2016 RESULTS

FEBRUARY 24th, 2017

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MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY · RESULTS · ASSET QUALITY · SOLVENCY

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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).

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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%.**

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COMMERCIAL ACTIVITY

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

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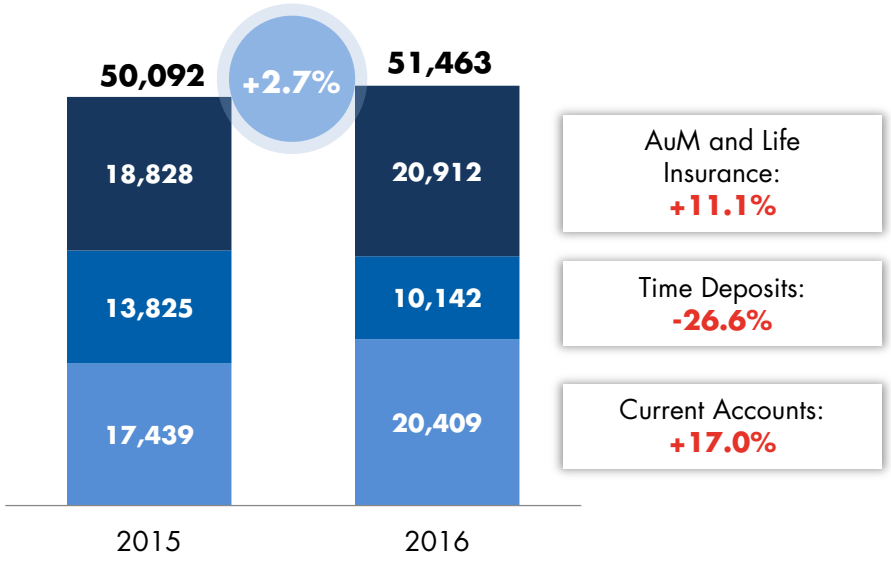
CUSTOMER FUNDS

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

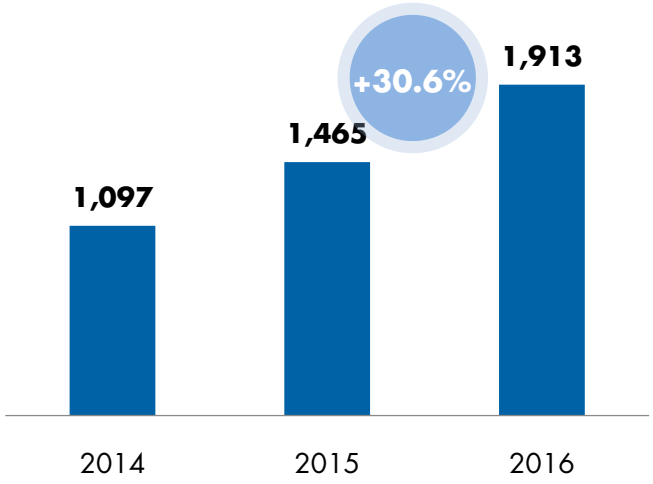
- **Current accounts increase 17.0% YoY** and represent 40% of customer funds.
- **Assets under management** (mutual funds and pension funds) **and life insurance products rise 11.1% YoY,** or €2,085mm and represent 41% of customer funds.

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



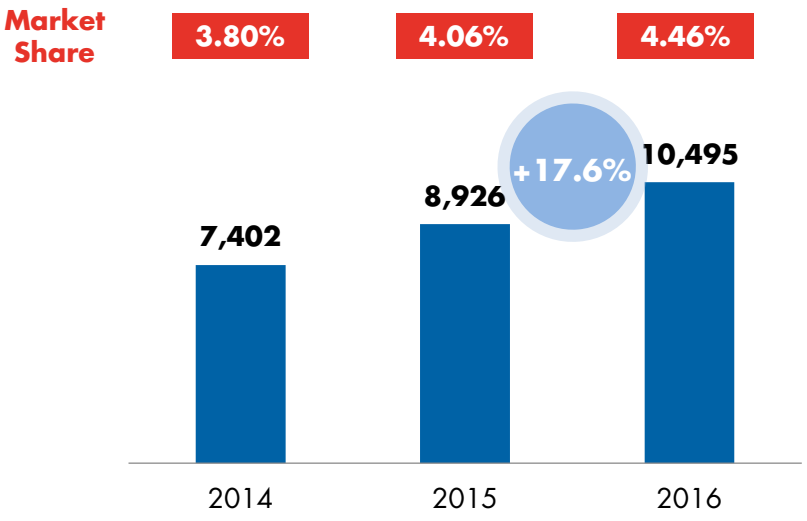
Note: retail network distribution.

MUTUAL FUNDS

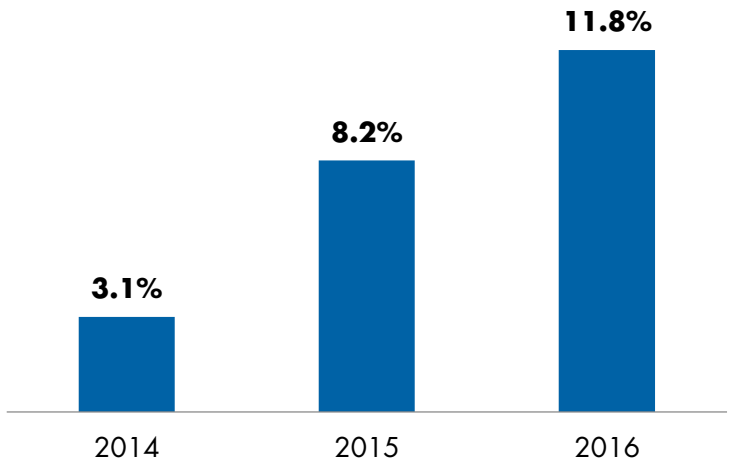
Outstanding market share evolution in mutual funds, with an increase of 40 b.p.

- **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**.

Assets under Management – €mm



Net New Money in Mutual Funds Market Share[1] – %



Source: Inverco; [1] Ibercaja Gestión

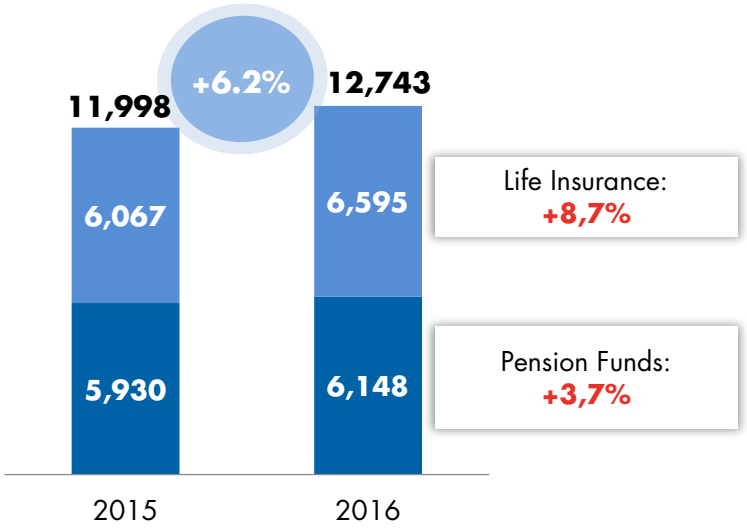
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LONG TERM SAVINGS: LIFE INSURANCE AND PENSION FUNDS

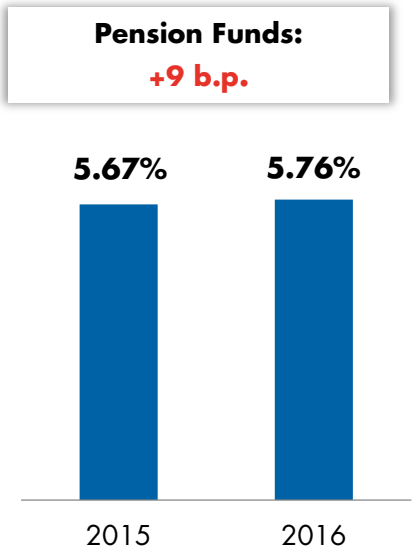
Long term savings products grow 6.2% YoY and reach €12,743mm of assets.

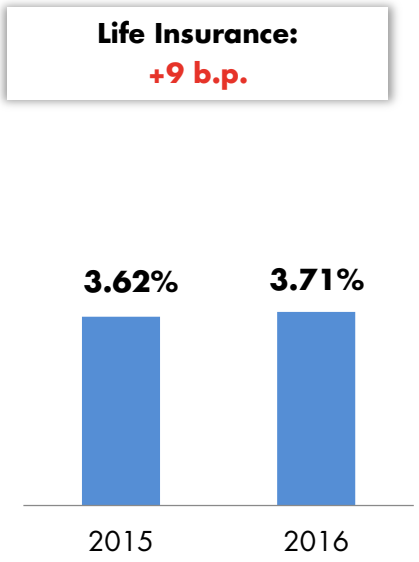
- **New market share increases**: pension funds (+9 b.p.) and life insurance products (+9 b.p.).
- **Customer contributions and transfers from 3rd parties pension plans** amount to **€161mm**, 72% more than in 2015.
- **Systematic individual savings plans** rise **32% YoY** and **life annuities 12% YoY.**

Long Term Savings - €mm



Market Share - %





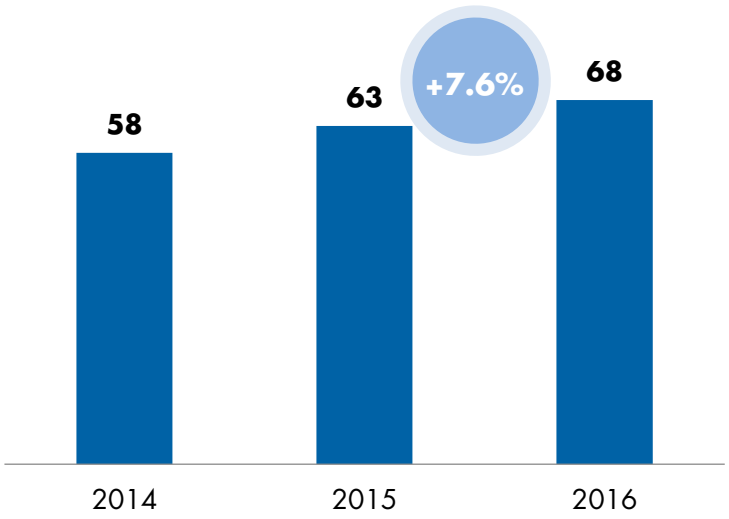
Source: Inverco and ICEA; Total Entity: includes retail network distribution and companies' pension schemes

RISK INSURANCE

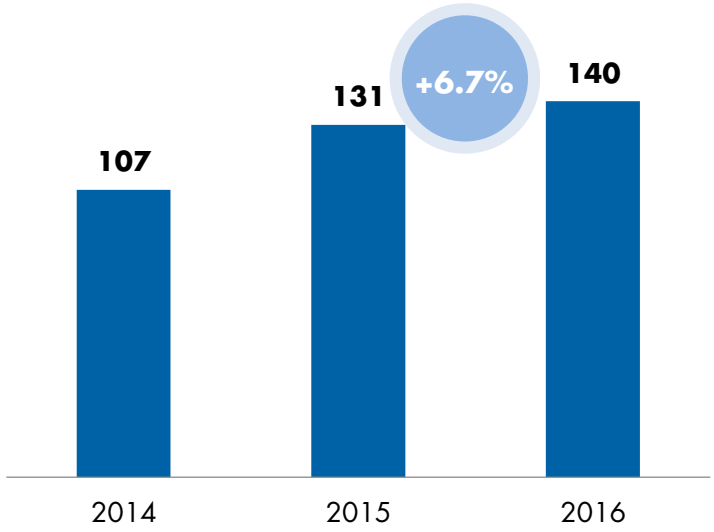
Strong commercial focus in life risk and non-life insurance products:

- 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 Premiums[1] – €mm



[1] Alliance with CASER

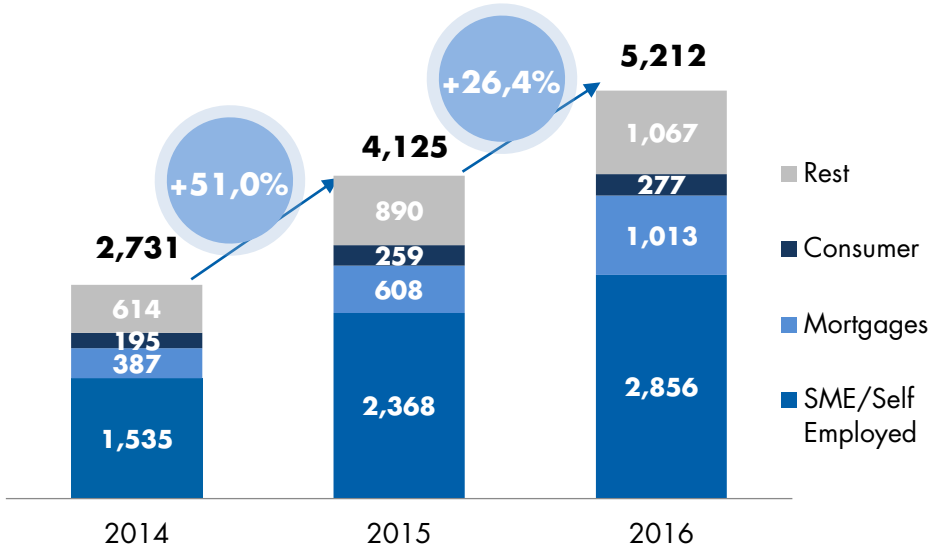
CUSTOMER LOANS (1/2)

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

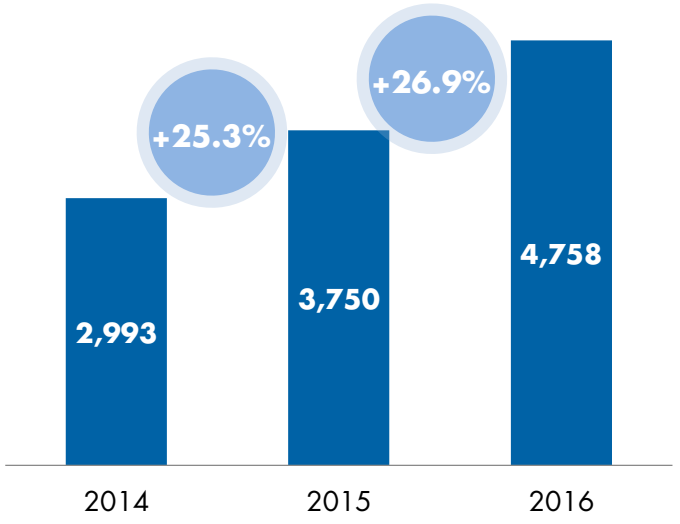
- **New lending to SMEs and self-employed increases 20.6% YoY** to €2,856mm and represent 55% of the new production.
- **Strong progress in mortgage granting** that reaches €1,013mm**, +67% YoY.**

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

New Lending Production[1] – €mm



Accumulated Working Capital Financing – €mm



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

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CUSTOMER LOANS (2/2)

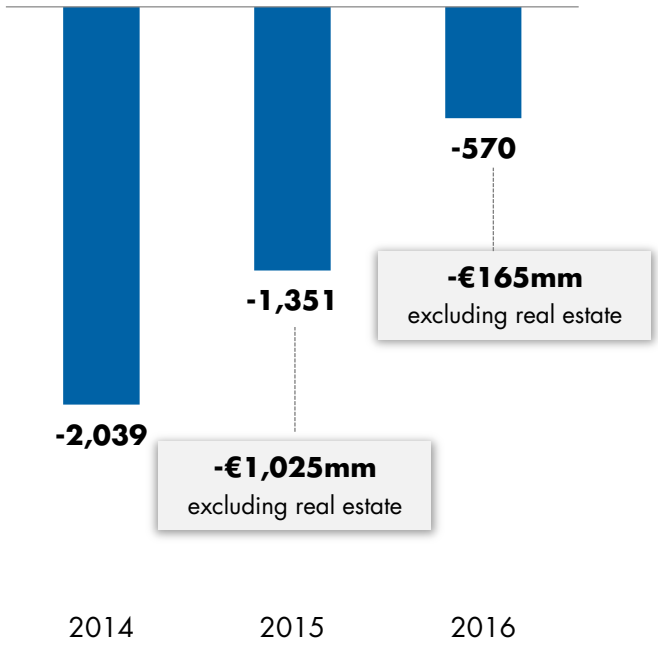
Fall in performing loans ex repo moderates to 1.8% YoY.

- **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



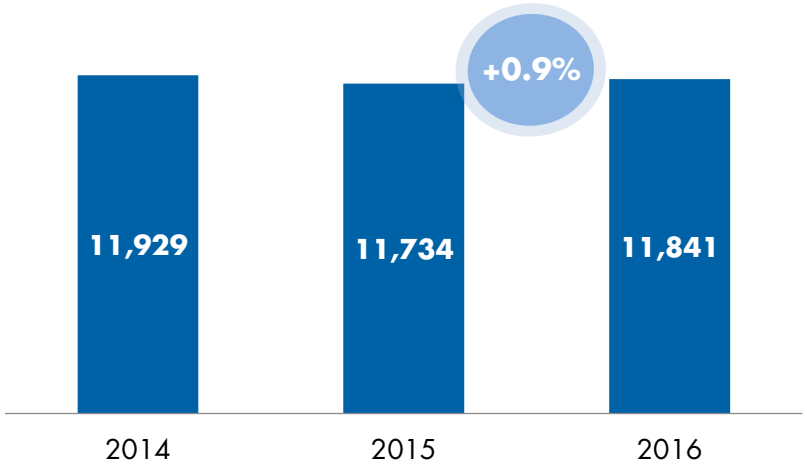
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MAIN REGIONAL MARKETS (1/2)

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.

Performing Loans ex Real Estate in Madrid and Mediterranean Basin– €mm





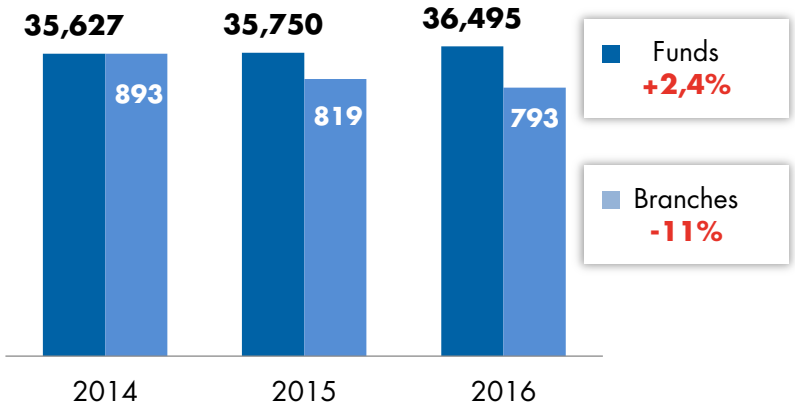
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MAIN REGIONAL MARKETS (2/2)

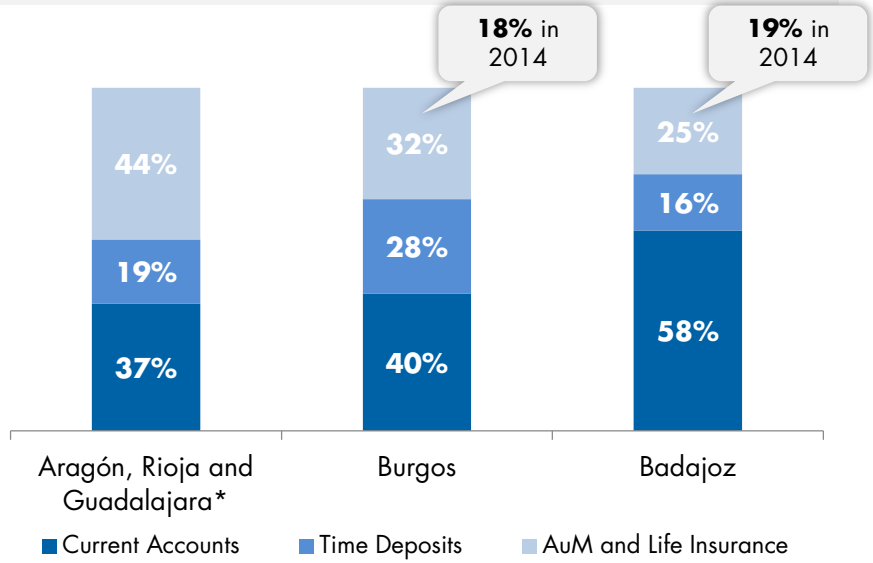
Ibercaja reinforces its leadership in its Home Markets:

- **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



* Original Ibercaja Home Markets

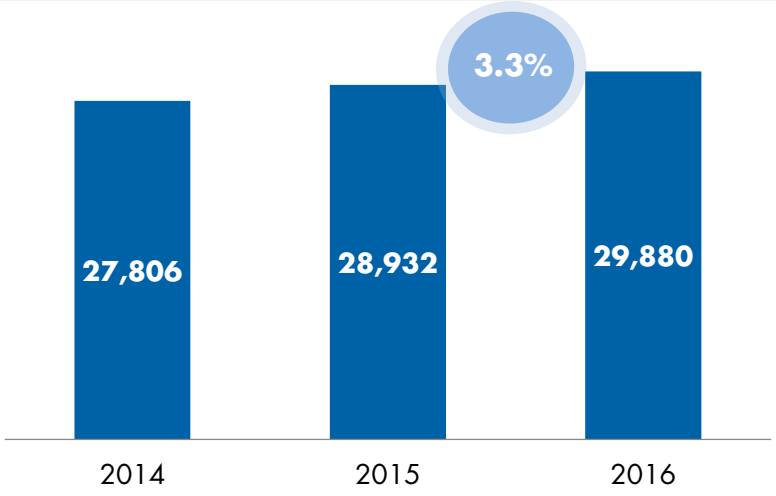
PERSONAL BANKING PROJECT

AENOR conform
Asesoramiento Patrimonio Personal

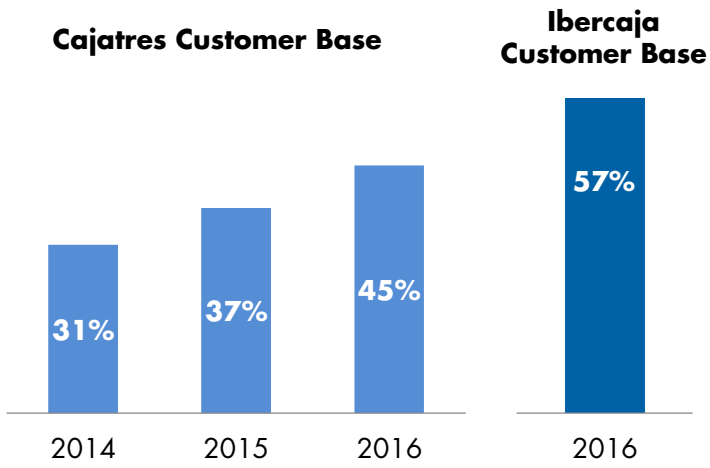
Personal banking project is run by 430 full time specialized advisors in addition to branch managers, that offer a personalized solution to more than 171,900 customers.

- **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



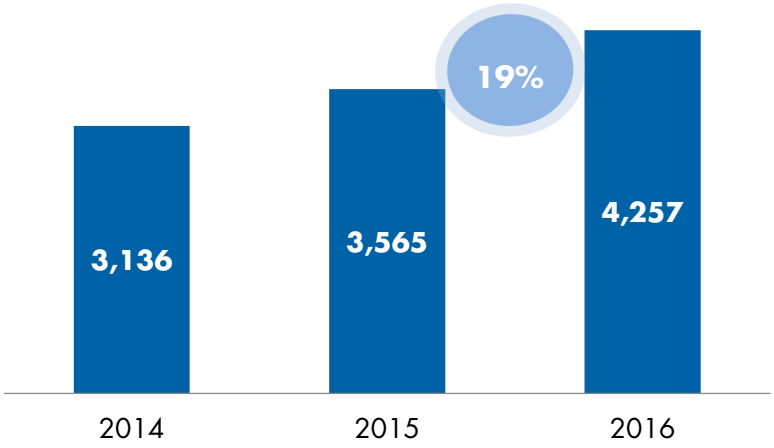
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SME PROJECT

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.

Performing Loans - €mm



Note: SME project is focused on companies with turnover of €1mm to €200mm. It excludes loans to self employed, institutions and small retailers.

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2016 RESULTS

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

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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%**

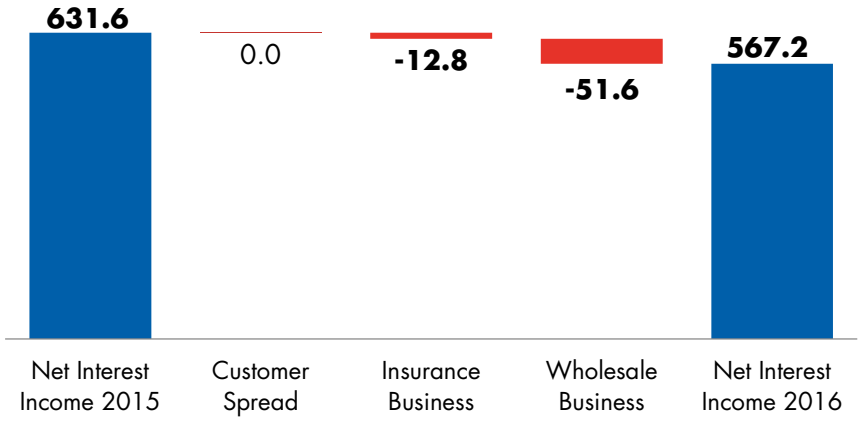
* Other operating results include a net gain of €69.3mm related to the sale of the real estate servicer.

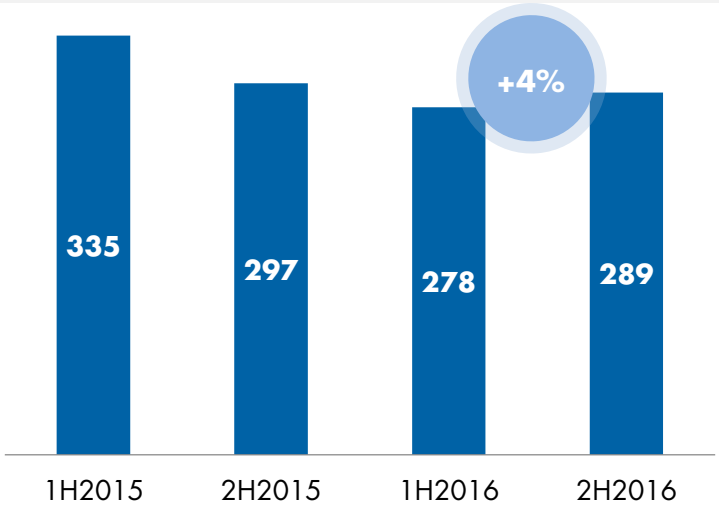
**Taxes & Minorities mainly includes the impact of a binding decision from the Spanish Tax Agency, regarding a tax fund originated in the absorption of Banco Grupo Caja3, with a positive impact of €118mm

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NET INTEREST INCOME

Net Interest Income Evolution – €mm





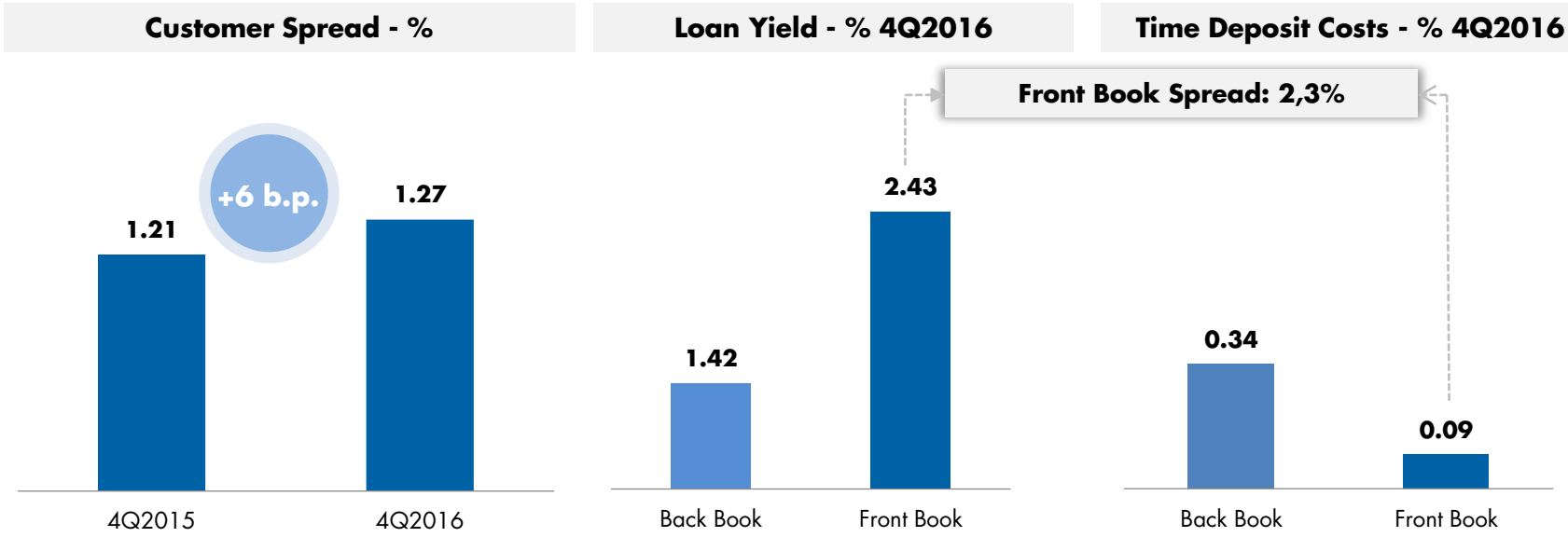
Net interest income decreases 10.2% YoY, in line with the Company guidance provided in 1Q2016.

- **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

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CUSTOMER SPREAD



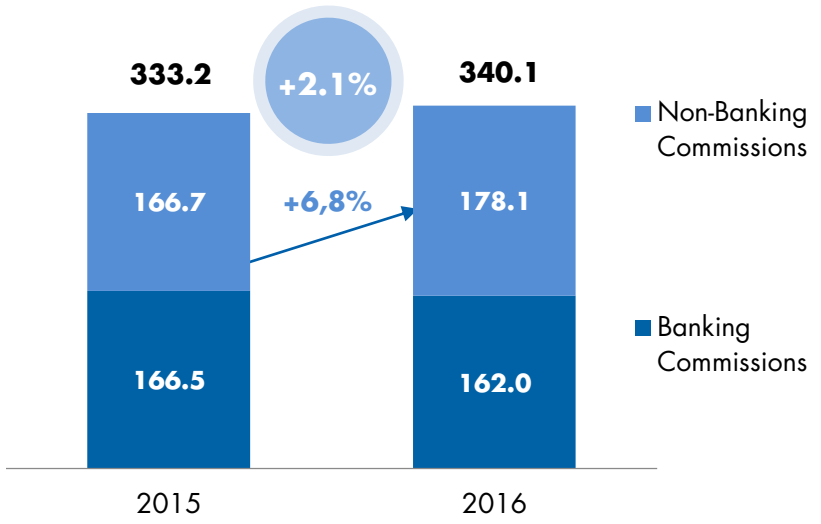
Customer spread improves 6 p.b. YoY.

- **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.

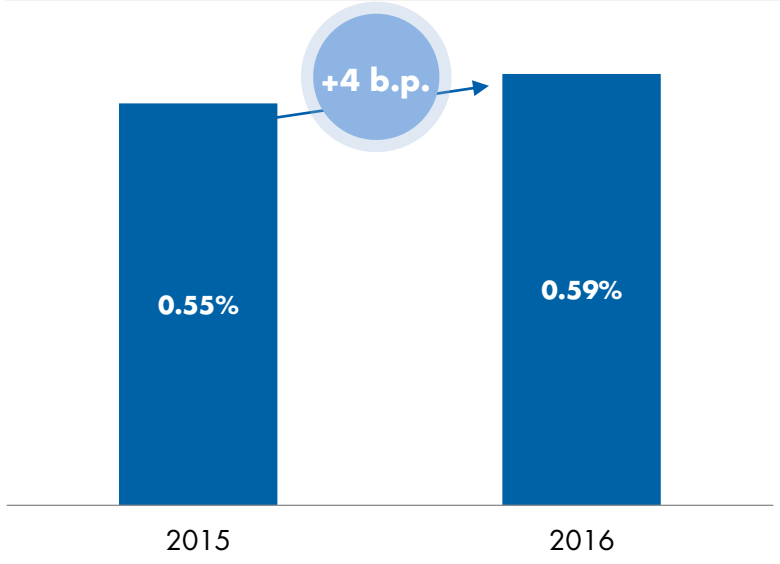
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NET FEE INCOME

Net Fee Income - €mm



Net Fee Income – % ATA



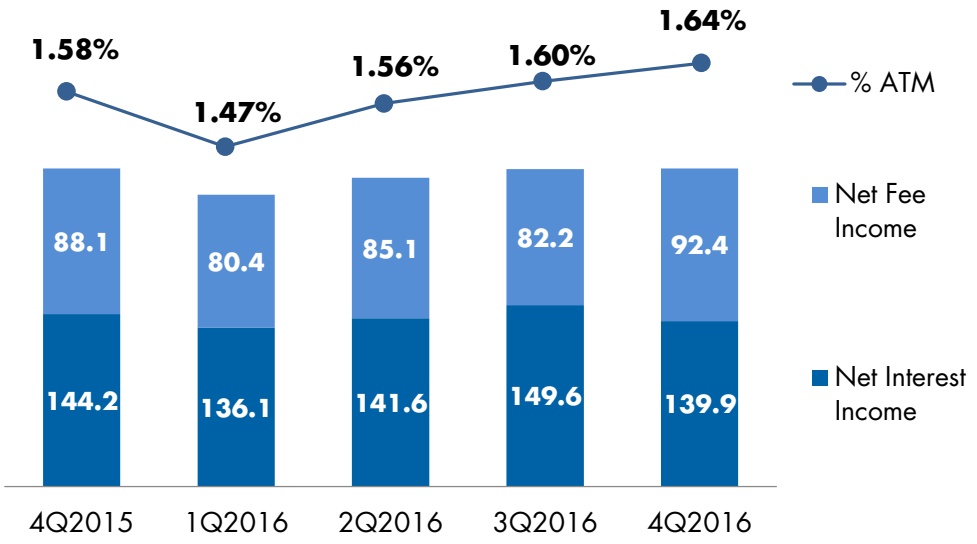
Net fee income grows 2.1% YoY

- **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 SAREB[1].

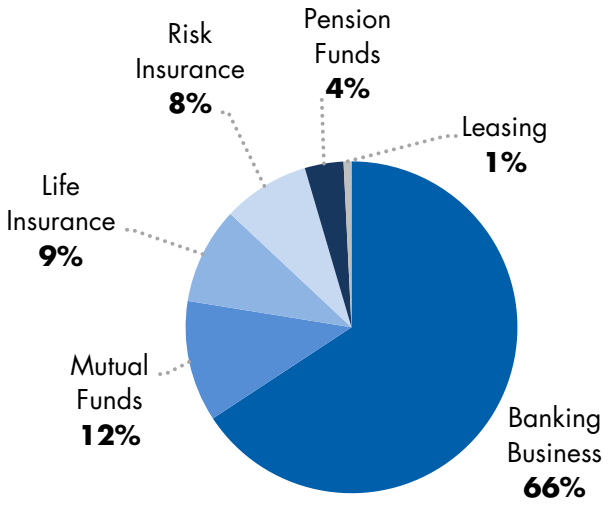
[1] Ibercaja no longer provides servicer activities to SAREB with respect to assets transferred from Cajatres

RECURRING REVENUES

Recurring Revenues - €mm



Gross Margin Breakdown[1] – 2016 €mm

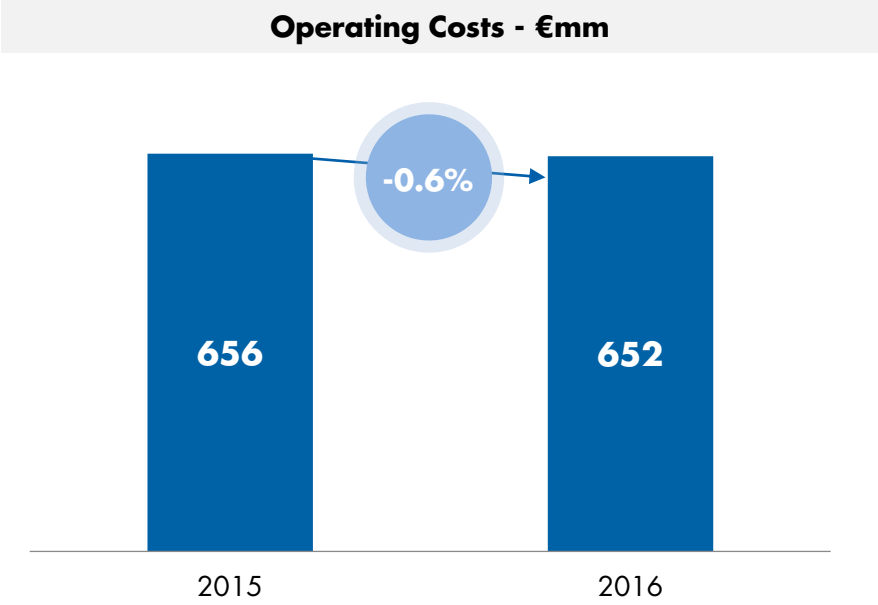


Recurring revenues (net interest income and net fee income) grow 0.2% QoQ and 7% from the lows reached in 1Q2016.

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

[1] Excluding trading income and servicer sale gains.

OPERATING COSTS

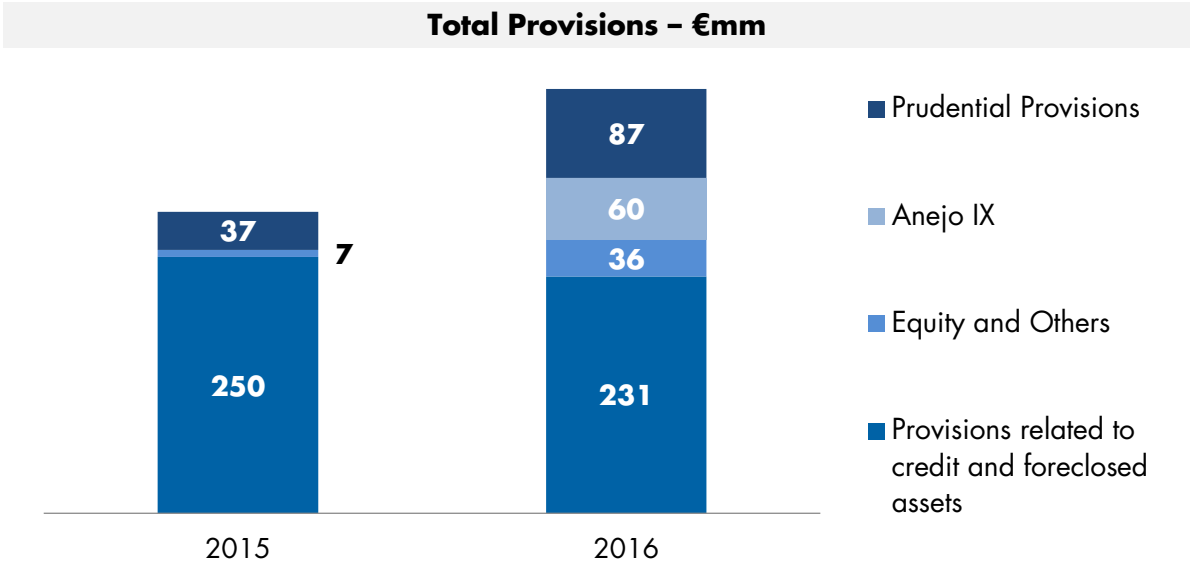


Total operating costs decrease 0.6% YoY, in line with Company guidance.

- **Personnel costs fall 4.7% YoY** and offset the increase in general costs related to Aktua agreement[1].
- Excluding costs related to Aktua agreement, total operating costs fall 3.3% YoY.

[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



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).

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ASSET QUALITY, LIQUIDITY AND SOLVENCY

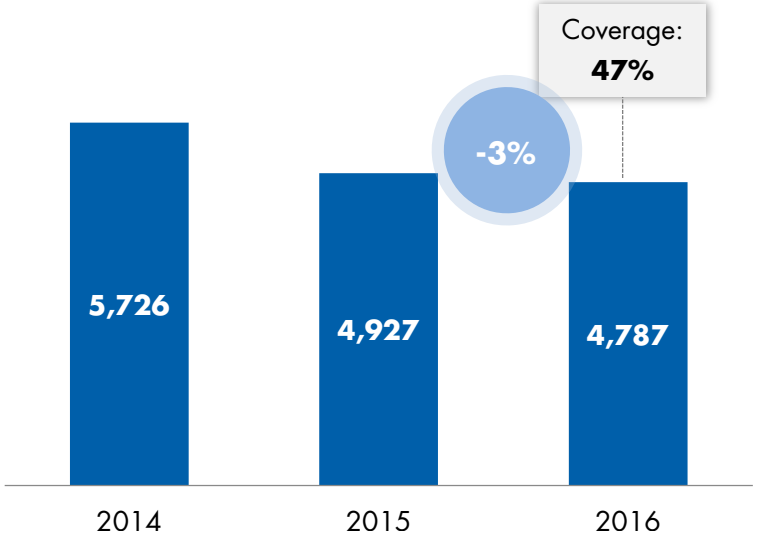
ASSET QUALITY (1/3)

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

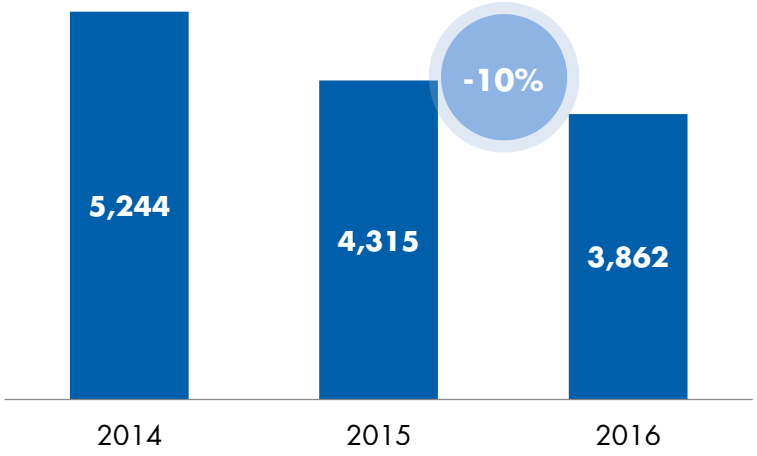
Coverage of problematic assets stands at 47%.

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



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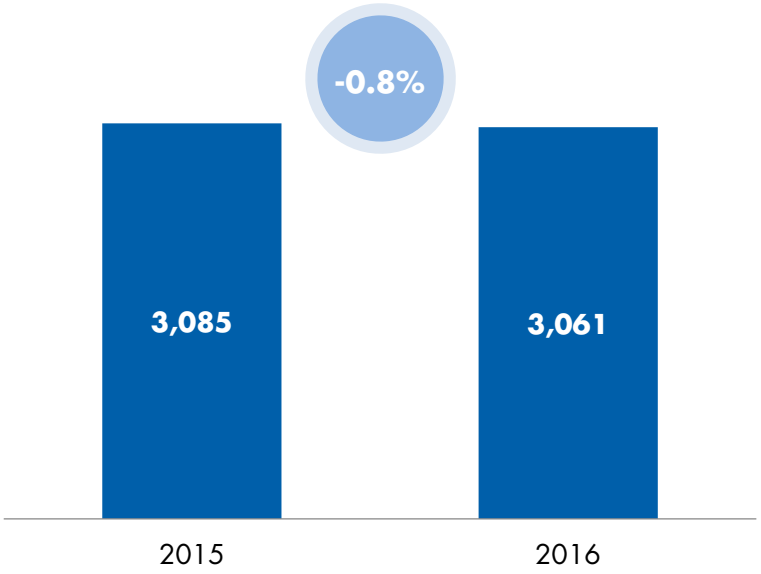
ASSET QUALITY (2/3)

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

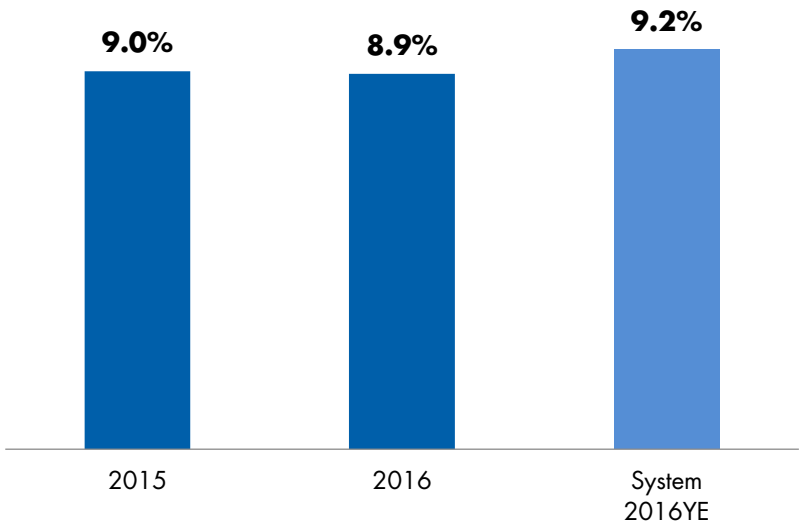
- The NPL ratio stands 25 b.p. below the system average.

Doubtful loans coverage ratio is 45%.

Doubtful Loans – €mm



NPL Ratio - %



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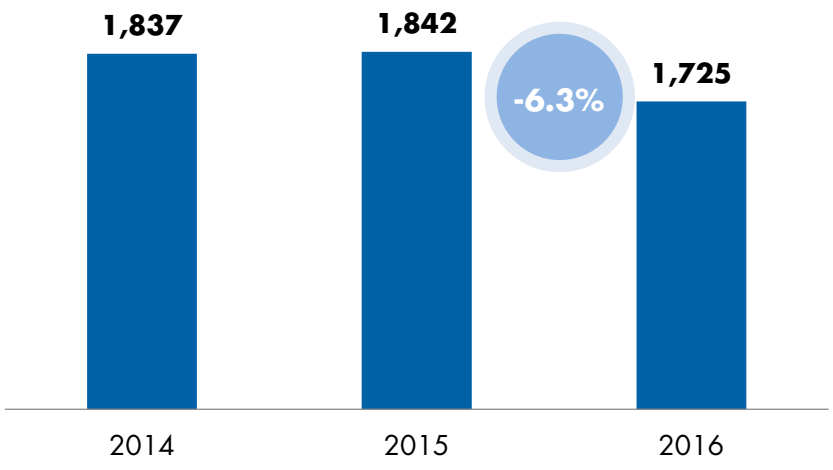
ASSET QUALITY (3/3)

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).

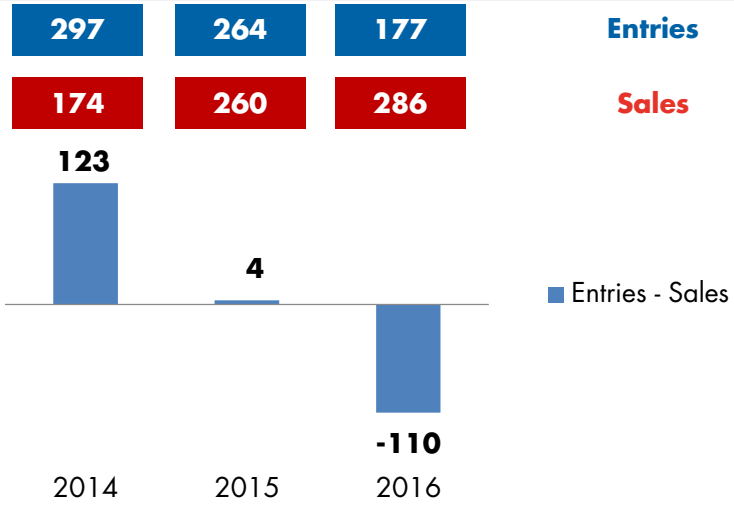
Coverage ratio stands at 52%.

- 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



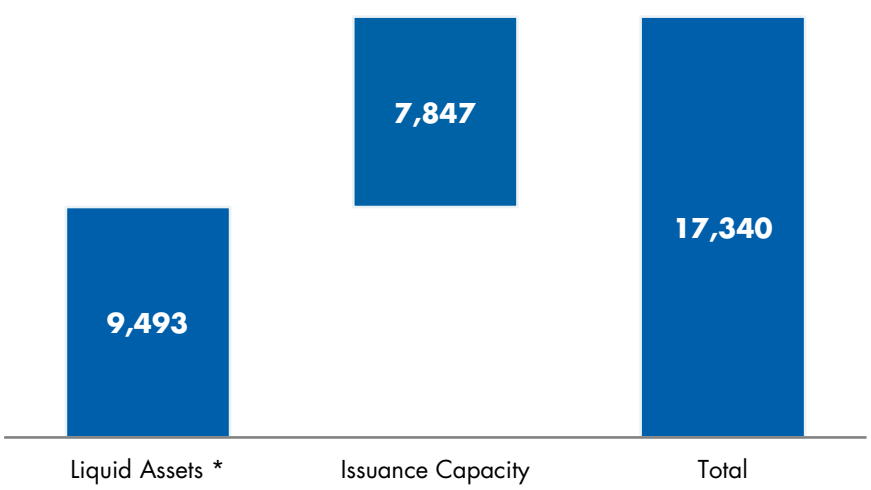
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LIQUIDITY AND SOLVENCY (1/5)

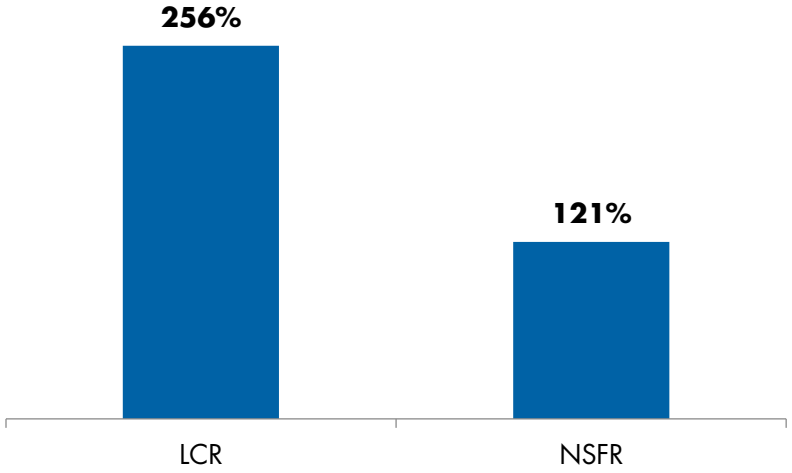
Sound Liquidity Position:

- **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



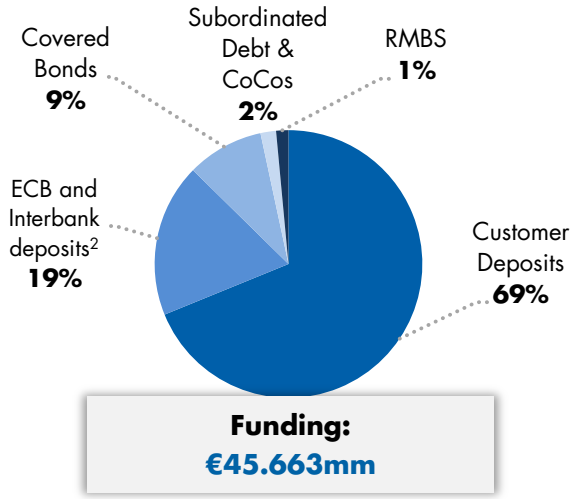
*Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

LIQUIDITY AND SOLVENCY (2/5)

Well diversified funding structure :

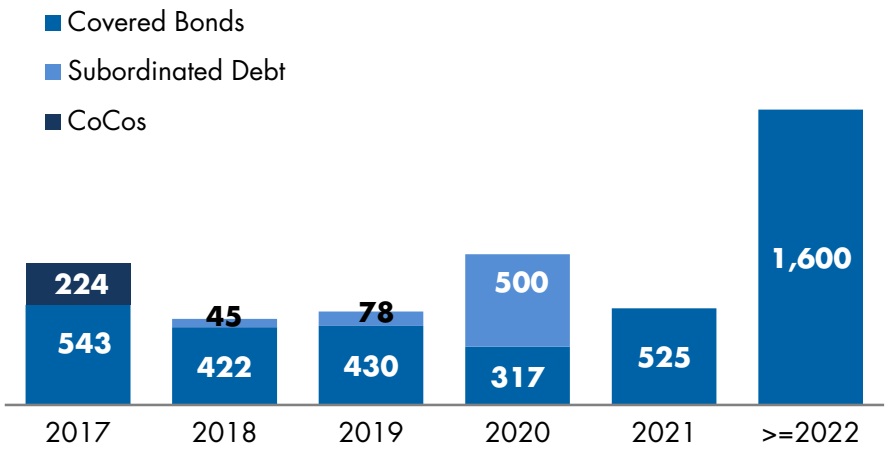
- **Loan to deposits** ratio reaches **97,8%**[1].
- **Customer deposits** represent **69% of total funding.**
- ECB: 3,372Mn€ (5.8% of total assets), 100% TLTRO II.
- **No significant concentration** in institutional funding **maturities** (below 1.5% of assets every year).

Funding Structure – 2016



Funding:
€45.663mm

Maturity Profile – €mm



[1]Net Loans ex. securitised loans / Customer deposits ex. repos + Securities distributed through the branch network.
[2] Includes long term financing from institutional banks such as ICO and EIB

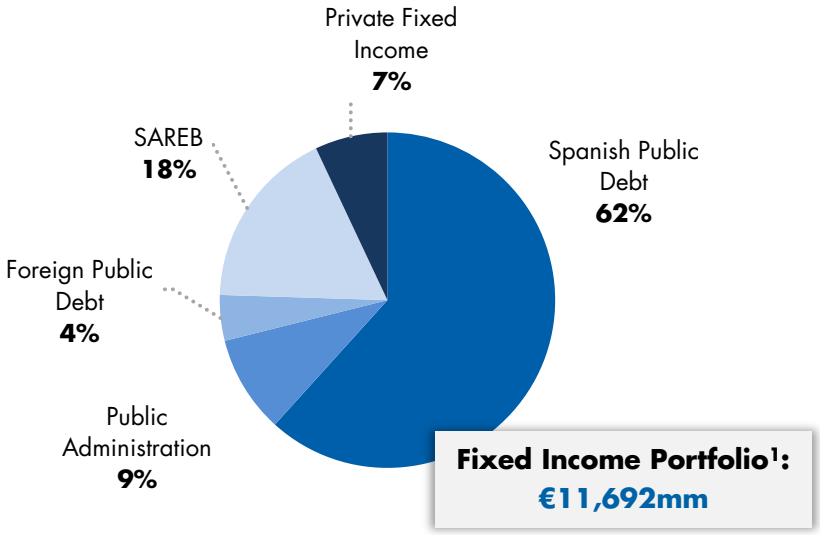
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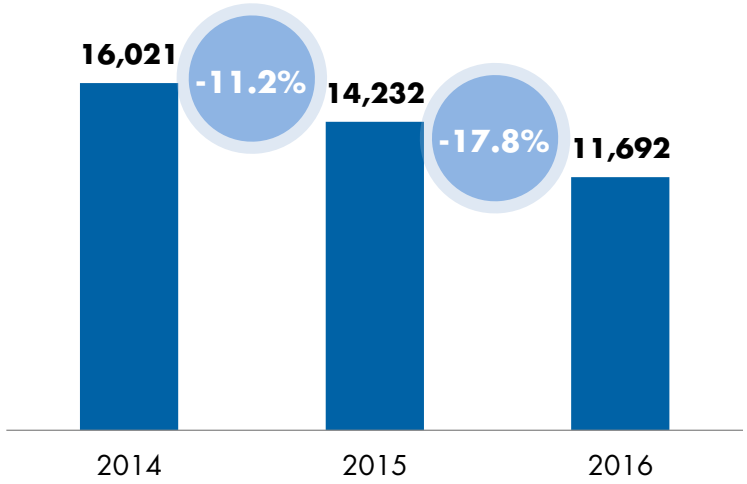
LIQUIDITY AND SOLVENCY (3/5)

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%**.

Fixed Income Portfolio – €mm





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

LIQUIDITY AND SOLVENCY (4/5)

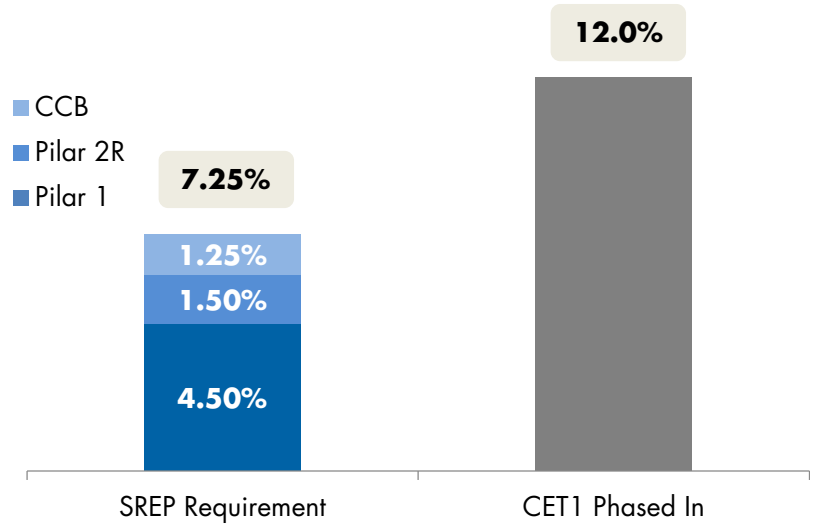
CET1 Phased In ratio improves 5 b.p. to 12% vs. SREP requirement of 7.25%.

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.

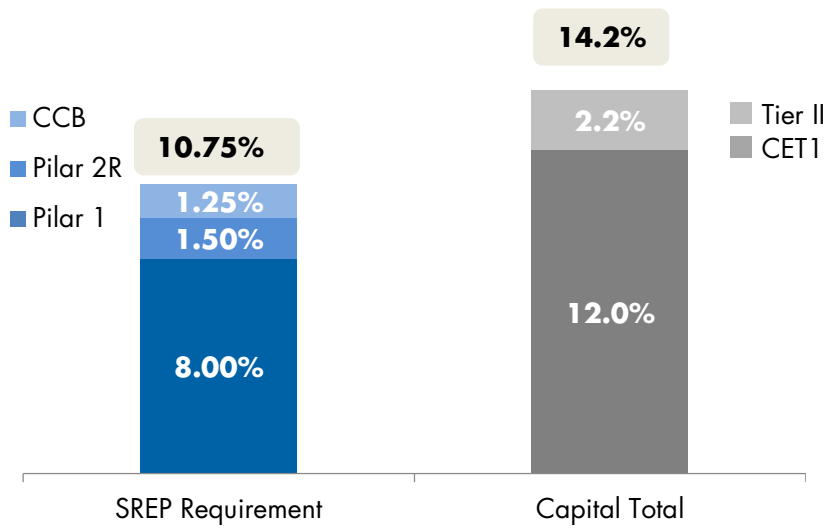
Total Capital ratio stands at 14.2%.

Leverage ratio reaches 5.4% (Phased In).

CET1 Phased In – 2016



Total Capital Phased In – 2016

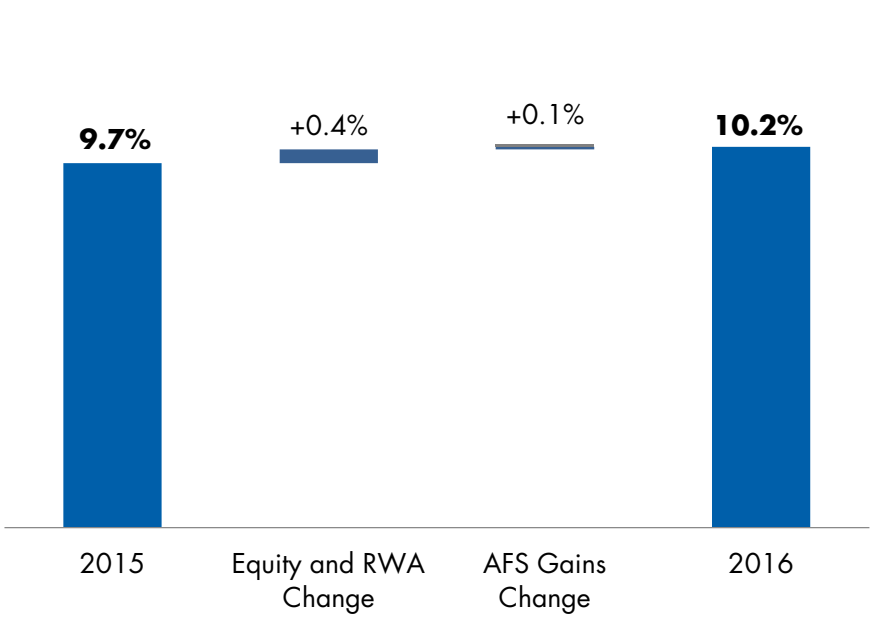


LIQUIDITY AND SOLVENCY (5/5)

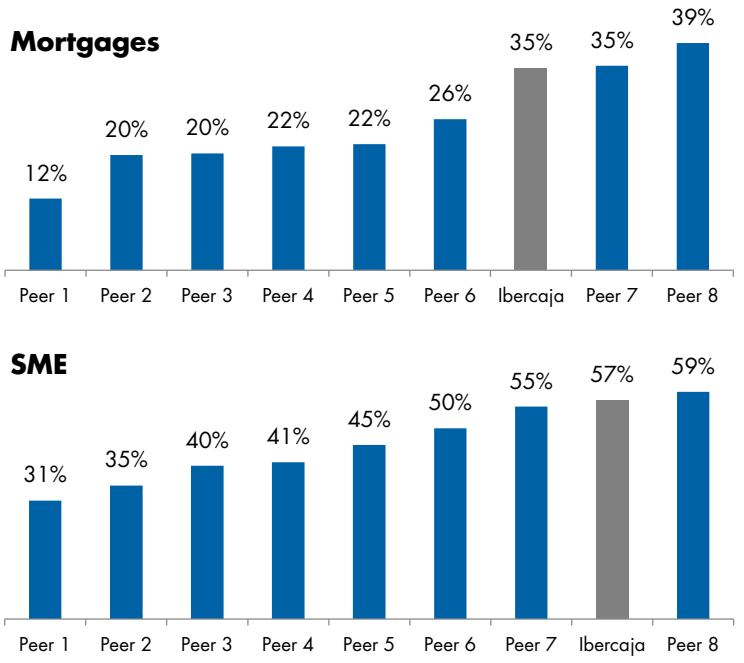
CET1 Fully Loaded ratio – ex CoCos – improves 43 b.p. in 2016 to 10.2%.

- 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 Loaded[1] – %



RWA/ Exposure [2]



[1] Excluding CoCos, including sovereign AFS gains
[2] EBA transparency exercise 2016, Spanish listed banks.

2017 GUIDANCE

2017 GUIDANCE

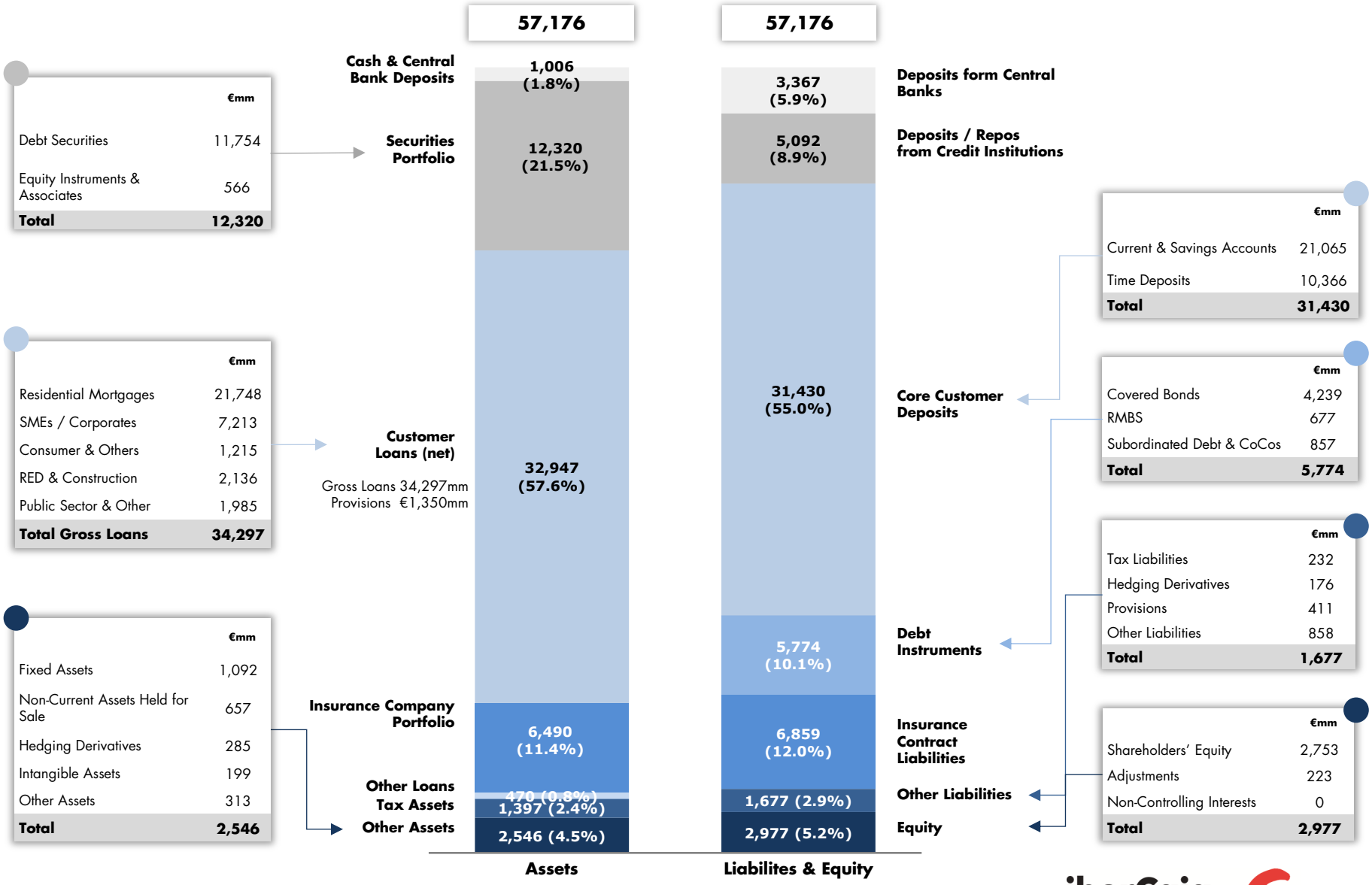
Recurring Revenues (Net Interest Income + Net Fee Income)	Recurring Operating Costs	Cost of Risk
>0% YoY (-6% in 2016)	≈0% YoY	< 50 b.p.
Turning point in revenues in 2017 Stabilization of performing loans, lower deposits costs and further AuM will allow for an increase in revenues	**Continuous effort 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

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ANNEX 1

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET



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For more information, VISIT OUR WEBSITE:
http://www.ibercaja.com/