



iberCaja



1Q 2015 RESULTS

May 13, 2015





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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





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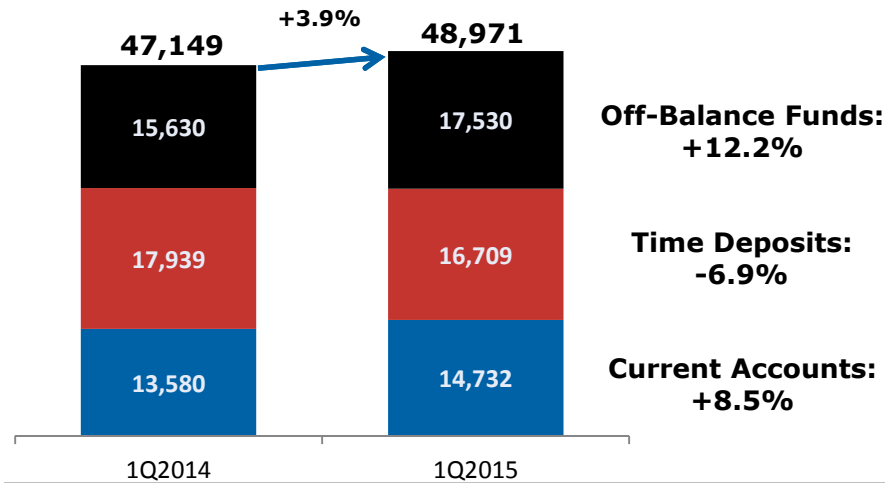
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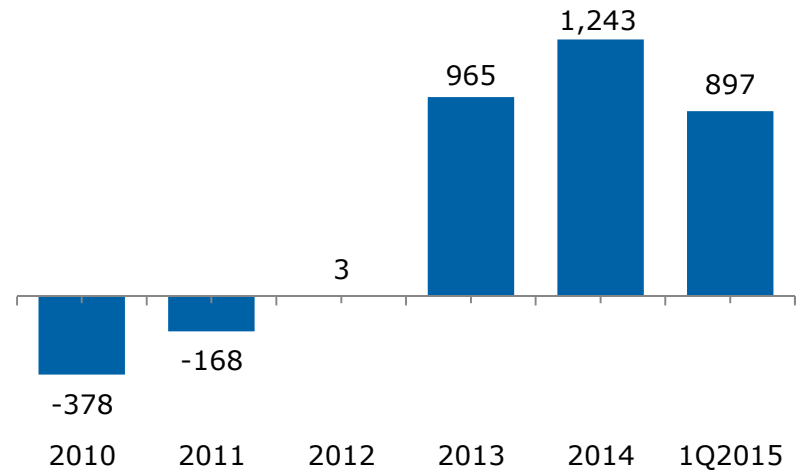
Retail Funds

- 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



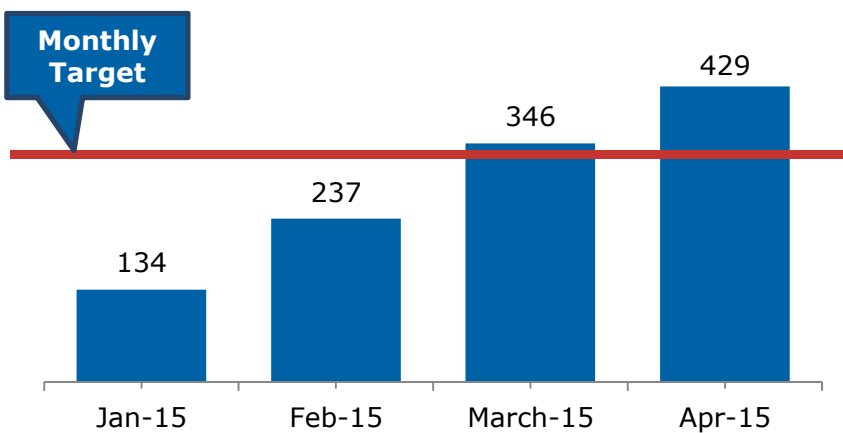
¹ Ibercaja Gestión

Customer Loans

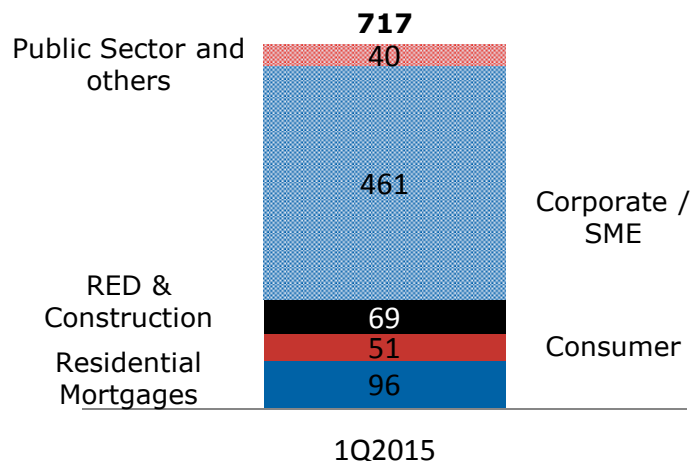
■ **Deleveraging still taking place with a 5.6% YoY fall, but with solid signs in new loan production:**

- 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

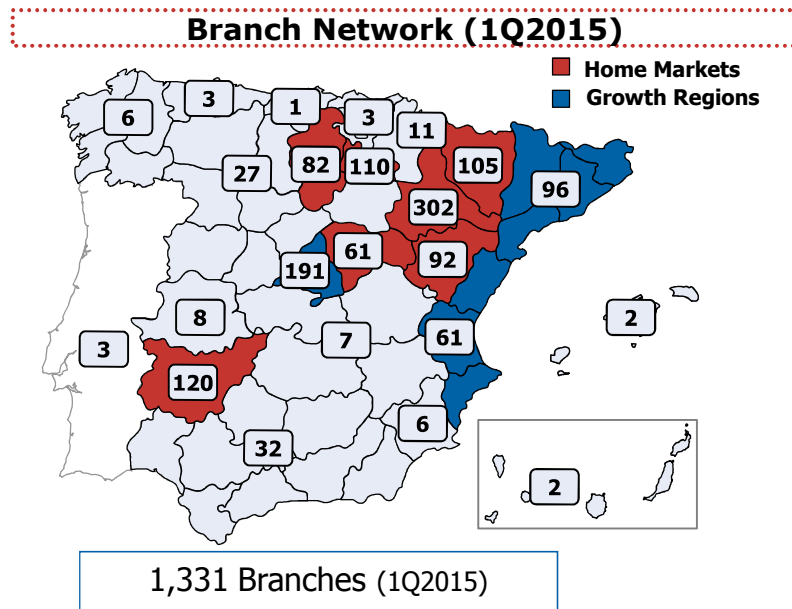


New Lending Production - mm€



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.



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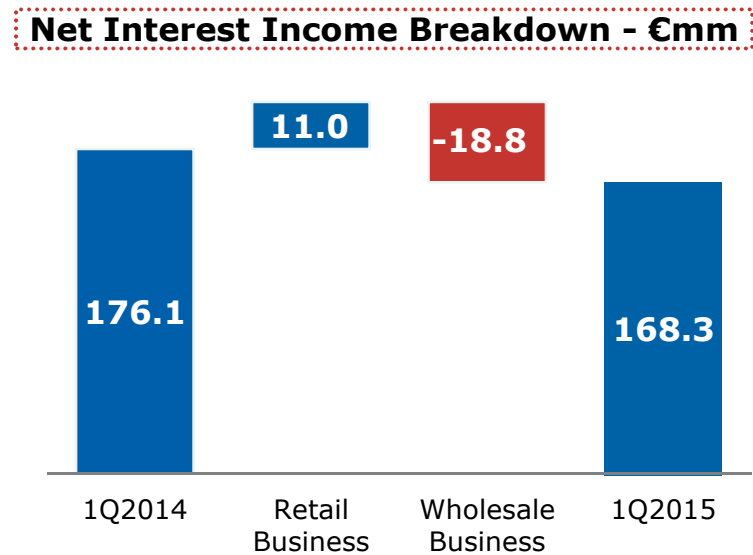
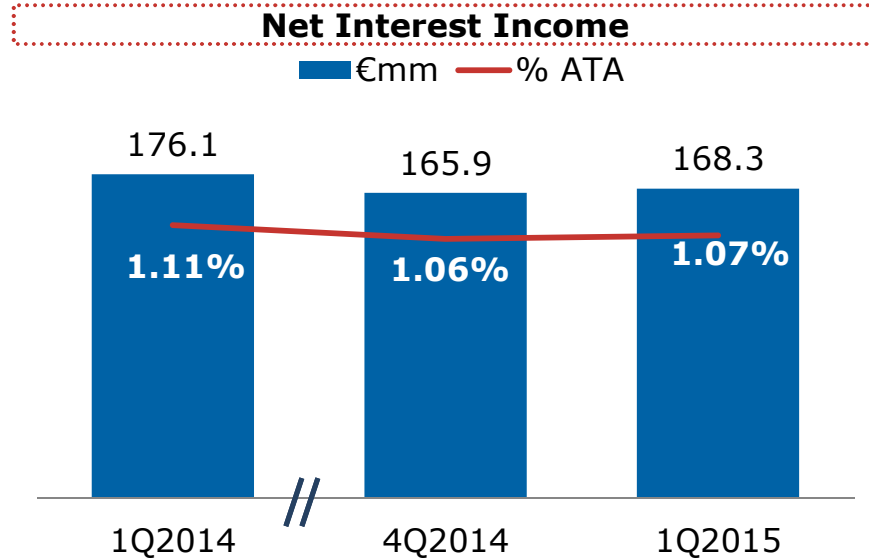


1Q2015 Results

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

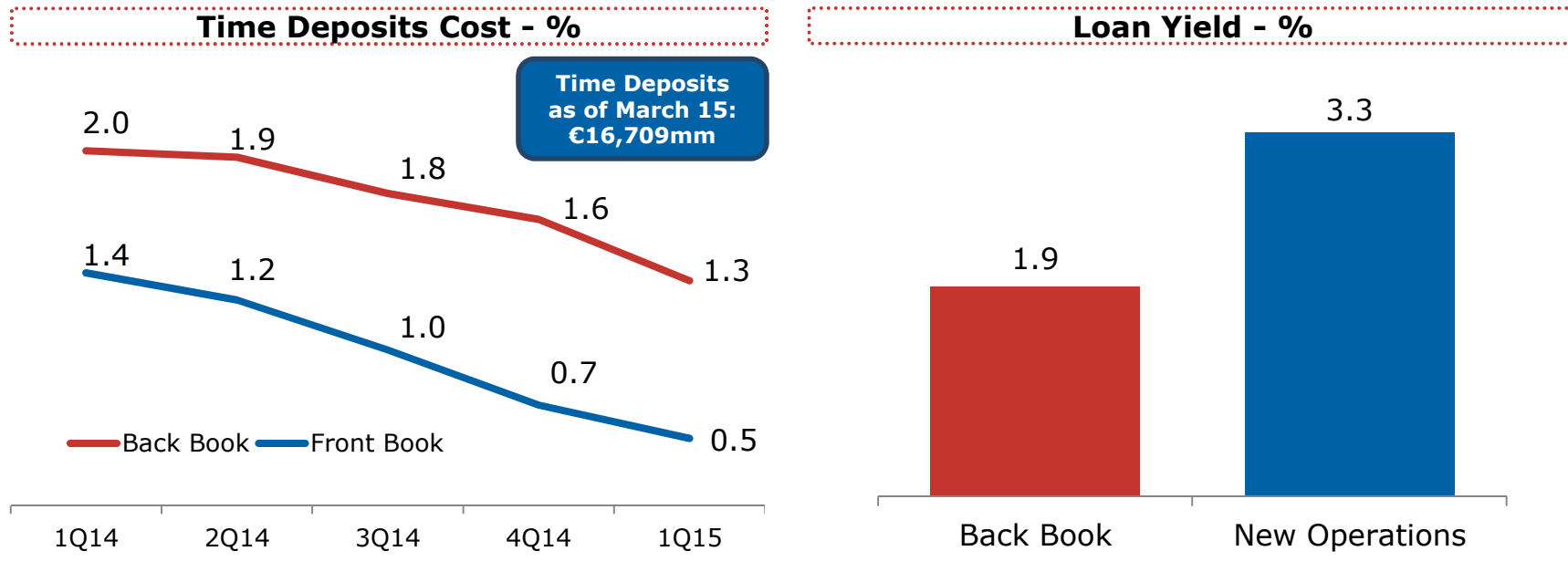


■ **Net interest margin down 4.4% YoY but increases 1.4% QoQ.**

- ▶ 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.

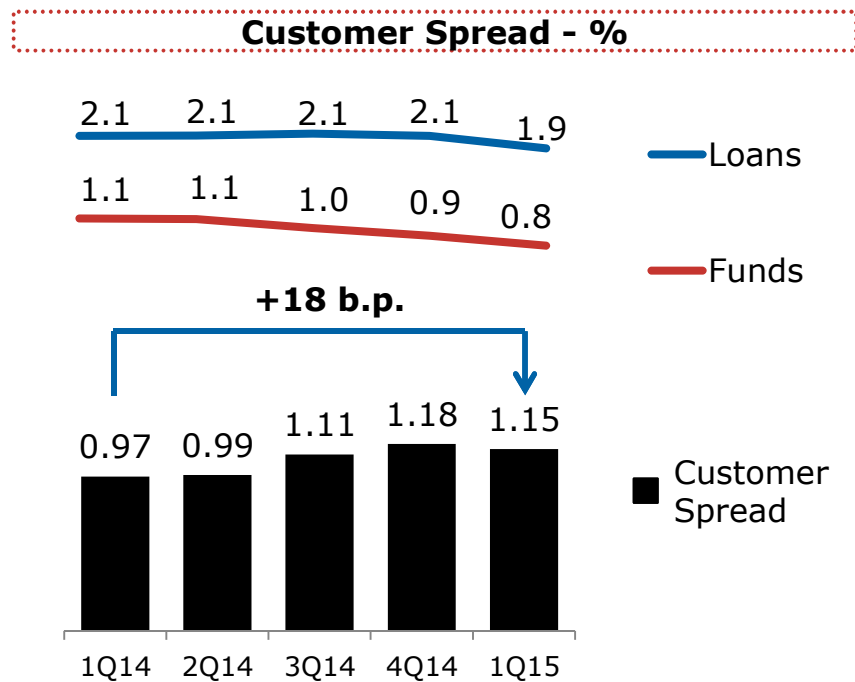
Margin Evolution (1/2)

- **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.**



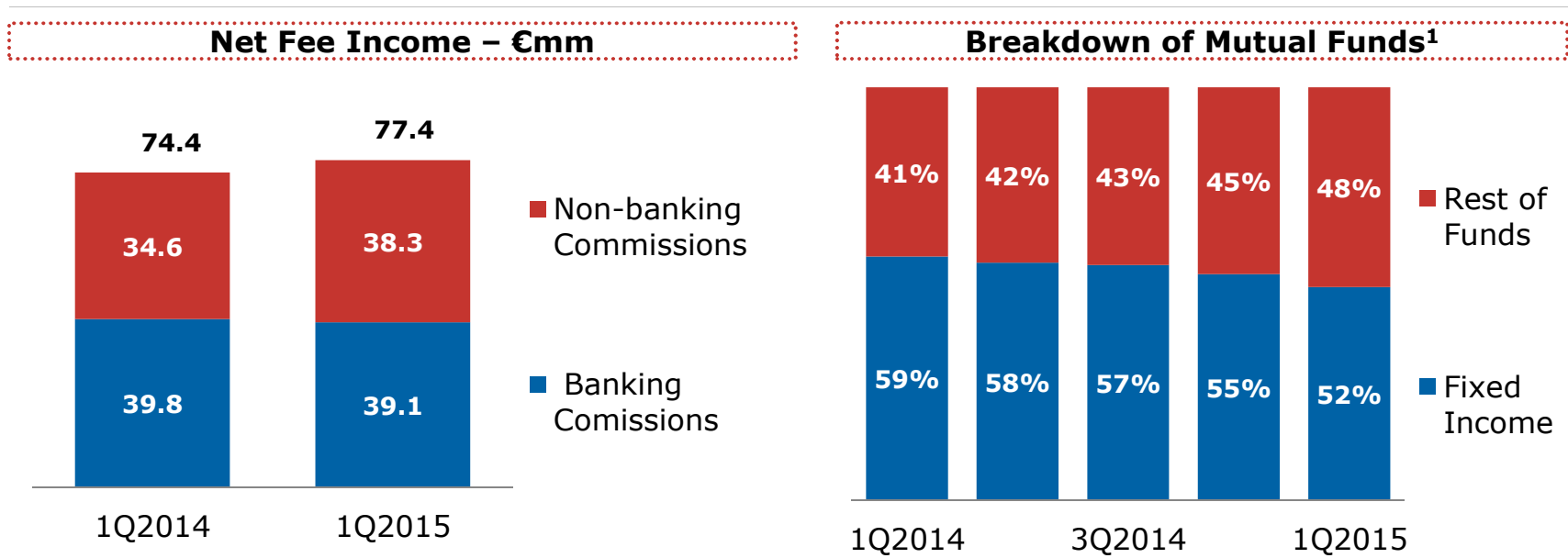
Margin Evolution (2/2)

- 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

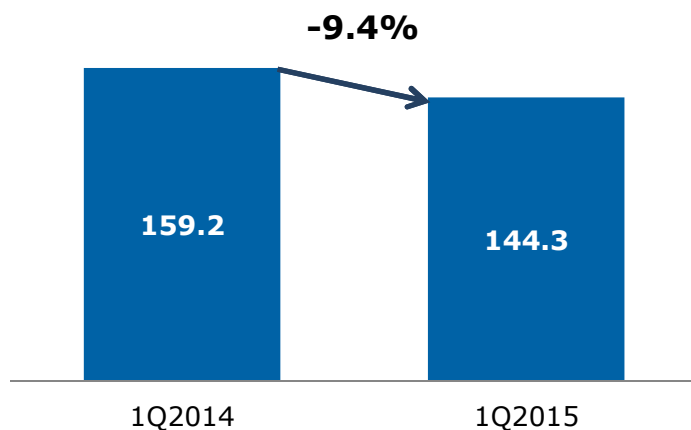


- **Sound growth in net fee income (+3.9% YoY) driven by non-banking commissions (+10.7%).**
 - AuM growth and an improved product mix increase the non-banking commissions.
- Banking commissions (-1.9%) are affected by regulatory changes in credit cards fees.

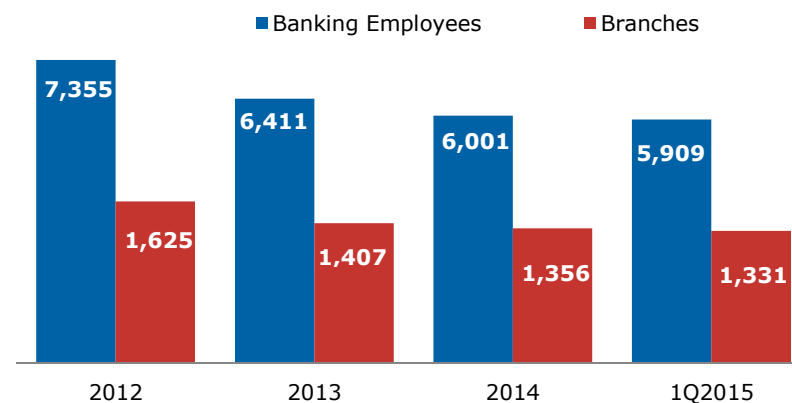
¹ Ibercaja Gestión

Operating Expenses

Operating Expenses - €mm

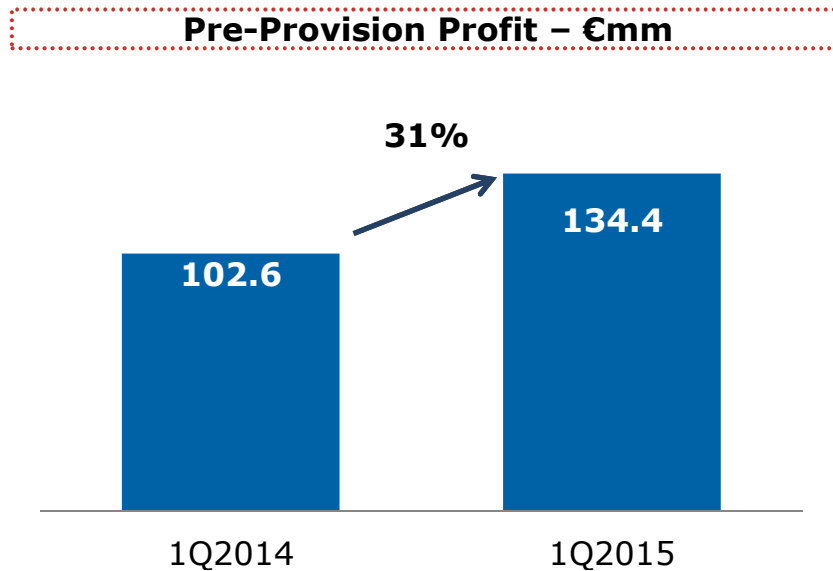


Ibercaja's Structure



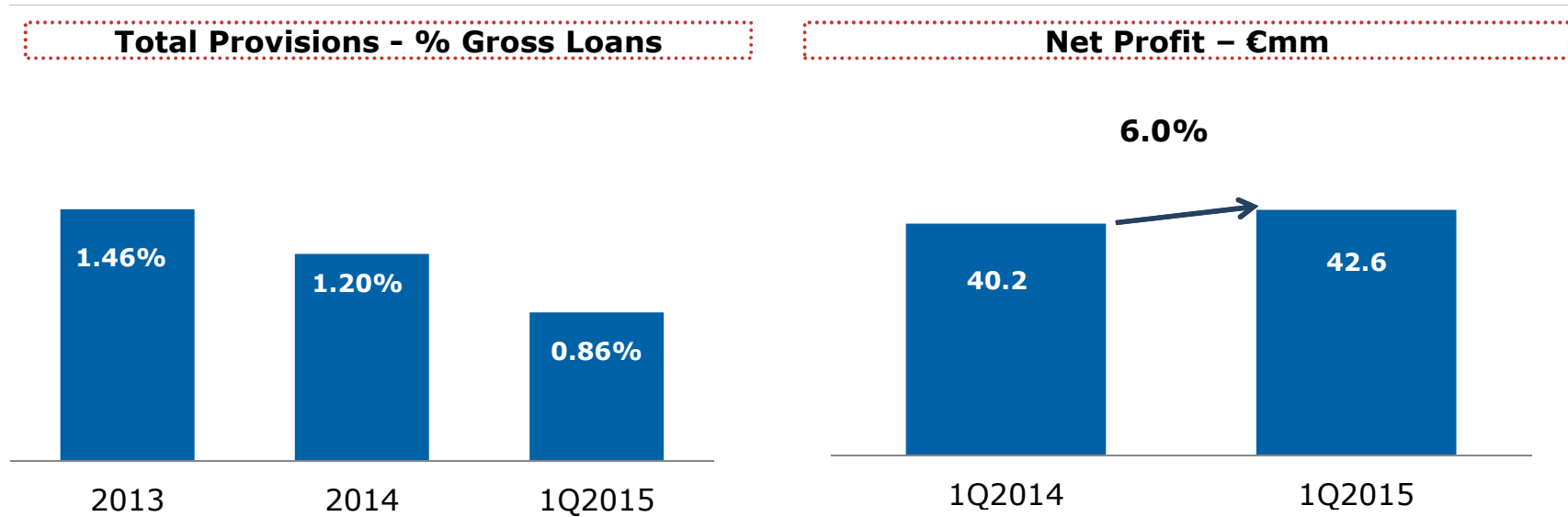
- **Strong decline in operating expenses (9.4% YoY) after Cajatres integration.**
 - ▣ Efficiency ratio ex-trading income improves significantly to 56.4%.
- **1.5% reduction in headcount and branches during the quarter.**
 - ▣ A new redundancy plan approved in April 2015 with further reduction of up 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.



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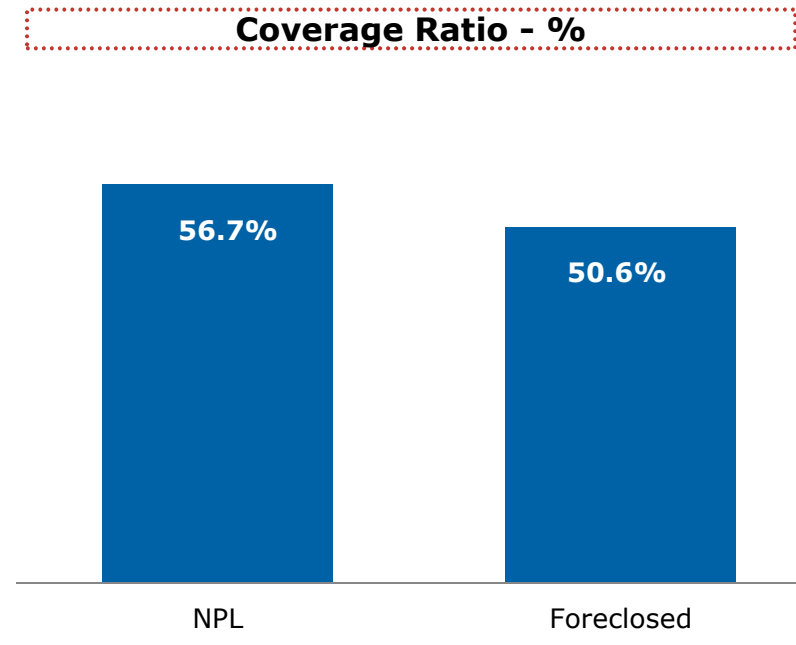
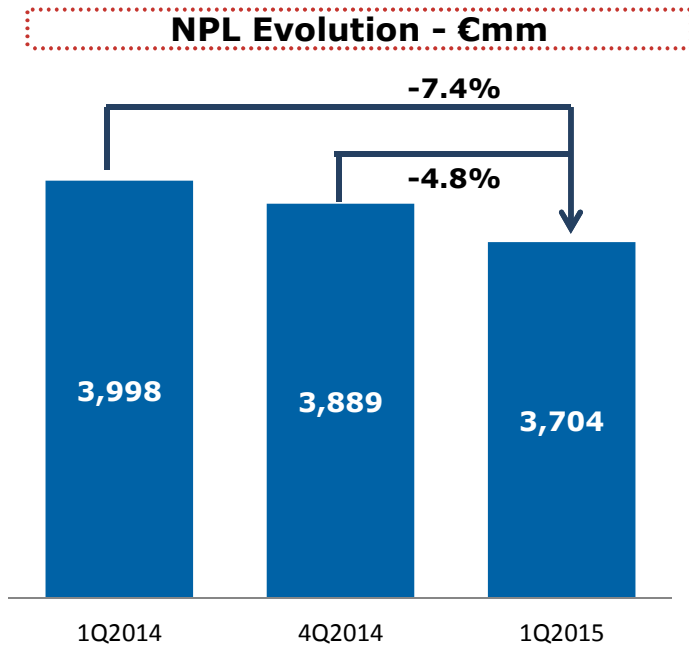
 **Asset Quality, Liquidity and Solvency**

 **Final Remarks**



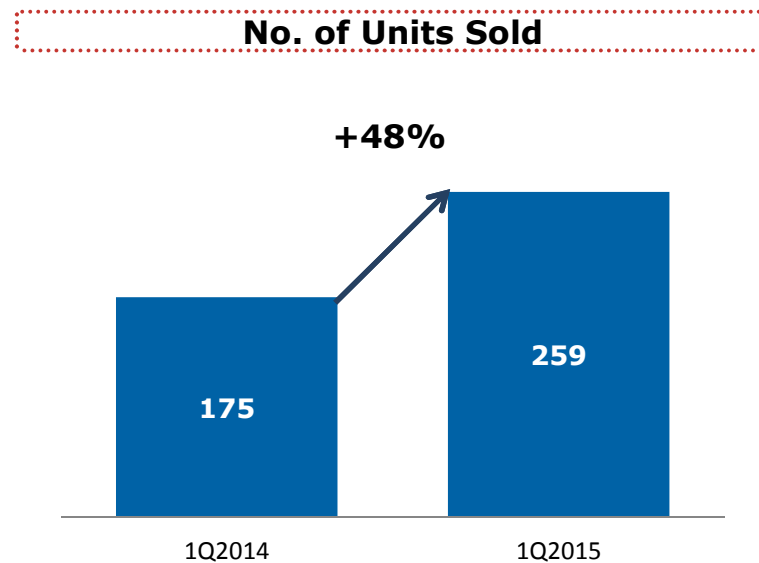
Asset Quality (1/2)

- **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).**



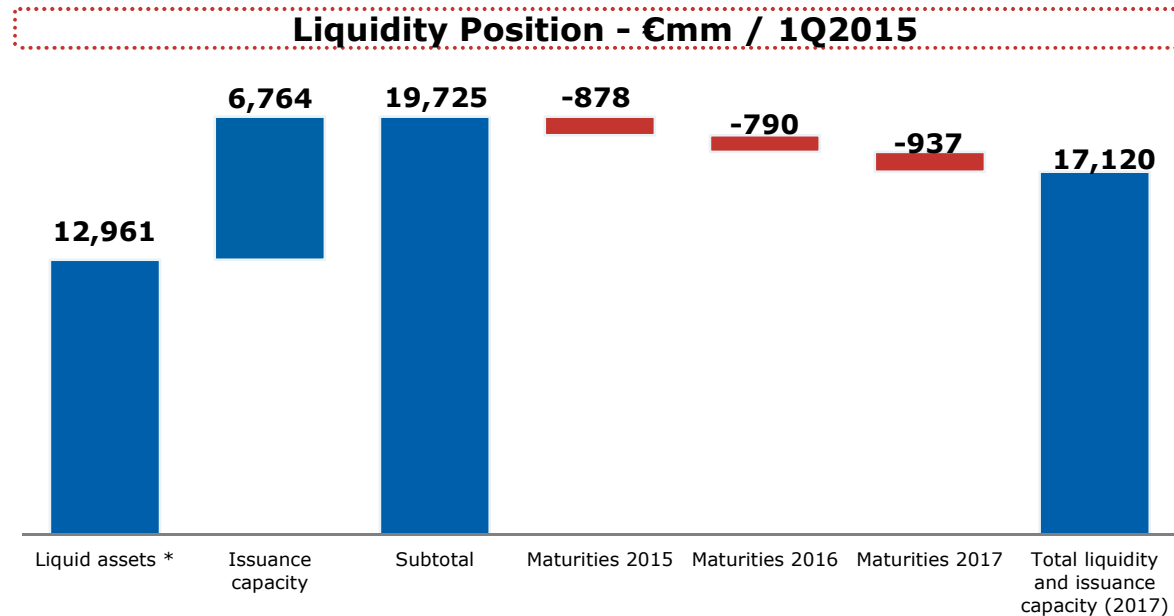
Asset Quality (2/2)

- 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.**

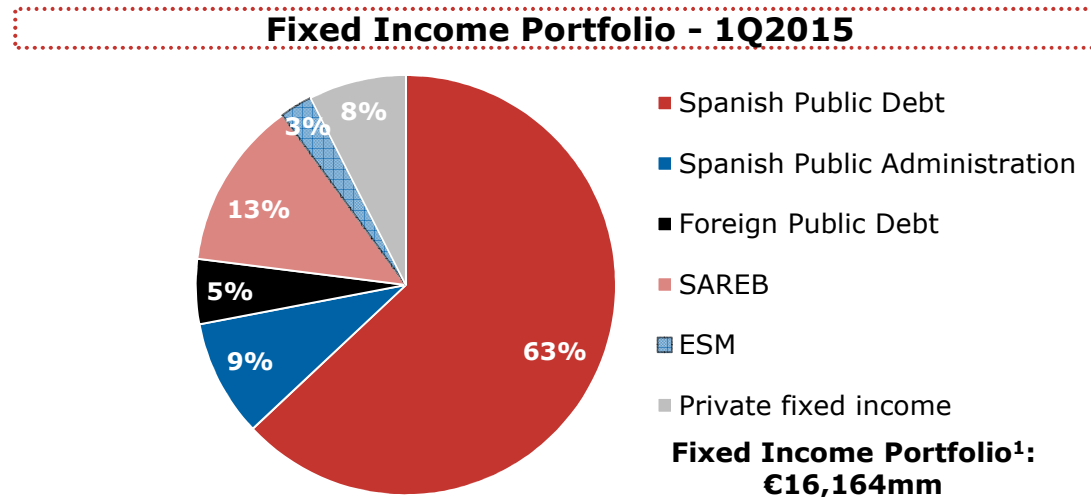


¹ Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.

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

Liquidity and Solvency (2/4)

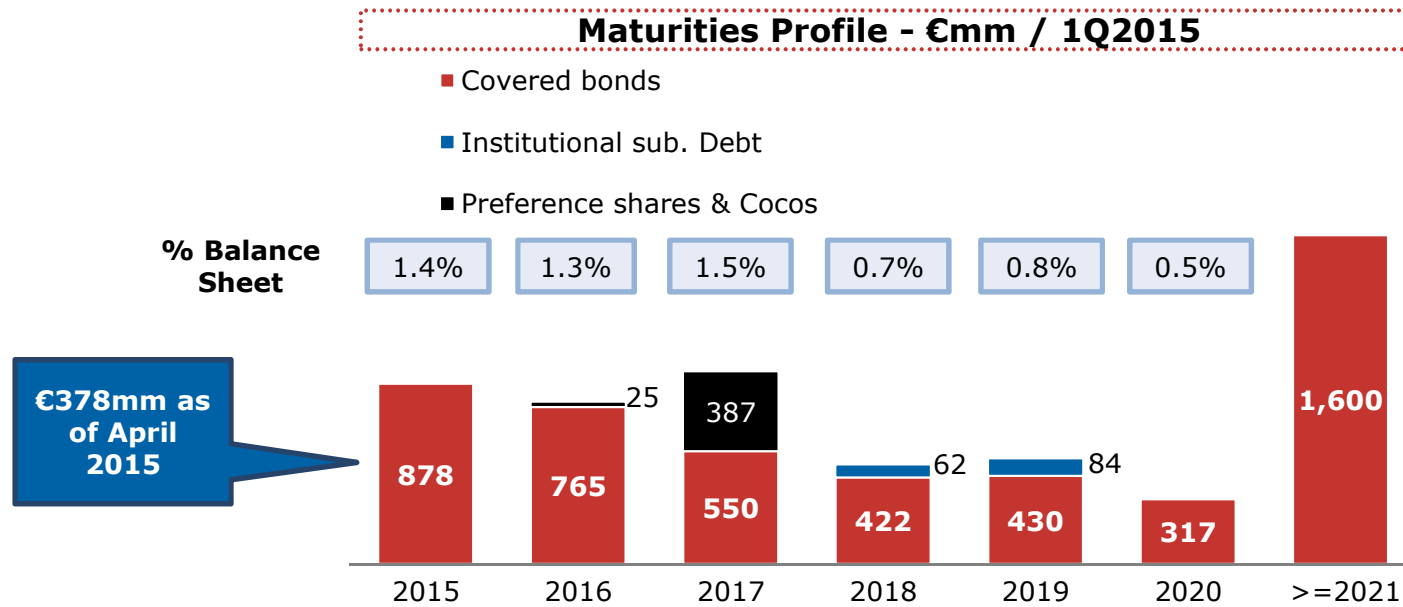
- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and a low duration.**
 - Average duration of 3.2 years and unrealised capital gains over €430mm as of March 2015.
 - Average yield stands at 2.1%.



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

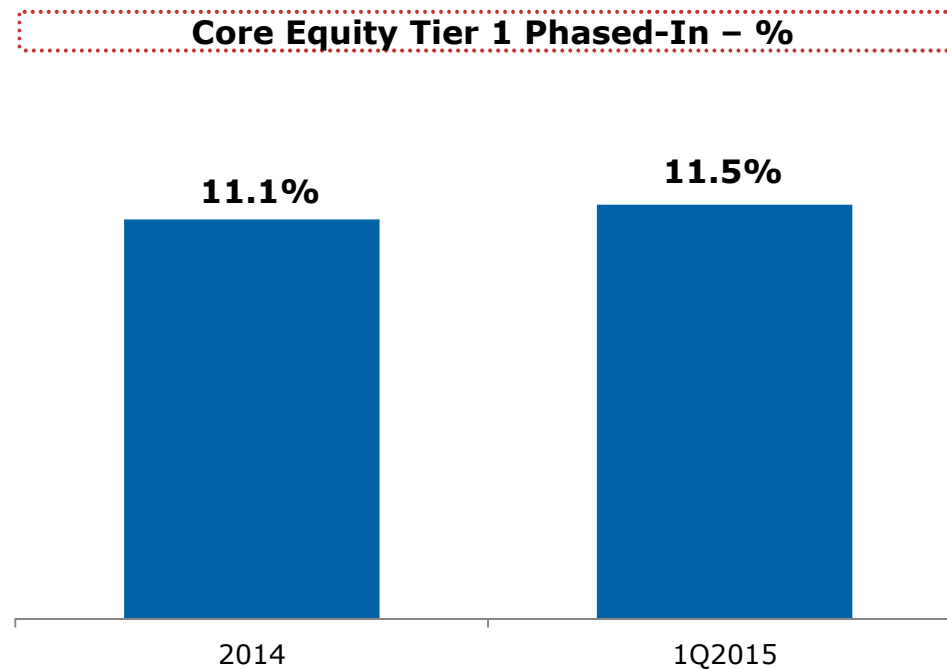
Liquidity and Solvency (3/4)

- 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



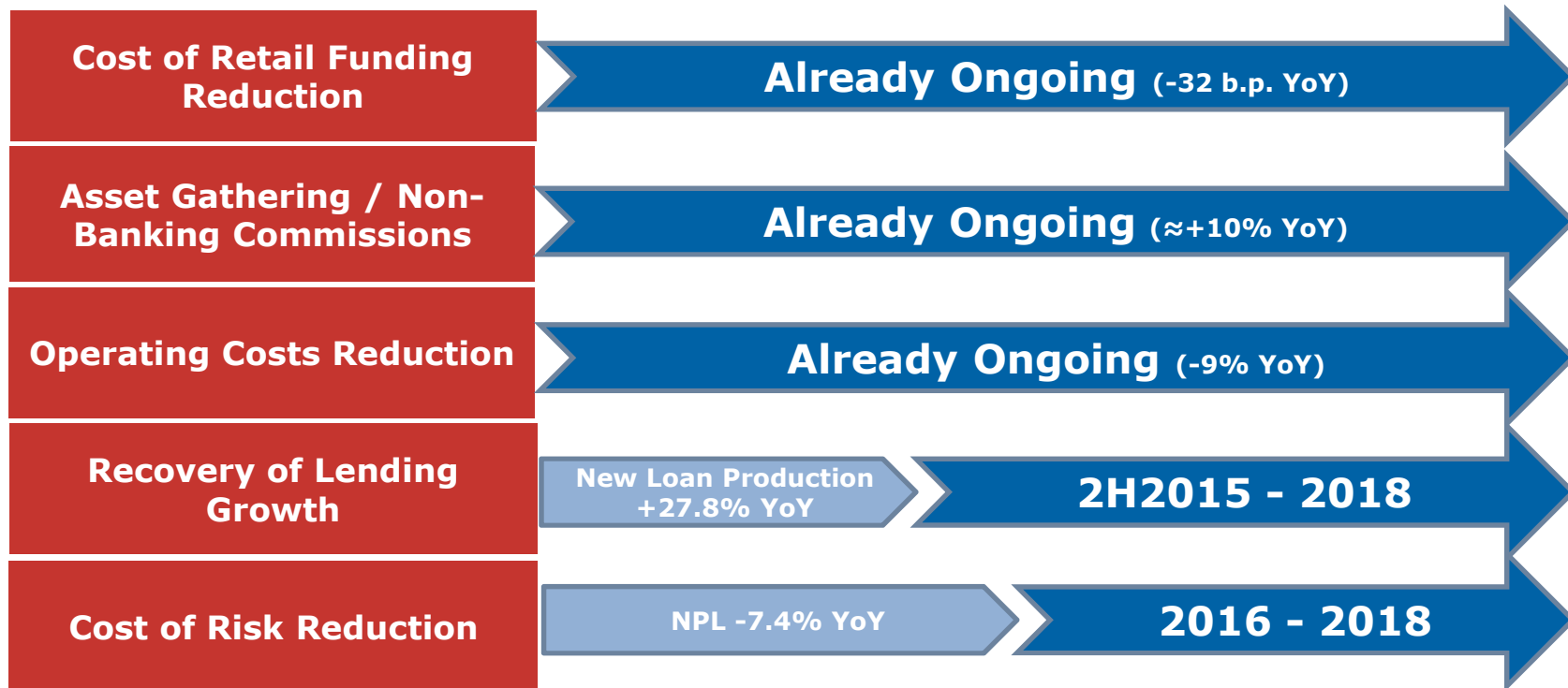
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Final Remarks

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

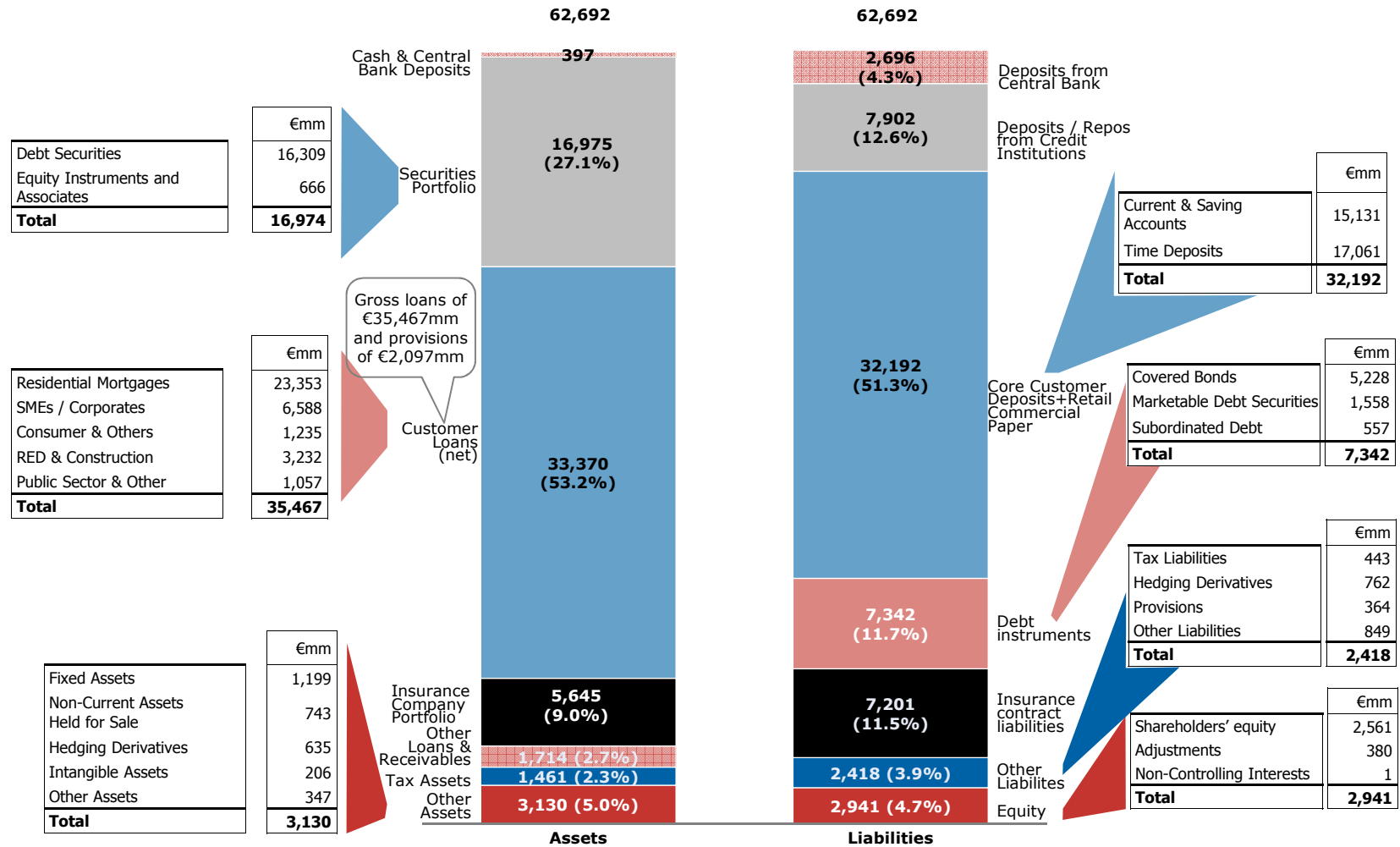




 **Annex 1: Balance Sheet**



Consolidated Balance Sheet





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For more information, please visit our Website:
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