

After the significant effort made in provisions of 412 MEUR, Kutxabank posts a profit of 118.2 MEUR

- Kutxabank continues to apply criteria of maximum caution, and has now totally fulfilled the allocation of new provisions for the recent legal requirements
- Financial and ordinary margins increase, resulting in a typical banking business

Bilbao, 2nd November 2012. Maximum caution. Throughout the 2012 financial year, one of the priorities of Kutxabank is to maintain its usual criteria of maximum caution when allocating provisions. As we already know, in the recent process of analysis of solvency of the country's credit entities, Kutxabank proved to be the most solvent in the system. In spite of the quality of its assets and its strong position, Kutxabank has once again made one of the most rigorous efforts in terms of provisions, by allocating 412 MEUR for general risks and impairment of assets. This way, the company has also completed the allocation of new provisions with regards to the assets linked to the real-estate business, resulting from the two Royal Decrees approved during this financial year.

In an unstable regulatory environment, with increasingly lower interest rates, with significant narrowing of margins and with a large reduction in economic activity, Kutxabank posted, up to September, profits of 118.2 MEUR. This result is in line with the plan designed by the company for this financial year, in spite of this representing a reduction of 57.5% with respect to the same period in 2011. CajaSur contributed to the profit and loss account of the Group with a positive contribution of 2.4 MEUR.

Financial margins increase

Standing out in this climate of unfavourable evolution in interest rates is the positive evolution of financial and ordinary margins, which constitutes a typical banking business. The same as for the whole financial year, these maintained a positive trend during this period, and exceeded the bank's own forecasts.

The Interest Rate Margin registered an increase of 12.4 %. The Customer Margin, which includes commissions and the results of insurance activity, grew by 11.5%. Both margins pulled on the Gross Margin, which grew by 1.7%, in spite of the smaller contribution from the industrial portfolio, less trading incomes and the increase in contributions to the Deposit Guarantee Fund.

Administrative expenses fell once again during this period by 6%, thanks to the strict contention policy and rationalization of costs. With this, Operating Income reached 545.6 MEUR, with an increase of 14.8%.

The non-performing loans rate of Grupo Kutxabank is over one point better than the average in the sector, standing at 9.2%. Excluding CajaSur, the non-performing loans rate stands at 5.9%.

Business Volume reaches 114,005 million

The Kutxabank's turnover reached 114,005 MEUR at the end of September. Client Resources stood at 63,464 MEUR and Customer Loans stood at 50,542 MEUR.

During the first nine months of the financial year, the positive trend in the capture of deposits continued, with an increase of 1.3% of sight deposits in the retail network. The performance of Asset Management funds was even more positive, increasing by 8.4%, and of Prevision Products, with an increase of 7%, despite the volatile markets.

Kutxabank consolidated its leadership with its mortgage loan market share in the CAE, with a percentage close to 39%, within a context characterized by a sharp fall in the demand for credit and the corresponding decrease in investment.

Results of the Kutxabank Group, September 2012

(millions of Euros)	September 2012	Δ%
Interest Rate Margin	699.7	12.4
Dividends	26.3	(73.1)
Income from the Equity Method	115.5	80.9
Commissions	230.4	(13.6) (*)
Trading Income and others	121.1	(1.5)
Gross Margin	1,193.0	1.7
Operating Expenses	-591.7	(6.0)
Amortization	-55.6	(19.2)
Operating Income	545.6	14.8
Loss of financial assets and other provisions	-362.6	46.8
Operating Income	183.0	(19.9)
Other results	-63.1	---
Income before tax	119.9	(59.7)
Net Income attributed to the group	118.2	(57.5)

(*) The Commissions are influenced by the accounting change which is the result of incorporating 100% of Biharko. Including revenue from insurance activity, the increase would stand at 9.5%.