



**iberCaja**



**1H2016 RESULTS**

July 28<sup>th</sup>, 2016





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-  **Main Highlights**
-  **Commercial Activity**
-  **1H2016 Results**
-  **Asset Quality, Liquidity and Solvency**



# Main Highlights

## Commercial Activity

Performing loan portfolio stabilizes in the quarter (+1% QoQ)

Ibercaja shows the best evolution in the sector in the quality index of STIGA and ranks among the best 3 banks in Spain<sup>1</sup>

Δ Market share in mutual funds (+14 b.p.), life savings insurance (+8 b.p.) and pension funds (+8 b.p.)

## Results

Net profit reaches €72.3mm, +4% YoY

Net interest margin stabilizes: +4.1% QoQ

Stable cost base: +0.6% YoY

Sound evolution of pre provision profit: +9.4% i.a.

Extraordinary results used to increase coverage levels

<sup>1</sup> Domestic entities with national presence



# Main Highlights

## Asset Quality

**Doubtful loans decrease 18.5 % YoY**

**NPL Ratio improves to 8.7% (-161 b.p. YoY)**

**Foreclosed asset sales increase 16% YoY**

**Coverage levels rank among the highest in the sector**

## Solvency

**CET1 Phased-In stands at 12.1%, +17 b.p. vs. 2015**

**CET1 Fully Loaded reaches 10.3%, +54 b.p. vs. 2015**





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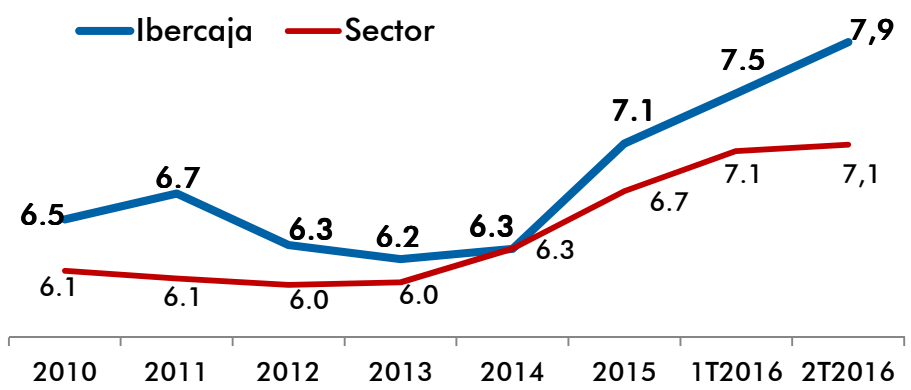
- ▶ Main Highlights
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- ▶ 1H2016 Results
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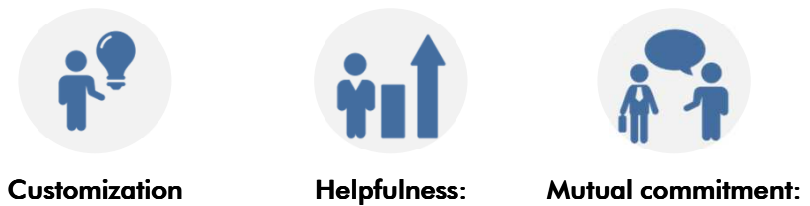
# Strong Commercial Momentum

- Ibercaja shows the best evolution in the sector in the quality index of STIGA and ranks among the best 3 banks in Spain<sup>2</sup>

Mystery Shopping - Index IQUOS<sup>1</sup>



Ibercaja's Value Added Proposal



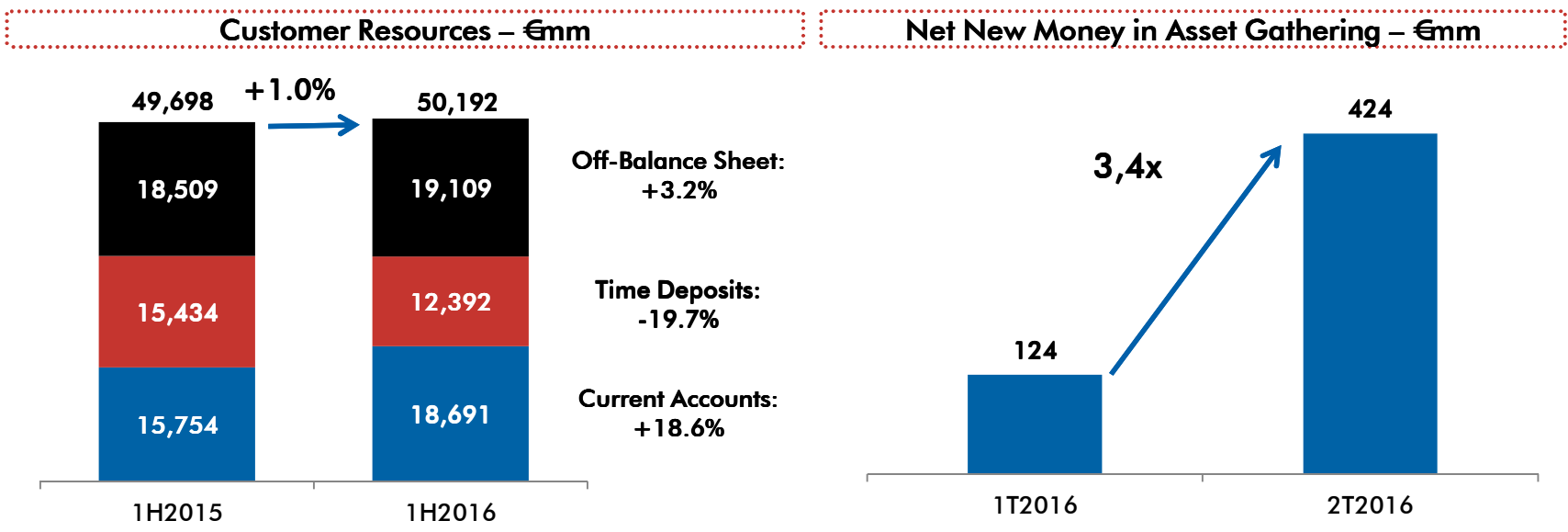
**Strong Commercial Momentum:**

- ✓ 16% of market share in new money in mutual funds
- ✓ +31% YoY in new lending
- ✓ +24.9% YoY in working capital financing
- ✓ Life risk insurance premiums increase 6.8% YoY
- ✓ Non-life insurance premiums (CASER alliance) increase 8.5% YoY

<sup>1</sup>Source: STIGA  
<sup>2</sup> Domestic entities with national presence

# Customer Resources

- Total retail funds increase 1.0% YoY (€494mm).
  - Current accounts increase 18.6% YoY and represent 60% of total deposits
  - Strong boost in net new money to off-balance sheet products during the 2Q
  - Limited impact of market volatility (€-250mm during the semester)



Note: retail network distribution



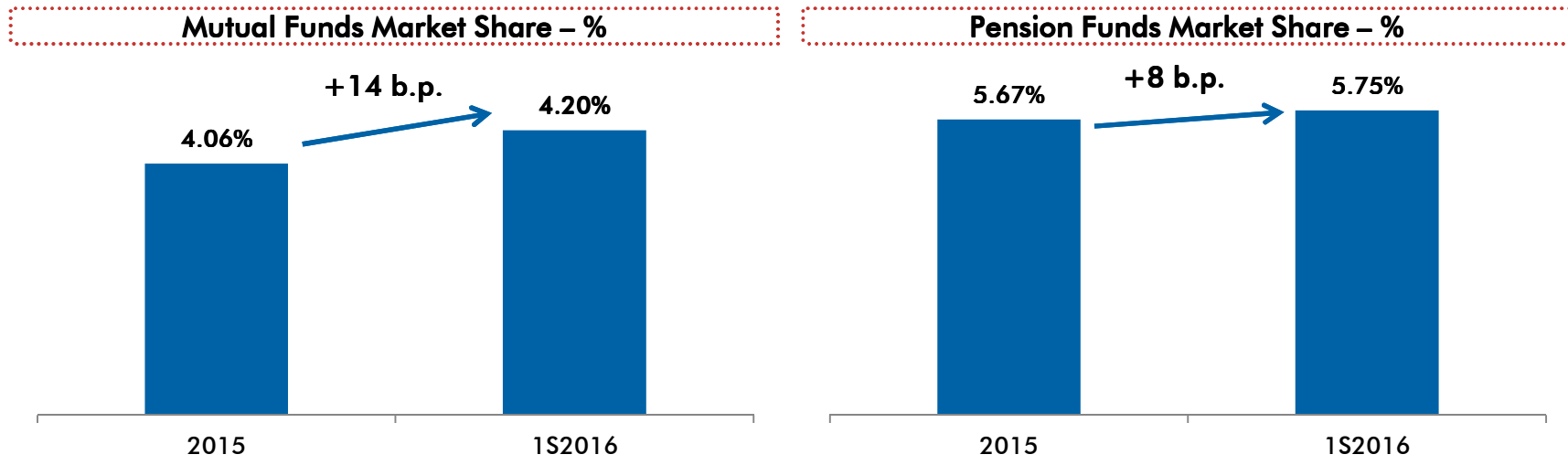
# Focus in Asset Gathering (1/2)

## ■ Excellent evolution in mutual funds:

- +14 b.p. in market share thanks to 16% net new money market share during the first half of the year
- AuM in managed account services reach €3,049mm (+23.3% YoY) and represent more than 33% of total mutual funds

## ■ Strong commercial activity in pension funds with a market share increase of 8 b.p.

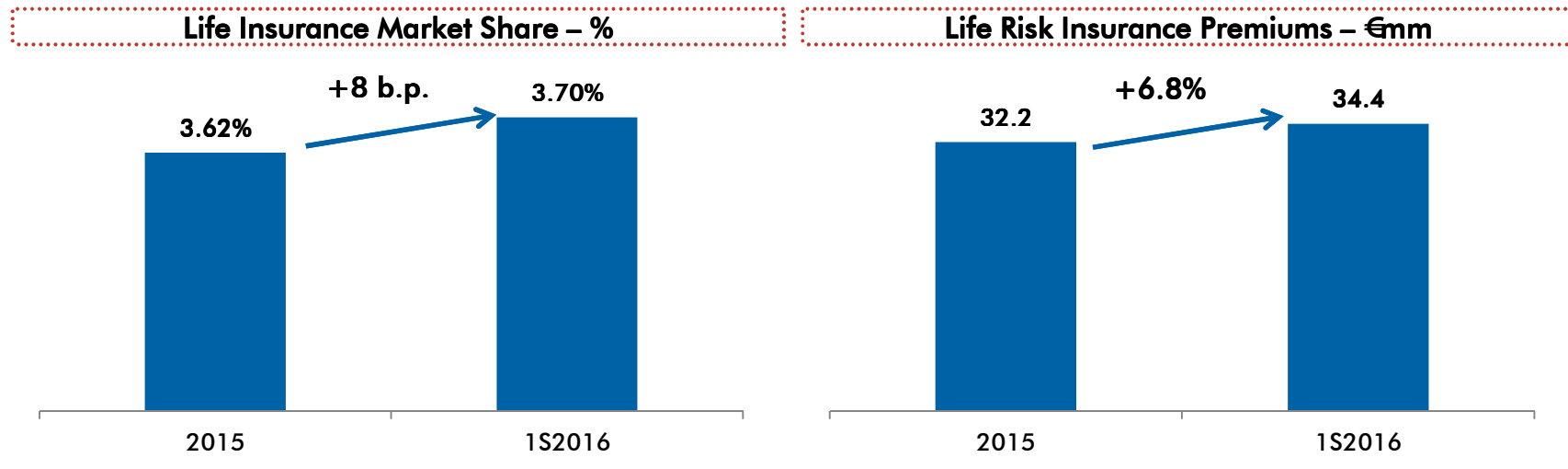
- Customer's contributions (regular and extraordinary) increase 17% vs. 1H2015
- Transfers from third party funds grow 52%



Source: Inverco

# Focus in Asset Gathering (1/2)

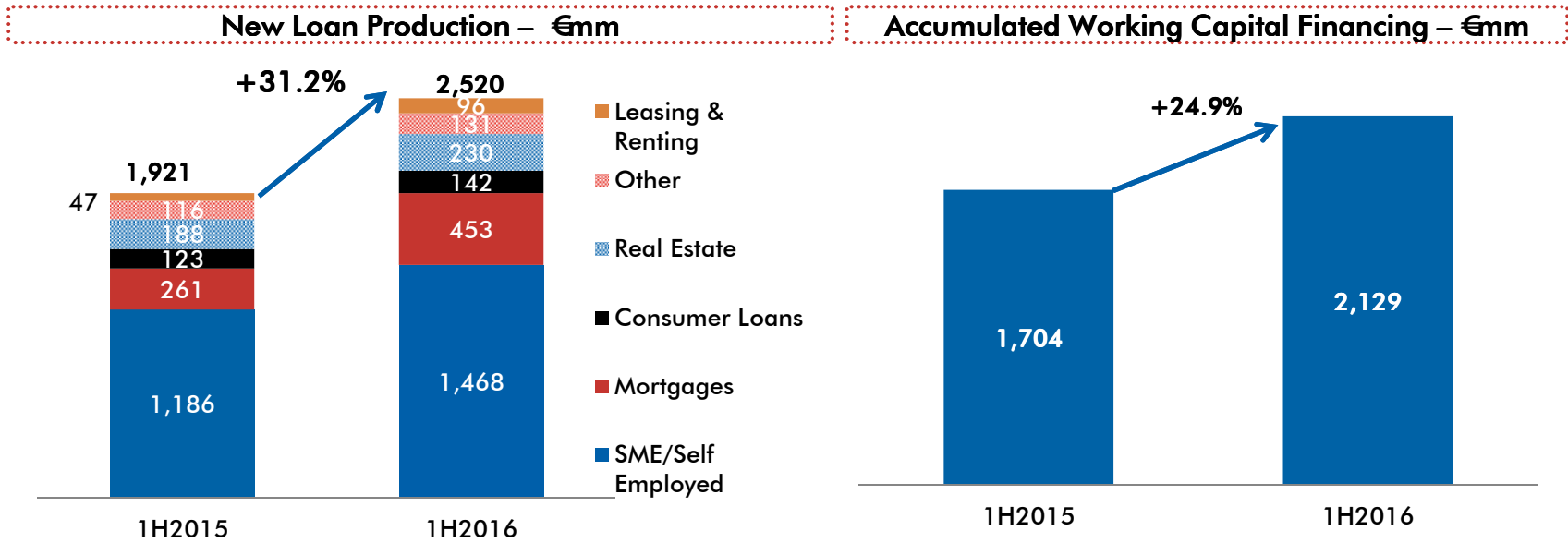
- **New market share gain in life savings insurance products (+8 b.p.).**
  - Sound evolution in systematic savings plans<sup>1</sup> (+17.9%) and life annuities (+9.8%)
- **Boost to the distribution of strategic bancassurance products:**
  - Life risk insurance premiums increase 6.8% YoY
  - Non-life insurance premiums (CASER alliance) increase 8.5% YoY



Source: ICEA (provisional data)  
<sup>1</sup> PIAS

# Customer Loans (1/2)

- **New lending production continues to grow (€2,520mm, +31.2%).**
  - New lending to SME's and self-employed persons grow 23.7% to €1,468mm and represent 58% of new lending
  - Strong push in mortgage granting: €453mm, +74% vs. 1H2015
- **Additionally, accumulated working capital financing reach €2,129mm, +24.9% vs. 1H2015.**



## Customer Loans (2/2)

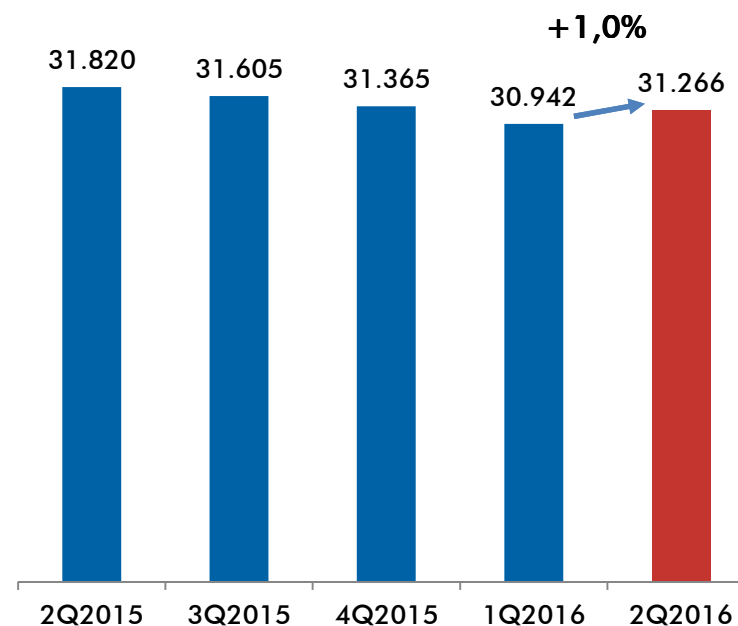
■ Performing loans increase 1.0% vs. 1Q2016.

▸ Performing loans to non real estate SMEs and self-employed persons grow 7.2% vs. 1H2015

Customer Loans – €mm

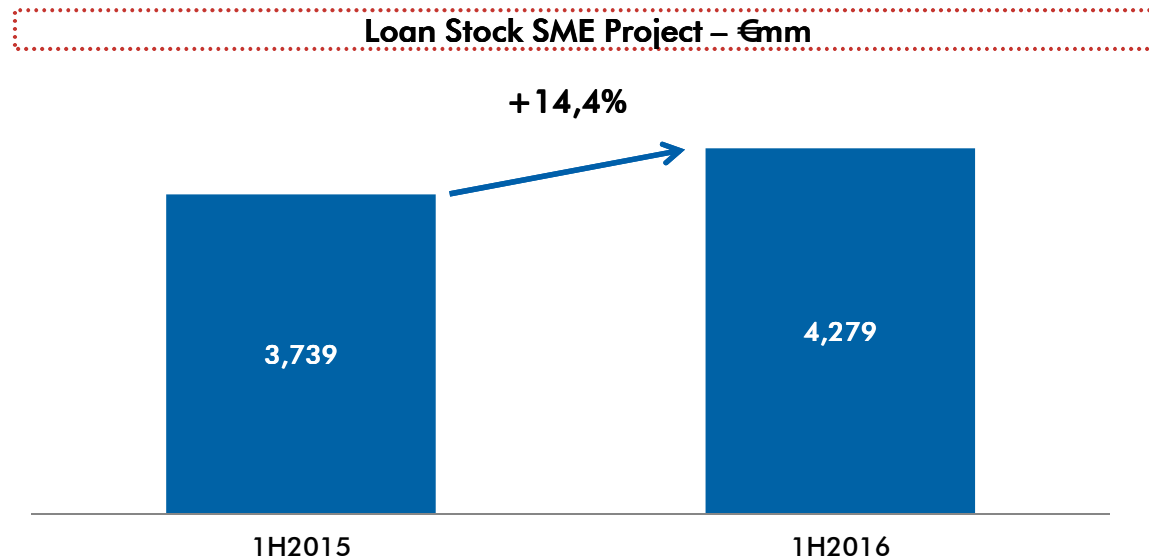
	1H2015	1H2016	YoY
<b>Loans to Individuals</b>	23,424	22,447	-4.2%
Mortgages	22,180	21,195	-4.4%
Consumer & other loans	1,245	1,252	0.6%
<b>Loans to SME/Corporate</b>	7,115	7,276	2.3%
Real Estate	1,495	1,252	-16.3%
Non-Real Estate	5,619	6,024	7.2%
<b>Public Sector &amp; Others</b>	1,095	1,033	-5.7%
<b>Reverse Repo</b>	186	510	n/a
<b>Performing Loans</b>	<b>31,820</b>	<b>31,266</b>	<b>-1.7%</b>
Doubtful Loans	3,669	2,990	-18.5%
<b>Total Gross Loans</b>	<b>35,488</b>	<b>34,257</b>	<b>-3.5%</b>

Performing Loans Stock – €mm



# Specialized Banking: SME project

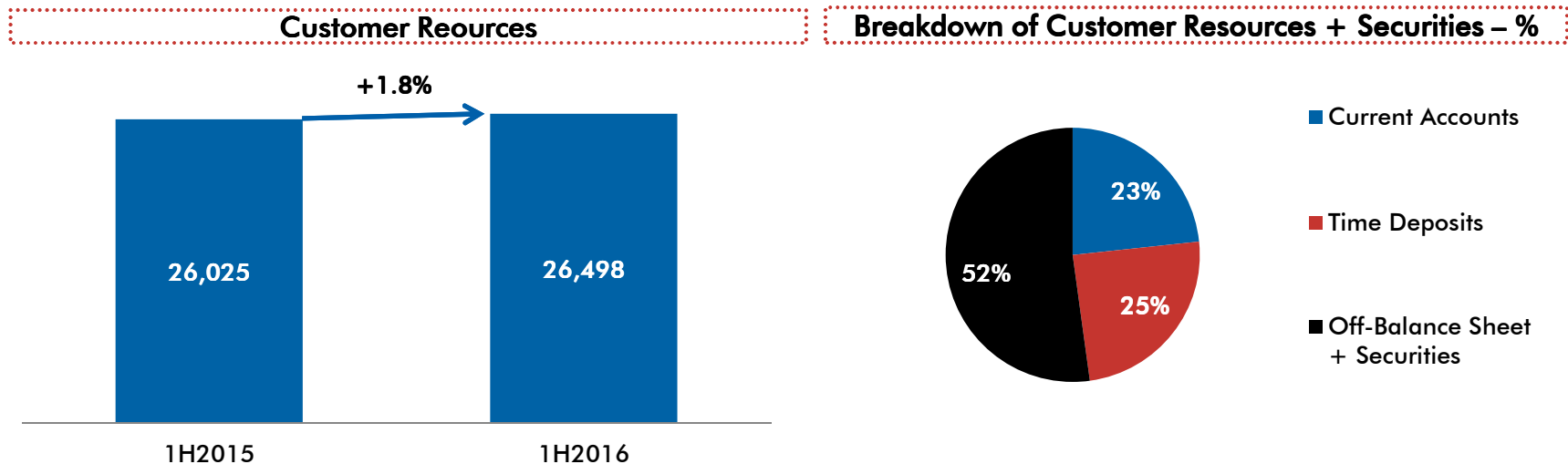
- SME project aims at strengthen Ibercaja's positioning in the SME business.
- Significant progress in the project during the 1H2016:
  - ▣ Loan stock grows 14.4%
  - ▣ Doubtful loans fall 4.8%
  - ▣ Madrid & Mediterranean basin represent 67% of the increase in loan stock



Note: SME project is included in loans to non-real estate companies. It excludes loans to self employed persons institutions and retailers

# Specialized Banking: Personal Banking

- Launched in 2009, Personal Banking project is focused in customers with total financial resources above 100,000€ (75,000€ in growth markets).
- Robust evolution during the first 6 months:
  - Customers resources grow 1.8%
  - 6,115 new customers, +3,8% vs. 2015
  - Improvement of profitable resources mix<sup>1</sup> in Cajatres customer base: 40.4% vs. 37.9% Dec-15
  - Specialized employees amount to 422 (vs. 288 in 2015)

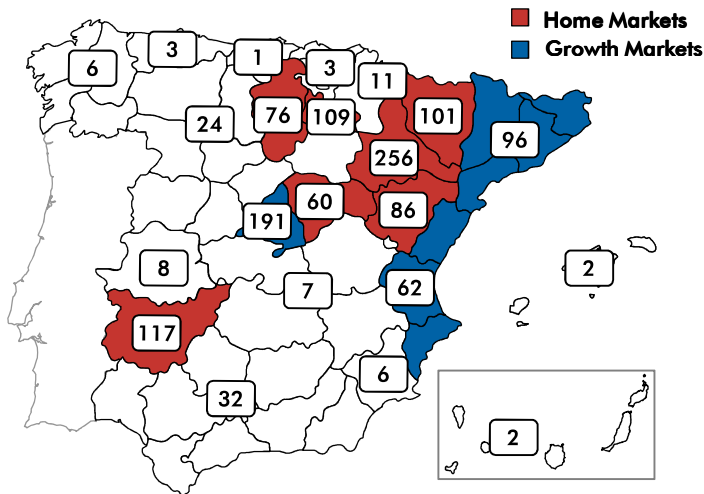


<sup>1</sup> Off-balance sheet funds + Securities / Total Customer Resources + Securities

# Main Markets Evolution

- Ibercaja benefits from an attractive geographical positioning: Leadership in home markets and relevant growth potential in the wealthiest regions of the Spanish economy based on current footprint

Branch Network – 1H2016



1.259 Branches

## Growth in Madrid and Mediterranean Basin

- Madrid & Mediterranean Basin represent:
  - ▶ 45% of new lending
  - ▶ 83% customer resources increase (vs. 1H2015)
- Opening of 4 business centres (2 Madrid, 1 Valencia, 1 Barcelona)

## Home Markets Soundness

- 15 branches reduction in 1H2016 (-1.8%)
- Customer resources stability (+0.1%)

# “Plan + Levante”

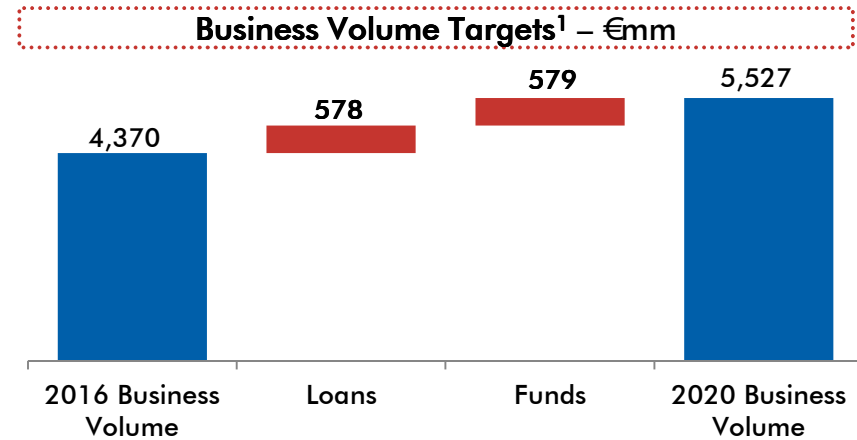
■ After launching Plan + Madrid, Ibercaja announces Plan + Levante to strengthen its positioning in Comunidad Valenciana.

■ Sound starting point:

- ✓ 61 Branches and 248 employees
- ✓ 120,000 customers
- ✓ €4.4bn business volume
- ✓ 2.5% market share in retail banking

■ Attractive market:

- 📍 5mm population
- 📍 9.4% of Spanish GDP
- 📍 Exports represent 28.1% of GDP (+5% than Spanish average)



■ Investment in resources:

- ➡ 34 new employees (internal resources)
- ➡ 25% of employees specialized in personal/private banking or SME banking (vs. current 13%)
- ➡ Remodelling of 15 branches with new commercial procedures

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





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- ▶ Main Highlights
- ▶ Commercial Activity
- ▶ **1H2016 Results**
- ▶ Asset Quality, Liquidity and Solvency

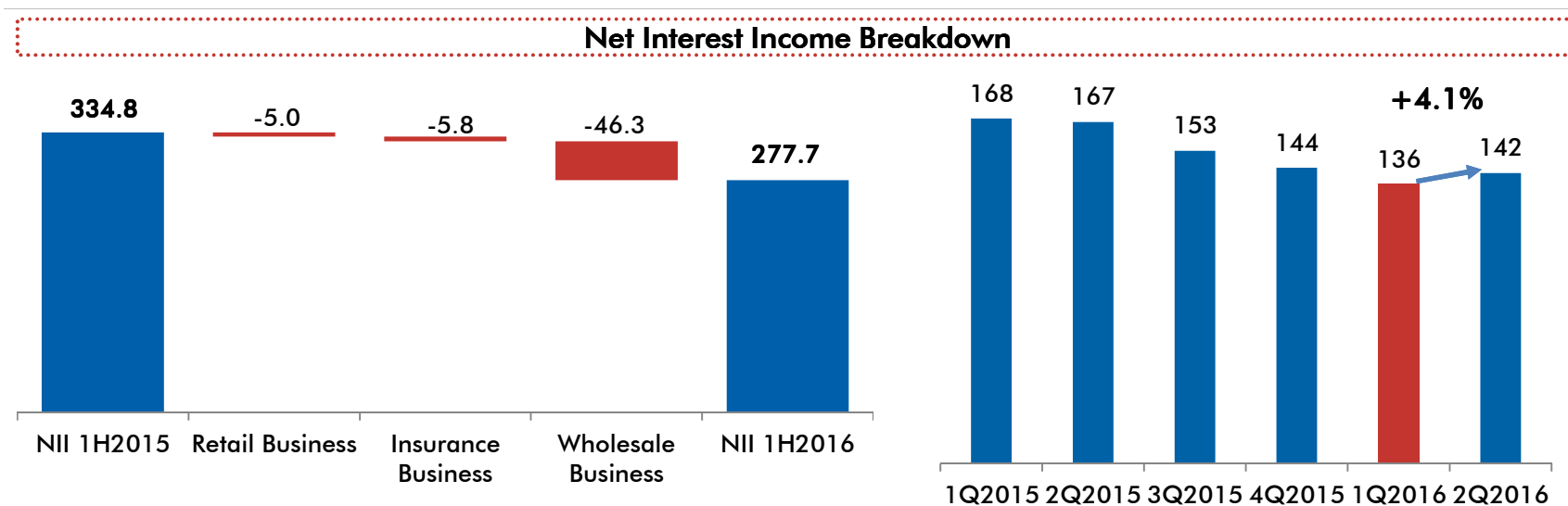


# 1H2016 Results

Mm€	1H2015	1H2016	YoY
<b>Net Interest Income</b>	<b>334.8</b>	<b>277.7</b>	<b>-17.1%</b>
Net Fee Income	163.9	165.4	0.9%
Trading Income	94.1	135.1	43.5%
Other Operating Inc. / Exp. (Net)	20.6	65.7	218.9%
<b>Gross Operating Income</b>	<b>613.4</b>	<b>643.9</b>	<b>5.0%</b>
Operating Costs	-310.9	-312.9	0.6%
<b>Pre-Provision Profit</b>	<b>302.5</b>	<b>331.0</b>	<b>9.4%</b>
Total Provisions	-208.6	-230.4	10.5%
Other Gains and Losses	4.7	2.2	-53.5%
<b>Profit Before Taxes</b>	<b>98.6</b>	<b>102.8</b>	<b>4.2%</b>
Taxes & Minorities	-28.9	-30.5	5.4%
<b>Net Profit Attributable to Shareholders</b>	<b>69.7</b>	<b>72.3</b>	<b>3.7%</b>

Note: Other operating results include a net gain of €69.3mm related to the Aktua agreement

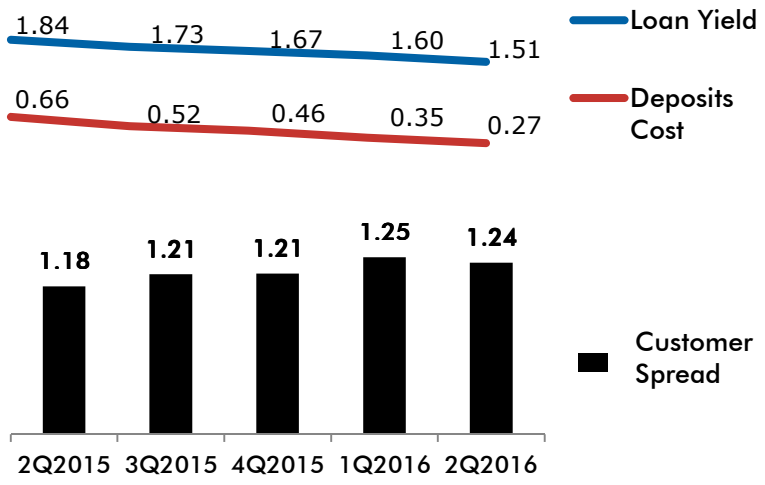
# Net Interest Income



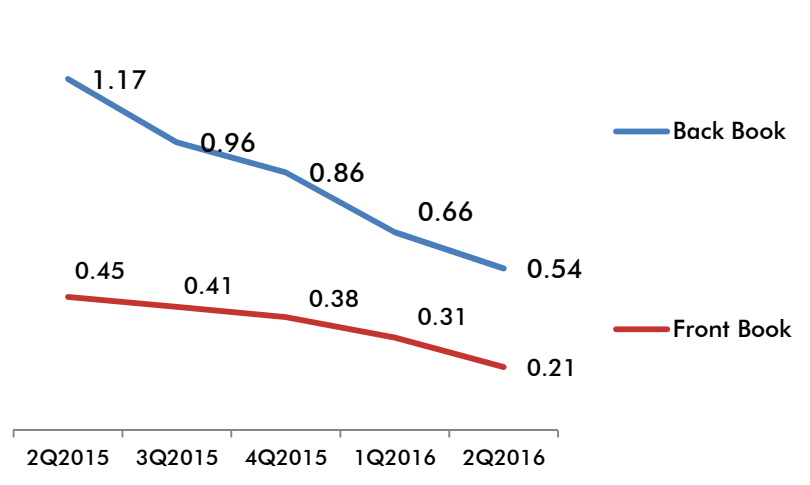
- **Net Interest Income grows 4.1% vs. 1Q2016.**
  - Evolution in line with company target of stabilization of net interest income
- **Net Interest Income decrease 17% in the first half of the year (vs. 1H2015).**
  - 80% of the fall is explained by a lower contribution of the wholesale business

# Customer Spread

Customer Spread - %

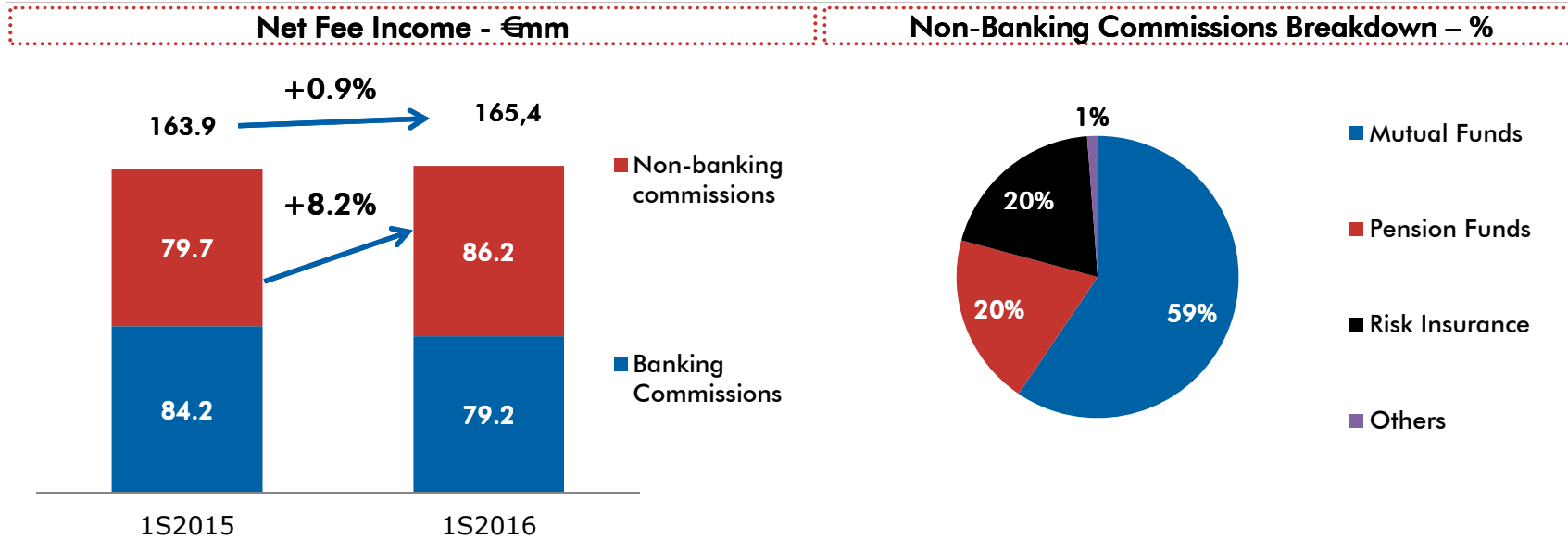


Time Deposit Costs- %



- **Cost of new time deposits falls 10 b.p. during the quarter to 21 b.p.**
  - Cost of new time deposits in July: 0.14%
- **Customer spread improves 6 b.p. YoY to 1.24%**
  - The total deposit cost reduction (-39 b.p. YoY) offsets the credit repricing due to the fall in Euribor (-33 b.p.)

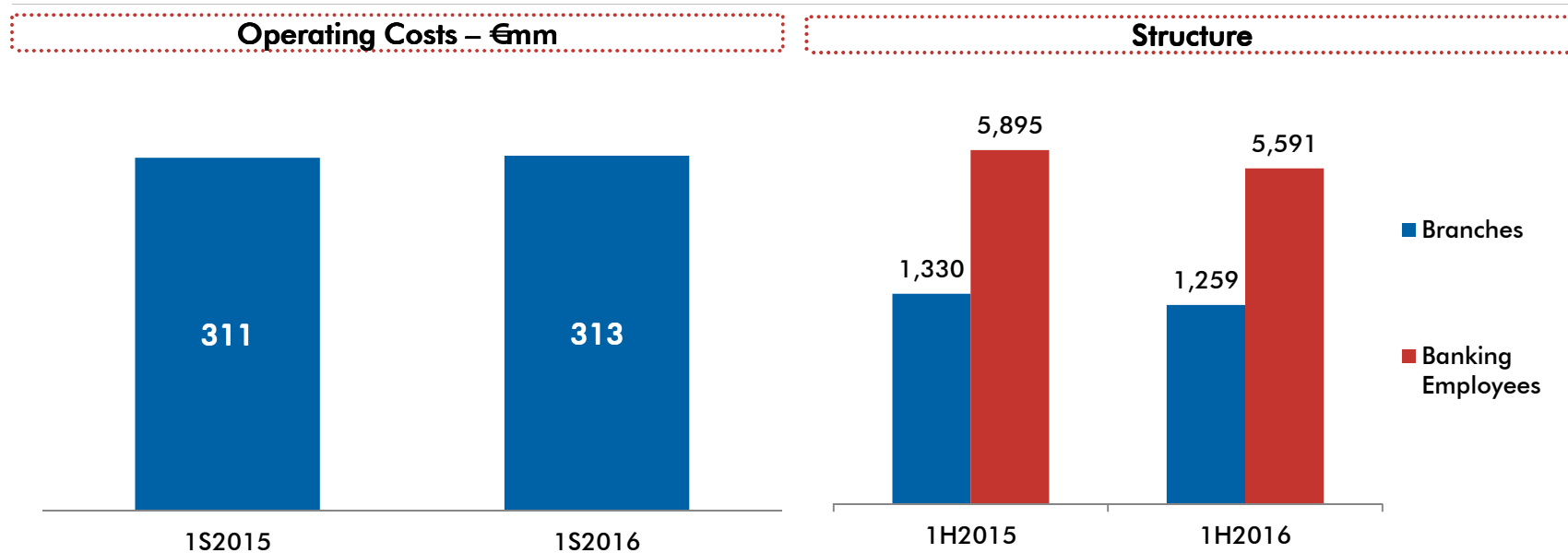
# Net Fee Income



■ **Net fee income grows 0.9% YoY in the first half of the year**

- Non-banking commissions grow 8.2% thanks to AuM and acceleration in risk insurance products
- Banking commissions fall 5.9% mainly due to the decrease in securities fees

# Operating Costs

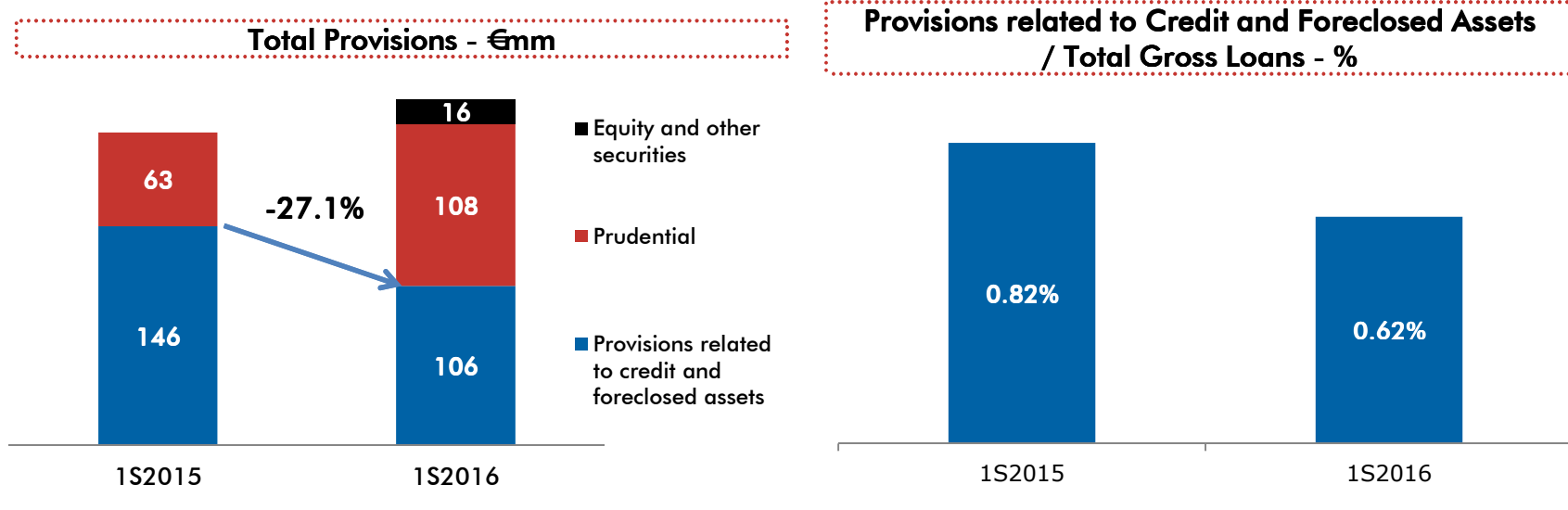


- **Total operating costs remain flat during the first half of the year**
  - Personnel cost fall 4% YoY in line with company target for the year
  - Lower structure costs allow for stable cost base despite increase in costs related to Aktua agreement<sup>1</sup>

<sup>1</sup> In February 2016, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. Ibercaja also signed a long-term strategic alliance with Aktua to manage and sale these assets.

# Provisions

- Provisions related to credit and foreclosed assets decrease 27.1% YoY.
  - Cost of risk related to credit and foreclosed assets improves 20 b.p. to 62 b.p.
- Extraordinary results from the Aktua agreement and trading income dedicated to build-up prudential provisions.
  - Thanks to strong coverage levels already reached, total provisions in second half of the year should be significantly lower





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 **Main Highlights**

 **Commercial Activity**

 **1H2016 Results**

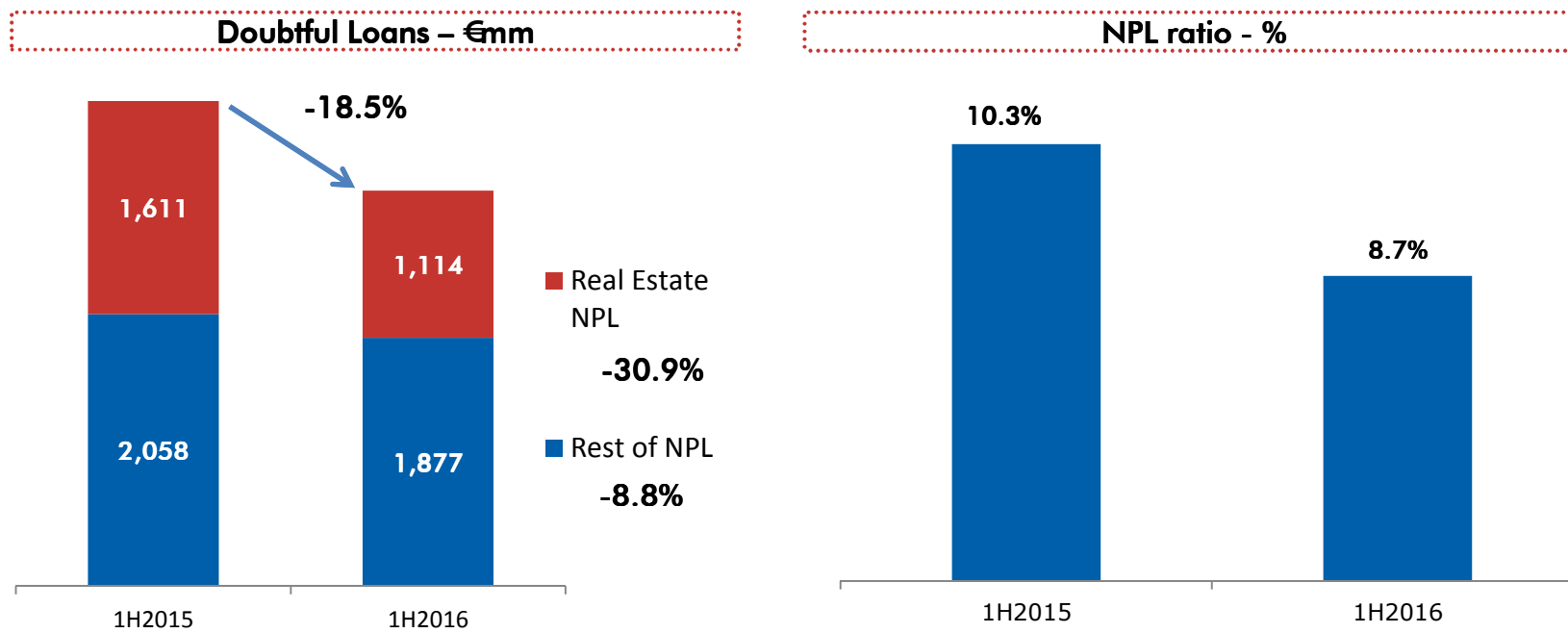
 **Asset Quality, Liquidity and Solvency**





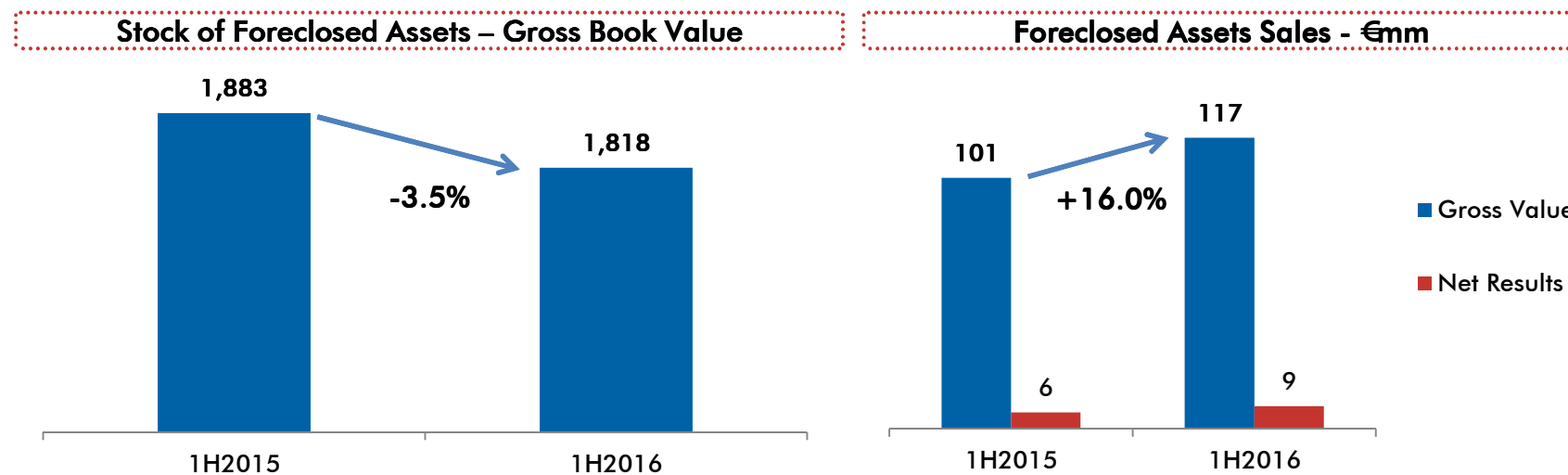
# Asset Quality (1/2)

- **Doubtful loans fall 18.5%.**
  - ▣ Gross entries decrease 17.8% vs. 1H2015
- **Doubtful loans coverage ratio stands at 53%.**



## Asset Quality (2/2)

- **Stock of foreclosed assets continues its downward trend**
  - Speed-up of assets sales (+16% YoY vs. 1H2015) and lower entries (-42% YoY.) allow for a 3.5% reduction in the stock of foreclosed assets
- **Coverage ratio stands at 52.0%, among the highest in the sector**
  - Positive results in asset sales

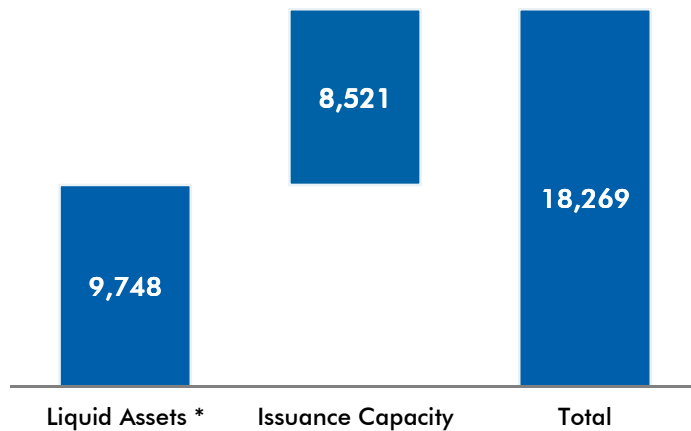


# Liquidity and Solvency (1/3)

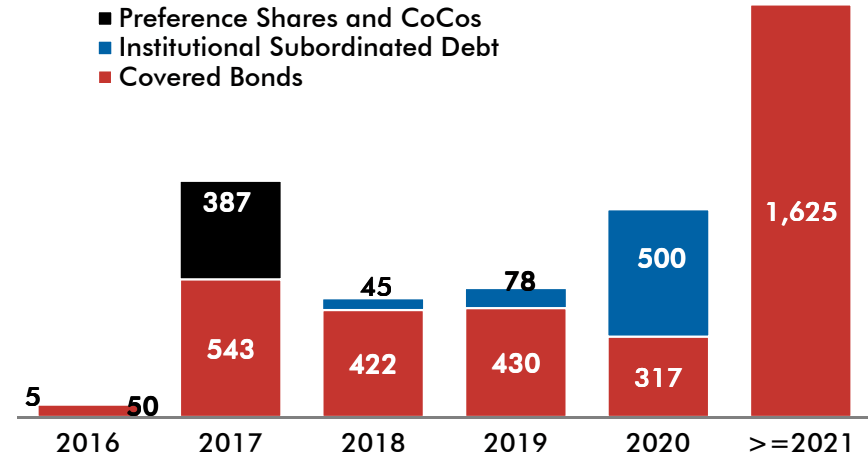
## ■ Sound liquidity position :

- Available liquid assets stand at €9,700mm (17% of total assets)
- LCR and NSFR ratios stand at 210% and 122%, respectively
- Loan to deposits ratio stands at 96.4%<sup>1</sup>
- ECB: 3,372Mn€ (5.8% of total assets), 100% TLTRO II
- No relevant maturities left for the rest of the year

Liquidity Position - €mm



Maturity Profile – €mm

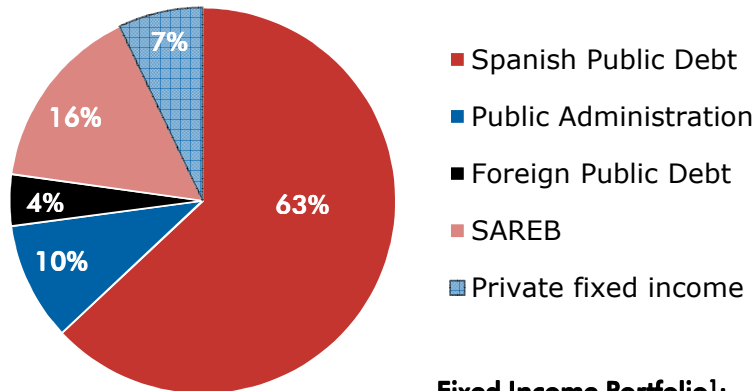


<sup>1</sup> 1 Net Loans ex. securitised loans / Customer deposits ex. repos + Securities distributed through the branch network.  
 \* Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

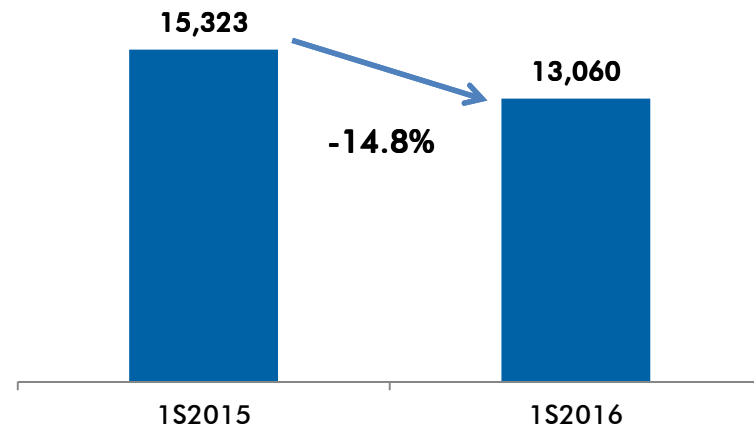
# Liquidity and Solvency (2/3)

- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.**
  - Average duration of 3.8 years
  - Unrealised capital gains of €163mm (of which €125mm are AFS)
  - Average yield stands at 1.4%
- **Ibercaja has reduced its fixed income portfolio by >€2,250mm vs. 1H2015.**

Fixed Income Portfolio– 1H2016



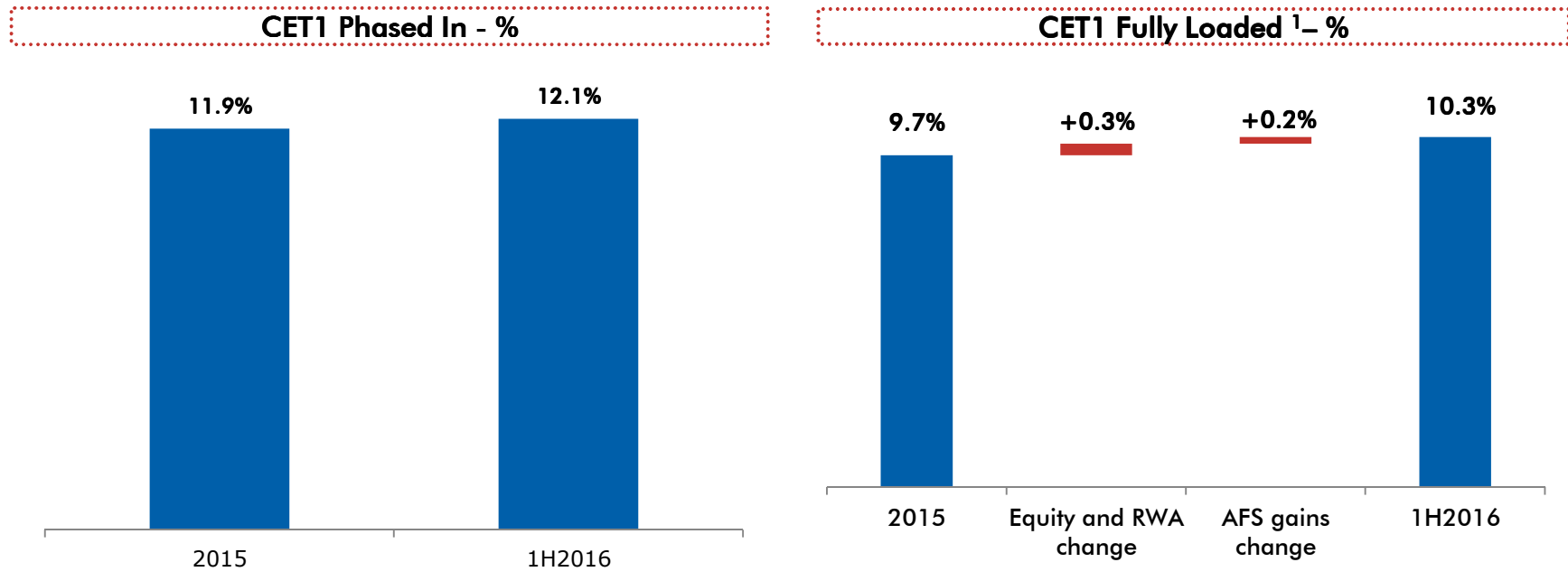
Fixed Income Portfolio<sup>1</sup>:  
€13,060mm



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

# Liquidity and Solvency (3/3)

- CET1 Phased In ratio stands at 12.1% vs. SREP requirement of 9.25%
- CET1 Fully Loaded ratio improves 54 b.p. and reaches 10.3%
  - Improvement in equity and RWA reduction represent 34 b.p. of the improvement
- RWAs/Total Assets stands at 40%, calculated using the standard methodology.
- Leverage Ratio: 5.4% (Phased In)



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

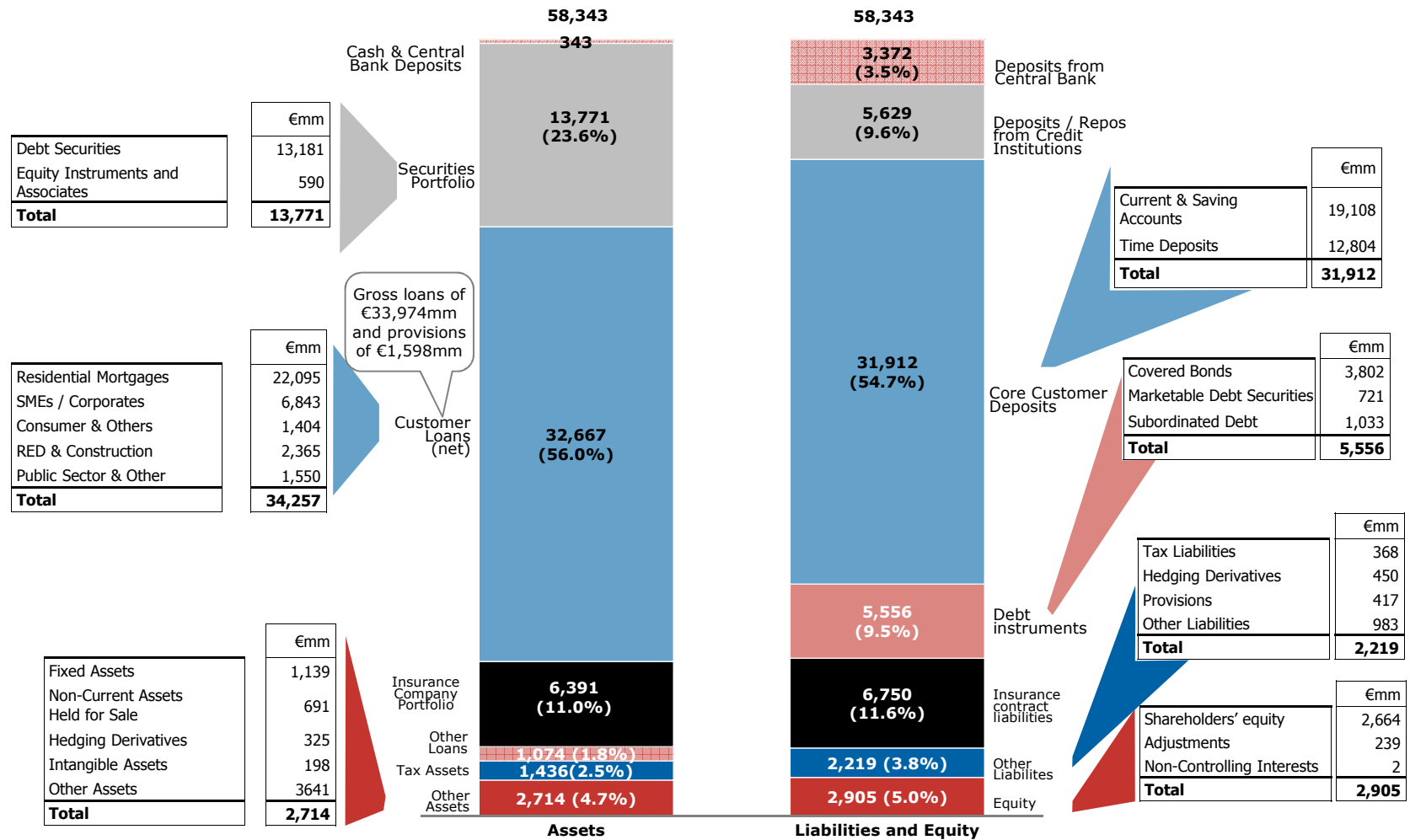


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 **Annex 1: Consolidated Balance Sheet**



# Consolidated Balance Sheet





For more information, please visit our Website:  
<http://www.ibercaja.com/en/>

Contact us:  
[investors@ibercaja.es](mailto:investors@ibercaja.es)

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