

9M2015 RESULTS

November 9th, 2015

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Main Highligths

- **Commercial Activity**
- 9M2015 Results
- **Asset Quality, Liquidity and Solvency**

Final Remarks



Main Highligths

- Total retail funds increase 1.6% with an outstanding evolution in off-balance funds (+7.2%).
 - 12.7% market share in net new inflows in mutual funds during 3Q2015.
- Deleveraging still taking place (-5.2% YoY).
 - New lending increases 45.5% YoY and is on track to reach the €4Bn target.
- Sound decline in recurring operating expenses (-3.4% YoY) as synergies from Cajatres acquisition are accelerating.
 - A 4.9% reduction in headcount and a 4% reduction in branches, year to date. Over 50% of this adjustment has taken place during the 3Q.
- NPL ratio down 65 basis points YoY to 10.2% with one of the highest coverage ratios in the sector (57.4%).
 - Project Goya: Ibercaja Banco has signed an agreement to sell a €698mm portfolio of real estate loans. The proforma NPL ratio falls to 9.1% ¹
- Net profit of €103.1mm.
- CET1 Phased-In ratio improves 57 b.p. YTD to 11.7%.



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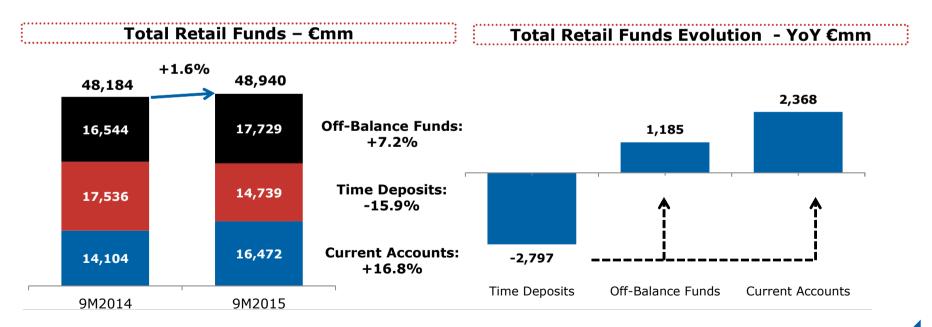


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Retail Funds (1/2)

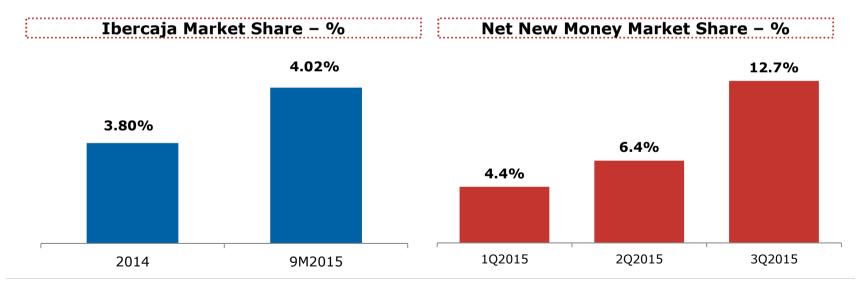
- **■** Total retail funds increase 1.6% YoY (+€0.8bn).
 - **Profitable mix:** current accounts and off-balance sheet funds represent 70% of total retail funds vs. 64% in 3Q2015.
 - **Sound increase in off-balance sheet funds (+7.2% YoY)**, especially focused on mutual funds (+16.7% YoY).





Retail Funds (2/2)

- Outstanding evolution in mutual funds: Ibercaja Banco reaches a 4.0%¹ market share. Ibercaja Gestión is the 8th largest mutual fund manager¹ in Spain.
 - Market share well in excess of the banking business and growing (+22 b.p. YTD), even in a complicated market environment (12.7% market share in new money during 3Q2015).
 - Improved product mix with fixed income funds already at 47% of total funds vs. 57% in 3Q2014.

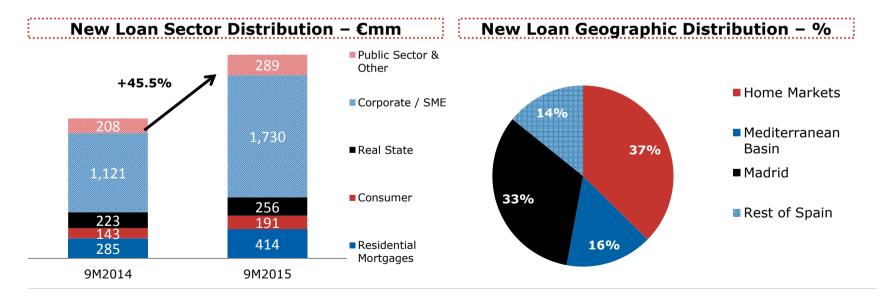


¹ Source: Inverco



Customer Loans

- Deleveraging still taking place with a 5.2% YoY fall of customer loans focused on residential mortgages (-5.3%) and the step up in the reduction of real estate loans (-16.3%).
- New lending production is on track to achieve the €4bn target for 2015.
 - New lending production reaches €2.9bn YTD with a 45.5% YoY increase.
 - ✓ SME new loan production increases 54.3% YoY, accounting for 60% of total new lending.
 - Mediterranean Basin and Madrid account for 48.5% of total new lending.





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9M2015 Results

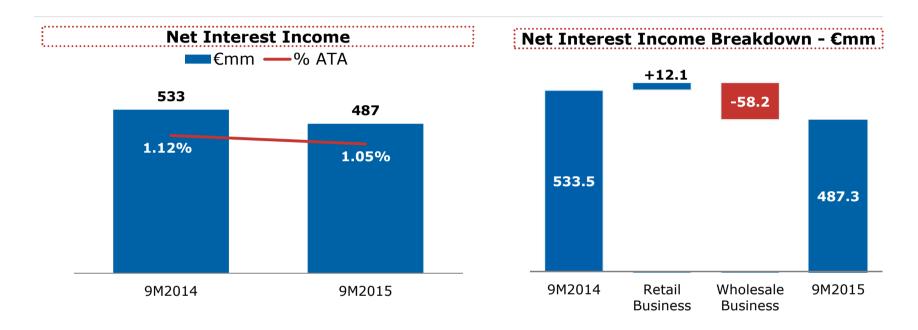
mm€	9M2014	9M2015	YoY	9M14 Non- recurring Items	9M15 Non- recurring Items	Adjusted YoY ¹
Net Interest Income	533.5	487.3	-8.6%			
Net Fee Income	230.7	245.1	6.2%			
Trading Income	435.8	140.0	-67.9%	-380.3	-9.6	
Other Operating Inc. / Exp. (Net)	-0.2	28.0	n/a			
Gross Operating Income	1,199.8	900.4	-25.0%			8.7%
Operating Costs	-525.0	-473.0	-9.9%	35.1		-3.4%
Pre Provision Profit	674.7	427.3	-36.7%			26.8%
Total Provisions	-157.0	-303.7	93.5%		99.8	29.9%
Other Gains and Losses	20.0	22.5	12.4%			
Profit Before Taxes	537.8	146.1	-72.8%			22.7%
Taxes & Minorities	-154.7	-43.0	-72.2%			
Net Profit Attributable to Shareholders	383.1	103.1	-73.1%			21.5%

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 (€35.1mm in 9M2014). For 9M2015, it excludes the result from the sale of doubtful and written-off loans (€9.6mm) and extraordinary provisions of €99.8mm.

Note: for comparative purposes and due to IFRIC21 application (DGF levies) 9M2014 figures have been restated



Net Interest Income

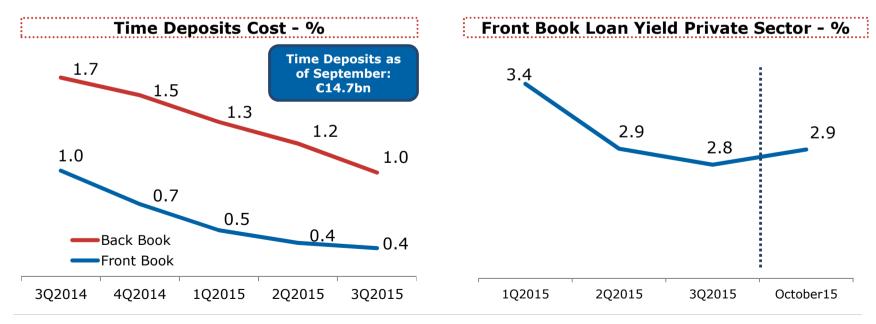


- Net interest income decreases 8.6% YoY., although the weight of retail business in revenues is increasing.
 - Positive growth in retail business revenue as deposit cost reduction offsets loan deleveraging and Euribor fixing at historic lows.
 - Income reduction in wholesale business mainly related to the lower contribution of SAREB bonds and the progressive normalisation of the fixed income portfolio.



Margin Evolution (1/2)

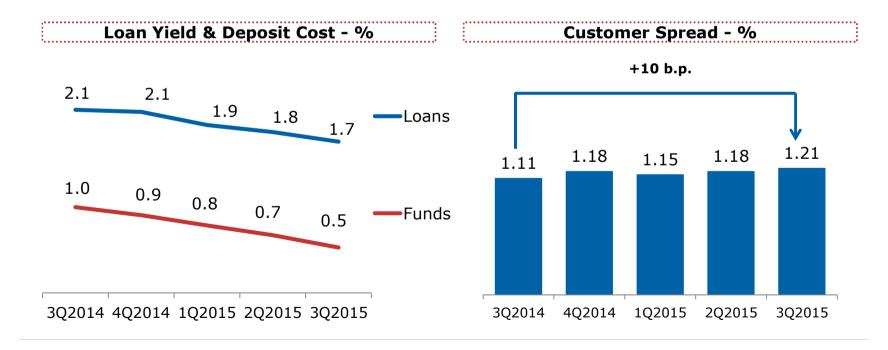
- Retail funds cost reduction continues in 9M2015 (-46 b.p. YoY).
 - Significant opportunity to improve retail funding cost in coming quarters as a result of the repricing of time deposits book at current market rates and the expected improvement in the deposit mix (time deposits still represent 47% total deposits).
- Positive dynamics in loan repricing thanks to an strong new lending mix.





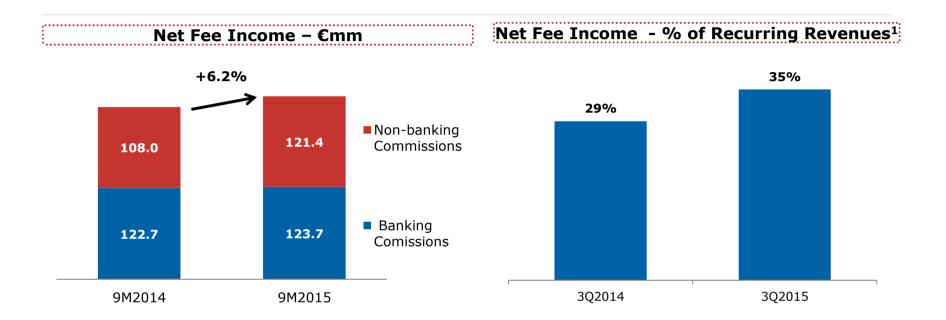
Margin Evolution (2/2)

- Client margin improves 3 basis points QoQ (+10 b.p. YoY) as cost deposit reduction compensates for the lower loan yield.
 - Loan yield pressure should ease in coming quarters as the portfolio has been almost fully repriced to lower Euribor and new loan production is accelerating.





Net Fee Income

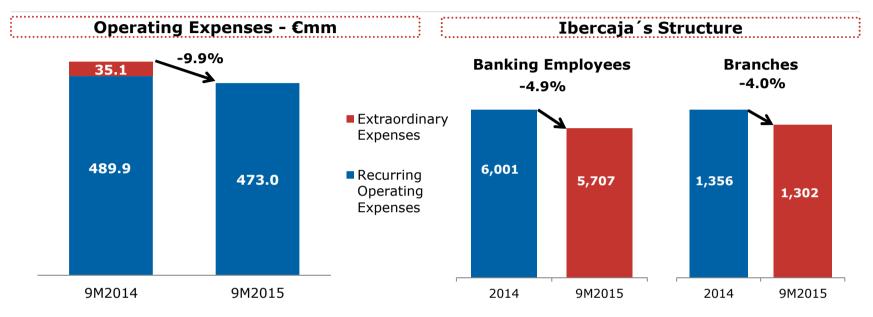


- Strong growth in non-banking commissions (+12.4%) drive net fee income (+6.2% YoY).
 - ▼ Net fee income are increasing its weight as a % of recurring revenues¹.
- Banking commissions (+0.8%) are growing despite regulatory changes in credit cards fees.



¹ Recurring revenues: net interest income + net fee income

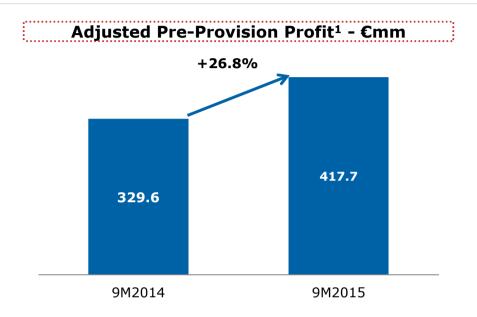
Operating Expenses



- Sound decline in recurring operating expenses (-3.4% YoY) as Cajatres acquisition synergies are accelerating.
- Further operating expenses reduction should be expected over the next 12 months.
 - A 4.9% reduction in headcount and a 4% reduction in branches, year to date. Over 50% of this adjustment has taken place during the 3Q.
 - Additional 30 branches closures expected before year end.



Pre-Provision Profit

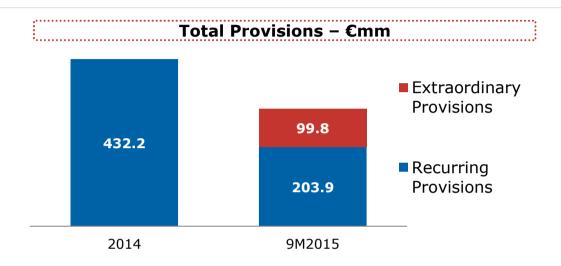


- Adjusted pre-provision profit¹ increases 26.8% YoY.
 - Reported pre-provision profit fall (-36.7%) is due to lower extraordinary trading income.

 $^{^{1}}$ 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 (€35.1mm in 9M2014). For 9M2015, it excludes the result from the sale of doubtful and written-off loans (€9.6mm).



Provisions and Net Profit



- Total provisions reach €304mm in 9M2015. Ibercaja has increased its provisioning effort with extraordinary provisions of €99.8mm YTD.
 - Annualised recurring provisions (0.8%) still above normalised levels.
 - Ibercaja targets a 0.5% cost of risk in 2016
- Reported net profit stands at €103.1mm. Adjusted net profit¹ increases 21.5% 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 (€35.1mm in 9M2014). For 9M2015, it excludes the result from the sale of doubtful and written-off loans (€9.6mm) and extraordinary provisions of €99.8mm.



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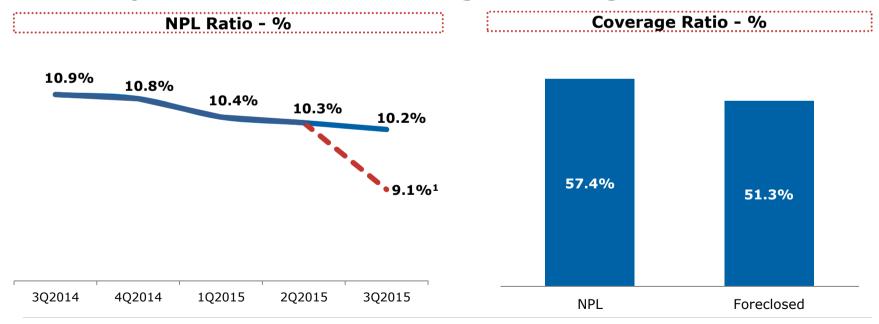


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Asset Quality (1/2)

- NPL ratio down 65 basis points YoY to 10.2% (10.9% in 9M2014).
 - Including the recent sale of the real state credit portfolio, the proforma NPL ratio falls to 9.1%¹.
 - Mortgage NPL ratio is 3.9%, one of the lowest in the sector.
- NPL stock down 9.5% YTD (-€379mm).
- Ibercaja benefits from one of the highest coverage ratios in the sector.

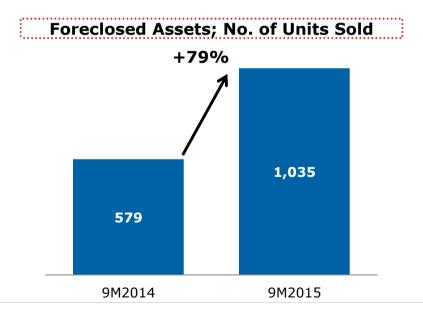


¹ Proforma ratio considering Project Goya as of September 2015.



Asset Quality (2/2)

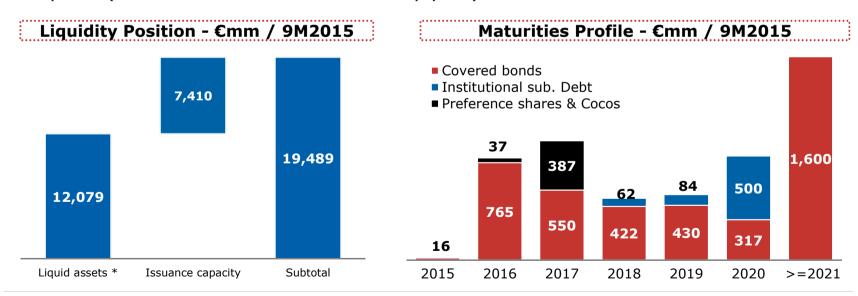
- Net stock of foreclosed assets stands at €0.9bn and remains broadly stable YTD (-€8.9mm vs. 2014).
- Net positive results in foreclosed asset sales during the period (+€10.3mm).





Liquidity and Solvency (1/4)

- Ibercaja Banco benefits from a comfortable liquidity position with over €12bn of available liquid assets (20% of total assets).
- LCR and NSFR ratios stand at 202% and 114% respectively (9M2015).
- Loan to Deposits ratio stands at 91%¹.
- ECB funding: €2.0bn (3.4% of TA, -€2.7bn YTD), 100% TLTRO.
- No relevant maturities left in 2015 and no significant concentration in coming years (below 1.6% of total assets every year).



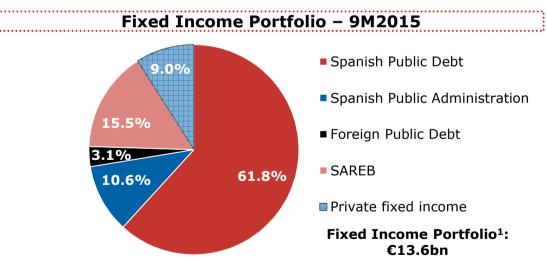
¹ Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.



^{*} Liquid assets include unencumbered public debt + available & eliqible 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 €141mm as of September 2015 (of which €66mm are AFS).
 - Average yield stands at 1.7%.
- Ibercaja Banco has reduced its fixed income portfolio by 15% YTD (-€2.4bn)

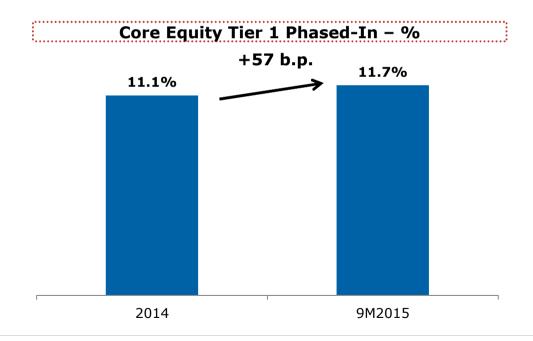




¹ Excluding capital grains from held-to-maturiy portfolio

Liquidity and Solvency (3/4)

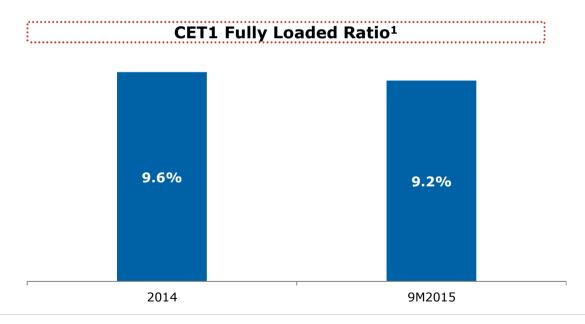
- CET1 Phased-In ratio: 11.7%
- Total Capital Phased-In ratio: 14.2%
- RWA/TA at 40.3% calculated under the standardised approach.
- Leverage ratio: 5.1% (Phased-In)





Liquidity and Solvency (4/4)

- Ibercaja Banco is on track to reach a 10% CET1 Fully Loaded ratio (ex unrealised AFS sovereign gains) and a 13.5% Total Capital ratio by 2017.
- Ibercaja Banco aims to **build a more diversified and efficient capital structure after the Cajatres integration**. Issuing a Tier 2 security was the first step in the capital roadmap and the next step will be the IPO in any case no later than December 2018.



¹ Not including CoCos, includes AFS gains



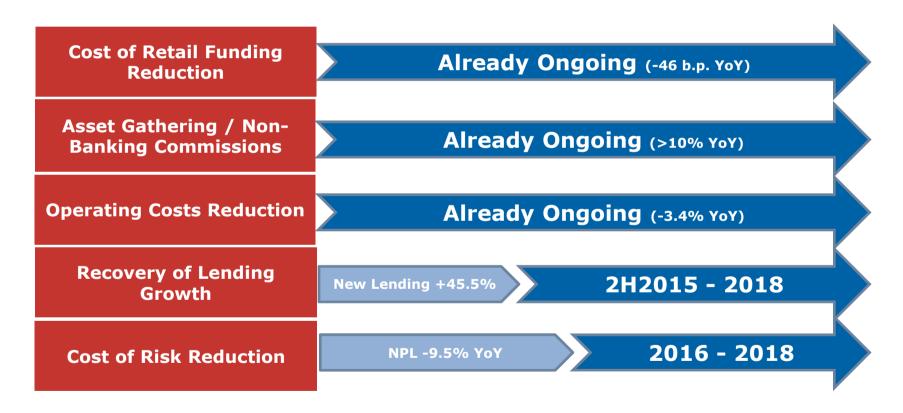
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Final Remarks

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



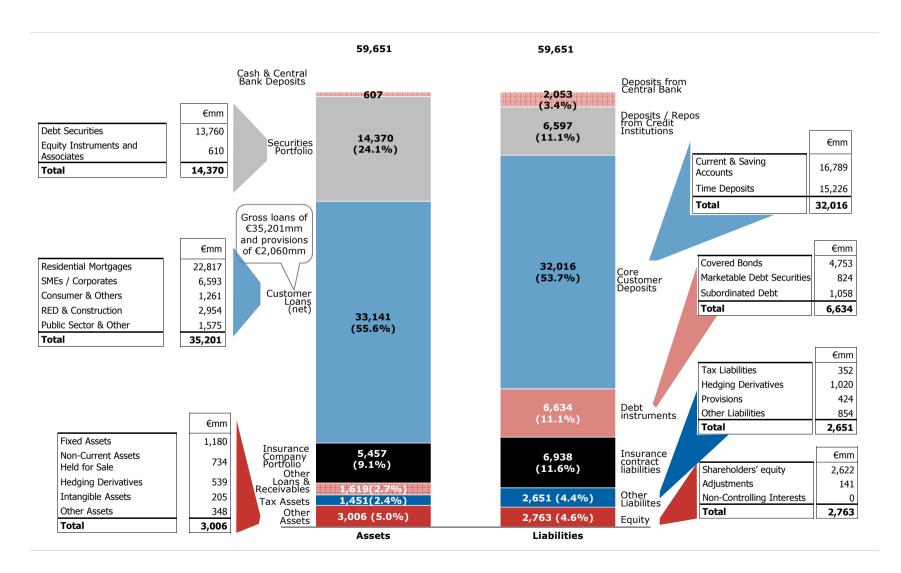




Annex 1: Balance Sheet



Consolidated Balance Sheet - 9M2015





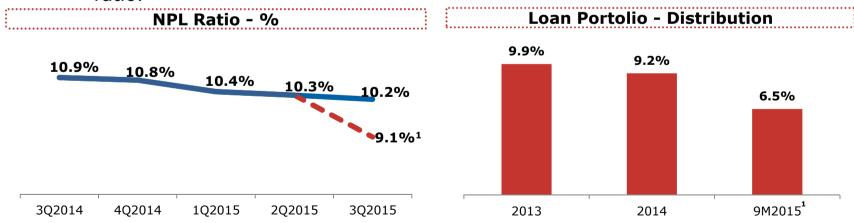


Annex 2: Project Goya



Project Goya

- Ibercaja Banco has signed an agreement to sell a €698mm portfolio of real estate loans. The portfolio comprises 428 loans to real estate developers, mostly classified as doubtful. This sale is another significant step in Ibercaja's 2015-2017 strategic plan.
- As a result of this operation:
 - NPL ratio will be reduced by 120 b.p., increasing the positive gap in asset quality vs. the sector.
 - Loans to the real state sector will be reduced by 23% and will represent just 6.5% of the total loan portfolio.
 - Improvement in the liquidity position as well as in risk weighted assets, with no material impact on the P&L account considering the portfolio's strong coverage ratio.



¹ Proforma considering Project Goya as of September 2015.





For more information, please visit our Website: www.ibercaja.es/investors

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