

1H2015 RESULTS

July 31, 2015

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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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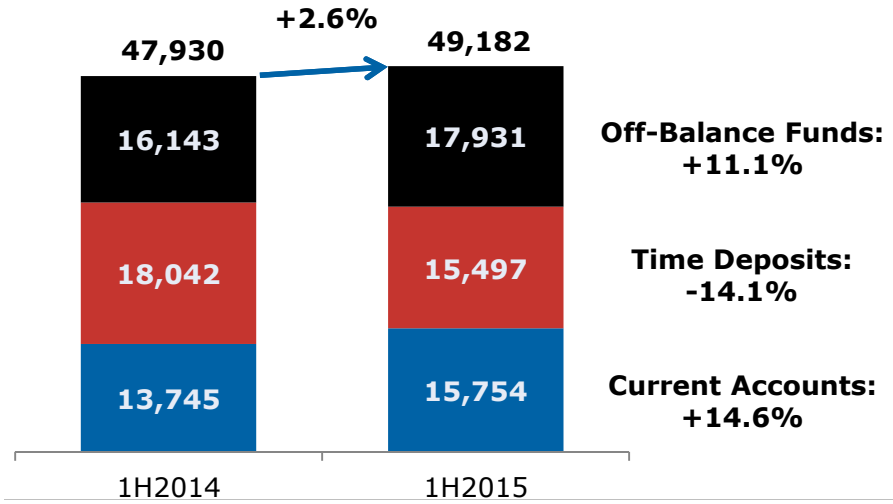
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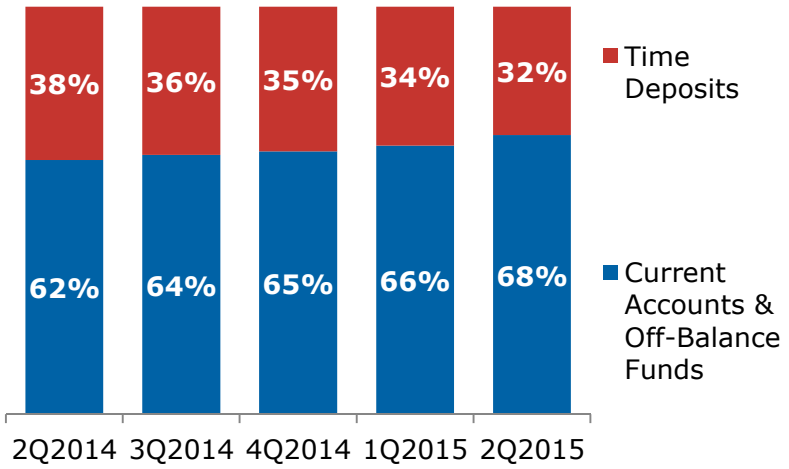
Retail Funds (1/2)

- **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).

Total Retail Funds – mm€



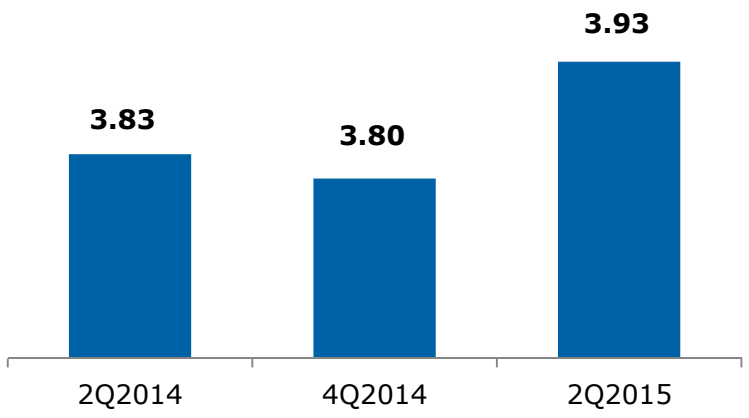
Total Retail Funds Distribution



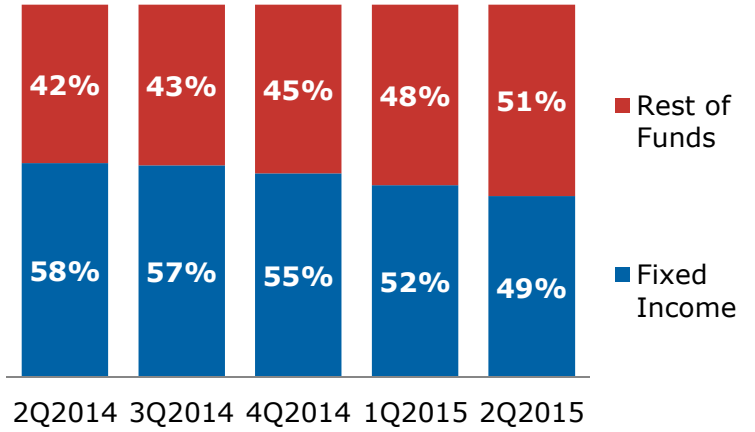
Retail Funds (2/2)

- **Excellent evolution in mutual funds:** Ibercaja Banco reaches €9bn funds with a 3.9% market share. Ibercaja Gestión becomes the 8th largest mutual fund manager[1] 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.

Ibercaja Market Share[1] – %



Breakdown of Mutual Funds[2]



[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%**

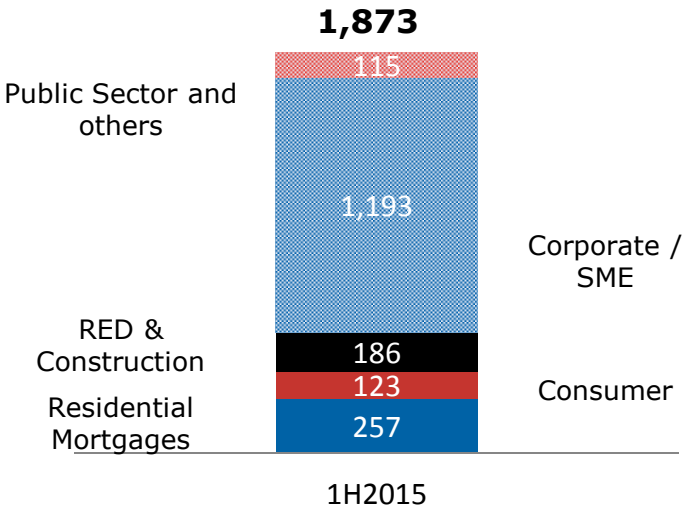
- **Deleveraging still taking place with a 5.0% YoY fall of customer loans focused in residential mortgages and the progressive reduction of real estate loans.**
  - Recent evolution shows more encouraging trends. Loan portfolio falls just 0.5% on quartely basis, a significant improvement vs. previous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

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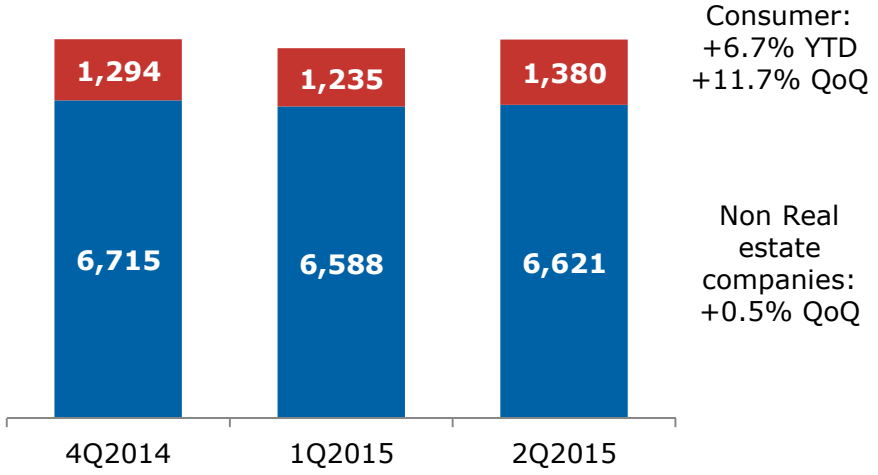
Customer Loans (2/2)

- **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.**

New Lending Production – mm€



Loan Portfolio – mm€

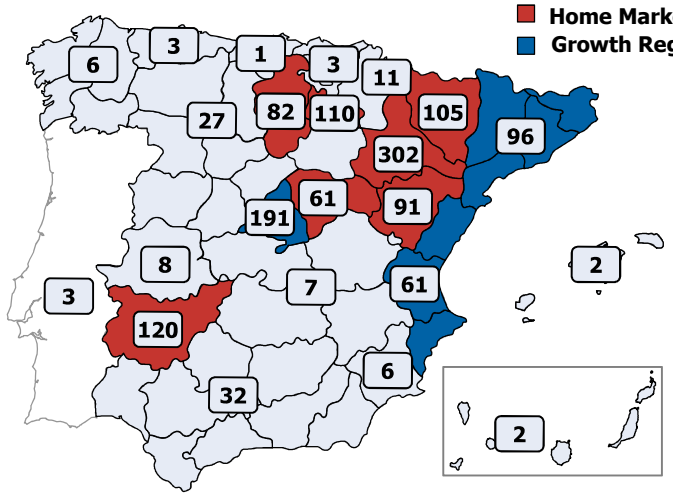


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Main Markets Evolution

- 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.**

Branch Network (1H2015)



1,330 Branches (1H2015)

- 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

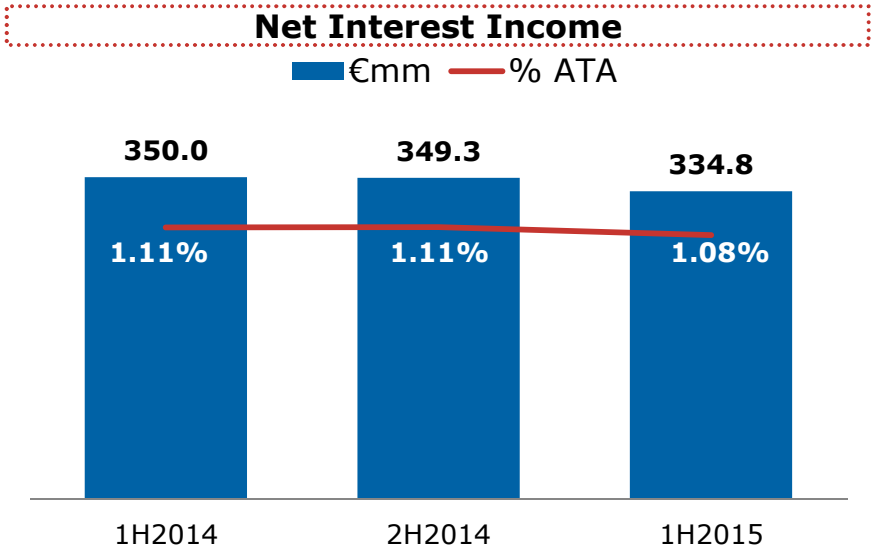
mm€	1H2014	1H2015	YoY	1H14 Non-recurring Items	1H15 Non-recurring Items	Adjusted YoY[1]
Net Interest Income	**350.0**	**334.8**	**-4.3%**			
Net Fee Income	155.9	163.9	+5.1%			
Trading Income	423.8	94.1	-77.8%	-380.3	-9.6	
Other Operating Inc. / Exp. (Net)	10.0	20.6	+106.0%			
Gross Operating Income	**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%**

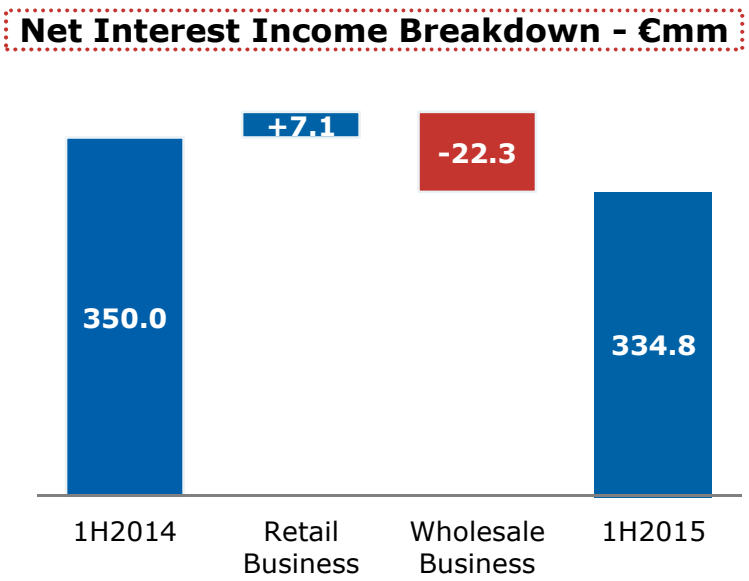
[1] For 2014, it excludes trading gains related to the extraordinary sale of the fixed income portfolio (€380.3mm) and extraordinary expenses for the redundancy plans (€34.3mm in 1H2014). For 1H2015, it excludes the result from the sale of doubtful and written off loans (€9.6mm) and extraordinary provisions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

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

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Net Interest Income





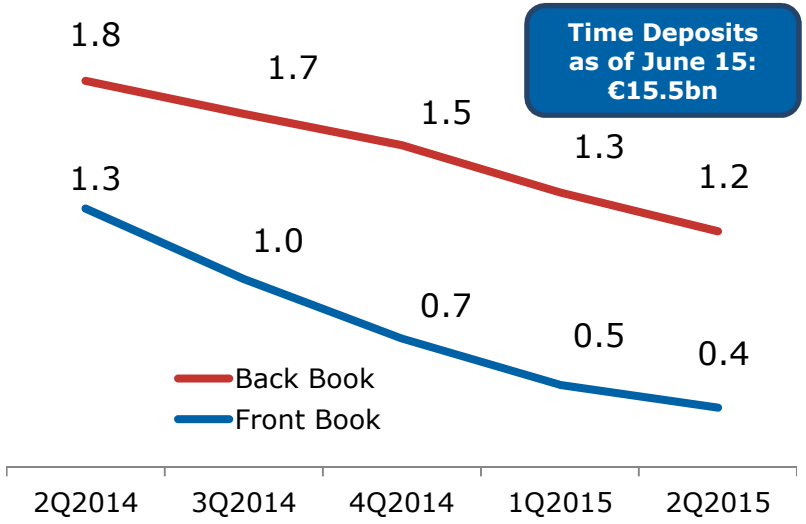
- **Net interest income down 4.3% YoY.**
  - Positive growth in retail business revenues as deposit cost reduction offsets loan deleveraging and Euribor fixing at historic lows.
  - Income reduction in wholesale business mainly related to the lower contribution of SAREB bonds and the progressive reduction of the fixed income portfolio.

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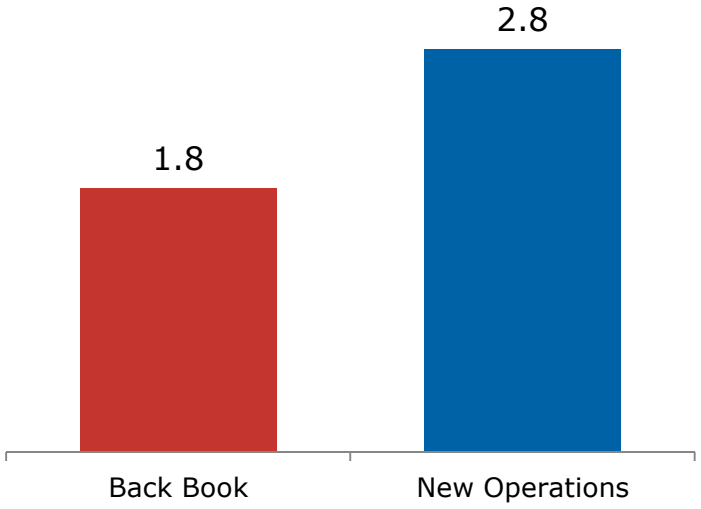
Margin Evolution (1/2)

- **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.

Time Deposits Cost - %



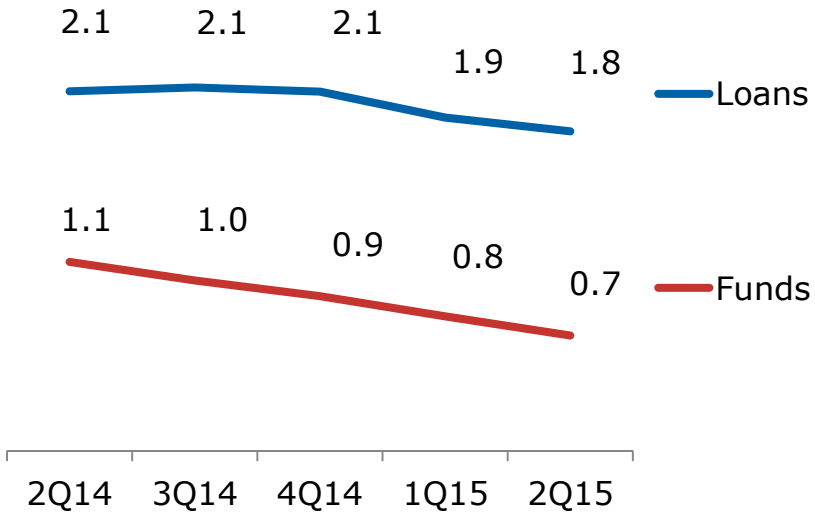
Loan Yield 2Q2015 - %



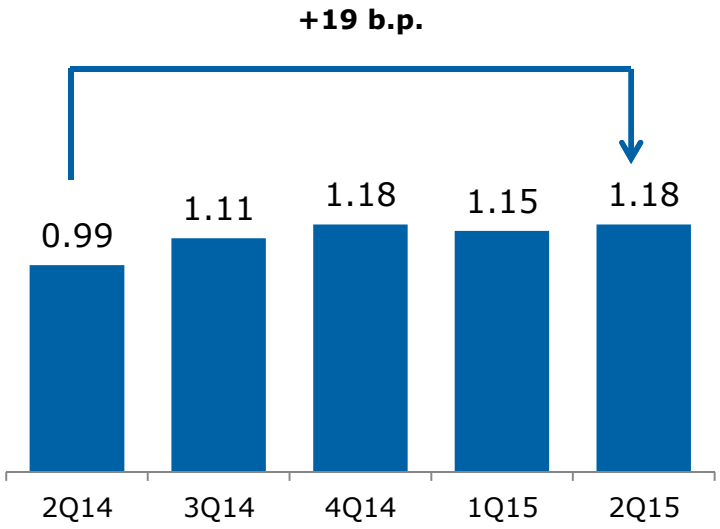
Margin Evolution (2/2)

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

Loan Yield & Deposit Cost - %



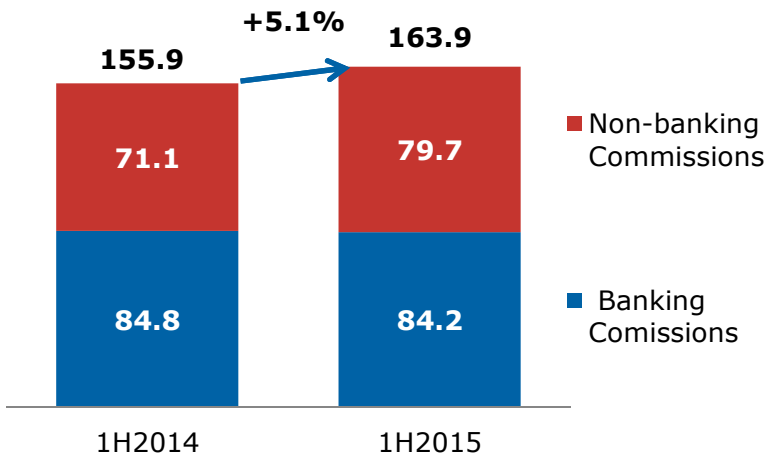
Customer Spread - %



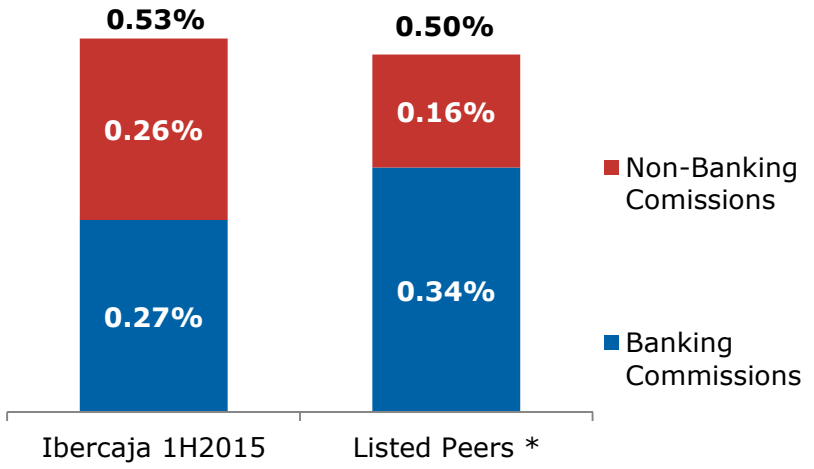
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Net Fee Income

Net Fee Income – €mm



Net Fee Income – % ATA



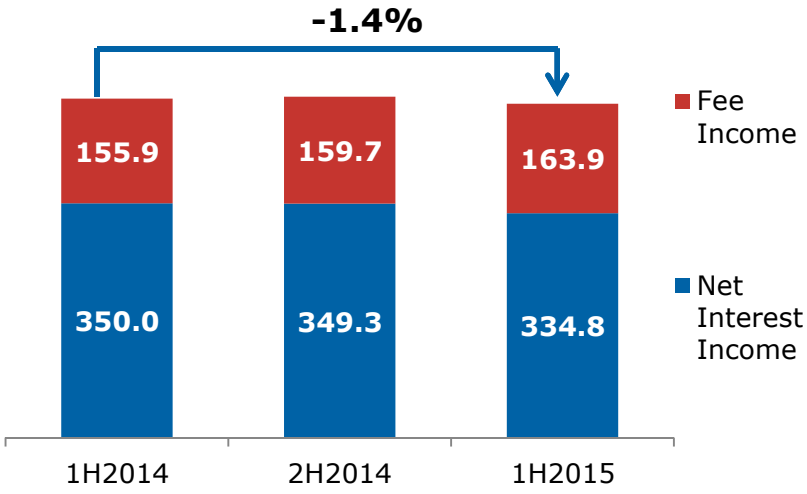
- **Strong growth in net fee income (+5.1% YoY) driven by non-banking commissions (+12.1%).**
  - Non-banking commissions as % of ATA significantly higher than listed domestic banks thanks to 100% ownership of financial group ("Grupo Financiero").
- **Banking commissions (-0.7%)** are affected by regulatory 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

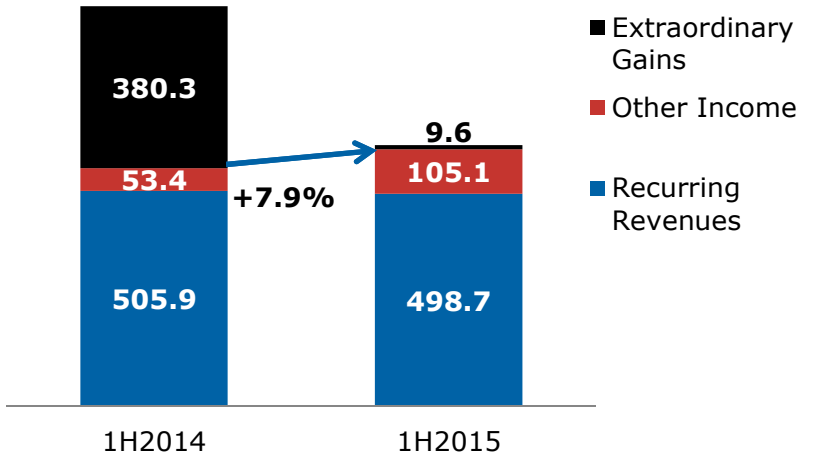
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Gross Operating Income

Recurring Revenues – €mm



Gross Operating Income – €mm



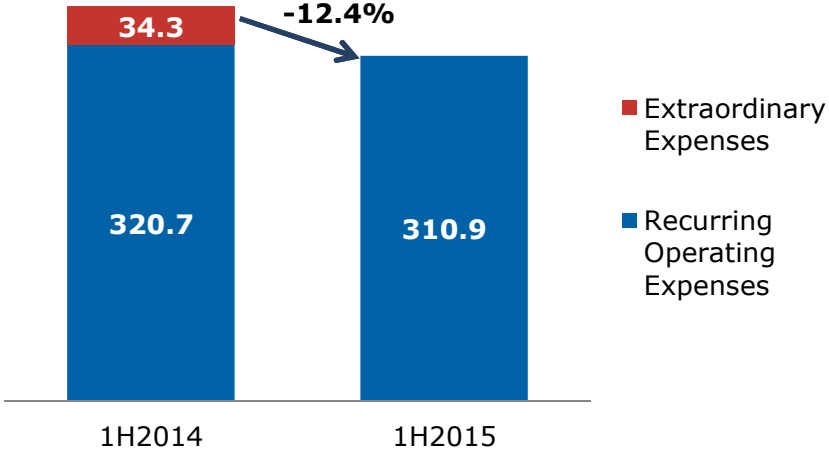
- **Recurring revenues (net interest income + net fee income) remains fairly stable YoY (-1.4%).**
  - In a low rates and deleveraging environment, Ibercaja Banco strong franchise in asset gathering is a key strength to increase revenues.
- **Adjusted gross operating income grows 7.9%[1].**
- **Reported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

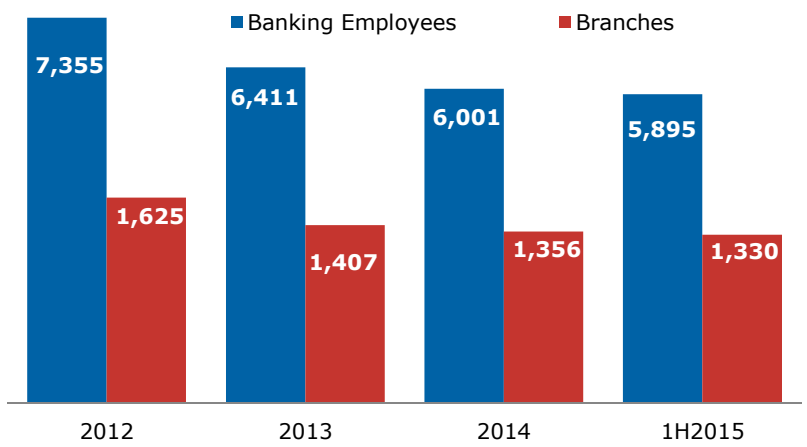
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Operating Expenses

Operating Expenses - €mm



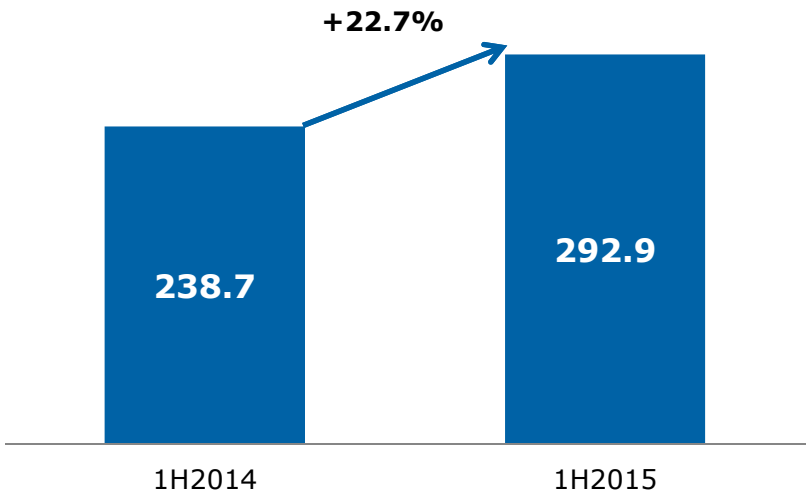
Ibercaja´s Structure



- **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 Profit[1] - €mm

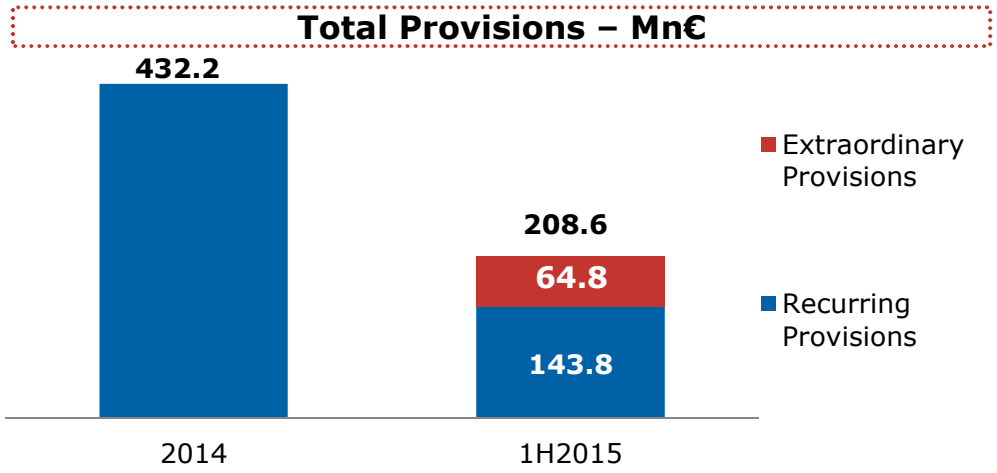


- **Adjusted pre-provision profit[1] increases 22.7% YoY.**
- **Reported pre-provision profit fall (-48.3%) is due to lower extraordinary trading income.**

[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).

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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 profit[1] 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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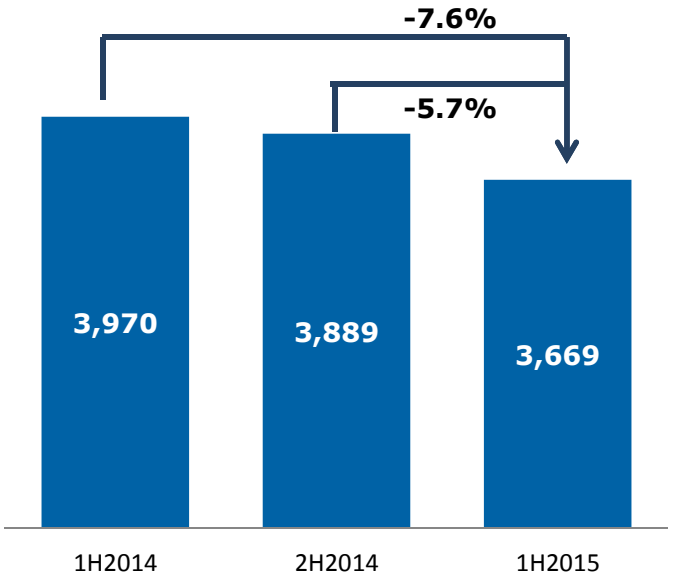
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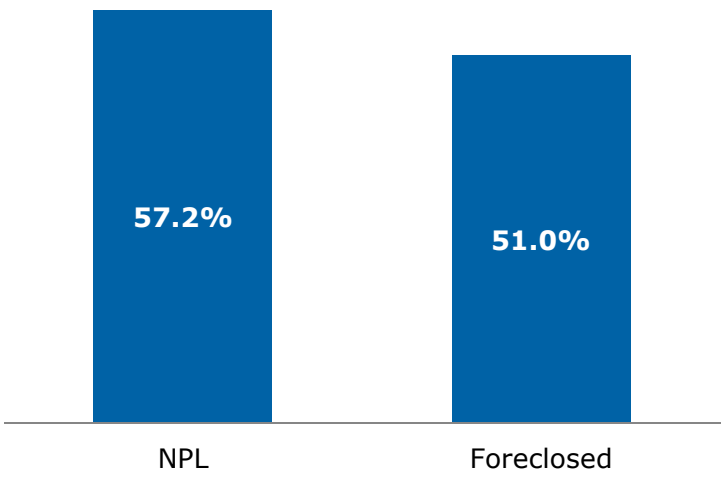
Asset Quality (1/2)

- **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).**

NPL Evolution - €mm

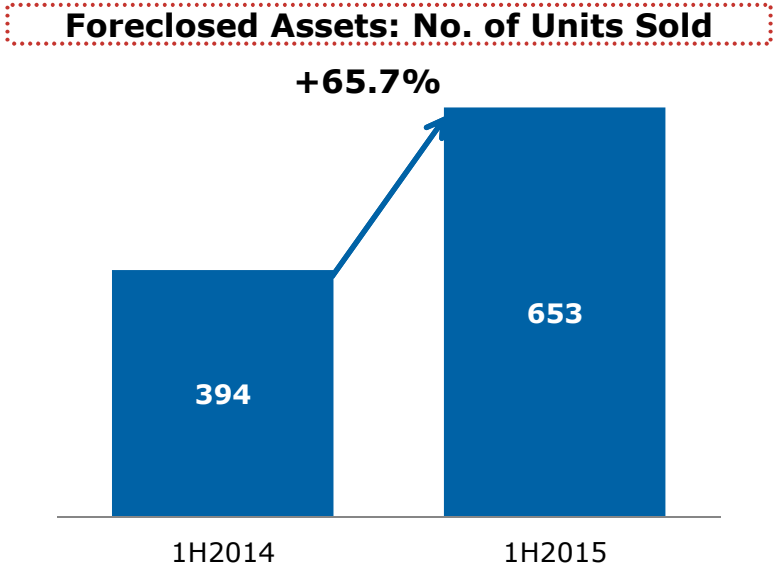


Coverage Ratio - %



Asset Quality (2/2)

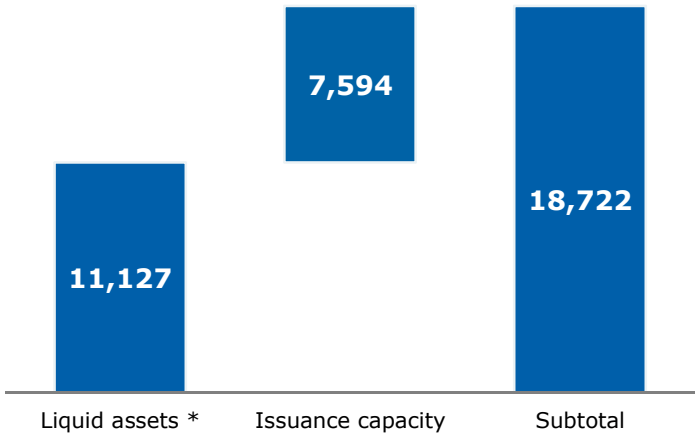
- **Net stock of foreclosed assets stand at €0.9bn** and remains broadly stable YTD (+€7.9mm vs. 2014).
- **Net positive results in foreclosed asset sales during the period (+€6.5mm).**
- **In 2Q, Ibercaja Banco has sold a portfolio of doubtful and written-off unsecured loans,** which were fully provisioned,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



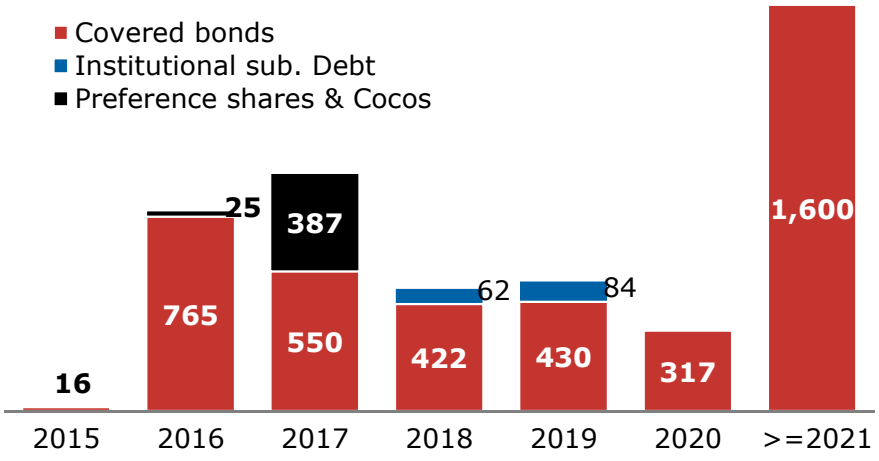
Liquidity and Solvency (1/4)

- **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).

Liquidity Position - €mm / 1H2015



Maturities Profile - €mm / 1H2015



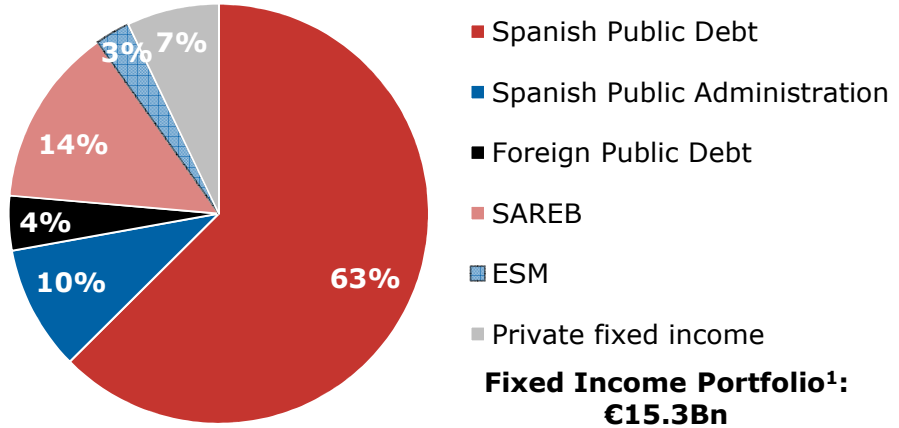
[1] Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.

* 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.**

Fixed Income Portfolio – 1H2015



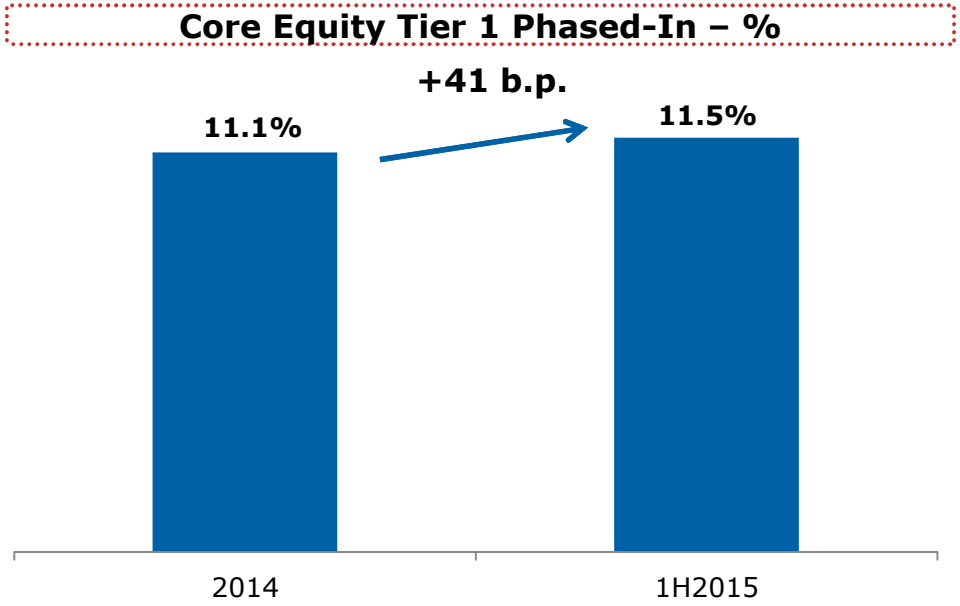
Fixed Income Portfolio[1]: €15.3Bn

[1] Without including held-to-maturiy capital gains

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Liquidity and Solvency (3/4)

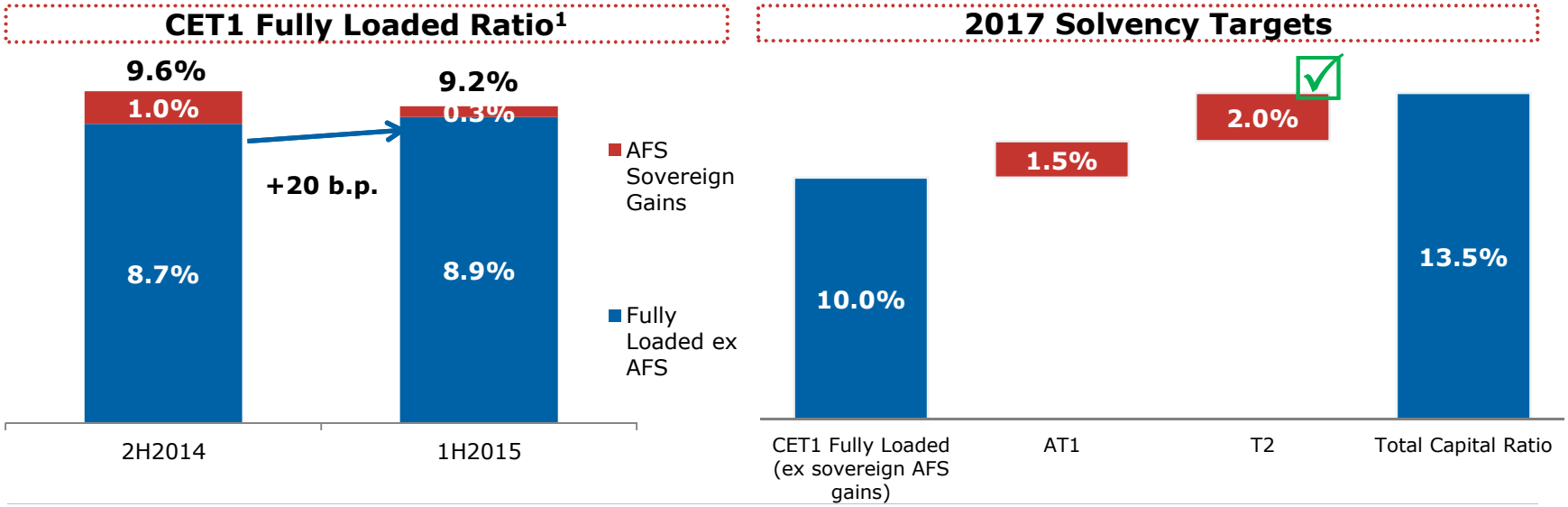
- **CET1 Phased-In ratio: 11.5%**
- **Total Capital Phased-In ratio: 14.0%[1]**
- **RWA/AT at 39.6% calculated under the standardised approach.**



[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

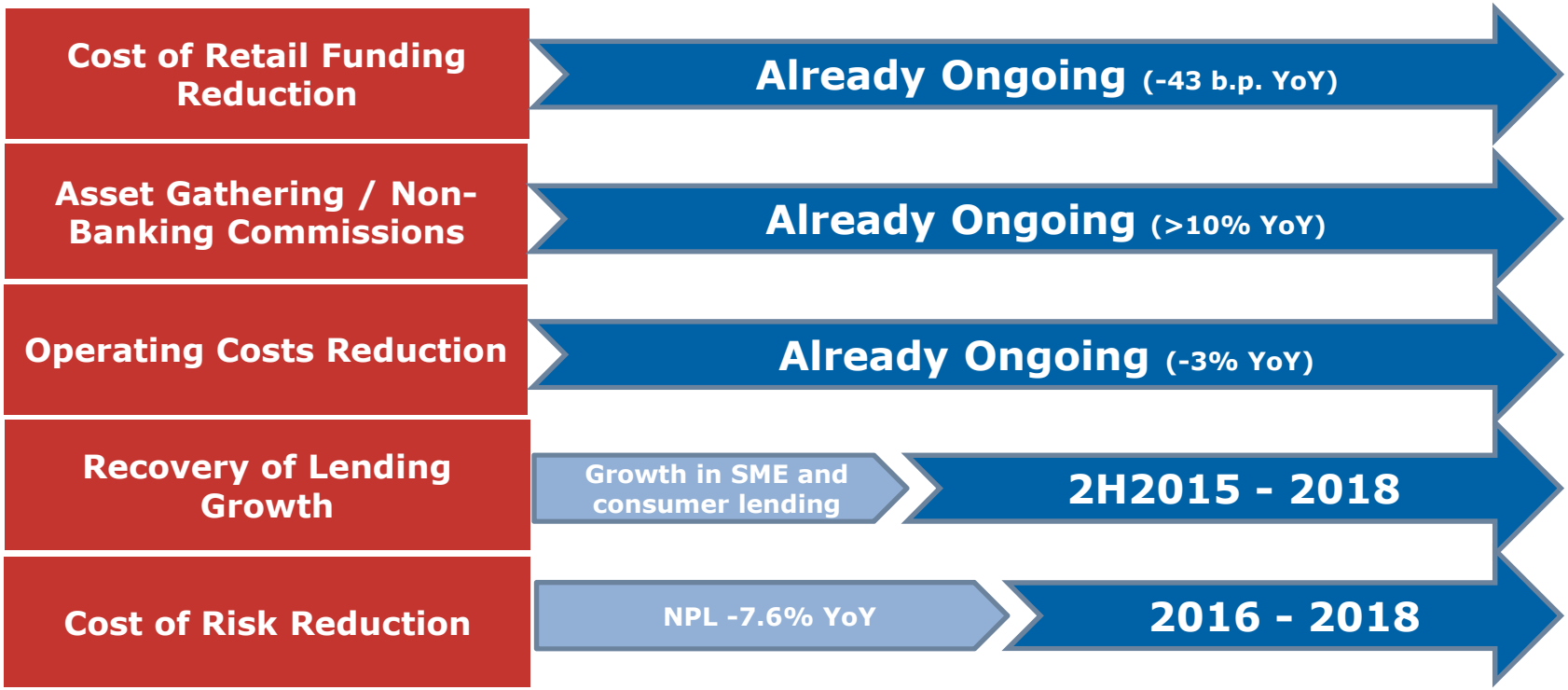
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- **Final Remarks**

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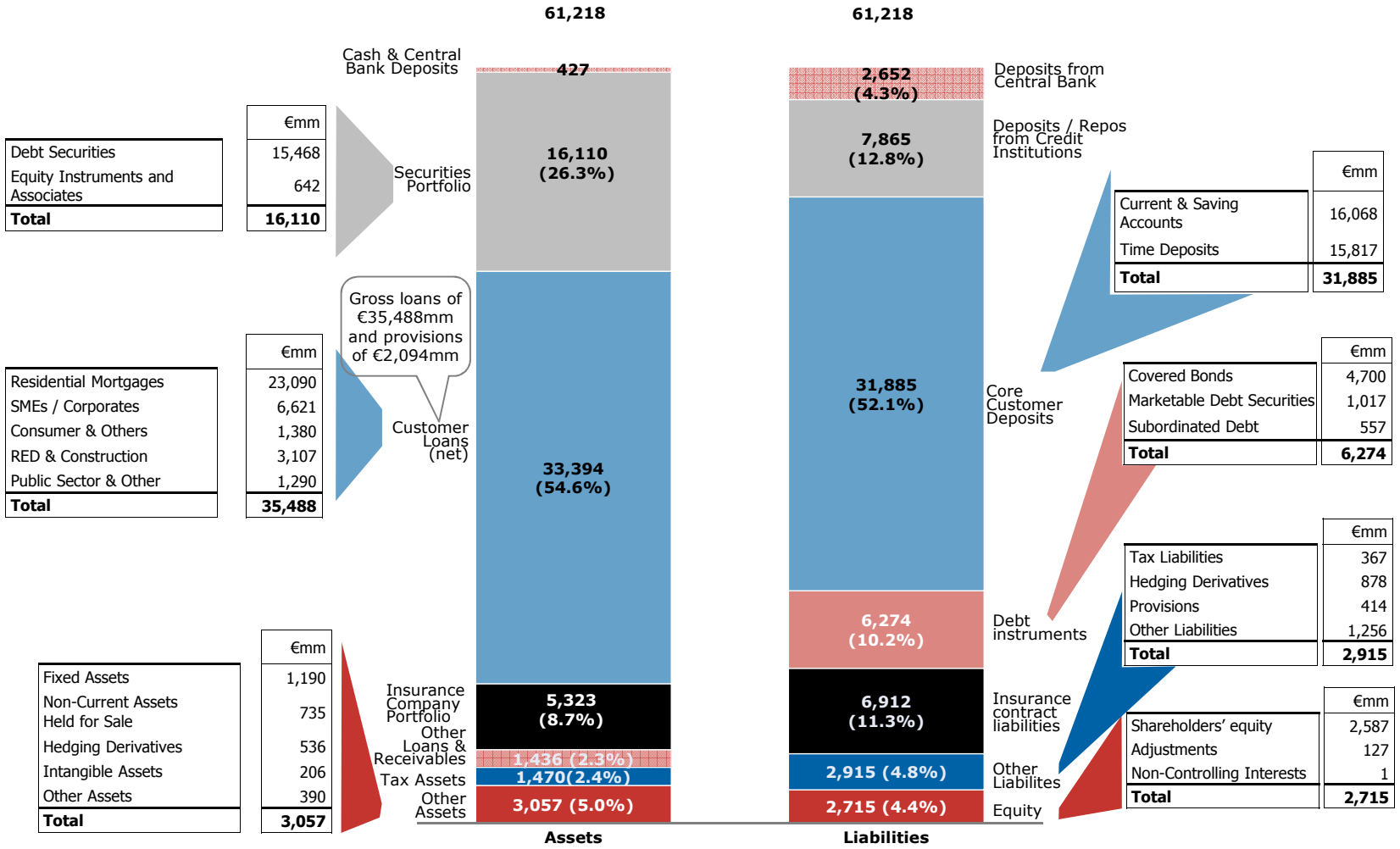
Final Remarks

- **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

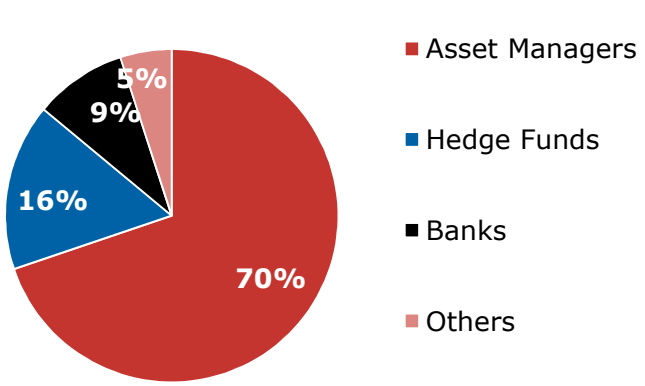


Annex 2: Tier II Transaction

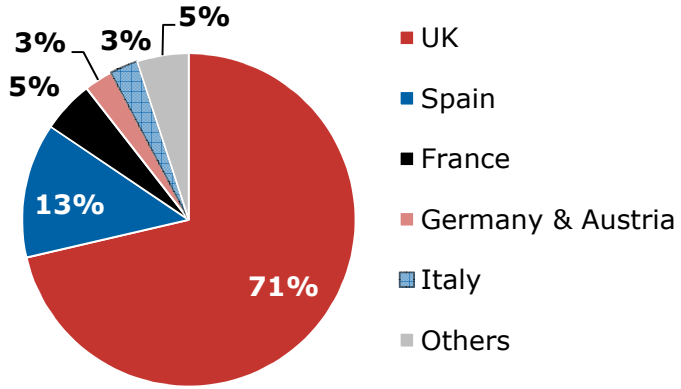
Tier II Transaction

- 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.

Investor Type Distribution



Geographic Distribution





For more information, please visit our Website:
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