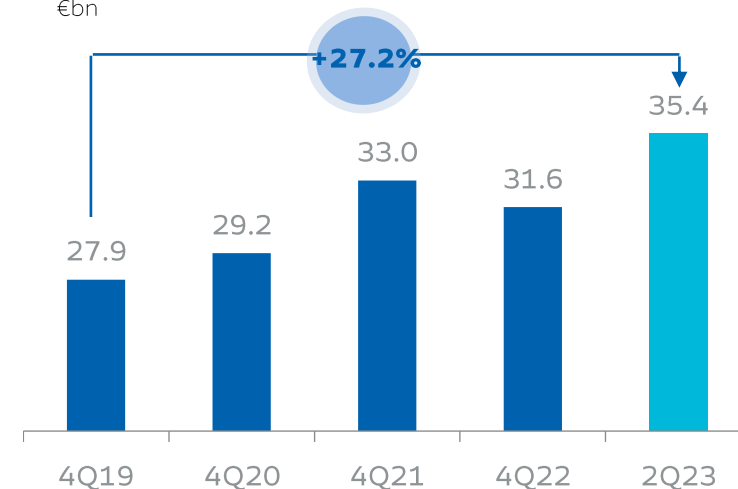
## Mutual funds and life insurance market share

%



## AuM and life insurance products

€bn



**In the first semester, net new inflows in AuM and life insurance products have reached historical levels, totalling 3.1bn€, 2x the levels of 2021 and 2022.**

### Ibercaja is clearly outperforming the sector:

- **Mutual funds** are the key product with **net new money amounting to 2.4bn€<sup>2</sup>** resulting in a **16.9% market share in net new money<sup>2</sup>**. Market share in mutual funds has **increased 45 bps<sup>2</sup> (20bps in Q223) up to 6.3%<sup>2</sup>**.
- In **life insurance** Ibercaja has gained **27 bps YTD in market share up to 3.7%<sup>2</sup>**.
- In **pension plans** Ibercaja has gained **4 bps YTD in market share up to 6.1%<sup>2</sup>**.

**Total AuM and life insurance products reach an historical high of €35,450m, having grown 27.2% since 2019 or €7.6bn. These products represent 51.1% of total customer funds.**

<sup>1</sup>Net new money inflows – internal data  
<sup>2</sup>Inverco / ICEA – June 2023.



# Customer loans

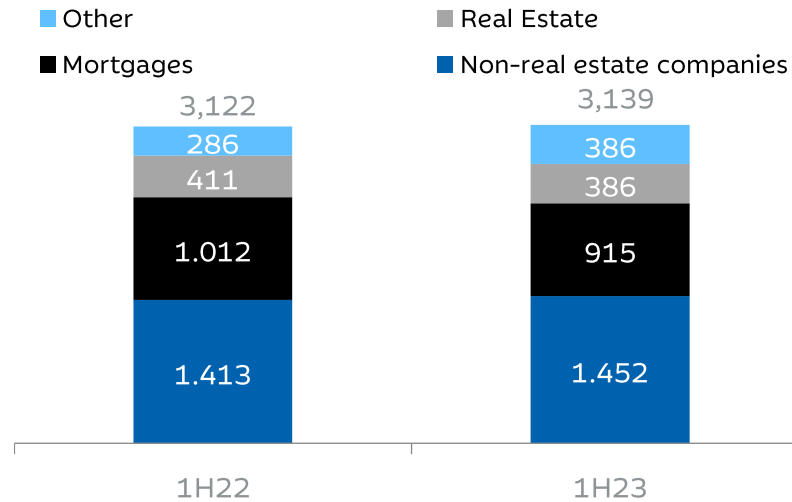
## Performing customer loans

€m

	2Q2023	YTD
<b>Loans to households</b>	<b>19,547</b>	<b>0.1%</b>
Mortgages	17,520	-2.0%
Consumer loans and others	2,027	22.1% <sup>1</sup>
<b>Loans to companies</b>	<b>8,204</b>	<b>-1.8%</b>
Non-Real estate companies	7,258	-1.9%
Real estate companies	946	-1.3%
<b>Public sector and others</b>	<b>1,466</b>	<b>9.0%</b>
<b>Performing gross loans ex repos</b>	<b>29,217</b>	<b>-0.1%</b>

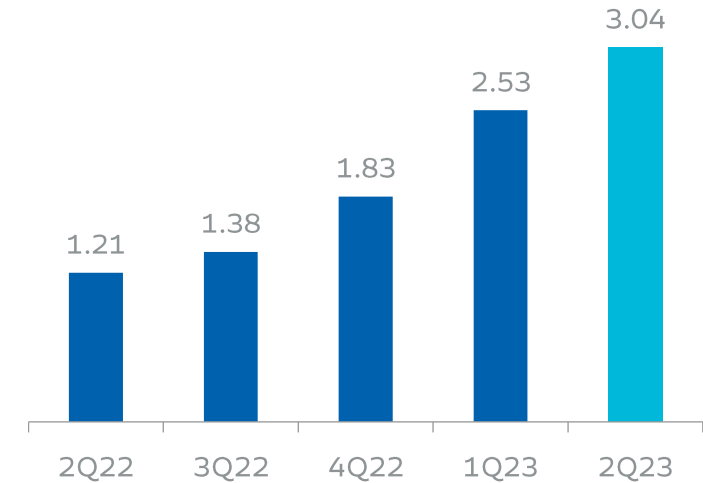
## New loan production

€m - accumulated amount



## Loan yield evolution

%



**Performing gross loans ex repos remains stable YTD. Ibercaja maintains its market share in loans to families and companies. New loan production volumes stand in line with 2022 YoY.**

- **Loans to households remain flat<sup>1</sup>.** Nonetheless, **mortgages, decrease 2.0% YTD** impacted by lower new production and higher early repayments.
- **Loans to companies drop 1.8% YTD.** Short term funding demand remains strong while demand for long-term financing has slowed down.

**Loan yield increases more than 180 bps YoY boosted by the repricing of the loan portfolio.**

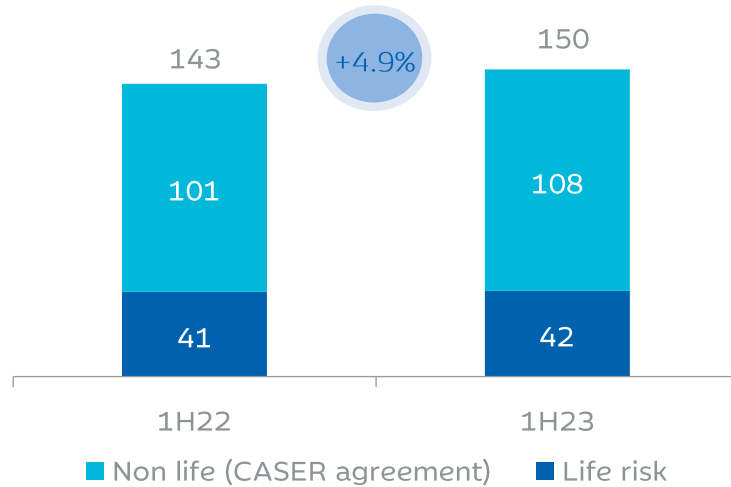
- **Floating rate mortgage portfolio has yet to reprice fully to current Euribor levels (2/3 of the portfolio is priced at Euribor 3-4% and 1/3 below 3%).**

<sup>1</sup> Pension advances contributes positively €405m to the portfolio in the first semester

# Risk insurance

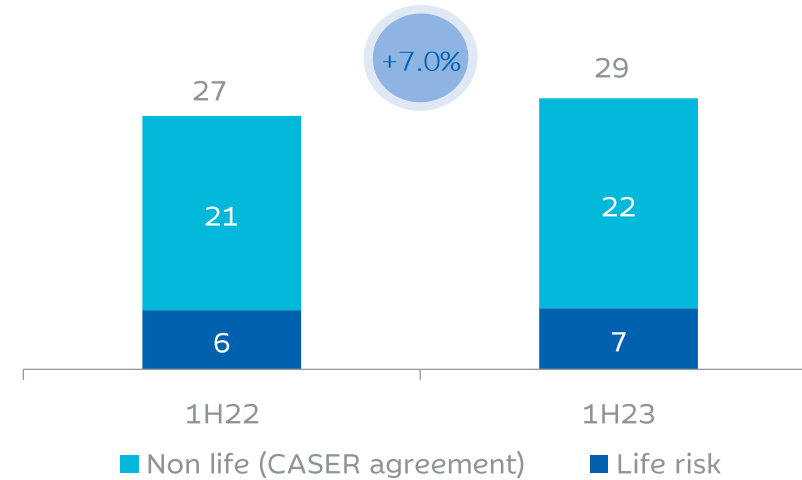
## Risk insurance premiums (portfolio)

€m – premiums collected



## Risk insurance new production

€m – premiums collected



**Risk insurance premiums grow 4.9% YoY to €150m (6.5% in non-life and 1.0% in life risk).**

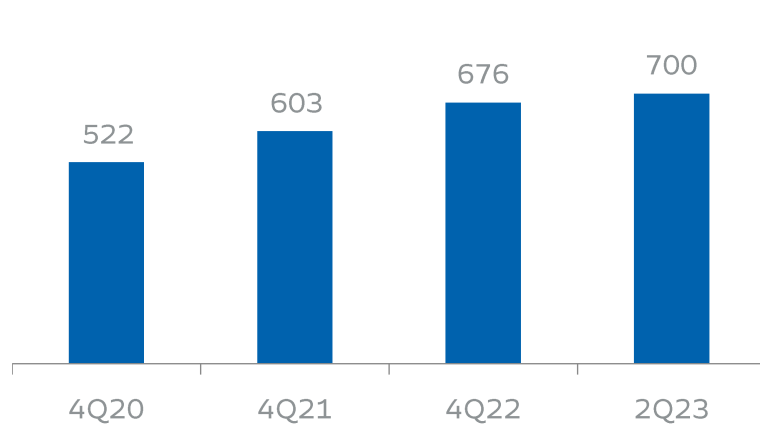
**New production premiums perform positively in 1H23 both in non-life and life risk insurance with a 7.0% YoY increase in aggregate terms.**

**Ibercaja has improved its product offering in non-life risk insurance products for companies which will help commercial dynamics in coming quarters**

# Digitalisation & satisfaction levels

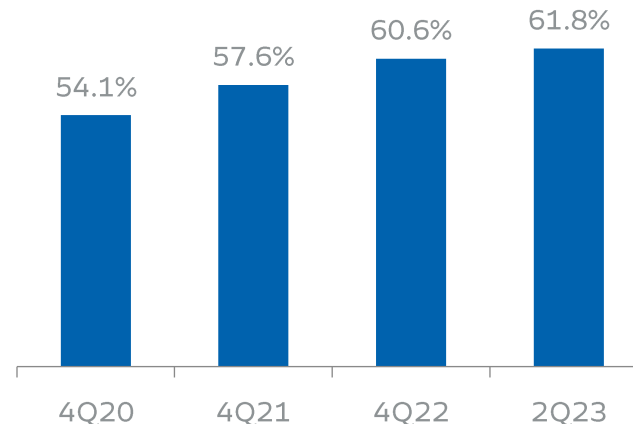
## Ibercaja App users<sup>1</sup>

Thousands -



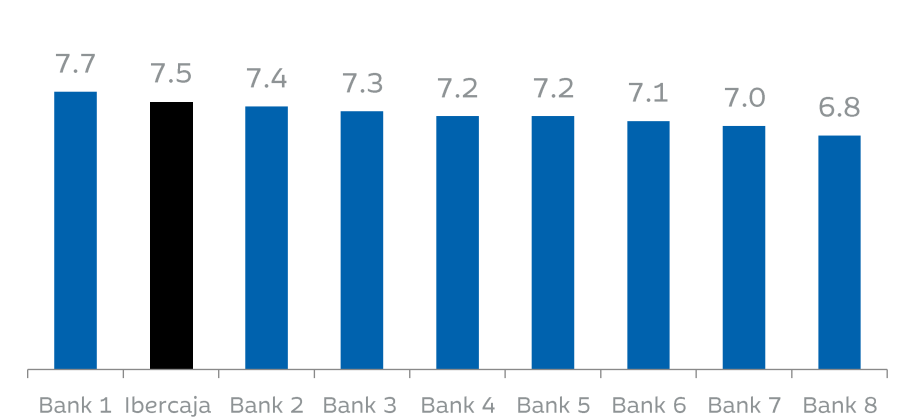
## % Digital customers<sup>2</sup>

%



## Global satisfaction with your Entity<sup>3</sup>

%



**Ibercaja App users increase by 11.3% YoY. As a result, the total number of digital customers grows to more than 934K and represents 61.8% 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%**. **Prequalified loans marketed by digital channels are close to 90%, second only to securities trading, which is close to 100%.**

**Ibercaja is the second best in terms of Global satisfaction among its peers.**

11 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 BMKS report (June 2023), Rating from 0 to 10 of the overall satisfaction of the client with your entity; peers include Bankinter, BBVA, CaixaBank, Santander, Banco Sabadell, Abanca, Kutxabank, Unicaja

# Sustainability



## Environment

### Carbon footprint

- **Verified operational CO2 footprint and obtained the MITERD1 “Calculate, Reduce and Compensate<sup>2</sup>”**

### Sustainable financing and investment

- During the first half of 2023, Ibercaja has launched **new sustainable products** (Hipoteca +Sostenible and Renewable Energy Financing Loan), participated in syndicated loans **linking financing to sustainability objectives** and continued its activity in **renewable energy financing operations**.
- **Increase of +36% in sustainable investments (AuM)** in 2Q23 compared to 2Q22

## Social

### Social finance:

- The company "**Pensumo, Pension for consumption**" has been established with the aim of offering an additional savings tool while making regular consumption. The initiative is a success story due to its social, innovative and technological approach.

### Social commitment:

- **More than one million euros were donated** thanks to the Sustainable and Solidarity Investment Fund and Pension Plan. These donations were given to 15 projects of associations and non-profit organizations, in collaboration with shareholder foundations.

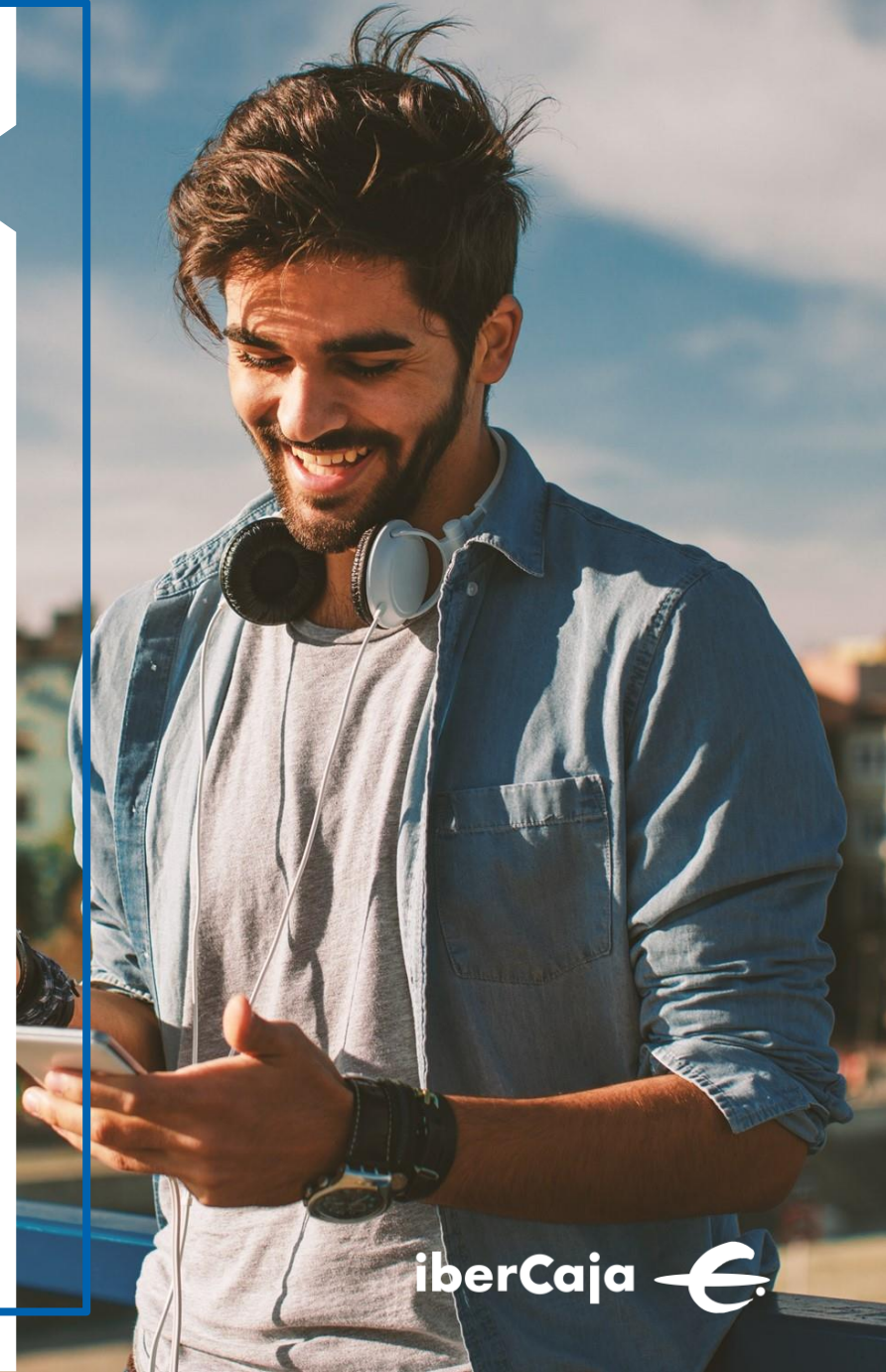
## Governance

- Approved **ESG Risk Governance Policy** defining specific roles and responsibilities
- Implemented ESG credit risk exclusions policy





## 3. 1H2023 P&L Account



# 1H2023 P&L account

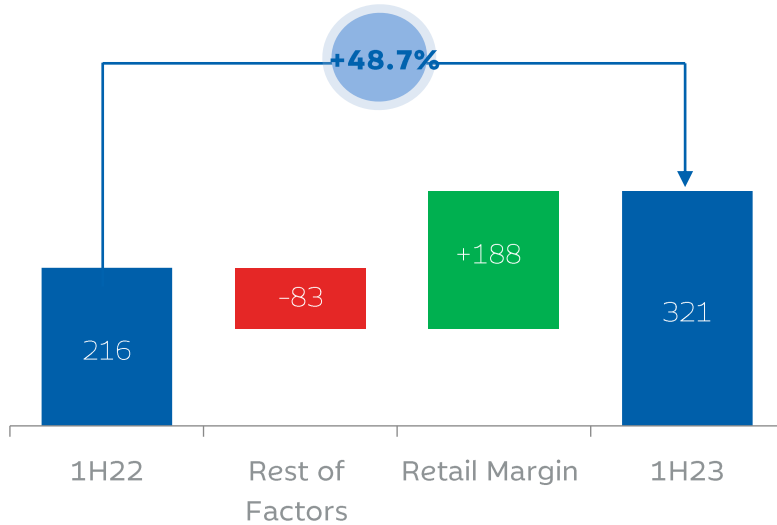
	1H2022	1H2023	YoY
<b>Net Interest Income</b>	216	321	48.7%
<b>Net Fee Income</b>	224	221	-1.2%
<b>Net income under insurance contracts</b>	27	53	100.8%
<b>Recurring Revenues</b>	<b>467</b>	<b>596</b>	<b>27.7%</b>
<b>Gains/Losses on Financial Assets and Liabilities</b>	2	-4	n.a.
<b>Other Operating Income (Net)</b>	-5	-26	n.a.
of which: temporary bank tax	-	-29	n.a.
<b>Gross Operating Income</b>	<b>464</b>	<b>566</b>	<b>22.0%</b>
<b>Operating Expenses</b>	-280	-296	5.5%
<b>Pre-Provision Profit</b>	<b>184</b>	<b>270</b>	<b>47.1%</b>
<b>Total Provisions</b>	-51	-70	38.2%
of which: Credit Risk and Foreclosed Assets Provisions	-40	-48	19.2%
<b>Other Gains and Losses</b>	9	1	-93.4%
<b>Profit Before Taxes</b>	<b>141</b>	<b>200</b>	<b>41.7%</b>
<b>Taxes</b>	-29	-9	-69.8%
<b>Net Income</b>	<b>113</b>	<b>192</b>	<b>70.2%</b>

1H23 reported under IFRS17 with 2022 restated under IFRS17. 1H22 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". During the first half of 2023, liquidation process have been initiated on Cerro Murillo. This process has led to a recognition of €66m euros under deferred tax assets in the consolidated balance sheet and under expenses/income from taxes on gains from continuing activities in the consolidated income statement due to the activation of the future associated tax loss.

# Net interest income

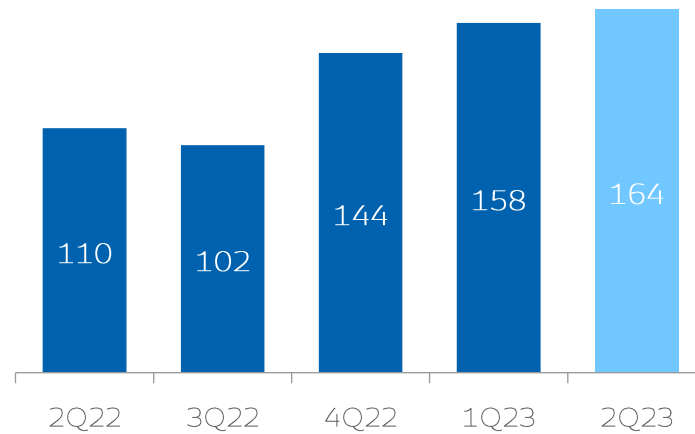
## NII bridge

€m



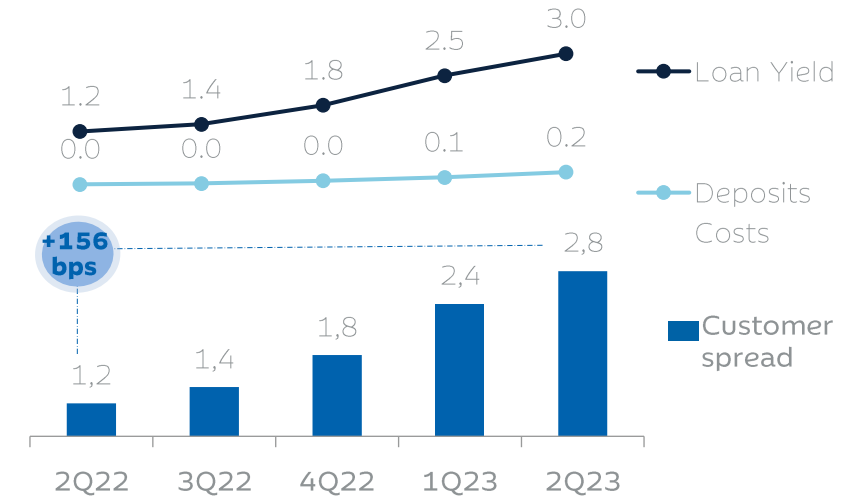
## NII evolution

€m – IFRS-17



## Customer spread

€m



**Strong performance of net interest income which rises 48.7% YoY.**

- In **2Q standalone**, NII expands **4% QoQ**.

**In 2Q standalone, Ibercaja's customer spread improves 156 bps YoY to 2.8% and results in an improvement of the retail margin of €188m.**

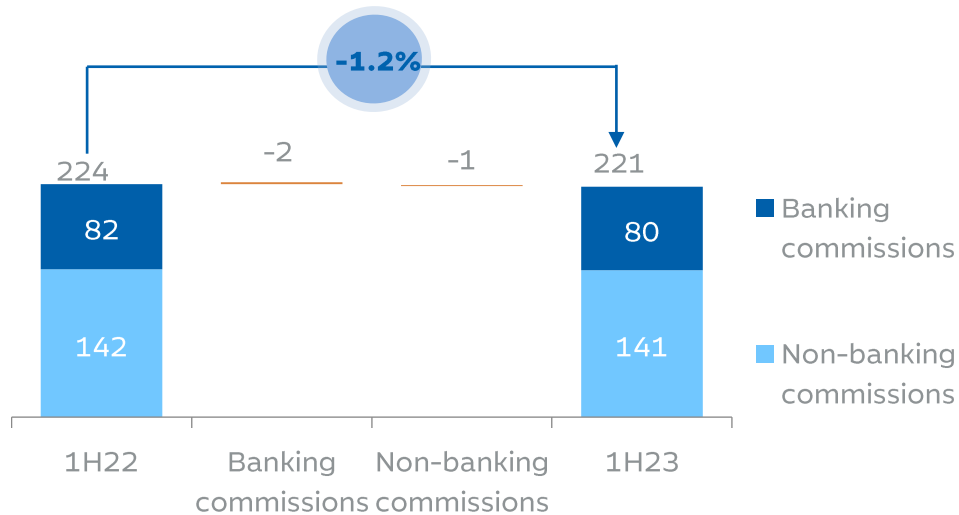
- **The repricing of the loan portfolio maintains its positive momentum trend while deposits costs remain subdued.**

**The increase in wholesale funding costs, long-term (-€50m) and short-term (-€34m, due to the end of the TLTRO), mainly explain the negative impact in "rest of factors".**

# Net fee income

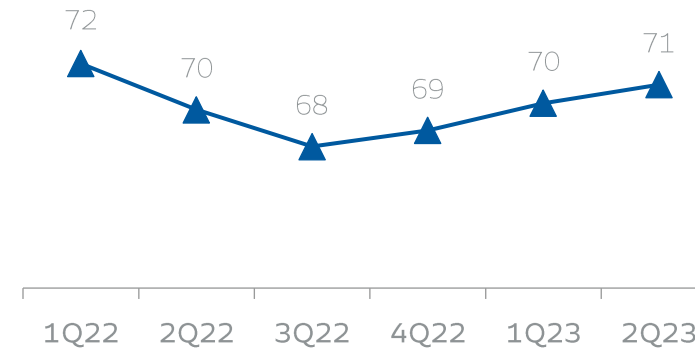
## Net fee income evolution

€m



## Non-Banking fees evolution

€m -



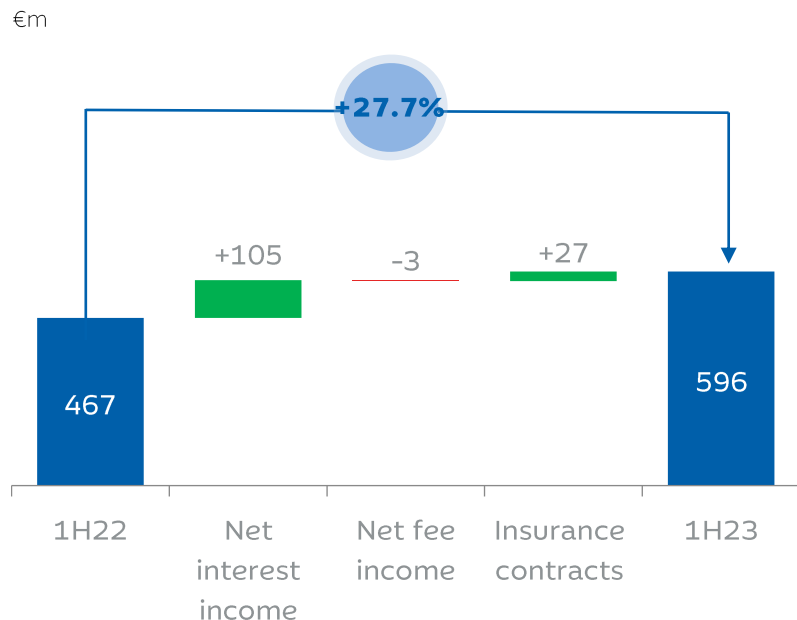
### Net fee income reaches €221m, a slight drop of 1.2% YoY.

- Banking commissions decline €2m or 2.3% YoY. Ibercaja is focusing its activity in companies (+3.2% YoY for enterprises and -2.2% YoY for families).
- Non-banking commissions decline €1m or 0.6% YoY. Nonetheless, the **strong AuM growth allows to expect a recovery of non-banking commissions starting from the second half of the year.**

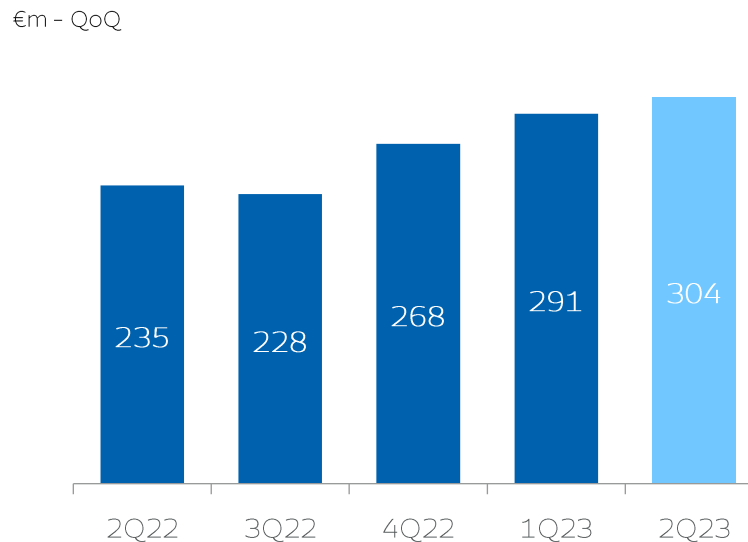


# Recurring revenues

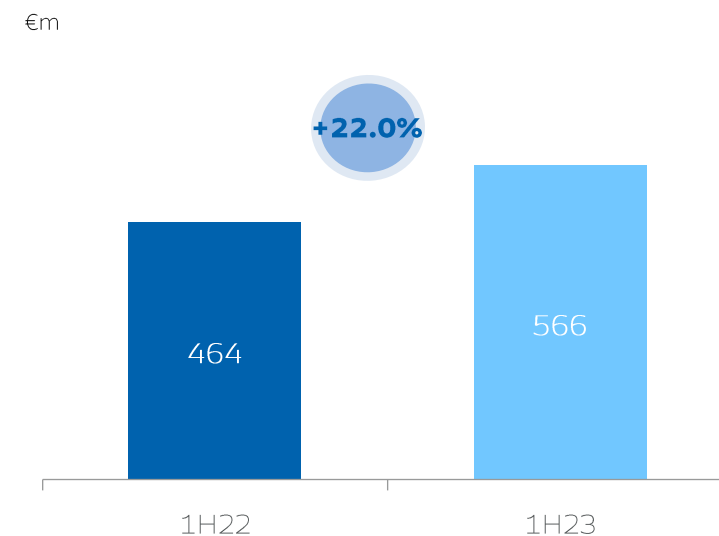
## Recurring revenues bridge



## Recurring revenues evolution



## Gross margin evolution



**Recurring revenues grow 27.7% YoY driven by the strong performance of net interest income which rises 48.7% YoY.**

**In the 2Q standalone, recurring revenues expands another 4.5% QoQ, reaching more than €300m.**

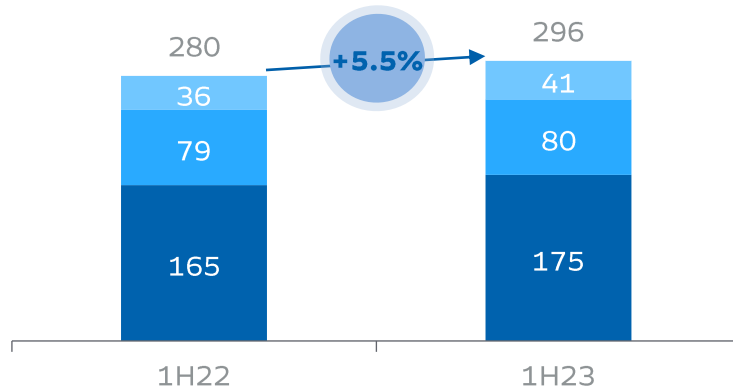
**Gross margin, which includes temporary banking tax amounting to €29m, grows 22.0% YoY and stands at €566m.**

# Operating costs and recurring profit before provisions

## Operating costs

€m

■ Amortizations ■ General expenses ■ Staff costs



### Operating costs increase +5.5% YoY.

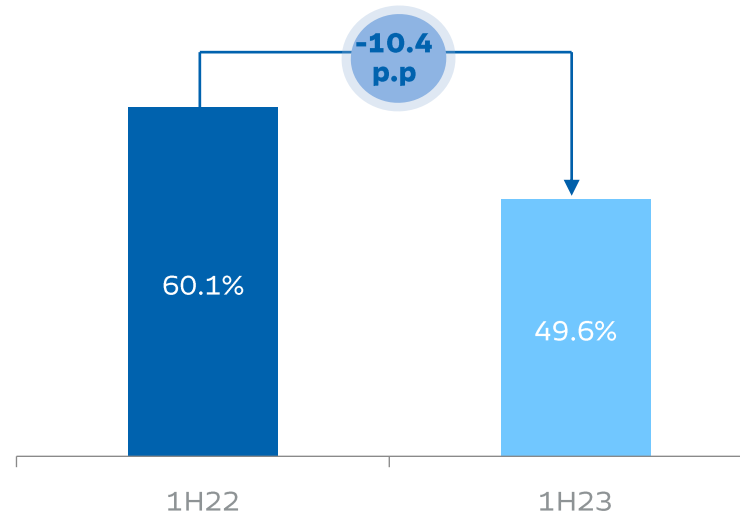
- An inflation compensation payment to the employee base was recorded in 1Q23 amounting to €6m. Excluding this, **operating costs increase by 3.3% YoY.**

### Positive jaws allow for:

- **Recurring cost to income ratio** improvement to **49.6% (vs. 60.1% in 1H22).**
- **Total profit before provisions** growth of **47.1% YoY** to €270m in 1H23 (recurring profit before provisions +61% , excludes temporary banking tax).

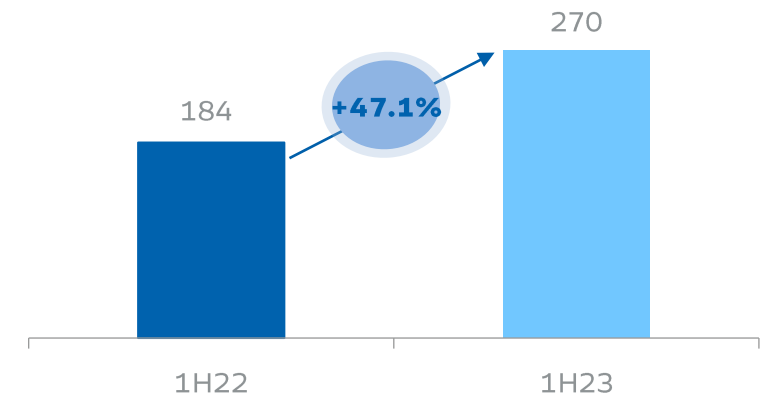
## Recurring cost to income ratio

%



## Total profit before provisions

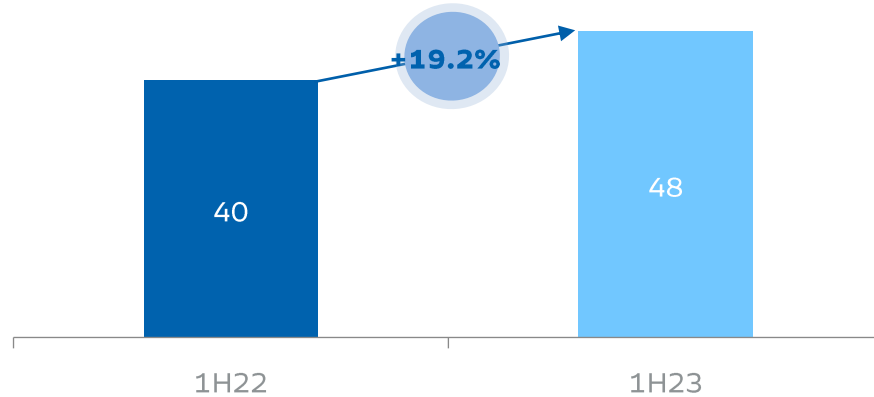
€m



# Loan and foreclosed assets provisions

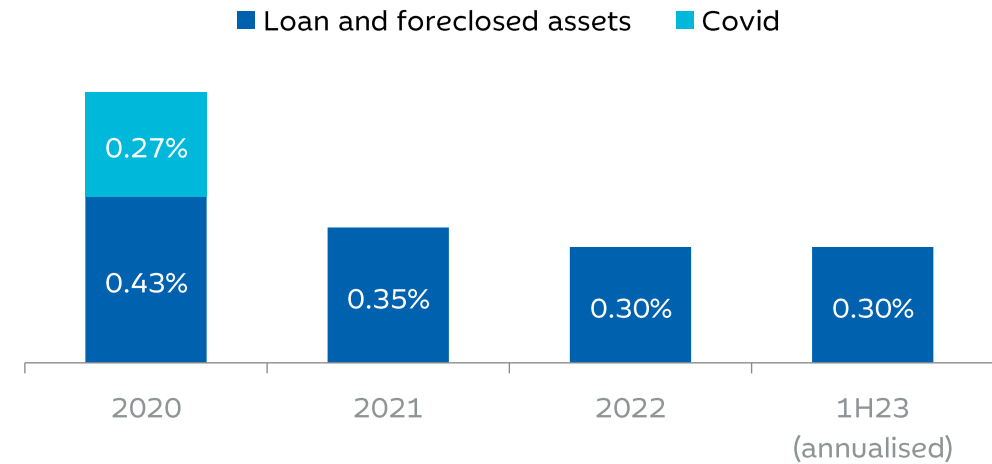
## Loan and foreclosed assets provisions

€m



## Cost of Risk (annualised)

%



**Provisions for loan and foreclosed assets grow 19.2% as Ibercaja continues to strengthen its coverage ratios.**

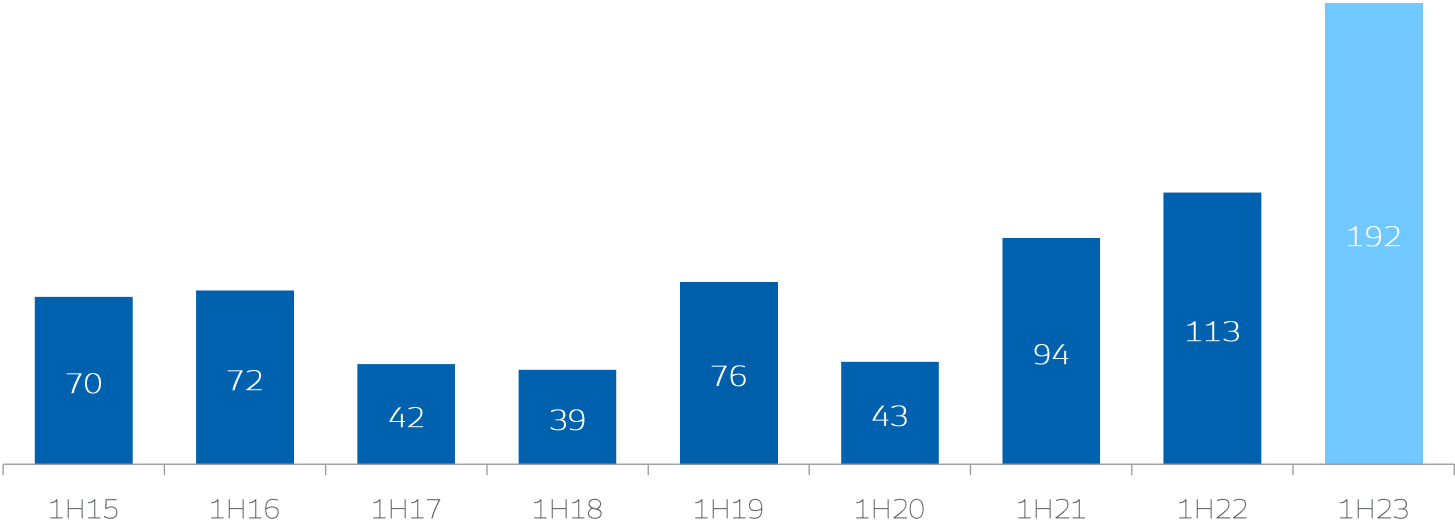
- **Cost of risk** stable at **30 bps**.

**Ibercaja maintains overlay provisions of €46.1m in view of the uncertainty caused by the macroeconomic outlook.**

# Net income

## Net income evolution

€m – 1H22 and 1H203 under IFRS-17



**Net income increases close to 70% YoY or €79m to €192m.**

**Net profit reaches the highest level for first half year results in the last 9 years.**

**Adjusted ROTE stands at 10.5%<sup>1</sup>.**

<sup>1</sup>1H2023 net income annualized excluding temporary bank tax and ex Cerro Murillo impacts, and considering the budgeted FGD contribution expense for the year





## 4. Asset quality, liquidity and solvency

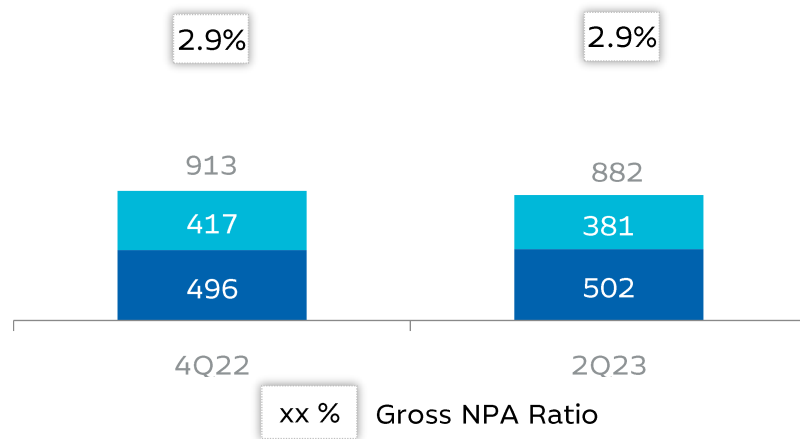


# Asset quality & cost of risk

## Gross NPA evolution

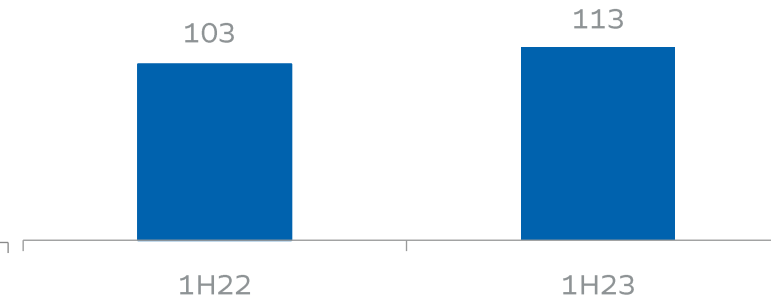
€m

■ NPLs ■ Foreclosed assets



## NPL entries

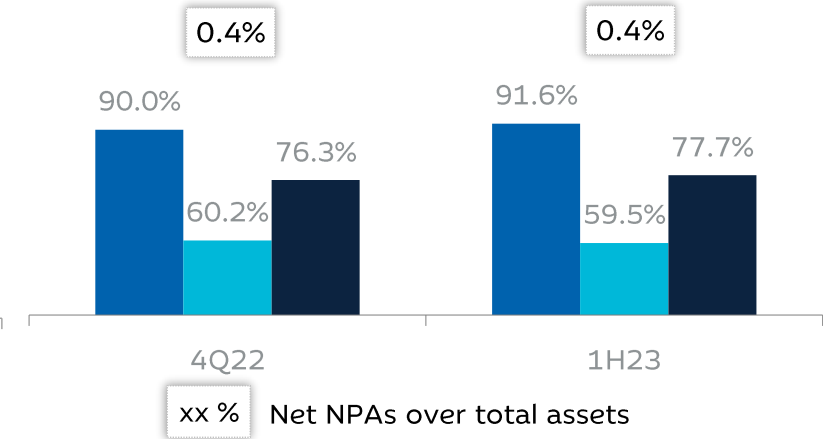
€m -



## NPA coverage ratio

%

■ NPLs ■ Foreclosed assets ■ Total



**Ibercaja keeps its outstanding asset quality levels: NPAs fall €30m during the 1H2023 or 3.3% and NPA ratio stands at 2.9%, one of the lowest in the Spanish financial system.**

- **NPL entries only increase 9% YoY and as a result NPLs remain broadly stable (+€6m YTD) and NPL ratio stands at 1.6%.** Ibercaja maintains a positive gap of **194 bps** in terms of NPL ratio vs. the system<sup>1</sup>.
- **Foreclosed assets** fall by **€36m or 9%** and annualised **sales** represent **29%** of the stock of foreclosed assets at the end of last year.

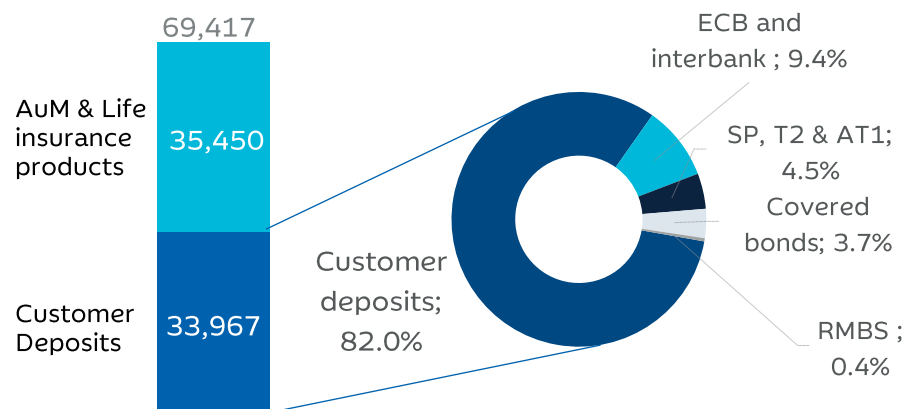
**NPA coverage ratio reaches 77.7% (91.6% for NPLs and 59.5% for foreclosed assets), an increase of 138bps YTD.**

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

# Funding & MREL requirements

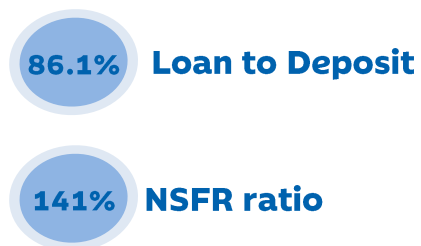
## Breakdown of funding structure

% - 1H2023.



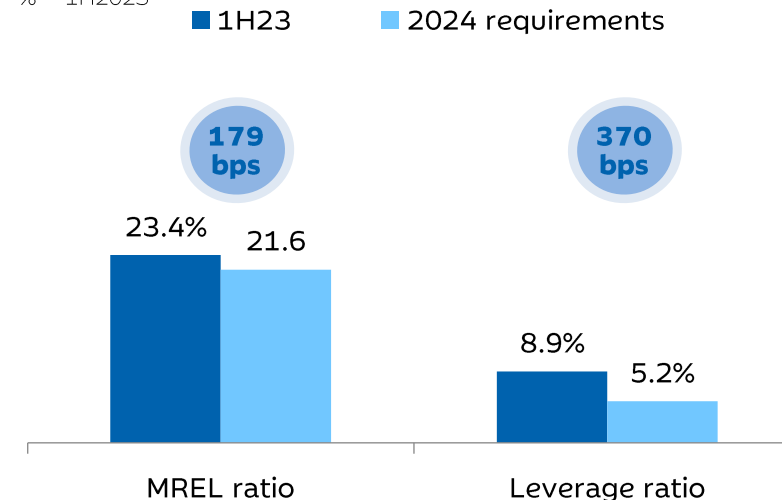
## Main funding ratios

% - 1H2023.



## MREL ratios

% - 1H2023



## Ibercaja shows a strong funding profile

- **Customer deposits** account for **82% of its external funding**
- **LTD** ratio reaches **86%** and **NSFR ratio** stands at **141%**

## Ibercaja already complies with its 2024 MREL requirements and maintains a buffer vs its MREL ratio requirement of 179 bps and 370 bps in terms of MREL leverage ratio

- In May 2023, Ibercaja successfully completed the €500 million Senior Preferred debt issuance
- In January 2023, Ibercaja refinanced its AT1 issuance extending its maturity by 5 years.

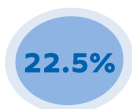
# Liquidity and ALCO portfolio

## Main liquidity ratios

% - 1H2023.



**LCR Ratio**



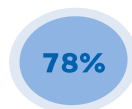
**Liquid assets as % of total assets**

## Retail deposits base

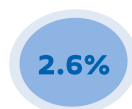
% - 1H2023.



**Stable deposits**



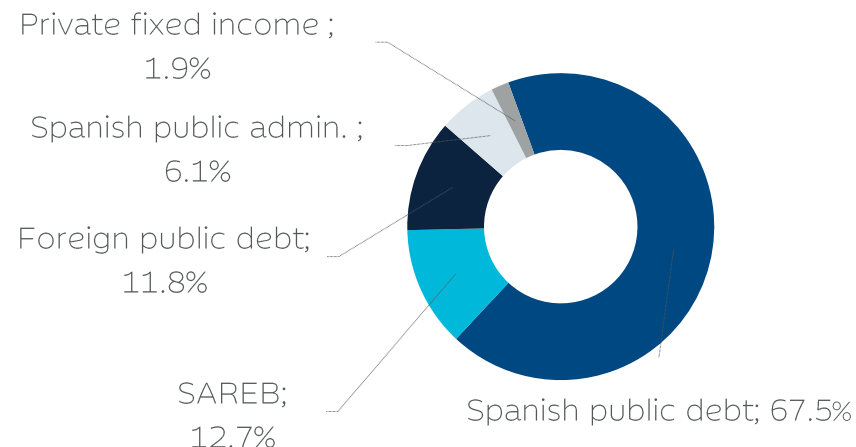
**Deposits covered by FGD**



**20 top depositors**

## ALCO portfolio breakdown

%



### Ibercaja maintains a sound liquidity position.

- **LCR ratio** stands at **255%**. Ibercaja **fully repaid the TLTRO last November**. **Liquid assets** stand at **€12,314m** and represent **22.5% of total assets**. Total available liquidity, €17,617m, covers 5 times the institutional debt maturities.

### The Entity has a highly granular deposit structure.

- **Over total deposits, 77%** are considered **stable**<sup>1</sup>. **Deposits covered by the Spanish DGS (>€26,500m) amount to 78%**<sup>1</sup>. **20 largest depositors** represent **2.6%** of Ibercaja total deposits.

### The Entity maintains stable its ALCO portfolio<sup>2</sup> in the quarter (€11,314m) with a low risk profile.

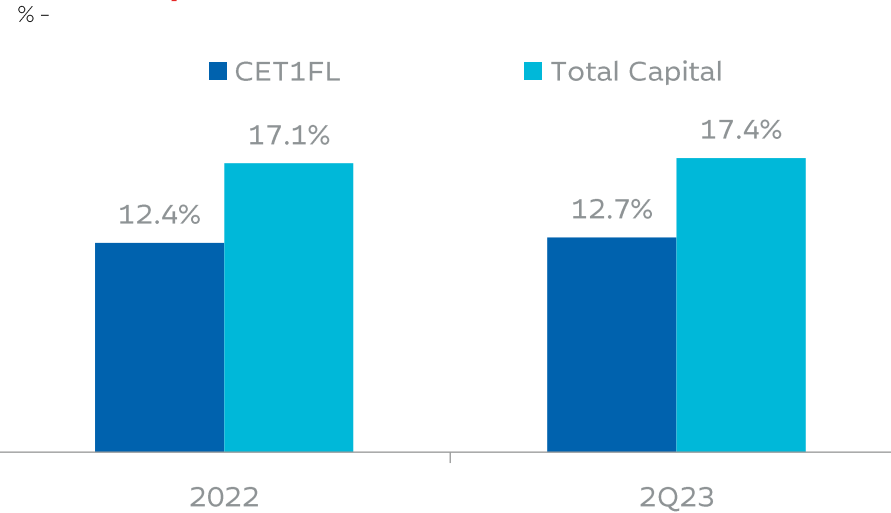
- The portfolio is mainly composed of Spanish sovereign debt (67.5%). 95% of ALCO assets are considered High Quality Liquid Assets (HQLA). Duration stands at 3.9 years<sup>3</sup>.

24 <sup>1</sup>Based on LCR reporting  
<sup>2</sup>Excludes insurance activity portfolio  
<sup>3</sup>Includes interest rate swaps

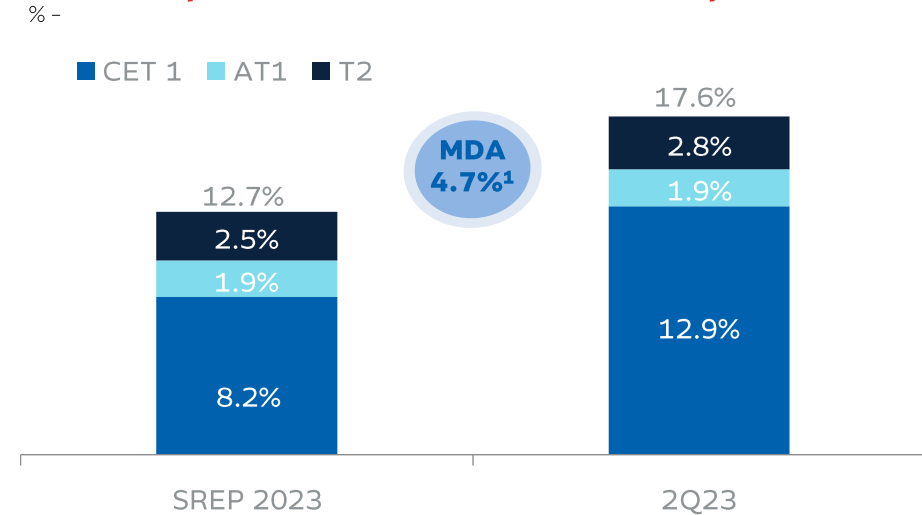


# Solvency

## Solvency levels



## Total Capital Phased In vs. SREP req.



### Solvency levels stand above the targets set in Ibercaja's Strategic Plan, Desafío 2023

- **CET1 Fully Loaded ratio** stands at **12.7%** (12.9% in phased-in terms).
- Total Capital Fully Loaded ratio reaches at **17.4%** (17.6% in phased-in terms)
- The Entity has accrued a **payout of 60%**.

### With an efficient capital structure, Ibercaja's MDA ratio increases to 472 bps.

**The Reserve Fund constituted by Ibercaja Banking Foundation as of June amounts to €202m (64% of the total amount required for end 2025)**



## 5. Final Remarks

EL BANCO  
DEL

*vamos*

# Ibercaja is delivering on its Strategic Plan Desafio 2023



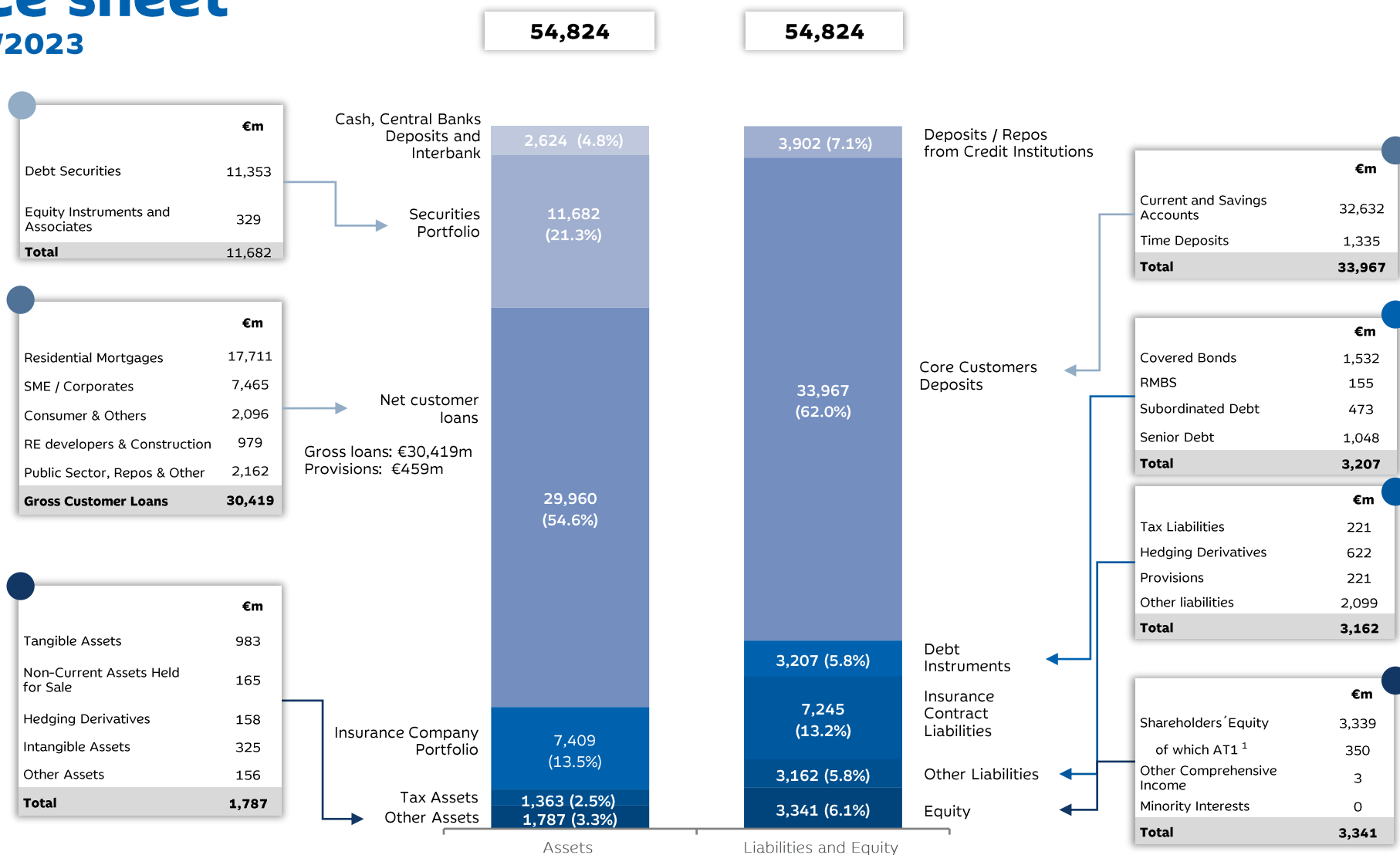


## 6. Annex



# Balance sheet

€m – 06/30/2023



# 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





Thank you