



iberCaja



2014 RESULTS

April, 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**

 **Asset Quality, Liquidity and Solvency**

 **2014 Results**





Results Highlights (1/2)

- **Total retail funds grow 4.1% in the year.** Ibercaja's market share improves 7 basis points to 3.57%. **Ibercaja Financial Group consolidates its 5th position in the market with a 10% increase in funds.**
- Deleveraging still taking place with a 5.6% fall in customer loans, in line with the sector. **Clear positive signs in new loan production. New lending reaches €2,669mm, Corporate/SME account for 58% of total.**
- **NPL ratio of 10.78%.** Ibercaja NPL ratio is 15% lower than the sector while maintaining **one of the highest coverage levels.** NPL assets decrease 3% YoY or €118mm, marking the first year since the beginning of the crisis with reduction in NPL.
- **Liquid assets stood at over €12,700mm which represents 20% of the total assets.**
- **CET1 Phased-In ratio improves 106 b.p. to 11.13%¹. CET1 Fully Loaded ratio is 9.62%².**
- **Ibercaja returns to positive net profit (€151mm) after strong provisioning effort in the last two years.**

¹ Including €407mm CoCos; not including unrealized AFS gains

² Not including CoCos; including unrealized AFS gains





Results Highlights (2/2)

■ Other highlights:

- ▶ **Caja 3 integration fully completed.**
- ▶ European **AQR** highlighted the quality of Ibercaja Banco loan portfolio, its high standards of provisioning and its strict policy for categorising and identifying risks within its portfolio.
- ▶ Since November, **ECB** to supervise banks in the Euro Area. This move is a key part of the Banking Union.
- ▶ **New management team and approval of 2015-2017 Strategic Plan.**





Index

 **Results Highlights**

 **Commercial Activity**

 **Asset Quality, Liquidity and Solvency**

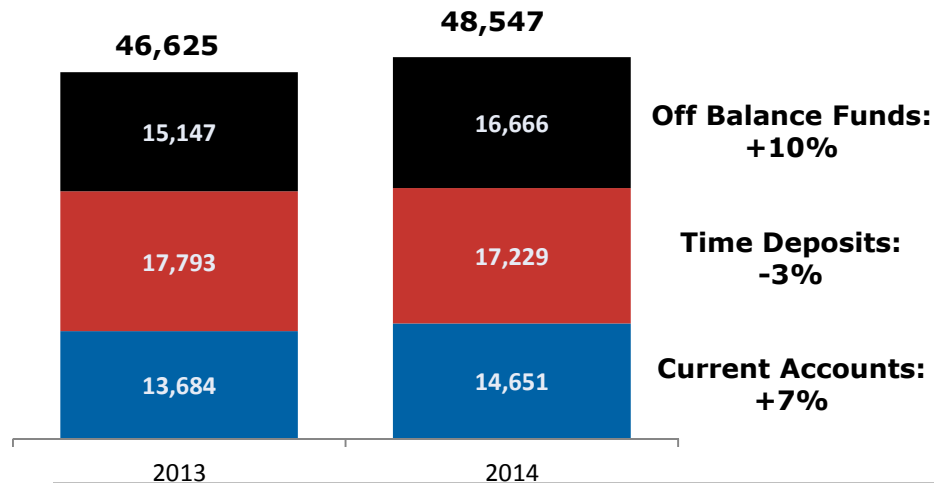
 **2014 Results**



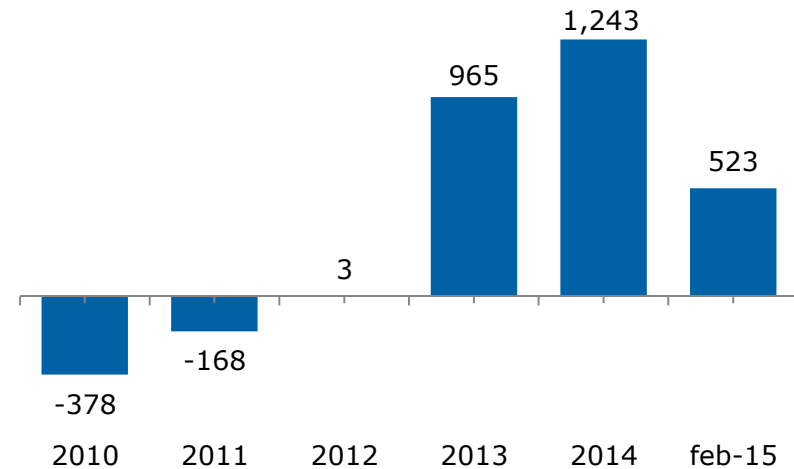
Retail Funds

- Total retail funds grow 4.1% in the year.** Ibercaja's market share improves 7 basis points to 3.57%.
 - Profitable retail funds mix** with a high share of current accounts and off-balance sheet funds. These two items represent 64.5% of total retail funds vs. 61.8% last year.
 - Ibercaja Financial Group consolidates its 5th position in the market** with a 10% increase in funds. Strong growth in mutual funds (+18.8%) and pension funds (+8.2%)

Total Retail Runds – mm€



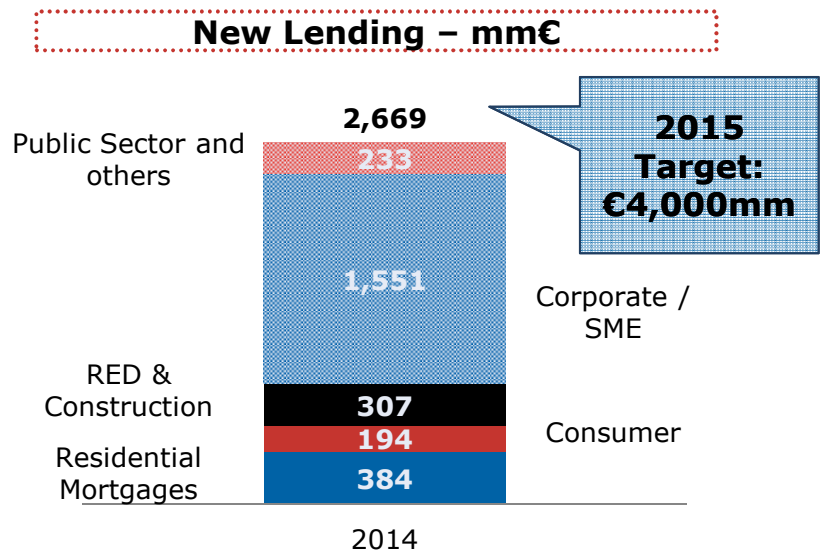
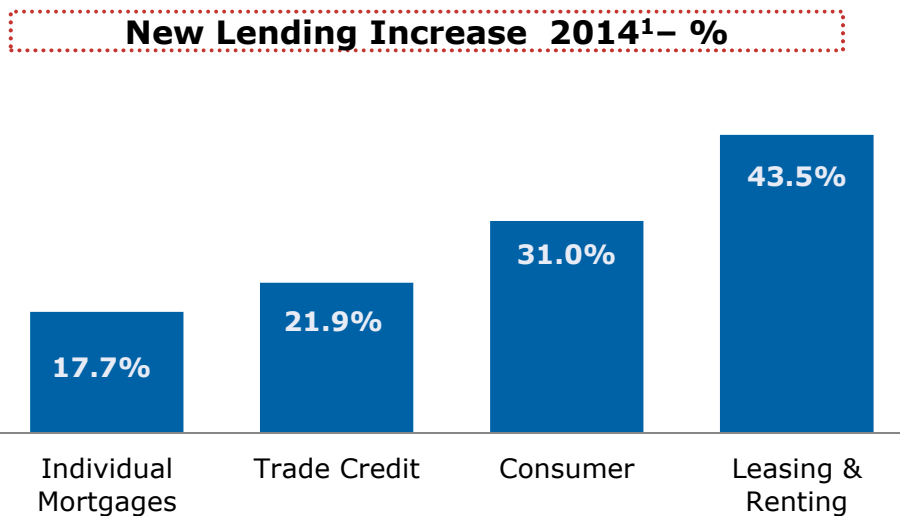
Mutual Funds Growth Evolution – mm€¹



¹ Ibercaja Gestión

Customer Loans

- **Deleveraging still taking place with a 5.6% fall in customer loans, in line with the sector.**
- **Clear positive signs in new loan production**
 - New lending reaches €2,669mm, Corporate/SME account for 58% of total.
 - 42% of the new loan production comes from our growth markets (Madrid + Mediterranean Basin). Ibercaja home regions represent 45% of the new loan production.



¹ Increase in new loan production for Ibercaja Standalone



Index

 **Results Highlights**

 **Commercial Activity**

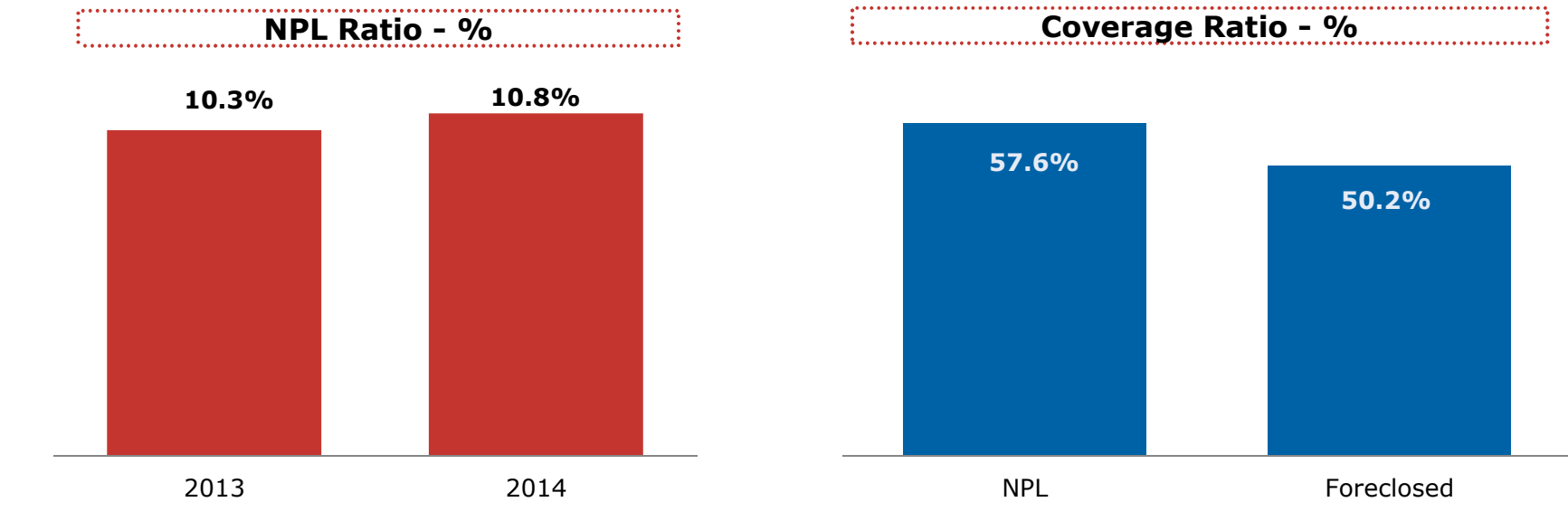
 **Asset Quality, Liquidity and Solvency**

 **2014 Results**



Asset Quality (1/3)

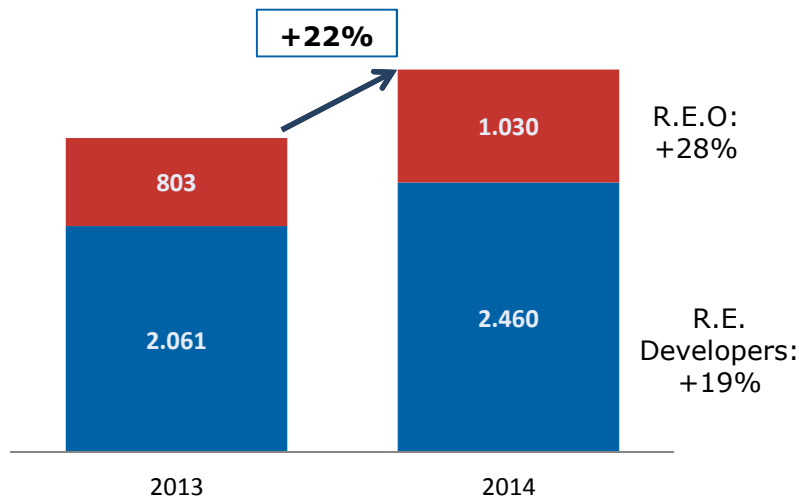
- **NPL ratio of 10.78%.** Ibercaja NPL ratio is 15% lower than the sector while maintaining one of the highest coverage levels.
 - Mortgage NPL ratio is 3.8%, one of the lowest in the Spanish financial sector
- NPL assets decrease 3% YoY or €118mm, marking the first year since the beginning of the crisis with reduction in NPL.



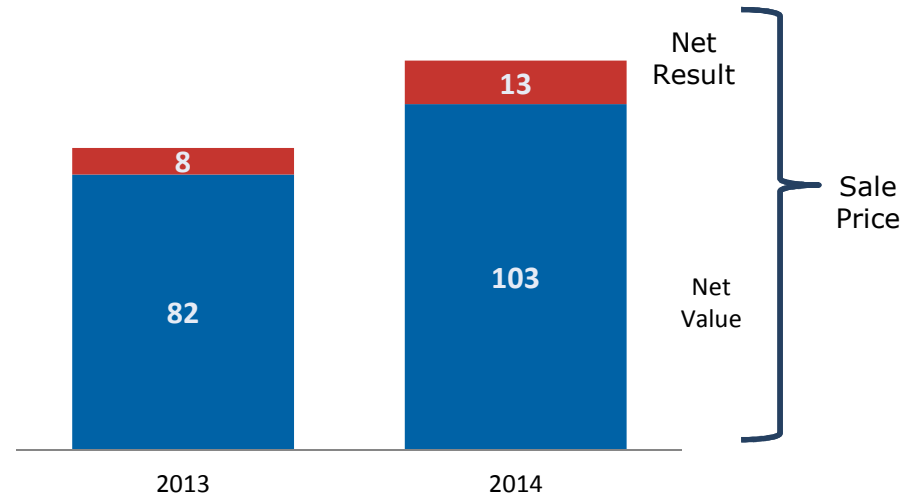
Asset Quality (2/3)

- Real estate sales (owned and from third parties) rise 22% YoY. to 3,490 units.
 - Sales of foreclosed assets have so far resulted in recovery of provisions (€13mm).

No. of units sold*

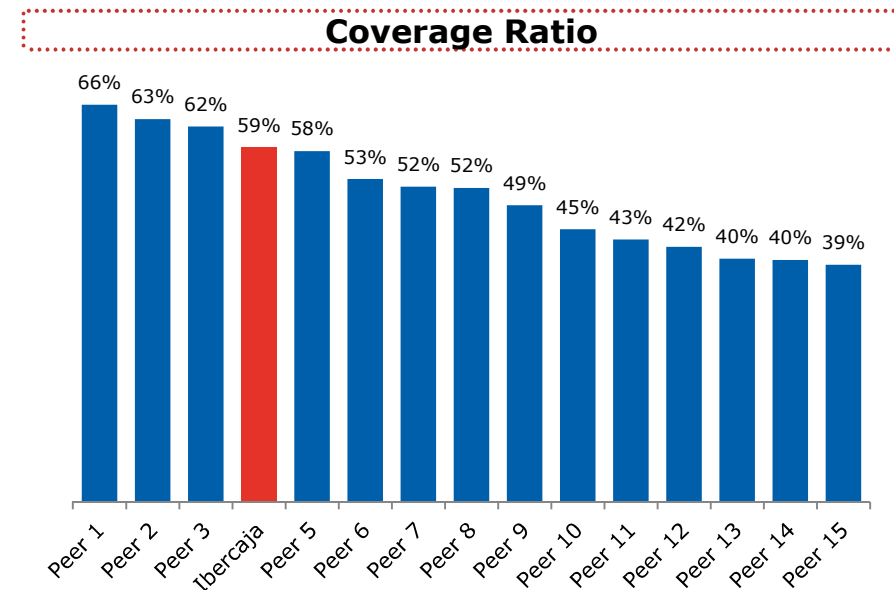
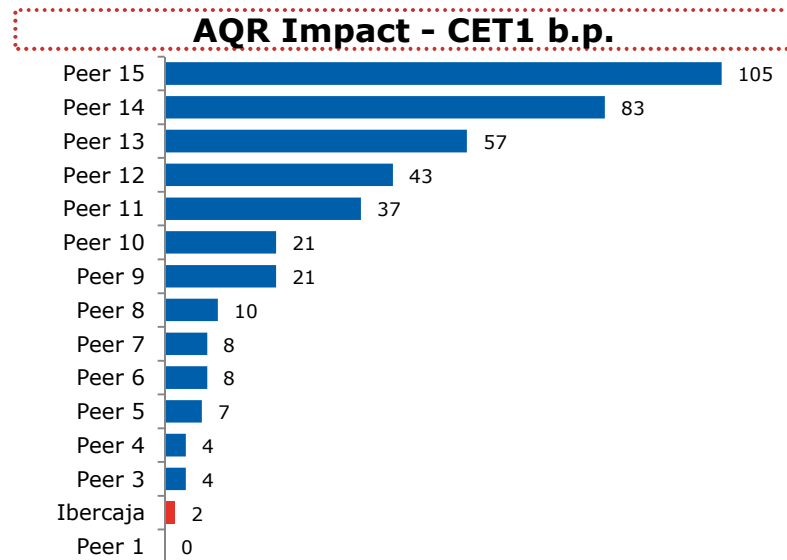


Foreclosed real estate asset sales (€mm)



Asset Quality (3/3)

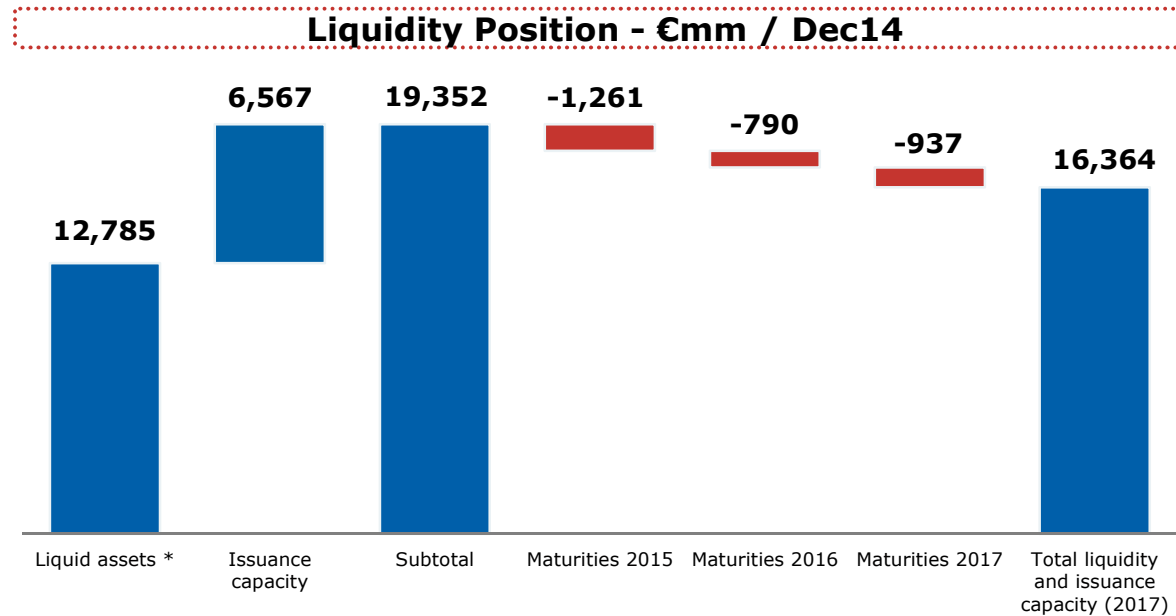
- **European AQR highlighted the quality of Ibercaja Banco loan portfolio, its high standards of provisioning and its strict policy for categorising and identifying risks within its portfolio.**
 - AQR additional provisions were irrelevant and accounted for net €4.9mm, or 0.05% of the revised portfolio. This meant a CET1 ratio adjustment of just 2 b.p., being the average adjustment for the Spanish sector of 14 b.p.
 - Ibercaja has one of the highest provisioning levels in the Spanish financial sector.



Source: ECB/EBA

Liquidity and Solvency (1/4)

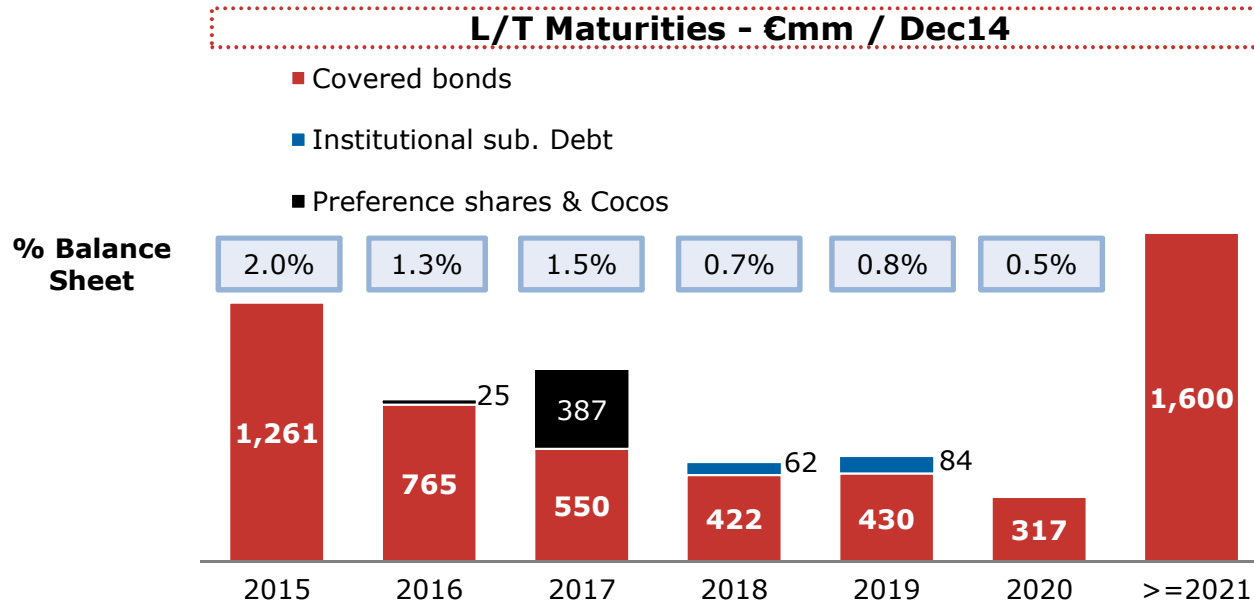
- **Ibercaja Banco benefits from a comfortable liquidity position.**
 - ▣ Liquid assets stood at over €12,700mm, which represent 20% of the total assets.
- **LCR and NSFR of 424% and 109% respectively.**
- **The LTD ratio stands at 91%.**



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

Liquidity and Solvency (2/4)

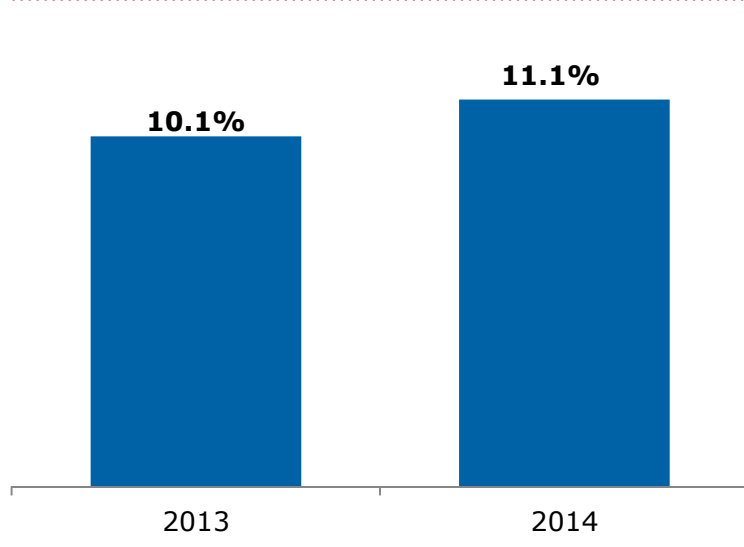
- **Maturities are well diversified, with no significant concentration.**
- Short-term funding 100% collateralised.



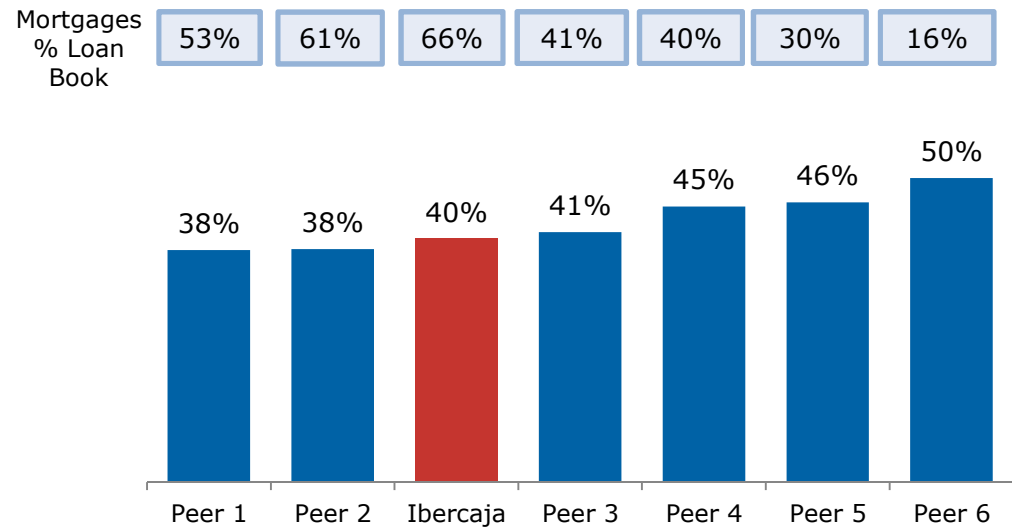
Liquidity and Solvency (3/4)

- CET1 Phase-In ratio: 11.13%¹ (Dec14).
- CET1 Fully Loaded ratio: 9.62%² (Dec14).
- High density of RWA (standardised approach)

Core Equity Tier 1 Phase In – %



RWA / TA %



¹ Including €407mm CoCos; not including unrealized AFS gains
² Not including CoCos; including unrealized AFS gains

Liquidity and Solvency (4/4)

Solvency – ECB Stress Test		
	Base Scenario	Adverse Scenario
CET 1 phased-in (CRDIV/CRR Dec-13)	10.03%	10.03%
AQR Impact	-2 b.p.	-2 b.p.
Capital ratio after AQR	10.01%	10.01%
Stress Test Impact	+56 b.p.	-213 b.p.
CET 1 phased-in (CRDIV/CRR dec-16)	10.57%	7.88%
Capital surplus (€mm)	694	657

- **Ibercaja, under both scenarios, had a capital ratio that exceeded in more than two percentage points the minimum requirements, being such excess superior to €600mm of equity.**



Index

- ▶ **Results Highlights**
- ▶ **Commercial Activity**
- ▶ **Asset Quality, Liquidity and Solvency**
- ▶ **2014 Results**

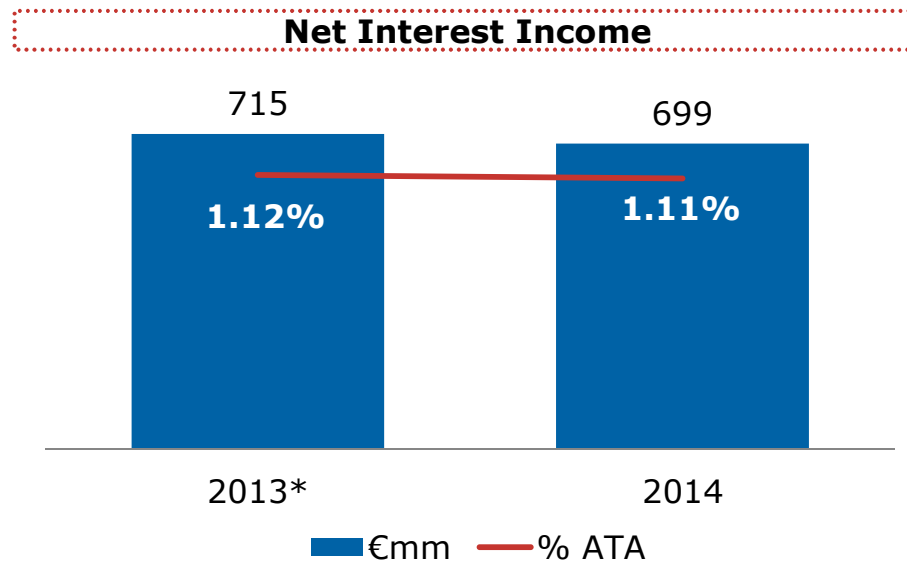


2014 Results

mm€	2013 ¹	2014	Var. i.a.
Net Interest Income	715	699	-2.2%
Net Fee Income	302	316	4.5%
Trading Income	228	425	86.7%
Other Operating Inc. / Exp. (Net)	-91	-30	-67.3%
Gross Operating Income	1,154	1,410	22.2%
Operating Costs	-730	-789	8.0%
Pre Provision Profit	424	621	46.7%
Total Provisions	-572	-432	-24.8%
Other Gains and Losses	23	26	11.7%
Profit Before Taxes	-125	215	n/a
Taxes & Minorities	62	-64	n/a
Net Profit Attributable to Shareholders	-63	151	n/a

¹ Pro-forma information for comparison purposes, includes 12 months for Cajatres and DGF effect

Net Interest Income

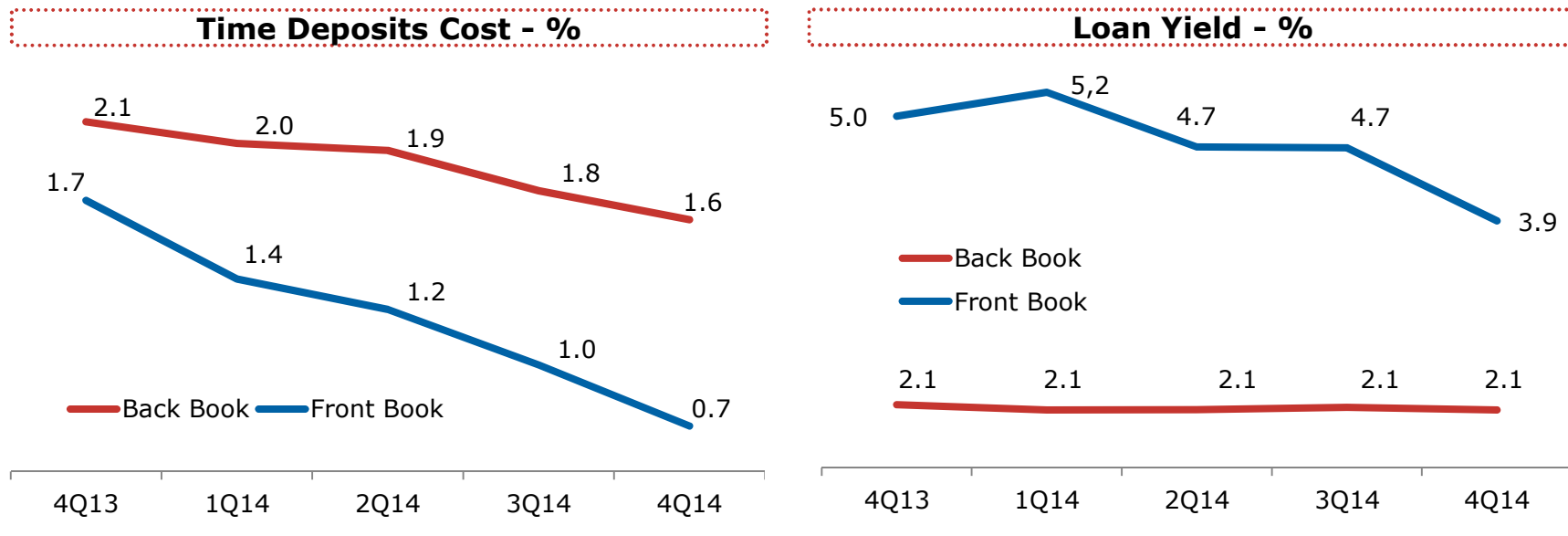


- **Net interest income has stabilised during the year.** The deposit cost reduction is offset by lower Euribor and deleveraging.

* Pro-forma information for comparison purposes,

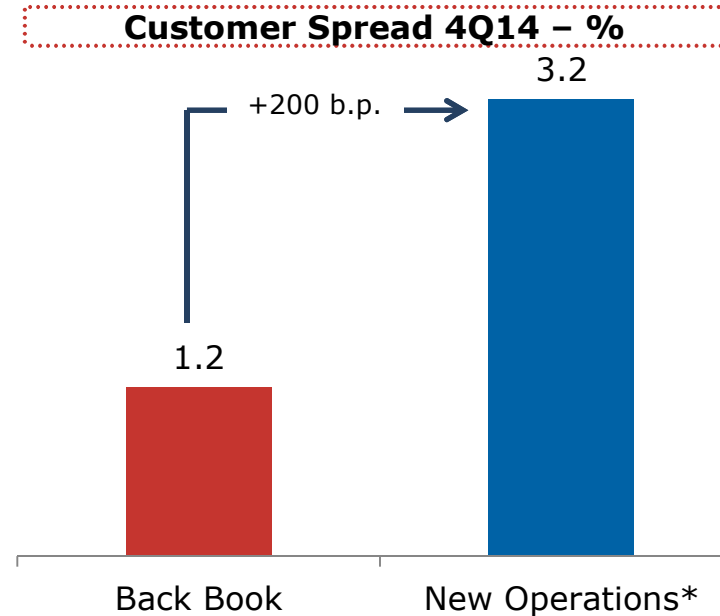
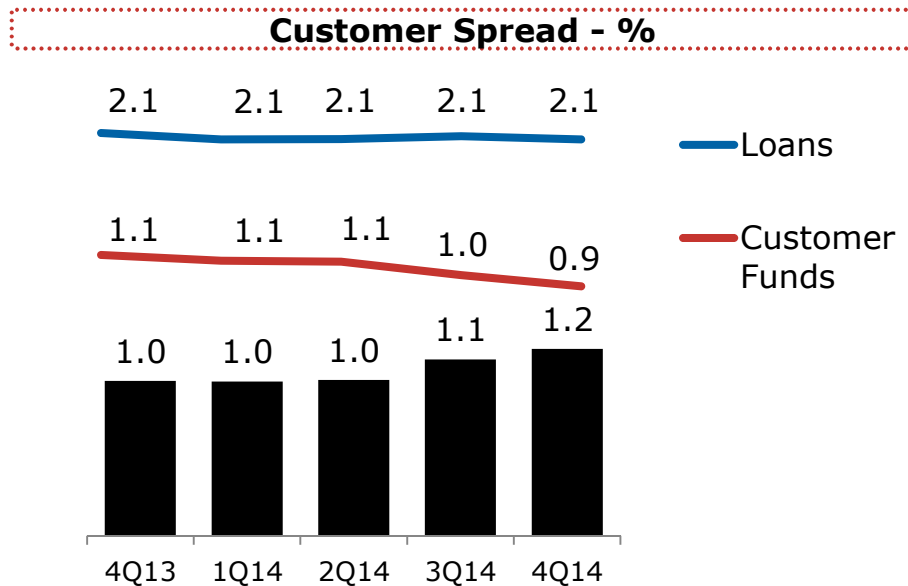
Margin Evolution (1/2)

- **The repricing of time deposits represents a significant revenue opportunity for the next 12 months.**
 - In March 2015, cost of new time deposits has fallen below 0.5%
- **Loan pricing for new operations is significantly above the current portfolio.**
 - Back book loan yield has remained stable in spite of falling Euribor



Margin Evolution (2/2)

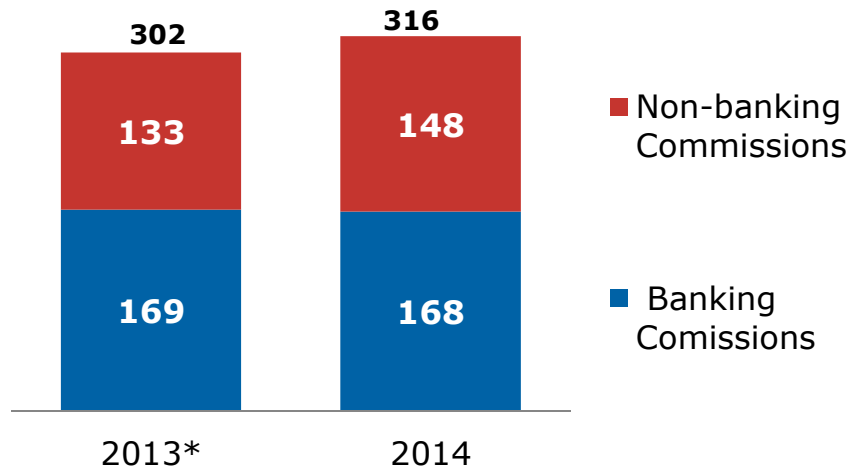
- **Customer spread has turned the corner.** The reduction in time deposits costs is the main driver for the 20 basis points improvement.
- New operations have a significant higher customer spread and will positively impact the NII in coming quarters



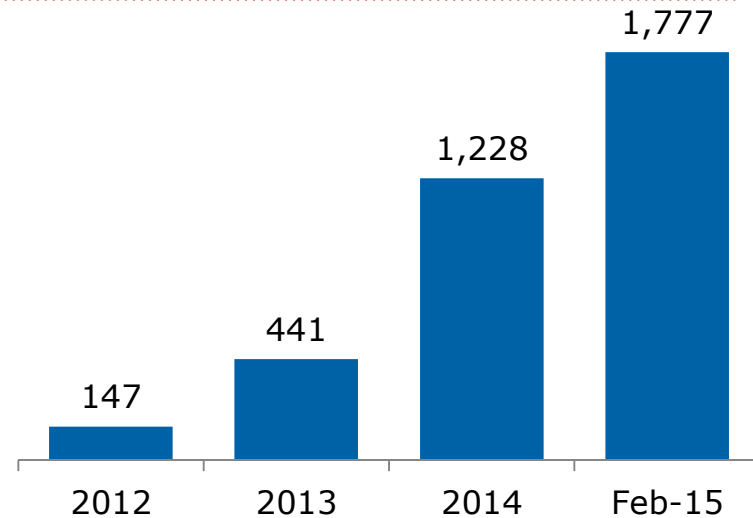
* Loan yield – time deposit cost for new operations in the quarter

Net Fee Income

Net Fee Income – €mm



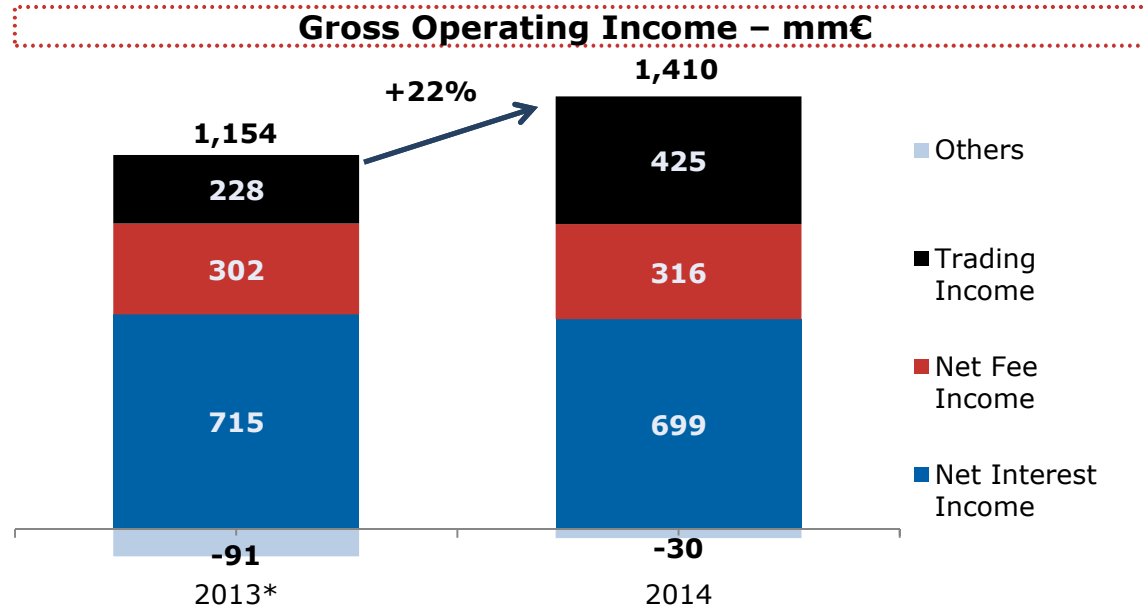
Managed Accounts - €mm volume



- **Sound growth in net fee income (+4.5% YoY)** driven by non banking commissions (+11.5%).
- Banking commissions (-1%) are affected by lower activity levels and regulation changes.

* Pro-forma information for comparison purposes,

Gross Operating Income



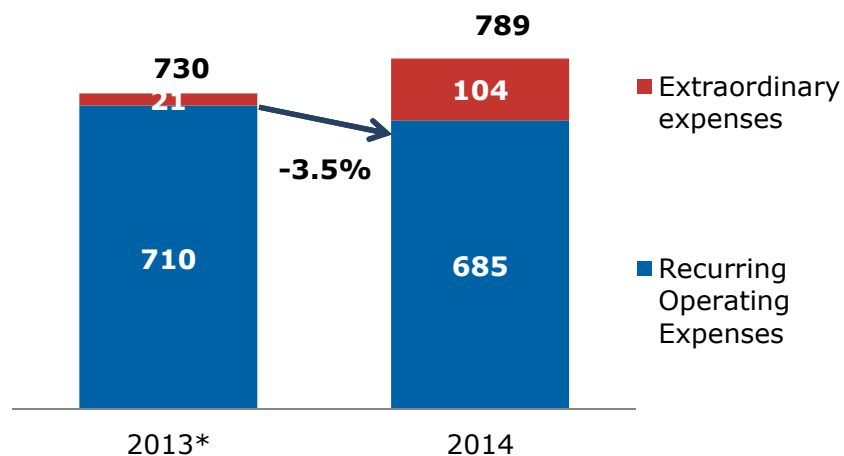
■ Strong growth in Gross Operating Income (+22% YoY) due to:

- Trading income of €425mm, related to ALCO portfolio sale in June. The results of the sale has been allocated to a new redundancy program and to increase the provisioning levels.
- Good performance in net fee income.
- The extraordinary payment to DGF in 2013 (€55mm included in “others”).

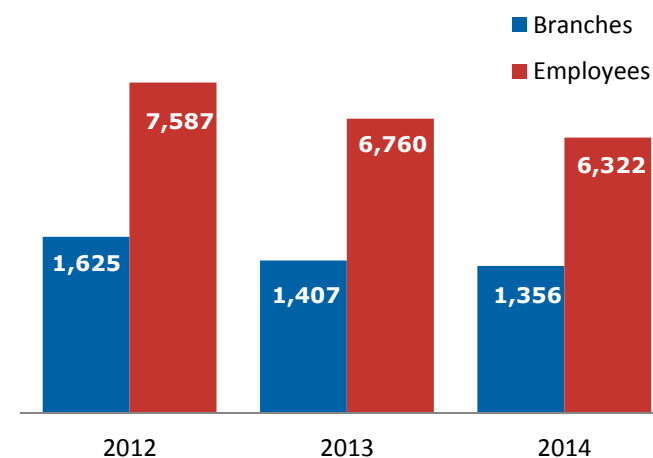
* Pro-forma information for comparison purposes,

Operating Expenses

Operating Expenses - €mm



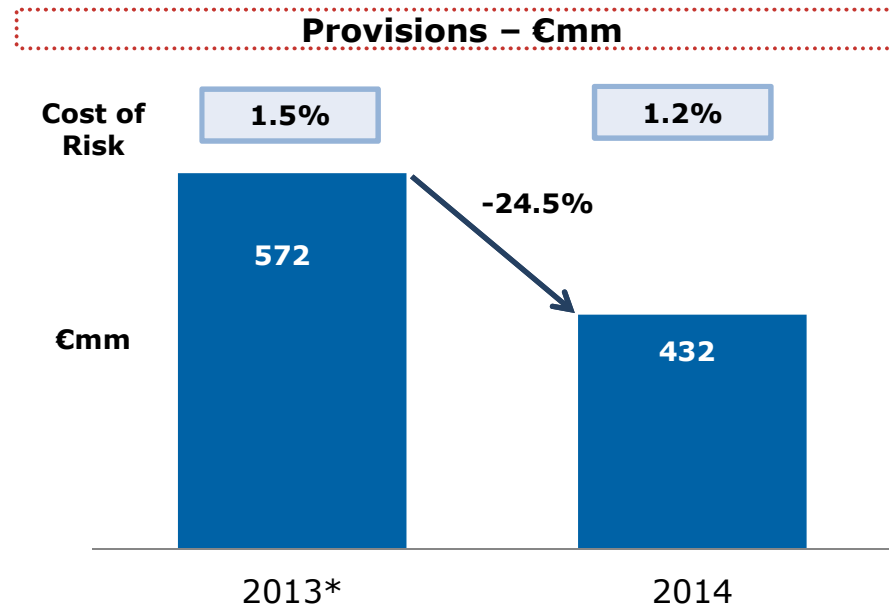
Ibercaja's Structure



- Total operating expenses increase 8% YoY. Excluding extraordinary items, **total operating expenses drop 3.5%.**
- Since 2012, a **17% reduction in headcount/branches has already been implemented.**
 - ▣ Extraordinary expenses in 2014 already include the new redundancy plan expected to be approved in 1H2015 (up to 375 employees).

* Pro-forma information for comparison purposes,

Provisions and Net Profit



- **Total provisions fall 24.5% to €432mm.**
 - Cost of risk of 1.2% is above normalised levels due to extraordinary provisions in the 4th quarter.
- **Ibercaja returns to positive net profit (€151mm) after strong provisioning effort in the last two years.**
- **Net Profit completely aimed to reinforcing solvency ratios.**

* Pro-forma information for comparison purposes



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

iberCaja 

