

EL BANCO  
DEL  
*Vamos*

# IBERCAJA BANCO

## 9M2021 Results

3<sup>rd</sup> November 2021

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# KEY HIGHLIGHTS

# KEY HIGHLIGHTS

## BUSINESS GROWTH IN KEY SEGMENTS

**+16.0%**

The stock of **mutual funds** increases by **16.0%** since December.

**+44.5%**

**New production of risk insurance premiums** grows by **44.5%** i.a.

**+3.0%**

**Performing gross loans ex repos to companies** rises by **3.0%** vs. 4Q2020.

## CONTINUOUS REINFORCEMENT OF THE BALANCE SHEET

**2.7%**

**NPL ratio** decreases by 51 bps to **2.7%**.

**70.1%**

**NPL coverage ratio** stands at **70.1%**.

**12.8%**

**CET1 FL** increases by 22 bps in the year to **12.8%**.

## NOTABLE INCREASE IN NET PROFIT

**+1.5%**

**Recurring revenues** raise by **1.5%YoY**.

**-46.6%**

**Total provisions** decrease by **46.6% YoY**.

**€146m**

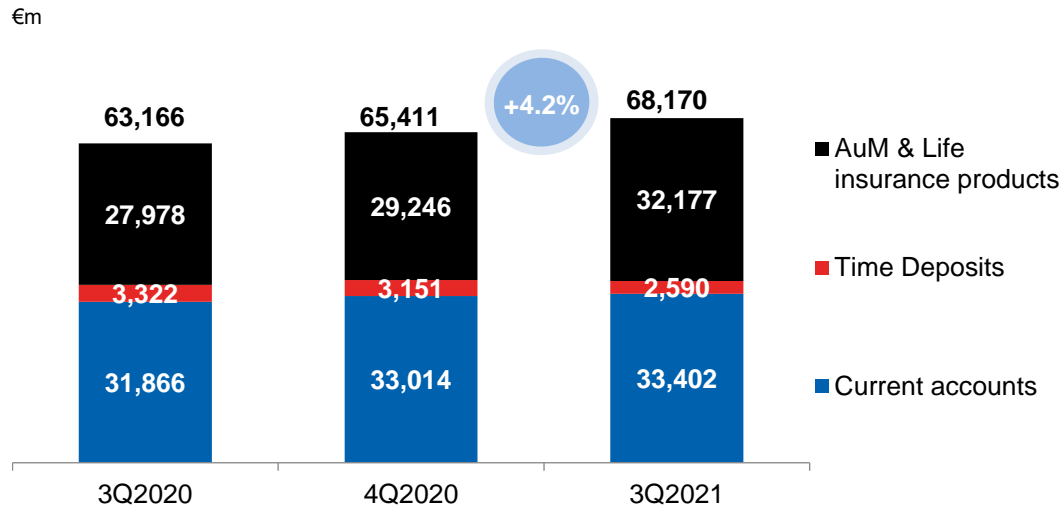
**Net profit** reaches **€146m** (+100.6% YoY).



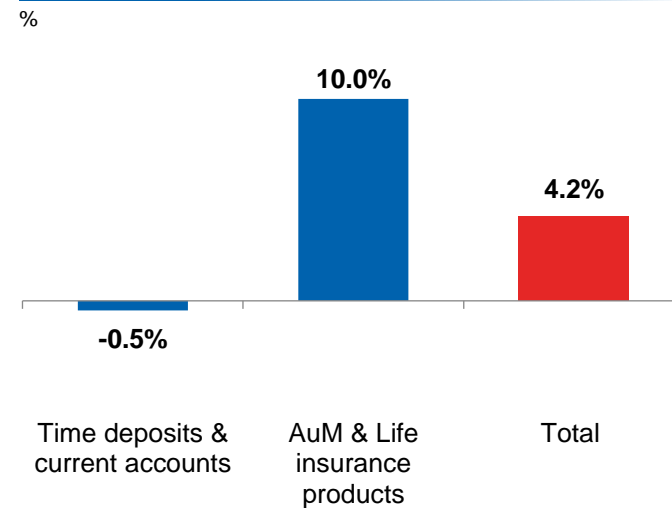
# COMMERCIAL ACTIVITY

# CUSTOMER FUNDS

Customer funds



Customer funds YTD evolution



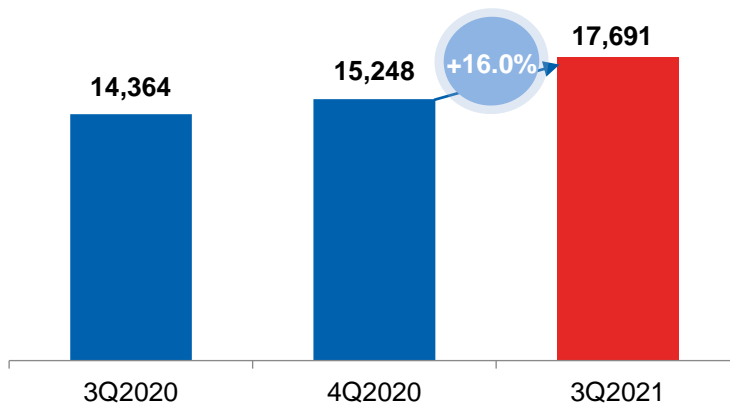
Customer funds increase by 4.2% or €2,759m vs. 4Q2020. YoY growth amounts to €5,004m or 7.9%.

- ▶ The **diversification of customer funds towards AuM and life insurance products** leads to a reduction of €173m or 0.5% YoY in customer deposits.
- ▶ **AuM and Life insurance products** grow by 10.0% or €2,932m YTD. AuM and Life insurance products represent 47.2% of total customer funds (vs. 44.7% at the end of 2020).

# MUTUAL FUNDS

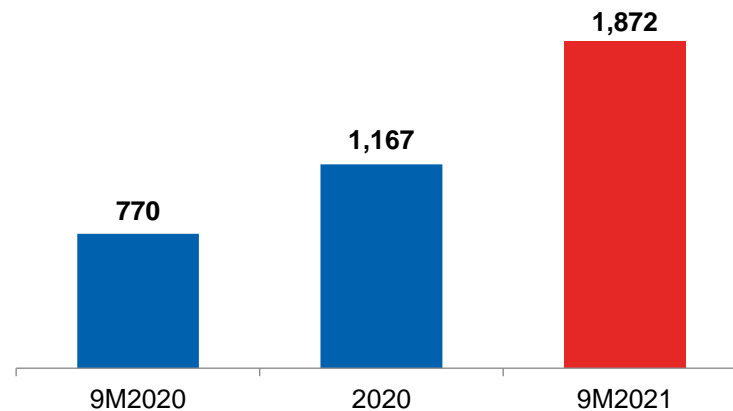
## Stock of mutual funds

€m - Ibercaja Gestión – Inverco



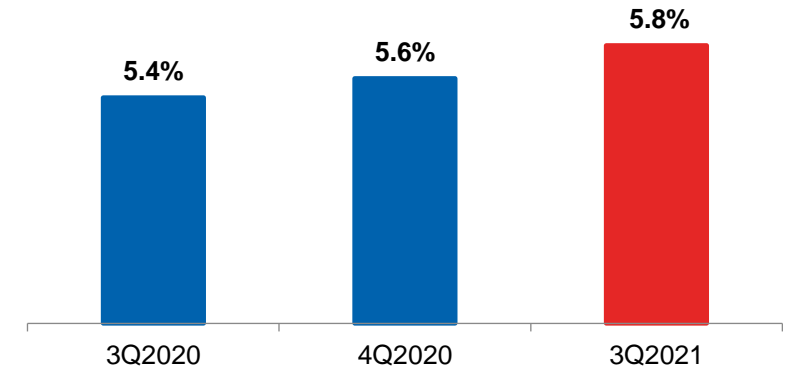
## Net new money inflows

€m - Ibercaja Gestión – Inverco



## Mutual funds market share

% - Ibercaja Gestión – Inverco



**The stock of mutual funds grows €2,442m or 16.0% in the year and exceeds €17,690m.**

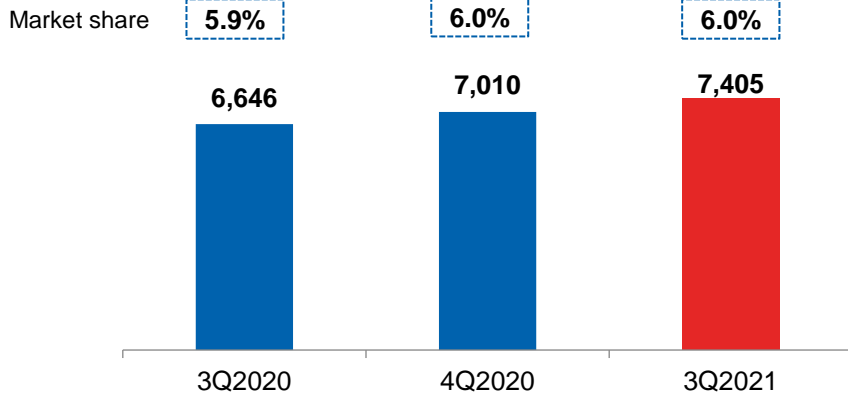
- ▶ **Net new money inflows in the year amount to €1,872m (2.4x the volume recorded in 9M2020).**
- ▶ **Ibercaja captures 9.3% of net new money inflows to mutual funds in Spain in the year.**
- ▶ **Market share increases 21 bps in the year to 5.8% (+33 bps vs. 3Q2020).**



# PENSION PLANS AND RISK INSURANCE

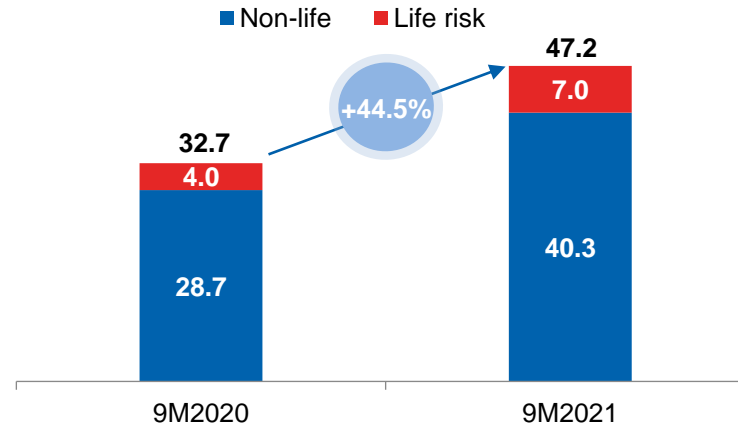
## Pension plans

€m and % - Inverco



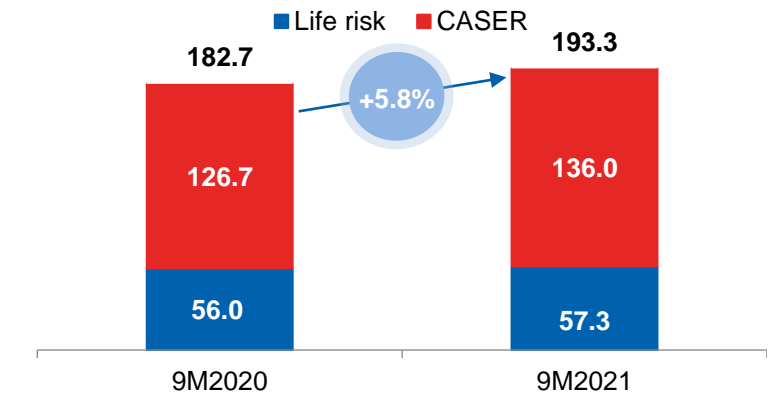
## New production of risk insurance premiums

€M



## Risk insurance premiums (portfolio)

€m- premiums collected



The stock of pension plans rises by 5.6% in the year or €395m and Ibercaja increases its market share to 6.0%.

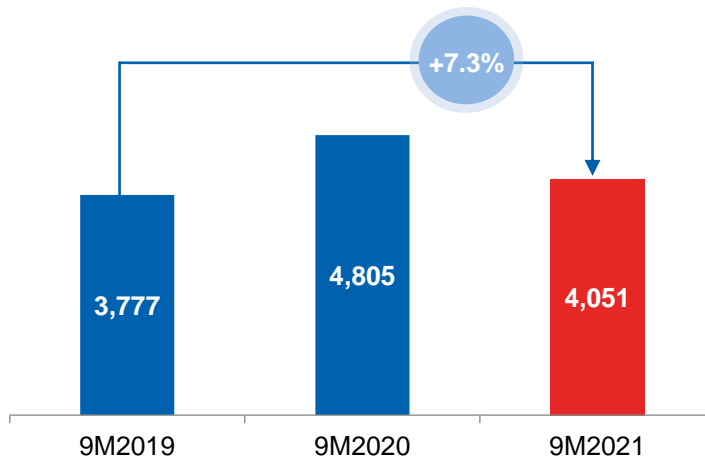
The portfolio of risk insurance premiums grows by 5.8 YoY.

- The **new production of risk insurance premiums** in the nine months of the years increases by **44.5% YoY**, with an increase in non-life products of 40.5% and life risk products of 72.4%.

# CUSTOMER LOANS

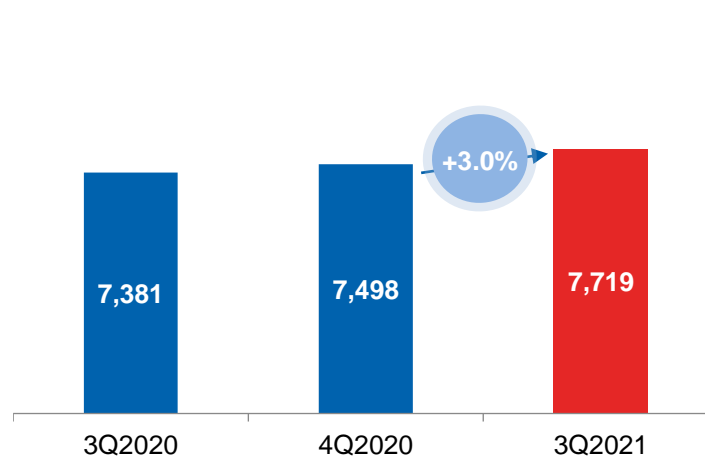
## New lending production

€m



## Performing loans to companies

€m



## Customer Loans

€m

	4Q2020	3Q2021	Var.
<b>Loans to individuals</b>	<b>20,383</b>	<b>19,819</b>	<b>-2.8%</b>
Mortgages	18,615	18,110	-2.7%
Consumer and Others	1,768	1,709	-3.3%
<b>Loans to companies</b>	<b>7,498</b>	<b>7,719</b>	<b>3.0%</b>
Non-Real Estate Companies	6,557	6,729	2.6%
Real Estate Companies	941	990	5.2%
<b>Public sector and Others</b>	<b>1,075</b>	<b>1,180</b>	<b>9.7%</b>
<b>Performing Gross Loans ex Repos</b>	<b>28,956</b>	<b>28,718</b>	<b>-0.8%</b>
Repos	1,621	1,620	-0.1%
Doubtful Loans	1,013	842	-16.8%
<b>Loans to individuals</b>	<b>31,590</b>	<b>31,180</b>	<b>-1.3%</b>

**New lending production exceed pre-Covid levels, with an increase of 7.3% vs. 9M2019 and stands over €4,000m.**

**Performing loans ex repos fall by 0.8% YTD.**

**Loans to companies grow by 3.0% or €221m YTD.**

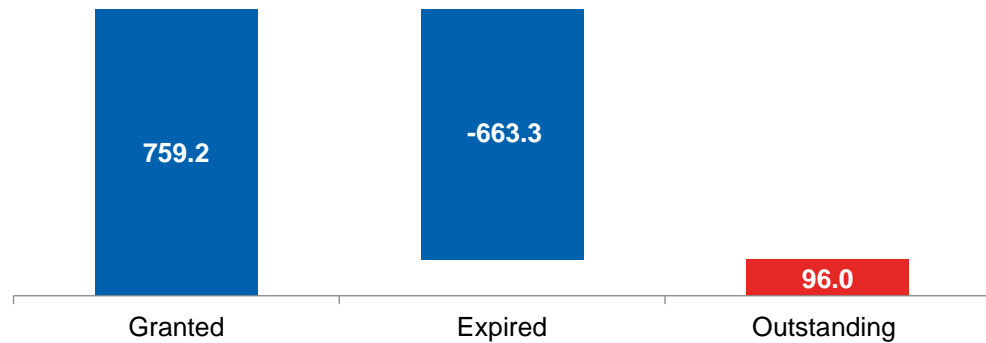
- Ibercaja increases its market share<sup>1</sup> in this segment by **8 bps** in the year.

<sup>1</sup> Source: Bank of Spain, accumulated as of August 2021.

# MORATORIA AND ICO GUARANTEED LENDING

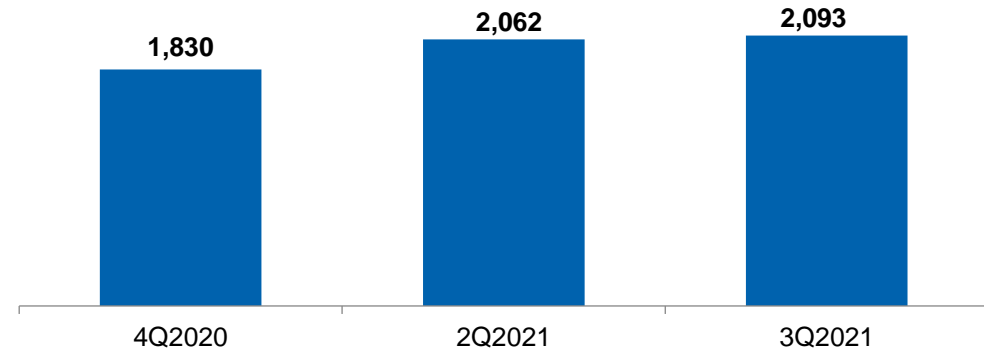
## Outstanding granted moratoria in balance sheet

€m - September 2021



## Accumulated evolution of ICO lending

€m



**Outstanding moratoria (€96.0m) represents 0.3% of gross lending as of 3Q2021.**

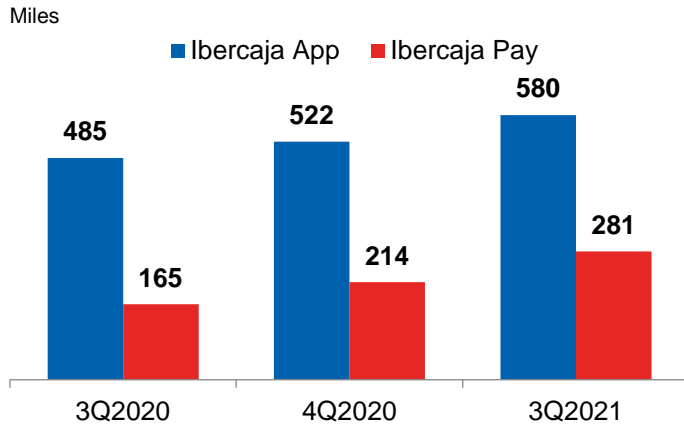
- ▶ **87.4%** of moratoria granted has expired: only **3.5%** of expired moratoria are doubtful.

**Ibercaja has granted €2,093m in loans with ICO guarantee. ICO financing drawn (€1,661m) remains stable in the quarter (vs. €1,656m in 2Q2021).**

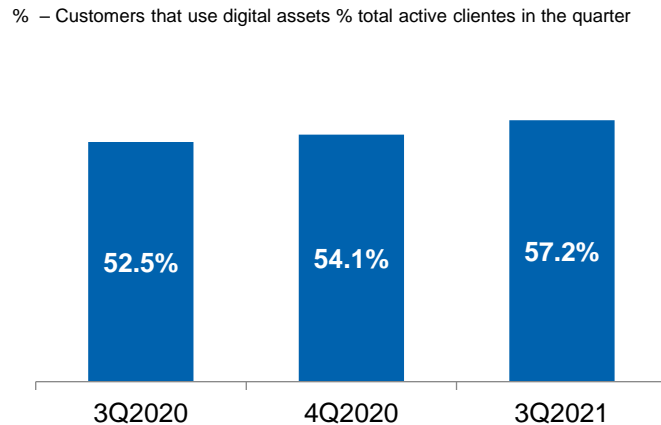
- ▶ **81%** has been granted to **SMEs and self-employed**.
- ▶ Around **40%** of ICO loans are already **amortising capital**.
- ▶ Just **1.2%** of ICO lending is **doubtful**.

# DIGITALISATION

## Ibercaja App and Ibercaja Pay users

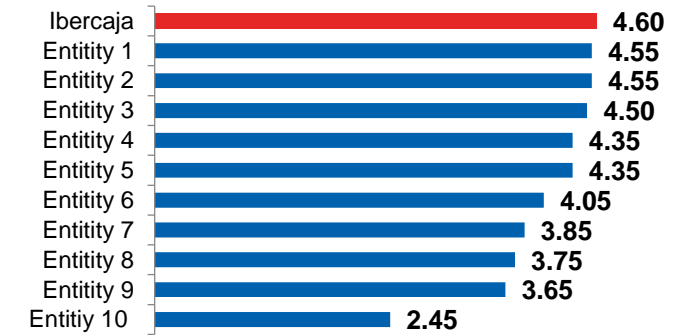


## Digital customers % total



## Banking APPs Ranking<sup>1</sup>

1-5 Scale– Play Store Android and AppStore



The number of customers that use Ibercaja App grows by +11.2% in the year and Ibercaja Pay 31.6%.

- The total number of **digital customers** exceeds **865,000**.

57,2% of the customers used Bank’s digital assets in the quarter.

Digital transactions represent 74.8% of total transactions.

Ibercaja leads for the fourth consecutive month the Ranking of APPs of valuation in the main application stores with a score of 4.6 out of 5.

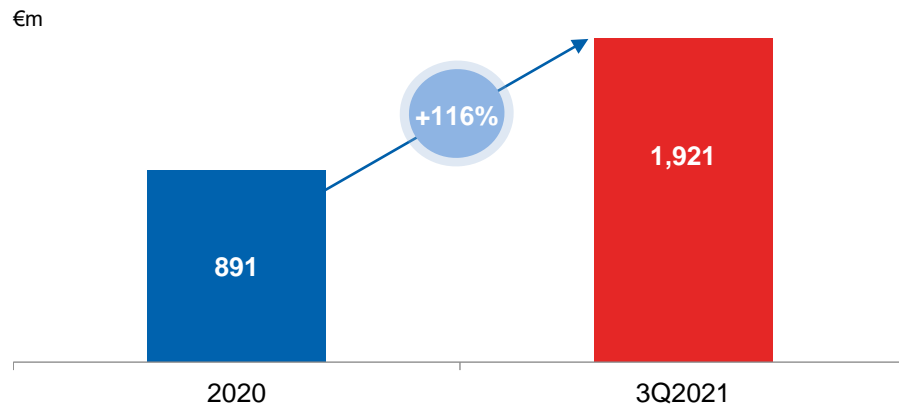
<sup>1</sup>: The calculation of the score is a weighted average between the scores received from users of the Android and IOS Apps. Comparable entities: ABANCA, Bankia, Bankinter, BBVA, CaixaBank, Kutxabank, Liberbank, Sabadell, Santander and Unicaja

# COMMERCIAL ACTIVITY

# SUSTAINABILITY



## Total sustainable investment



SRI investment figures in pension plans and ESG investment funds continue to grow (+116% vs. 2020).

Ibercaja has organized the Planet Week as a way to raise awareness among customers about sustainability.

- ▶ Ibercaja has organized, with national scope, among others **business days, round tables, volunteer actions**, sustainability blog publications, contests, eco-councils, etc., achieving a wide dissemination and repercussion in the media.

Ibercaja has obtained the "Cálculo-Reduzco" seal (scopes 1,2 and partially 3) granted by the Spanish Office of Climate Change.

- ▶ **All direct emissions have been offset (scope 1).**
- ▶ **Since 2016 Ibercaja has reduced its emissions (scope 1, 2 and partially 3) by 88%.**
- ▶ **100% of electricity is green, from renewable sources.**



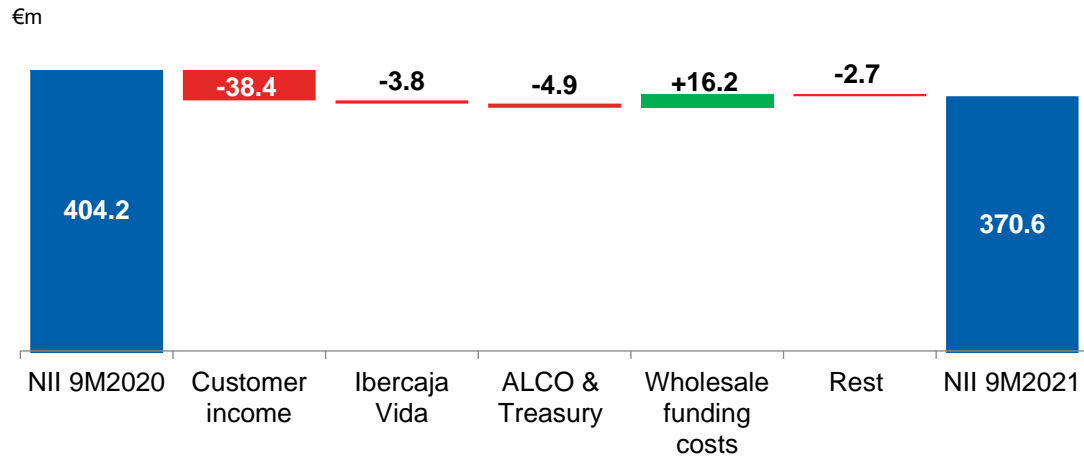
# RESULTS

# P&L ACCOUNT

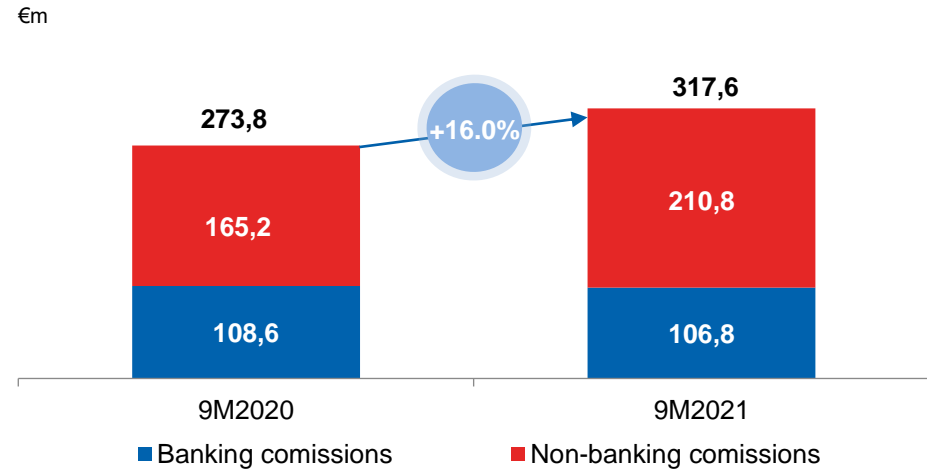
	€m		
	9M2020	9M2021	Var.
Net Interest Income	404.2	370.6	-8.3%
Net Fee Income	273.8	317.6	16.0%
<b>Recurring Revenues</b>	<b>678.0</b>	<b>688.2</b>	<b>1.5%</b>
Gains/Losses on Financial Assets and Liabilities	4.4	39.5	790.4%
Other Operating Income (Net)	13.4	4.2	-69.0%
<b>Gross Operating Income</b>	<b>695.8</b>	<b>731.9</b>	<b>5.2%</b>
Operating Costs	-426.0	-441.4	3.6%
<b>Pre-Provision Profit</b>	<b>269.8</b>	<b>290.5</b>	<b>7.7%</b>
Total Provisions	-159.7	-85.3	-46.6%
of which: COVID-19	-90.1		n/a
Other Gains and Losses	-2.3	1.1	n/a
<b>Profit before Taxes</b>	<b>107.8</b>	<b>206.3</b>	<b>91.3%</b>
Taxes	-35.0	-60.3	72.1%
<b>Net Interest Income</b>	<b>72.8</b>	<b>146.0</b>	<b>100.6%</b>

# RECURRING REVENUES (1/2)

## Net interest income breakdown



## Net fee income



**NII in the first nine months of the year decreases by 8.3% or €33.6m. QoQ, it increases by 0.8%.**

- ▶ Ibercaja has completed the repreciation of the loan portfolio at -0.5%.

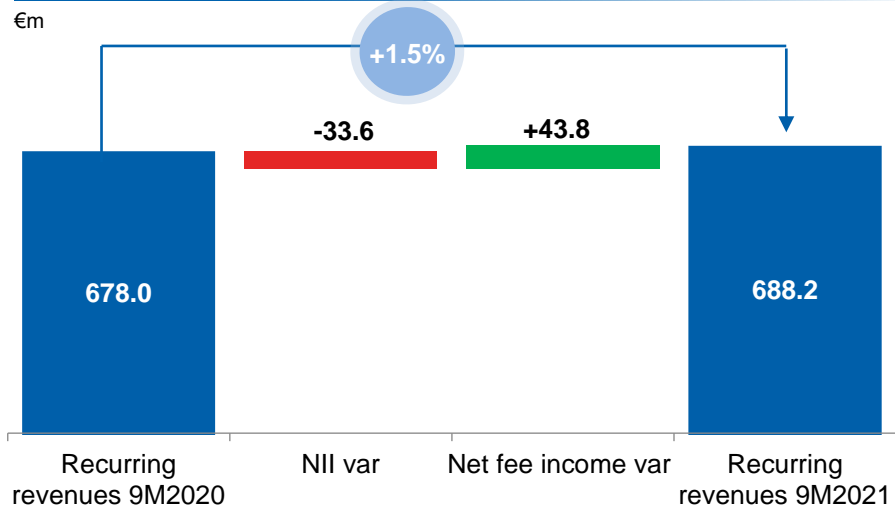
**Net fee income rise 16.0% YoY due to the strong boost of off-balance sheet managed savings. QoQ, they increase by 9.2%.**

- ▶ Non-banking fees grow €45.6m or 27.6% YoY. These revenues reach an historic in in the quarter (€75.4m).

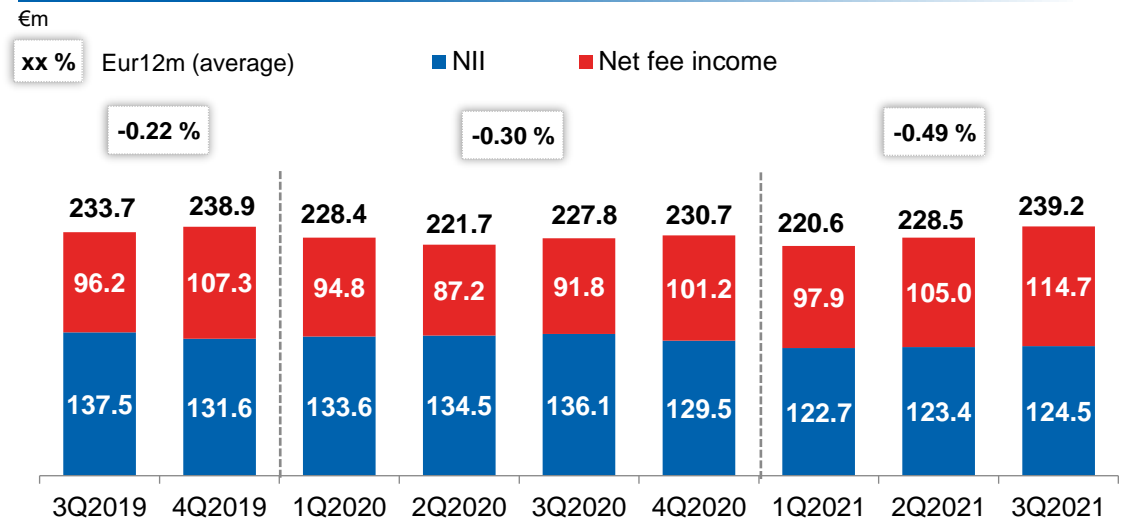


# RECURRING REVENUES (2/2)

## Recurring revenues variation



## Recurring revenues

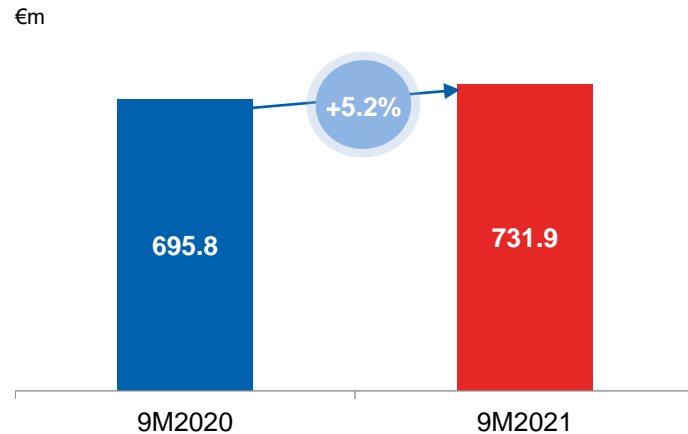


Recurring revenues increase by 1.5 YoY, exceeding the target of stability expected for 2021.

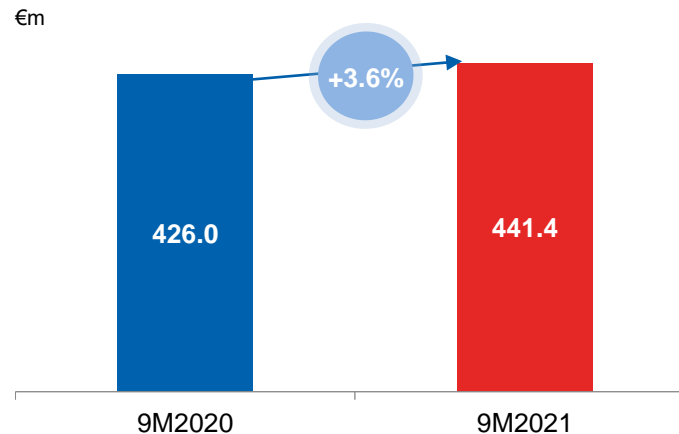
- In the quarter, recurring revenues amount to €239.2m, 4.7% above 2Q, reaching pre-pandemic levels, thanks to the commercial dynamism in asset management and despite the fall of Euribor.

# PRE-PROVISION PROFIT

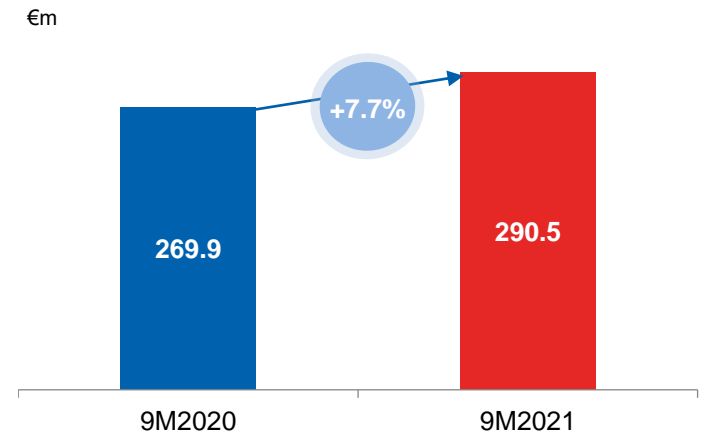
## Gross operating income



## Operating costs



## Pre-provision profit



**Gross operating income increases by 5.2% YoY up to €731.9m.**

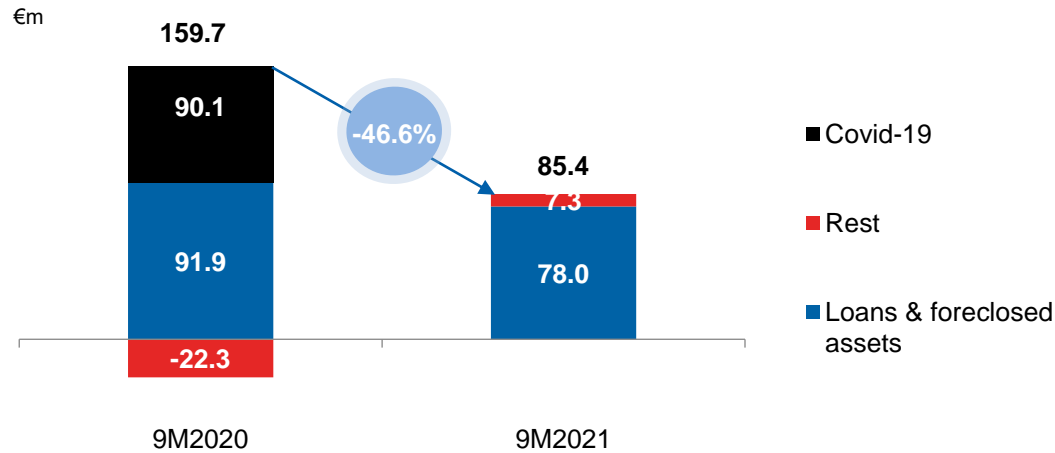
**Operating costs rise by 3.6% YoY.**

- ▶ The slowdown of activity in 2020 as a result of the pandemic and the launch of the new Strategic Plan explain the increase in the cost base.
- ▶ It is expected that by the end of the year 66% of the departures of the Redundancy Plan will have been executed and the cost savings will begin to materialize in the income statement.

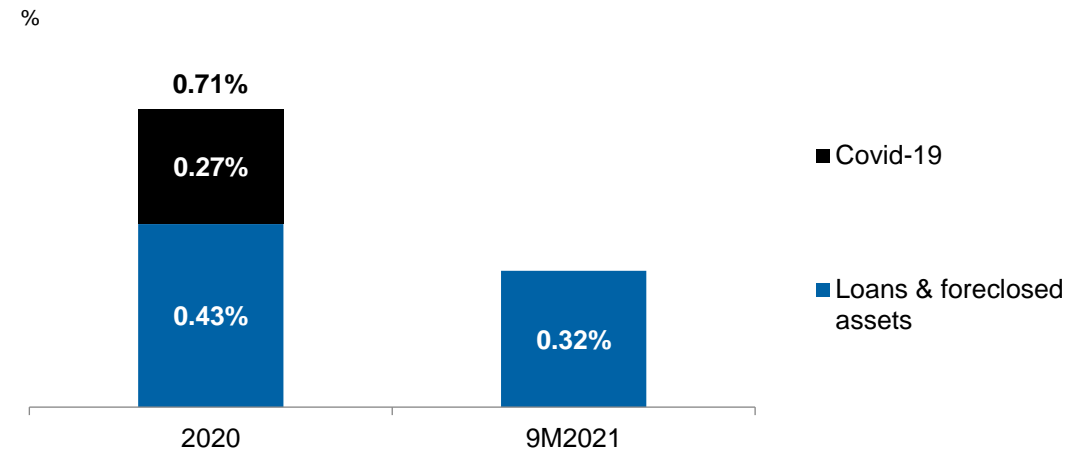
**Pre-provision profit improved by 7.7% YoY or €20.7m.**

# PROVISIONS

## Total provisions



## Cost of risk



**Total provisions fall 46.6% YoY or €74.4m after having constituted in 2020 extraordinary provisions of €90.1m due to Covid-19.**

- **Loans and foreclosed assets provisions (ex. Covid-19) fall by 15.1%YoY, due to less NPLs entries..**

**Cost of risk stands at 32 bps vs 71 bps registered in 2020.**

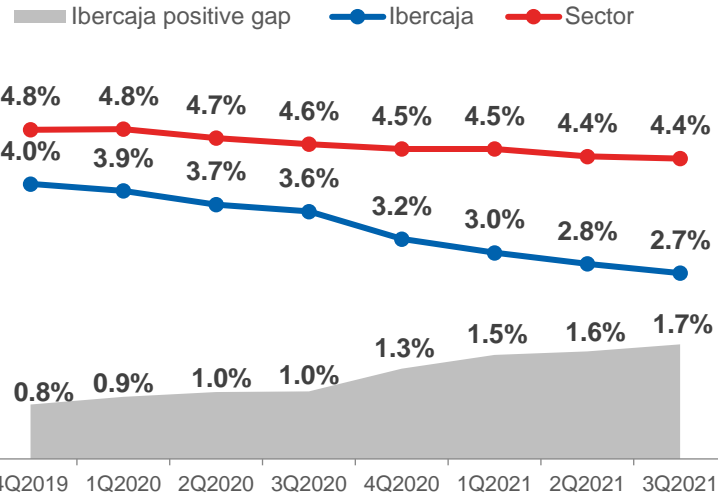
# IV

## ASSET QUALITY, LIQUIDITY AND SOLVENCY

# ASSET QUALITY (1/2)

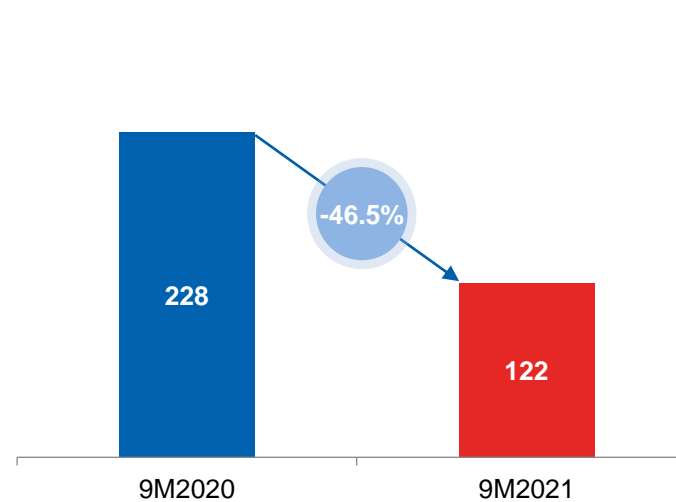
## NPL ratio

% - Source: Bank of Spain



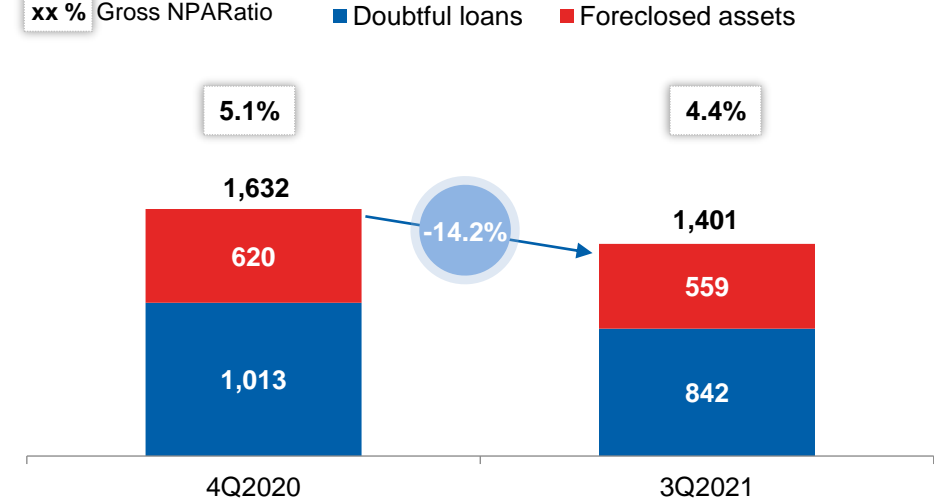
## NPL entries

€M



## Gross NPAs

Mn€



**Doubtful loans decrease by 16.8% in the year or €171m (-27.3% y €316m YoY.**

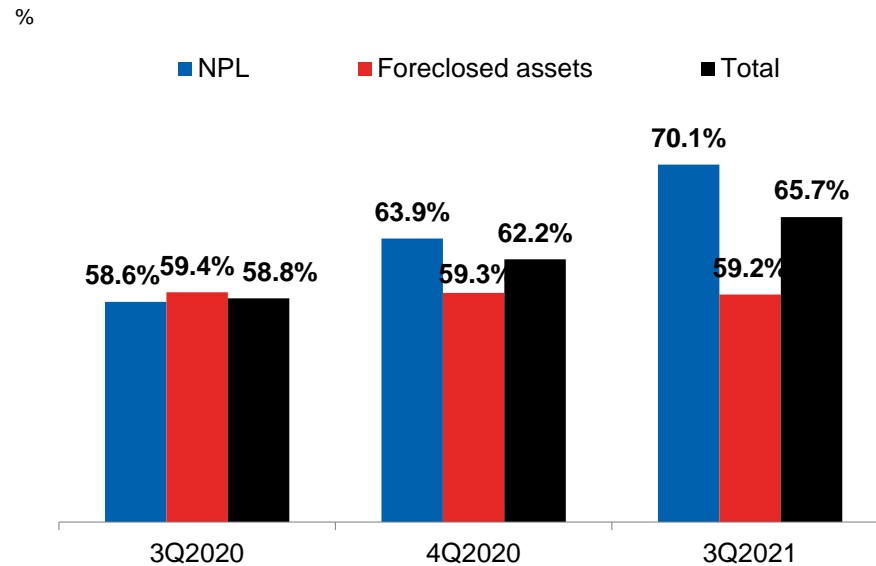
- ▶ **NPL ratio falls 51 bps in the year to 2.7% and Ibercaja improves its positive gap bs the sector to 173 bps\*** (vs. 130 bps in 4Q2020 and 82 bps before the start of the pandemic).
- ▶ **NPL entries in the year drop by 46.5% YoY.**

**Gross NPAs falls by 14.2% in 2021 or €231m and NPA ratio drops by 65 bps to 4,4%. In 3Q2021, NPAs fall by €75m or 5.1%.**

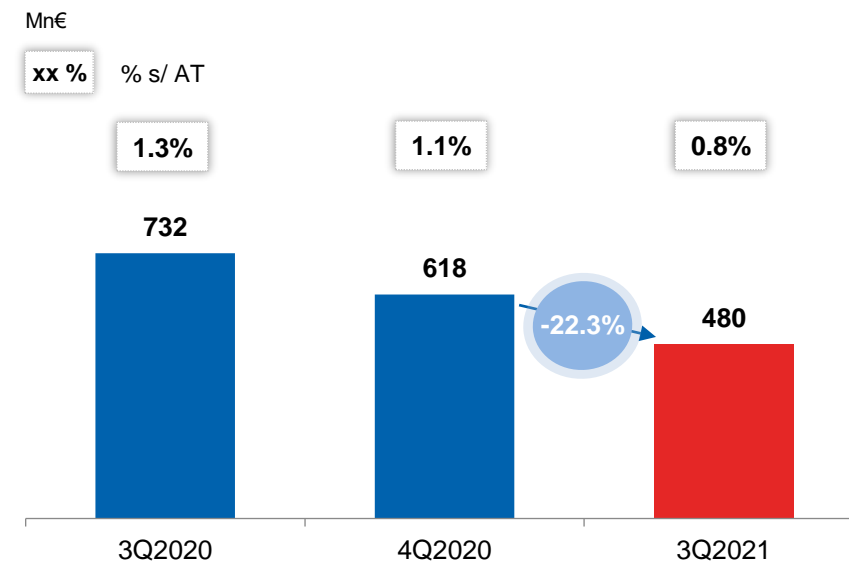
\* NPL ratio of the peers as of August 2021– Bank of Spain

# ASSET QUALITY (2/2)

## Coverage ratio



## Net NPAs



**NPA coverage ratio continues to improve and reaches 65.7%, 359 bps above 2020 year end levels.**

- ▶ **NPL coverage ratio** stands at **70,1%**, a 620 bps increase vs. 4Q2020.

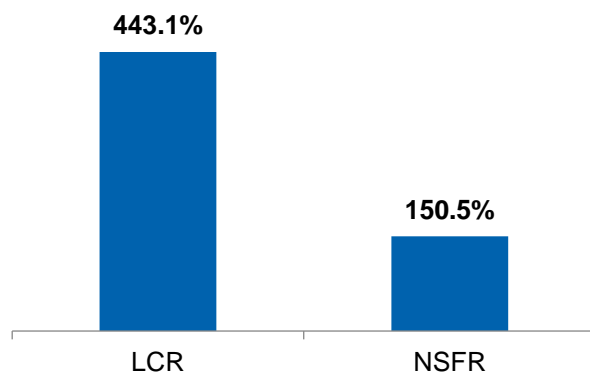
**Net NPAs fall €138m or 22.3% YTD (-34.4% YoY).**

- ▶ Net NPAs account for **0.8% of total assets** vs. 1.1% in 4Q2020.

# LIQUIDITY AND ALCO PORTFOLIO

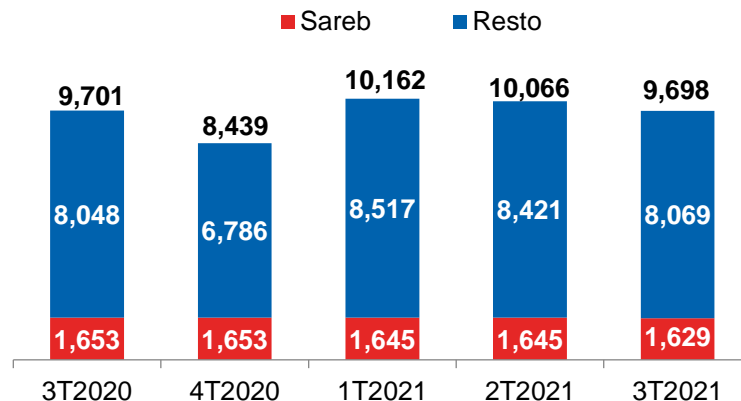
## LCR and NSFR ratios

% - 3Q2021



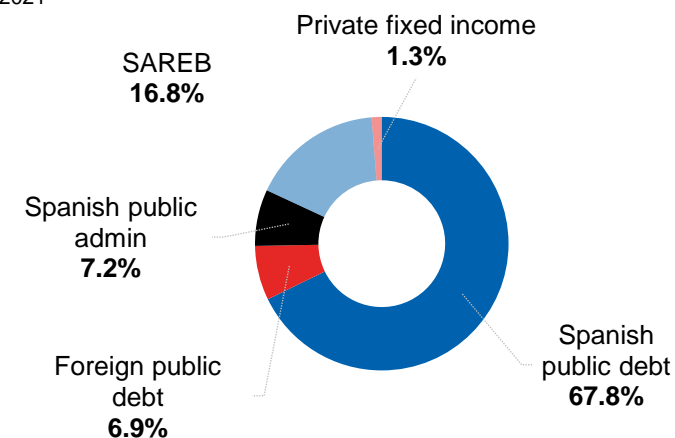
## ALCO portfolio

€m



## ALCO portfolio breakdown

% - 3Q2021



**Ibercaja maintains a sound liquidity position and shows a strong funding profile.**

- ▶ **LCR** and **NSFR** ratios stand at **443.1%** y **150.5%**, respectively.
- ▶ **LTD ratio** stands at **80.5%**. Customer deposits account for 78% of external funding.

**Ibercaja has reduced its ALCO<sup>1</sup> portfolio during the quarter (-3.7% vs. 2Q2021).**

- ▶ The portfolio is mainly composed of **Spanish sovereign debt** with an **average duration** of **5.4 years<sup>2</sup>** and an **average yield** of **0.34%**(0,42% ex SAREB).
- ▶ **97%** of the portfolio is classified at **amortised cost**.

<sup>1</sup> Excludes insurance activity portfolio.

<sup>2</sup> Includes interest rate swaps.

# SOLVENCY

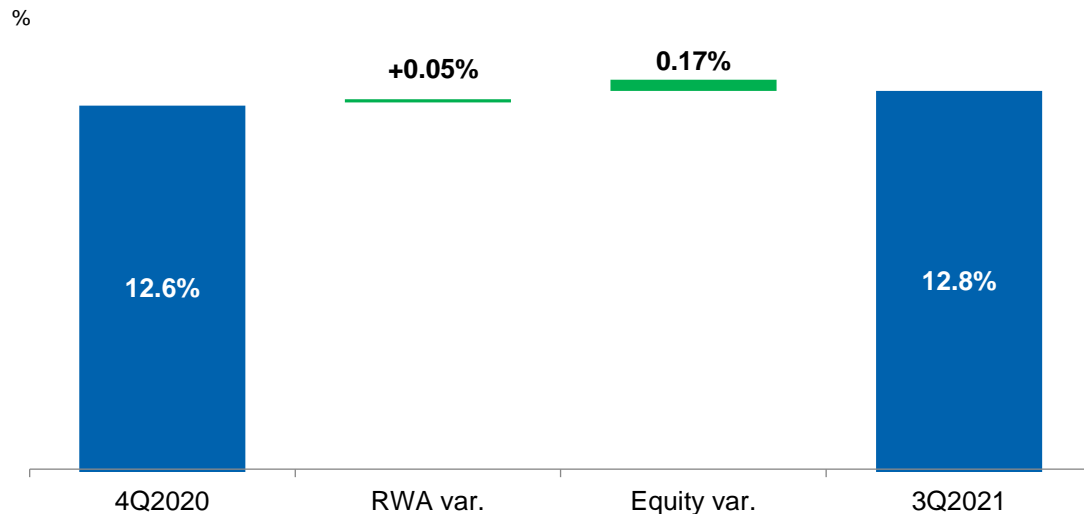
CET1 Fully Loaded ratio increased by 22 bps YTD (9 bps in 3Q) and reaches 12,8%. Capital Total Fully Loaded ratio stands at 17.5% after having completed the hybrid capital buckets.

In Phased In terms, CET1 ratio stands at 13.6% and Total Capital ratio at 18.3%. Leverage ratio reaches 6.1%.

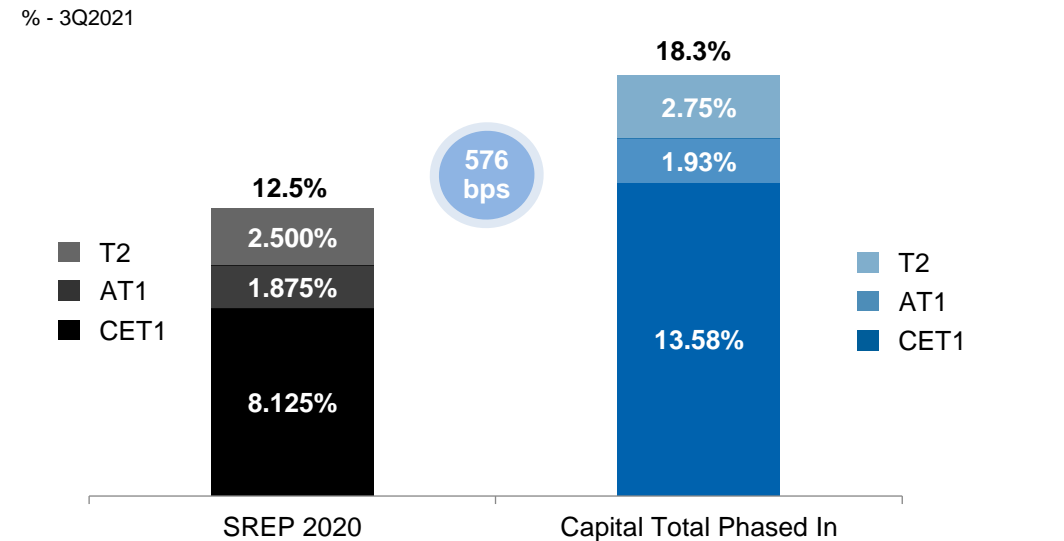
► Total capital ratio exceeds capital requirements by 576 bps. MDA reaches 546 bps.

Ibercaja has paid a 50%dividend against 1H2021 results (€47m).

CET1 Fully Loaded



SREP Requirement 2021 vs. Total Capital ratio



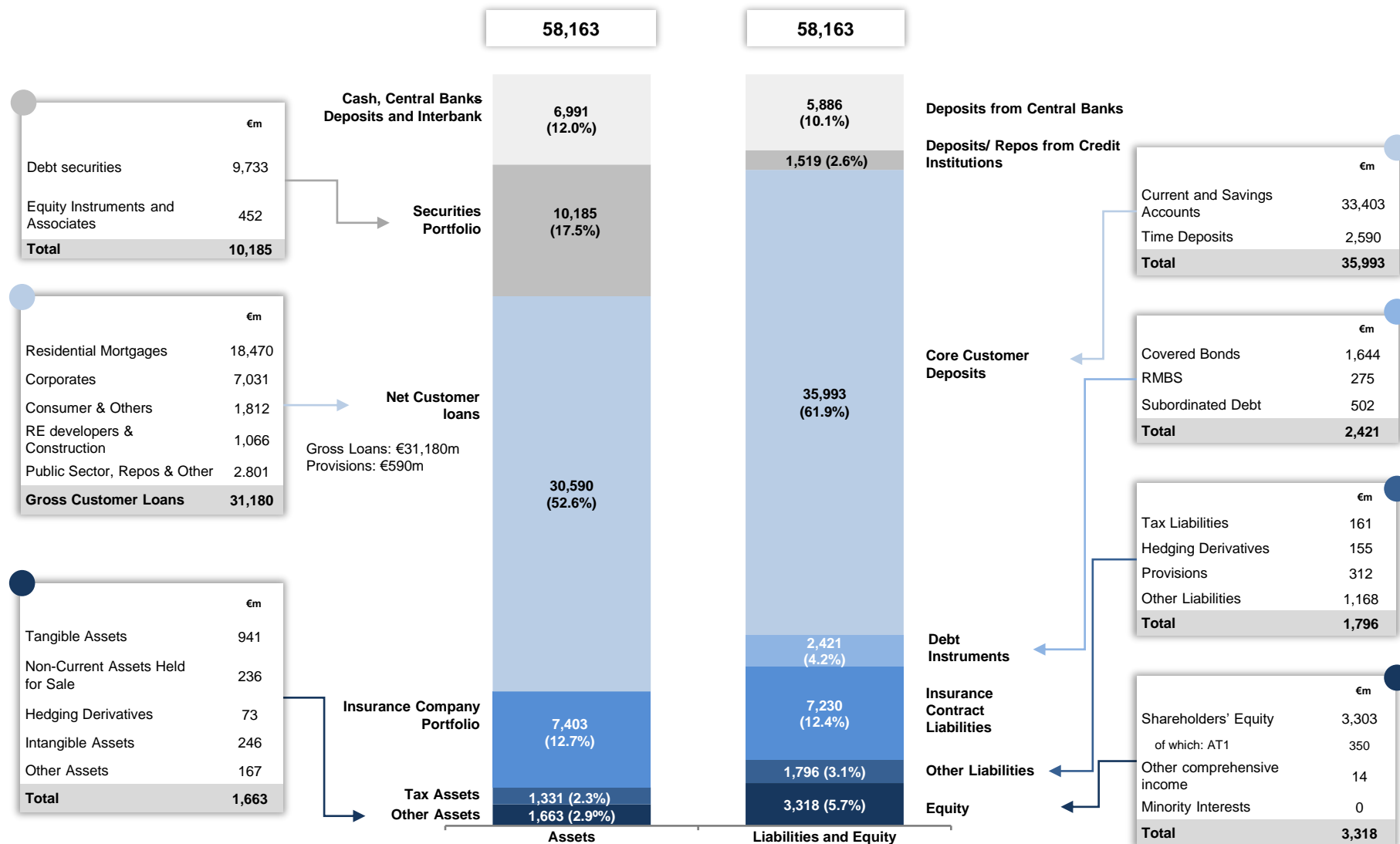


V

ANNEX

# CONSOLIDATED BALANCE SHEET

€m- 30/09/2021



# GLOSSARY

Ratio / APM	Definition
<b>Customer Spread</b>	Difference between the average yield on the loan portfolio and the cost of retail deposits (ex. repos and covered bonds)
<b>Recurring Revenues</b>	Net interest income plus net fee and commission income plus net exchange differences
<b>Recurring Costs</b>	Personnel expenses plus other administration expenses plus amortisation and depreciation minus extraordinary expenses (redundancy plan)
<b>Recurring Profit before Provisions</b>	Recurring revenues minus recurring costs
<b>NPL ratio</b>	Doubtful balances in loans and advances to customers divided by gross loans and advances to customers
<b>NPL coverage ratio</b>	Loans and advances to customers impairments divided by balances in loans and advances to customers
<b>Foreclosed Assets coverage ratio</b>	Foreclosed assets impairment losses (since loan origination) divided by gross foreclosed assets
<b>Non-performing Assets (“NPAs”)</b>	Sum of doubtful balances in loans and advances to customers and gross foreclosed assets
<b>NPA ratio</b>	Gross non-performing assets divided by gross loans and advances to customers plus gross foreclosed assets
<b>NPA coverage ratio</b>	Sum of foreclosed assets impairments and loans and advances to customers impairments divided by gross non-performing assets
<b>Cost of Risk</b>	Sum of impairments associated with credit risk and foreclosed assets divided by the average balance of the sum of gross loans and foreclosed assets
<b>Liquid Assets % Total Assets</b>	Total liquid assets divided by total assets. Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)
<b>Loans-to deposits ratio</b>	Net customer loans (ex. repos) divided by customer deposits (ex. repos and covered bonds)
<b>Net Stable Funding Ratio</b>	Amount of available stable funding relative to the amount of required stable funding
<b>Liquidity Coverage Ratio</b>	High quality liquid assets divided by net outflows during the following 30 days
<b>ALCO portfolio</b>	Bank’s fixed-income portfolio. Excludes the fixed-income portfolio of the insurance company



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