



**iberCaja**



**2015 RESULTS**

March 8<sup>th</sup>, 2016





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 **Main Highlights**

 **Commercial Activity**

 **2015 Results**

 **Asset Quality, Liquidity and Solvency**

 **Final Remarks**

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# Main Highlights

## Increase of Commercial Activity

Mutual Funds AUM:  
+18.1% YoY

New Lending Production:  
+51% YoY

Stable SME Loan Stock:  
-0.3% YoY

## Improvement of Asset Quality

Doubtful Loans: -21% YoY

NPL Ratio: 8.95% (-183 b.p. YoY)  
12% below sector average

2nd Consecutive quarter of falling in  
foreclosed assets

## Improvement of Recurring Results

Net Profit: €84mm

Fee Income: +5.6% YoY

Operating Expenses: -16.8% YoY  
(-5.6% recurring expenses)

Total Provisions: -32% YoY

## Reinforcement of Solvency

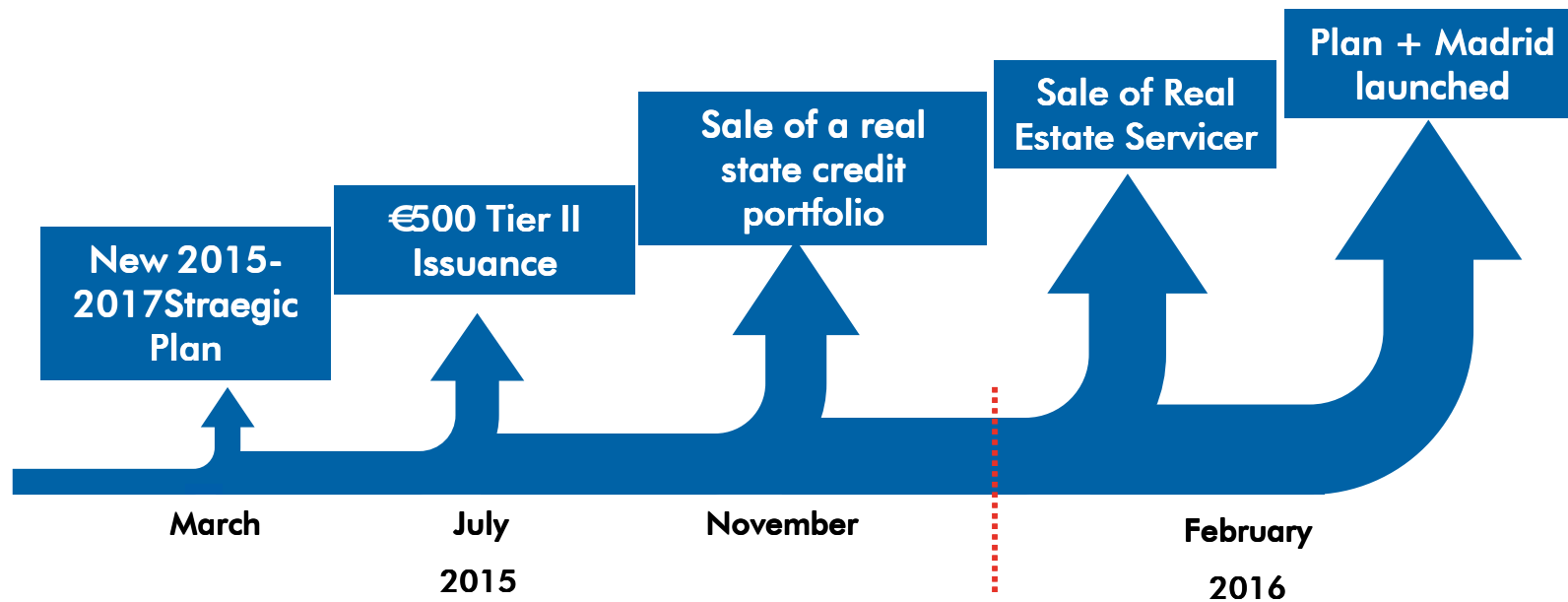
CET1 Phased-In 11.95%, +82 b.p. YoY

270 basis points over SREP  
requirement

€500mm Tier II issuance



# Strategic Milestones in the Last 12 Months



- Over the last 12 months, Ibercaja Banco has made strategic progress allowing for an improvement of its solvency, asset quality and commercial approach.



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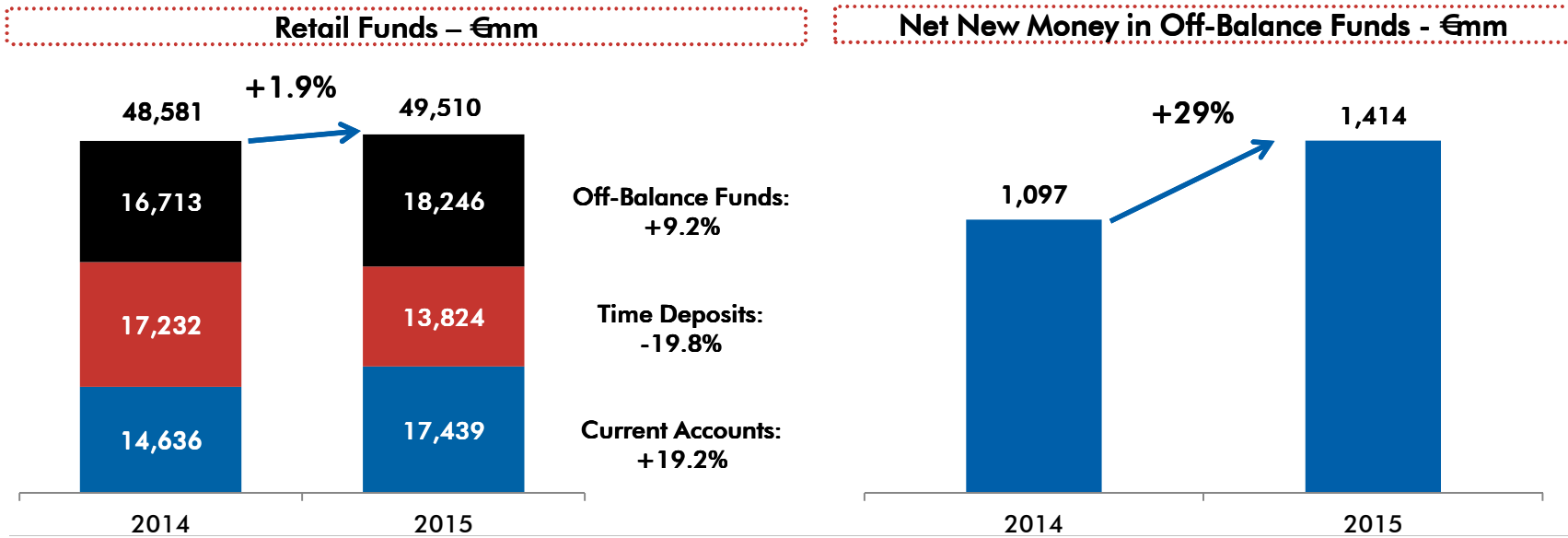
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- ▶ Main Highlights
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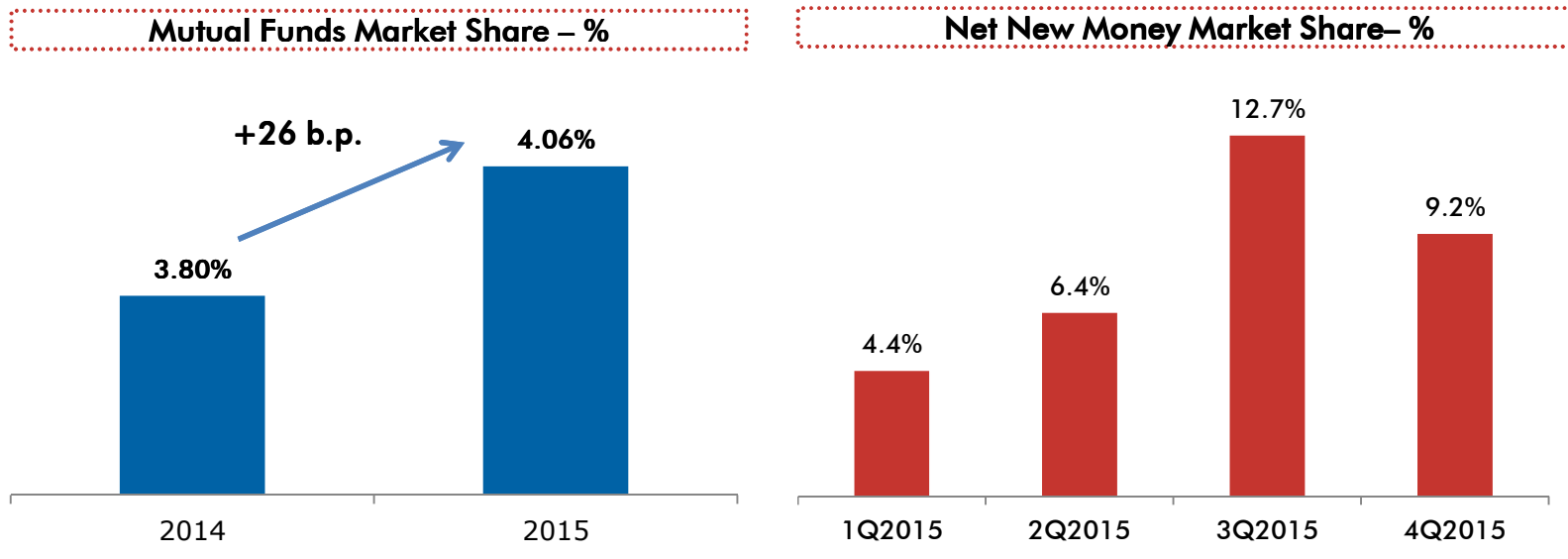
# Retail Funds (1/2)

- Total retail funds increase €928mm or 1.9% YoY
  - Improvement of retail funds mix: current accounts and off-balance sheet funds represent 72% of total retail funds vs. 65% in 2014.
  - Net new money in off balance products exceeds €1,400mm, reaching historic levels for the Bank.



# Retail Funds (2/2)

- **Mutual Funds keep showing a differential performance:**
  - Over 62,000 clients have subscribed to Ibercaja’s managed account services. Assets under management in this service exceed €2.9bn, +136% vs. 2014 and drive the increase in market share.
  - 6% of market share in new money in 2015, well above overall AUM market share.



Source: Inverco



# Customer Loans (1/3)

- **Deleveraging still taking place (-4.5%).**
  - Excluding real estate loans, loan portfolio evolution is -2.1% YoY.
  - Loans to non-real estate companies remain stable YoY.

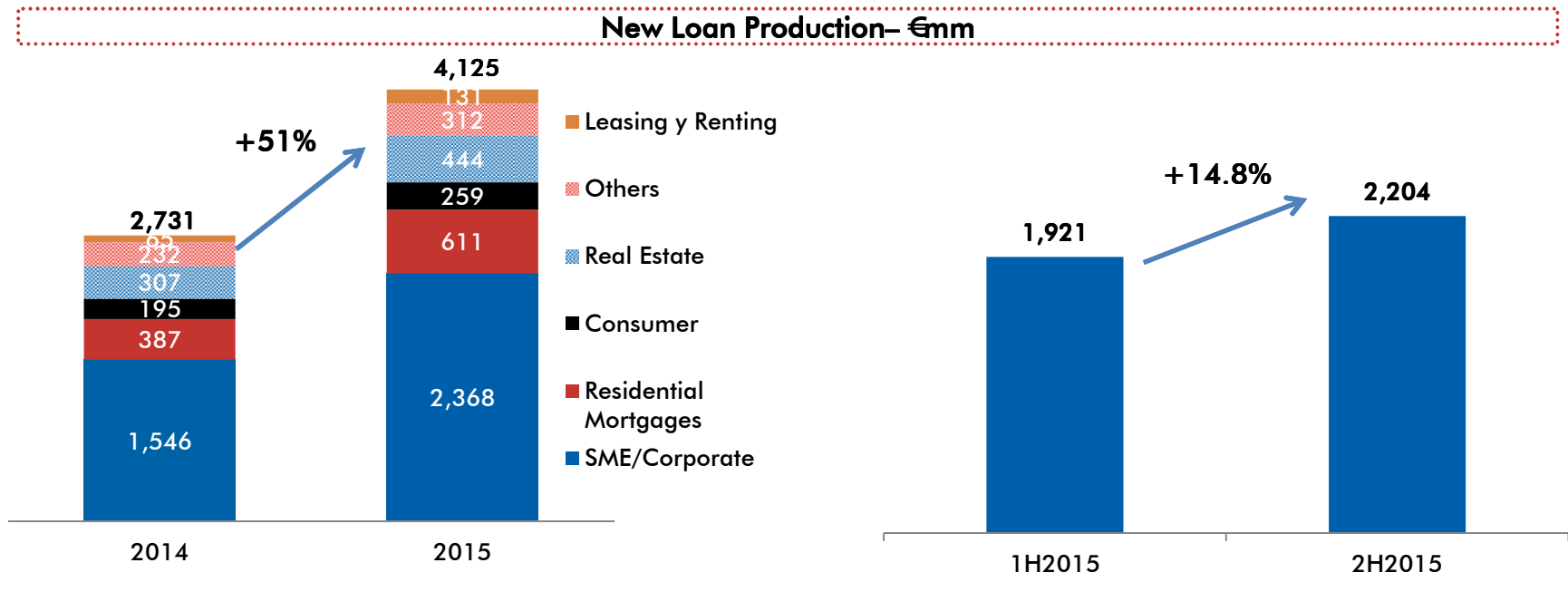
Loan Portfolio Evolution – €mm

|                                   | 2014          | 2015          | YoY          |
|-----------------------------------|---------------|---------------|--------------|
| <b>Loans to Individuals</b>       | <b>24,979</b> | <b>23,783</b> | <b>-4.8%</b> |
| Mortgages                         | 23,685        | 22,507        | -5.0%        |
| Consumer & Others                 | 1,294         | 1,276         | -1.4%        |
| <b>Loans to SME/Corporate</b>     | <b>10,016</b> | <b>9,065</b>  | <b>-9.5%</b> |
| Real Estate                       | 3,406         | 2,473         | -27.4%       |
| Non-Real Estate                   | 6,609         | 6,592         | -0.3%        |
| <b>Public Sector &amp; Others</b> | <b>1,066</b>  | <b>1,058</b>  | <b>-0.7%</b> |
| <b>Reverse Repo</b>               | <b>0</b>      | <b>544</b>    | <b>n/a</b>   |
| <b>Total Gross Loans</b>          | <b>36,061</b> | <b>34,449</b> | <b>-4.5%</b> |

Normal Loans: -2.5%  
Doubtful Loans: -21%

# Customer Loans (2/3)

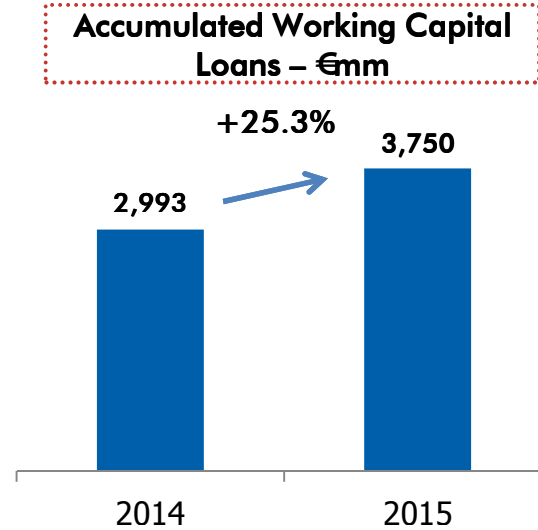
- New lending production reaches the €4bn target for 2015 and increases 51% YoY.
  - SME new loan production accounts for 57% of total new lending.
  - New loan production accelerates in the second half of the year.



# Customer Loans (3/3)

## Focus on SME

- Excellent evolution in working capital loans.
- 419 specialised employees in SME. In 2015 there will be more than 500.
- Over 2,700 new SME clients in 2015.



## Focus on Mortgages

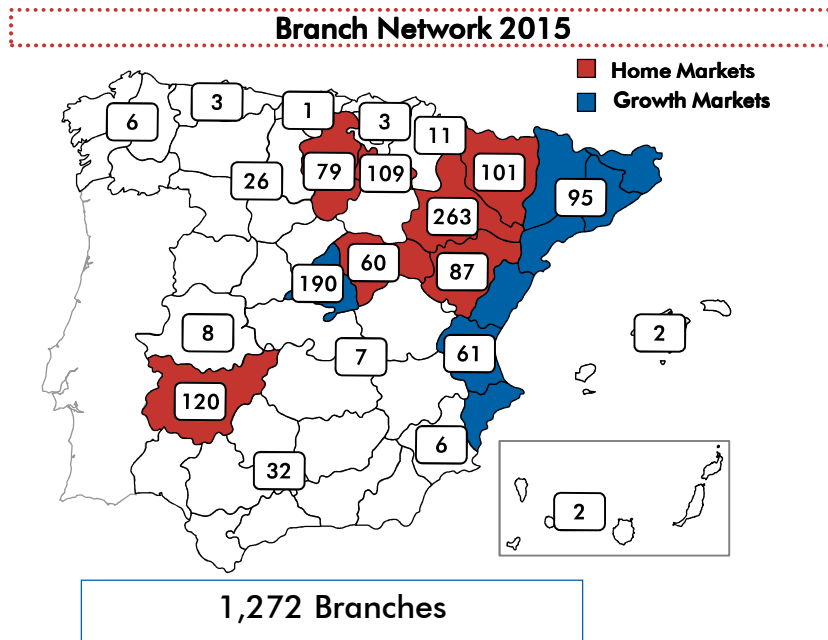
- New initiatives in mortgage lending, including fixed-rate products.
- 2016 target is to double the new lending production in mortgages.



**SU CASA**  
**ES COMO USTED Y AHORA**  
**SU HIPOTECA TAMBIÉN**

# Main Markets Evolution

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



## Growth in Madrid and Mediterranean Basin

- Account for 80% of grow in retail funds.
- Represent 49% of new loan production.
- +16.6% in SME loans (reaching €1.7bn).

## Home Markets Soundness

- 14% branches reduction in Aragón in 2015 thanks to synergies stemming from the Cajatres acquisition, while increasing retail funds by 0.5% YoY.

# Strategic Focus in Madrid: «Plan + Madrid» (1/2)

■ Well-established position in Madrid:

✓ Madrid represents the second most important market in business volume.

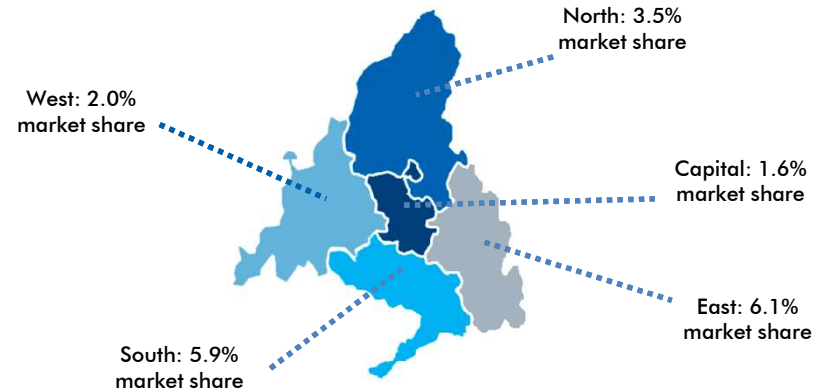
✓ 450,000 clients.

✓ €13.6bn business volume

✓ 789 employees and 190 branches.

✓ Proven ability to compete.

Market Share<sup>1</sup>



| Top Markets                       | Population | Market Share - Branches | Market Share - Business <sup>1</sup> |
|-----------------------------------|------------|-------------------------|--------------------------------------|
| Móstoles                          | >200.000   | 5.4%                    | 6.5%                                 |
| Leganés                           | >185.000   | 6.5%                    | 6.3%                                 |
| Alcorcón                          | >170.000   | 6.2%                    | 5.9%                                 |
| Torrejón de Ardoz                 | >130.000   | 6.3%                    | 6.5%                                 |
| Coslada y San Fernando de Henares | >130.000   | 5.2%                    | 7.7%                                 |
| Parla                             | >125.000   | 6.3%                    | 6.4%                                 |

<sup>1</sup> Includes Retail banking, personal banking and SME banking with turnover up to €5mm.

# Strategic Focus in Madrid: «Plan + Madrid»(2/2)

■ Ibercaja launches «Plan + Madrid » to strengthen its positioning in Madrid

### Targets:



To increase business volume by €3.7bn<sup>1</sup> until 2020.

70% business volume growth to come from Personal/Private banking and SMEs.

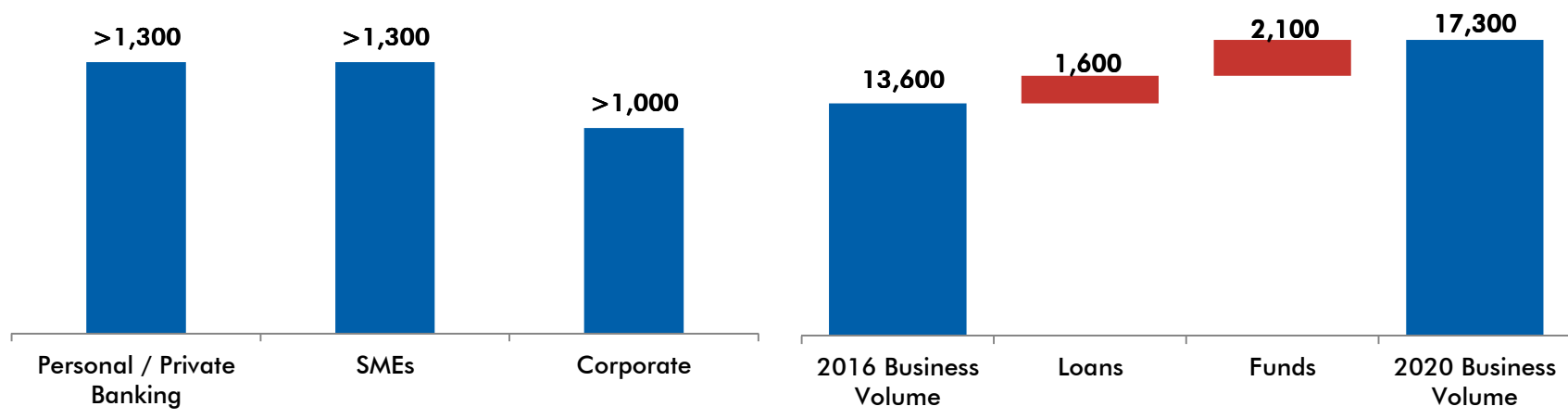
### Investment in resources:

100 new employees.

Create 5 business centers for companies and 4 new branches.

Remodel of 20 branches with new commercial procedures.

Business Volume Targets – €mm



<sup>1</sup>Retail banking, Personal Banking, SMES and Corporates with turnover up to €200mm.



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**Main Highlights**



**Commercial Activity**



**2015 Results**



**Asset Quality, Liquidity and Solvency**



**Final Remarks**

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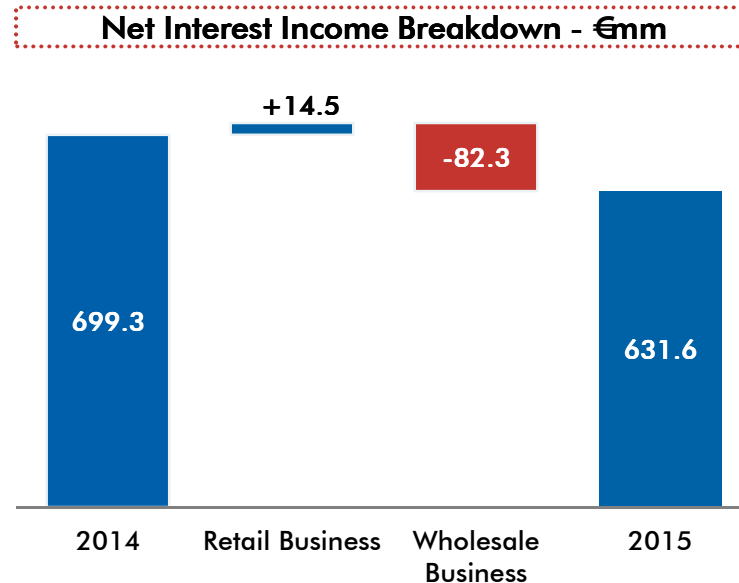
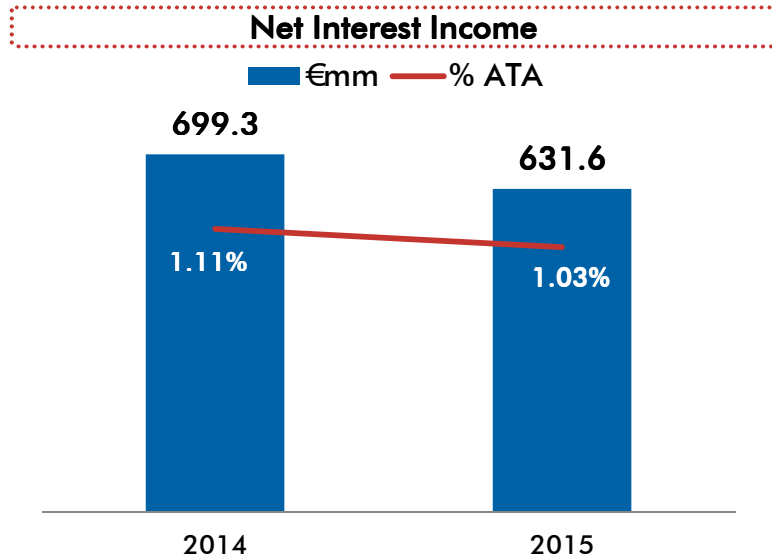


# 2015 Results

| €mm  | 2014           | 2015           | YoY           |
|--|----------------|----------------|---------------|
| <b>Net Interest Income</b>                     | <b>699.3</b>   | <b>631.6</b>   | <b>-9.7%</b>  |
| Net Fee Income                                 | 315.6          | 333.2          | 5.6%          |
| Trading Income                                 | 424.9          | 86.1           | -79.7%        |
| Other Operating Inc. / Exp. (Net)              | -29.7          | -10.0          | -66.5%        |
| <b>Gross Operating Income</b>                  | <b>1,410.2</b> | <b>1,040.8</b> | <b>-26.2%</b> |
| Operating Costs                                | -788.9         | -656.4         | -16.8%        |
| <b>Pre-Provision Profit</b>                    | <b>621.2</b>   | <b>384.5</b>   | <b>-38.1%</b> |
| Total Provisions                               | -432.2         | -293.9         | -32.0%        |
| Other Gains and Losses                         | 26.0           | 27.7           | 6.3%          |
| <b>Profit Before Taxes</b>                     | <b>215.1</b>   | <b>118.2</b>   | <b>-45.0%</b> |
| Taxes & Minorities                             | -64.5          | -34.1          | -47.1%        |
| <b>Net Profit Attributable to Shareholders</b> | <b>150.7</b>   | <b>84.1</b>    | <b>-44.2%</b> |



# Net Interest Income

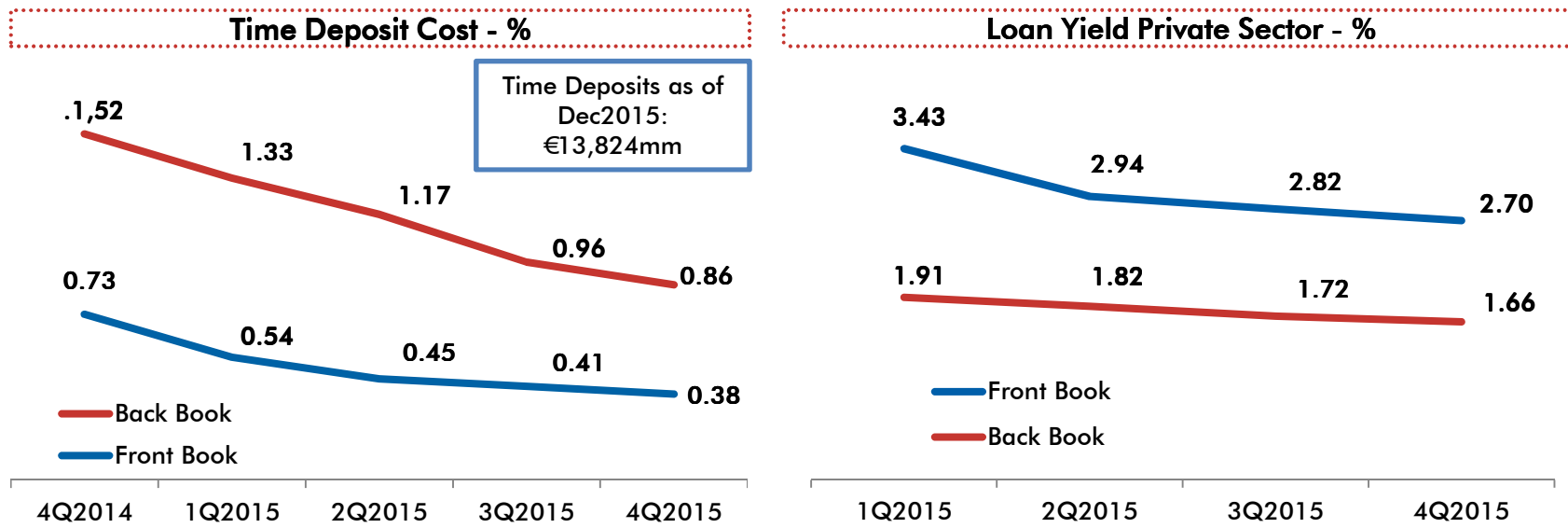


■ **Net interest income decreases 9.7% YoY**

- Positive growth in retail business revenue thanks to improving customer margin.
- Income reduction in wholesale business mainly related to the reduction of the fixed income portfolio and lower contribution of SAREB bonds.

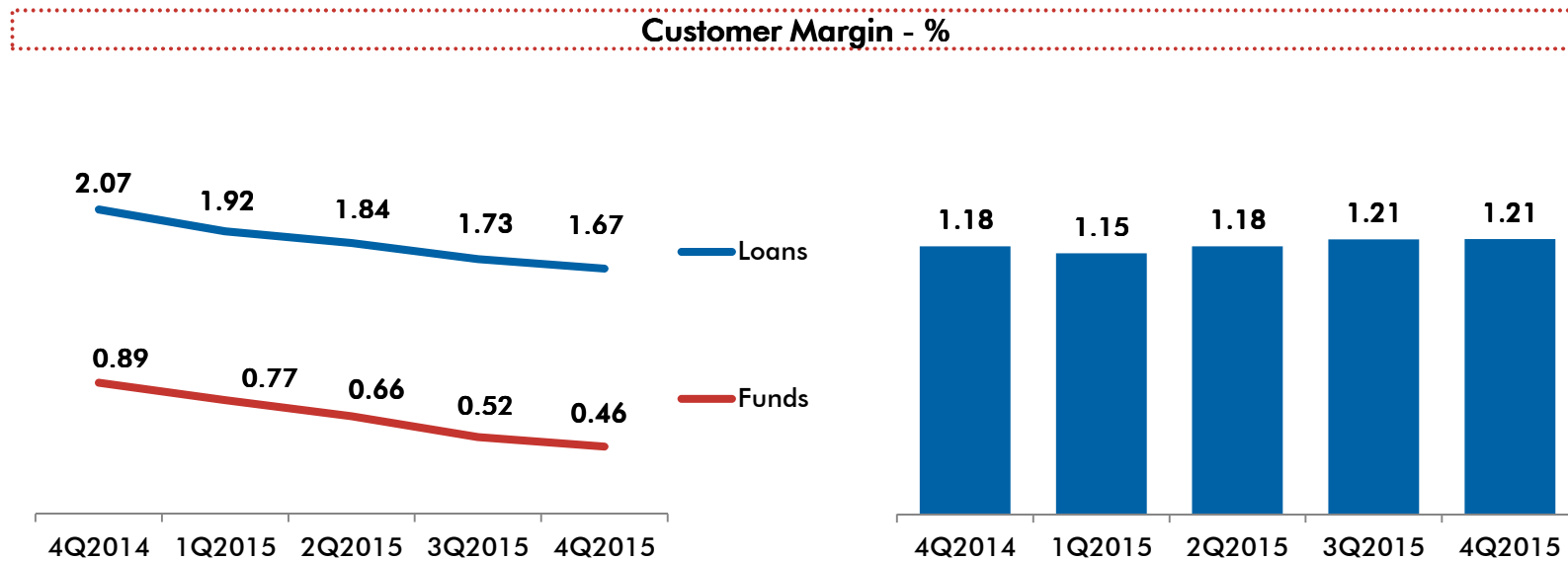
# Customer Margin (1/2)

- **Cost reduction in the back book of time deposits continues (-66 b.p. in 2015)**
  - In December the cost of new time deposits was 0.32 b.p.
  - Potential improvement in the deposit mix: time deposits still represent 44% of total deposits.
  
- **The fall in spreads of new lending has softened during the second half of the year. New loan yields remain significantly above those of the portfolio.**



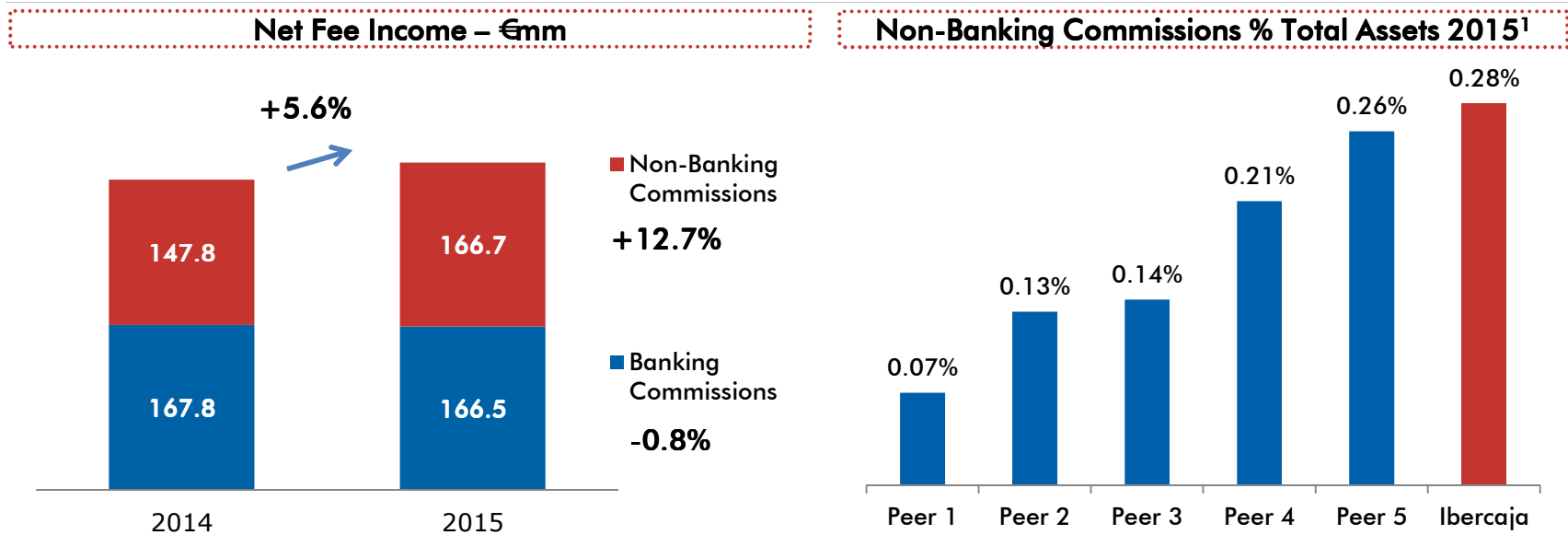
# Customer Margin (2/2)

- Customer margin improves 3 basis points YoY.
  - The pressure of falling Euribor in loan portfolio has been fully offset by the reduction in the cost of customer funds.
- Customer margin of new operations<sup>1</sup> stands at 2.3%.



<sup>1</sup> Private sector front book loan yield – front book of time deposits

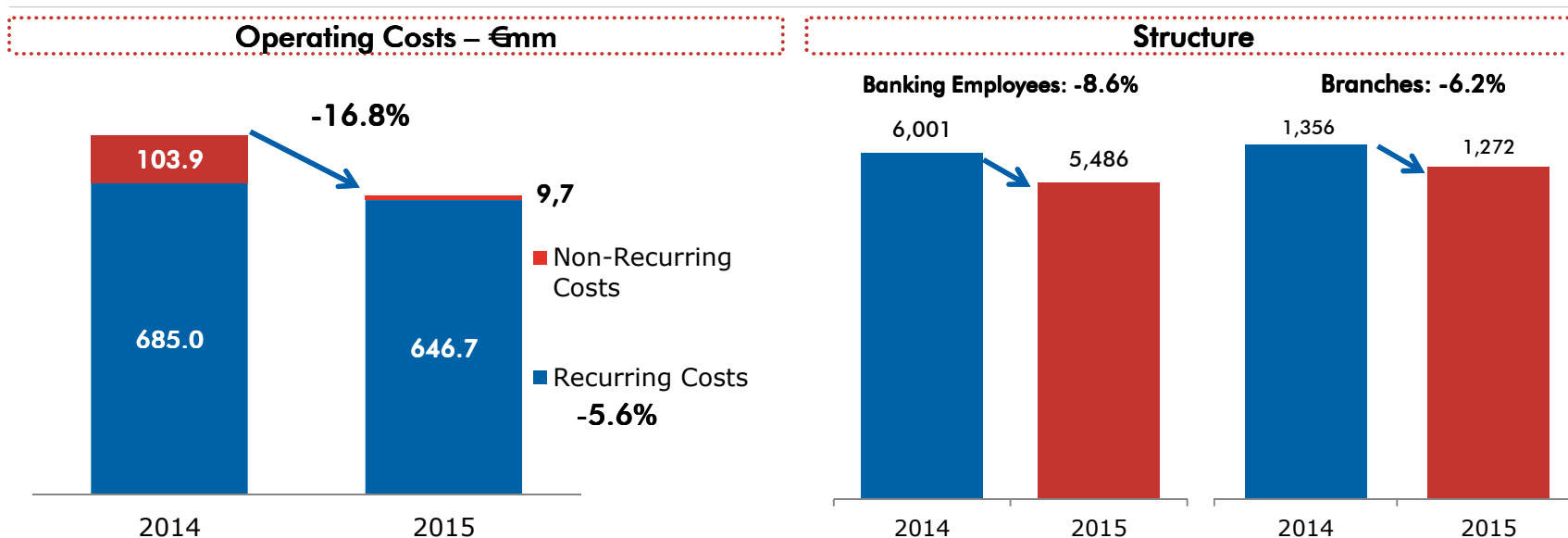
# Net Fee Income



- Solid evolution of non-banking commissions (+12.7% YoY) surpassing banking commissions for the first time.
  - ▣ Ibercaja Financial Group, 100% owned by Ibercaja Banco, is a differential asset in the Spanish financial sector.

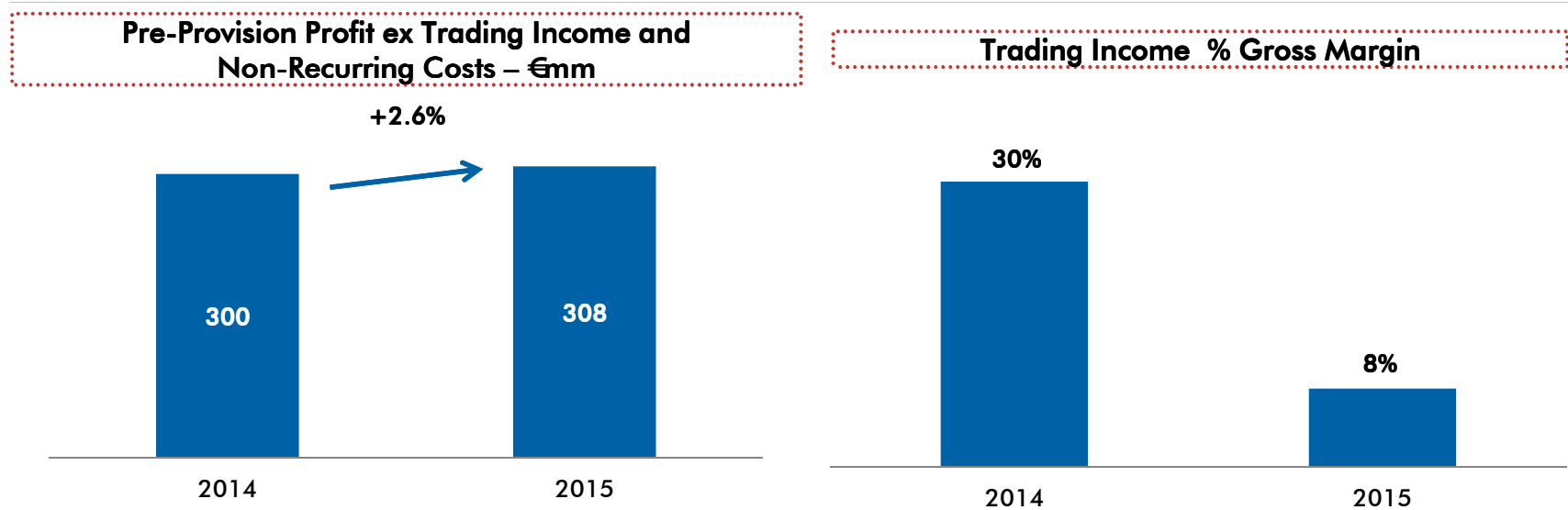
<sup>1</sup> Includes Caixabank, Popular, Bankia, Liberbank and Bankinter

# Operating Costs



- Outstanding performance of recurring costs (-5.6% YoY) thanks to the synergies stemming from Cajatres acquisition.
  - Still above the 1% over total assets target (1.1% as of 2015)
  - 80% of the workforce reduction has taken place over the second half of the year. As a consequence personnel costs should decrease by 3% in 2016.

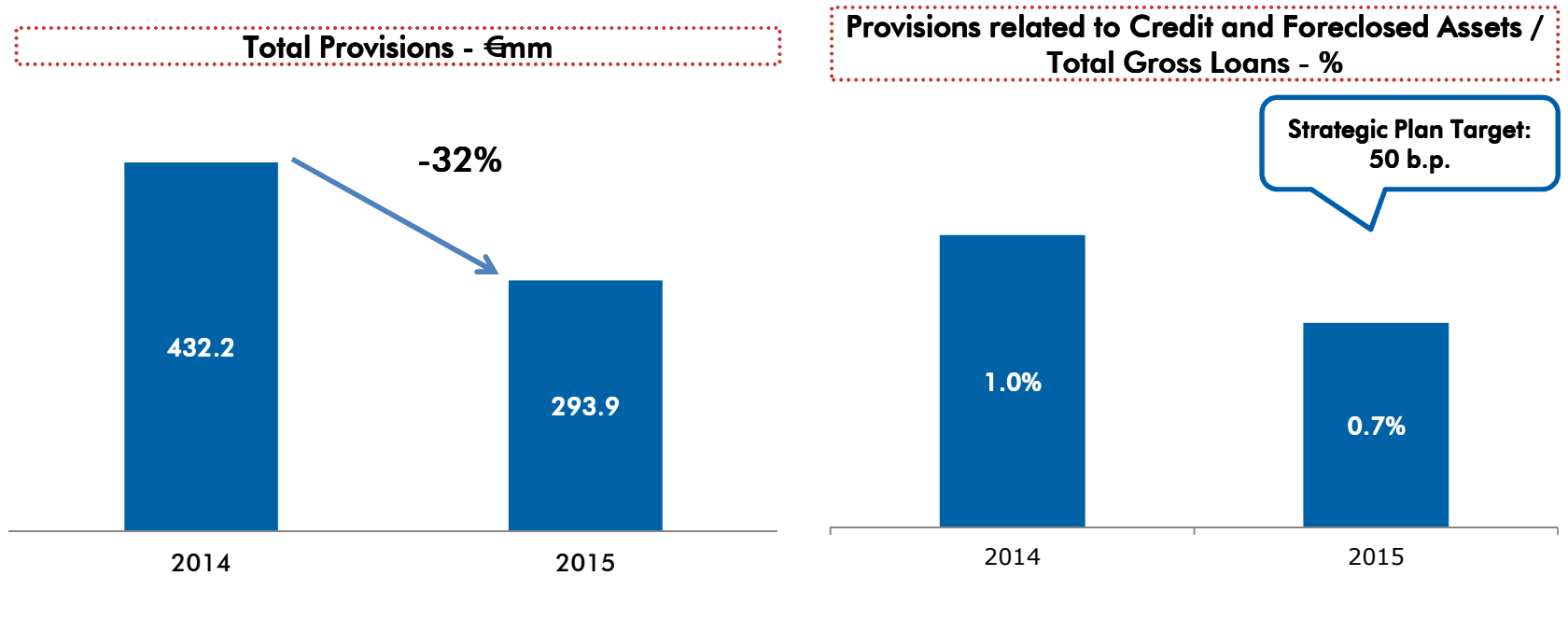
# Pre-Provision Profit



- **Pre-provision profit excluding trading income and non-recurring costs increases 2.6% thanks to the growth in net fee income and recurring costs reduction.**
  - ▣ Reported pre-provision profit decreases 38% due to lower trading income.
  - ▣ Ibercaja Banco improves the quality of its results with trading income representing less than 10% of Gross Margin.

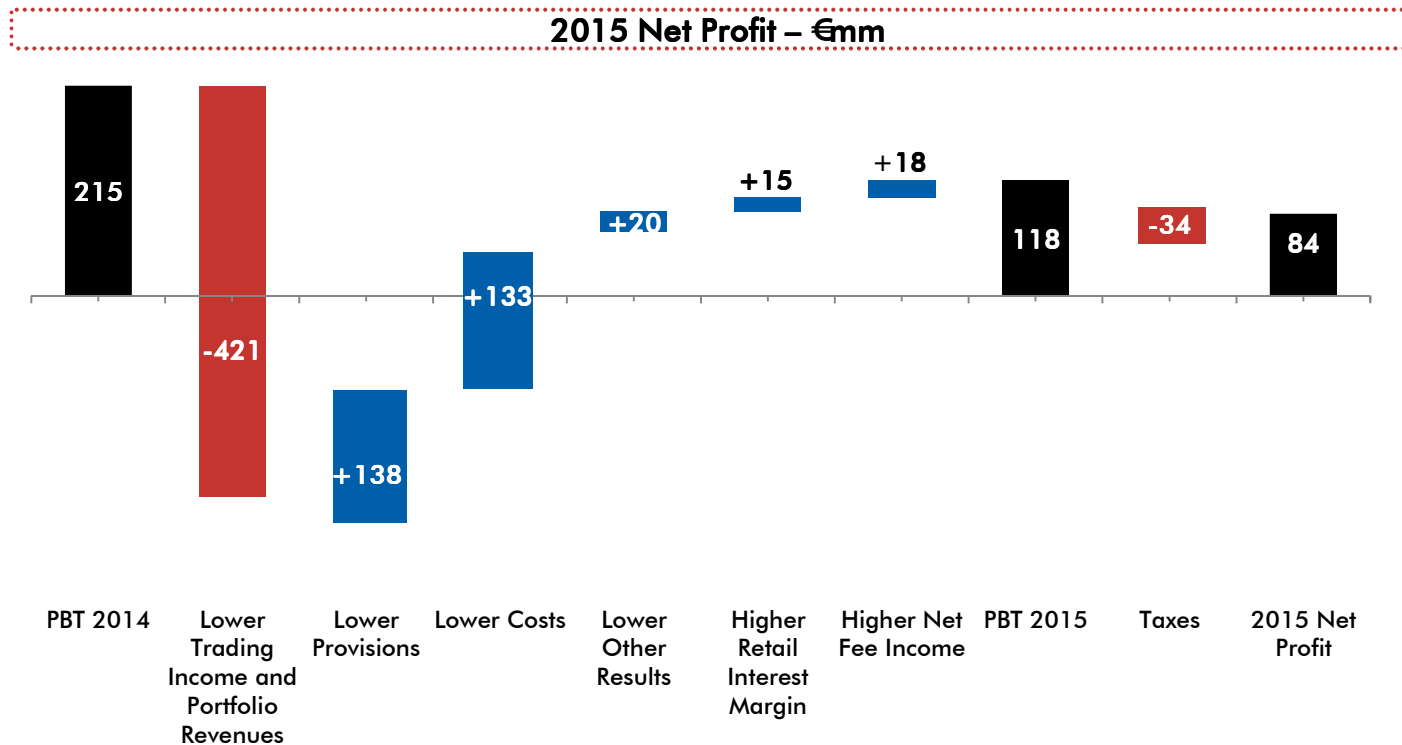
# Provisions

- Total provisions plummet 32%, although still above the targets of the 2015-2017 Strategic Plan.



# Net Profit

- Ibercaja Banco achieves a net profit of €84mm with an improvement in the quality of the results due to lower contribution from wholesale business and the advance of the retail business.







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**Main Highlights**



**Commercial Activity**



**2015 Results**



**Asset Quality, Liquidity and Solvency**



**Final Remarks**

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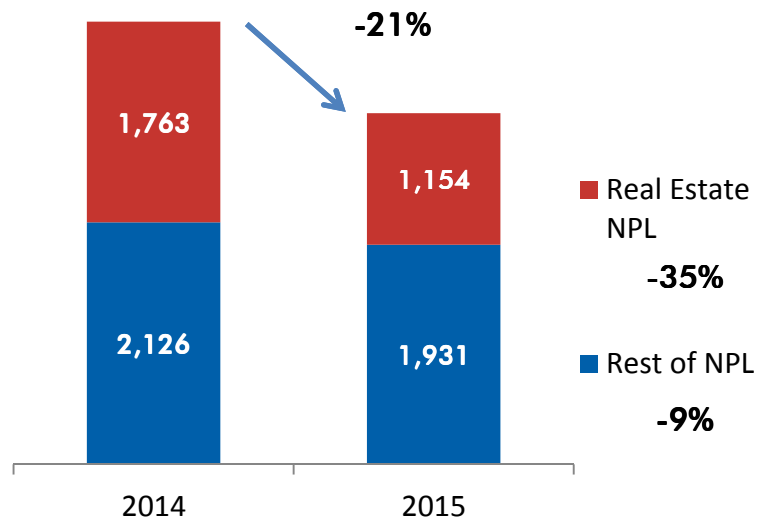


# Asset Quality (1/3)

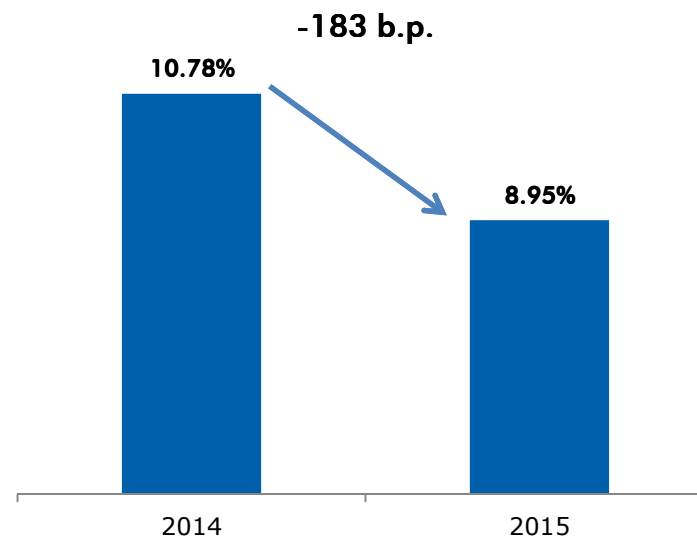
## ■ Solid reduction of non-performing loans:

- NPL ratio falls to 8.95%, which is 12% lower than the sector average. Coverage ratio stands at 53.7%
- Gross NPL entries fall 50% in 2015.

Non-Performing Loans – €mm



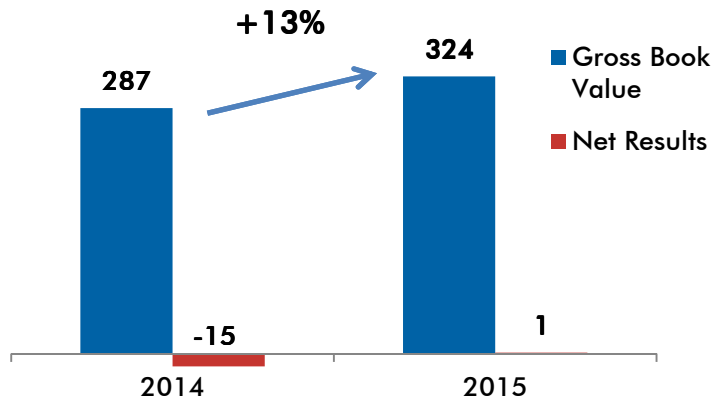
NPL Ratio - %



# Asset Quality (2/3)

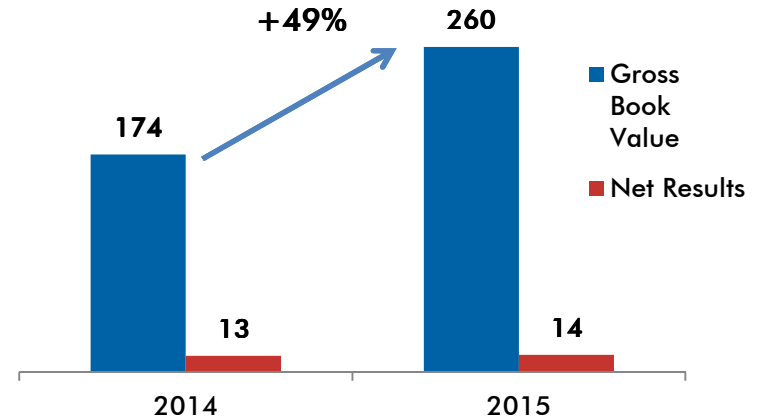
- Step up in foreclosed asset and third-party asset sales, with a minimum impact on results.

Third-Party Assets Sales<sup>1</sup> - €mm

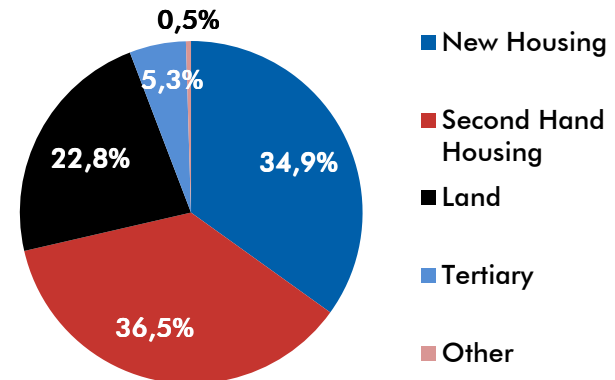


<sup>1</sup> Excluding the impact of Goya transaction

Foreclosed Asset Sales - €mm

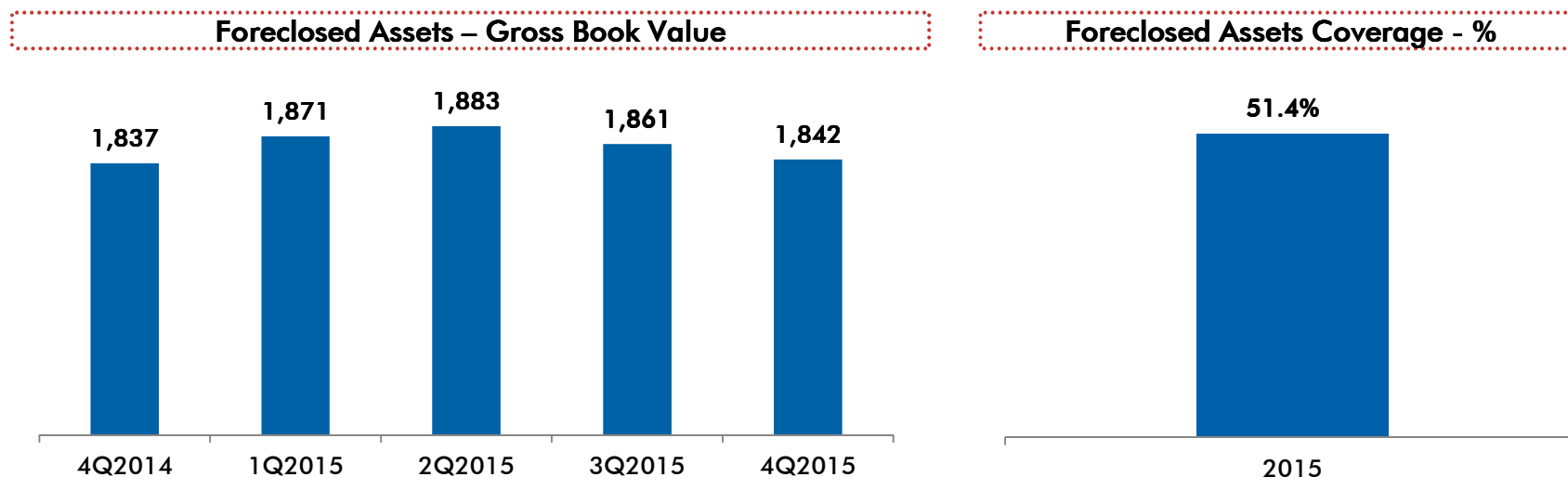


Foreclosed Assets Sales - %



## Asset Quality (3/3)

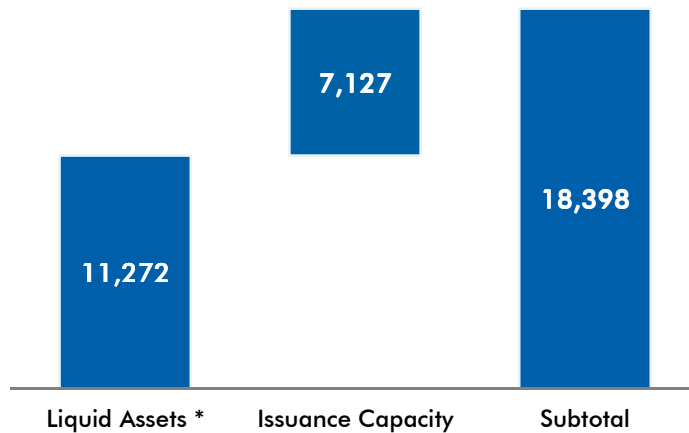
- The improvement in the real estate market and the pickup of asset sales allows for a second consecutive quarter of decreasing stock of foreclosed assets.
- Last February, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic alliance with Aktua. With this agreement, Ibercaja seeks to accelerate the offloading of non-performing real estate assets, allowing those resources to be used in new credit transactions.



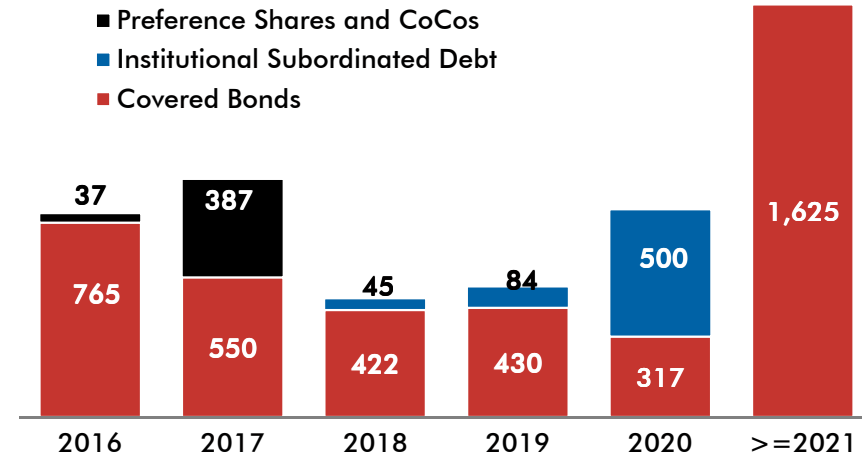
# Liquidity and Solvency (1/3)

- Comfortable liquidity position with over €11.2bn of available liquid assets (19% of total assets).
- LCR and NSFR ratios stand at 242% and 117%, respectively.
- Loan to Deposits ratio stands at 91.3%<sup>1</sup>.
- ECB funding: €2.05bn (3.5% TA, - €2.7bn YoY), 100% TLTRO.
- No significant concentration in maturities (below 1.6% of total assets every year).

Liquidity Position - €mm



Maturities Profile - €mm

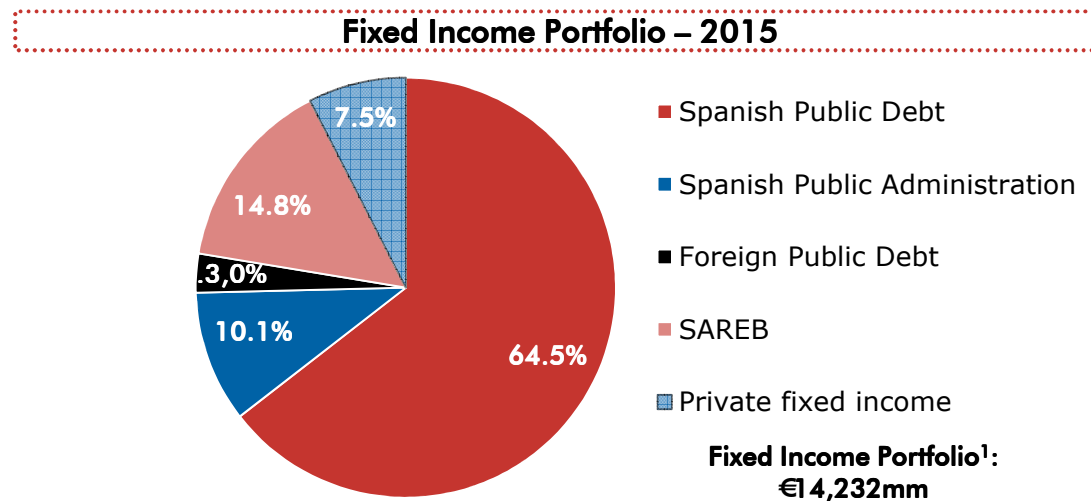


<sup>1</sup> 1 Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.

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

## Liquidity and Solvency (2/3)

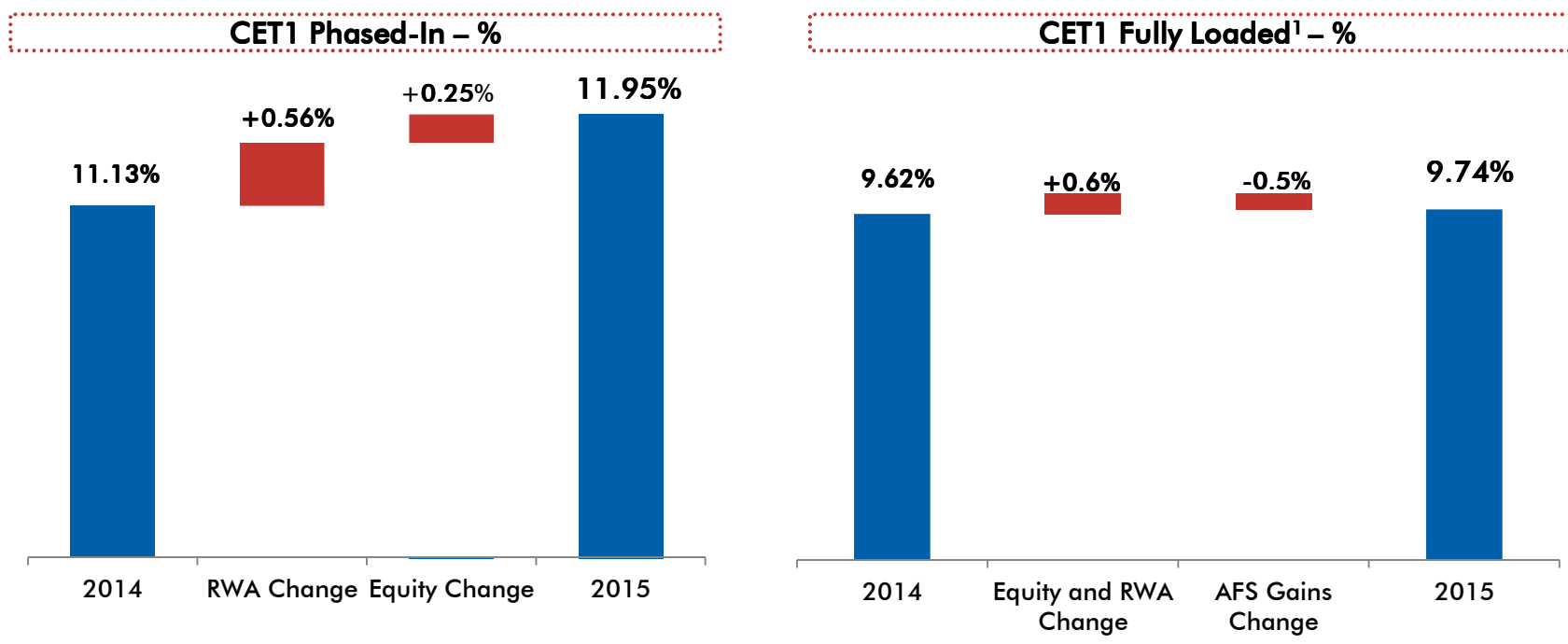
- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.**
  - Average duration of 3.4 years and unrealised capital gains over €143mm (of which €83mm are AFS).
  - Average yield stands at 1.6%.
- **Ibercaja Banco has reduced its fixed income portfolio by 11% in 2015 (- €1,770mm).**



<sup>1</sup> Excluding capital gains from held-to-maturity portfolio

# Liquidity and Solvency (3/3)

- CET1 Phased-In Ratio: 11.95% vs. SREP requirement of 9.25%.
- Total Capital Phased-In Ratio: 14.4%.
- RWA/TA Ratio: 39.9% calculated using the standard methodology.
- Leverage Ratio: 5.2% (Phased-In).



<sup>1</sup> Excluding CoCos, including AFS gains



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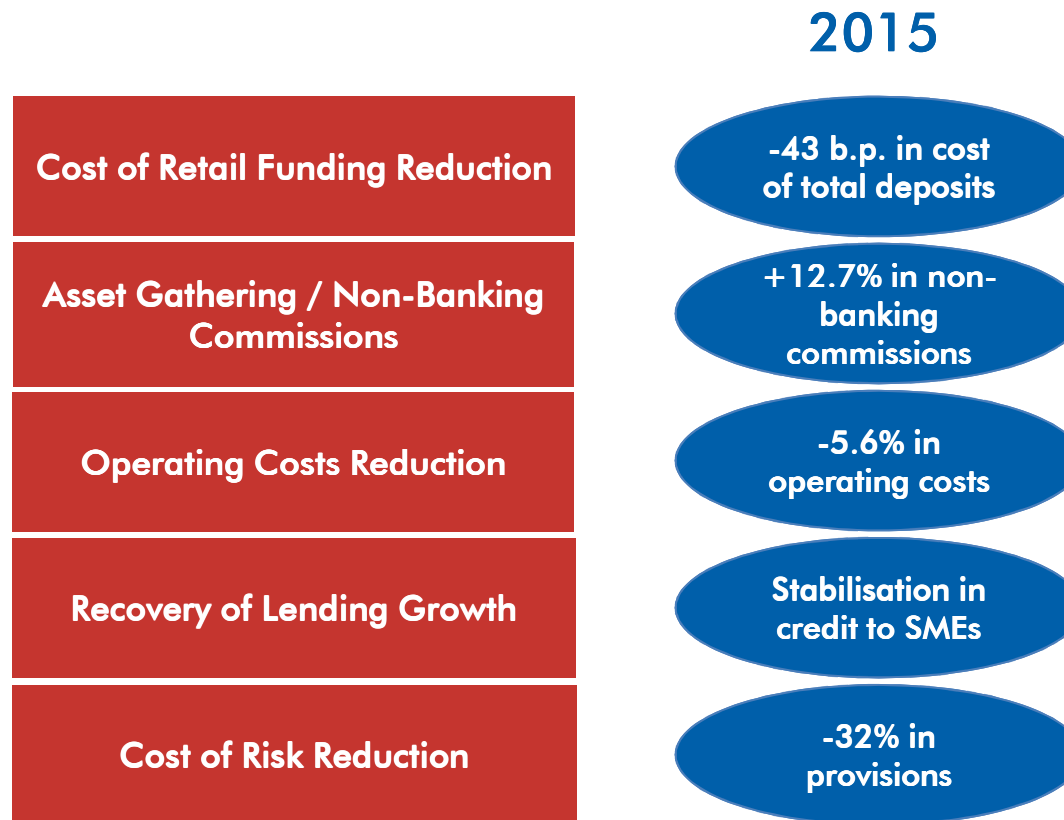
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# Final Remarks

- Ibercaja's Strategic Plan value drivers show a positive trend already in the first year of its implementation.



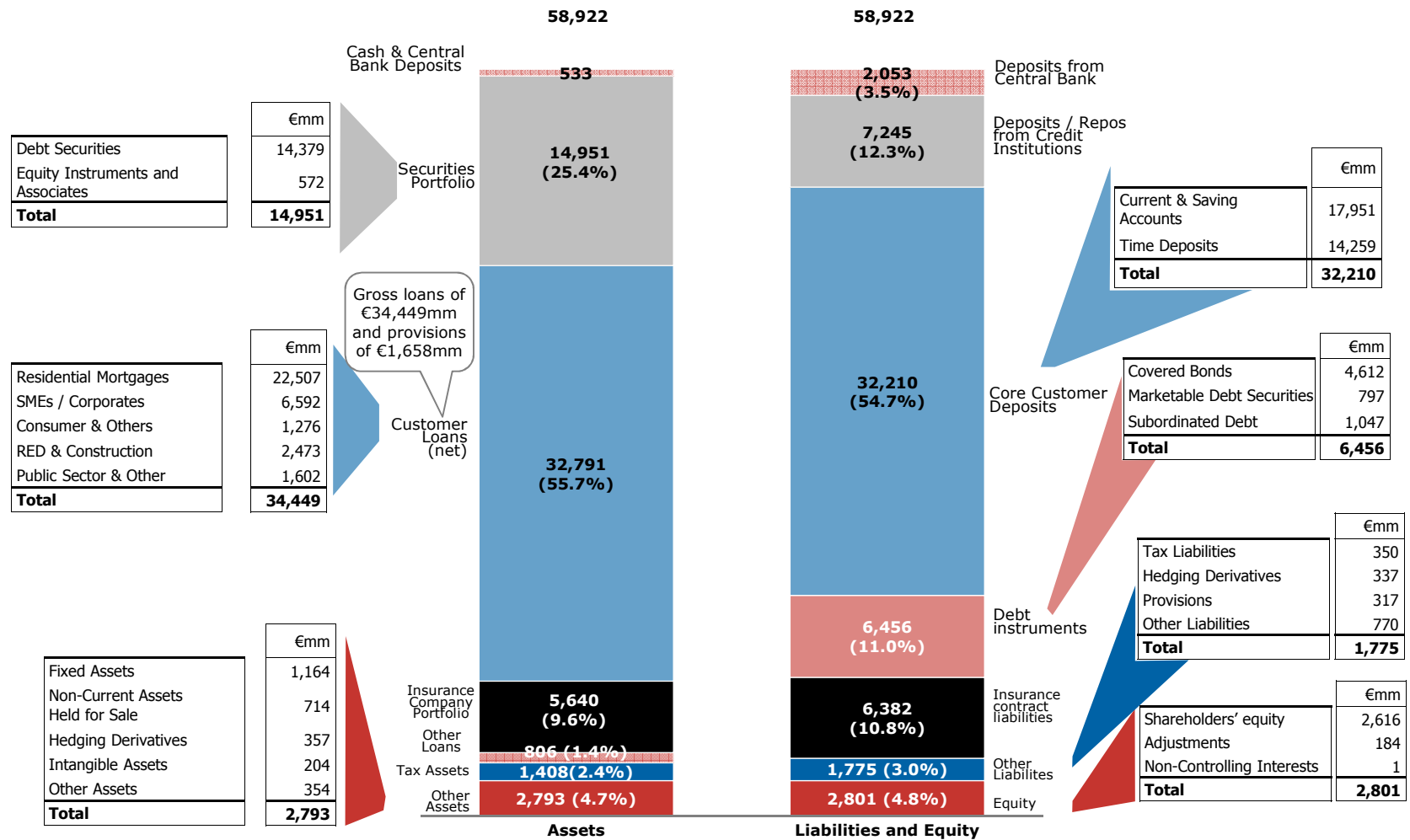


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 **Annex 1: Consolidated Balance Sheet**



# Consolidated Balance Sheet





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 **Annex 2: Sale of Real Estate Servicer**





# Sale of Real Estate Servicer

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- Last February, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic alliance with Aktua. This agreement includes:
  - The real estate assets that are currently on Ibercaja's balance sheet
  - Future real estate assets on Ibercaja's balance sheet or on any of its subsidiaries'
  - Marketing of other real estate assets with Ibercaja's funding
- Ibercaja Banco takes advantage of Aktua's sales network, with more than 400 employees across 30 branches around Spain.
- With this agreement, Ibercaja seeks to accelerate the offloading of non-performing real estate assets, allowing those resources to be used in new credit transactions.





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