GRUPO IBERCAJA ACHIEVES A NET PROFIT OF €356 MILLION IN 3Q 2014.

- The banking operating profit rises nearly 9% y/y
- Retail customer funds increase by 4.74%. Remarkable behavior of off-balance retail funds, with a growth of 11.84%. New quarterly record in inflows to investment funds
- The evolution of granted loans shows positive signs. Almost 60% of the new production is intended for SMEs
- Recurrent expenses fall by 5.78%, reflecting operational optimization and attainment of synergies following the acquisition of Caja3
- Group's NPL ratio, 10.86%, is 17% lower than system average. The provisions made reach 56% of NPLs
- AQR results reflect the high level of provisioning and accuracy in identifying risks
- Available liquid assets account for 20% of total assets, widely covering maturities of coming years
- CET1 capital ratio stands at 10.36%, +29 bp. compared to December 2013
- Under the stress test performed by the ECB and EBA, Ibercaja has a capital surplus above €650 million in the adverse scenario

Ibercaja Group obtained a net profit of €356 million up to September 2014. This result largely exceeds the one from previous year, which was impacted by high provisioning linked to Caja3 acquisition and new banking regulation. As in June results, it is remarkable the increase in the bank operating profit, driven by the stabilization of net interest income, the increase in revenues from off balance business and the decrease in recurrent costs.

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Furthermore, the results achieved by Ibercaja in the stress tests performed by the European Central Bank show the quality of the loan portfolio, as well as the strong capital position and ability to generate income, which is a secure guarantee when facing very negative scenarios as the ones envisioned in the stress test. With these solid fundamentals, the Bank has entered a new phase, after completing the legal and technological integration of Caja3 and the transformation of Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon and Rioja, Ibercaja Banco's main shareholder, into the Banking Foundation Ibercaja.

Growing business

Commercial activity has focused on attracting customers and improving their relation with the Bank, with particular emphasis on enhancing the activity with companies, mainly SMEs, and individuals, especially those belonging to the personal banking segment, strategic objective of the Bank .

The result of this activity is the growth of the resources of the retail network, which amount to €48,116 million, 4.74% higher than a year ago, increasing Ibercaja's market share in 5 bp. In-balance retail funds increased by 1.39%, while off-balance funds (investment funds, pension plans and life insurance) increased by 11.84%. Low interest rates and the pursuit of higher returns have led to a new record of contributions to off-balance business. In this sense, assets under management in mutual funds have increased 23.56% y/y. It is also noteworthy the good performance of pension plans, with a variation of 9.84% since September 2013.

The loan portfolio amounted to €36,625 million. The contraction, 6.27% y/y, is explained by the private sector deleveraging and the reduction in the exposure to RED. Still, the decline in lending has been below the system, so the Bank has improved its share in the domestic market.

Excluding seasonal slowdown in the third quarter, the pace of granted loans shows positive signs. In the first nine months of the year, total volume granted amounts to €1,987 million. Ibercaja is committed to strengthen relations with SMEs and self-employed. In this sense, almost 60% of new production has been intended for the financing of small and medium non-real estate companies.

Recurrent revenue and cost control

The results achieved by the Group are supported by the good performance of recurrent revenues and cost control.

Net interest income was €533 million. It decreased by 3.74% y/y, as a result of the contraction of the loan portfolio and the effect of extremely low interest rates, partially mitigated by improved funding costs. However, on a single quarterly analysis, in 3Q2014 a margin recovery is visible, with an increase of 3.36% and 5.47% over the 3Q2013 and 2Q2014, respectively.

Net commissions amount to €231 million, €13 million more than in September 2013. This good performance is explained by brokerage products, whose contribution increased by 16.19% due to more assets under management in mutual funds and pension plans.

Operating expenses fell by 3.20%, due to optimized costs and captured synergies within Caja3 integration. The decline is even greater, 5.78% if costs linked to the Redundancy Plan are not included (up to 375 employees, with a cost of €32.5 million). The reduction of recurrent costs will continue in coming months, due to synergies following the integration of Caja3, headcount reduction and branch network rationalization.

Banking operating profit, which includes income from the traditional activity and recurrent costs, amounts to €272 million, 8.85% higher than previous year.

The active management of the fixed income portfolio has allowed Ibercaja to take advantage of market evolution, obtaining a net trading income of €436 million.

Provisions, €157 million, are lower than previous year, when very high extraordinary charges arose from the acquisition of Caja3 and the new regulation related to refinanced loans.

Profit before taxes amounts to €498 million. After taxes and minorities, net profit is €356 million.

Good evolution of asset quality

NPL ratio for the Group, 10.86%, is 17% lower than system average. The entire increase in the default rate in the year is due to the decline in credit as NPL decrease since December. Regardless of the real estate business, NPL ratio is 6.28%.

NPL coverage reaches almost 56%. This solid level is the result of efforts made in provisioning in recent years.

Under the "Comprehensive Assessment", the asset quality review conducted by the European Central Bank has highlighted the quality of the loan portfolio in Ibercaja, the high level of provisions reached to cover riskier assets and the rigorous criteria of asset classification and risk identification. Following the exercise, the additional requirement of provisions is irrelevant: €7 million, or 0.05% of the total amount of selected portfolios. This leads to an adjustment of the initial capital ratio of only 2 bp, compared to the Spanish average of 14 bp.

The sale of own and third party properties has considerably accelerated over the year. At the end of September, the number of units sold increased by more than 40% over the same quarter of 2013.

Ample liquidity position and capital strength

The Group maintains a comfortable liquidity position and has reduced reliance on wholesale funding. Available liquid assets amount to €12,591 million, representing around 20% of total assets. Additionally, the ability to issue covered bonds is €6,318 million.

At the end of September, the Common Equity Tier I ratio rises to 10.36%, with an increase of 29 bp in the year.

In the stress test conducted by the ECB and the EBA, Ibercaja obtained in the two scenarios a capital ratio exceeding in more than two percentage points the minimum requirements, equivalent to more than €600 million. In the adverse scenario, reflecting a negative macroeconomic environment and a tightening in market conditions, the Group would have a CET 1 of 7.88%, 40% more than the minimum threshold.

GRUPO IBERCAJA BANCO CONSOLIDATED RESULTS

(€ millions and %)	3Q14	3Q13 (1)	y/y mill. €	y/y %
Net Interest Income	533	554	-21	-3.7
Return on equity instruments	9	9	1	8.0
Net fee income	231	218	13	5.8
Return on financial operations	436	179	257	143.3
Other operating income	-49	-44	-4	-10.1
Gross Margin	1,160	916	245	26.7
Operating expenses	525	542	-17	-3.2
Other gains and losses	20	5	16	-344.4
Pre Provision Profit	655	378	278	73.5
Total provisions	157	371	-214	-57.7
Profit Before Taxes	498	6	492	---
Taxes	143	-6	149	---
Consolidated Net Profit	356	12	343	---
Net Profit Attributable to Shareholders	356	13	342	---
*Banking Operating Profit **	*272*	*250*	*22*	*8.9*

* Net interest income + Net fee income + Recurrent operating expenses

(1) Proforma information for comparative purposes. 3Q2013 Caja3 data included.

MOST RELEVANT BUSINESS FIGURES

	sep-14	sep-13	y/y %
Total retail funds	48,116	45,939	4.7%
On-balance sheet retail funds	31,645	31,212	1.4%
Off-balance sheet retail funds	16,471	14,727	11.8%
Gross Customer Loans	36,625	39,075	-6.3%
Total Assets	63,544	63,956	-0.6%

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