



iberCaja



9M2015 RESULTS

November 9th, 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

 **Main Highlights**

 **Commercial Activity**

 **9M2015 Results**

 **Asset Quality, Liquidity and Solvency**

 **Final Remarks**





Main Highlights

- **Total retail funds increase 1.6% with an outstanding evolution in off-balance funds (+7.2%).**
 - 12.7% market share in net new inflows in mutual funds during 3Q2015.
- **Deleveraging still taking place (-5.2% YoY).**
 - New lending increases 45.5% YoY and is on track to reach the €4Bn target.
- **Sound decline in recurring operating expenses (-3.4% YoY) as synergies from Cajatres acquisition are accelerating.**
 - A 4.9% reduction in headcount and a 4% reduction in branches, year to date. Over 50% of this adjustment has taken place during the 3Q.
- **NPL ratio down 65 basis points YoY to 10.2% with one of the highest coverage ratios in the sector (57.4%).**
 - Project Goya: Ibercaja Banco has signed an agreement to sell a €698mm portfolio of real estate loans. The proforma NPL ratio falls to 9.1%¹
- **Net profit of €103.1mm.**
- **CET1 Phased-In ratio improves 57 b.p. YTD to 11.7%.**

¹ Proforma ratio considering Project Goya as of September 2015. For more information of this transaction please refer to annex 2.





Index

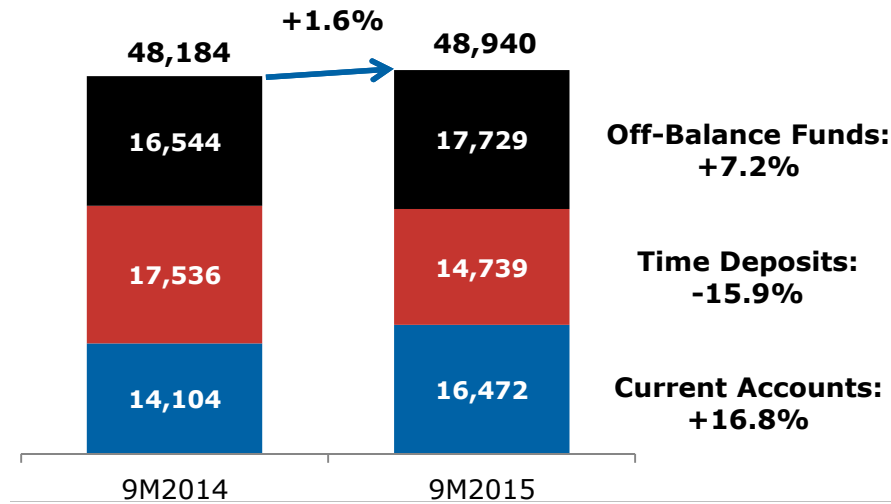
- ▶ **Main Highlights**
- ▶ **Commercial Activity**
- ▶ **9M2015 Results**
- ▶ **Asset Quality, Liquidity and Solvency**
- ▶ **Final Remarks**



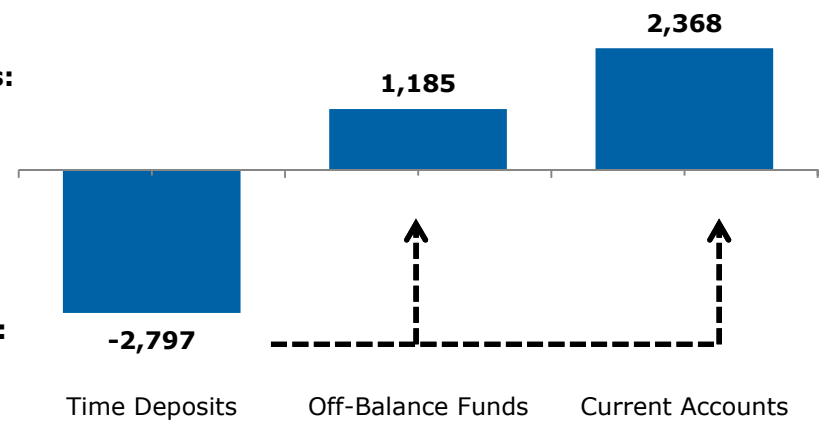
Retail Funds (1/2)

- **Total retail funds increase 1.6% YoY (+€0.8bn).**
 - **Profitable mix:** current accounts and off-balance sheet funds represent 70% of total retail funds vs. 64% in 3Q2015.
 - **Sound increase in off-balance sheet funds (+7.2% YoY),** especially focused on mutual funds (+16.7% YoY).

Total Retail Funds – €mm

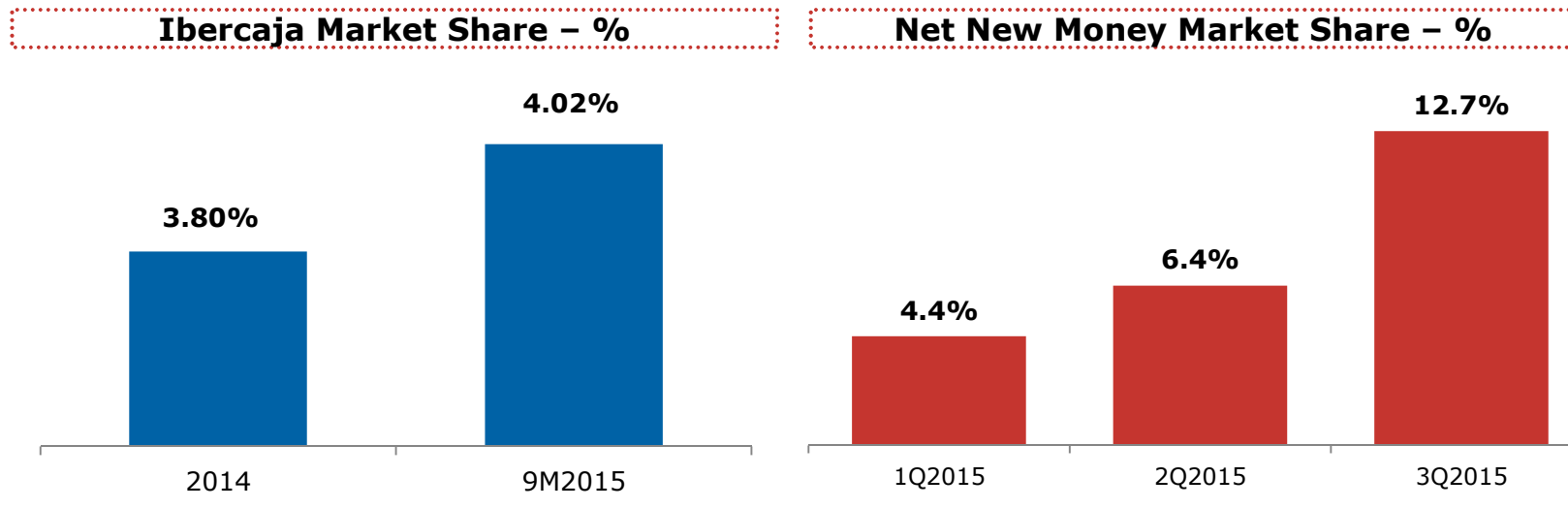


Total Retail Funds Evolution - YoY €mm



Retail Funds (2/2)

- **Outstanding evolution in mutual funds:** Ibercaja Banco reaches a 4.0%¹ market share. Ibercaja Gestión is the 8th largest mutual fund manager¹ in Spain.
 - Market share well in excess of the banking business and growing (+22 b.p. YTD), even in a complicated market environment (12.7% market share in new money during 3Q2015).
 - Improved product mix with fixed income funds already at 47% of total funds vs. 57% in 3Q2014.

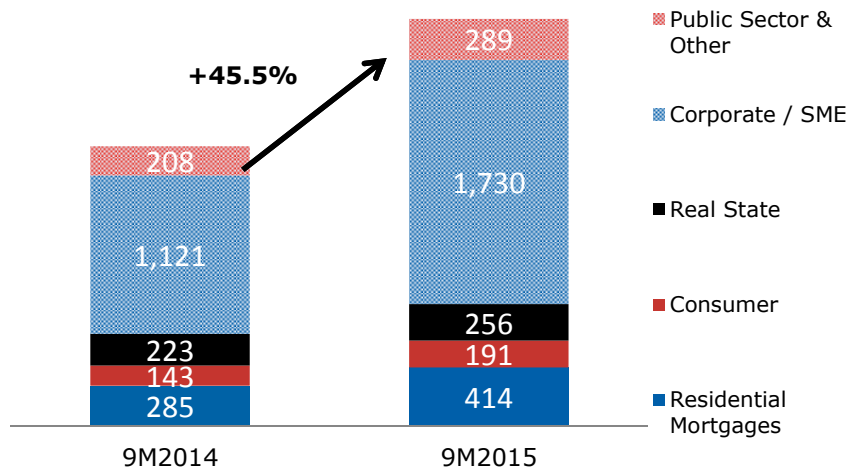


¹ Source: Inverco

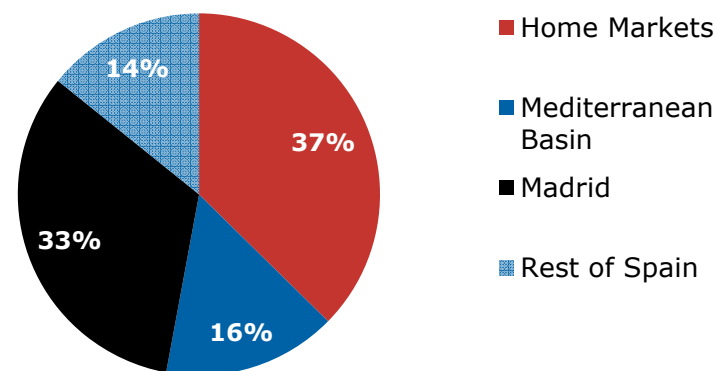
Customer Loans

- **Deleveraging still taking place with a 5.2% YoY fall of customer loans focused on residential mortgages (-5.3%) and the step up in the reduction of real estate loans (-16.3%).**
- **New lending production is on track to achieve the €4bn target for 2015.**
 - New lending production reaches €2.9bn YTD with a 45.5% YoY increase.
 - SME new loan production increases 54.3% YoY, accounting for 60% of total new lending.
 - Mediterranean Basin and Madrid account for 48.5% of total new lending.

New Loan Sector Distribution – €mm



New Loan Geographic Distribution – %





Index

- ▶ **Main Highlights**
- ▶ **Commercial Activity**
- ▶ **9M2015 Results**
- ▶ **Asset Quality, Liquidity and Solvency**
- ▶ **Final Remarks**



9M2015 Results

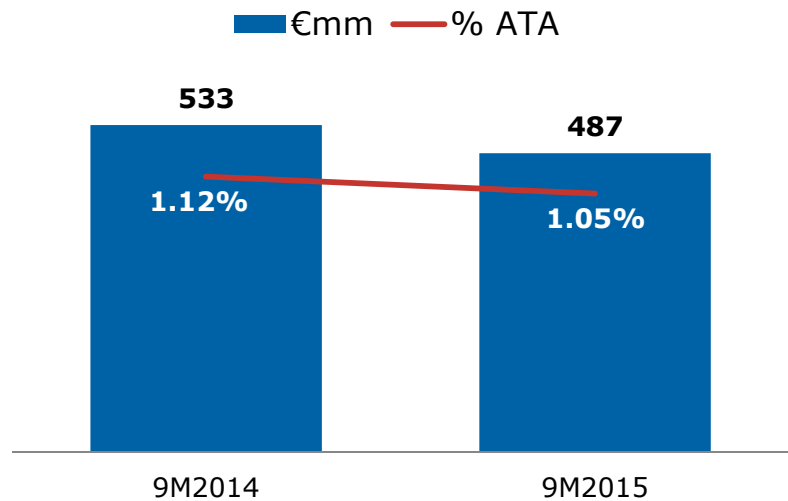
mm€	9M2014	9M2015	YoY	9M14 Non-recurring Items	9M15 Non-recurring Items	Adjusted YoY ¹
Net Interest Income	533.5	487.3	-8.6%			
Net Fee Income	230.7	245.1	6.2%			
Trading Income	435.8	140.0	-67.9%	-380.3	-9.6	
Other Operating Inc. / Exp. (Net)	-0.2	28.0	n/a			
Gross Operating Income	1,199.8	900.4	-25.0%			8.7%
Operating Costs	-525.0	-473.0	-9.9%	35.1		-3.4%
Pre Provision Profit	674.7	427.3	-36.7%			26.8%
Total Provisions	-157.0	-303.7	93.5%		99.8	29.9%
Other Gains and Losses	20.0	22.5	12.4%			
Profit Before Taxes	537.8	146.1	-72.8%			22.7%
Taxes & Minorities	-154.7	-43.0	-72.2%			
Net Profit Attributable to Shareholders	383.1	103.1	-73.1%			21.5%

¹ For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm) and extraordinary expenses for the redundancy plans (€35.1mm in 9M2014). For 9M2015, it excludes the result from the sale of doubtful and written-off loans (€9.6mm) and extraordinary provisions of €99.8mm.

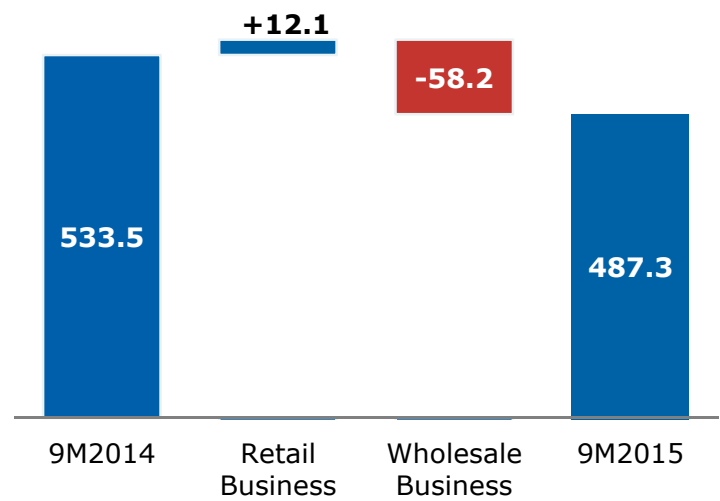
Note: for comparative purposes and due to IFRIC21 application (DGF levies) 9M2014 figures have been restated.

Net Interest Income

Net Interest Income



Net Interest Income Breakdown - €mm



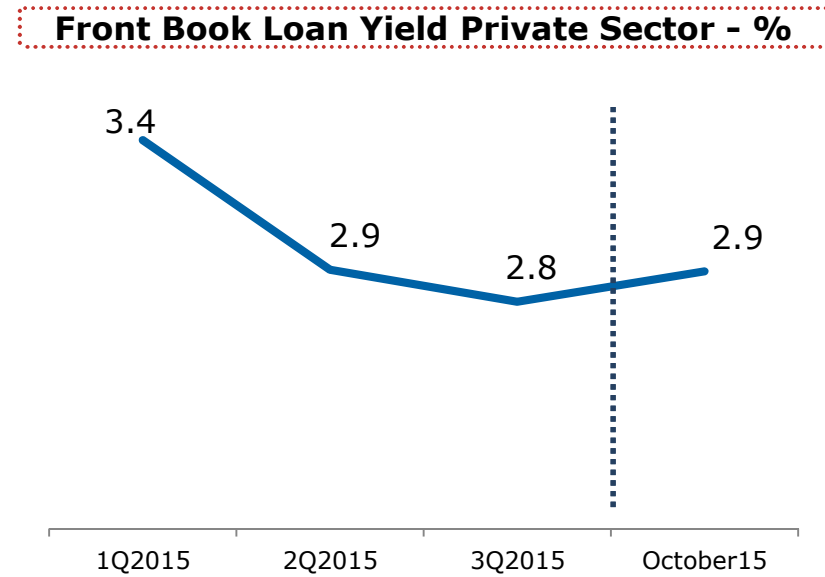
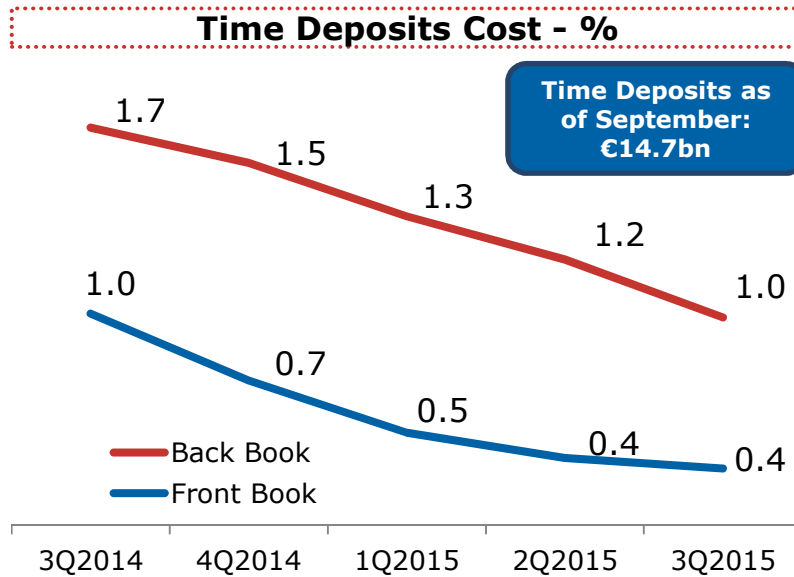
- **Net interest income decreases 8.6% YoY., although the weight of retail business in revenues is increasing.**
 - Positive growth in retail business revenue as deposit cost reduction offsets loan deleveraging and Euribor fixing at historic lows.
 - Income reduction in wholesale business mainly related to the lower contribution of SAREB bonds and the progressive normalisation of the fixed income portfolio.

Margin Evolution (1/2)

■ **Retail funds cost reduction continues in 9M2015 (-46 b.p. YoY).**

➤ Significant opportunity to improve retail funding cost in coming quarters as a result of the repricing of time deposits book at current market rates and the expected improvement in the deposit mix (time deposits still represent 47% total deposits).

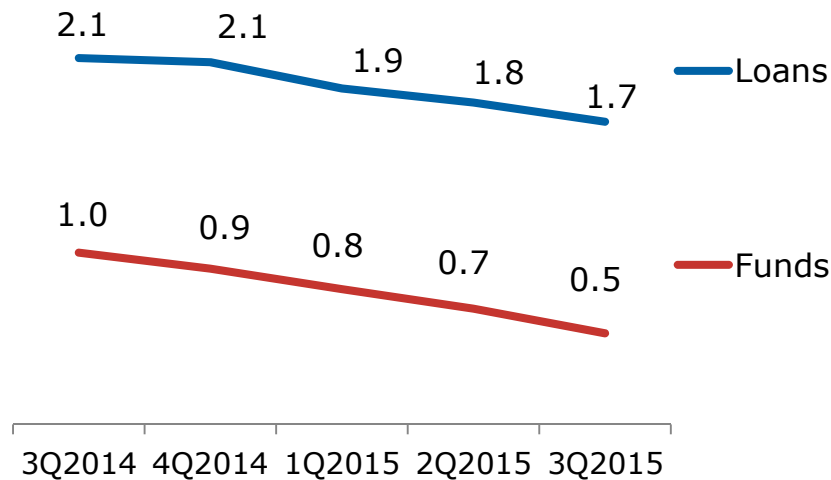
■ **Positive dynamics in loan repricing thanks to an strong new lending mix.**



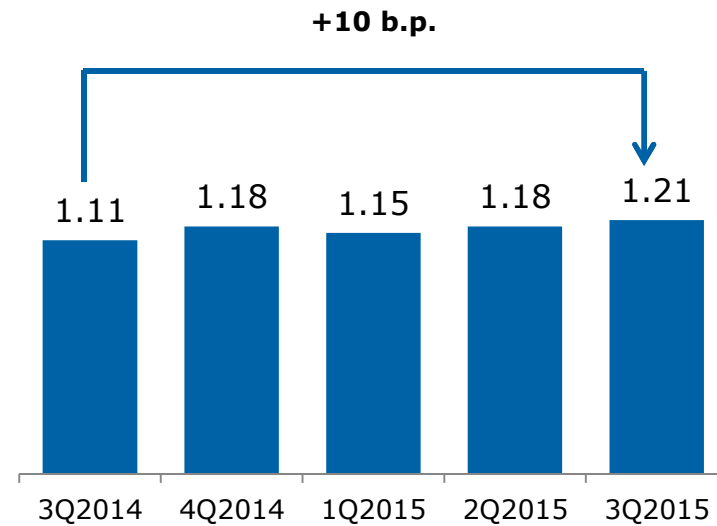
Margin Evolution (2/2)

- **Client margin improves 3 basis points QoQ (+10 b.p. YoY) as cost deposit reduction compensates for the lower loan yield.**
 - ▣ Loan yield pressure should ease in coming quarters as the portfolio has been almost fully repriced to lower Euribor and new loan production is accelerating .

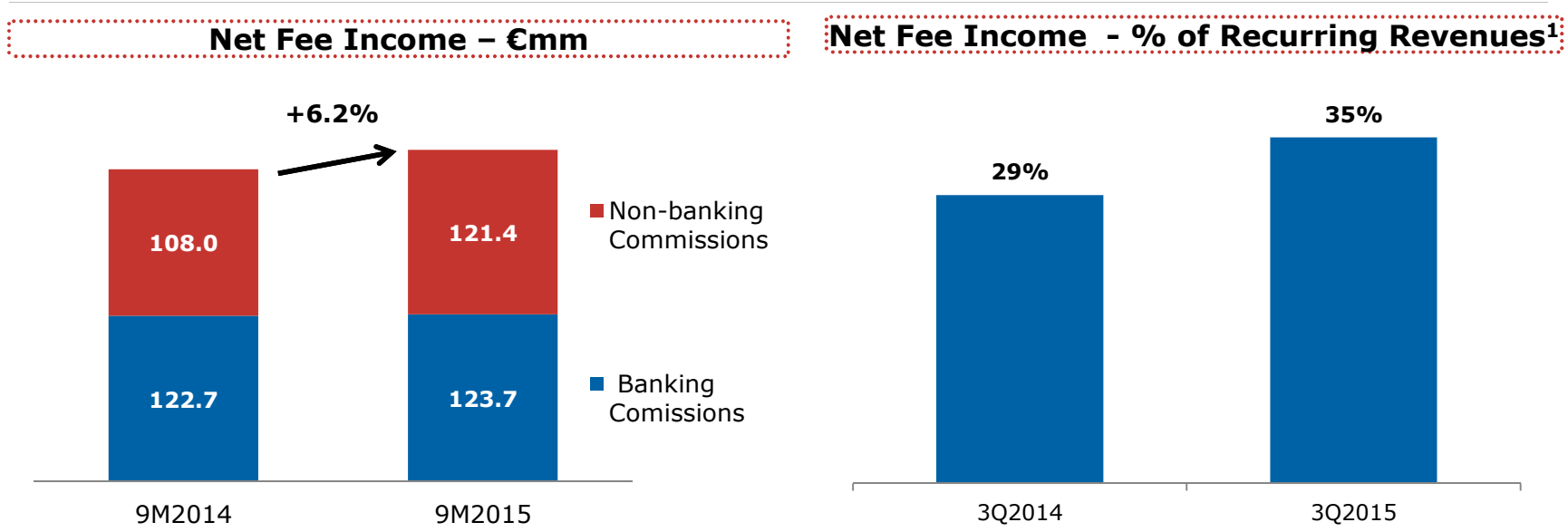
Loan Yield & Deposit Cost - %



Customer Spread - %



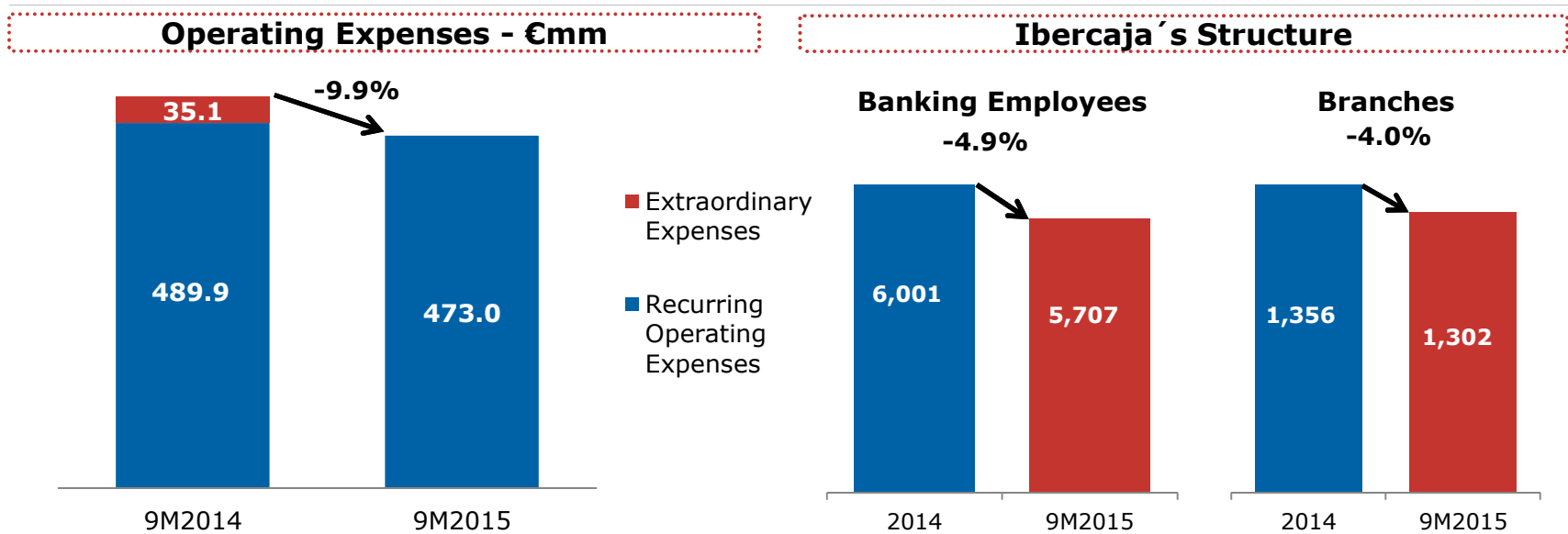
Net Fee Income



- **Strong growth in non-banking commissions (+12.4%) drive net fee income (+6.2% YoY).**
 - Net fee income are increasing its weight as a % of recurring revenues¹.
- **Banking commissions (+0.8%)** are growing despite regulatory changes in credit cards fees.

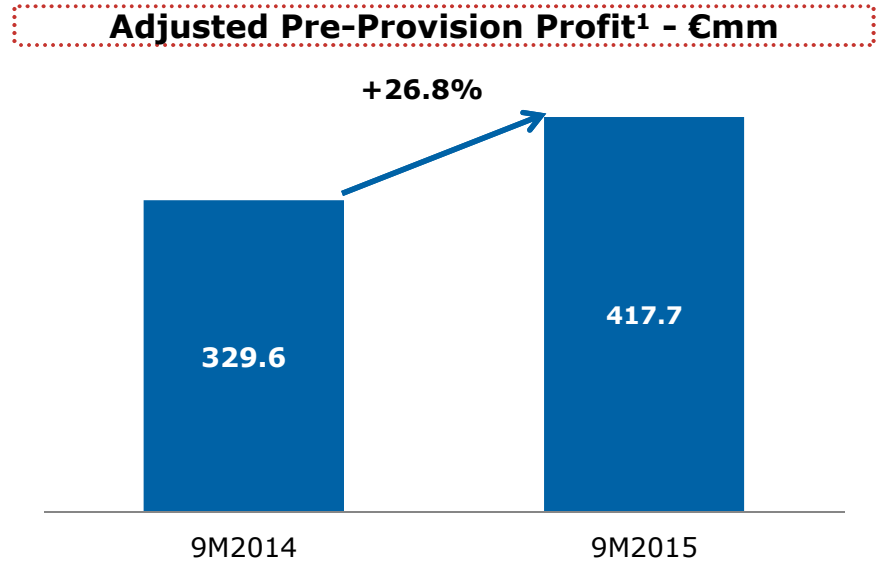
¹ Recurring revenues: net interest income + net fee income

Operating Expenses



- **Sound decline in recurring operating expenses (-3.4% YoY) as Cajatres acquisition synergies are accelerating. .**
- **Further operating expenses reduction should be expected over the next 12 months.**
 - A 4.9% reduction in headcount and a 4% reduction in branches, year to date. Over 50% of this adjustment has taken place during the 3Q.
 - Additional 30 branches closures expected before year end.

Pre-Provision Profit

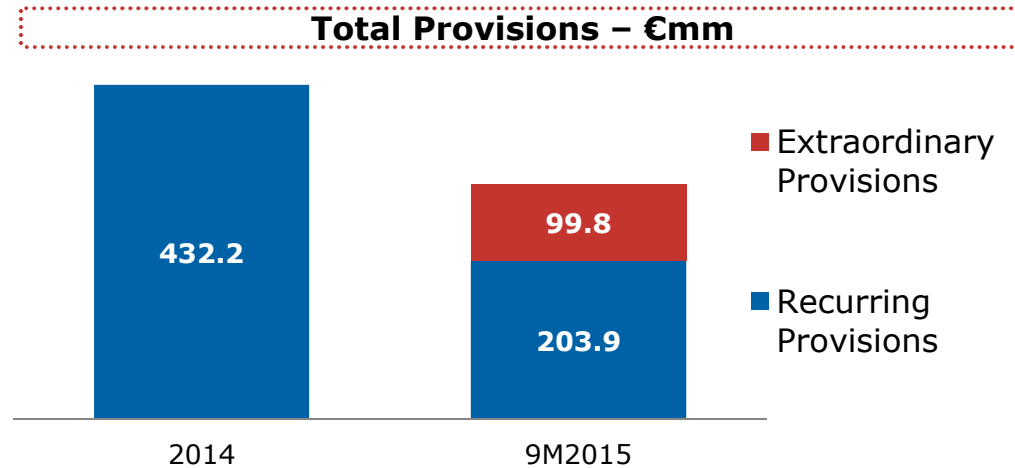


■ **Adjusted pre-provision profit¹ increases 26.8% YoY.**

- ▣ Reported pre-provision profit fall (-36.7%) is due to lower extraordinary trading income.

¹ For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm) and extraordinary expenses for the redundancy plans (€35.1mm in 9M2014). For 9M2015, it excludes the result from the sale of doubtful and written-off loans (€9.6mm).

Provisions and Net Profit



- **Total provisions reach €304mm in 9M2015. Ibercaja has increased its provisioning effort with extraordinary provisions of €99.8mm YTD.**
 - ▣ Annualised recurring provisions (0.8%) still above normalised levels.
 - ▣ Ibercaja targets a 0.5% cost of risk in 2016
- **Reported net profit stands at €103.1mm. Adjusted net profit¹ increases 21.5% YoY.**

¹ For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm) and extraordinary expenses for the redundancy plans (€35.1mm in 9M2014). For 9M2015, it excludes the result from the sale of doubtful and written-off loans (€9.6mm) and extraordinary provisions of €99.8mm.



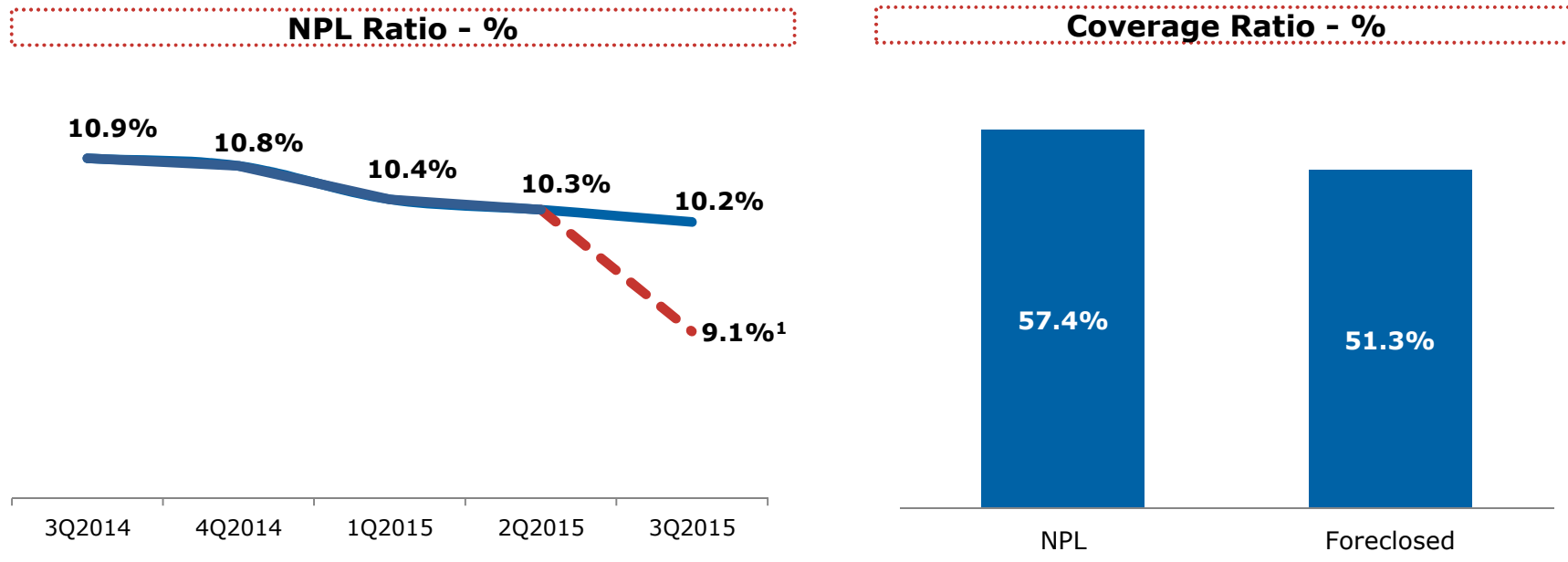
Index

- ▶ **Main Highlights**
- ▶ **Commercial Activity**
- ▶ **9M2015 Results**
- ▶ **Asset Quality, Liquidity and Solvency**
- ▶ **Final Remarks**



Asset Quality (1/2)

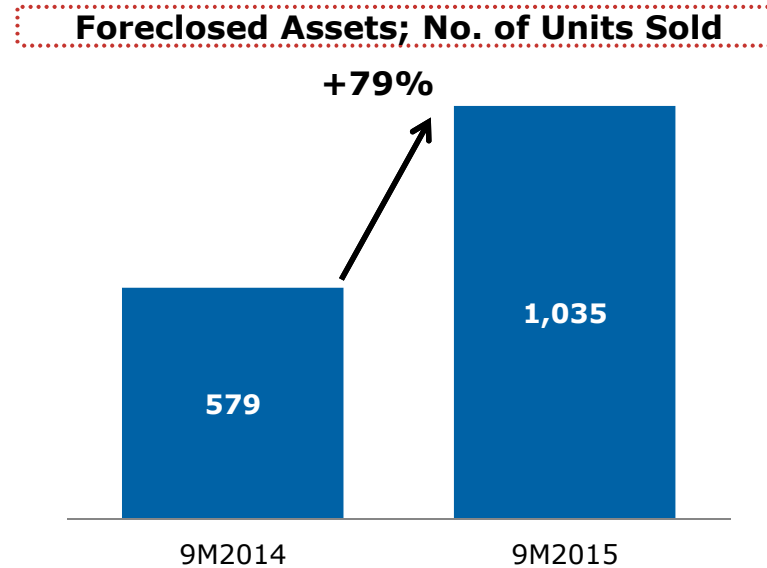
- **NPL ratio down 65 basis points YoY to 10.2% (10.9% in 9M2014).**
 - ▣ Including the recent sale of the real state credit portfolio, the proforma NPL ratio falls to 9.1%¹.
 - ▣ Mortgage NPL ratio is 3.9%, one of the lowest in the sector.
- **NPL stock down 9.5% YTD (-€379mm).**
- **Ibercaja benefits from one of the highest coverage ratios in the sector.**



¹ Proforma ratio considering Project Goya as of September 2015.

Asset Quality (2/2)

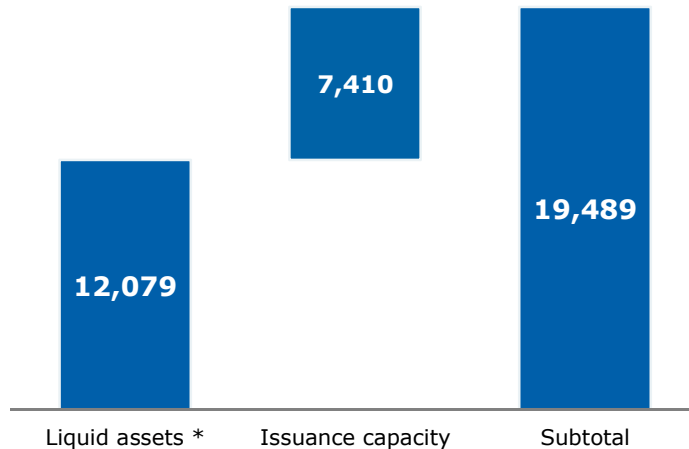
- **Net stock of foreclosed assets stands at €0.9bn** and remains broadly stable YTD (-€8.9mm vs. 2014).
- **Net positive results in foreclosed asset sales during the period (+€10.3mm).**



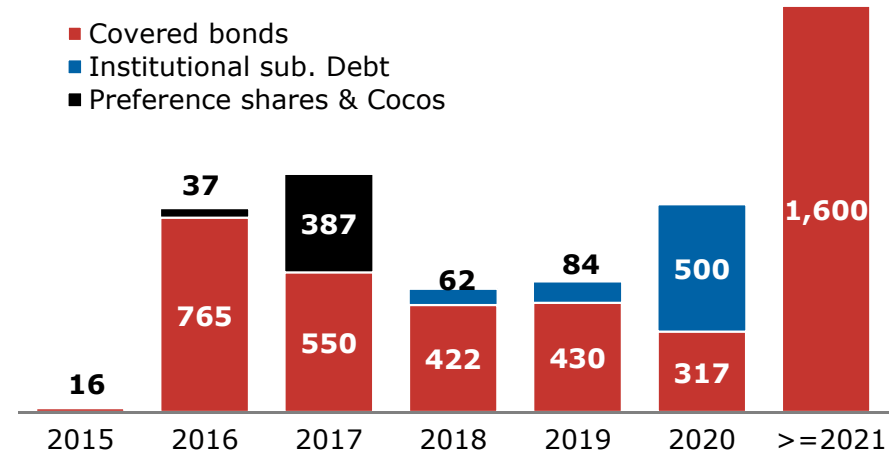
Liquidity and Solvency (1/4)

- **Ibercaja Banco benefits from a comfortable liquidity position** with over €12bn of available liquid assets (20% of total assets).
- **LCR and NSFR ratios stand at 202% and 114% respectively (9M2015).**
- **Loan to Deposits ratio stands at 91%¹.**
- **ECB funding: €2.0bn (3.4% of TA, -€2.7bn YTD), 100% TLTRO.**
- **No relevant maturities left in 2015** and no significant concentration in coming years (below 1.6% of total assets every year).

Liquidity Position - €mm / 9M2015



Maturities Profile - €mm / 9M2015

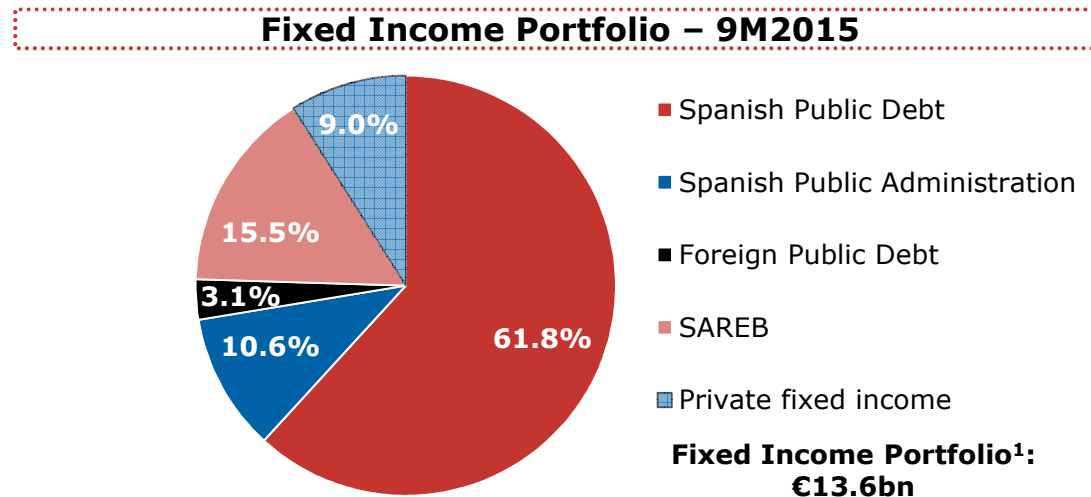


¹ Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.

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

Liquidity and Solvency (2/4)

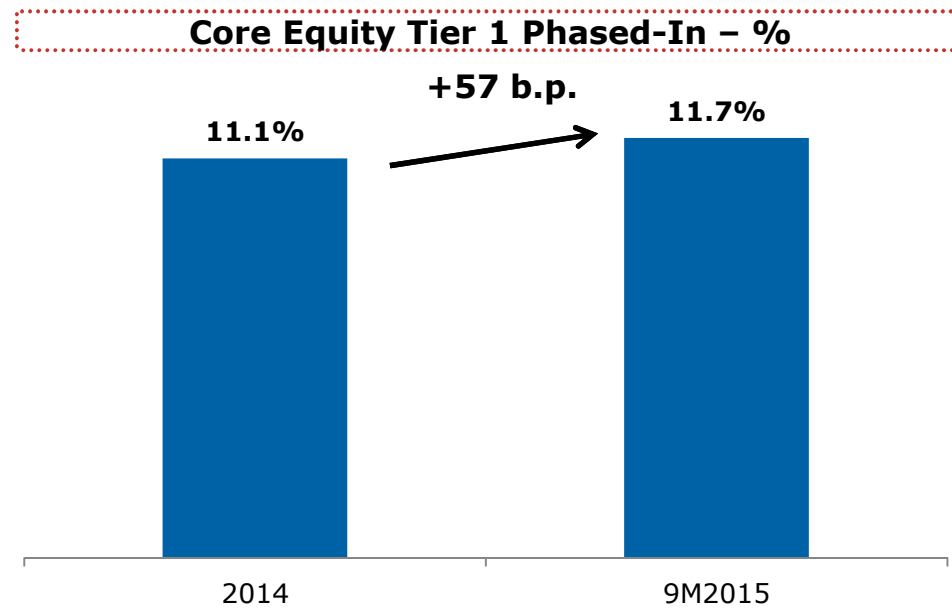
- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and a low duration.**
 - Average duration of 3.2 years and unrealised capital gains over €141mm as of September 2015 (of which €66mm are AFS).
 - Average yield stands at 1.7%.
- **Ibercaja Banco has reduced its fixed income portfolio by 15% YTD (-€2.4bn)**



¹ Excluding capital gains from held-to-maturity portfolio

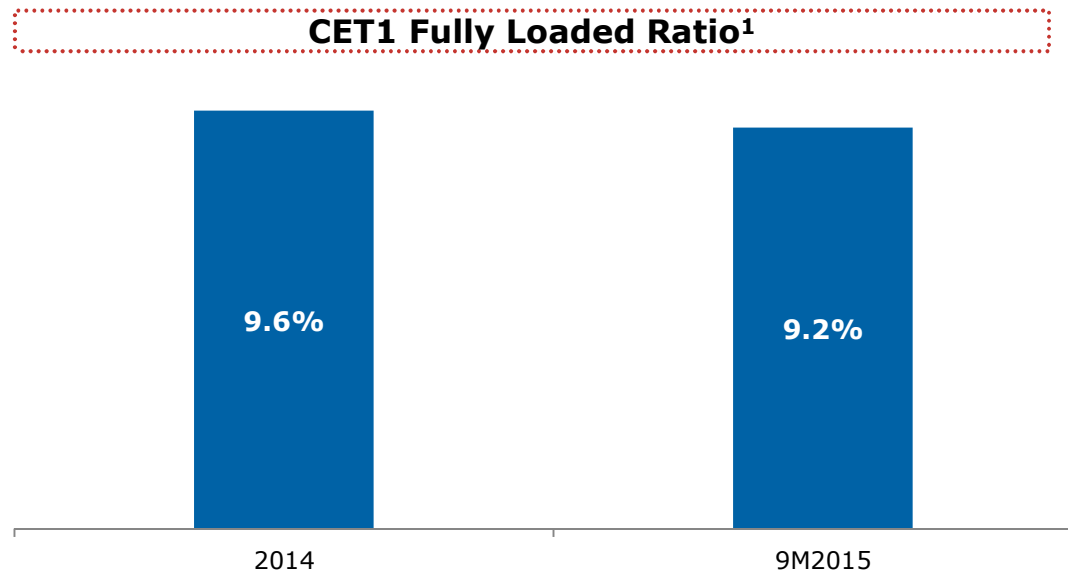
Liquidity and Solvency (3/4)

- **CET1 Phased-In ratio: 11.7%**
- **Total Capital Phased-In ratio: 14.2%**
- **RWA/TA at 40.3% calculated under the standardised approach.**
- **Leverage ratio: 5.1% (Phased-In)**



Liquidity and Solvency (4/4)

- **Ibercaja Banco is on track to reach a 10% CET1 Fully Loaded ratio (ex unrealised AFS sovereign gains) and a 13.5% Total Capital ratio by 2017.**
- Ibercaja Banco aims to **build a more diversified and efficient capital structure after the Cajatres integration**. Issuing a Tier 2 security was the first step in the capital roadmap and the next step will be the IPO in any case no later than December 2018.



¹ Not including CoCos, includes AFS gains



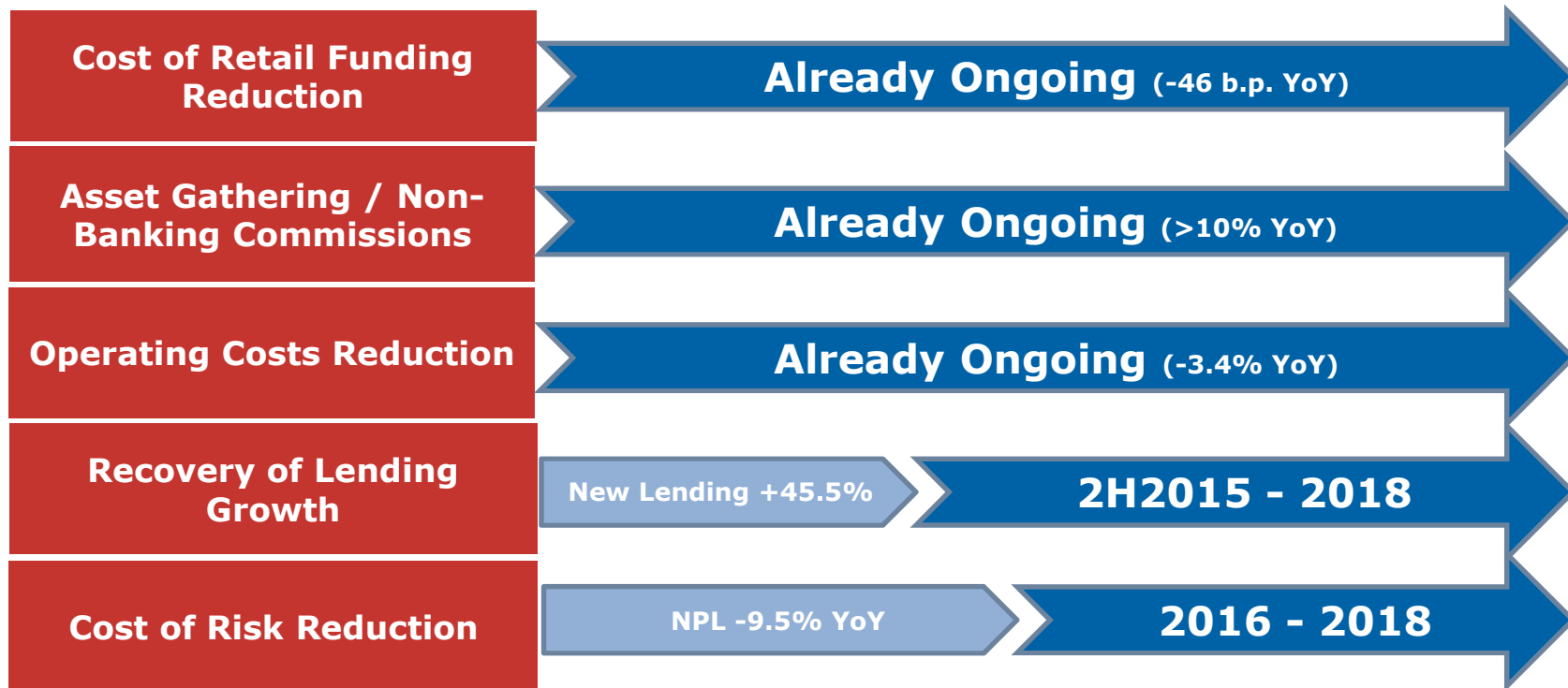
Index

- ▶ **Main Highlights**
- ▶ **Commercial Activity**
- ▶ **9M2015 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.

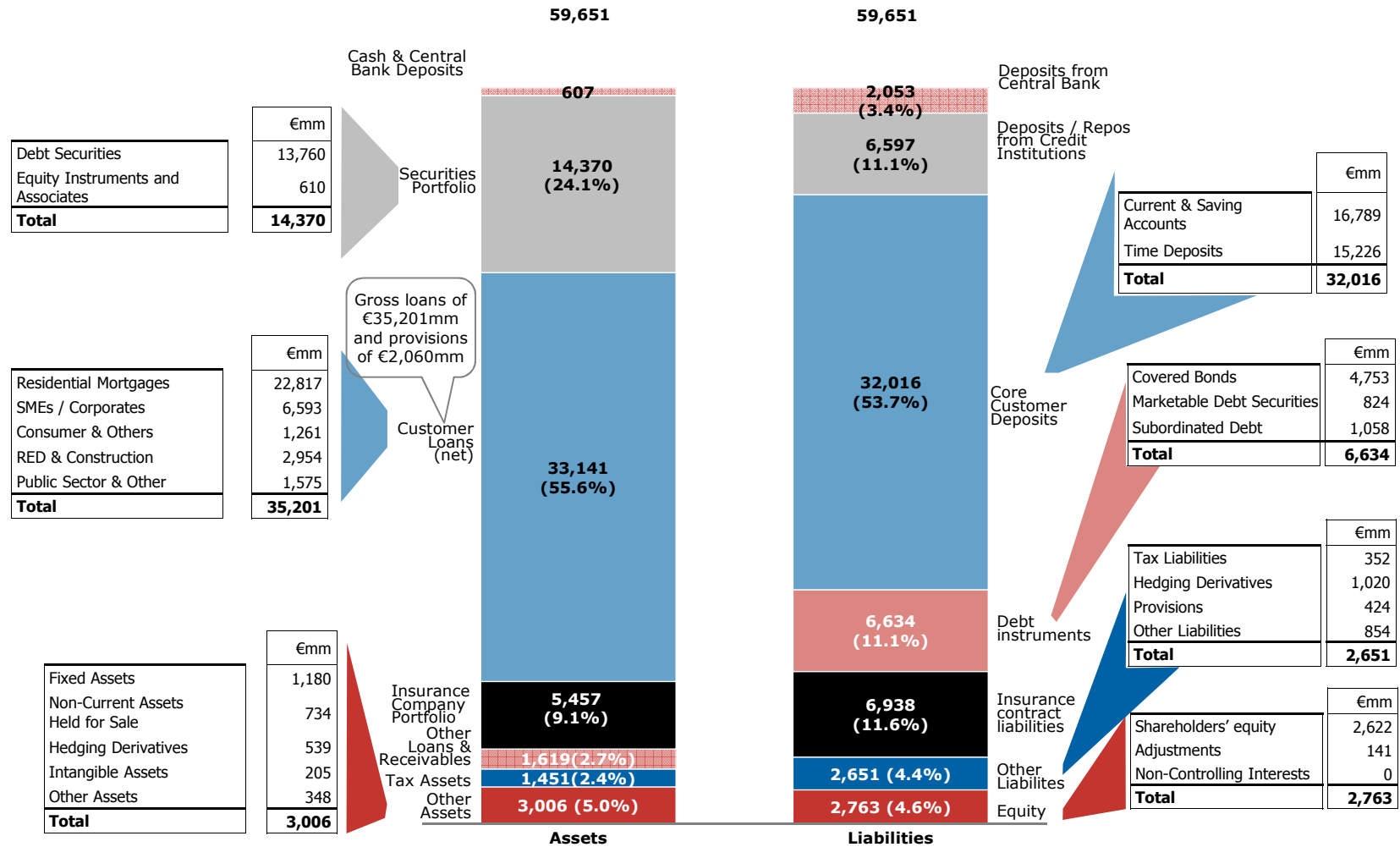




 **Annex 1: Balance Sheet**



Consolidated Balance Sheet – 9M2015



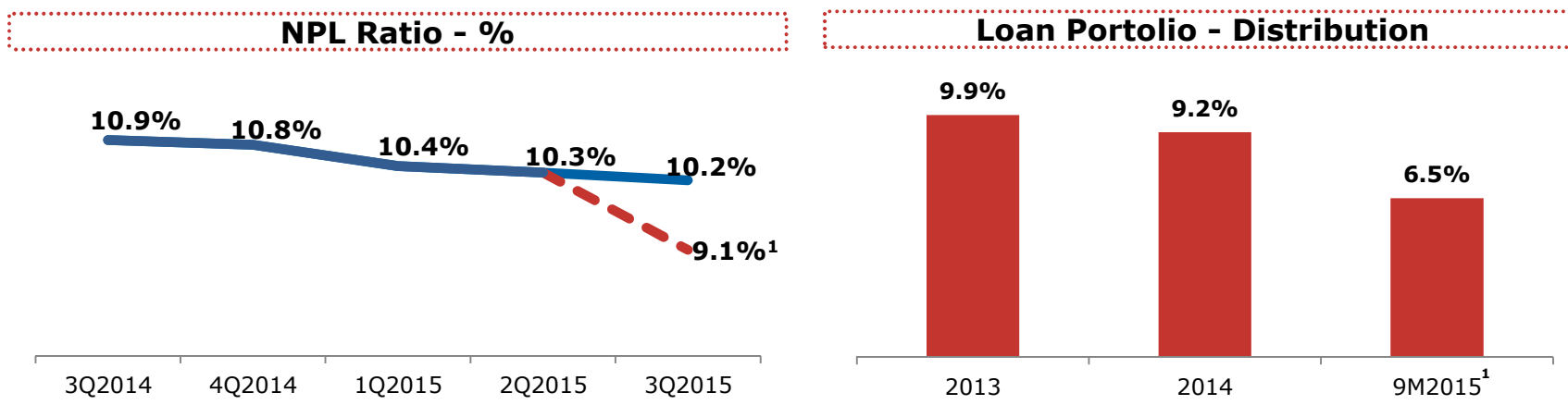


 **Annex 2: Project Goya**



Project Goya

- **Ibercaja Banco has signed an agreement to sell a €698mm portfolio of real estate loans.** The portfolio comprises 428 loans to real estate developers, mostly classified as doubtful. This sale is **another significant step in Ibercaja's 2015-2017 strategic plan.**
- As a result of this operation:
 - NPL ratio will be reduced by 120 b.p., increasing the positive gap in asset quality vs. the sector.
 - Loans to the real state sector will be reduced by 23% and will represent just 6.5% of the total loan portfolio.
 - Improvement in the liquidity position as well as in risk weighted assets, with no material impact on the P&L account considering the portfolio's strong coverage ratio.



¹ Proforma considering Project Goya as of September 2015.



iberCaja

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

Contact us:
investors@ibercaja.es

iberCaja 

