



iberCaja



2015 RESULTS

March 8th, 2016





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 **Main Highlights**

 **Commercial Activity**

 **2015 Results**

 **Asset Quality, Liquidity and Solvency**

 **Final Remarks**





Main Highlights

Increase of Commercial Activity

Mutual Funds AUM:
+18.1% YoY

New Lending Production:
+51% YoY

Stable SME Loan Stock:
-0.3% 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

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

Reinforcement of Solvency

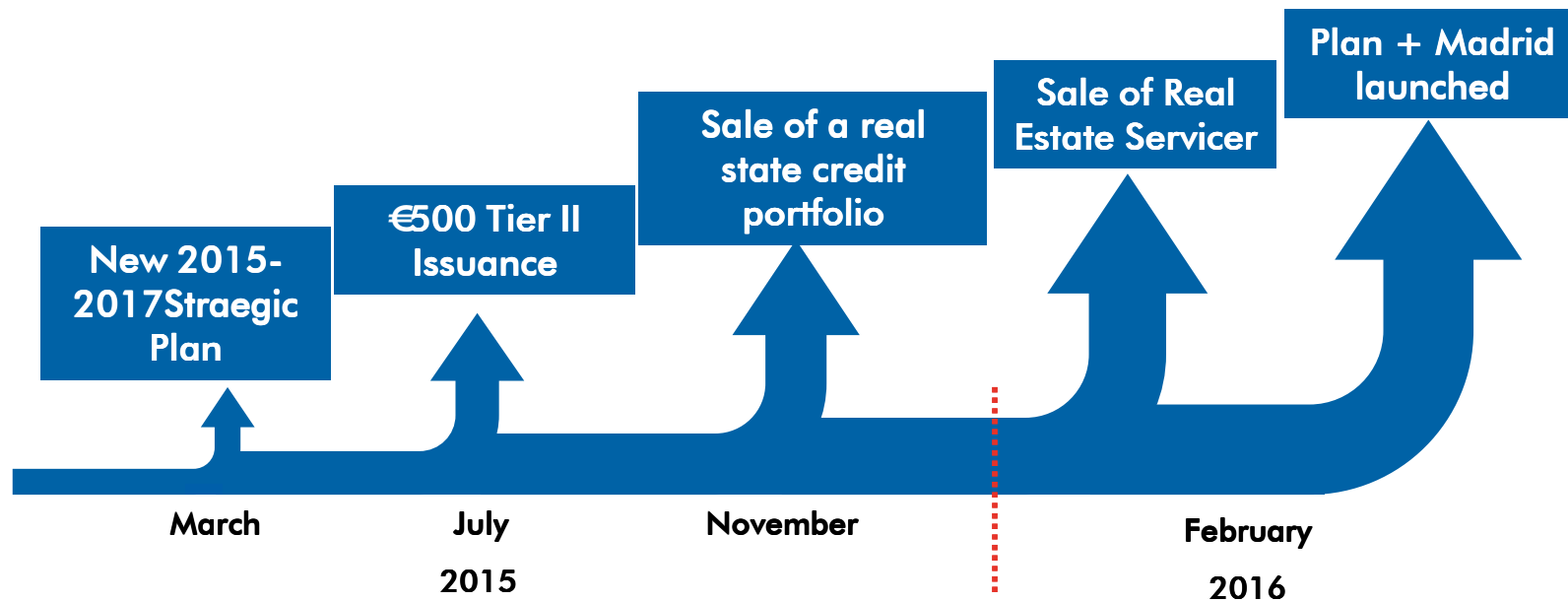
CET1 Phased-In 11.95%, +82 b.p. YoY

270 basis points over SREP
requirement

€500mm Tier II issuance



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.



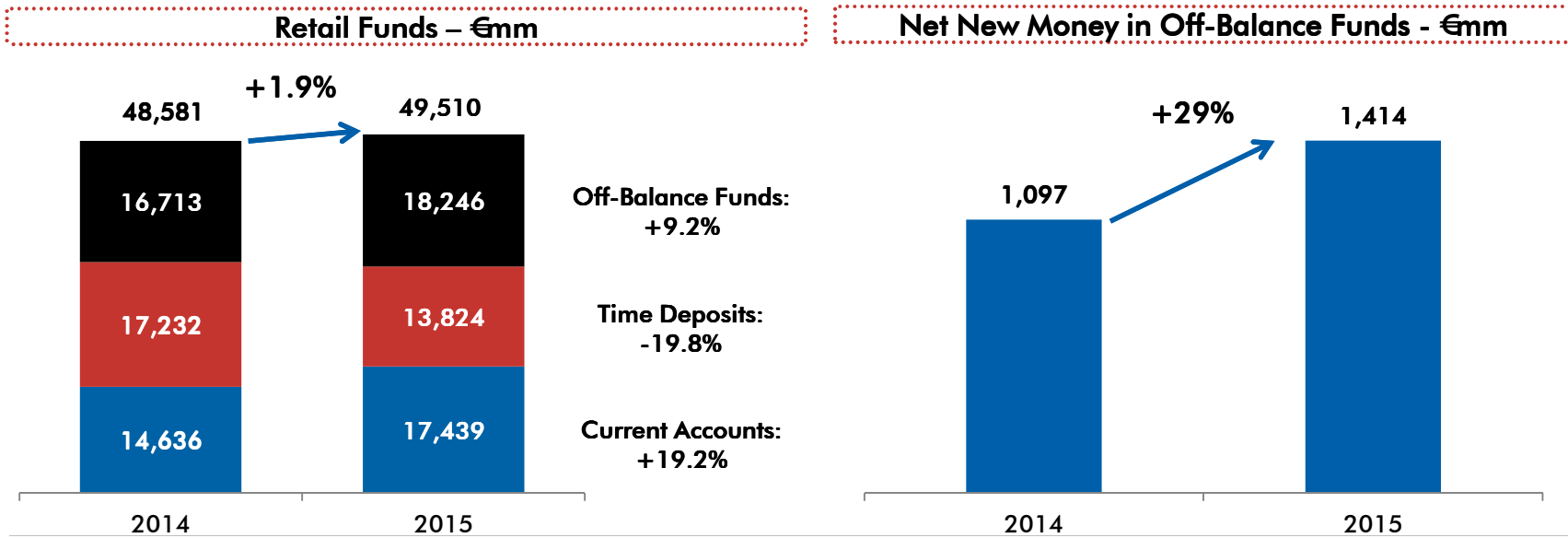
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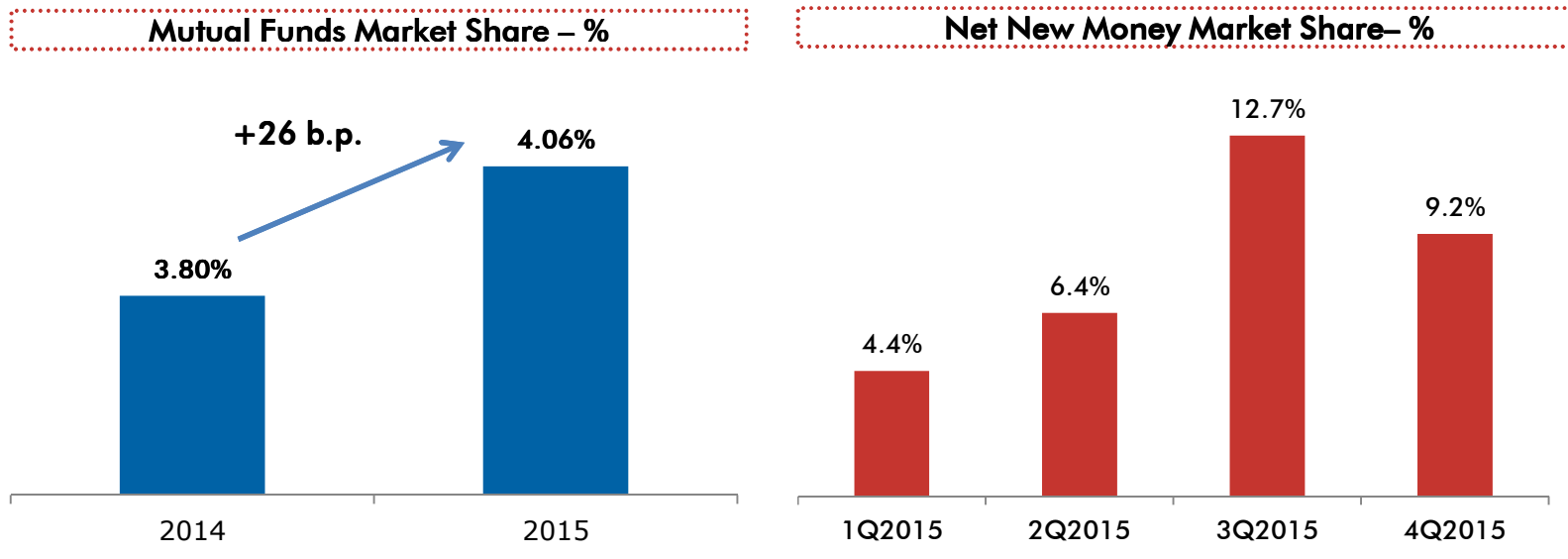
Retail Funds (1/2)

- **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 (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.



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.

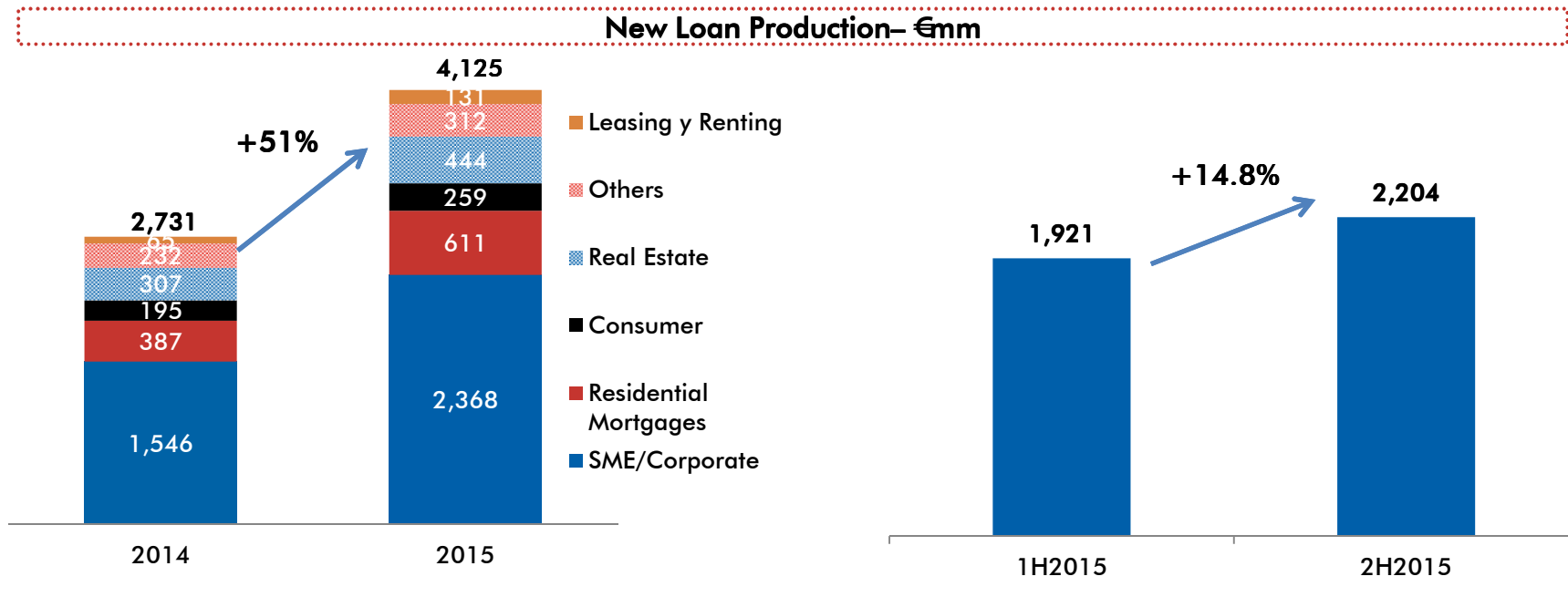
Loan Portfolio Evolution – €mm

	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%

Customer Loans (2/3)

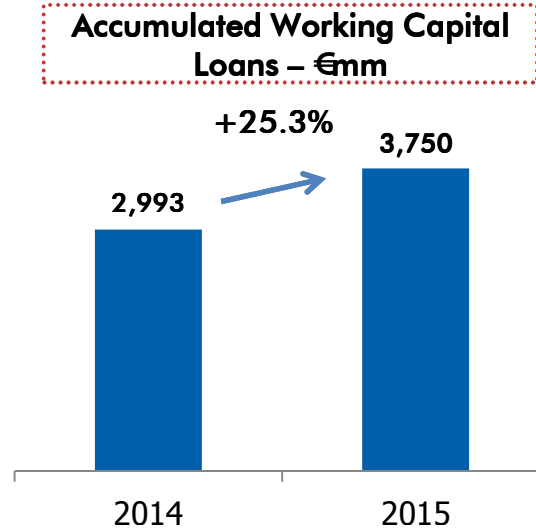
- New lending production reaches the €4bn target for 2015 and increases 51% YoY.
 - SME new loan production accounts for 57% of total new lending.
 - New loan production accelerates in the second half of the year.



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.



Focus on Mortgages

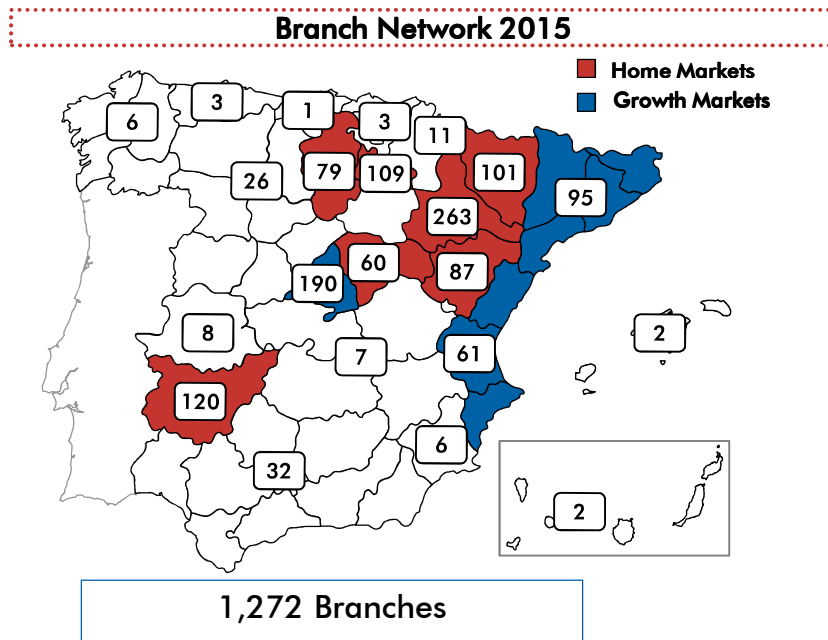
- New initiatives in mortgage lending, including fixed-rate products.
- 2016 target is to double the new lending production in mortgages.



SU CASA
 ES COMO USTED Y AHORA
 SU HIPOTECA TAMBIÉN

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.



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 acquisition, while increasing retail funds by 0.5% YoY.

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

Well-established position in Madrid:

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

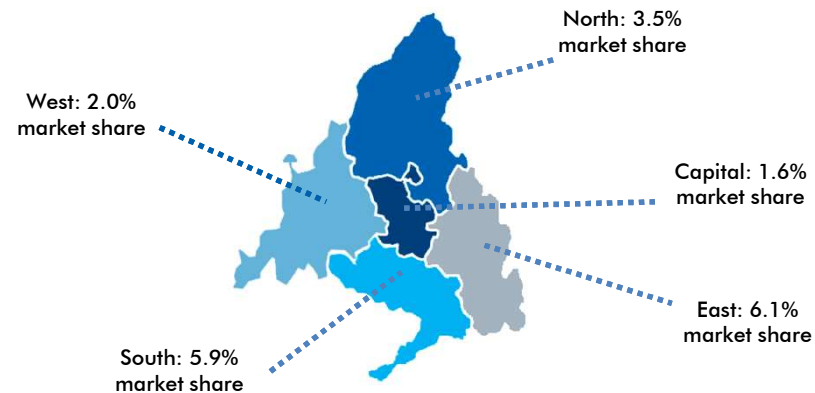
✓ 450,000 clients.

✓ €13.6bn business volume

✓ 789 employees and 190 branches.

✓ Proven ability to compete.

Market Share¹



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.

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

■ Ibercaja launches «Plan + Madrid » to strengthen its positioning in Madrid

Targets:



To increase business volume by €3.7bn¹ until 2020.

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

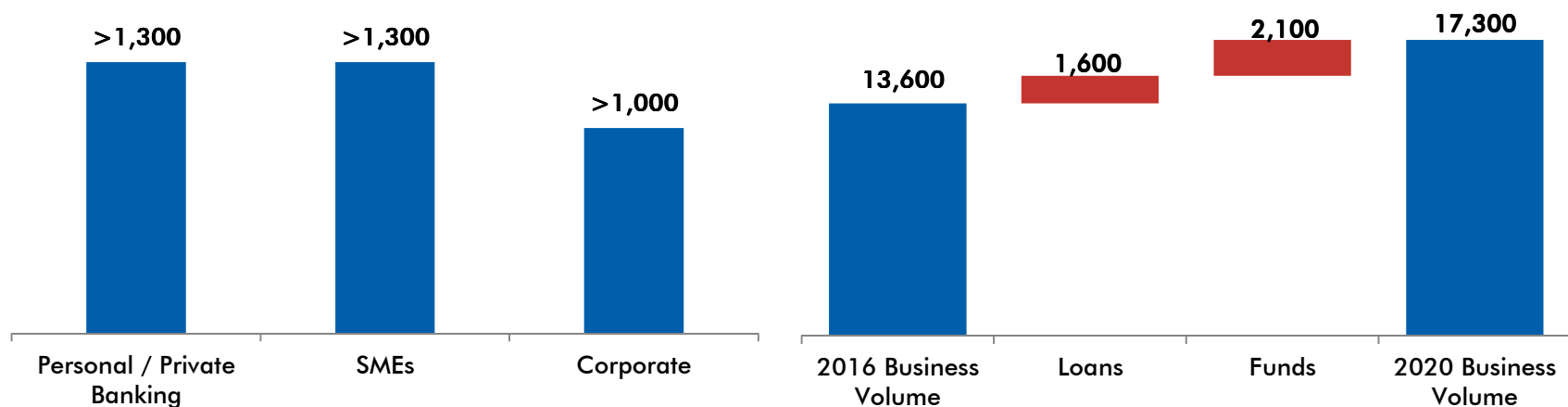
Investment in resources:

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



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



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Main Highlights



Commercial Activity



2015 Results



Asset Quality, Liquidity and Solvency



Final Remarks

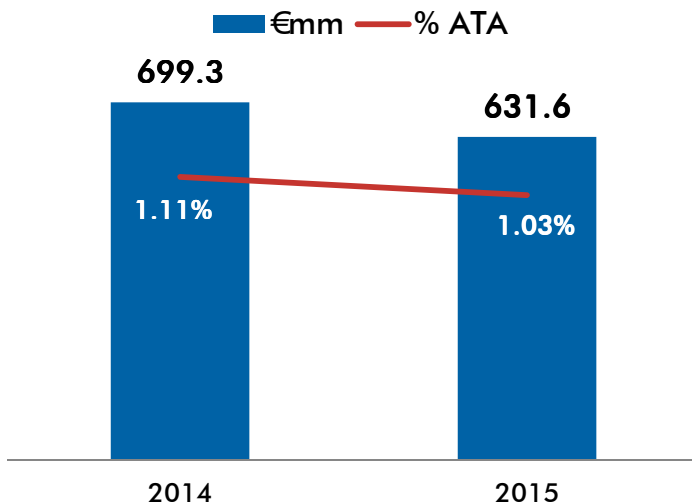


2015 Results

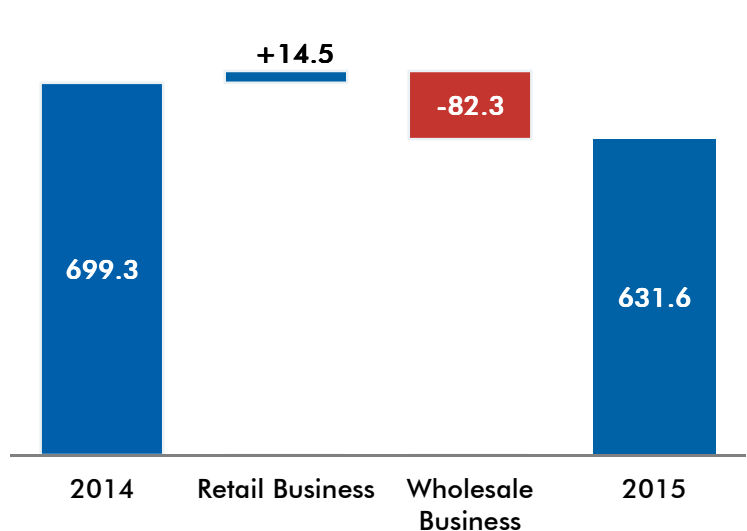
€mm	2014	2015	YoY
Net Interest Income	699.3	631.6	-9.7%
Net Fee Income	315.6	333.2	5.6%
Trading Income	424.9	86.1	-79.7%
Other Operating Inc. / Exp. (Net)	-29.7	-10.0	-66.5%
Gross Operating Income	1,410.2	1,040.8	-26.2%
Operating Costs	-788.9	-656.4	-16.8%
Pre-Provision Profit	621.2	384.5	-38.1%
Total 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%

Net Interest Income

Net Interest Income



Net Interest Income Breakdown - €mm



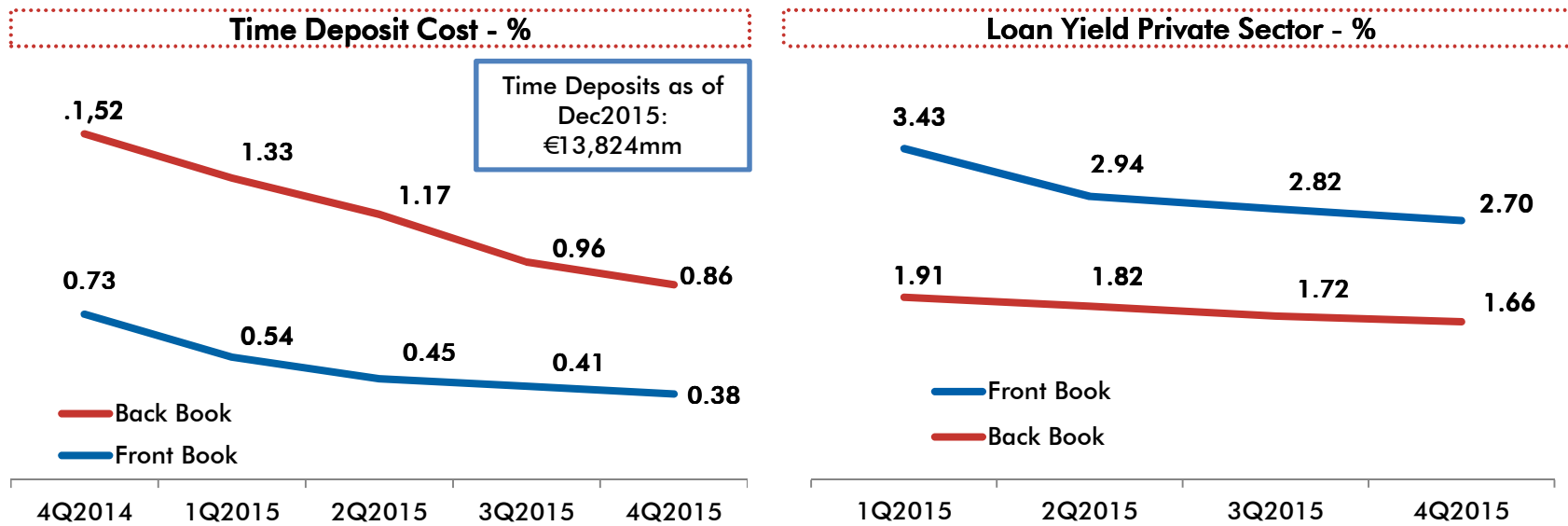
■ **Net interest income decreases 9.7% YoY**

- 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.

Customer Margin (1/2)

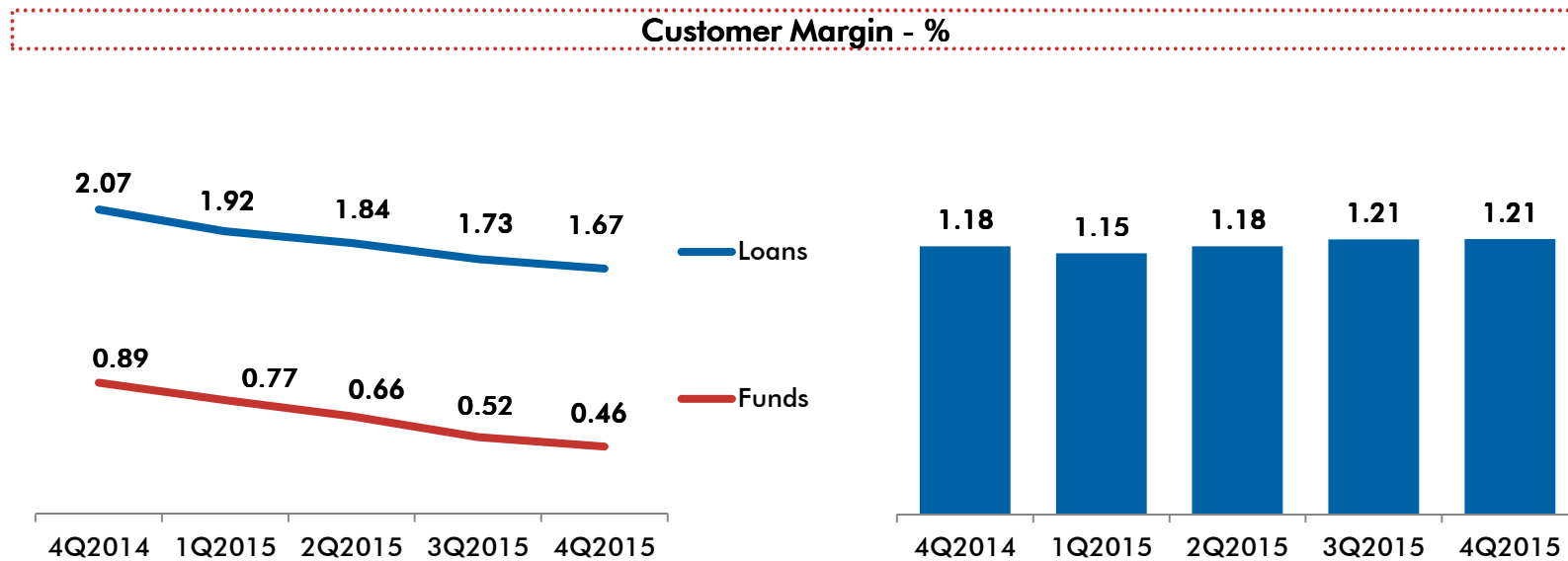
- **Cost reduction in the back book of time deposits continues (-66 b.p. in 2015)**
 - In December the cost of new time deposits was 0.32 b.p.
 - Potential improvement in the deposit mix: time deposits still represent 44% of total deposits.

- **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.**



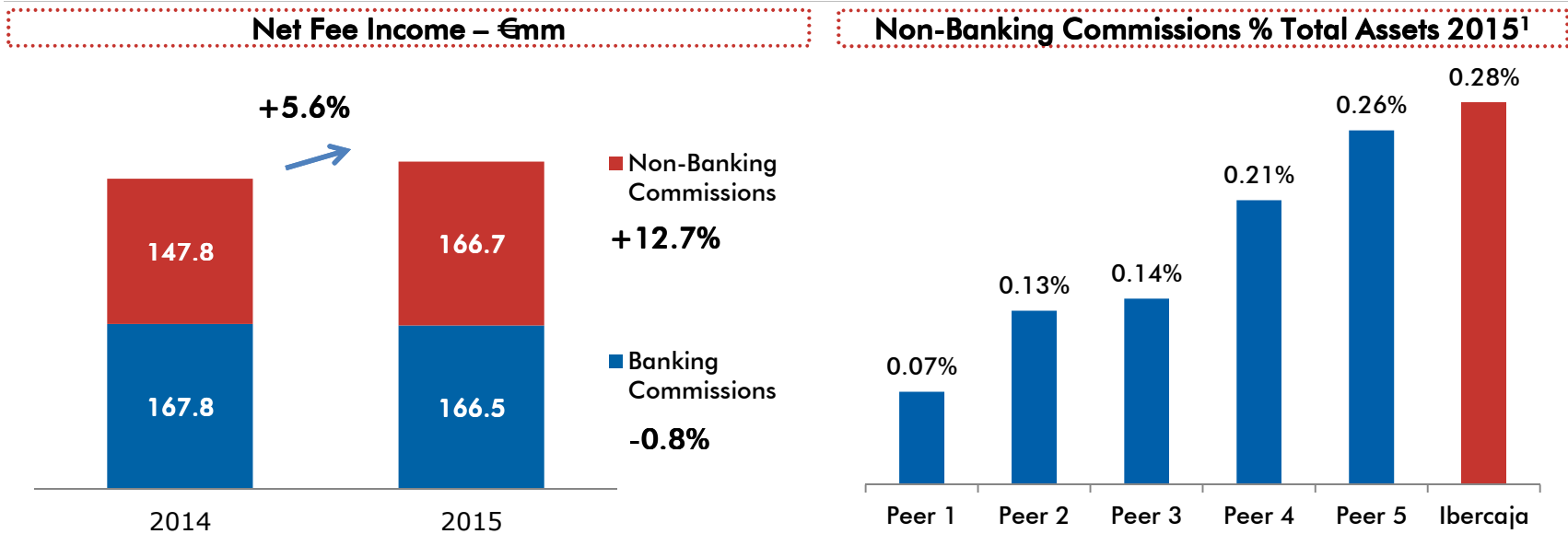
Customer Margin (2/2)

- **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 operations¹ stands at 2.3%.**



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

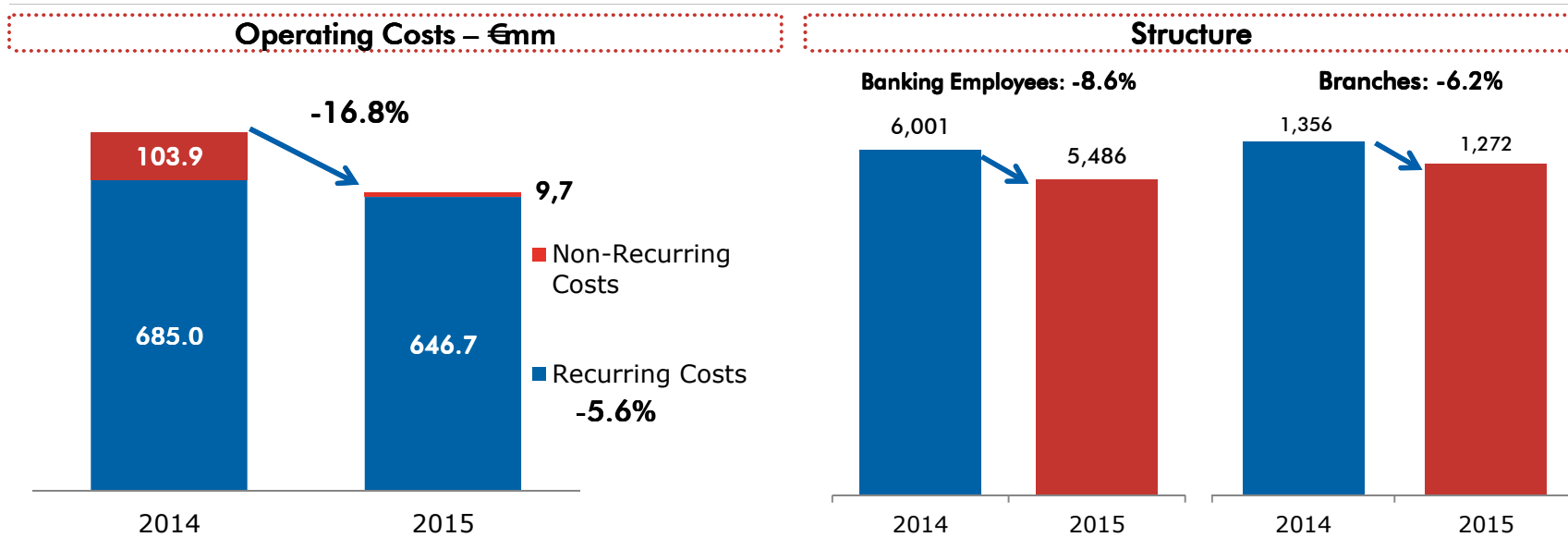
Net Fee Income



- 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.

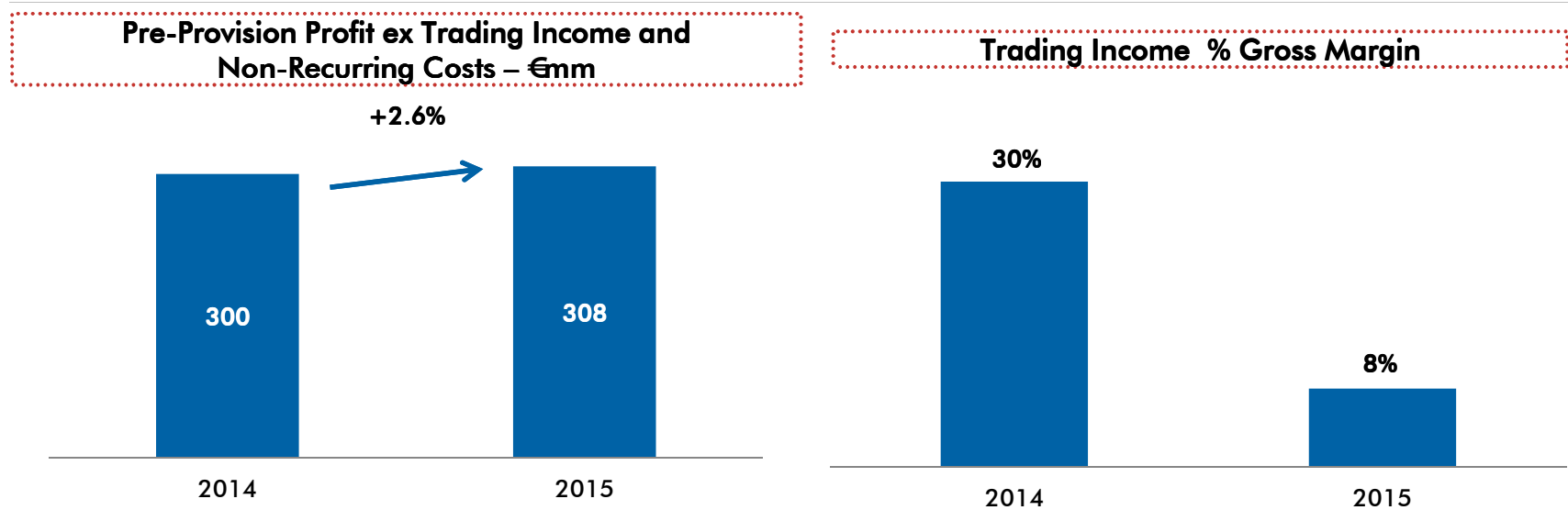
¹ Includes Caixabank, Popular, Bankia, Liberbank and Bankinter

Operating Costs



- 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.

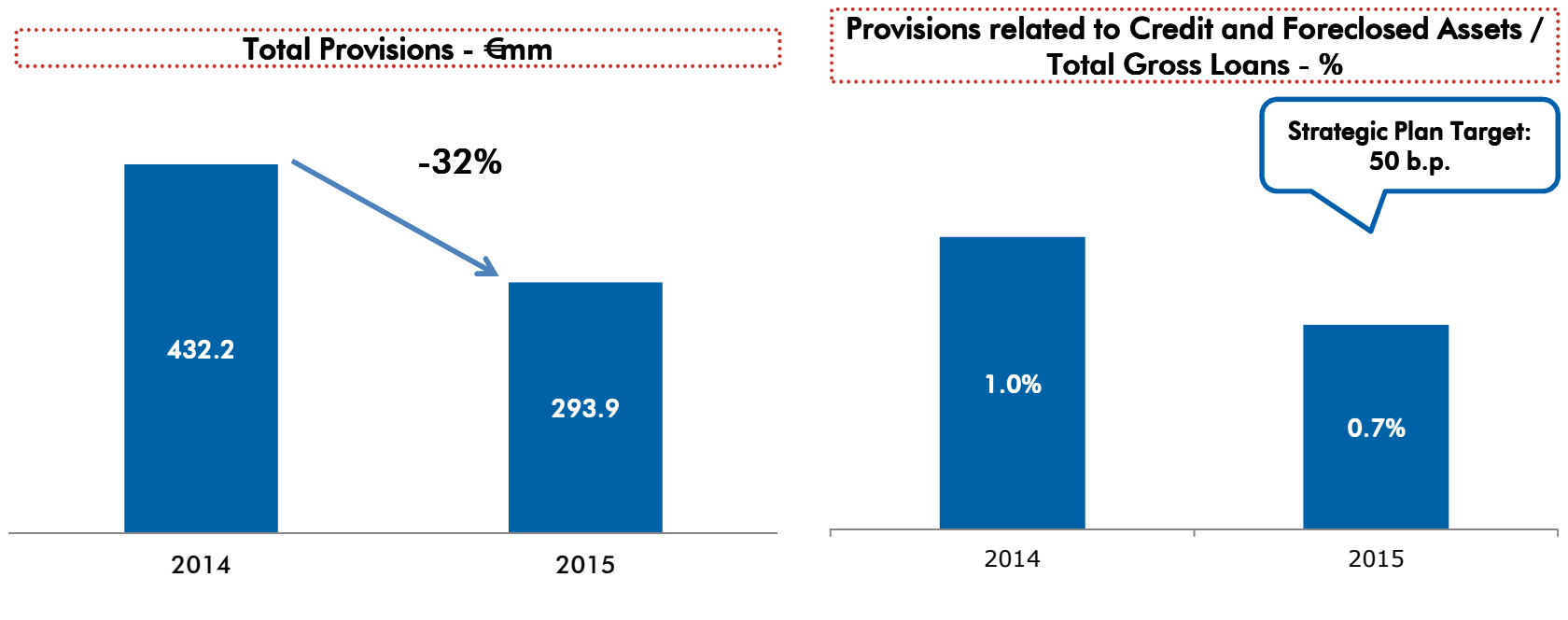
Pre-Provision Profit



- **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.

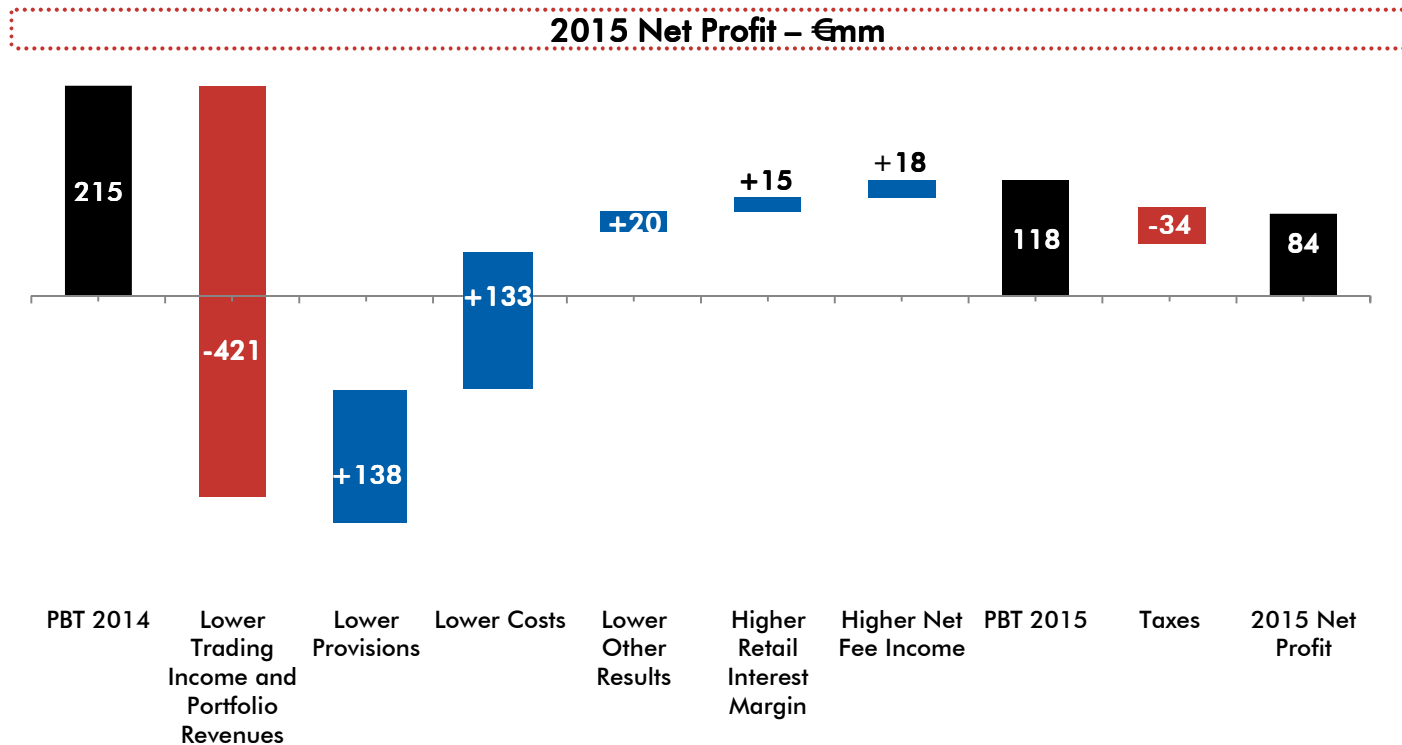
Provisions

- 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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Main Highlights



Commercial Activity



2015 Results



Asset Quality, Liquidity and Solvency



Final Remarks

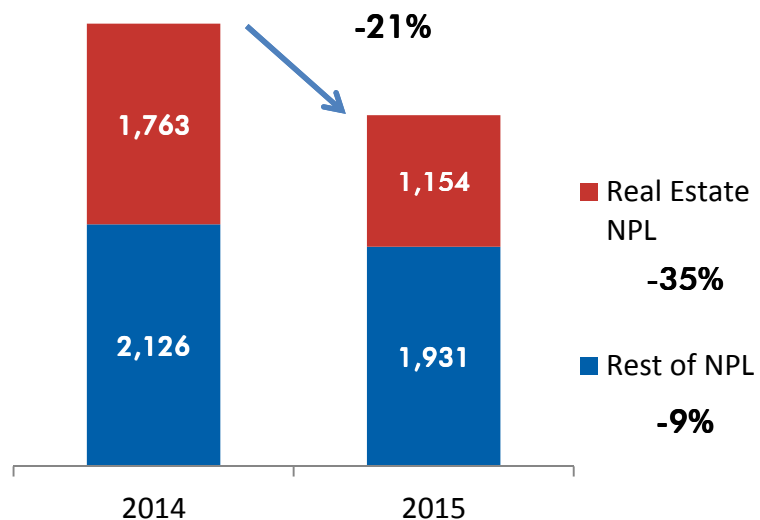


Asset Quality (1/3)

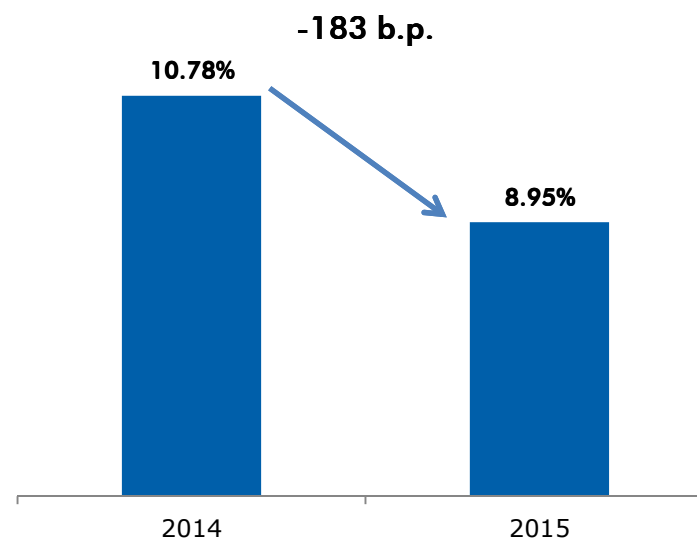
■ Solid reduction of non-performing loans:

- 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



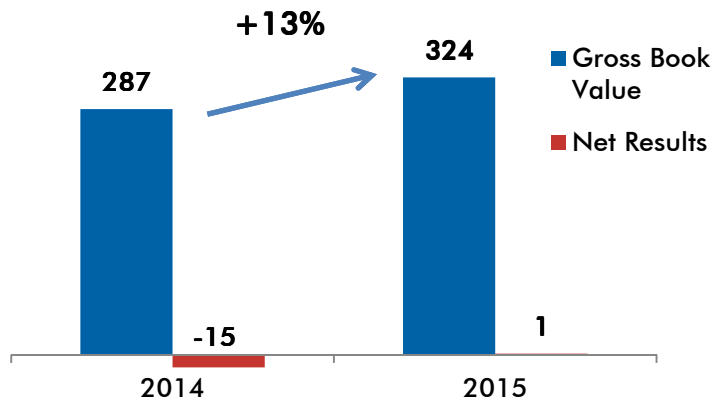
NPL Ratio - %



Asset Quality (2/3)

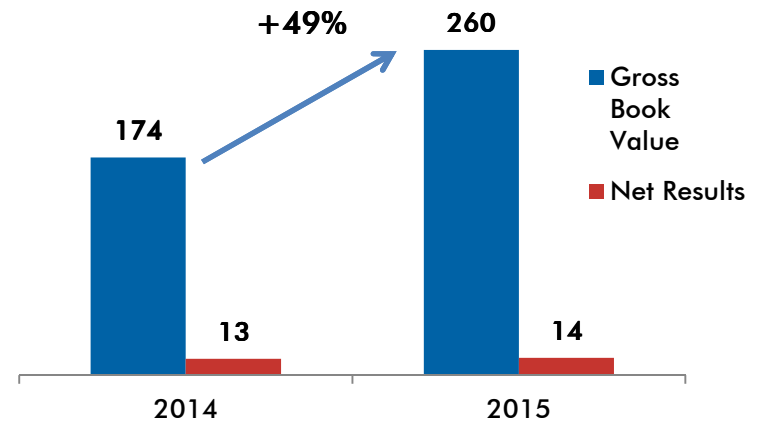
- Step up in foreclosed asset and third-party asset sales, with a minimum impact on results.

Third-Party Assets Sales¹ - €mm

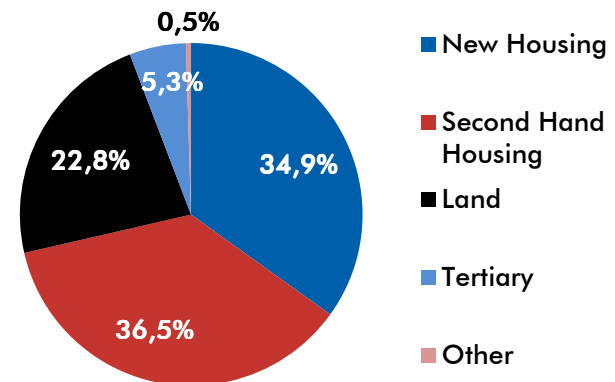


¹ Excluding the impact of Goya transaction

Foreclosed Asset Sales - €mm

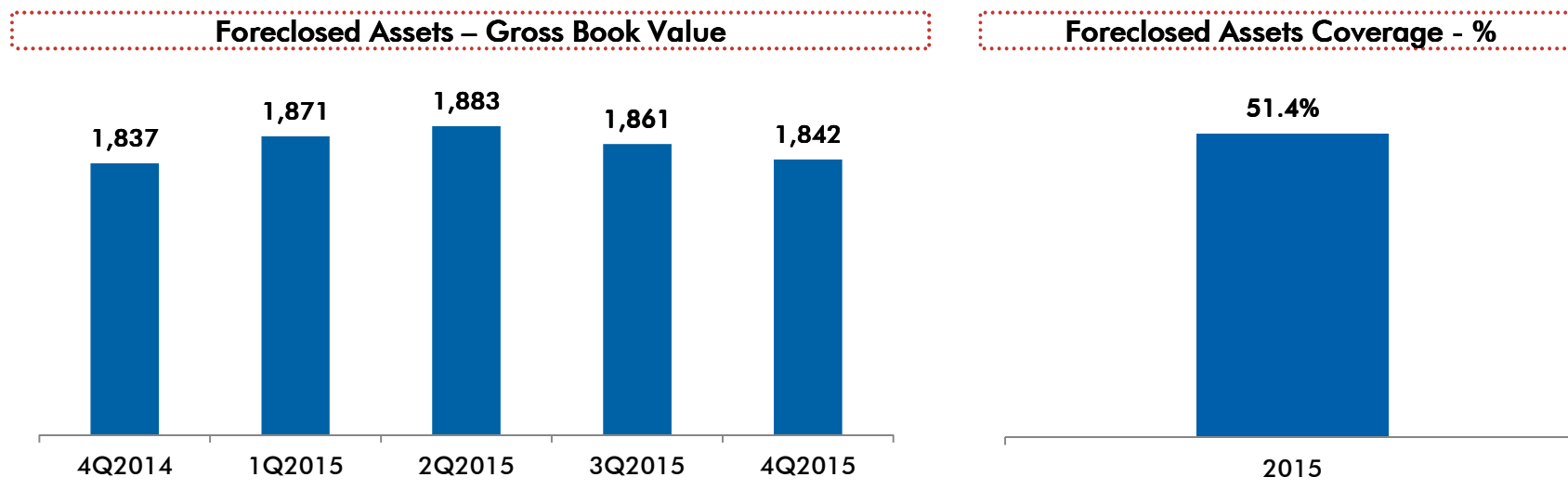


Foreclosed Assets Sales - %



Asset Quality (3/3)

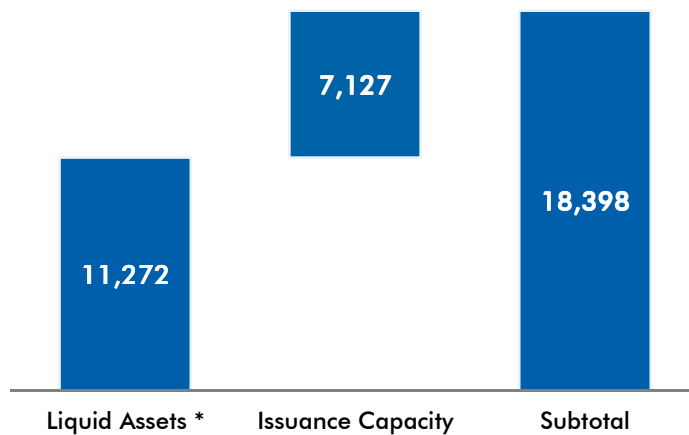
- The improvement in the real estate market and the pickup of asset sales allows for a second consecutive quarter of decreasing stock of foreclosed assets.
- Last February, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic 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.



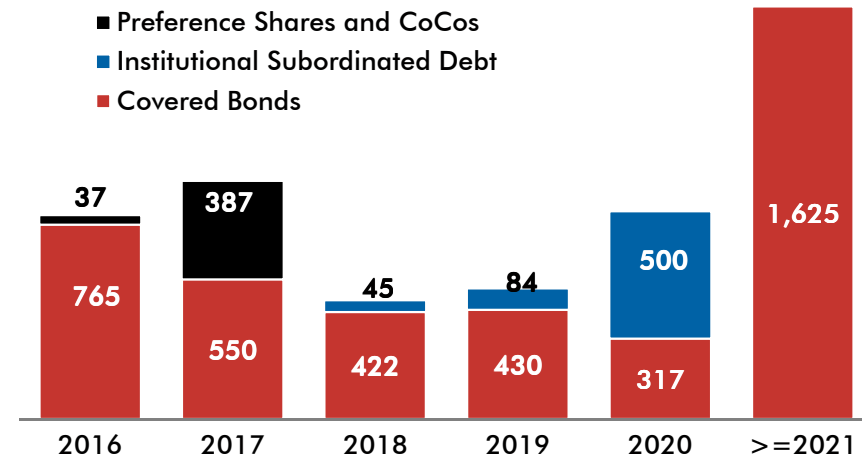
Liquidity and Solvency (1/3)

- 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

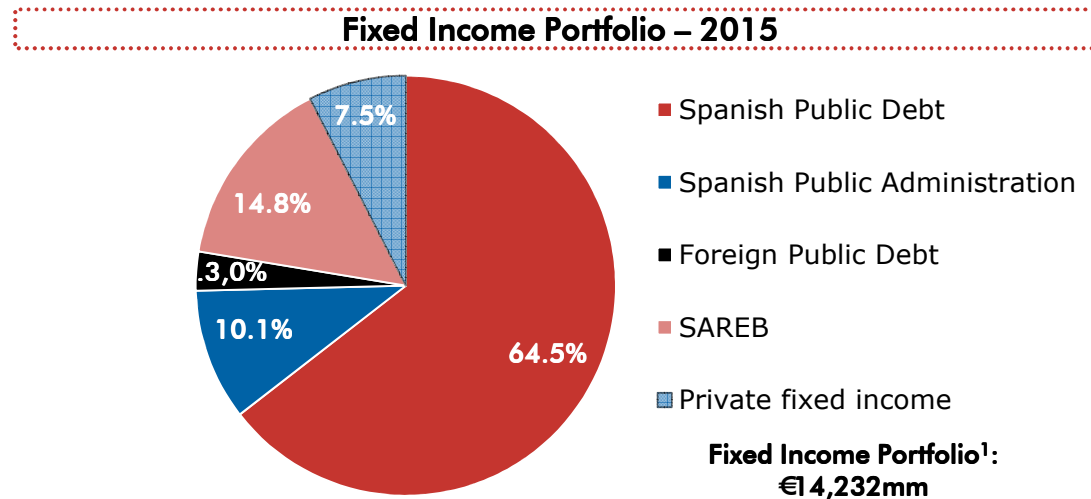


¹ 1 Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.

* Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

Liquidity and Solvency (2/3)

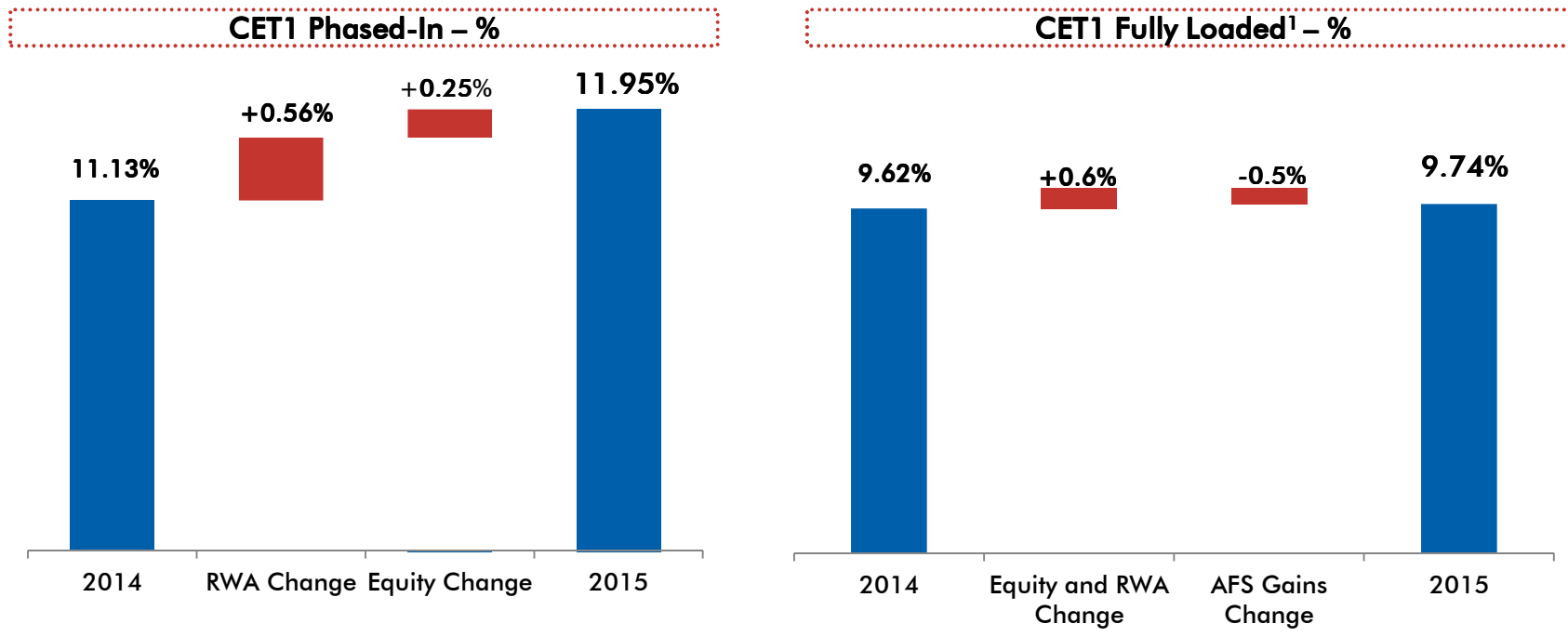
- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.**
 - Average duration of 3.4 years and unrealised capital gains over €143mm (of which €83mm are AFS).
 - Average yield stands at 1.6%.
- **Ibercaja Banco has reduced its fixed income portfolio by 11% in 2015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



¹ Excluding capital gains from held-to-maturity portfolio

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).



¹ Excluding CoCos, including AFS gains



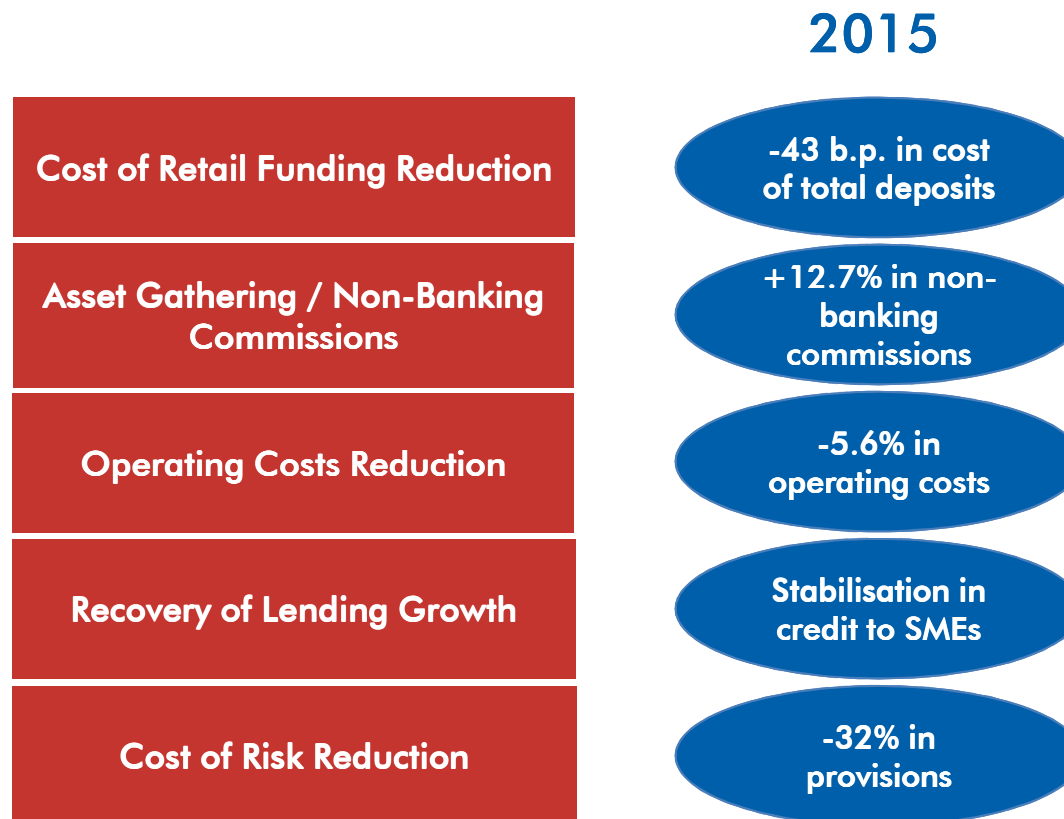
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Final Remarks

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

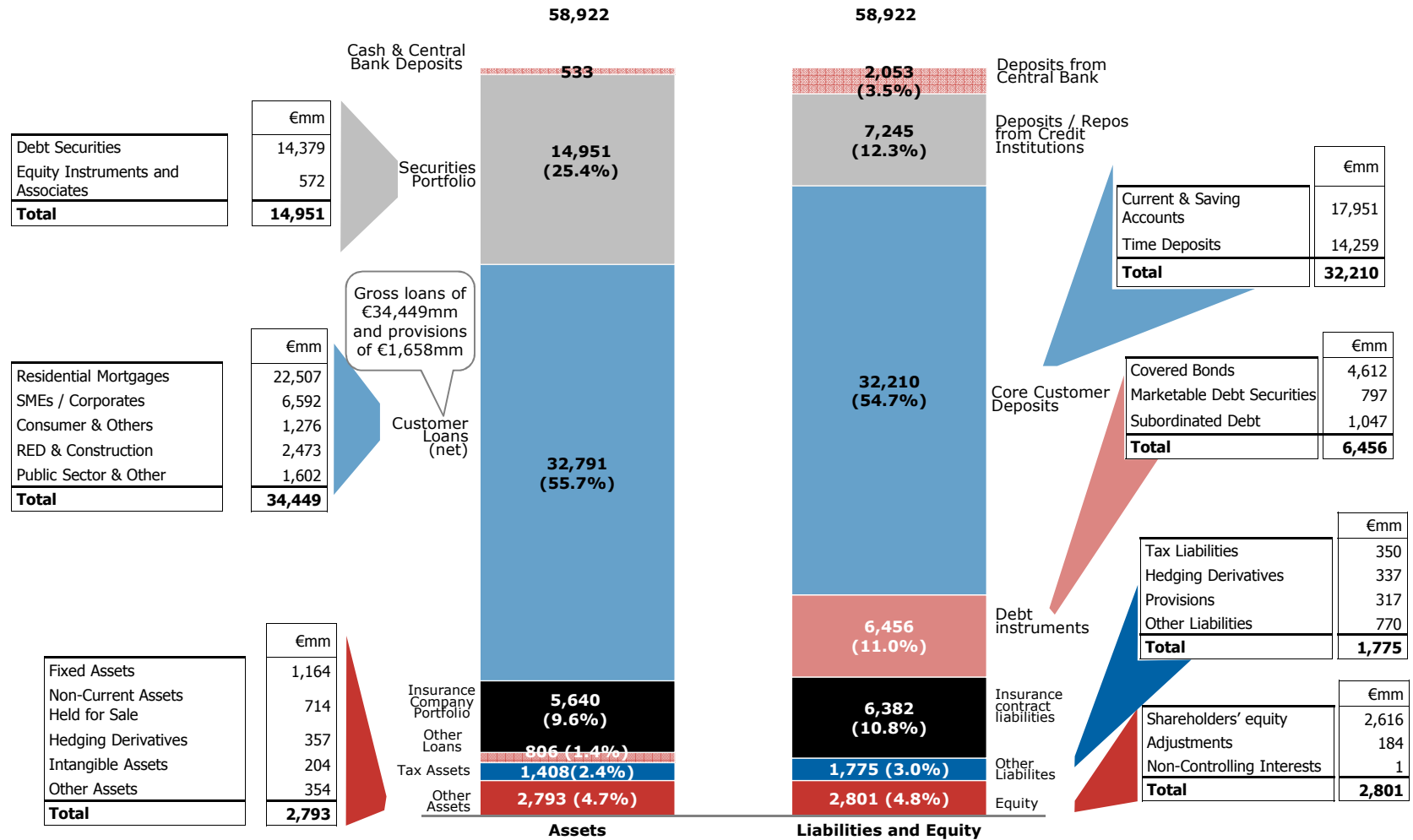




 **Annex 1: Consolidated Balance Sheet**



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.





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