



iberCaja



1Q2016 RESULTS

May 13th, 2016





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Main Highlights



Commercial Activity



1Q2016 Results



Asset Quality, Liquidity and Solvency



2016 Guidance



Strategic Progress



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**

Asset Quality

Doubtful Loans: -18% YoY

NPL Ratio: 8,9% (-152 b.p. YoY)

Foreclosed Assets Stock: -1,3% YoY

Results

Net Profit: €28,9mm

Customer Spread: +11 b.p. YoY.

Non-banking Commissions: +11,4% YoY

**Extraordinary results increase non-
recurring provisions.**

Solvency

CET1 Phased-In: 11.9%

**CET1 Fully Loaded: 10.0%
(+25 b.p. QoQ)**





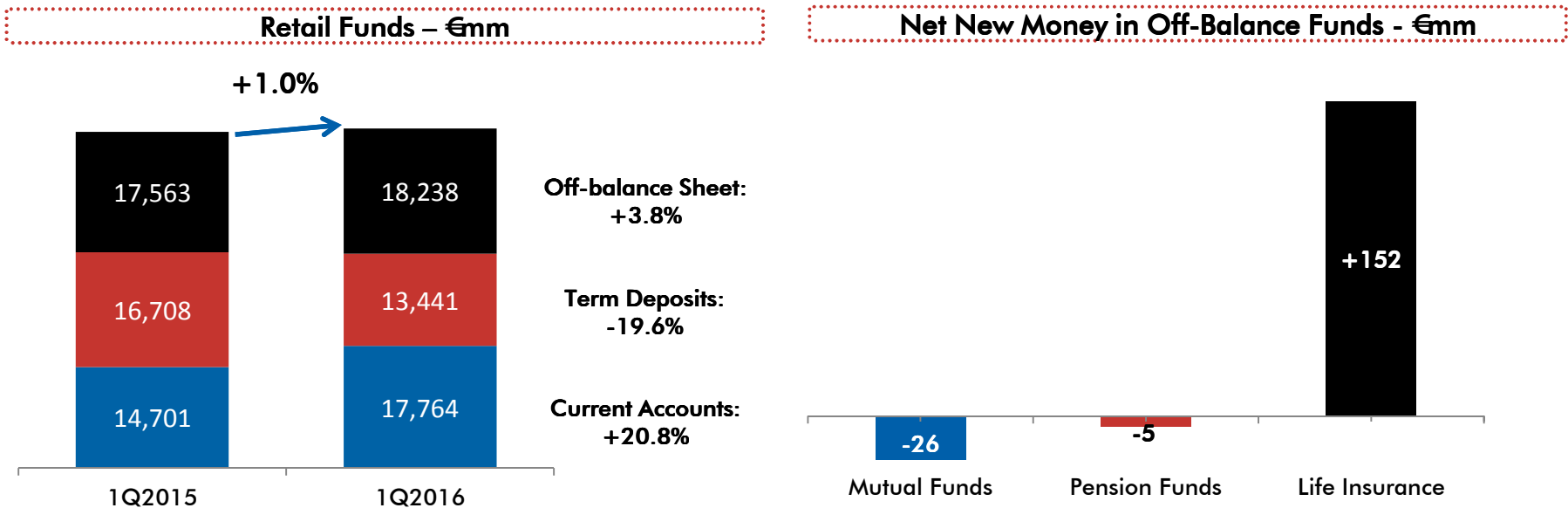
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Customer Funds (1/2)

- **Total retail funds increase €471 mm 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)



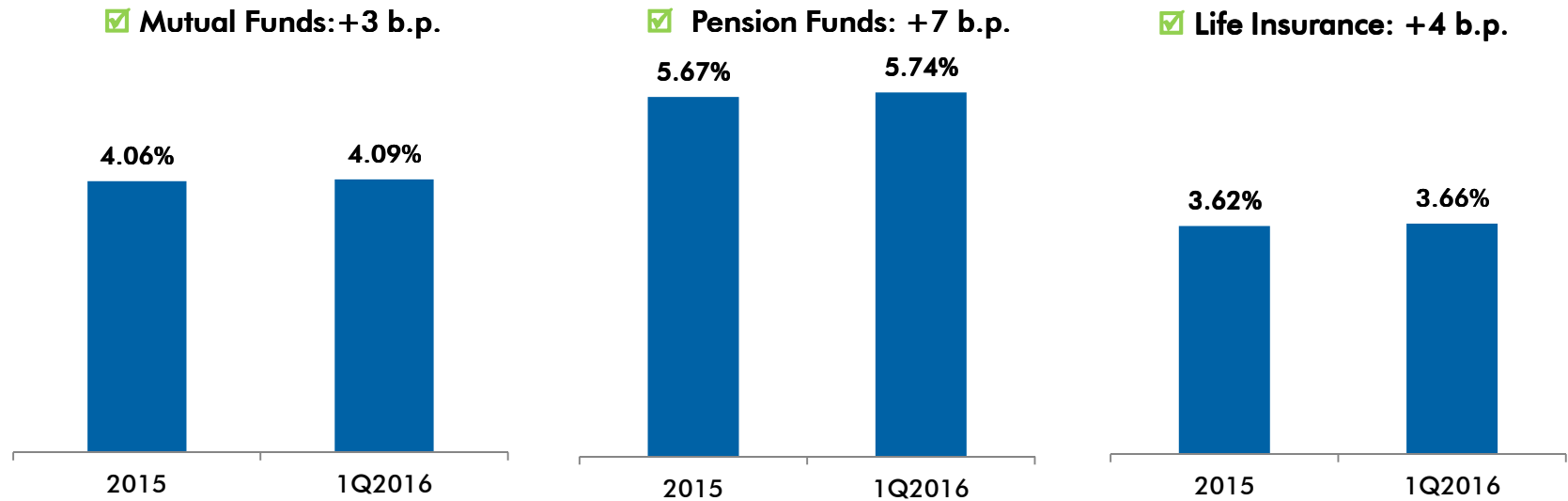
Customer Funds (2/2)

■ **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**



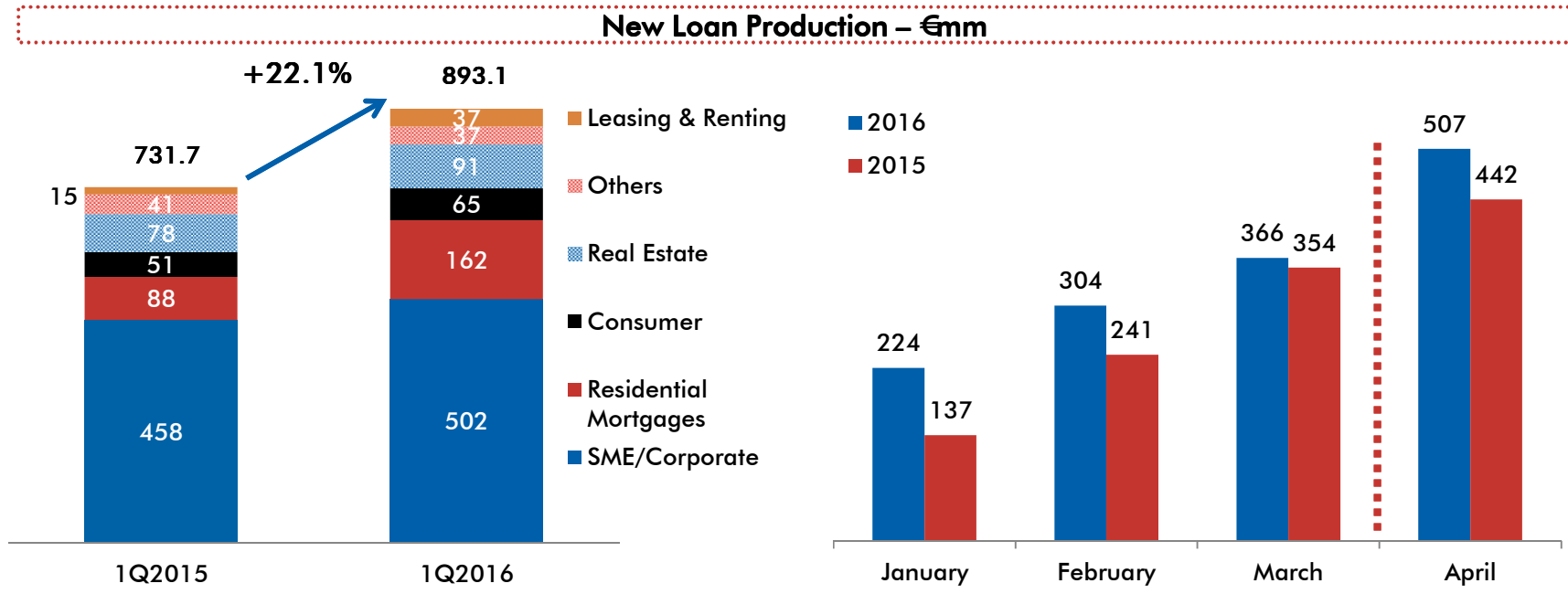
Market Share - %



Source: Inverco & Icea

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.**



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.

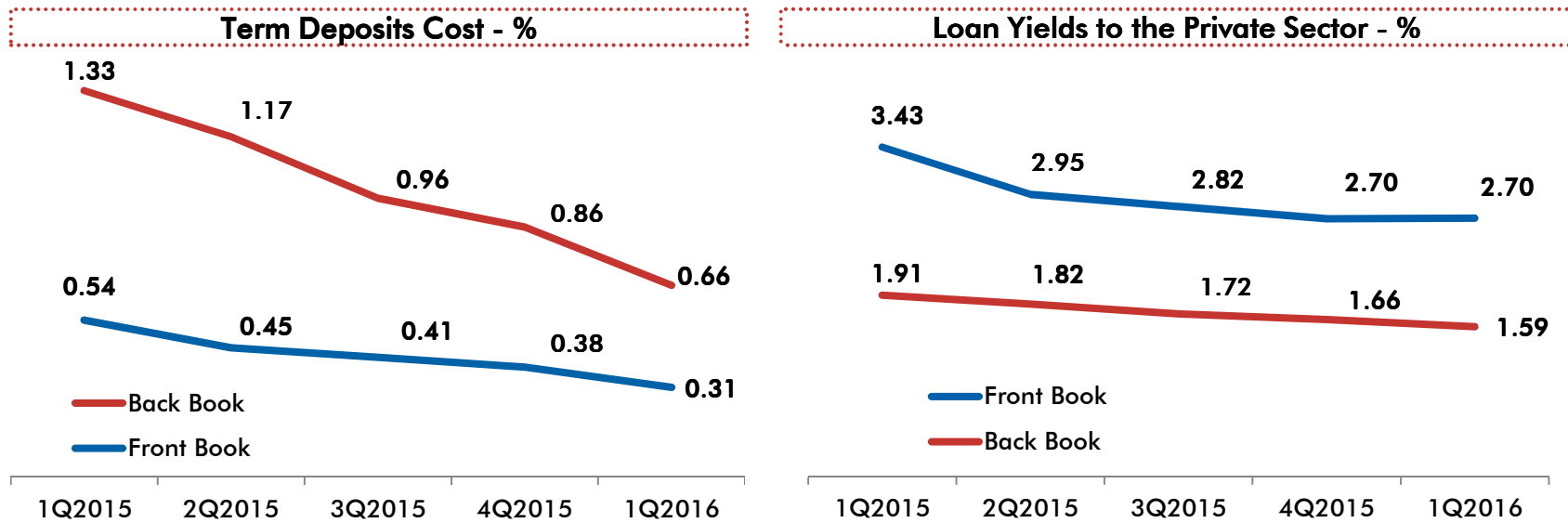
Credit Portfolio – €mm

	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%

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 operations¹ stands at 2.4% and should continue to help the customer spread in the coming quarters.**



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



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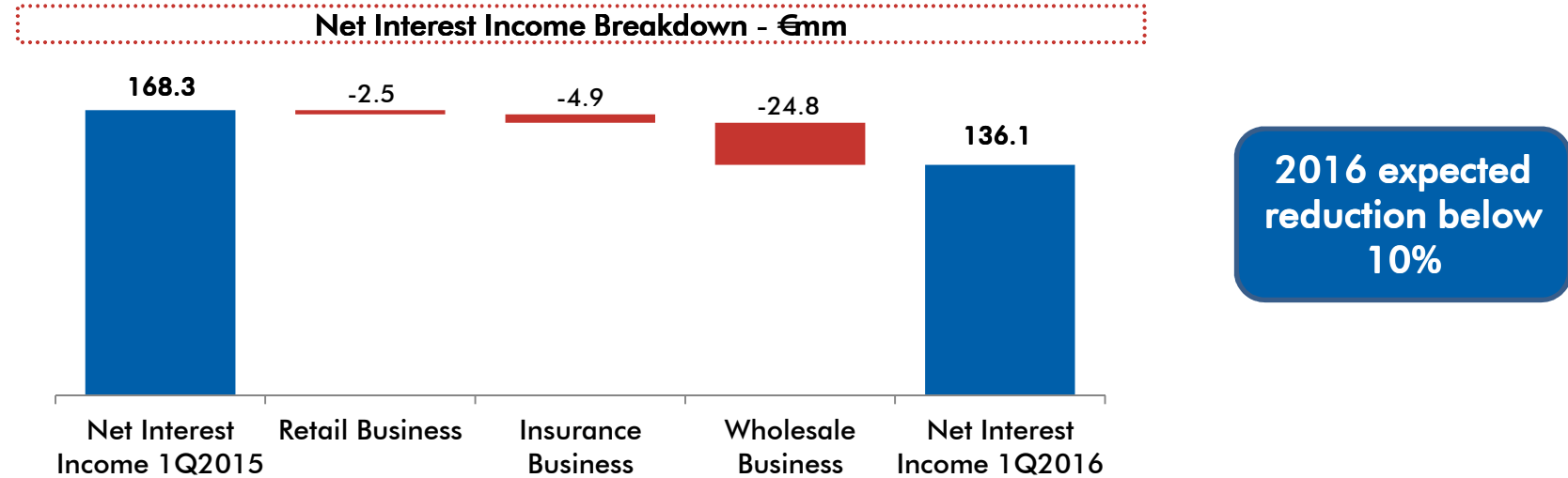


1Q2016 Results

€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%

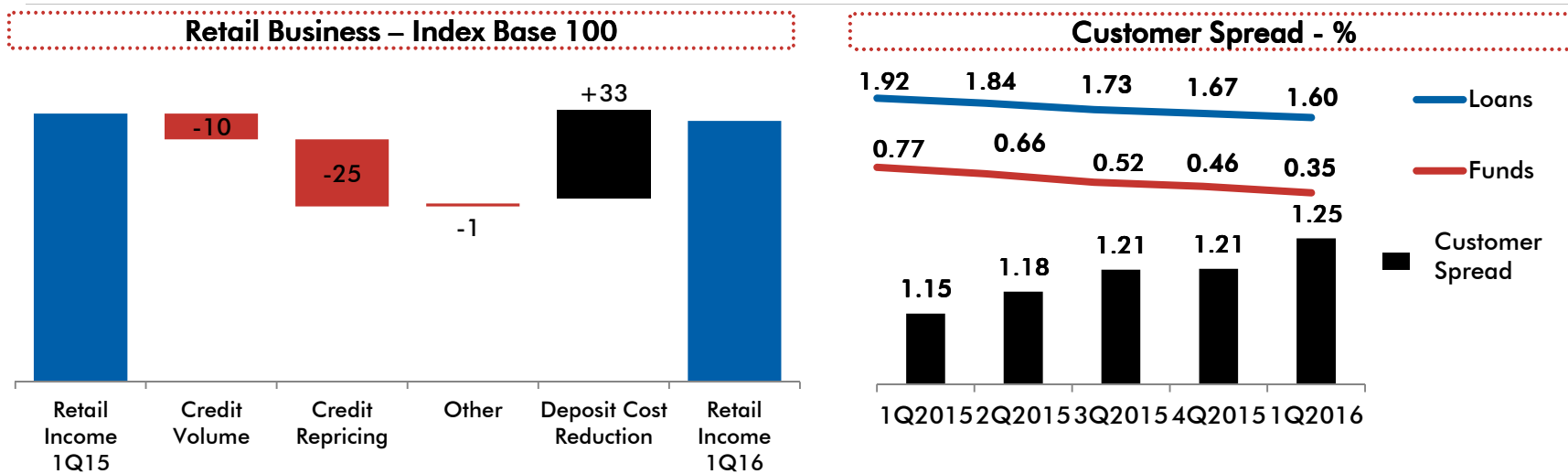
* In 1Q2016, other operating results include a net gain of €69.3mm related to the Aktua agreement (see page 30)

Net Interest Income



- **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.**

Customer Spread

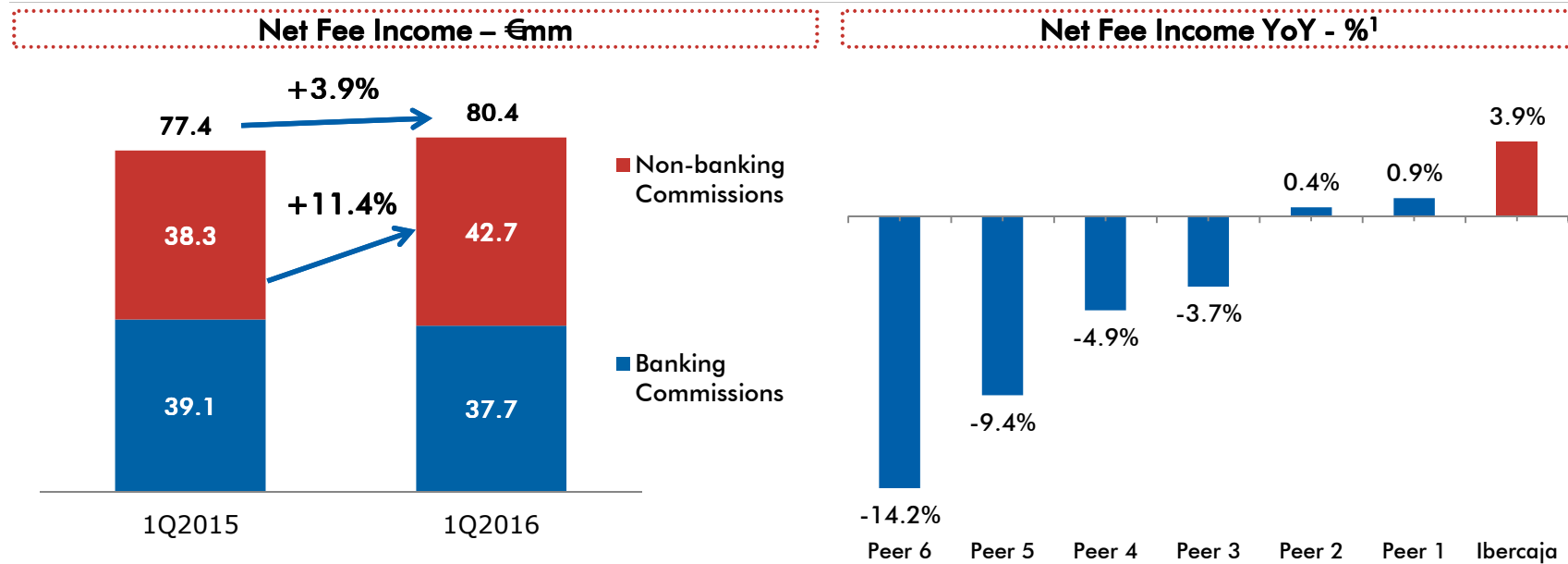


- The deposit cost reduction (-42 b.p. YoY) almost offsets the credit repricing due to the fall in Euribor (-25 b.p.) and deleveraging (-4.2% YoY).

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.

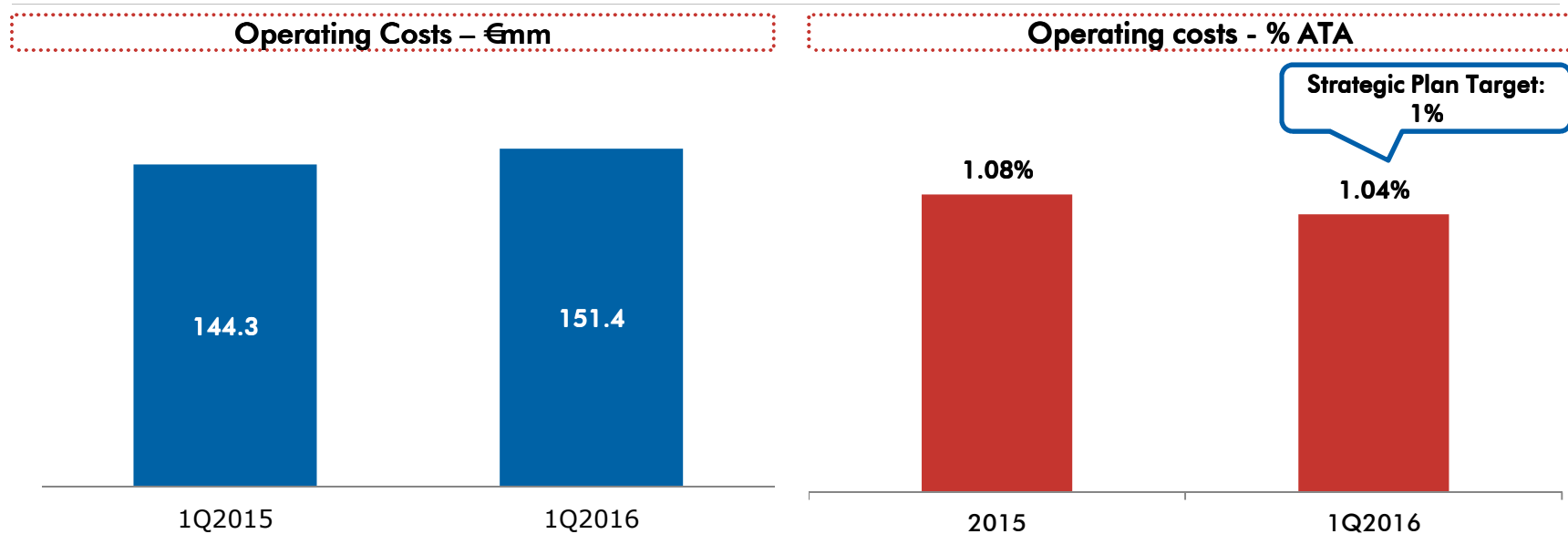
Net Fee Income



- 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

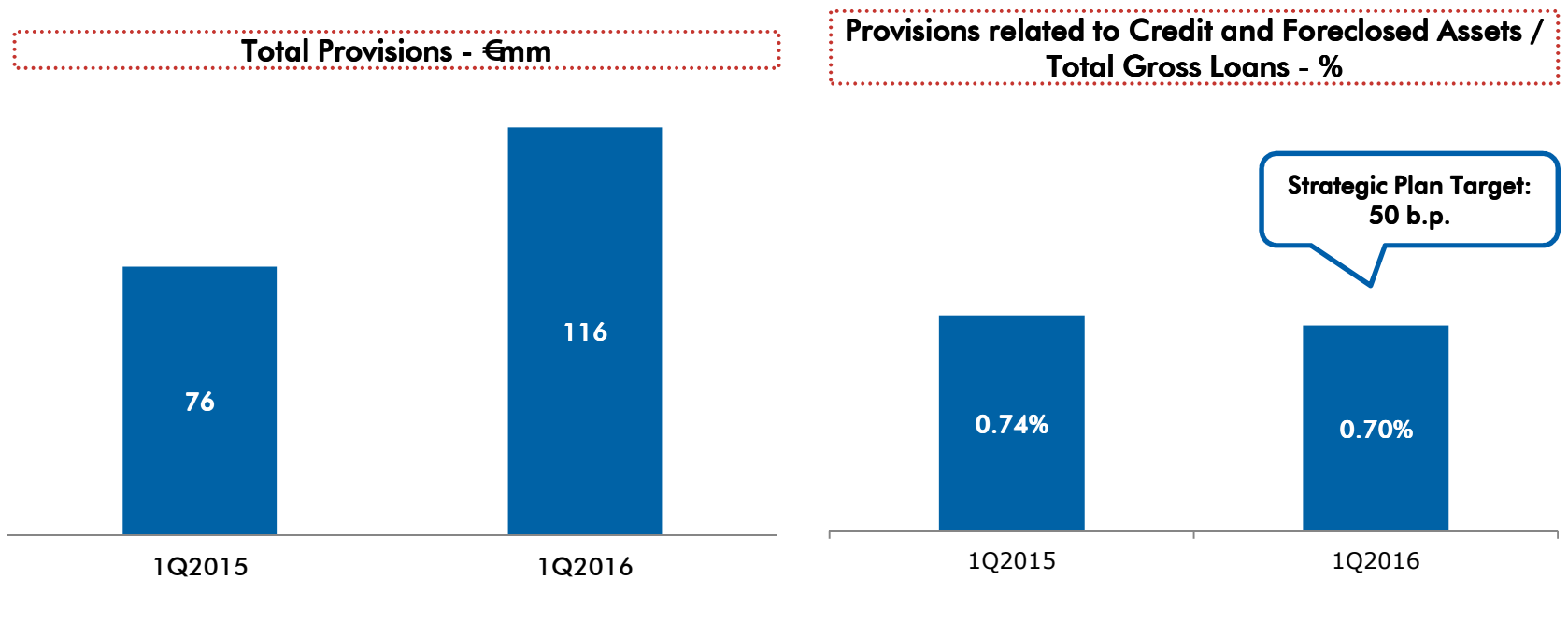
Operating Costs



- 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

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





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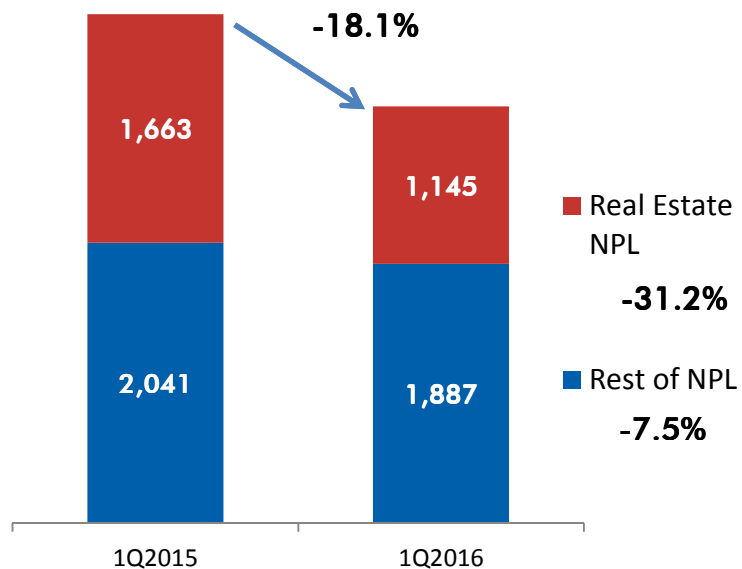


Asset Quality (1/2)

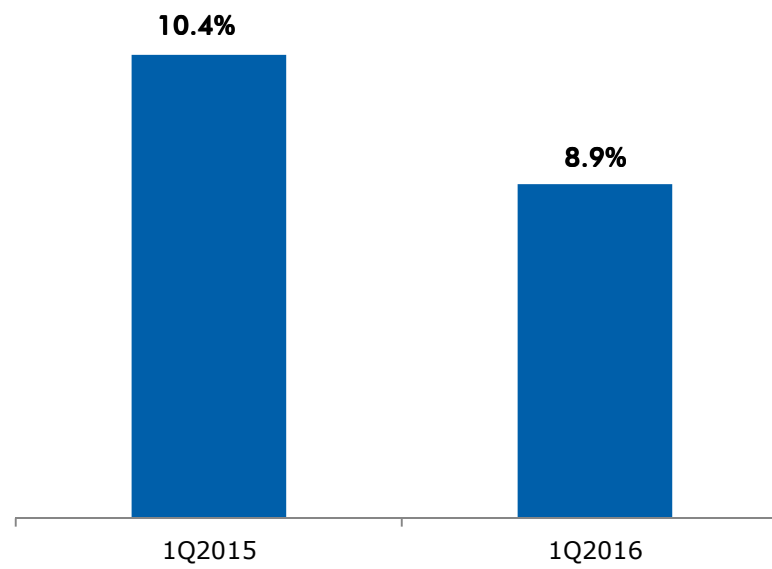
■ **Steady reduction of non-performing loans:**

- ▣ NPL ratio falls to 8.9%, (-152 b.p. YoY)
- ▣ Coverage ratio of 52.6%

Non-performing Loans – €mm

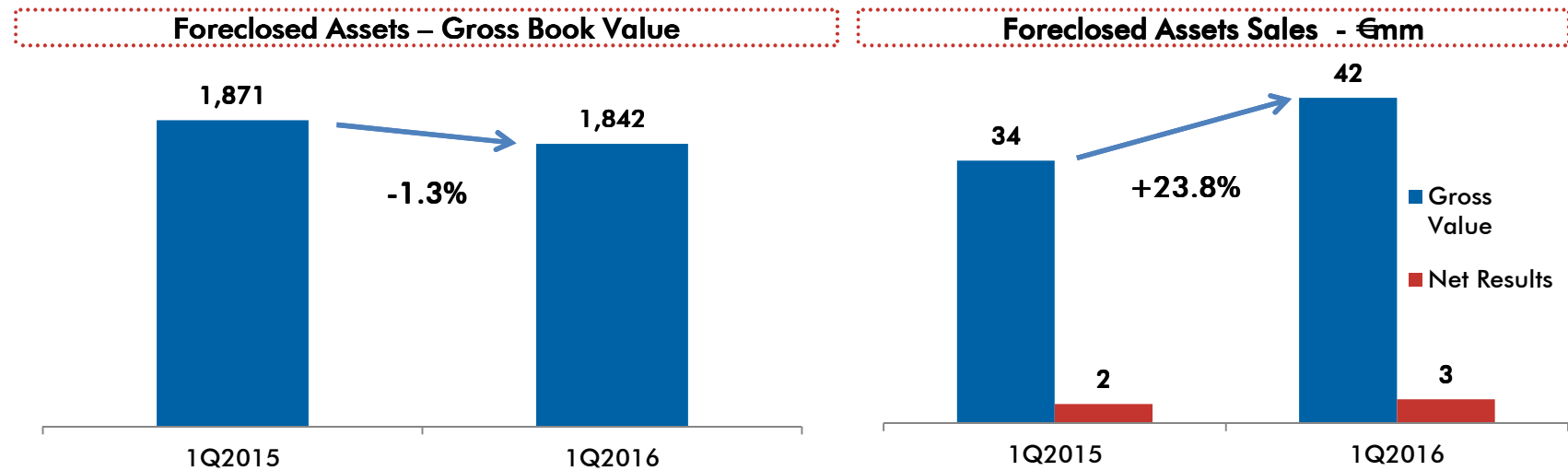


NPL Ratio - %



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

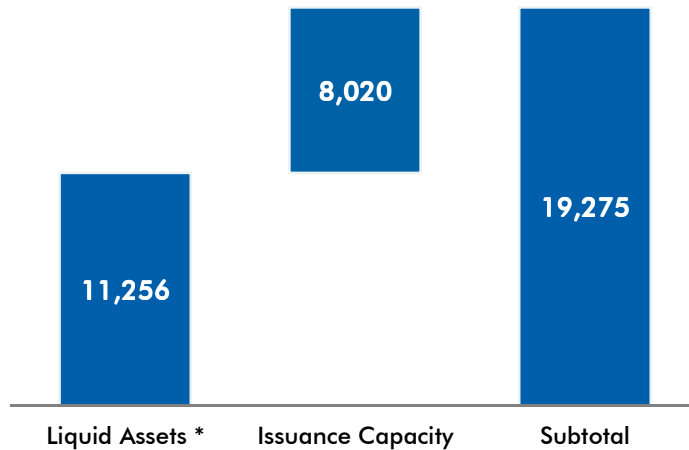


Liquidity and Solvency (1/3)

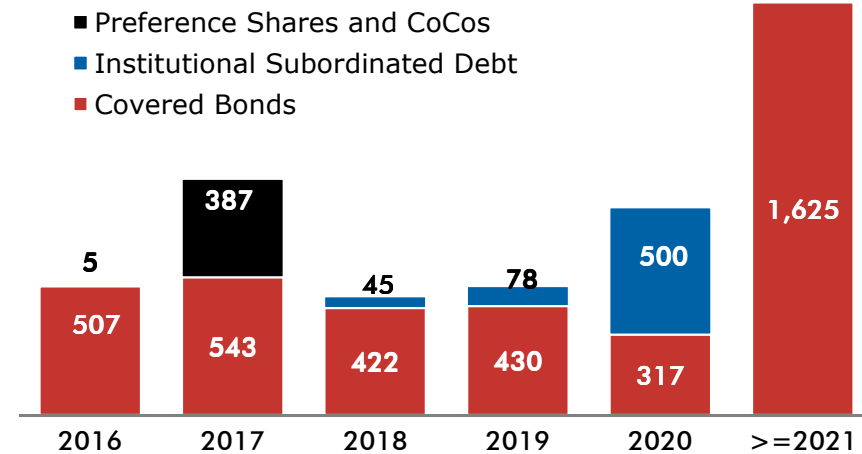
■ Comfortable liquidity position:

- 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

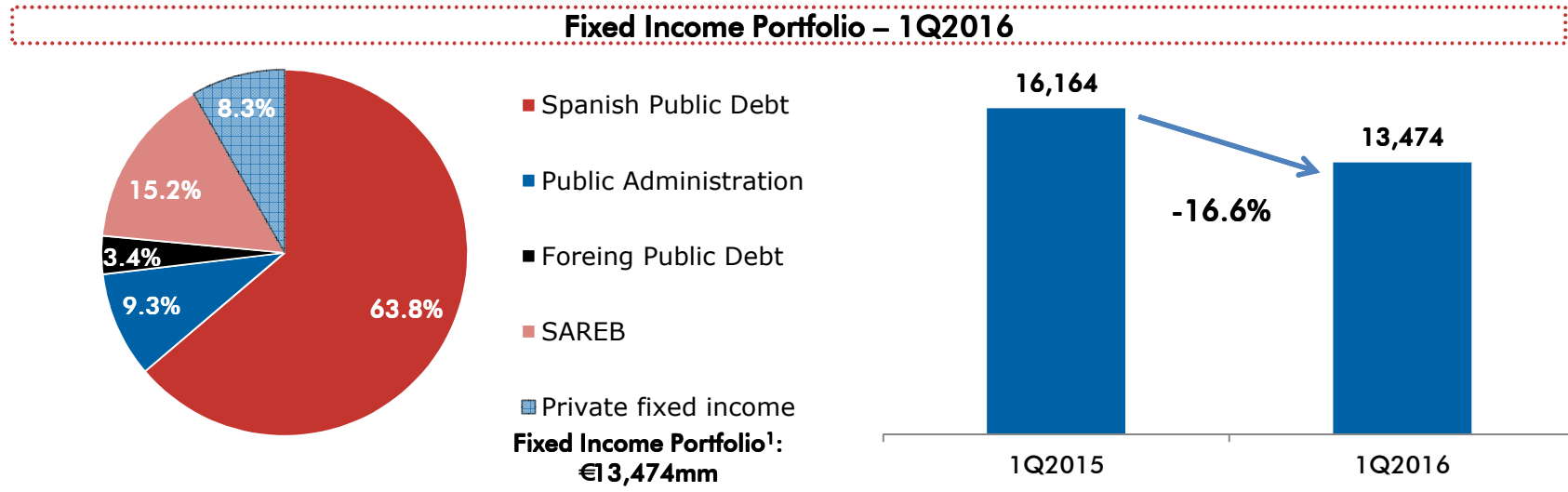


¹ 1 Net Loans ex. securitised loans / Customer deposits ex. repos + Securities distributed through the branch network.
 * Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

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%

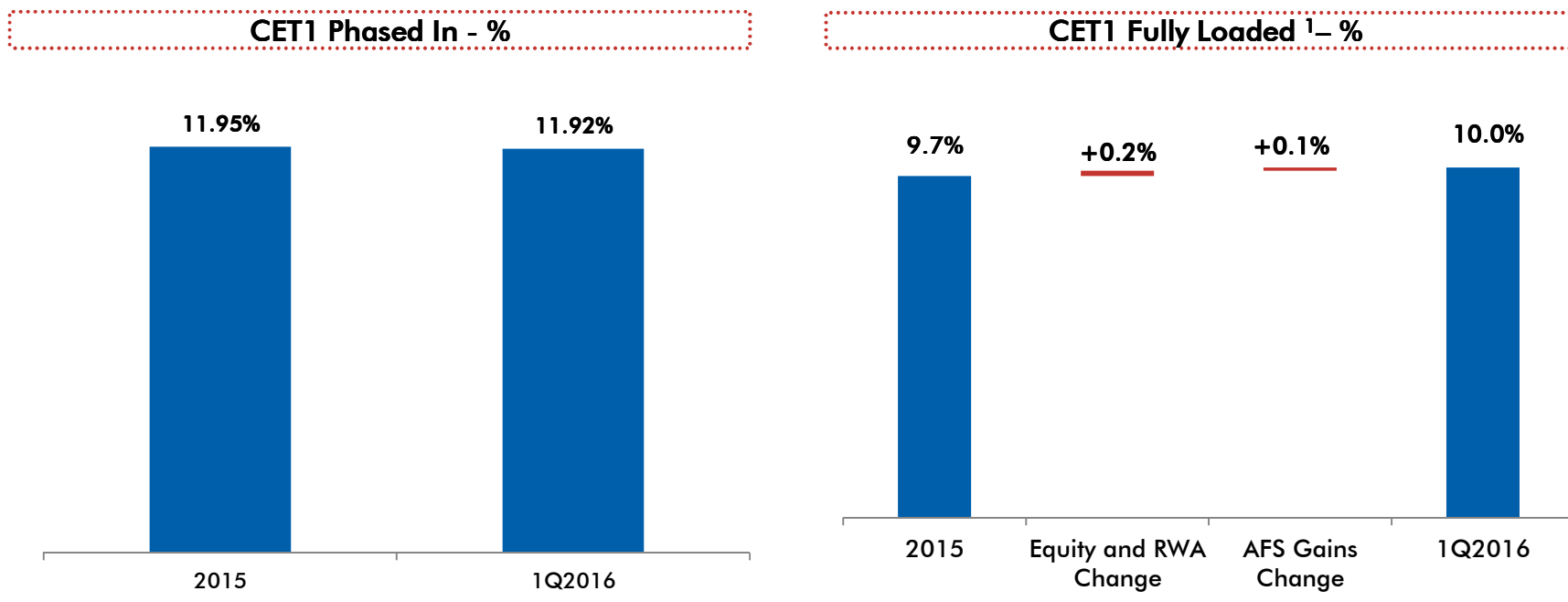
- **Ibercaja Banco has reduced its fixed income portfolio by €2,690mm YoY.**



¹ Excluding capital gains from held-to-maturity portfolio

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).**



¹ Excluding CoCos, including AFS gains



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2016 Guidance

Stabilisation of
Net Interest
Income

Off-balance sheet
funds growth

Improvement of
results expected over
the next quarters

Flat cost base
(including Aktua
agreement)

Step up in non-
performing assets
sales





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%



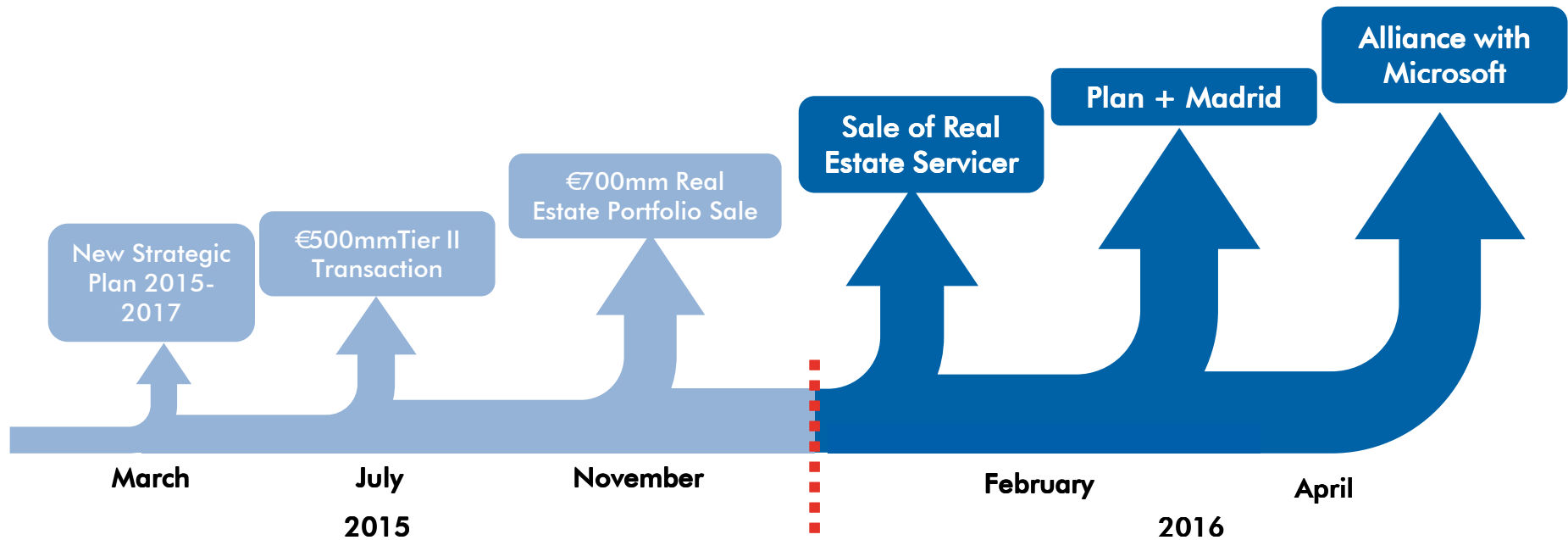


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Strategic Progress



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

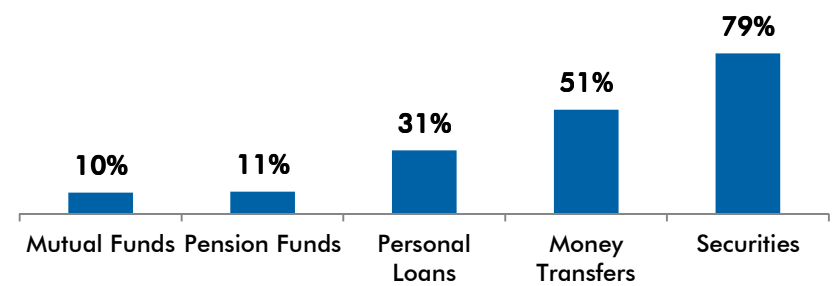
Strategic Alliance with Microsoft

- 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.



% Digital Transactions – Economic Transactions

**Ibercaja today:
(dec-15)**





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.

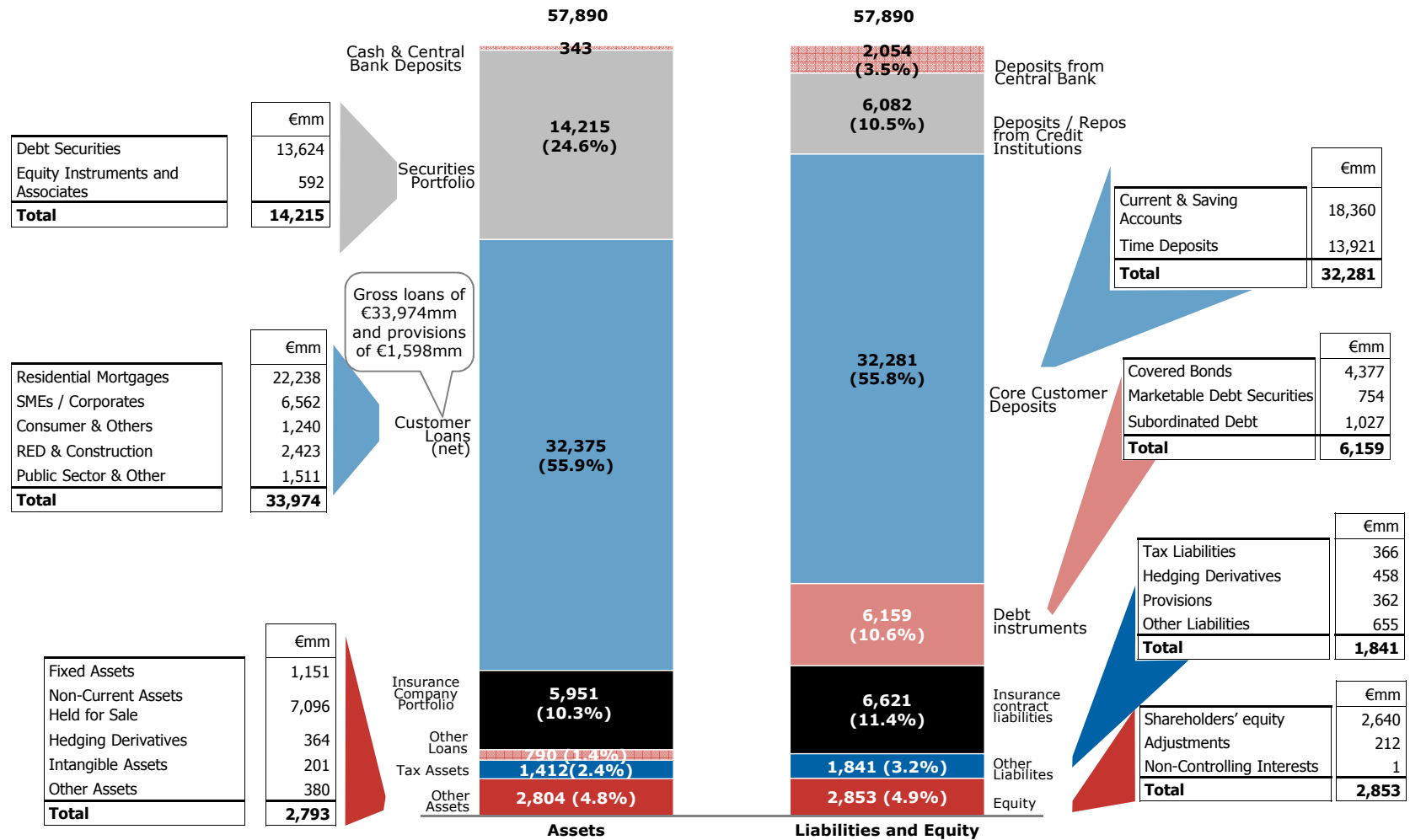




 **Annex 1: Consolidated Balance Sheet**



Consolidated Balance Sheet





iberCaja

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

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