IBERCAJA BANCO

2023 Results

March 1 2024

EL BANCO DEL vamos



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In case of disagreement, the Spanish version will prevail.

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Table of **Contents**

01. **KEY HIGHLIGHTS**

02. **COMMERCIAL ACTIVITY**

03. **P&L ACCOUNT**

04. **ASSET QUALITY, LIQUIDITY AND SOLVENCY**

05. **“DESAFÍO” 2023 STRATEGIC PLAN**

06. **ANNEX**

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01.

Key Highlights



Key Highlights

Pre-provision profit grows 50.6 % YoY thanks to the strong growth in revenues

Gross Margin: +26% YoY

Recurring Cost to income: 48.1%

Ibercaja continues to reinforce its coverage ratios and NPAs drop 9.0% YoY

Cost of Risk: 42 b.p.

NPA ratio: 2.8%

NPA coverage: 81.5%

Net profit increases 67.4% YoY and reaches €304m

ROTE: 11.6%

Ibercaja has one of the strongest balance sheets in Spain

CET1 FL: 12.7%

Total Capital FL: 17.3%

LCR: 247%

LTD: 84.9%

NSFR: 141%

02.

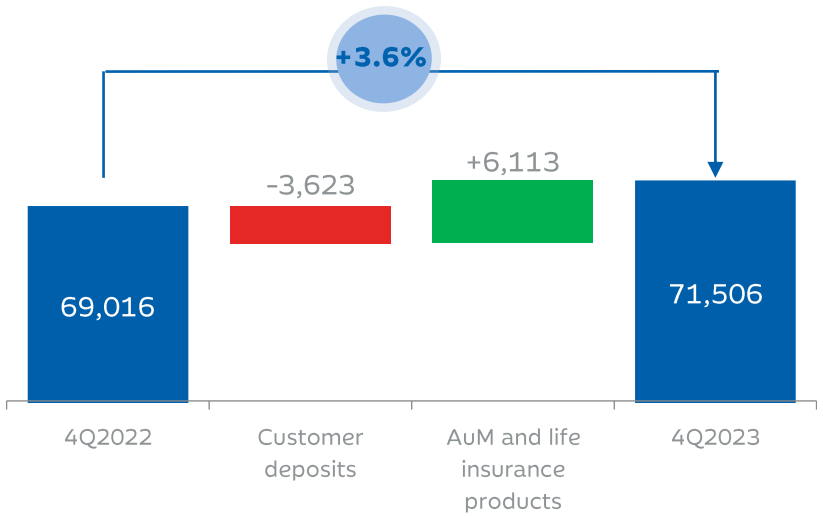
Commercial Activity



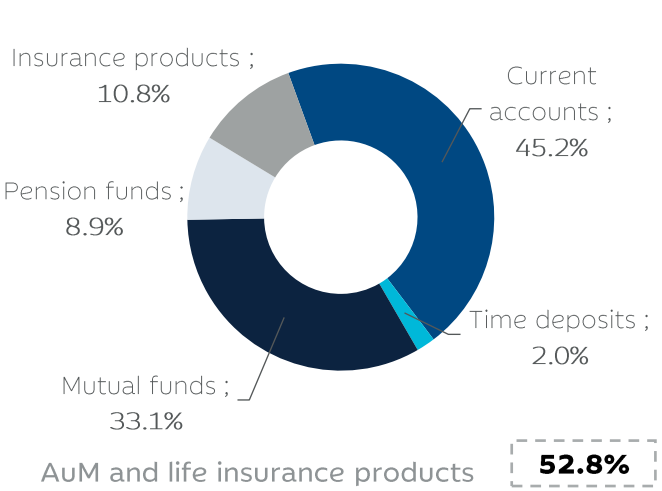
Customer funds (1/2)

	4Q23	YoY
Customer deposits	**33,752**	**-9.7%**
Current Accounts	32,331	-9.1%
Time Deposits	1,421	-21.0%
AuM & Life insurance products	**37,754**	**19.3%**
Mutual funds	23,657	24.1%
Pension funds	6,392	10.4%
Life insurance products	7,705	13.5%
Customer funds	**71,506**	**3.6%**

Customer funds evolution



Customer funds breakdown



Customer funds increase +3.6% or €2,490m YoY. In the 4Q, customer funds grow €2,090m

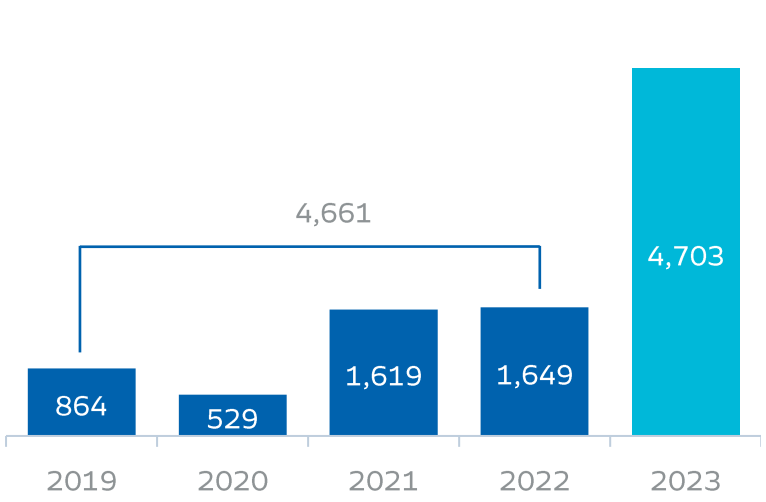
AuM and life insurance products represent 52.8% of total customer funds, 7 p.p. higher than twelve months ago

- **Asset management and life insurance products** grew **€6,113m or 19.3% YoY**
- This strategy of **diversification towards higher value-added products** enables Ibercaja to maintain one of the lowest customer deposit cost in the Spanish financial system: **the deposit beta** as of December stands at **8%[1]**

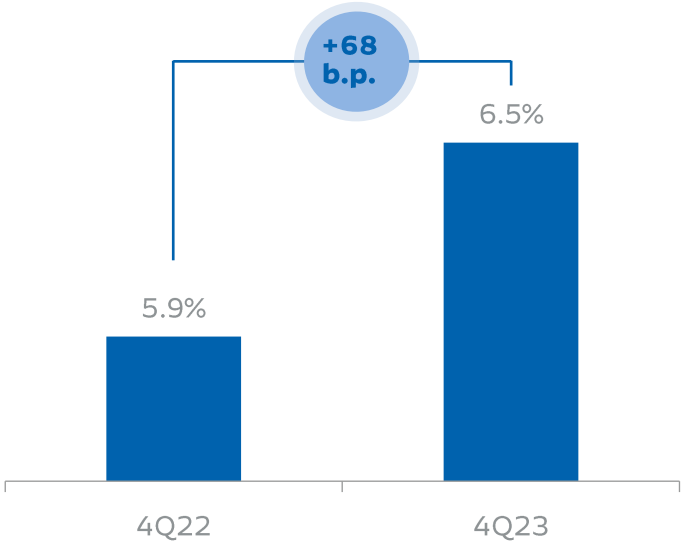
[1] Average cost of customer deposits for the year vs. average 12-month Euribor for the year of 3.9%.

Customer funds (2/2)

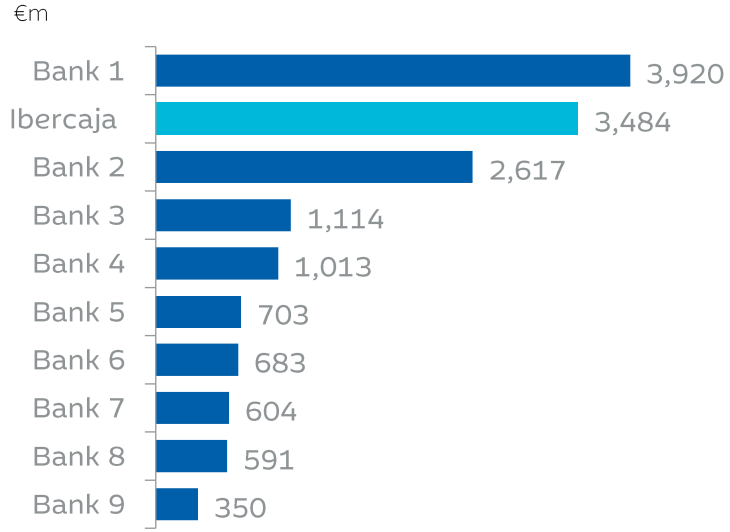
Net new money inflows into AuM & life insurance products



Mutual funds – market share[1]



Net new money inflows into mutual funds[1]



Net new inflows in AuM and life insurance products have reached historical levels, totalling 4.7bn€, higher than the total amount achieved in the previous 4 years. It allows to reach an aggregate market share[1] in assets under management and life insurance products of 5.6% (+48 b.p. YoY)

Mutual funds have been the key product in the strategy:

- Ibercaja is **the second Bank in net new money inflows in mutual funds with a total of €3,485m or 19.0% of all contributions to mutual funds in Spain.** The leadership in net inflows allows the **market share in mutual funds** to reach **6.5% or 68 b.p. more than at the end of 2022**
- The number of **clients with mutual funds** has increased **17%[2]** in the year.

[1] Inverco/ICEA – December 2023
[2] Internal information

Customer loans

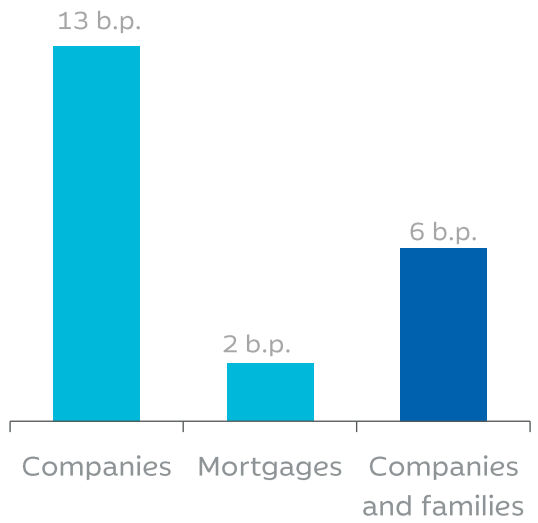
Performing loans ex repos

€m

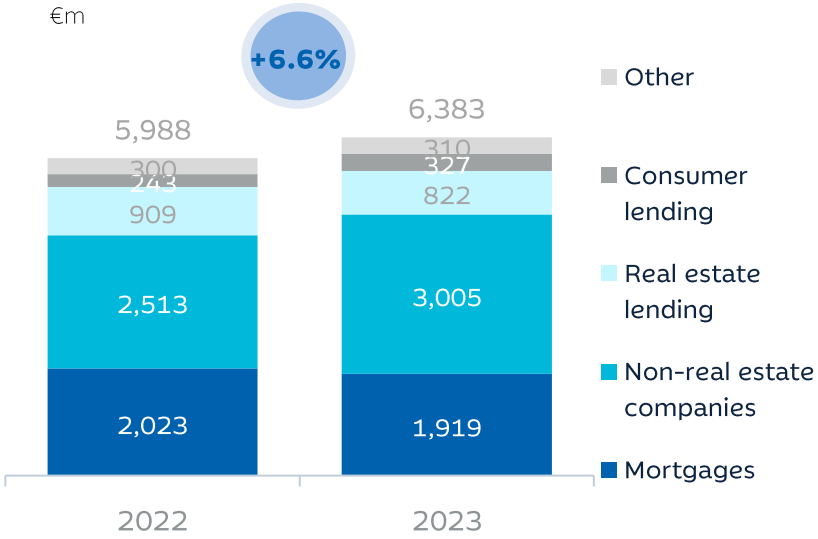
	4Q23	YoY
Loans to households	**19,067**	**-2.4%**
Mortgages	17,407	-2.6%
Consumer loans and others	1,660	0.0%
Loans to companies	**8,533**	**2.1%**
Non-Real estate companies	7,531	1.8%
Real estate companies	1,001	4.5%
Public sector and others	**1,011**	**-24.8%**
Performing loans ex repos	**28,611**	**-2.1%**

Market share evolution YoY

% - Stock of lending



New lending



Performing loans fall by 2.1% in 2023 in an environment of weak demand and high pre-payment volume.

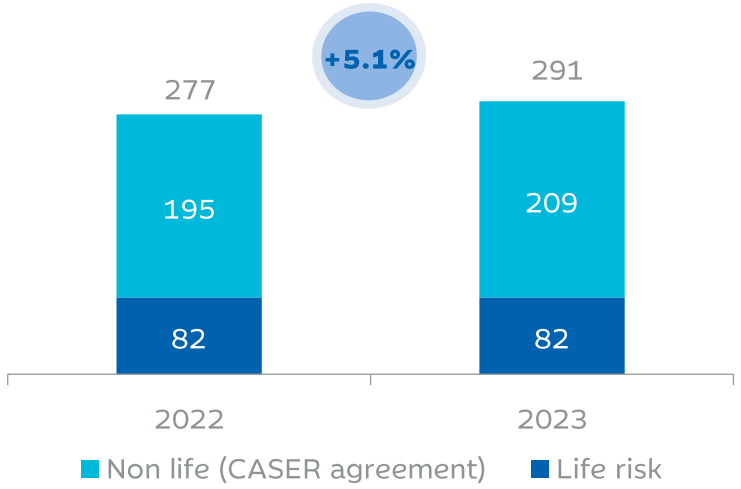
Ibercaja has outperformed the sector in terms of commercial activity in new loan production, growing 6.6% YoY.

- **Loans to companies** increase by **2.1% YoY** explained by the good performance of **new loan production in non-real estate companies (+19.6% YoY)** and the strong commercial momentum in working capital financing (volume has increased 5.9% YoY). **Ibercaja gains 13 b.p of market share in the stock of loans to companies in the last twelve months.**
- **New loan production in mortgages** falls **5.1% YoY** vs. -18.6% of the sector. Due to this more favorable performance, Ibercaja has managed to **slightly gain market share** in the stock of mortgages (+2 b.p).

Risk insurance

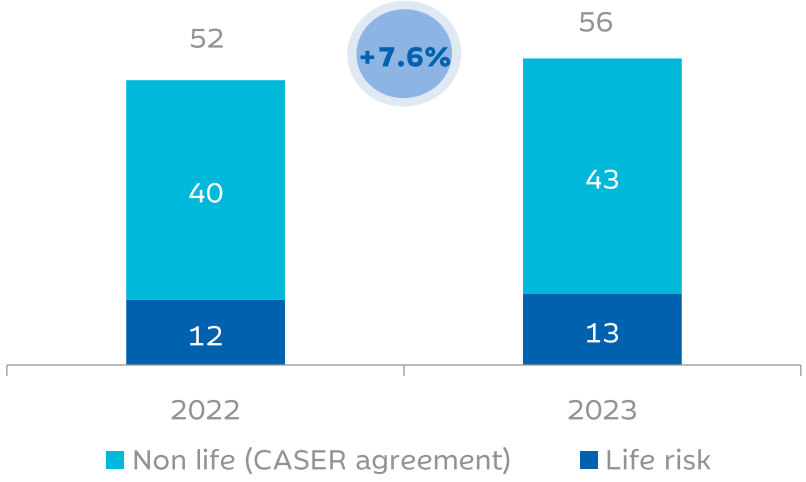
Risk insurance premiums (portfolio)

€m – premiums collected



Risk insurance new production

€m – premiums collected



Risk insurance premiums advance 5.1% YoY (7.0% in non-life and 0.6% in life risk) to €291m.

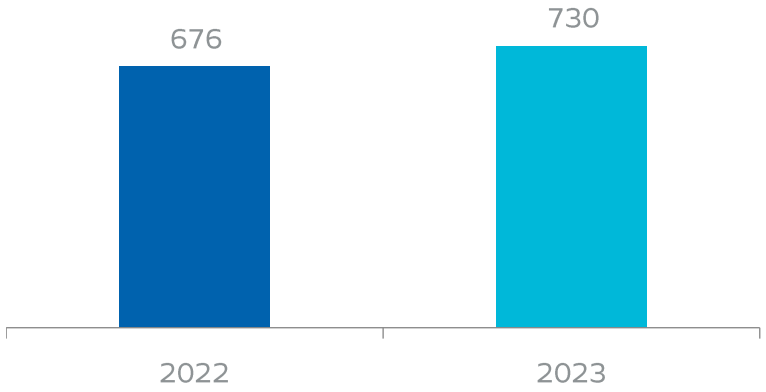
- Ibercaja **has outperformed the sector** in terms of **life risk premiums (+0.6% vs. -5.1% of the sector)**

New premiums perform positively and grow 7.6% YoY (+5.4% in life risk, +8.3% in non-life).

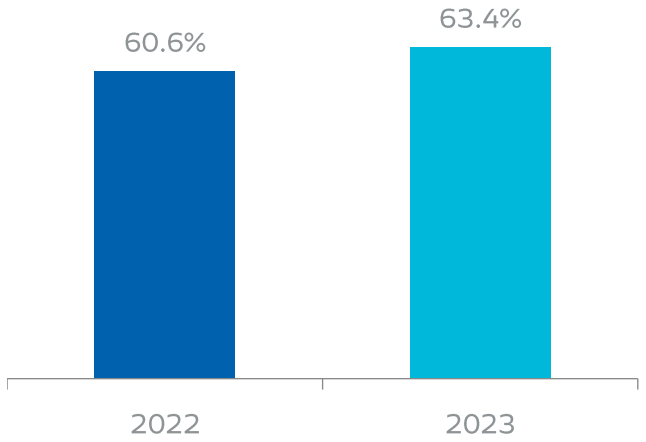
Digitalisation

Ibercaja App users[1]

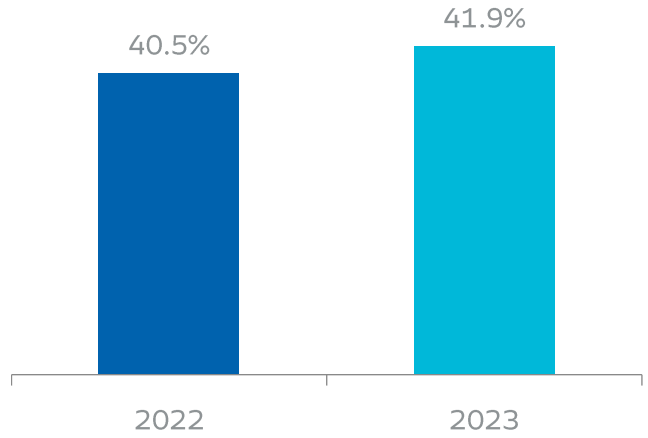
Thousands -



% Digital customers[2]



% Digital sales[3]



Ibercaja App users grows 8.0% YTD reaching 730k customers. Digital customers now represent 63.4% of Ibercaja's total customer base.

Digital sales account for 41.9% of the total.

- **The weight of digital channels** has grown strongly in **mortgages** where it reaches **30%, in risk insurance products (9%)** and in **pre-approved consumer loans (91%).**

[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] 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

Environment

Carbon footprint

- Approved a **Transition Plan** for the implementation of **intermediate decarbonization targets** defined in the Power Generation, Iron and Steel Production and Residential Real Estate sectors.
- **Obtained the MITERD[1] seal: "Calculo, Reduzco y Compenso[2]" and has published and verified operational CO_2 footprint**

Sustainable financing:

- Launch of **new sustainable products**, including the **Hipoteca +Sostenible**, aimed at financing homes with the highest energy rating, and the **Renewable Energy Financing Loan**, aimed at facilitating the production or self-consumption of electricity through renewable energy sources by companies and the self-employed.

Environmental commitment:

- **Bosque Ibercaja:** through the reforestation project in Tauste (Aragon), the planting of 40 hectares was completed in the first half of 2023 and has been integrated into the MITERD compensation projects.

Social

Social commitment :

- In 2023 Fundación Ibercaja carried out **2,943 initiatives**, of its own or in collaboration with other entities, benefiting **1.2m people**. The entity allocated resources to activities with a net investment amounting to **€19.7m**.

Social finance:

- **Pensumo** has been launched, a new service that will allow customers to build up future savings while they make their usual purchases at participating stores.
- Ibercaja has strengthened its **agreements with Autonomous Communities to facilitate young people's access to their first home,** highlighting its participation in the "Mi Primera Vivienda" program of the **Community of Madrid** and **Castilla y León**, and in the "Garantía Vivienda Joven" program of the Regional Government of **Andalucía**.

Governance

- Board of Directors approved the **ESG Risk Integration Policy,** the **Credit Risk ESG Exclusion Policy and the ESG Exclusion Policy for investment activities in Ibercaja's securities portfolio**.

[1] Ministerio de Transición Ecológica y Reto Demográfico
[2] Partial offsetting of 236 tCO2e

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03.

P&L Account



2023 P&L account

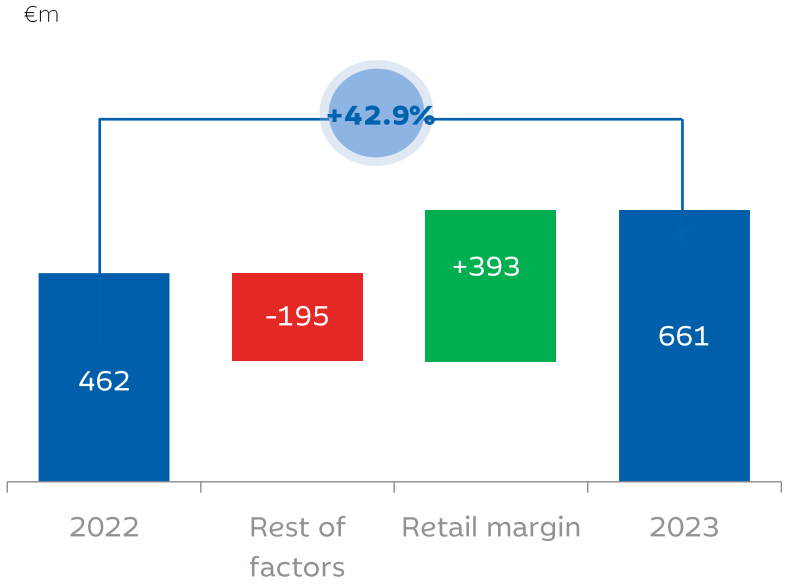
	2022	2023	YoY
Net Interest Income	462	661	42.9%
Net Fee Income	438	450	2.7%
Net income under insurance contracts	62	146	136.4%
Recurring Revenues	**962**	**1,257**	**30.6%**
Gains/Losses on Financial Assets and Liabilities	15	-8	n.a.
Other Operating Income (Net)	-33	-62	87.4%
of which: temporary bank tax	-	-29	n.a.
Gross Operating Income	**944**	**1,186**	**25.7%**
Operating Expenses	-569	-622	9.4%
Pre-Provision Profit	**375**	**564**	**50.6%**
Total Provisions	-128	-177	37.6%
of which: Credit Risk and Foreclosed Assets Provisions	-96	-130	35.9%
Other Gains and Losses	8	4	-54.3%
Profit Before Taxes	**254**	**391**	**53.9%**
Taxes	-72	-87	20.1%
Net Income	**182**	**304**	**67.4%**

2023 reported under IFRS17 with 2022 restated under IFRS17 only for comparative purposes. Most of the results of Ibercaja Vida will now be accounted for in the line "Net income under insurance contracts". During 2Q2023, 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.

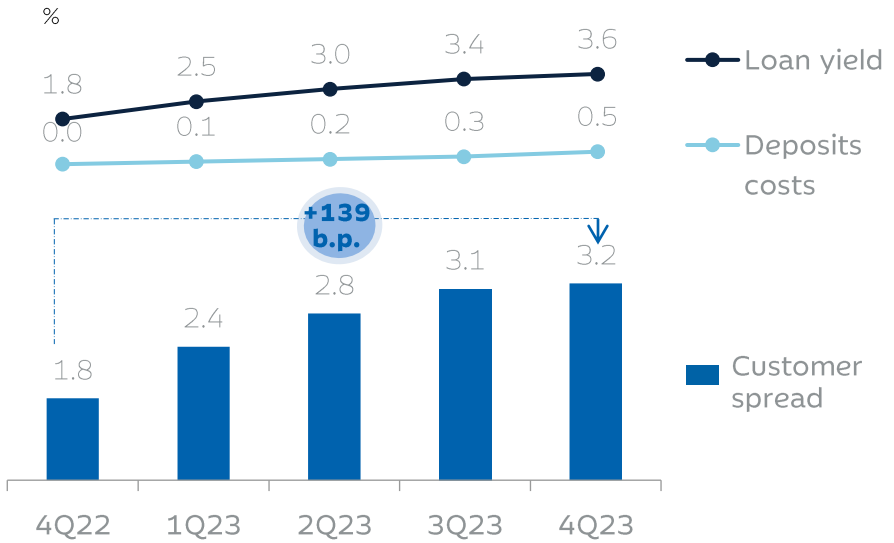
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Net interest income

NII bridge



Customer spread



Net interest income increases by 42.9% YoY or €198m.

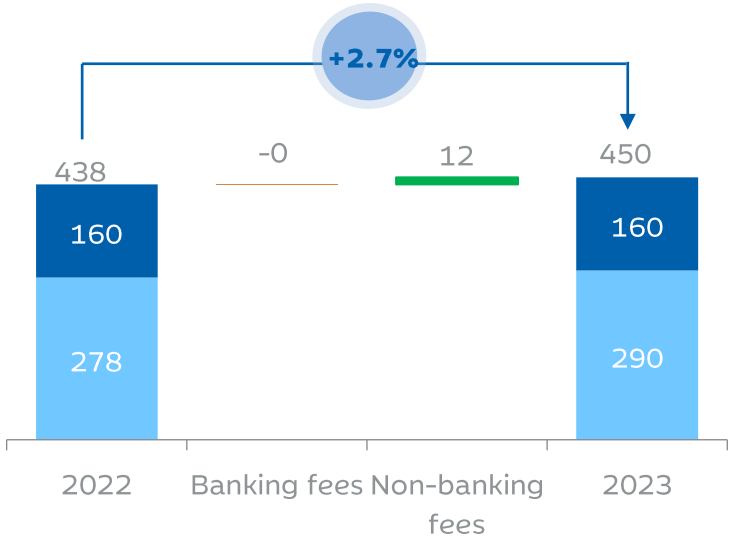
Customer spread in 4Q23 reaches 3.2% or 139 b.p. YoY increase and results in an improvement of the retail margin of €393m.

The increase in wholesale funding costs, long-term (it reduces -€105m in the year) and short-term (-€94m in the year, due to the end of TLTRO) explain most of the negative impact in "rest of factors".

Net fee income

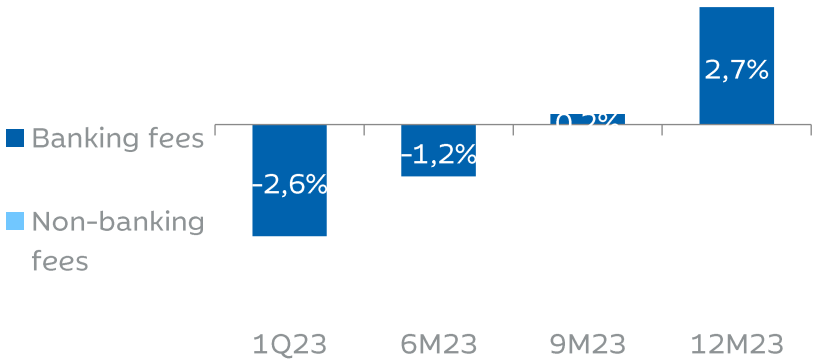
Net fee income bridge

€m



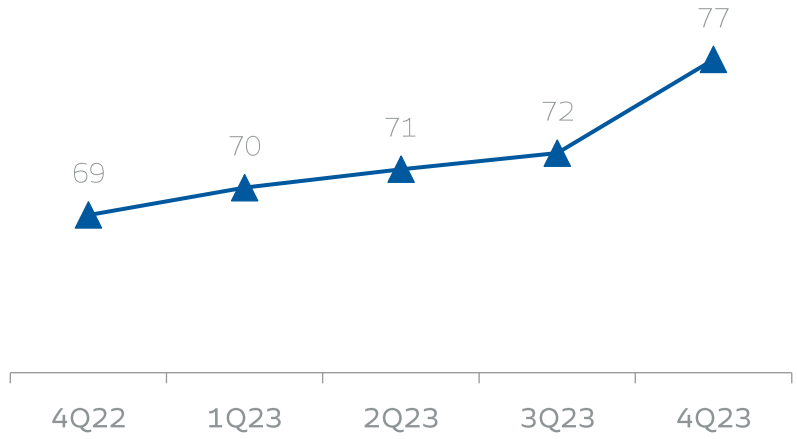
Net fee income evolution

% - YoY accumulated



Non-banking fees

€m



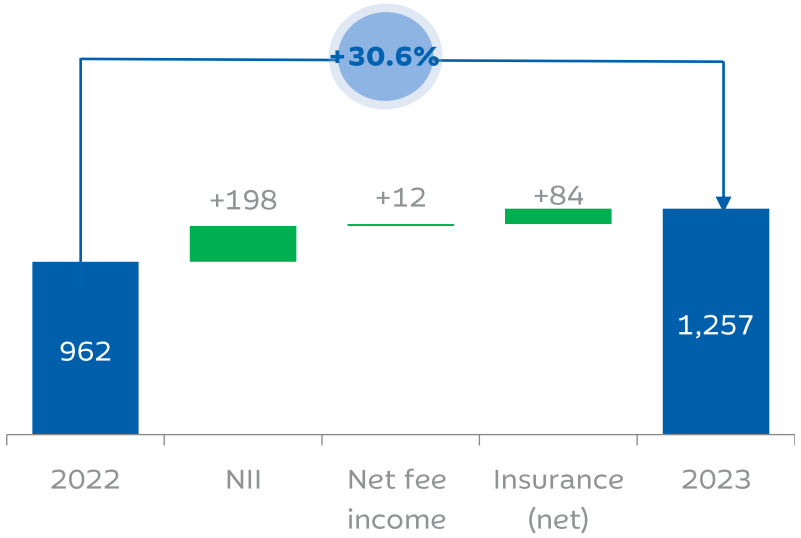
Net fee income increase by 2.7% YoY. In the 4Q23 standalone, net fee income grows 7.4% QoQ

- As a result of the strong increase in AuM, **non-banking fees grow 4.4% YoY** (+7.6% QoQ in the 4Q23 standalone). This positive performance is supported by strong inflows and the positive market evolution.

Recurring revenues & gross operating income

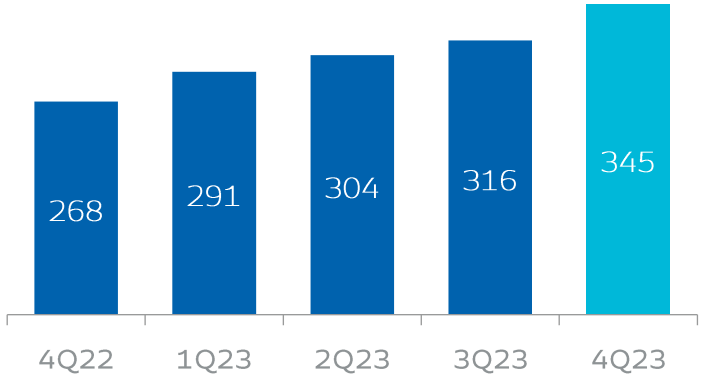
Recurring revenues bridge

€m



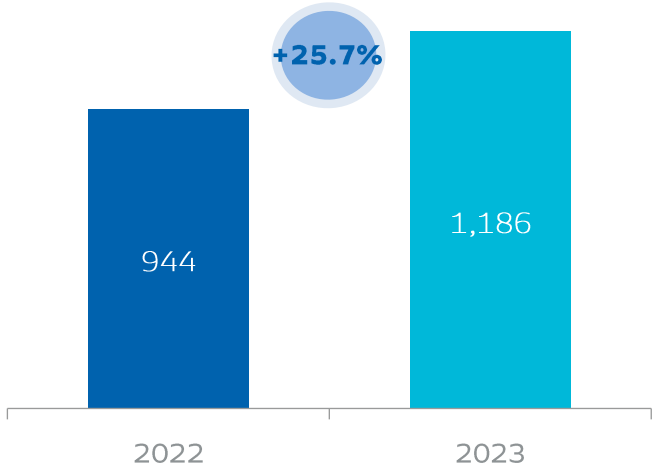
Quarterly evolution

€m



Gross operating evolution

€m



Recurring revenues grow 30.6% YoY driven by the strong performance in NII

In the 4Q23 standalone, recurring revenues grow 9.1% QoQ.

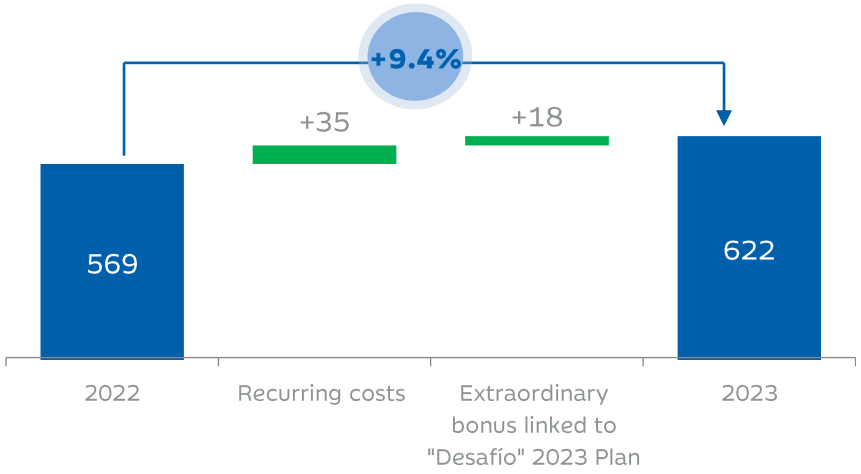
Gross margin, which includes temporary banking tax amounting to €29m, advances 25.7% YoY reaching €1,186m.

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Operating costs & pre-provision profit

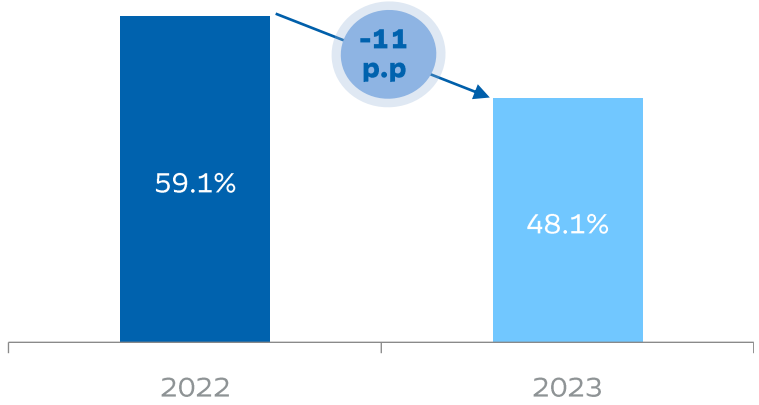
Operating costs

€m



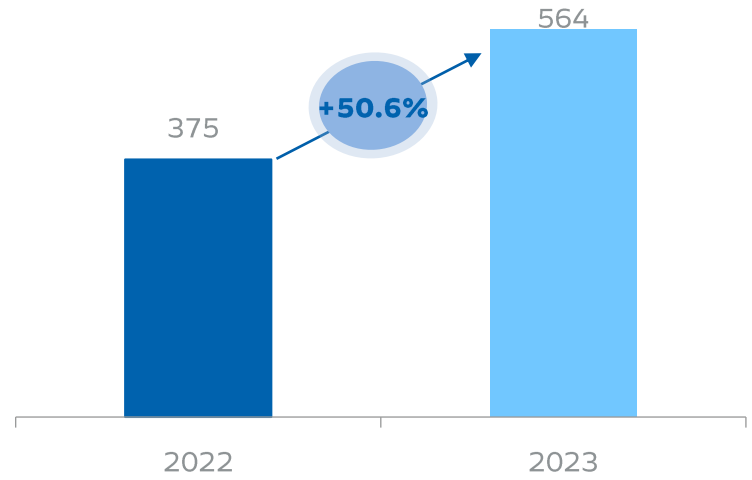
Recurring cost to income ratio

%



Pre-provision profit

€m



Operating costs increase 9.4% YoY (+6.2% excluding €18m of the extraordinary bonus linked to Plan "Desafío" 2023)

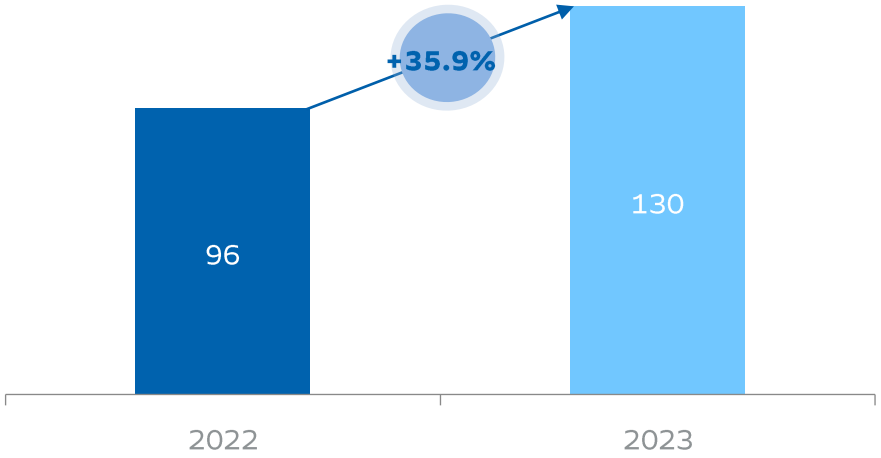
Ibercaja continues to improve its *operating jaws*:

- **Recurring cost to income ratio** reaches **48.1%** (vs. 59.1% as of December 2022)
- **Pre-provision profit** grows **50.6% YoY to €564m**

Loan and foreclosed assets provisions

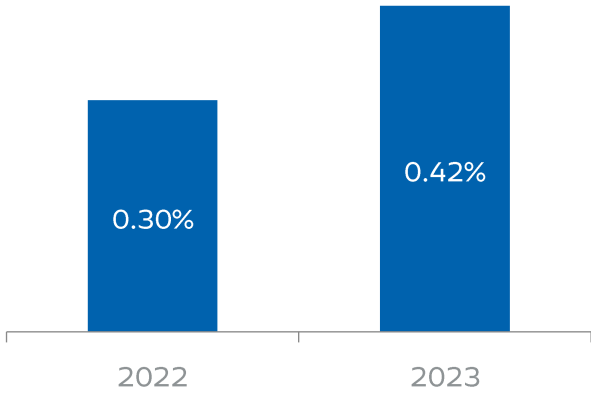
Loan and foreclosed assets provisions

€m



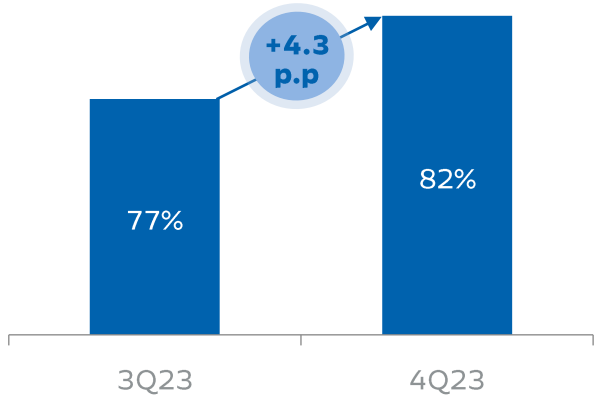
Cost of risk

%



NPA coverage ratio

%



Provisions for loan and foreclosed assets grow 35.9% YoY as Ibercaja continues to reinforce its coverage ratios (+4.3 p.p. in one quarter)

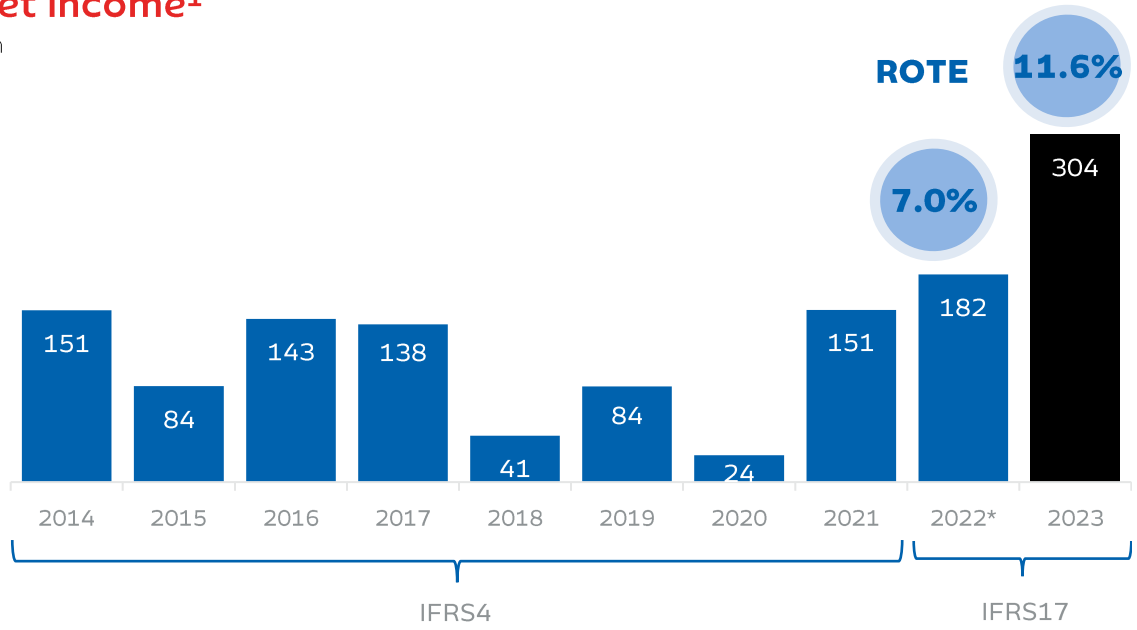
- **Cost of risk** reaches **42 b.p.**

Ibercaja maintains additional overlay provisions of €50.1m in view of the uncertainty caused by the macroeconomic outlook and the effects it can have on certain sectors of the economy.

Net income

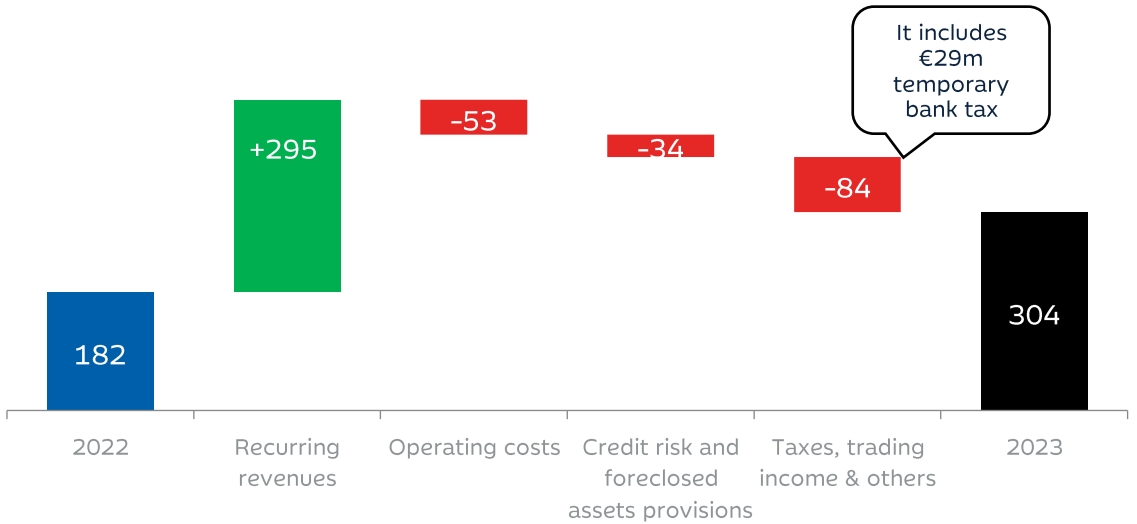
Net income[1]

€m



Net income[1] variation bridge YoY

€m



All-time highs in net income performance that reaches €304m in 2023 (+67% YoY) and ROTE excels at 11.6%

[1] 2022: €181,9m under IFRS17 (restated for comparability purposes i.a.)

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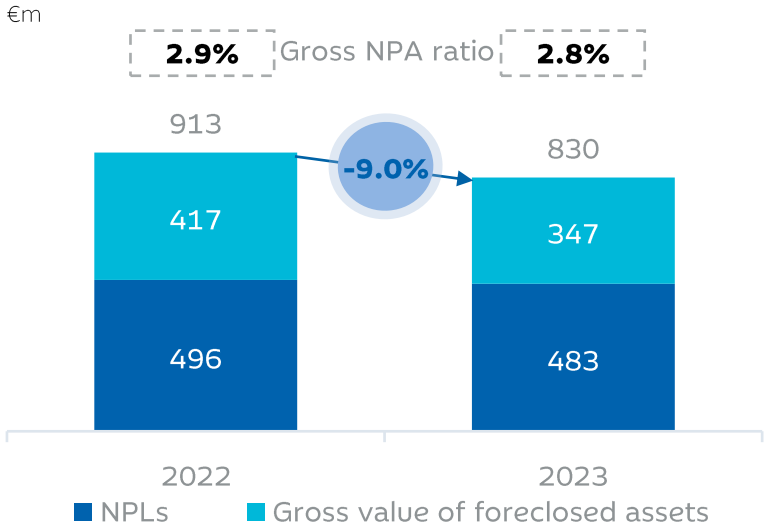
04.

Asset Quality, Liquidity and Solvency

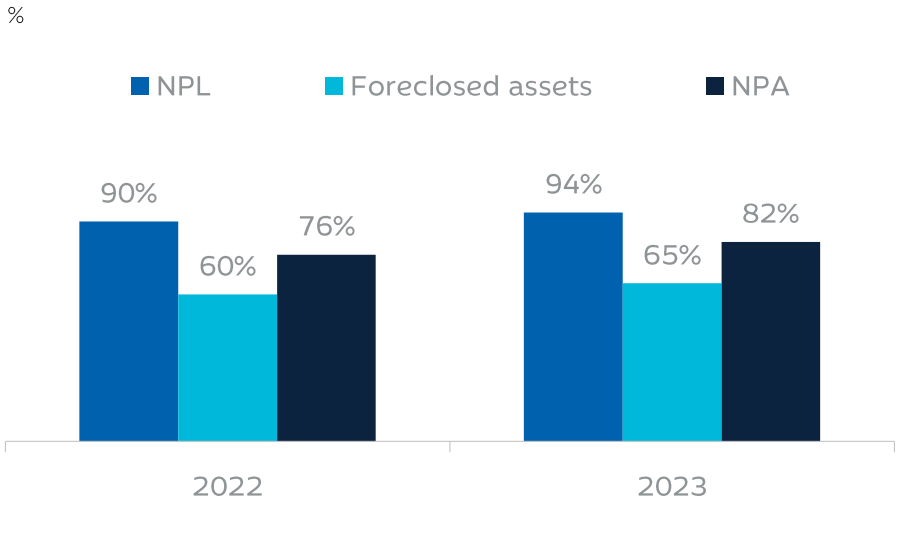


Asset quality

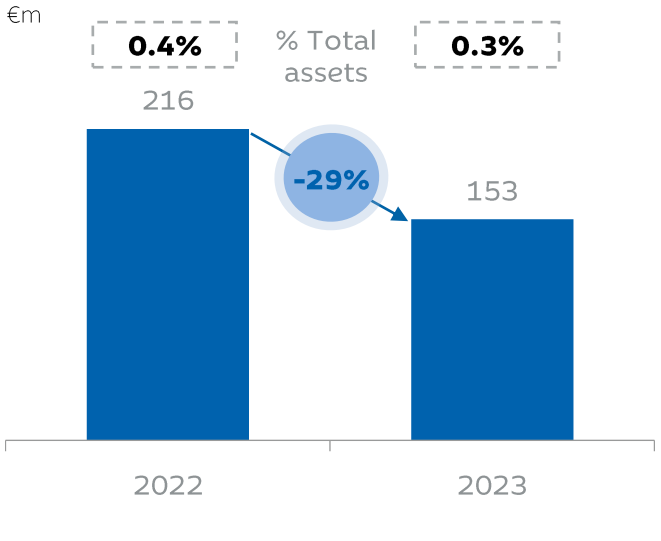
Gross NPA



NPA coverage ratio



Net NPAs



Stock of NPAs falls 9.0% YoY or €82m, with NPA ratio falling 12 p.b. to 2.8%.

- **NPLs falls -2.5% YoY or €12m (€41m in 4Q standalone) and foreclosed assets -16.8% YoY or €70m.**

After a strong provisioning effort in 4Q2023, NPA coverage ratio has been increased by 5.2 p.p. YoY to 81.5% (+3.7 p.p. in NPLs and +4.5 p.p. in foreclosed assets).

As a result of the reduction in stock of NPAs and the increase in coverage, net NPAs stands at €153m, -29.0% YoY and represent less than 0.3% of the bank's total assets, one of the lowest in the Spanish financial system.

Liquidity and ALCO portfolio

Main liquidity ratios

% - 4Q2023.

247.2% **LCR ratio**

22.3% **Liquid assets as % of total assets**

Breakdown of retail deposits

% - 4Q2023

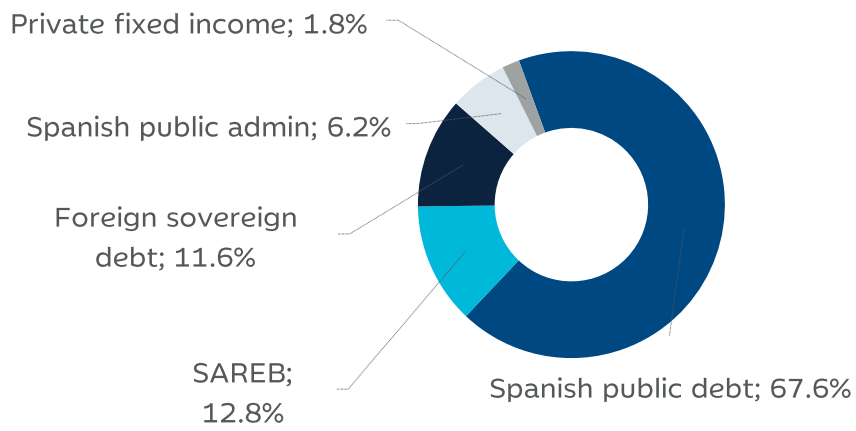
84.7% **Stable deposits**

87% **Deposits covered by FGD**

3.8% **Top 20 depositors**

ALCO portfolio breakdown

% - 4Q2023



Ibercaja maintains a sound liquidity position

- **LCR ratio** reaches **247.2%**. **Liquid assets** stand at **€12,134m** or **22.3% of total assets**. Total available liquidity amounts to €20,314m

The Bank has a highly granular deposit base

- Over total deposits, **84.7% are considered stable[1]. Deposit covered by the Spanish DGS** amount to **87%[1]. Top 20 depositors** represent **3.8%** of total deposits

ALCO portfolio[2] remains stable at €11,609m (-1.5% YoY)

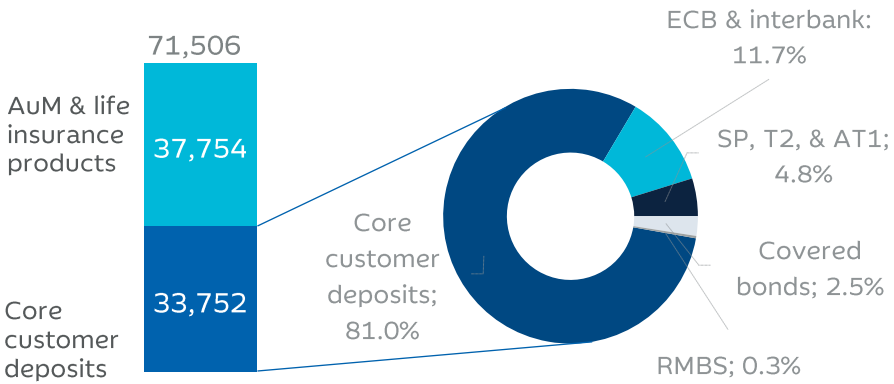
- **Spanish sovereign debt accounts for 67.6% of the portfolio.** 95% of ALCO assets are considered as High Quality Liquid Assets (HQLA). Duration stands at 2.8 years[3]. In the last quarter, the portfolio yield stands at 0.95%.

[1] Based on LCR reporting
[2] Excludes insurance activity
[3] Includes interest rates swaps

Funding & MREL requirements

Breakdown of funding structure

% - 4Q2023.



Main funding ratios

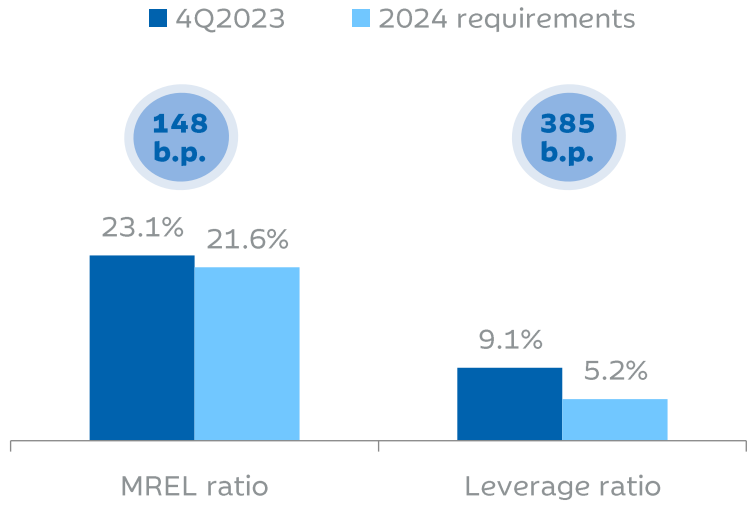
% - 4Q2023.

84.9% **Loan to deposits ratio**

141.3% **NSFR ratio**

MREL ratios

%



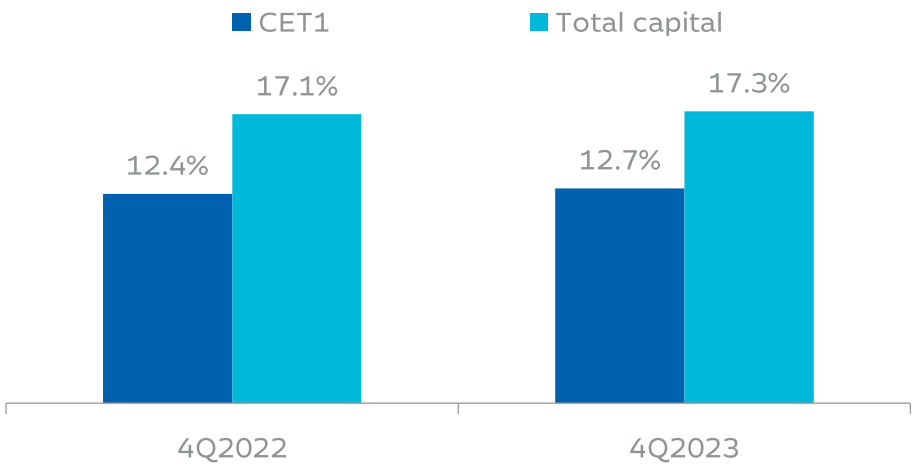
Ibercaja has a strong funding profile.

- **Customer deposits** account for **more than 81% of Ibercaja's external funding.**
- **LTD ratio** stands at **84.9%** and **NSFR ratio** reaches **141.3%.**

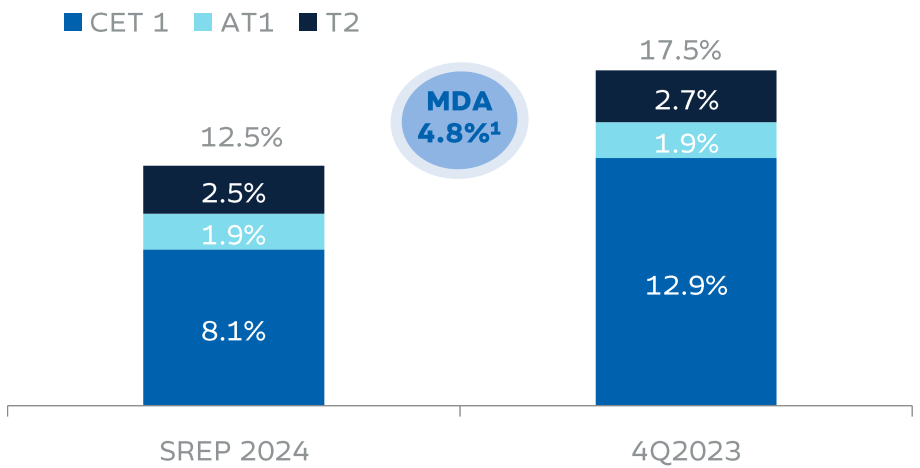
Ibercaja maintains a buffer vs. its 2024 MREL requirements of 148 b.p. and 385 b.p. in terms of MREL leverage ratio.

Solvency

Solvency ratios – Fully loaded



Total capital phased in vs. SREP



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

- **CET1 fully loaded ratio stands at 12.7% (+33 b.p. YTD)**
- **Total capital fully loaded reaches 17.3%** (17.5% phased in)
- Ibercaja has an efficient capital structure and its **MDA ratio stands at 476 b.p. (P2R has been reduced by 15 b.p. compared to that required for 2023)**

The Entity has accrued a pay-out ratio of 60%

The Reserve Fund constituted by Ibercaja Banking Foundation reaches €260m (80% of the total amount required for 2025YE)

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

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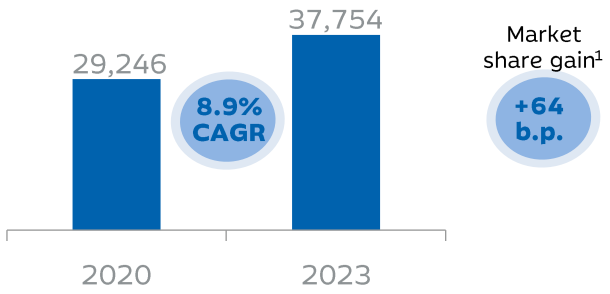
“Desafío” 2023 Strategic Plan



“Desafío” 2023 Strategic Plan: commercial achievements

Personal banking & AuM & Life insurance products

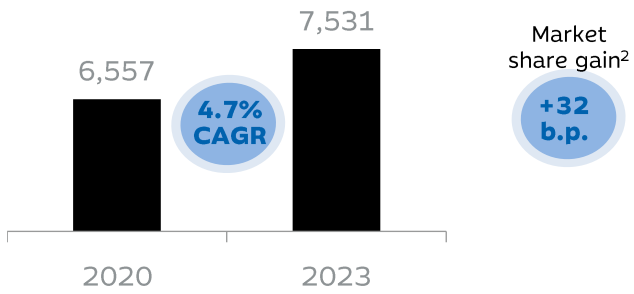
AuM & Life insurance Products
€m



Since 2020 Ibercaja has achieved significant market share gains in key valued added products such as mutual funds (+98 b.p.), pension plans (+25 b.p.) and life insurance products (+16 b.p.).

Companies

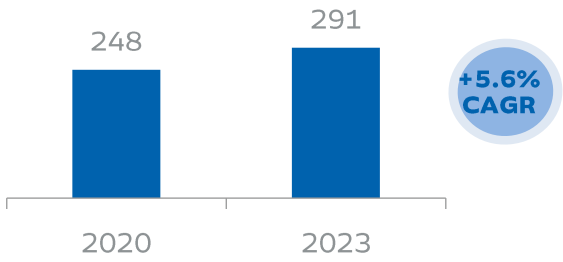
Performing loans to Non-RE companies
€m



In a weak demand environment Ibercaja has clearly outgrown the market (+4.7% vs. -1.7% CAGR[2]) thanks to the new strategy in SME/Corporate banking, maintaining sound asset quality levels.

Risk Insurance

Risk insurance premiums (portfolio)
€m



Ibercaja reaches an increase of 5.6% annual in risk premiums.

Ibercaja has achieved the targets set in the distribution agreement with CASER in 2021-2023

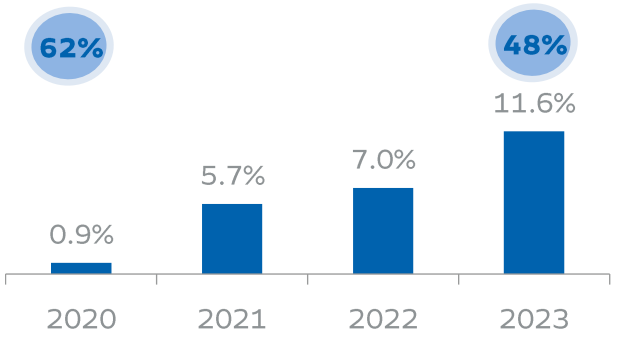
Ibercaja closes its Strategic Plan “Desafío” 2023 with high dynamism in the key commercial segments

[1] Inverco / ICEA
[2] Bank of Spain data evolution between 2020-2023 for Loans to companies, including Non RE companies and RE companies

“Desafío” 2023 Strategic Plan: key financial targets

Profitability

ROTE[1]

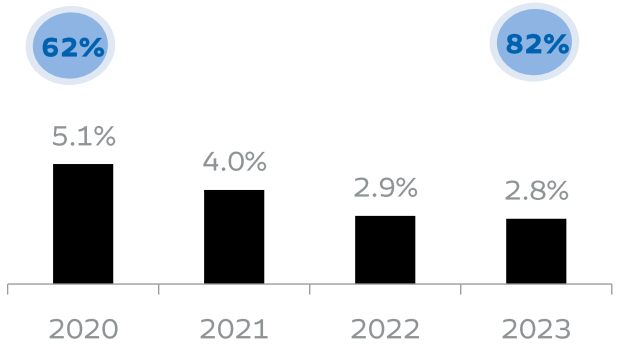


Ibercaja has achieved a structural increase in its profitability levels with a ROTE of 11.6% significantly above its 9% target thanks to a strong evolution in recurring revenues, which leads to a 48% recurring cost to income and the cost of risk has remained under control

x% Recurring cost to income

Asset Quality

NPA Ratio

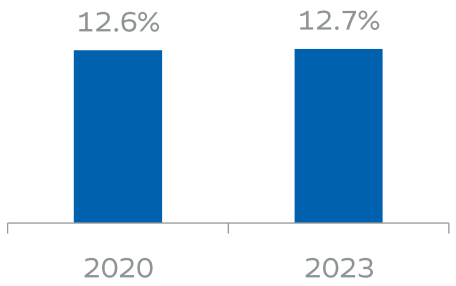


Ibercaja has reduced its stock of NPA by 49% or €802m, reducing its NPA ratio to just 2.8% significantly below its target of 4% while increasing its NPA coverage by 20 p.p.

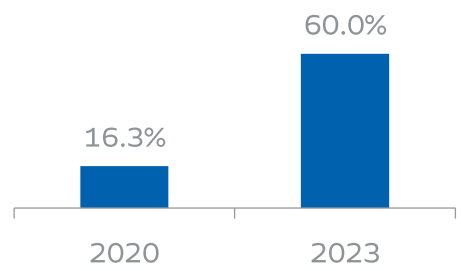
x% NPA coverage ratio

Solvency and pay-out ratio

CET1 FL



Pay-out ratio



Ibercaja Banking Foundation Reserve Fund

260 €m

80%

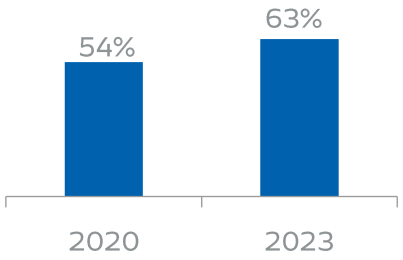
Ibercaja CET1 FL stands above its target of 12.5% and has allowed a significant increase in the payout ratio. As a result, Ibercaja Banking Foundation has been able to complete 80% of the requirement

[1] 2022 & 2023 ROTE under IFRS17

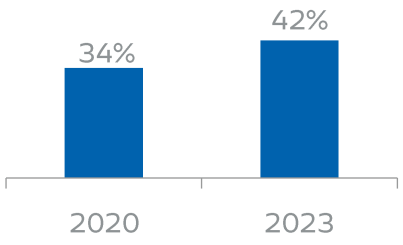
“Desafío” 2023 Strategic Plan: Digitalisation and ESG Strategy

Digitalisation

Digital customers



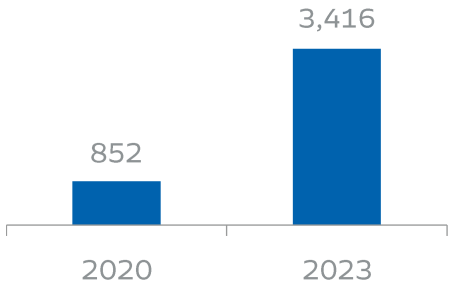
Digital sales



The **investment allocated to digitalization**, the **transformation of processes** and the **creation of new digital managers**, have driven the increase in the number of digital customers and in digital sales in the Strategic Plan

ESG Strategy

ESG investment



11 **N° Sustainable mutual funds**

5 **N° Sustainable pension plans**

Implementation of a **sustainable business commercial strategy:** Ibercaja has launched a complete range of sustainable products (both in AuM and lending)

Integration of **climate risks in risk management**: during the Plan Ibercaja has made strong progress in identifying and quantifying its climate and environmental risks

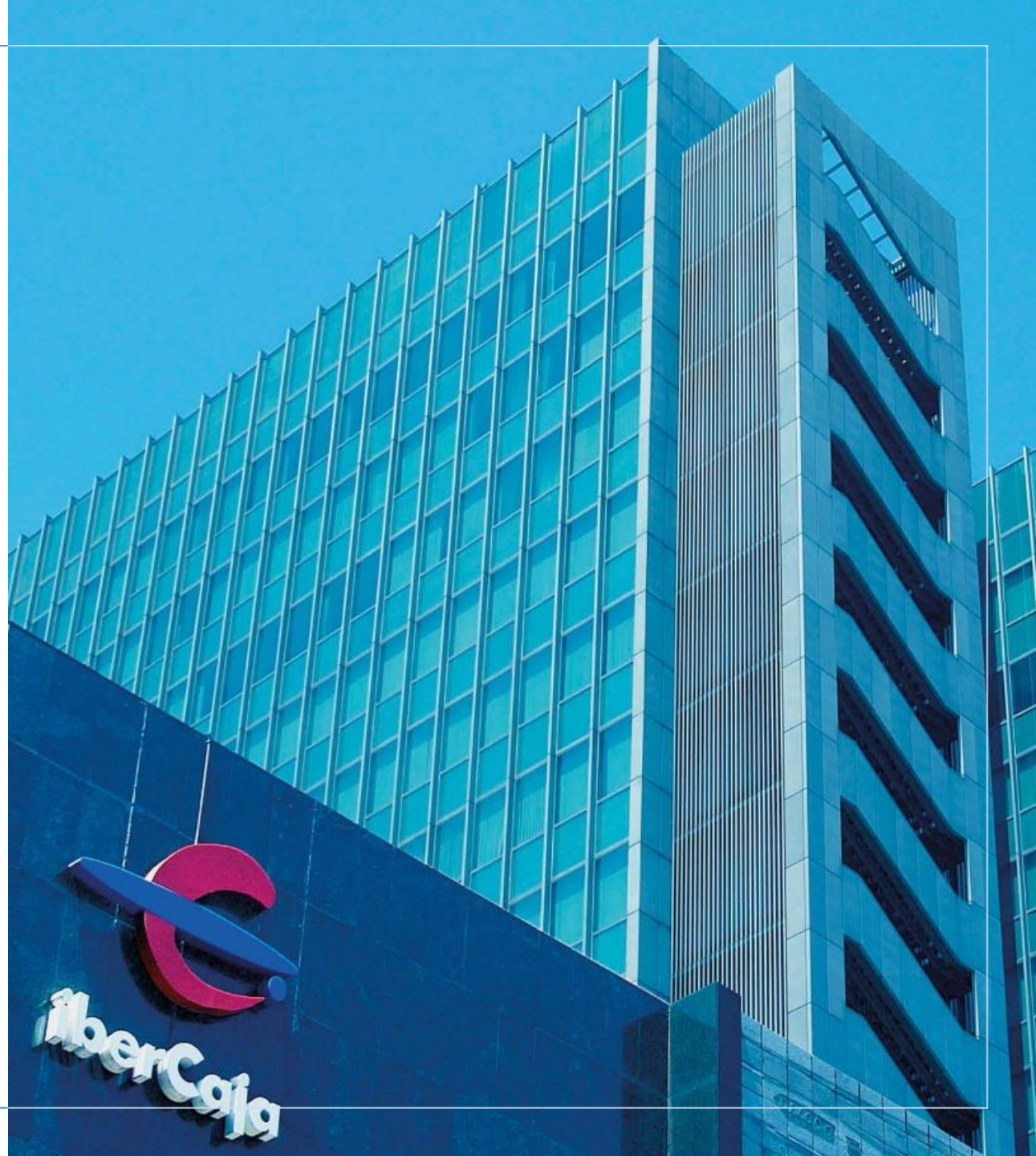
Ibercaja was one of the founding entities of the **Net Zero Banking Alliance (NZBA)** in 2021: **intermediate decarbonisation targets** have been established to comply with NZBA

Ibercaja has achieved all the financial targets set in its "Desafío" 2023 Strategic Plan

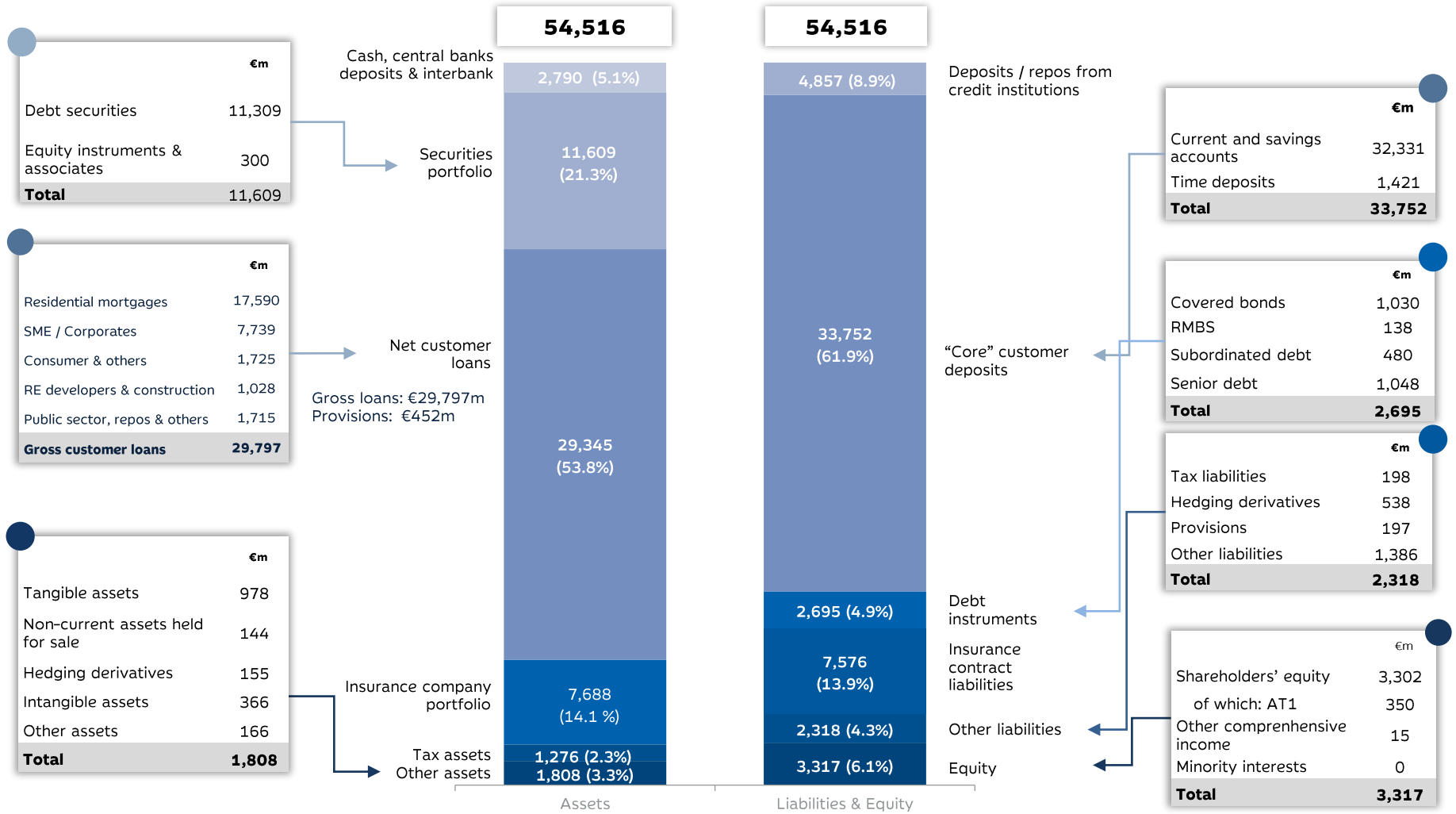


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Annex



Balance sheet
€m – 31/12/2023



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


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