S&P Global Ratings

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Ibercaja Banco S.A.

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Ibercaja Banco S.A.

Ratings Score Snapshot

Global Scale Ratings
Issuer Credit Rating
BBB-/Positive/A-3
Resolution Counterparty Rating
BBB/--/A-2

SACP: bbb- → **Support: 0** → **Additional factors: 0**

Anchor	bbb	
Business position	Moderate	-1
Capital and earnings	Adequate	0
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
BBB-/Positive/A-3
Resolution counterparty rating
BBB/A-2

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview	
Key strengths	**Key risks**
Dominant market position in its home market of Aragon.	Geographic and business concentration.
Conservative culture and management.	Limited scale amid a competitive environment.
Improved asset quality and low-risk credit profile.	

Ibercaja should be able to maintain solid earnings and continue to achieve returns more aligned with the cost of capital. Over the last two years, Ibercaja has significantly strengthened its operating performance, aided by the more favorable interest rate environment but also by the restructuring and streamlining of its business. The bank successfully executed its 2021-2023 business plan, achieving most of its stated targets one year ahead of schedule, and gradually converging its profitability and efficiency toward peers' (its cost-to-income ratio declined to 54% in 2023 and its return on tangible equity [RoTE] improved to 11.6%). Under its new 2024-2026 strategic plan, Ibercaja aims to consolidate the profitability improvements it has achieved and continue to build business, while strengthening its capitalization further, among other things. Although we anticipate declining net profits amid lower interest rates, Ibercaja will still benefit from its solid fee income generation from its asset management, pension, and insurance businesses. The latter, combined with contained credit costs, will help Ibercaja to achieve a RoTE close to 10% over the next two years.

Ibercaja's capitalization will strengthen further, providing the bank a comfortable buffer to deal with unexpected events. We expect Ibercaja will continue to gradually accumulate capital, with its risk-adjusted capital (RAC) ratio approaching 10% by 2026, from 8.7% as of end-2023, on the back of further earnings generation and modest business expansion, and given lower dividend payouts (reduced to 40% from 60%) as the mandatory reserve fund of its main foundation-shareholder is now fully built. The latter will give the bank's owner some flexibility to provide capital support if needed. This will partly offset Ibercaja's lack of ability to raise capital directly in the market, given its unlisted status, and the foundation's limited sources of wealth other than the bank.

New problem loans could emerge, but deterioration will be fairly contained. The slowdown in economic activity and higher funding costs could take a toll on some borrowers, but we expect the impact to be fairly manageable for Ibercaja, given its low-risk lending mix (skewed to mortgages, representing 60% of total loans at end-March 2024), limited exposure to potentially more vulnerable segments, strong coverage levels, and prudent risk management. We expect nonperforming assets (NPAs) to increase from the current 2.8% of loans and peak at around 3.5% in 2025, while credit costs will stand at around 35 basis points (bps) of average loans, remaining below the domestic sector average of about 60 bps.

A strong regional player, but with limited national scale. Despite its leading position in its home market of Aragon, Ibercaja is small when compared nationally. In addition, its lending operations are more concentrated, both by geography and asset class, than top players. Its limited scale and concentration renders it more vulnerable to competition, and makes it more difficult for it to dilute its fixed cost base and limits its investment capacity. We believe that this will continue to weigh on our assessment of its credit profile.

Outlook

The positive outlook signifies that we could raise our long- and short-term ratings on Ibercaja by one notch over the next 18-24 months.

Upside scenario

We could raise the ratings if:

- Our view of industry risk in the Spanish banking industry improves, so that we raise the anchor for banks operating primarily in Spain; and
- Ibercaja's operating profitability and efficiency proves resilient, even as interest rates start to decline.

We could also consider raising the ratings on Ibercaja if we expect its capitalization to strengthen further, so that its RAC ratio is sustainably above 10%.

Downside scenario

We could revise the outlook back to stable if:

- We revised our view of the trend on industry risk for the Spanish banking system to stable; or
- Ibercaja's performance deviated from our expectations and does not improve in line with the systemwide trend, and we no longer anticipate that its capitalization will become a ratings strength.

Key Metrics

Ibercaja Banco S.A.--Key ratios and forecasts

	--Fiscal year ended Dec. 31--				
(%)	**2021a**	**2022a**	**2023a**	**2024f**	**2025f**
Growth in operating revenue	6.8	3.5	21.8	(0.2)-(0.3)	(3.4)-(4.1)
Growth in customer loans	(1.3)	0.5	(2.1)	0.0-0.0	0.8-1.0
Net interest income/average earning assets (NIM)	1.0	1.1	1.3	1.2-1.3	1.1-1.2
Cost to income ratio	66.9	62.1	54.3	55.0-57.8	58.8-61.9
Return on average common equity	5.2	7.0	10.5	9.0-10.0	7.1-7.8
New loan loss provisions/average customer loans	0.3	0.3	0.4	0.4-0.4	0.3-0.4
Gross nonperforming assets/customer loans	2.4	1.7	1.7	2.1-2.3	2.4-2.7
Risk-adjusted capital ratio	8.1	9.0	8.7	9.0-9.5	9.4-9.8

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb' For Spanish Domestic Banks

The anchor for banks operating primarily in Spain is 'bbb', reflecting our economic risk assessment of '4' and our industry risk assessment of '4' (on a scale of 1-10, with '10' signifying the highest risk). We view the trend for economic risk as stable, and the trend for industry risk as positive.

Our economic risk assessment for Spain factors in the country's wealthy, diversified, and open economy, which we expect will expand faster than that of most European peers. Furthermore, private sector debt is manageable (104% of GDP at year-end 2023) after significant deleveraging over the past decade, while NPAs have continued declining, reaching their lowest level in a decade at year-end 2023. While some problem loans could yet emerge this year and next, asset quality deterioration should be contained, with credit provisions ranging from 60 to 65 basis points of average loans. The state guarantees provided during the pandemic will help keep credit costs under control. Furthermore, this time around, the real estate market does not show signs of imbalances that could aggravate loan performance. However, some structural weaknesses still weigh on our assessment of Spain's economic risk: firstly, high unemployment, which despite improvements remains the highest in the EU; and secondly, the public sector's elevated debt (95% of GDP at year-end 2023), which we expect will decline only moderately in future years, therefore reducing the government's flexibility to respond to another economic shock. In addition, the fragmented political landscape complicates policy action.

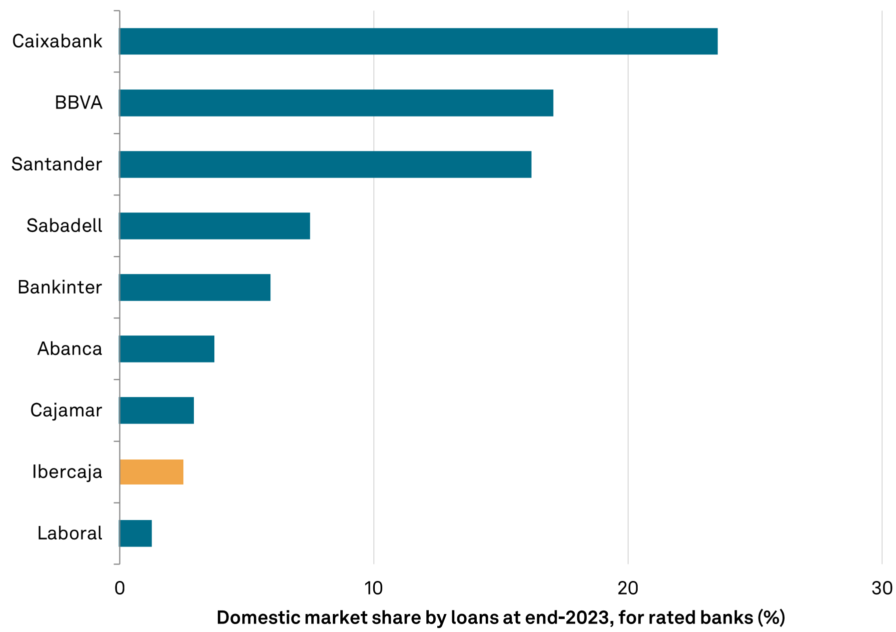
Our industry risk assessment is supported by Spanish banks' solid funding profiles. Customer deposits more than fully fund bank's loan books and reliance on external debt is therefore marginal. Deposits are largely from households, a low-cost and stable source. Additionally, banks' profitability has improved thanks to positive interest rates and lean operating structures after a decade of downsizing. Largely supervised by the European Central Bank, Spain's regulatory and supervisory framework is aligned with international standards, as are banks' governance and disclosure standards.

Business Position: Profitability Will Remain Solid, But The Bank's Scale And Diversification Are Far From That Of Large Peers

Our assessment of Ibercaja's business position takes into account its leading position in its home territory of Aragon, a region with lower unemployment and higher GDP per capita than Spain's average, where the bank holds a high 41% share of deposits, as well as its loyal, deeply penetrated customer base (on average customers have at least seven products with the bank). But Aragon only accounts for about half of the bank's business, and growth in the past few years came from outside its home market, namely Madrid and the Mediterranean area. Furthermore, Ibercaja has limited scale at a national level. With €54 billion of assets at end-March 2024, Ibercaja is the 10th-largest financial institution in Spain by total assets, holding a market share of just 2.5% of loans.

Chart 1

Ibercaja is the 10th largest domestic bank in Spain, holding a 2.5% market share in loans



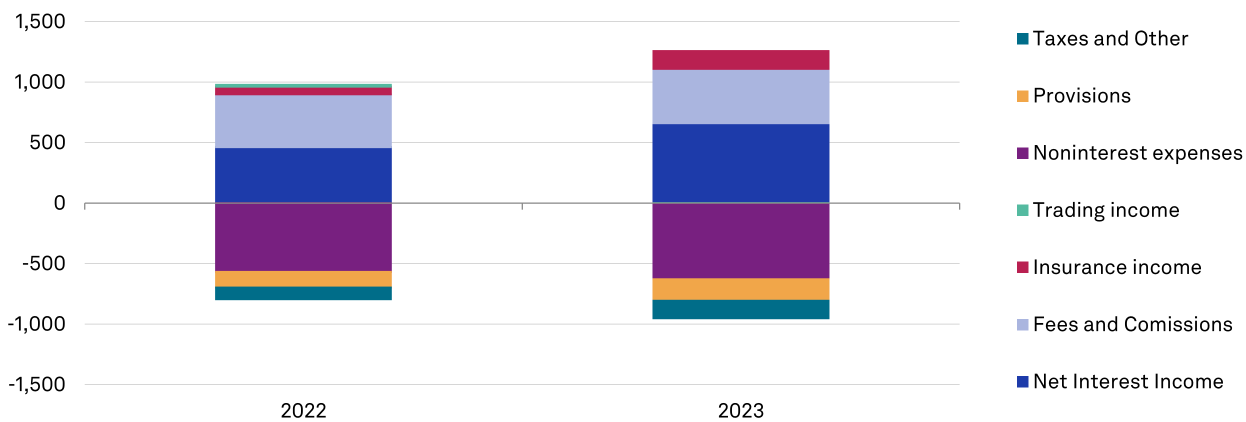
Source: S&P Global Ratings. Data refers to Spain-only gross loans, as of end-2023.

Ibercaja's lending is concentrated in residential mortgages--60% of the loan book at end-March 2024, compared with about 42% for the Spanish banking system average. What sets it apart, though, are its higher-than-average market shares in para-banking products, namely asset management (6.6%), pensions (6.2%), and savings insurance (3.7%). These fee-generating businesses provide the bank with revenue diversification and have helped in recent years to partly offset the impact of negative rates on earnings.

Ibercaja recently launched its new strategic plan for 2024-2026 after successfully closing its previous one, achieving most of its stated targets one year ahead of schedule. Over that time, it managed to significantly improve its profitability and efficiency, with return on equity (RoE) reaching 10.5% at end-2023 and cost to income 54%. Its previous focus was on addressing its high cost base, improving its operating profitability, and progressing its digital transformation. Under its new 2024-2026 strategic plan, Ibercaja aims to consolidate the profitability improvements it has achieved (RoTE above 10%) and continue to build its business. Growth will largely arise from its traditional expansion areas (Madrid and Mediterranean Basin), while preserving its commercial leadership in its home territories, with a strong focus on its parabanking activities (asset management, pension, and insurance businesses). Different from its peers, Ibercaja aims to increase its capital further (it aims to achieve 13.5%-14.0% fully loaded CET1 ratio, versus 12.7% at end-2023). It also aims to maintain stable asset quality metrics (NPA ratio below 3.5% and cost of risk below 35 bps) and ample liquidity (LCR ratio above 190%). Overall, we believe that the plan is sensible and that stated targets are broadly achievable, even if we anticipate somewhat weaker efficiency levels (around 58% cost to income by end-2026 versus Ibercaja's 54% target).

Chart 2

Ibercaja's profitability improved substantially over 2023



Source: Bank's financials. S&P Global Ratings.

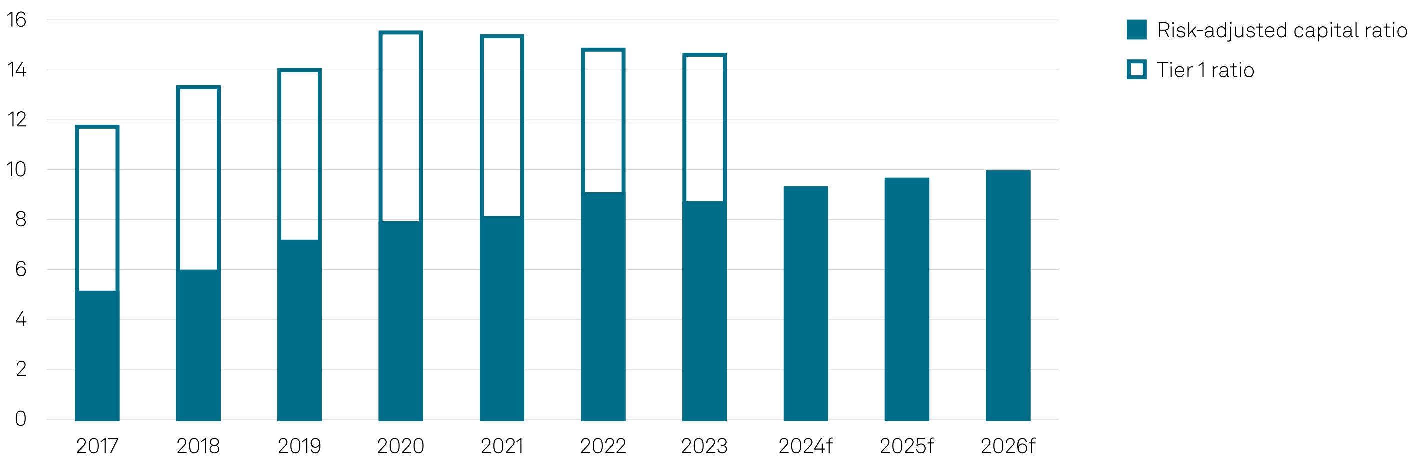
Over the past few years, Ibercaja has also progressed in digitalizing its business, with clients increasing their use of remote channels to interact and contract products with the bank. While the functionality of its app is not as extensive as that of more advanced domestic peers, we believe it meets clients' needs well and note that it is highly valued by them. We do not expect Ibercaja to be a front-runner of the digital change since, among other factors, it has more limited investment capacity than top players. For example, it has made limited progress in its use of advanced technologies or achieving efficiencies through public cloud adoption. We expect to see the bank make further advances toward digitalization in the coming years.

Capital And Earnings: Strengthened Capital Provides A Comfortable Buffer To Deal With Unexpected Events

Ibercaja's capitalization has strengthened over the past few years driven by retained earnings, deleveraging, and reduced market risks. We expect Ibercaja's capital to remain comfortable in the coming years, with its RAC ratio standing at around 9.6% in 2025 and approaching 10% by 2026. This level of capital places the bank in a comfortable position to absorb unexpected shocks without impairing its credit standing. If our RAC measure were to sustainably exceed 10%, the ratings on Ibercaja could improve.

Chart 3

Ibercaja's capitalization, as measured by risk-adjusted capital, is gradually approaching 10%
(%)



f--Forecast. Source: S&P Global Ratings.

Our RAC forecasts reflect the following assumptions:

- Pre-provision income declining by 8% on average in 2024-2025, on the back of lower interest rates, despite some further loan repricing in 1H2024 and despite average growth of 2.5% in fees and commissions income.
- Operating expenses increasing by 2.5% on average in 2024-2025 on the back of a small increase in the headcount and further investments into the business.
- Credit losses of around 35 bps on average, remaining below the domestic banking sector average of around 60 bps.
- A cash dividend payout of 40% from 60% in the previous strategic plan, given that the foundation's reserve fund is now fully constituted.
- S&P Global Ratings' risk-weighted assets (RWAs) to increase by about 2% on average in 2024-2025, reflecting our expectation of a gradual credit shift toward higher risk-weighted segments and some asset quality deterioration.

We do not include the reserve fund in our RAC calculation, nor does the regulator in its regulatory capital ratios. We acknowledge that the reserve fund gives the main owner some capacity to provide capital support to the bank in case of need. However, we believe that it will help to partly offset shareholders' lack of additional sources of wealth (the bank is the banking foundation's main asset) and Ibercaja's limited financial flexibility, given that it is not listed and cannot resort to the markets to raise capital if needed so depends only on its internal earnings generation. Ibercaja has previously made several failed attempts to launch an IPO, and, while we understand that it has not fully abandoned the idea, it is not an agenda item in the short to medium term.

Regulatory capital ratios stand comfortably above requirements. At end-March 2024, Ibercaja reported a regulatory fully loaded common equity Tier 1 (CET1) ratio of 13.1% and total capital ratio of 17.7%, which compare positively with the 8.1% and 12.5% minimum requirements. Even if Ibercaja's capital requirements will increase by 50 bps in

2025 and 2026 on the back of the capital countercyclical buffer for Spanish banks, the bank expects to continue operating with a significant capital buffer, supported among others by lower dividends distribution. Ibercaja follows the standardized approach for the calculation of its regulatory RWAs. It has already filled its AT1 and Tier 2 regulatory buckets with hybrid issuances.

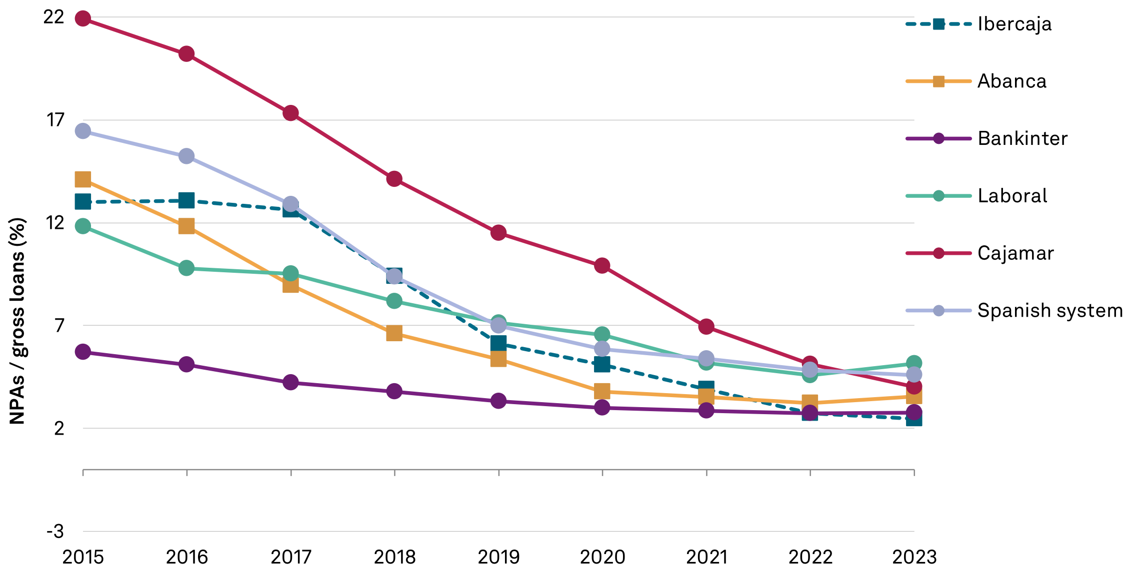
The large amount of deferred tax assets (DTAs) on Ibercaja's books weighs on its capitalization. As of end-March 2024, Ibercaja's DTAs (including both tax-loss carry-forwards and DTAs from temporary differences) were equivalent to 47% of its total adjusted capital (TAC), the numerator of the RAC ratio. Depending on the nature of those DTAs, we either deduct them directly from the bank's TAC or apply higher risk-weights, thus affecting the denominator.

Risk Position: Resilient Asset Quality Profile Following Material Clean-Up

Over the past few years, Ibercaja has significantly reduced the size of its NPA backlog (around 60% cumulative reduction compared with pre-pandemic levels), mainly through organic efforts (see chart 4). At end-March 2024, Ibercaja's NPAs, including nonperforming loans (NPLs) and remaining real estate assets, amounted to €812 million, or 2.8% of gross loans, compared with 5.9% in December 2019. This metric also compares favorably with the rest of rated Spanish peers (see chart 5). Equally, Ibercaja's NPA coverage has strengthened materially. At 82% at end-March 2024, this has become one of the strongest in the system and sits at quite a comfortable level considering that problem loans are largely collateralized by real estate.

Chart 4

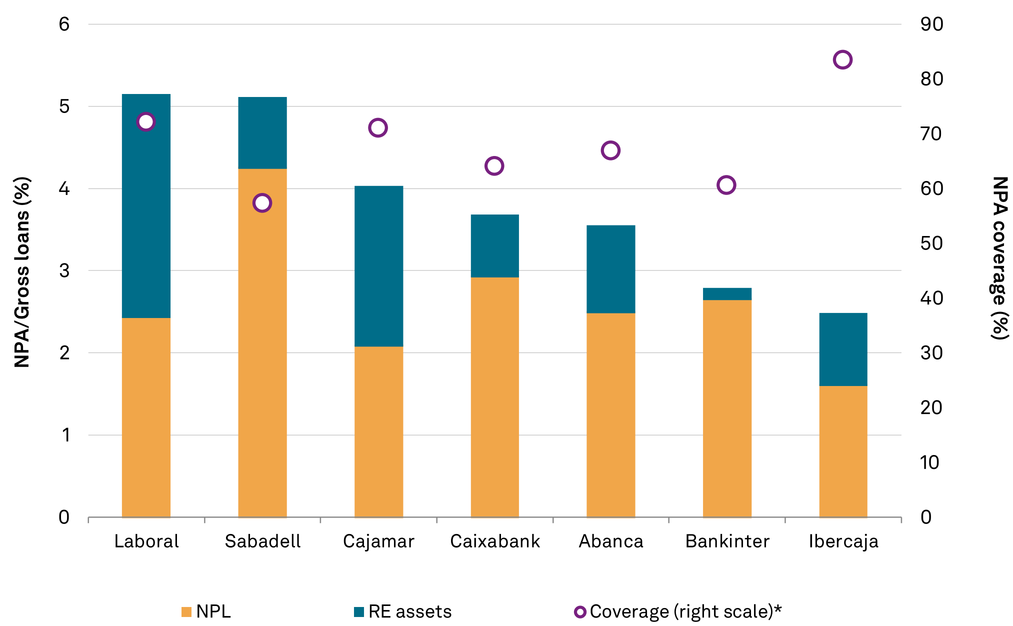
Ibercaja has accelerated the reduction of its NPAs in recent years



NPAs--Non performing assets. Source: S&P Global Ratings.

Chart 5

Ibercaja's asset quality metrics are currently better than its domestic peers'



Data as of YE2023. NPA--Nonperforming assets.

NPL--Nonperforming loans. Source: S&P Global Ratings.

Although we have not yet seen meaningful signs of asset quality deterioration, we believe some problem loans could emerge from weaker borrowers as financing costs remain comparatively high. Deterioration should be contained, however. Ibercaja's defensive credit profile should help, given that it largely focuses on mortgages (60% of total loans) with an average loan-to-value of 49% and employment is proving resilient. New mortgage loans have largely been granted at fixed rates in the past few years, therefore have not suffered from interest rates increases, while at the same time there was an unusually high volume of pre-payments of mortgage debt in 2023.

We expect net inflows of problem loans will largely arise from vulnerable small and midsize enterprises (SMEs) and, to a lesser extent, unsecured consumer lending. We expect NPAs (including NPL and real estate assets) to peak at below 3.5% of loans in 2025, up from 2.8% in March 2024. The bank would most likely have already identified new problem loans as part of its Stage 2 credits. At end-March 2024, these accounted for 5% of total loans, lower than the average level reported by the Spanish banking system.

Aside from credit risk, Ibercaja is structurally exposed to interest rate risk given its largely floating balance sheet and large share of nonsensitive deposits. Thus, while it benefitted from the interest rate increase in the past few years, it will now start to suffer from upcoming declines. The bank partly hedges this risk through its asset-liability committee (ALCO) portfolio (€11 billion) to maintain the exposure within the tolerance limits approved in its Risk Appetite

Framework. The ALCO portfolio, 94% of which is classified as held-to-collect, was largely built up in 2020. Given the subsequent, significant rate hikes, it carries large unrealized losses. We don't expect them to be realized, though, and expect them to decline over time. The average duration of the portfolio is slightly below three years.

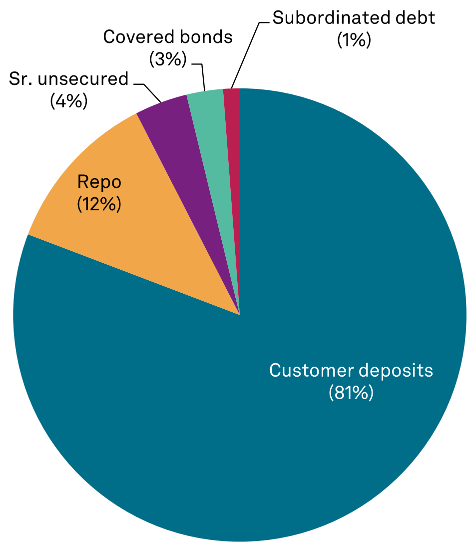
Funding And Liquidity: A Strong Retail Funding Base And Ample Liquidity Buffers

Ibercaja benefits from a balanced, stable funding profile, which it should be able to preserve over the next two years. Its balance sheet is largely funded by customer deposits (see chart 6), which are granular and loyal. The bank's top 20 depositors account for less than 2% of the total, about 87% of deposits are insured, and 50% of its client base have been bank customers for over 20 years. While in the now higher-rate environment we have started to see some depositors moving resources to off-balance-sheet products, the loan-to-deposit ratio (at 82.5% at end-March 2024, according to our calculations) remains quite comfortable.

Wholesale funding is limited, consisting mainly of repo (repurchase agreement) financing for its securities portfolio and a limited number of debt placements in the form of covered bonds and MREL-eligible instruments (MREL—minimum requirement for own funds and eligible liabilities). In November 2022, the bank repaid in full to the ECB its TLTRO (targeted longer-term refinancing operations) borrowings. Given the modest lending growth expected over the next few years, we don't anticipate wholesale debt will increase much, with new issuance instead aiming to replace maturing instruments.

Chart 6

Ibercaja is primarily deposit-funded
as of end-March 2024



Source: S&P Global Ratings.

Ibercaja's liquidity position is also sound, with liquid assets accounting for 21% of total assets and covering 34% of customer deposits at end-March 2024. Liquid assets mainly include government bonds and cash and reserves at central banks, as well as €1.4 billion (2.7% of total assets) of SAREB bonds, which the state guarantees. However, SAREB bonds are less liquid as they can be subject to a repo but not sold in the market.

Support: No Notches Of Uplift To The Stand-Alone Credit Profile

We believe that the prospects of extraordinary government support for the Spanish banking sector are uncertain following the full implementation of the EU Bank Recovery and Resolution Directive, including bail-in powers, from Jan. 1, 2016. Therefore, the ratings on Ibercaja would not be entitled to benefit from potential extraordinary government support, despite the bank having, in our view, moderate systemic importance in Spain.

The ratings on Ibercaja do not benefit from ALAC uplift either. Although we see its sale of whole business resolution strategy as credible, its buffer of bail-inable instruments is not large enough to protect senior creditors in a resolution scenario. At December 2023, Ibercaja's ALAC buffer--comprising a €500 million Tier 2 instrument--accounted for just 202bps of S&P Global Ratings RWAs, far from the 400 bps level required for a one-notch uplift to its ratings. This 400 bps threshold is 100 bps higher than the standard threshold, reflecting the concentration of the ALAC buffer in a limited number of instruments, and its consequently higher refinancing risks.

Given that Ibercaja already complies with its MREL requirement—(23.5% MREL at end-March 2024 versus the 21.81% requirement)--it is unlikely to issue more bail-inable debt that would further strengthen its ALAC, also because it is not subject to subordinated MREL requirements.

Environmental, Social, And Governance (ESG)

We view ESG credit factors as not influencing Ibercaja's credit quality. Because it was previously a savings bank, Ibercaja is owned by four banking foundations, which limits its financial flexibility compared with listed peers. The bank has gradually aligned its board members composition with market standards, with its chairman being nonexecutive, 45% of its board members being independent, and 36% women. We also believe that the bank has strengthened its corporate governance standards and transparency of reporting over the past six years in preparation for its IPO, even if the latter was never completed. We consider top management to be stable and experienced, with a reasonably good track record of preserving a low-risk profile.

Due to its primarily retail focus, Ibercaja is structurally exposed to conduct risks, which have increased systemwide amid growing consumer awareness and activism. However, so far, Ibercaja has been less affected than other players in the system. Environmental risks are similar to those of other mortgage-focused peers, with transition risks largely related to physical risks of drought in Spain. The bank has started to incorporate climate risk into its business strategy and risk appetite framework, and aims to become carbon neutral by end-2050.

Hybrid Issue Ratings

We rate Ibercaja's Tier 2 and AT1 instruments by notching down from the bank's 'bbb-' SACP.

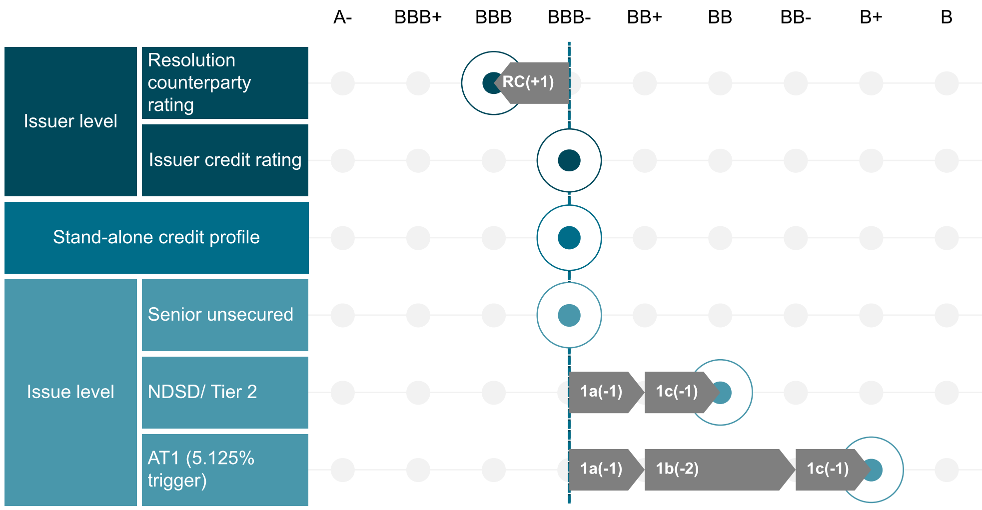
We rate the nondeferrable subordinated debt at 'BB', two notches below the bank's SACP. In addition to being subordinated (one notch), this debt (which for regulatory purposes is considered a capital instrument) could be written down to absorb losses ahead of resolution--that is, before the institution reaches the point of nonviability (one notch).

We also rate the bank's AT1 instrument at 'B+', four notches below the bank's SACP. This reflects:

- Contractual subordination (one notch);
- Capacity to skip coupon payments, having Tier 1 regulatory capital status (two notches);
- Contractual common equity conversion clause (one notch) when the CET1 ratio falls below 5.125% (a level that we see as a nonviability trigger).

At end-March 2024, Ibercaja reported a maximum distributable amount buffer of 5%, a level well above that of many of its peers.

Ibercaja S.A.: Notching



Key to notching

---- Issuer credit rating

----- Stand-alone credit profile

RC	Resolution counterparty liabilities (senior secured debt)
1a	Contractual subordination
1b	Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
1c	Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.
The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.
AT1--Additional Tier 1. NDSD—Non-deferrable subordinated debt.

Resolution Counterparty Ratings

Our resolution counterparty ratings (RCR) on Ibercaja are 'BBB/A-2', one notch above the long-term issuer credit rating.

An RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default through an effective bail-in resolution process for the issuing financial institutions. RCRs apply to issuers in jurisdictions where we assess the resolution regime to be effective and we consider the issuer likely to be subject to a resolution that entails a bail-in if it reaches nonviability.

Key Statistics

Table 1

Ibercaja Banco S.A.--Key figures

	--Year-ended Dec. 31--				
(Mil. €)	**2024***	**2023**	**2022**	**2021**	**2020**
Adjusted assets	53,714	54,139	54,047	58,351	58,152
Customer loans (gross)	28,602	29,095	29,729	29,577	29,965
Adjusted common equity	1,865	1,793	1,819	1,599	1,534
Operating revenues	330	1,299	1,066	1,031	965
Noninterest expenses	178	706	663	690	646
Core earnings	74	375	229	176	43

*Data as of March 31.

Table 2

Ibercaja Banco S.A.--Business position

	--Year-ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Loan market share in country of domicile	2.5	2.5	2.5	2.4	2.4
Deposit market share in country of domicile	2.3	2.4	2.5	2.7	2.5
Return on average common equity	7.7	10.5	7.0	5.2	0.8

*Data as of March 31.

Table 3

Ibercaja Banco S.A.--Capital and earnings

	--Year-ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Tier 1 capital ratio	15.1	14.8	14.8	15.4	15.5
S&P Global Ratings' RAC ratio before diversification	N/A	8.7	9.0	8.1	7.9
S&P Global Ratings' RAC ratio after diversification	N/A	7.5	7.8	7.1	6.9
Adjusted common equity/total adjusted capital	84.2	83.7	83.9	82.0	81.4
Net interest income/operating revenues	51.6	50.9	52.3	47.8	55.3
Fee income/operating revenues	35.2	34.7	41.1	42.5	38.8
Market-sensitive income/operating revenues	(2.4)	(0.7)	1.3	4.6	0.5
Cost to income ratio	53.9	54.3	62.1	66.9	66.9
Preprovision operating income/average assets	1.1	1.1	0.7	0.6	0.6
Core earnings/average managed assets	0.5	0.7	0.4	0.3	0.1

*Data as of March 31. N/A--Not applicable. RAC--Risk-adjusted capital

Table 4

Ibercaja Banco S.A.--Risk-adjusted capital framework data

(Mil. €)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**Standard & Poor's Global Ratings' RWA**	**Average Standard & Poor's Global Ratings' RW (%)**
Credit risk					
Government and central banks	15,713	1,056	7	1,195	8

Table 4

Ibercaja Banco S.A.--Risk-adjusted capital framework data (cont.)					
Of which regional governments and local authorities	943	0	0	97	10
Institutions and CCPs	1,046	206	20	309	30
Corporate	5,090	4,682	92	6,172	121
Retail	21,391	8,563	40	9,670	45
Of which mortgage	17,721	6,207	35	6,473	37
Securitization§	0	0	0	0	0
Other assets†	2,312	2,053	89	3,735	162
Total credit risk	45,552	16,560	36	21,081	46
Credit valuation adjustment					
Total credit valuation adjustment	--	9	--	0	--
Market risk					
Equity in the banking book	353	543	154	2,111	598
Trading book market risk	--	0	--	0	--
Total market risk	--	543	--	2,111	--
Operational risk					
Total operational risk	--	1,555	--	1,553	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings' RWA**	**% of S&P Global Ratings' RWA**
Diversification adjustments					
RWA before diversification	--	18,667	--	24,744	100
Total diversification/ Concentration adjustments	--	--	--	3,764	15
RWA after diversification	--	18,667	--	28,508	115
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings' RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		2,748	14.7	2,143	8.7
Capital ratio after adjustments‡		2,748	14.8	2,143	7.5

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2023, S&P Global Ratings.

Table 5

Ibercaja Banco S.A.--Risk position					
	--Year-ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Growth in customer loans	(6.8)	(2.1)	0.5	(1.3)	(3.1)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	15.2	15.4	13.0	13.1
Total managed assets/adjusted common equity (x)	29.0	30.4	29.9	36.7	38.1
New loan loss provisions/average customer loans	0.2	0.4	0.3	0.3	0.7

Table 5

Ibercaja Banco S.A.--Risk position (cont.)					
	--Year-ended Dec. 31--				
(%)	2024*	2023	2022	2021	2020
Net charge-offs/average customer loans	(0.4)	(0.1)	(0.1)	(0.1)	N.M.
Gross nonperforming assets/customer loans + other real estate owned	1.7	1.7	1.7	2.4	3.4
Loan loss reserves/gross nonperforming assets	93.7	94.0	89.3	75.1	63.7

*Data as of March 31. N/A--Not applicable. N.M.--Not meaningful. RWA--Risk-weighted assets.

Table 6

Ibercaja Banco S.A.--Funding and liquidity					
	--Year-ended Dec. 31--				
(%)	2024*	2023	2022	2021	2020
Core deposits/funding base	79.5	81.7	87.7	80.4	79.1
Customer loans (net)/customer deposits	85.9	84.8	78.4	78.1	80.9
Long-term funding ratio	88.1	87.0	91.4	95.2	94.1
Stable funding ratio	91.5	90.8	89.4	109.8	109.2
Short-term wholesale funding/funding base	12.7	13.9	9.1	5.1	6.3
Broad liquid assets/short-term wholesale funding (x)	2.1	2.0	1.9	6.7	5.6
Broad liquid assets/total assets	20.6	21.5	13.9	27.0	27.7
Broad liquid assets/customer deposits	34.0	34.7	20.3	42.6	44.7
Net broad liquid assets/short-term customer deposits	17.7	17.9	10.0	38.2	38.0
Short-term wholesale funding/total wholesale funding	59.8	72.6	70.0	25.2	29.2
Narrow liquid assets/3-month wholesale funding (x)	1.8	1.8	2.9	7.4	7.1

*Data as of March 31.

Ibercaja Banco S.A.--Rating component scores	
Issuer credit rating	**BBB-/Positive/A-3**
SACP	bbb-
Anchor	bbb
Economic risk	4
Industry risk	4
Business position	Moderate
Capital and earnings	Adequate
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Ibercaja Banco S.A.--Rating component scores (cont.)	
Issuer credit rating	**BBB-/Positive/A-3**
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: June 2024, June 28, 2024
- Economic Outlook Eurozone Q3 2024: Growth Returns, Rates Fall, June 24, 2024
- Outlooks On Six Spanish Banks Revised To Positive On Stronger Profitability, April 29, 2024
- Spain 'A/A-1' Ratings Affirmed; Outlook Stable, March 15, 2024
- Eurozone Banks: ECB's Operational Framework Review Backs The Status Quo, March 14, 2024
- Slides: Spanish Banks in 2024: Clear Skies, Jan. 24, 2024

Ratings Detail (As Of July 17, 2024)*	
Ibercaja Banco S.A.	
Issuer Credit Rating	BBB-/Positive/A-3
Resolution Counterparty Rating	BBB/--/A-2
Junior Subordinated	B+
Senior Unsecured	BBB-
Subordinated	BB
Issuer Credit Ratings History	
29-Apr-2024	BBB-/Positive/A-3
25-Nov-2022	BBB-/Stable/A-3
24-Jun-2021	BB+/Stable/B
29-Apr-2020	BB+/Negative/B

Ratings Detail (As Of July 17, 2024)*(cont.)	
Sovereign Rating	
Spain	A/Stable/A-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.