


# 2014 RESULTS

**April, 2015**

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




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# Results Highligths (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



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# Results Highligths (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.**

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- Results Highligths
- **Commercial Activity**
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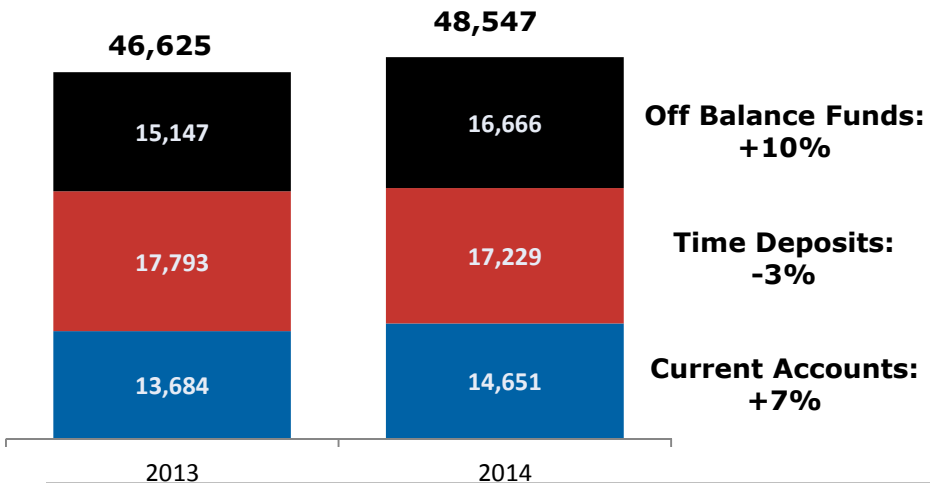


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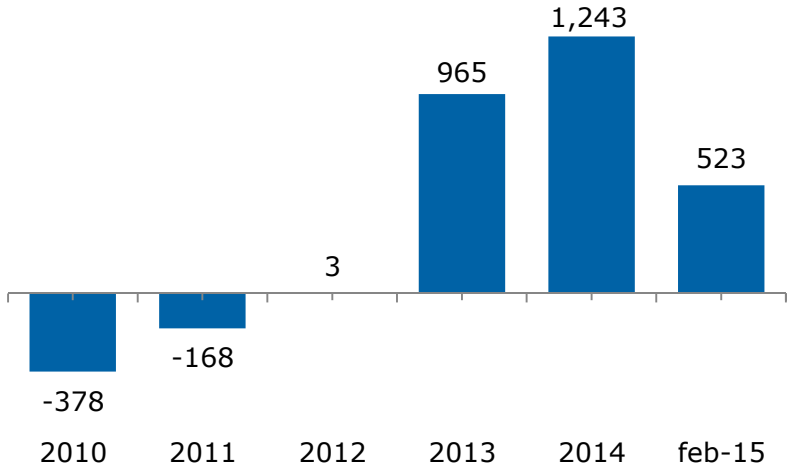
# Retail Funds

- **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]**

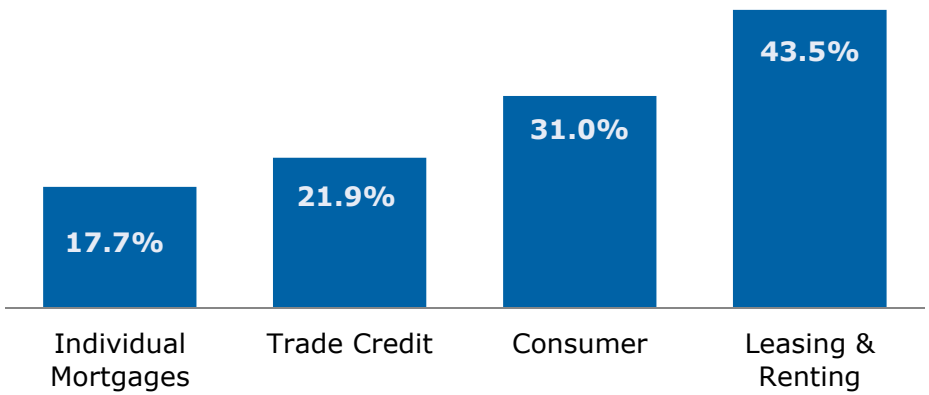



[1] Ibercaja Gestión

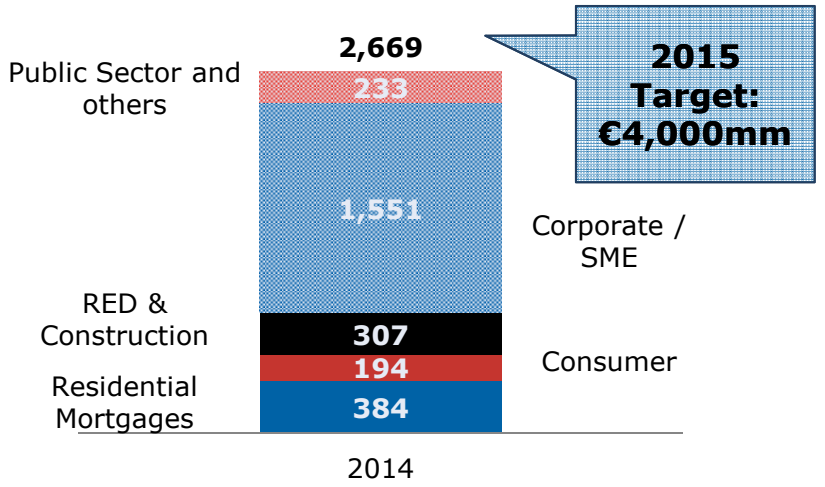
# Customer Loans

- **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.

**New Lending Increase 2014[1]– %**




**New Lending – mm€**




[1] Increase in new loan production for Ibercaja Standalone

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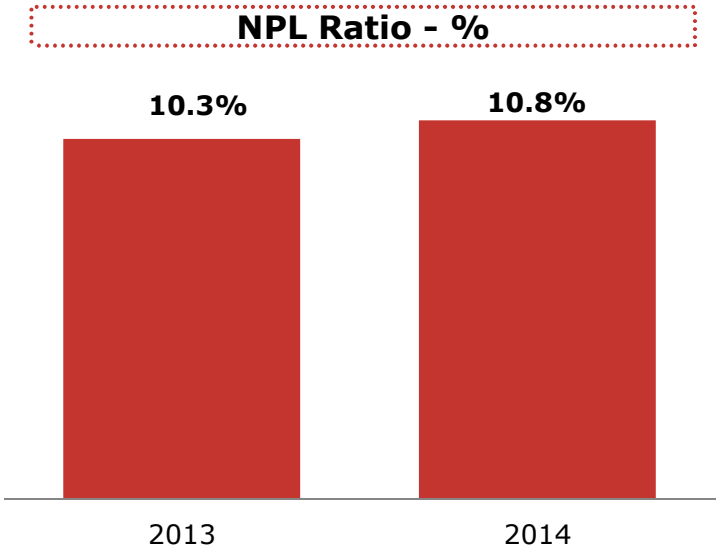
- Results Highligths
- Commercial Activity
- **Asset Quality, Liquidity and Solvency**
- 2014 Results

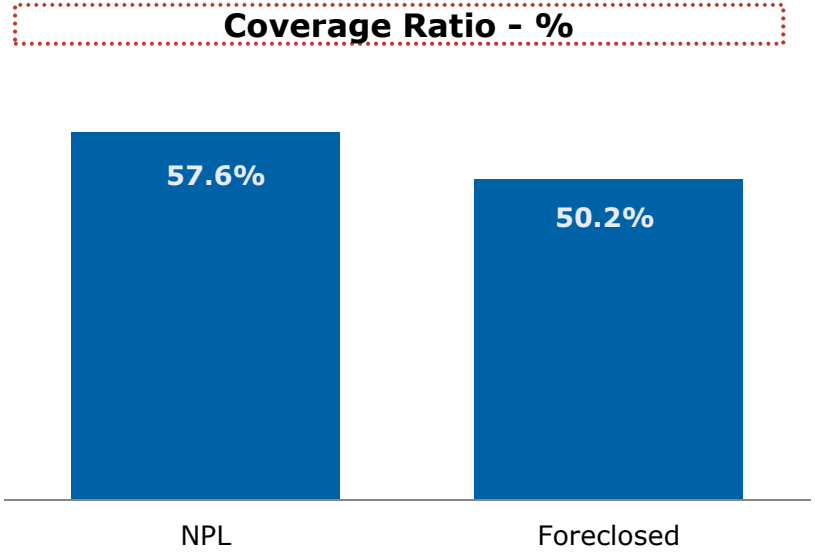


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# Asset Quality (1/3)

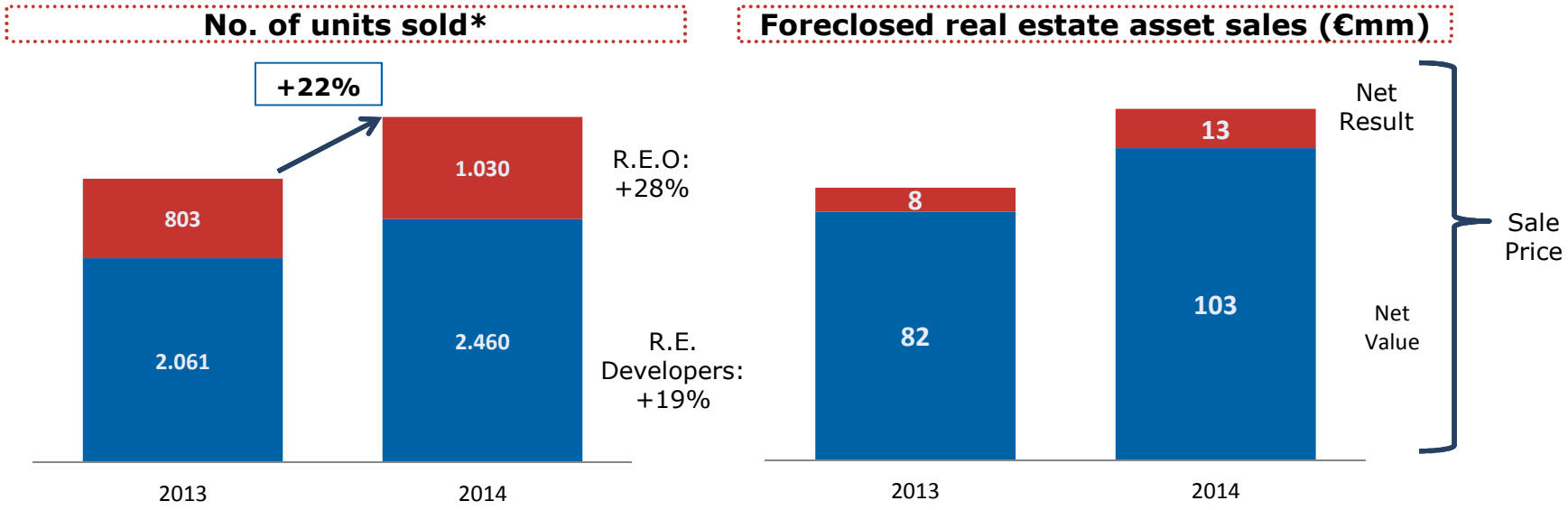
- **NPL ratio of 10.78%.** Ibercaja NPL ratio is 15% lower than the sector while maintaining one of the highest coverage levels.
  - Mortgage NPL ratio is 3.8%, one of the lowest in the Spanish financial sector
- NPL assets decrease 3% YoY or €118mm, marking the first year since the beginning of the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



# Asset Quality (2/3)

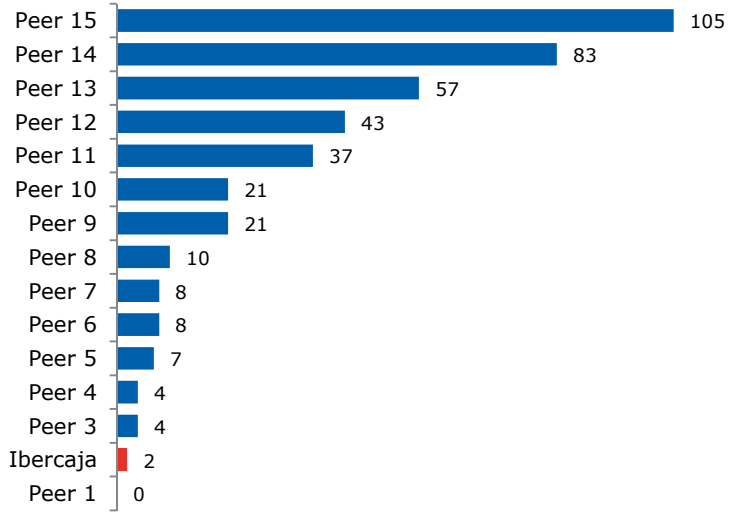
- **Real estate sales (owned and from third parties) rise 22% YoY. to 3,490 units.**
  - Sales of foreclosed assets have so far resulted in recovery of provisions (€13mm).



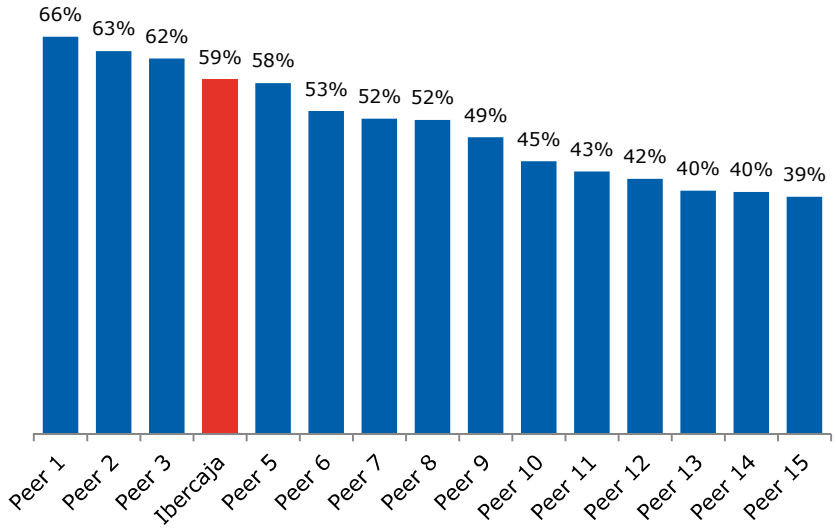
# Asset Quality (3/3)

- **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.

**AQR Impact - CET1 b.p.**



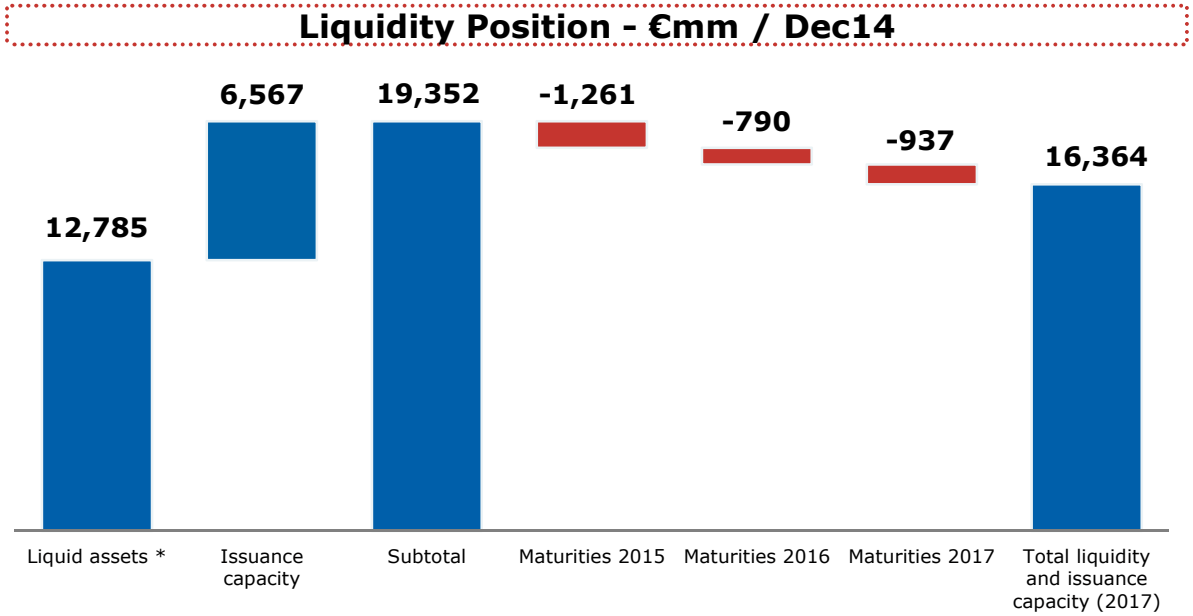

**Coverage Ratio**




Source: ECB/EBA

# Liquidity and Solvency (1/4)

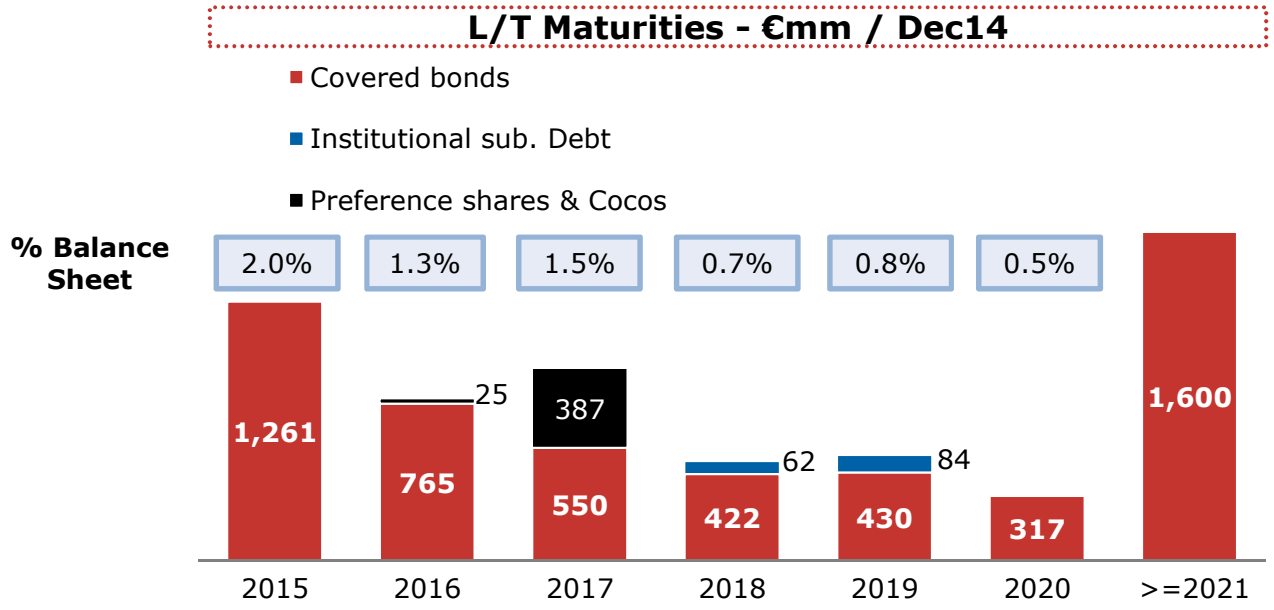
- **Ibercaja Banco benefits from a comfortable liquidity position.**
  - Liquid assets stood at over €12,700mm, which represent 20% of the total assets.
- **LCR and NSFR of 424% and 109% respectively.**
- **The LTD ratio stands at 91%.**




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

# Liquidity and Solvency (2/4)

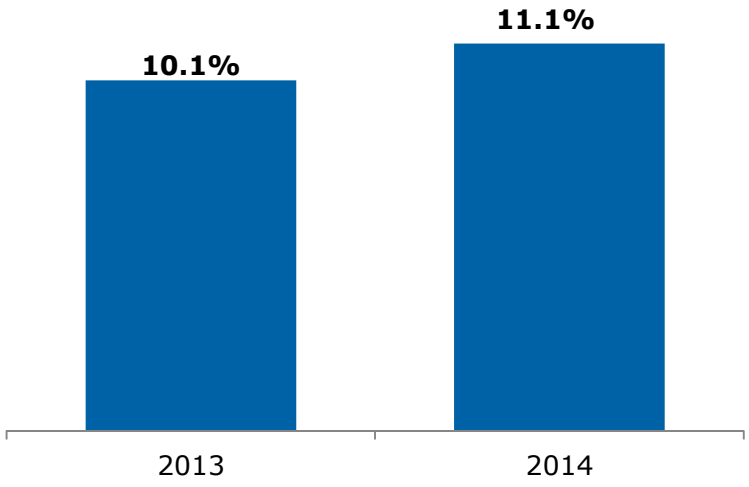
- **Maturities are well diversified, with no significant concentration.**
- Short-term funding 100% collateralised.



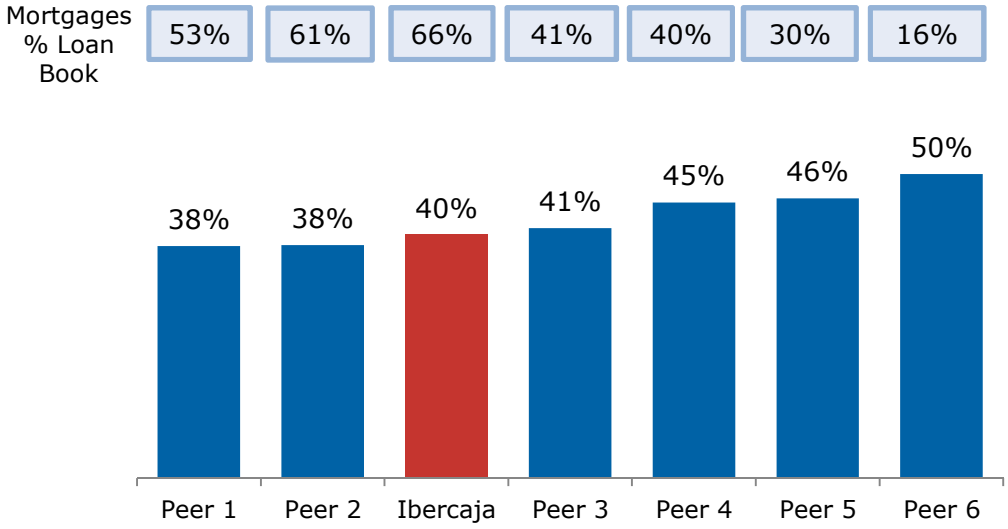
# Liquidity and Solvency (3/4)

- **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.**

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# 2014 Results

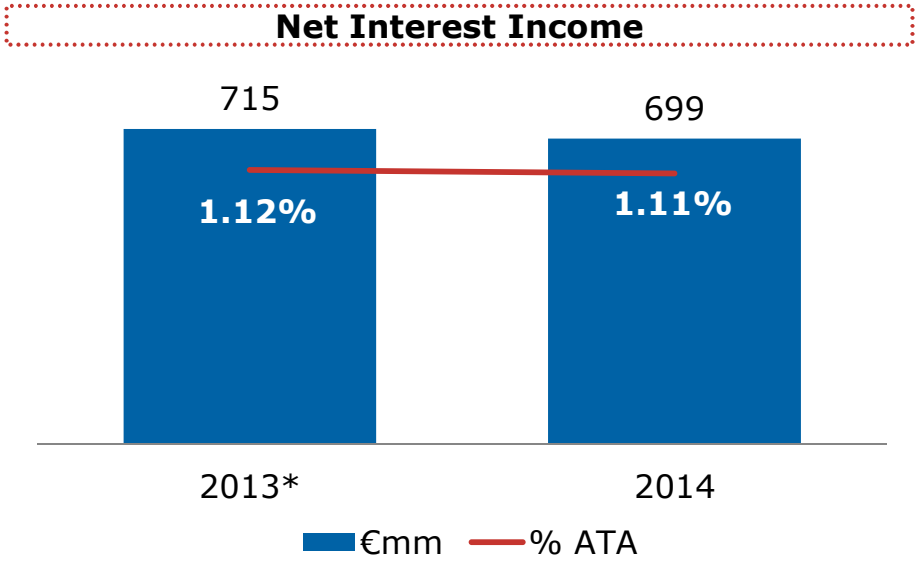
| mm€ | 2013[1] | 2014 | Var. i.a. |
|---|---|---|---|
| **Net Interest Income** | **715** | **699** | **-2.2%** |
| Net Fee Income | 302 | 316 | 4.5% |
| Trading Income | 228 | 425 | 86.7% |
| Other Operating Inc. / Exp. (Net) | -91 | -30 | -67.3% |
| **Gross Operating Income** | **1,154** | **1,410** | **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



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# 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,

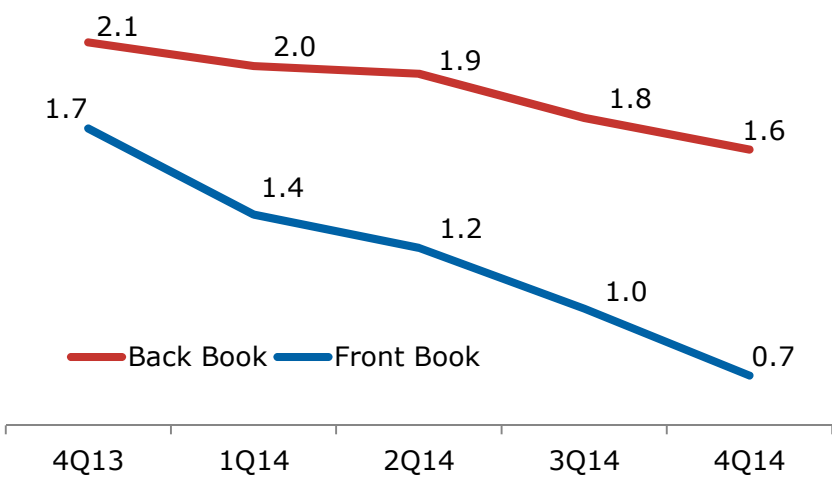


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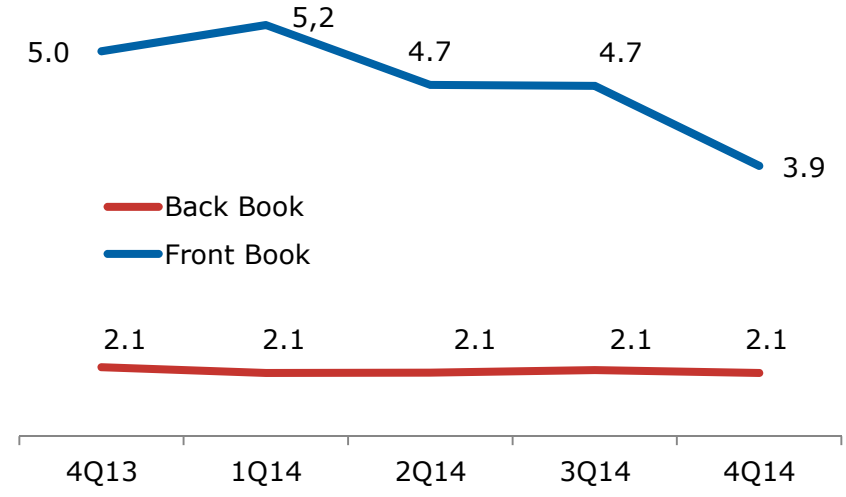
# Margin Evolution (1/2)

- **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

**Time Deposits Cost - %**



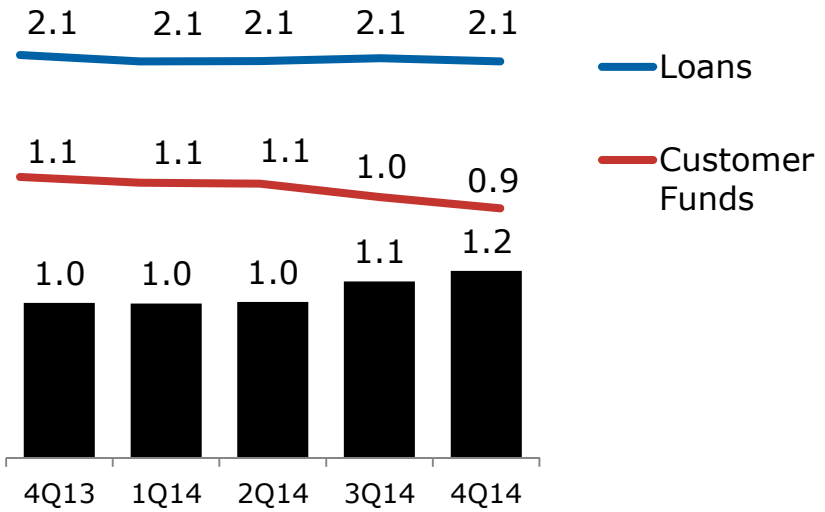

**Loan Yield - %**



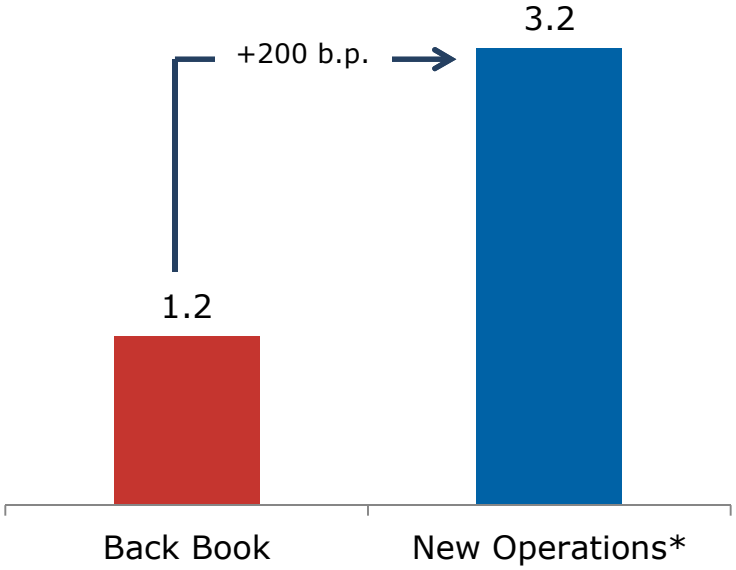
# Margin Evolution (2/2)

- **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

**Customer Spread - %**




**Customer Spread 4Q14 – %**



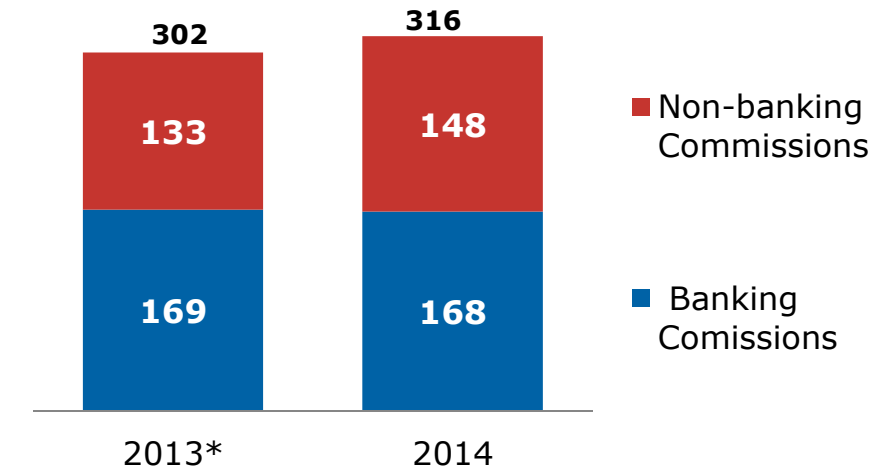

* Loan yield – time deposit cost for new operations in the quarter



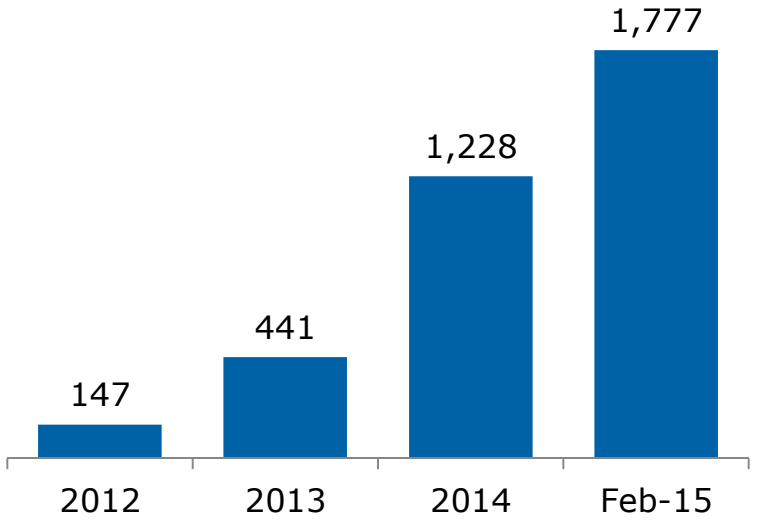
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# Net Fee Income

**Net Fee Income – €mm**




**Managed Accounts - €mm volume**



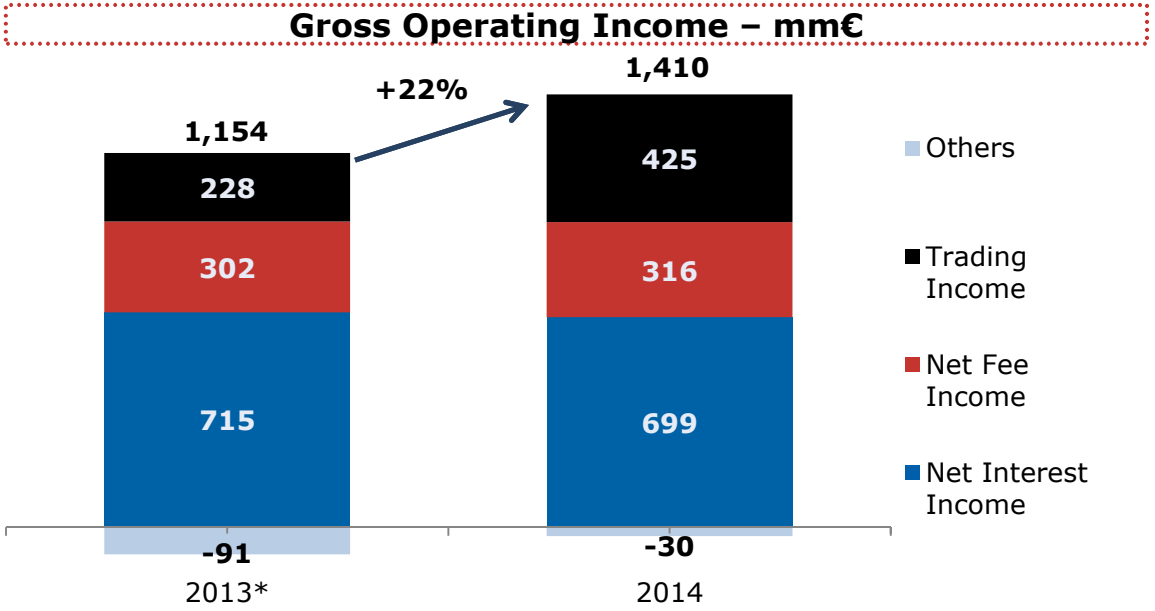

- **Sound growth in net fee income (+4.5% YoY)** driven by non banking commissions (+11.5%).
- Banking commissions (-1%) are affected by lower activity levels and regulation changes.

* Pro-forma information for comparison purposes,



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# 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").

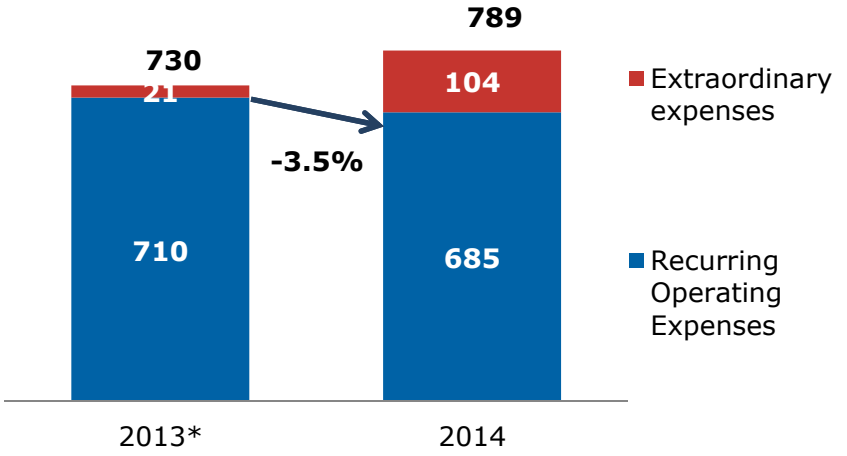
* Pro-forma information for comparison purposes,



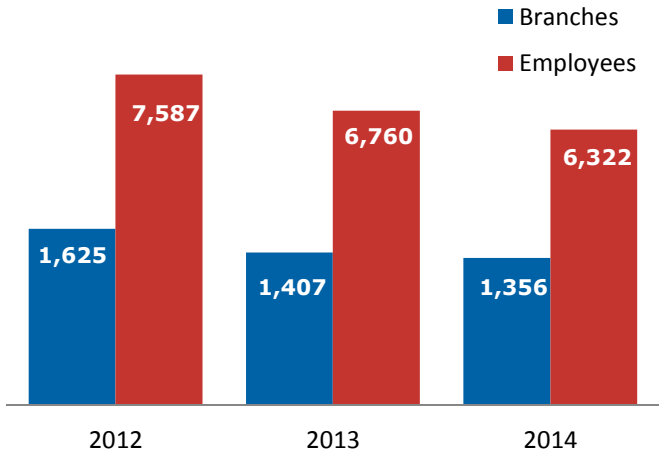
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# Operating Expenses

**Operating Expenses - €mm**



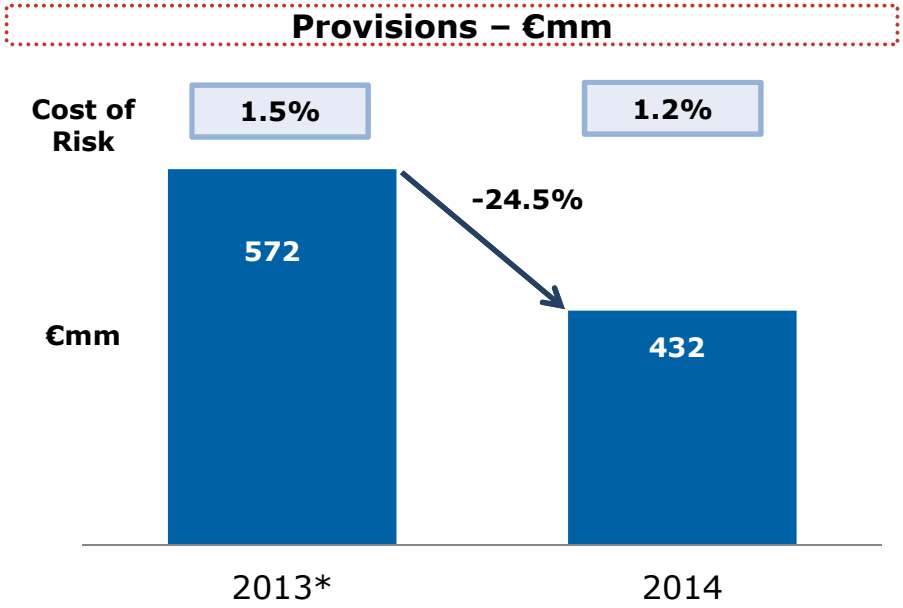

**Ibercaja´s Structure**




- 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




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**http://www.ibercaja.es/investors/**

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