



iberCaja



2015 RESULTS

March 8th, 2016





Disclaimer

This presentation on no account should be considered as a (i) service of financial analysis, (ii) investment recommendation (iii) or advice of any type, (iv) nor does it aim to offer any kind of financial product or service. The information contained in this presentation is general and does not reveal all the risks or other material factors. Before entering into any transaction, potential investors must ensure that they fully understand the terms of the securities/transactions and the risks inherent in them, considering (i) the information submitted to the Comisión Nacional del Mercado de Valores www.cnmv.es (not the information contained in this presentation) and (ii) having taken appropriate professional or other advice.

Ibercaja Banco cautions that this presentation might contain forward-looking statements. While these statements represent our judgement and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results that differ materially from our expectations. It is expressly remarked here that no information herein contained should be taken as a guarantee of future performance or results.

The content in this presentation is regulated by the Spanish law applicable at time of writing, and it is not addressed to any person or legal entity located in any other jurisdiction (particularly USA or UK). For this reason it may not necessarily comply with the prevailing rules or legal requirements as required in other jurisdictions.

Neither Ibercaja nor other persons shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this communication.

Any price(s) or value(s) are provided as of the date or time indicated and no representation is made that any trade can be executed at these prices or values. In addition, Ibercaja has no obligation to update any information contained herein.

This marketing communication is not intended for distribution to any kind of investors in the U.S.A., nor retail clients in the UK under any circumstances. Information set out on the presentation has come from a variety of sources, which Ibercaja considers to be reliable and have been chosen by Ibercaja with due diligence and reasonable care. Ibercaja does not provide any guarantee or warranty in respect of the accuracy, completeness, up-to-datedness', or quality as well as the availability at any time of the data and other information provided on the presentation. Any views, statements or representations provided for on this presentation do not necessarily reflect the opinion of Ibercaja.

Under no circumstances, including negligence, shall Ibercaja be liable for any DIRECT, INDIRECT, INCIDENTAL, SPECIAL or CONSEQUENTIAL DAMAGES, or LOST PROFITS that result from the reliance by a recipient on any information obtained from this presentation.





Index

 **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

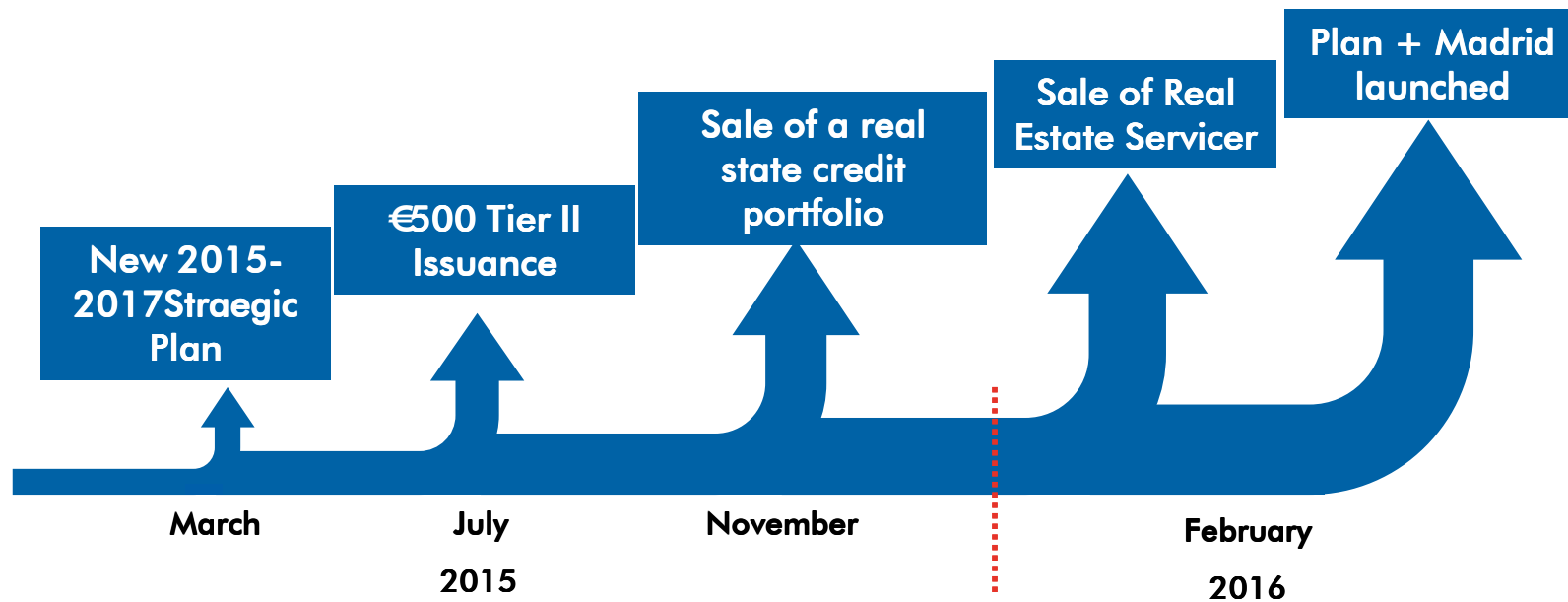
CET1 Phased-In 11.95%, +82 b.p. YoY

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.



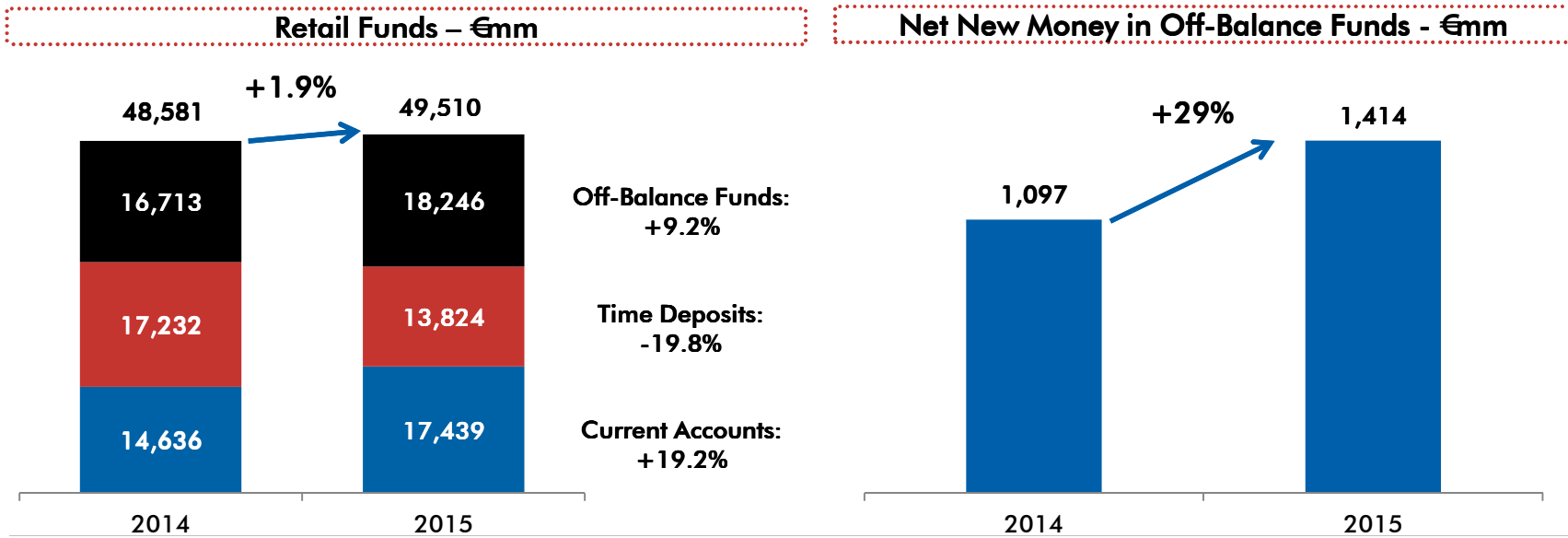
Index

- ▶ Main Highlights
- ▶ **Commercial Activity**
- ▶ 2015 Results
- ▶ Asset Quality, Liquidity and Solvency
- ▶ Final Remarks



Retail Funds (1/2)

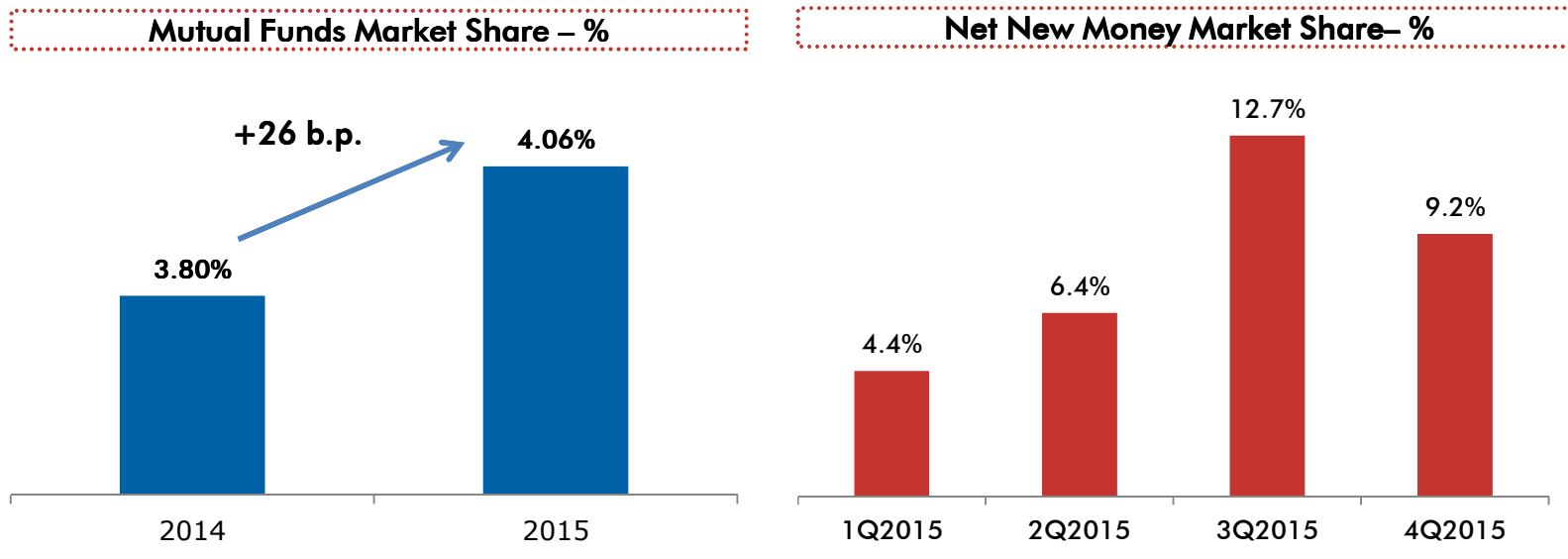
- Total retail funds increase €928mm or 1.9% YoY
 - Improvement of retail funds mix: current accounts and off-balance sheet funds represent 72% of total retail funds vs. 65% in 2014.
 - Net new money in off balance products exceeds €1,400mm, reaching historic levels for the Bank.



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.

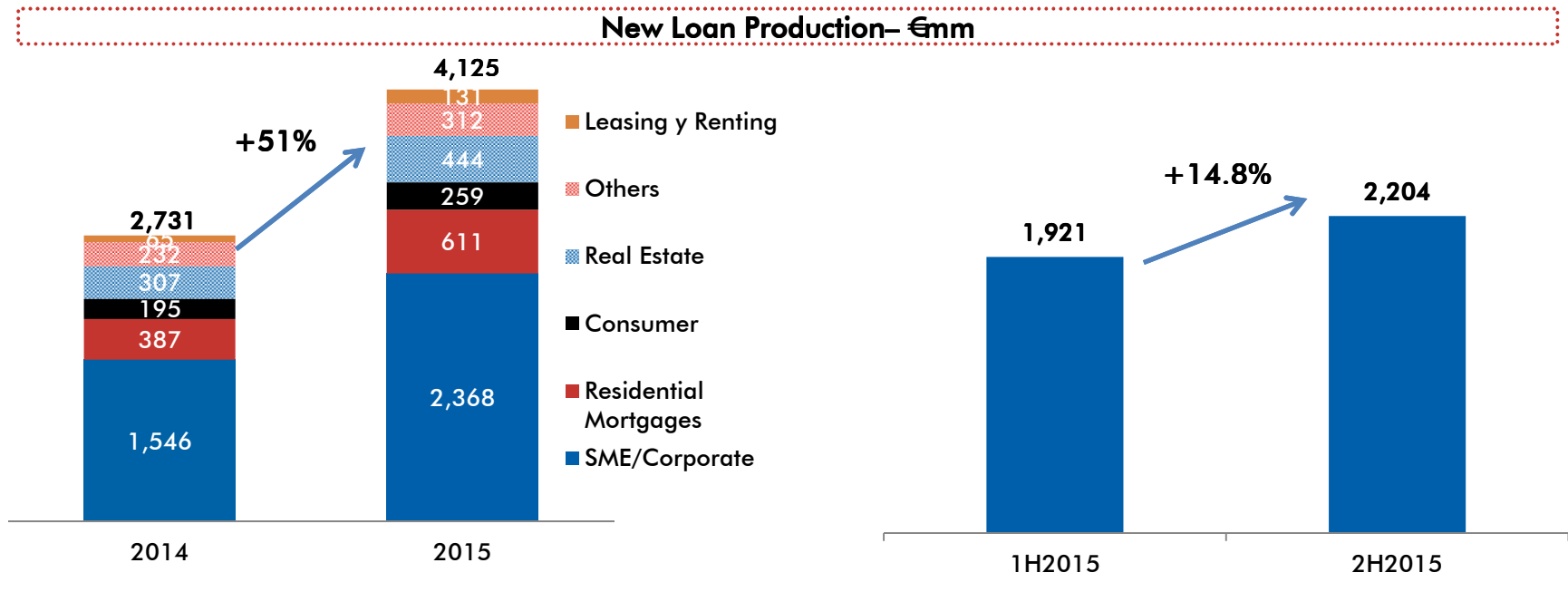
Loan Portfolio Evolution – €mm

	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)

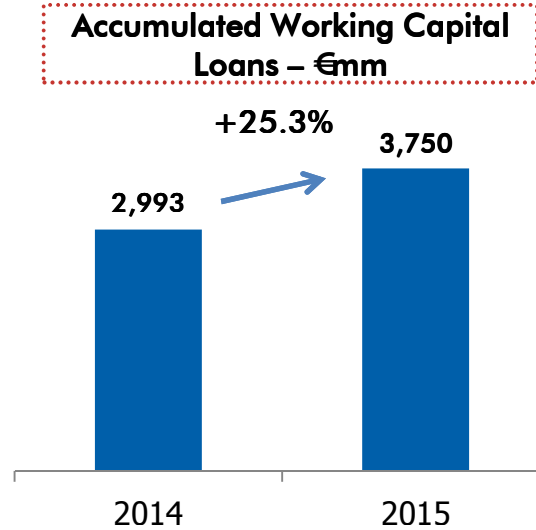
- New lending production reaches the €4bn target for 2015 and increases 51% YoY.
 - SME new loan production accounts for 57% of total new lending.
 - New loan production accelerates in the second half of the year.



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

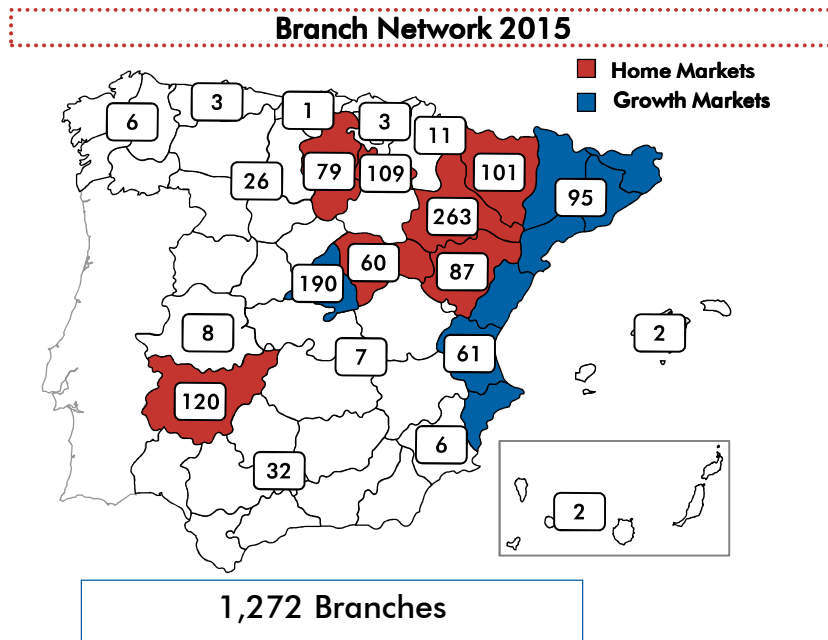
- New initiatives in mortgage lending, including fixed-rate products.
- 2016 target is to double the new lending production in mortgages.



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.

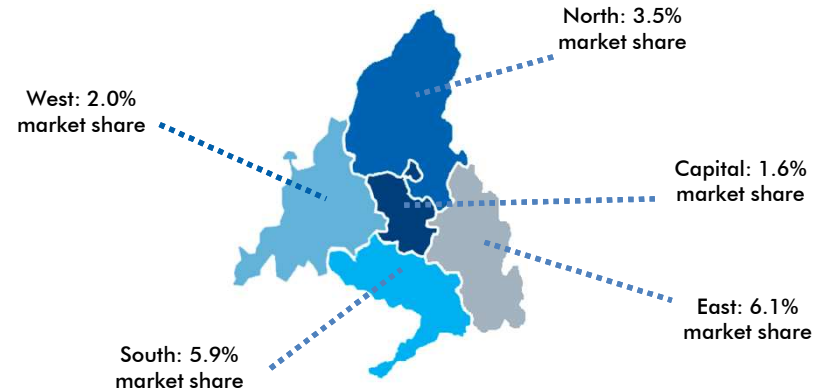
✓ 450,000 clients.

✓ €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.

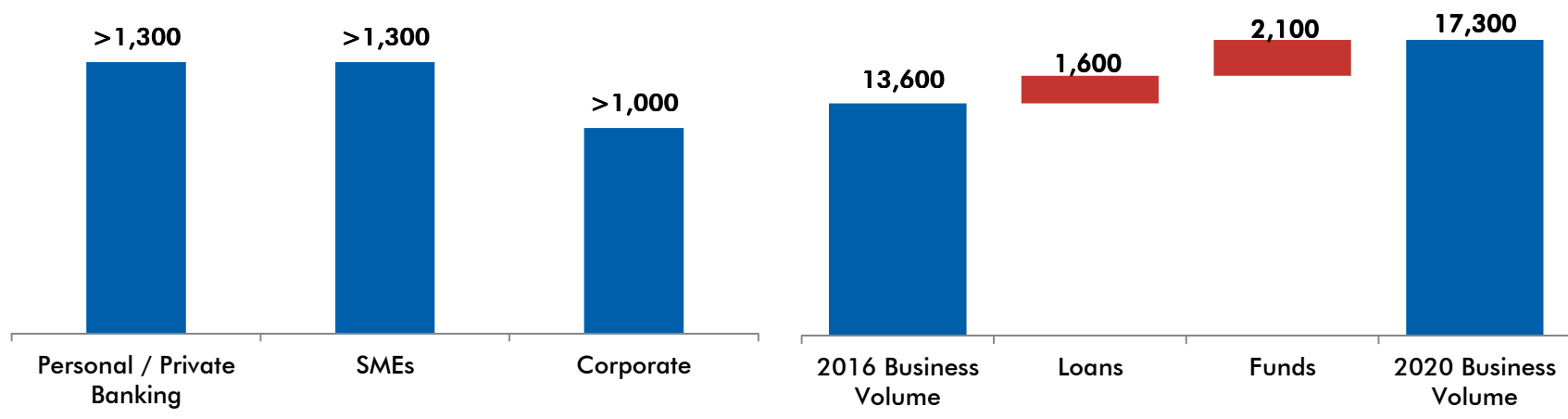
Investment in resources:

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.



Index



Main Highlights



Commercial Activity



2015 Results



Asset Quality, Liquidity and Solvency



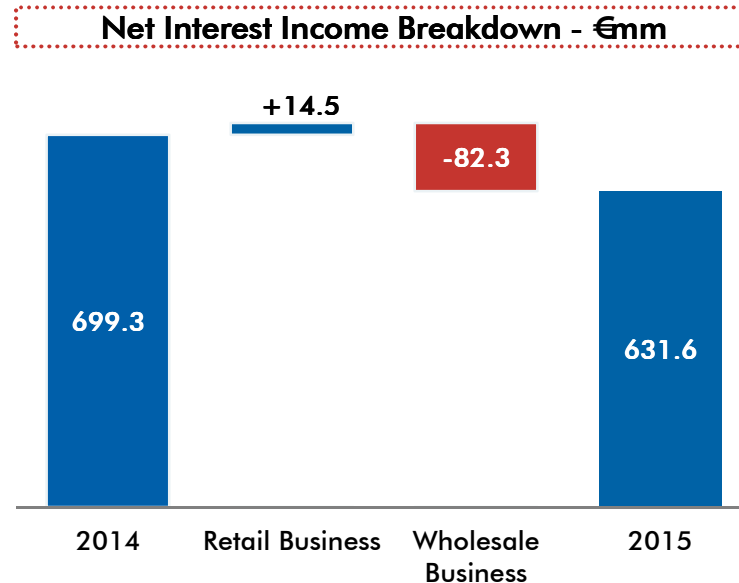
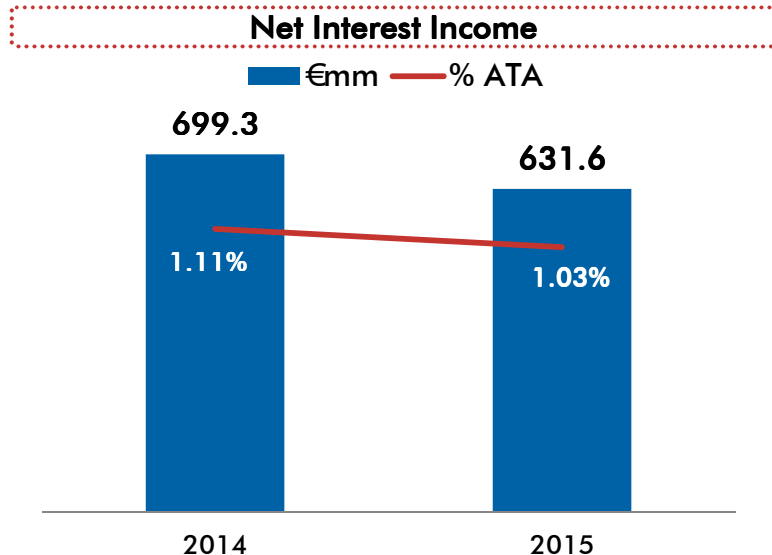
Final Remarks



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



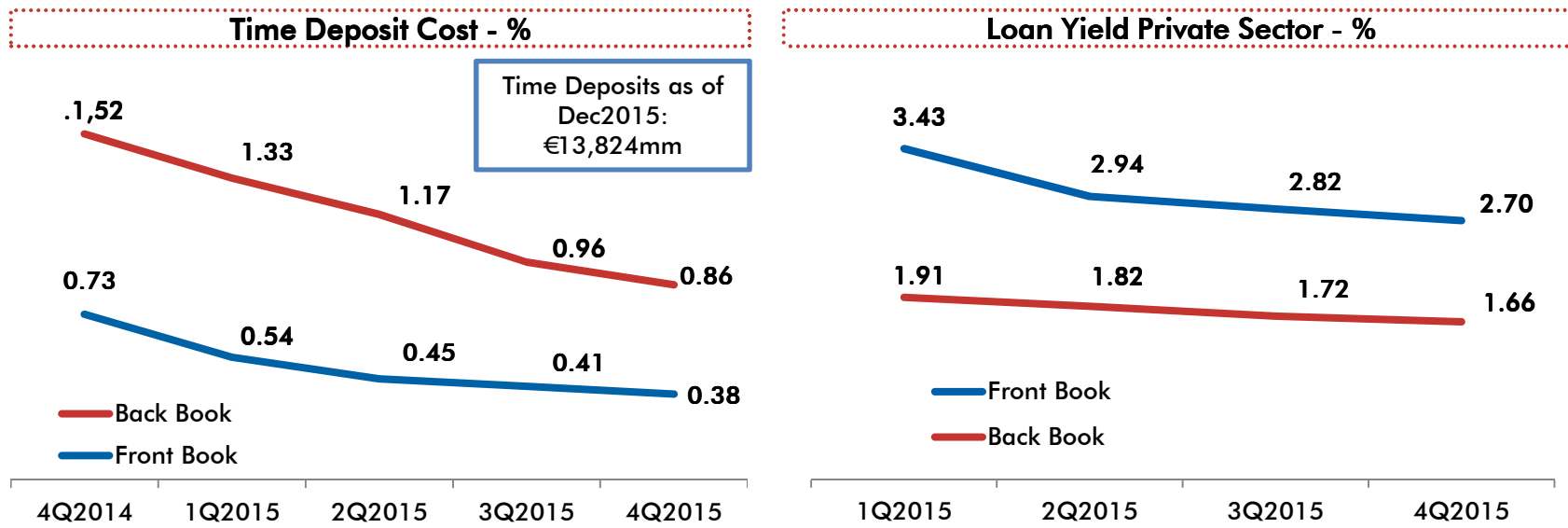
■ **Net interest income decreases 9.7% YoY**

- 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)

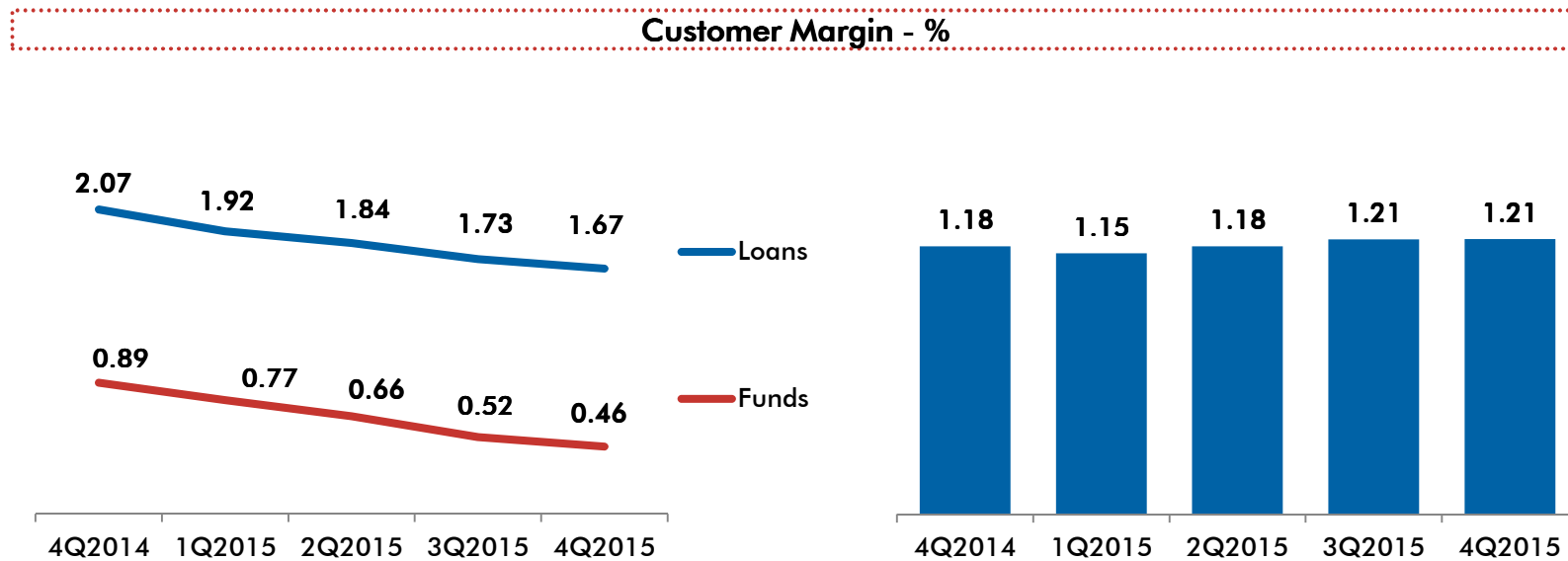
- **Cost reduction in the back book of time deposits continues (-66 b.p. in 2015)**
 - In December the cost of new time deposits was 0.32 b.p.
 - Potential improvement in the deposit mix: time deposits still represent 44% of total deposits.

- **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.**



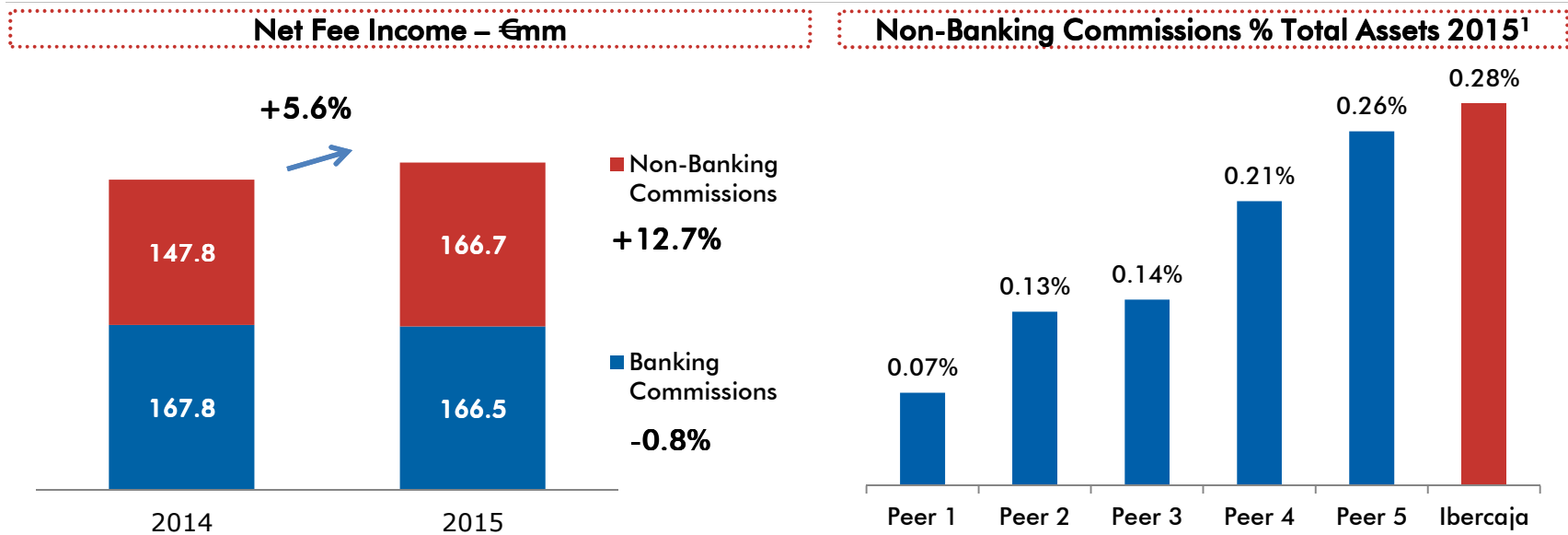
Customer Margin (2/2)

- 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

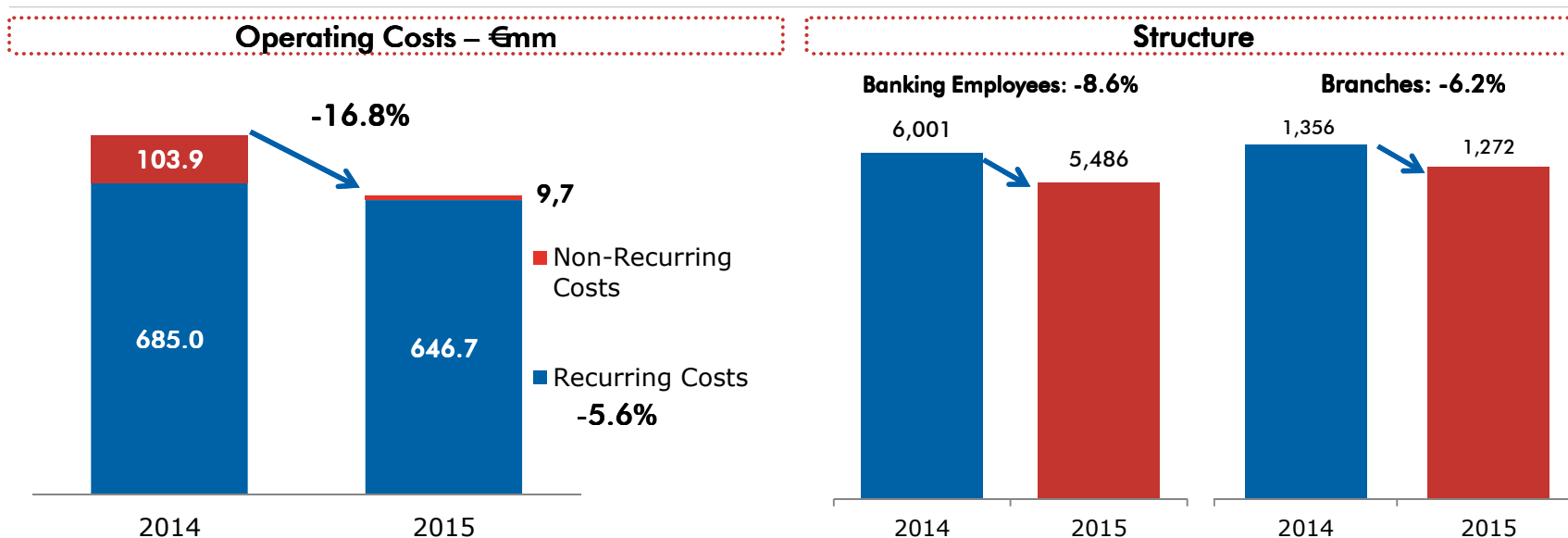
Net Fee Income



- 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.

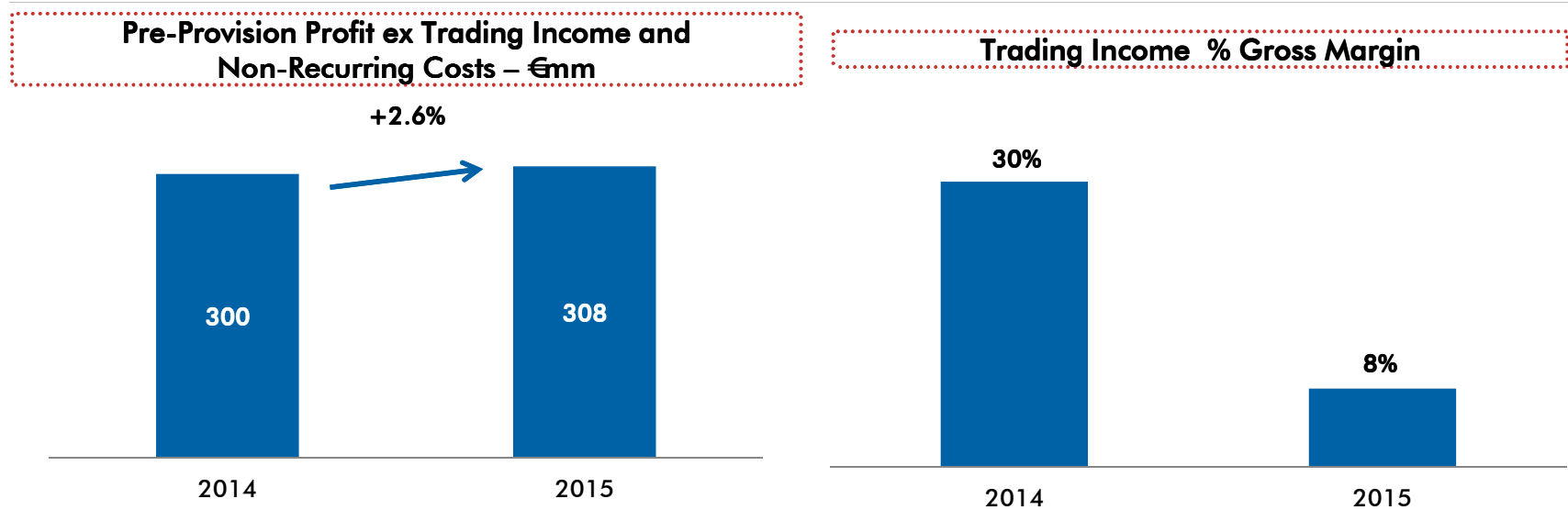
¹ Includes Caixabank, Popular, Bankia, Liberbank and Bankinter

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.

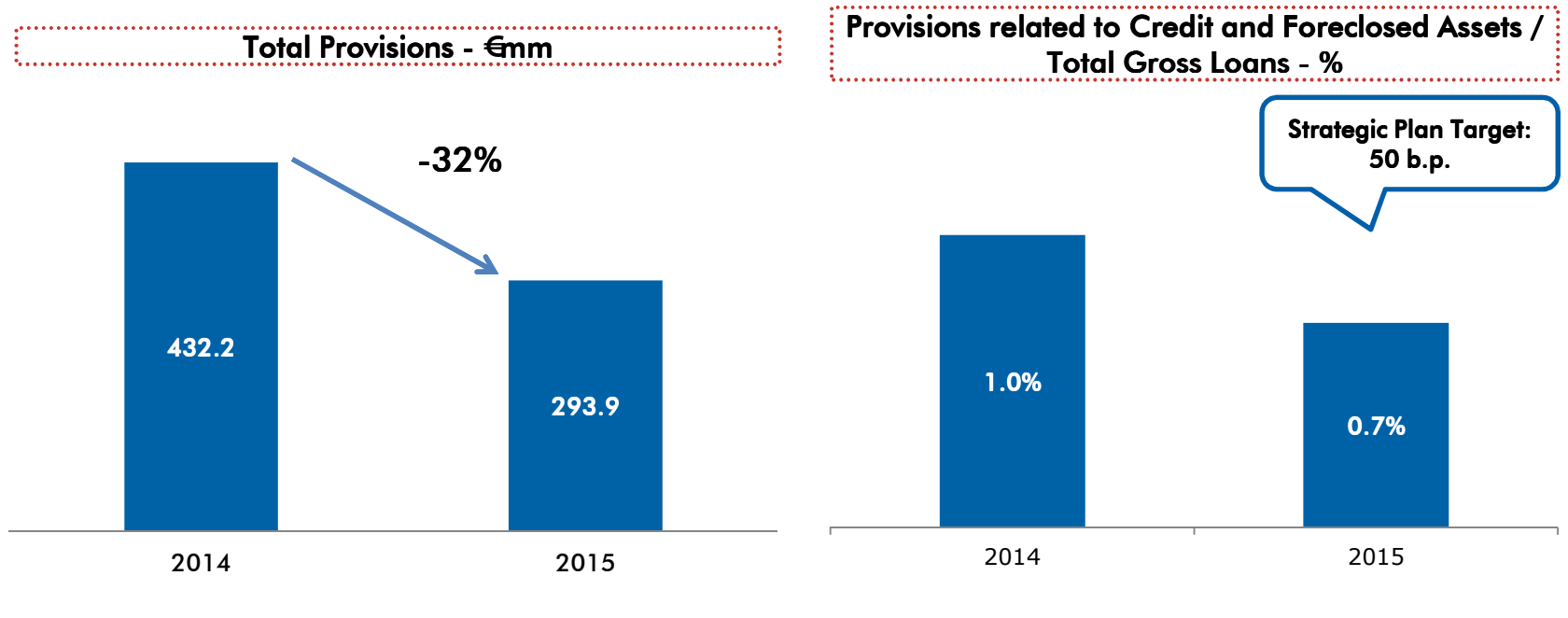
Pre-Provision Profit



- **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.

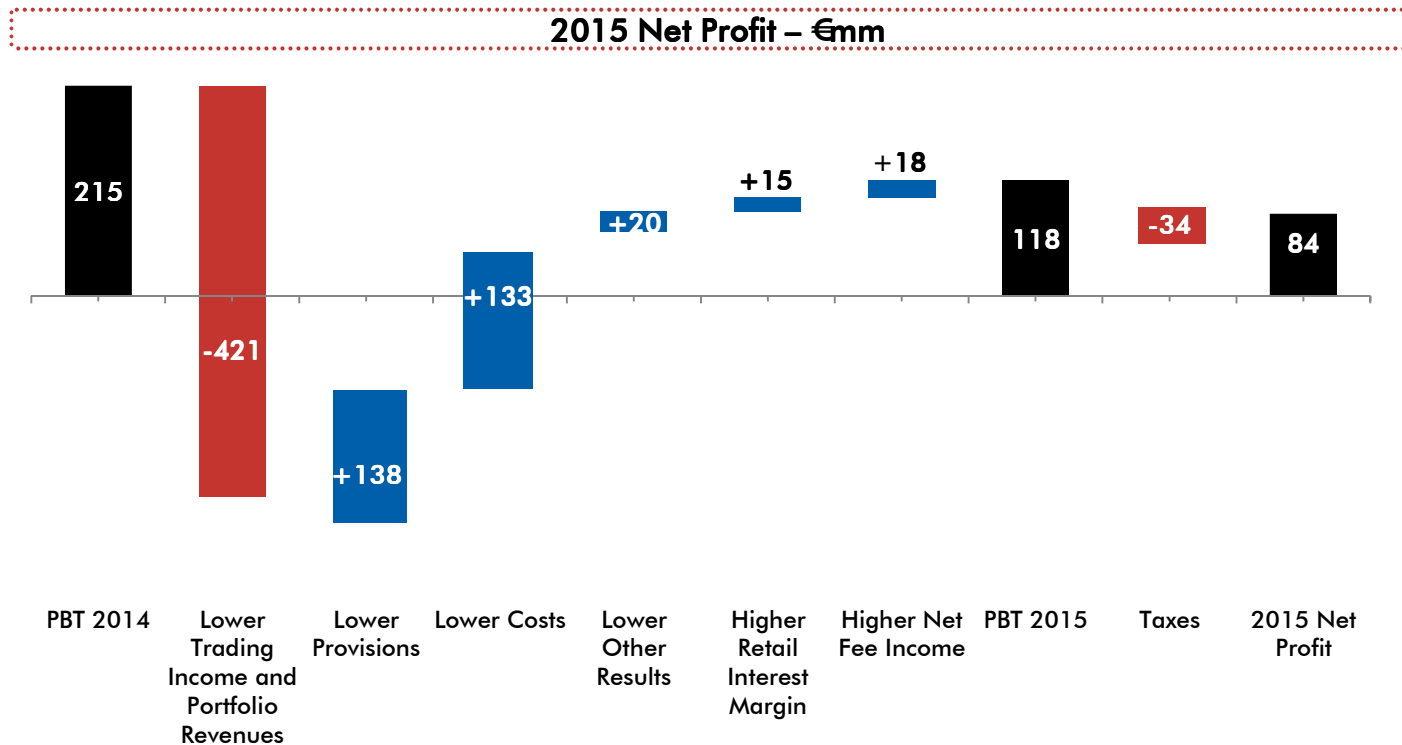
Provisions

- 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.





Index

- ▶ Main Highlights
- ▶ Commercial Activity
- ▶ 2015 Results
- ▶ **Asset Quality, Liquidity and Solvency**
- ▶ Final Remarks

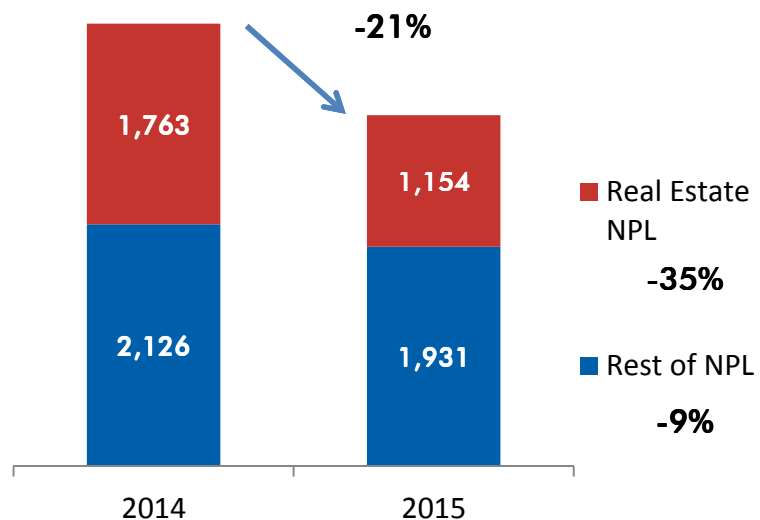


Asset Quality (1/3)

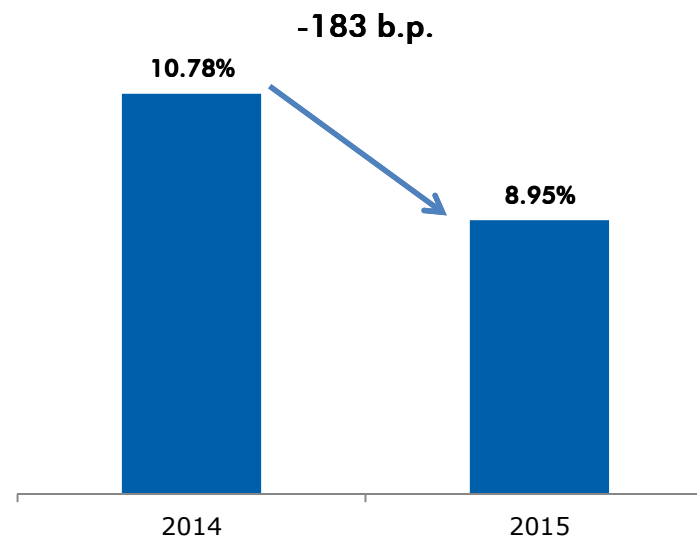
■ Solid reduction of non-performing loans:

- 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



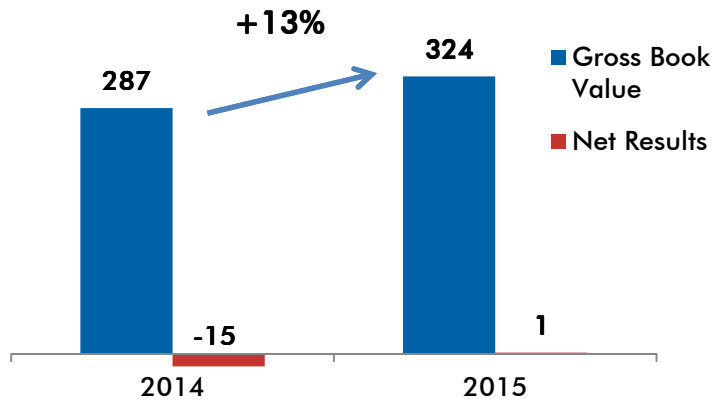
NPL Ratio - %



Asset Quality (2/3)

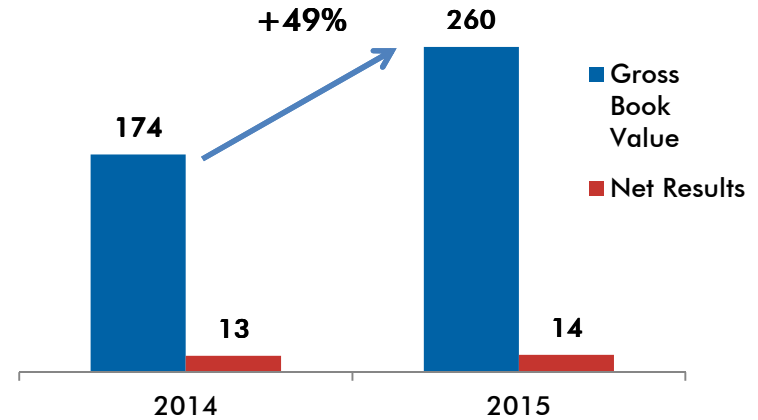
- Step up in foreclosed asset and third-party asset sales, with a minimum impact on results.

Third-Party Assets Sales¹ - €mm

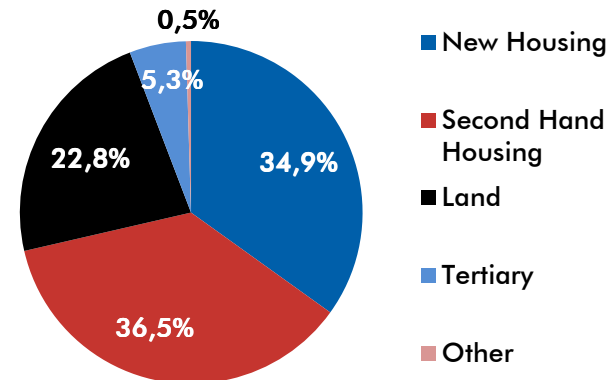


¹ Excluding the impact of Goya transaction

Foreclosed Asset Sales - €mm

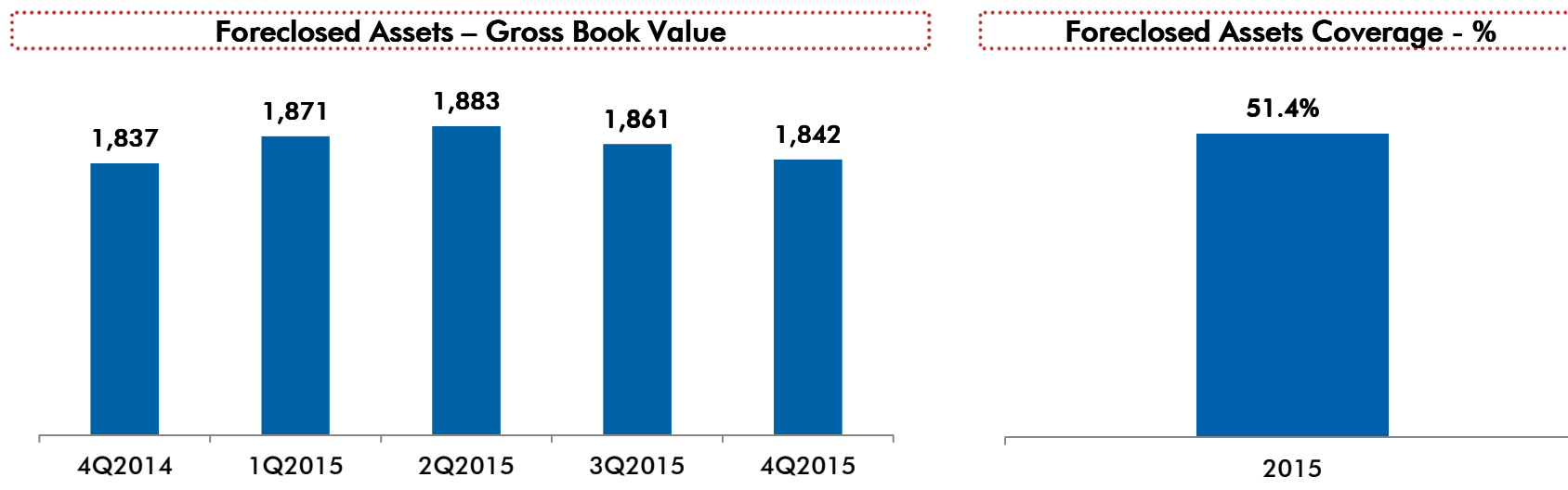


Foreclosed Assets Sales - %



Asset Quality (3/3)

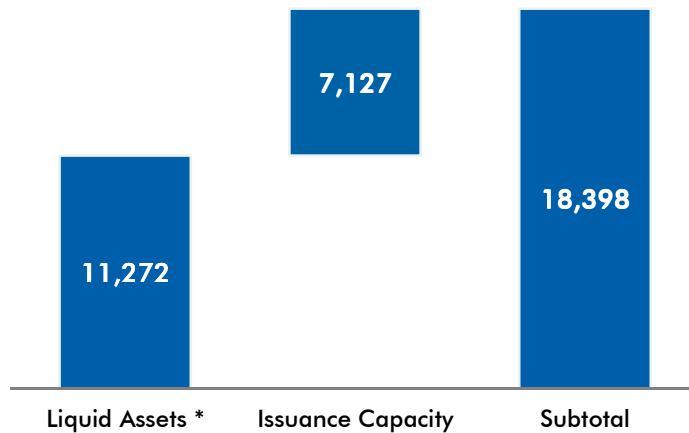
- The improvement in the real estate market and the pickup of asset sales allows for a second consecutive quarter of decreasing stock of foreclosed assets.
- Last February, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. The Bank also signed a long-term strategic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



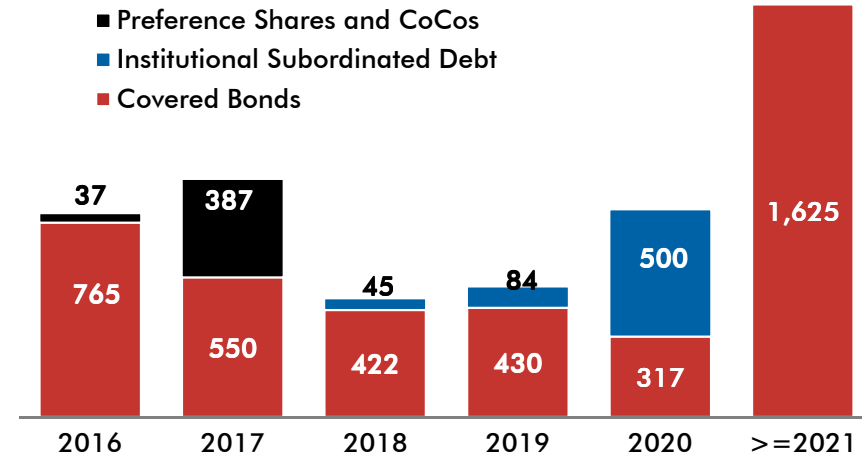
Liquidity and Solvency (1/3)

- 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

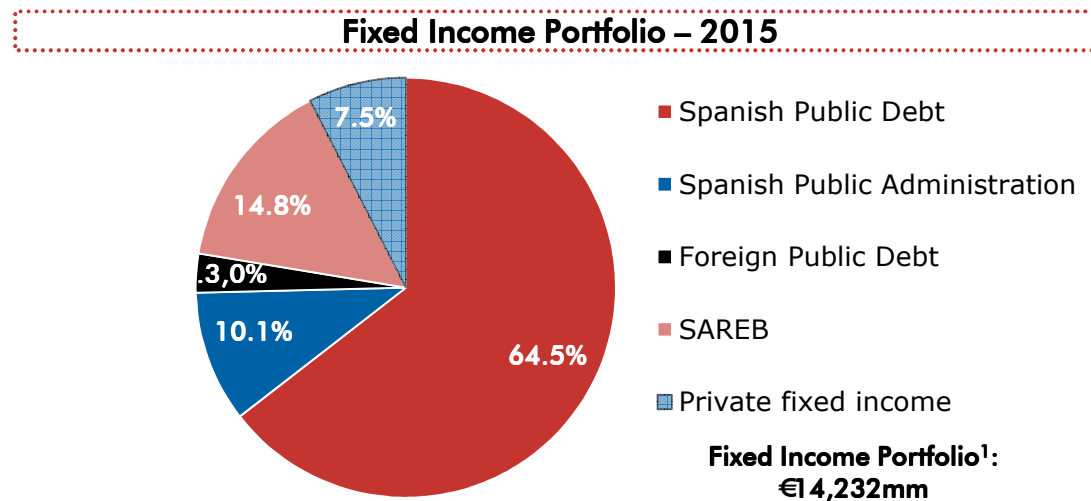


¹ 1 Net Loans ex. securitised loans / Customer deposits ex. repos + retail deposits through Financial Group + Securities distributed through the branch network.

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

Liquidity and Solvency (2/3)

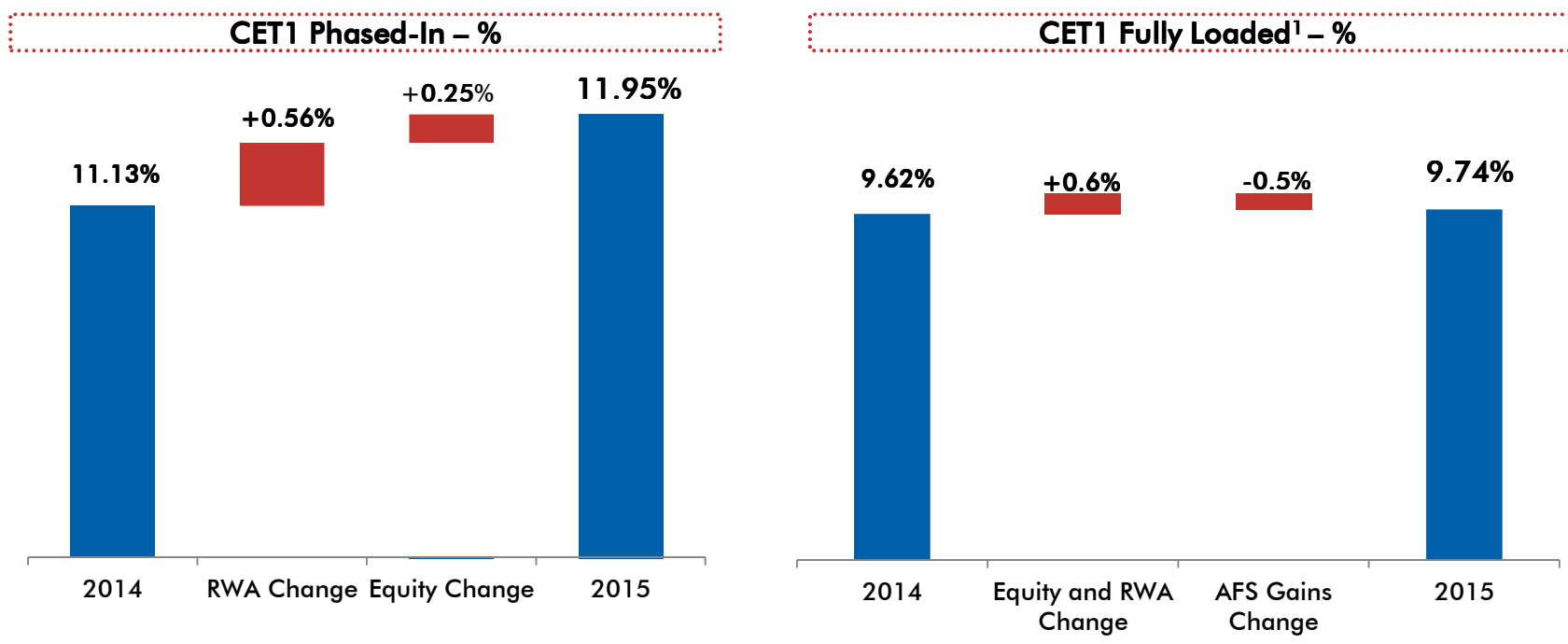
- **Fixed income portfolio: Low risk with focus on Spanish sovereign debt and short duration.**
 - Average duration of 3.4 years and unrealised capital gains over €143mm (of which €83mm are AFS).
 - Average yield stands at 1.6%.
- **Ibercaja Banco has reduced its fixed income portfolio by 11% in 2015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



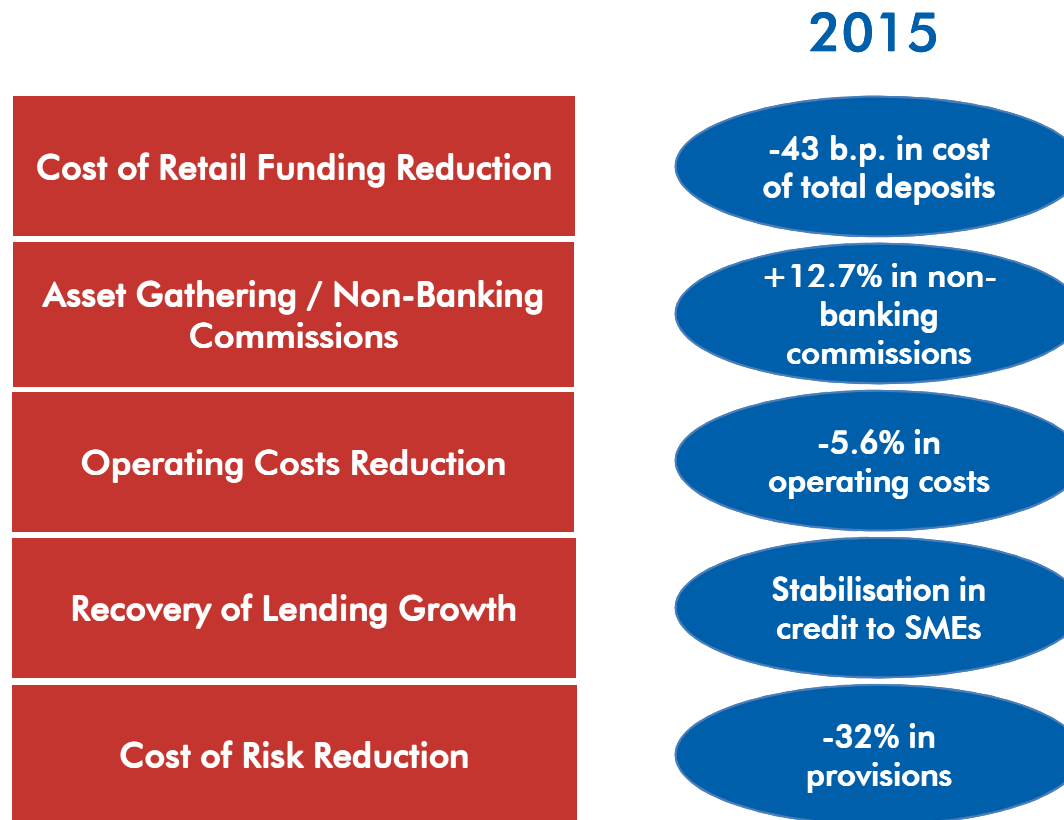
Index

- ▶ Main Highlights
- ▶ Commercial Activity
- ▶ 2015 Results
- ▶ Asset Quality, Liquidity and Solvency
- ▶ **Final Remarks**



Final Remarks

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

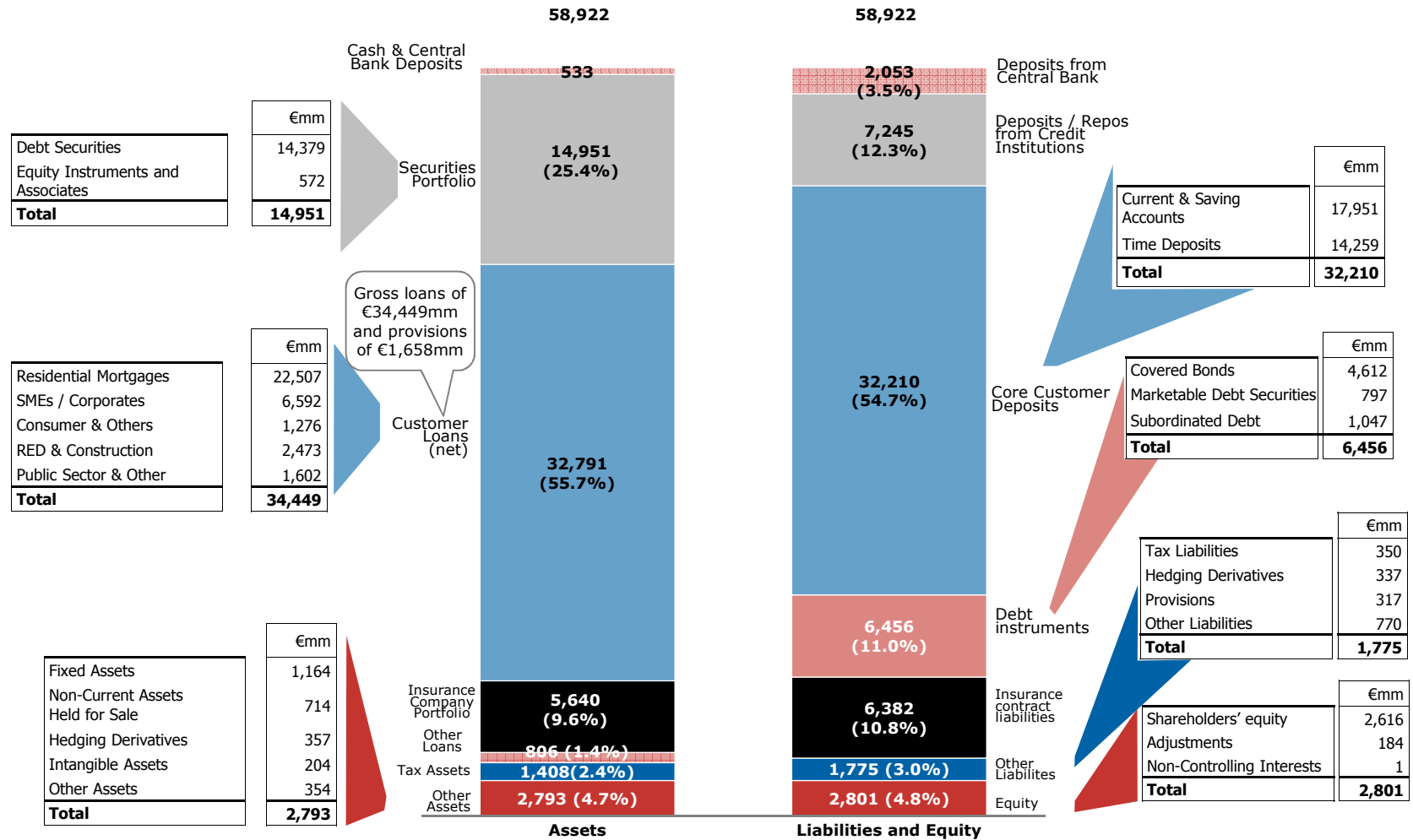




 **Annex 1: Consolidated Balance Sheet**



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.





iberCaja

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

Contact us:
investors@ibercaja.es

iberCaja 

