1Q2017 RESULTS

MAY 19TH 2017

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MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY · RESULTS · ASSET QUALITY · SOLVENCY

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MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY

» **AuM and life insurance products** rise **15.8% YoY,** or €2,964mm, thanks to a historical quarter in net new money.

» **Mutual funds market share** reaches **4.56%,** +46 b.p. vs. 1Q2016.

» Ibercaja Banco has received **3 Expansion AllFunds awards**: **best national mutual fund management company, best pension fund management company and best fixed income management company.**

» **New lending** increases **34.3% YoY** and reaches €1,202mm in the quarter.

» **Performing loans to non-real estate companies** rise **10.3% YoY.**

RESULTS

» **Net profit** increases **30.5% YoY** reaching €37.7mm.

» **Consolidated core revenues**, net interest income + net fee income, grow **2.4% YoY.**

» **Provisions related to credit and foreclosed assets** drop **52% YoY. Cost of risk** falls to **34 b.p.**

» **Trading gains** in the quarter, **€76mm**, dedicated to increase **prudential provisions.** These prudential provisions are enough to cover the cost of the recently announced redundancy plan which is currently in effect.

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MAIN HIGHLIGHTS

ASSET QUALITY

» **Stock of problematic assets** (doubtful loans and foreclosed assets) falls **1.9% vs. YE2016** or €93mm.

» **Coverage ratio of problematic assets** stands at **48%.**

» **Foreclosed assets sales** rise **84% YoY.** The bank releases €8mm of provisions as a result of these sales.

SOLVENCY

» **CET1 Phased In ratio** of **11.0%** vs. SREP requirement of 7.25%.

» **Total Capital ratio** stands at **13.2%** vs. SREP requirement of 10.75%.

» During the quarter Ibercaja has amortized **€223mm** of **CoCos.** As a result, Ibercaja has fully redeemed **€407mm** of CoCos from Cajatres without selling strategic assets or increasing capital.

» **CET1 Fully Loaded** improves 8 b.p. in the quarter to **10.25%.**

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COMMERCIAL ACTIVITY

DIVERSIFIED REVENUE GENERATION · BANKING BUSINESS · MUTUAL FUNDS · LIFE INSURANCE AND PENSION FUNDS · RECOGNIZED BUSINESS MODEL · RISK INSURANCE

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DIVERSIFIED REVENUE GENERATION

Strong evolution in AuM and Bancassurance together with improving commercial activity in the banking business translate into core revenue growth in YoY terms.

Bank commercial strategy and 100% ownership of the subsidiaries result in more than 30% of core revenues coming from AuM and Bancassurance activities.

Contribution to Core Revenues (Net Interest Income + Net Fee Income) – % 1Q2017

Risk Insurance
Risk insurance premiums advance 7.2% YoY.

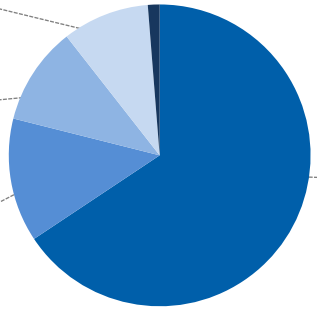
9%

Long Term Savings
Long term savings products grow 6.6% YoY.

11%

Mutual Funds
Assets under management rise 26.1% YoY.

13%



66%

Banking Business
New lending in the quarter increases 34.3% YoY.

Customer funds grow 3.1% YoY with additional improvement in the mix.

AuM and Bancassurance Revenues: +8% YoY

Core Revenues: +2.4% YoY

Banking Business Revenues: +0% YoY
(vs. -18% in 1Q2016)

xx% Contribution to Core Revenues (Net Interest Income + Net Fee Income)

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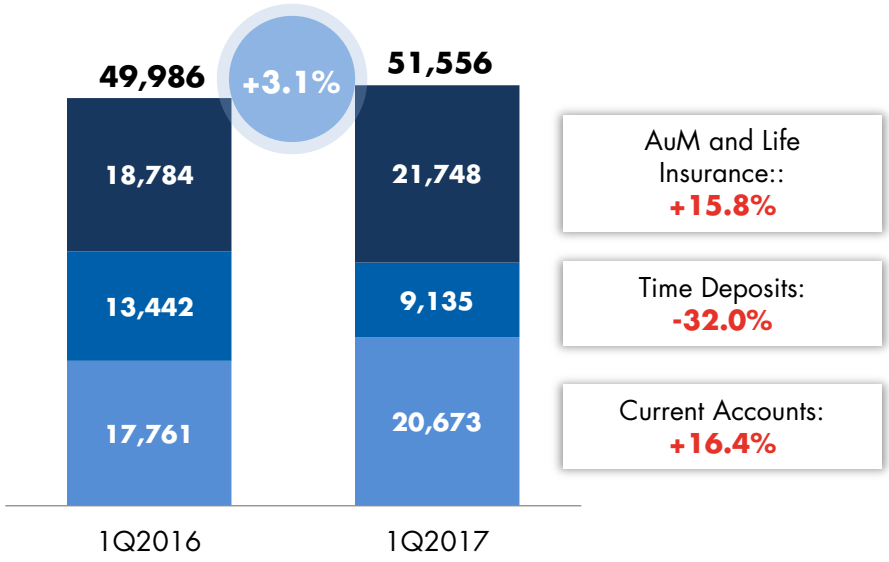
BANKING BUSINESS: CUSTOMER FUNDS

Customer funds grow 3.1% YoY (€1,570mm) with additional improvement in the mix:

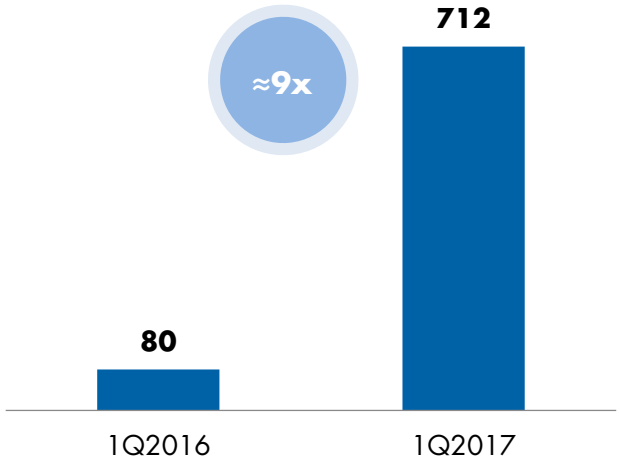
- **Current accounts increase 16.4% YoY,** representing 40% of total customer funds.
- **AuM** (mutual funds and pension funds) **and life insurance rise 15.8% YoY,** or €2,964mm, accounting for 42% of customer funds.

Net new money into AuM and life insurance products exceeds €700mm in 1Q2017, a historical quarter for the bank and 9x above 1Q2016 levels.

Recursos Minoristas – €mm



Net New Money AuM and Life Insurance – €mm



Note: retail network distribution..

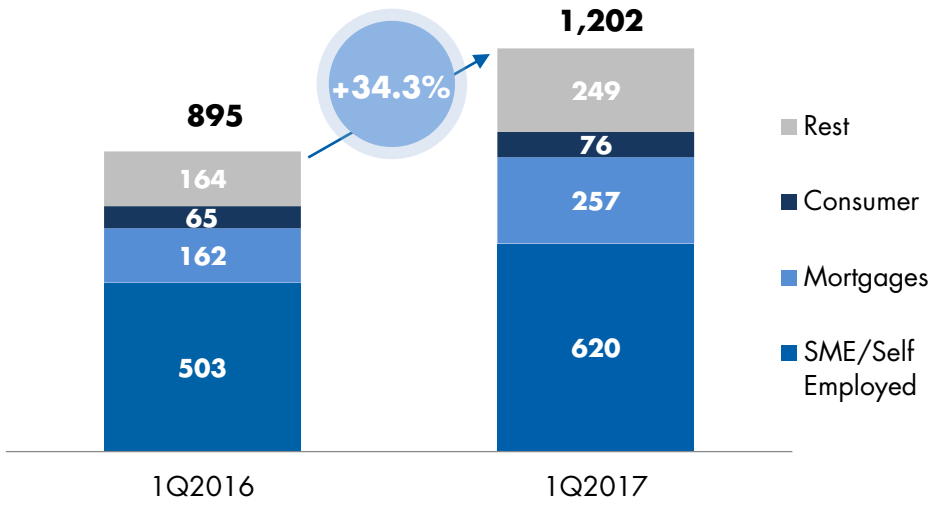
BANKING BUSINESS: CUSTOMER LOANS (1/2)

New lending in the quarter reaches €1,202mm, 34.3% more than in 1Q2016.

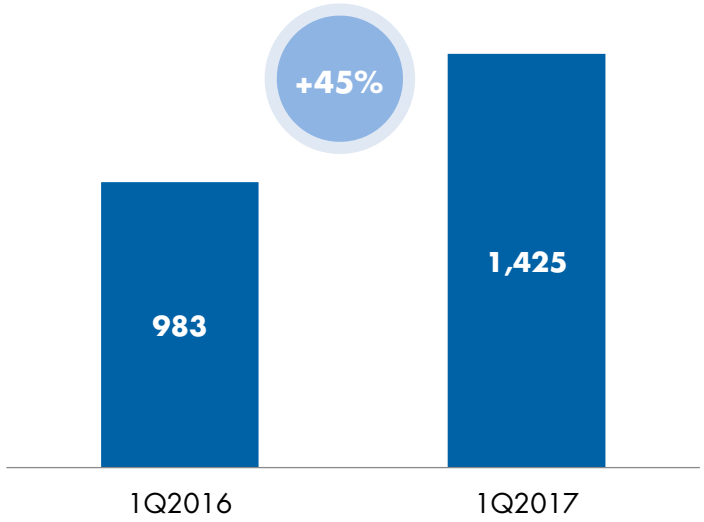
- **New lending to SMEs and self-employed increases 23.2% YoY** to €620mm and represents 52% of new lending.
- **Mortgage granting grows 58%** and exceeds €250mm.

In addition, accumulated working capital financing reaches €1,425mm, +45% YoY.

New Lending Production[1] – €mm



Accumulated Working Capital Financing – €mm



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

BANKING BUSINESS: CUSTOMER LOANS (2/2)

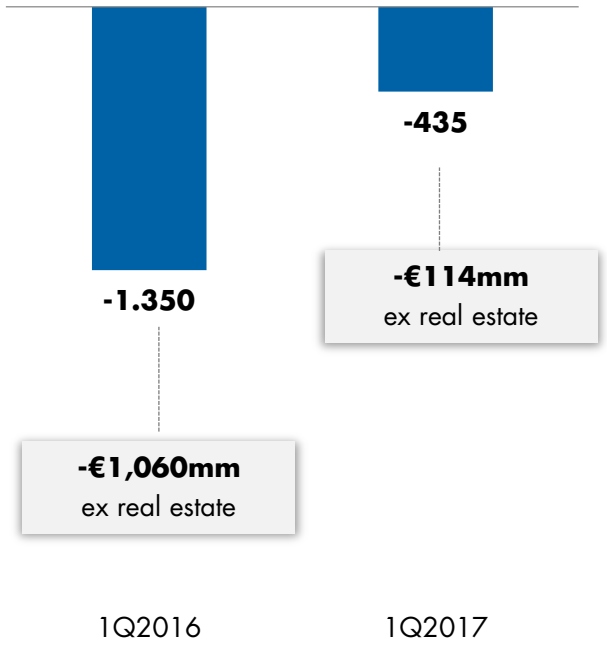
Fall in performing loans ex repo moderates to 1.4% YoY.

- **Performing loans to non-real estate companies** rise **10.3% YoY** and **consumer loans grow 3.1% YoY**
- Excluding loans to real estate companies (which fall 25% YoY), **performing loans fall just 0.4% YoY.**

Customer Loans – €mm

	1Q2016	1Q2017	Var.
Loans to Individuals	**22,423**	**21,736**	**-3.1%**
Mortgages	21,336	20,616	-3.4%
Consumer and Others	1,087	1,120	3.1%
Loans to Companies	**7,016**	**7,285**	**3.8%**
Real Estate Companies	1,278	958	-25.1%
Non-Real Estate Companies	5,738	6,327	10.3%
Public Sector and Others	**973**	**957**	**-1.6%**
Performing Loans ex Repo	**30,412**	**29,977**	**-1.4%**
Repo	529	993	87.5%
Doubtful Loans	3,032	3,007	-0.8%
Total Gross Loans	**33.974**	**33.977**	**0.0%**

Performing Loans Evolution YoY – €mm



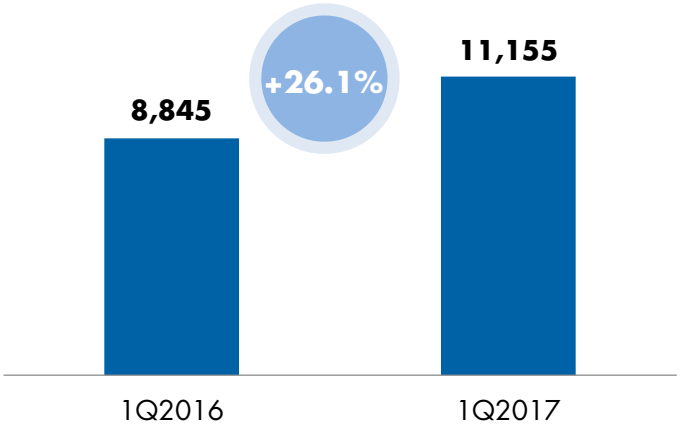
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MUTUAL FUNDS

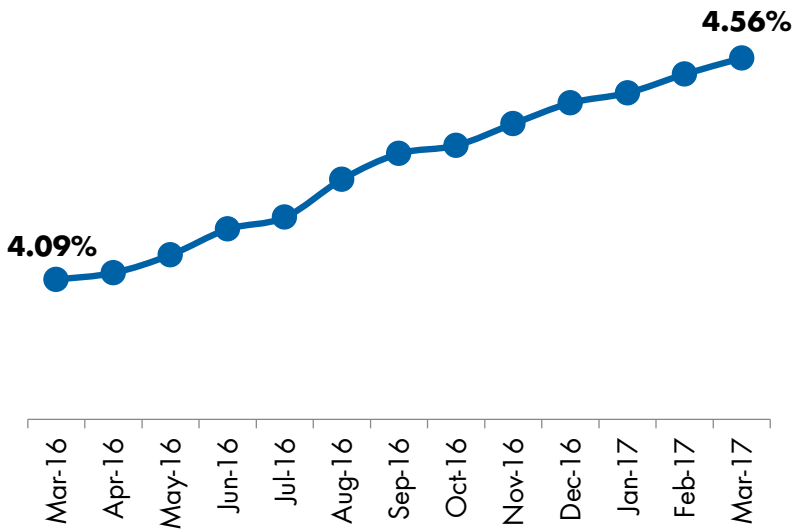
Exceptional evolution in mutual funds:

- **Assets under management rise 26.1% YoY.**
- Ibercaja Banco has achieved **12 months of continuous market share gains, reaching 4.56% as of March 2017,** +46 b.p. vs. 1Q2016.
- With €575mm in the quarter, **Ibercaja Gestión is the 4th mutual fund management company in terms of net new money, reaching a 9.4% market share** in 1Q2017.

Assets under Management – €mm



Monthly Mutual Funds Market Share – %



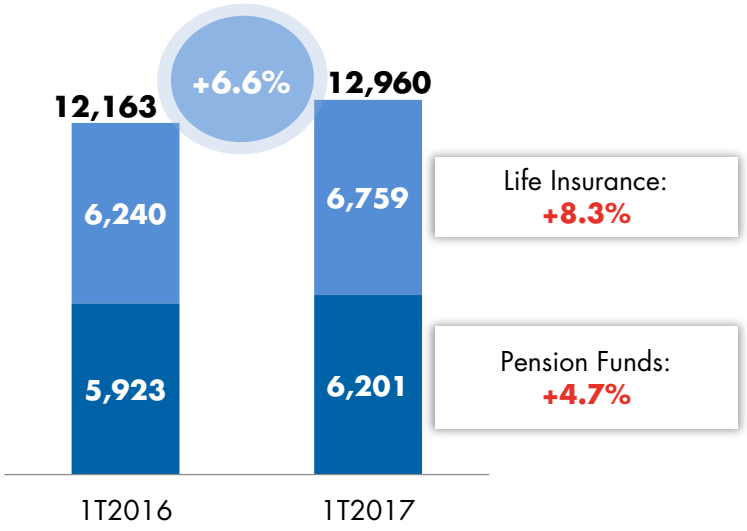
Source: Inverco

LONG TERM SAVINGS: LIFE INSURANCE AND PENSION FUNDS

Long term savings products advance 6.6% YoY to €12,960mm:

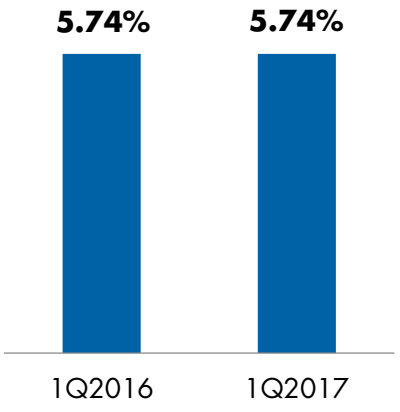
- **Systematic individual savings plans** and **life annuities** grow **11.6% YoY** and **8.2%,** respectively.
- **Individual pension plans** rise **9.2% YoY** thanks to an increase in customer contributions of 17.8% YoY and a 94.5% YoY increase in transfers from 3rd party pension plans.

Long Term Savings - €mm

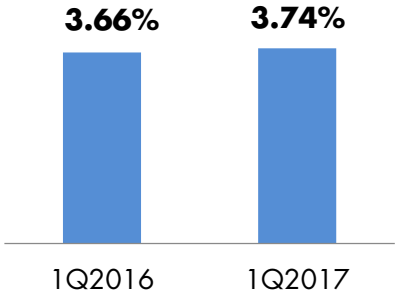


Market Share - %

Pension Funds: +0 b.p.



Life Insurance: +8 b.p.



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

RECOGNIZED BUSINESS MODEL

Ibercaja Banco has received 3 Expansion AllFunds awards

- These awards endorse Ibercaja Financial Group **soundness and investment track record** as well as the **differential positioning** of Ibercaja Banco in the asset gathering business and Bancassurance.
- It is the first time that a Financial Group has been awarded with 3 jury awards in one year.



Ibercaja Gestión
Best National Mutual Fund Management Company



Ibercaja Gestión
Best Fixed Income Management Company



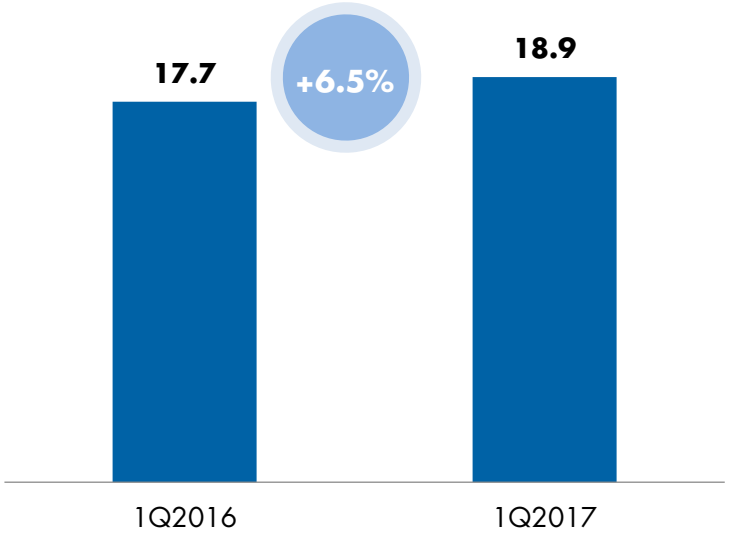
Ibercaja Pension
Best Pension Fund Management Company
(2 years in a row)

RISK INSURANCE

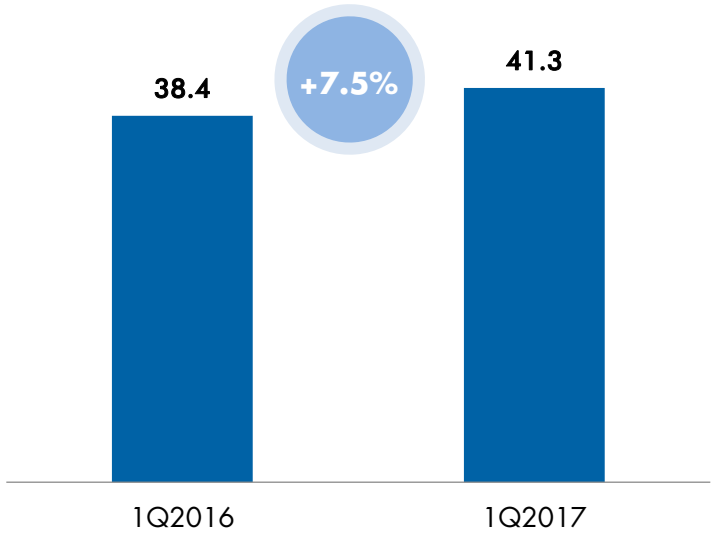
Risk insurance premiums (life risk and non-life [1]) rise 7.2% YoY thanks to a strong commercial momentum in new premium production:

- **New life risk insurance premiums** grow **27.8% YoY.**
- **New premiums in non-life insurance** increase **12.0% YoY** with strong evolution in home and health insurance (+20% YoY and +10% YoY, respectively).

Life Risk Insurance Premiums – €mm



Non-Life Insurance Premiums[1] – €mm



[1] Premiums collected from CASER insurance products

1Q2017 RESULTS

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

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P&L ACCOUNT

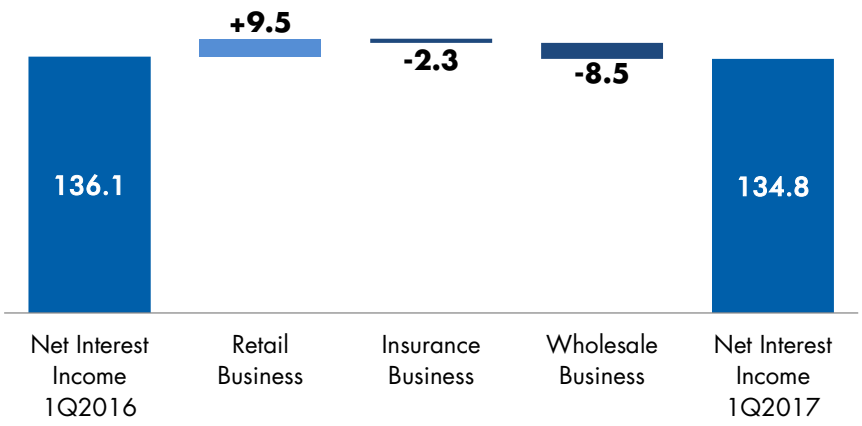
€mm	1Q2016	1Q2017	YoY
Net Interest Income	**136,1**	**134,8**	**-0.9%**
Net Fee Income	80.4	86.9	8.1%
Trading Income	17.8	76.0	327.8%
Other Operating Inc. / Exp. (Net) *	72.2	12.3	-83.0%
Gross Operating Income	**306.4**	**310.0**	**1.2%**
Operating Costs	-151.4	-160.1	5.8%
Pre-Provision Profit	**155.1**	**149.8**	**-3.4%**
Total Provisions	-116.0	-107.0	-7.8%
Other Gains and Losses	2.3	7.1	202.2%
Profit before Taxes	**41.4**	**49.9**	**20.6%**
Taxes & Minorities **	-12.5	-12.2	-2.5%
Net Profit Attributable to Shareholders	**28.9**	**37.7**	**30.5%**

* Other operating results include a net gain of €69.3mm in 1Q2016 related to the sale of the real estate servicer.

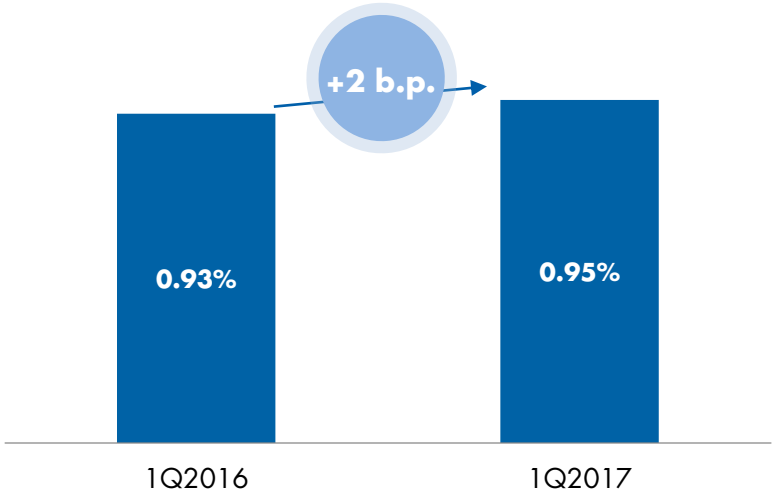
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NET INTEREST INCOME

Net Interest Income Evolution – €mm



Net Interest Income – % ATA

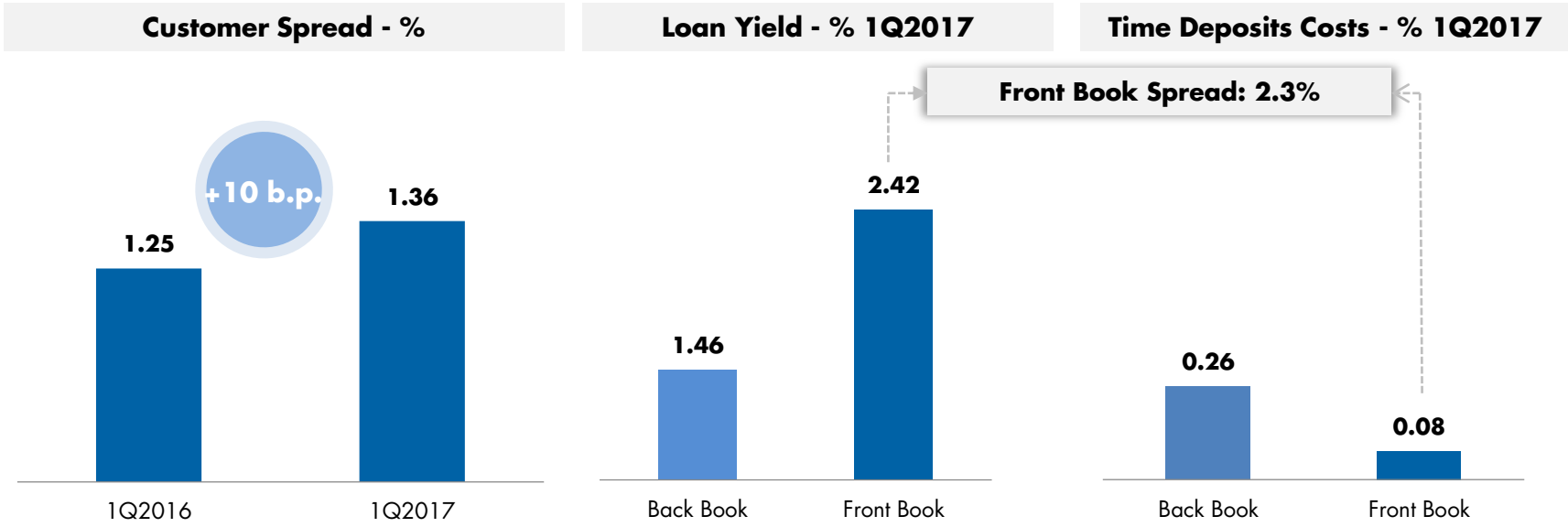


Net interest income falls 0.9% YoY

- **Retail Business** grows **€9.5mm** based on the gradual stabilization in credit revenues and continuous reduction in deposits costs.
- **Fixed income portfolio revenues weight** falls to **15%** of total interest income (vs. 24% in1Q2016), a level close to historical average.

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CUSTOMER SPREAD



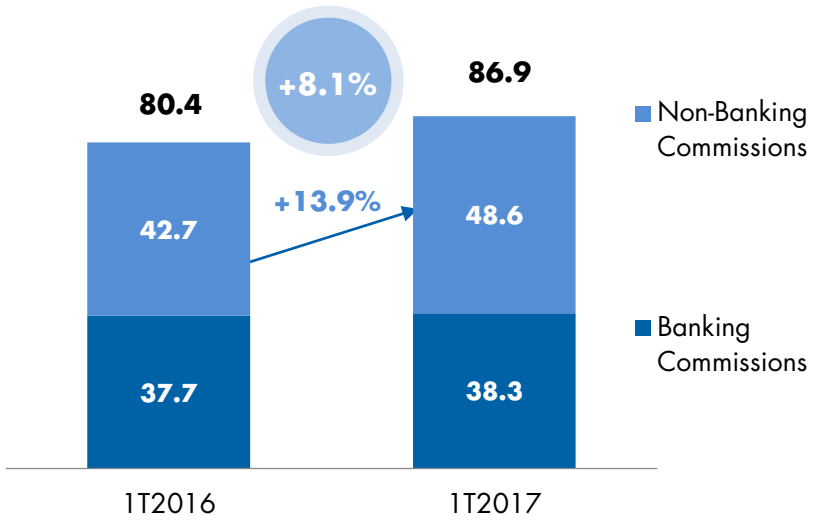
Customer spread improves 10 b.p vs 1Q2106.

- **Loan yield falls 14 b.p. vs. 1Q2016** due to falling Euribor. Front book rate stands at 2.4%, significantly higher than back book level.
- **Total cost of deposits (current accounts and time deposits) decreases 25 b.p. vs. 1Q2016 to 0.10 b.p.**

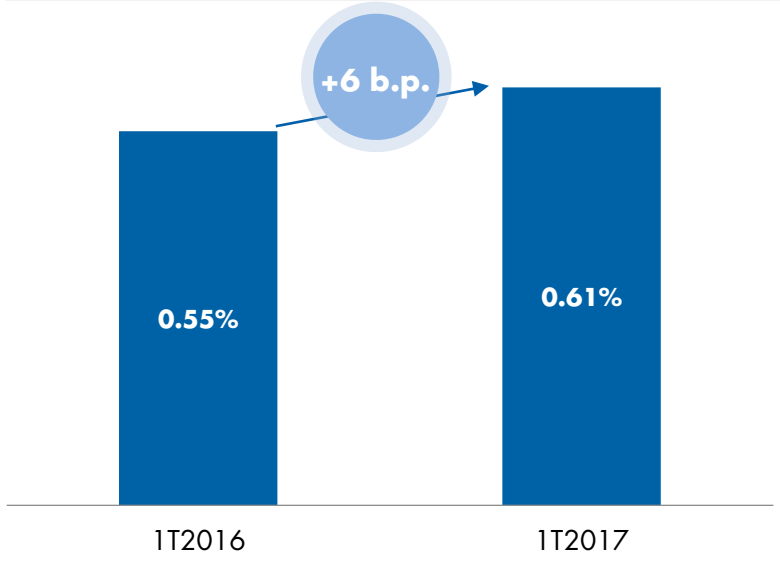
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NET FEE INCOME

Net Fee Income - €mm



Net Fee Income – % ATA



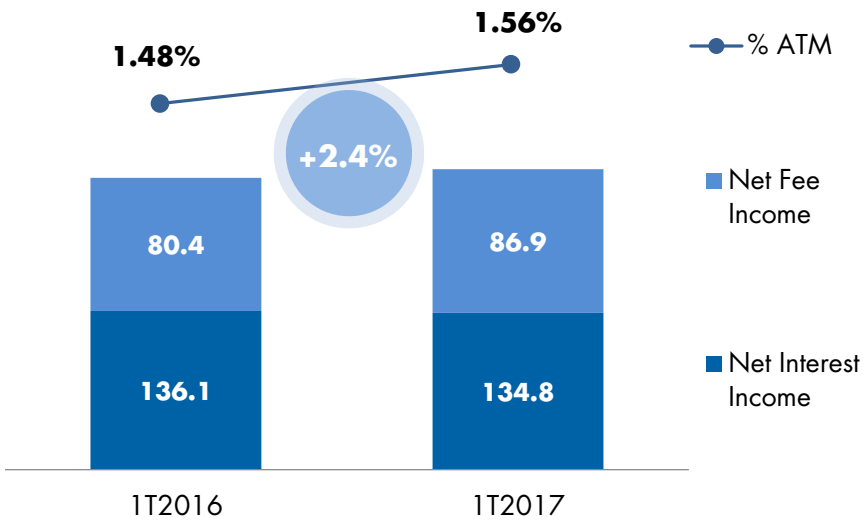
Net fee income grows 8.1% YoY.

- **Non-banking commissions** (mutual funds, risk insurance and pension funds) **increase 13.9% YoY**, thanks to **mutual funds commissions** that rise **18.9% YoY.**.
- **Banking commissions rise 1.5% YoY.**

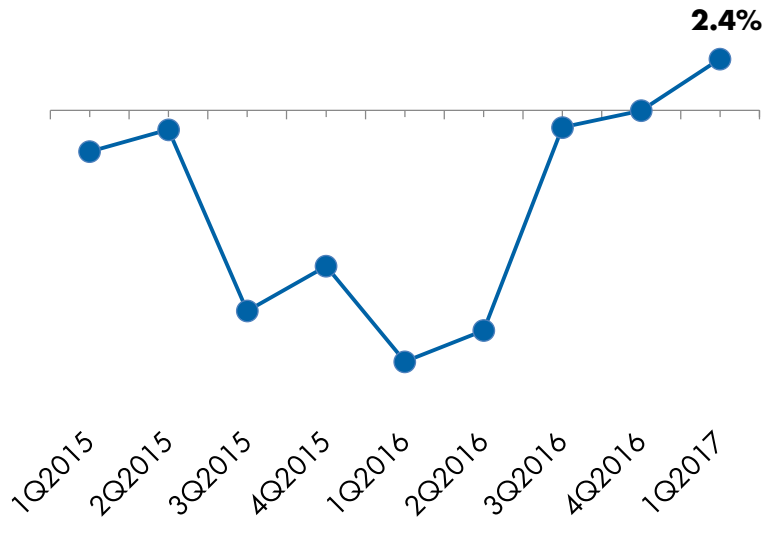
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CORE REVENUES

Core Revenues - €mm



Core Revenues - YoY

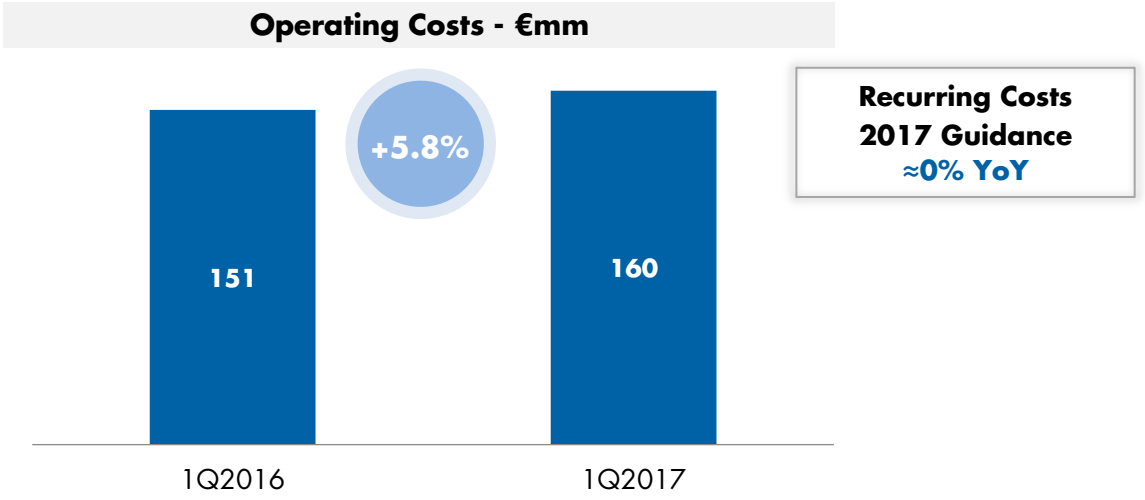


Consolidated core revenues (net interest income and net fee income) grow 2.4% YoY.

- After the fall suffered in 2015 and 2016, **increasing commercial activity and business diversification** allow for **growing core revenues in YoY terms.**

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OPERATING COSTS



Total operating costs grow 5.8% YoY due to the launch of new strategic projects.

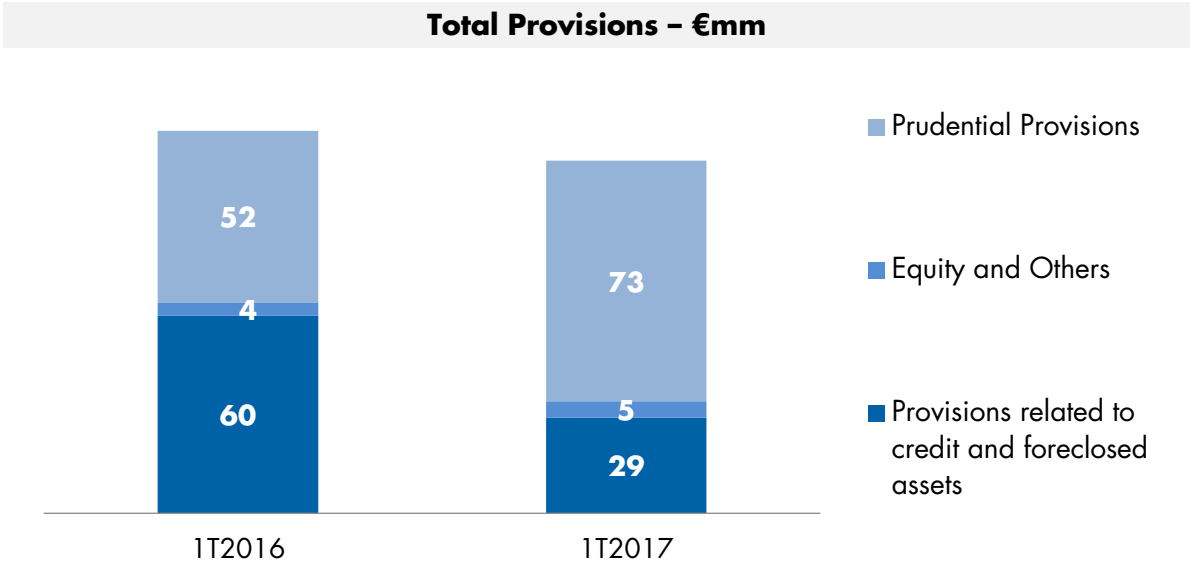
- **Personnel costs** remain **unchanged during the quarter** (+0.5% YoY)
- Ibercaja Banco reiterates its guidance of **stable recurring costs in 2017** (≈0% YoY)

Ibercaja Banco has reached an agreement to implement a redundancy plan that will represent up to 590 employees departures and the closure of up to 140 branches. This adjustments is equivalent to 11% of Ibercaja's cost structure.

- In 2017 up to 65% of the announced departures will take place. The remaining departures, up to the maximum number announced, will take place in the first half of 2018, always subject to business needs and the evolution of the restructuring process*.
- With this redundancy plan and the progressive recovery of core revenues, Ibercaja aims to improve its efficiency ratio to levels closer to those of domestic listed entities.

* Subject to the approval of the Bank's governing bodies

PROVISIONS



Provisions related to credit and foreclosed assets drop 52% YoY.

- **Cost of risk** stands at **0.34% b.p.** vs. 0.70% in 1Q2016.

Trading gains, €76mm during the quarter, have been fully dedicated to build prudential provisions.

- These prudential provisions are enough to cover the cost of the recently announced redundancy plan which is currently in effect.

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ASSET QUALITY, LIQUIDITY AND SOLVENCY

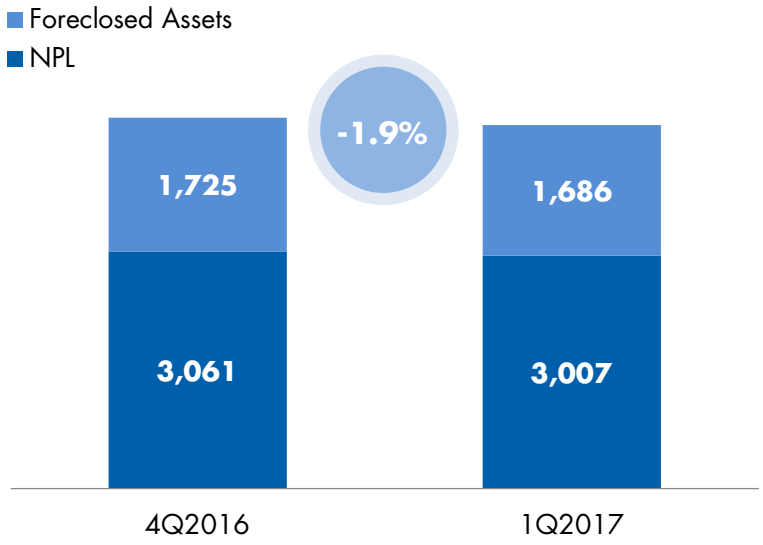
ASSET QUALITY (1/2)

Stock of problematic assets (doubtful loans and foreclosed assets) falls 1.9% vs. YE2016 or €93mm.

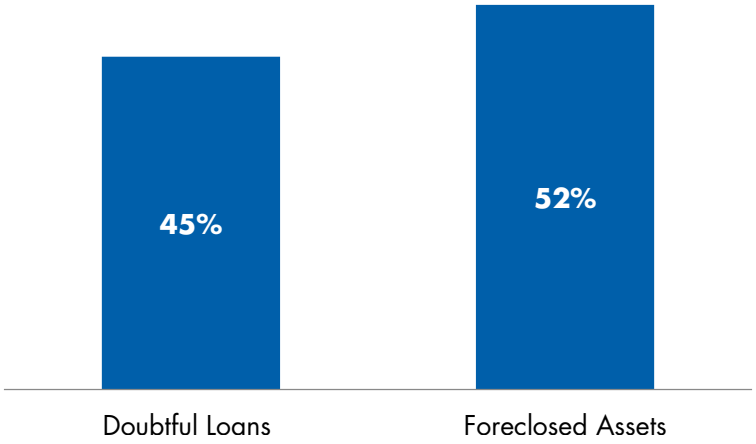
- **Doubtful loans** decrease **1.8%** vs. YE2016 or €54mm. NPL ratio stands at 8.9%.
- **Stock of foreclosed assets** drops **2.3%** vs. YE2016 or €39mm.

Coverage ratio of problematic assets stands at 48%.

Stock of Problematic Assets –€mm gross



Coverage Ratios 1Q2017 – %



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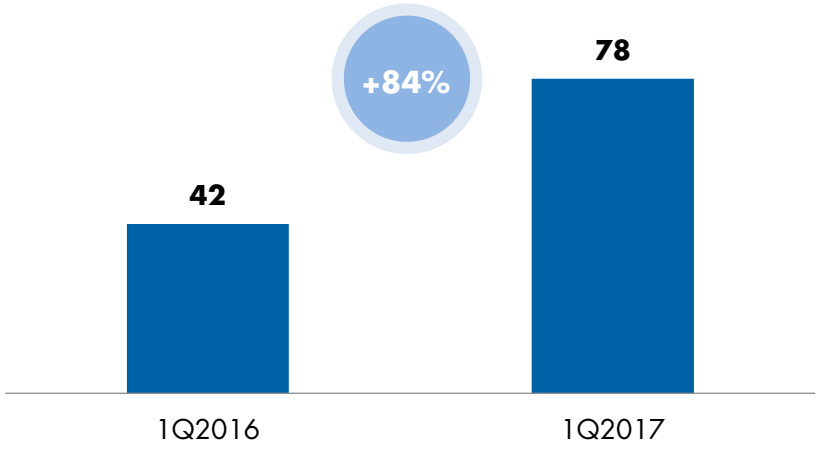
ASSET QUALITY (2/2)

Foreclosed assets sales increase 84% YoY.

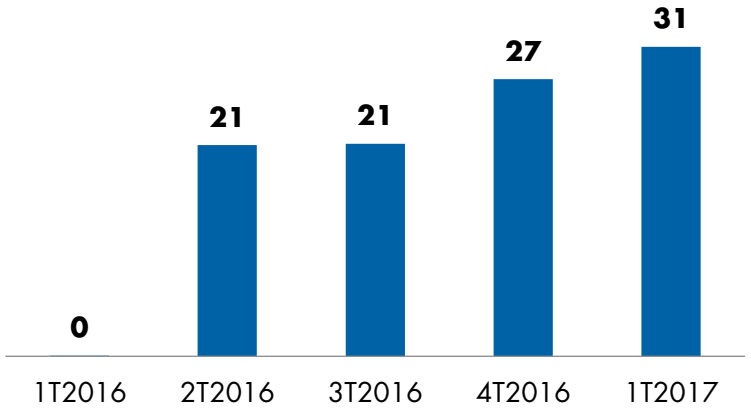
- **Significant acceleration in land sales** (€31mm in 1Q) allow for a reduction of 9% YoY in the net stock of foreclosed land.

Ibercaja Banco releases €8mm of provisions as a result of these sales.

Foreclosed Assets Sales – Gross Book Value €mm



Foreclosed Land Sales – Gross Book Value €mm



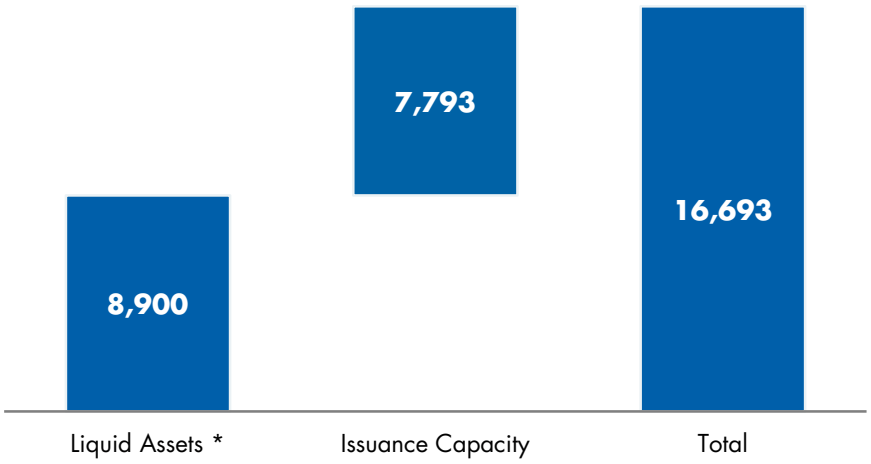
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LIQUIDITY AND SOLVENCY (1/4)

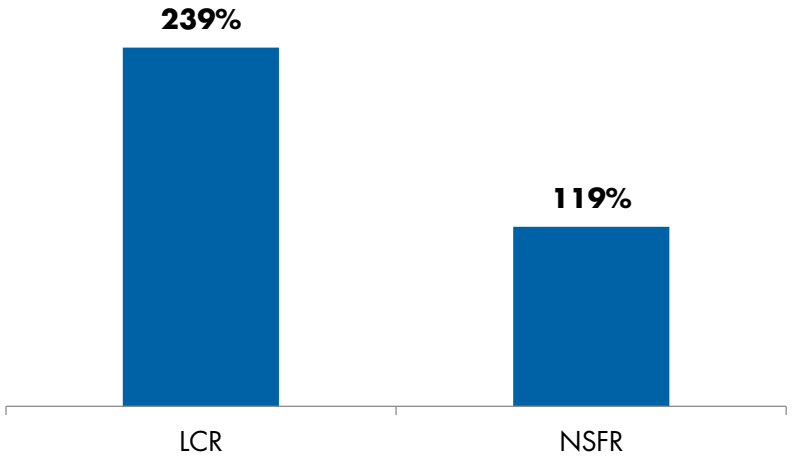
Sound Liquidity Position :

- **Available liquid assets stand at €8,900mm** (16% of total assets).
- Regulatory liquidity and funding ratios (LCR and NSFR) comfortably above minimum requirements.

Liquidity Position – €mm



Liquidity and Funding Ratios – 1Q2017



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

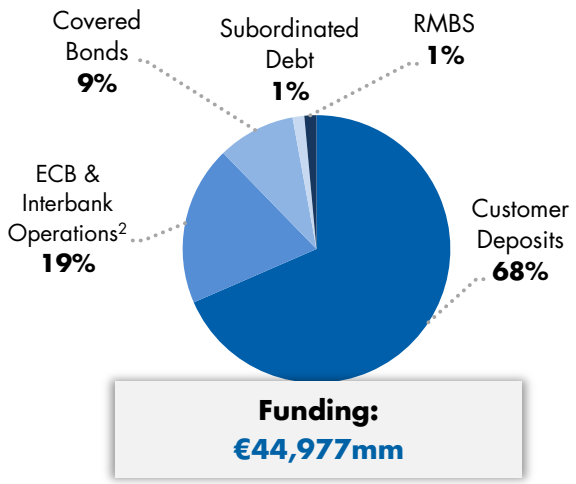
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LIQUIDITY AND SOLVENCY (2/4)

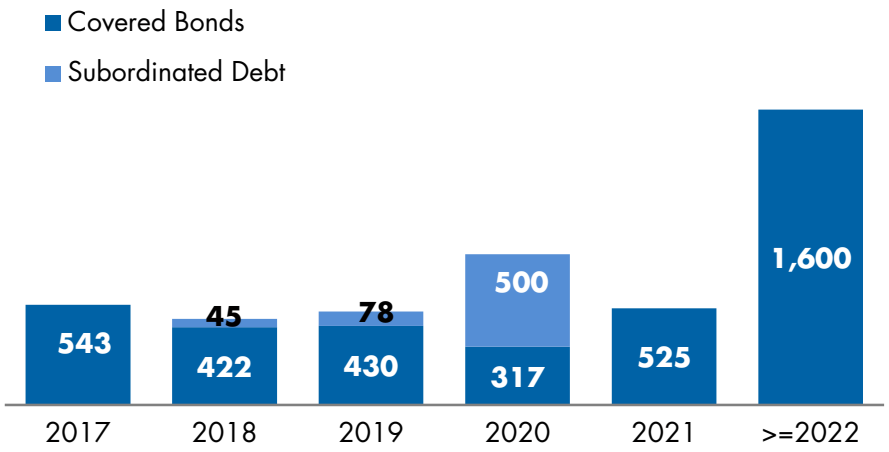
Stable funding structure:

- **Loan to deposits** ratio reaches **99.1%**[1].
- **Customer deposits** represent **68% of total funding.**
- ECB: €3,372mm (6% of assets), 100% TLTRO II.
- **No significant concentration** in institutional funding **maturities** (<1.5% of assets every year).

Funding Structure – 1Q2017



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

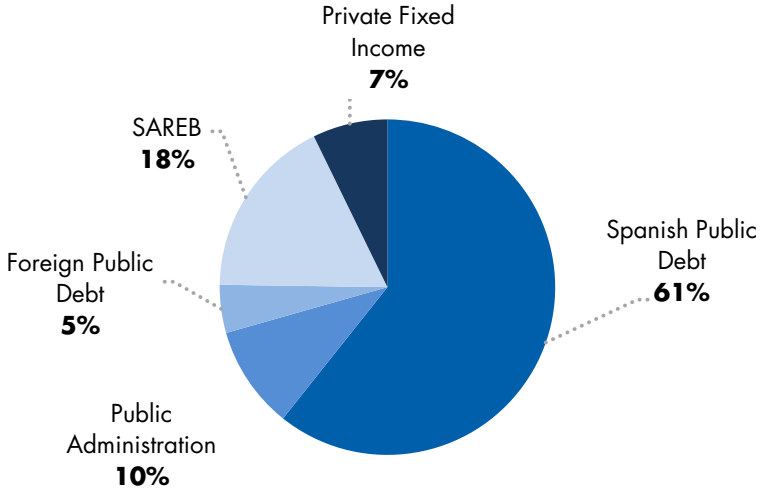
LIQUIDITY AND SOLVENCY (3/4)

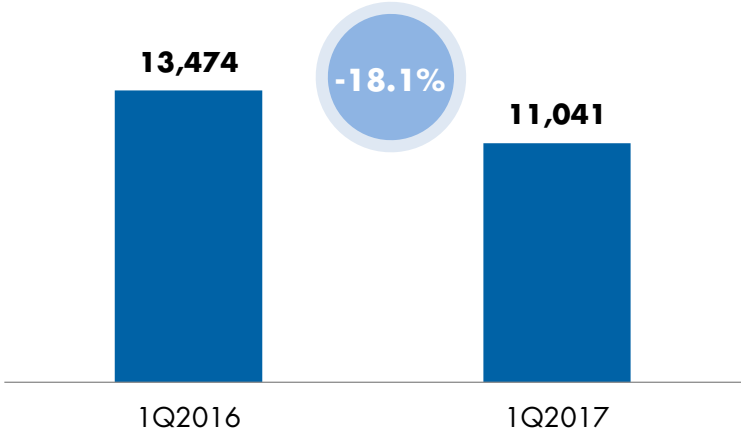
Ibercaja Banco continues its strategy of reducing its fixed income portfolio which falls €2,433mm in the last 12 months. Since 2014, the fixed income portfolio has fallen 31% or €4,980mm.

The portfolio has a low risk profile, mainly composed of Spanish sovereign debt

- **Average duration** of **4.2 years.**
- **Average yield** stands at **1.0%** (1.2% ex SAREB bonds)

Fixed Income Portfolio[1] – €mm





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

LIQUIDITY AND SOLVENCY (4/4)

CET1 Phased In ratio of 11.0% vs. SREP requirement of 7.25%.

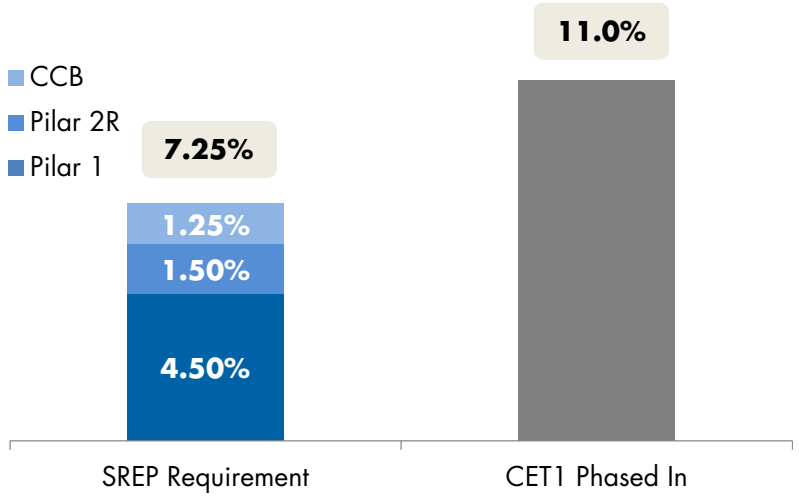
- Ibercaja has amortized €223mm of CoCos. As a result, **Ibercaja has fully redeemed €407mm** of CoCos from Cajatres without selling strategic assets or increasing capital.
- RWA / TA ratio stands at 41% applying **standard methodology** calculation.

CET1 Fully Loaded improves 8 b.p. in the quarter, to 10.25%.

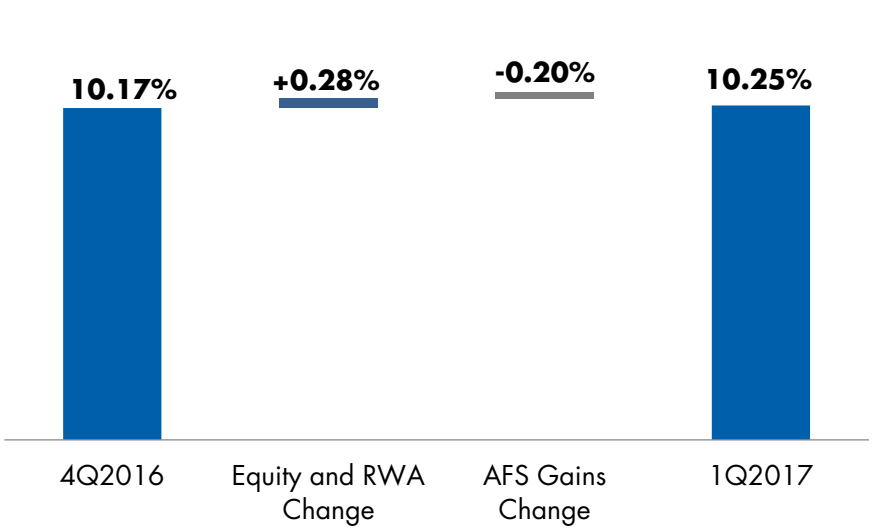
Total Capital ratio stands at **13.2%** vs. SREP requirement of 10.75%.

Leverage ratio reaches **4.9%.**

CET1 Phased In – 1Q2017



CET1 Fully Loaded – %



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2017 GUIDANCE

2017 GUIDANCE

Ibercaja Banco reiterates its 2017 guidance.

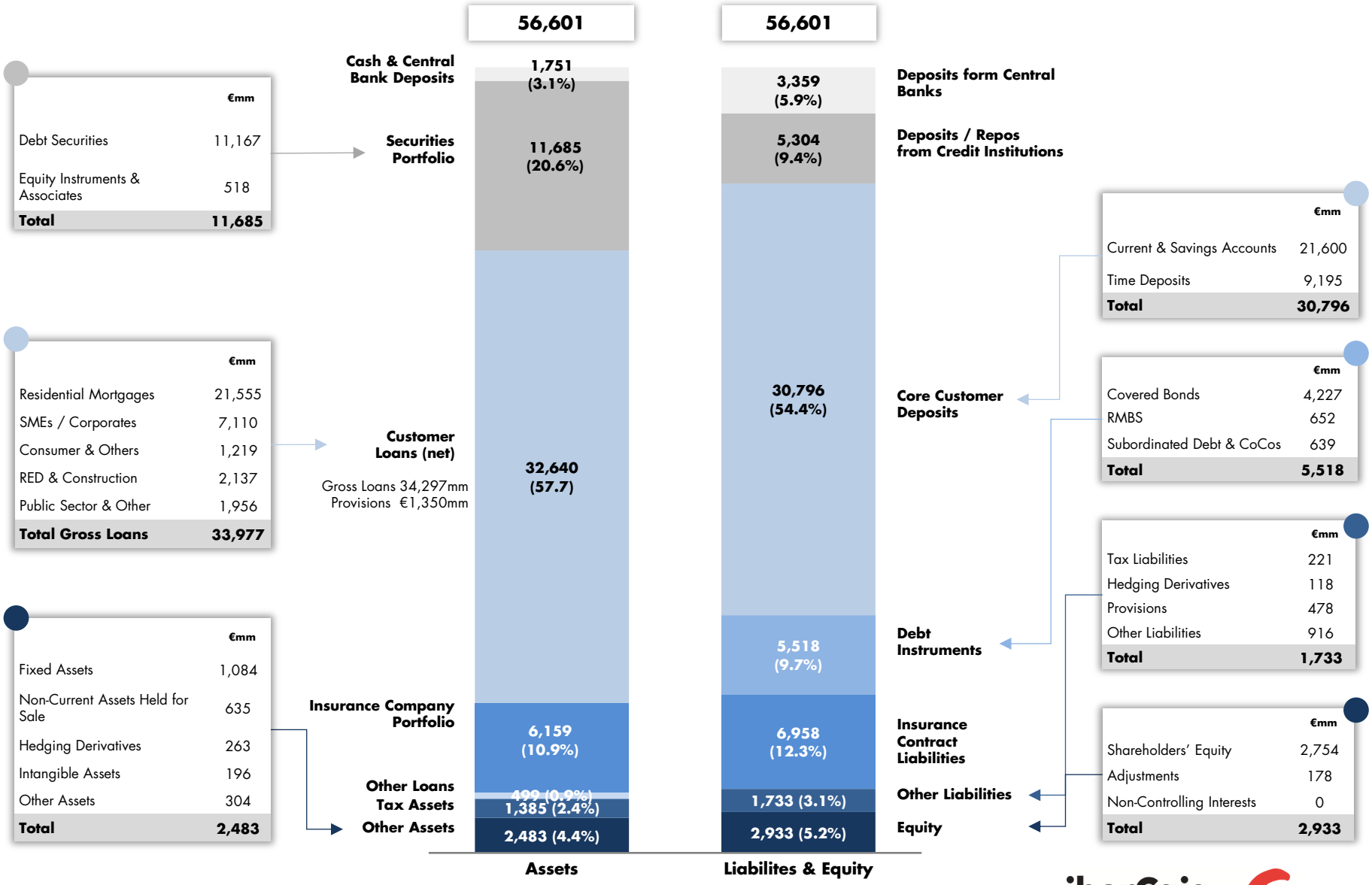
	Consolidated Core Revenues (Net Interest Income + Net Fee Income)	Recurring Operating Costs	Cost of Risk
	>0% YoY (-6% in 2016)	≈0% YoY	< 50 b.p.
	+2.4% YoY	+5.8% YoY	34 b.p.
	Turning point in revenues in 2017	Costs will stabilize in coming quarters	Cost of Risk below the Strategic Plan target

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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/