

1H2015 RESULTS

July 31, 2015

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Main Highligths

- **Commercial Activity**
- 1H2015 Results
- **Asset Quality, Liquidity and Solvency**
- **Final Remarks**



Main Highligths

- Total retail funds increase 2.6% YoY with a profitable mix. Current accounts and off-balance sheet funds represent 68.5% of total retail funds.
 - Ibercaja Banco reaches €9bn in mutual funds with a 3.9% market share.
- New lending production accelerates and reaches €1.9mm (35.9% YoY) in 1H, however deleveraging still taking place (-5.0% YoY).
 - Consumer loan portfolio grows 6.7% YTD and SME lending turns positive QoQ.
- Net profit of €69.7mm. Deposit cost reduction, non banking commissions (+12.1% YoY) and a sound decrease in recurring operating expenses (-3.0% YoY) drive the P&L account.
- NPL ratio down 45 basis points to 10.3% with one of the highest coverage ratios in the sector (57.2%). NPL stock decreases 7.6% YoY (€301mm).
- CET1 Phased-In ratio improves 41 b.p. YTD to 11.5%.
 - ✓ Ibercaja Banco has recently completed a placement of Tier II debt totalling €500mm. The transaction represents 200 basis points of Tier II capital, fulfilling the bucket required by Basel III regulation for this instrument.



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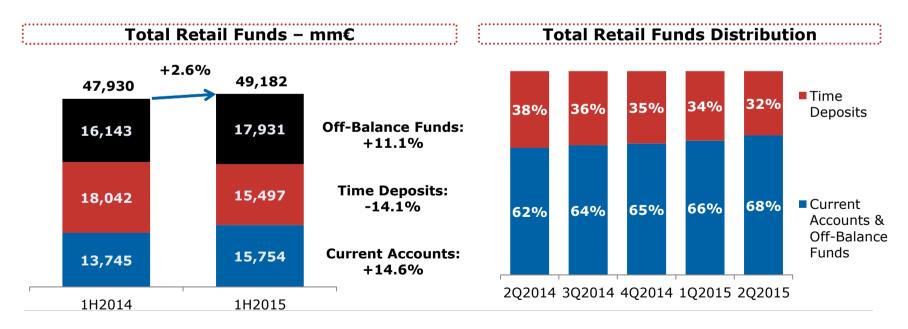


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Retail Funds (1/2)

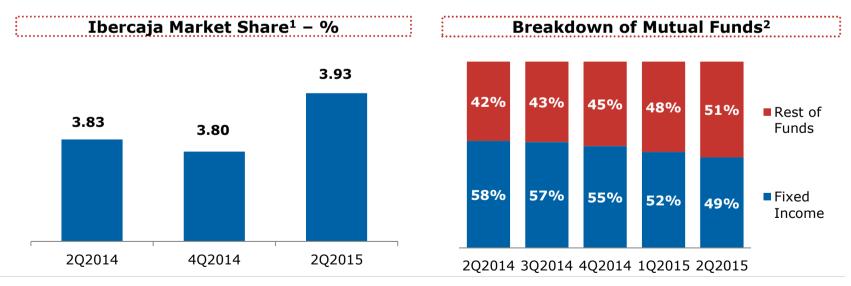
- Total retail funds increase 2.6% YoY (+€1.3bn).
 - **Profitable mix:** current accounts and off-balance sheet funds represent 68.5% of total retail funds vs. 62.4% in 1H2014.
 - Strong increase in off-balance sheet funds (+11.1% YoY), especially focused on mutual funds (+24.6% YoY).





Retail Funds (2/2)

- Excellent evolution in mutual funds: Ibercaja Banco reaches €9bn funds with a 3.9% market share. Ibercaja Gestión becomes the 8th largest mutual fund manager¹ in Spain.
 - Net new money in 1H reaches €1.3bn (+124.4% YoY).
 - Market share well in excess of the banking business and growing (+13 b.p. YTD).
 - Improved product mix with fixed income funds already below 50% of total funds.



¹ Source: Inverco



² Ibercaja Gestión

Customer Loans (1/2)

Loan Portfolio Evolution – mm€

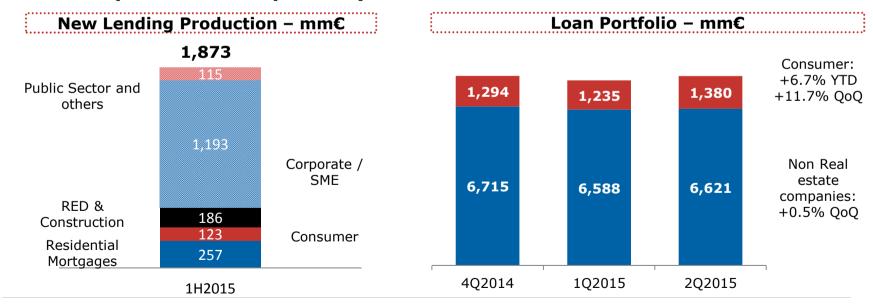
	1H2014	2H2014	1H2015	YoY	YTD
Loans to Individuals	25,879	24,979	24,470	-5.4%	-2.0%
Mortgages	24,388	23,685	23,090	-5.3%	-2.5%
Consumer & Others	1,491	1,294	1,380	-7.5%	6.7%
Loans to SME/Corporate	10,458	10,016	9,728	-7.0%	-2.9%
Real Estate	3,545	3,301	3,107	-12.4%	-5.9%
Non Real Estate	6,914	6,715	6,621	-4.2%	-1.4%
Public Sector & Others	822	1,066	1,105	34.5%	3.6%
Gross Loans ex Reverse Repo	37,159	36,061	35,303	-5.0%	-2.1%

- Deleveraging still taking place with a 5.0% YoY fall of customer loans focused in residential mortgages and the progressive reduction of real estate loans.
 - Recent evolution shows more encouraging trends. Loan portfolio falls just 0.5% on quartely basis, a significant improvement vs. previous quarters.



Customer Loans (2/2)

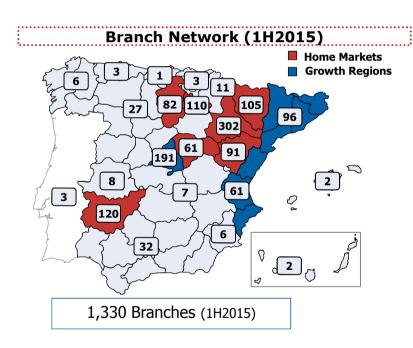
- New lending production is on track to achieve the €4bn target for 2015.
 - New lending production accelerates in the 2Q (€1.2bn) and reaches €1.9bn in 1H with a 35.9% YoY increase.
 - SME new loan production increases 54.7% YoY accounting for 64% of total new lending.
- As a consequence, consumer lending grows 6.7% YTD and SME lending turns positive on a quarterly basis.





Main Markets Evolution

Ibercaja Banco's early expansion into Madrid and the Mediterranean Basin "Growth Regions" has resulted in a well established footprint outside the bank's Home Markets. These regions represent close to 30% of Ibercaja Banco's business volume.



- Recent trends in the Growth Regions are positive:
 - New loan production grows 45.8% YoY and represents 47.9% of total production in 1H.
 - Total retail funds increase 6.7% YoY.
- In Aragón, synergies from Cajatres integration are materialising while maintaining the strong market share:
 - 24 additional branch closures in Aragón during the semester.
 - Customer funds increase 1.3% YoY.



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1H2015 Results

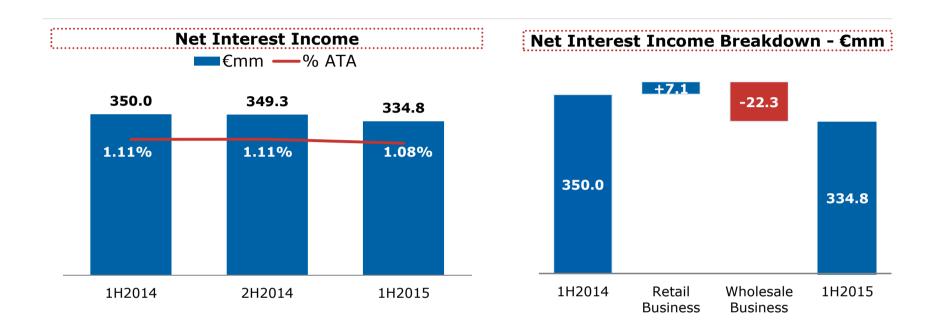
mm€	1H2014	1H2015	YoY	1H14 Non- recurring Items	1H15 Non- recurring Items	Adjusted YoY ¹
Net Interest Income	350.0	334.8	-4.3%			
Net Fee Income	155.9	163.9	+5.1%			
Trading Income	423.8	94.1	-77.8%	-380.3	-9.6	
Other Operating Inc. / Exp. (Net)	10.0	20.6	+106.0%			
Gross Operating Income	939.7	613.4	-34.7%			7,9%
Operating Costs	-354.9	-310.9	-12.4%	+34.3		-3.0%
Pre Provision Profit	584.8	302.5	-48.3%			22.7%
Total Provisions	-103.8	-208.6	+100.9%		+64.8	38.5%
Other Gains and Losses	5.4	4.7	-13.0%			
Profit Before Taxes	486.4	98.6	-79.7%			9.6%
Taxes & Minorities	144.6	28.9	-80.0%			
Net Profit Attributable to Shareholders	341.8	69.7	-79.6%			9.8%

¹ For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm) and extraordinary expenses for the redundancy plans (€34.3mm in 1H2014). For 1H2015, it excludes the result from the sale of doubtful and written off loans (€9.6mm) and extraordinary provisions of €64.8mm.

Note: for comparative purposes and due to IFRIC21 application (DGF levies) 1H2014 figures have been restated



Net Interest Income



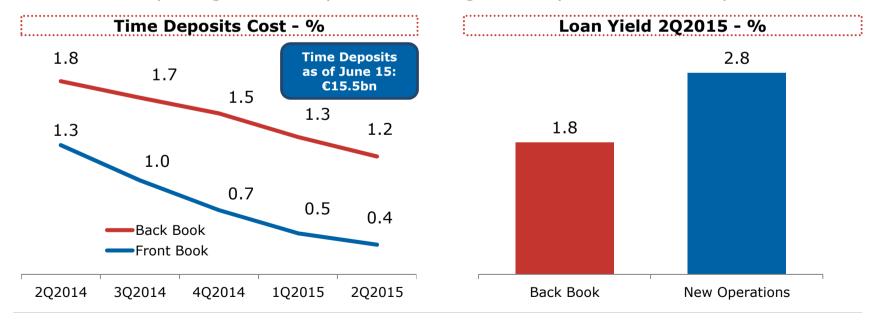
Net interest income down 4.3% YoY.

- Positive growth in retail business revenues as deposit cost reduction offsets loan deleveraging and Euribor fixing at historic lows.
- Income reduction in wholesale business mainly related to the lower contribution of SAREB bonds and the progressive reduction of the fixed income portfolio.



Margin Evolution (1/2)

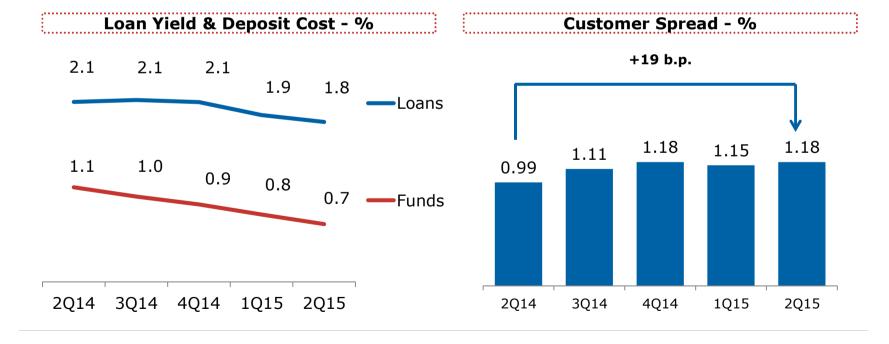
- Retail funds cost reduction continues in 1H2015.
 - The repricing of time deposits book at current market rates represents a significant margin opportunity amounting to over €110mm or 17% of NII.
- Positive dynamics in loan repricing thanks to an improved new lending mix.
 - Loan pricing for new operations is significantly above current portfolio.





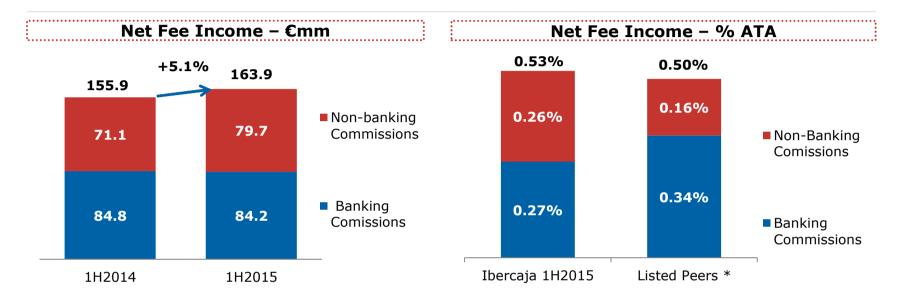
Margin Evolution (2/2)

■ Client margin improves 3 basis points QoQ (+19 b.p. YoY) as cost deposit reduction compensates for the lower loan yield.





Net Fee Income

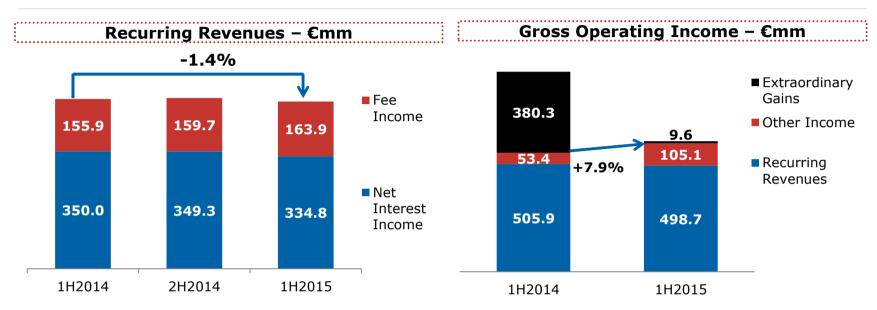


- Strong growth in net fee income (+5.1% YoY) driven by non-banking commissions (+12.1%).
 - Non-banking commissions as % of ATA significantly higher than listed domestic banks thanks to 100% ownership of financial group ("Grupo Financiero").
- Banking commissions (-0.7%) are affected by regulatory changes in credit cards fees.
 - Growth in SME lending represents an opportunity to increase banking commission as % of ATA.



^{*} Listed Peers includes Caixabank, Bankia, Popular, Sabadell, Bankinter & Liberbank. Data as of 1Q2015

Gross Operating Income

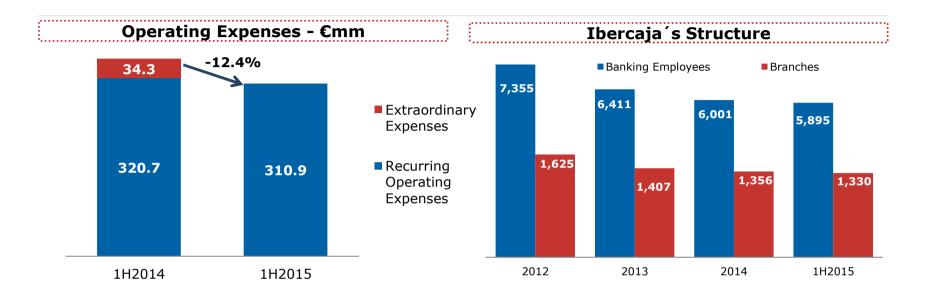


- Recurring revenues (net interest income + net fee income) remains fairly stable YoY (-1.4%).
 - In a low rates and deleveraging environment, Ibercaja Banco strong franchise in asset gathering is a key strength to increase revenues.
- Adjusted gross operating income grows 7.9%¹.
- Reported gross operating income drops 34.7% YoY due to lower extraordinary trading income.

¹ For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm). For 1H2015, it excludes the result from the sale of doubtful and written off loans (€9.6mm).



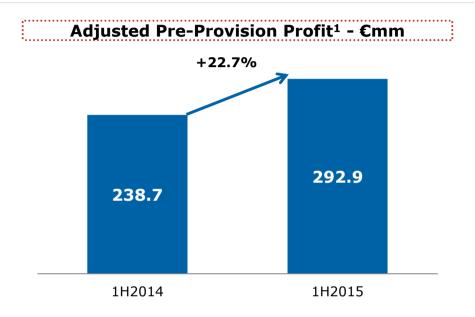
Operating Expenses



- Sound decline in recurring operating expenses (-3.0% YoY).
 - After provisioning redundancy plans in 2014, cost synergies will positively impact the P&L as execution progress in coming quarters.
- Since 2012, a 20% reduction in headcount has already been implemented
 - 1.9% reduction in headcount and branches during the semester.



Pre-Provision Profit

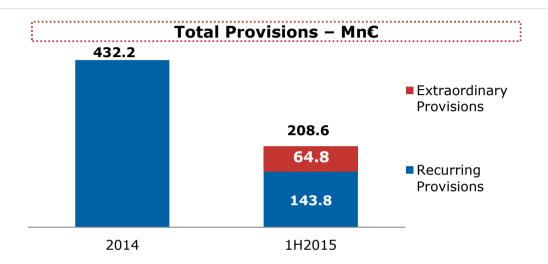


- Adjusted pre-provision profit¹ increases 22.7% YoY.
- Reported pre-provision profit fall (-48.3%) is due to lower extraordinary trading income.

¹ For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm) and extraordinary expenses for the redundancy plans (€34.3mm in 1H2014). For 1H2015, it excludes the result from the sale of doubtful and written off loans (€9.6mm).



Provisions and Net Profit



- Total provisions reach 209Mn€ in 1H2015. Ibercaja has increased its provisioning effort with extraordinary provisions of €64.8mm in 1H.
 - Annualised recurrent provisions still above normalised levels.
 - Ibercaja targets a 0.5% cost of risk in 2016
- Reported net profit stands at €69.7mm. Adjusted net profit¹ increases 9.8% YoY.

 $^{^{1}}$ For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm) and extraordinary expenses for the redundancy plans (€34.3mm in 1H2014). For 1H2015, it excludes the result from the sale of doubtful and written off loans (€9.6mm) and extraordinary provisions of €64.8mm.



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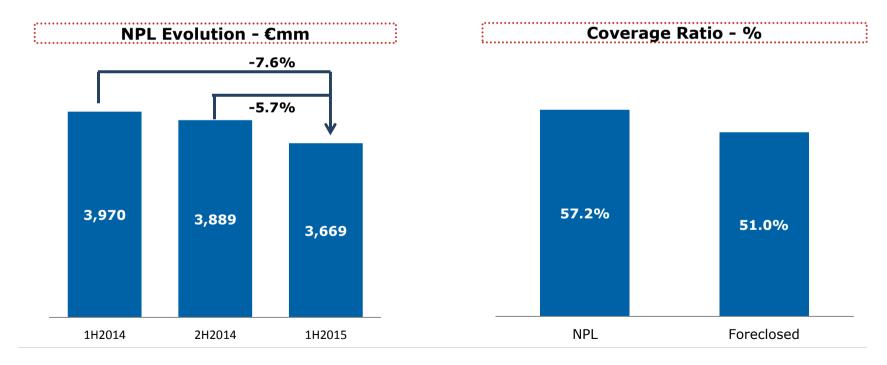


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Asset Quality (1/2)

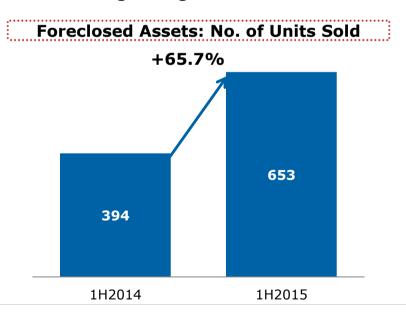
- NPL ratio down 45 basis points YTD to 10.3% (10.8% in 2014). Ibercaja NPL ratio is 10% lower than the sector while maintaining one of the highest coverage levels.
 - Mortgage NPL ratio is 3.9%, one of the lowest in the sector.
- NPL stock down 7.6% YoY (€301mm).





Asset Quality (2/2)

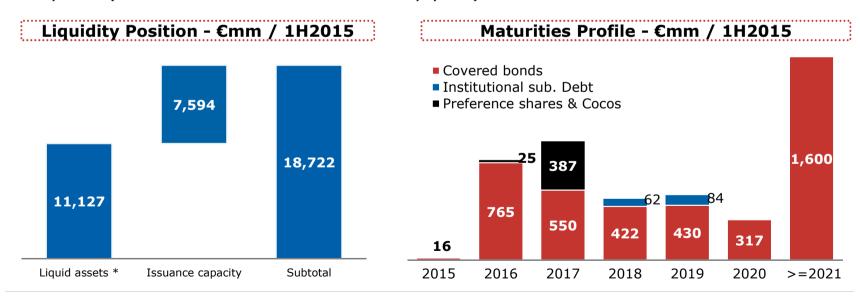
- Net stock of foreclosed assets stand at €0.9bn and remains broadly stable YTD (+€7.9mm vs. 2014).
- Net positive results in foreclosed asset sales during the period (+€6.5mm).
- In 2Q, Ibercaja Banco has sold a portfolio of doubtful and written-off unsecured loans, which were fully provisioned, totalling €210mm. The transaction has generated a gross gain of €9.6mm.





Liquidity and Solvency (1/4)

- Ibercaja Banco benefits from a comfortable liquidity position with available liquid assets over €11,1bn (18.2% of total assets).
- LCR and NSFR ratios stand at 231% and 115% respectively (1H2015).
- Loan to Deposits ratio stands at 92%¹.
- **■** ECB funding: €2.7bn (4.3% of TA, -€2.1bn YTD), of which TLTRO €2.1bn.
- No relevant maturities left in 2015 and no significant concentration in coming years (below 1.5% of total assets every year).



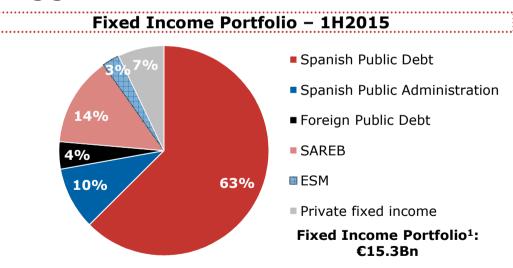
¹ Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.



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

Liquidity and Solvency (2/4)

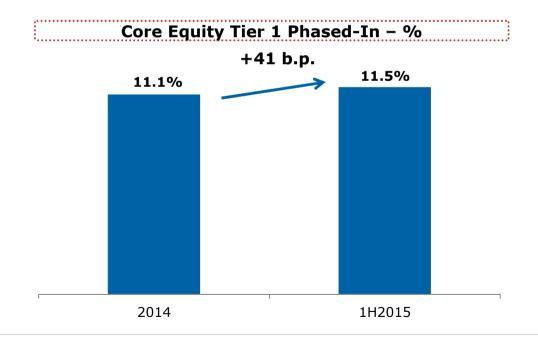
- Fixed income portfolio: Low risk with focus on Spanish sovereign debt and a low duration.
 - Average duration of 3.2 years and unrealised capital gains over €136mm as of June 2015 (of which €46mm are AFS).
 - Average yield stands at 1.9%.
- **■** Early in 2Q, the portfolio was reduced by 5%. During the quarter, it has generated trading gains of over €50mm.





Liquidity and Solvency (3/4)

- CET1 Phased-In ratio: 11.5%
- Total Capital Phased-In ratio: 14.0%¹
- RWA/AT at 39.6% calculated under the standardised approach.

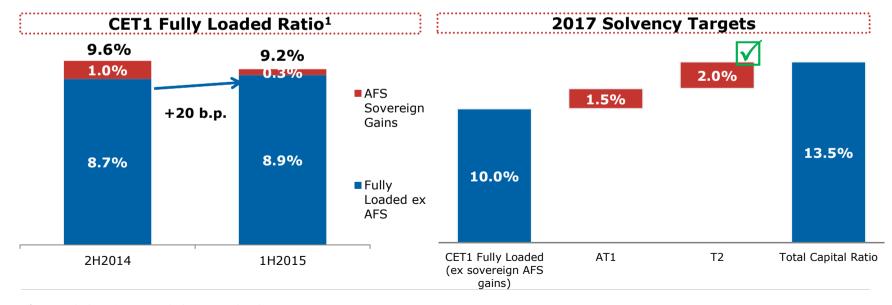


¹ Including recent Tier II transaction



Liquidity and Solvency (4/4)

- Ibercaja Banco has recently completed a placement of Tier II debt totalling €500mm. The transaction represents 200 basis points of Tier II capital, fulfilling the bucket required by Basel III regulation for this instrument.
- Issuing a Tier 2 security is the first step towards **building a more diversified** and efficient capital structure after the Cajatres integration. The next step will be the IPO in any case no later than December 2018.
- Ibercaja Banco is on track to reach a 10% CET1 Fully Loaded ratio (ex AFS sovereign gains) and a 13.5% Total Capital ratio by 2017.



¹ Not including CoCos; including unrealised AFS gains



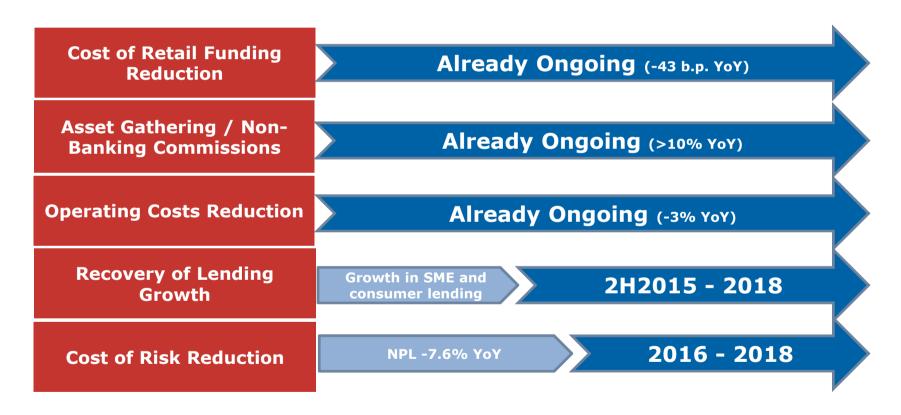
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Final Remarks

■ Ibercaja's Business Plan value drivers are gathering speed and will boost the P&L account in coming quarters.

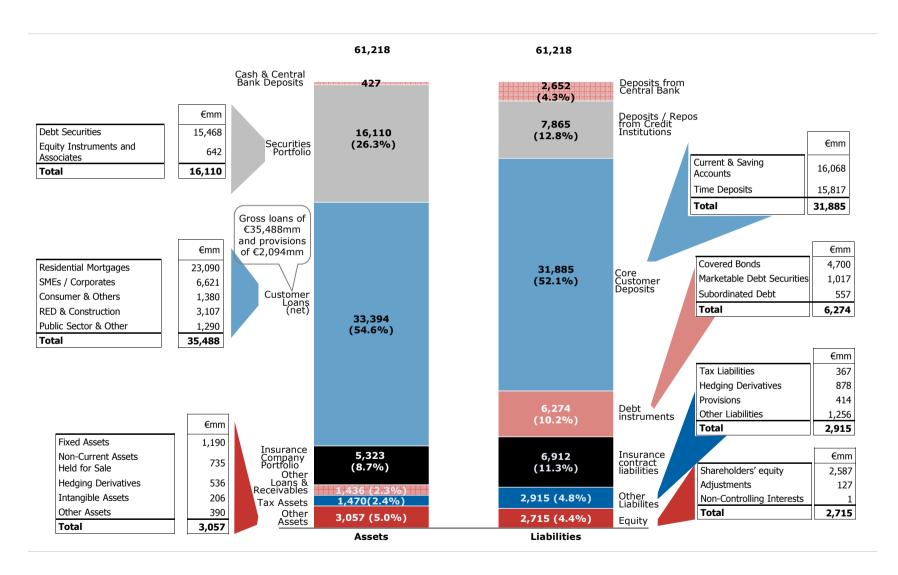






Annex 1: Balance Sheet

Consolidated Balance Sheet





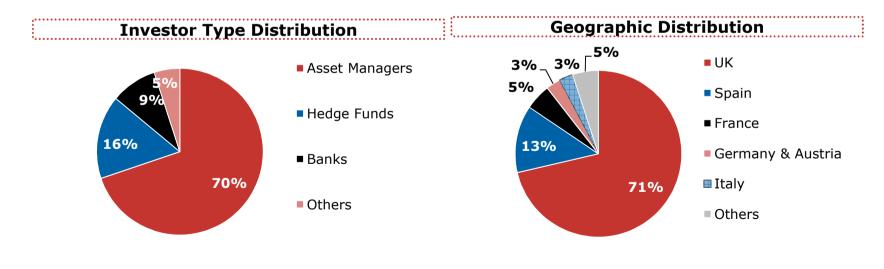


Annex 2: Tier II Transaction



Tier II Transaction

- On July 21 Ibercaja Banco completed a placement of subordinated debt (Tier II) totaling €500mm maturing in 10 years. The yield on the bonds has been set at 5%. The demand has exceeded €925mm with orders from more than 70 investors.
- The €500mm represent 200 basis points of Tier II capital, fulfilling the bucket required by Basel III regulation.
- Ibercaja Banco is the first Spanish non listed bank to issue subordinated debt since the beginning of the restructuring of the financial system.







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