



# Ibercaja Banco 9M2023 Results

3rd November 2023

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EL BANCO  
DEL  
*vamos*

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# 1. Key Highlights



# Key highlights



**NII grows 57.5% YoY thanks to the strong evolution in customer spread**

Customer spread **3.1%**  
(+172 b.p.)

AuM & life insurance %  
Customer funds **52%**



**Pre-provision profit advances 48.0% YoY**

Recurring cost to income

**48.7%**



**NPAs drop 3% YTD and Ibercaja maintains its high coverage ratios**

Annualized CoR  
**34 b.p.**

NPA ratio  
**2.9%**

NPA coverage  
**77.2%**



**Net profit increases 68.6% YoY and reaches €280m**

**9M2023 ROTE exceeds the strategic target of 9%**

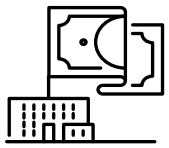


**Ibercaja has one of the strongest balance sheets in Spain**

CET1 FL  
**12.9%**

LTD  
**85.4%**

LCR  
**199%**



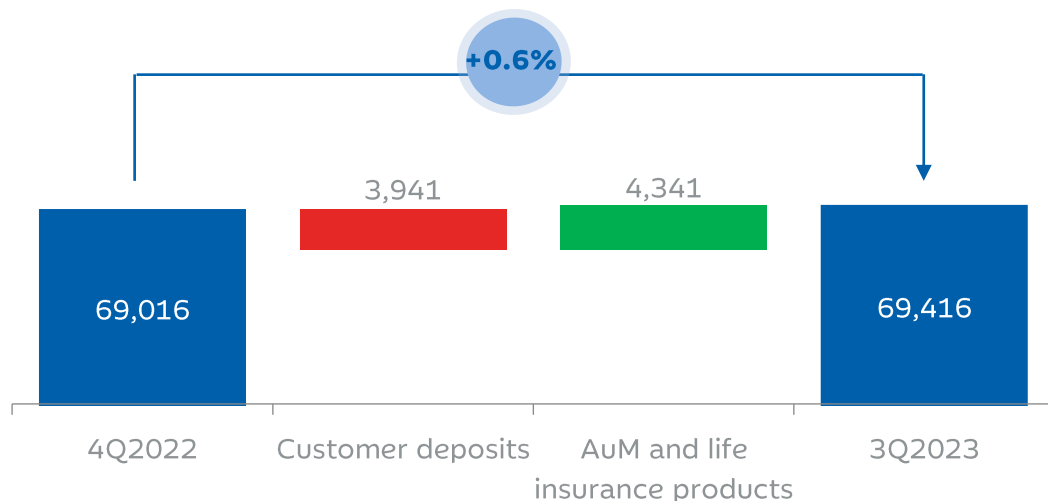
## 2. Commercial activity



# Customer funds (1/2)

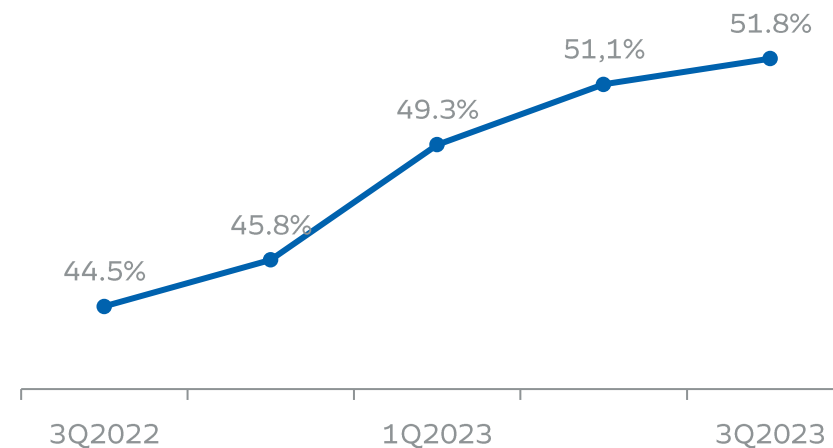
## Customer funds evolution

€m



## AuM & life insurance products as % of customer funds

%



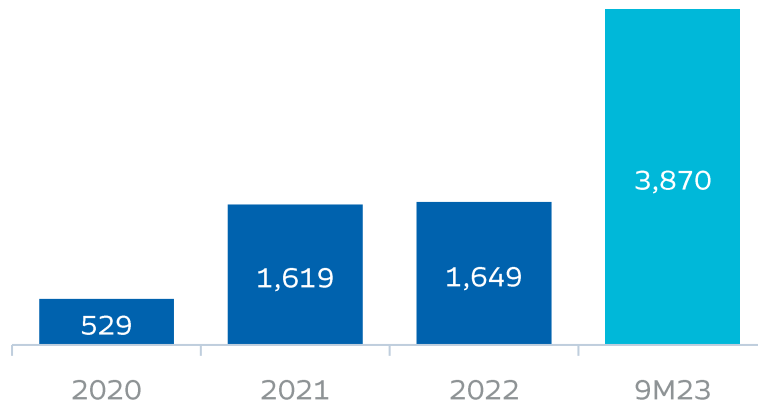
**In the first nine months of the year, customer funds increased by 0.6% or €400m.**

- **Asset management and life insurance products grew €4,341m or 13.7% YTD.**
- The focus on advisory services allows **asset management and life insurance products to account for 51.8% of customer funds.**
- **This strategy of diversification towards higher value-added products enables Ibercaja to maintain a low deposit cost: the deposit beta as of September stands at 6%<sup>1</sup>.**

# Customer funds (2/2)

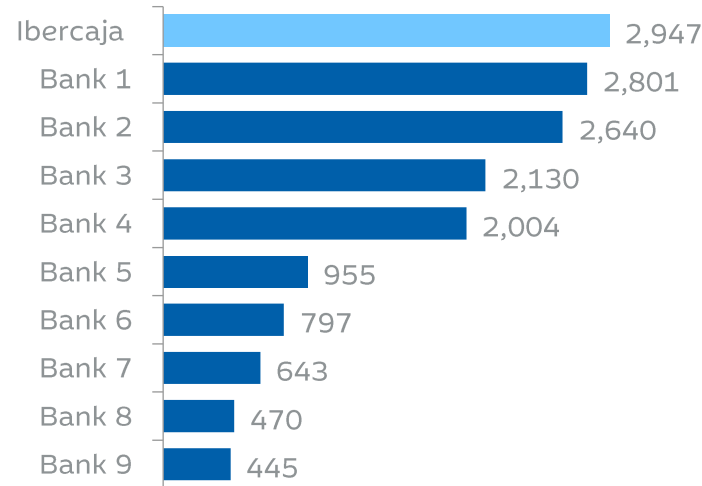
## Net new money inflows into AuM & life insurance products<sup>1</sup>

€m



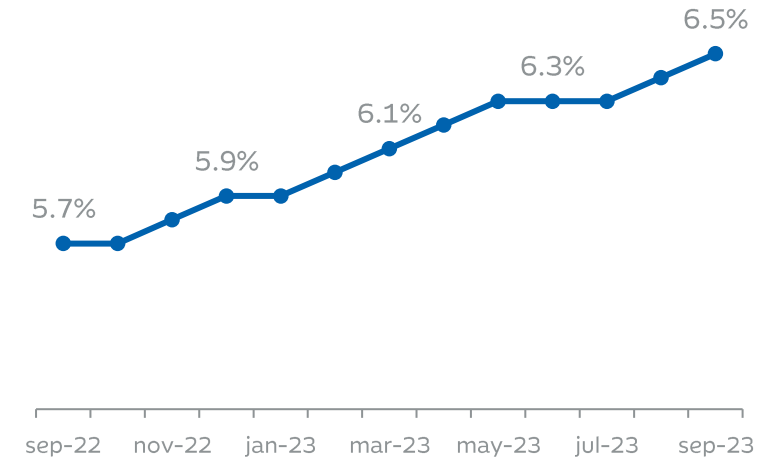
## Net new money inflows into mutual funds<sup>2</sup>

€m



## Mutual funds market share

%



**Net contributions in assets under management and life insurance products reached €3,870m, higher than to the total amount achieved in the last 3 years.**

**Ibercaja has maintained a high level of commercial dynamism in mutual funds:**

- Ibercaja is **the national leader in net new money inflows in mutual funds with a total of €2,947m or 17.4% 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 60 b.p. more than at the end of 2022.**



# Customer loans

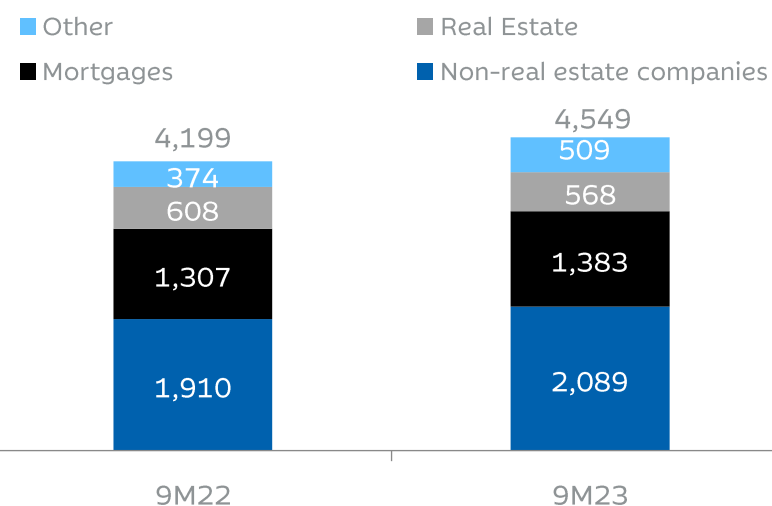
## Performing loans ex repos

€m

	3Q23	Vs. 4Q22
<b>Loans to households</b>	<b>19,091</b>	<b>-2.3%</b>
Mortgages	17,455	-2.4%
Consumer loans and others	1,636	-1.4%
<b>Loans to companies</b>	<b>8,090</b>	<b>-3.2%</b>
Non-Real estate companies	7,136	-3.6%
Real estate companies	954	-0.4%
<b>Public sector and others</b>	<b>1,312</b>	<b>-2.4%</b>
<b>Performing loans ex repos</b>	<b>28,493</b>	<b>-2.5%</b>

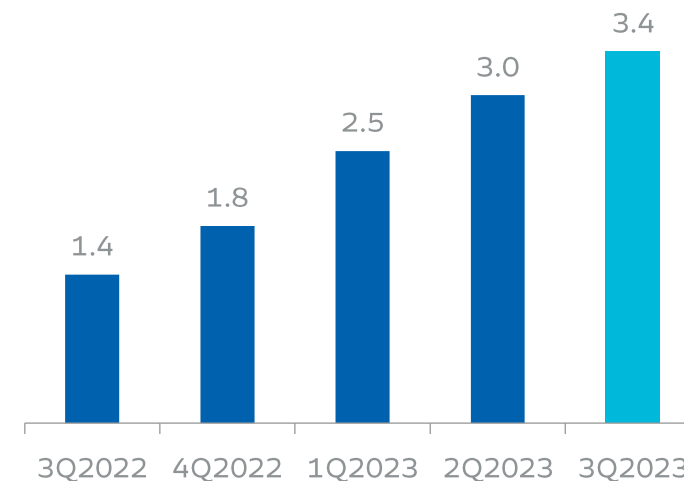
## New loan production

€m



## Loan yield evolution

%



**In an environment of weak demand, lending fell by 2.5% so far this year, and Ibercaja slightly increased its market share (+1 b.p. in mortgages, +3 b.p. in non-real estate companies).**

- Ibercaja has maintained **a high level of commercial activity in new loan production, which grew by 8.3% YoY** (+9.3% YoY in non-real estate companies, +5.8% YoY in mortgages vs. the market falling >20%), although the high levels of early repayments and lower loan drawdowns have had a negative impact on the evolution of the portfolio.

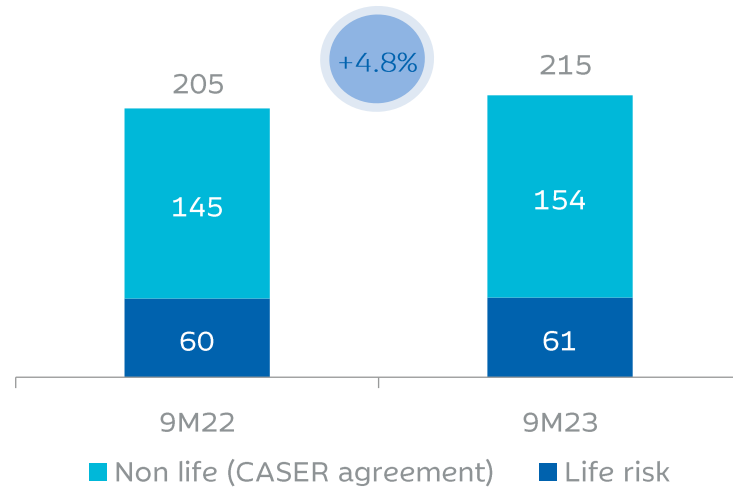
**The yield on the loan portfolio reached 3.4%, +200 b.p. more than a year ago.**

- The improvement in portfolio profitability will continue in the coming quarters:** only 20% of the variable rate mortgage portfolio is repriced at Euribor  $\geq$ 4%.

# Risk insurance

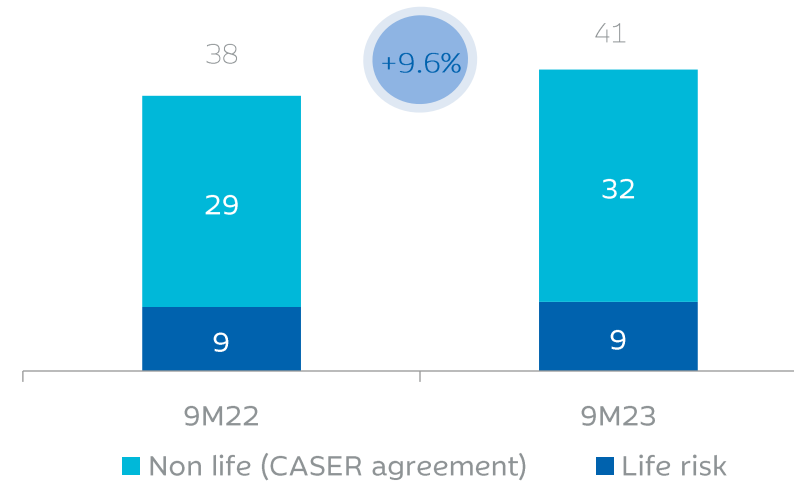
## Risk insurance premiums (portfolio)

€m – premiums collected



## Risk insurance new production

€m – premiums collected



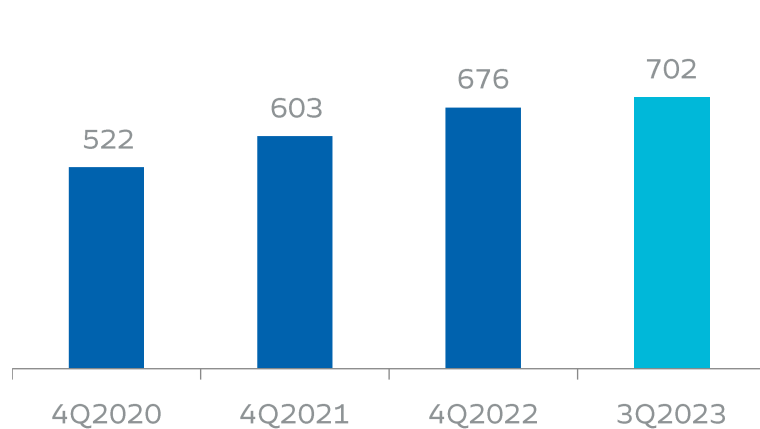
**Risk insurance premiums advance 4.8% YoY (6.4% in non-life and 1.1% in life risk).**

**New premiums perform positively and grow 9.6% (+8.2% in life risk, +10.0% in non-life).**

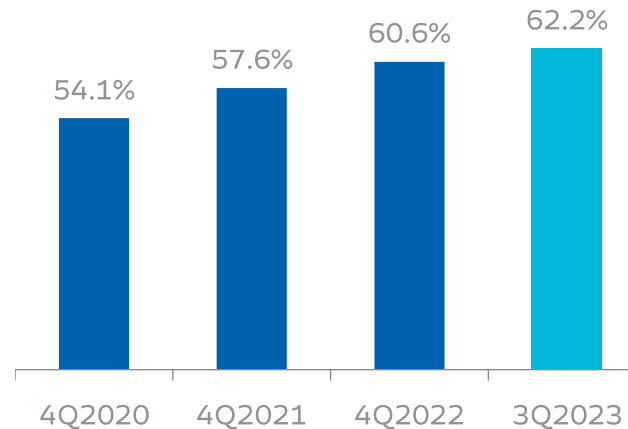
# Digitalisation

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

Thousands -

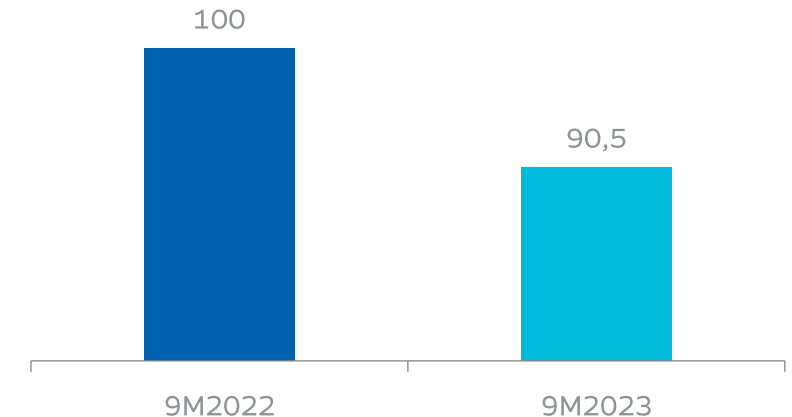


## % Digital customers<sup>2</sup>



## In person transactional operations<sup>3</sup>

% - Base 100 9M22, rolling 12 months



**Ibercaja App users increase by 3.8% YTD reaching over 700k customers. Digital customers now represent 62.2% of Ibercaja's total customer base.**

**Digital sales account for 41% of the total.**

- **The weight of digital channels** has grown strongly in **mortgages** where it reaches **29%**, in **risk insurance products (9%)** and in **pre-approved consumer loans (90%)**.

**The improvements introduced in digital channels have made it possible to continue reducing the number of in person operations.**

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<sup>1</sup> Includes only active customers in the last month of the quarter.

<sup>2</sup> Customers who have logged into the Ibercaja website or App in the last three months of the period

<sup>3</sup> It includes, among others, taxes, deposits into accounts, cash withdrawals, transfers

# Sustainability



## Environment

### Carbon footprint

- **Published and verified operational CO<sub>2</sub> footprint and obtained the MITERD<sup>1</sup> seal: “Calculo, Reduzco y Compenso<sup>2</sup>”.**

### Integration of ESG factors in risk management:

- **Approved the ESG Exclusions Policy for Financial Markets**, thus integrating environmental, social and governance risks in the analysis and selection of financial investments.

### Sustainable financing:

- Activation of a **Special Plan for farmers and livestock farmers affected by the heavy storms** in the Communities of Aragón, Madrid, Castilla-La Mancha and Castilla y León. This plan includes lines of financing under special conditions, aimed at helping the viability and recovery of farms in the affected areas.

### Environmental commitment:

- **III edition of the Ibercaja Planet Week, focused on decarbonization and energy transition:** coinciding with the celebration of the International Day against Climate Change, different communication actions have been deployed to mobilize the participation of employees, customers and society in general and raise awareness of the importance of environmental responsibility.



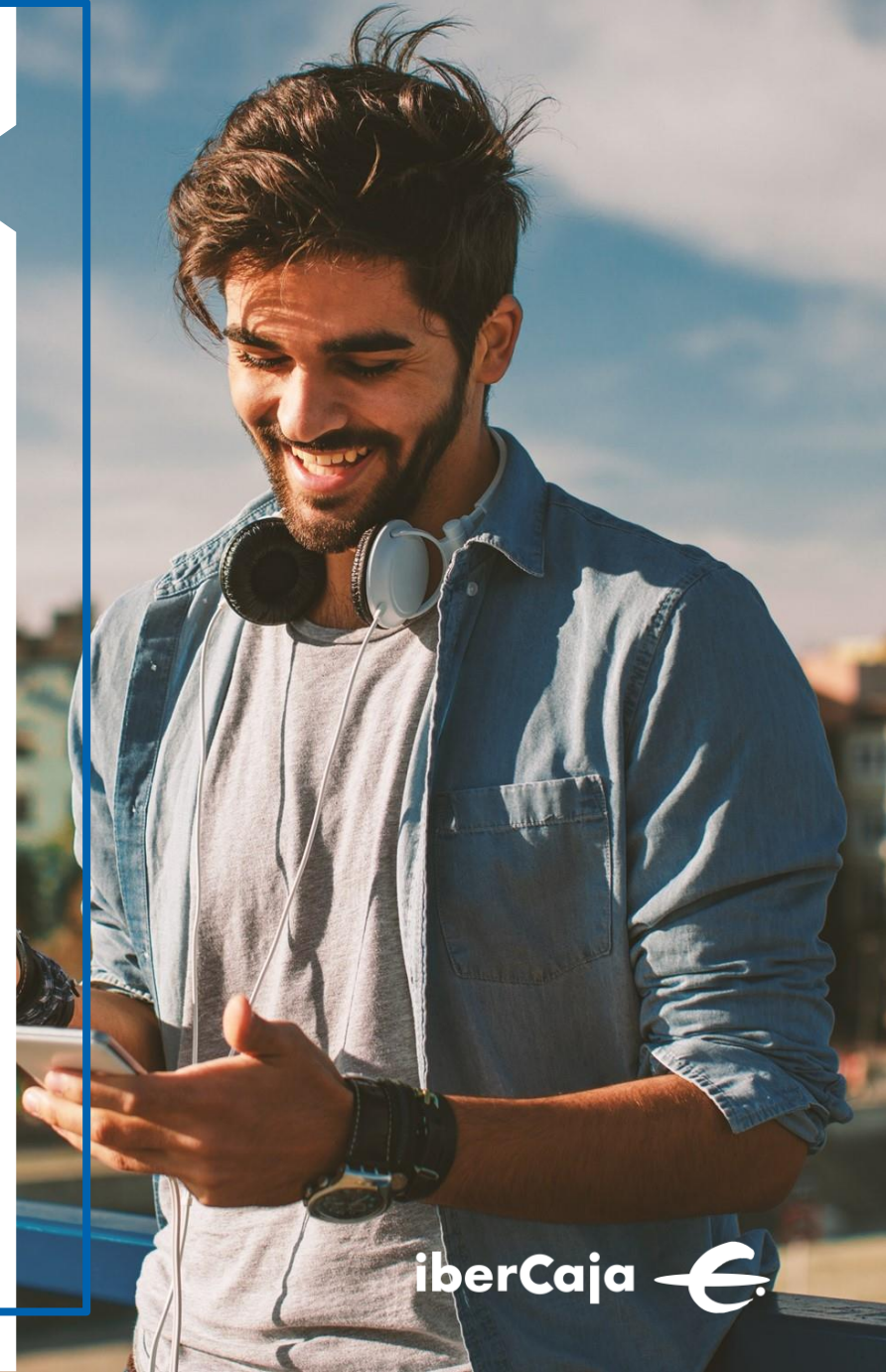
## Social

### Social commitment :

- Launch of the **Corporate Volunteering Plan** for the second half of 2023, focusing on: youth employability, labor integration of people with disabilities, financial education, risk of social exclusion and care for the environment..



## 3. 9M2023 P&L Account



# 9M2023 P&L Account

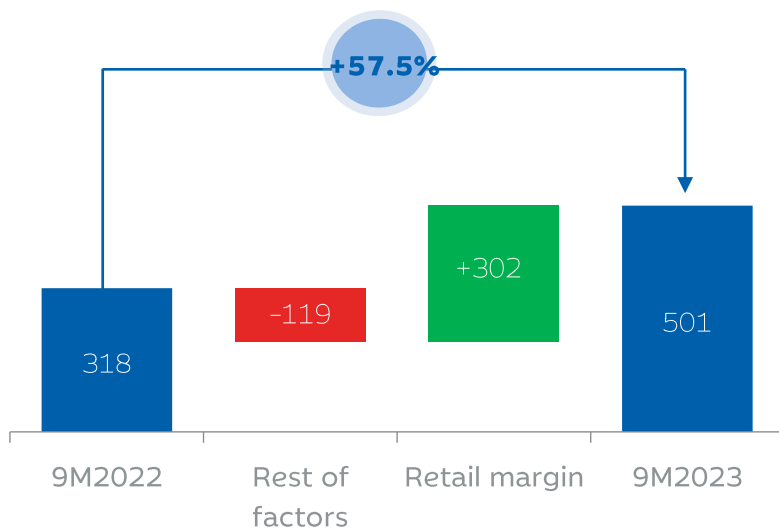
	9M2022	9M2023	YoY
<b>Net Interest Income</b>	318	501	57.5%
<b>Net Fee Income</b>	331	331	0.2%
<b>Net income under insurance contracts</b>	45	79	73.8%
<b>Recurring Revenues</b>	<b>695</b>	<b>912</b>	<b>31.3%</b>
<b>Gains/Losses on Financial Assets and Liabilities</b>	15	-8	n.a.
<b>Other Operating Income (Net)</b>	11	-20	n.a.
of which: temporary bank tax	-	-29	n.a.
<b>Gross Operating Income</b>	<b>720</b>	<b>885</b>	<b>22.9%</b>
<b>Operating Expenses</b>	-422	-444	5,1%
<b>Pre-Provision Profit</b>	<b>298</b>	<b>441</b>	<b>48.0%</b>
<b>Total Provisions</b>	-85	-111	31.0%
of which: Credit Risk and Foreclosed Assets Provisions	-68	-79	17.4%
<b>Other Gains and Losses</b>	7	2	-74.8%
<b>Profit Before Taxes</b>	<b>221</b>	<b>332</b>	<b>50.4%</b>
<b>Taxes</b>	-54	-52	-5.0%
<b>Net Income</b>	<b>166</b>	<b>280</b>	<b>68.6%</b>

9M23 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.

# Net interest income

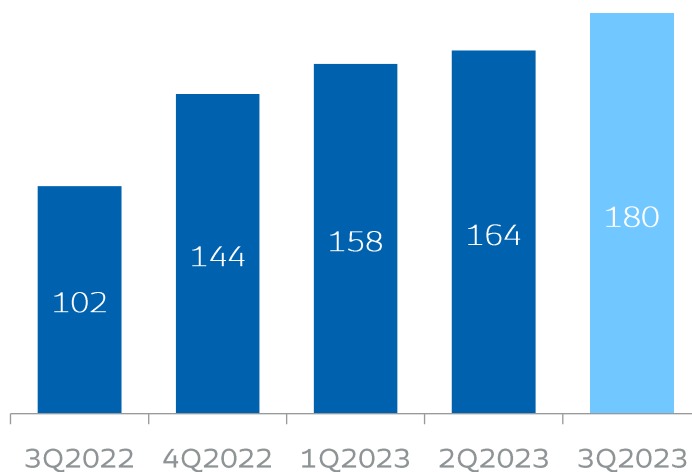
## NII bridge

€m



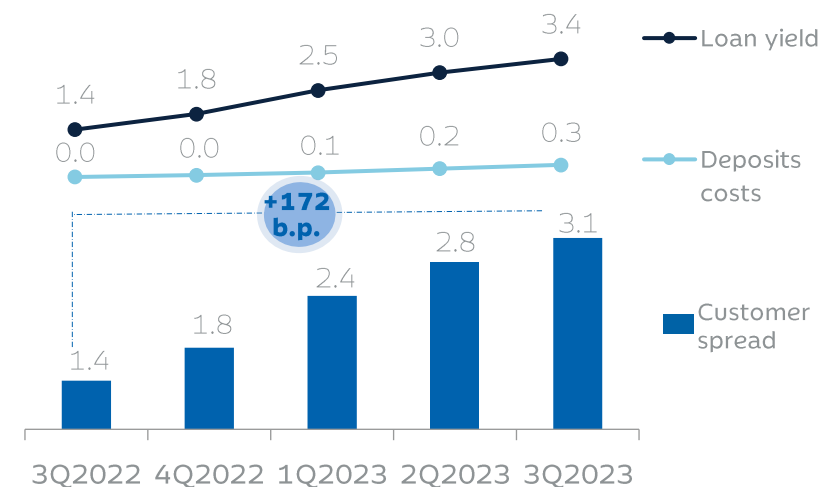
## NII quarterly evolution

€m- IFRS-17



## Customer spread

%



**Net interest income grows 57.5% YoY or €183m.**

- **In 3Q standalone, NII expands 10.2% QoQ.**

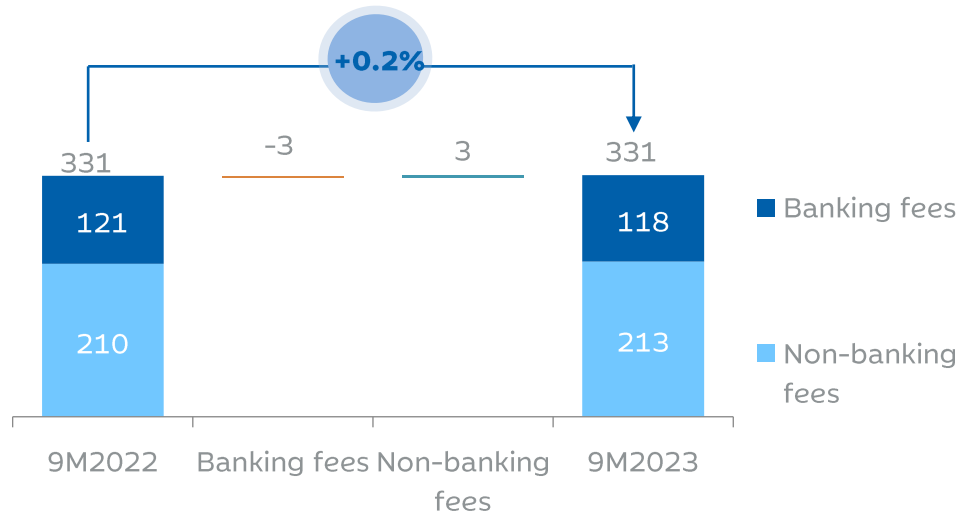
**Customer spread in 3Q2023 reaches 3.1% or 172 b.p. YoY increase and results in an improvement of the retail margin of €302m.**

**The increase in wholesale funding costs, long-term (-€82m) and short-term (-€48m, due to the end of TLTRO) explain the negative impact of “rest of factors”.**

# Net fee income

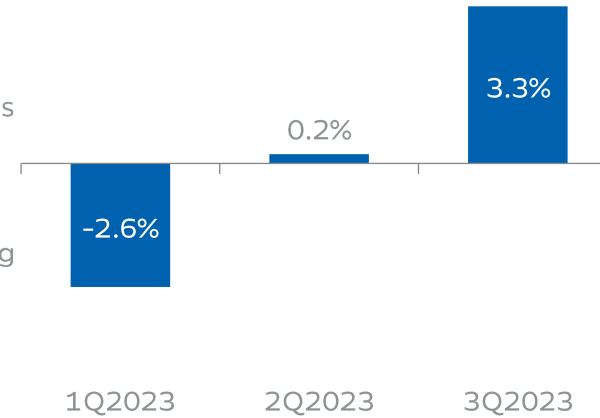
## Net fee income

€m



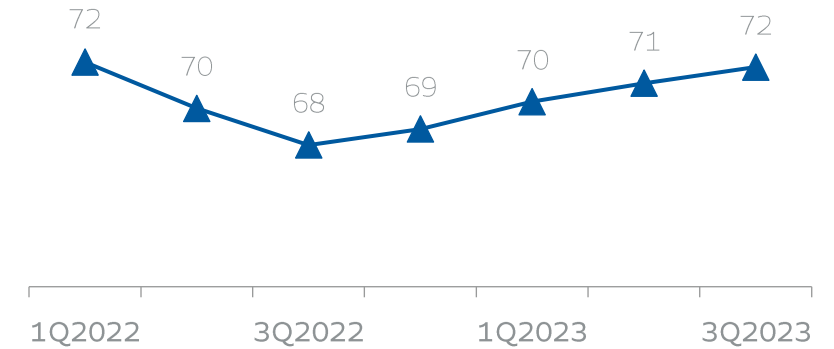
## YoY evolution

% -



## Non-banking fees

€m



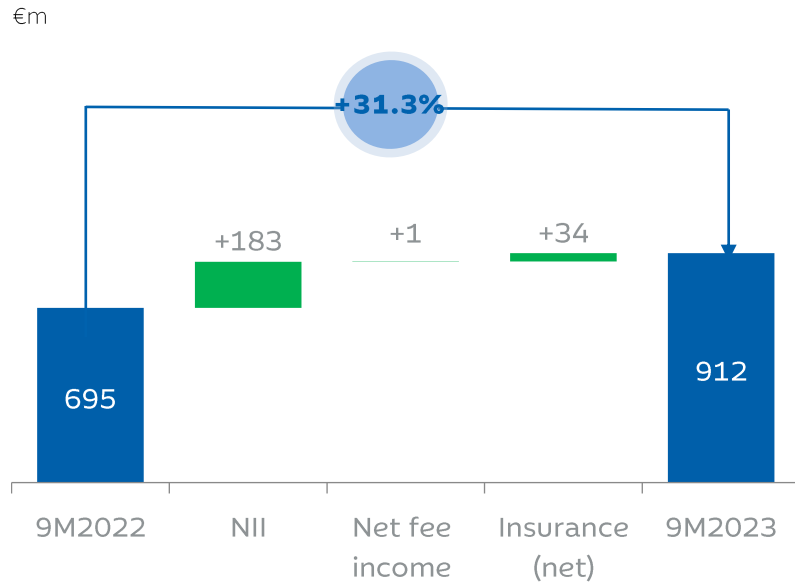
**Net fee income remain stable (+0.2% YoY). In the 3Q23 standalone, net fee income grows 3.3% YoY as a result of the increase in non-banking fees (AuM and insurance products).**

- As a result of the strong increase in AuM, **non-banking fees grow 1.6% YoY** (+6.2% in the 3Q23 standalone).

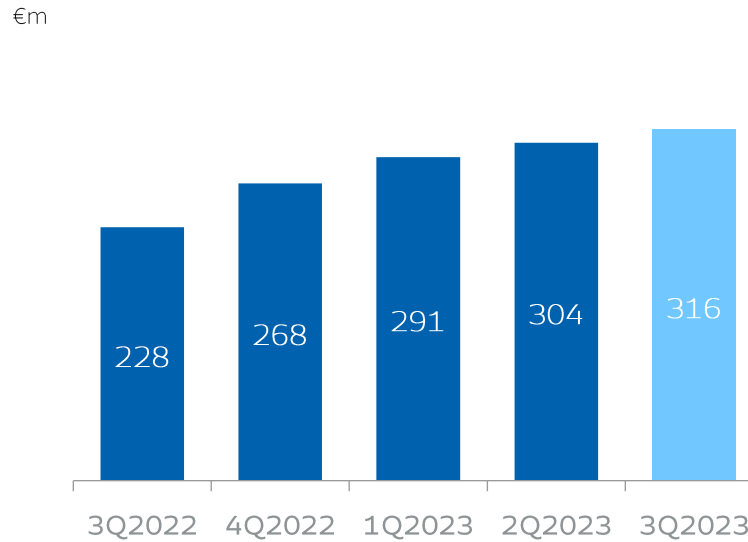


# Recurring revenues & gross margin

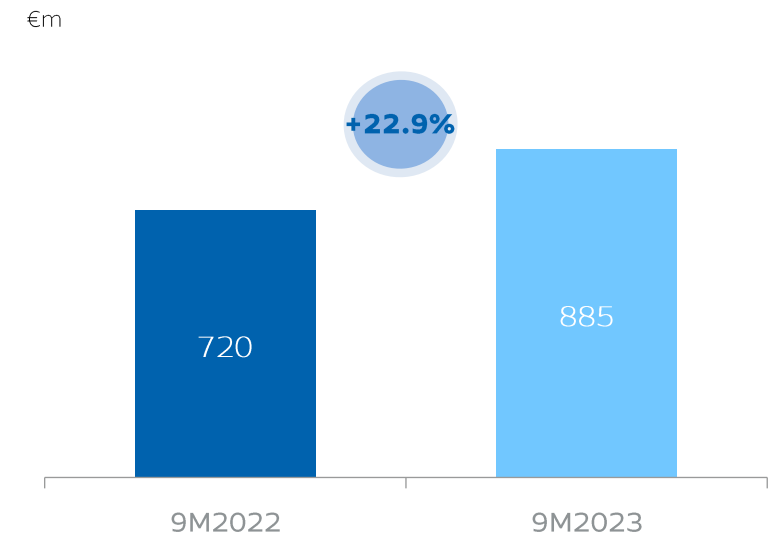
## Recurring revenues bridge



## Quarterly evolution



## Gross margin evolution



**Recurring revenues grow 31.3% YoY driven by the strong performance in NII**

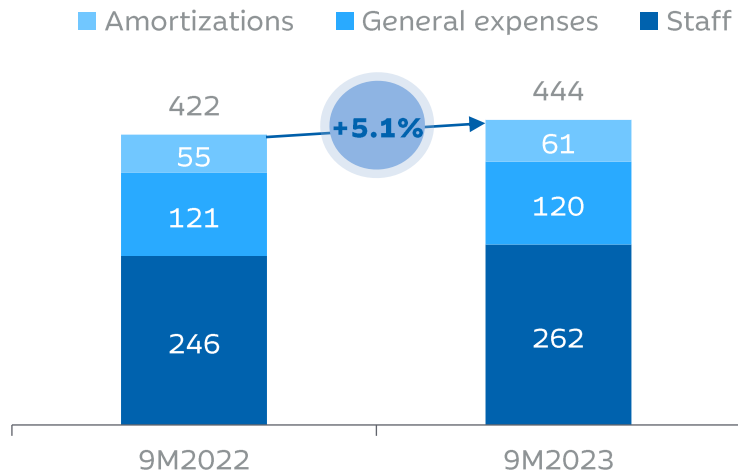
**In the 3Q23 standalone, recurring revenues grow 3.8% QoQ.**

**Gross margin, which includes temporary banking tax amounting to €29m, advances 22.9% YoY reaching €885m.**

# Operating costs & pre-provision profit

## Operating costs

€m



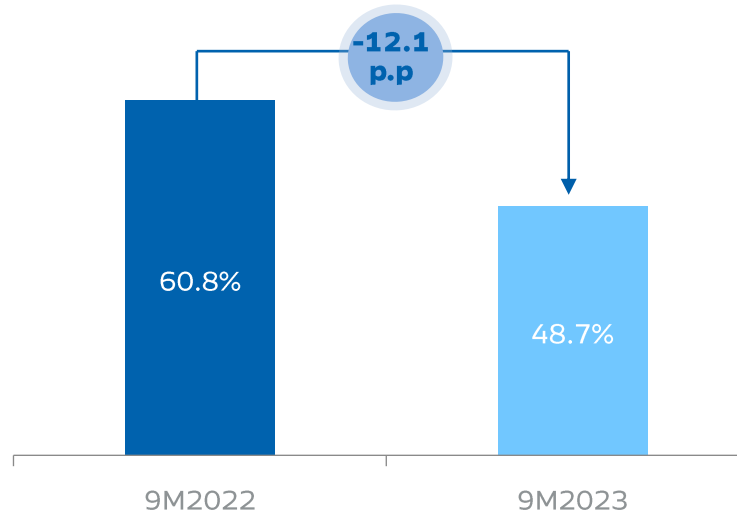
**Operating costs increase 5.1% YoY**

**Ibercaja continues to improve its operating jaws:**

- **Recurring cost to income ratio** reaches **48.7%** (vs. 60.8% as of September 2022)
- **Pre-provision profit** grows **48.0% YoY to €441m**

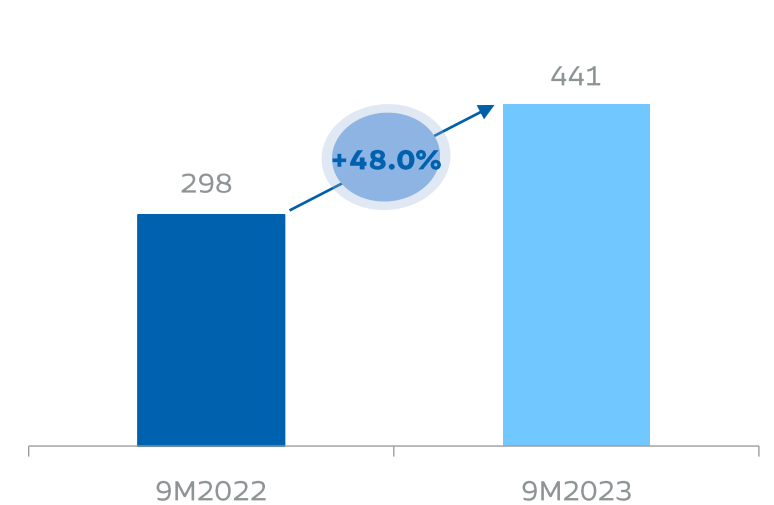
## Recurring cost to income ratio

%



## Pre-provision profit

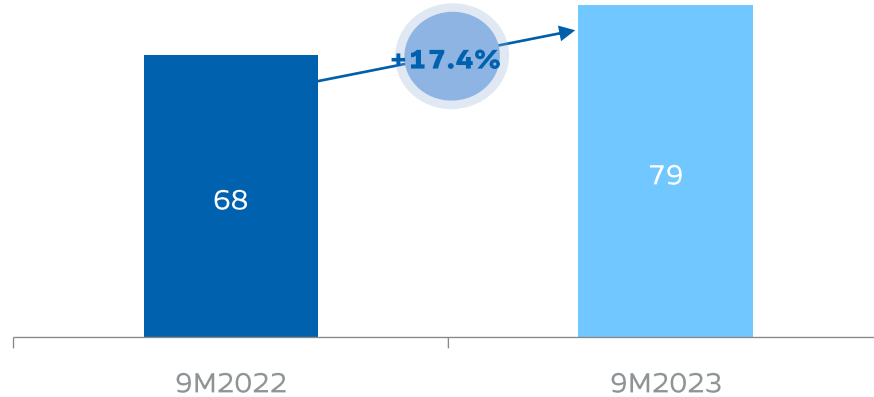
€m



# Loan and foreclosed assets provisions

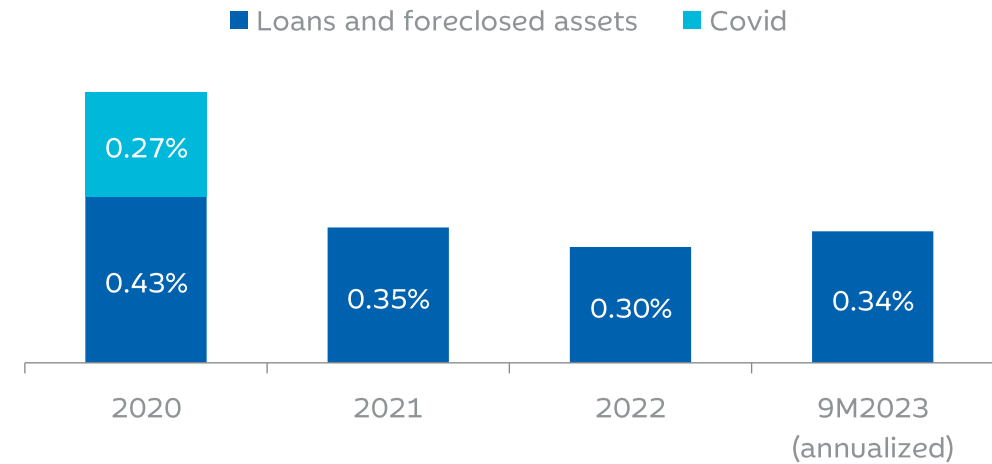
## Loan and foreclosed assets provisions

€m



## Cost of risk

%



**Provisions for loan and foreclosed assets grow 17.4% YoY as Ibercaja continues to reinforce its coverage ratios.**

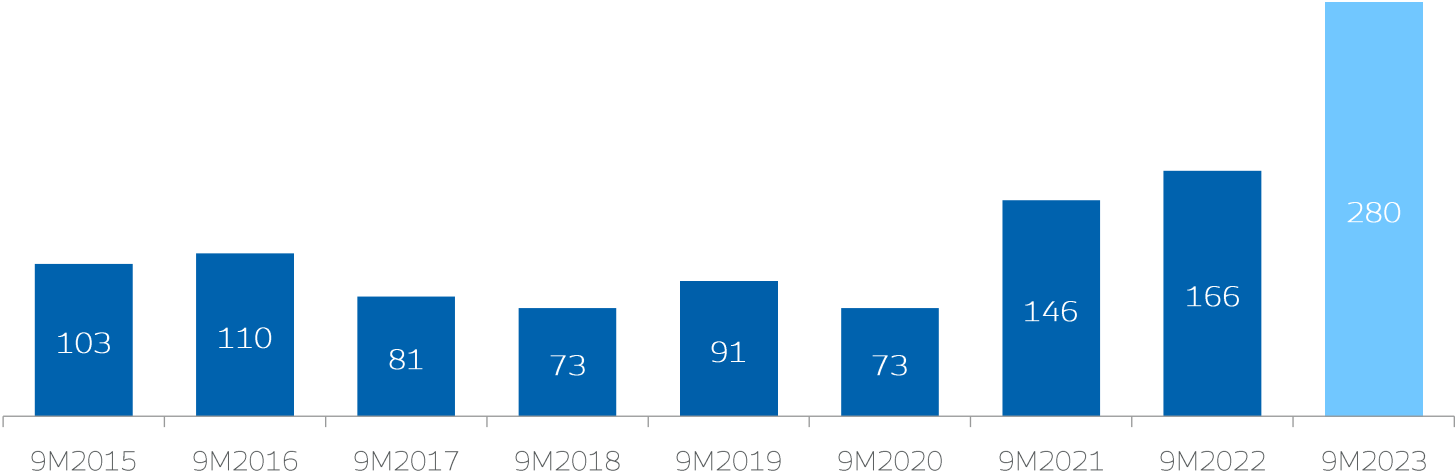
- **Annualized cost of risk** reaches **34 b.p.**

**Ibercaja maintains additional overlay provisions of €41.8m.**

# Net income

## Net income evolution

€m– 9M2022 y 9M2023 under IFRS-17



**Net income grows 69% YoY and reaches €280m, the highest level for 9M results in the last 9 years and almost €100m above 2022 full year results (€182m<sup>1</sup>)**

**Adjusted ROTE reaches 11.0%<sup>2</sup>.**

<sup>1</sup> Under IFRS-17

<sup>2</sup> 9M2023 net income annualized excluding temporary bank tax and ex Cerro Murillo impacts, and considering the budgeted FGD contribution expense for the year

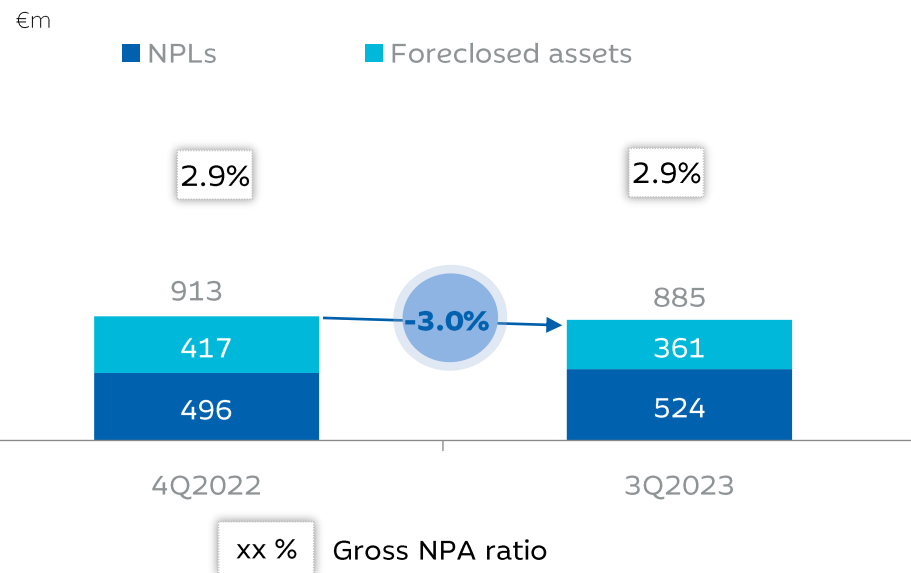


## 4. Asset quality, liquidity and solvency

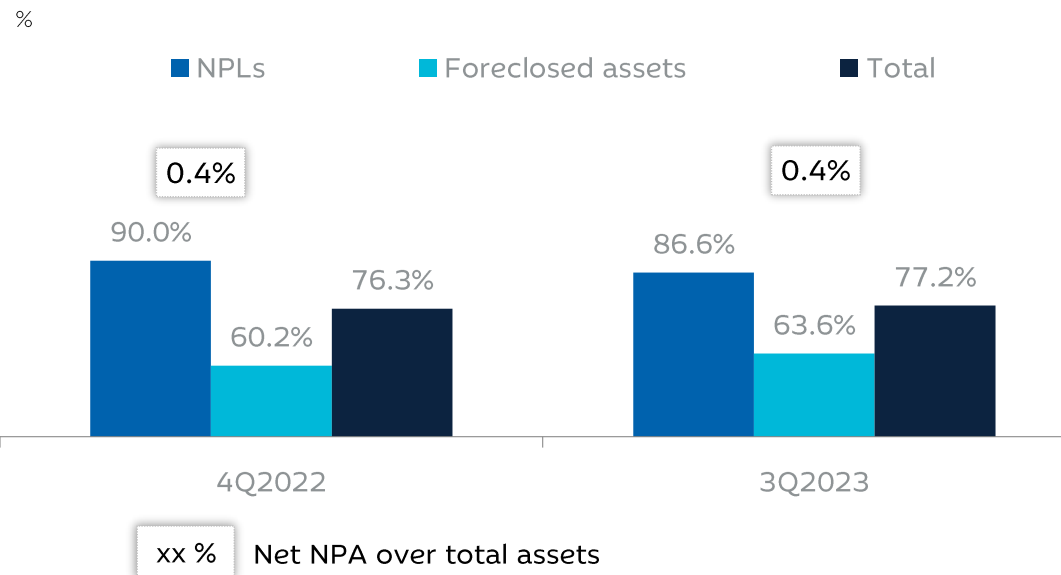


# Asset quality

## Gross NPA



## NPA coverage ratio



**NPAs fall €27m YTD or 3.0% and NPA ratio stands at 2.9% one of the lowest in the Spanish financial system.**

- **NPLs increase €29m**, however this increase is more than compensated with a **reduction in stock of foreclosed assets of €56m**.

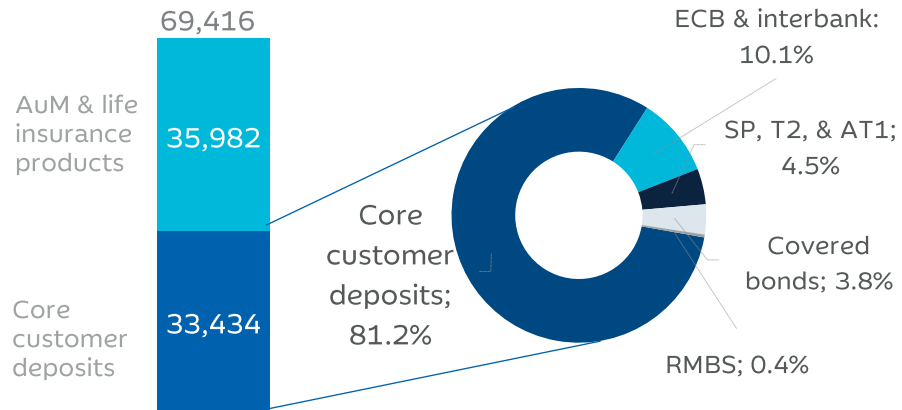
**NPA coverage ratio reaches 77.2% (86.6% for NPLs, 63.6% for foreclosed assets) and improves 86 b.p. YTD.**

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

# Funding & MREL requirements

## Breakdown of funding structure

% - 3Q2023.



## Main funding ratios

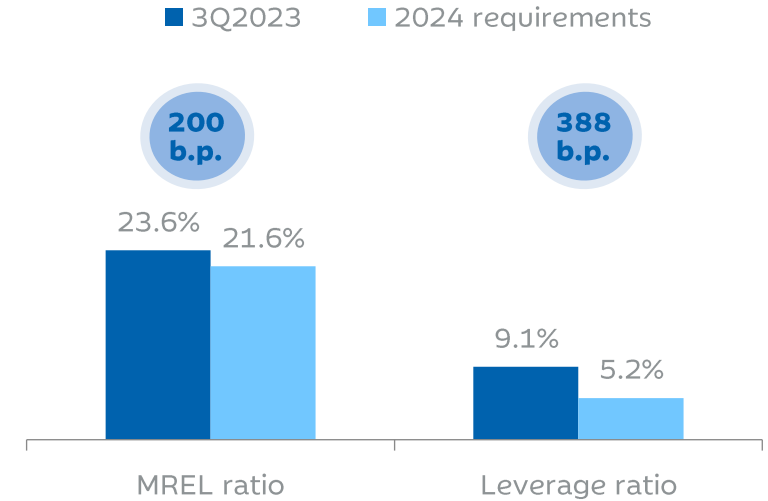
% - 3Q2023.

**85.4%** Loan to deposits ratio

**141.1%** 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 **85.4%** and **NSFR ratio** reaches **141.1%**.

**Ibercaja already complies with its 2024 MREL requirements and maintains a buffer vs its MREL ratio requirement of 200 b.p. and 388 b.p. in terms of MREL leverage ratio.**

# Liquidity and ALCO portfolio

## Main liquidity ratios

% - 3Q2023.

199%

LCR ratio

21.3%

Liquid assets as %  
of total assets

## Breakdown of retail deposits

% - 3Q2023

76%

Stable deposits

76%

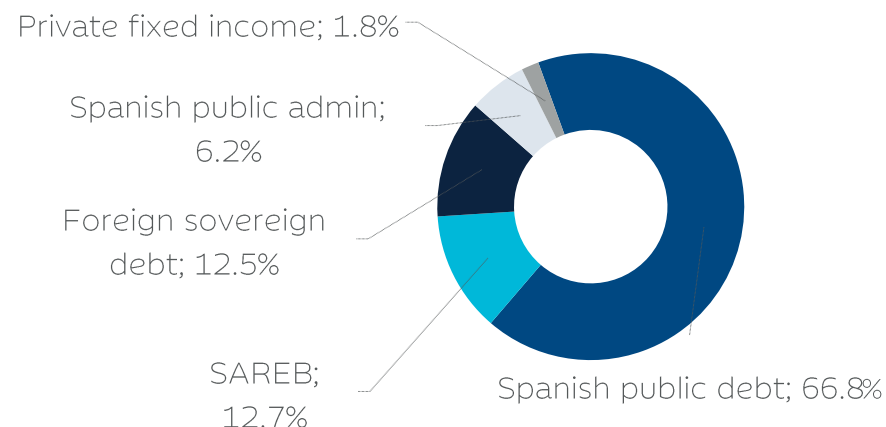
Deposits covered  
by FGD

3,1%

Top 20  
depositors

## ALCO portfolio breakdown

% - 3Q2023



### Ibercaja maintains a sound liquidity position.

- **LCR ratio** reaches **199%**. **Liquid assets** stand at **€11,427m** or **21.3% of total assets**. Total available liquidity amounts to €18,848m.

### The Bank has a highly granular deposit base.

- Over total deposits, **76% are considered stable<sup>1</sup>**. **Deposit covered by the Spanish DGS** amount to **76%<sup>1</sup>**. **Top 20 depositors** represent **3.1%** of total deposits.

### ALCO portfolio<sup>2</sup> remains stable in the quarter (€11,314m).

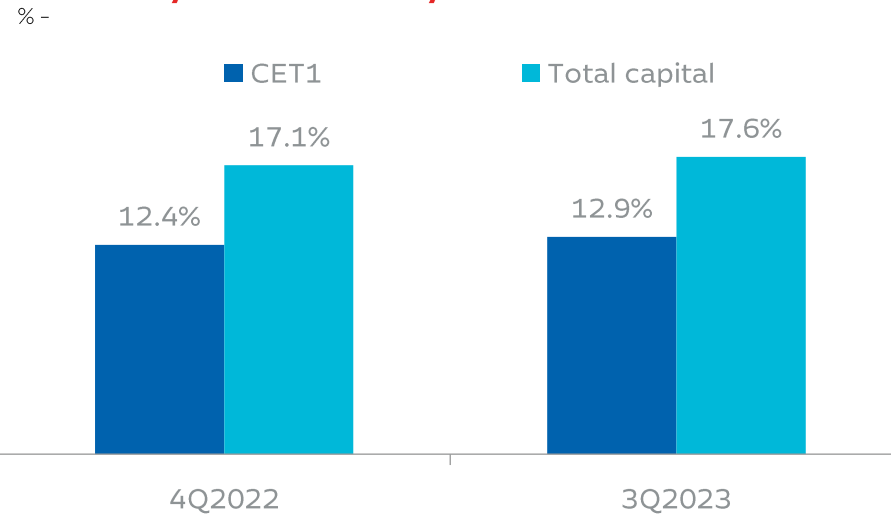
- **Spanish sovereign debt accounts for 66.8% of the portfolio**. 95% of ALCO assets are considered as High Quality Liquid Assets (HQLA). Duration stands at 3.5 years<sup>3</sup>.

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

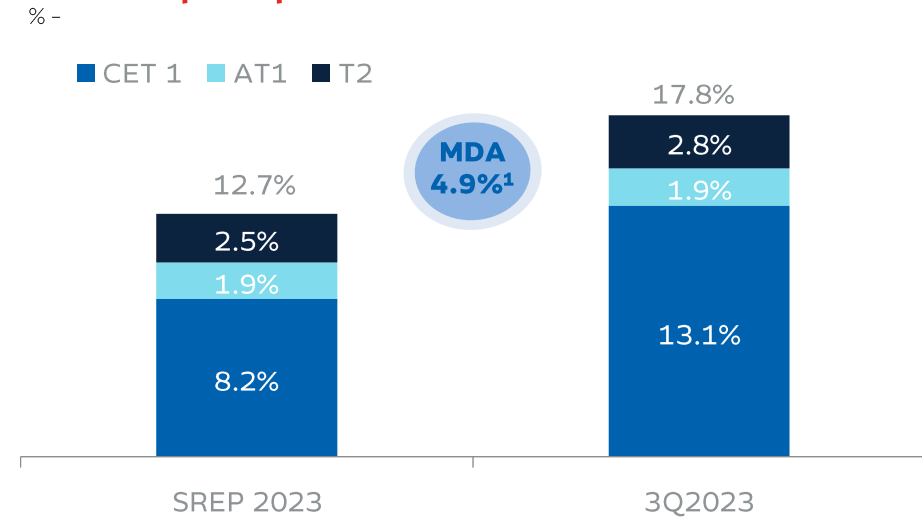


# Solvency

## 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 12.9% (+48 b.p. YTD).**
- **Total capital fully loaded reaches 17.6%** (17.8% phased in).
- Ibercaja has an efficient capital structure and its **MDA ratio stands at 485 b.p.**

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

- The **Reserve Fund constituted by Ibercaja Banking Foundation** as of September reaches **€260m** (83% of the total amount required for 2025YE).

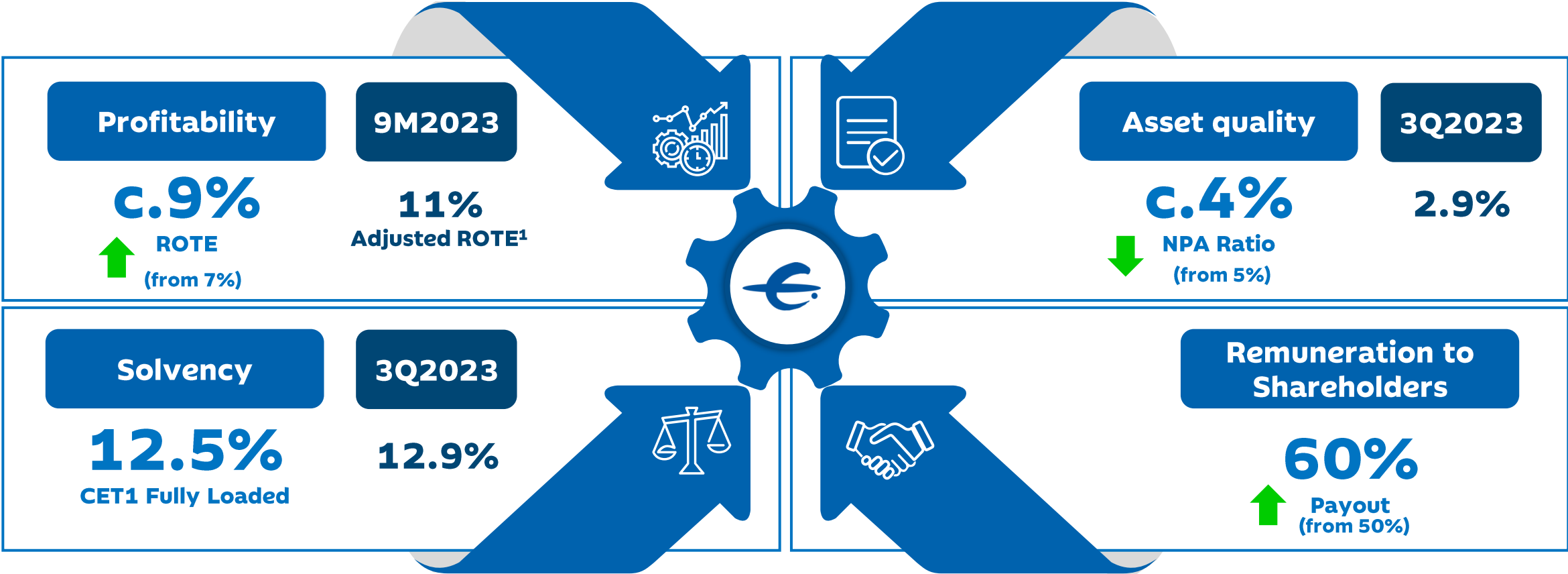


## 5. Final Remarks

EL BANCO  
DEL

*Vamos*

# Ibercaja is delivering on its Strategic Plan Desafío 2023



<sup>1</sup>9M2023 net income annualized excluding temporary bank tax and ex Cerro Murillo impacts, and considering the budgeted FGD contribution expense for the year

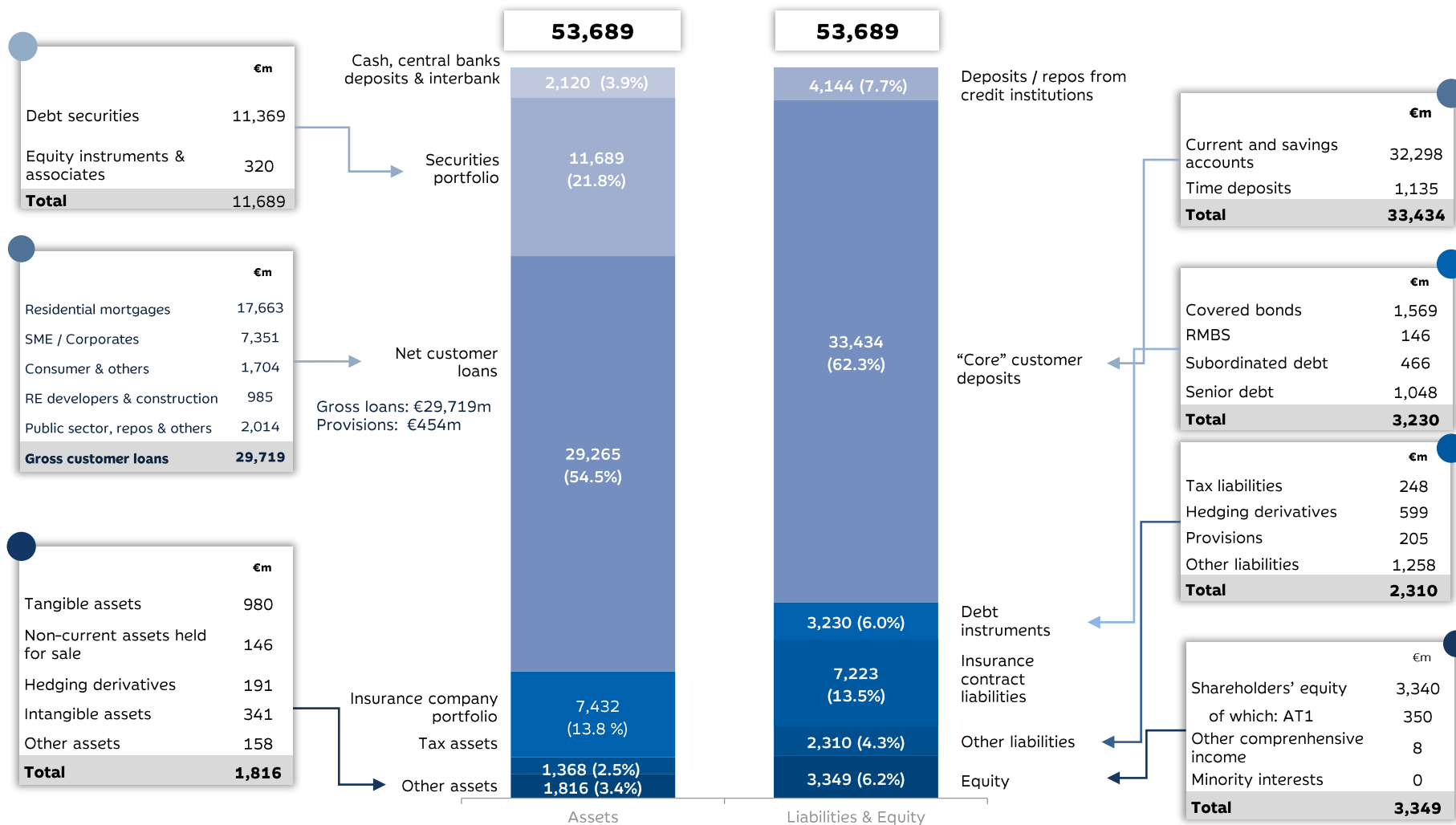


## 6. Annex



# Balance sheet

€m - 09/30/2023



# 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