

1Q2016 RESULTS

May 13th, 2016

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- Commercial Activity
- 1Q2016 Results
- Asset Quality, Liquidity and Solvency
- 2016 Guidance
- Strategic Progress

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Main Highlights

Commercial Activity

- Δ market share in mutual funds, pension funds and life insurance
- New Lending Production: +22% YoY.
- Performing loans to non-real estate companies: +2.5% YoY

Results

- Net Profit: €28,9mm
- Customer Spread: +11 b.p. YoY.
- Non-banking Commissions: +11,4% YoY
- Extraordinary results increase non-recurring provisions.

Asset Quality

- Doubtful Loans: -18% YoY
- NPL Ratio: 8,9% (-152 b.p. YoY)
- Foreclosed Assets Stock: -1,3% YoY

Solvency

- CET1 Phased-In: 11.9%
- CET1 Fully Loaded: 10.0% (+25 b.p. QoQ)

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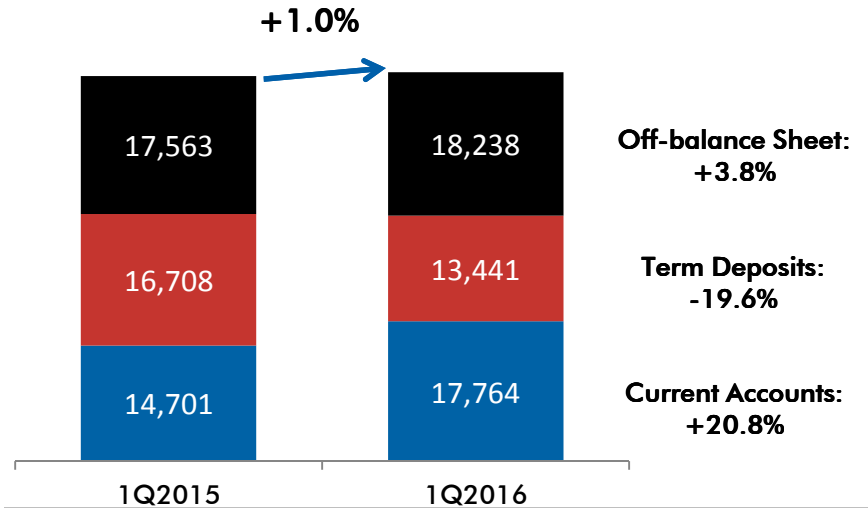
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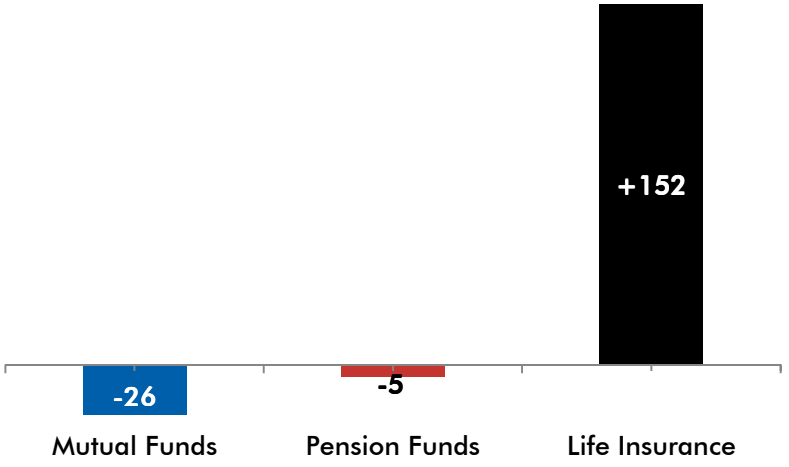
Customer Funds (1/2)

- **Total retail funds increase €471mm or 1.0% YoY.**
  - Current accounts weight over total deposits continues to grow (57% vs. 47% in 1Q2015)
  - After a record 2015 in net new money (€1,355mm), mutual funds stability during the quarter in a volatile market environment. The diversification of the business model allows to channel net new money to life insurance products
  - Reduced impact of market volatility (€-140mm during the quarter)

Retail Funds – €mm



Net New Money in Off-Balance Funds - €mm



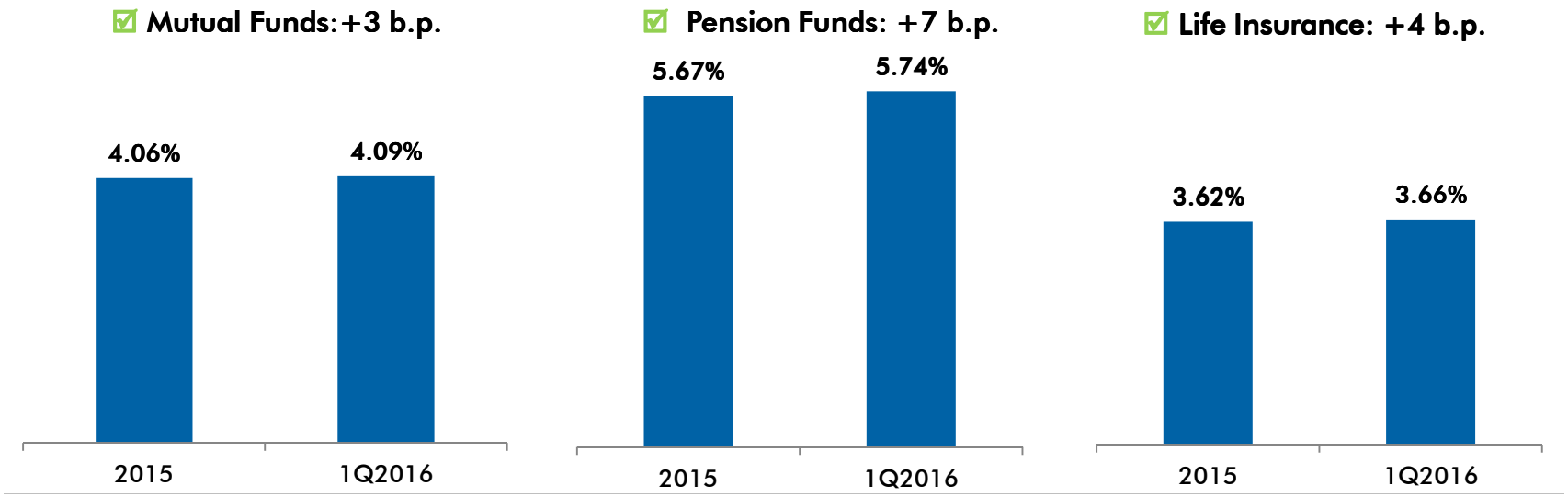
Customer Funds (2/2)

- **Specialists in long term savings management.** Ibercaja Banco has developed a long term savings management model that has been certified and awarded by third parties. This model is highly valuable in the current environment with low interest rates and high volatility.
  - Expansión-Allfunds award to the best pension fund manager in Spain

XXVII PREMIOS FONDOS 2016 Expansión allfunds BANK
Ibercaja Pensión, E.G.F.P.
Mejor gestora nacional de planes de pensiones

AENOR conform
Asesoramiento Patrimonio Personal

Market Share - %



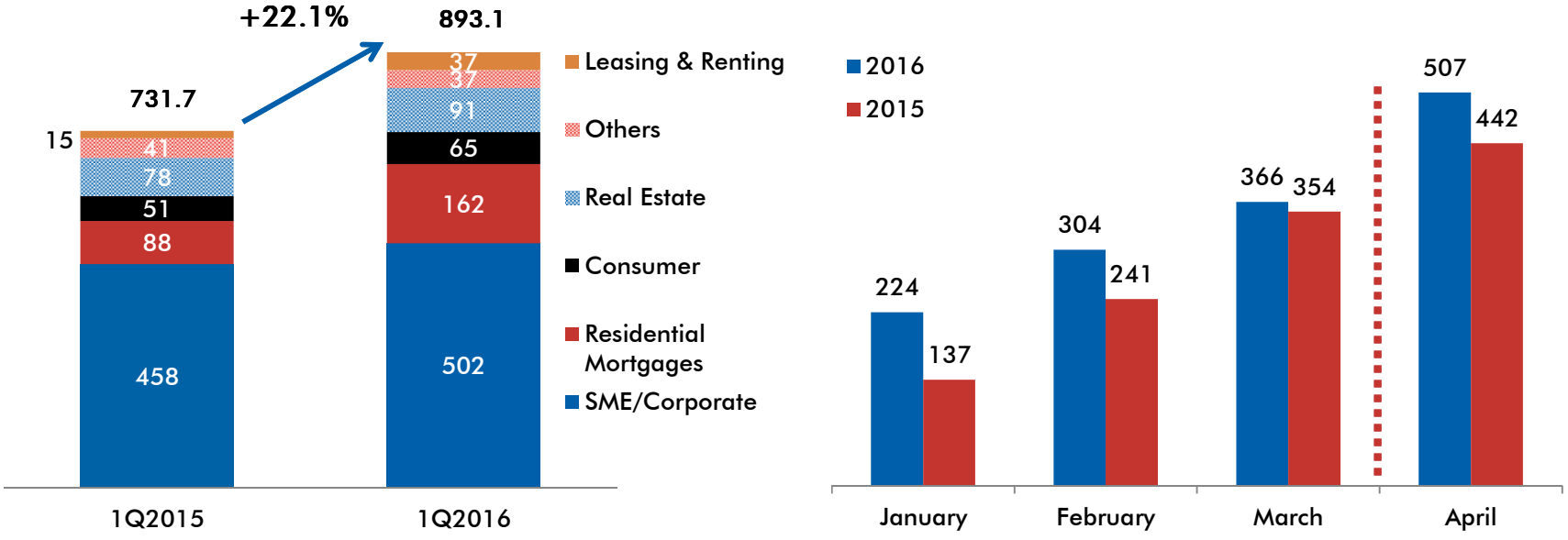
Source: Inverco & Icea

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Customer Loans (1/2)

- **New lending production continues to grow (+22.1% vs. 1Q2015):**
  - SME new loan production accounts for 56% of total new lending, in line with the Strategic Plan target
  - Madrid and the Mediterranean Basin represent 44% of new loan production
- **Accumulated working capital loans grow 19.3% to reach €983mm.**

New Loan Production – €mm



Customer Loans (2/2)

- **Performing loans to non-real estate companies grow 2.5% YoY** and stabilisation of consumer credit.
- **Current new lending production should allow for a stabilisation in performing loans already in the second quarter.**

Credit Portfolio – €mm

	1Q2015	1Q2016	YoY
Loans to Individuals	**24,589**	**23,477**	**-4.5%**
Mortgages	23,353	22,238	-4.8%
Consumer & Others	1,235	1,240	+0.3%
Loans to SME/Corporate	**9,820**	**8,985**	**-8.5%**
Real Estate	3,232	2,423	-25.0%
Non-Real Estate	6,588	6,562	-0.4%
Public Sector & Others	**1,058**	**981**	**-7.2%**
Reverse Repo	**0**	**529**	**n/a**
Total Gross Loans	**35,467**	**33,974**	**-4.2%**

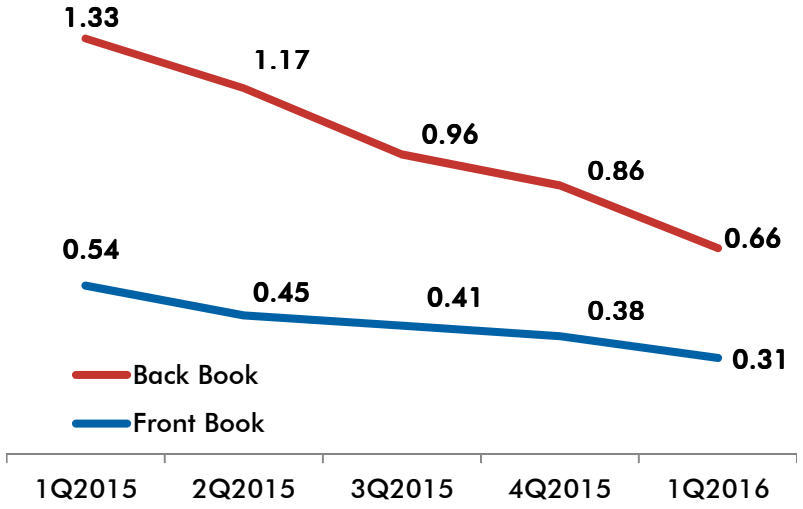
Performing Loans: -2.6%
Doubtful Loans: -18%

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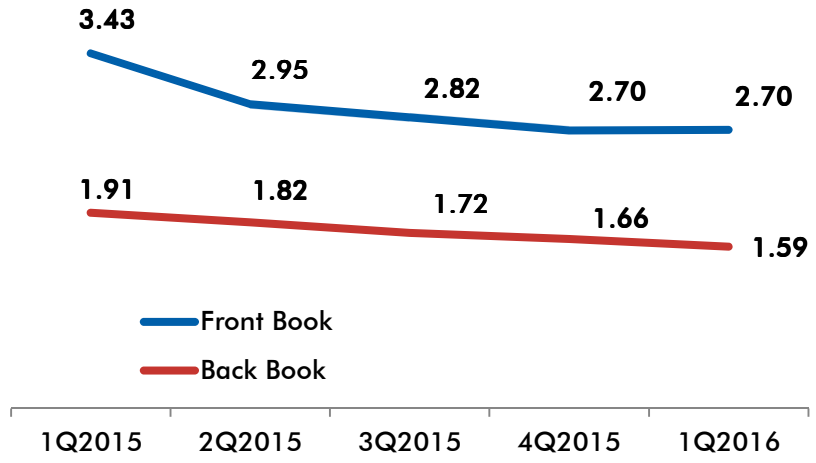
Front Book Rates

- **New effort in term deposits cost reduction (-7 b.p. QoQ).**
  - Cost of new term deposits in April: 0.25%
- **Stabilisation in loan yields of the front book to the private sector.**
- **Customer spread of new operations[1] stands at 2.4% and should continue to help the customer spread in the coming quarters.**

Term Deposits Cost - %



Loan Yields to the Private Sector - %



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

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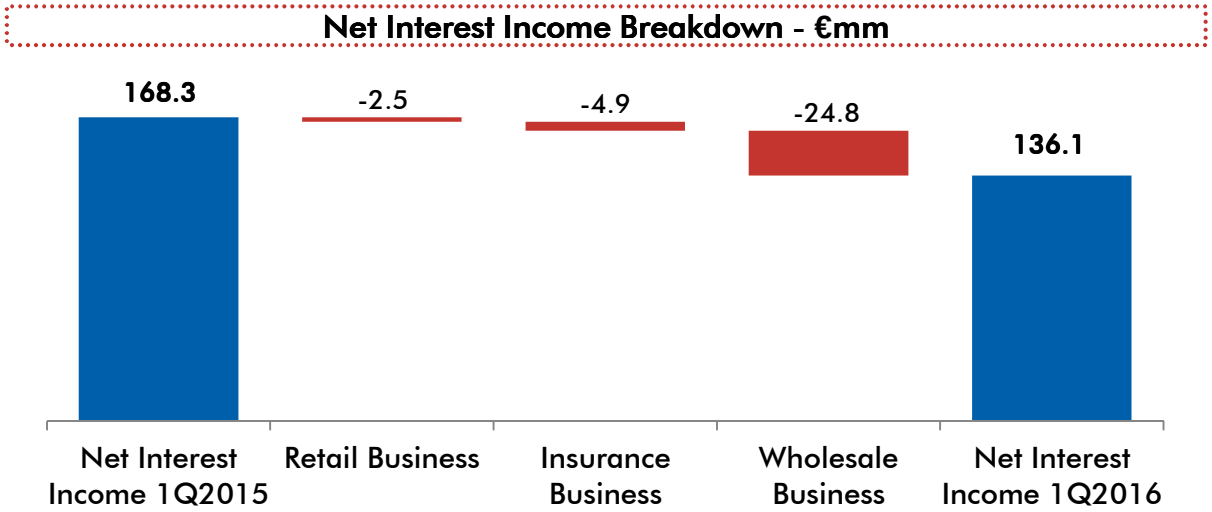
1Q2016 Results

€mm	1Q2015	1Q2016	YoY
Net Interest Income	**168.3**	**136.1**	**-19.1%**
Net Fee Income	77.4	80.4	3.9%
Trading Income	22.6	17.8	-21.5%
Other Operating Inc. / Exp. (Net) *	10.4	72.2	n/a
Gross Operating Income	**278.7**	**306.4**	**10.0%**
Operating Costs	-144.3	-151.4	4.9%
Pre-Provision Profit	**134.4**	**155.1**	**15.4%**
Total Provisions	-76.3	-116.0	52.0%
Other Gains and Losses	2.0	2.3	18.9%
Profit Before Taxes	**60.0**	**41.4**	**-31.0%**
Taxes & Minorities	-17.4	-12.5	-28.6%
Net Profit Attributable to Shareholders	**42.6**	**28.9**	**-32.0%**

* In 1Q2016, other operating results include a net gain of €69.3mm related to the Aktua agreement (see page 30)

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Net Interest Income



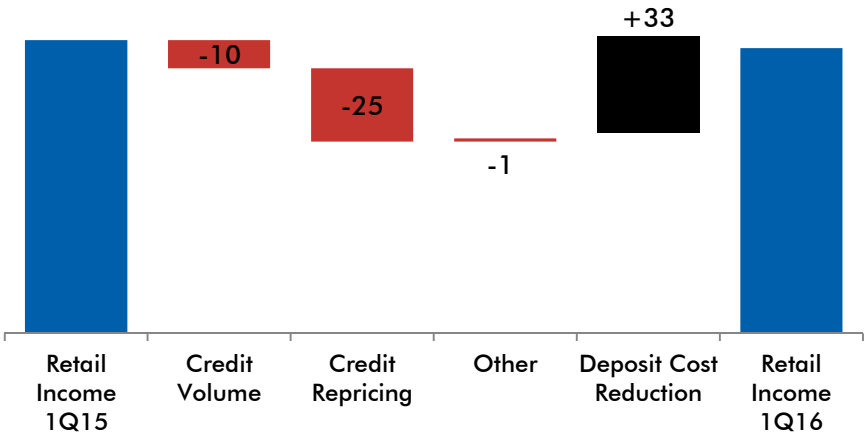
2016 expected reduction below 10%

- **77% of the decrease in net interest income is explained by lower wholesale business revenues:**
  - Lower fixed income portfolio volume: 16.6% or €-2,690mm
  - SAREB bonds (15% of the portfolio) have been repriced to 0.1% vs. 0.8% in 1Q2015
- **Retail business remains fairly stable YoY.**

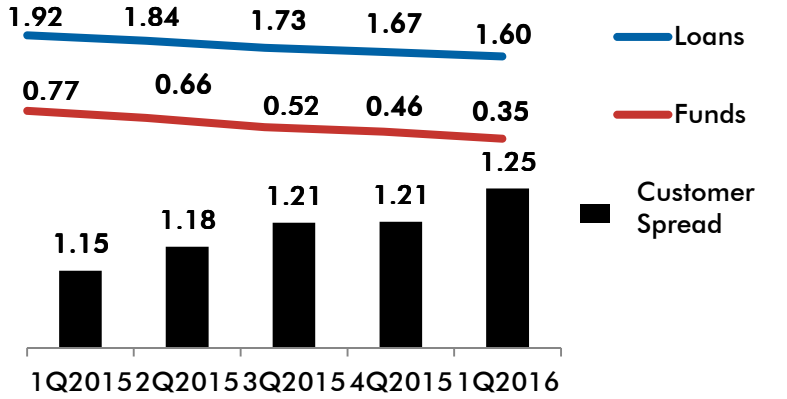
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Customer Spread

Retail Business – Index Base 100



Customer Spread - %



- **The deposit cost reduction (-42 b.p. YoY) almost offsets the credit repricing due to the fall in Euribor (-25 b.p.) and deleveraging (-4.2% YoY).**

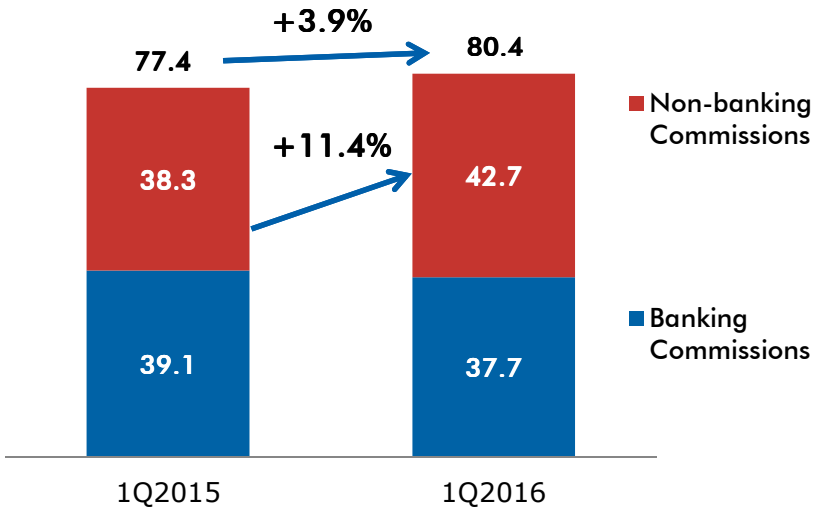
Expected improvement in retail business in coming quarters

- ☑ Term deposits repricing to contribute at least 15 b.p. to the deposit cost reduction (total deposit base €31,205mm).
- ☑ With the current Euribor curve, credit repricing impact will be more moderate.
- ☑ Credit front book at higher rates than back book.
- ☑ Performing credit stock should remain stable QoQ already in the second quarter.

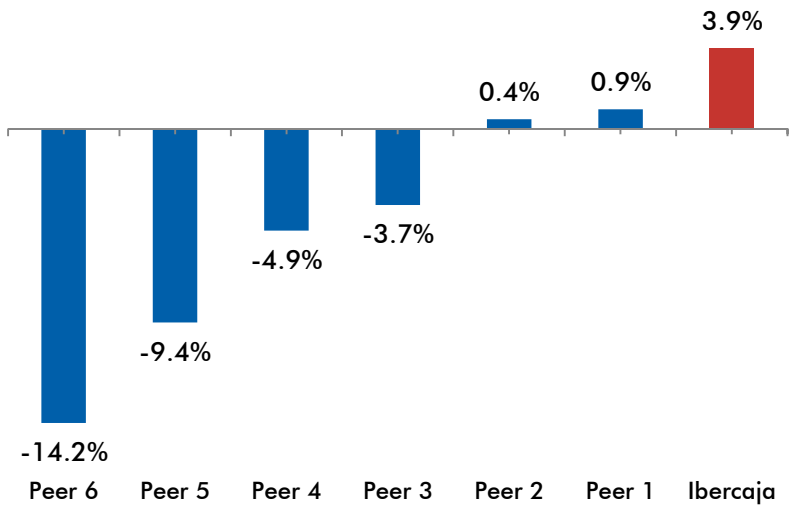
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Net Fee Income

Net Fee Income – €mm



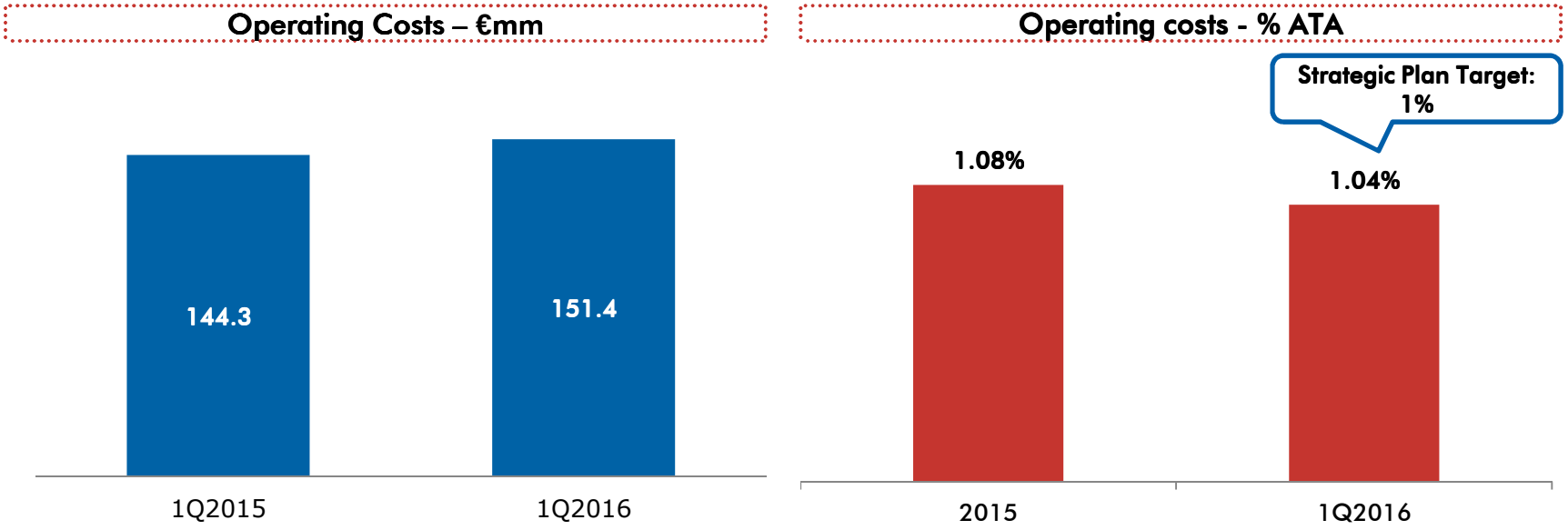
Net Fee Income YoY - %[1]



- **Net fee income grows 3.9%, boosted by non-banking commissions (+11.4%).**
  - Ibercaja outstanding evolution explained by the higher weight of non-banking commissions (53% in Ibercaja vs. 33% peer average) over total net fee income
- **Banking commissions fall 3.5% mainly due to the decrease in securities fees (-32%).**

[1] Includes Caixabank, Bankia, Sabadell ex TSB, Popular, Bankinter and Liberbank

Operating Costs



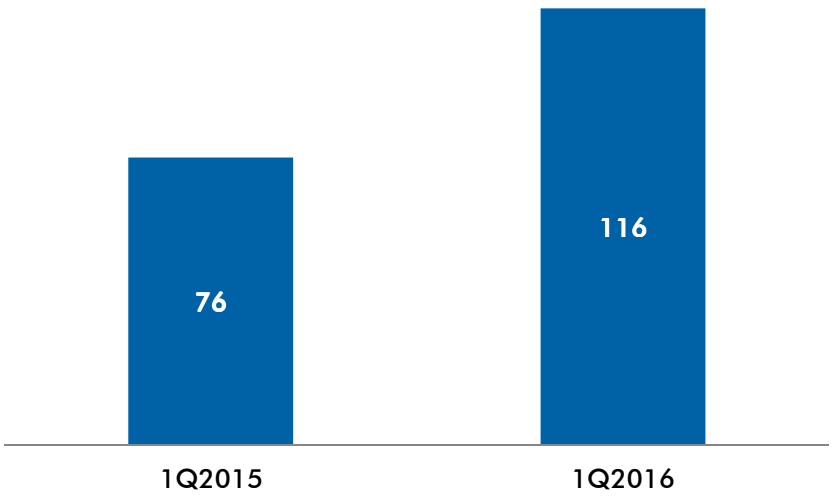
- 4.9% increase in operating costs due to new strategic projects (Plan Madrid, digital transformation, Aktua…)
- This increase will be spread throughout the year and **the cost base will remain stable in 2016**, including costs related to the agreement with Aktua, thanks to:
  - Decrease in personnel cost of 3%
  - 22 branch closures until June, already approved

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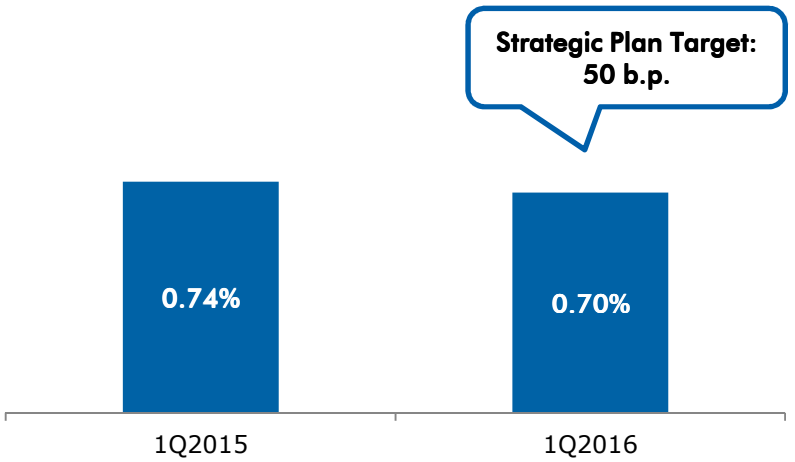
Provisions

- **Extraordinary results from the Aktua agreement on the quarter increase non-recurring provisions.**
  - Cost of risk 70 b.p. lower, but still above the target level set on the Strategic Plan

Total Provisions - €mm



Provisions related to Credit and Foreclosed Assets / Total Gross Loans - %



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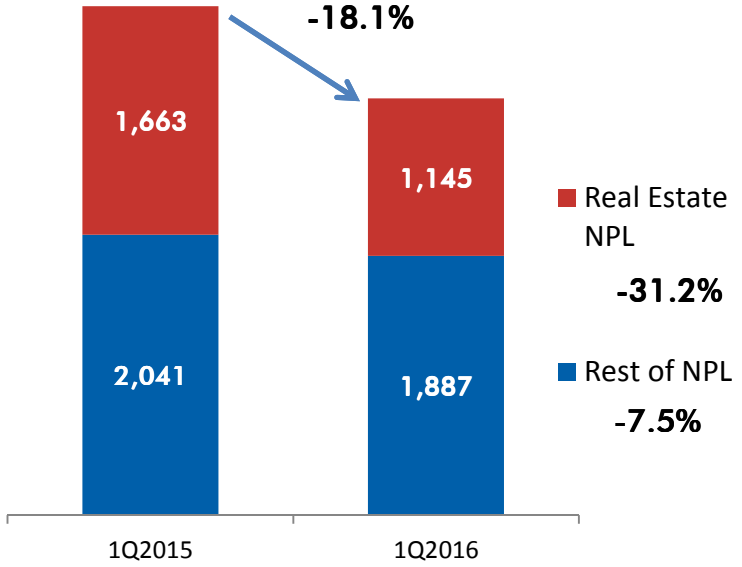
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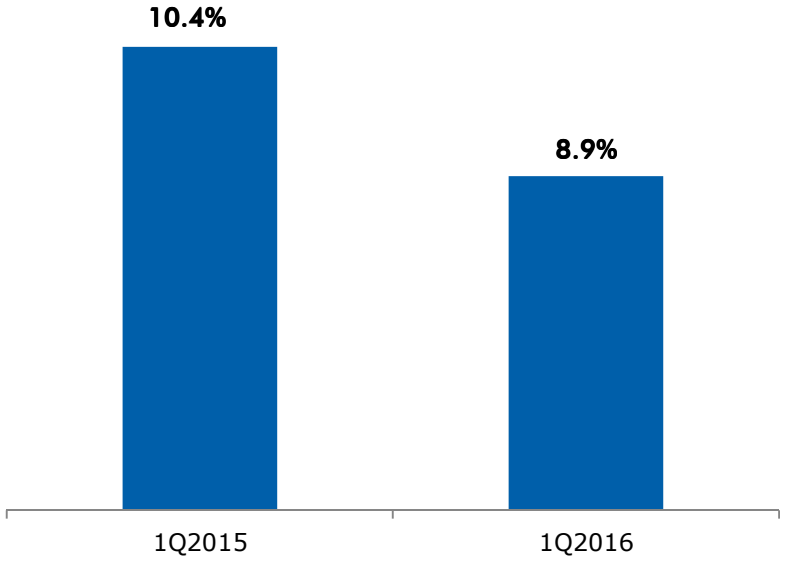
Asset Quality (1/2)

- **Steady reduction of non-performing loans:**
  - NPL ratio falls to 8.9%, (-152 b.p. YoY)
  - Coverage ratio of 52.6%

Non-performing Loans – €mm



NPL Ratio - %

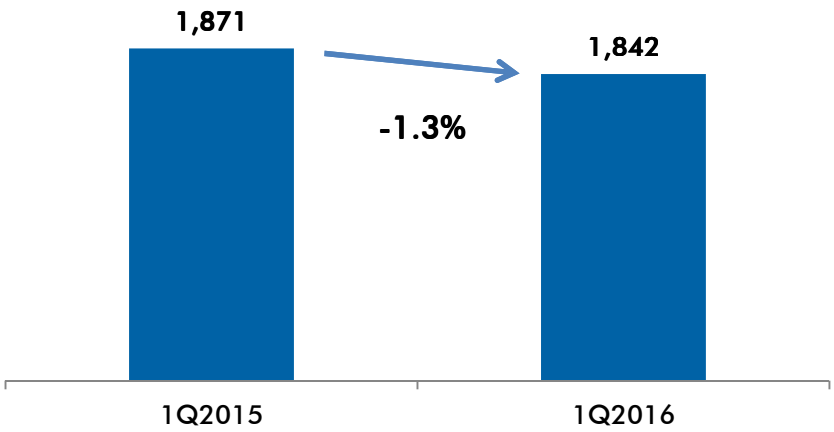


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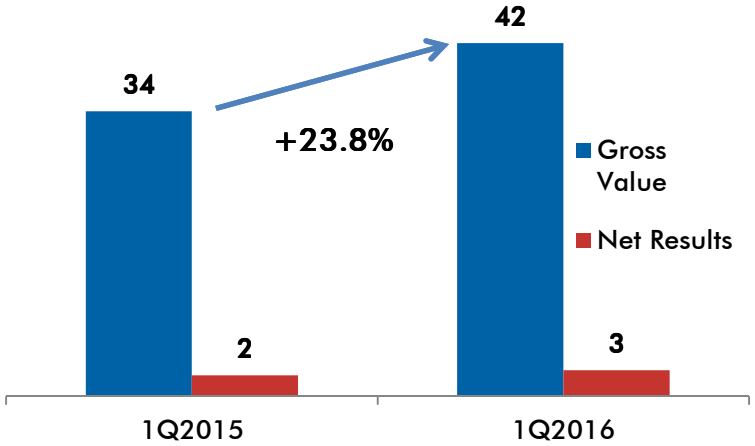
Asset Quality (2/2)

- **The improvement in the real estate market and the pickup of asset sales allows for a 1.3% foreclosed-assets stock reduction.**
  - Coverage ratio stands at 51.7%
  - 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 foreclosed assets, freeing up resources to be used in new credit transactions

Foreclosed Assets – Gross Book Value



Foreclosed Assets Sales - €mm

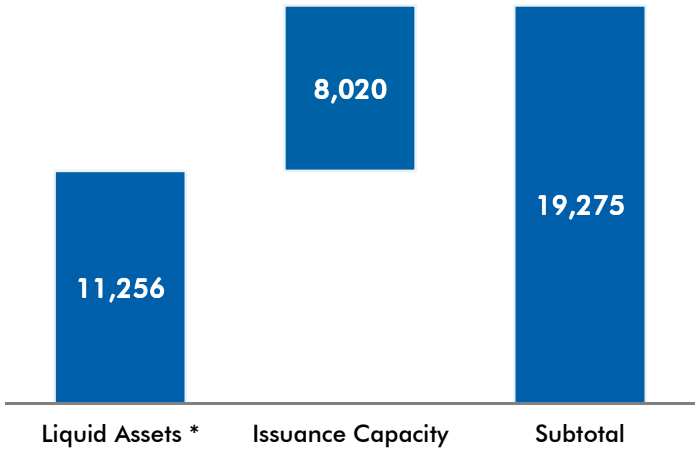


Liquidity and Solvency (1/3)

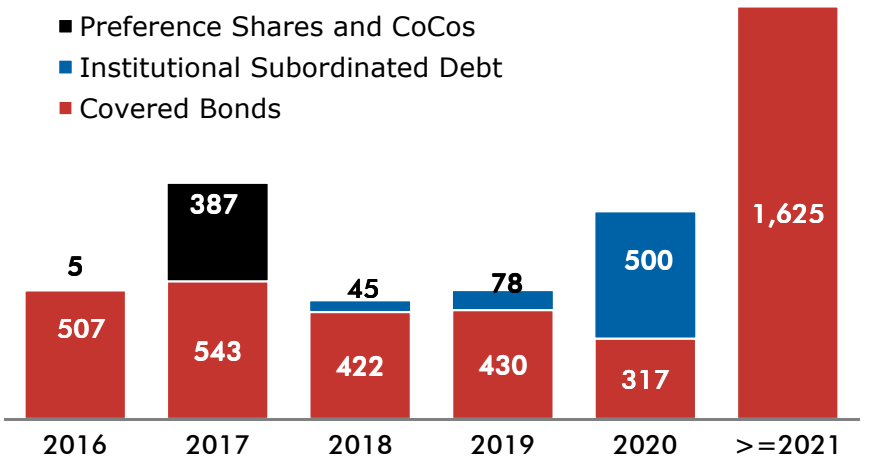
Comfortable liquidity position:

- More than €11,200mm of available liquid assets (19% of total assets)
- LCR and NSFR stand at 213% and 116%, respectively
- Loan to deposits ratio stands at 96%[1]
- ECB funding: €2,051mm (3.5% TA), 100% TLTRO

Liquidity Position - €mm



Maturity Profile – €mm



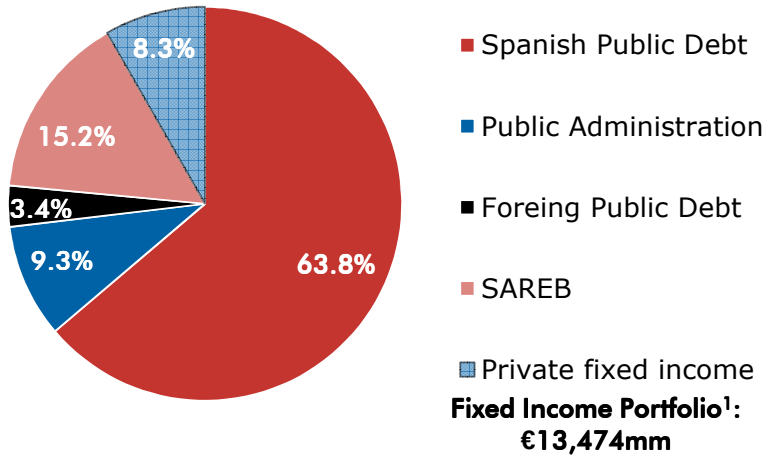
[1] 1 Net Loans ex. securitised loans / Customer deposits ex. repos + Securities distributed through the branch network.
* Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

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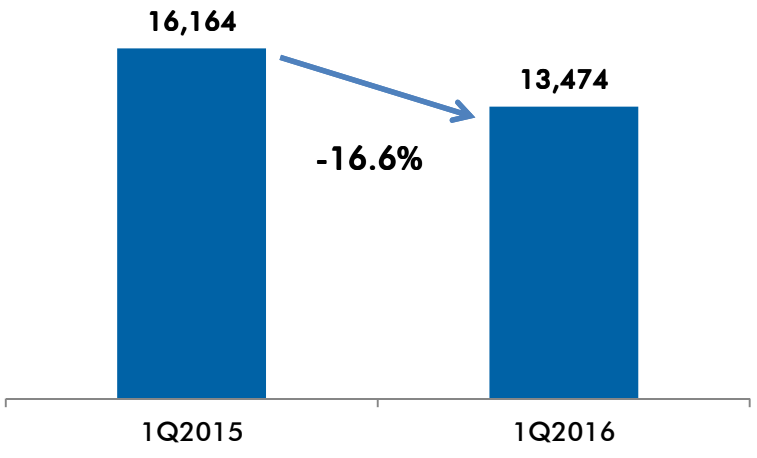
Liquidity and Solvency (2/3)

- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.**
  - Average duration of 4.1 years and unrealised capital gains over €165mm (of which €100mm are AFS)
  - Average yield stands at 1.5%
- **Ibercaja Banco has reduced its fixed income portfolio by €2,690mm YoY.**

Fixed Income Portfolio – 1Q2016



Fixed Income Portfolio[1]: €13,474mm



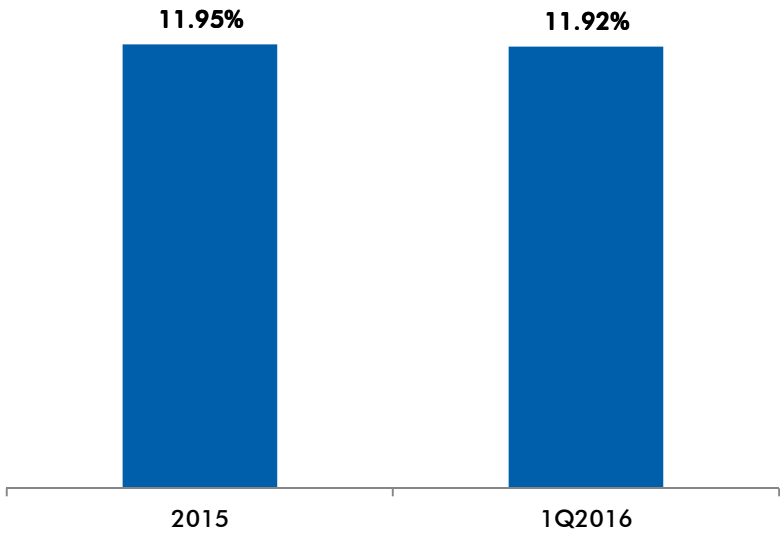
[1] Excluding capital grains from held-to-maturity portfolio

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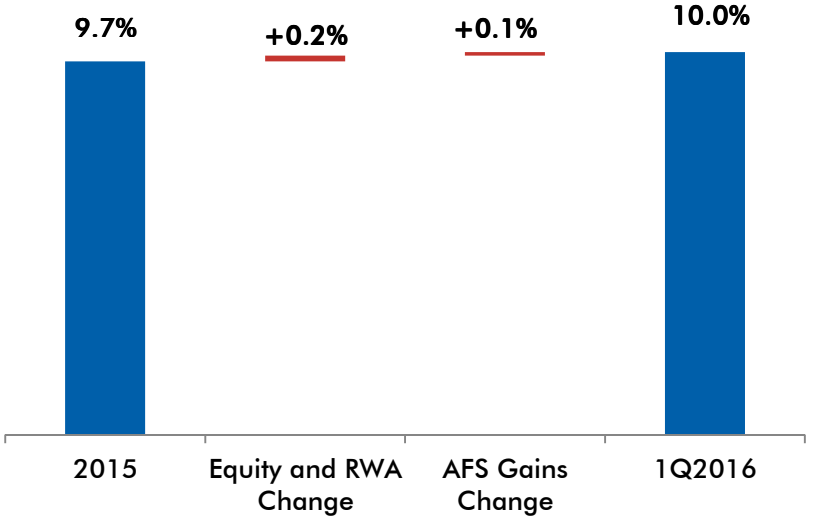
Liquidity and Solvency (3/3)

- **CET1 Phased-In Ratio: 11.9%.**
  - Amortization of €20mm CoCos
- **Total Capital Phased-In Ratio: 14.2%.**
- **RWA/TA Ratio: 40.5% calculated using the standard methodology.**
- **Leverage Ratio: 5.3% (Phased-In).**

CET1 Phased In - %



CET1 Fully Loaded [1]– %



[1] Excluding CoCos, including AFS gains

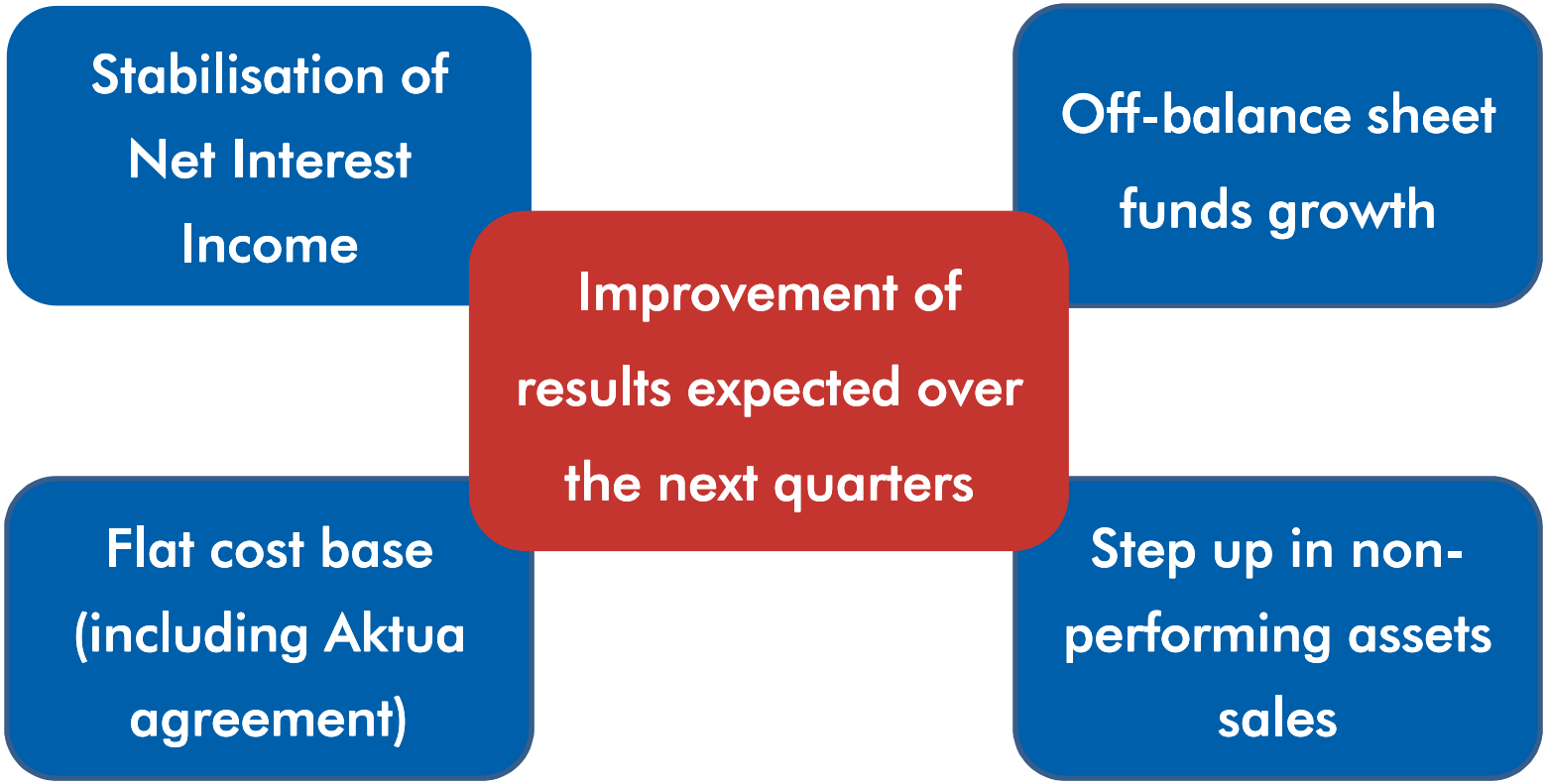
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2016 Guidance



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2016 Guidance

Stabilisation of Net Interest Income

- ✓ Stabilisation in performing credit portfolio
- ✓ Lower Euribor impact.
- ✓ Front book margin higher than back book
- ✓ Slower decrease in wholesale business

Off-balance sheet funds growth

- ✓ Markets improvement → Net new money in mutual funds in April > €45mm

Flat cost base (including Aktua agreement)

- ✓ Decrease in personnel cost of 3%
- ✓ 22 branch closures until June

Step up in non-performing assets sales

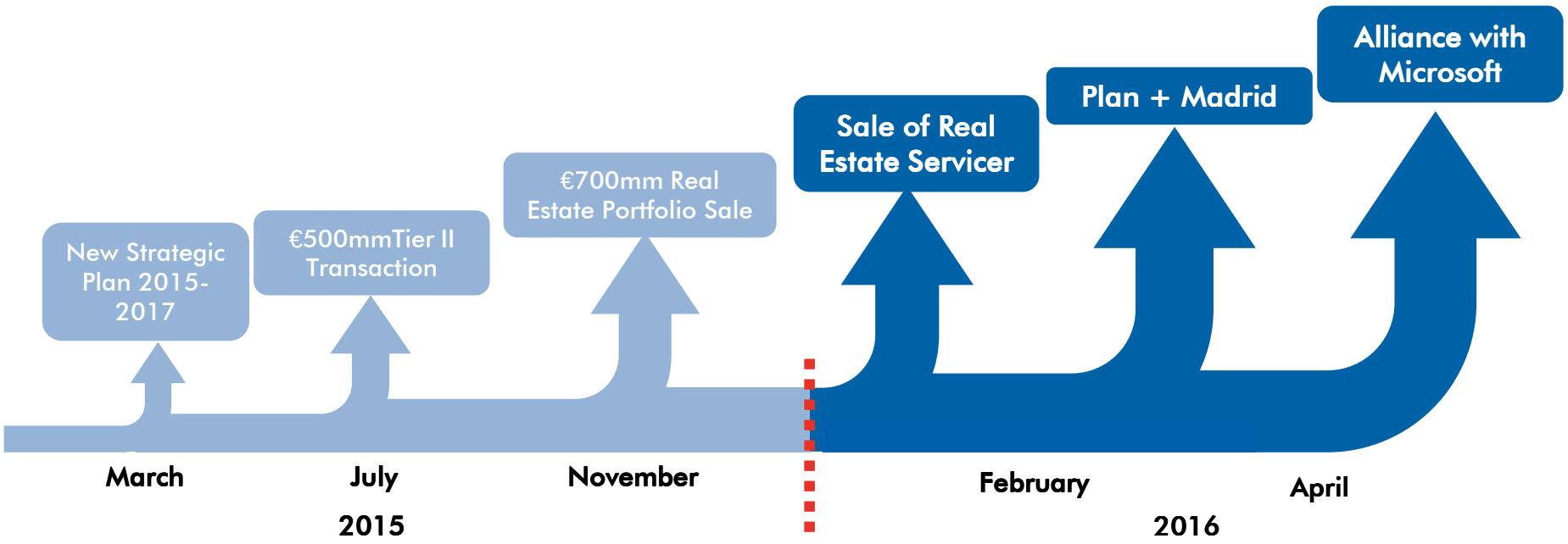
- ✓ Higher voluntary provisions
- ✓ NPL and foreclosed assets coverage ratio > 50%

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Strategic Progress

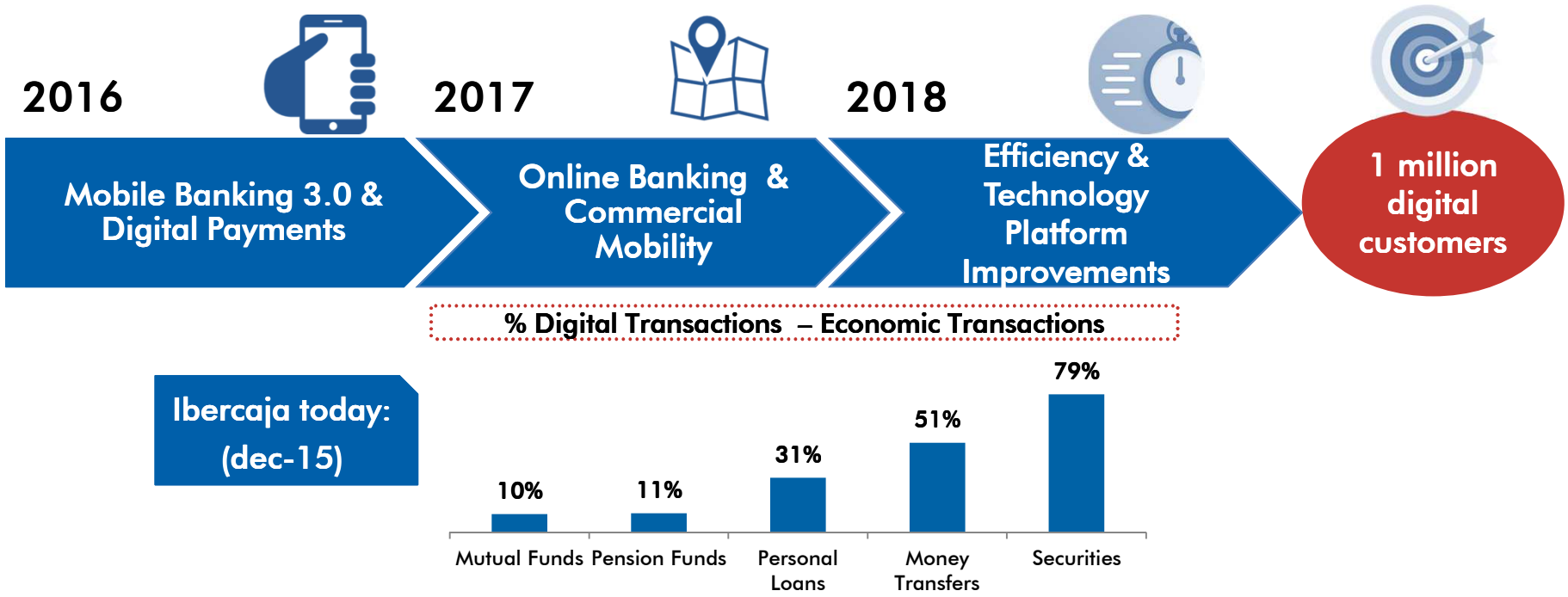


- Ibercaja Banco keeps progressing with its Strategic Plan to reinforce its solvency and asset quality, as well as to boost its commercial position.

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Strategic Alliance with Microsoft

- Ibercaja has signed a strategic agreement with Microsoft to develop the bank's **digital transformation** process.
- This agreement, that initially extends until 2018, focuses on the three main areas of digital transformation: customer experience, efficiency and internal processes, and business model, products and services.

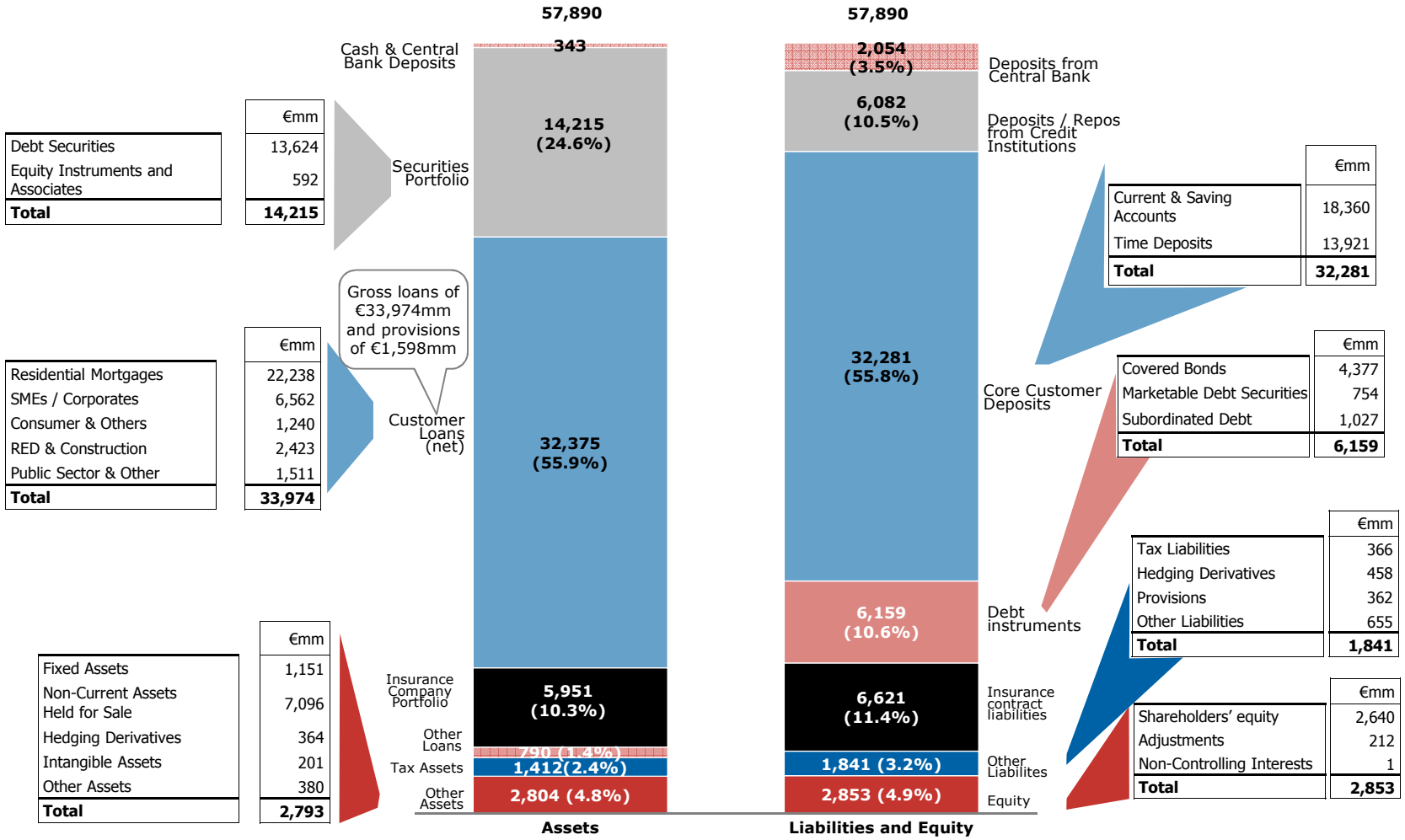


Sale of Real Estate Servicer

- In February 2016, 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 management and marketing of:
  - Foreclosed assets that are currently on Ibercaja's balance sheet
  - Future foreclosed 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.
- The transaction amounts to €70mm, with a gross gain of €69.3mm.

Annex 1: Consolidated Balance Sheet

Consolidated Balance Sheet



	€mm
Debt Securities	13,624
Equity Instruments and Associates	592
Total	**14,215**

	€mm
Residential Mortgages	22,238
SMEs / Corporates	6,562
Consumer & Others	1,240
RED & Construction	2,423
Public Sector & Other	1,511
Total	**33,974**

	€mm
Fixed Assets	1,151
Non-Current Assets Held for Sale	7,096
Hedging Derivatives	364
Intangible Assets	201
Other Assets	380
Total	**2,793**

	€mm
Current & Saving Accounts	18,360
Time Deposits	13,921
Total	**32,281**

	€mm
Covered Bonds	4,377
Marketable Debt Securities	754
Subordinated Debt	1,027
Total	**6,159**

	€mm
Tax Liabilities	366
Hedging Derivatives	458
Provisions	362
Other Liabilities	655
Total	**1,841**

	€mm
Shareholders' equity	2,640
Adjustments	212
Non-Controlling Interests	1
Total	**2,853**



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http://www.ibercaja.es/informacioncorporativa/en

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