9M2016 RESULTS

NOVEMBER 8TH 2016

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TABLE OF CONTENTS

MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY · RESULTS · ASSET QUALITY · SOLVENCY

MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY

» **Assets under management** (mutual funds and pension funds) and **life insurance** grow **9.8% YoY or €1,799mm**, with remarkable market share gains.

» **New lending production** grows **29.9% YoY** and reaches **€3,851mm.**

» **Performing loans to non-real estate companies grow 13% YoY.**

» **Ibercaja leads the improvement in customer service levels and net promoter score index within the Spanish financial system.**

RESULTS

Net profit increases 6.4% YoY to €**109.8mm** favoured by the positive evolution of the main items of the P&L account:

» **Net interest income** grows **5.6% QoQ** and **10%** vs. 1Q2016.

» **Net fee income** increases **1.0% YoY** with a remarkable evolution of non-banking commissions (+7.4% YoY).

» **Operating costs** reduction of **1.6% YoY.**

» **Total provisions** fall **5.6% YoY.**

MAIN HIGHLIGHTS

ASSET QUALITY

» **Doubtful loans decrease 16.1% YoY.**

» **Stock of foreclosed assets** continues its downwards trend with a **fall of 3.9% YoY.**

» **Coverage of problematic assets** (doubtful loans & foreclosed assets) stands at **52%.**

SOLVENCY

» **CET1 Phased In ratio reaches 12.3%** vs. SREP requirement of 9.25%.

» **CET1 Fully Loaded ratio improves 91 b.p.** YTD to **10.6%.**

» **Total Capital ratio rises** to **14.5%.**

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COMMERCIAL ACTIVITY

CUSTOMER CENTRIC APPROACH · CUSTOMER RESOURCES · MUTUAL FUNDS · LONG TERM SAVINGS PRODUCTS · RISK INSURANCE · CUSTOMER LOANS · SME PROJECT

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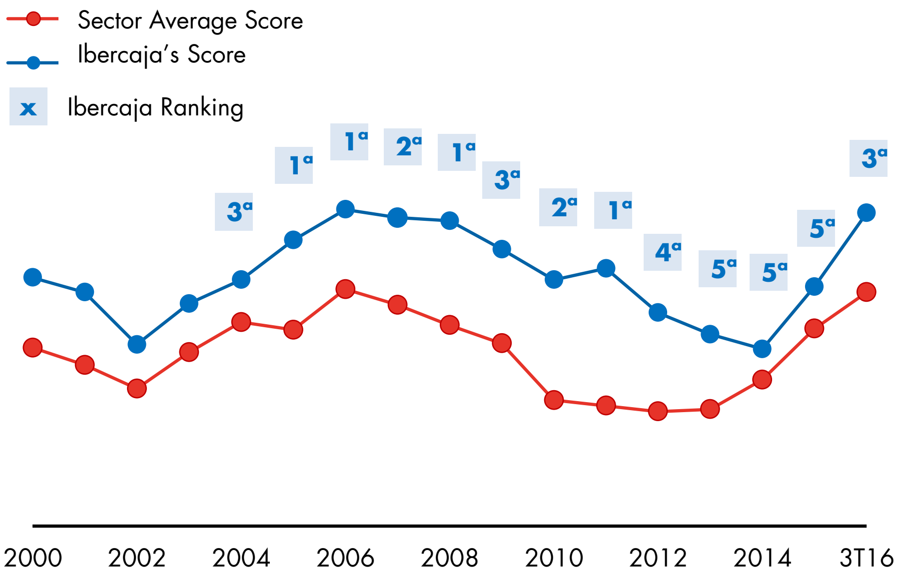
COMMERCIAL STRATEGY: CUSTOMER CENTRIC APPROACH

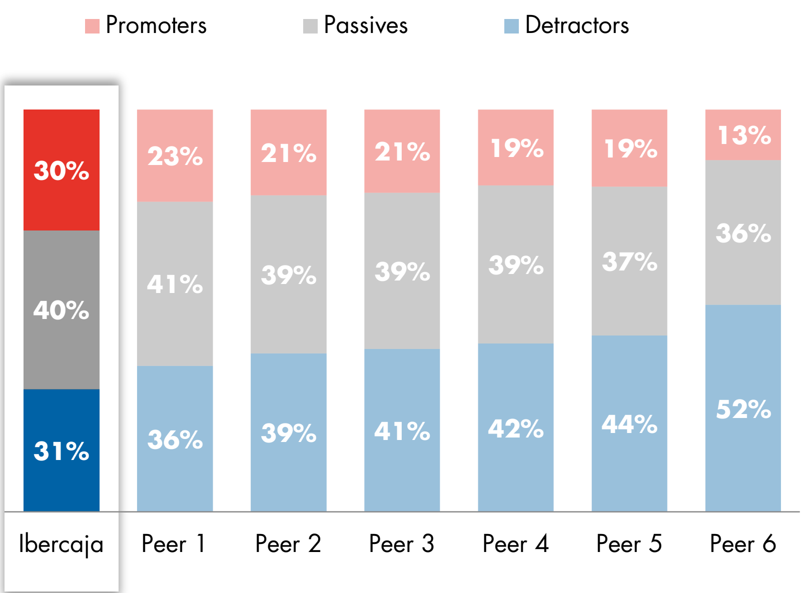
Customer centric approach, with a clear focus in customer experience, allows Ibercaja to maintain its leadership in customer service levels.

Ibercaja registers the best evolution within the sector in the quality index of STIGA[1] and in the Net Promoter Score analysis elaborated by FRS Inmark[2].

Mystery Shopping - IQUOS[1]



Net Promoter Score – 2016[2]



[1] Source: STIGA; Domestic entities with national presence
[2] Source: FRS INMARK for retail customers; Peer group includes Santander, Popular, BBVA, Caixabank, Sabadell and Bankia.

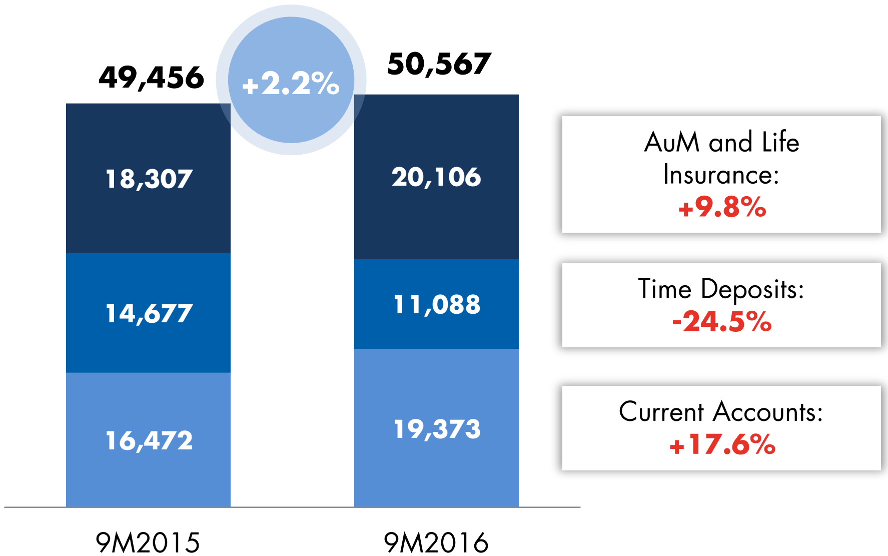
CUSTOMER FUNDS

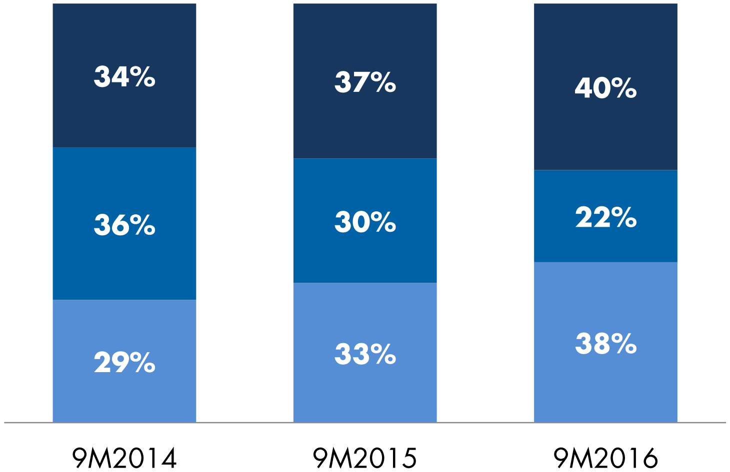
Total customer funds increase 2.2% YoY (€1,111mm). Continuous improvement in the structure towards higher profitability:

- **Current accounts increase 17.6% YoY** and represent 38% of customer funds.
- **Assets under management** (mutual funds and pension funds) and **life insurance products increase 9.8% YoY,** or €1,799mm and account for 40% of customer funds.

Net new money into AuM and life insurance products increases 13% YoY to €1,301mm.

Customer Funds Breakdown – €mm





Note: retail network distribution.

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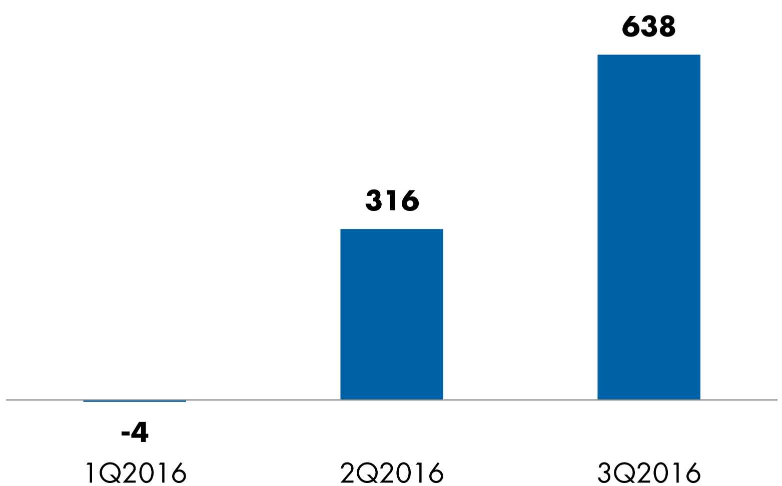
MUTUAL FUNDS

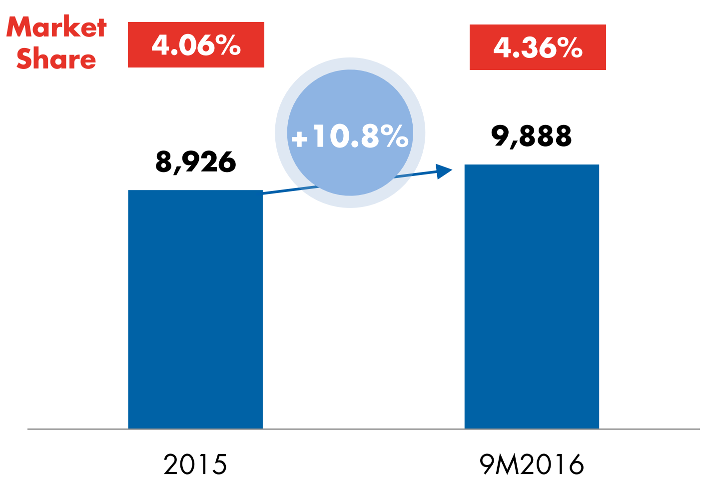
Outstanding evolution in mutual funds with a 30 b.p. market share increase:

- **Assets under management advance 10.8%** since dec-2015.
- **Net new money doubles** QoQ.
- Net new money amounts to €949mm YTD, allowing **Ibercaja to achieve a 11.5% market share in new entries.**

Mutual Funds Net New Money – €mm



Assets Under Management – €mm



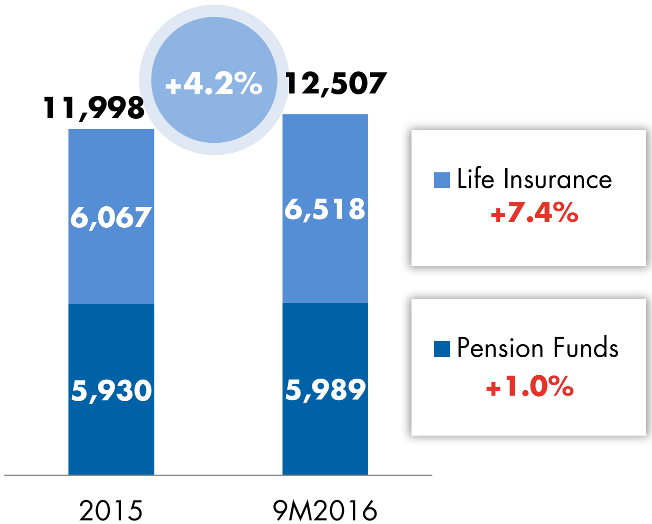
Source: Inverco

LONG TERM SAVINGS: LIFE INSURANCE AND PENSION FUNDS

Ibercaja reinforces its strategic positioning in long term savings products, with more than €12,500mm under management (+4.2% vs. Dec15).

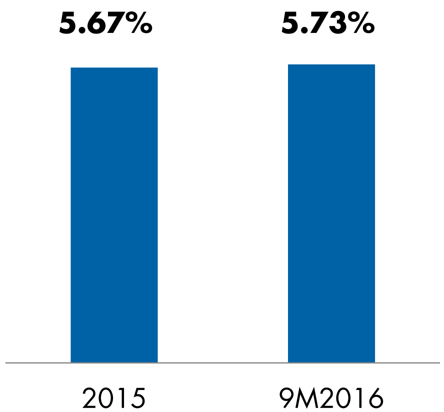
- **Market share keeps its positive trend:** pension funds (+6 b.p.) and life insurance products (+9 b.p.)
- **Life insurance volumes increase 7.4% YTD**, boosted by growth in PIAS[1] (25.1% YTD) and life annuities (+11.7%).

Long Term Savings – €mm

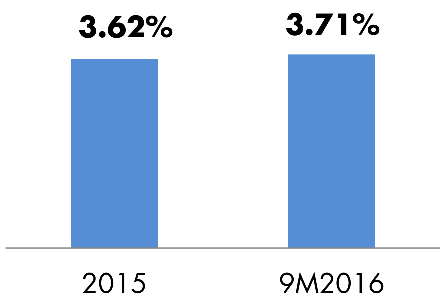


Market Share - %

Pension Funds:
+6 b.p.



Life Insurance:
+9 b.p.



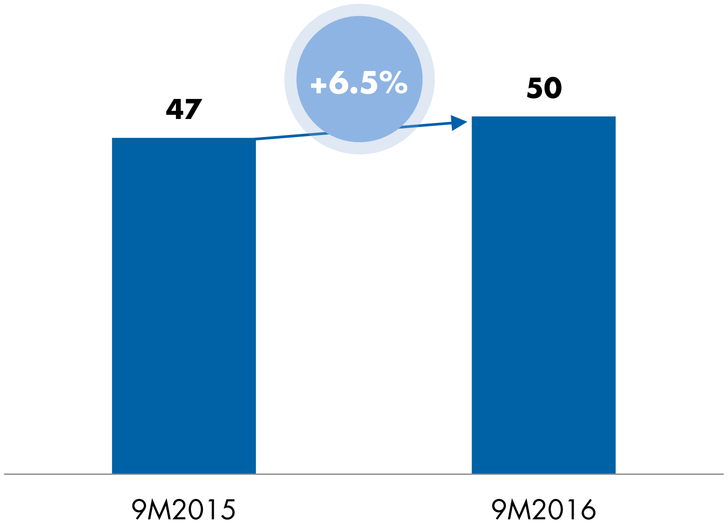
Source: Inverco and ICEA; Total Entity: includes retail network distribution and companies' pension schemes
[1] Systematic Individual Savings Plan

RISK INSURANCE

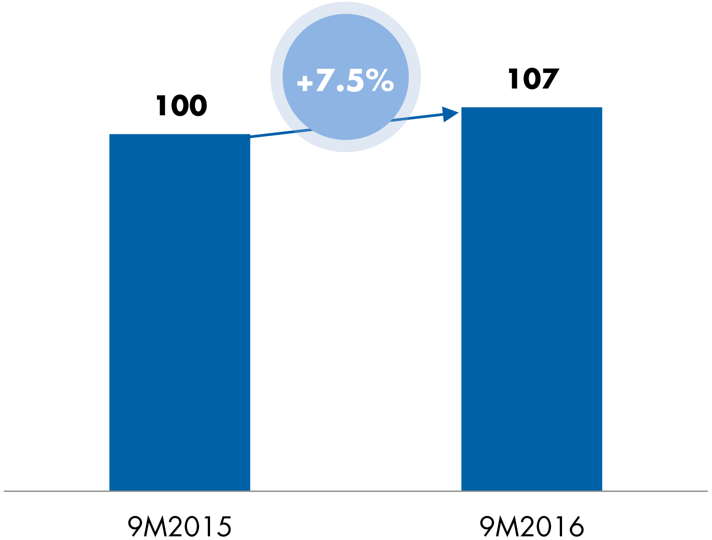
Strong momentum in life risk and non-life insurance products distribution:

- **Life risk premiums increase 6.5%** with more tan 43,000 new contracts YTD.
- **Non-life insurance premiums grow 7.5%** sustained by more than 80,000 new policies YTD.

Life Risk Insurance Premiums – €mm



Non-Life Insurance Premiums[1] – €mm



[1] Alliance with CASER

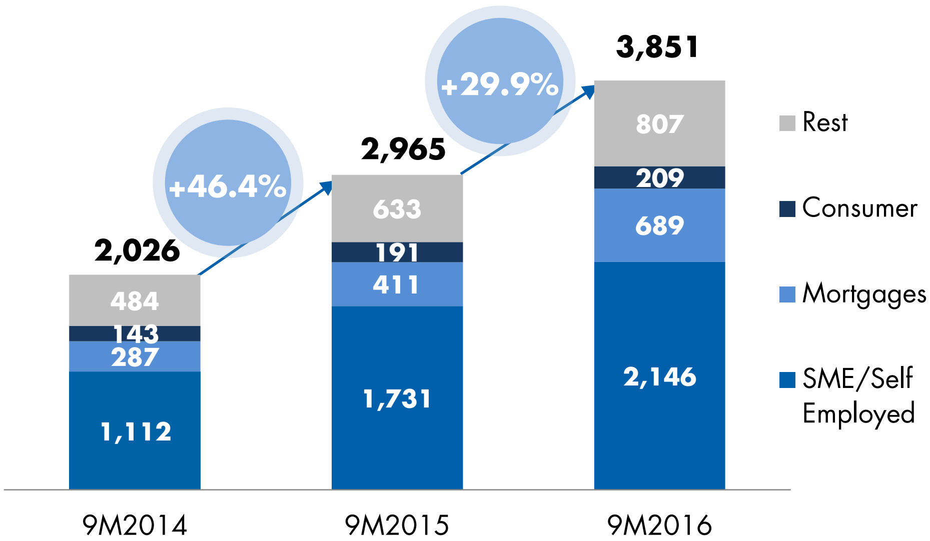
CUSTOMER LOANS (1/2)

New lending continues to show a remarkable growth (€3,851mm, +29.9% YoY).

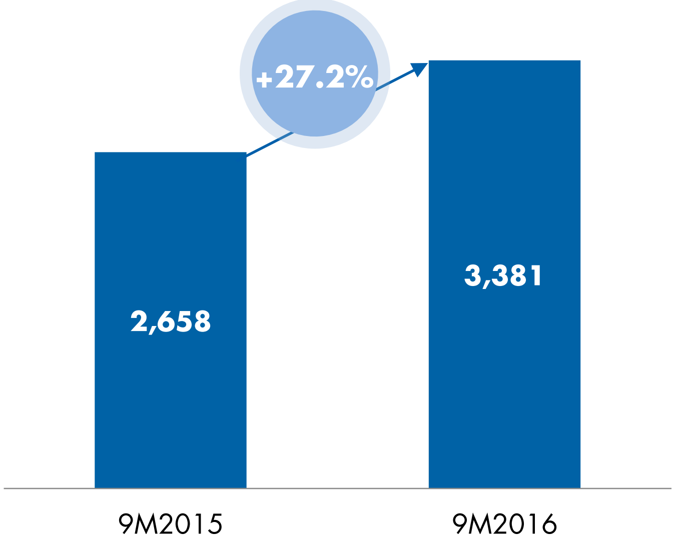
- **New lending to SMEs and self-employed increases 24.0% YoY** to €2,146mm and represent 56% of new production.
- **Strong push in mortgage granting:** €689mm, **+67.5% YoY**, out of which 30% have fixed rates.

Additionally, accumulated working capital financing reaches €3,380mm, +27.2% YoY.

New Loan Production[1] – €mm



Accumulated Working Capital Financing – €mm



[1] Rest includes leasing, renting, RED and other purposes

CUSTOMER LOANS (2/2)

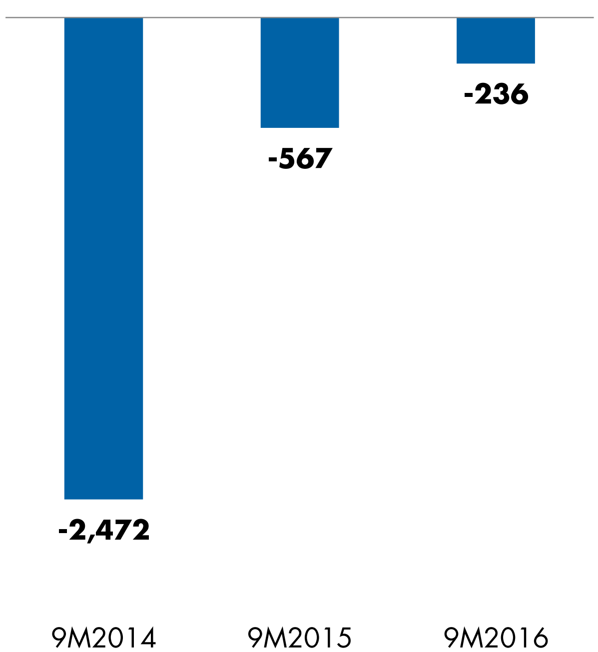
Fall in performing loans moderates to 1.5% YoY.

- **Performing loans decrease 0.4%** QoQ. Excluding seasonal factors in the quarter[1], stock of performing loans remains stable for second quarter in a row.
- **Performing loans to non-real estate companies grow 13% YoY** or €718mm.

Customer Loans – €mm

	9M2015	9M2016	YoY
Loans to Individuals	**23,055**	**22,124**	**-4.0%**
Mortgages	21,933	21,002	-4.2%
Consumer and Others	1,122	1,122	0.0%
Loans to Companies	**6,984**	**7,516**	**7.6%**
Real Estate Companies	1,449	1,264	-12.8%
Non-Real Estate Companies	5,535	6,252	**13.0%**
Public Sector and Others	**1,039**	**981**	**-5.6%**
Reverse Repo	**527**	**508**	**-3.8%**
Performing Loans	**31,605**	**31,129**	**-1.5%**
Doubtful Loans	3,595	3,018	-16.1%
Total Gross Loans	**35,201**	**34,146**	**-3.0%**

Performing Loans YTD Evolution – €mm



[1] Pension advances were seasonally higher by >€130mm in 2Q

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SME PROJECT

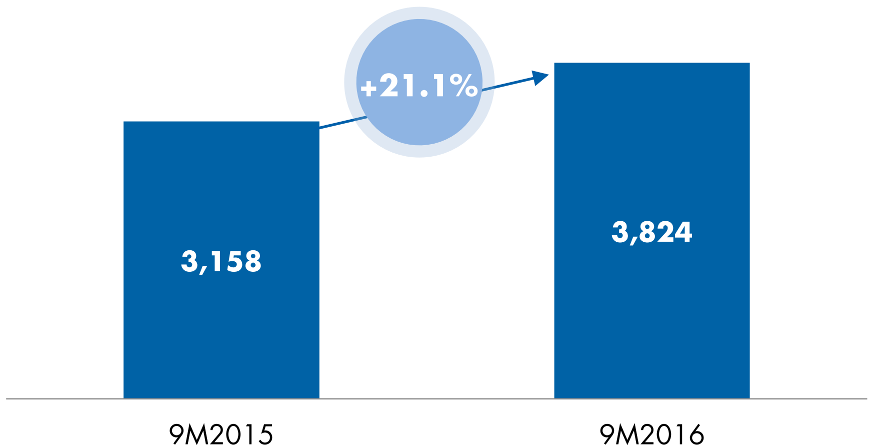
Ibercaja's SME Project, which counts with 495 specialized employees and 20,000 targeted customers, concentrates the growth in loans to non-real estate companies.

- **Increase of 76 specialized employees, opening of 5 business centres** in main cities and **3,200 new customers**.

Stock of performing loans grows 21% YoY and reaches €3,824mm. Doubtful loans fall 8%.

- **Trade loans financing increases 25.5% YoY** and export/import financing 39.1%.
- After recent launching of regional strategic plans, **Madrid and Mediterranean Basin represent 65% of the performing loan increase YTD.**

Performing Loans SME Project – €mm



Note: SME project excludes loans to self employed, institutions and retailers.

9M2016 RESULTS

P&L ACCOUNT · NET INTEREST INCOME · CUSTOMER SPREAD · COMMISSIONS · RECURRING REVENUES · OPERATING COSTS · PROVISIONS

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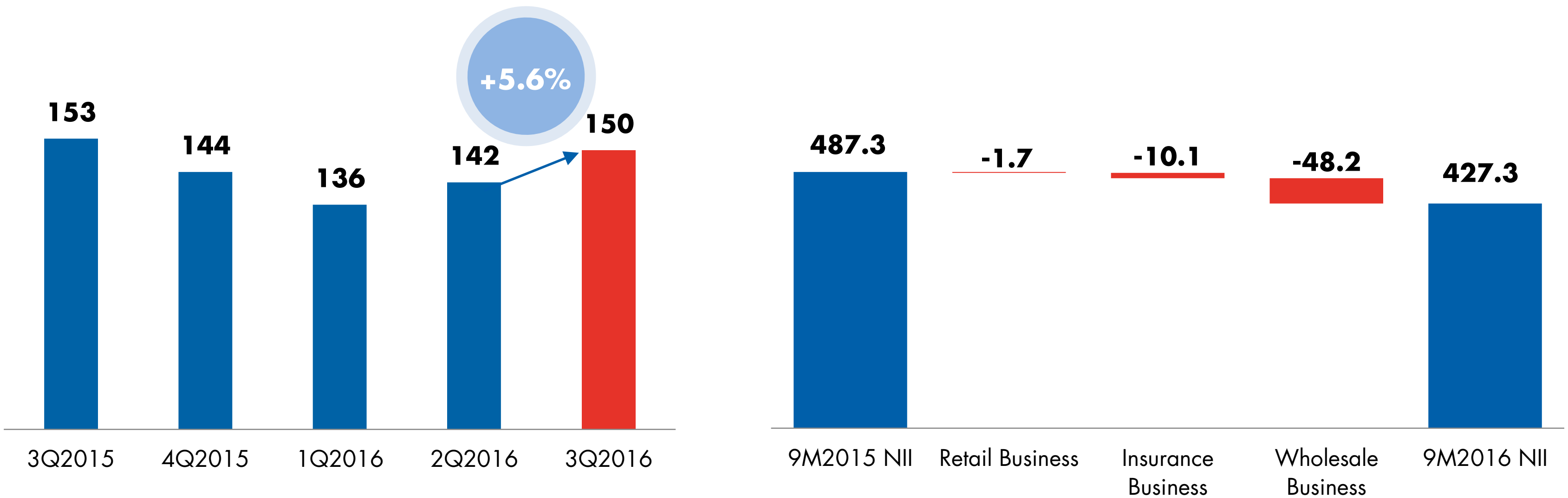
P&L ACCOUNT

mm€	9M2015	9M2016	YoY
Net Interest Income	**487.3**	**427.3**	**-12.3%**
Net Fee Income	245.1	247.6	1.0%
Trading Income	140.0	148.4	6.0%
Other Operating Inc. / Exp. (Net) *	28.0	80.9	189.4%
Gross Operating Income	**900.4**	**904.3**	**0.4%**
Operating Costs	-473.0	-465.6	-1.6%
Pre-Provision Profit	**427.3**	**438.6**	**2.6%**
Total Provisions	-303.7	-286.8	-5.6%
Other Gains and Losses	22.5	-1. 2	-105.4%
Profit Before Taxes	**146.1**	**150.6**	**3.0%**
Taxes & Minorities	-43.0	-40.8	-5.1%
Net Profit Attributable to Shareholders	**103.1**	**109.8**	**6.4%**

* Other operating results include a net gain of €69.3mm related to the sale of the real estate servicer

NET INTEREST INCOME

Net Interest Income Evolution – €mm



Net interest income grows 5.6% QoQ and 10% vs. minimum reached in 1Q.

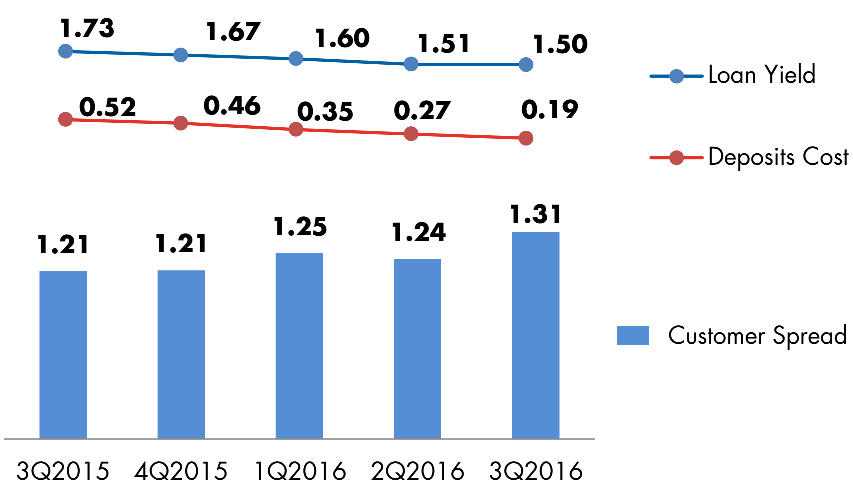
- The improvement in customer spread and lower deleveraging in the quarter favour an increase in the retail business margin of €6.5mm QoQ.

Net interest income moderates its fall to 12.3% YoY, in line with the Company guidance of progressive stabilization through the year.

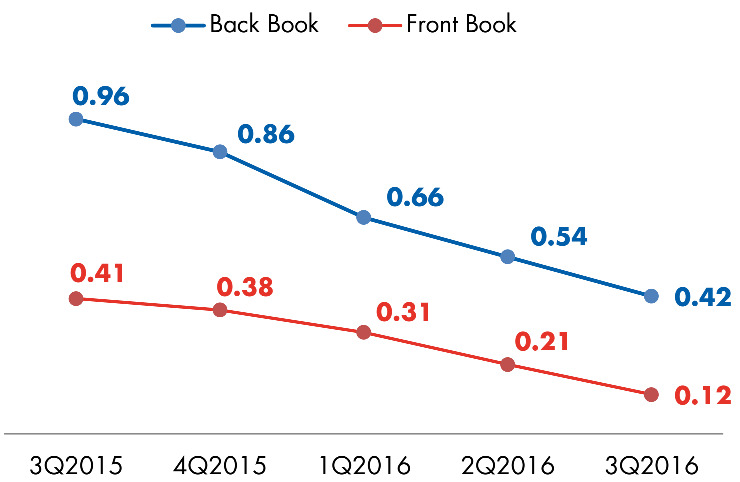
- **80% of the fall is explained by a lower contribution of the wholesale business.**

CUSTOMER SPREAD

Customer Spread - %



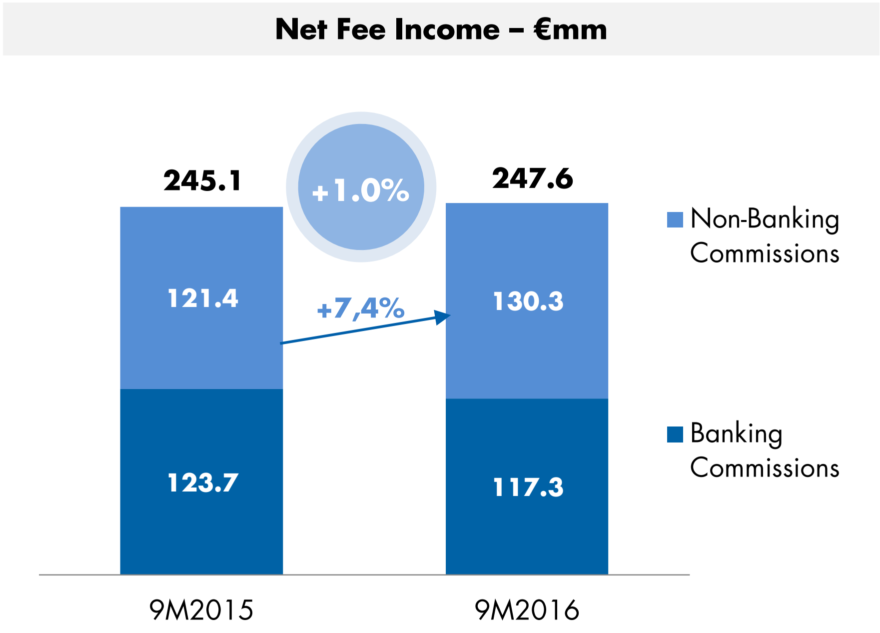
Time Deposit Costs - %

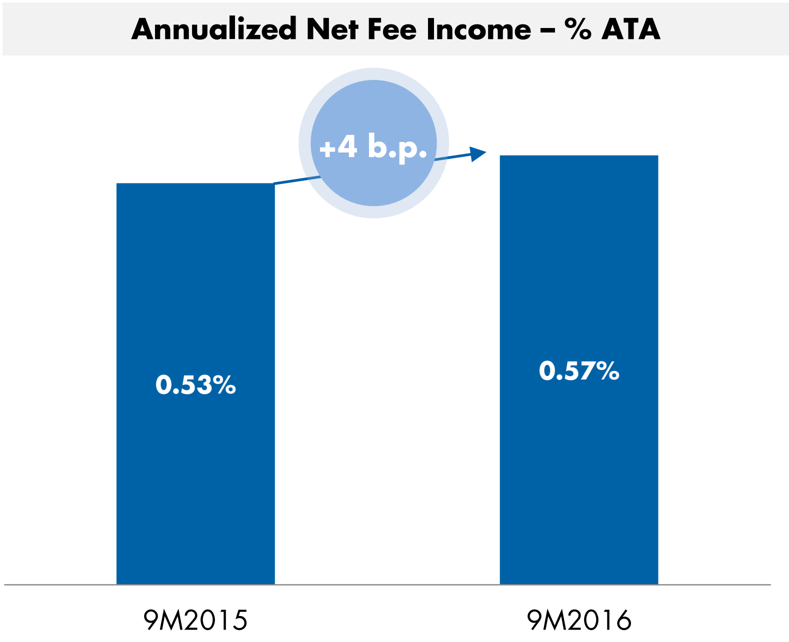


Customer spread improves 7 b.p. in the quarter thanks to positive dynamics in new loan and deposit operations:

- **Loan yield stabilizes** due to the increase in new loan production, with front book rates higher than back book, and lower impact of falling Euribor.
- **Total deposits cost falls 8 b.p. QoQ**, based on declining front book time deposits cost (-12 b.p.) and the higher weight of current accounts with respect to total deposits.

NET FEE INCOME



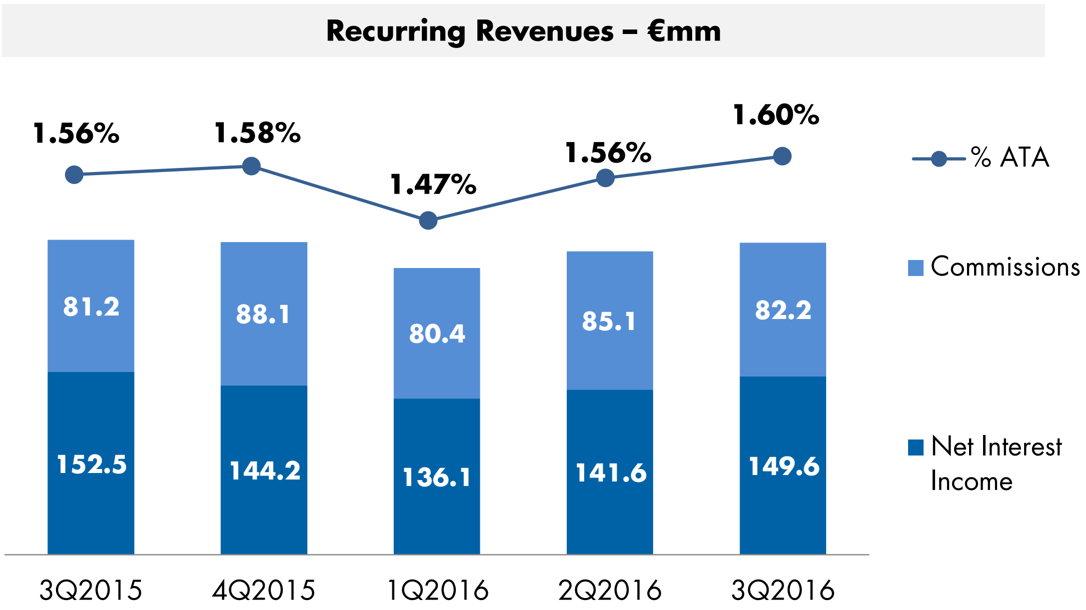


Net fee income grows 1.0% YoY

- **Non-banking commissions** (mutual funds, pension funds and risk insurance) **increase 7.4%** YoY and represent 53% of total commissions.
- **Banking commissions remain stable** (-0.2%) not taking into account the termination of the servicer contract with SAREB[1].

[1] Ibercaja no longer provides servicer activities to SAREB with respect to assets transferred from Cajatres

RECURRING REVENUES

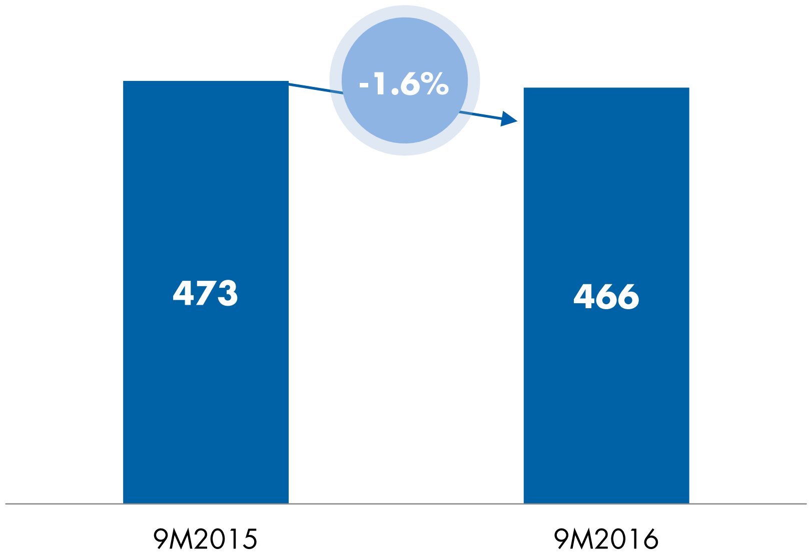


Recurring revenues (net interest income and commissions) grow 7.1% from the lows reached in 1Q and recover similar levels than in 3Q2015 and 4Q2015.

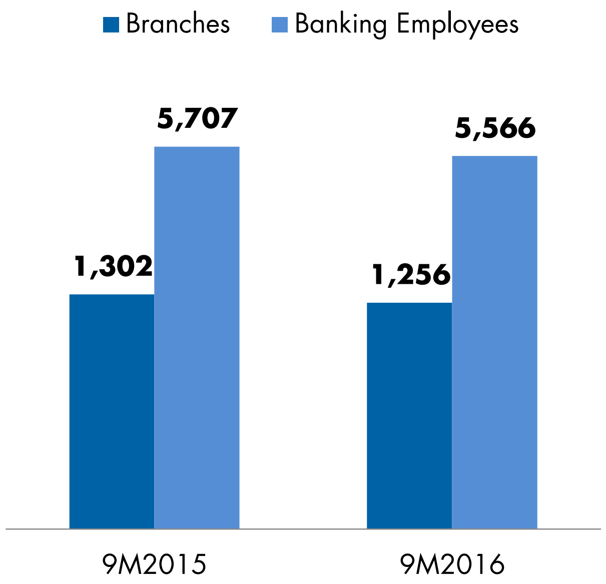
- Lower deleveraging of performing loans, repricing of the time deposits, lower Euribor impact and the increase in non-banking commissions explain this improvement.

OPERATING COSTS

Operating Costs – €mm



Structure



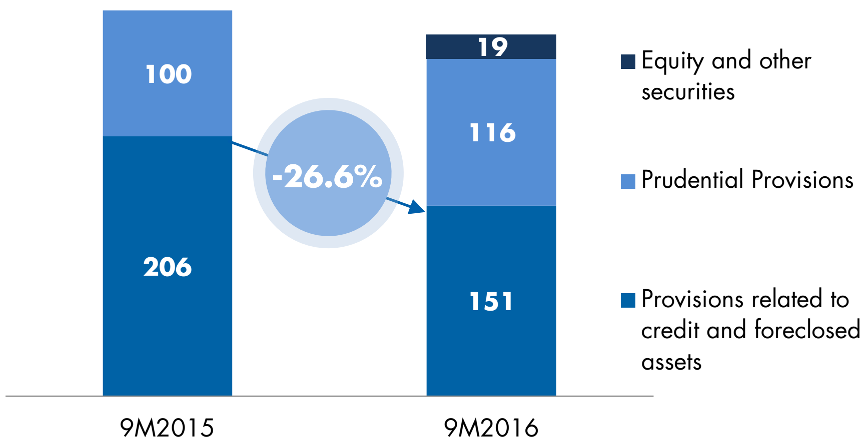
Total operating costs decrease 1.6% YoY

- **Personnel costs fall 5.8% YoY** and offset the increase in costs related to Aktua agreement[1].

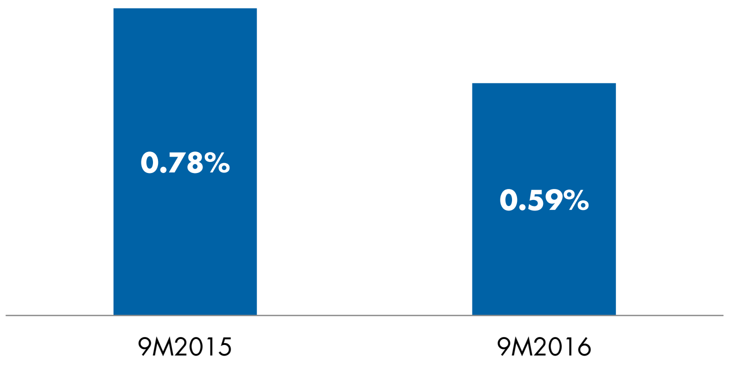
[1] In February 2016, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. Ibercaja also signed a long-term strategic alliance with Aktua to manage and sale these assets

PROVISIONS

Total Provisions – €mm



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



Total provisions decrease 5.6% YoY due to a 26,6% YoY reduction in provisions associated with credit and foreclosed assets.

- **Cost of risk** related to credit and foreclosed assets **falls to 59 b.p. (-19 b.p. YoY)**.

Extraordinary results from the Aktua agreement and trading income dedicated to build-up prudential provisions.

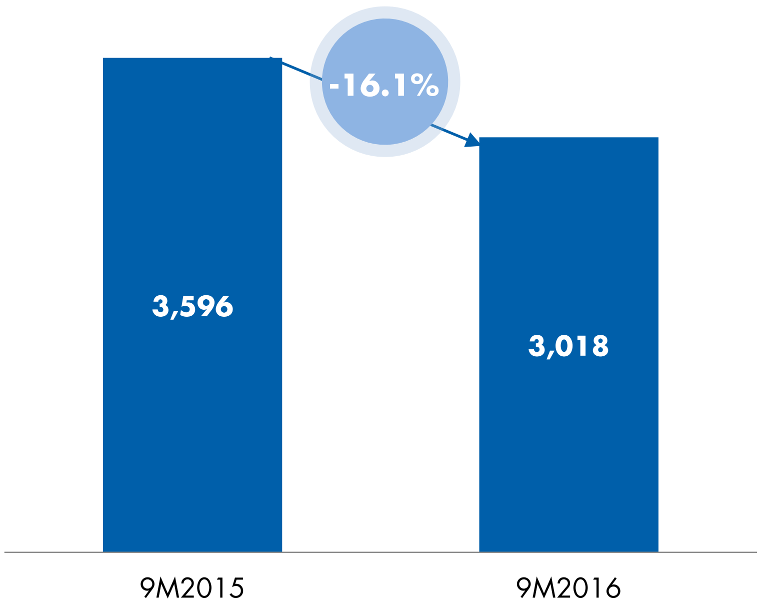
ASSET QUALITY, LIQUIDITY AND SOLVENCY

ASSET QUALITY (1/2)

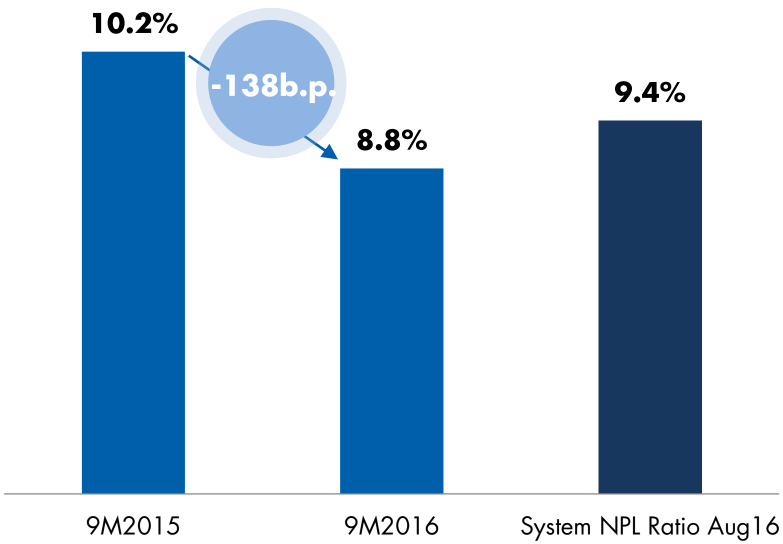
Doubtful loans fall 16.1% YoY.

Doubtful loans coverage ratio stands at 51.2%.

Doubtful Loans – €mm



NPL Ratio - %



ASSET QUALITY (2/2)

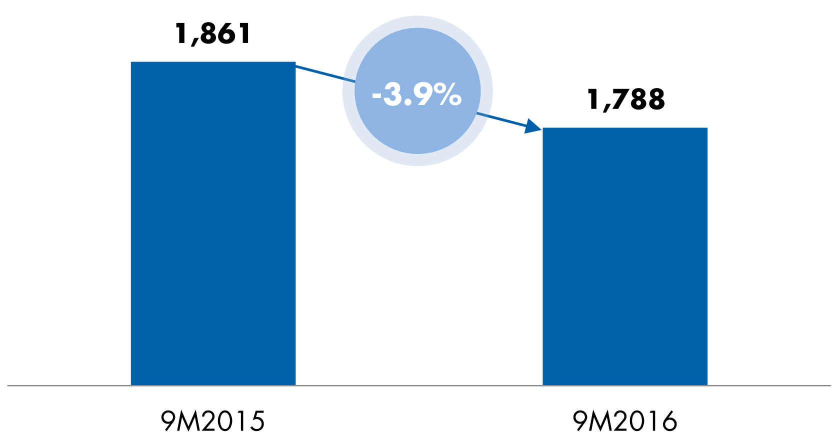
Stock of foreclosed assets continues its downwards trend.

- **Stock of foreclosed assets falls 3.9% YoY** due to a significant reduction in new entries (-37.9% YoY) and the increase in sales (+2.6% YoY).

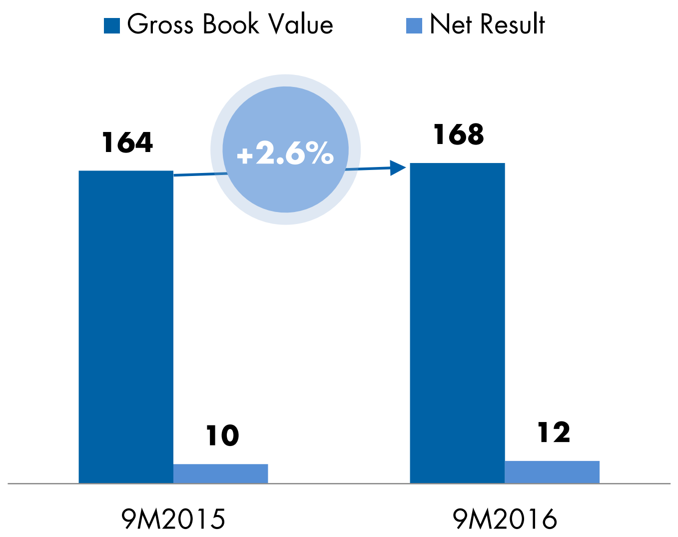
Coverage ratio stands at 52.5%

- **Coverage levels allow for a €12mm positive result** in asset sales.

Foreclosed Assets – Gross Book Value €mm



Foreclosed Asset Sales – €mm



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LIQUIDITY AND SOLVENCY (1/3)

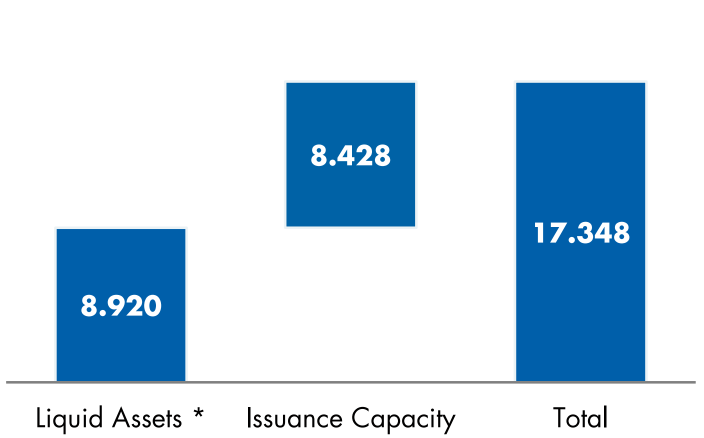
Strong Liquidity Position:

- **Available liquid assets above €8,900mm** (15% of total assets).
- **LCR and NSFR** ratios stand at **236% y 122%**, respectively.
- **Loan to deposits ratio** reaches **98.5%[1]**.
- **ECB: €3.372mm** (5.8% of total assets), 100% TLTRO II.

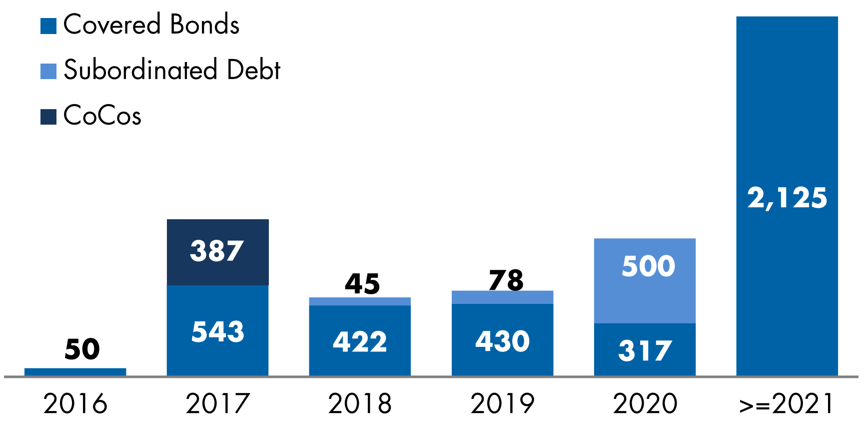
Last October Ibercaja issued €500mm covered bond with a 7 year maturity.

- **Strong demand**, above €1,200mm, led to a **final cost of 34 b.p.,** a historic low for the bank.

Liquidity Position – €mm



Maturity Profile[2] – €mm



[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) [2]As of October 31th including recent covered bond issue

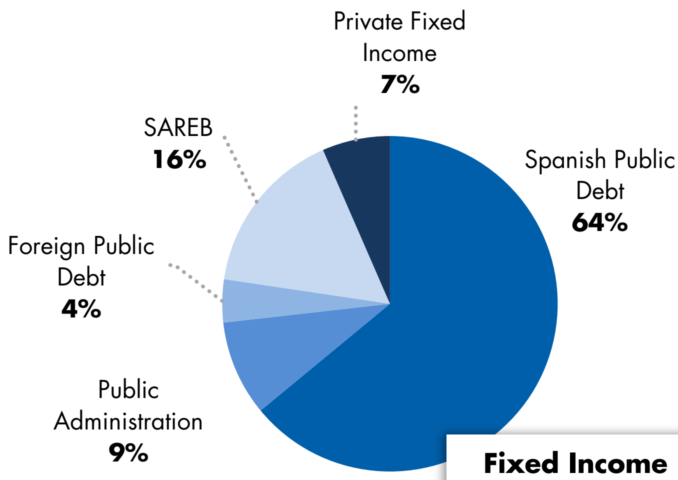
LIQUIDITY AND SOLVENCY (2/3)

Ibercaja has reduced its fixed income portfolio by €946mm vs. 9M2015.

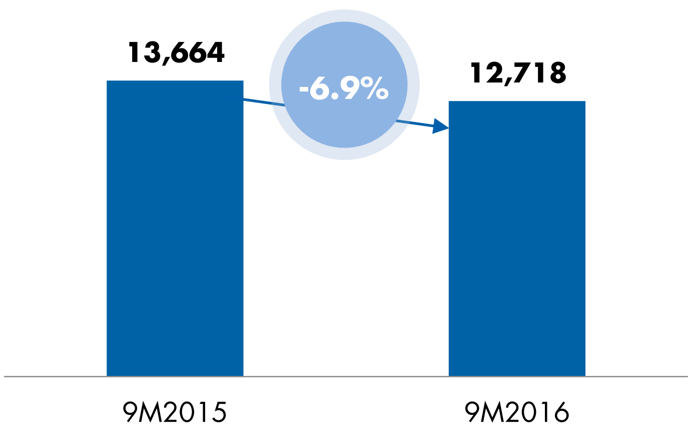
No changes in the fixed income portfolio composition: Low risk profile with focus on Spanish sovereign debt and short duration.

- Average duration: 3.7 years.
- Unrealised capital gains of €204mm (of which €176mm are AFS).
- Average yield stands at 1,4%.

Fixed Income Portfolio – €mm



Fixed Income Portfolio[1]: €12,718mm



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

LIQUIDITY AND SOLVENCY (3/3)

CET1 Phased In ratio reaches 12.3% vs. SREP requirement of 9.25%.

CET1 Fully Loaded ratio – ex CoCos – improves 91 b.p. YTD to 10.6%.

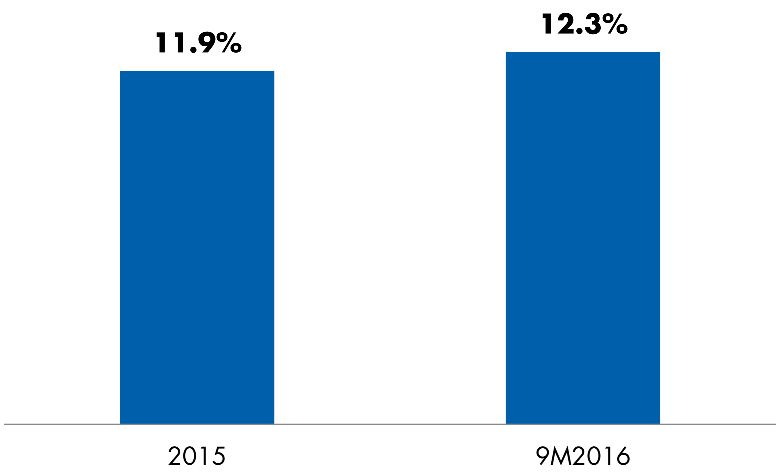
- Equity increase and RWA reduction represent 56 b.p. of the improvement.

Total Capital ratio is 14.5%.

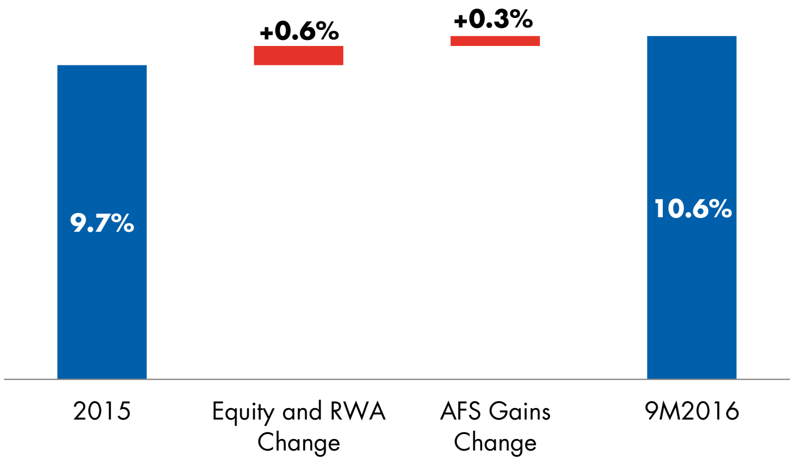
RWA / TA stands at 40%, applying standard methodology calculation.

Leverage ratio: 5.5% (Phased In).

CET1 Phased In - %



CET1 Fully Loaded [1]– %



[1] Excluding CoCos, including sovereign AFS gains

ANNEX 1

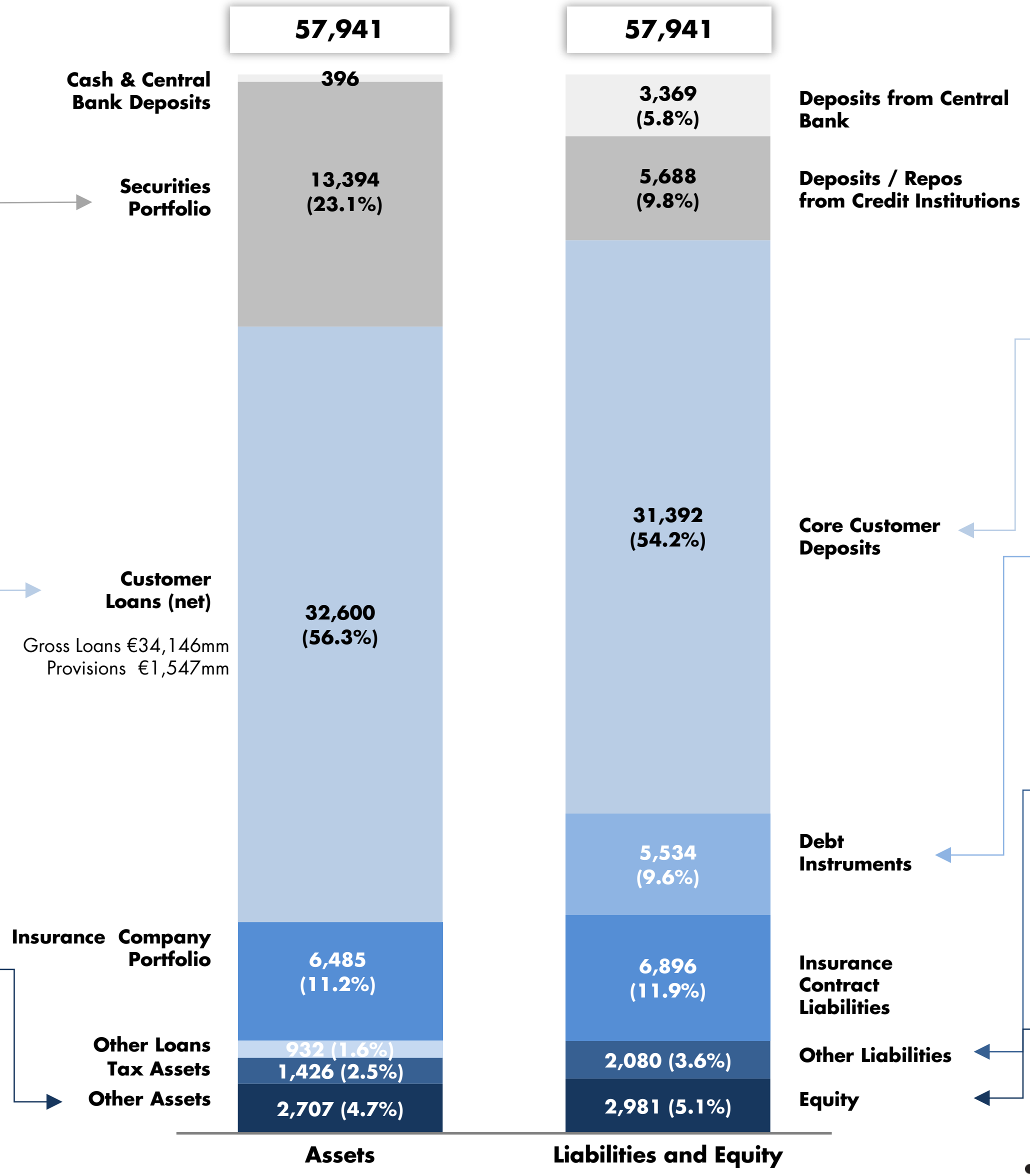
CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

	€mm
Debt Securities	12,834
Equity Instruments and Associates	560
Total	**13,394**

	€mm
Residential Mortgages	21,923
SMEs / Corporates	7,124
Consumer & Others	1,260
RED & Construction	2,345
Public Sector & Other	1,495
Total Gross Loans	**34,146**

	€mm
Fixed Assets	1,139
Non-Current Assets Held for Sale	674
Hedging Derivatives	331
Intangible Assets	196
Other Assets	368
Total	**2,707**



	€mm
Current & Saving Accounts	19,896
Time Deposits	11,496
Total	**31,392**

	€mm
Covered Bonds	3,818
RMBS	701
Subordinated Debt	1,014
Total	**5,534**

	€mm
Tax Liabilities	384
Hedging Derivatives	506
Provisions	424
Other Liabilities	766
Total	**2,080**

	€mm
Shareholders' Equity	2,702
Adjustments	277
Non-Controlling Interests	2
Total	**2,981**

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