



# Ibercaja Banco Corporate Presentation

May 2023

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EL BANCO  
DEL  
**vamos**

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# Table of Contents

- **1** OVERVIEW OF IBERCAJA

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- **2** STRATEGIC PLAN: “PLAN DESAFÍO 2023” KEY TRAGETS

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- **3** APPENDIX

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# 1. Overview of Ibercaja





# A differential and resilient business model

1



**Resilient balance sheet with low risk profile:** Ibercaja has today one of the best asset quality, solvency and liquidity metrics in the Spanish financial system. The strengthening of the balance sheet has resulted in the normalization of the cost of risk

2



**Structural improvements in profitability:**



**Highly diversified revenue base**, thanks to a strong expertise in diversifying customer funds, which has enabled solid growth in net fee income.



**Major cost reduction efforts** have led to substantial improvements in efficiency and productivity.



**Ibercaja's net interest income is already showing a remarkable growth rate** in the current interest rate environment.

**Ibercaja is close to achieving a ROTE in line with its cost of capital**



# Simple balance sheet with low-risk profile

Ibercaja is a 100% retail-focused bank with a simple balance sheet and low-risk profile

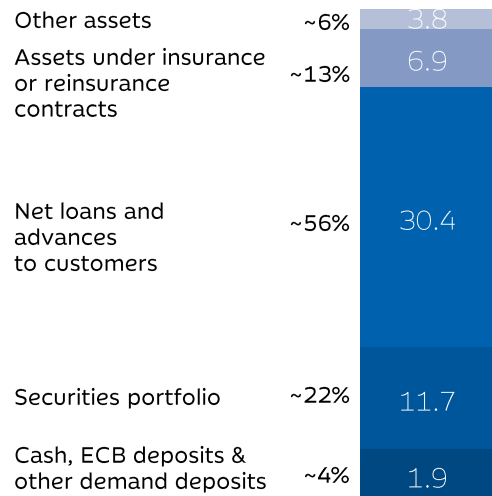


- **Specialist in residential mortgages**, which represent **61%** of performing loans ex REPOs, with one of the highest quality mortgage portfolios in the sector → NPL ratio stands at **1.0%** vs. 2.4% of the sector<sup>1</sup>
- **Growing focus on loans to non-real estate activities**, mostly SMEs, which account for **25%** of performing loans ex REPOs
- **Stable and balanced funding, with LTD ratio of 83.5%**

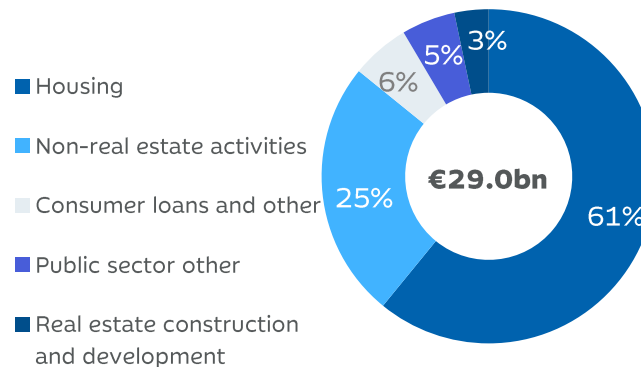
## Balance sheet

%, €bn – March 2023

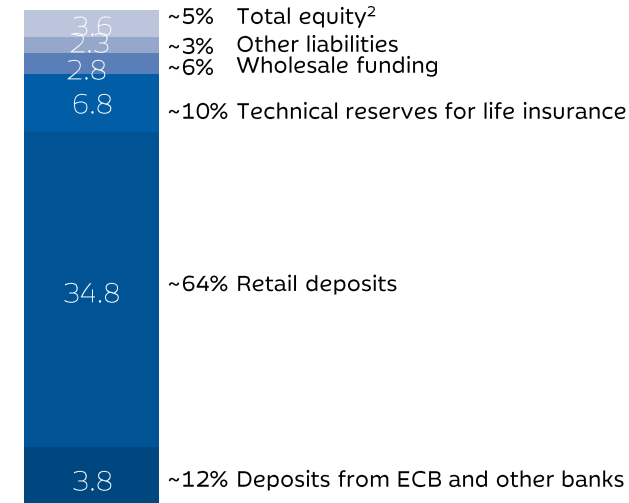
### Assets: €54.1bn



### Performing loans excluding reverse repurchase agreements



### Liabilities and equity: €54.1bn



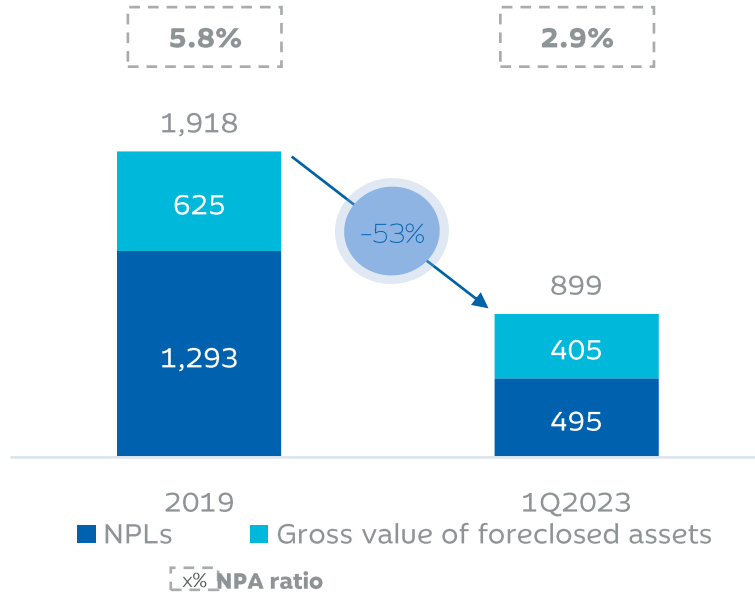
Source: Company information as of March 31, 2023; <sup>1</sup> Source: Bank of Spain, as of February 2023, latest available data. <sup>2</sup> Includes AT1 issuance amounting to €700m. In April 2023, Ibercaja has already amortised €350m of AT1.



# Best-in-class in terms of asset quality

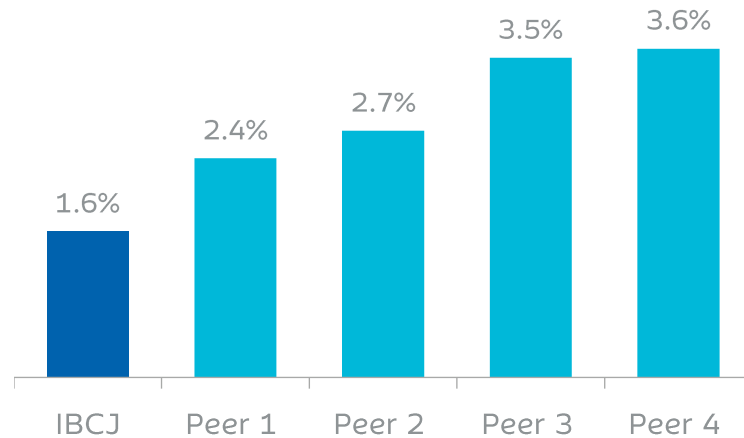
## NPAs

€m



## NPL Ratio vs. peers<sup>2</sup>

% - 1Q2023



**Total stock of NPAs has fallen by 53% since 2019 (-€1,019m), the sharpest decrease amongst peers, with NPA ratio falling 300bps to 2.9%**

**NPLs have dropped by 62% vs. 2019 (-€798m) and Ibercaja has the lowest NPL ratio (1.6%) among peers<sup>2</sup>.**

- **NPL ratio** improved in the main portfolios, reaching **1.0% in residential mortgages** and **2.8% in non-real estate companies**.
- Ibercaja has increased the **positive gap of its NPL ratio vs. sector<sup>1</sup>** to **195 bps** compared to 76bps as of December 2019

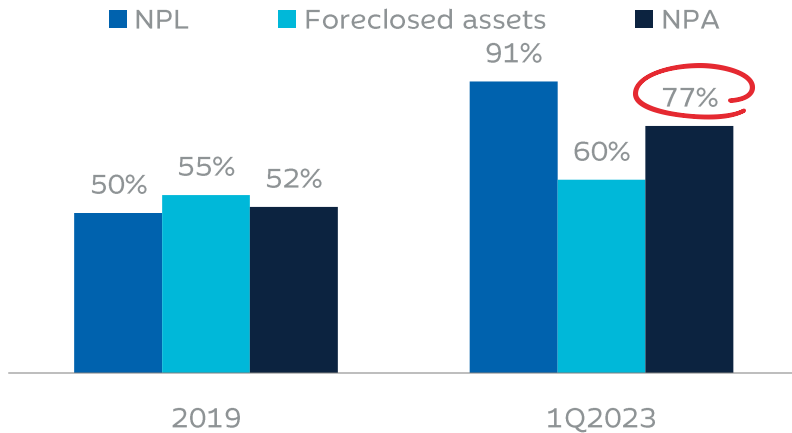
Source: Company information as of March 31, 2023; <sup>1</sup> Source: Bank of Spain, as of March 31, 2023; <sup>2</sup> Peers include listed Spanish domestic banks: Bankinter, Sabadell, Unicaja and CaixaBank



# The lowest net NPA exposure among peers

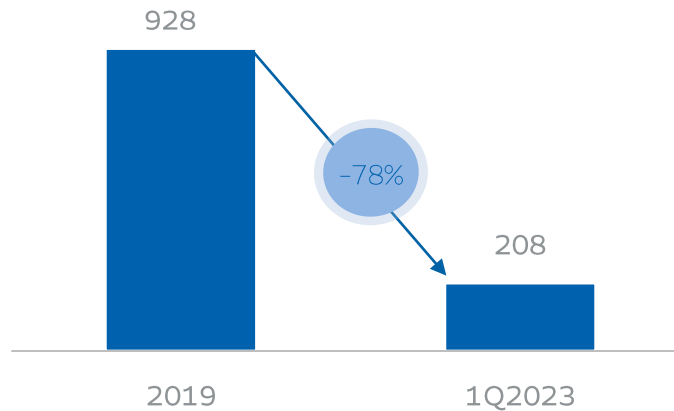
## Coverage ratios

%



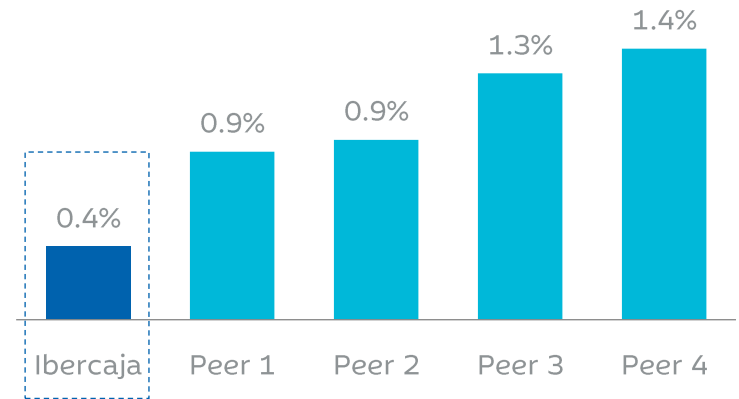
## Net NPAs

€m



## Net NPAs % Total Assets<sup>1</sup>

%



### NPA coverage ratio stands at 77%, 25 p.p. above 2019 levels

- **NPL coverage ratio has improved 41 p.p.** since 2019 and stands at **91%**, the **highest among peers<sup>1</sup>** (peer average stands at 61%)

**As a result of gross NPA reduction and the provisioning effort, net NPAs have fallen by €720m or 78% since 2019 and represent just 0.4% of total assets as of March 2023**

**Ibercaja has the lowest net NPA exposures as percentage of total assets among peers<sup>1</sup>**

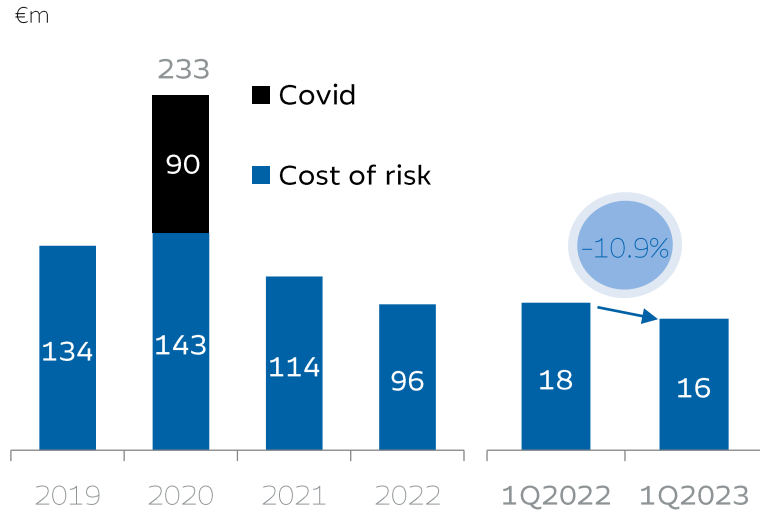
Source: Company information as of March 31, 2023; <sup>1</sup> Peers' publicly available information as of March 31, 2023. Peers include listed Spanish domestic banks: Bankinter, Sabadell, Unicaja and CaixaBank



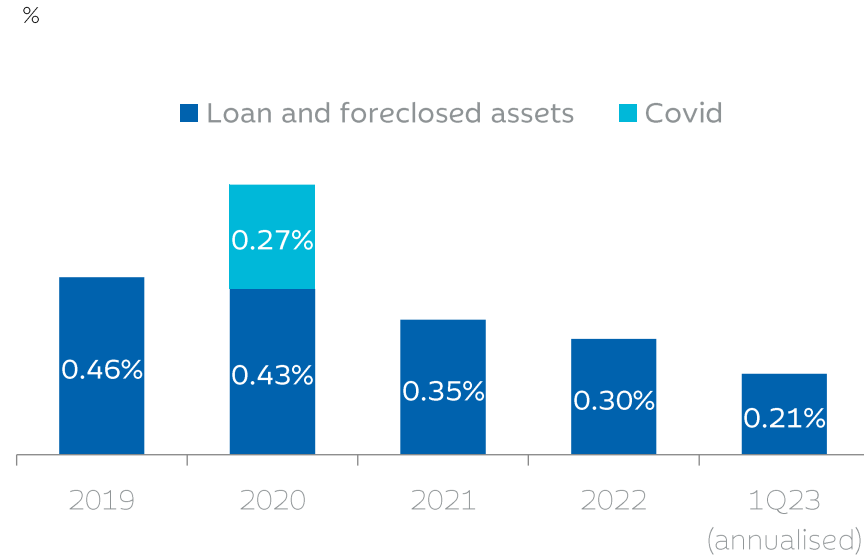


# Falling cost of risk thanks to NPA reduction

### Loan and foreclosed assets provisions



### Cost of Risk (annualised)



**Ibercaja, as a result of the strong reduction in NPAs, has been able to reduce its cost of risk.**

- In 1Q23, **Provisions for loan and foreclosed assets** fall **10.9% YoY**.
- **Cost of risk** stands at **21 bps** as of 1Q2023 (annualised).

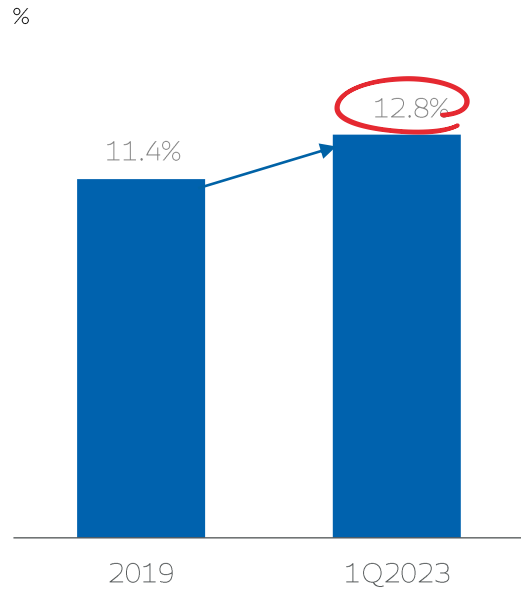
**Ibercaja maintains overlay provisions of almost €50m.**

Source: Company information as of March 31, 2023.

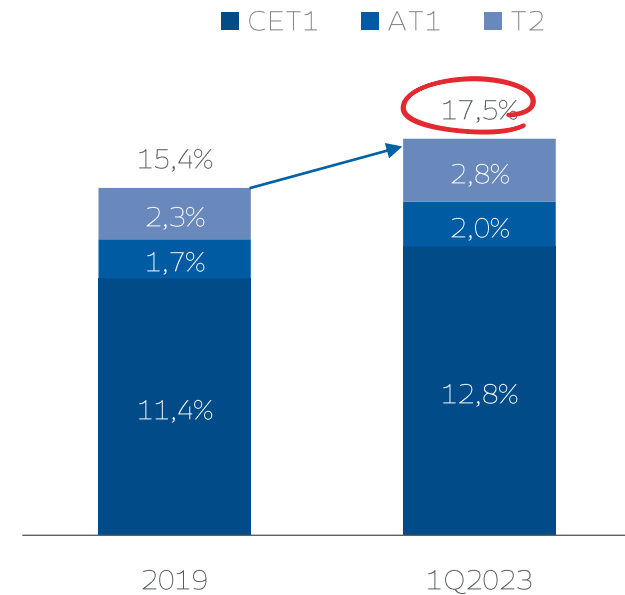


# Strong capital ratios based on standard models for RWA calculation

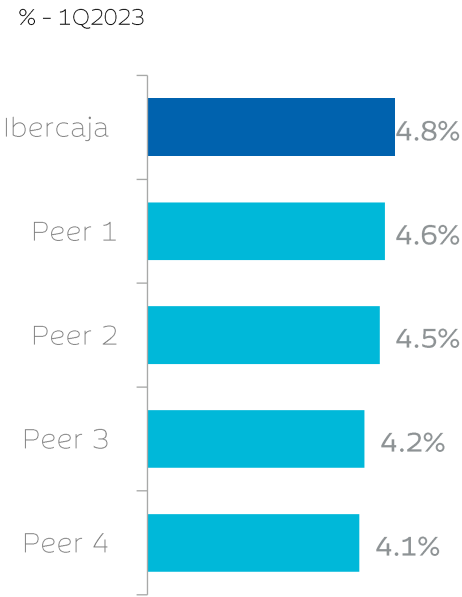
## CET1 ratio (fully-loaded)



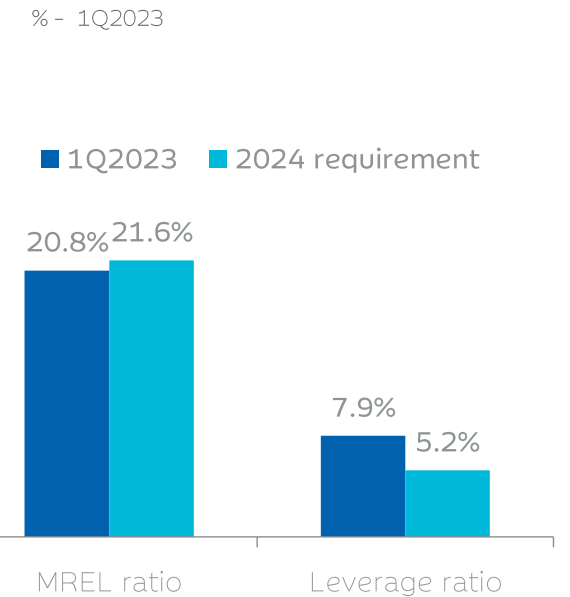
## Total capital ratio (fully-loaded)



## MDA PI vs. peers<sup>1</sup>



## MREL ratios



**CET1 ratio (fully-loaded) has increased 141bps to 12.8% since 2019, with total capital ratio (fully-loaded) standing at 17.5%.**

**Ibercaja has the highest MDA distance (477 bps) among peers<sup>1</sup>.**

**Ibercaja targets the approval of IRB models by the ECB in the medium term.**

**Manageable MREL requirements: as of January 1st, 2024, Ibercaja must have a percentage of own funds and eligible liabilities of 21.6%\* of RWA. In terms of MREL leverage ratio, the requirement stands at 5.21%**

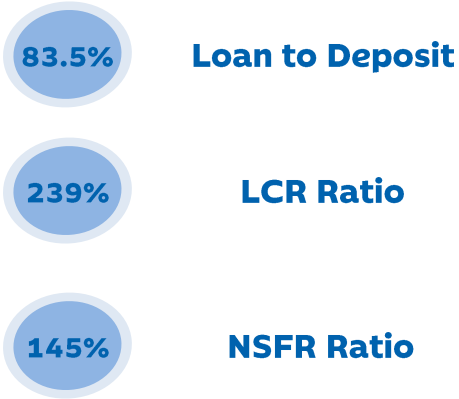
Source: Company information as of March 31, 2023; <sup>1</sup> Peers' publicly available information as of March 31, 2023. Peers include listed Spanish domestic banks: Bankinter, Sabadell, Unicaja and CaixaBank  
 \* Including the CET1 dedicated to comply with the combined buffer requirement



# Sound liquidity position and highly granular deposit structure

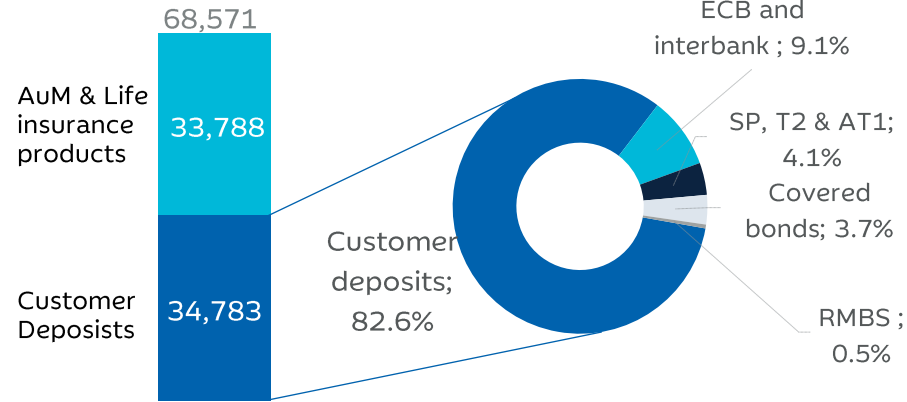
## Main liquidity and funding ratios

% - 1Q2023.



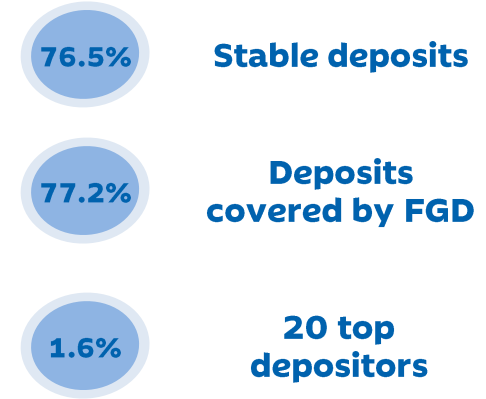
## Breakdown of funding structure

% - 1Q2023.



## Retail deposits composition

% - 1Q2023.



### 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**<sup>1</sup>. **Deposits covered by the FGD amount to 77.2%**. **20 largest depositors** represent around **1.6%** of Ibercaja total deposits.

<sup>1</sup>Based on LCR reporting.



# A differential and resilient business model

1



**Resilient balance sheet with low risk profile:** Ibercaja has today one of the best asset quality, solvency and liquidity metrics in the Spanish financial system. The strengthening of the balance sheet has resulted in the normalization of the cost of risk.

2



## Structural improvements in profitability:



**Highly diversified revenue base**, thanks to a strong expertise in diversifying customer funds, which has enabled solid growth in net fee income.



**Major cost reduction efforts** that led to substantial improvements in efficiency and productivity.



**Ibercaja's net interest income is already showing a remarkable growth rate** in the current interest rate environment.

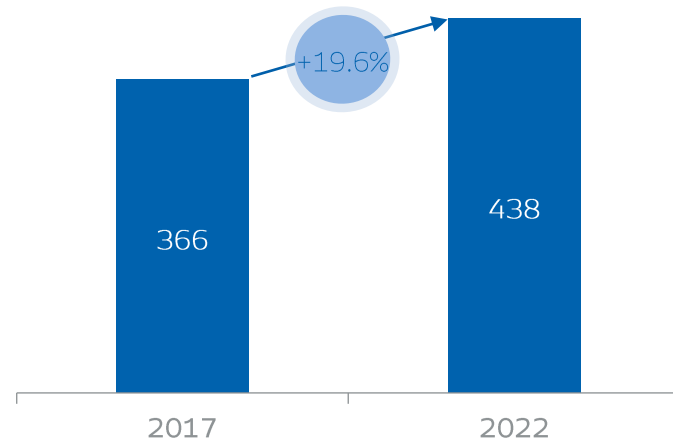
**Ibercaja is close to achieving a ROTE in line with its cost of capital**



## Structural improvement in profitability

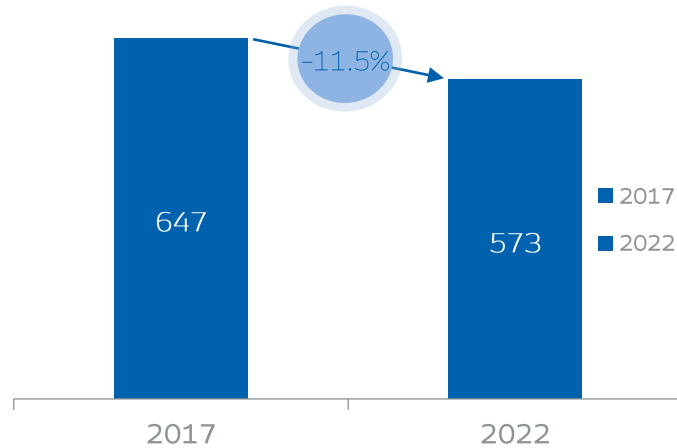
### Net Fee Income

€m



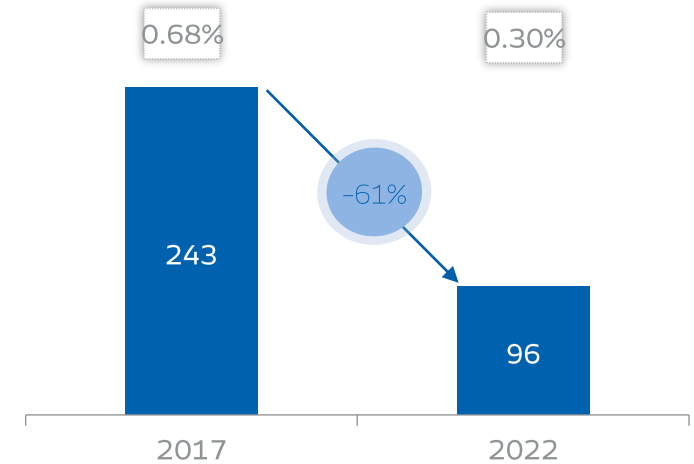
### Recurring operating expenses

€m



### Cost of Risk

€m and %



**Since 2017, Ibercaja has achieved a structural improvement in its recurring profitability based on 3 levers:**

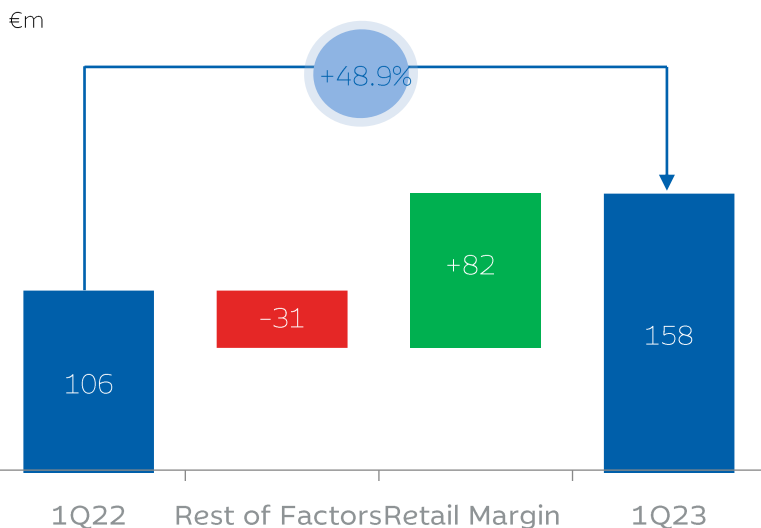
- Increase of  $\approx 20\%$  in net fee and commission income, close to €72m, thanks to strong growth in assets under management (4.9% CAGR)
- Reduction of  $\approx 11\%$  in recurring operating costs, close to €74m, thanks to strong cost-cutting measures
- Reduction of  $\approx 61\%$  in cost of risk or +148 Mn€ thanks to the reduction of non-performing loans. Cost of risk in 2022 is in line with our strategic target of 30 bps.

**Improvement in profitability by €293m.**  
(equivalent to an improvement of 7.7 p.p in ROTE)

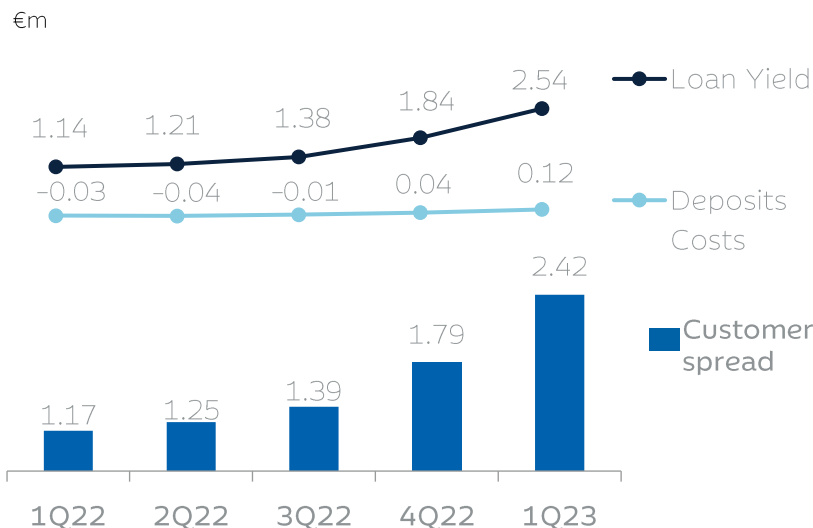


# Strong sensitivity to interest rate increases

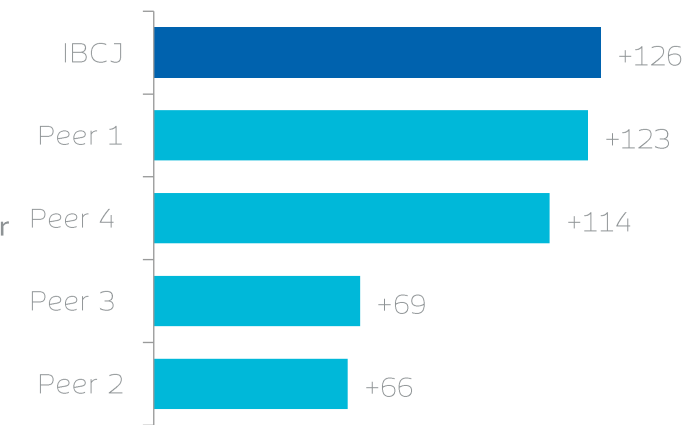
## Net interest income evolution



## Customer spread



## Customer spread YoY increase vs peers<sup>1</sup> bps



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

- The **exposure to mortgages as percentage of performing loans ex repos stands at 61%**, the highest among peers<sup>1</sup> and 66% of total gross loans and advances to customers are at floating interest rates, which boosted the **growth in loan yield of 140 bps YoY**.
- 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, **customer spread grows 126 bps YoY** and **Ibercaja is the Entity with the greatest relative increase in customer spread among its peers**.

**Ibercaja has strong pricing power in its customers funds thanks to strong customer funds diversification, strong regional positioning in its traditional markets and its loyal customer base.**








# High quality and diversified revenue mix

**100%**  
Owned by Ibercaja

**€33.8bn**  
Asset management and life savings insurance funds

**35%**  
AuM & Bancassurance % recurring revenues

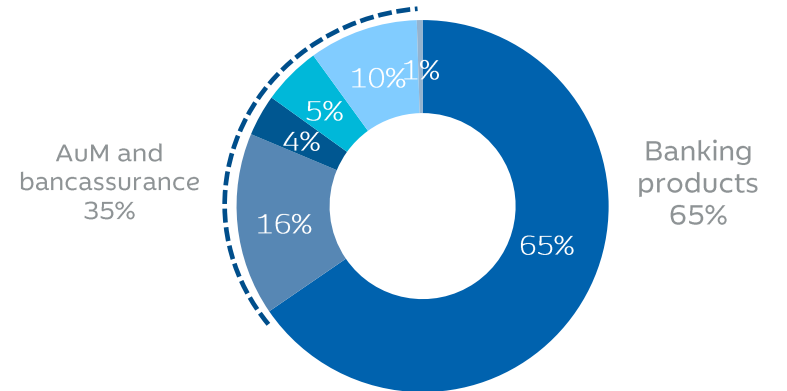
Ibercaja's Financial Group was established in late 80's and is comprised of a group of subsidiaries specialized in the management of mutual funds, pension plans, insurance and leasing-renting businesses

Ibercaja Banco			
(100% owned)			
Ibercaja Gestión	Mutual funds management	€19.8bn AuM <sup>1</sup>	6.1% market share <sup>1</sup> 
Ibercaja Pensión	Pension funds management	€7.2bn AuM <sup>1</sup>	6.1% market share <sup>1</sup> 
Ibercaja Vida	Life risk insurance	€6.6bn Tech. Res. <sup>2</sup>	3.5% market share <sup>2</sup> 
Ibercaja Leasing	Leasing & Renting	€0.6bn Portfolio <sup>3</sup>	2.4% market share <sup>3</sup> 
Ibercaja Mediación	Non-life risk insurance broker	€0.3bn Annual Premiums	Alliance with CASER 

## Breakdown of recurring revenues by product

% - 1Q2023

- Mutual funds
- Life savings insurance products
- Renting
- Pension plans
- Risk insurance

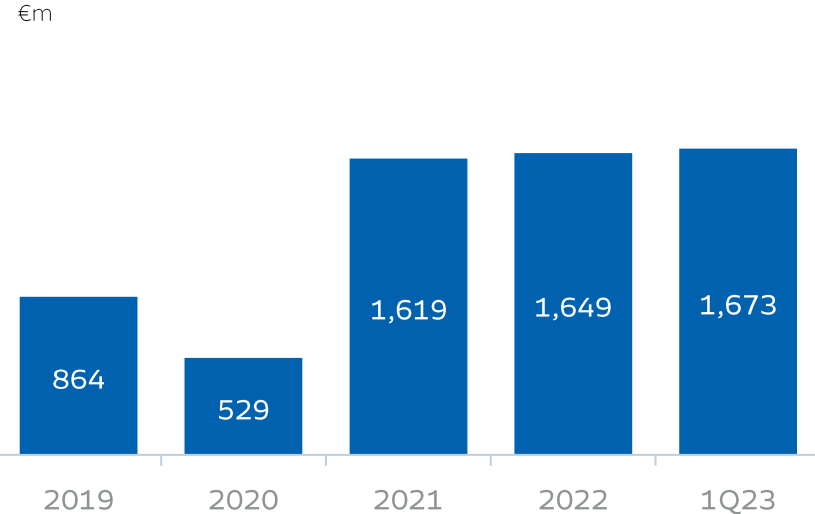


Source: Company information as of March 31, 2023; <sup>1</sup> Source: Inverco as of March 31, 2023; <sup>2</sup> ICEA as of March 31, 2023; <sup>3</sup> Asociación Española de Leasing as of March 31, 2023.

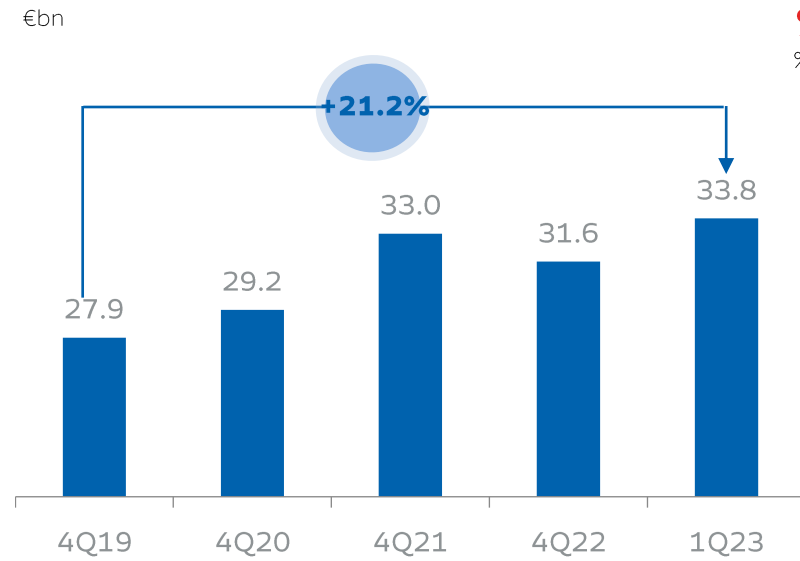


# Focus on AuM and life insurance products

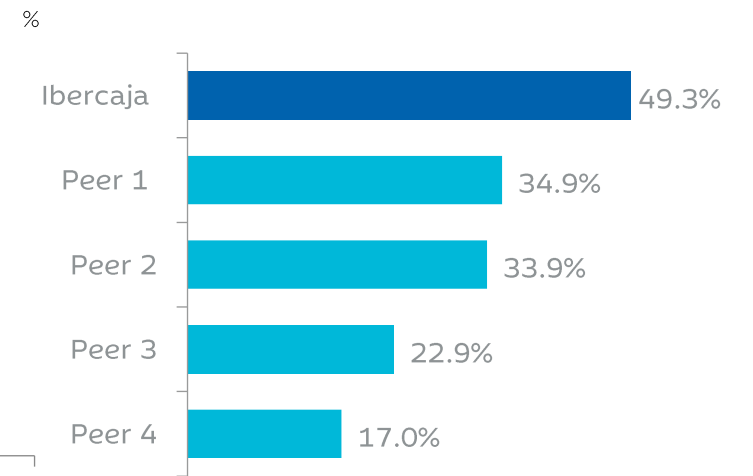
Net new money inflows into AuM & life insurance products<sup>1</sup>



AuM and life insurance products



AuM & life insurance products as % of customer funds<sup>3</sup>



Ibercaja’s commercial strategy is focused on diversifying customer funds into more value added products, increasing customer 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€<sup>2</sup>.

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

<sup>1</sup>Net new money inflows – internal data

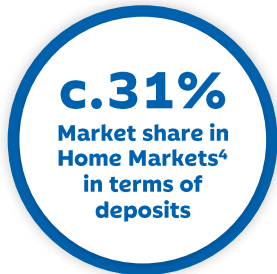
<sup>2</sup>Inverco – March 2023.

<sup>3</sup>Peers include: Sabadell, CaixaBank, Unicaja and Bankinter. Data as of 1Q2023 – public information.





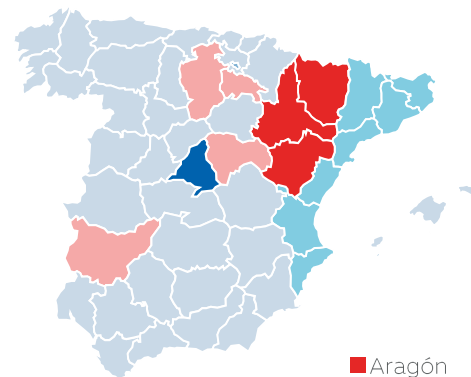
# Attractive savings franchise



## Unique geographical mix with a combination of solid leadership in Home Markets<sup>1</sup> and growth potential in key economic regions in Spain

- ▶ **Ibercaja is mainly based in the northeast of Spain, which is the wealthiest area in the country.** As a result, GDP per capita in Ibercaja's regions stands 11.5 p.p. above Spanish average<sup>2</sup>
- ▶ **Ibercaja's Home Markets<sup>1</sup> account for 61% of retail business volume<sup>3</sup>:** Ibercaja benefits from a strong regional leadership in these regions, with a 31% market share<sup>4</sup> in terms of deposits (which provide **stable and cheap funding**)
  - ▶ Undisputable leadership in **Aragón** with a **43%** market share<sup>4</sup> in terms of deposits
- ▶ **Long-established presence in Growth Markets<sup>5</sup> which account for 30% of retail business volume<sup>3</sup> (vs. 23% as of December 2021).**
  - ▶ **Madrid** is the **second most important market** for Ibercaja

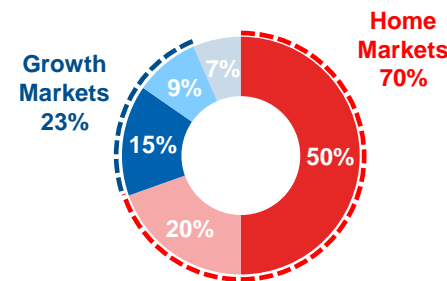
### Ibercaja's main markets



■ Aragón ■ Rest of Home Markets ■ Madrid ■ Mediterranean Basin ■ Rest of Spain

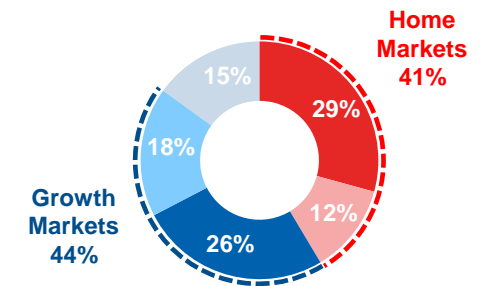
### Retail customer funds<sup>6</sup>

% - 1Q2023



### Performing loans ex REPOs

% - 1Q2023



Source: Company information as of March 31, 2023; <sup>1</sup> Autonomous regions or provinces that were originally serviced by the Ibercaja Savings Bank, namely, Aragón, La Rioja and Guadalajara, together with, as result of the integration of Banco Caja3, Burgos and Badajoz; <sup>2</sup> Regional GDP weighted by retail business volume in all Ibercaja regions as of December 31, 2022. Source: INE, GDP per capita 2020 (latest available data); <sup>3</sup> Performing loans excluding reverse repurchase agreements plus retail customer funds; <sup>4</sup> Source: Bank of Spain and company internal data as of December 31, 2022; <sup>5</sup> Growth Markets refer to the autonomous regions or provinces where we expanded our business starting in 1989, namely, Madrid and the Mediterranean basin (Catalonia and Valencian Community); <sup>6</sup> Sum of retail deposits and asset management and life savings insurance funds

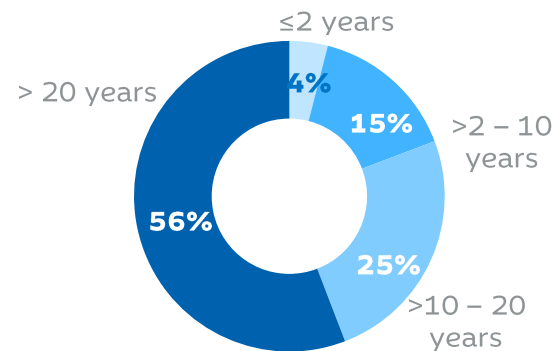
# ★★★ Loyal customer base

Ibercaja has developed a strong commercial model, recognized and awarded by a number of institutions, that provides best-in-class customer service levels. This customer-focused strategy has resulted in an average customer tenure of 20 years, with high cross-selling ratios reaching 7.2 products/services per customer on average



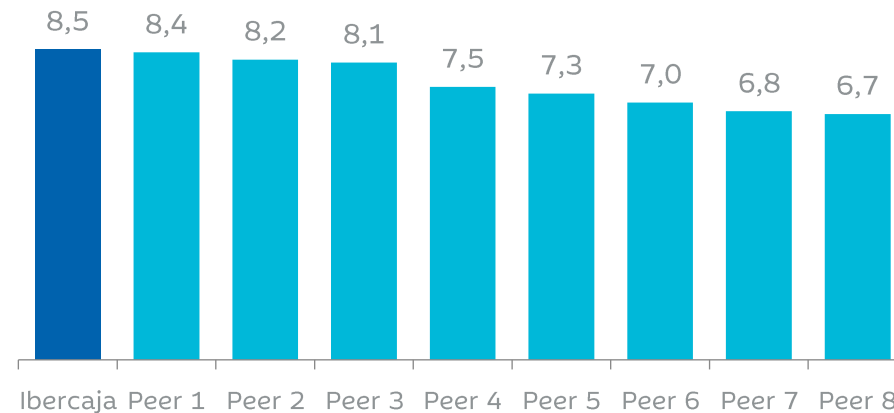
## Customer tenure

Years, info for individual customers – March 2023







## Customer experience<sup>1</sup>

IQUOS Global Ranking –Sitga - March 2023



Source: Company information as of March 31, 2023; <sup>1</sup> IQUOS Ranking of Sitga: is the result of the weighted average of treatment, speed, physical aspect, commercial performance and product explanation. Peers: Sanatnder, Sabadell, Bankinter, Caixabank, BBVA, Kutxabank, Unicaja and Abanca

# Overview of the P&L account

	1Q2022	1Q2023	YoY		
<b>Net Interest Income</b>	105.8	157.5	48.9%	 <p><b>+49% NII YoY</b></p>	<p><b>NII grows 48.9% YoY</b> driven by the increase in customer spread</p>
<b>Net Fee Income</b>	112.0	109.1	-2.6%		
<b>Net income under insurance contracts</b>	13.8	24.7	79.8%		
<b>Recurring Revenues</b>	<b>231.6</b>	<b>291.4</b>	<b>25.8%</b>	 <p><b>+16% PPP YoY</b></p>	<p><b>Recurring pre-provision profit</b> (excluding the temporary bank tax) <b>grows 56.7%</b></p>
<b>Gains/Losses on Financial Assets and Liabilities</b>	6.6	0.5	-91.8%		
<b>Other Operating Income (Net)</b> of which: temporary bank tax	2.7	-26.7 -28.9	n.a. n.a.		
<b>Gross Operating Income</b>	<b>240.0</b>	<b>265.2</b>	<b>10.1%</b>	 <p><b>0.21% CoR</b></p>	<p><b>Loan and foreclosed assets provisions fall 10.9% YoY</b> and Ibercaja maintains a low cost of risk.</p>
<b>Operating Expenses</b>	-141.5	-150.3	6.2%		
<b>Pre-Provision Profit</b>	<b>99.3</b>	<b>115.0</b>	<b>15.7%</b>		
<b>Total Provisions</b> of which: Loan and Foreclosed Assets Provisions	-21.6 -18.3	-22.4 -16.3	4.1% -10.9%	 <p><b>+31% NI YoY</b></p>	<p><b>Net income</b> ex temporary bank tax <b>rises 30.5% YoY</b>. Reported profit falls 14.8% YoY to €54m.</p>
<b>Other Gains and Losses</b>	10.0	-0.5	n.a.		
<b>Profit Before Taxes</b>	<b>87.8</b>	<b>92.0</b>	<b>4.8%</b>		
<b>Taxes</b>	-24.0	-37.7	56.8%		
<b>Net Income</b>	<b>63.8</b>	<b>54.3</b>	<b>-14.8%</b>		

Source: Company information as of March 31 20223

# A resilient and differential business model

1



**Resilient balance sheet with low-risk profile:** Ibercaja has today one of the best asset quality, solvency and liquidity metrics in the Spanish financial system. The strengthening of the balance sheet has resulted in the normalization of the cost of risk.

1.6%  
NPL  
ratio

0.4%  
net NPA  
% Total  
assets

477 bps  
MDA

17,6%  
Total  
Capital  
FL

239%  
LCR

145%  
NSFR

2



**Structural improvements in profitability well underway and showing strong momentum:** 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. Ibercaja reiterates its target of achieving a 9% ROTE

+49%  
NII yoy

+16%  
PPP yoy

51.6%  
Recurring  
Cost to  
Income

0.21%  
CoR

≈€50Mn  
Overlay  
provisions

9%  
ROTE  
target



## 2. Strategic Plan: “*Plan Desafío 2023*” Key Targets



# Ibercaja is delivering on its medium-term targets

## Profitability

**c.9%**

↑ **ROTE**  
(from 7%)

## Asset quality

**c.4%**

↓ **NPA Ratio**  
(from 5%)

## Solvency

**12.5%**

**CET1 Fully Loaded**

## Remuneration to Shareholders

**60%**

↑ **Payout**  
(from 50%)

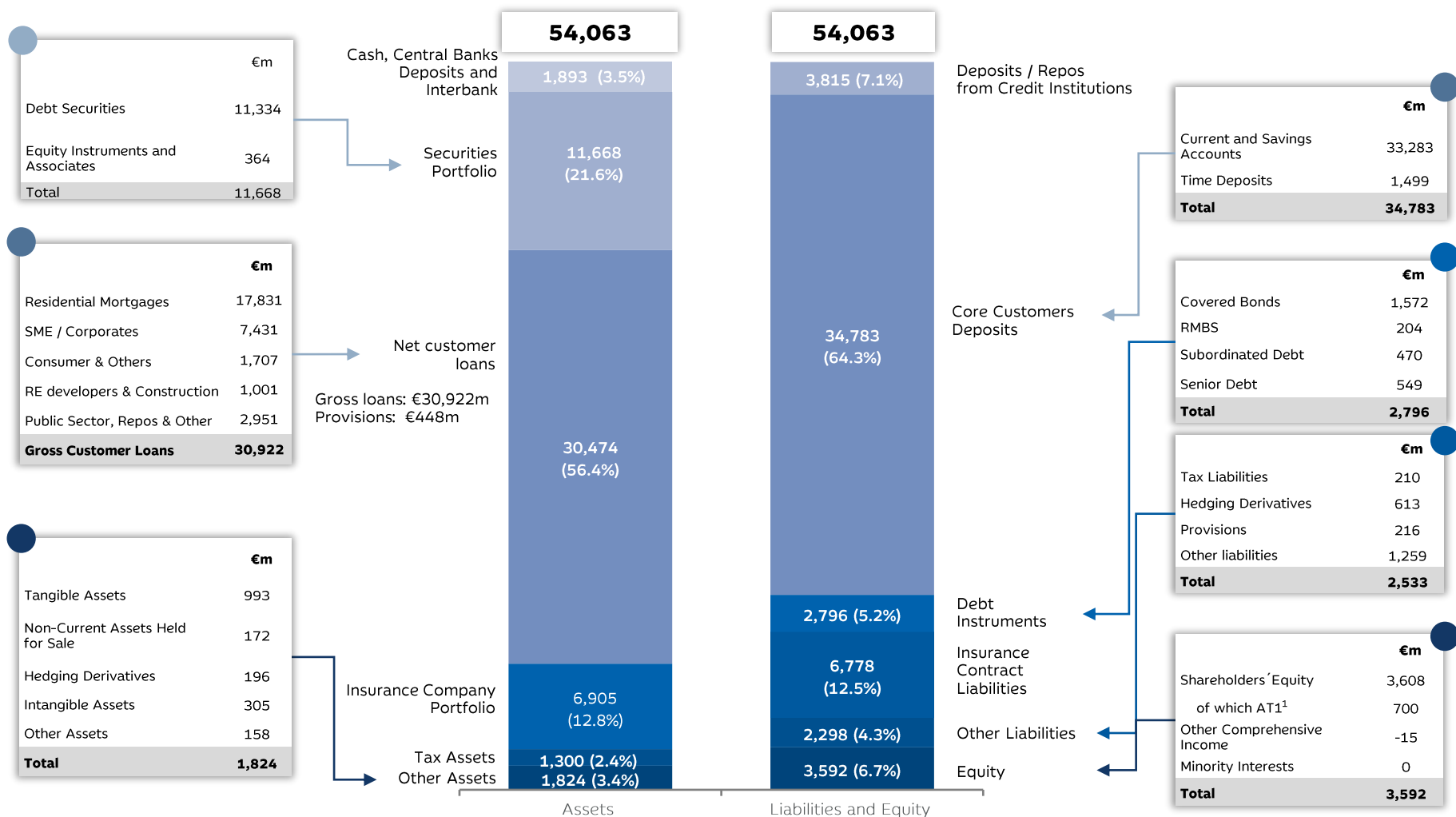


### 3. Appendix

EL BANCO  
DEL

*Vamos*


# Balance sheet – March 2023







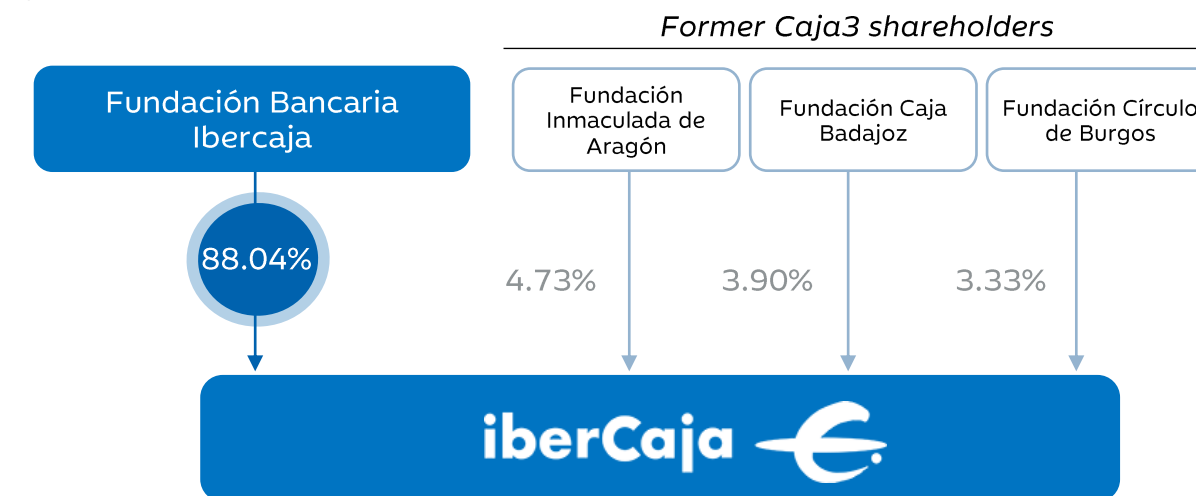
# Rating analysis

	FitchRatings	MOODY'S	S&P Global
<b>Investment grade</b>	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	<b>BBB- SP</b>	<b>Baa3 SP</b>	<b>BBB- SP</b>
<b>Non-investment grade</b>	BB+	Ba1	BB+
	<b>BB T2</b>	<b>Ba2 T2</b>	<b>BB T2</b>
	BB-	Ba3	BB-
	<b>B+ AT1</b>	<b>B1 AT1</b>	<b>B+ AT1</b>
<b>Rating</b>	BBB-	Baa3	BBB-
<b>Outlook</b>	stable	 positive	stable

During 2022, the three Rating Agencies have recognized the structural improvement in Ibercaja's profitability and risk profile by upgrading its credit rating to investment grade.

# A simple shareholder structure

## Ibercaja's current shareholder structure



**Simple shareholder structure: Fundación Bancaria Ibercaja is the main shareholder with an 88.04% stake**

**As a banking foundation, Fundación Bancaria Ibercaja needed to reduce its stake in Ibercaja Banco below 50% before Dec. 2022 or establish a Reserve Fund<sup>2</sup>.**

**Fundación Bancaria Ibercaja, has decided to establish a Reserve Fund equivalent to 1.75% of Ibercaja Banco's RWAs (≈€315m). The maximum period to establish the Reserve Fund is the end of 2025.**

► The Reserve Fund constituted by Ibercaja Banking Foundation amounts to €155m as of December 2022.

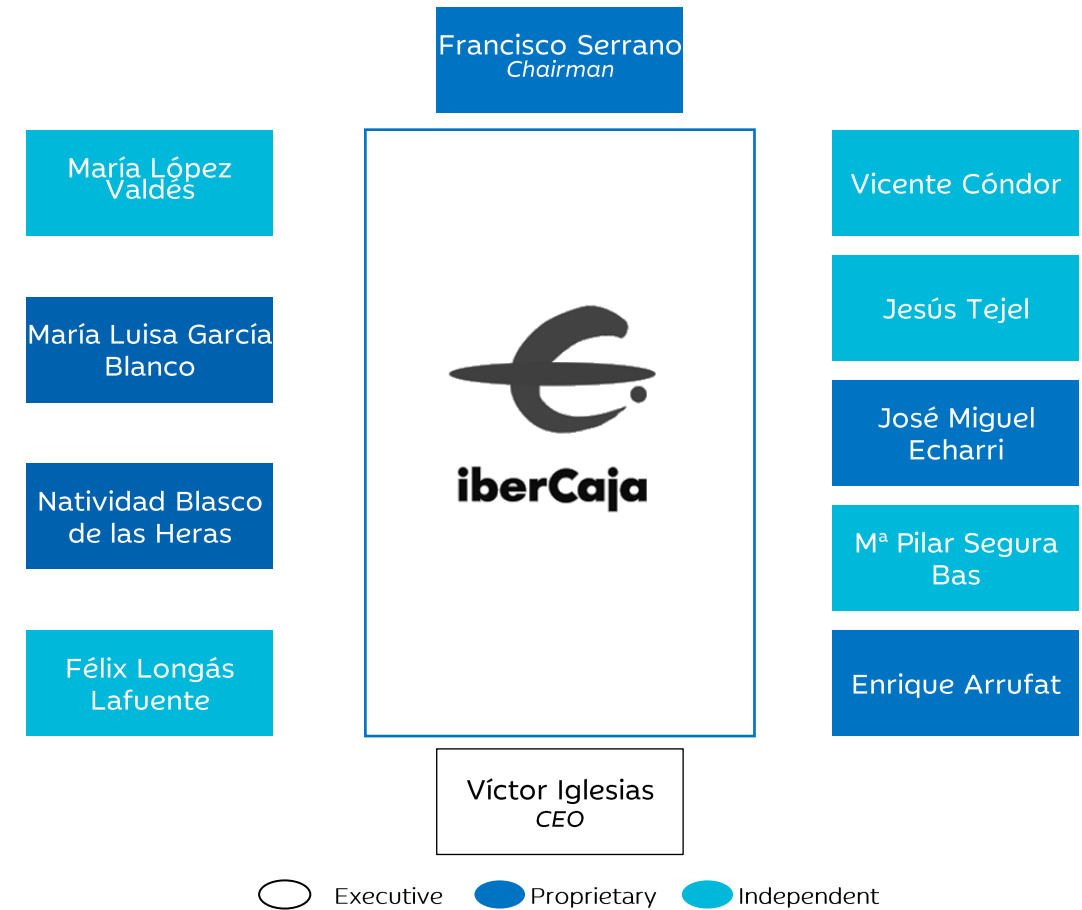
# Sound corporate governance

## Sound corporate governance, already complying with the main recommendations of the Spanish Corporate Governance Code

- ✓ Separation between executive CEO and non-executive chairman roles
- ✓ Board composed of 45% independent directors
- ✓ 36% of the Board composed by women
- ✓ All relevant board committees<sup>1</sup> chaired by an independent director

## WE HAVE A CLEAR GOVERNANCE STRUCTURE

### Ibercaja Board of Directors



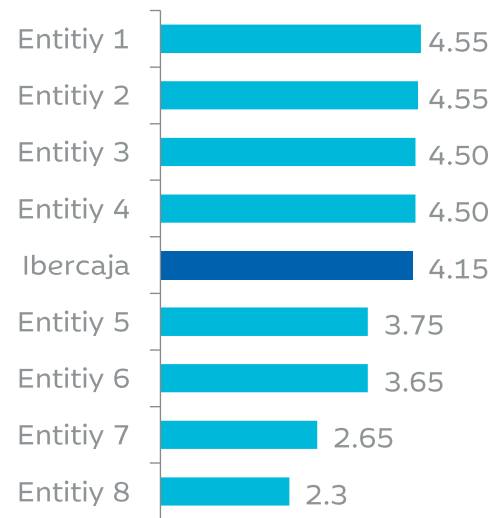
# ★★★ Clear roadmap for digital transformation

Ibercaja signed a strategic alliance with Microsoft in 2016. This alliance acted as a catalyst for the digital transformation of Ibercaja



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

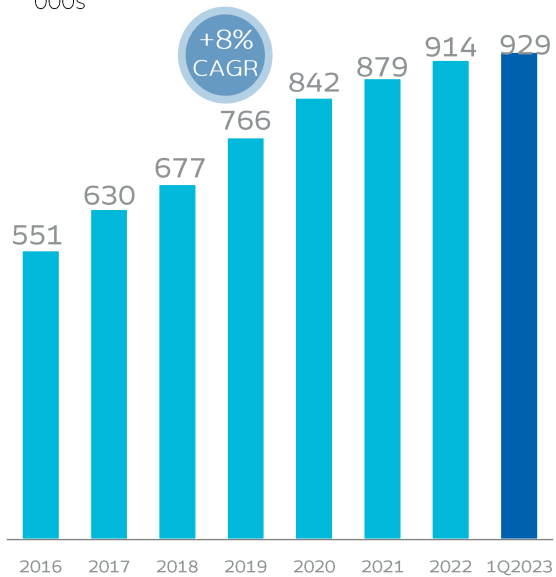
1-5 Scale- Play Store Android and AppStore



**Strong customer satisfaction with our digital assets**

## # of digital customers<sup>2</sup>

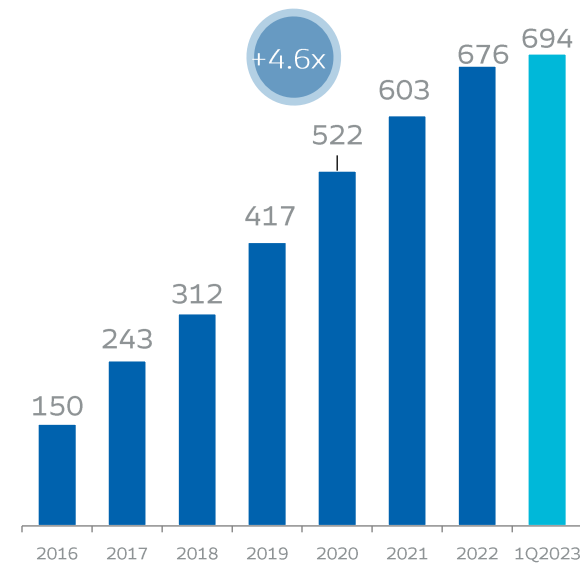
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**Digital customers have increased 69% since 2016**

## Mobile banking users

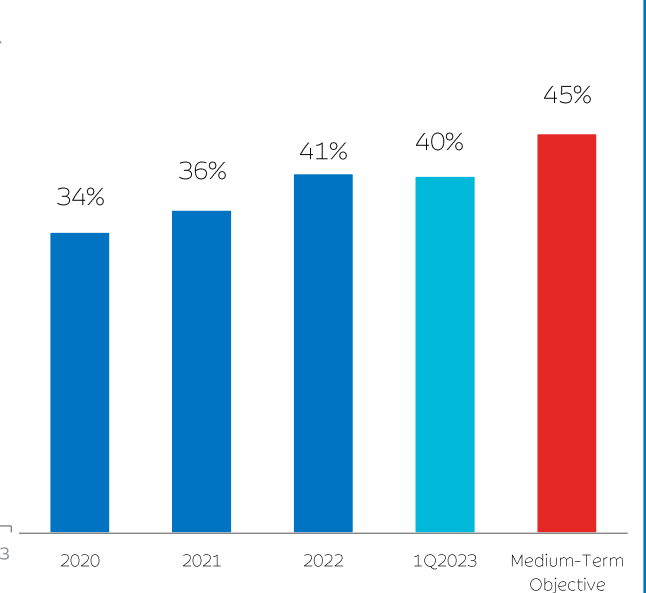
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**The number of users of Ibercaja App has increased 4.2x**

## Digital sales<sup>3</sup>

%



**Ibercaja targets 45% digital sales in the medium-term**

Source: Company information as of March 31, 2023; <sup>1</sup> Other domestic banks' information as of March 31, 2023. The calculation of the score is a weighted average between the scores received from users of the Android and IOS Apps. Peers: Abanca, Bankinter, BBVA, CaixaBank, Kutxabank, Liberbank, Sabadell, Santander and Unicaja; <sup>2</sup> Number of customers that have used the web or the app of Ibercaja at least once during the last month; <sup>3</sup> Remote sales are those made through digital channels, telemarketing or through digital managers taking into account the main products of the entity of private customers (cards, pre-qualified consumer loan, mortgage financing, non-life risk insurance, securities, pension plans and investment funds)

# Glossary

Ratio / APM	Definition
Recurring Revenues	Net interest income plus net fee and commission income and net exchange differences plus net income from 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 loan 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



Thank you