



**iberCaja**



**1Q2016 RESULTS**

*May 13<sup>th</sup>, 2016*





# 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](http://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

---



**Main Highlights**



**Commercial Activity**



**1Q2016 Results**



**Asset Quality, Liquidity and Solvency**



**2016 Guidance**



**Strategic Progress**

---



# Main Highlights

## Commercial Activity

**Δ market share in mutual funds,  
pension funds and life insurance**

**New Lending Production: +22% YoY.**

**Performing loans to non-real estate  
companies: +2.5% YoY**

## Asset Quality

**Doubtful Loans: -18% YoY**

**NPL Ratio: 8,9% (-152 b.p. YoY)**

**Foreclosed Assets Stock: -1,3% YoY**

## Results

**Net Profit: €28,9mm**

**Customer Spread: +11 b.p. YoY.**

**Non-banking Commissions: +11,4% YoY**

**Extraordinary results increase non-  
recurring provisions.**

## Solvency

**CET1 Phased-In: 11.9%**

**CET1 Fully Loaded: 10.0%  
(+25 b.p. QoQ)**





# Index

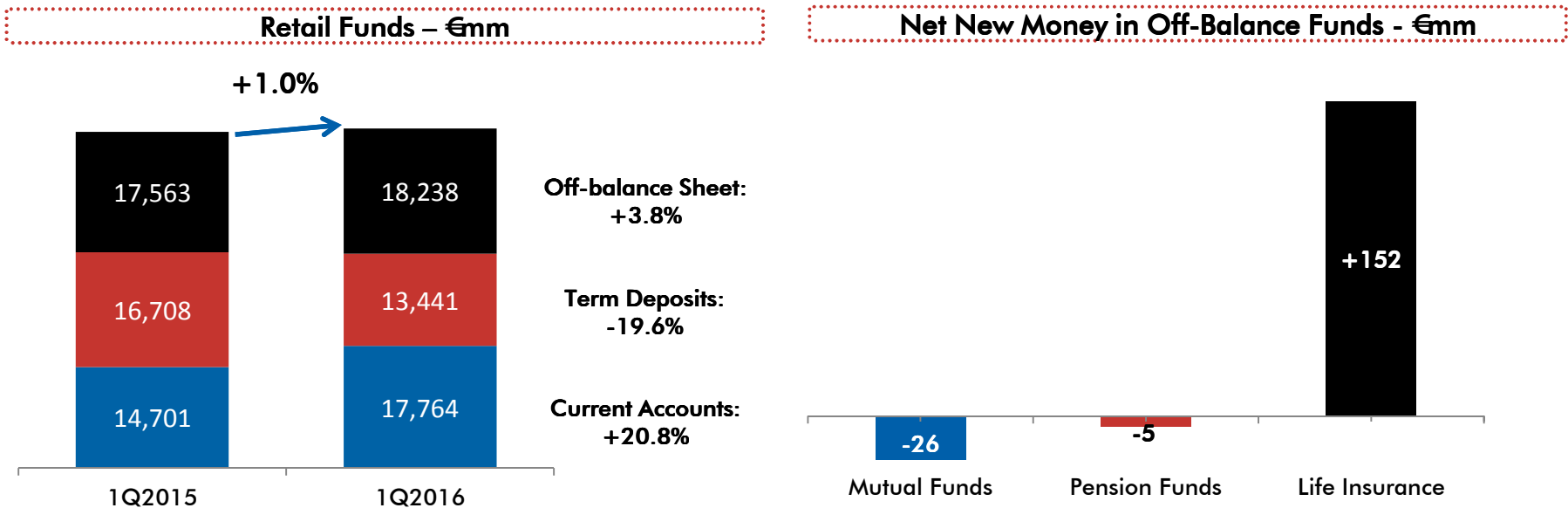
---

- ▶ Main Highlights
- ▶ **Commercial Activity**
- ▶ 1Q2016 Results
- ▶ Asset Quality, Liquidity and Solvency
- ▶ 2016 Guidance
- ▶ Strategic Progress



# Customer Funds (1/2)

- **Total retail funds increase €471 mm or 1.0% YoY.**
  - Current accounts weight over total deposits continues to grow (57% vs. 47% in 1Q2015)
  - After a record 2015 in net new money (€1,355mm), mutual funds stability during the quarter in a volatile market environment. The diversification of the business model allows to channel net new money to life insurance products
  - Reduced impact of market volatility (€-140mm during the quarter)



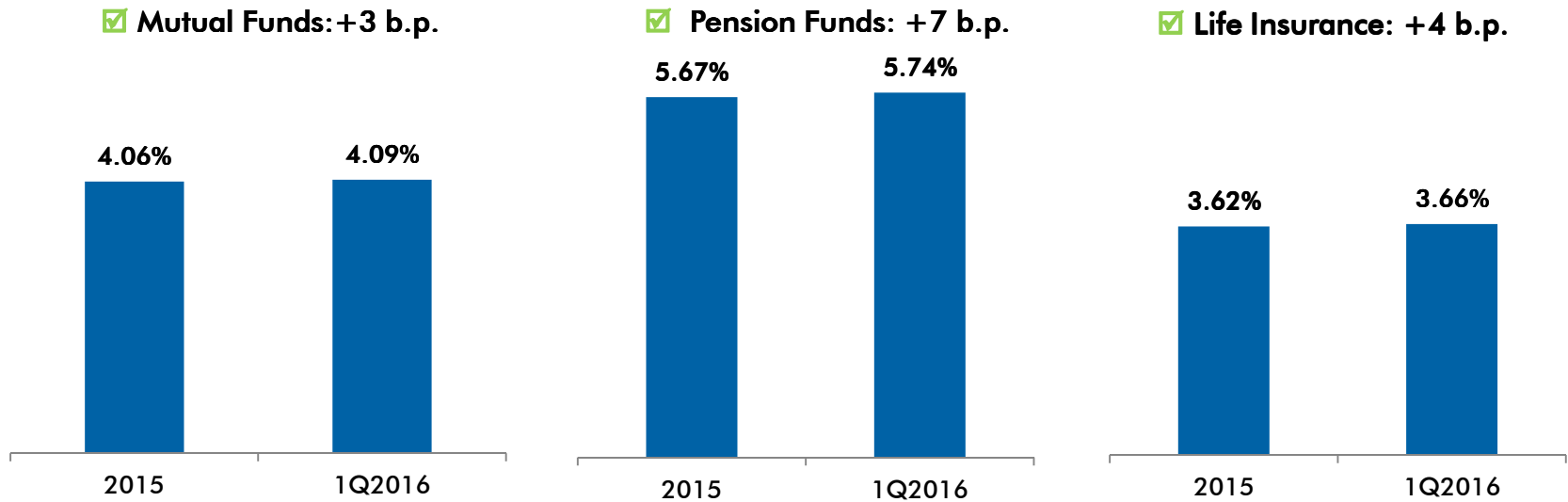
# Customer Funds (2/2)

■ **Specialists in long term savings management.** Ibercaja Banco has developed a long term savings management model that has been certified and awarded by third parties. This model is highly valuable in the current environment with low interest rates and high volatility.

▸ **Expansión-Allfunds award to the best pension fund manager in Spain**



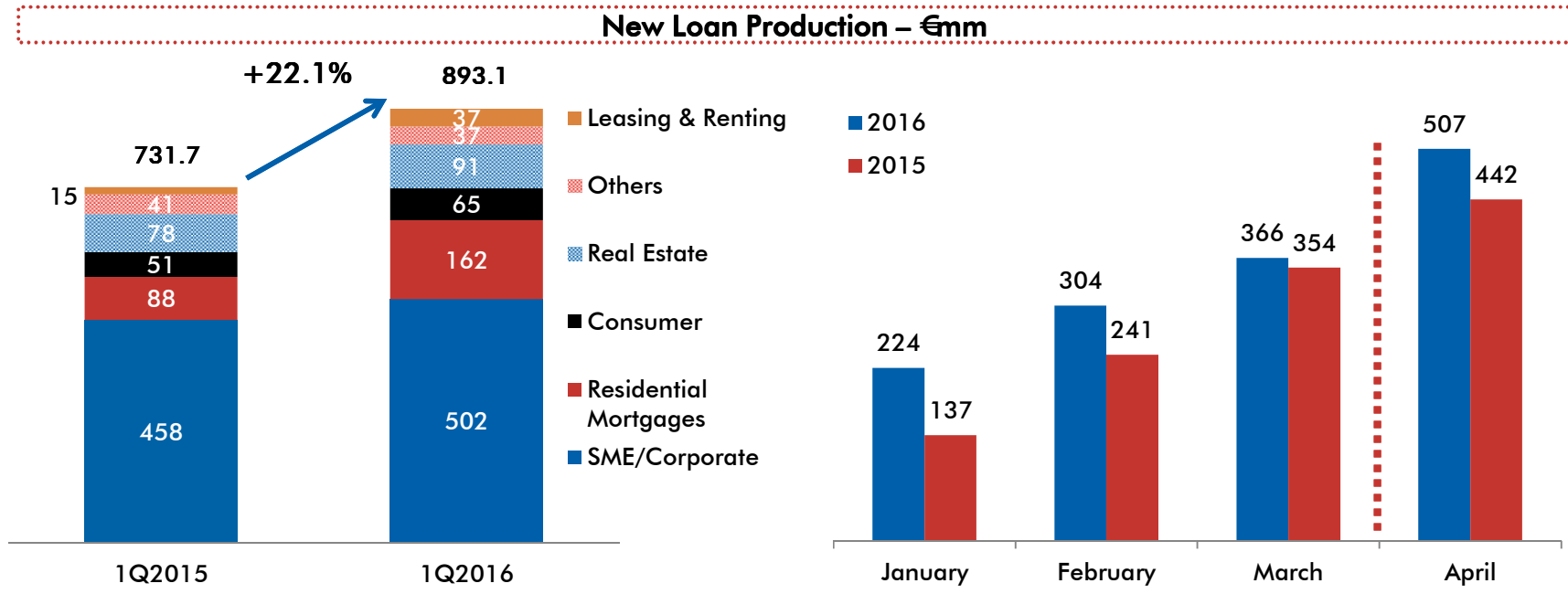
Market Share - %



Source: Inverco & Icea

# Customer Loans (1/2)

- **New lending production continues to grow (+22.1% vs. 1Q2015):**
  - SME new loan production accounts for 56% of total new lending, in line with the Strategic Plan target
  - Madrid and the Mediterranean Basin represent 44% of new loan production
- **Accumulated working capital loans grow 19.3% to reach €983mm.**





## Customer Loans (2/2)

- Performing loans to non-real estate companies grow 2.5% YoY and stabilisation of consumer credit.
- Current new lending production should allow for a stabilisation in performing loans already in the second quarter.

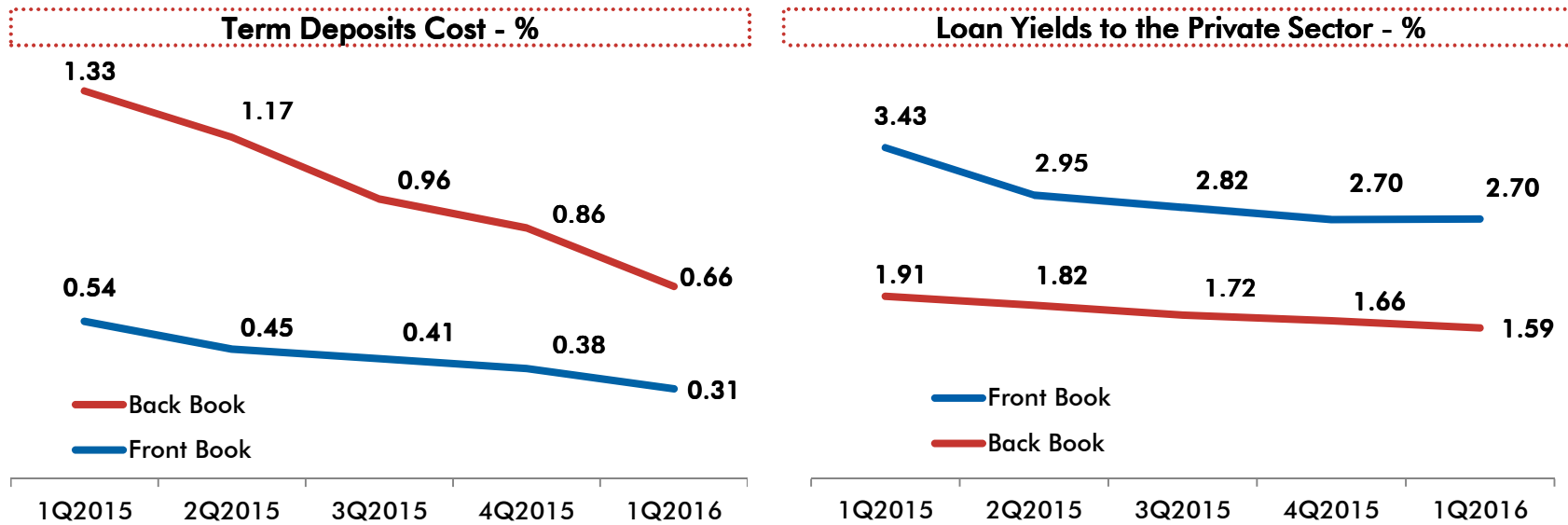
### Credit Portfolio – €mm

	1Q2015	1Q2016	YoY
<b>Loans to Individuals</b>	<b>24,589</b>	<b>23,477</b>	<b>-4.5%</b>
Mortgages	23,353	22,238	-4.8%
Consumer & Others	1,235	1,240	+0.3%
<b>Loans to SME/Corporate</b>	<b>9,820</b>	<b>8,985</b>	<b>-8.5%</b>
Real Estate	3,232	2,423	-25.0%
Non-Real Estate	6,588	6,562	-0.4%
<b>Public Sector &amp; Others</b>	<b>1,058</b>	<b>981</b>	<b>-7.2%</b>
<b>Reverse Repo</b>	<b>0</b>	<b>529</b>	<b>n/a</b>
<b>Total Gross Loans</b>	<b>35,467</b>	<b>33,974</b>	<b>-4.2%</b>

Performing Loans:  
-2.6%  
Doubtful Loans:  
-18%

# Front Book Rates

- **New effort in term deposits cost reduction (-7 b.p. QoQ).**
  - Cost of new term deposits in April: 0.25%
- **Stabilisation in loan yields of the front book to the private sector.**
- **Customer spread of new operations<sup>1</sup> stands at 2.4% and should continue to help the customer spread in the coming quarters.**



<sup>1</sup> Private sector front book loan yield – front book of time deposits



# Index

---

- ▶ Main Highlights
  - ▶ Commercial Activity
  - ▶ **1 Q2016 Results**
  - ▶ Asset Quality, Liquidity and Solvency
  - ▶ 2016 Guidance
  - ▶ Strategic Progress
- 

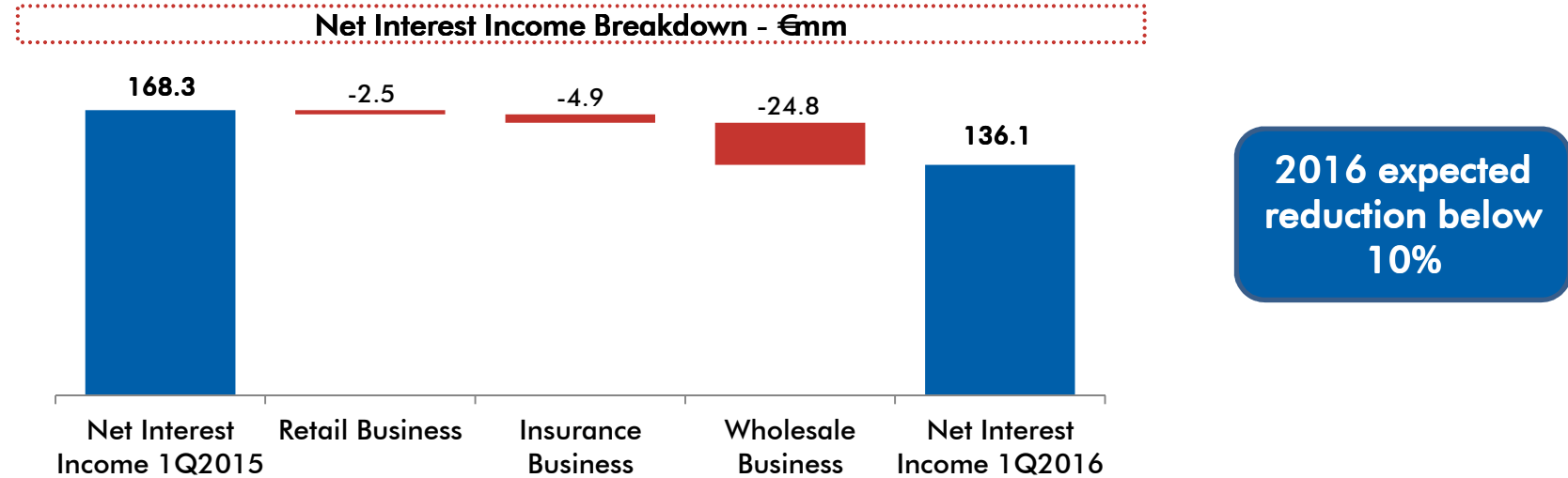


# 1Q2016 Results

€mm	1Q2015	1Q2016	YoY
<b>Net Interest Income</b>	<b>168.3</b>	<b>136.1</b>	<b>-19.1%</b>
Net Fee Income	77.4	80.4	3.9%
Trading Income	22.6	17.8	-21.5%
Other Operating Inc. / Exp. (Net) *	10.4	72.2	n/a
<b>Gross Operating Income</b>	<b>278.7</b>	<b>306.4</b>	<b>10.0%</b>
Operating Costs	-144.3	-151.4	4.9%
<b>Pre-Provision Profit</b>	<b>134.4</b>	<b>155.1</b>	<b>15.4%</b>
Total Provisions	-76.3	-116.0	52.0%
Other Gains and Losses	2.0	2.3	18.9%
<b>Profit Before Taxes</b>	<b>60.0</b>	<b>41.4</b>	<b>-31.0%</b>
Taxes & Minorities	-17.4	-12.5	-28.6%
<b>Net Profit Attributable to Shareholders</b>	<b>42.6</b>	<b>28.9</b>	<b>-32.0%</b>

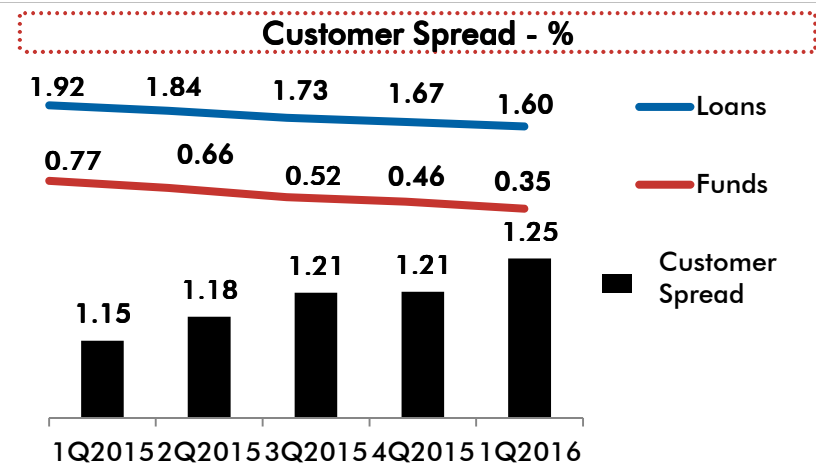
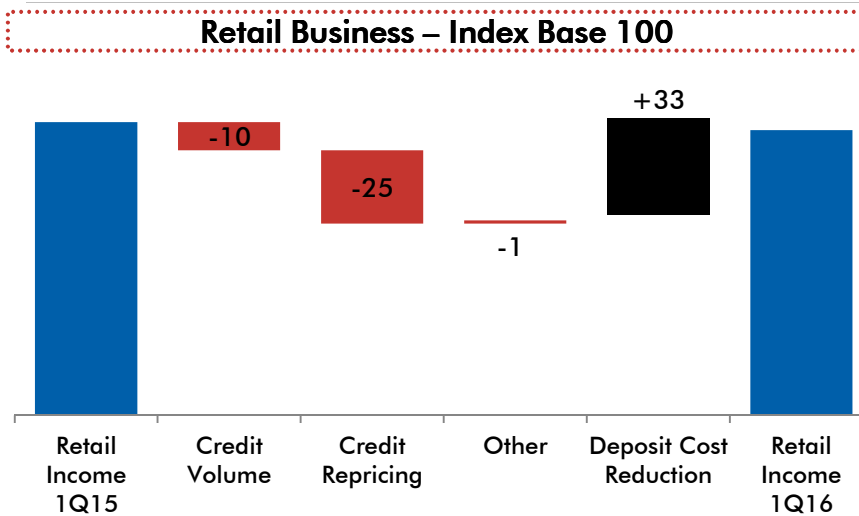
\* In 1Q2016, other operating results include a net gain of €69.3mm related to the Aktua agreement (see page 30)

# Net Interest Income



- **77% of the decrease in net interest income is explained by lower wholesale business revenues:**
  - ▣ Lower fixed income portfolio volume: 16.6% or €-2,690mm
  - ▣ SAREB bonds (15% of the portfolio) have been repriced to 0.1% vs. 0.8% in 1Q2015
- **Retail business remains fairly stable YoY.**

# Customer Spread

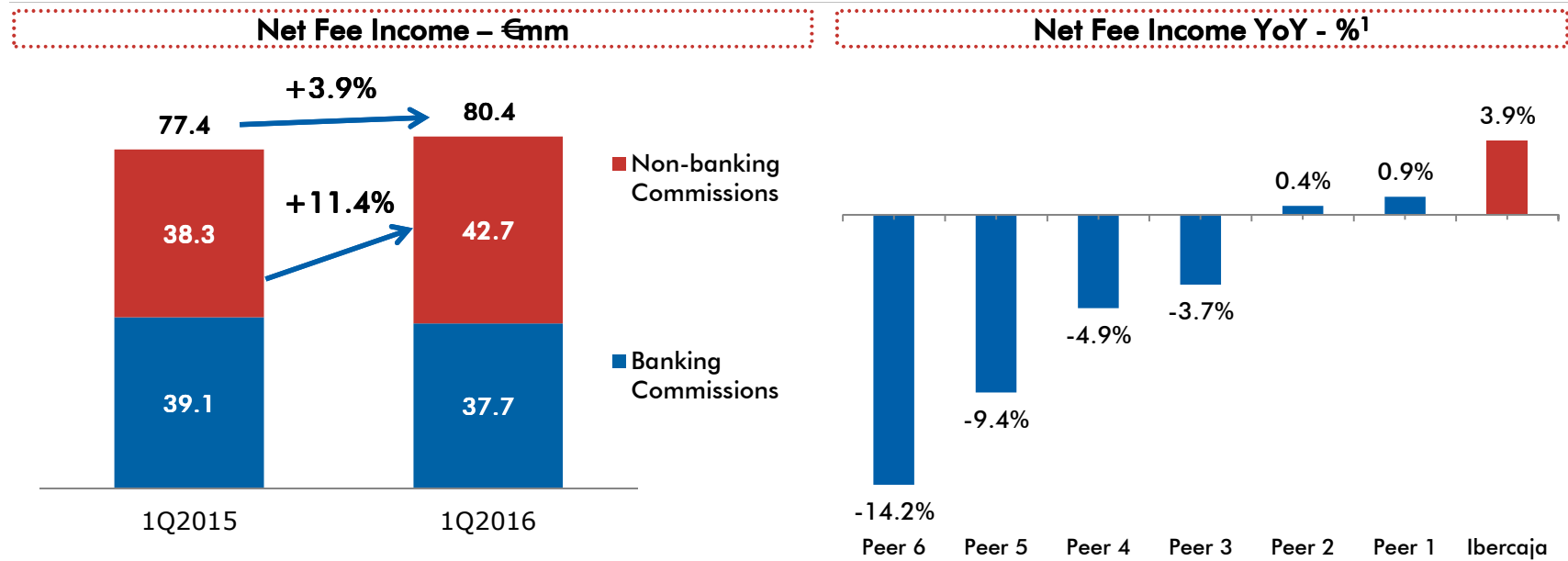


■ The deposit cost reduction (-42 b.p. YoY) almost offsets the credit repricing due to the fall in Euribor (-25 b.p.) and deleveraging (-4.2% YoY).

**Expected improvement in retail business in coming quarters**

- ✓ Term deposits repricing to contribute at least 15 b.p. to the deposit cost reduction (total deposit base €31,205mm).
- ✓ With the current Euribor curve, credit repricing impact will be more moderate.
- ✓ Credit front book at higher rates than back book.
- ✓ Performing credit stock should remain stable QoQ already in the second quarter.

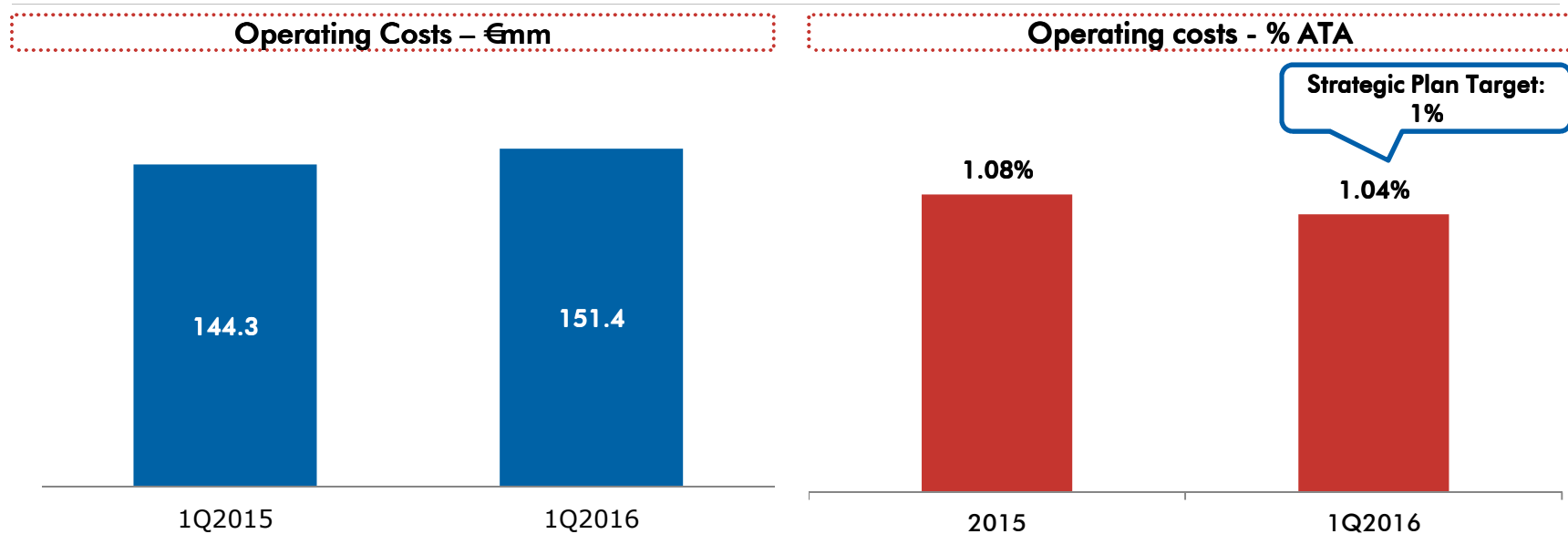
# Net Fee Income



- Net fee income grows 3.9%, boosted by non-banking commissions (+11.4%).
  - Ibercaja outstanding evolution explained by the higher weight of non-banking commissions (53% in Ibercaja vs. 33% peer average) over total net fee income
- Banking commissions fall 3.5% mainly due to the decrease in securities fees (-32%).

<sup>1</sup> Includes Caixabank, Bankia, Sabadell ex TSB, Popular, Bankinter and Liberbank

# Operating Costs

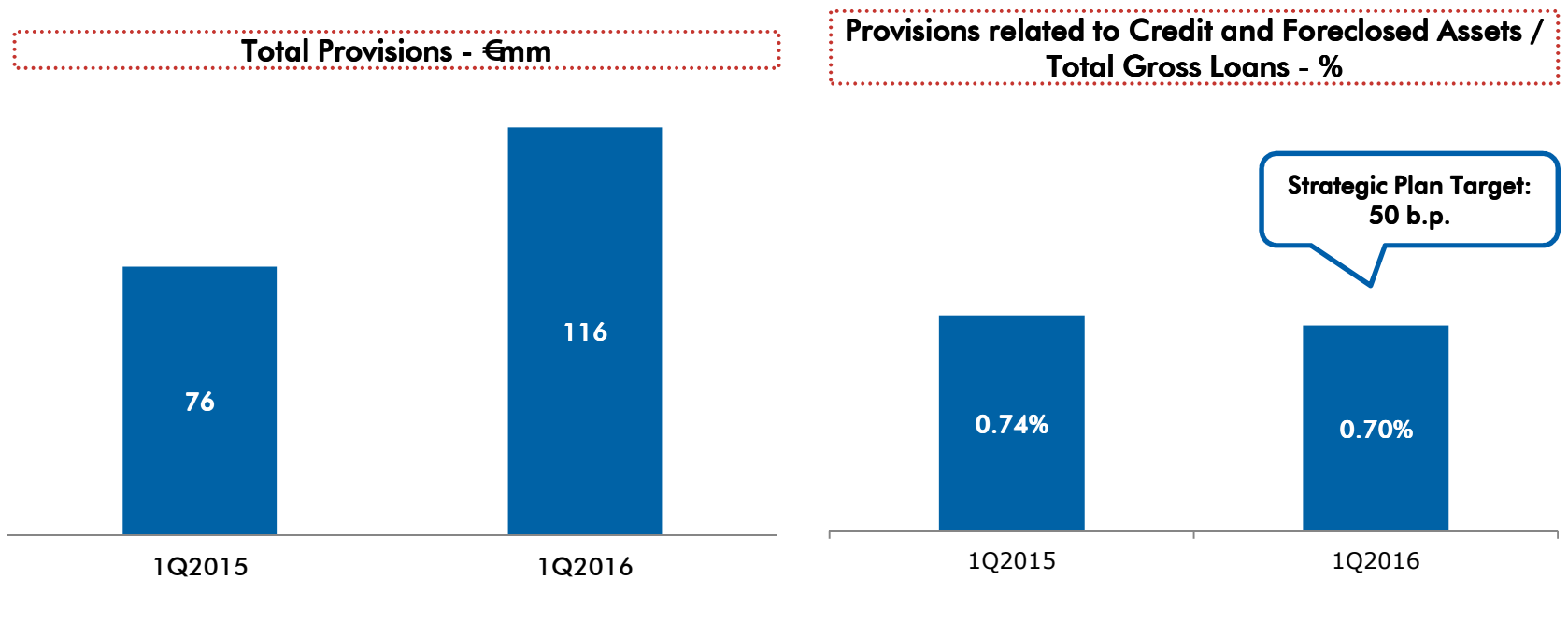


- 4.9% increase in operating costs due to new strategic projects (Plan Madrid, digital transformation, Aktua...)
- This increase will be spread throughout the year and the cost base will remain stable in 2016, including costs related to the agreement with Aktua, thanks to:
  - ▶ Decrease in personnel cost of 3%
  - ▶ 22 branch closures until June, already approved



# Provisions

- Extraordinary results from the Aktua agreement on the quarter increase non-recurring provisions.
  - Cost of risk 70 b.p. lower, but still above the target level set on the Strategic Plan





# Index

---

- ▶ Main Highlights
  - ▶ Commercial Activity
  - ▶ 1Q2016 Results
  - ▶ **Asset Quality, Liquidity and Solvency**
  - ▶ 2016 Guidance
  - ▶ Strategic Progress
- 

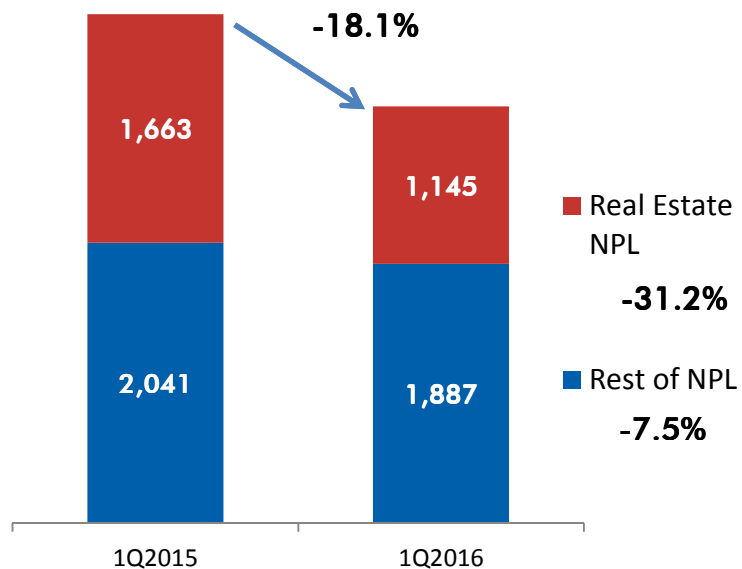


# Asset Quality (1/2)

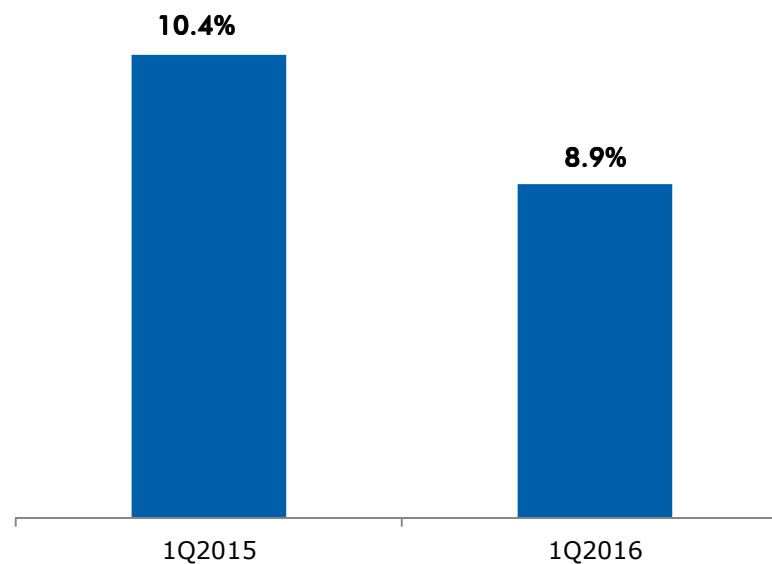
## ■ Steady reduction of non-performing loans:

- ▣ NPL ratio falls to 8.9%, (-152 b.p. YoY)
- ▣ Coverage ratio of 52.6%

Non-performing Loans – €mm

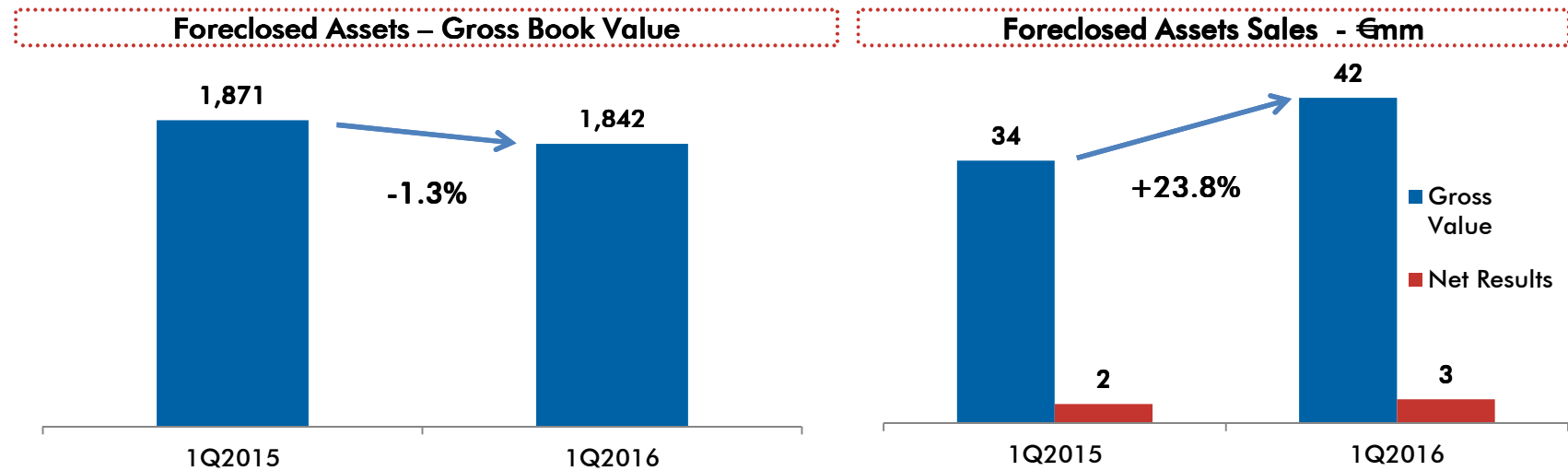


NPL Ratio - %



## Asset Quality (2/2)

- The improvement in the real estate market and the pickup of asset sales allows for a 1.3% foreclosed-assets stock reduction.
  - Coverage ratio stands at 51.7%
  - Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic alliance with Aktua. With this agreement, Ibercaja seeks to accelerate the offloading of foreclosed assets, freeing up resources to be used in new credit transactions

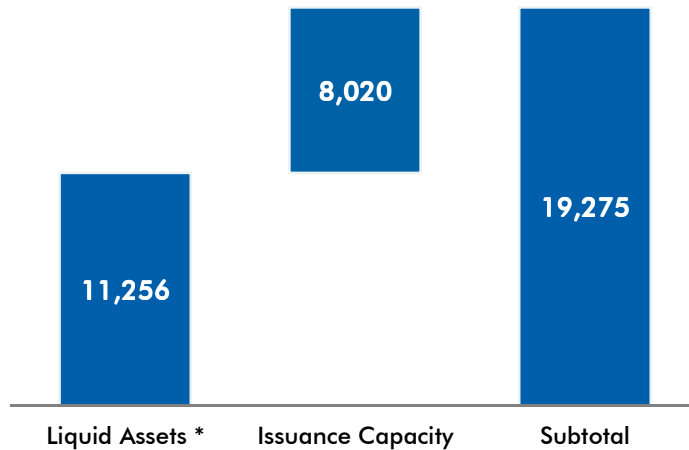


# Liquidity and Solvency (1/3)

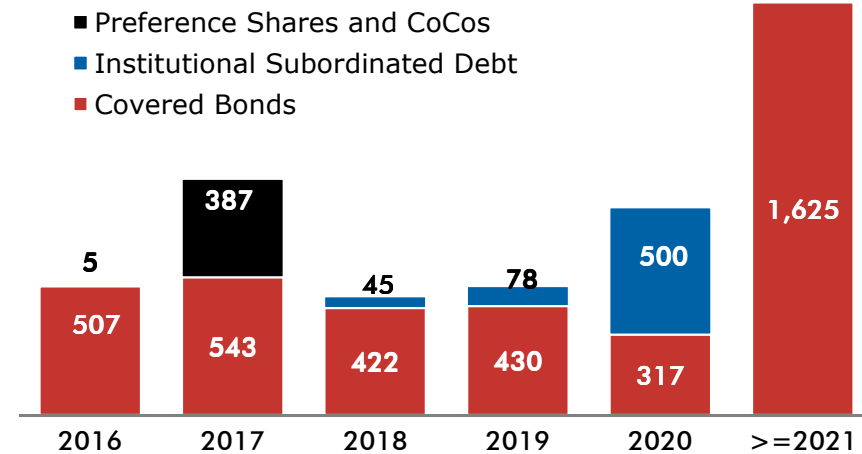
## ■ Comfortable liquidity position:

- More than €11,200mm of available liquid assets (19% of total assets)
- LCR and NSFR stand at 213% and 116%, respectively
- Loan to deposits ratio stands at 96%<sup>1</sup>
- ECB funding: €2,051mm (3.5% TA), 100% TLTRO

Liquidity Position - €mm



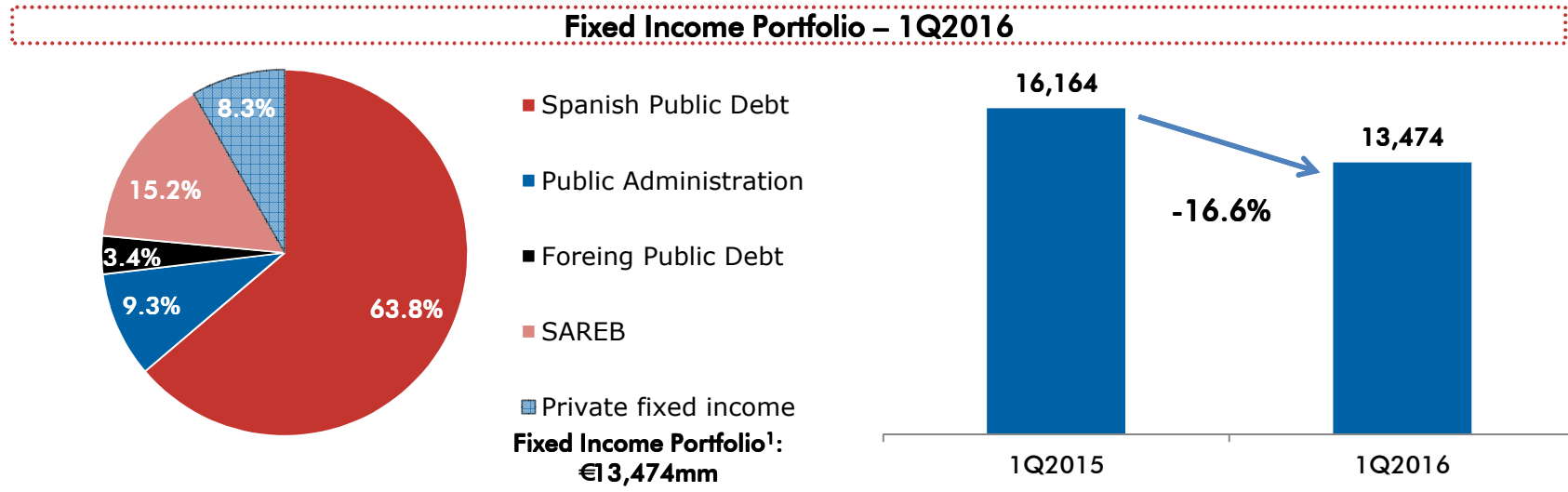
Maturity Profile - €mm



<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)

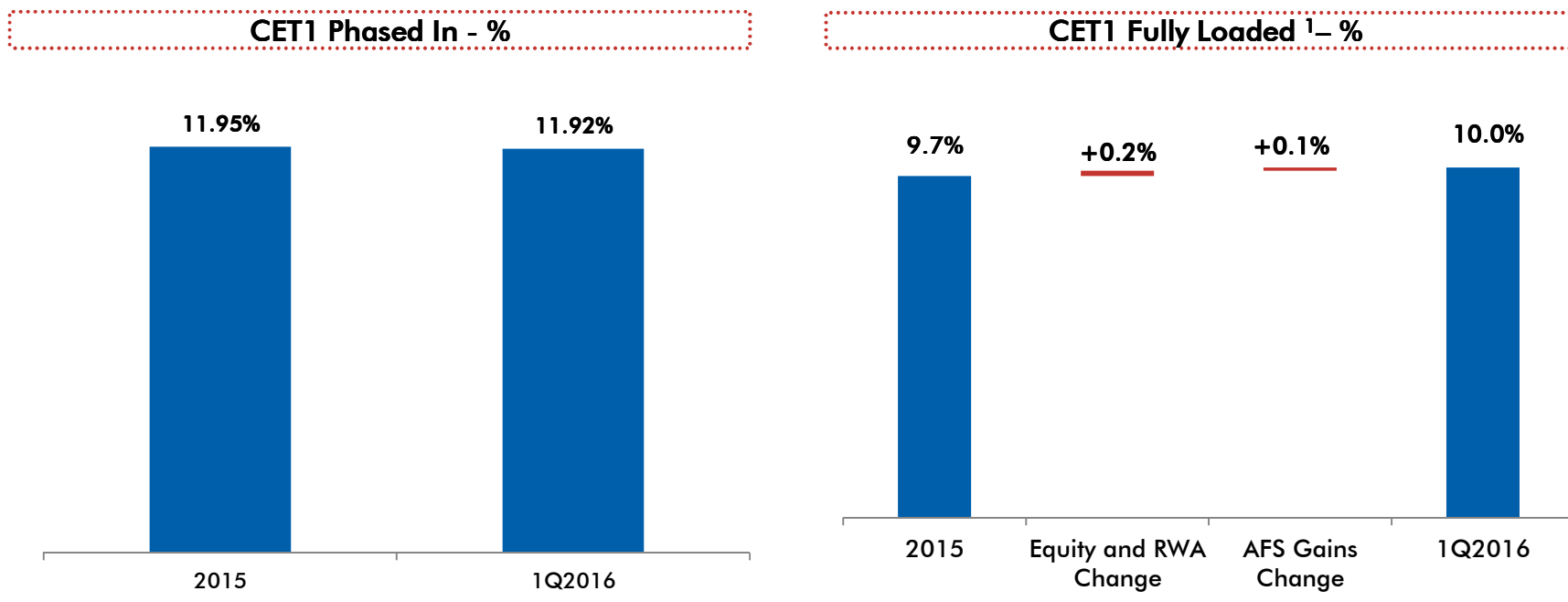
- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.**
  - Average duration of 4.1 years and unrealised capital gains over €165mm (of which €100mm are AFS)
  - Average yield stands at 1.5%
  
- **Ibercaja Banco has reduced its fixed income portfolio by €2,690mm YoY.**



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

# Liquidity and Solvency (3/3)

- **CET1 Phased-In Ratio: 11.9%.**
  - Amortization of €20mm CoCos
- **Total Capital Phased-In Ratio: 14.2%.**
- **RWA/TA Ratio: 40.5% calculated using the standard methodology.**
- **Leverage Ratio: 5.3% (Phased-In).**



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



# Index

---

- ▶ Main Highlights
  - ▶ Commercial Activity
  - ▶ 1Q2016 Results
  - ▶ Asset Quality, Liquidity and Solvency
  - ▶ **2016 Guidance**
  - ▶ Strategic Progress
- 







## 2016 Guidance

---

Stabilisation of  
Net Interest  
Income

Off-balance sheet  
funds growth

Improvement of  
results expected over  
the next quarters

Flat cost base  
(including Aktua  
agreement)

Step up in non-  
performing assets  
sales





# 2016 Guidance

---

## Stabilisation of Net Interest Income

- ✓ Stabilisation in performing credit portfolio
- ✓ Lower Euribor impact.
- ✓ Front book margin higher than back book
- ✓ Slower decrease in wholesale business

## Off-balance sheet funds growth

- ✓ Markets improvement → Net new money in mutual funds in April > €45mm

## Flat cost base (including Aktua agreement)

- ✓ Decrease in personnel cost of 3%
- ✓ 22 branch closures until June

## Step up in non-performing assets sales

- ✓ Higher voluntary provisions
- ✓ NPL and foreclosed assets coverage ratio > 50%



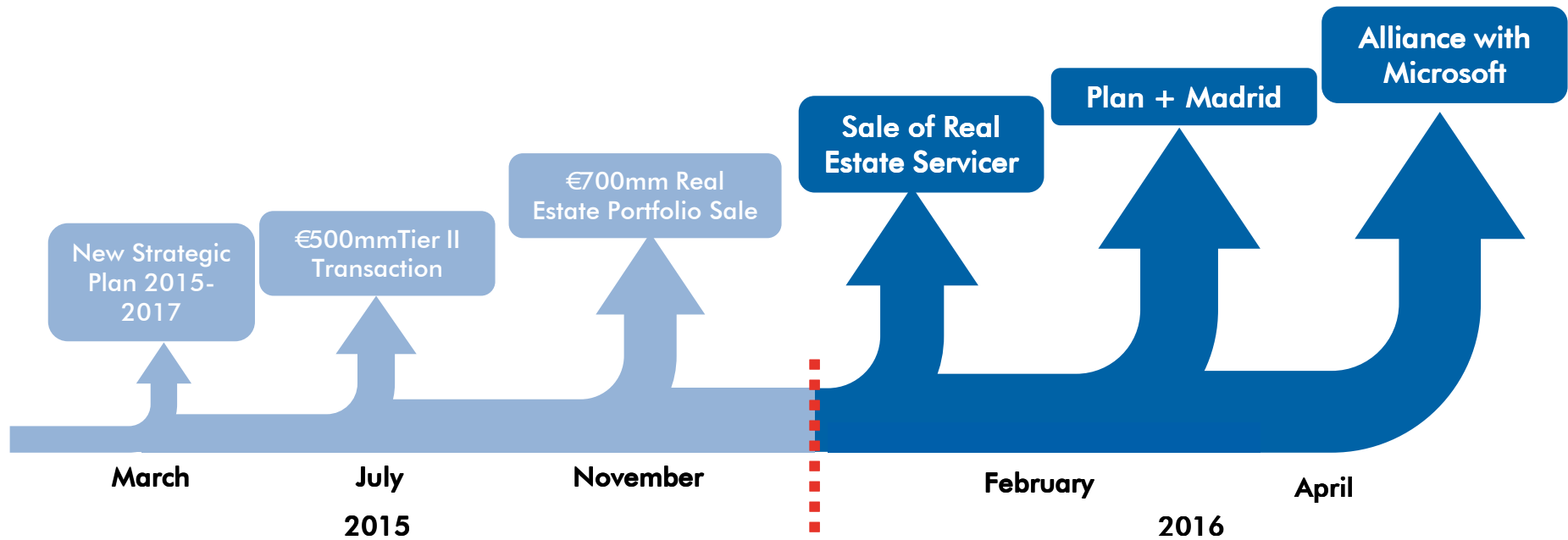
# Index

---

-  **Main Highlights**
-  **Commercial Activity**
-  **1Q2016 Results**
-  **Asset Quality, Liquidity and Solvency**
-  **2016 Guidance**
-  **Strategic Progress**



# Strategic Progress



- Ibercaja Banco keeps progressing with its Strategic Plan to reinforce its solvency and asset quality, as well as to boost its commercial position.

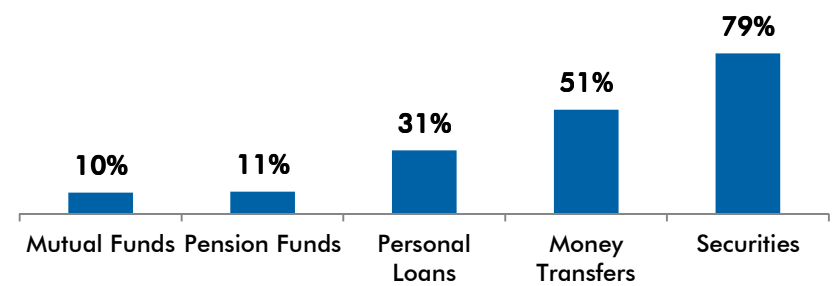
# Strategic Alliance with Microsoft

- Ibercaja has signed a strategic agreement with Microsoft to develop the bank's **digital transformation** process.
- This agreement, that initially extends until 2018, focuses on the three main areas of digital transformation: customer experience, efficiency and internal processes, and business model, products and services.



**% Digital Transactions – Economic Transactions**

Ibercaja today:  
(dec-15)





# Sale of Real Estate Servicer

---

- In February 2016, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic alliance with Aktua. This agreement includes the management and marketing of:
  - Foreclosed assets that are currently on Ibercaja's balance sheet
  - Future foreclosed assets on Ibercaja's balance sheet or on any of its subsidiaries'
  - Marketing of other real estate assets with Ibercaja's funding
- Ibercaja Banco takes advantage of Aktua's sales network, with more than 400 employees across 30 branches around Spain.
- With this agreement, Ibercaja seeks to accelerate the offloading of non-performing real estate assets, allowing those resources to be used in new credit transactions.
- The transaction amounts to €70mm, with a gross gain of €69.3mm.



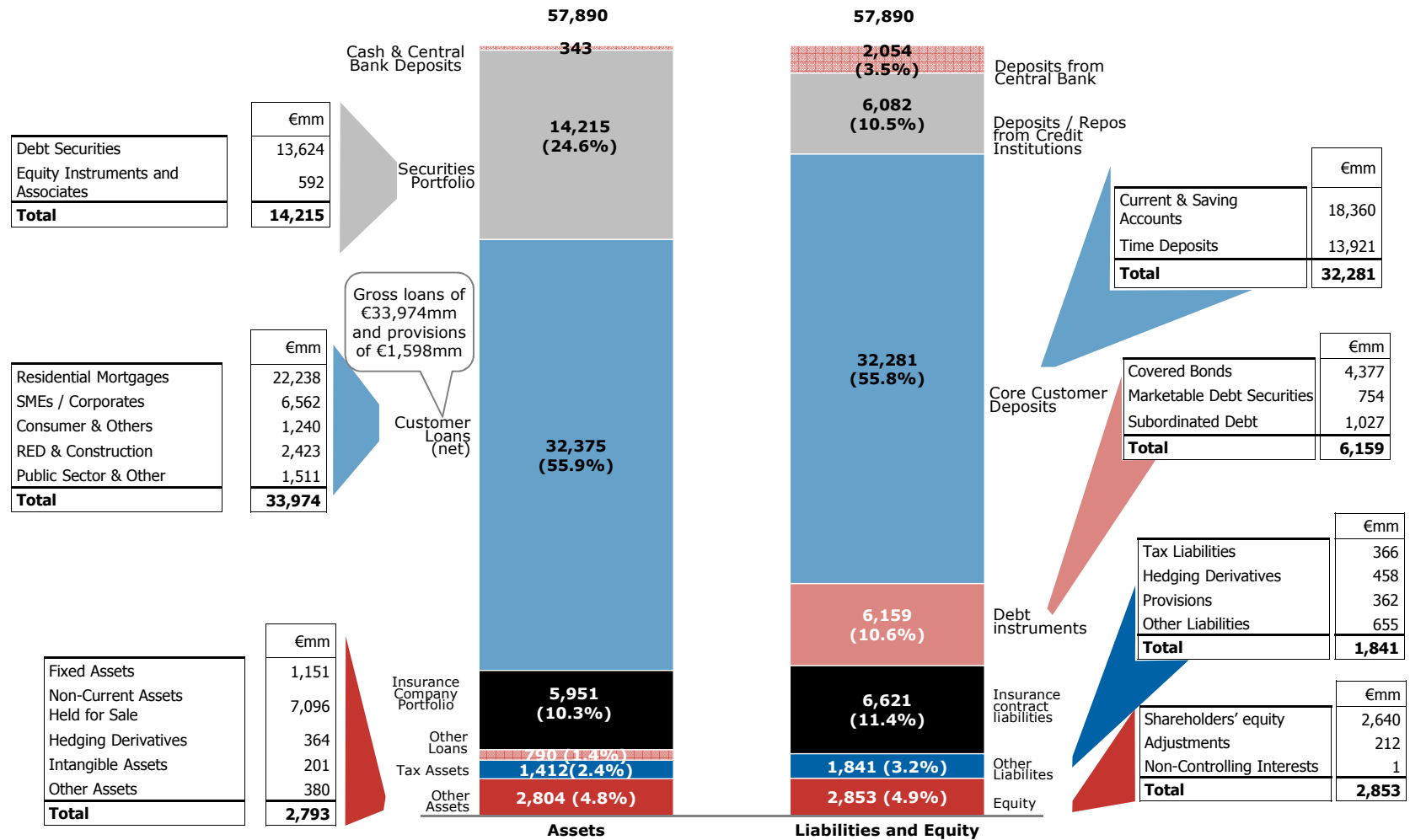


---

 **Annex 1: Consolidated Balance Sheet**



# Consolidated Balance Sheet







**iberCaja**

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

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

**iberCaja** 

