3Q2014 RESULTS

Zaragoza, December 4th, 2014

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Highlights, keys, milestones of the period

Growing commercial activity 1

- **Retail funds increase 4.7% YoY, led by off-balance funds (+11.8%).**
- **New quarterly record on contributions to mutual funds.**
- **The pace of credit front loading shows positive signs. Almost 60% of the new production goes to SMEs.**

Important generation of results 2

- **Banking operating profit* grows almost 9% YoY.**
- **Customer margin expands 13 b.p. QoQ.**
- **Asset management boosts a relevant increase on net fee income.**
- **Recurrent expenses fall by 5.8% YoY, mirroring the optimisation of operations and materialisation of synergies.**
- **Net profit reaches €356 million.**

* Net interest margin + net fee income – recurrent operating expenses

Highlights, keys, milestones of the period

Good asset quality 3

- **Group NPL, 10.86%, is 17% below system average.**
- **56% of NPL is provisioned.**
- **Improving real estate sales in the first nine months of the year (+40.4%).**

Solvency and sound liquidity position 4

- **Regulatory CET1 stands at 10.36%, +29 b.p. year to date.**
- **Liquid assets available amount to 20% of the balance sheet and comfortably cover the maturities of the coming years.**

Capital strength even under stressed scenarios 5

- **AQR results reflect a high level of provisions and strictness when identifying risks.**
- **In the adverse scenario from the stressed test, Ibercaja has a capital surplus of more than €650 million.**

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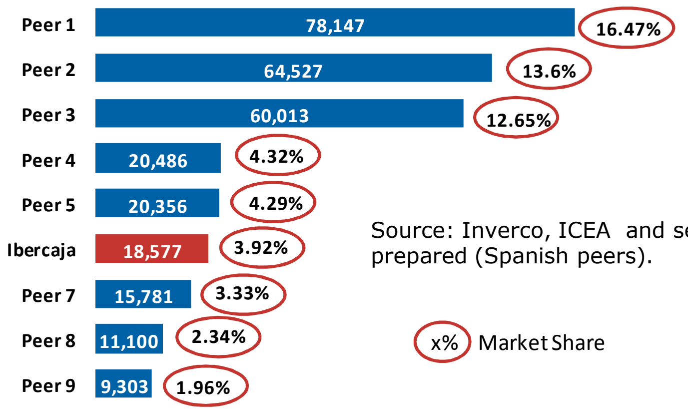
Positive performance of retail funds with an increase of 4.7% YoY

Retail customer funds (€ mill.)*

	sep-13	dec-13	sep-14	y/y %	YTD
Current Accounts	13,621	13,684	14,113	3.6%	3.1%
Time Deposits	17,555	17,753	17,498	-0.3%	-1.4%
REPO	36	36	35	-3.0%	-3.0%
On-balance sheet retail funds	**31,212**	**31,473**	**31,645**	**1.4%**	**0.5%**
Mutual funds	6,072	6,362	7,503	23.6%	17.9%
Pension Funds	2,912	3,030	3,198	9.8%	5.6%
Insurance	5,420	5,482	5,592	3.2%	2.0%
Others	324	240	178	-45.1%	-25.9%
Off-balance sheet retail funds	**14,727**	**15,114**	**16,471**	**11.8%**	**9.0%**
Total retail funds	**45,939**	**46,586**	**48,116**	**4.7%**	**3.3%**

** Branch network*

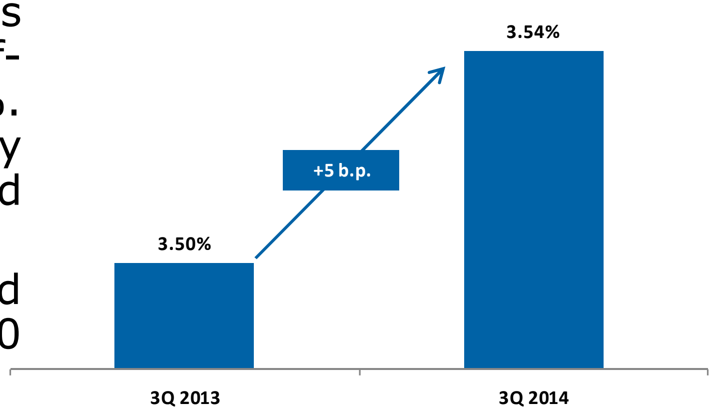
Ranking of assets managed in mutual funds, pension plans and life insurance (€ mill.)



Source: Inverco, ICEA and self prepared (Spanish peers).

- Retail customer funds reach €48,116 million. It is worth highlighting the excellent performance of off-balance retail funds, which show a growth of 11.8%. Retail clients are looking to improve the profitability of their savings in mutual funds, pension plans and life insurance.
- Growth in mutual funds (+23.6%) set a new record in net inflows during the third quarter, with €390 million, leading a strong rise in these type of funds.

Improving market share in retail customer funds



Slowing pace of deleveraging

Distribution of the loan protfolio by purpose (€ mill.)

	sep-13	dec-13	sep-14	y/y %	YTD
Loans to individuals	**26,930**	**26,415**	**25,430**	**-5.6%**	**-3.7%**
Residential Mortgages	25,503	25,016	24,106	-5.5%	-3.6%
Consumer and others	1,427	1,398	1,324	-7.2%	-5.3%
Loans to businesses	**11,071**	**10,977**	**10,326**	**-6.7%**	**-5.9%**
RED & Construction	3,854	3,791	3,528	-8.5%	-7.0%
Corporate / SME	7,217	7,186	6,799	-5.8%	-5.4%
Public Sector	**1,075**	**869**	**869**	**-19.2%**	**0.0%**
Gross Customer Loans	**39,075**	**38,261**	**36,625**	**-6.3%**	**-4.3%**

- Despite credit slowdown, Ibercaja gains market share in households and companies.
- Firm commitment to financing SMEs → almost 60% of the new credit production goes to productive activities other than real estate.

Ibercaja completes its integration with Caja3

- It has fully completed the legal, commercial and technological integration of Caja3.
- The bank becomes the eighth banking group in Spain, with a business volume of €100,000 million and 3.3 million customers.
- Customers will benefit from a wider choice of products and the strength of a stronger group.
- Regional leaderships are consolidated, with diversified business sources and significant cost savings.
- The main shareholder of Ibercaja Banco, Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, becomes a banking foundation: Fundación Bancaria Ibercaja.

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The Group reaches a €356 million net profit

Consolidated income statement

(€ millions and %)	3Q14	3Q13 (1)	y/y mill. €	y/y %
Net Interest Income	**533**	**554**	**-21**	**-3.7**
Return on equity instruments	9	9	1	8.0
Net fee income	231	218	13	5.8
Return on financial operations	436	179	257	143.3
Other operating income	-49	-44	-4	-10.1
Gross Margin	**1,160**	**916**	**245**	**26.7**
Operating expenses	525	542	-17	-3.2
Other gains and losses	20	5	16	-344.4
Pre Provision Profit	**655**	**378**	**278**	**73.5**
Total provisions	157	371	-214	-57.7
Profit Before Taxes	**498**	**6**	**492**	**---**
Taxes	143	-6	149	---
Consolidated Net Profit	356	12	343	---
Net Profit Attributable to Shareholders	**356**	**13**	**342**	**---**
Banking Operating Profit*	***272***	***250***	***22***	***8.9***

* Net interest income + Net fee income + Recurrent operating expenses

(1) Proforma information for comparative purposes. 3Q2013 Caja3 data included.

- **Net interest margin** declines 3.7% due to a credit slowdown and very low interest rates.
- The outstanding performance of off-balance funds drives the rise in **net fee income** by 5.8%.
- **Operating expenses** fall 3.2% (-5.8% excluding extraordinary expenses) due to cost optimisation and materialisation of synergies within the Caja3 integration process.
- Sound evolution of the **banking operating profit** (+8.9%).
- The active management of the fixed income portfolio makes the **return from financial operations** amount to €436 million.
- **Provisions** decreased to €157 million, after having made extraordinary provisions in 2012 and 2013.

Margin recovery during 3Q2014 is especially supported by the reduction in funding costs

Interests margin performance (€ mill.)

Customer profitability and cost performance (%)

- During 3Q2014 there is a positive performance in interests margin, expanding 3.4% and 5.5% from 3Q2013 and 2Q2014, respectively.
- Customer margin widens 13 b.p. QoQ as a result of updating the bank's liabilities in a context of very low interest rates.

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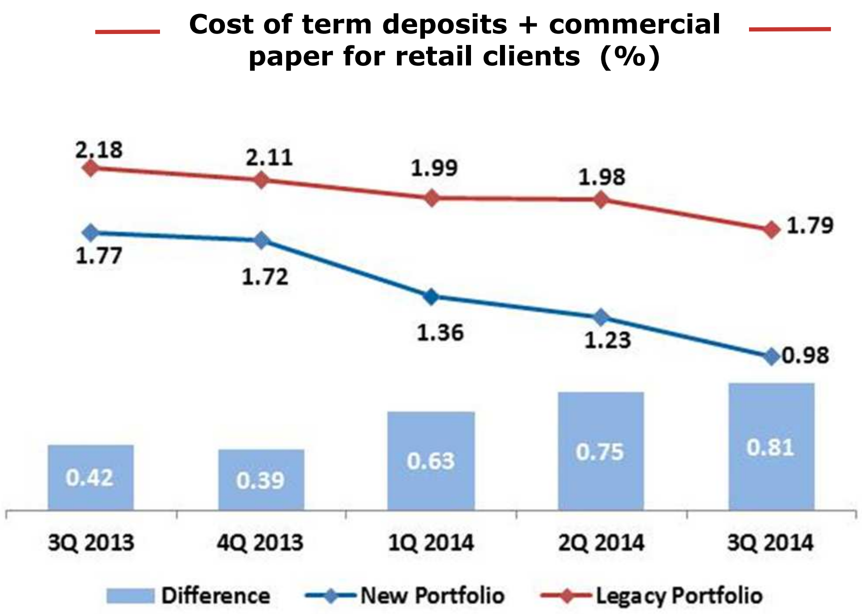
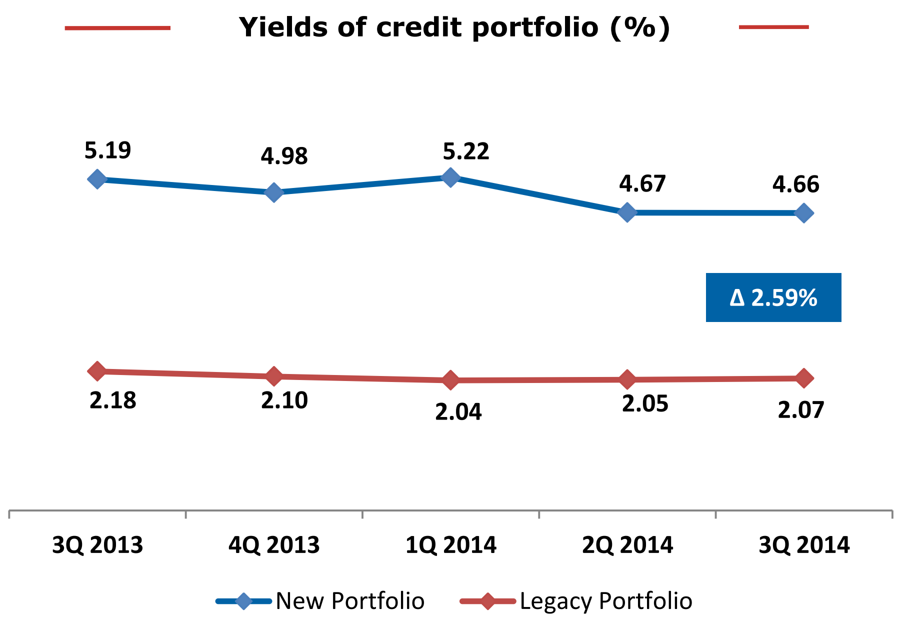
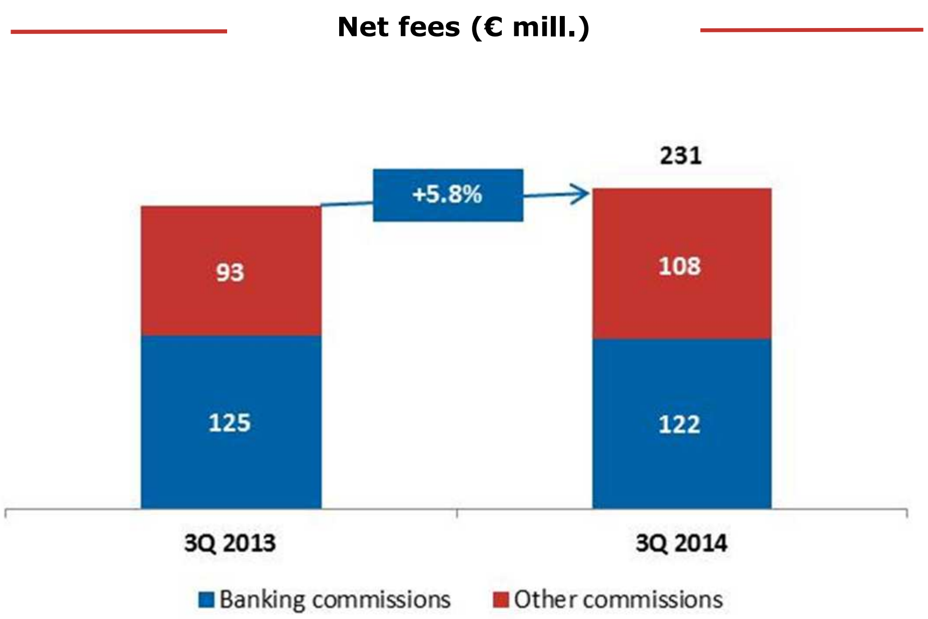
There is room for improvement in retail funding costs.

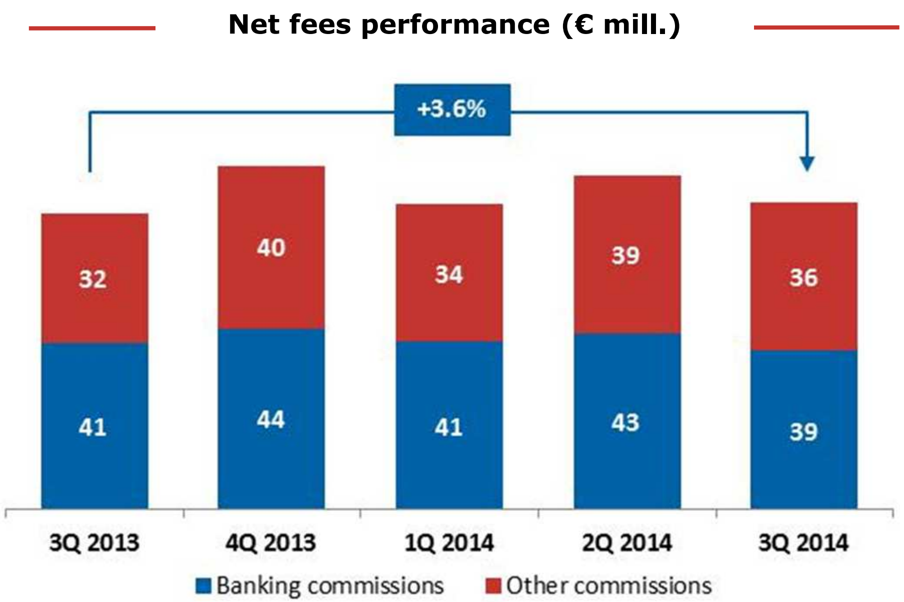




- The average rate of the front book of term deposits and commercial paper has decreased by 79 b.p. to 0.98% from 3Q2013, while the average cost of the whole portfolio dropped to 1.79%.
- There is still room for improvement in the cost of term deposits and commercial paper through remaining maturities of the back book and updated rates from the front book.
- The average yield of the loan front book improves the yield of the whole portfolio.

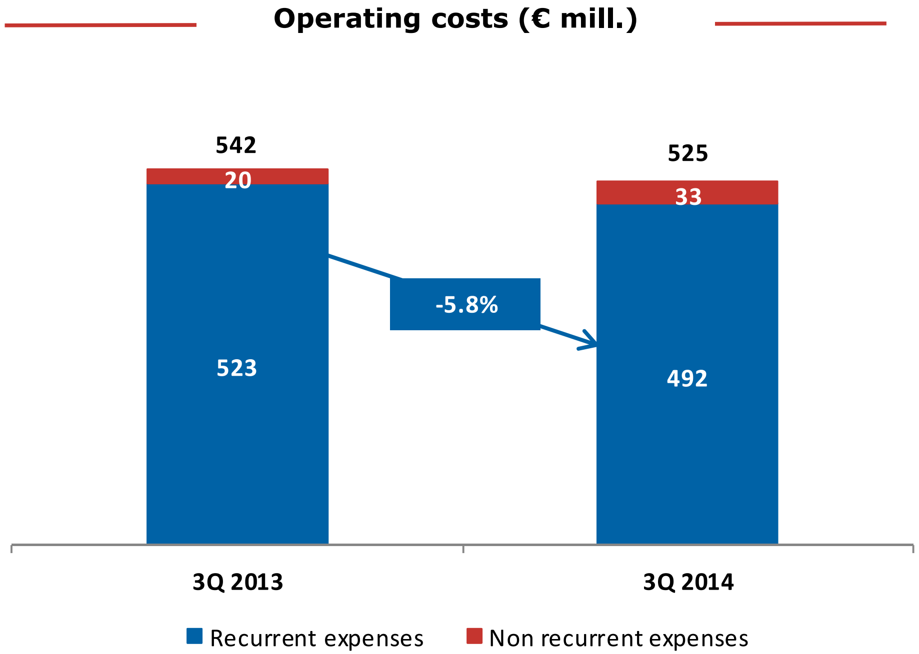
Fee generation growth is mainly supported by asset management fees





- The increase in fees stems from the growth in mutual funds, pension plans and life insurance, which stands at +16.2%.

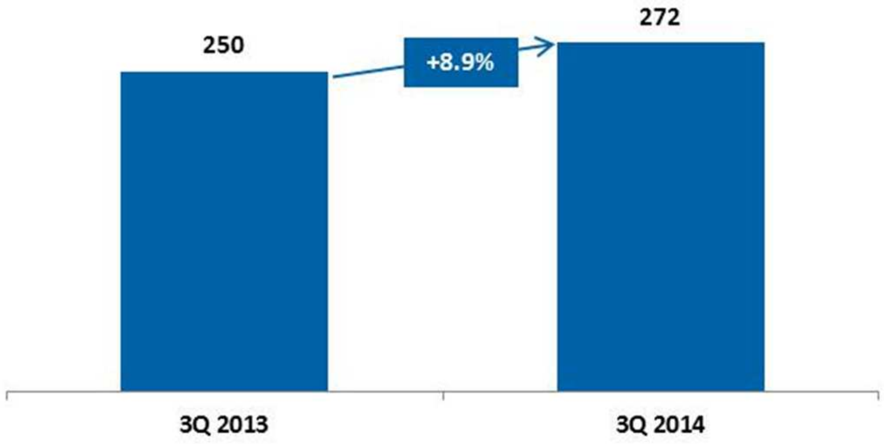
Significant drop in operating costs



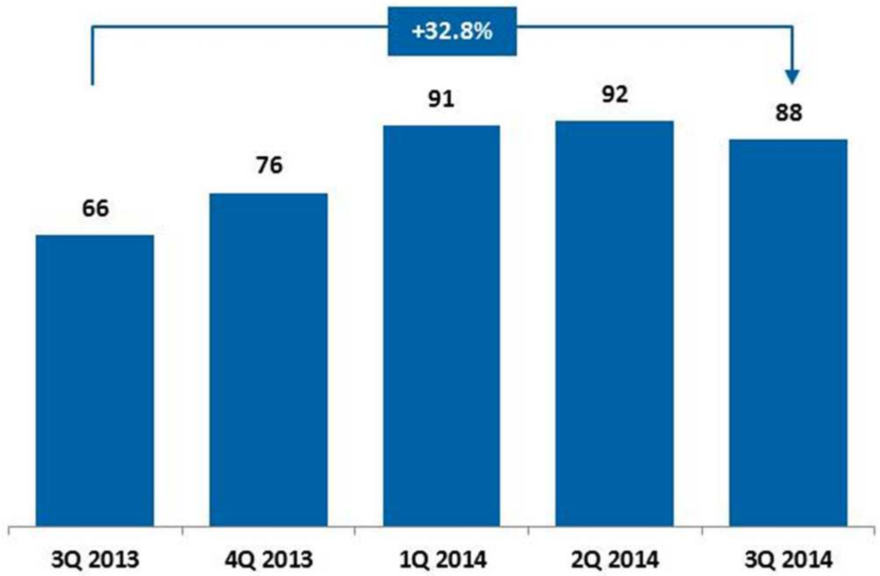
- Recurrent operating expenses, excluding extraordinary expenses from the ongoing redundancy plan (€32.5 million), decrease 5.8% YoY.
- The cost reduction will continue in the coming months thanks to the synergies arising from the integration with Caja3 and the optimisation of the workforce and the branch network.

Sound performance of banking operating profit

Banking operating profit (€ mill.)



Evolution of banking operating profit (€ mill.)



Note: Banking operating profit = Net interest margin + net fee income – recurrent operating expenses

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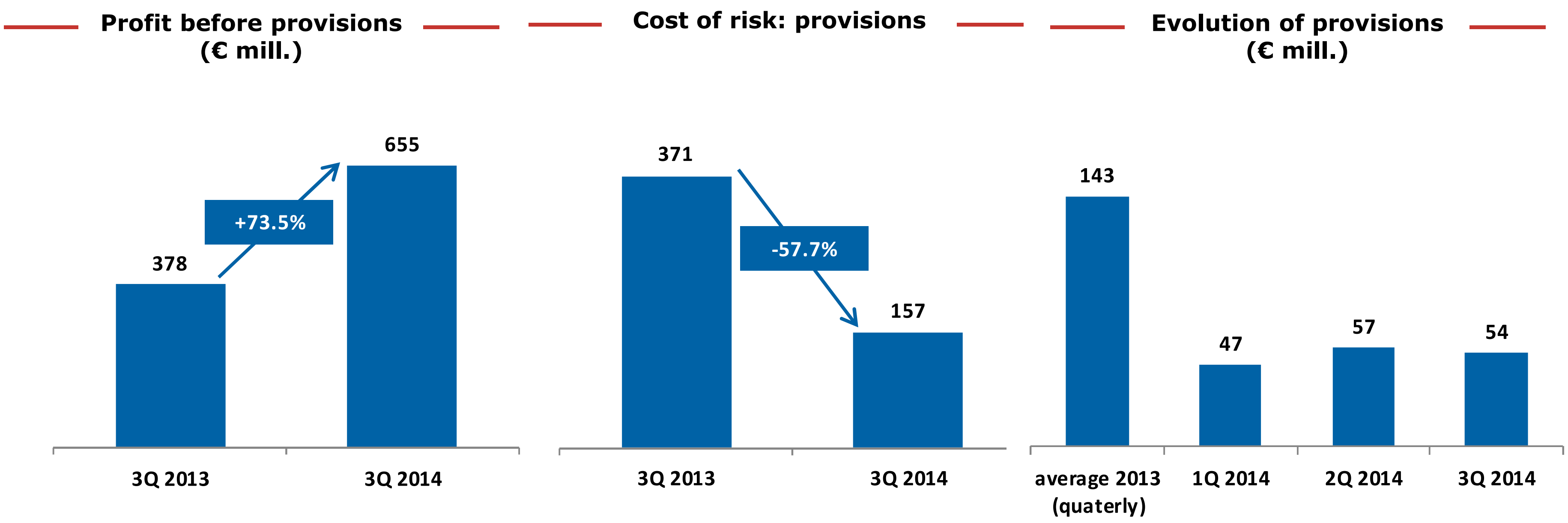
Need for lower provisions



- The major provisions made in 2013 and the sustained drop in NPLs require less provisions than last year.

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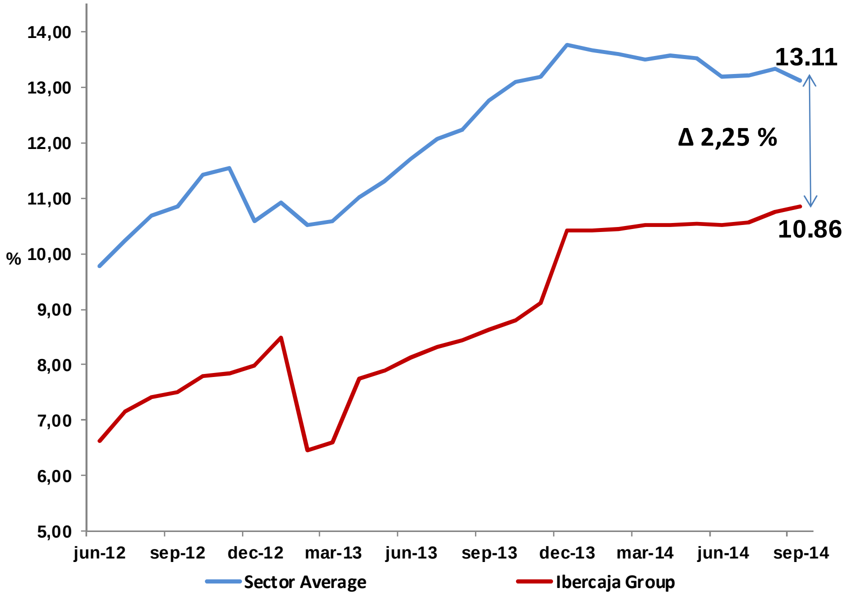
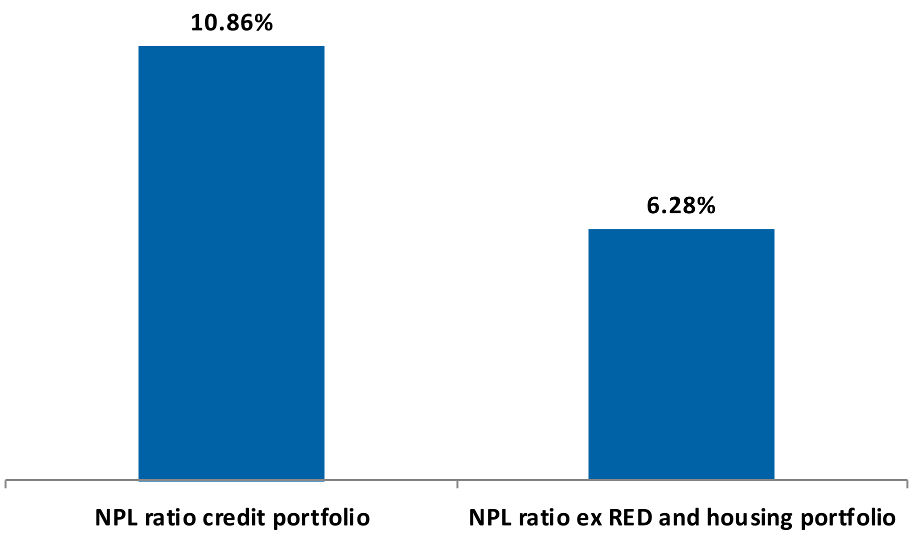
NPL ratio below system average

NPL evolution: Ibercaja vs. System average



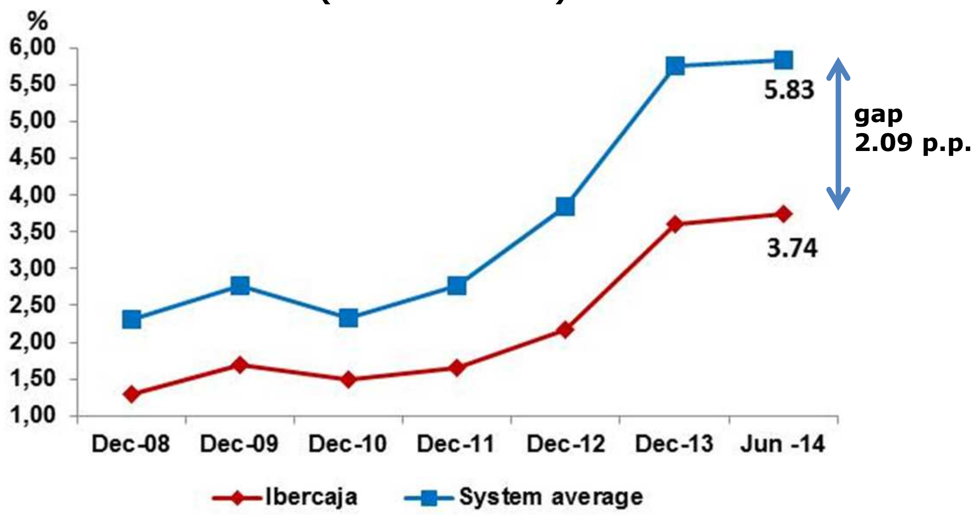
NPL ratio 3Q2014



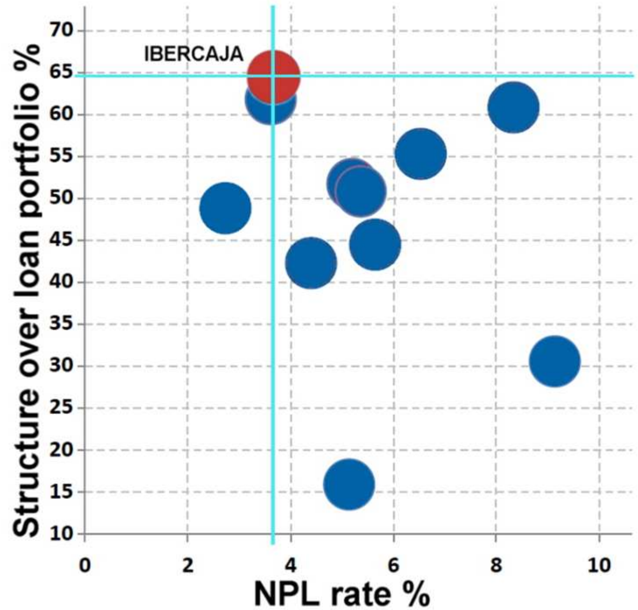
- The Group's NPL ratio, 10.86%, maintains a favourable gap of 225 b.p. below system average. Excluding RED and housing portfolio, NPL ratio falls to 6.28%.
- The entire increase in the NPL ratio is due to the decline in credit, as the doubful balance decreases year to date in €32 million.

Households NPL ratio: 36% less than the system average

Evolution of NPL ratio of credit for housing acquisitions (individual data)



NPL ratio of credit for housing acquisitions (June-14)



- Residential funding to purchase houses, the most important part of the loan portfolio (66%) shows an NPL ratio that stands 36% below the system average.

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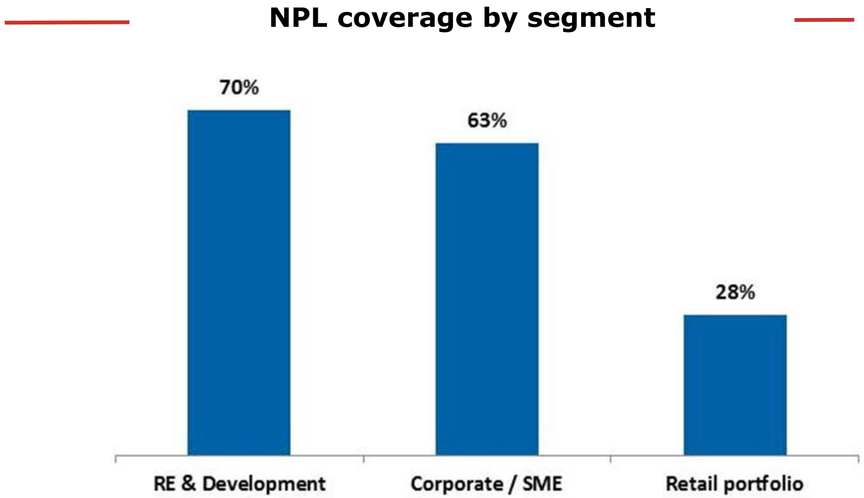
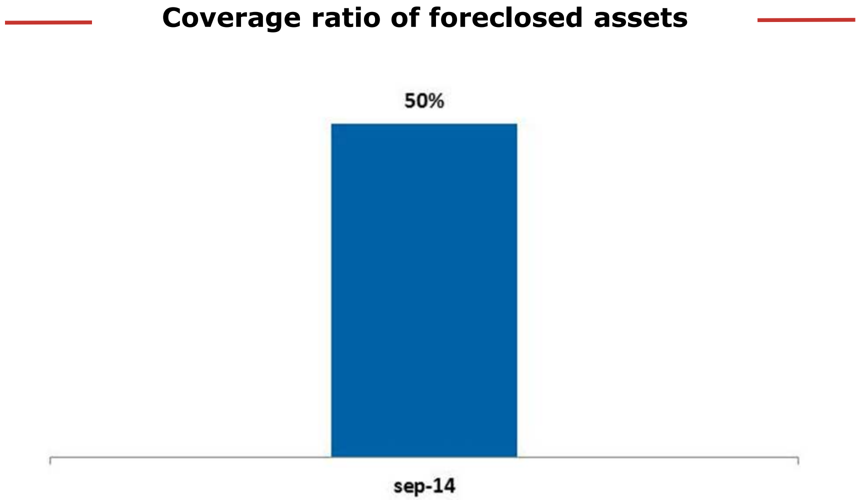
High level of coverage

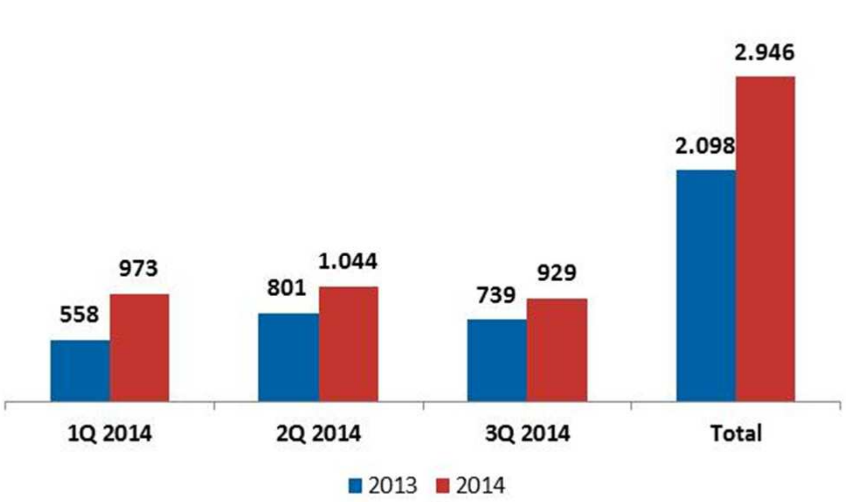




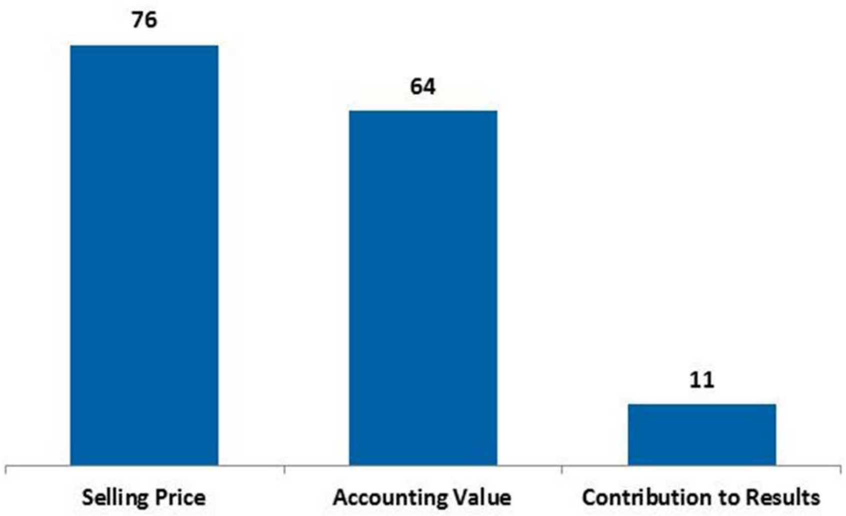
- The coverage ratio of NPLs reaches 56%. This sound level is a direct consequence of the effort made in provisions during the last two years.
- The specific coverage of RED and housing non-performing loans stands at 70%, while that of corporates and SMEs reaches 63%. Bank guarantees constituted in retail funding for house purchases explain a lower need for provisions in the retail segment.
- The coverage ratio of foreclosed assets represents 50% of the total exposure (€1,826 million).

Acceleration in the pace of property sales

Sale of own and third party properties (in units)



Impact on results of the Group's properties sales



- Sales of own and third party properties has considerably accelerated throughout the year. By the end of the third quarter, the number of units sold has increased 40.4% YoY.
- Sales of own properties show a positive result net of provisions.

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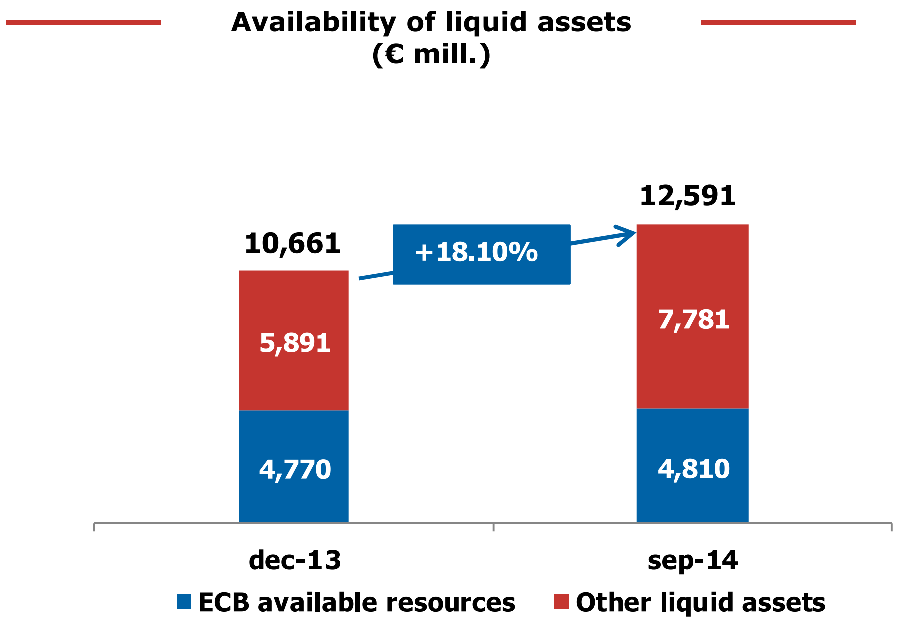
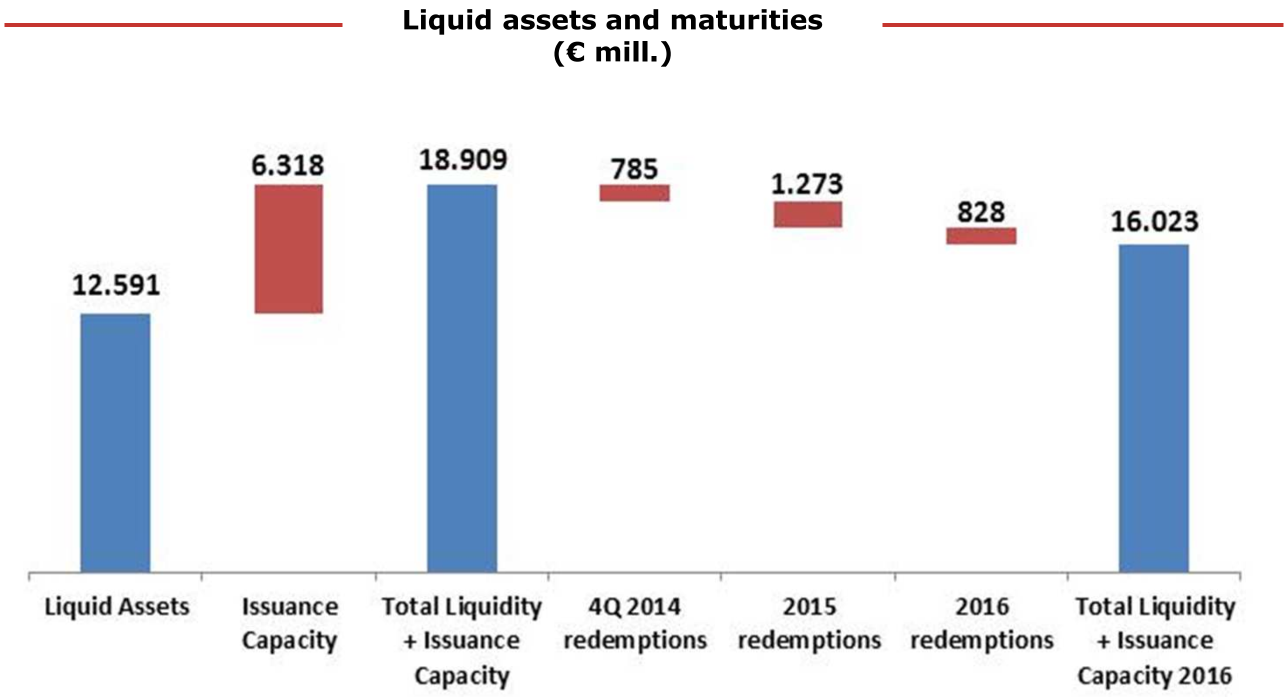
Further reinforcement of liquidity and reduction of commercial gap



- The Group maintains a sound liquidity position and a low dependence on wholesale markets funding.
  - Available liquid assets, €12,591 million, represent approximately 20% of the balance sheet.
  - Additionally, issuance capacity of covered bonds amounts to €6,318 million.

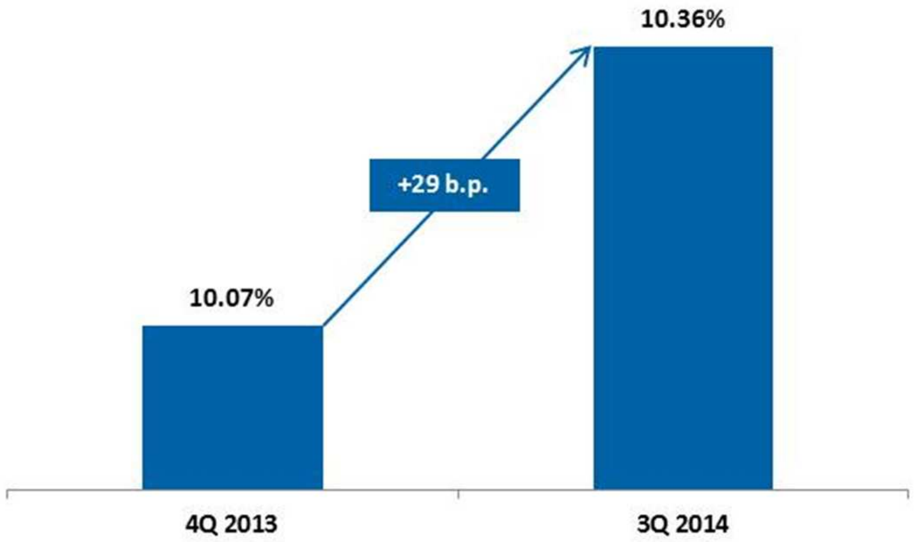
Liquid assets and maturities



- The Group has sufficient sources of liquidity to comfortably meet the maturities in the coming years.
- Ibercaja plans to attend the upcoming TLTRO that will take place in December with approximately €900 million.

Solvency position

CET 1 BIS III phased -in



- The CET1 phased-in ratio increases to 10.36%, a rise of 29 b.p. year to date.

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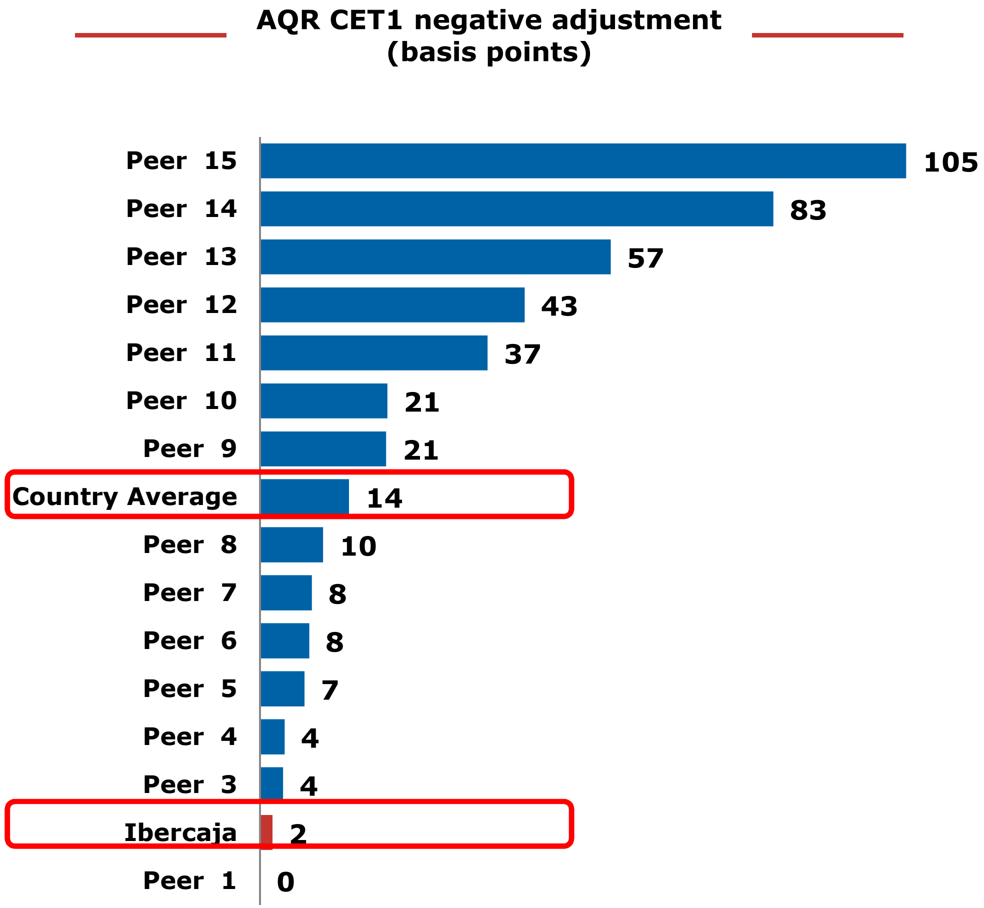
Asset Quality Review

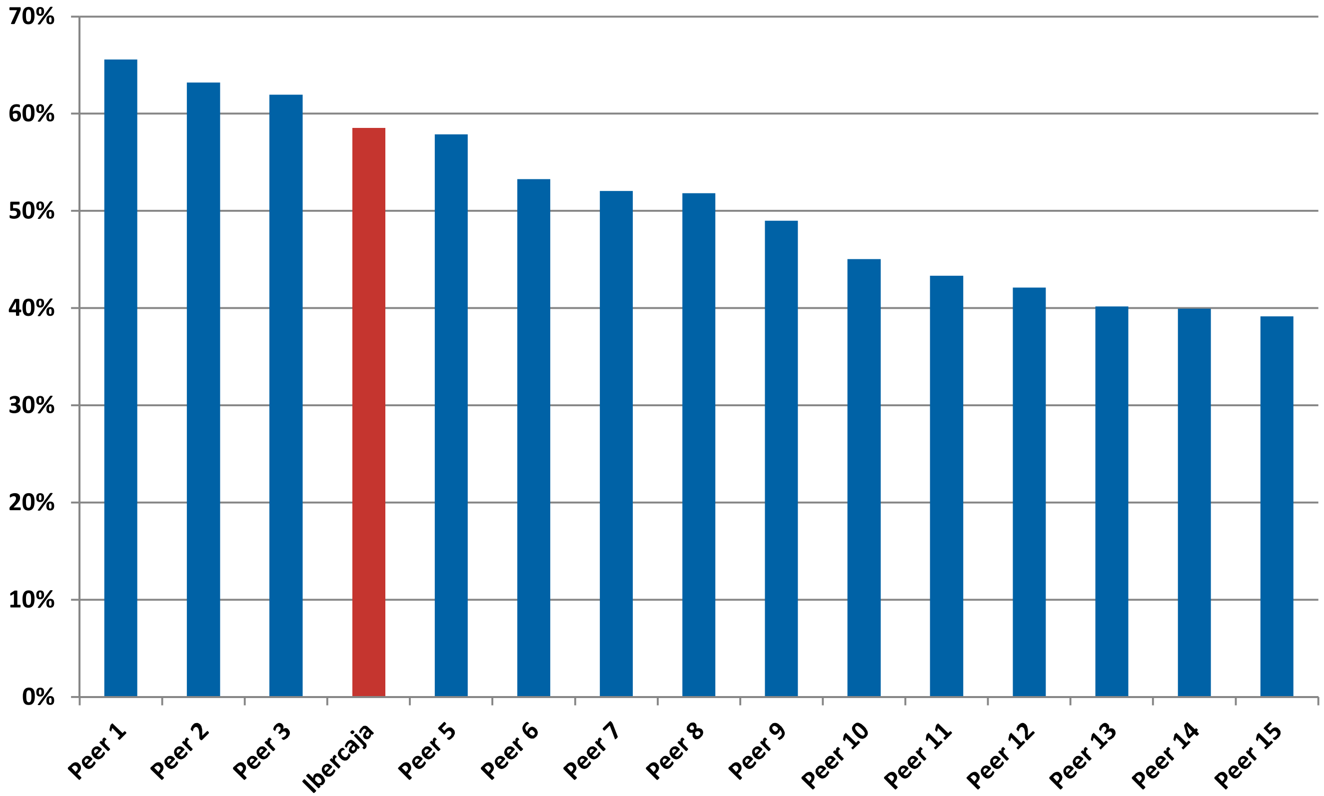


- European AQR has highlighted the quality of Ibercaja Banco loan portfolio, its high standards of provisioning to counteract riskier assets and its strict policy for categorising and identifying risks within its portfolio.

- As a consequence, additional provisions are irrelevant and account for €7 million, or 0.05% of total amount of 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

Doubtful exposures coverage ratio
(AQR results)



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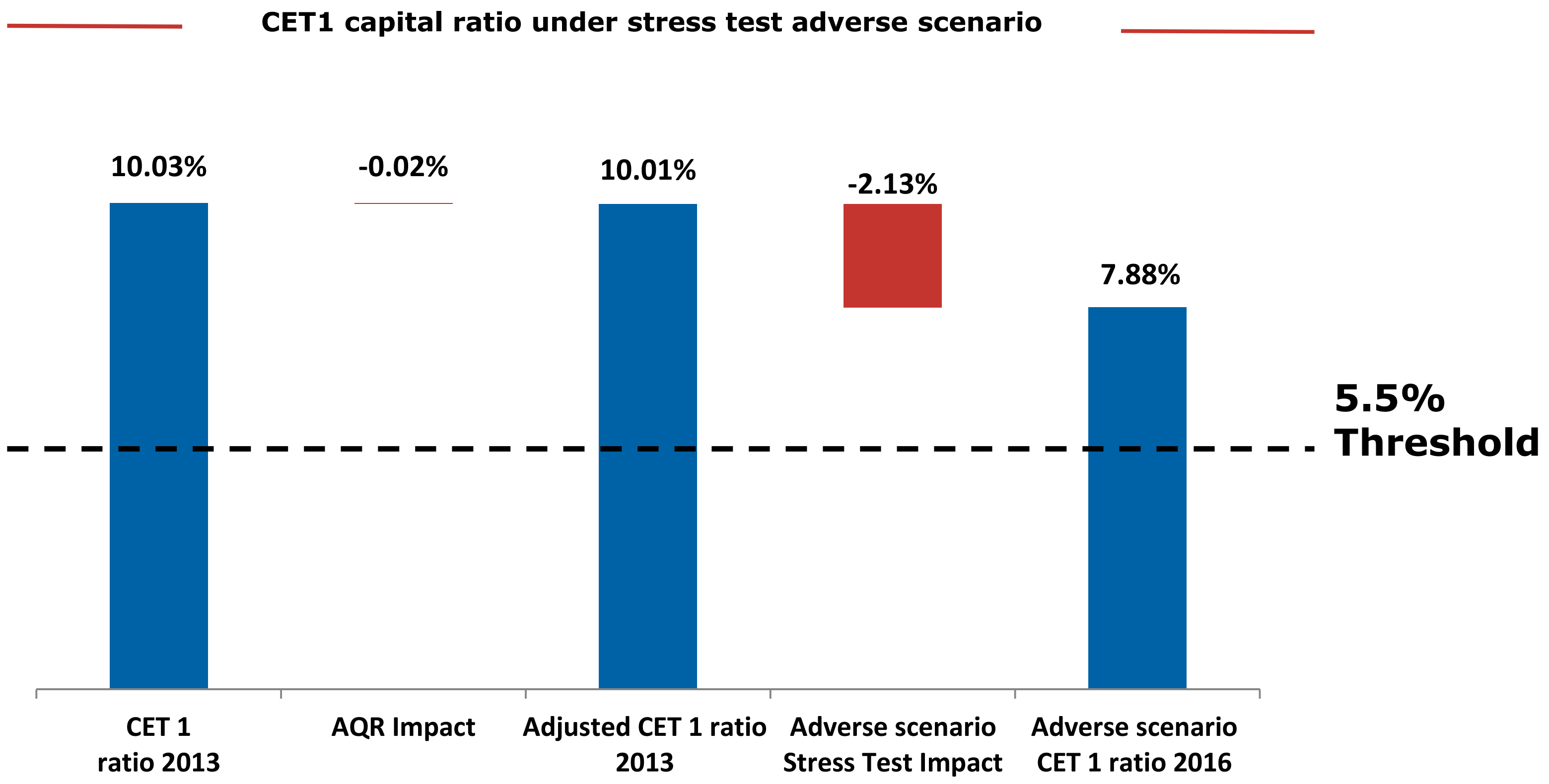
Ibercaja has passed the Comprehensive Assessment with a comfortable capital surplus

Ibercaja results in the Comprehensive Assessment

	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 (Million €)	**694**	**657**

- Ibercaja, under both scenarios, has a capital ratio that exceeds in more than two percentage points the minimum requirements, being such excess superior to €600 millions of own resources.

Ibercaja, under the stress test adverse scenario, exceeds in over 40% the minimum requirements



- Under the adverse scenario that reflects a negative macroeconomic environment with harsh market conditions, Ibercaja Banco would account for a CET 1 capital ratio of 7,88%, fairly above the minimum requirement of 5,5%.