

2016 RESULTS

FEBRUARY 24th, 2017

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MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY · RESULTS · ASSET QUALITY · SOLVENCY

MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY

- » **Assets under management** and **life insurance products** rise **11.1% YoY** or €2,085mm
- » Ibercaja achieves a **12% market share in new entries in mutual funds in Spain.**
- » **New lending reaches** €5,200mm, increasing **26.4% YoY**
- » **Performing loans ex real estate companies** fall **0.6% YoY.**
- » **Performing loans to non-real estate companies** grow **12.1% YoY.**

RESULTS

- » **Net profit increases** **70% YoY** to 143Mn€.
- » **Recurring revenues** (net interest income and net fee income) grow **0.2% QoQ** and 7% from the lows reached in 1Q2016.
- » Total **operating costs** decrease **0.6% YoY**
- » **Extraordinary results** dedicated to cover provisions related to new accounting regulation (Anejo IX, €60mm) and to build prudential provisions (€87mm).

MAIN HIGHLIGHTS

ASSET QUALITY

- » **Stock of problematic assets**, doubtful loans and foreclosed assets, decreases **3% YoY** or €140mm.
- » **NPL ratio** decreases to 8.9%, **25 p.b.** below the sector
- » **Coverage of problematic assets** stands at **47%.**
- » **Gross exposure to the real estate sector** falls **10% YoY** or €453mm.

SOLVENCY

- » **CET1 Phased In ratio** rises 5 b.p. to **12.0%** vs. SREP requirement of 7.25%.
- » **Ibercaja has amortized €183mm of CoCos** (€20mm in March and €163mm of early repayment in December) without selling strategic assets or increasing capital.
- » **CET1 Fully Loaded ratio** – ex CoCos – improves 43 b.p. to **10.2%.**
- » **Total Capital Phased In ratio** stands at **14.2%.**

COMMERCIAL ACTIVITY

CUSTOMER RESOURCES · MUTUAL FUNDS · LONG TERM SAVINGS PRODUCTS · RISK
INSURANCE · CUSTOMER LOANS · MAIN REGIONAL MARKETS · PERSONAL BANKING
PROJECT · SME PROJECT

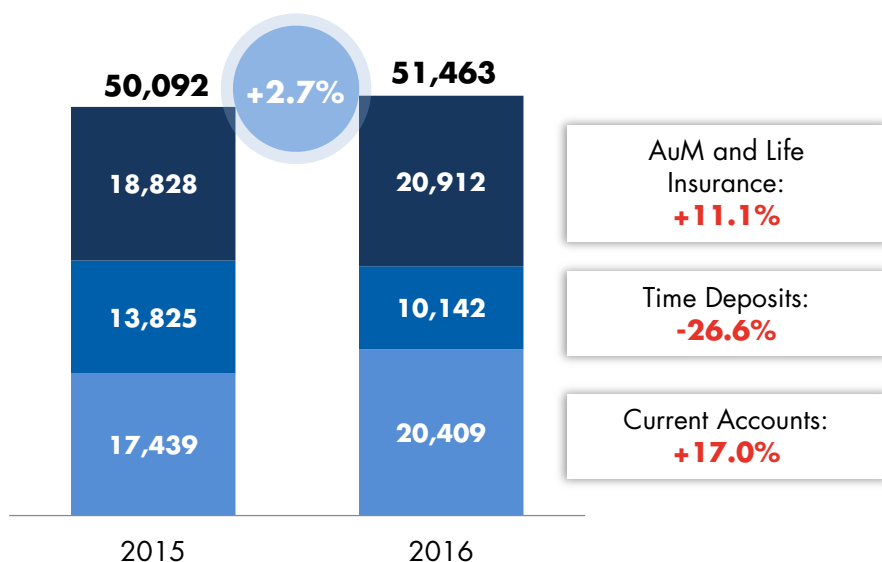
CUSTOMER FUNDS

Total customer funds increase 2.7% YoY (€1,371mm). Continuous improvement in the structure towards higher profitability:

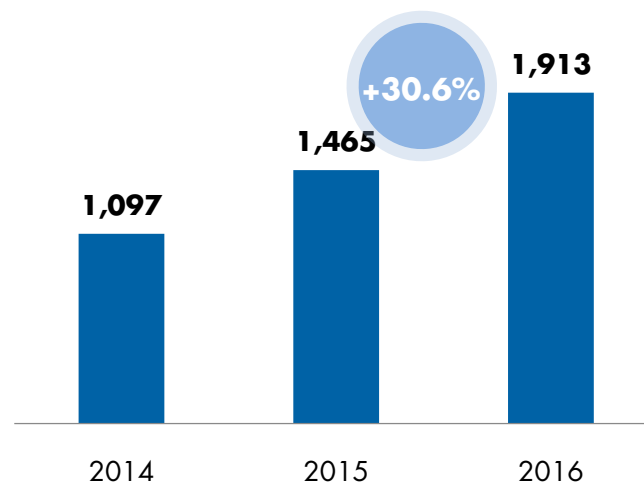
- **Current accounts increase 17.0% YoY** and represent 40% of customer funds.
- **Assets under management** (mutual funds and pension funds) **and life insurance products rise 11.1% YoY**, or €2,085mm and represent 41% of customer funds.

Net new money into AuM and life insurance products grow 30.6% YoY to €1,913mm, reaching a historical high.

Customer Funds – €mm



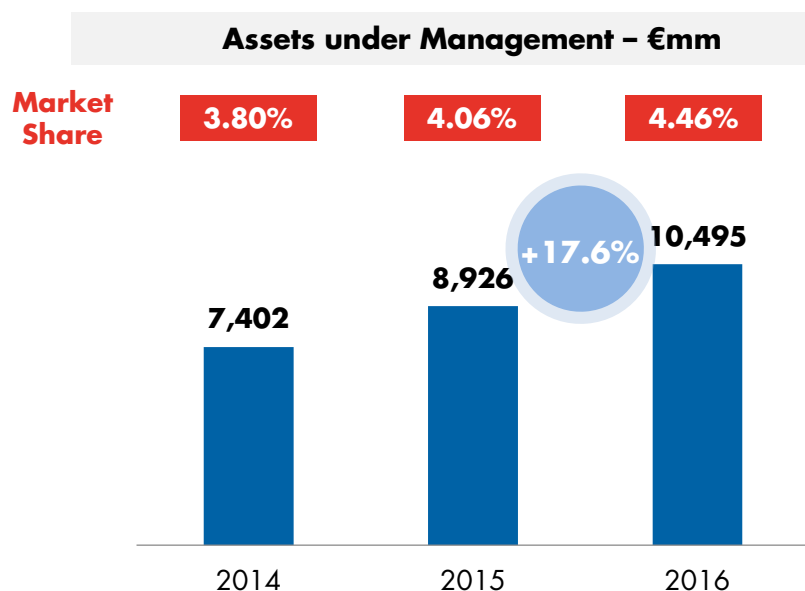
Net New Money AuM and Life Insurance – €mm



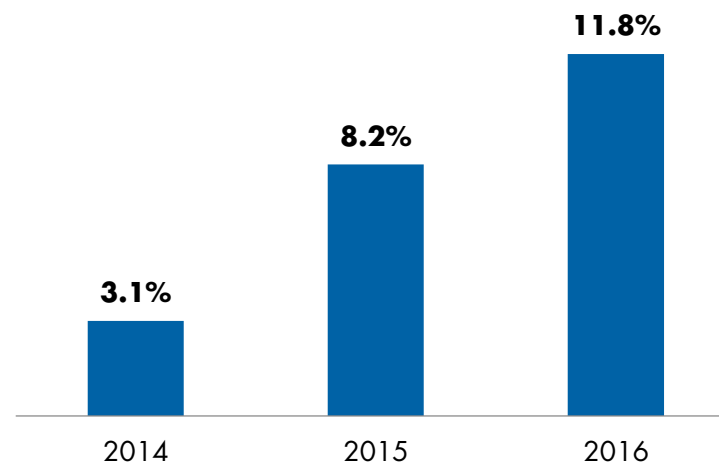
MUTUAL FUNDS

Outstanding market share evolution in mutual funds, with an increase of 40 b.p.

- **Assets under management rise 17.6%** since dec-2015.
- Net new money amounts to €1,656mm in 2016, achieving a **≈12% market share in new entries in Spain.**



Net New Money in Mutual Funds Market Share¹ – %

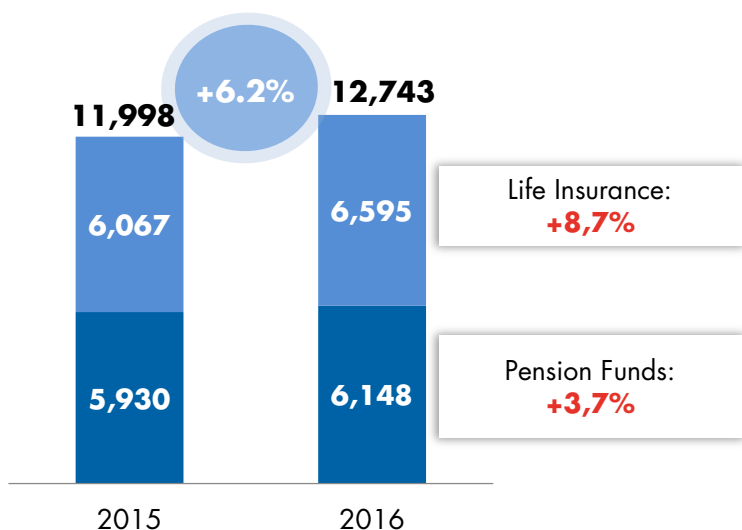


LONG TERM SAVINGS: LIFE INSURANCE AND PENSION FUNDS

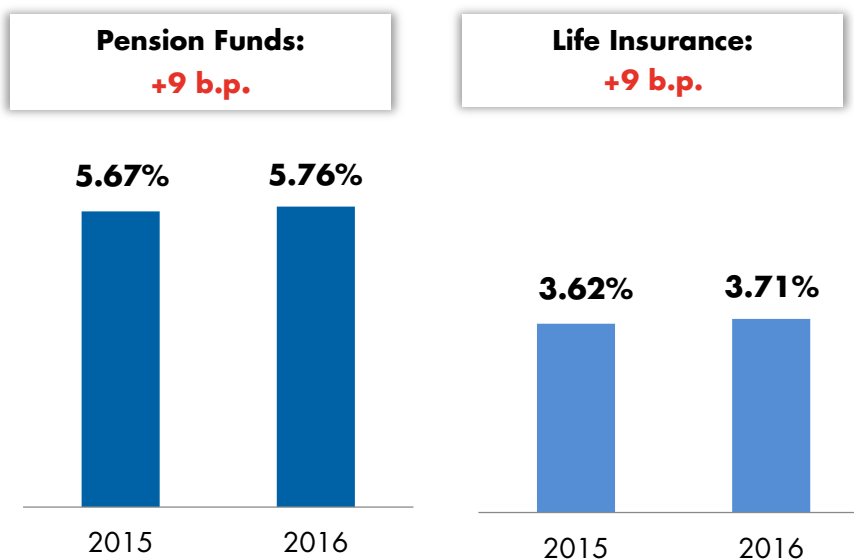
Long term savings products grow 6.2% YoY and reach €12,743mm of assets.

- **New market share increases:** pension funds (+9 b.p.) and life insurance products (+9 b.p.).
- **Customer contributions and transfers from 3rd parties pension plans** amount to **€161mm**, 72% more than in 2015.
- **Systematic individual savings plans** rise **32% YoY** and **life annuities 12% YoY**.

Long Term Savings - €mm



Market Share - %

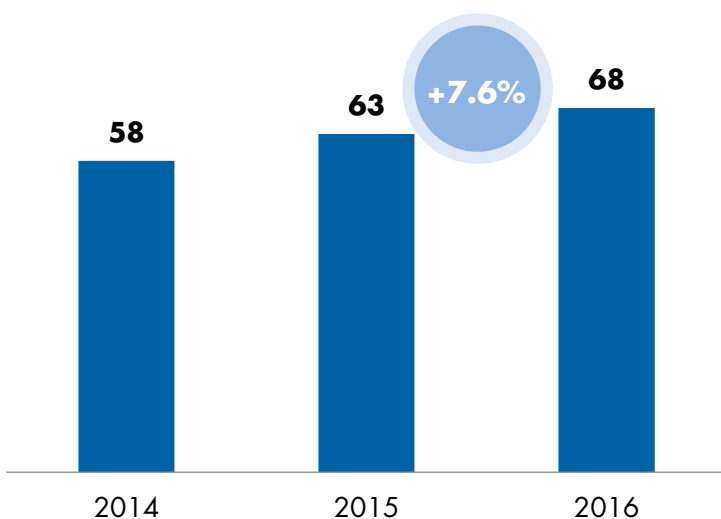


RISK INSURANCE

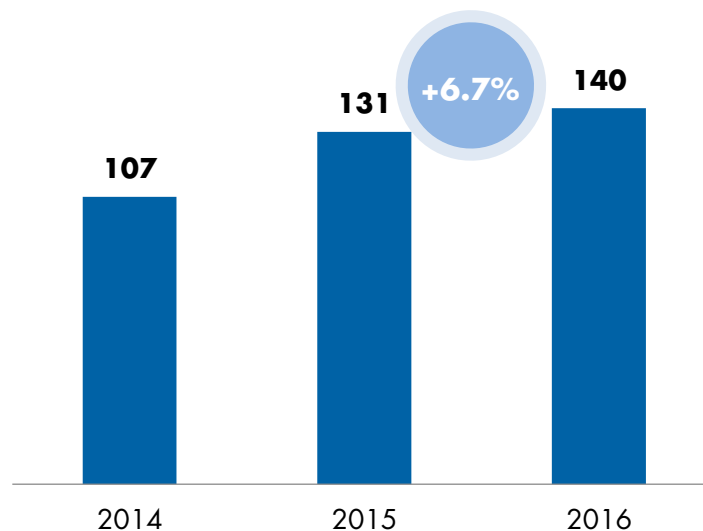
Strong commercial focus in life risk and non-life insurance products:

- Total **policies** rise **3.1% YoY** to 1,078,000.
- The **number of risk insurance products sold per employee** increases **9.2% YoY**.

Life Risk Insurance Premiums – €mm



Non-Life Insurance Premiums¹ – €mm

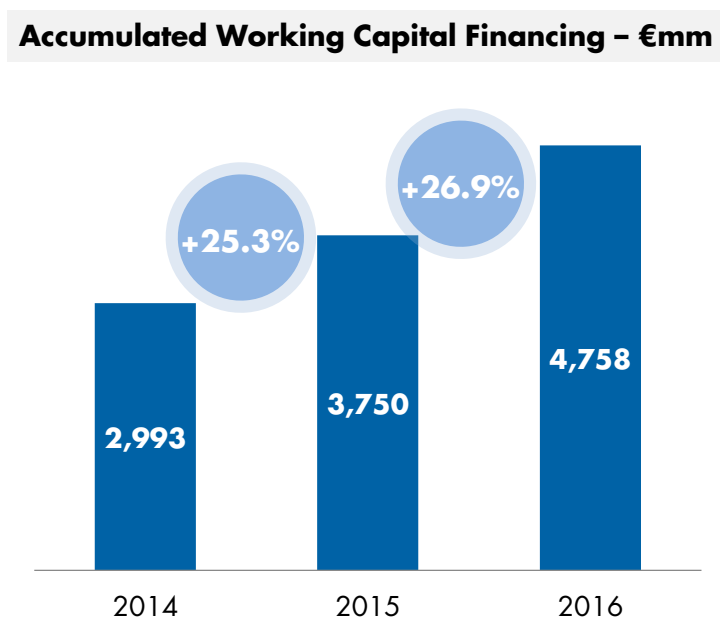
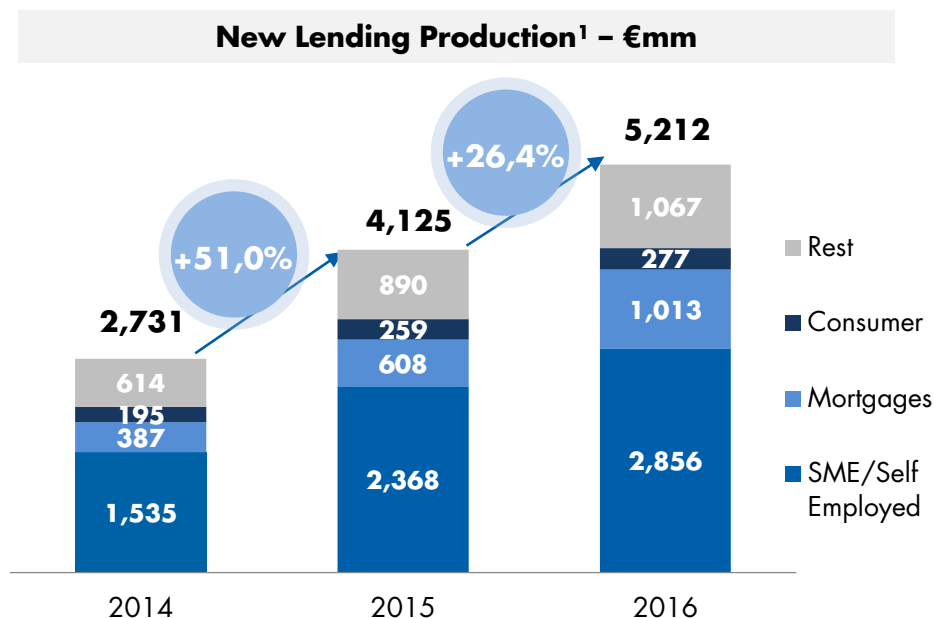


CUSTOMER LOANS (1/2)

New lending reaches €5,200mm, 26.4% increase YoY.

- **New lending to SMEs and self-employed increases 20.6% YoY** to €2,856mm and represent 55% of the new production.
- **Strong progress in mortgage granting** that reaches €1,013mm, **+67% YoY**.

Additionally, accumulated working capital financing reaches €4,758mm, +26.9% YoY.



CUSTOMER LOANS (2/2)

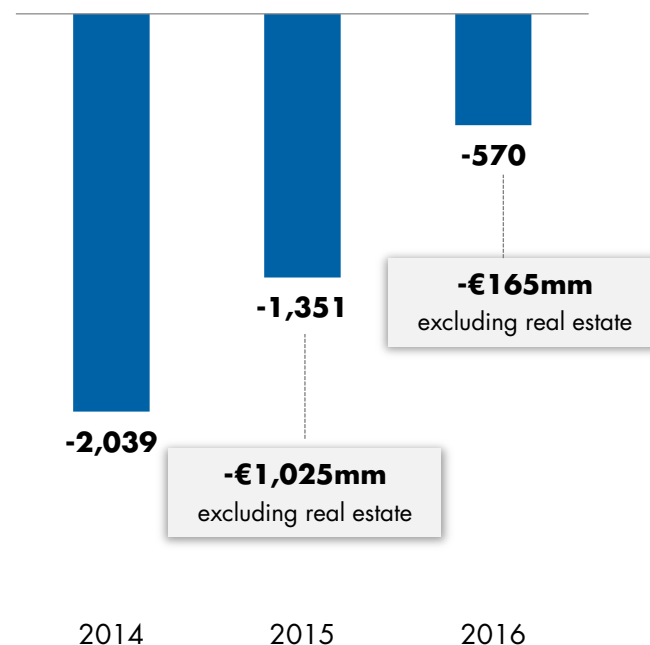
Fall in performing loans ex repo moderates to 1.8% YoY.

- **Performing loans to non-real estate companies** grow **12.1%**.
- Excluding loans to real estate companies (that fall 30.8% YoY), **performing loans decrease 0.6% (€165mm)**

Customer Loans – €mm

	2015	2016	Var.
Loans to Individuals	22,733	21,931	-3.5%
Mortgages	21,613	20,812	-3.7%
Consumer and Others	1,120	1,120	0.0%
Loans to Companies	7,039	7,326	4.1%
Real Estate Companies	1,319	913	-30.8%
Non-Real Estate Companies	5,721	6,413	12.1%
Public Sector and Others	1,049	994	-5.3%
Repo	544	985	81.2%
Performing Loans	31,365	31,236	-0.4%
Doubtful Loans	3,085	3,061	-0.8%
Total Gross Loans	34,449	34,297	-0.4%

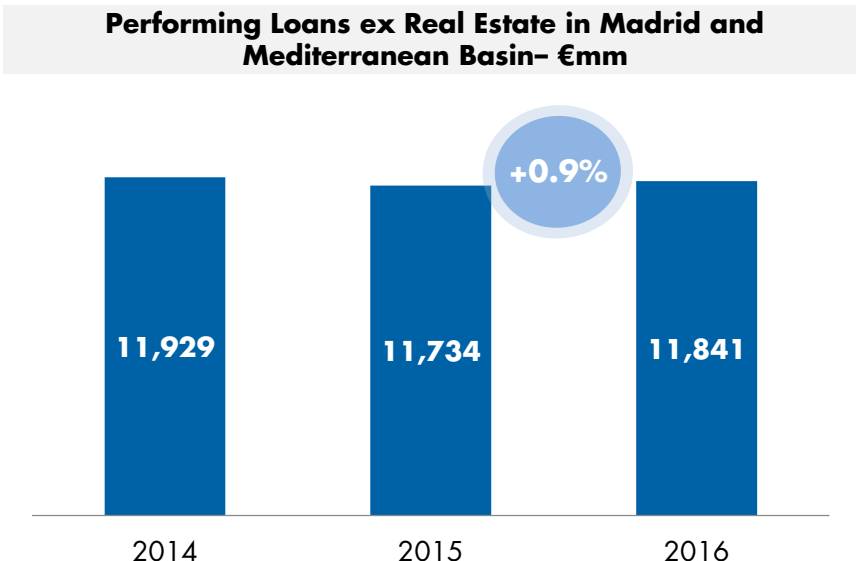
Stock of Performing Loans Evolution – €mm



MAIN REGIONAL MARKETS (1/2)

Ibercaja has continued strengthening its positioning in Madrid and Mediterranean Basin in 2016:

- Over the last 12 months **Ibercaja has launched specific strategic plans in Madrid, Cataluña and Comunidad Valenciana** in order to reinforce its positioning in these markets.
- **Performing loans excluding real estate companies in Madrid and Mediterranean Basin are already growing, at 0.9% YoY.** These two regions represent 48% of new lending.
- **Madrid and Mediterranean Basin amount to 75% of growth achieved in lending to non real estate companies** since 2014.



PLAN+
LEVANTE

PLAN+
MADRID

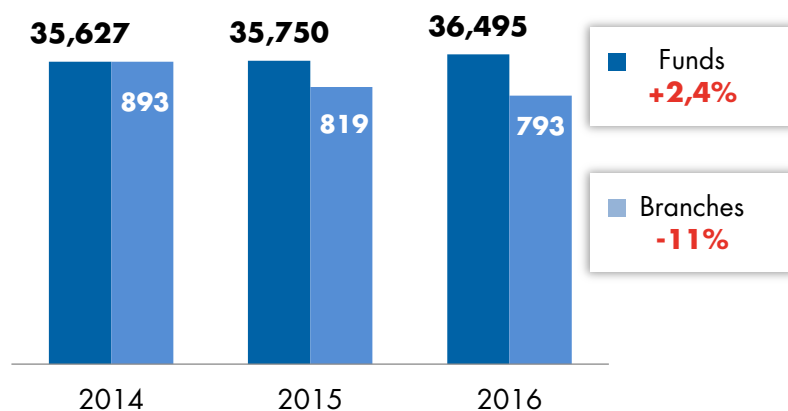
PLAN+
CATALUNYA

MAIN REGIONAL MARKETS (2/2)

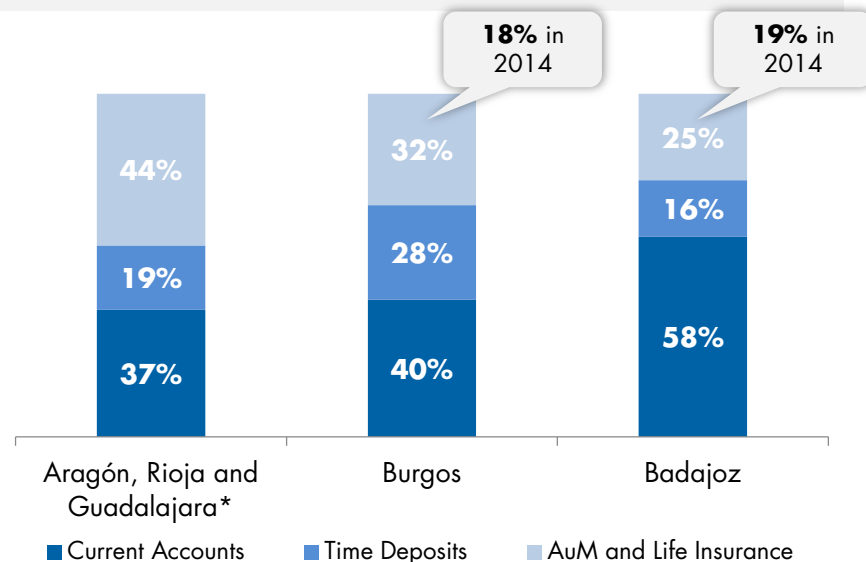
Ibercaja reinforces its leadership in its Home Markets:

- **Customer funds grow 2.1% YoY** and +2.4% since 2014, despite a 11% adjustment in the number of branches in the last two years.
- **Continuous improvement in customer funds mix** in those regions coming from Cajatres acquisition (Burgos and Badajoz).
- Ibercaja launches **Plan + Burgos** to strengthen its positioning in the region.

Funds and Structure Home Markets – €mm



Customer Funds Mix - 2016



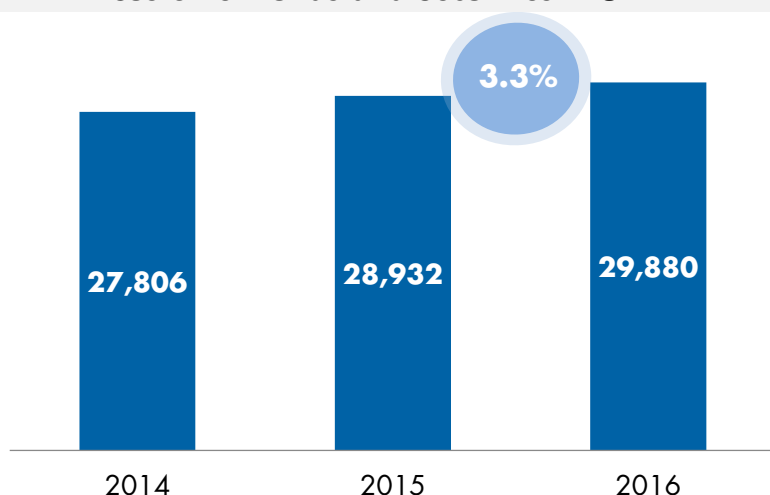
PERSONAL BANKING PROJECT



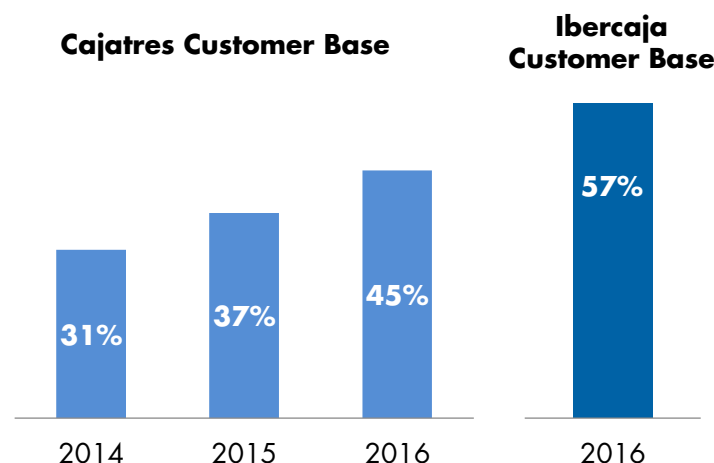
Personal banking project is run by 430 full time specialized advisors in addition to branch managers, that offer a personalized solution to more than 171,900 customers.

- **Total customer funds and securities** rise **3.3% YoY**. to €29,880mm. AuM, life insurance products and securities represent 55% of total funds.
- **Strong progress implementing personal banking model in Cajatres customer base**: the % of AuM, life insurance products and securities already stands at 45%.

Customer Funds and Securities – €mm



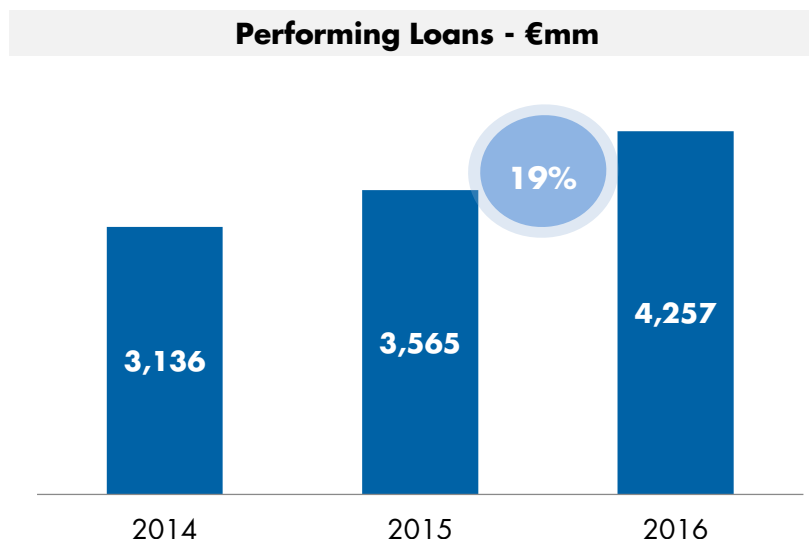
% of AuM, Life Insurance Products and Securities



SME PROJECT

SME Project, which is run by 492 full time specialized employees, concentrates more than 80% of the growth in loans to non-real estate companies.

- The **number of targeted customers** rises **21% YoY** to more than 24,600.
- **Performing loans** increases **19% YoY** to €4,257mm.
- **Special focus in working capital financing**, that grows **28.4% YoY**.
- **Risk insurance premiums** progress **17% YoY**.
- Opening of **5 business centres** in Madrid (2), Zaragoza, Barcelona and Valencia.



2016 RESULTS

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

P&L ACCOUNT

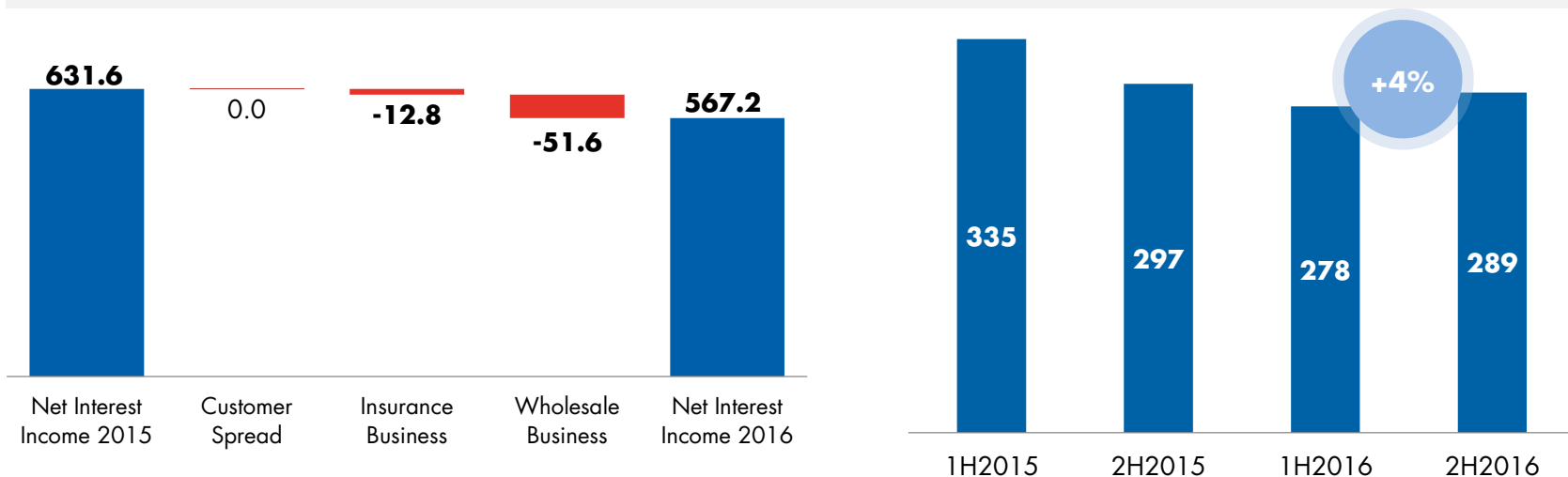
€mm	2015	2016	YoY
Net Interest Income	631.6	567.2	-10.2%
Net Fee Income	333.2	340.1	2.1%
Trading Income	86.1	169.5	97.0%
Other Operating Inc. / Exp. (Net) *	-10.0	53.0	n/a
Gross Operating Income	1,040.8	1,129.8	8.5%
Operating Costs	-656.4	-652.2	-0.6%
Pre-Provision Profit	384.5	477.6	24.2%
Total Provisions	-293.9	-413.1	40.6%
Other Gains and Losses	27.7	6.3	-77.1%
Profit before Taxes	118.2	70.8	-40.1%
Taxes & Minorities **	-34.1	72.1	n/a
Net Profit Attributable to Shareholders	84.1	142.9	69.9%

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

**Taxes & Minorities mainly includes the impact of a binding decision from the Spanish Tax Agency, regarding a tax fund originated in the absorption of Banco Grupo Caja3, with a positive impact of €118mm

NET INTEREST INCOME

Net Interest Income Evolution – €mm

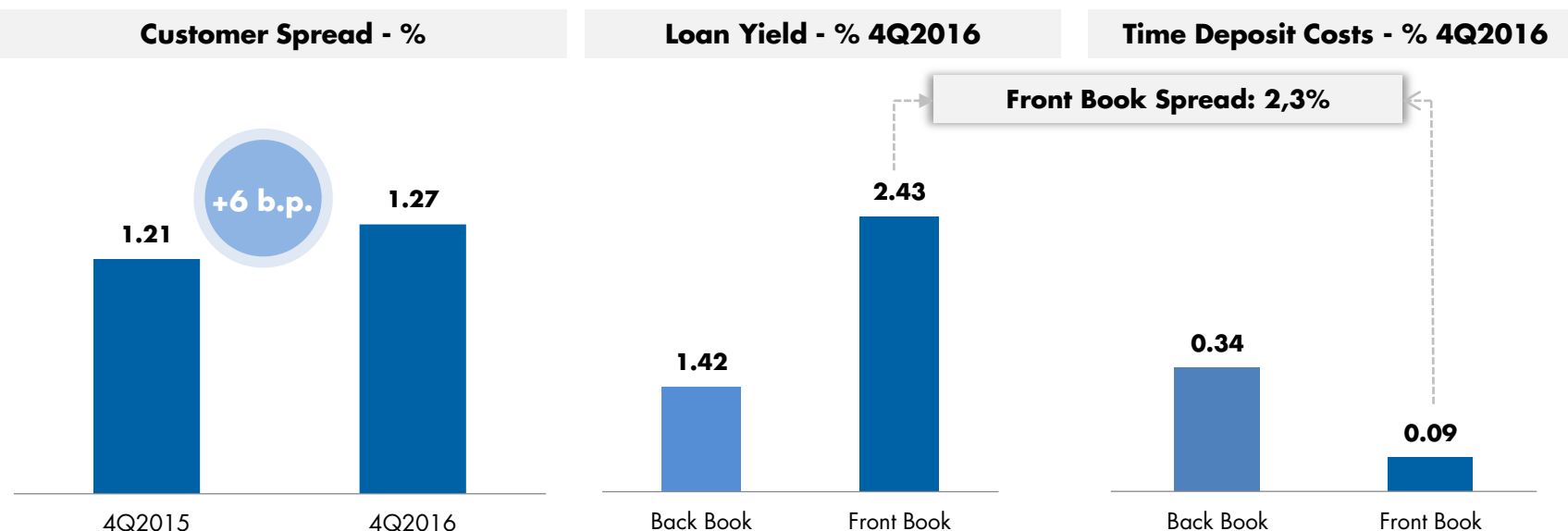


Net interest income decreases 10.2% YoY, in line with the Company guidance provided in 1Q2016.

- **Customer spread remains stable YoY** despite lower Euribor and deleveraging.
- **80% of the fall is explained by a lower contribution of the wholesale business** after a 27% reduction in the fixed income portfolio since 2014.

Net interest income in second half grows 4% vs. first half of 2016

CUSTOMER SPREAD

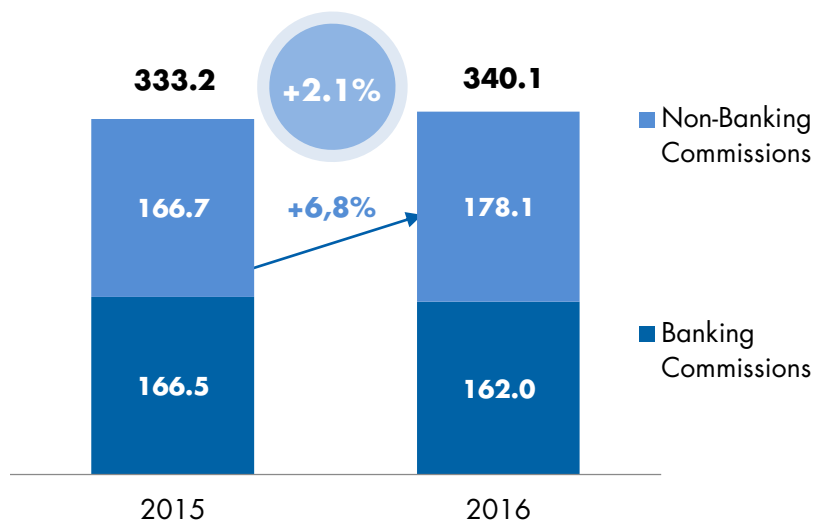


Customer spread improves 6 p.b. YoY.

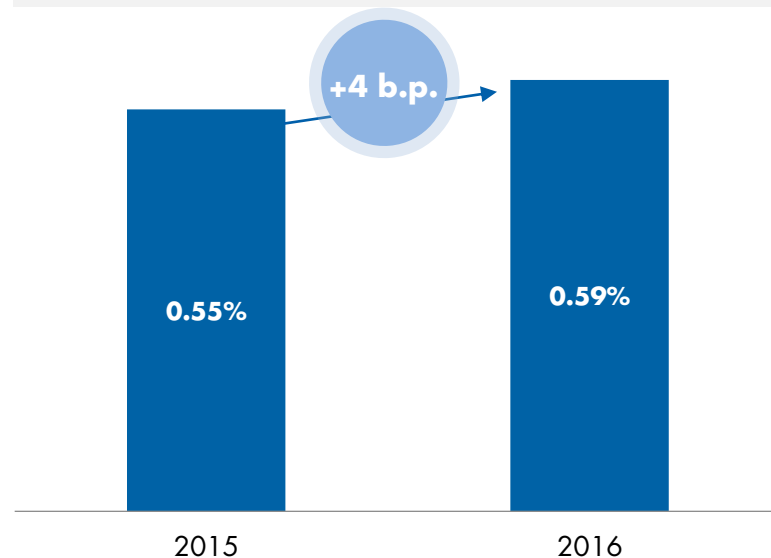
- **Loan yield falls to 1.4% due to lower Euribor.** Front book rates stand at 2.4%, significantly higher than back book.
- **Total cost of deposits** (current accounts and time deposits) **falls to 0.15%.** Higher weight of current accounts and declining cost of new time deposit (9 b.p. in 4Q) should allow for further reduction of retail funding costs in coming quarters.

NET FEE INCOME

Net Fee Income - €mm



Net Fee Income - % ATA

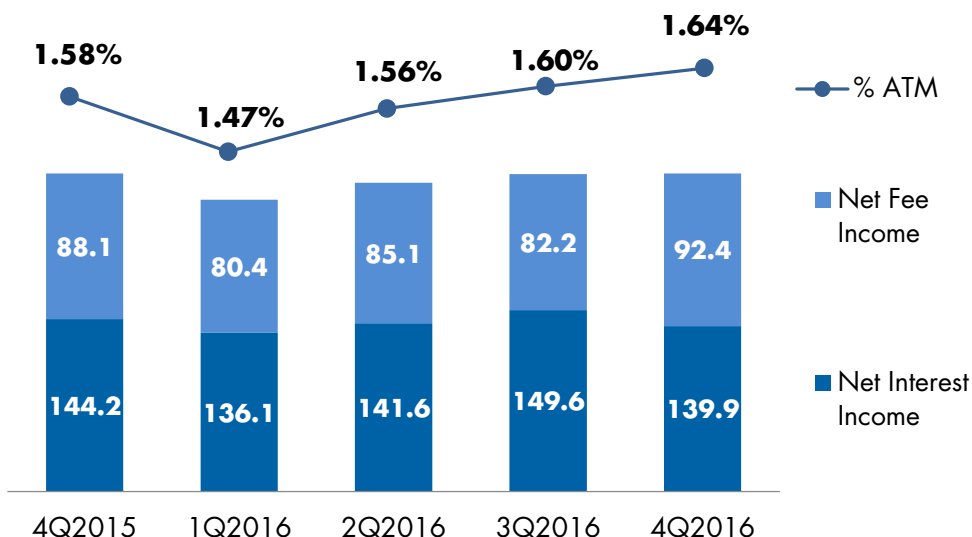


Net fee income grows 2.1% YoY

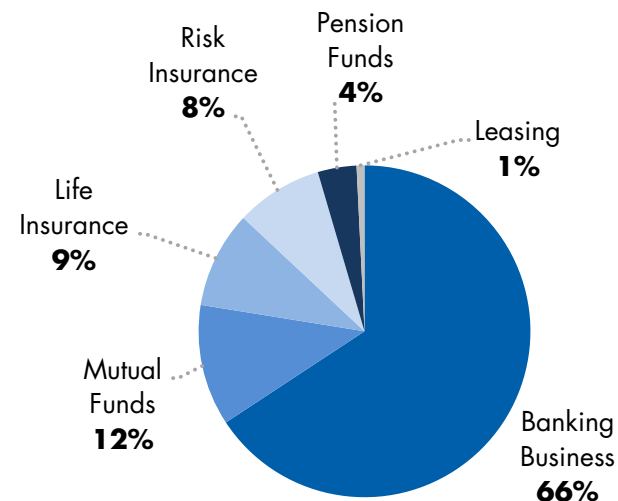
- **Non-banking commissions** (mutual funds, risk insurance and pension funds) **increase 6.8%** YoY and represent 52% of total commissions.
- **Banking commissions rise 2.2% YoY** excluding the termination of the servicer contract with SAREB¹.

RECURRING REVENUES

Recurring Revenues - €mm



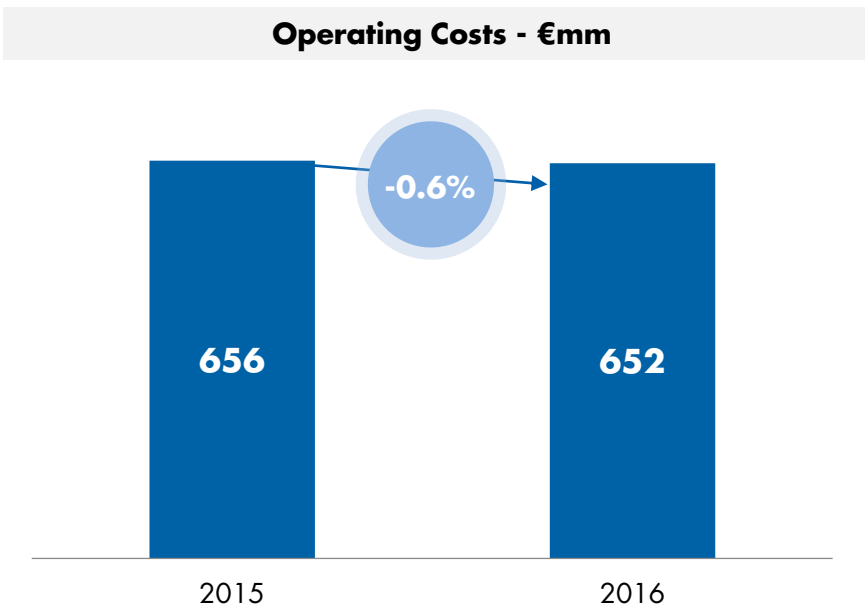
Gross Margin Breakdown¹ - 2016 €mm



Recurring revenues (net interest income and net fee income) grow 0.2% QoQ and 7% from the lows reached in 1Q2016.

The weight of revenues coming from AuM and insurance products increases to 34% vs. 32% in 2015.

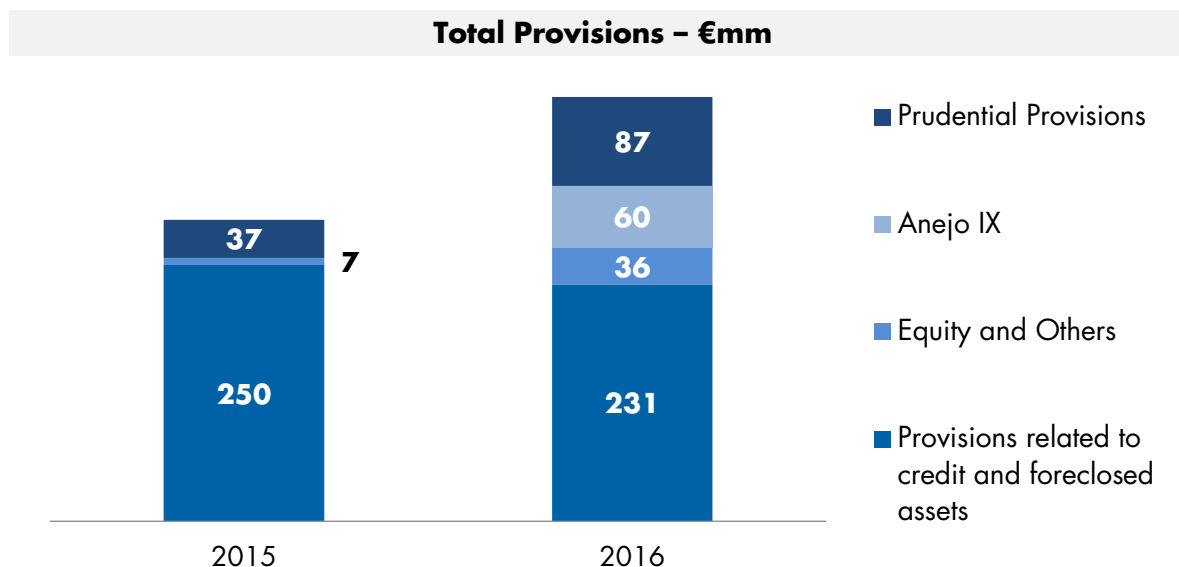
OPERATING COSTS



Total operating costs decrease 0.6% YoY, in line with Company guidance.

- **Personnel costs fall 4.7% YoY** and offset the increase in general costs related to Aktua agreement¹.
- Excluding costs related to Aktua agreement, total operating costs fall 3.3% YoY.

PROVISIONS



Provisions related to credit and foreclosed assets decrease 7.6% YoY.

- Cost of risk stands at 0.85%.

Extraordinary results from the Aktua agreement and higher trading income vs. 2015 dedicated to cover provisions related to new accounting regulation (Anejo IX, €60mm) and to build prudential provisions (€87mm).

ASSET QUALITY, LIQUIDITY AND SOLVENCY

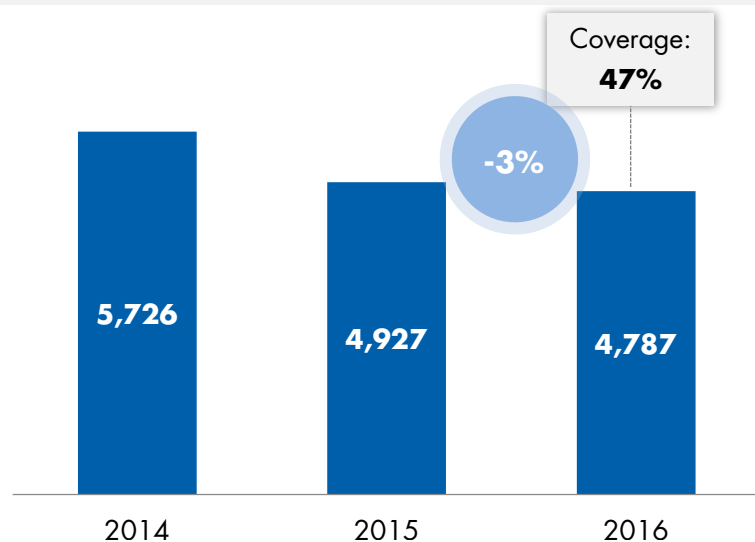
ASSET QUALITY (1/3)

Stock of problematic assets (doubtful loans and foreclosed assets) decreases 3% YoY or €140mm. Since 2014, these assets have fallen by 16%.

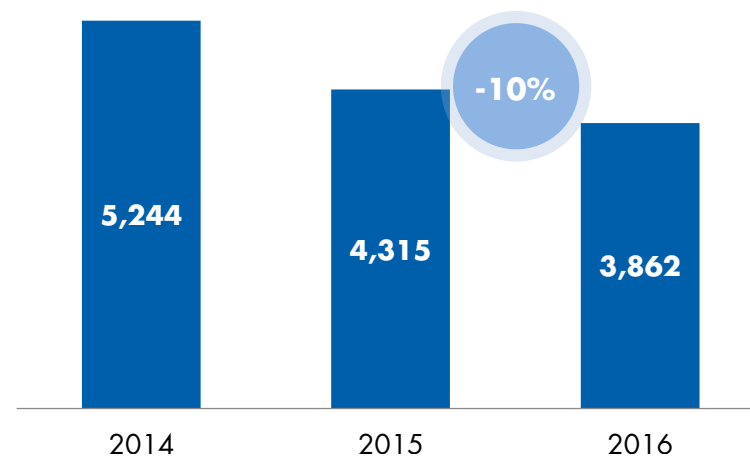
Coverage of problematic assets stands at 47%.

Gross exposure to the real estate sector, which includes all the loans to the sector and foreclosed assets, **falls 10% YoY** or €453mm. Since 2014, this exposure has been reduced by 26%.

Stock of Problematic Assets –€mm gross



Gross Exposure to Real Estate Assets – €mm



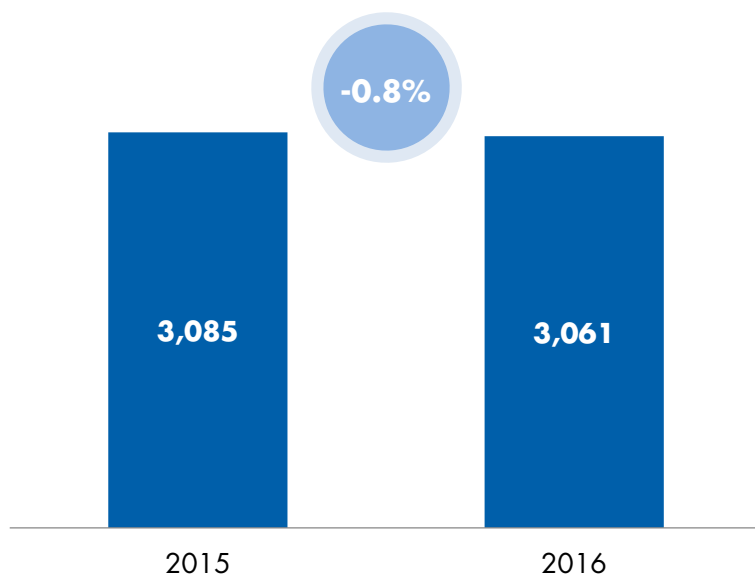
ASSET QUALITY (2/3)

Doubtful loans fall 0.8% YoY and NPL ratio decreases to 8.9%.

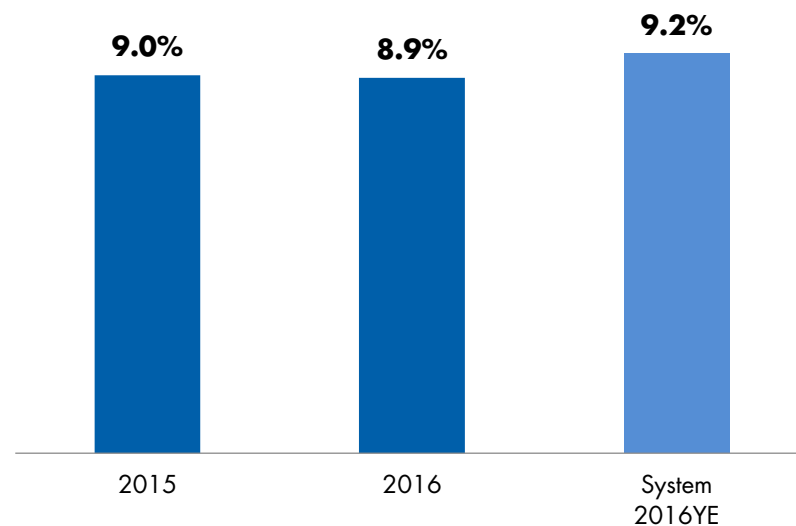
- The NPL ratio stands 25 b.p. below the system average.

Doubtful loans coverage ratio is 45%.

Doubtful Loans – €mm



NPL Ratio - %



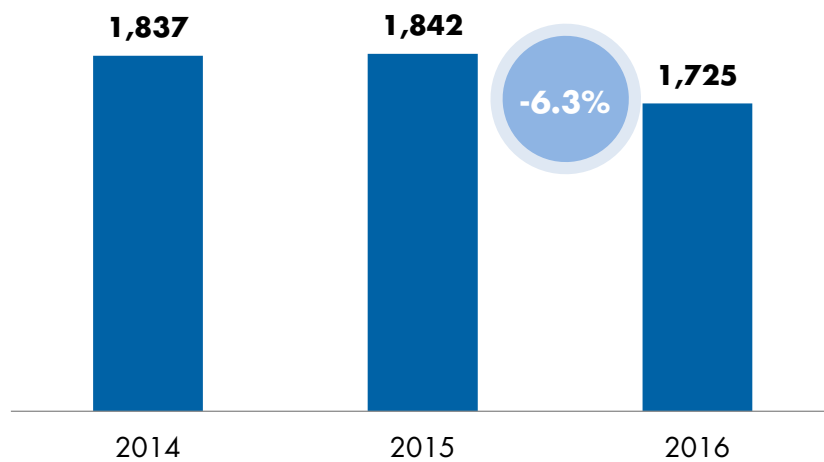
ASSET QUALITY (3/3)

Stock of foreclosed assets falls 6.3% YoY thanks to a significant reduction in new entries (-33.0% YoY) and the increase in sales (+12.1% YoY).

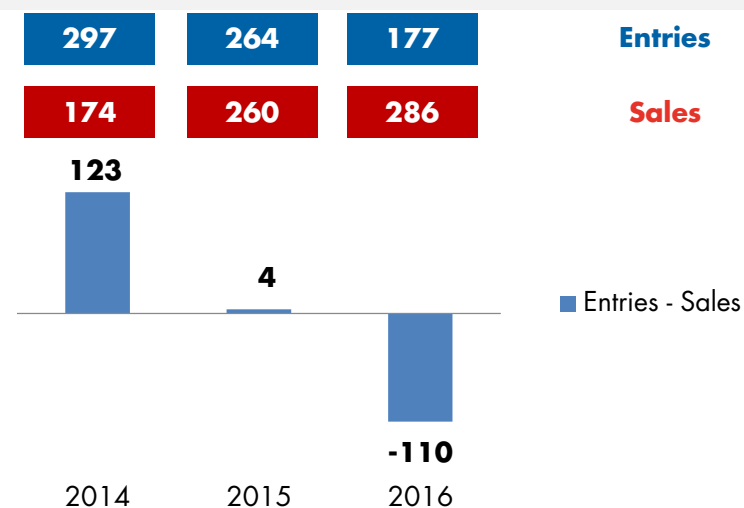
Coverage ratio stands at 52%.

- Coverage levels allow for a **€13mm positive results in assets sales.**
- **The company has sold 69,5Mn€ of land** in 2016

Foreclosed Assets – Gross Book Value €mm



Entries and Sales – €mm

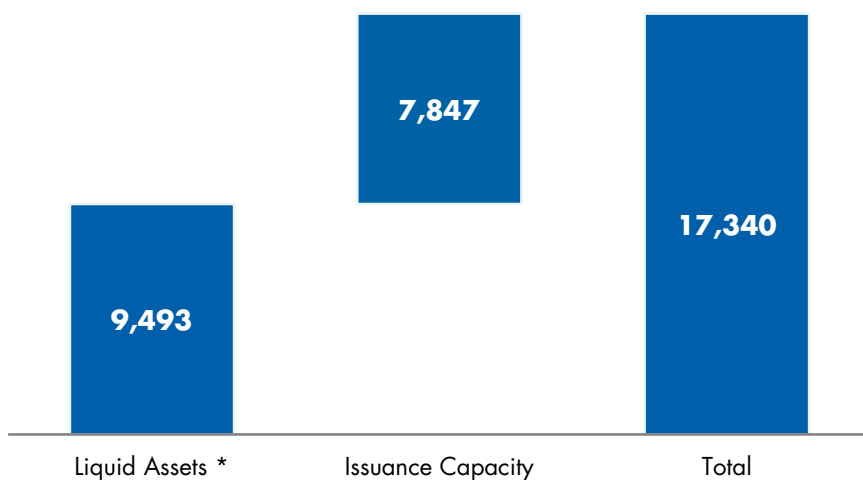


LIQUIDITY AND SOLVENCY (1/5)

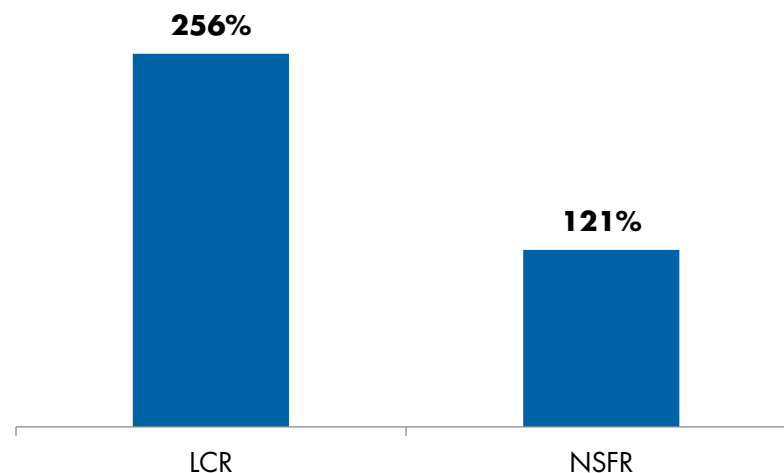
Sound Liquidity Position:

- **Available liquid assets stand at €9,493mm** (17% of assets).
- Regulatory liquidity ratios (LCR and NSFR) comfortably above minimum requirements.

Liquidity Position – €mm



Liquidity Ratios – 2016

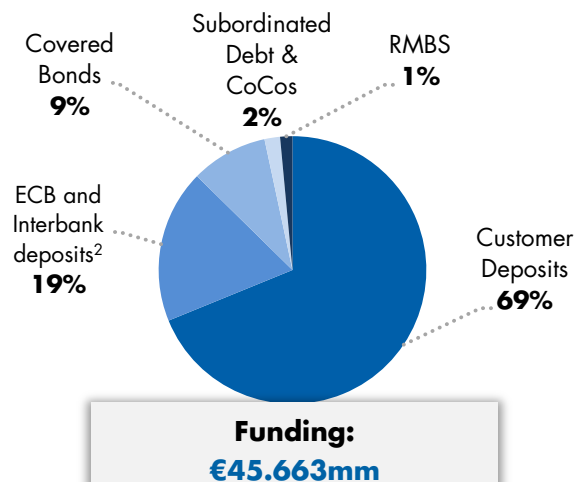


LIQUIDITY AND SOLVENCY (2/5)

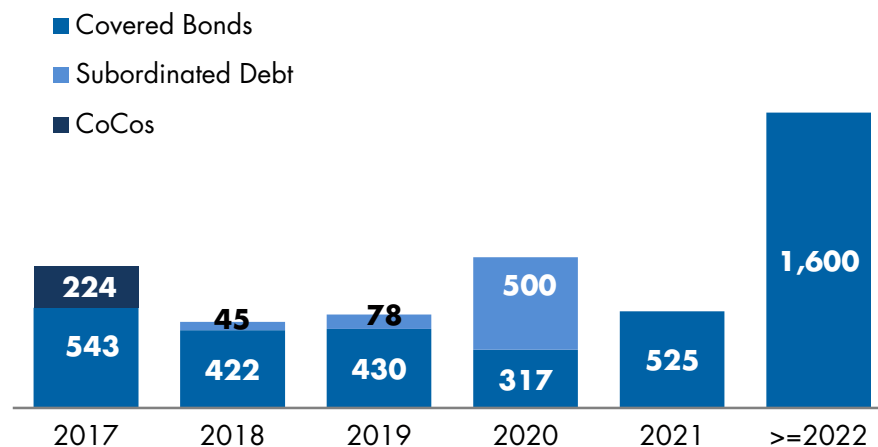
Well diversified funding structure :

- **Loan to deposits** ratio reaches **97,8%**¹.
- **Customer deposits** represent **69% of total funding**.
- ECB: 3,372Mn€ (5.8% of total assets), 100% TLTRO II.
- **No significant concentration** in institutional funding **maturities** (below 1.5% of assets every year).

Funding Structure – 2016



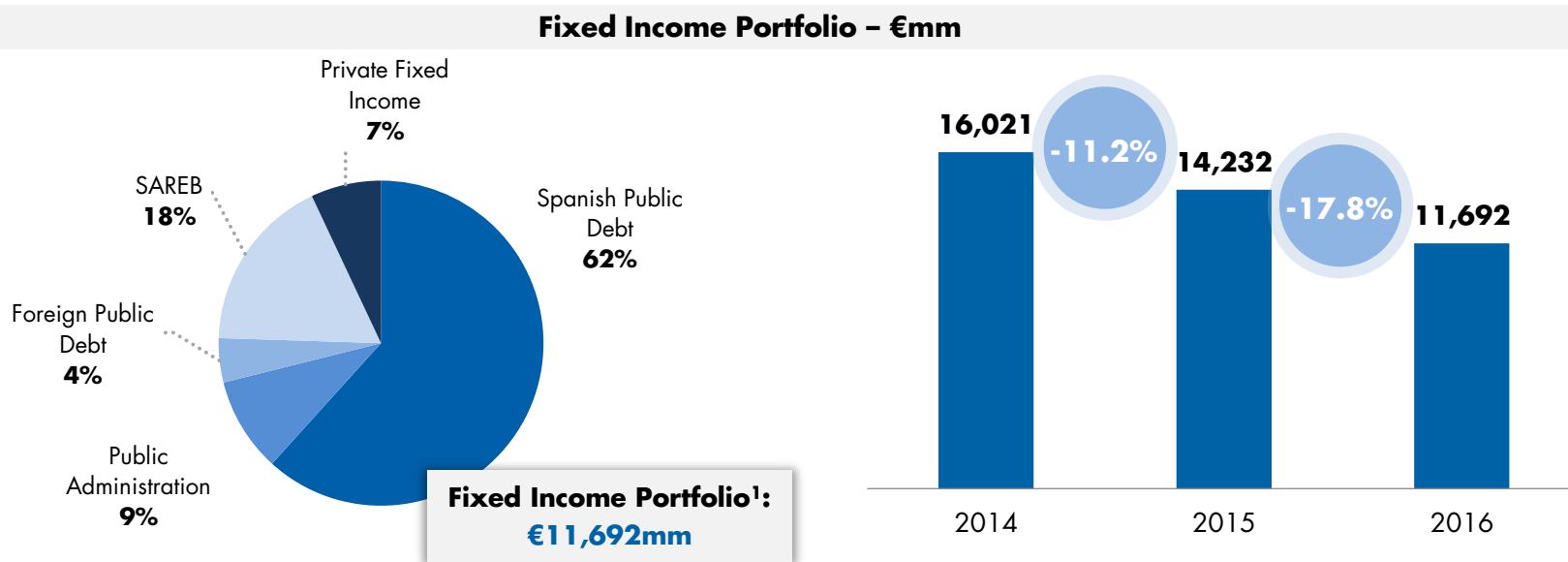
Maturity Profile – €mm



LIQUIDITY AND SOLVENCY (3/5)

Ibercaja has reduced its fixed income portfolio by €2,540mm in 2016 (-€4,329mm since 2014). The portfolio has a low risk profile, mainly composed of Spanish sovereign debt

- **Average duration: 3.9 years.**
- **Unrealised capital gains: €49mm.**
- **Average yield: 1.3%.**



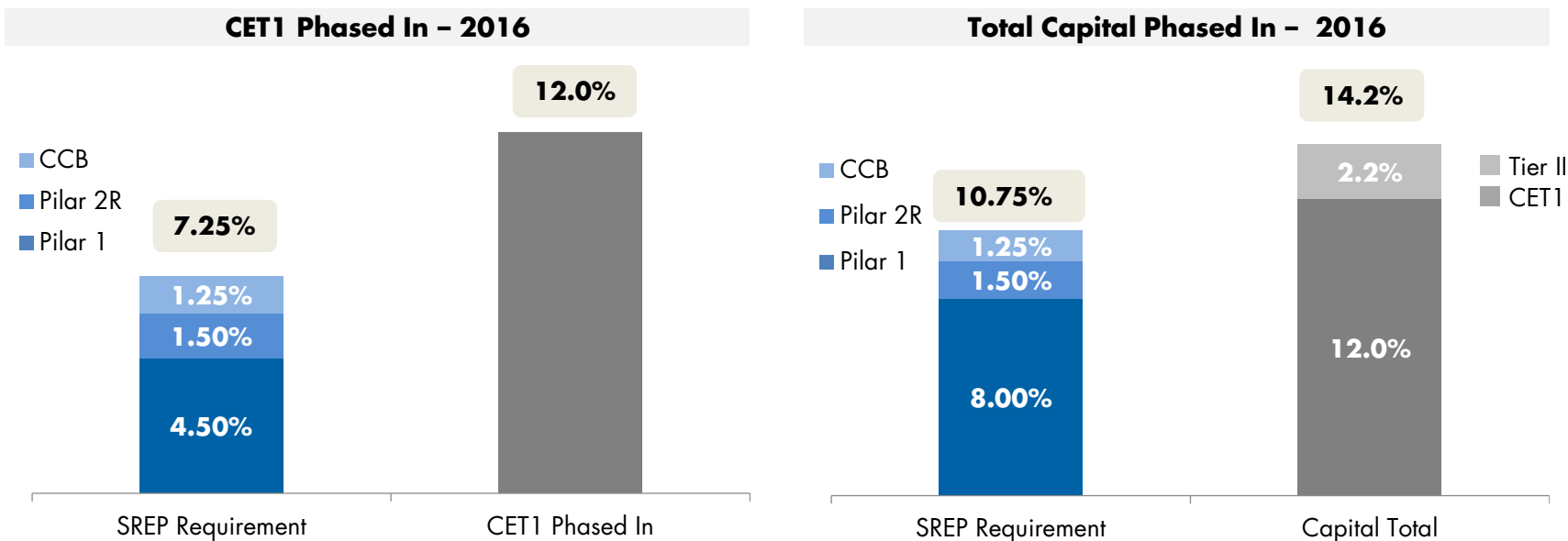
LIQUIDITY AND SOLVENCY (4/5)

CET1 Phased In ratio improves 5 b.p. to 12% vs. SREP requirement of 7.25%.

In 2016 Ibercaja has amortized €183mm of CoCos (€20mm in March and €163mm of early repayment in December) without selling strategic assets or increasing capital.

Total Capital ratio stands at 14.2%.

Leverage ratio reaches 5.4% (Phased In).

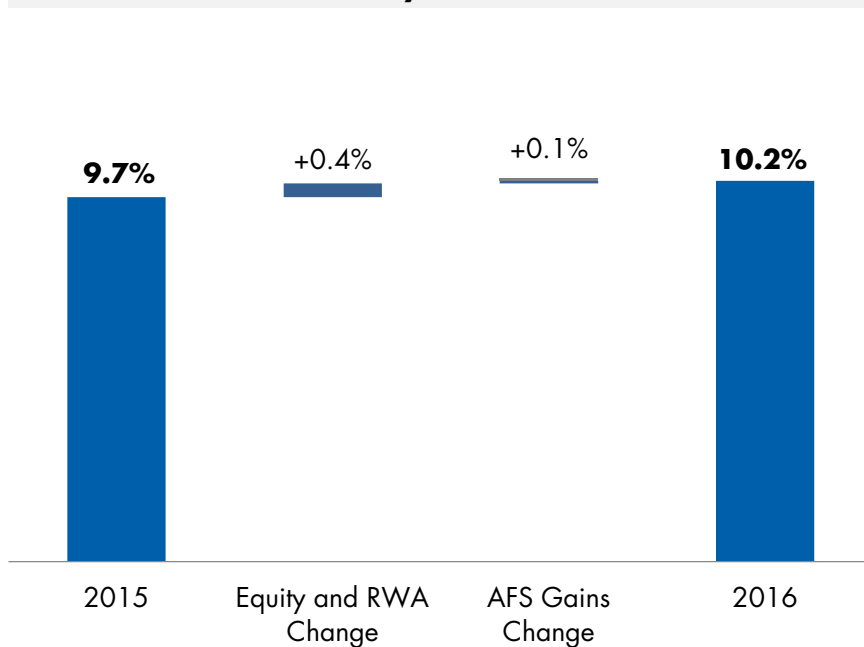


LIQUIDITY AND SOLVENCY (5/5)

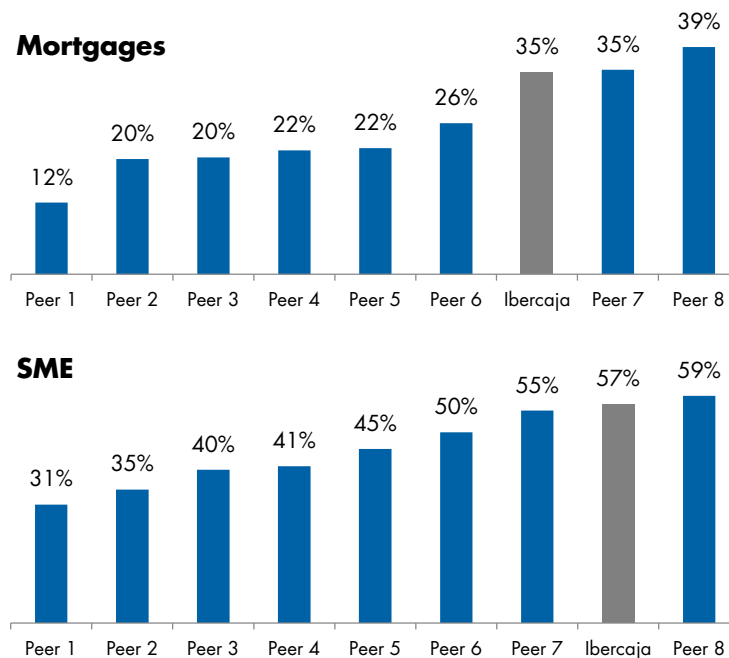
CET1 Fully Loaded ratio – ex CoCos – improves 43 b.p. in 2016 to 10.2%.

- Equity increase and RWA reduction represent 37 b.p. of the improvement.
- RWA / TA stands at 40.4%, based on standard methodology calculation.

CET1 Fully Loaded¹ – %



RWA/ Exposure ²



2017 GUIDANCE

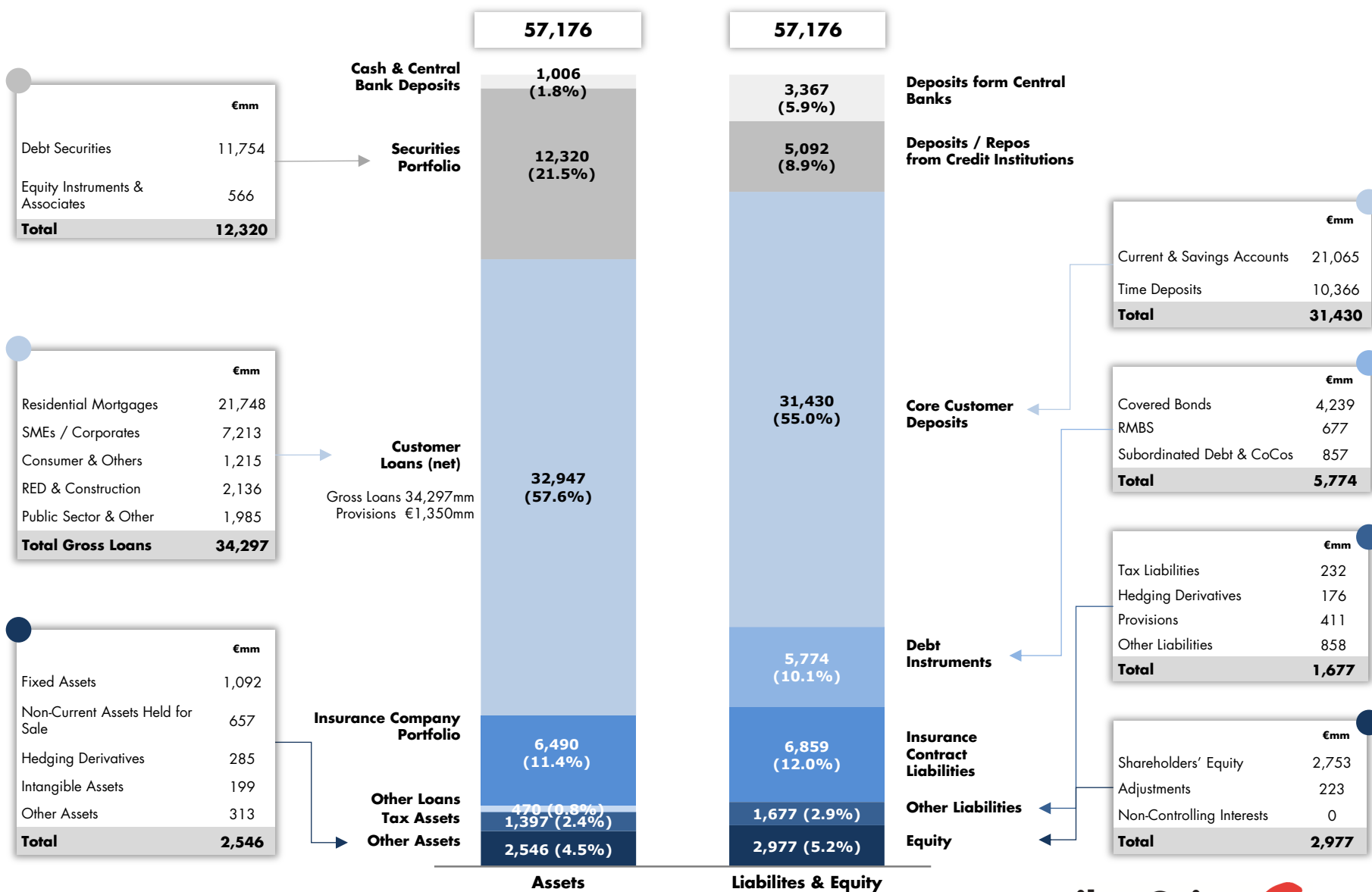
2017 GUIDANCE

Recurring Revenues (Net Interest Income + Net Fee Income)	Recurring Operating Costs	Cost of Risk
>0% YoY (-6% in 2016)	≈0% YoY	< 50 b.p.
Turning point in revenues in 2017 Stabilization of performing loans, lower deposits costs and further AuM will allow for an increase in revenues	Continuous effort in cost reduction	Cost of Risk below the Strategic Plan target After a strong provisioning effort in 2016, impairments will fall significantly in coming quarters

ANNEX 1

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET





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<http://www.ibercaja.com/>