



iberCaja



1Q 2015 RESULTS

May 13, 2015





Disclaimer

This presentation on no account should be considered as a (i) service of financial analysis, (ii) investment recommendation (iii) or advice of any type, (iv) nor does it aim to offer any kind of financial product or service. The information contained in this presentation is general and does not reveal all the risks or other material factors. Before entering into any transaction, potential investors must ensure that they fully understand the terms of the securities/transactions and the risks inherent in them, considering (i) the information submitted to the Comisión Nacional del Mercado de Valores www.cnmv.es (not the information contained in this presentation) and (ii) having taken appropriate professional or other advice.

Ibercaja Banco cautions that this presentation might contain forward-looking statements. While these statements represent our judgement and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results that differ materially from our expectations. It is expressly remarked here that no information herein contained should be taken as a guarantee of future performance or results.

The content in this presentation is regulated by the Spanish law applicable at time of writing, and it is not addressed to any person or legal entity located in any other jurisdiction (particularly USA or UK). For this reason it may not necessarily comply with the prevailing rules or legal requirements as required in other jurisdictions.

Neither Ibercaja nor other persons shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this communication.

Any price(s) or value(s) are provided as of the date or time indicated and no representation is made that any trade can be executed at these prices or values. In addition, Ibercaja has no obligation to update any information contained herein.

This marketing communication is not intended for distribution to any kind of investors in the U.S.A., nor retail clients in the UK under any circumstances. Information set out on the presentation has come from a variety of sources, which Ibercaja considers to be reliable and have been chosen by Ibercaja with due diligence and reasonable care. Ibercaja does not provide any guarantee or warranty in respect of the accuracy, completeness, up-to-datedness, or quality as well as the availability at any time of the data and other information provided on the presentation. Any views, statements or representations provided for on this presentation do not necessarily reflect the opinion of Ibercaja.

Under no circumstances, including negligence, shall Ibercaja be liable for any DIRECT, INDIRECT, INCIDENTAL, SPECIAL or CONSEQUENTIAL DAMAGES, or LOST PROFITS that result from the reliance by a recipient on any information obtained from this presentation.



Index



Results Highlights



Commercial Activity



1Q 2015 Results



Asset Quality, Liquidity and Solvency



Final Remarks



Results Highlights

- **Total retail funds increase 3.9% YoY with a profitable mix.** Strong growth in current accounts and off-balance funds.
- **Deleveraging still taking place (-5.6% YoY), but solid signs in new loan production (+27.8% YoY)** with a special focus in SME (64% of new production).
- **Net profit of €42,6mm (+6% YoY).** Deposit cost reduction, non banking commissions (+10.7% YoY) and a strong decrease in operating expenses (-9.4% YoY) drive the P&L account.
- **NPL ratio down to 10.4% with one of the highest coverage ratios in the sector (56.7%).** NPL decrease 7.4% YoY (€294mm).
- **Available liquid assets stand at over €12,900mm and represent 21% of total assets.**
- **CET1 Phased-In ratio improves to 11.5%. CET1 Fully Loaded¹ ratio is 10.3%.**

¹ Not including CoCos; including unrealised AFS gains





Index

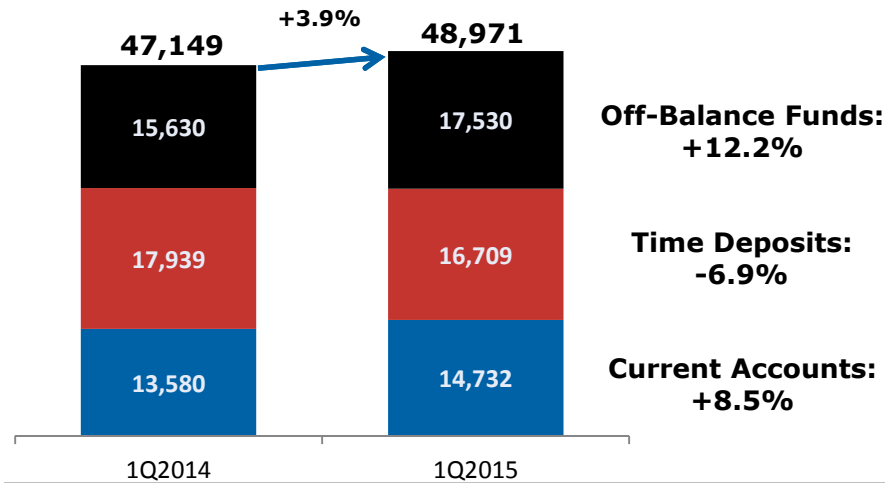
- ▶ **Results Highlights**
- ▶ **Commercial Activity**
- ▶ **1Q 2015 Results**
- ▶ **Asset Quality, Liquidity and Solvency**
- ▶ **Final Remarks**



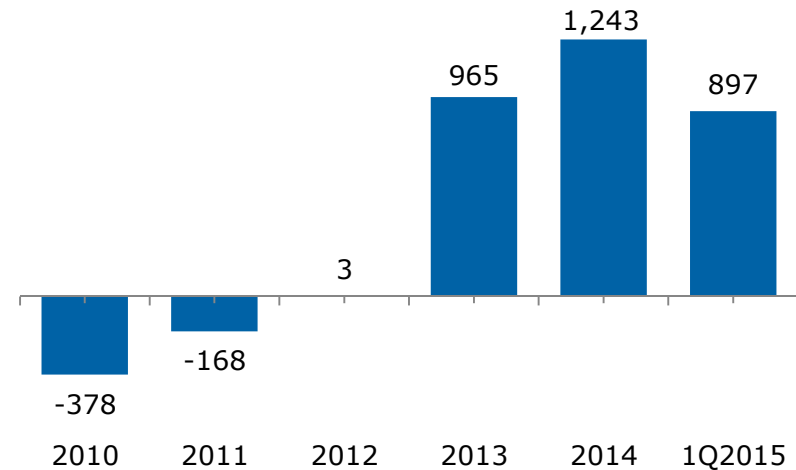
Retail Funds

- Total retail funds increase 3.9% YoY with highly positive trends:**
 - Profitable mix:** current accounts and off-balance sheet funds represent 65.9% of total retail funds vs. 62% in 1Q2014.
 - Strong increase in off-balance funds (+12.2%),** focused in mutual funds (+24.5%) and pension funds (+8.9%).

Total Retail Funds – mm€



Mutual Funds Growth Evolution – mm€¹



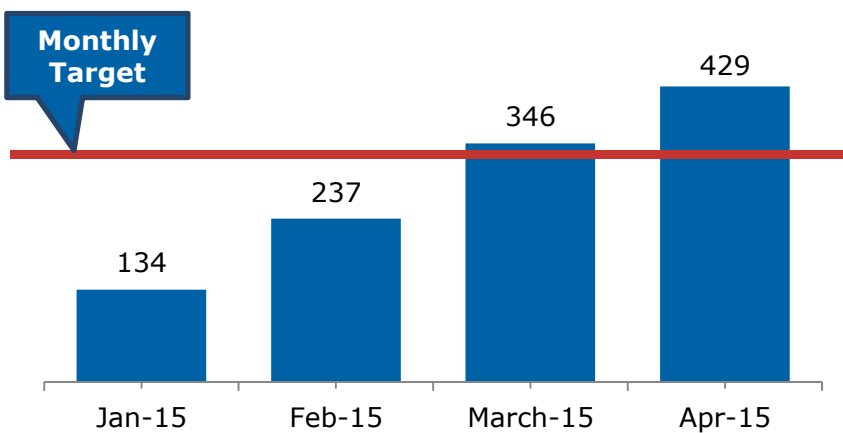
¹ Ibercaja Gestión

Customer Loans

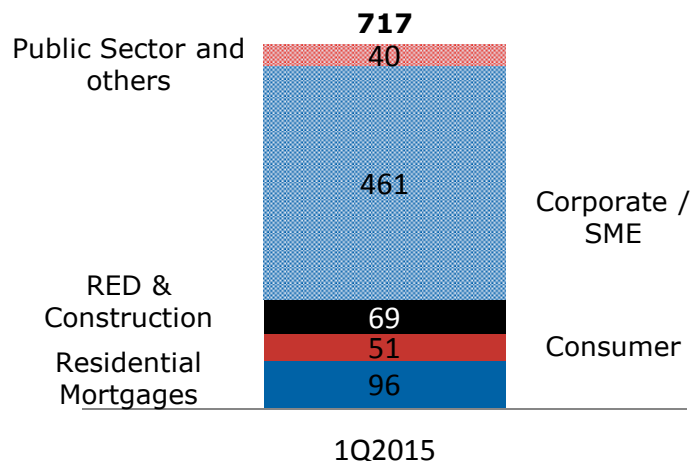
■ **Deleveraging still taking place with a 5.6% YoY fall, but with solid signs in new loan production:**

- New lending production reaches €717mm (27.8% YoY).
- SME new loan production increases 41.9% YoY and accounts for 64% of total new portfolio.
- Ibercaja Banco's target of €4,000mm new loan production in 2015 is on track.

Monthly New Lending Production - €mm

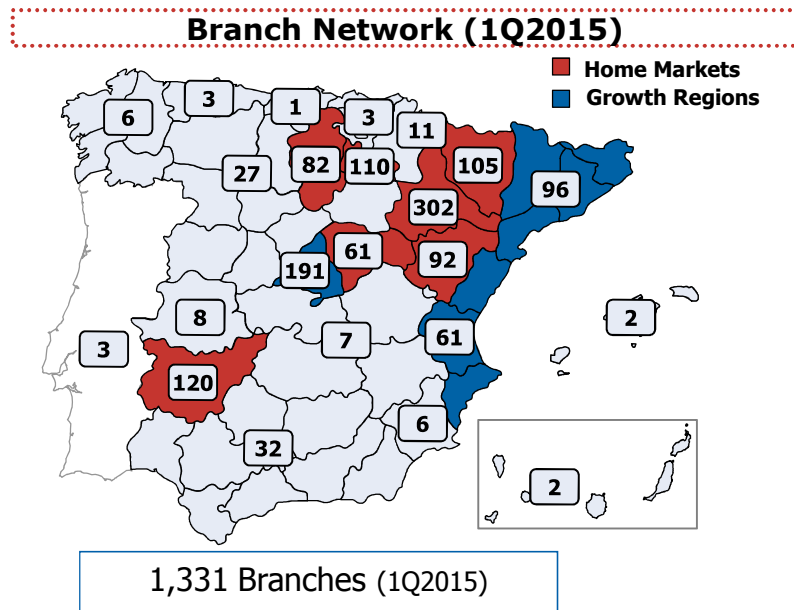


New Lending Production - mm€



Main Markets Evolution

- Ibercaja Banco's early expansion into Madrid and the Mediterranean Basin (**Growth Regions**) has resulted in a well established footprint outside the bank's Home Markets. **These regions represent close to 30% of Ibercaja Banco's business volume.**



- Recent trends in the Growth Regions are positive:
 - ▶ New loan production grows 73.8% YoY and represents 46% of total production in the quarter.
 - ▶ Total retail funds increase 9.1% YoY.
- In Aragón, Cajatres integration synergies are materialising while maintaining the strong market share:
 - ▶ 23 additional branch closures in Aragón during 1Q2015.
 - ▶ Customer funds increase 2.1% YoY.



Index

- ▶ **Results Highlights**
 - ▶ **Commercial Activity**
 - ▶ **1Q 2015 Results**
 - ▶ **Asset Quality, Liquidity and Solvency**
 - ▶ **Final Remarks**
-

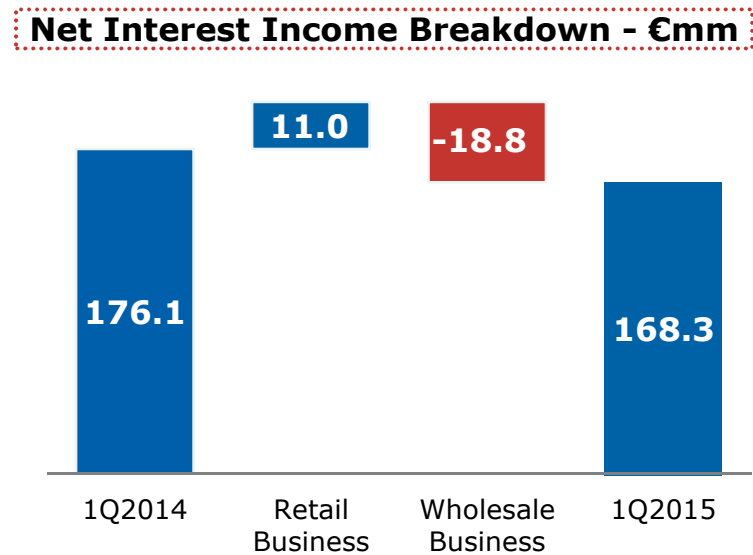
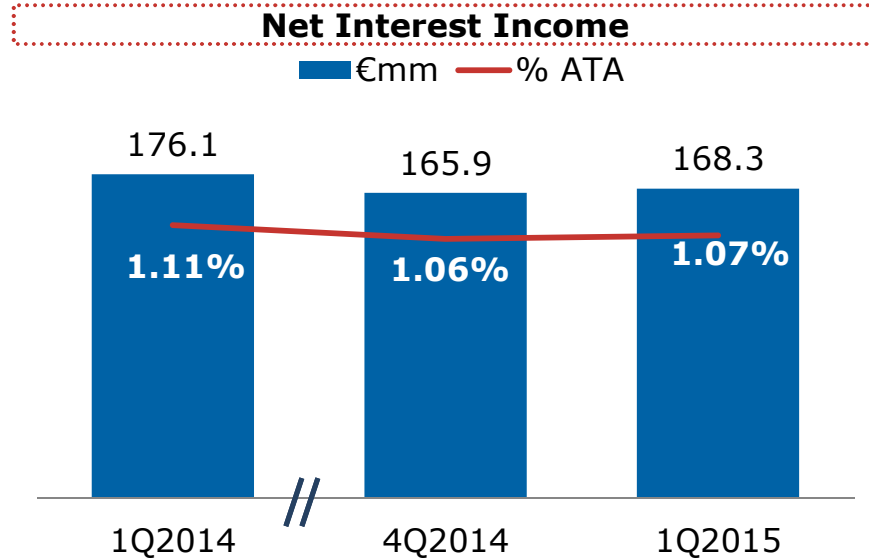


1Q2015 Results

mm€	1Q2014	1Q2015	YoY
Net Interest Income	176.1	168.3	-4.4%
Net Fee Income	74.4	77.4	3.9%
Trading Income	12.0	22.6	89.3%
Other Operating Inc. / Exp. (Net)	-0.7	10.4	n.a.
Gross Operating Income	261.8	278.7	6.4%
Operating Costs	-159.2	-144.3	-9.4%
Pre Provision Profit	102.6	134.4	31.0%
Total Provisions	-48.6	-76.3	57.2%
Other Gains and Losses	3.1	2.0	-37.1%
Profit Before Taxes	57.2	60.0	5.0%
Taxes & Minorities	-16.9	-17.5	3.1%
Net Profit Attributable to Shareholders	40.2	42.6	6.0%

Note: for comparative purposes and due to IFRIC21 application (DGF levies) 1Q2014 figures have been restated.

Net Interest Income

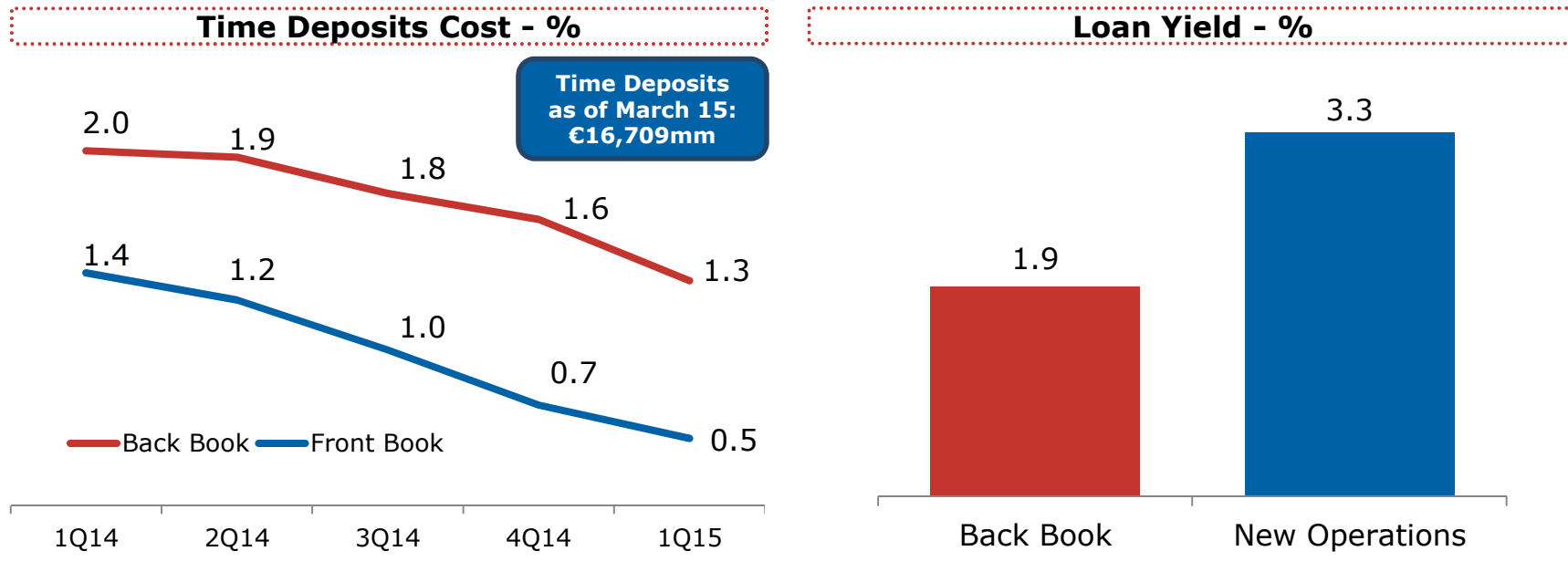


■ **Net interest margin down 4.4% YoY but increases 1.4% QoQ.**

- Positive evolution in retail business: the cost reduction in funds offsets lower Euribor and loan deleveraging.
- Income reduction in wholesale business mainly related to lower contribution of SAREB bonds.

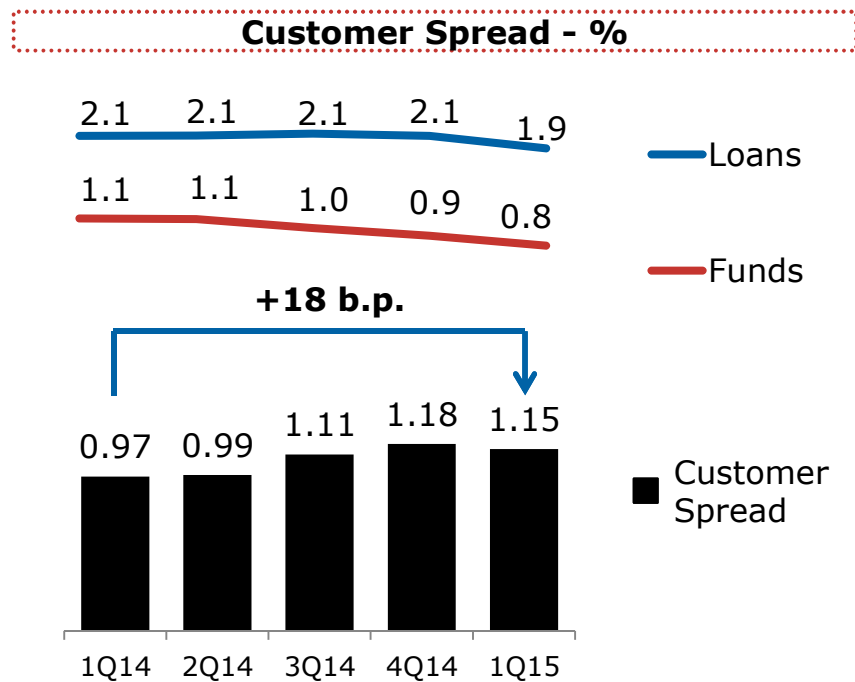
Margin Evolution (1/2)

- **Retail funds cost reduction continues in 1Q2015.**
 - In April 2015, cost of new time deposits has fallen to 0.45%.
- **Loan pricing for new operations is significantly above current portfolio.**



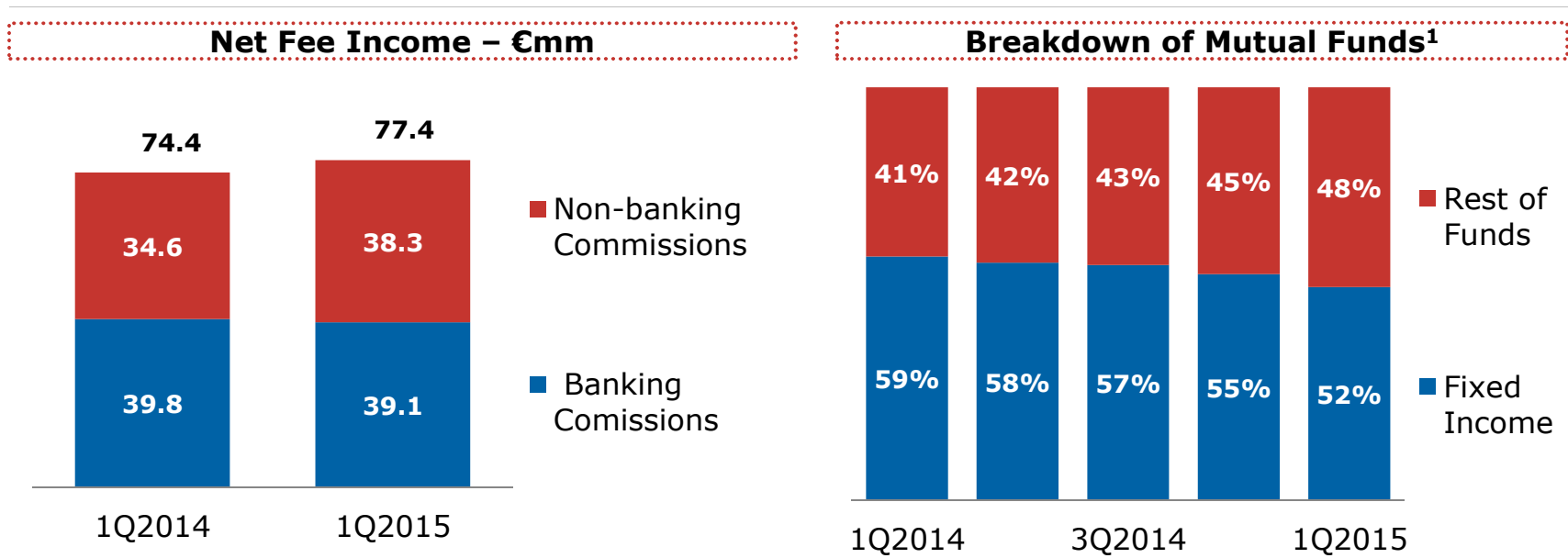
Margin Evolution (2/2)

- Customer spread down in the quarter due to Euribor at historic lows.
- Customer spread in new operations (2.8%)* significantly above back book margins, which will drive NII improvement in coming quarters.



* Loan yield – time deposit cost for new operations in the quarter

Net Fee Income

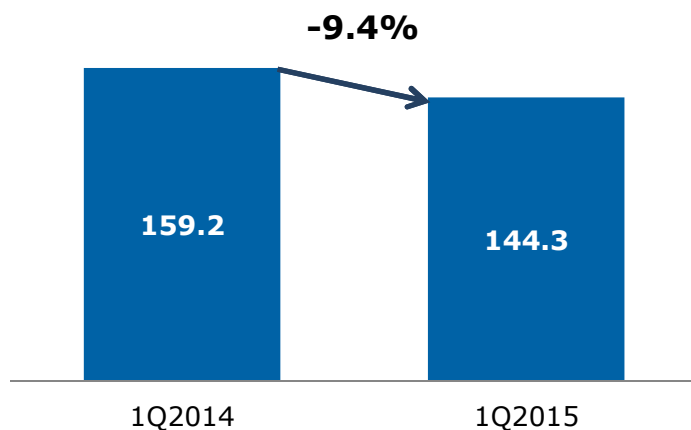


- **Sound growth in net fee income (+3.9% YoY) driven by non-banking commissions (+10.7%).**
 - AuM growth and an improved product mix increase the non-banking commissions.
- Banking commissions (-1.9%) are affected by regulatory changes in credit cards fees.

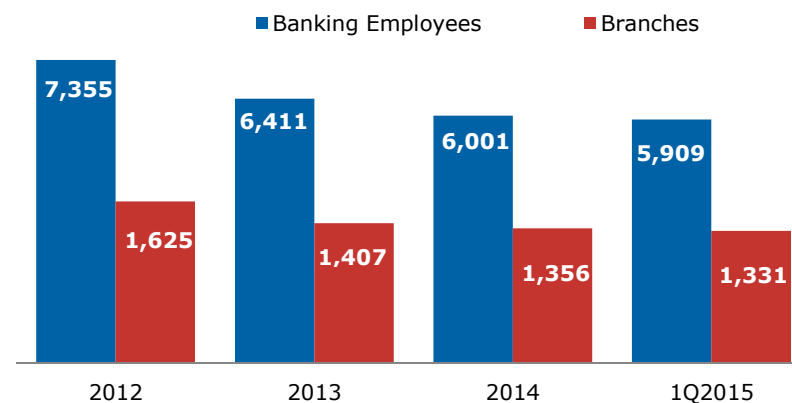
¹ Ibercaja Gestión

Operating Expenses

Operating Expenses - €mm

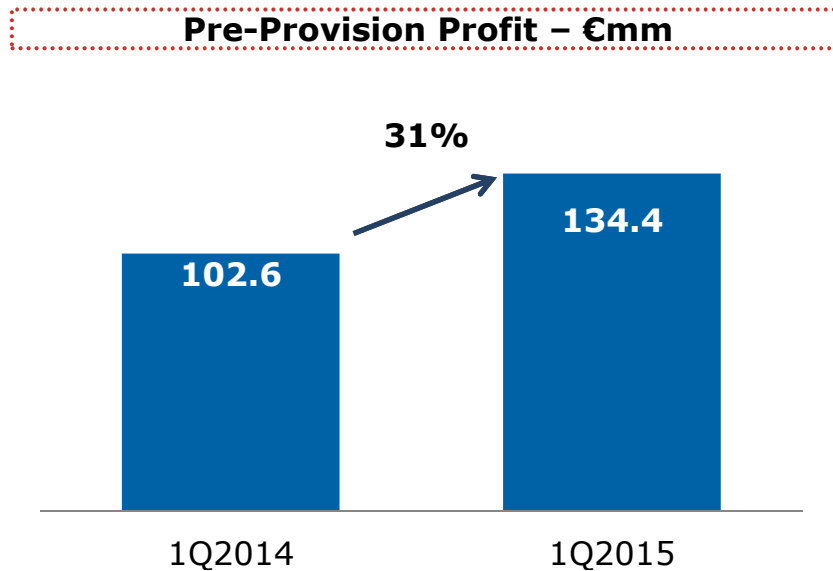


Ibercaja's Structure



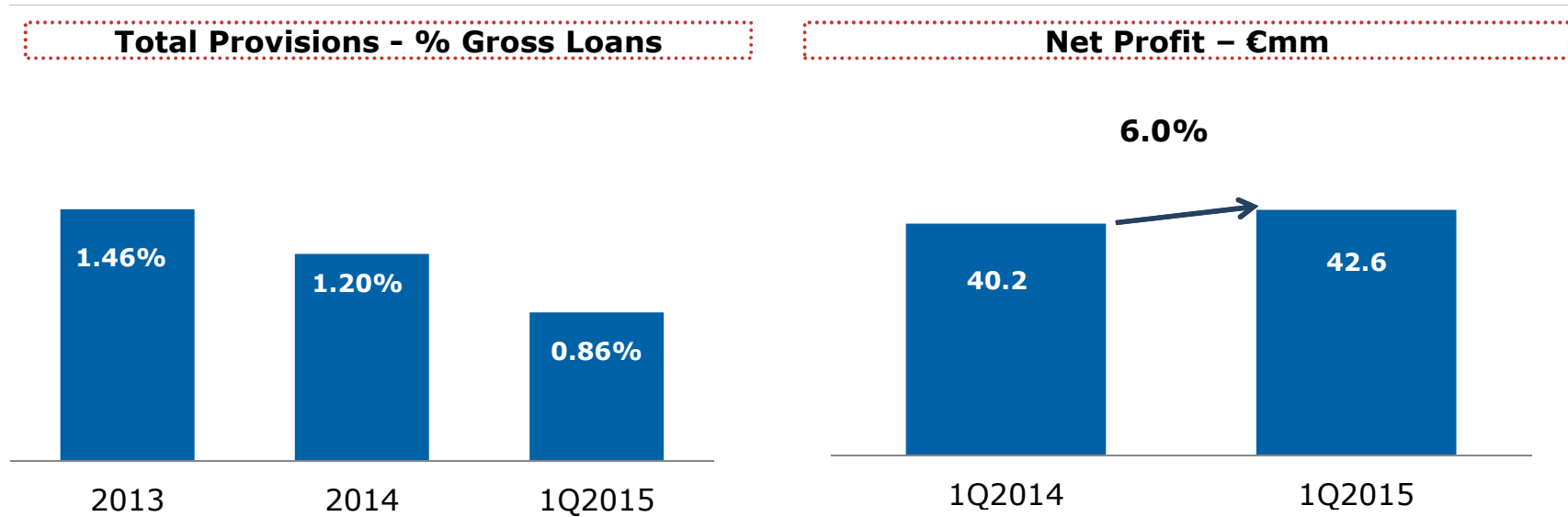
- **Strong decline in operating expenses (9.4% YoY) after Cajatres integration.**
 - ✔ Efficiency ratio ex-trading income improves significantly to 56.4%.
- **1.5% reduction in headcount and branches during the quarter.**
 - ✔ A new redundancy plan approved in April 2015 with further reduction of up to 350 employees (close to 6% of total banking employees). The cost of this plan was already accounted for in 4Q2014.

Pre-Provision Profit



- **Deposit cost reduction (-32 basis points), non banking commissions (+10.7%) and a strong decrease in operating expenses (-9.4%) allow for a 31% increase of the pre-provision profit.**

Provisions and Net Profit



■ Total provisions reach €76.3mm.

- ▣ Annualised provisions stand at 0.86% of gross loans, below 1.20% in 2014, but still above normalised levels.
- ▣ Ibercaja targets a 0.5% cost of risk in 2016

■ Ibercaja Banco reaches a net profit of €42.6mm.



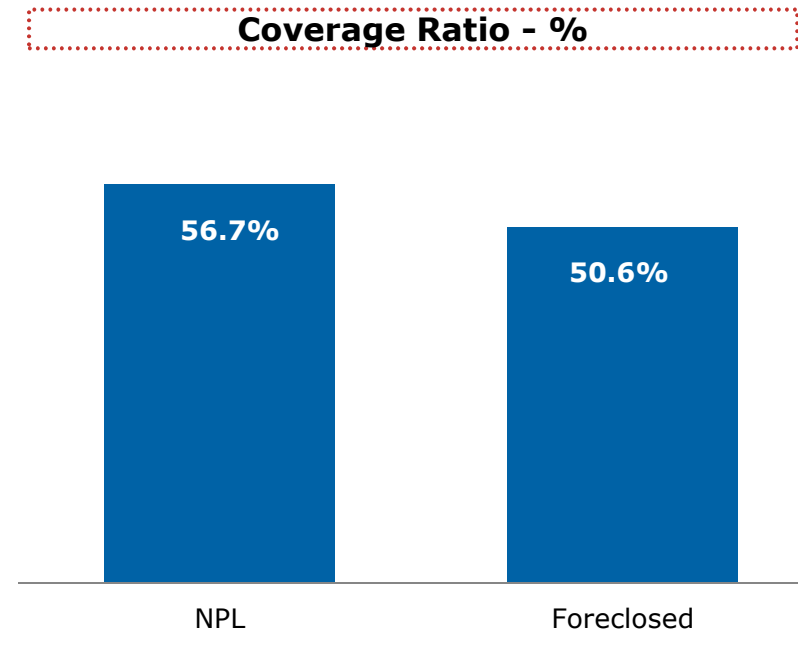
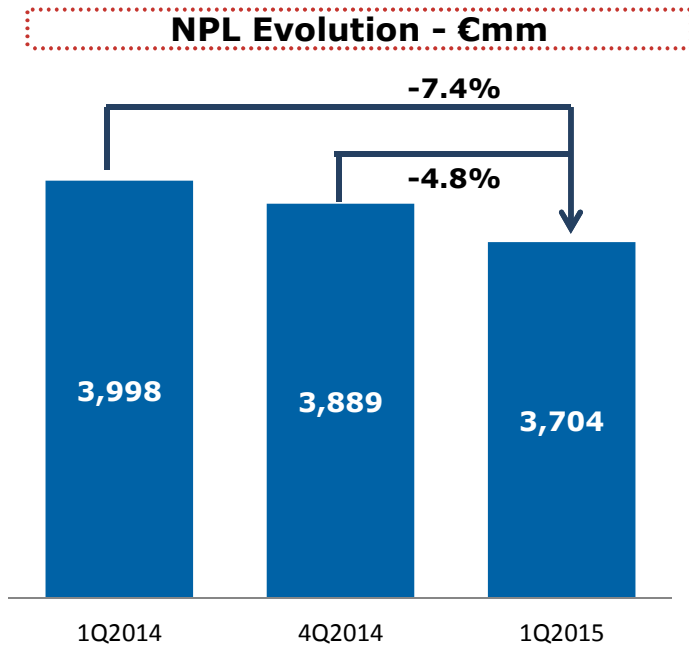
Index

- ▶ **Results Highlights**
- ▶ **Commercial Activity**
- ▶ **1Q 2015 Results**
- ▶ **Asset Quality, Liquidity and Solvency**
- ▶ **Final Remarks**



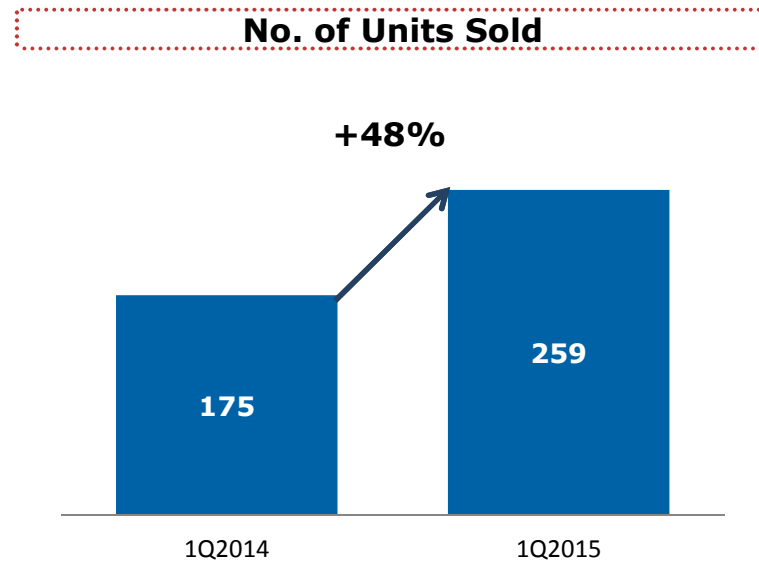
Asset Quality (1/2)

- **NPL ratio down to 10.4% (10.8% in 2014).** Ibercaja NPL ratio is 18% lower than the sector while maintaining one of the highest coverage levels.
 - ▣ Non-real estate NPL ratio is 6.3% and residential mortgage NPL ratio is 3.9%, one of the lowest in the sector.
- **NPL assets down 7.4% YoY (€294mm).**



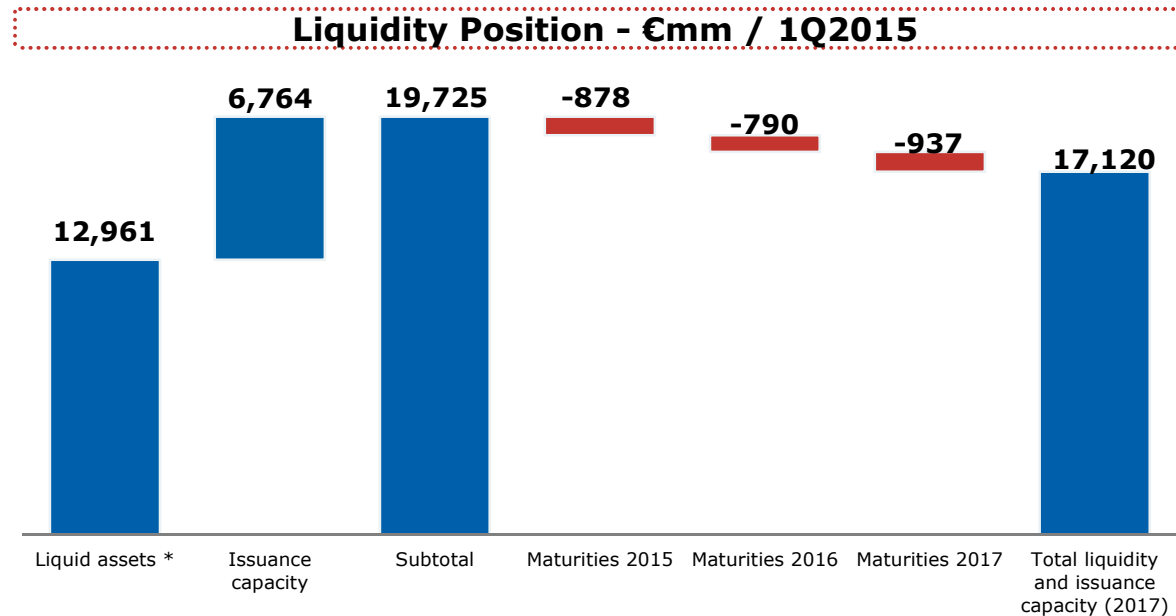
Asset Quality (2/2)

- Strong increase in foreclosed assets sales allows for a broadly stable stock of foreclosed assets (+€8mm vs. 4Q2014).
- Slight positive results (€2mm) even considering price reduction to accelerate sales.
 - Assets 100% sold through our branch network.



Liquidity and Solvency (1/4)

- **Ibercaja Banco benefits from a comfortable liquidity position.**
 - Available liquid assets stand at over €12,900mm (20.7% of total assets).
- **Loan to Deposits ratio stands at 92%¹.**

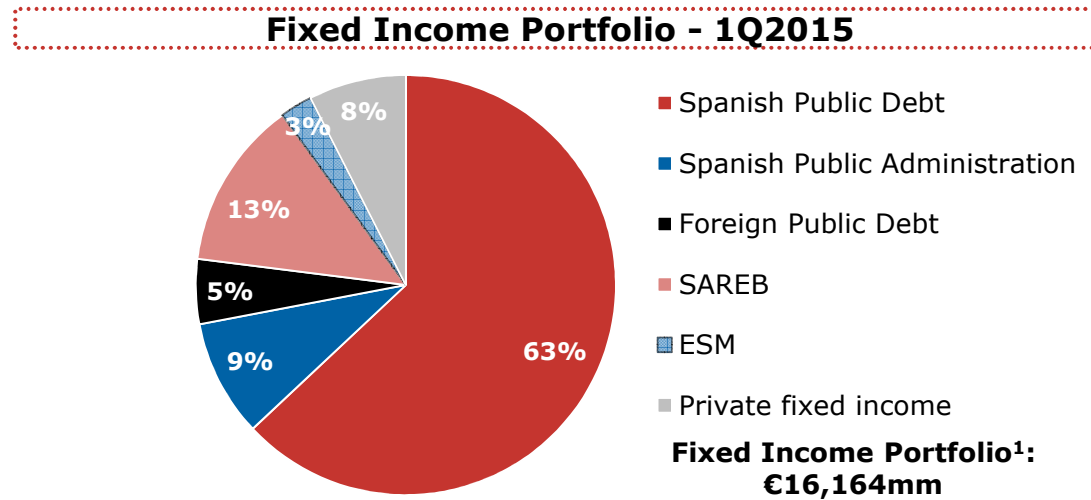


¹ Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.

* Liquid assets include unencumbered public debt + available & eligible fixed income assets (ECB haircut applied)

Liquidity and Solvency (2/4)

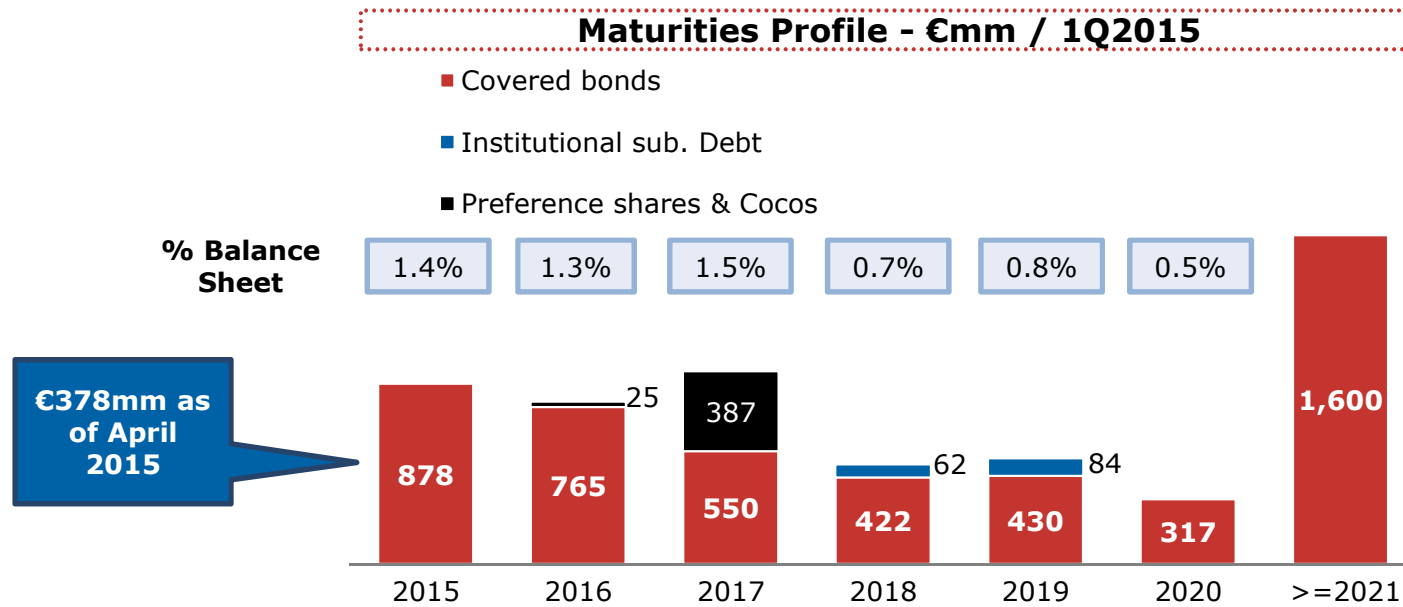
- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and a low duration.**
 - Average duration of 3.2 years and unrealised capital gains over €430mm as of March 2015.
 - Average yield stands at 2.1%.



¹ Without including held-to-maturity capital gains and accrued coupons

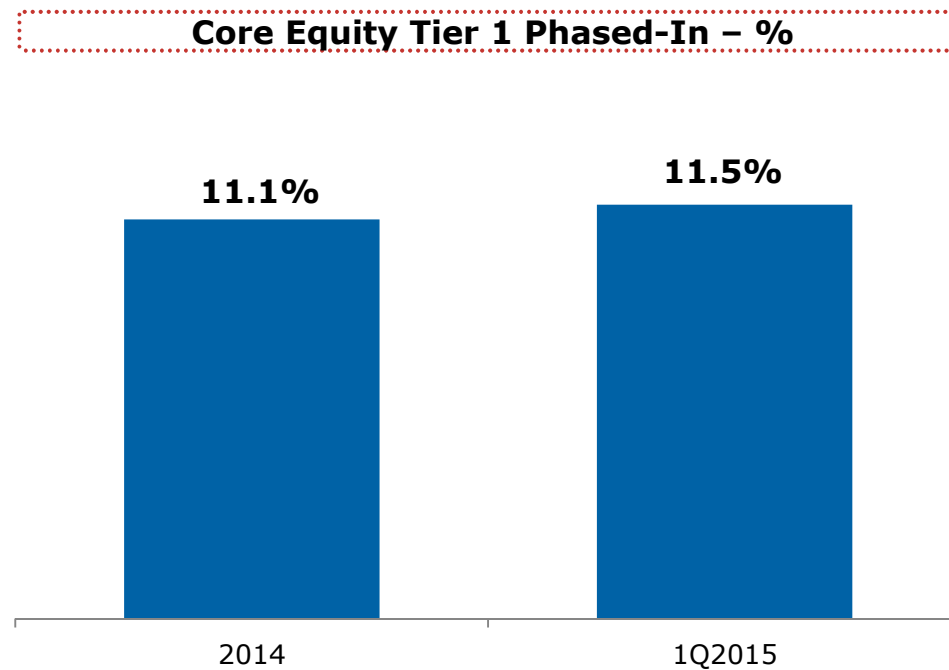
Liquidity and Solvency (3/4)

- ECB funding: €2.7bn (4.3% total assets), of which TLTRO €1.2bn.
- Well diversified maturities, with no significant concentration.



Liquidity and Solvency (4/4)






- CET1 Phased-In ratio: 11.5%
- CET1 Fully Loaded ratio: 10.3%¹
- 100% standardised approach.



¹ Not including CoCos; including unrealised AFS gains



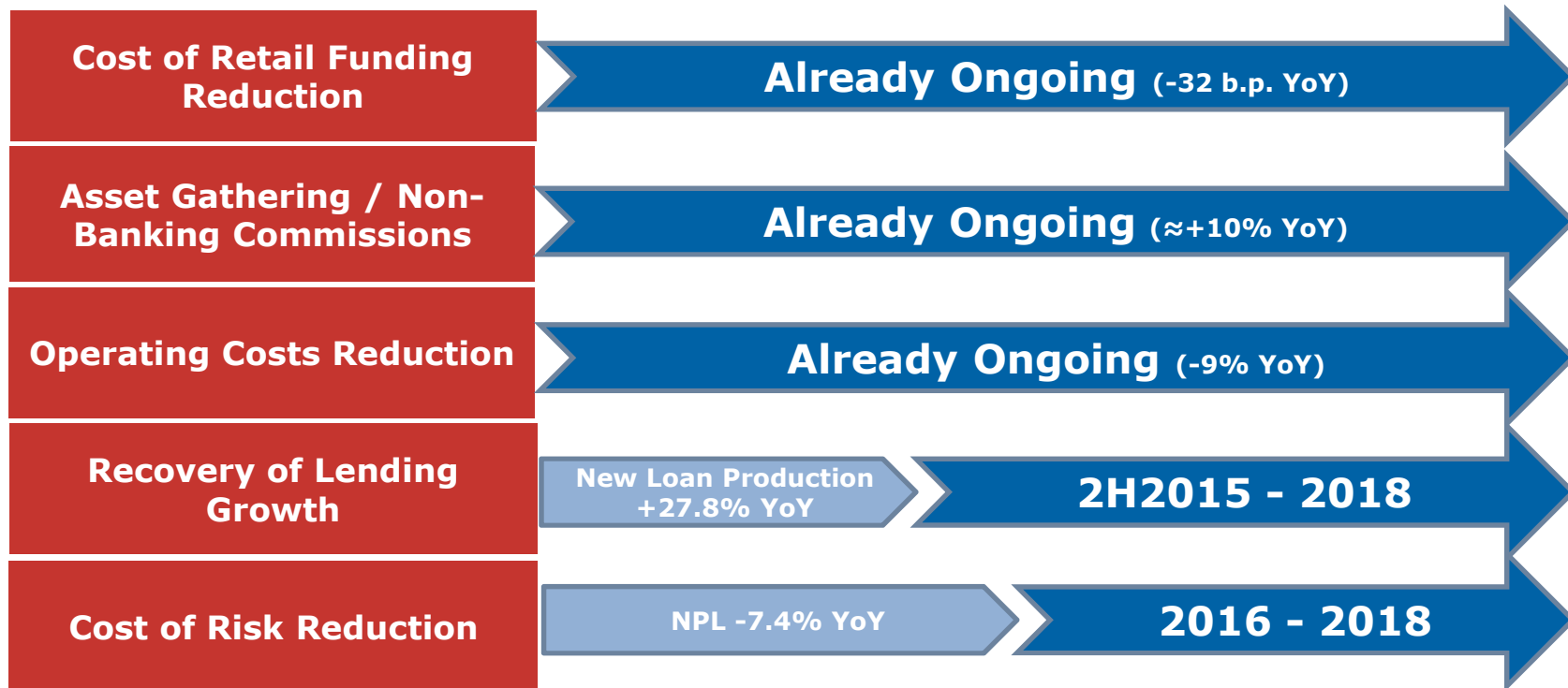
Index

-  **Results Highlights**
-  **Commercial Activity**
-  **1Q 2015 Results**
-  **Asset Quality, Liquidity and Solvency**
-  **Final Remarks**



Final Remarks

- Ibercaja's Business Plan value drivers are gathering speed and will boost the P&L account in coming quarters.

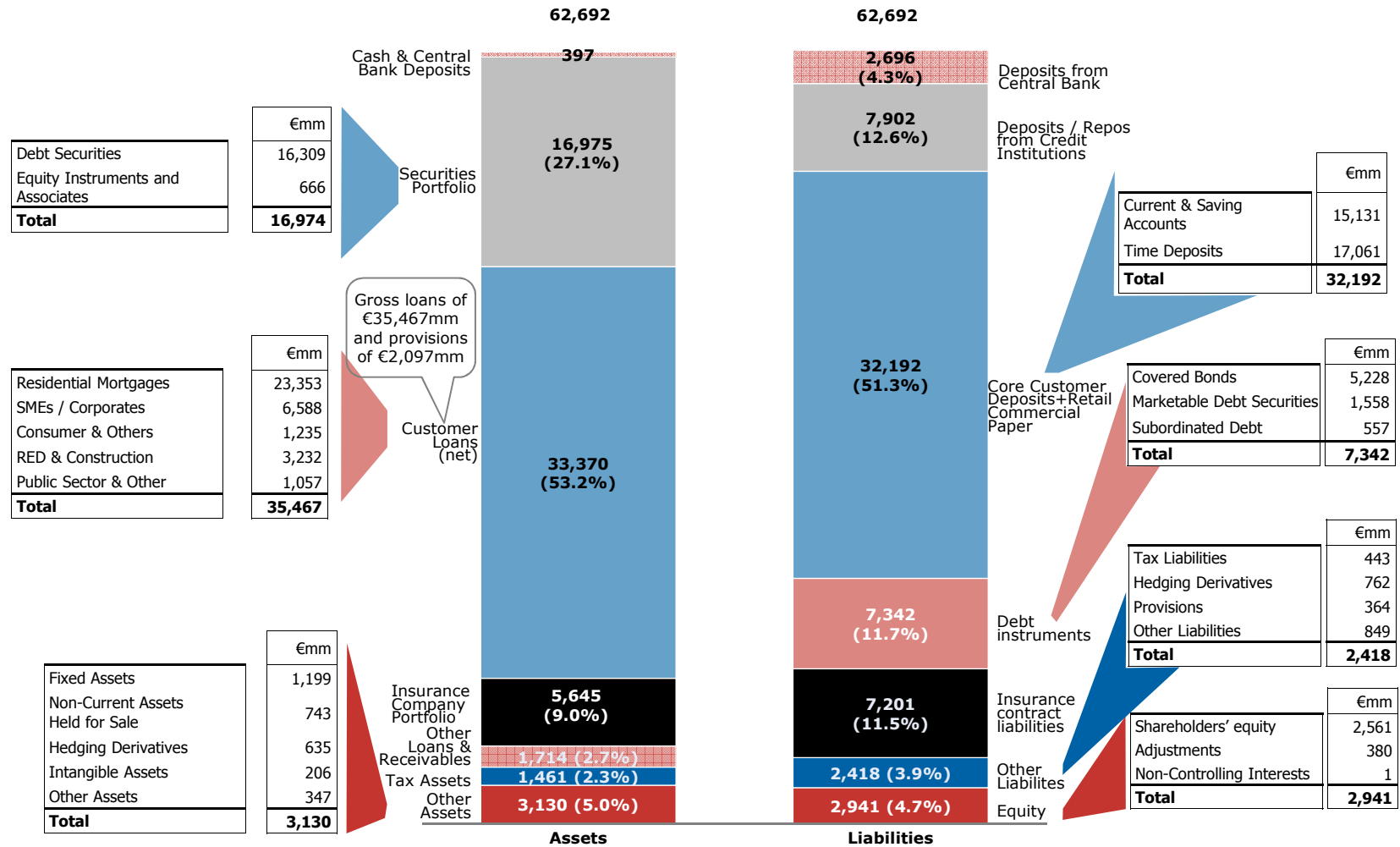




 **Annex 1: Balance Sheet**



Consolidated Balance Sheet





iberCaja

For more information, please visit our Website:
www.ibercaja.es/investors

Contact us:
investors@ibercaja.es

iberCaja 

