



**iberCaja**



**2014 RESULTS**

April, 2015





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 **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%<sup>1</sup>. CET1 Fully Loaded ratio is 9.62%<sup>2</sup>.**
- **Ibercaja returns to positive net profit (€151mm) after strong provisioning effort in the last two years.**

<sup>1</sup> Including €407mm CoCos; not including unrealized AFS gains

<sup>2</sup> Not including CoCos; including unrealized AFS gains





## Results Highlights (2/2)

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### ■ 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.**





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 **Results Highlights**

 **Commercial Activity**

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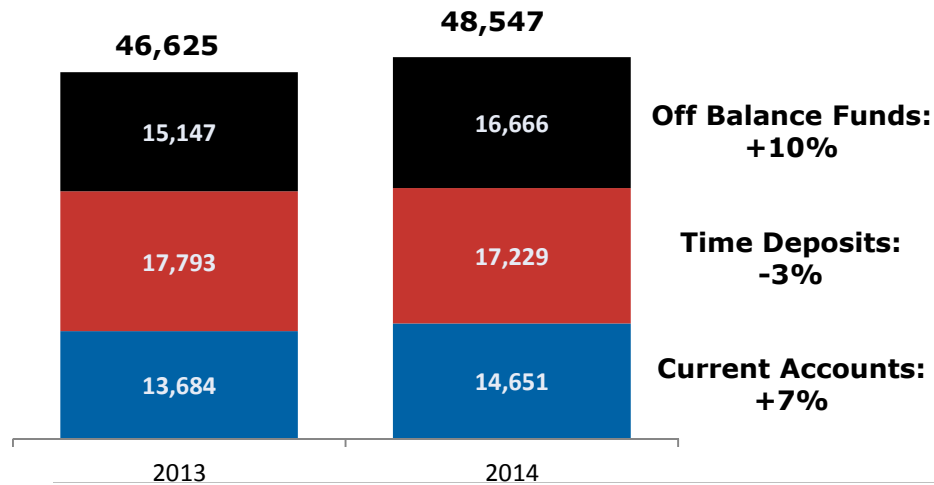
 **2014 Results**



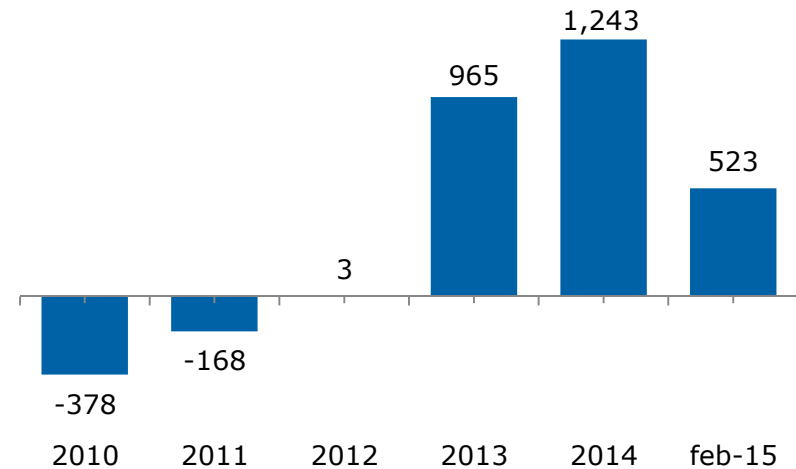
# Retail Funds

- 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€**



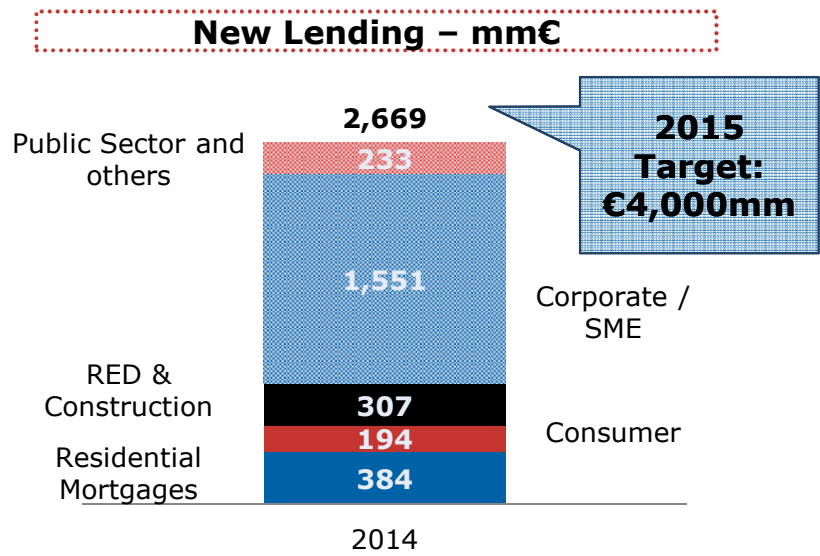
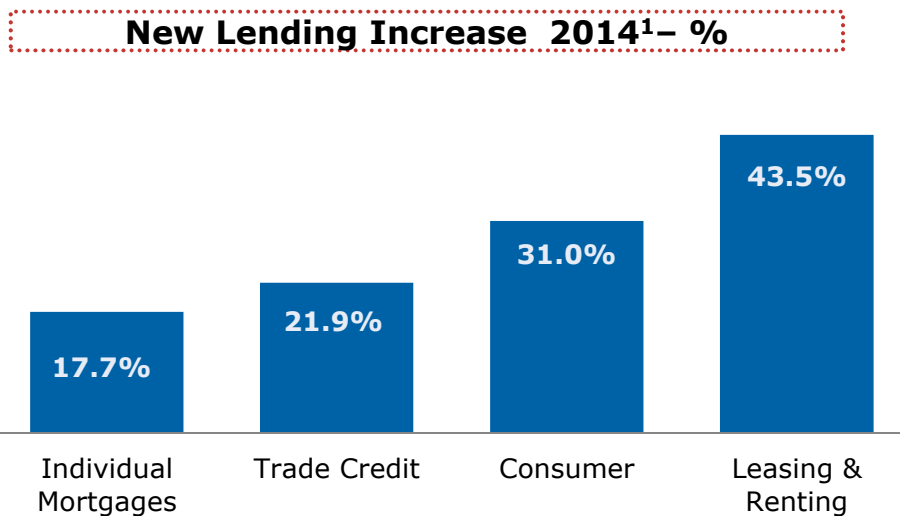
**Mutual Funds Growth Evolution – mm€<sup>1</sup>**



<sup>1</sup> 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.



<sup>1</sup> Increase in new loan production for Ibercaja Standalone





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 **Results Highlights**

 **Commercial Activity**

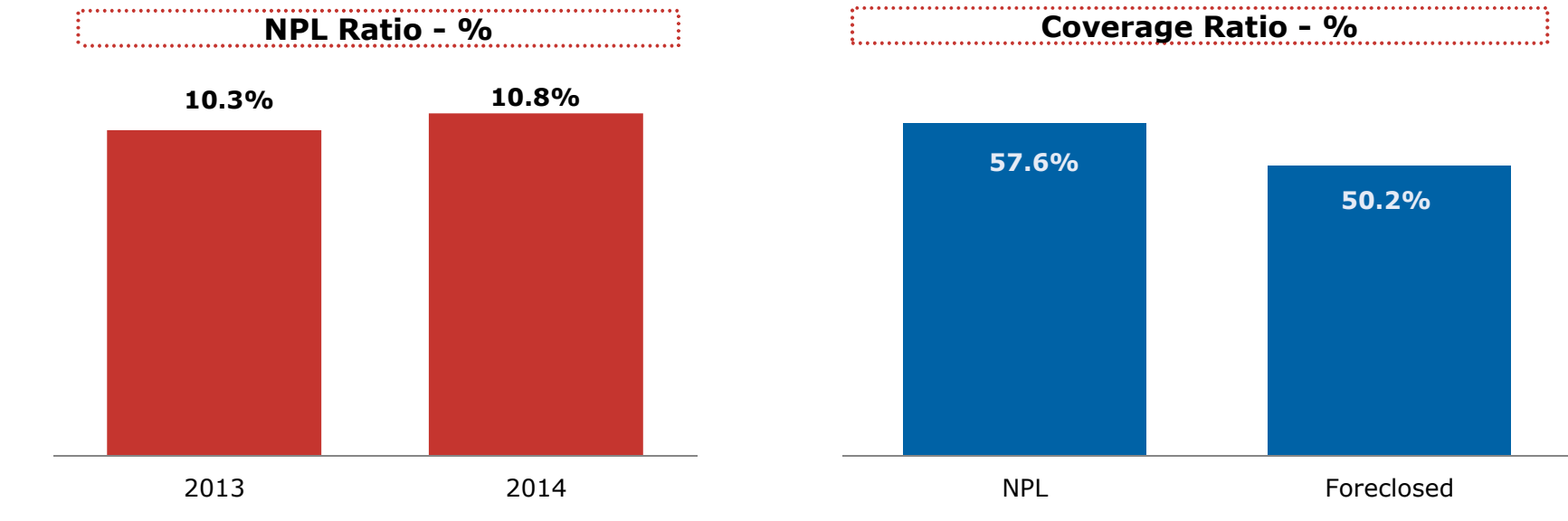
 **Asset Quality, Liquidity and Solvency**

 **2014 Results**



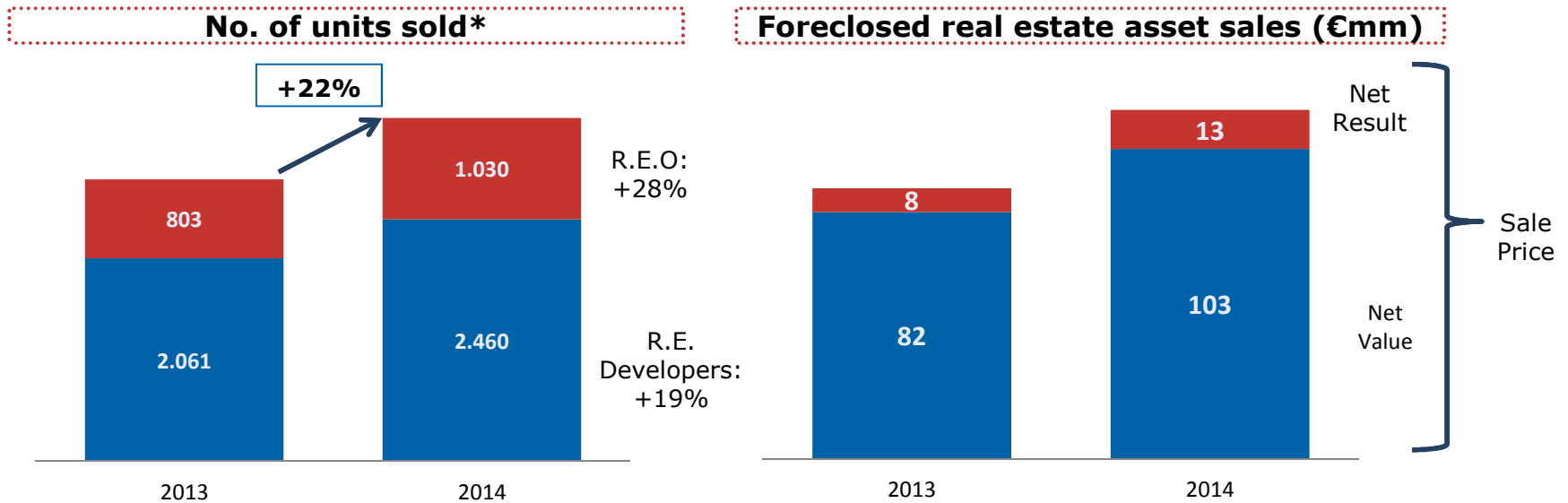
# Asset Quality (1/3)

- **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.



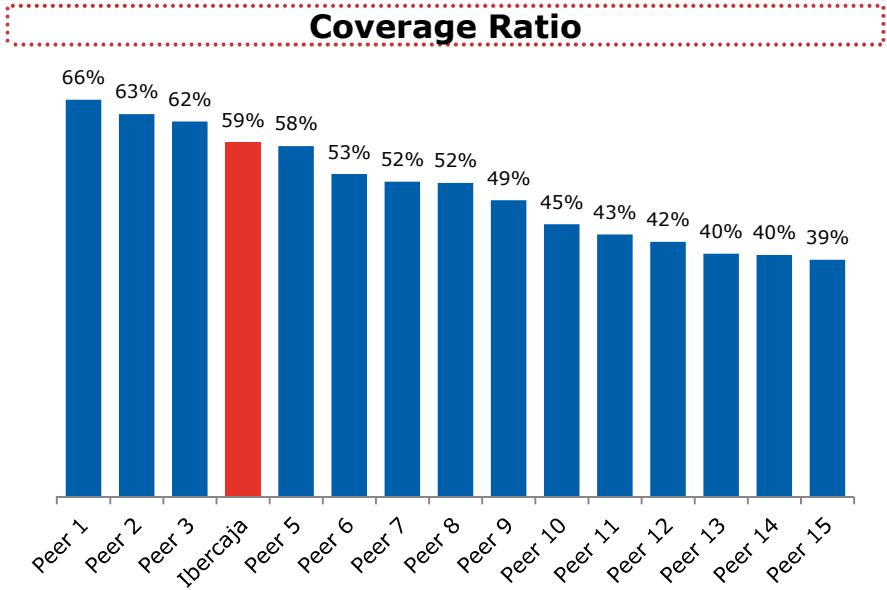
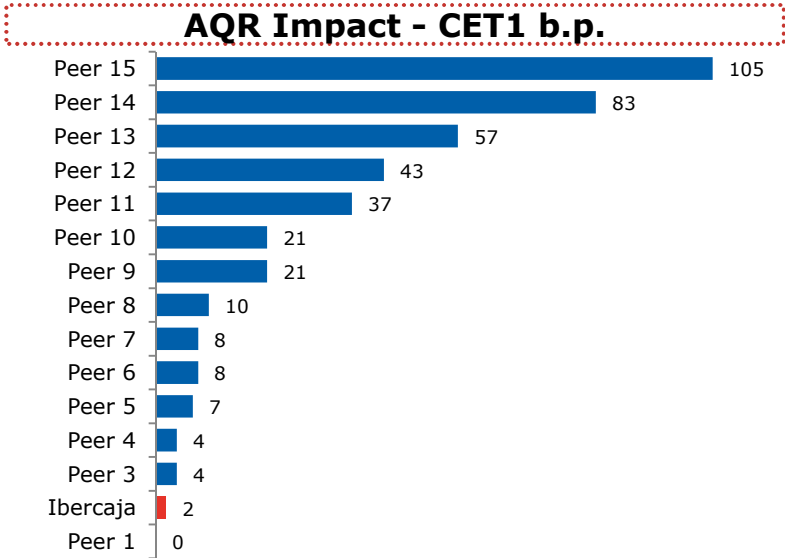
# Asset Quality (2/3)

- 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).



# Asset Quality (3/3)

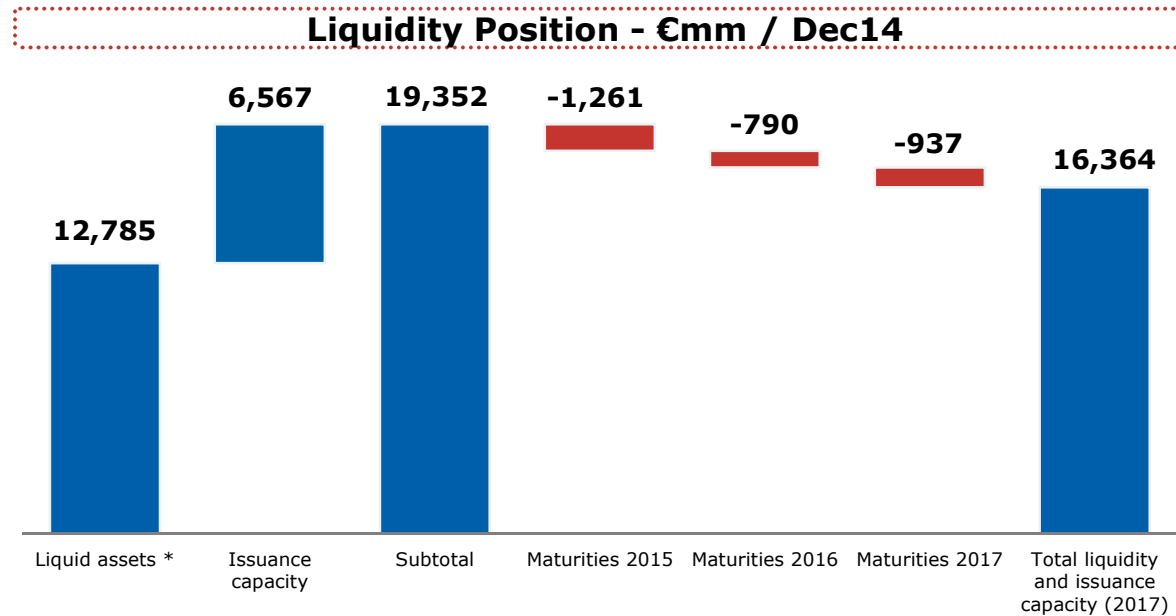
- **European AQR highlighted the quality of Ibercaja Banco loan portfolio, its high standards of provisioning and its strict policy for categorising and identifying risks within its portfolio.**
  - AQR additional provisions were irrelevant and accounted for net €4.9mm, or 0.05% of the revised portfolio. 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)

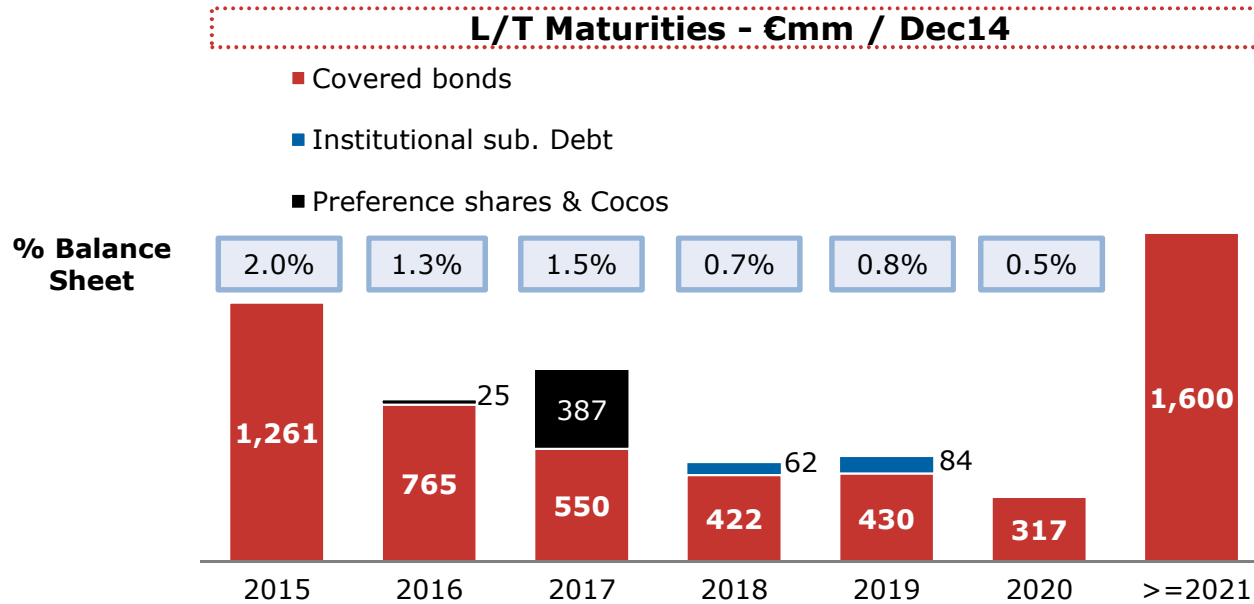
- **Ibercaja Banco benefits from a comfortable liquidity position.**
  - ▣ Liquid assets stood at over €12,700mm, which represent 20% of the total assets.
- **LCR and NSFR of 424% and 109% respectively.**
- **The LTD ratio stands at 91%.**



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

# Liquidity and Solvency (2/4)

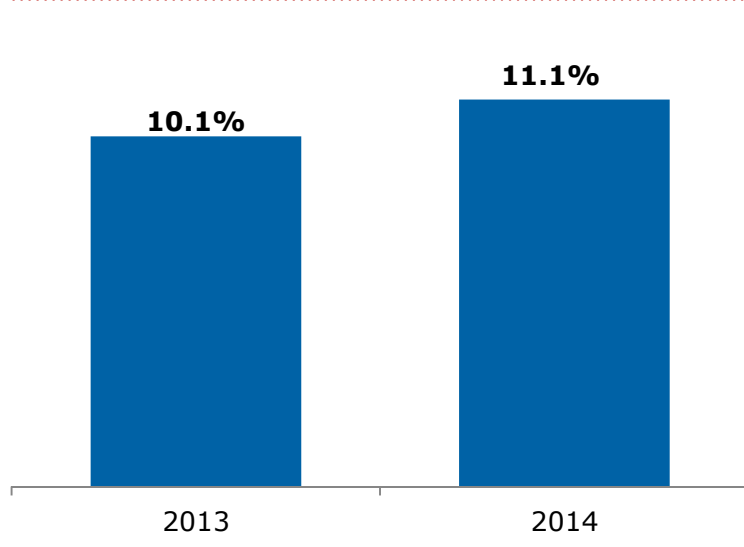
- **Maturities are well diversified, with no significant concentration.**
- Short-term funding 100% collateralised.



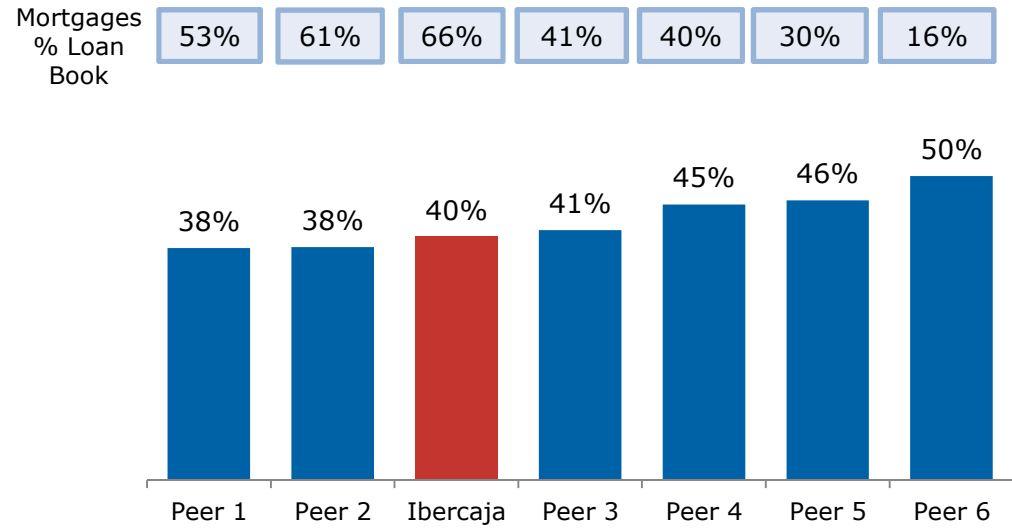
# Liquidity and Solvency (3/4)

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

Core Equity Tier 1 Phase In – %



RWA / TA %



<sup>1</sup> Including €407mm CoCos; not including unrealized AFS gains  
<sup>2</sup> 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%
<b>AQR Impact</b>	<b>-2 b.p.</b>	<b>-2 b.p.</b>
Capital ratio after AQR	10.01%	10.01%
<b>Stress Test Impact</b>	<b>+56 b.p.</b>	<b>-213 b.p.</b>
CET 1 phased-in (CRDIV/CRR dec-16)	10.57%	7.88%
<b>Capital surplus (€mm)</b>	<b>694</b>	<b>657</b>

- **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.**





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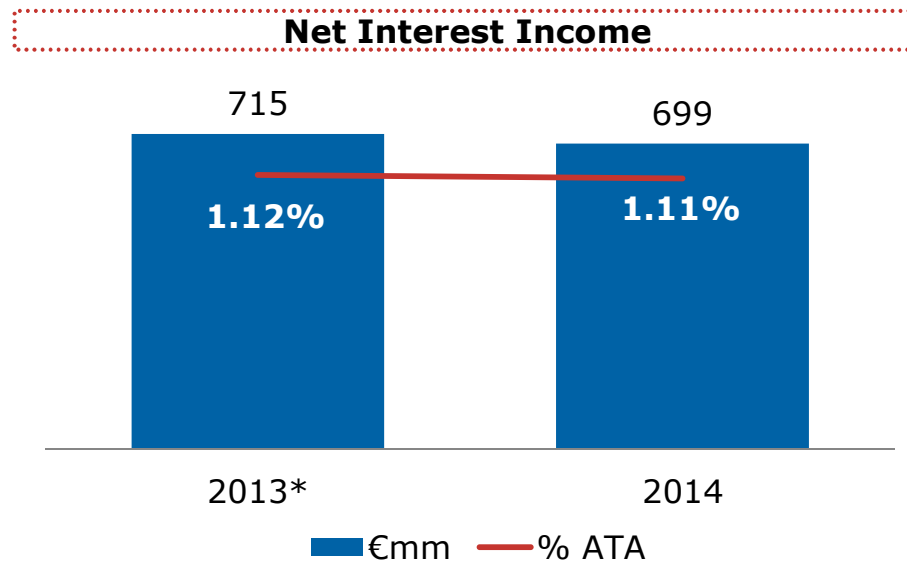


# 2014 Results

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

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

# Net Interest Income

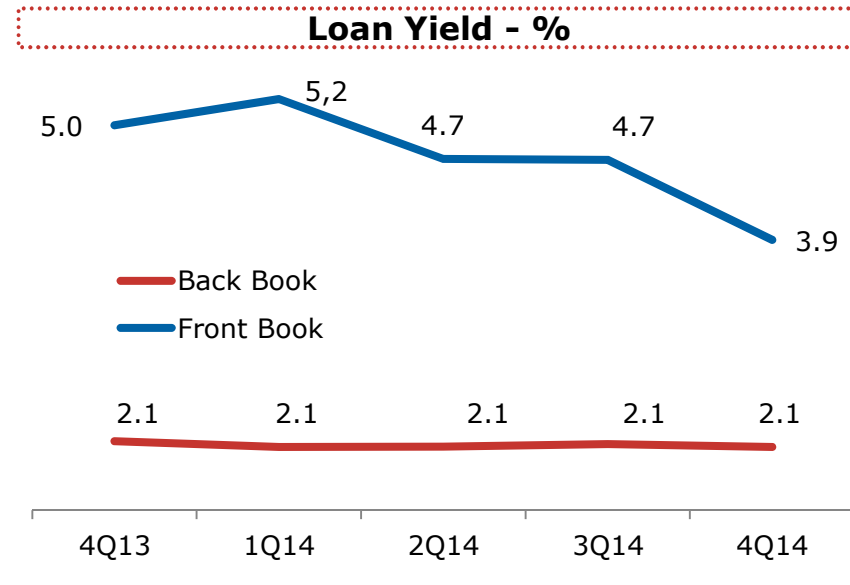
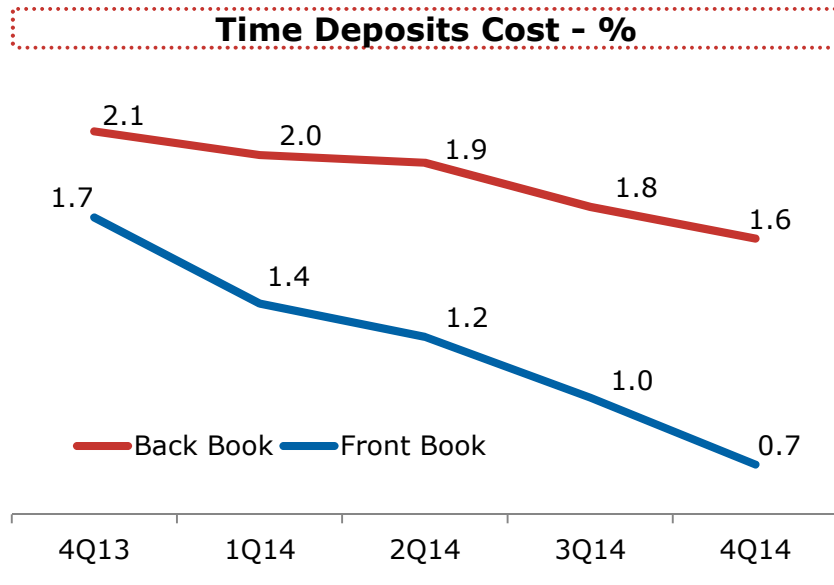


- **Net interest income has stabilised during the year.** The deposit cost reduction is offset by lower Euribor and deleveraging.

\* Pro-forma information for comparison purposes,

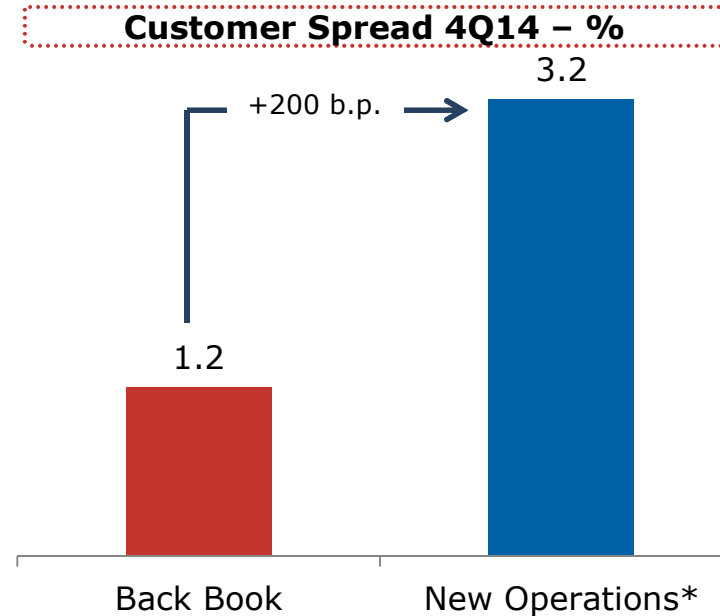
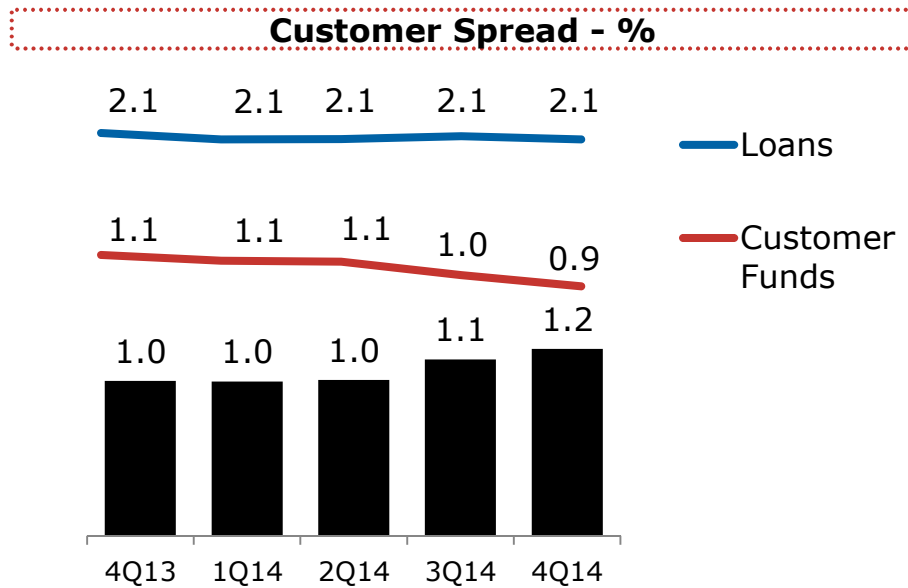
# Margin Evolution (1/2)

- **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)

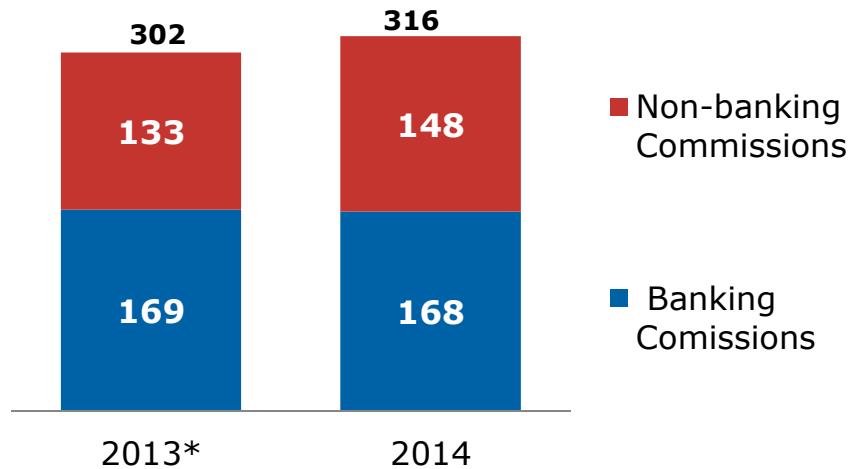
- **Customer spread has turned the corner.** The reduction in time deposits costs is the main driver for the 20 basis points improvement.
- New operations have a significant higher customer spread and will positively impact the NII in coming quarters



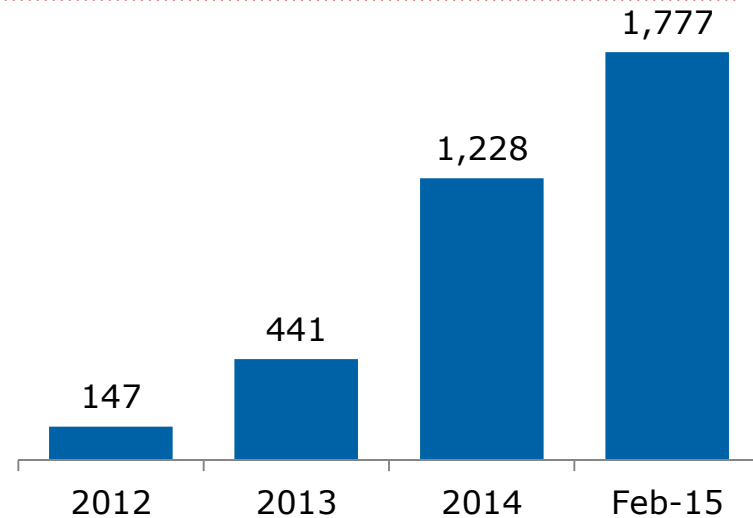
\* Loan yield – time deposit cost for new operations in the quarter

# Net Fee Income

Net Fee Income – €mm



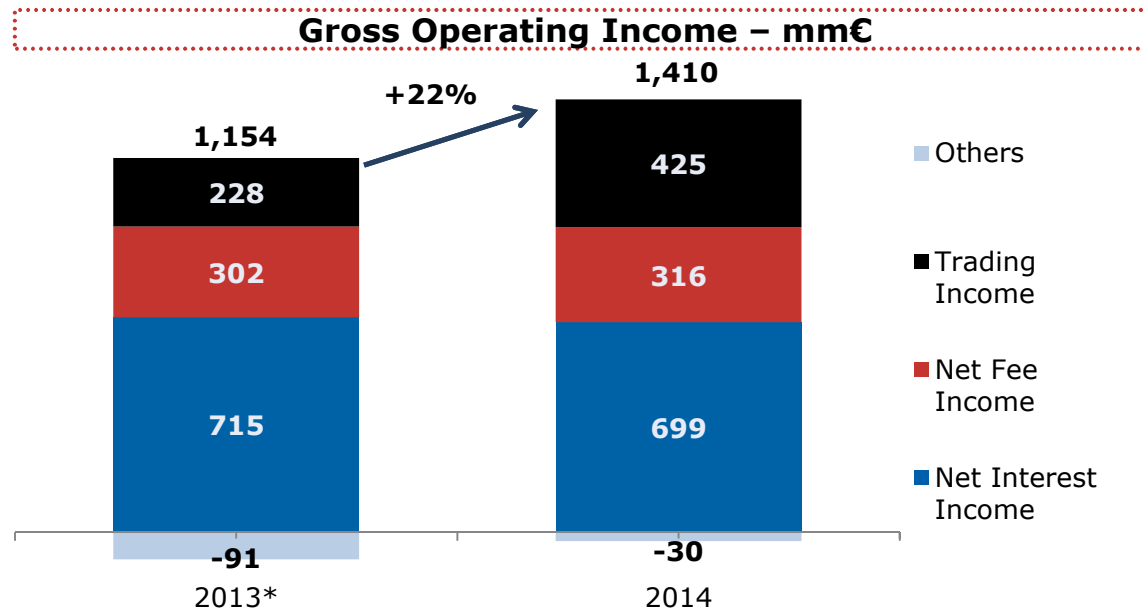
Managed Accounts - €mm volume



- **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



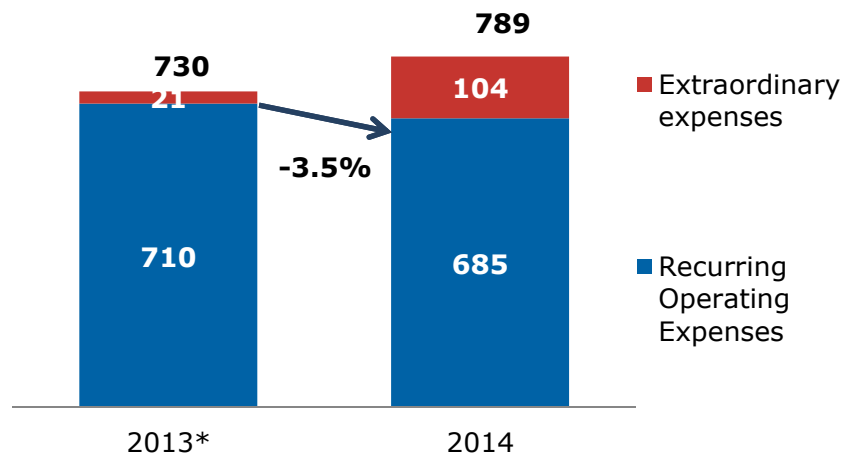
## ■ Strong growth in Gross Operating Income (+22% YoY) due to:

- 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").

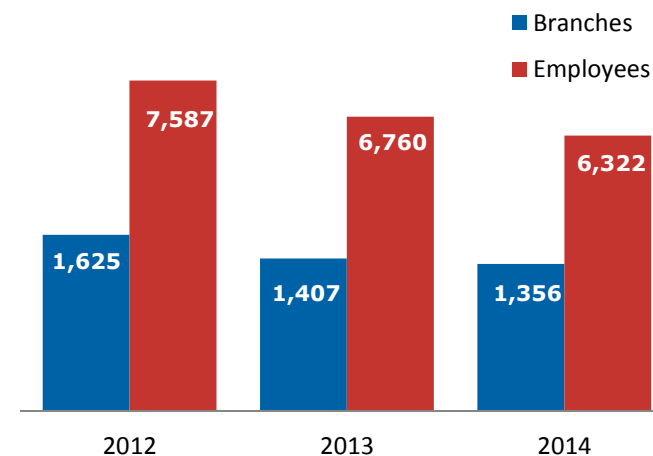
\* Pro-forma information for comparison purposes,

# Operating Expenses

Operating Expenses - €mm



Ibercaja's Structure

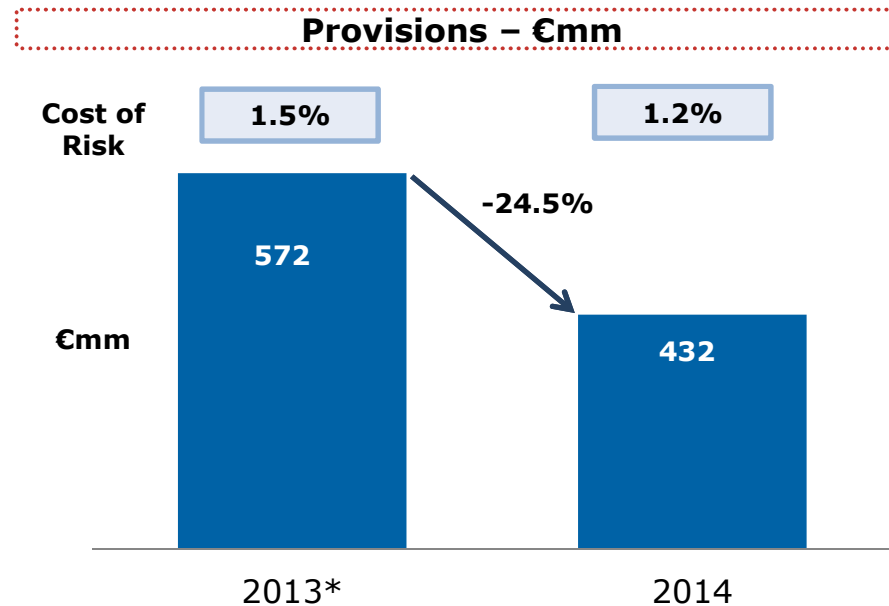


- Total operating expenses increase 8% YoY. Excluding extraordinary items, **total operating expenses drop 3.5%.**
- Since 2012, a **17% reduction in headcount/branches has already been implemented.**
  - ▣ Extraordinary expenses in 2014 already include the new redundancy plan expected to be approved 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 4<sup>th</sup> 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



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