



iberCaja



1H2016 RESULTS

July 28th, 2016





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Main Highlights

Commercial Activity

Performing loan portfolio stabilizes in the quarter (+1% QoQ)

Ibercaja shows the best evolution in the sector in the quality index of STIGA and ranks among the best 3 banks in Spain¹

Δ Market share in mutual funds (+14 b.p.), life savings insurance (+8 b.p.) and pension funds (+8 b.p.)

Results

Net profit reaches €72.3mm, +4% YoY

Net interest margin stabilizes: +4.1% QoQ

Stable cost base: +0.6% YoY

Sound evolution of pre provision profit: +9.4% i.a.

Extraordinary results used to increase coverage levels

¹ Domestic entities with national presence





Main Highlights

Asset Quality

Doubtful loans decrease 18.5 % YoY

NPL Ratio improves to 8.7% (-161 b.p. YoY)

Foreclosed asset sales increase 16% YoY

Coverage levels rank among the highest in the sector

Solvency

CET1 Phased-In stands at 12.1%, +17 b.p. vs. 2015

CET1 Fully Loaded reaches 10.3%, +54 b.p. vs. 2015





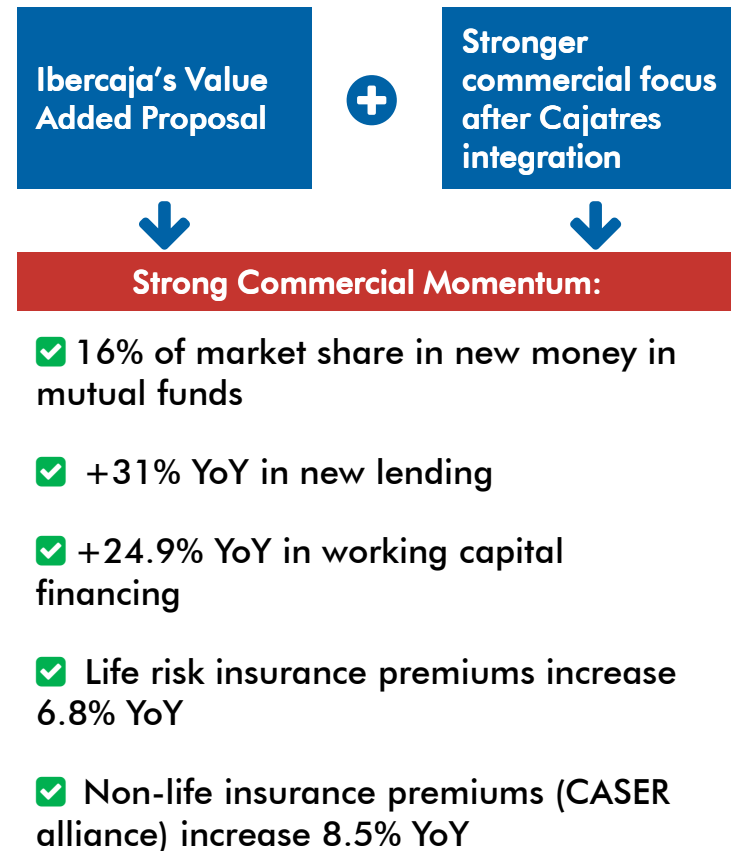
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Strong Commercial Momentum

- Ibercaja shows the best evolution in the sector in the quality index of STIGA and ranks among the best 3 banks in Spain²



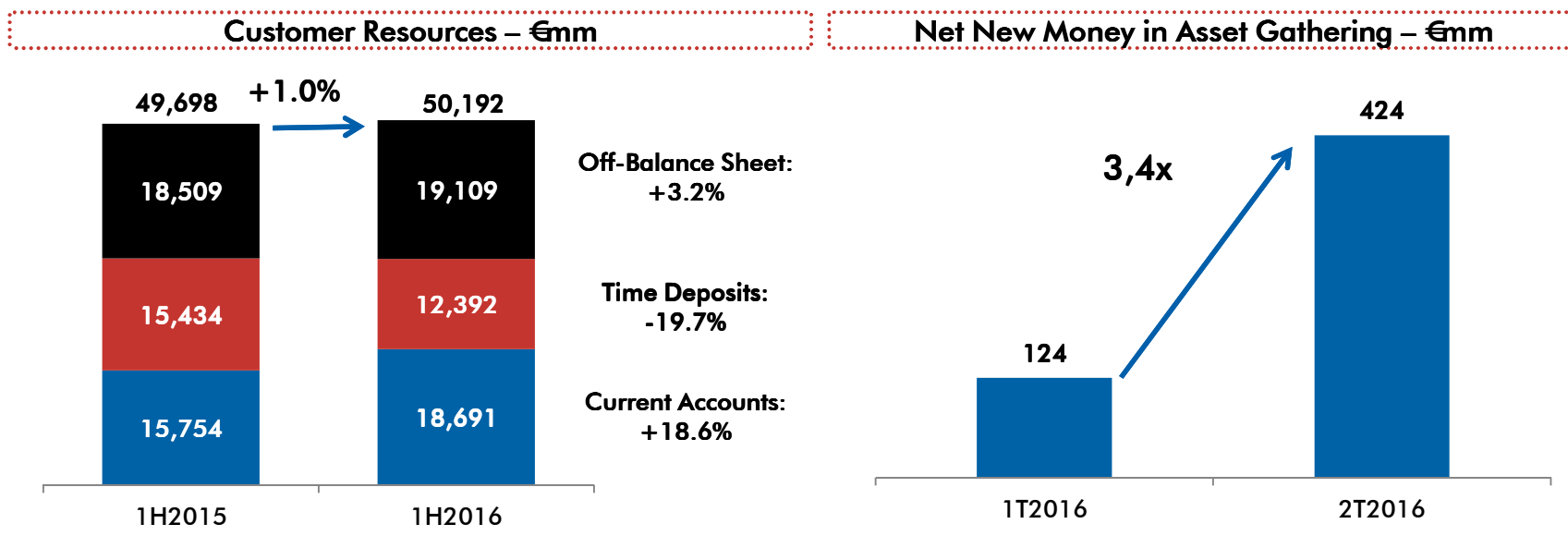
¹Source: STIGA

² Domestic entities with national presence

Customer Resources

■ Total retail funds increase 1.0% YoY (€494mm).

- Current accounts increase 18.6% YoY and represent 60% of total deposits
- Strong boost in net new money to off-balance sheet products during the 2Q
- Limited impact of market volatility (€-250mm during the semester)



Note: retail network distribution

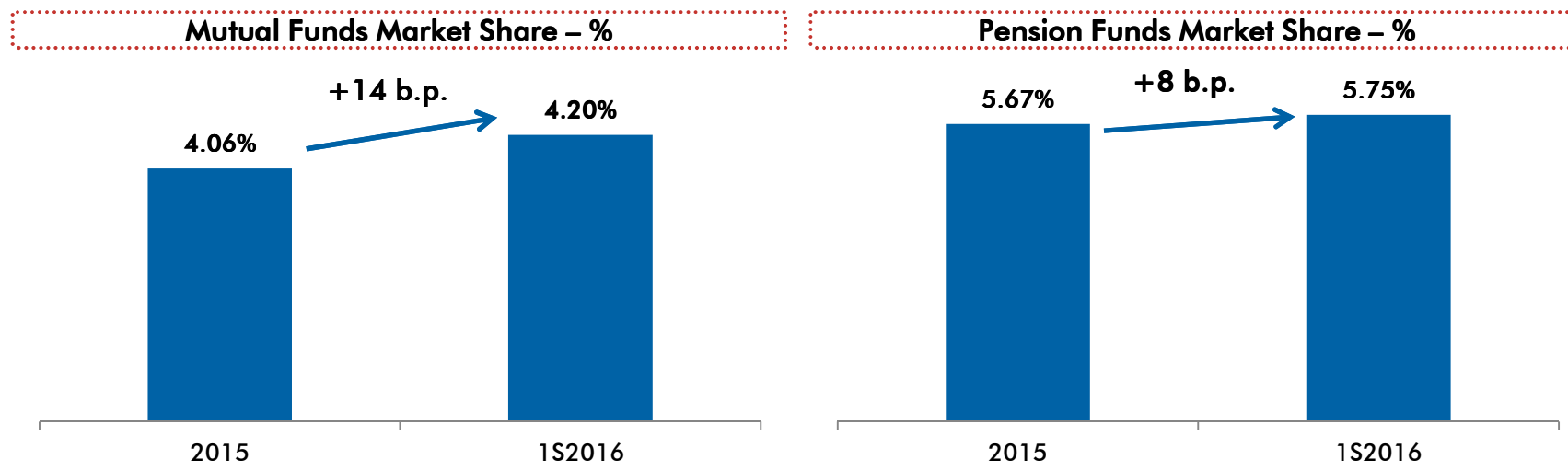
Focus in Asset Gathering (1/2)

■ Excellent evolution in mutual funds:

- +14 b.p. in market share thanks to 16% net new money market share during the first half of the year
- AuM in managed account services reach €3,049mm (+23.3% YoY) and represent more than 33% of total mutual funds

■ Strong commercial activity in pension funds with a market share increase of 8 b.p.

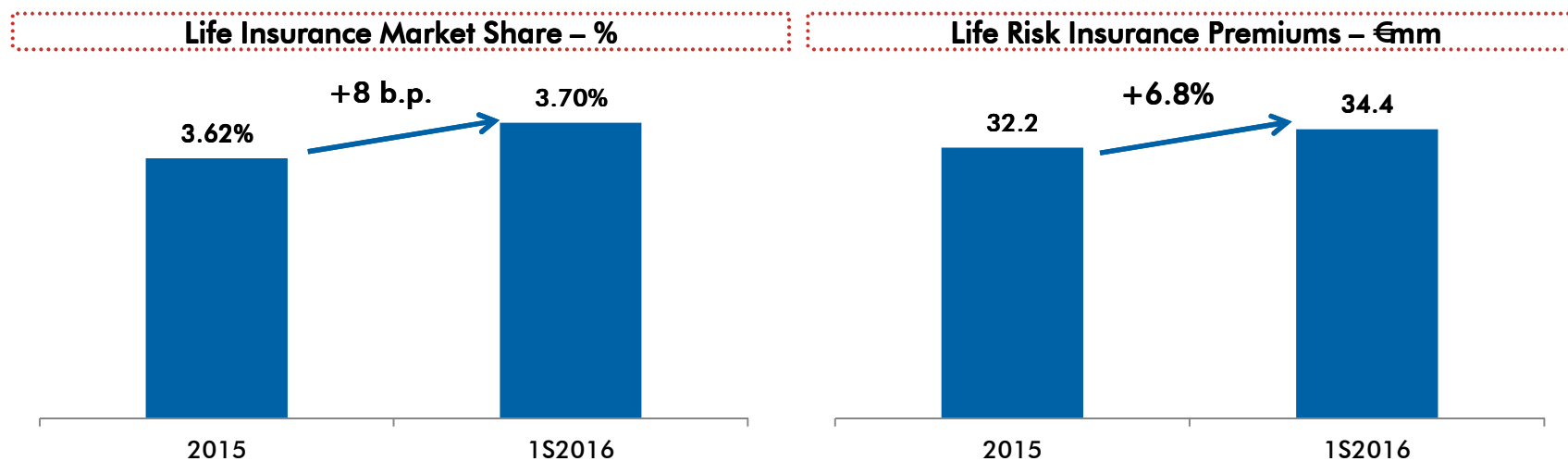
- Customer's contributions (regular and extraordinary) increase 17% vs. 1H2015
- Transfers from third party funds grow 52%



Source: Inverco

Focus in Asset Gathering (1/2)

- **New market share gain in life savings insurance products (+8 b.p.).**
 - ▀ Sound evolution in systematic savings plans¹ (+17.9%) and life annuities (+9.8%)
- **Boost to the distribution of strategic bancassurance products:**
 - ▀ Life risk insurance premiums increase 6.8% YoY
 - ▀ Non-life insurance premiums (CASER alliance) increase 8.5% YoY

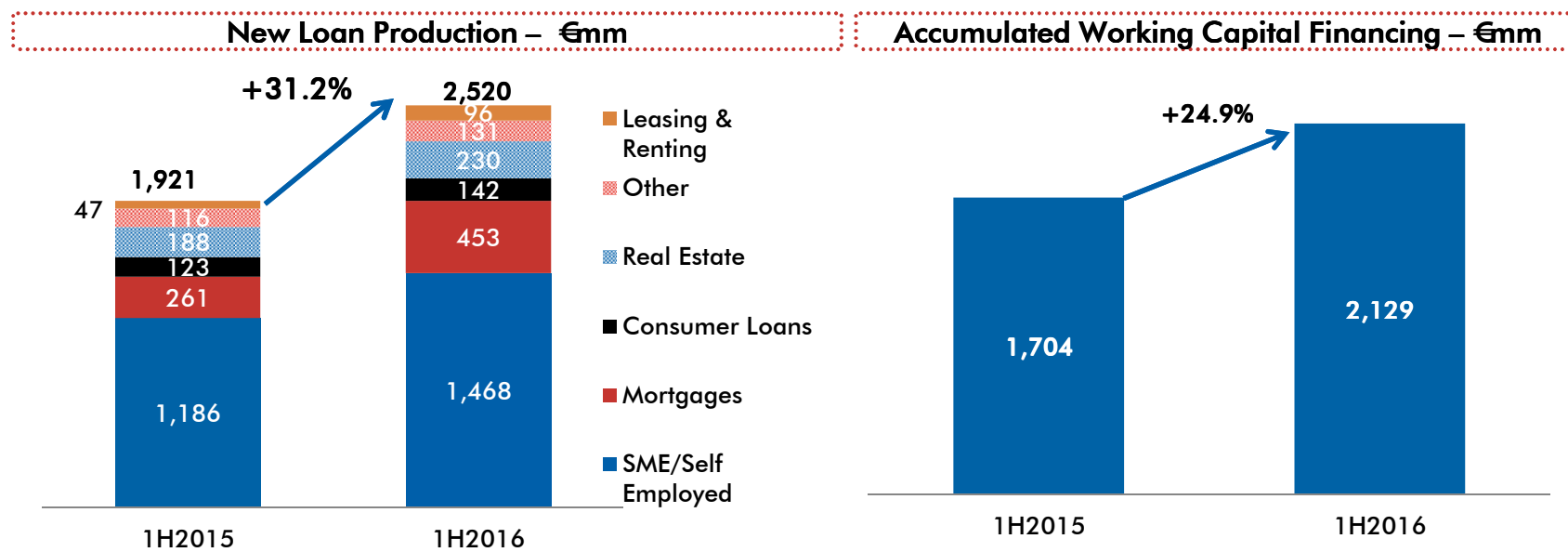


Source: ICEA (provisional data)

¹ PIAS

Customer Loans (1/2)

- New lending production continues to grow (€2,520mm, +31.2%).
 - ▀ New lending to SME's and self-employed persons grow 23.7% to €1,468mm and represent 58% of new lending
 - ▀ Strong push in mortgage granting: €453mm, +74% vs. 1H2015
- Additionally, accumulated working capital financing reach €2,129mm, +24.9% vs. 1H2015.



Customer Loans (2/2)

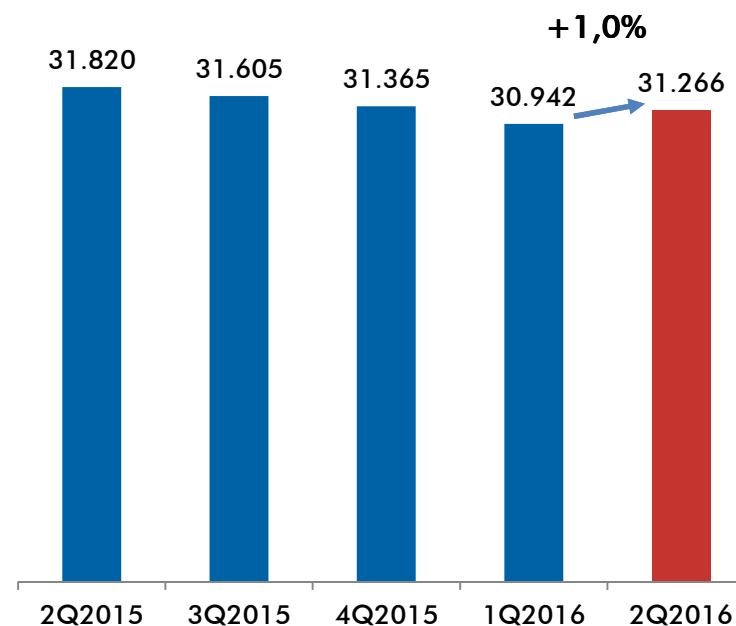
■ Performing loans increase 1.0% vs. 1Q2016.

▀ Performing loans to non real estate SMEs and self-employed persons grow 7.2% vs. 1H2015

Customer Loans – €mm

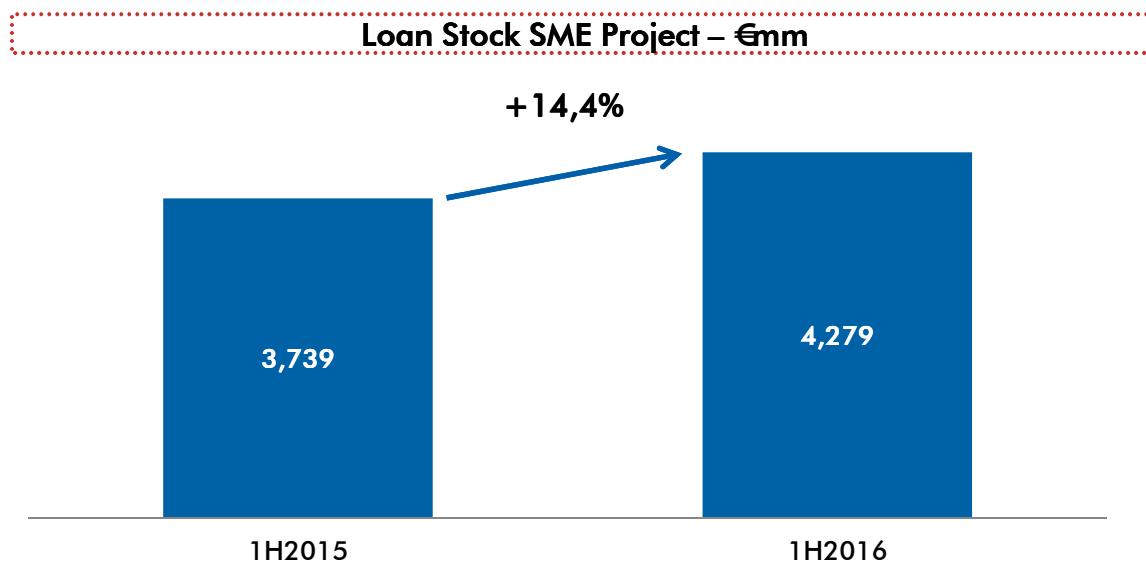
	1H2015	1H2016	YoY
Loans to Individuals	23,424	22,447	-4.2%
Mortgages	22,180	21,195	-4.4%
Consumer & other loans	1,245	1,252	0.6%
Loans to SME/Corporate	7,115	7,276	2.3%
Real Estate	1,495	1,252	-16.3%
Non-Real Estate	5,619	6,024	7.2%
Public Sector & Others	1,095	1,033	-5.7%
Reverse Repo	186	510	n/a
Performing Loans	31,820	31,266	-1.7%
Doubtful Loans	3,669	2,990	-18.5%
Total Gross Loans	35,488	34,257	-3.5%

Performing Loans Stock – €mm



Specialized Banking: SME project

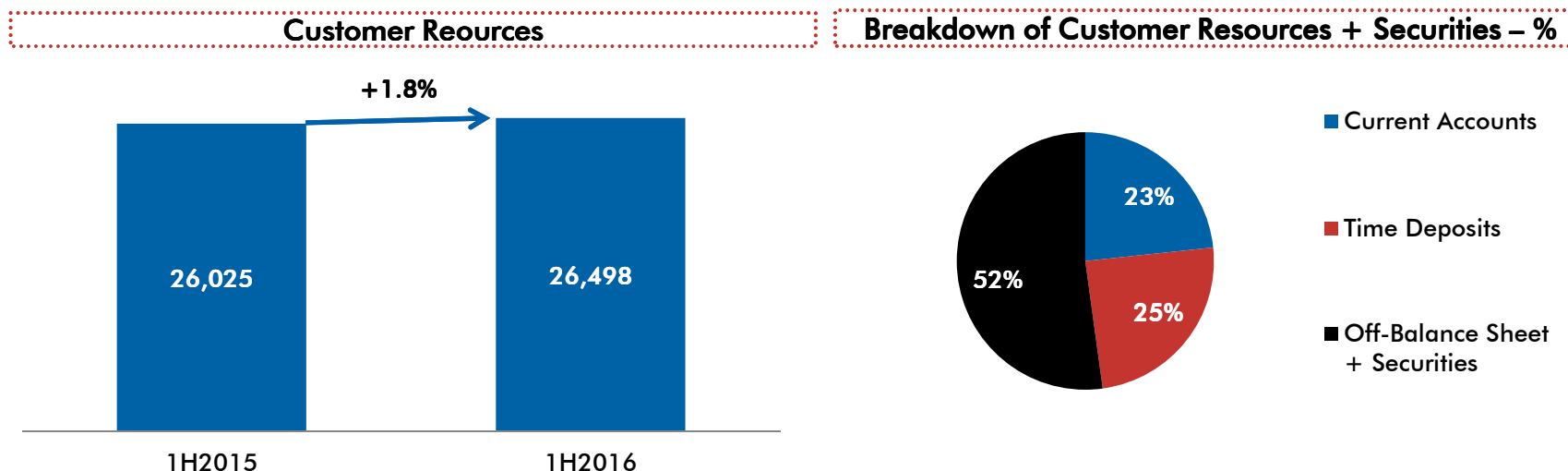
- SME project aims at strengthen Ibercaja's positioning in the SME business.
- Significant progress in the project during the 1H2016:
 - ▀ Loan stock grows 14.4%
 - ▀ Doubtful loans fall 4.8%
 - ▀ Madrid & Mediterranean basin represent 67% of the increase in loan stock



Note: SME project is included in loans to non-real estate companies. It excludes loans to self employed persons institutions and retailers

Specialized Banking: Personal Banking

- Launched in 2009, Personal Banking project is focused in customers with total financial resources above 100,000€ (75,000€ in growth markets).
- Robust evolution during the first 6 months:
 - Customers resources grow 1.8%
 - 6,115 new customers, +3,8% vs. 2015
 - Improvement of profitable resources mix¹ in Cajatres customer base: 40.4% vs. 37.9% Dec-15
 - Specialized employees amount to 422 (vs. 288 in 2015)

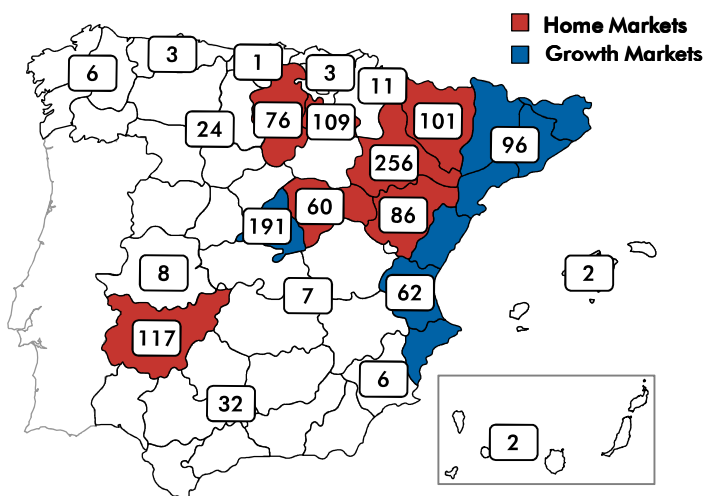


¹ Off-balance sheet funds + Securities / Total Customer Resources + Securities

Main Markets Evolution

- Ibercaja benefits from an attractive geographical positioning: Leadership in home markets and relevant growth potential in the wealthiest regions of the Spanish economy based on current footprint

Branch Network – 1H2016



1.259 Branches

Growth in Madrid and Mediterranean Basin

- Madrid & Mediterranean Basin represent:
 - ▴ 45% of new lending
 - ▴ 83% customer resources increase (vs. 1H2015)
- Opening of 4 business centres (2 Madrid, 1 Valencia, 1 Barcelona)

Home Markets Soundness

- 15 branches reduction in 1H2016 (-1.8%)
- Customer resources stability (+0.1%)

"Plan + Levante"

- After launching Plan + Madrid, Ibercaja announces Plan + Levante to strengthen its positioning in Comunidad Valenciana.

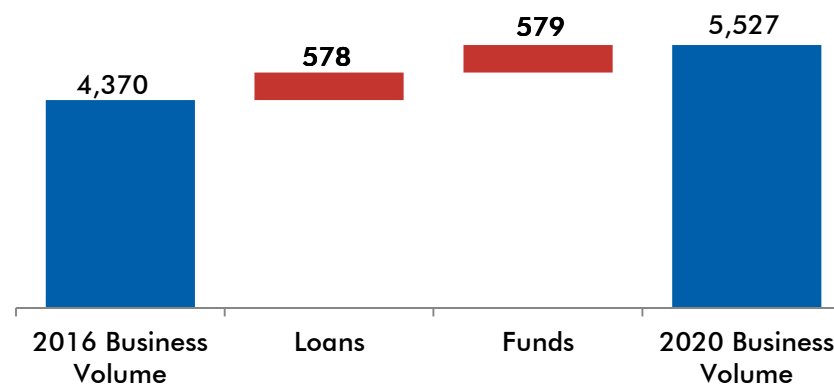
- Sound starting point:

- ✓ 61 Branches and 248 employees
- ✓ 120,000 customers
- ✓ €4.4bn business volume
- ✓ 2.5% market share in retail banking

- Attractive market:

- 📍 5mm population
- 📍 9.4% of Spanish GDP
- 📍 Exports represent 28.1% of GDP (+5% than Spanish average)

Business Volume Targets¹ – €mm



- Investment in resources:

- ➡ 34 new employees (internal resources)
- ➡ 25% of employees specialized in personal/private banking or SME banking (vs. current 13%)
- ➡ Remodelling of 15 branches with new commercial procedures

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



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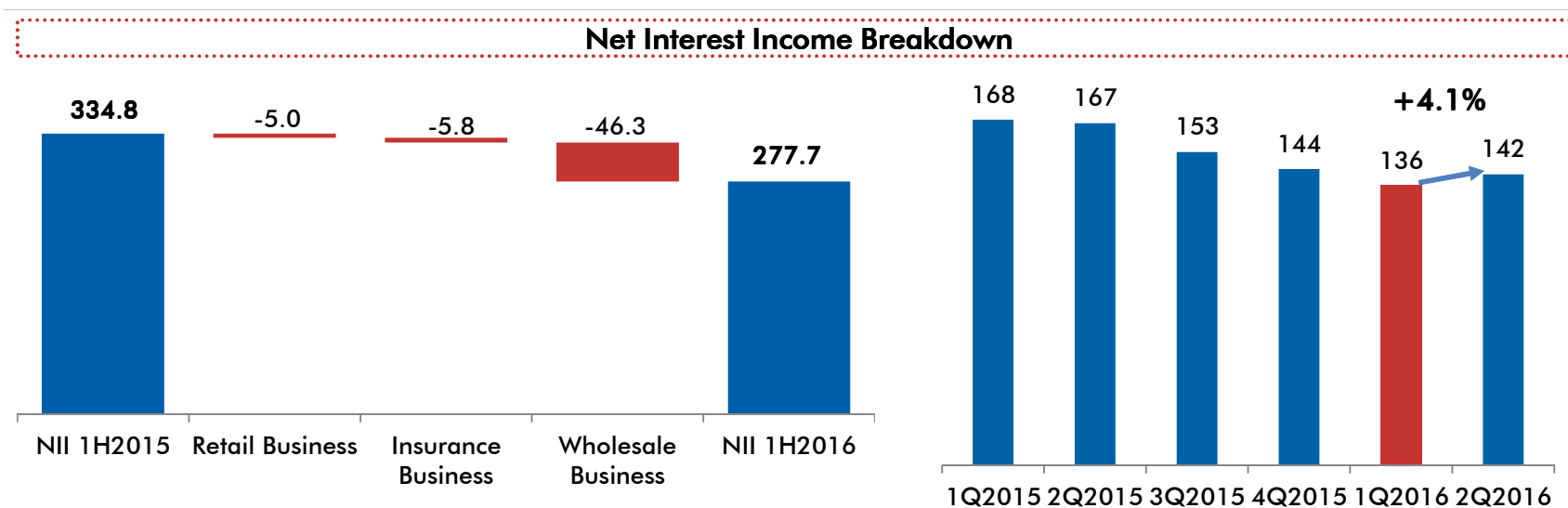


1H2016 Results

Mm€	1H2015	1H2016	YoY
Net Interest Income	334.8	277.7	-17.1%
Net Fee Income	163.9	165.4	0.9%
Trading Income	94.1	135.1	43.5%
Other Operating Inc. / Exp. (Net)	20.6	65.7	218.9%
Gross Operating Income	613.4	643.9	5.0%
Operating Costs	-310.9	-312.9	0.6%
Pre-Provision Profit	302.5	331.0	9.4%
Total Provisions	-208.6	-230.4	10.5%
Other Gains and Losses	4.7	2.2	-53.5%
Profit Before Taxes	98.6	102.8	4.2%
Taxes & Minorities	-28.9	-30.5	5.4%
Net Profit Attributable to Shareholders	69.7	72.3	3.7%

Note: Other operating results include a net gain of €69.3mm related to the Aktua agreement

Net Interest Income



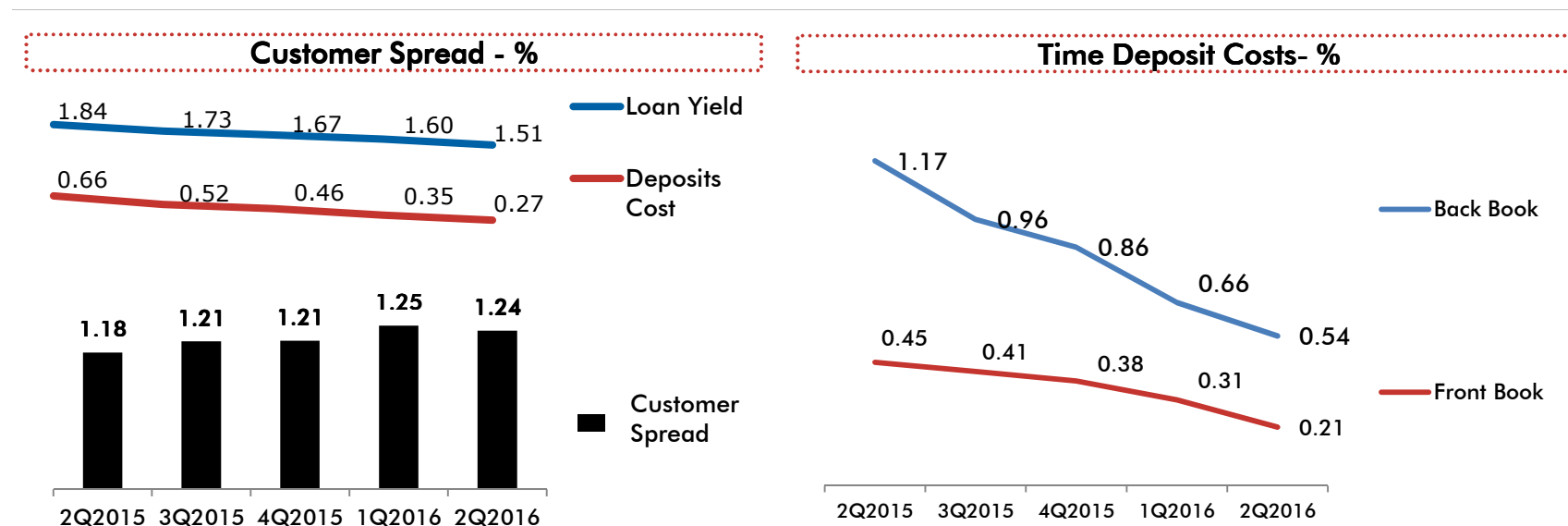
■ Net Interest Income grows 4.1% vs. 1Q2016.

- ▀ Evolution in line with company target of stabilization of net interest income

■ Net Interest Income decrease 17% in the first half of the year (vs. 1H2015).

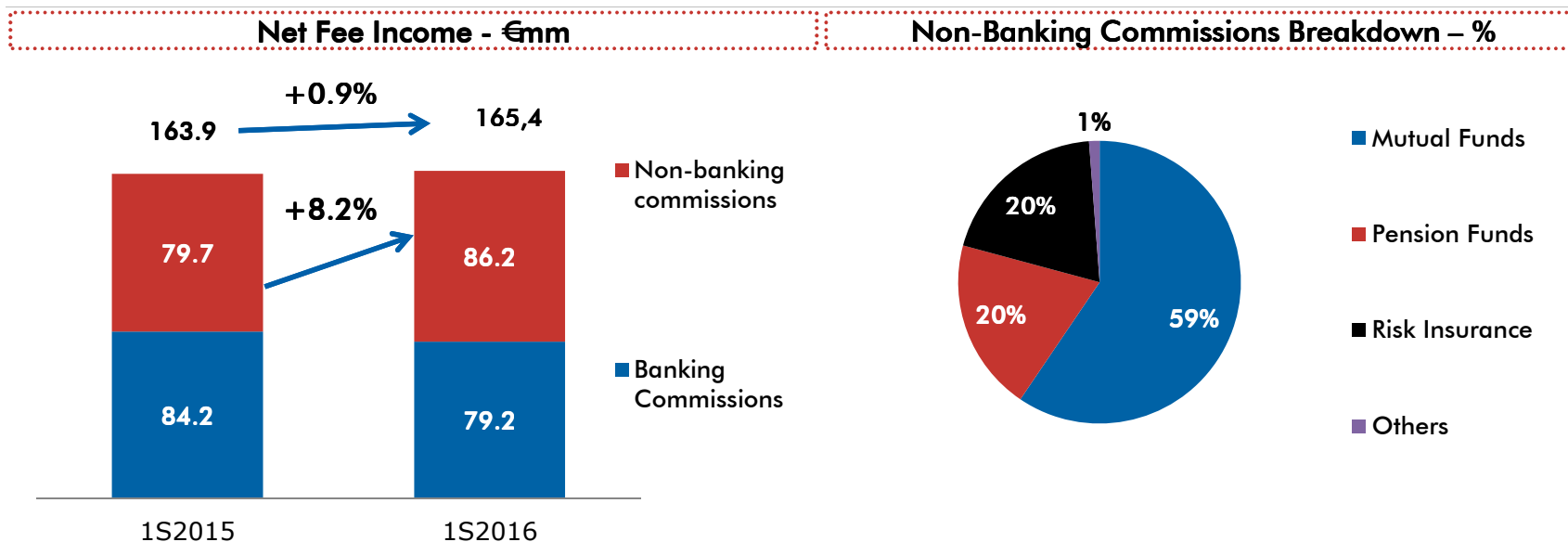
- ▀ 80% of the fall is explained by a lower contribution of the wholesale business

Customer Spread



- **Cost of new time deposits falls 10 b.p. during the quarter to 21 b.p.**
 - Cost of new time deposits in July: 0.14%
- **Customer spread improves 6 b.p. YoY to 1.24%**
 - The total deposit cost reduction (-39 b.p. YoY) offsets the credit repricing due to the fall in Euribor (-33 b.p.)

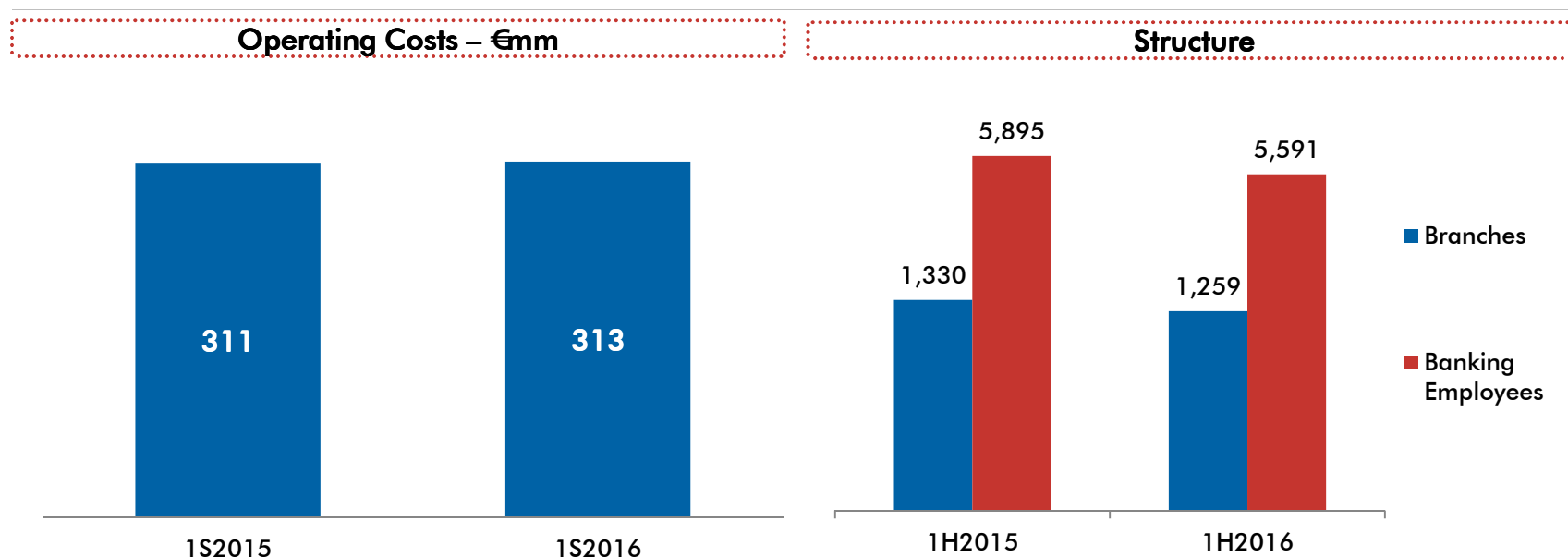
Net Fee Income



■ Net fee income grows 0.9% YoY in the first half of the year

- ▀ Non-banking commissions grow 8.2% thanks to AuM and acceleration in risk insurance products
- ▀ Banking commissions fall 5.9% mainly due to the decrease in securities fees

Operating Costs

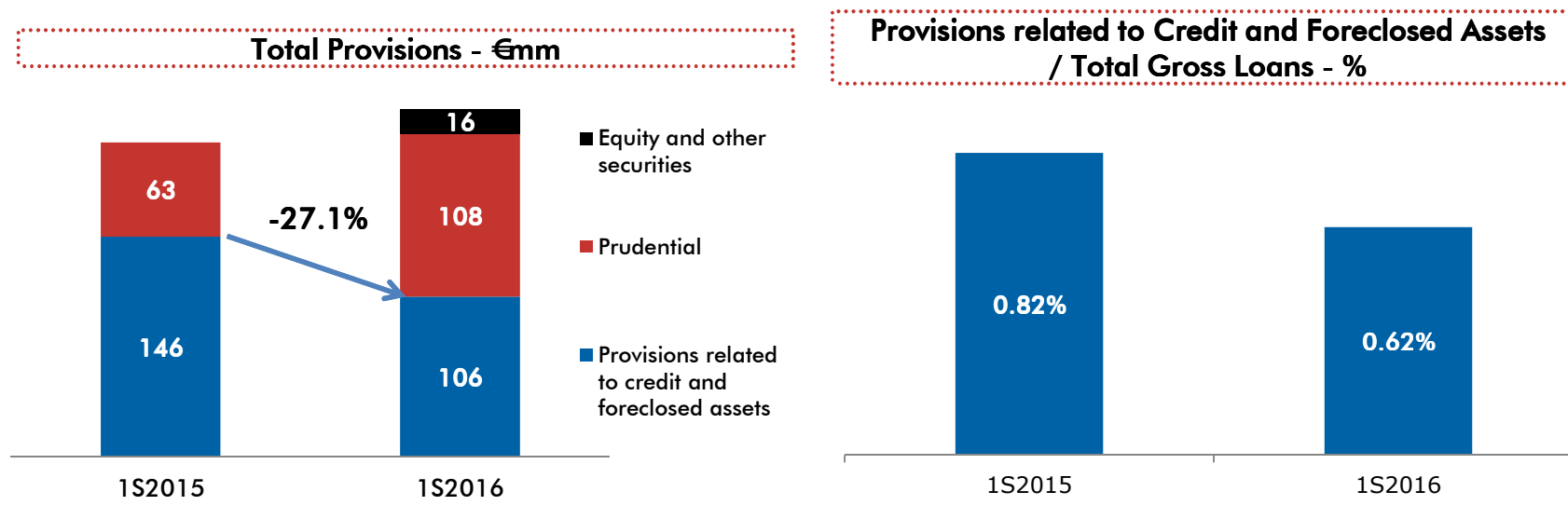


- **Total operating costs remain flat during the first half of the year**
 - ▣ Personnel cost fall 4% YoY in line with company target for the year
 - ▣ Lower structure costs allow for stable cost base despite increase in costs related to Aktua agreement¹

¹ In February 2016, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. Ibercaja also signed a long-term strategic alliance with Aktua to manage and sale these assets.

Provisions

- Provisions related to credit and foreclosed assets decrease 27.1% YoY.
 - ▀ Cost of risk related to credit and foreclosed assets improves 20 b.p. to 62 b.p.
- Extraordinary results from the Aktua agreement and trading income dedicated to build-up prudential provisions.
 - ▀ Thanks to strong coverage levels already reached, total provisions in second half of the year should be significantly lower





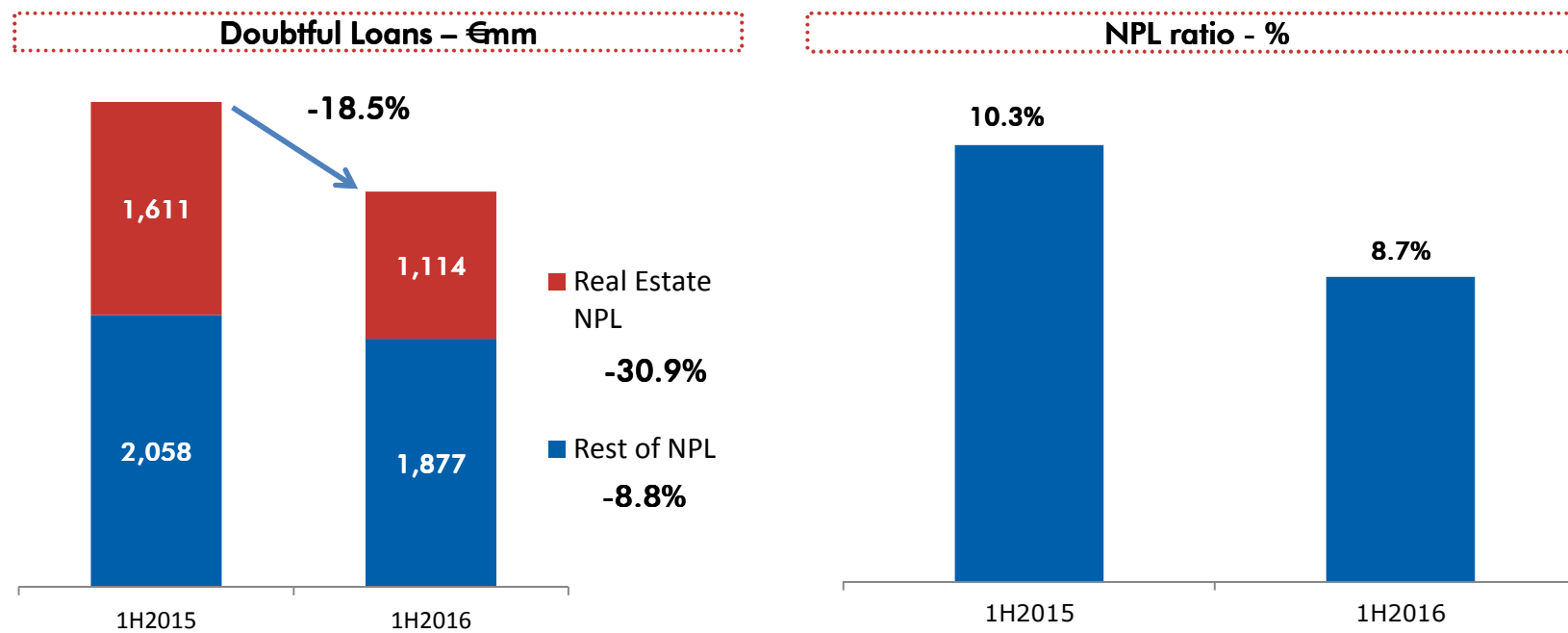
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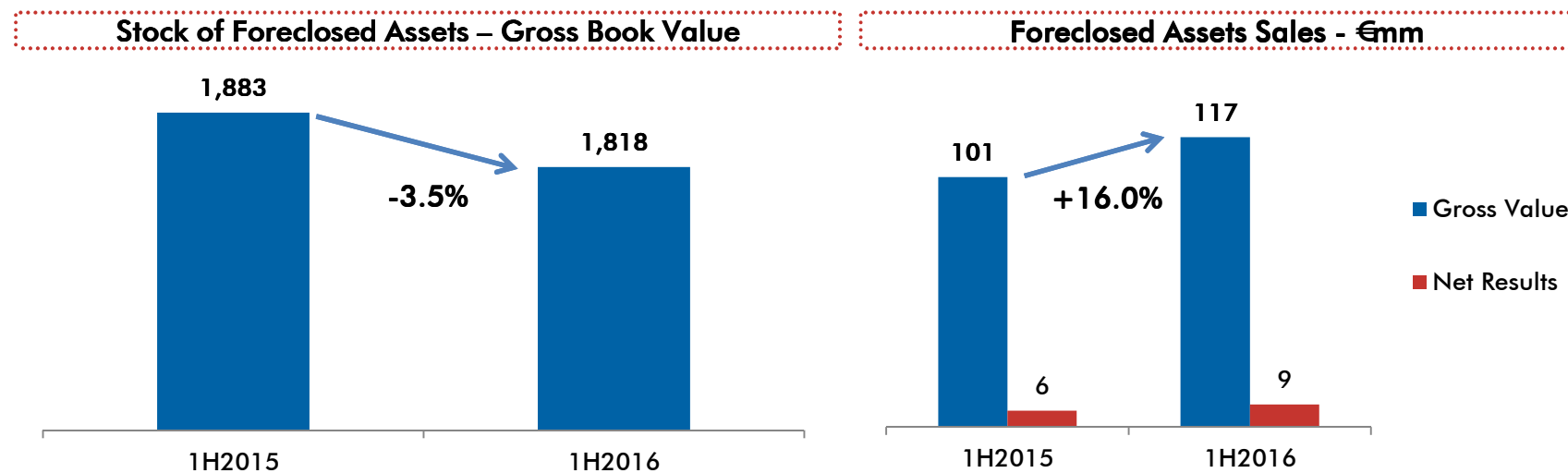
Asset Quality (1/2)

- **Doubtful loans fall 18.5%.**
 - ▣ Gross entries decrease 17.8% vs. 1H2015
- **Doubtful loans coverage ratio stands at 53%.**



Asset Quality (2/2)

- **Stock of foreclosed assets continues its downward trend**
 - Speed-up of assets sales (+16% YoY vs. 1H2015) and lower entries (-42% YoY.) allow for a 3.5% reduction in the stock of foreclosed assets
- **Coverage ratio stands at 52.0%, among the highest in the sector**
 - Positive results in asset sales

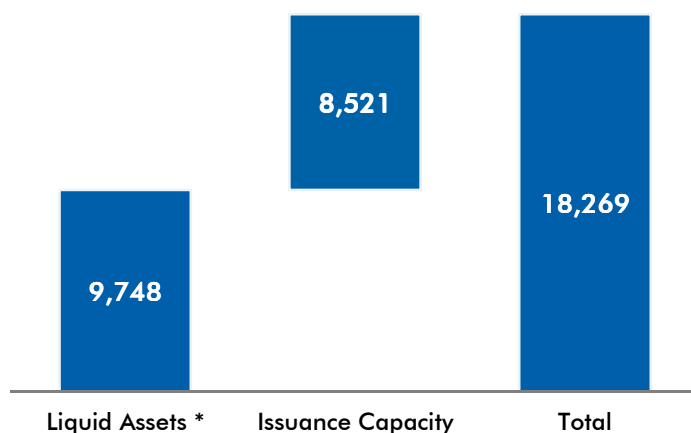


Liquidity and Solvency (1/3)

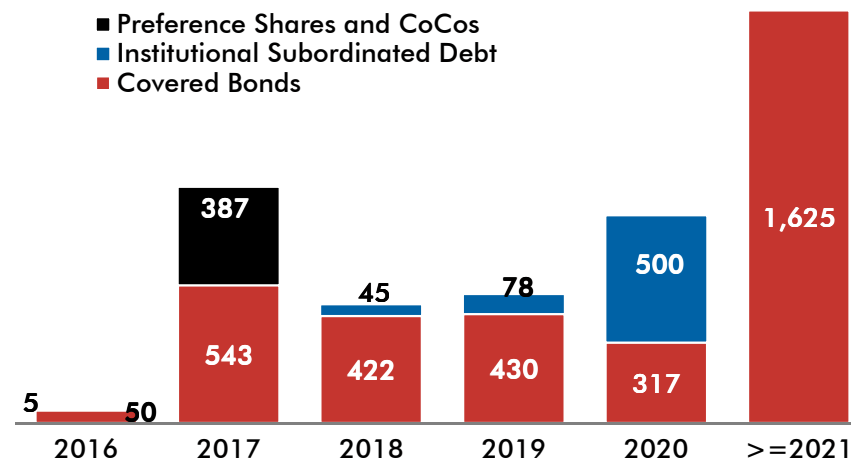
■ Sound liquidity position :

- Available liquid assets stand at €9,700mm (17% of total assets)
- LCR and NSFR ratios stand at 210% and 122%, respectively
- Loan to deposits ratio stands at 96.4%¹
- ECB: 3,372Mn€ (5.8% of total assets), 100% TLTRO II
- No relevant maturities left for the rest of the year

Liquidity Position - €mm



Maturity Profile – €mm

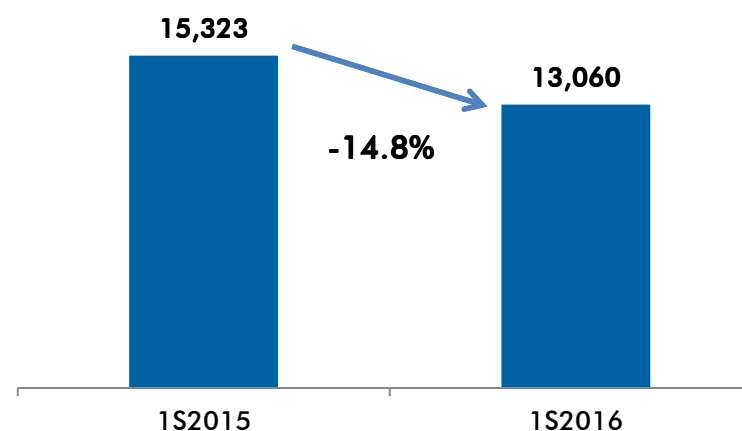
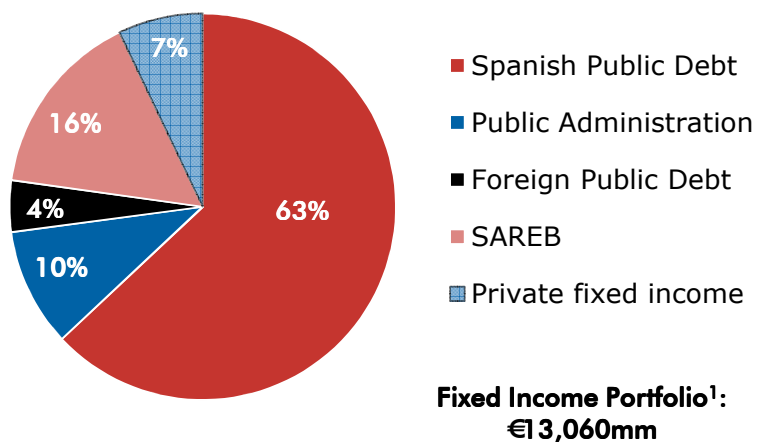


¹ 1 Net Loans ex. securitised loans / Customer deposits ex. repos + Securities distributed through the branch network.
 * Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

Liquidity and Solvency (2/3)

- Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.
 - ▀ Average duration of 3.8 years
 - ▀ Unrealised capital gains of €163mm (of which €125mm are AFS)
 - ▀ Average yield stands at 1.4%
- Ibercaja has reduced its fixed income portfolio by >€2,250mm vs. 1H2015.

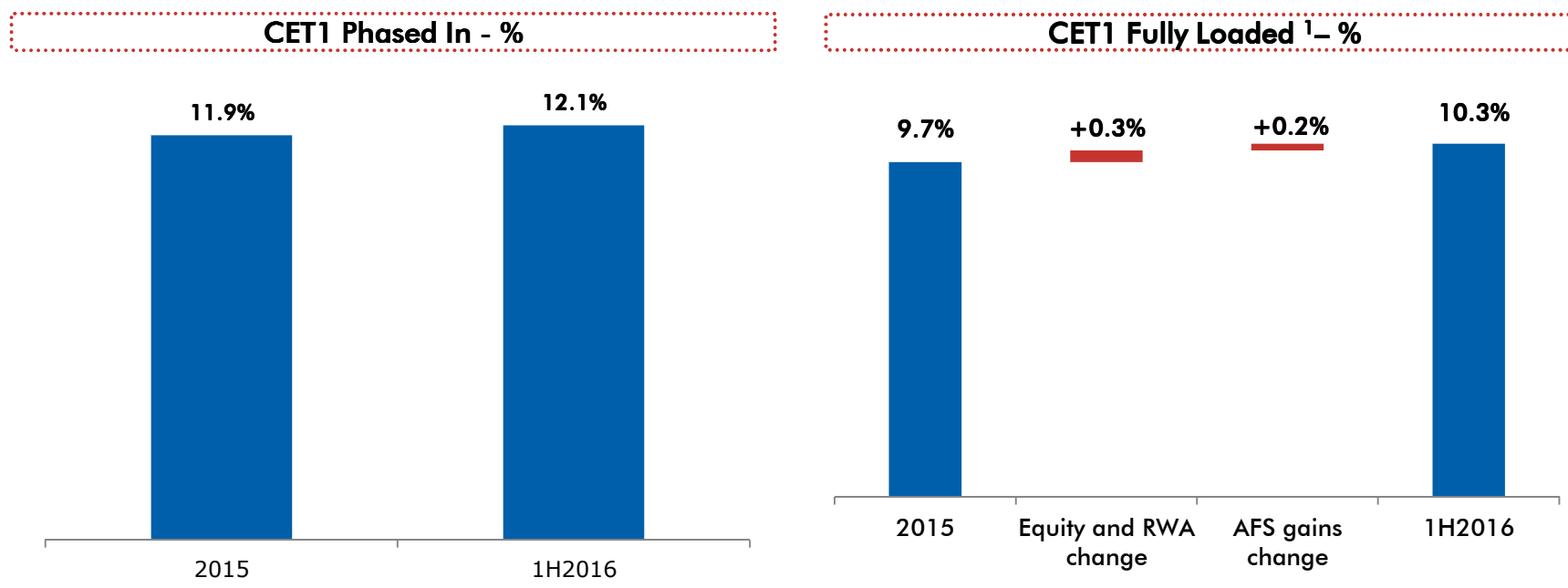
Fixed Income Portfolio– 1H2016



¹ Excluding capital gains from held-to-maturity portfolio

Liquidity and Solvency (3/3)

- CET1 Phased In ratio stands at 12.1% vs. SREP requirement of 9.25%
- CET1 Fully Loaded ratio improves 54 b.p. and reaches 10.3%
 - Improvement in equity and RWA reduction represent 34 b.p. of the improvement
- RWAs/Total Assets stands at 40%, calculated using the standard methodology.
- Leverage Ratio: 5.4% (Phased In)



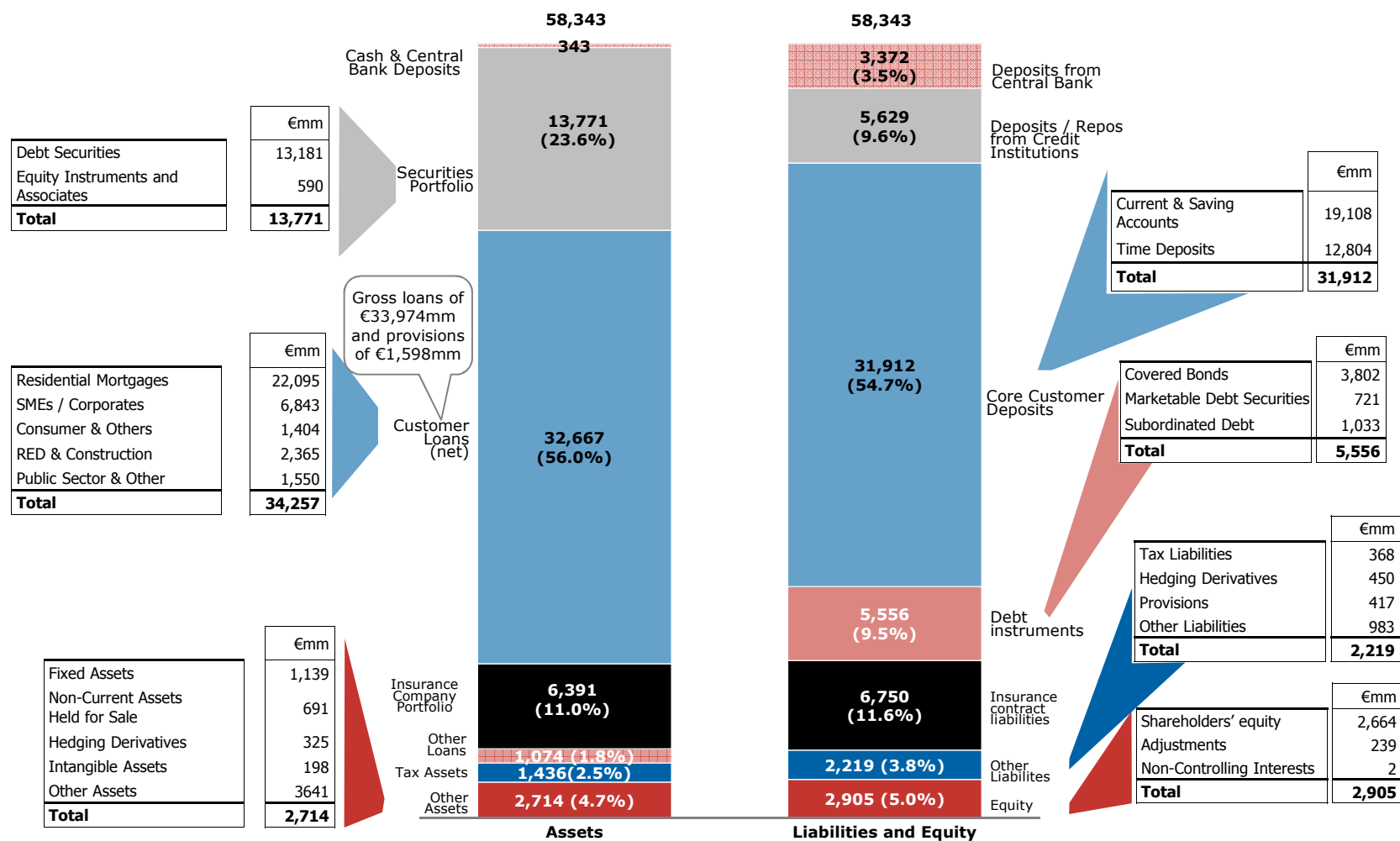
¹ Excluding CoCos, including AFS gains



Annex 1: Consolidated Balance Sheet



Consolidated Balance Sheet





For more information, please visit our Website:
<http://www.ibercaja.com/en/>

Contact us:
investors@ibercaja.es

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