

2015 RESULTS

March 8th, 2016

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- Commercial Activity
- 2015 Results
- Asset Quality, Liquidity and Solvency
- Final Remarks

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Main Highligths

Increase of Commercial Activity

- Mutual Funds AUM: +18.1% YoY
- New Lending Production: +51% YoY
- Stable SME Loan Stock: -0.3% YoY

Improvement of Recurring Results

- Net Profit: €84mm
- Fee Income: +5.6% YoY
- Operating Expenses: -16.8% YoY (-5.6% recurring expenses)
- Total Provisions: -32% YoY

Improvement of Asset Quality

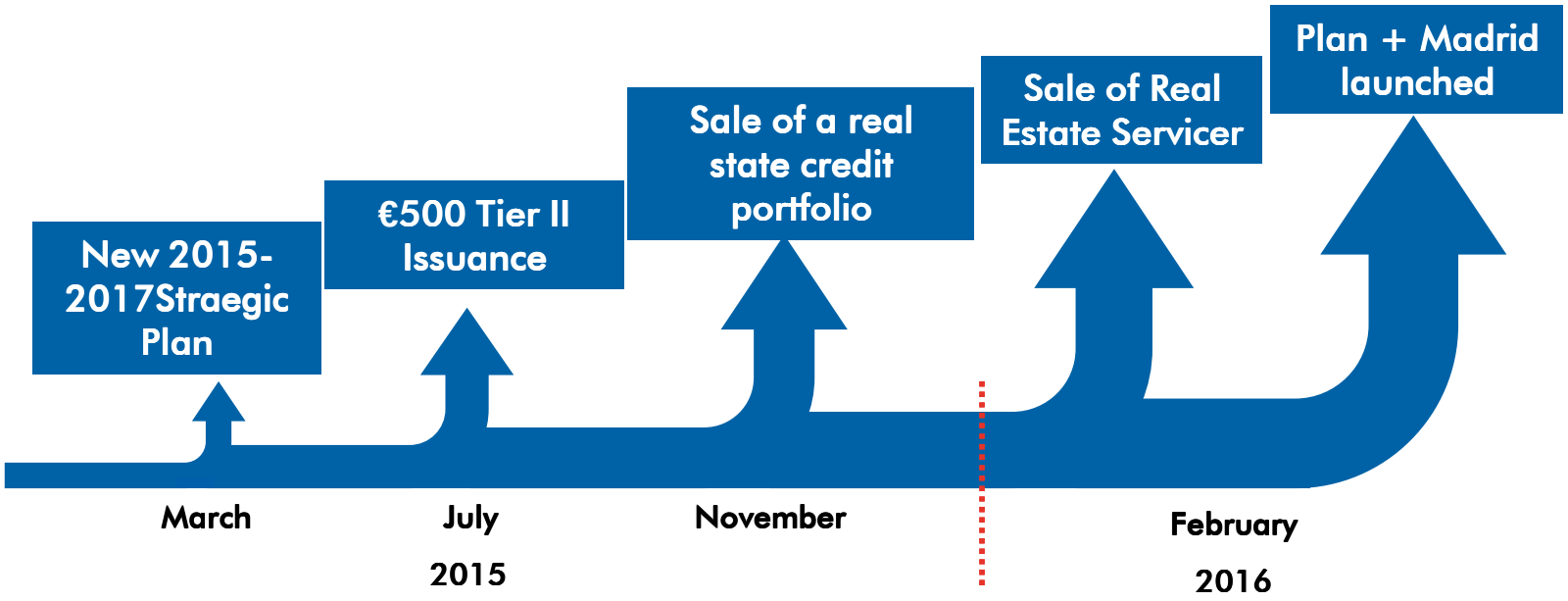
- Doubtful Loans: -21% YoY
- NPL Ratio: 8.95% (-183 b.p. YoY) 12% below sector average
- 2nd Consecutive quarter of falling in foreclosed assets

Reinforcement of Solvency

- CET1 Phased-In 11.95%, +82 b.p. YoY
- 270 basis points over SREP requirement
- €500mm Tier II issuance

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Strategic Milestones in the Last 12 Months



- Over the last 12 months, Ibercaja Banco has made strategic progress allowing for an improvement of its solvency, asset quality and commercial approach.

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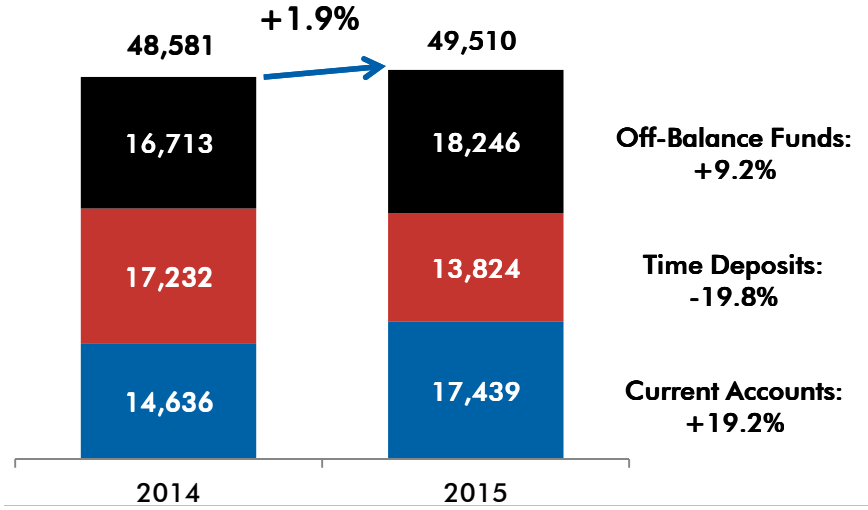
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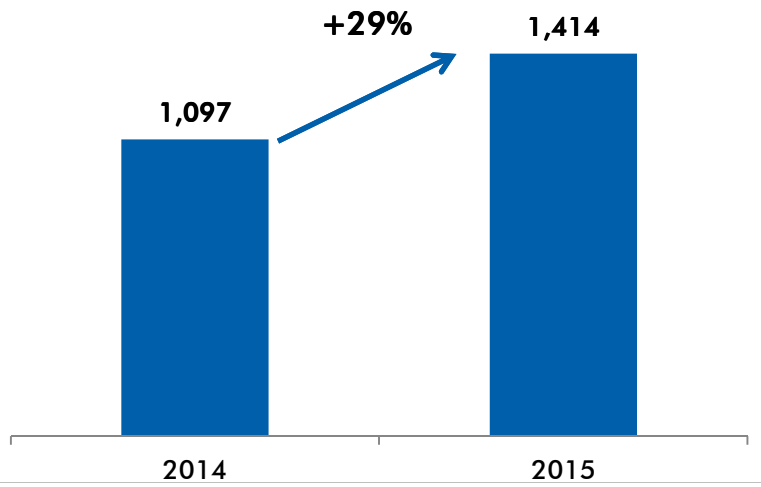
Retail Funds (1/2)

- **Total retail funds increase €928mm or 1.9% YoY**
  - **Improvement of retail funds mix:** current accounts and off-balance sheet funds represent 72% of total retail funds vs. 65% in 2014.
  - **Net new money** in off balance products exceeds €1,400mm, reaching historic levels for the Bank.

Retail Funds – €mm



Net New Money in Off-Balance Funds - €mm

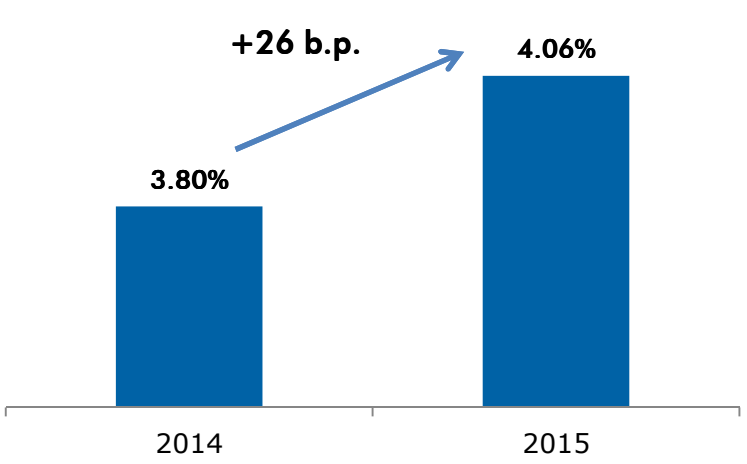


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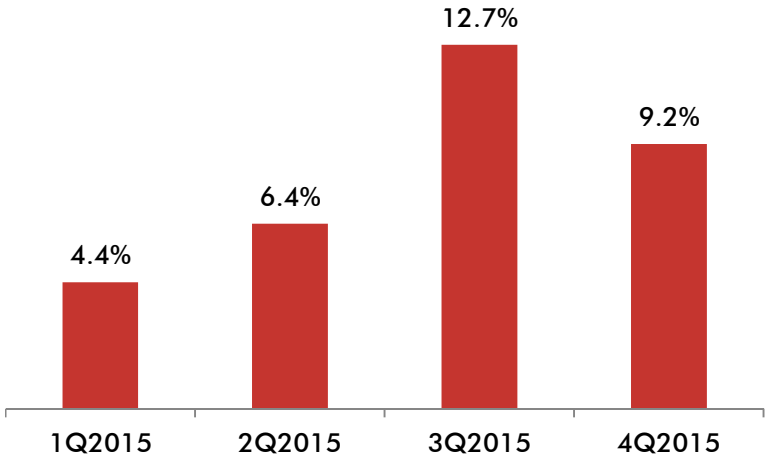
Retail Funds (2/2)

- **Mutual Funds keep showing a differential performance:**
  - Over 62,000 clients have subscribed to Ibercaja's managed account services. Assets under management in this service exceed €2.9bn, +136% vs. 2014 and drive the increase in market share.
  - 6% of market share in new money in 2015, well above overall AUM market share.

Mutual Funds Market Share – %



Net New Money Market Share– %



Source: Inverco

Customer Loans (1/3)

- **Deleveraging still taking place (-4.5%).**
  - Excluding real estate loans, loan portfolio evolution is -2.1% YoY.
  - Loans to non-real estate companies remain stable YoY.

Loan Portfolio Evolution – €mm

	2014	2015	YoY
Loans to Individuals	**24,979**	**23,783**	**-4.8%**
Mortgages	23,685	22,507	-5.0%
Consumer & Others	1,294	1,276	-1.4%
Loans to SME/Corporate	**10,016**	**9,065**	**-9.5%**
Real Estate	3,406	2,473	-27.4%
Non-Real Estate	6,609	6,592	-0.3%
Public Sector & Others	**1,066**	**1,058**	**-0.7%**
Reverse Repo	**0**	**544**	**n/a**
Total Gross Loans	**36,061**	**34,449**	**-4.5%**

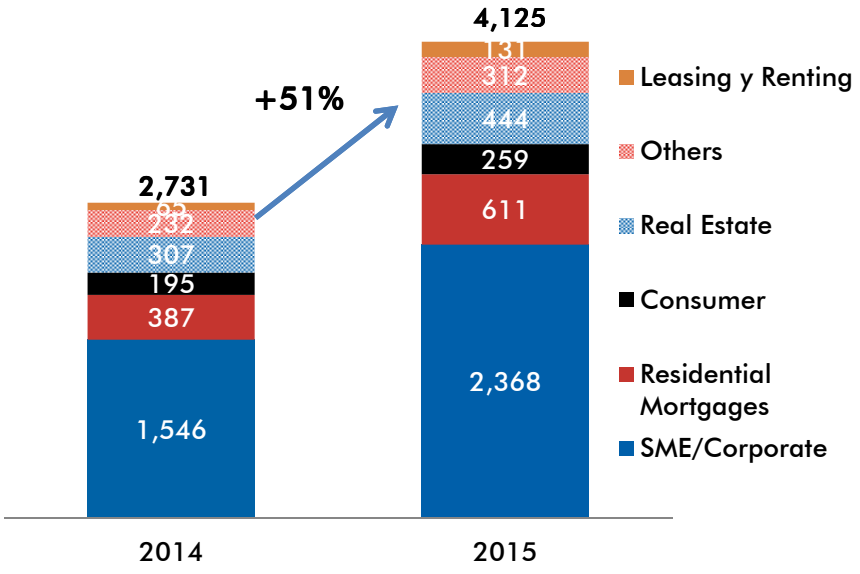
Normal Loans: -2.5%
Doubtful Loans: -21%

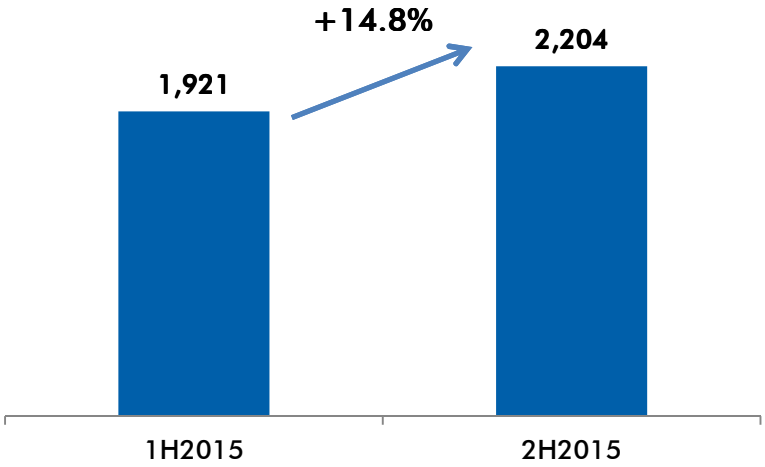
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Customer Loans (2/3)

- **New lending production reaches the €4bn target for 2015 and increases 51% YoY.**
  - SME new loan production accounts for 57% of total new lending.
  - New loan production accelerates in the second half of the year.

New Loan Production– €mm



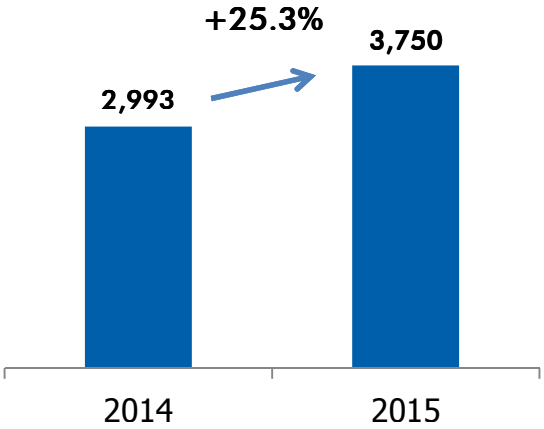


Customer Loans (3/3)

Focus on SME

- Excellent evolution in working capital loans.
- 419 specialised employees in SME. In 2015 there will be more than 500.
- Over 2,700 new SME clients in 2015.

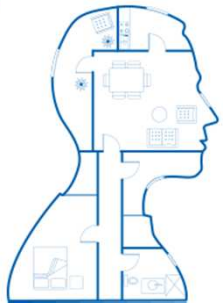
Accumulated Working Capital Loans – €mm





Focus on Mortgages

- New inititatives in mortgage lending, including fixed-rate products.
- 2016 target is to double the new lending production in mortgages.



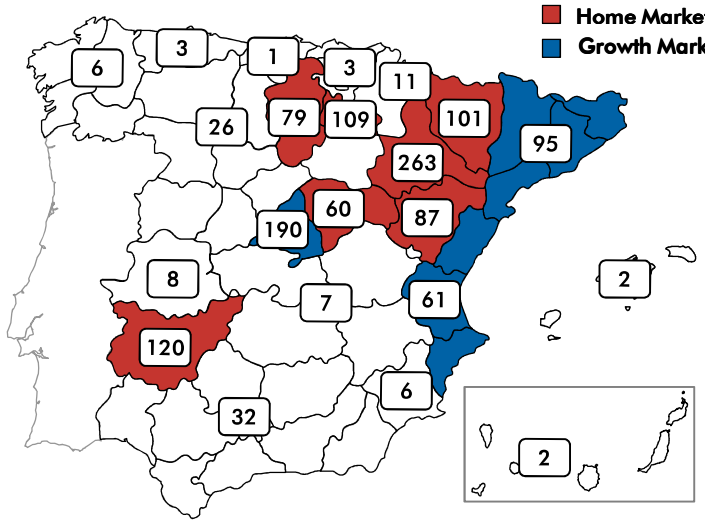


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Main Markets Evolution

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

Branch Network 2015



1,272 Branches

Growth in Madrid and Mediterranean Basin

Account for 80% of grow in retail funds.

Represent 49% of new loan production.

+16.6% in SME loans (reaching €1.7bn).

Home Markets Soundness

-14% branches reduction in Aragón in 2015 thanks to synergies stemming from the Cajatres acquistion, while increasing retail funds by 0.5% YoY.

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Strategic Focus in Madrid: «Plan + Madrid» (1/2)

- **Well-established position in Madrid:**

  ☑ Madrid represents the second most important market in business volume.

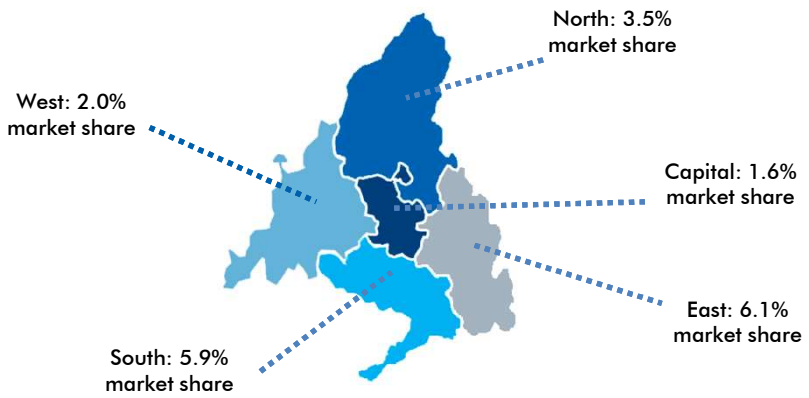
  ☑ 450,000 clients.

  ☑ €13.6bn business volume

  ☑ 789 employees and 190 branches.

  ☑ Proven ability to compete.

Market Share[1]



Top Markets	Population	Market Share – Branches	Market Share - Business[1]
Móstoles	>200.000	5.4%	6.5%
Leganés	>185.000	6.5%	6.3%
Alcorcón	>170.000	6.2%	5.9%
Torrejón de Ardoz	>130.000	6.3%	6.5%
Coslada y San Fernando de Henares	>130.000	5.2%	7.7%
Parla	>125.000	6.3%	6.4%

[1] Includes Retail banking, personal banking and SME banking with turnover up to €5mm.

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Strategic Focus in Madrid: «Plan + Madrid»(2/2)

- **Ibercaja lanuches «Plan + Madrid »** to strengthen its positioning in Madrid

Targets:



To increase business volume by €3.7bn[1] until 2020.

70% business volume growth to come from Personal/Private banking and SMEs.

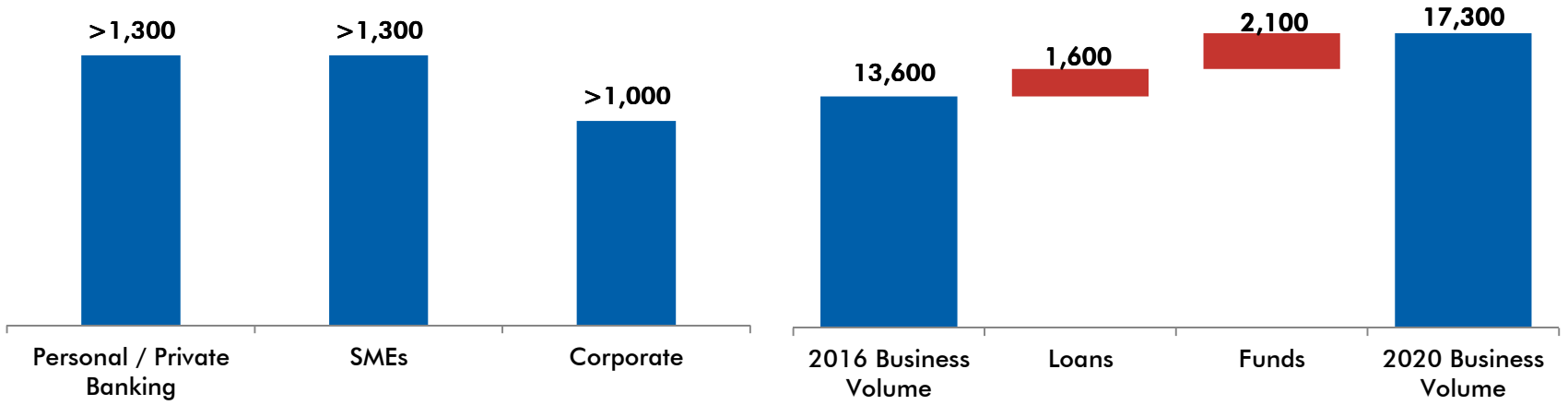
Investment in resources:

100 new employees.

Create 5 business centers for companies and 4 new branches.

Remodel of 20 branches with new commercial procedures.

Business Volume Targets – €mm



[1]Retail banking, Personal Banking, SMES and Corporates with turnover up to €200mm.

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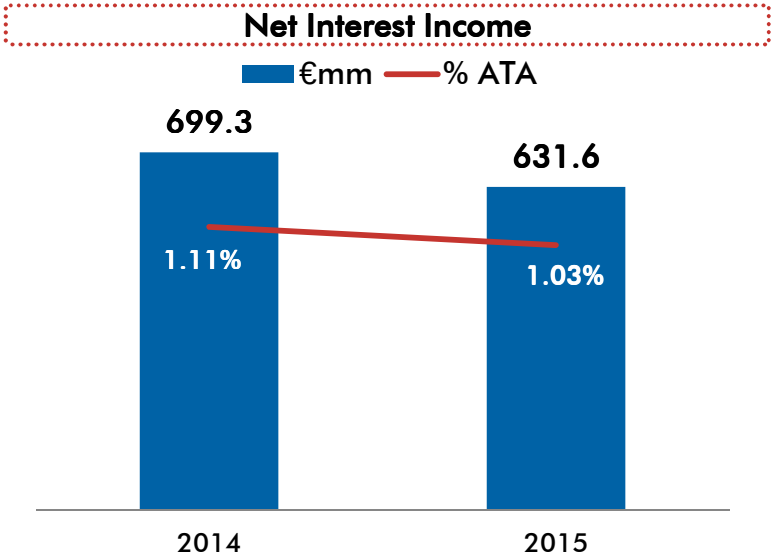
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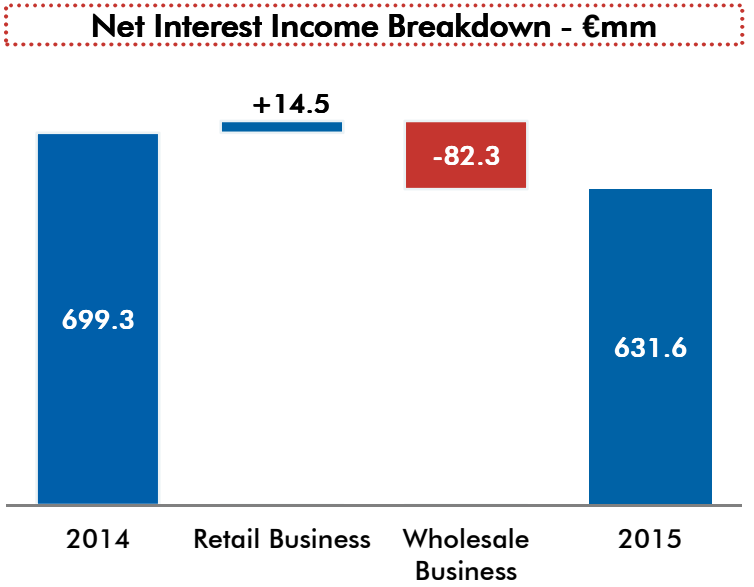
2015 Results

€mm	2014	2015	YoY
Net Interest Income	**699.3**	**631.6**	**-9.7%**
Net Fee Income	315.6	333.2	5.6%
Trading Income	424.9	86.1	-79.7%
Other Operating Inc. / Exp. (Net)	-29.7	-10.0	-66.5%
Gross Operating Income	**1,410.2**	**1,040.8**	**-26.2%**
Operating Costs	-788.9	-656.4	-16.8%
Pre-Provision Profit	**621.2**	**384.5**	**-38.1%**
Total Provisions	-432.2	-293.9	-32.0%
Other Gains and Losses	26.0	27.7	6.3%
Profit Before Taxes	**215.1**	**118.2**	**-45.0%**
Taxes & Minorities	-64.5	-34.1	-47.1%
Net Profit Attributable to Shareholders	**150.7**	**84.1**	**-44.2%**

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Net Interest Income



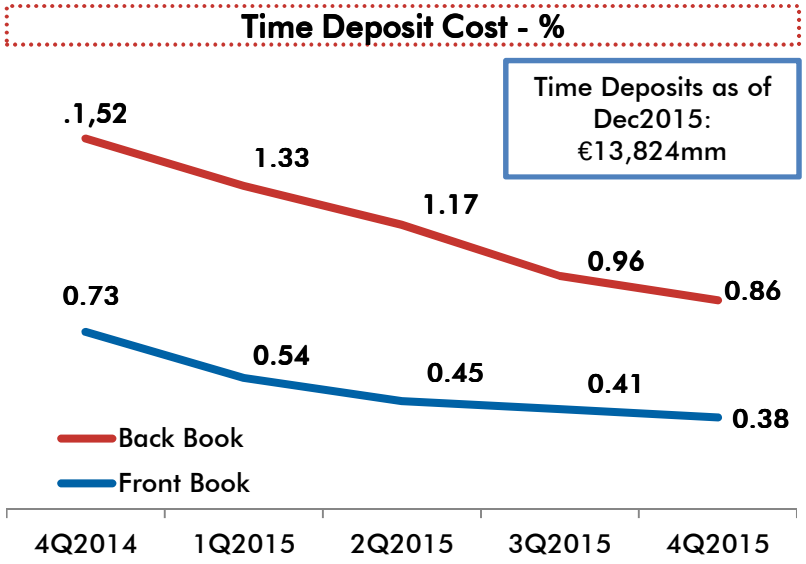


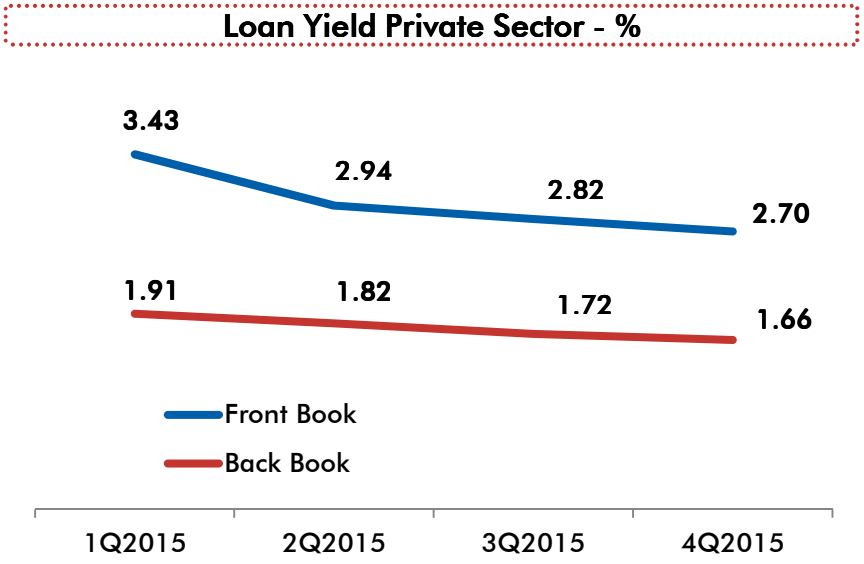
- **Net interest income decreases 9.7% YoY**
  - Positive growth in retail business revenue thanks to improving customer margin.
  - Income reduction in wholesale business mainly related to the reduction of the fixed income portfolio and lower contribution of SAREB bonds.

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Customer Margin (1/2)

- **Cost reduction in the back book of time deposits continues (-66 b.p. in 2015)**
  - In December the cost of new time deposits was 0.32 b.p.
  - Potential improvement in the deposit mix: time deposits still represent 44% of total deposits.
- **The fall in spreads of new lending has softened during the second half of the year. New loan yields remain significantly above those of the portfolio.**

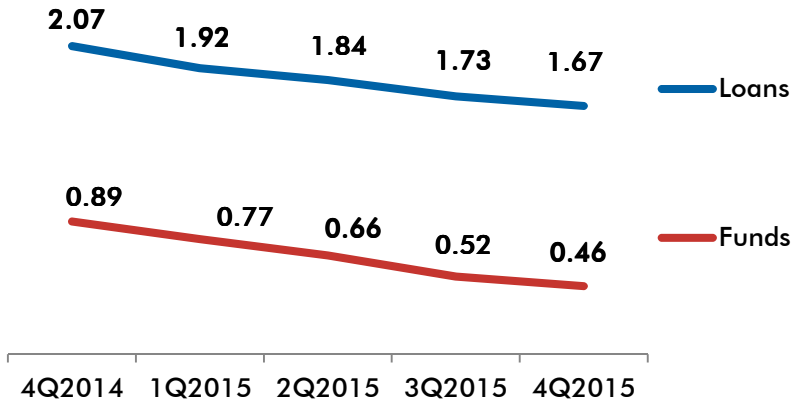


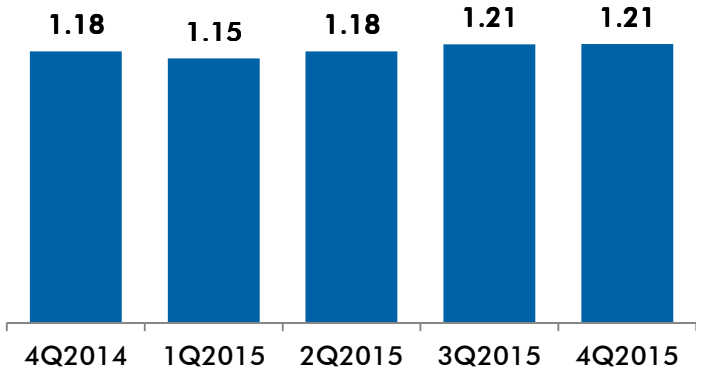


Customer Margin (2/2)

- **Customer margin improves 3 basis points YoY.**
  - The pressure of falling Euribor in loan portfolio has been fully offset by the reduction in the cost of customer funds.
- **Customer margin of new operations[1] stands at 2.3%.**

Customer Margin - %



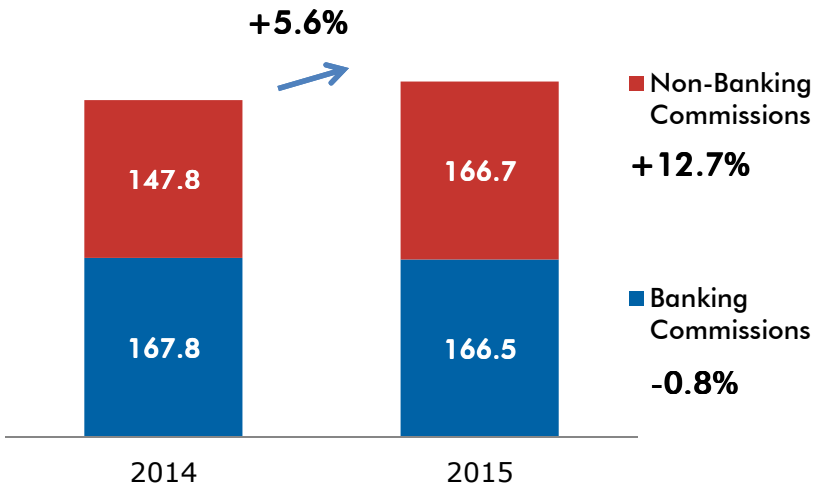


[1] Private sector front book loan yield – front book of time deposits

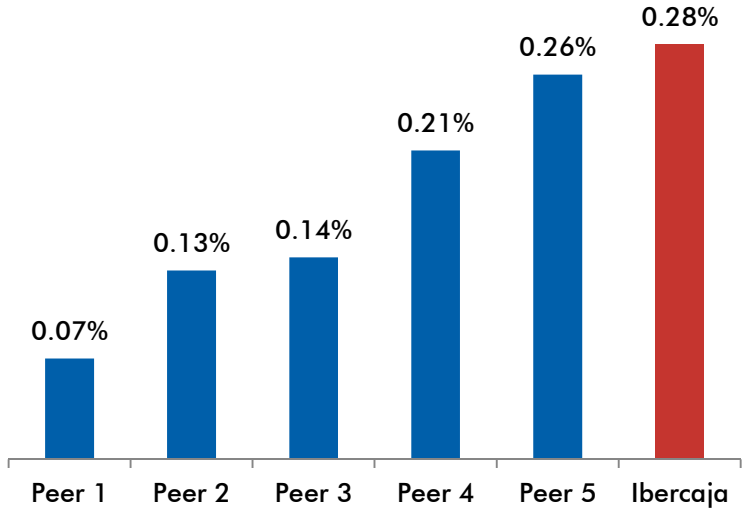
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Net Fee Income

Net Fee Income – €mm



Non-Banking Commissions % Total Assets 2015[1]



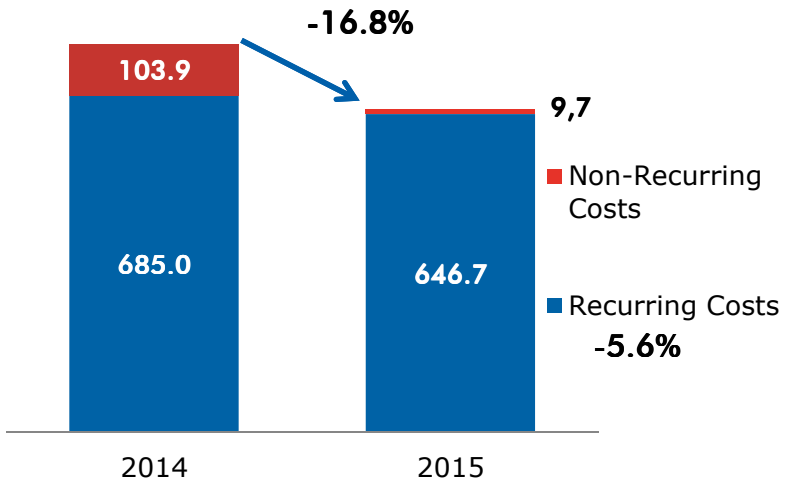
- **Solid evolution of non-banking commissions (+12.7% YoY) surpassing banking commissions for the first time.**
  - Ibercaja Financial Group, 100% owned by Ibercaja Banco, is a differential asset in the Spanish financial sector.

1 Includes Caixabank, Popular, Bankia, Liberbank and Bankinter

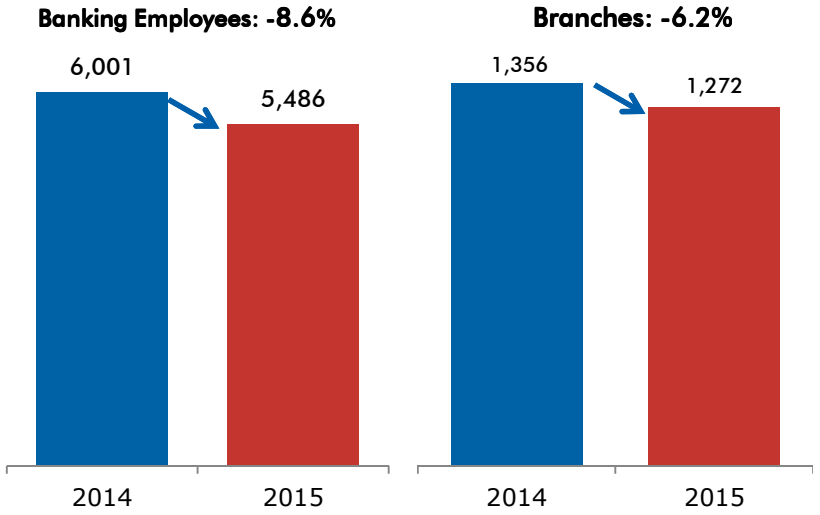
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Operating Costs

Operating Costs – €mm



Structure

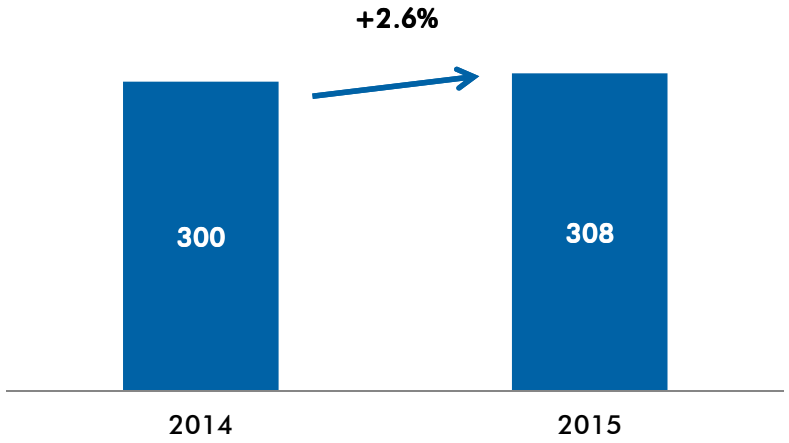


- **Outstanding performance of recurring costs (-5.6% YoY) thanks to the synergies stemming from Cajatres acquisition.**
  - Still above the 1% over total assets target (1.1% as of 2015)
  - 80% of the workforce reduction has taken place over the second half of the year. As a consequence personnel costs should decrease by 3% in 2016.

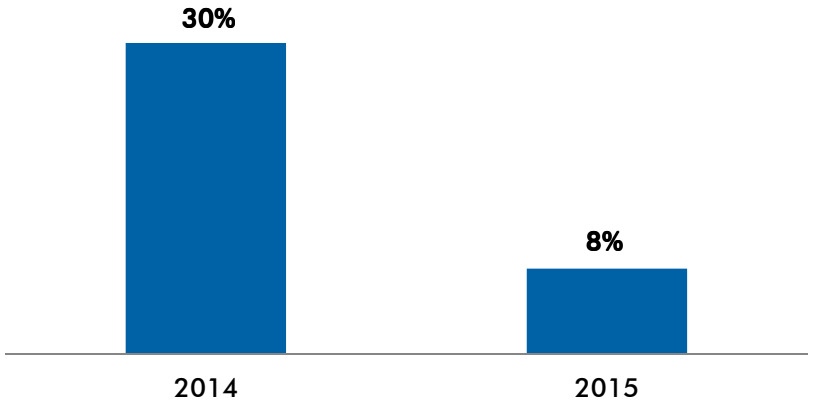
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Pre-Provision Profit

Pre-Provision Profit ex Trading Income and Non-Recurring Costs – €mm



Trading Income % Gross Margin

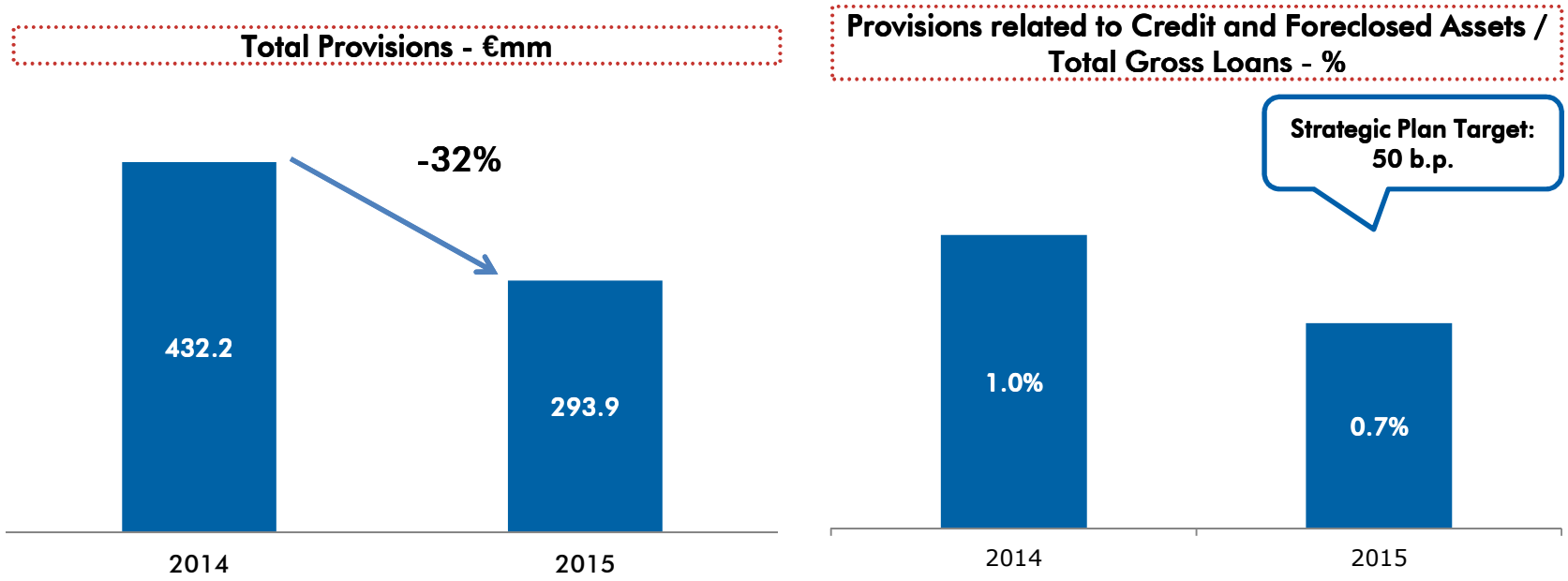


- **Pre-provision profit excluding trading income and non-recurring costs increases 2.6% thanks to the growth in net fee income and recurring costs reduction.**
  - Reported pre-provision profit decreases 38% due to lower trading income.
  - Ibercaja Banco improves the quality of its results with trading income representing less than 10% of Gross Margin.

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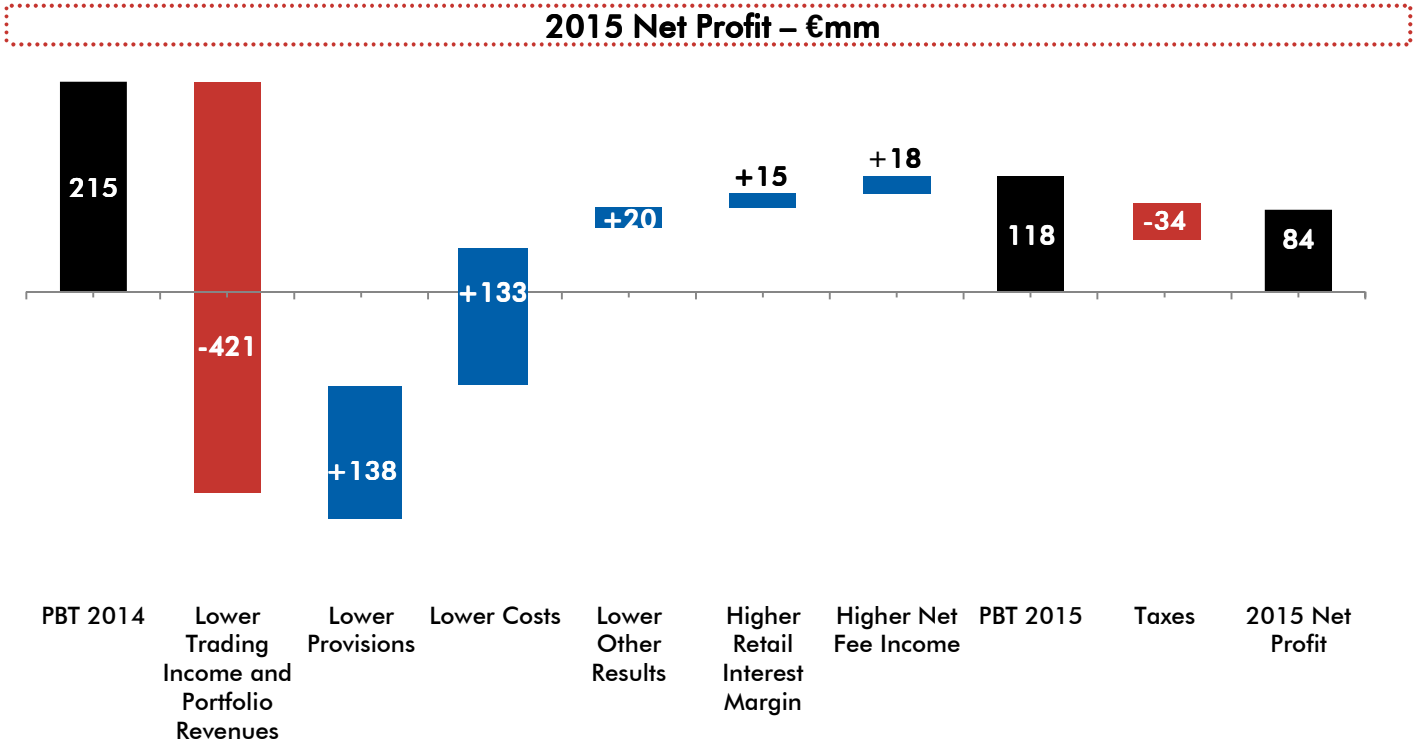
Provisions

- **Total provisions plummet 32%, although still above the targets of the 2015-2017 Strategic Plan.**



Net Profit

- **Ibercaja Banco achieves a net profit of €84mm with an improvement in the quality of the results due to lower contribution from wholesale business and the advance of the retail business.**



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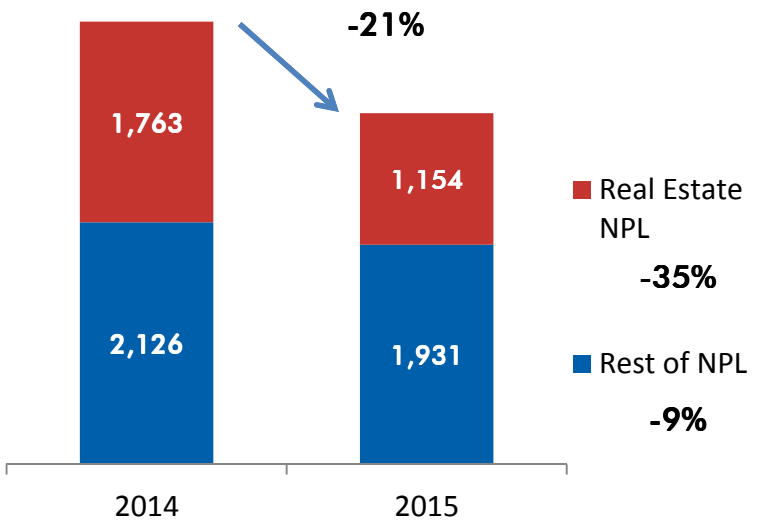
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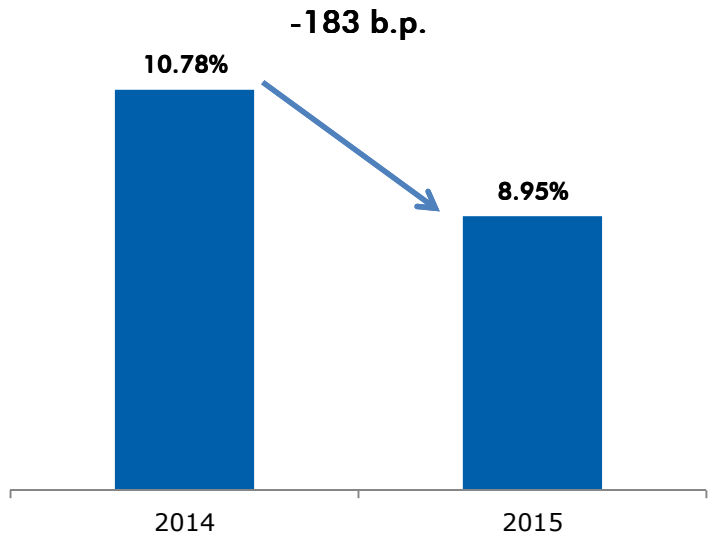
Asset Quality (1/3)

- **Solid reduction of non-performing loans:**
  - NPL ratio falls to 8.95%, which is 12% lower than the sector average. Coverage ratio stands at 53.7%
  - Gross NPL entries fall 50% in 2015.

Non-Performing Loans – €mm



NPL Ratio - %

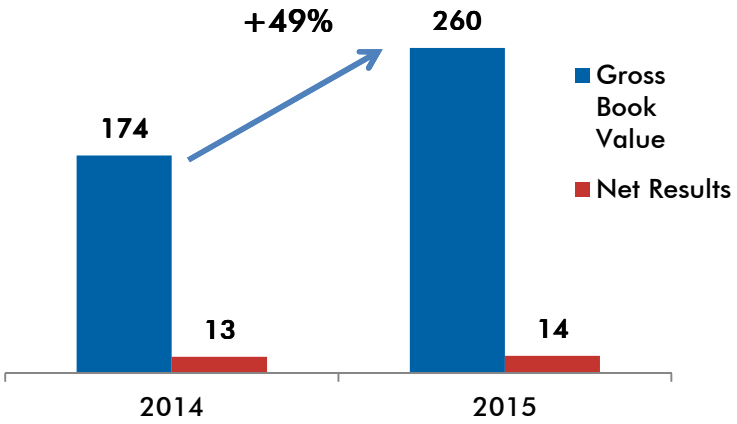


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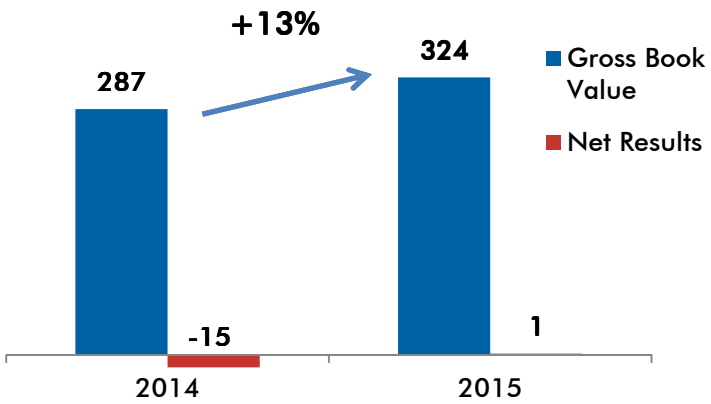
Asset Quality (2/3)

- Step up in foreclosed asset and third-party asset sales, with a minimum impact on results.

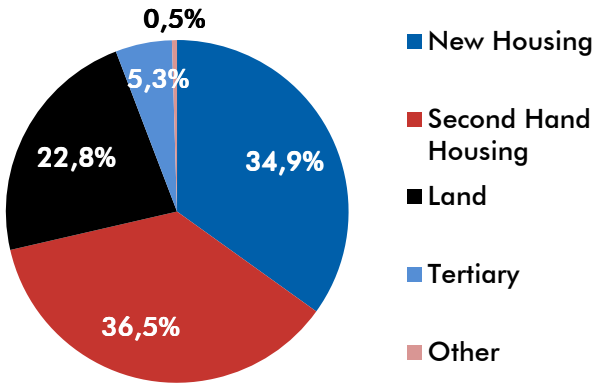
Foreclosed Asset Sales - €mm



Third-Party Assets Sales[1] - €mm



Foreclosed Assets Sales – %



1 Excluding the impact of Goya transaction

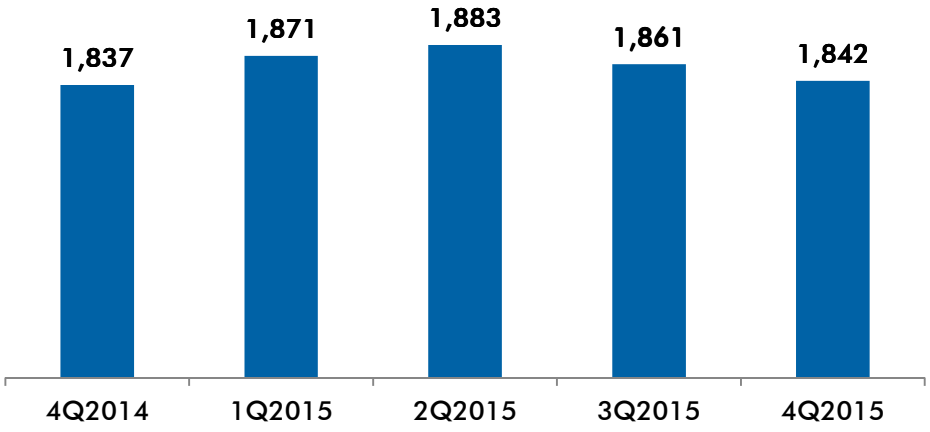
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Asset Quality (3/3)

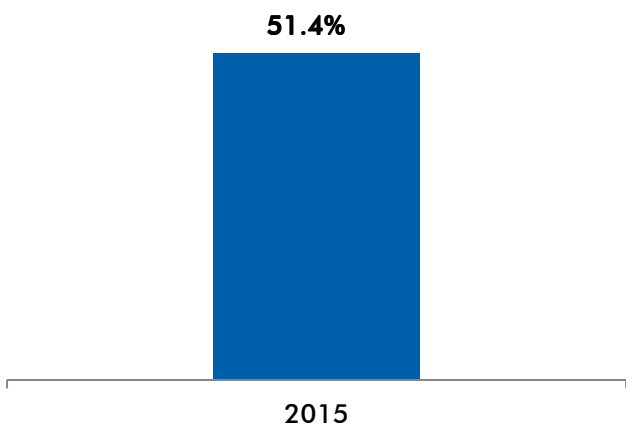
- **The improvement in the real estate market and the pickup of asset sales allows for a second consecutive quarter of decreasing stock of foreclosed assets.**

  - Last February, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic alliance with Aktua. With this agreement, Ibercaja seeks to accelerate the offloading of non-performing real estate assets, allowing those resources to be used in new credit transactions.

Foreclosed Assets – Gross Book Value



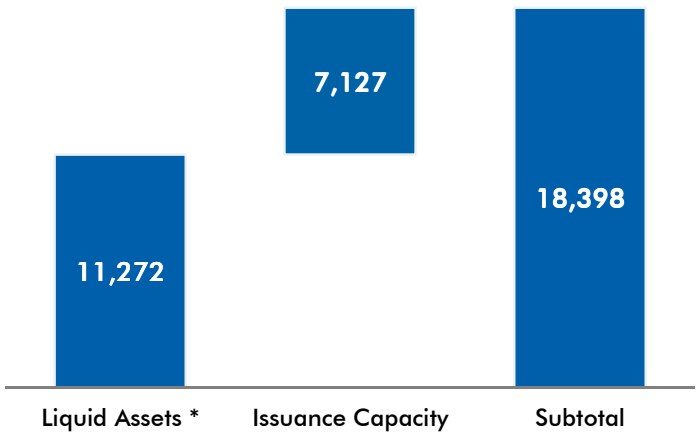
Foreclosed Assets Coverage - %



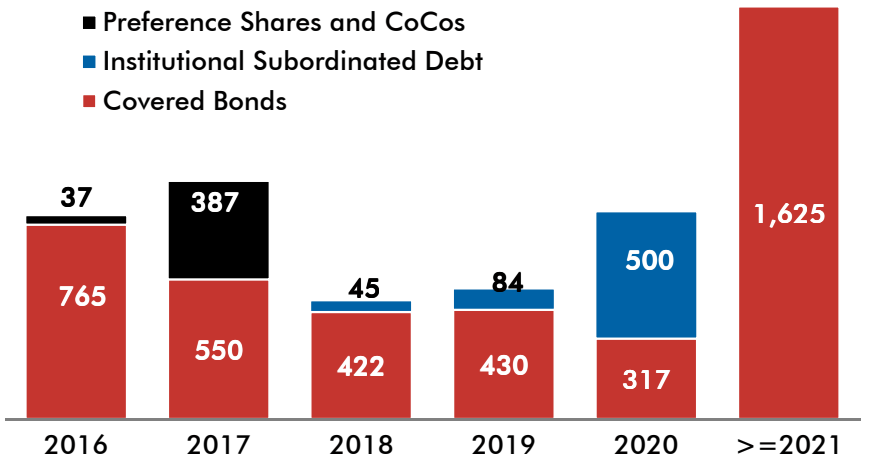
Liquidity and Solvency (1/3)

- **Comfortable liquidity position** with over €11.2bn of available liquid assets (19% of total assets).
- **LCR and NSFR ratios stand at 242% and 117%, respectively.**
- **Loan to Deposits ratio stands at 91.3%[1].**
- **ECB funding: €2.05bn (3.5% TA, - €2.7bn YoY), 100% TLTRO.**
- **No significant concentration in maturities** (below 1.6% of total assets every year).

Liquidity Position - €mm



Maturities Profile – €mm



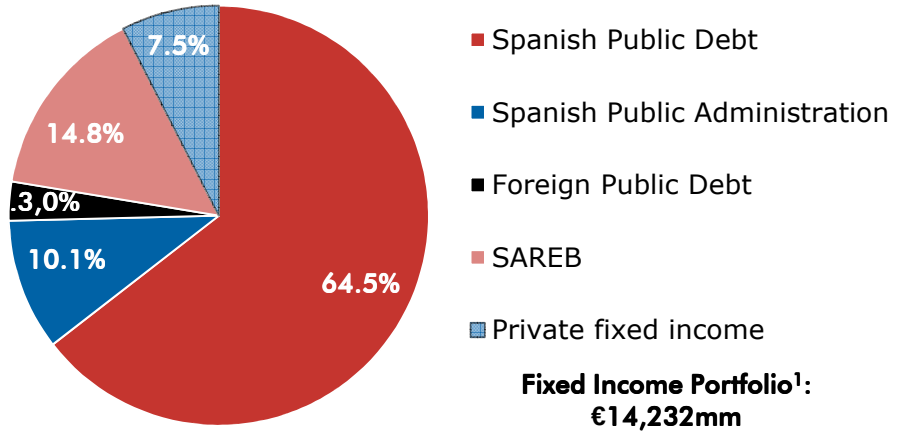
[1] 1 Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.
* Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

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Liquidity and Solvency (2/3)

- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.**
  - Average duration of 3.4 years and unrealised capital gains over €143mm (of which €83mm are AFS).
  - Average yield stands at 1.6%.
- **Ibercaja Banco has reduced its fixed income portfolio by 11% in 2015 (- €1,770mm).**

Fixed Income Portfolio – 2015



Fixed Income Portfolio[1]: €14,232mm

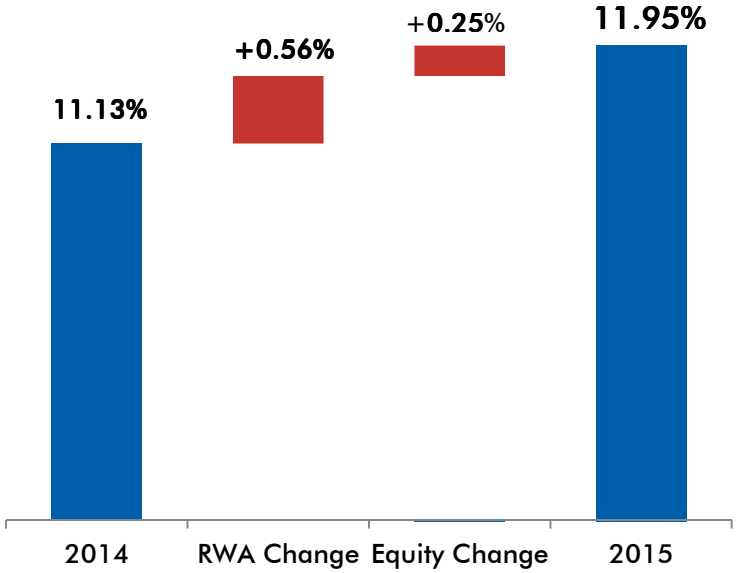
[1] Excluding capital grains from held-to-maturiy portfolio

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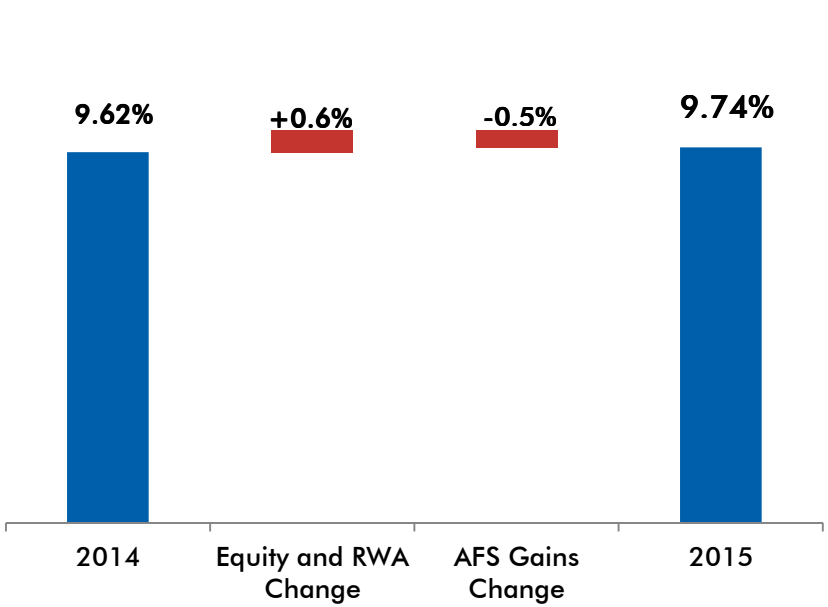
Liquidity and Solvency (3/3)

- CET1 Phased-In Ratio: 11.95% vs. SREP requirement of 9.25%.
- Total Capital Phased-In Ratio: 14.4%.
- RWA/TA Ratio: 39.9% calculated using the standard methodology.
- Leverage Ratio: 5.2% (Phased-In).

CET1 Phased-In – %



CET1 Fully Loaded[1] – %



[1] Excluding CoCos, including AFS gains

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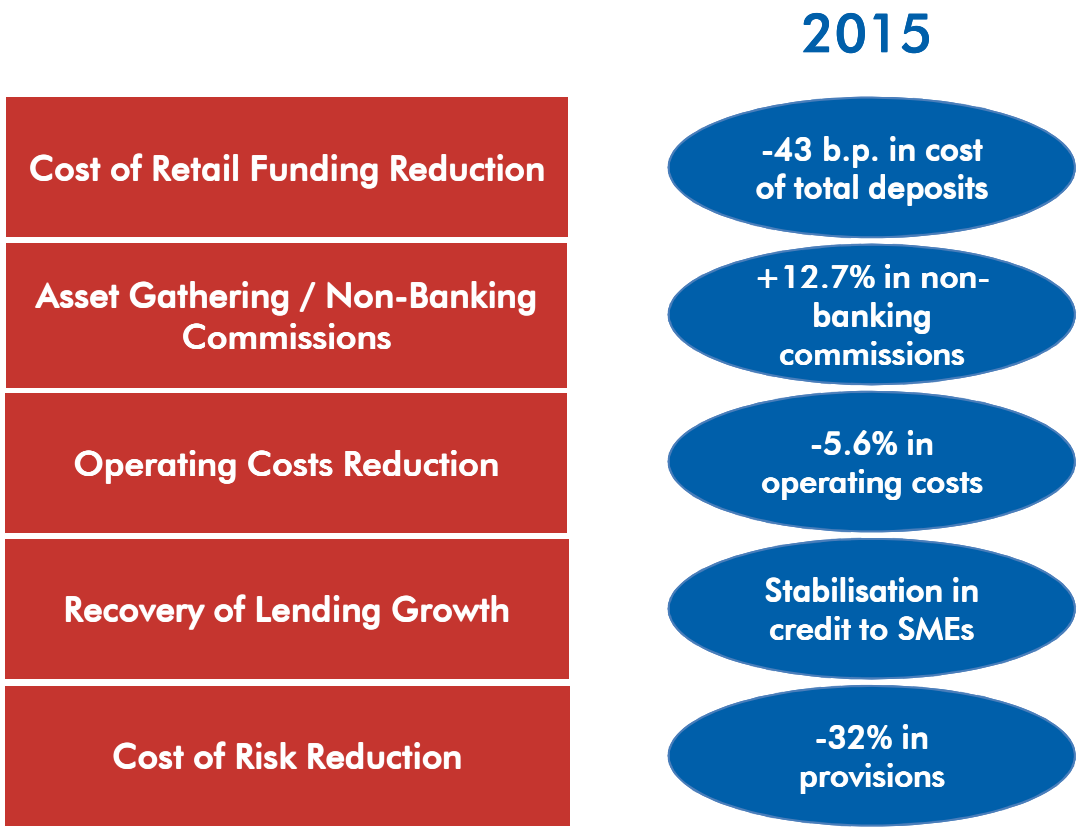
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Final Remarks

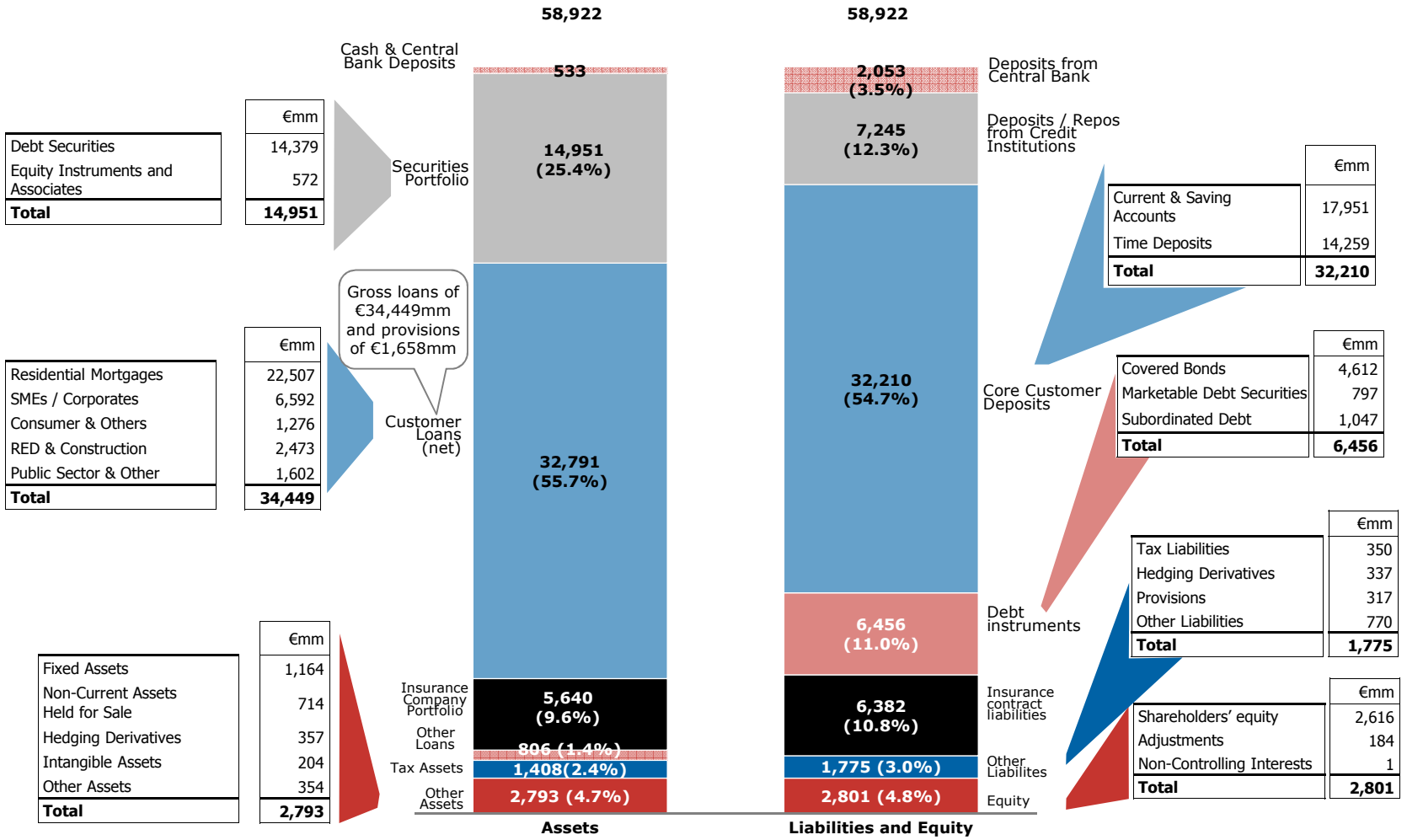
- **Ibercaja's Strategic Plan value drivers show a positive trend already in the first year of its implementation.**



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Annex 1: Consolidated Balance Sheet

Consolidated Balance Sheet



Annex 2: Sale of Real Estate Servicer

Sale of Real Estate Servicer

- Last February, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic alliance with Aktua. This agreement includes:
  - The real estate assets that are currently on Ibercaja's balance sheet
  - Future real estate assets on Ibercaja's balance sheet or on any of its subsidiaries'
  - Marketing of other real estate assets with Ibercaja's funding
- Ibercaja Banco takes advantage of Aktua's sales network, with more than 400 employees across 30 branches around Spain.
- With this agreement, Ibercaja seeks to accelerate the offloading of non-performing real estate assets, allowing those resources to be used in new credit transactions.



For more information, please visit our Website:
http://www.ibercaja.es/informacioncorporativa/en/

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