

ANNUAL REPORT
2016

Grupo
iberCaja

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LETTER FROM THE CHAIRMAN AND CEO

G4-1, G4-2, G4-4, G4-6, G4-7, G4-8, G4-12, G4-48, G4-DMA

2016 has been characterised by unusually low interest rates, the recovery of the Spanish economy, significant regulatory changes in the financial sector and the gradual digital transformation of banking services.

Within this context, our **Strategic Plan 2015-2017, "Plan +"**, has passed its half-way point very successfully and **we have continued to make progress in fulfilling its main objectives**. The increase in loans granted, with particular emphasis on lending to SMEs but also to families, and the outstanding growth in liability balances, volumes and market share in off-balance sheet products, are strong evidence of this progress. We have also improved our solvency ratio once again, which stands at 12%, well above the 7.25% required by the European Central Bank for 2017. The European supervisor has again recognised our strength by means of a favourable SREP decision in comparative terms with the rest of the Spanish banking system. And we have again evidenced our capacity to access wholesale financial markets successfully by placing an issue of covered bonds worth €500 million, demonstrating Ibercaja's credibility among institutional investors.

Particularly **significant milestones** have been met during the year. The most noteworthy was the launch of three territorial development plans within the framework of the 2015-2017 Strategic Plan. These have been called **"Plan+ Madrid"**, **"Plan+ Levante"** and **"Plan+ Burgos"**. Among the three, we expect business growth in excess of €5,600 million by 2020. In addition, two new development plans in Catalonia and Badajoz have already been started in 2017. As well as growth, these five projects seek the gradual renewal of the Entity, as they involve new customer relations models and branch offices for individuals and businesses which are more flexible and tailored to the needs of a changing society.

Also in response to the rapid advances we are experiencing in every sense, in 2016 we established an **alliance with Microsoft** that allows us to face up to the challenges of technology with all guarantees of success. The Bank's **digital transformation** has begun, in both internal processes and customer relations channels, to whom we are committed to providing service based on professional advice, proximity and excellence. We are therefore very proud that in 2016, Ibercaja has been among **the best performing banks in the country in terms of indices that measure customer satisfaction with banks**. In the Inmark 2016 financial performance report **Ibercaja is the Spanish bank with the highest customer rating**. Additionally, in the consulting firm STIGA's objective quality survey Ibercaja achieved third place in the classification of institutions operating in Spain, considerably widening the gap with respect to the industry average during the year. The excellent management model and quality leadership have been confirmed by the **renewal, for the fourth consecutive year, of the EFQM 500+ European Seal of Excellence** granted by the Management Excellence Club (MEC) and the European Foundation for Quality Management (EFQM).

On an internal level we have adopted a new **leadership model**, which also reflects our willingness **to adapt to changing times**. The Entity's 180 leading executives and middle managers have begun to implement the model with a fourfold objective:

to ensure the best results in the short term, encourage change to ensure future results, enhance professional development and commitment to people, and connect talent and collaboration in teams.

We should also note that in 2016 Ibercaja celebrated its **140th year of existence**. Such a lengthy record would not have been possible without independence in management, prudence and long-term vision in the successive management teams, and the commitment of everyone at Ibercaja. We wish to congratulate all those involved. The event has been commemorated by an explanatory and promotional project called **"Passion for freedom"** in collaboration with Fundación Bancaria Ibercaja, and has also served to endorse our commitment to community services.

Thanks to this commitment, in 2016 the Board of Directors approved the **Corporate Social Responsibility policy** as a framework for Ibercaja's responsible conduct to contribute to social, economic and environmental improvement in all the territories in which we operate. This Policy has been complemented by a cross-disciplinary and global **Action Plan** to be put into practice through specific actions, involving all business areas of the Bank. In this respect it should be noted that since its launch, the **Financial Education Programme**, developed by the Ibercaja Foundation, has been followed by 28,000 people who have been provided with knowledge on banking and finance that allow them to manage and make decisions concerning financial services and products. It is an innovative programme aimed at all audiences and ages. It has been developed in collaboration with the CNMV and the Bank of Spain, within the National Financial Education Plan, and in 2016 it positioned itself as a national reference in the banking sector, earning major social recognition.

In addition, Ibercaja has received the **Socially Responsible Company Seal** in Aragon. This is a recognition granted by the Aragon Regional Government based on a diagnosis of our work. It is an additional challenge that drives the Entity's day-to-day work and the **desire to be transparent and willing to share our experiences and good practices** with the rest of the community. The commitment for 2017 is to continue making progress in social responsibility, maintaining and improving the status achieved. We will continue acting and progressing in line with the defined objectives, taking into account the economic, social and environmental implications of our activities in a manner which is sensitive and consistent with transparency, ethics and good corporate governance.



Amado Franco Lahoz
Chairman Officer



Víctor Iglesias Ruiz
Chief Executive

Financial Highlights

Grupo Ibercaja contribution

8.93%
NON-PERFORMING LOAN RATIO

44.66%
COVERAGE RATIO

16.60%
AVAILABLE LIQUIDITY / TOTAL ASSETS

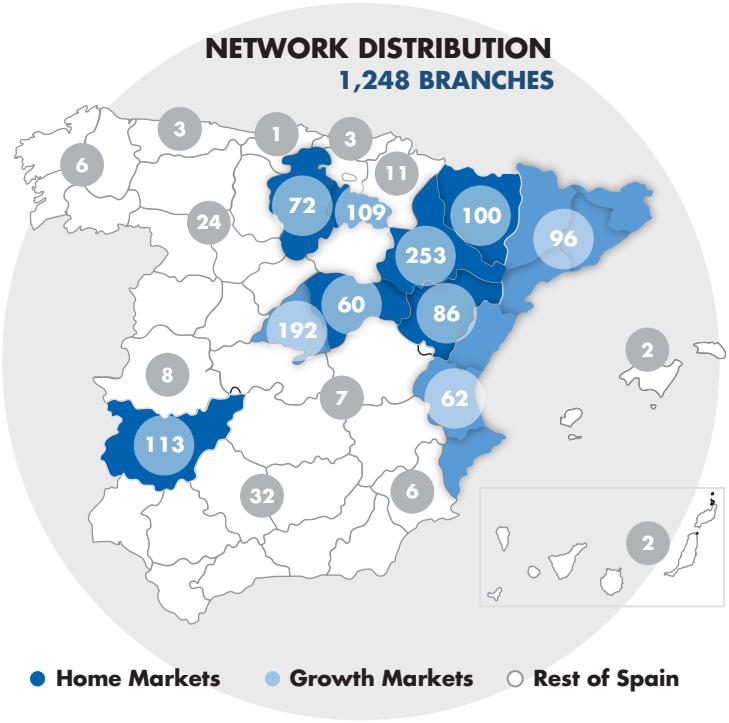
97.76%
LTD

12.00%
CET1 PHASED IN

10.17%
CET1 FULLY LOADED

€142 Million **NET PROFIT**

NETWORK DISTRIBUTION
1,248 BRANCHES



MARKET SHARES

LIFE INSURANCE PROVISIONS	MUTUAL FUNDS	PENSION PLANS	COMPANY PENSION PLANS
3°	8°	5°	3°
3.7%	**4.5%**	**5.8%**	**11.5%**

2.8%
LOANS TO HOUSEHOLDS AND NON-FINANCIAL CORPORATIONS

3.5%
CUSTOMER FUNDS

3.0%
CUSTOMER DEPOSITS

3.2%
LOANS + CUSTOMER FUNDS

6
6 PROVINCES WITH LOANS + CUSTOMER DEPOSITS MARKET SHARE >15%

TOTAL ASSETS **€57,176 MILLION**

9TH LARGEST BANK IN SPAIN

AWARDS AND ACKNOWLEDGMENTS

AENOR conform
Asesoramiento Patrimonio Personal

AENOR
Gestión Ambiental
UNE-EN ISO 14001

RSA

Sello de ORO
PERSONA EMPRESA

EXCELENCIA EUROPEA
500+

Madrid
EXCELENTE

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA
I Premio a la Transparencia 2016

SOCIAL IMPACT
OF IBERCAJA BANCO

iberCaja

Human Resources

Fundamental axis and driver of transformation

5,527
PEOPLE WORK AT IBERCAJA

98% PERMANENT STAFF

99% IN CONTINUOUS TRAINING

38%
WOMEN IN MANAGEMENT POSITIONS

224
INTERSHIP STUDENTS

408
EMPLOYEES IN VOLUNTEERING

Society

Social sensitivity from the beginning

1,248
BRANCHES

+1,500
ATMs

551,204
DIGITAL CUSTOMERS

€12.2 million
INVESTED BY SOCIAL WORK IBERCAJA

1,446,400
BENEFICIARIES OF SOCIAL WORK IBERCAJA

Companies

Key pieces of economic development

55%
OF THE LOANS GRANTED ARE TO COMPANIES

191
SPECIALIZED MANAGERS IN COMPANIES

11,000
ENTREPRENEURS ATTENDED SEMINARS

BUSINESS SATISFACTION

9.28/10
SATISFACTION WITH EXPERT ADVICE

9.32/10
SATISFACTION WITH YOUR MANAGER

At a glance....

MORE THAN 140 YEARS
OF HISTORY

5,527 EMPLOYEES
2.8 MILLION CUSTOMERS

NATIONAL PRESENCE
1,248 BRANCHES

ELECTRONIC BANKING
1,526 ATMS

LEADER IN
7 PROVINCES

FINANCIAL GROUP
100% OWNED BY IBERCAJA

THE SPANISH BANK BEST VALUED BY ITS CLIENTS

Data at the end of 2016



PRESENTATION OF THE GROUP AND ITS ENVIRONMENT



iberCaja

PRESENTATION OF THE GROUP AND ITS ENVIRONMENT

Description and history
Mission, Vision and Values
Shareholder and functional structure
Positioning in the Spanish financial system
Economic and financial environment





Lonja (1850). Authors J.B. Waring (dib.) y T.H. Macquoid (lit.). Pasqual de Quinto Collection, Zaragoza

DESCRIPTION AND HISTORY

G4-4, G4-7

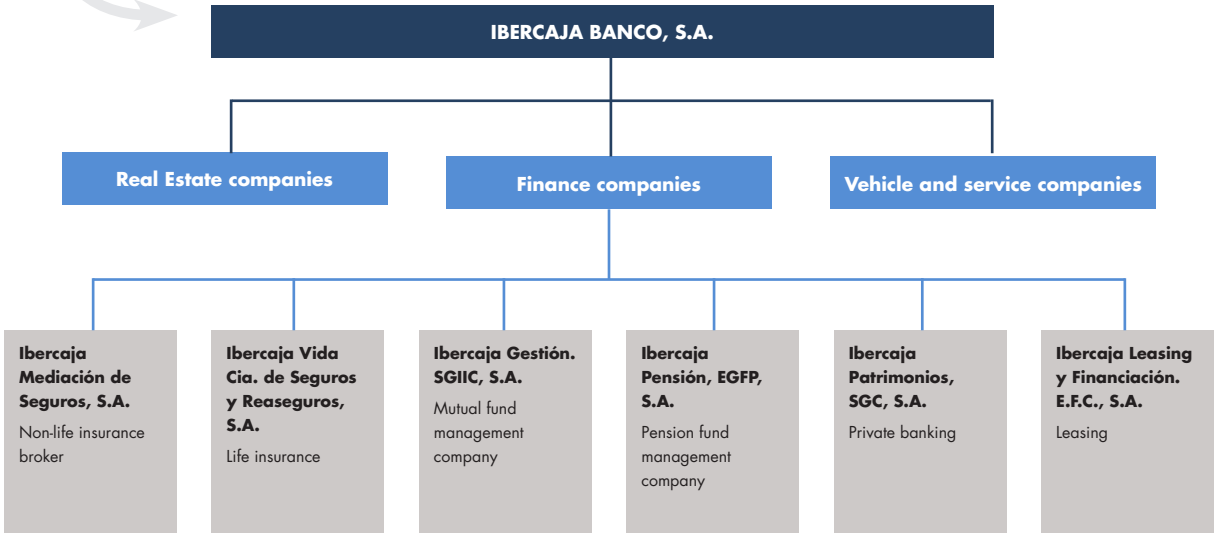
Since its foundation in 1876, Ibercaja has adapted to market's new needs and demands and has consolidated as the ninth largest banking group in Spain.

Ibercaja Banco was incorporated in accordance with the provisions of Royal Decree 1245/1995 (July 14) on the creation of banks, cross-border activities and other matters relating to the legal system governing credit institutions and carries out the financial business previously performed by Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja until 2011. It is registered with the Zaragoza Mercantile Registry in Volume 3865, Book 0, Sheet 1, Page Z-52186, Entry 1, as well as in the Special Bank of Spain Registry under number 2085. Its registered office is in Plaza Basilio Paraíso, 2, Zaragoza.

Ibercaja Banco Group primarily engages in **retail banking** and carries out practically all of its business in Spain. Its corporate purpose is the performance of all types of activities, operations, actions, contracts and services relating to the banking business in general and which are allowed by prevailing legislation, including the rendering of investment and auxiliary services.

The Bank is the parent of a group of independent companies. The companies that form part of the consolidated group carry out a variety of activities. Those in the **Financial Group**, which consists of companies specialising in investment funds, savings and pension plans, bancassurance, wealth management and operating and finance leases, are notable due to their importance from the standpoint of banking product diversification and profitability.

The most relevant companies within the SCOPE OF CONSOLIDATION are:



HISTORY

Main milestones in the 140 years of Ibercaja history

ORIGIN

The origin of the current Ibercaja dates to 1873 when the Real and Excma. Sociedad Económica Aragonesa de Amigos del País founded Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja and **it commenced its credit institution business on 28 May 1876.**

MAY 1876
Foundation of Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja

1873

1933 - 1964
Ibercaja opens branches in Aragón, La Rioja y Guadalajara

1980 -1999
Gradual expansion in Madrid and Mediterranean Basin

1988
Set up its Financial Group

1991
Acquisition of Caja Rural de Catalunya (Lérida)

2001
Ibercaja starts to grow in other regions to complete its national footprints

NATIONAL PRESENCE

After a long expansion process during which it obtained a solid presence in Aragon, La Rioja and Guadalajara, the Entity attained a **national presence in 2001** after entering into all Spanish provinces.

2007
European Excellence 500+ (EFQM)

2011
JULY 2011
Creation of Ibercaja Banco

IBERCAJA BANCO

Within the framework of the Spanish financial system restructuring, the Bank's General Assembly held an extraordinary meeting on 26 July **2011 and approved the creation** of a new bank operating under the name of **Ibercaja Banco** to which all of the assets and liabilities used in its financial business were transferred.

HISTORY

Main milestones in the 140 years of Ibercaja history

FUNDACIÓN BANCARIA

Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja, the main shareholder of Ibercaja Banco, was **transformed into Fundación Bancaria Ibercaja** in accordance with the provisions of Law 26/2013 (December 27), and was entered into the Registry of Foundations on 13 October 2014.

STRATEGIC PLAN

In order to consolidated its structure and lay the foundations necessary for it to become a listed bank in the short-term, in 2015 Ibercaja implemented its **Strategic Plan 2015-1027.**

SEPTEMBER 2012
Overcoming Oliver Wyman stress test without public aid

OCTOBER 2014
Transformation of saving bank into a foundation
Legal and technological merger with Caja3

Announcement of New Strategic Plan 2015-2017

2012 **2013** **2014** **2015** **2016**

JULY 2013
Ibercaja Banco closes the acquisition of Caja3

AQR and stress test: Ibercaja passed comprehensive assesment

Territorial Plans of Madrid, south-east Spain and Burgos

MERGER

On 25 July **2013** Ibercaja Banco **acquired Banco Grupo Caja3**. The merger of the acquired bank into the Entity ended in October 2014.

TERRITORIAL PLANS

As part of the plan, during 2016 **territorial plans** for Madrid, south-east Spain and Burgos were initiated in order to adapt the Bank's global strategy to the characteristics and peculiarities of each region.

MISSION, VISION AND VALUES

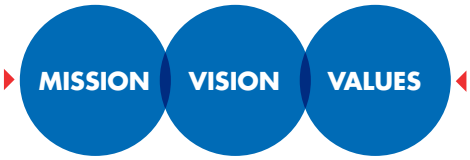
G4-DMA, G4-4, G4-24, G4-25

Its mission and vision are based on the values that have guided the Bank since its foundation and which have enabled it to establish strong and fruitful relations with customers, employees, investors and the community in general.

Ibercaja is the ninth largest banking group in Spain, with a history of 140 years of providing quality financial services with maximum professional rigor. Its mission and vision are based on the values that have guided the Bank since its foundation and which have enabled it to establish strong and fruitful relations with customers, employees, investors and the community in general.

All the Group's activities seek to **help families and businesses to manage their finances** with the aim of being able to **provide customers with efficient service and quality**, personalised advice through continuous improvement and by offering the most innovative products, anticipating market trends. Due to its origin, Ibercaja is **highly sensitive to social issues** and works to generate resources that are returned, in part, to society through shareholder foundations.

Throughout its existence, Ibercaja has demonstrated its **ability to adapt** to very relevant changes thanks to the **solidity** and **strength** of its founding principles, which are reflected in its corporate values:



Customer commitment is at the hub of all Ibercaja's day-to-day work, in order to offer excellent, quality service.

MISIÓN

To help **build better living conditions** for families and companies by helping them manage their finances using comprehensive **and customised financial services** that will help them achieve their goals.

VISIÓN

CLIENTS

We aspire to **INCREASE OUR MARKET SHARE** thanks to being a bank with a **PERSONALITY OF ITS OWN** and well regarded by our clients.

EMPLOYEES

We aspire to be a **HIGH PERFOMANCE ENTITY**, which consistently achieves and exceeds its goals, thanks to a **PROFESSIONAL AND COMMITTED STAFF**.

Being and **excellent bank**, improving every day, **anticipating the needs of our stakeholders**

SHAREHOLDERS

The challenge before us in the next three years is to turn Ibercaja into an **ATTRACTIVE PROJECT**, with the ability to attract new shareholders.

SOCIETY

Ibercaja will develop a banking model with a **HIGH DEGREE OF SOCIAL AWARENESS**

VALORES

CLOSENESS

PROFESSIONALISM

COMMITMENT

iberCaja
HABLAMOS CON HECHOS

EXCELLENCE

SOUNDNESS

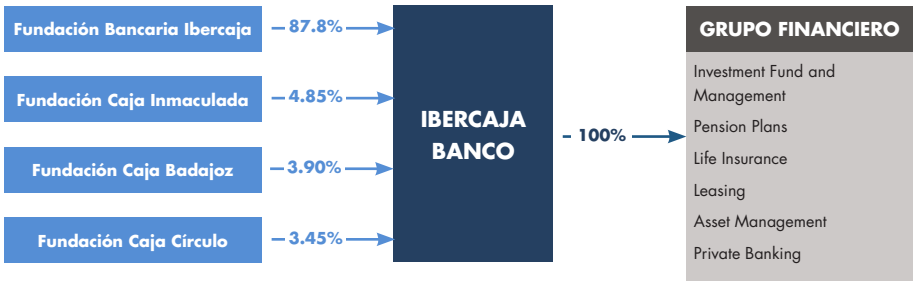
ADAPTABILITY

SHAREHOLDER AND FUNCTIONAL STRUCTURE

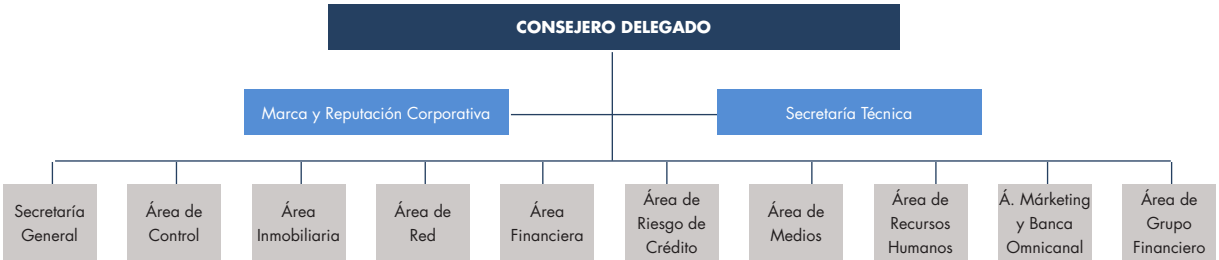
Ibercaja Banco's capital is 87.80% owned by Fundación Bancaria Ibercaja and its functional flow chart is arranged through nine Area Management units.

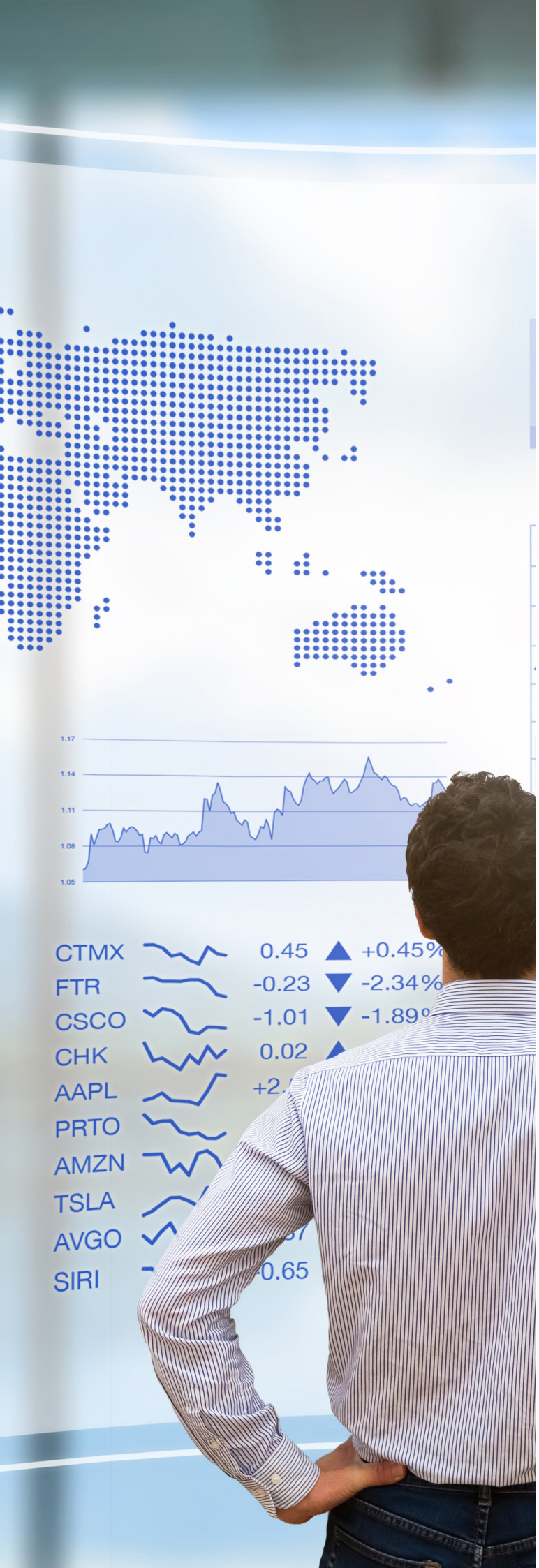
Ibercaja Banco's capital is 87.80% owned by Fundación Bancaria Ibercaja. Following the acquisition of Banco Grupo Caja3 in June 2013, Ibercaja's shareholders also include: Fundación Caja Inmaculada (4.85%), Fundación Caja Badajoz (3.90%) and Fundación Caja Círculo (3.45%).

OWNERSHIP STRUCTURE OF THE IBERCAJA GROUP



The Entity's functional flow chart , arranged through **nine Area Management** units, is compliant with the recommendations of the Basel Banking Committee and is in line with industry best practices in internal governance.





POSITIONING IN THE SPANISH FINANCIAL SYSTEM

G4-6, G4-8

The Group has €57,176 million in assets and is the ninth largest entity by asset volume in the Spanish banking system.

It **primarily engages** in **retail banking**, focusing on the **financing of families and SMEs**, savings management and other financial services. At the national level the Group has a **2.8% market share in loans, 3.5% in customer funds and 3.0% in deposits.**

MARKET SHARE (NACIONAL LEVEL)

2.8%	Loans to households and non-financial corporations
3.5%	Customer funds
3.0%	Customer Deposits
3.2%	Loans + Customer funds
6	Provinces with loans + customer deposits market share > 15%

assets

€57,176 Million

by assets

9th largest bank in Spain

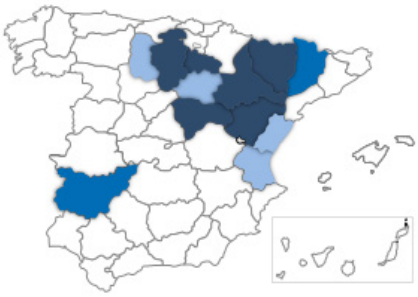
LOAN AND DEPOSIT MARKET SHARES

Ibercaja has a **relevant position in its traditional home market** (Aragón, La Rioja, Guadalajara, Burgos and Badajoz) where 64% of its network is concentrated and it obtains 60% of its business volume.

It also has a **significant presence in other relevant economic areas**: **Madrid** and the **Mediterranean coast**.

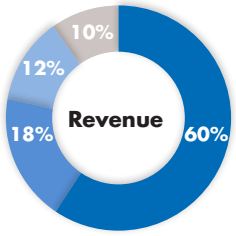
In **six Spanish** provinces **share of business** is equal to or greater than **15%**.

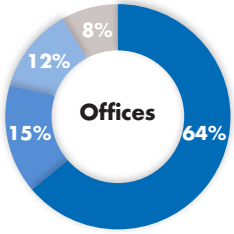
LOANS + CUSTOMER DEPOSITS MARKET SHARE

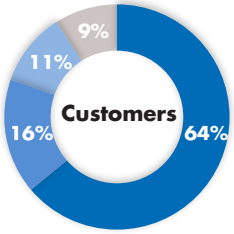


○ < 2% ● 2% - 5% ● 5% - 15% ● > 15%

DISTRIBUTION OF REVENUE, BRANCH NETWORK AND CUSTOMERS BY AREA OF INFLUENCE







● Home Markets ● Madrid

● Rest of Spain ● Mediterranean Basin



ECONOMIC AND FINANCIAL SCENARIO

The Spanish banking sector has faced a difficult year in which the main challenges have been to preserve profitability and adapt to new regulatory requirements.

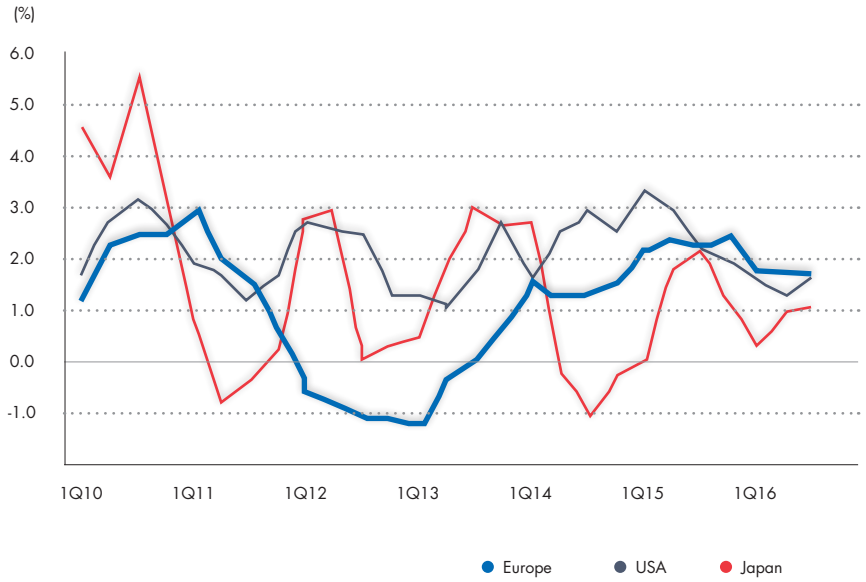
WORLD ECONOMY

The world economy grew by around 3% in 2016, very similar to the 2015 figure. The moderate progress in developed countries has been accompanied by greater activity in the emerging economies as a whole. The growth rate in China is close to 7%, driven by domestic consumption, while India achieved an increase of more than 7% and Russia may be approaching the end of its recession.

In the **United States**, GDP growth is estimated at 1.6% year-on-year, boosted by growth in domestic consumption as a result of job creation. The outcome of the presidential elections has led to an unexpected reaction in the markets, which anticipate the acceleration of the economic cycle thanks to planned infrastructure investment and tax cuts. However, there are factors that could act in the opposite direction, such as the Fed's intention to increase interest rates to contain inflation or the impact of dollar appreciation on exports.

In **Japan** the depreciation of the yen has encouraged external demand, offsetting weak private consumption and investment which have reacted very timidly to the government's stimulus package and to the advantageous financing conditions under the BoJ's policies. The CPI has risen 0.4% based on data to November, but the goal of 2% seems unattainable in the short term.

GDP TRENDS BY COUNTRY (YEAR-ON-YEAR RATE)





EUROPEAN ECONOMY

2016 growth in the euro zone forecast by the European Union is 1.7%. The uncertainty caused by events such as Brexit, the Italian constitutional referendum or the imminence of elections in countries that form the core of the Union is having a very limited effect. Domestic demand, particularly private consumption, continues to be the basis of the economic recovery, supported by good employment data and favourable financing conditions. The slightly negative contribution of the export sector could be turned around by the weakness of the euro. The negative trend in inflation has been reversed, a development that should be strengthened as a result of rising consumption, oil prices and the euro's performance. **The scenario by country is varied, with Spain leading the EU's most dynamic economies.**

THE REFERENCE INTEREST RATE

in March the ECB reduced the reference interest rate to 0% and the deposit facility to -0.4% with the aim of using all the instruments at its disposal to support the economic recovery. In parallel it announced four new long-term financing operations, between June 2016 and March 2017, with a maturity of four years and an interest rate which, under certain conditions, can be set in line with the deposit facility rate. At the same time, it expanded the asset purchase programme (APP) to corporate bonds (CSPP). At its last meeting in December, the European authority ratified its monetary policy which it intends to maintain for a lengthy period of time, and reduced the monthly volume of asset purchases to 60,000 million as from April.

FIXED MARKETS

Towards the end of the year, the debt markets shifted towards **higher long-term returns**. As a result, 10-year German bonds ceased to be negative and the yield on Spanish bonds improved by more than 30 basis points from September.

STOCK MARKETS

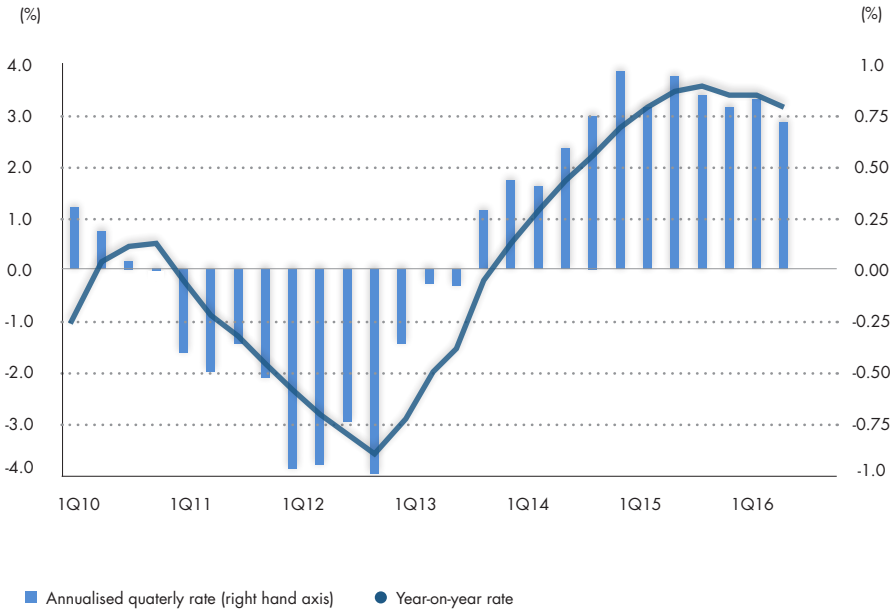
The stock markets have had a **highly volatile** reaction to events such as the fall in oil prices, doubts about the Chinese economy, the United Kingdom's decision to leave the EU and the unexpected result of the American elections. However, the last part of the year, against all expectations, has been very positive. The expectations generated by the arrival of the new Administration in the United States have boosted the major US and European indices. The **Dow Jones** reached **record levels**, the **FTSE 100** grew by **14.43%**, the **Dax Xetra** grew by **6.87%** and the **CAC 40** improved by **4.86%**. The **selective Spanish** index has been the exception with **a fall of 2.01%**, posting a negative performance for the second successive year.

SPANISH ECONOMY

The Spanish economy has exceeded the forecasts made at the start of the year, successfully overcoming the effects of the political impasse. **GDP growth in 2016 stood at 3.2%**. The favourable evolution is due basically to an expansionary monetary policy, the deleveraging of private entities and the competitiveness of the export sector.

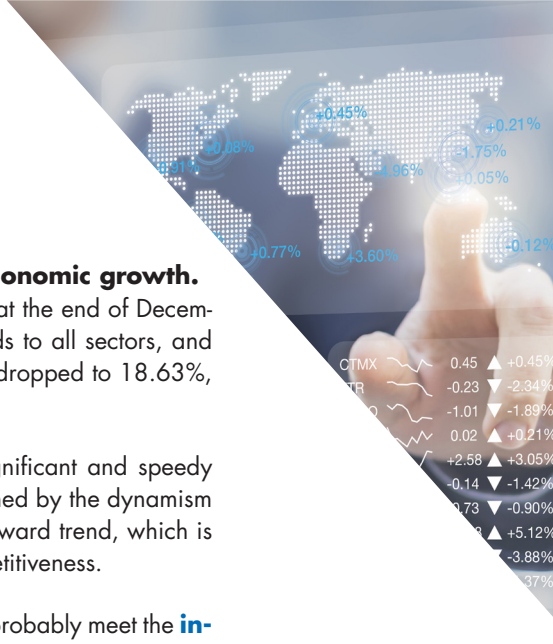
Private consumption has remained strong with **growth of close to 3%**, based on the recovery in the labour market. At the same time capital **investment has increased** by around 5% while investment in the construction industry has also been positive, albeit more moderate.

GDP DEVELOPMENT IN SPAIN



The export sector's contribution to GDP growth has increased as a result of a rise in exports stimulated by competitivity gains and the depreciation of the euro, while imports do not yet fully reflect the rise in oil prices since the minimum levels in January.





Employment data are in line with the acceleration in economic growth. Social Security registrations stood at almost 17,850,000 persons at the end of December, 541,000 more than a year earlier. This improvements extends to all sectors, and particularly to services. The unemployment rate, though high, has dropped to 18.63%, with reductions in all areas of the economic.

Year-on-year **CPI growth** in December stood **at 1.6%**. The significant and speedy recovery, after more than three years of negative figures, is explained by the dynamism of consumption and the increase in energy product prices. This upward trend, which is stronger than in the EU as a whole, could undermine export competitiveness.

The public sector deficit, in the absence of definitive data, will probably meet the **intended target of 4.6%**, the highest among EU countries. Strong consumption has led to an appreciable increase in tax revenue, particularly VAT. This, together with regulatory changes in corporate income tax and higher excise duties, will contribute decisively to achieving the objective required by the European authorities for the year just ended.

The national debt stands at around **100% of GDP.** This high volume can be supported thanks to the low interest rate environment, but budgetary discipline must prevail to prevent any further increase.

PROSPECTS 2017

Recent indicators anticipate that the **favourable dynamic** of the Spanish economy will continue in 2017.

Market consensus estimates GDP growth at 2.4%, somewhat lower than the year just ended. The slight slowdown is basically a result of moderation in domestic demand. Investment in capital goods will diminish while the real-estate sector will pick up speed thanks to good financing conditions, reduction in the housing stock and lower household debt. The contribution of the export sector will be lower than in 2016 as a result of the uncertain international scenario, protectionist risks and the effect of oil prices on the value of imports.

The Spanish banking sector has faced a **difficult year** in which the main challenges have been to preserve profitability and adapt to new regulatory requirements.

As **positive aspects**, we should highlight the **reduction in delinquency** caused by improved macroeconomic conditions, the **progressive cleaning up of balance sheets** and **solid** capital ratios following the recapitalisation process undertaken in recent years.

Growth in lending has not met expectations at the beginning of the year, falling 4.02% year-on-year. Only consumer financing has achieved a positive variation rate. Credit for productive activities has been negatively impacted by the decrease in credit granted to large companies, the real estate industry deleveraging and the moderate growth rate in lending to SMEs. In turn, the volume of home loans granted is still insufficient to cover the amortisation of the housing stock.

Low interest rates and increased competition, fuelled by abundant liquidity and a weak credit market, have caused spreads to narrow, **negatively impacting net interest income**.

Entities have reacted in general by orienting their offer towards the provision of personal and private banking services. As a result, asset management, investment funds, pension plans and wealth management have become particularly important, to the detriment of time deposits, the volume of which continues to contract.

Following the restructuring of the banking system, induced by the economic and financial crisis, the number of players in the industry has become consolidated, although personnel and **network adjustments continue**. **Banks are seeking to reduce operating costs and gain efficiency through lighter structures**. In addition, they are making a major effort to promote technological changes that allow costs to be minimised in operations with little or no value added, offload work to traditional branches and adapt to the rapid transformation of habits occurring in the community.

Doubtful assets have evolved favourably. The more benign economic climate has reduced inputs, increased recoveries and facilitated the sale of portfolios. The system NPL ratio, 9.18%, has decreased by 102 basis points in the year, even though the entry into force of Appendix IX of Circular 4/2016 has slowed the decline in the last quarter. Real estate assets on the balance sheet have fallen slightly and still represent a significant drag on profitability.

In the **regulatory field,** in January the provisions on internal recapitalisation (bail-in) and MREL or minimum volume of instruments capable of absorbing losses in the event of a resolution came into force. In July the European Banking Authority (EBA) released the results of a **new stress test** designed to assess the resilience of European banks to adverse situations. The findings served as the basis for the SREP decision which has made changes to capital requirements by determining two levels, one mandatory and another which consists of a recommendation by the supervisor. In October **Appendix IX of Bank of Spain Circular** 4/2016 came into force, this being a step prior to the implementation of IFRS9. The Circular introduces changes in the classification of operations based on credit risk, the calculation of provisions and issues relating to governance of financial institutions, particularly in relation to the supervision of risk management policies. Finally, in November the **European Commission** presented a new package of **legislative proposals for reforming and harmonising European banking legislation.**





IBERCAJA GROUP ACTIVITY AND RESULTS



iberCaja

IBERCAJA GROUP ACTIVITY AND RESULTS

Relevant events and key figures
Customer funds
Customer loans
Asset quality
Financing and liquidity
Securities portfolio
Analysis of the income statement
Solvency





RELEVANT EVENTS AND KEY FIGURES

G4-2, G4-9, G4-13, G4-DMA

The results for the year confirm the good performance of the retail business.

The results for the year confirm the **good performance of the retail business** thanks to an intense commercial activity aimed at achieving the objectives of the Strategic Plan, **the strength of Ibercaja's position in the asset management segment**, our **defence of margins** to offset the impact of low interest rates and.

THE MOST IMPORTANT MATTERS IN THE YEAR ARE SUMMARISED BELOW:

SOLVENCY

The Group has strengthen its solvency with a **fully loaded CET1 ratio of 10.17%**, an **improvement of 43bps** on December 2015. This improvement is based on the organic generation of capital via profits and balance sheet optimisation. The **phased in CET1 ratio** stands at **12%** following the early redemption of €163 million in contingent convertible bonds. Both levels comfortably **exceed the minimum requirement of SREP 2016.**

CET FULLY LOADED
10.17%
improves in 43 p.b.

CREDIT FORMALIZATION

NEW LOANS TO COMPANIES
21%
year-on-year

NONREAL ESTATE LOANS
9.41%

Dynamism of new financing to SMEs and consumers, in line with the **objective of diversifying the composition of the portfolio** to gain market share in key segments for the Group's strategy. Loans granted to companies increased by 21% year-on-year, leading to a 9.41% increase in the funding of non-real estate productive activities.

RETAIL RESOURCES

More profitable mix in **growth of retail resources**. Off-balance-sheet products and demand deposits have become more important, to the detriment of traditional term deposits. The rise in assets managed in **investment funds** far exceeds the system, reflecting customers' positive valuation of the Group's management company, which has become a **benchmark in the Spanish market**.

ASSET QUALITY

The **rate of delinquencies**, omitting extraordinary movements caused by the new legislation, **has declined** in comparison with the previous year in all areas. In turn, the **stock of repossessed assets has diminished** due to both a decrease in the number of repossessions and the higher sales volume. With respect to the reorganisation of the property group, we should note **the transfer of the property servicing subsidiary to Aktua**. This operation seeks to accelerate the elimination of non-performing assets from the balance sheet, devoting the resources released to the granting of credit.

LIQUID ASSETS

LIQUID ASSETS
16.60% O/ASSETS

LTD<100%

Ibercaja has a significant buffer of **liquid assets**, with a volume exceeding **16.60% of the balance** sheet. The **LTD ratio** is **below 100%**, which highlights the balance achieved between credit and retail deposits.

ACCESS TO WHOLESALE MARKETS

Thanks to the low interest rate environment, investor support for the Group's project and the markets' acknowledgement of the Group's solvency, **a covered bond issue of €500 million was successfully completed at a very low cost**, with demand almost doubling the available volume.

COVERED BOND ISSUE
€500 millon

SREP DECISSION

The ECB announced the final results of the Supervisory Review and Evaluation Process (SREP) which sets individual capital requirements of each bank for 2017 on the basis of: the business model, capital and liquidity risk, governance and internal control.

The **Pillar 2 requirement** imposed on Ibercaja of **1.5% is one of the lowest in the Spanish banking system**, evidencing the Group's prudence when assuming risks and the alignment of its management structures with best corporate governance practices.

REGULATORY CHANGES

In a regulatory context, the **adaptation to Bank of Spain Circular 4/2016** which amended Appendix IX of Circular 4/2004 has led to changes relating to the classification of operations and the calculation of provisions.

NET PROFIT

NET PROFIT
€143 millon
70% year-on-year

Net profit for the year amounted to **€143 million**, 70% higher than the previous year, reflecting the Bank's ability to generate profits even in unfavourable scenarios.

FINANCIAL HIGHLIGHTS
Ibercaja Banco Group

		2016	2015	2014
			MILLION EURO	
BALANCE SHEET ACTIVITY	Total assets	**57,176**	58,922	62,322
	Gross customer funds	**34,297**	34,449	36,061
	Securities portfolio	**18,810**	20,591	22,320
	Total funds under management	**64,273**	61,997	62,551
	Off-balance sheet funds	**18,262**	15,659	13,391
	Retail customer funds	**51,463**	50,092	49,097
			PERCENTAGE	
INDICATORS AND RATIOS	Non-performing loan ratio (%)	**8.93**	8.95	10.78
	Coverage ratio (%)	**44.66**	53.70	57.56
	Available liquidity/total assets (%)	**16.60**	19.13	20.51
	Loan/retail financing ratio (%)	**97.76**	96.67	99.50
	Ordinary Tier 1 Capital - phased in BIS III (%)	**12.00**	11.95	11.13
	Solvency - phased in BIS III ratio (%)	**14.23**	14.40	11.78
	Ordinary Tier 1 Capital - fully loaded BIS III (%)	**10.17**	9.74	9.62
			THOUSAND EURO	
RESULTS	Net interest income	**567,203**	631,576	699,348
	Gross margin ex Net gains/(losses) on financial transactions	**960,247**	954,768	985,252
	Operating margin (gross margin ex net gains/(losses) on financial transactions - recurring operating expenses)	**331,311**	308,117	300,223
	Measurement adjustments for certain assets and other write-downs	**413,136**	293,896	432,153
	Net profit (attributed to the parent company)	**142,897**	84,123	150,653
			NUMBER	
OTHER RELEVANT INFORMATION	Number of branches	**1,248**	1,272	1,356
	Number of parent company employees (total payroll)	**5,527**	5,486	6,001
	Number of ATMs	**1,526**	1,553	1,567
			MILLION EURO (1)	
	Business volume by branch	**78.983**	75.822	72.722
	Business volume by employee	**17.834**	17.580	16.433

CREDIT RATINGS		**SHORT-TERM**	**LONG-TERM**
	Moody's (rating for deposits)	NP	B1
	Standard & Poor's	B	BB
	Fitch Ratings	B	BB+

Quantitative data and breakdowns included to explain business performance in this Annual Report are based on criteria defined in the internal management information systems.

1 Business volume: gross customer loans + total funds under management.

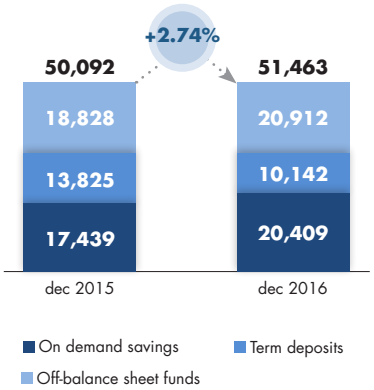
CUSTOMER FUNDS

Off-balance-sheet products, especially investment funds, have become more important, to the detriment of traditional term deposits.

Retail customer funds amounting to **€51,463 million have grown by 2.74% year-on-year**. The 11.07% increase in intermediation products, including investment funds, should be noted.

The **evolution of these funds** has been **influenced by the historically low interest rates**. Within this context, Ibercaja's commercial policy has focused on **offering savers alternatives to traditional deposits**, such as assets under management and insurance, which have better yield expectations and strengthen customers' ties to the Bank. As a result, off-balance sheet products and demand deposits have become more important within the retail resources structure (80% v. 72% in 2015) to the detriment of term deposits, giving rise to a more **balanced and profitable mix.**

Trends in retail customer funds (million euro)



Resources managed on the balance sheet, which amount to **€30,551 million, have decreased by 2.28%**. Term deposits have fallen by 26.64% due to their low yields which are in line with market interest rates, while demand deposits have increased by 17%, capturing some of the transfers made by customers from deposits when these mature.

BREAKDOWN OF CUSTOMER FUNDS UNDER MANAGEMENT

MILLION EURO	December 2016	December 2015	Variance	Variance %
On demand savings	20,409	17,439	2,970	17.03
Term deposits	10,142	13,825	-3,683	-26.64
On-balance sheet retail customer funds	**30,551**	**31,264**	**-713**	**-2.28**
Assignment of assets to maturity	152	174	-22	-12.88
Investment funds	10,694	9,226	1,468	15.91
Pension plans	4,075	3,964	110	2.79
Insurance	5,992	5,463	529	9.68
Off-balance sheet retail customer funds	**20,912**	**18,828**	**2,085**	**11.07**
Total retail customer funds	**51,463**	**50,092**	**1,371**	**2.74**
Total funds managed by Group	**64,273**	**61,997**	**2,277**	**3.67**

Off-balance sheet retail funds have performed well (+11.07%) **driven in particular by the investment funds managed**, whose assets have increased by more than 20%, tripling the figure achieved by the system as a whole. The contributions are a record in the Entity's history and represent 12% of the total captured by the fund industry. Of these, 30% involve portfolio management agreements, the volume of which accounts for 33% of managed assets. **Market share in investment funds** grew by 40 basis points in the year to **4.46%** at the year end.

The positive reception of systematic individual savings plans and annuities has led to major progress in savings insurance - 9.68% - while the increase in pension assets under management of 2.79% has been more moderate. Market share has grown by 9 bps in both lines of business. Overall, **the share of intermediary products** is **4.47%**, **gaining 22 bps in the last twelve months.**

By segment, following the guidelines set by the 2015-2017 Strategic Plan, the funds of **personal banking customers account for 62% of the increase** and **their balance represents 54% of the total**, while resources generated by **the corporate business line have been the most expansive**, with an increase of 7.41%.

By geographical area, in the **Bank's home market** the increase has been **2.08%**, which is particularly significant as this is a mature market in which the Bank holds a leadership position, and taking into account the risk entailed by the merger with the Caja3 business, which was resolved brilliantly. The best performance has been in the growth areas of **Madrid and the Mediterranean** coast, with increases of **4.14%** and **5.33%**, respectively.

CUSTOMER LOANS

The rate at which new operations are being arranged has been intense in line with the objective of the Strategic Plan to increase the flow of financing to SMEs.

Gross customer lending, amounting to **€34,297 million, has decreased by 0.44%** from a year earlier. The decrease, compared with 2015, has been contained due to a more favourable macroeconomic environment which has given rise to a more **expansive approach to granting loans** and the deleveraging of families and companies. This good performance, when compared with the overall financial system, has generated **a gain in market share of 8 bps.**

The rate at which new operations are being arranged - **€5,212 million** - has been intense and has exceeded the relevant figure for 2015 by **26.35%**. In line with the objective of the Strategic Plan to increase the flow of financing to SMEs, **55% of new loans have involved non-real estate companies**, an increase of 21%. This segment has made a major contribution to the progressive stabilisation of the Group's portfolio. **Funding to households for home purchases accounts** for **19.43%** of the total, an **increase of 66.64%**, while in **consumer credit** the **year-on-year increase is almost 7%**.

BREAKDOWN OF CUSTOMER LOANS BASED ON COLLATERAL

MILLION EURO	December 2016	December 2015	Variance	Variance %
Commercial loans	439	370	68	18,47
Secured loans	23,309	24,708	-1,399	-5.66
Other term loans	5,085	4,418	667	15.10
Finance leases	334	237	98	41.21
Loans on demand and other	575	561	14	2.52
Impaired assets	3,061	3,085	-23	-0.76
Other financial assets	423	408	15	3.71
Reverse repos	985	544	441	81.22
Measurement adjustments	86	119	-33	-28.05
Gross customer loans	**34,297**	**34,449**	**-152**	**-0.44**
Impairment losses	-1,350	-1,658	308	18.56
Net customer loans	**32,947**	**32,791**	**156**	**0.47**

Secured loans, basically for the acquisition of primary housing by individuals, fell by 5.66%. This is explained by the weak recovery in the housing market and the Group's strategy to **change the mix of the loan portfolio by directing growth towards business loans**. The achievement of this objective can be observed in the growth in commercial loans (+18.47%), finance leases (+41.21%) and other term borrowing (+15.10%). **The NPL ratio** of **8,93%** fell by 3 bps during the year and remains below the average for deposit-taking institutions as a whole (9.18%). The rate of decline in doubtful balances has slowed in the fourth quarter as a result of the entry into force of Appendix IX, which has resulted in accounting reclassifications of certain assets.

BREAKDOWN OF CUSTOMER LOANS BY PURPOSE

MILLION EURO	December 2016	December 2015	Variance	Variance %
Credit granted to individuals	**22,963**	**23,783**	**-819**	**-3.45**
Housing	21,748	22,507	-758	-3.37
Consumer and other	1,215	1,276	-61	-4.78
Loans to companies	**9,349**	**9,065**	**284**	**3.13**
Real estate	2,136	2,473	-336	-13.60
Non-real estate production activities	7,213	6,592	620	9.41
Public sector and others	**1,985**	**1,602**	**383**	**23.92**
Gross customer loans	**34,297**	**34,449**	**-152**	**-0.44**

FINANCING TO INDIVIDUALS

Financing for the acquisition and rehabilitation of residential homes is almost completely backed by mortgage guarantee, which have the **highest weight in the Entity's loan portfolio structure at 63%**. Despite the improvement in the number of mortgage loans arranged, the volume is still insufficient to offset the amortisations and cancellations that have taken place.

The balance for this segment totalled **€21,748 million**, 3.37% less than a year earlier. However, as already mentioned, the situation as regards **new loan arrangements** is very dynamic with an **increase of almost 67%**. If this positive performance is consolidated, therefore, the downward trend could be turned round in the near future. Concerning commercial proposals, the positive reception of subsidised mortgages and the increase in fixed-rate mortgages arranged should be noted, as they account for 32% of total loans arranged during the year.



Ibercaja has received the "Mortgage 2016" award for its record and contribution to the real estate market in the "XIII Banking Sector Meeting on mortgages, credit and financing".

The strong rate of consumer loan grants has not prevented a year-on-year decline of 4.78% in the portfolio. The relative importance of these loans is still low, at 3.54%, within Ibercaja's overall financing and therefore the potential for growth is considerable. Forecasts for 2017 point to an increase in available household income, shrinking unemployment and low interest rates. These factors will support spending and, consequently, will encourage the growth of this business segment.

The actions to promote this segment include:

- **Regular communications with customers** concerning loans available for their consumption needs.
- **Fast and agile** loan origination through any channel (branch, retail outlet or Ibercaja Directo)
- Car purchase **offers**, financing of university and post-graduate studies, etc

FINANCING OF PRODUCTION ACTIVITIES

As is expressed in the Strategic Plan 2015-2017, **the Group has the objective** of **strengthening its relationship with the business world**, to which end it is developing an **integral business relationship model** so that it may provide a **global**, **quality**, **useful** and **personalised service**.



In the area of financing non-real estate production activities, various offers have been designed which are segmented by activity within the plans:

- "Apoyo Autónomos" (support for the self-employed).
- "Impulso Comercios" (aimed at retailers).
- "Estímulo Pymes" (support for SMEs).
- "Plan ProAgro".

They include products with very competitive conditions to increase the portfolio of loans granted to these groups.

The effort is paying off. **Financing of production activities other than real estate is leading the credit** revival with a **growth in stock of 9.41%**. This contrasts with the 0.26% reduction in 2015. As a result of this progress, **the relative importance of this line of business** with respect to the overall loan portfolio has **increased to 21%**, in a further step towards achieving a balanced composition of the portfolio.

Loans for real estate development fell by 13.60% as a result of developments in the sector following the demise of the property bubble and the steps taken by the Entity to reduce its exposure.





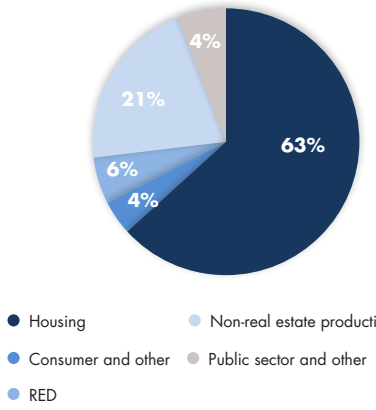
ASSET QUALITY

The Group has a low risk portfolio profile with high relative significance of mortgage financing for individuals to acquire homes.

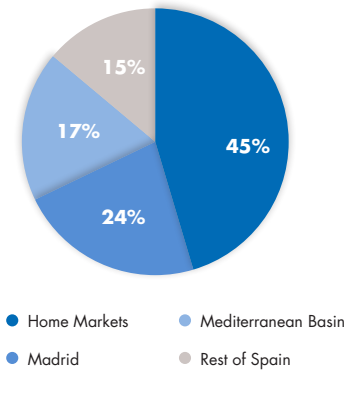
The Group has a **low risk** portfolio profile with **high relative significance of mortgage financing for individuals to acquire homes**. While it maintains this specialisation, the Entity seeks to increase its participation in business and SME loans covered by "Plan+".

Investment is geographically diversified, even though Ibercaja's implementation in its home territory means that this area and Madrid account for nearly 68% of loans.

Distribution of loans by transaction purpose (%)



Geographical distribution of loans (%)





Household financing represents **67% of gross customer loans** and **95% is dedicated to the acquisition of homes**. Almost all of it relates to loans for primary residences secured by mortgage. The loan-to-value ratio, which is the value of the outstanding debt compared with the collateral using the latest appraisal, is 54.42%. The LTV ratio is less than 80% for 94% of the home loan mortgage portfolio.

Business loans represent 27% of the total. Loans and credit facilities associated with **real estate development** are low at 6%, and have decreased considerably in recent years. **The financing of production activities other than real estate development** has a relative importance of **21%,** and has been p**referentially granted to SMEs** in very diverse sectors.

Doubtful balances total **€3,061 million**. The continued decline observed until the third quarter was slowed by the entry into force in October of the changes introduced by Appendix IX of Bank of Spain Circular 4/2016, which have led to the accounting reclassification of certain loans. This has resulted in the change in the year of non-performing assets being reduced to -0.76%.

The Group's NPL ratio of **8.93% is an improvement of 3 bps** and continues to surpass the rest of the banking system (ratio of 9.18%). If real estate and construction exposures are excluded, the NLP ratio falls to 5.71%, which is 32 bps below the figure at end-2015. **The nonperforming rate for individual loans to acquire homes**, which is the largest portfolio at Ibercaja, is **4.31%, one of the lowest in the entire system.**

Total provisions, including those associated with contingent risks and liabilities, stand at **€1,388 million,** which is a coverage rate of **44.66%** of doubtful exposures.

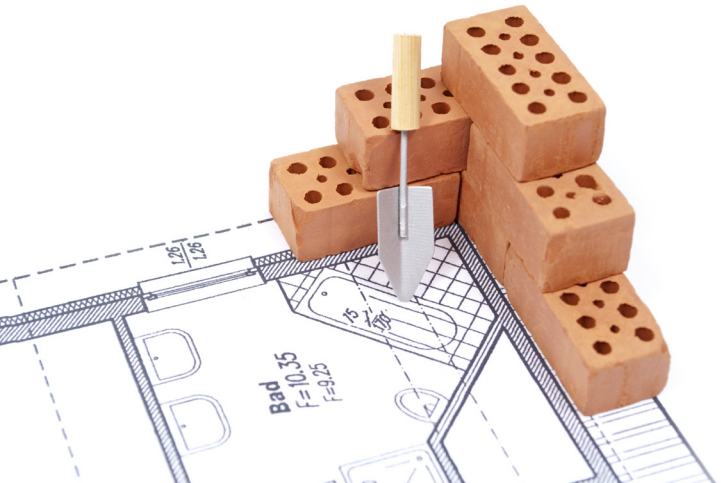
The Group's refinancing and restructuring policy focuses on facilitating compliance with obligations by borrowers that have transitory difficulties in complying with their commitments and to improve, where possible, the quality of the risk by obtaining additional guarantees. In accordance with the new criteria on refinancing derived from Circular 4/16, **refinanced balances** total **2,933 million**, i.e. 8.55% of gross lending. **Provisions covering doubtful and non-performing exposures** amount to **37.49%**.

The gross carrying value of the Group's portfolio of repossessed assets and assets acquired in settlement of debt is €1,725 million. **The reduction in the year was 6.33%**. **Provision for these real estate assets** (including initial write-downs and provisions recorded after repossession) stands at **52.21%**. **For land**, the sale of which could be more problematic, **the figure is 60%**. The figure for repossessions is lower than in the previous year, while sales of real-estate assets figuring on the balance sheet have increased by 8% in the number of units and 10% in terms of gross carrying value, contributing positively to income given the high level of provisions. Of these sales, 70% relate to homes, 24% to land and 6% to tertiary assets.

The Entity's policy is focused on encouraging compliance with commitments by borrowers by renegotiating debts before entering into litigation, and foreclosure is the final solution when there is absolutely no possibility of recovering the loan amount. Ibercaja also supports real estate developers once the developments are completed, assisting with management and facilitating sales.

The ultimate goal is to obtain value from the properties in the portfolio through their sale, such that the customers to which financing is granted for these transactions are recruited by the Bank at the same time.

Real estate developer, credit and real estate asset risk deriving from the financing of construction and real estate development fell by **€396 million**, or **10.44%** in relative terms. **The coverage for problem assets** (doubtful, under special vigilance and repossessed) associated with the real estate sector is **51%**.





FINANCING AND LIQUIDITY

G4 - DMA

Ibercaja has been traditionally characterised by a conservative policy in terms of liquidity, based on a clear commitment to financing growth in the lending area through retail resources, while restricting recourse to the wholesale markets.

The Bank has enjoyed a high liquidity environment due to the Eurosystem provision policy materialised in financing operations and asset purchases, and the improvement in the retail gap due to growth in deposits and the trend - still downward - in credit.

Issuance activity in Spanish institutions in 2016 has been 15% lower than the previous year. **The volume in this market** amounted to **€34,800 million**, focused on the first quarter of the year and declining thereafter. This slower pace is explained by the abundance of cheaper financing alternatives and regulatory uncertainty about the MREL, mainly with regard to the liabilities that will be accepted for the purposes of internal recovery and the order for loss absorption. By type of instrument, issuances of covered bonds and subordinated debt have decreased, while senior debt has grown.

Recourse to Eurosystem resources has increased by almost 5% since December 2015, **reaching €140,000 million**. The downward trend to June was reversed after the result of the first TLTRO II (Targeted Longer-Term Refinancing Operations) auction in which entities replaced much of the liquidity obtained in TLTRO I, taking advantage of its more advantageous financial conditions.

Ibercaja Group's activity in the capital market area has focused primarily on ensuring the availability of on-balance sheet liquid resources, managing fixed and variable income portfolios, planning issuances and buybacks, and arranging hedges for structured deposits and other items.

In October, Ibercaja successfully placed an issuance of 7-year **covered bonds totalling €500 million**. The strength of demand, over the volume issued, reduced the financing cost to 22 basis points over the reference rate (midswap), which at the time was the lowest in an issuance of this kind in the Spanish market. Following the excellent reception of the €500 million issuance of subordinated debt in July 2015, this again evidences **the Group's credibility in the financial markets**, investors' support for the Entity's project and recognition of its solvency.

After obtaining ECB authorisation, **Ibercaja redeemed early €163 million** corresponding to **40% of the issuance of contingent convertible bonds** carried out by Caja3 and subscribed by the FROB in 2013. This disbursement has been made without resorting to new sources of capital, given the Entity's healthy solvency position and ample compliance with the regulator's parameters.

The availability of liquid assets has made it possible to comfortably meet **maturities in the period**: **€1,106 million**, distributed in covered bonds (€818 million), subordinated bonds (€189 million, of which €183 million were contingent convertible bonds), securitisation bonds owned by third parties (€87 million) and senior debt (€12 million). During the year buybacks worth €7 million have taken place, arranged through securitisation bonds.





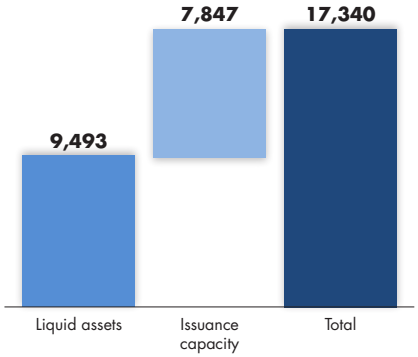
Funding from the ECB, €3,367 million, has increased by €1,314 million compared with the end of 2015. The Group availed itself of the new TLTROs in the maximum amount available, simultaneously reducing financing via repos.

Ibercaja has been traditionally characterised by a conservative policy in terms of liquidity, based on a clear commitment to financing growth in the lending area through retail resources, while restricting recourse to the wholesale markets.

Retail customer deposits are the main source of external financing. More than 80% of the total are classified as stable in line with Bank of Spain rules, which highlights the rapport and confidence of the Entity's customer base. The loan to deposit ratio (LTD) of 97.76% reflects the self-financing capacity of the retail business.

The volume of liquid assets, almost all eligible for use as collateral with the ECB, amounts to **€9,493 million**, 16.60% of assets. Additionally, **the issuance capacity for covered and territorial bonds** is **€7,847 million**, meaning total available liquid assets stand at €17,340 million.

Breakdown of liquid assets
(million euro)



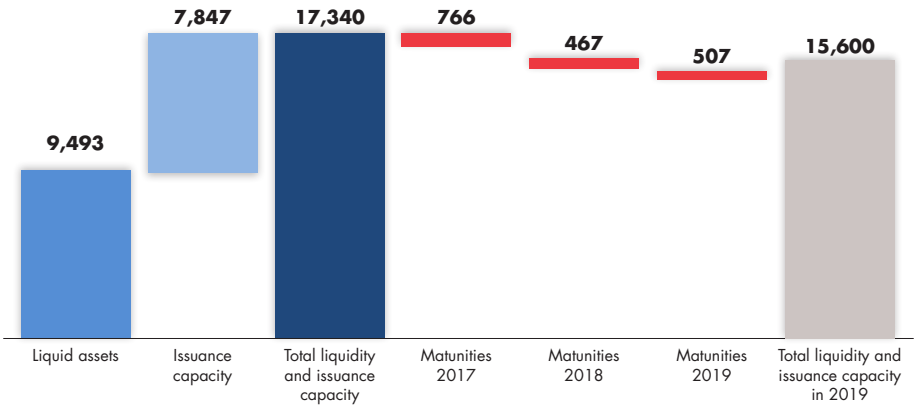
The LCR, which measures the level of high-quality liquid assets free of encumbrances available to overcome a 30-day liquidity stress scenario is **255.90%**, far higher than the requirements established by Basel III. **The NSFR**, which is required as from 2018, stands at **121.40%**. This indicator measures the proportion of stable financing at one year to stable liabilities and is intended to ensure a balanced balance sheet structure, limiting excessive dependence on short-term wholesale financing.

The available amount of the ECB facility is **€4,218 million**. In addition, 85% of the qualifying assets outside the facility relates to Spanish government debt which would allow for immediate liquidity if necessary.

Overcollateralization, measured as the qualifying portfolio over outstanding covered bonds, is **270.75%** which amply exceeds the legal minimum of 125% and the average for financial institutions as a whole.

Maturities for issuances on wholesale markets are spread over a repayment schedule lasting until 2027. **In 2017 and 2018 they total €766 million and €467 million**, respectively, and may be comfortably covered using available liquidity.

Liquid assets and maturity dates (million euro)







SECURITIES PORTFOLIO

The portfolios exposed to market risk are characterised by sectoral, geographic and investment term diversification, high liquidity and solid credit quality.

The fixed income and equities portfolios total €18,810 million, of which **€6,490 million is associated with the Group's insurance business**. The €1,782 million reduction is part of the policy initiated in recent years to reduce their relative importance and achieve a greater retail bias in the balance sheet.

By type, **fixed income securities**, amounting to **€18,194 million**, account for **97% of the total**, with a fall of €1,772 million due mainly to maturities arising during the year and disposals to take advantage of market opportunities. This portfolio consists of low risk bonds and has a high concentration of Spanish government debt with an average term of around 3.9 years. Its purpose is to manage balance sheet interest rate risk, generate recurring yields to reinforce the interest margin and to contribute to maintaining a comfortable liquidity level as the assets are highly liquid. The equities portfolio, amounting to €615 million, mainly consists of listed shares in domestic and foreign companies, in addition to shares in unlisted companies. It has decreased by €9 million due to sales of listed shares.

BREAKDOWN OF THE SECURITIES PORTFOLIO

	Balance		Variance	
	MILLION €	STRUCTURE (€)	MILLION €	%
Trading portfolio	**1**	**0.00**	**0**	**-0.14**
Debt securities	1	0.00	0	-0.14
Equity instruments	0	0.00	0	0.00
Other financial assets at fair valuet hrough profit or loss	**49**	**0.26**	**-4**	**-6.87**
Debt securities	5	0.02	-1	-12.37
Other equity instruments	44	0.24	-3	-6.26
Available-for-sale financial assets	**11,476**	**61.01**	**-4,123**	**-26.43**
Debt securities	11,041	58.70	-4,116	-27.15
Other equity instruments	435	2.31	-7	-1.59
Loans	**2,602**	**13.83**	**461**	**21.54**
Debt securities	2,602	13.83	461	21.54
Held-to-maturity investment portfolio	**4,546**	**24.17**	**1,883**	**70.72**
Shares	**136**	**0.72**	**1**	**0.49**
SECURITIES PORTFOLIO	**18,810**	**100.00**	**-1,782**	**-8.65**
Fixed-income securities portfolio	18,194	96.73	-1,772	-8.88
Equities portfolio	615	3.27	-9	-1.49
Shares	136	0.72	1	0.49
Other	479	2.55	-10	-2.04

According to their accounting classification, **available for sale financial assets, amounting to €11,476 million**, account for 61.01% of the total. Their volume has fallen by €4,123 million partly due to the transfer of fixed income **securities to the held-to-maturity investment portfolio**. This portfolio amounts to **€4,546 million** - 24.17% of the structure - having increased by €1,883 million due to the above-mentioned transfer, and having been reduced by various maturities of public debt and private fixed income securities occurring during the year.

ANALYSIS OF THE INCOME STATEMENT

G4 - DMA

MAIN CONSOLIDATED INCOME STATEMENT HEADINGS

MILLION EURO AND %	December **2016**	December **2015**	**Variance**	**Variance %**
Net interest income	**567**	**632**	**-64**	**-10.19**
Net fee income	340	333	7	2.07
Gains (Losses) on financial transactions	170	86	83	96.98
Other operating profit/loss	53	-10	63	n.a.
Other operating profit/loss	30	-18	48	n.a.
Return on equity instuments and share of profit / loss of equity accounted entities	23	8	15	n.a.
Gross margin	**1,130**	**1,041**	**89**	**8.55**
Operating expenses	652	656	-4	-0.64
Profit before write-offs	**478**	**384**	**93**	**24.22**
Provisions, impairment and other write-offs	413	294	119	40.57
Other profit loss	6	28	-21	-77.10
Profit/(loss) before taxes	**71**	**118**	**-47**	**-40.15**
Taxes and minorities	-72	34	-106	n.a.
Result attributed to the parent company	**143**	**84**	**59**	**69.87**

NET INTEREST INCOME

Net interest income totalled **€567 million**, 10.19% less than in the previous year. The interest rate environment affects loan income and the performance of the securities portfolio. However, the fall is less than in previous quarters, consolidating the path towards the gradual stabilisation of net income that has been observed since the beginning of the year.

NET INTEREST INCOME
€567 millon

CUSTOMER SPREAD
+8 b.p. o/ 2015

Net income generated by retail operations remains stable compared to 2015. The rise in the volume of new loans granted, concentrated in more profitable segments such as business and consumer loans, and the adaptation of the costs of liabilities resulting from the decrease in the average cost of new business in term deposits and the transfer towards demand deposits, offset the decline in income from loans impacted by the negative Euribor and the slight reduction in the average balance. Accordingly, **the customer spread** of 1.27% **is 8 b.p. higher than in 2015.**

The lower contribution of the wholesale business, which has fallen by €52 million, explains the narrowing of the interest margin. The decrease in financial charges on funds has been insufficient to cover the lower yield on the fixed-income portfolio, due to the decrease in its balance and the decline in average profitability.

NET FEES

Net fees contributed €340 million to the income statement, 2.07% more than at the previous year end. By type, **fees derived from sales of non-banking financial products increased by 6.84%**. This good performance is mainly due to the increase is fees derived from investment funds (+12%), whose assets have shown sustained growth throughout the year.

NET FEES
€340 millon
+2.07% o/ 2015

Fees for banking services decreased 2.71%, basically due to the termination of the servicer contract signed with the Sareb to manage the assets transferred from Caja3. Excluding this effect, bank fees increased by 2.17%.

RETURN ON EQUITY INSTRUMENTS AND GAINS/LOSSES ON FINANCIAL ASSETS AND LIABILITIES

Income from equity instruments, €11 million, rose by 6.45% as a result of the increase in dividend income, thanks to improved results in investee companies.

INCOME FROM EQUITY INSTRUMENTS
€11 millon

Profits from financial operations totalled **€170 million**. They mostly stem from the turnover of the available-for-sale financial assets portfolio, mainly fixed-income securities.

PROFITS FROM FINANCIAL OPERATIONS
€170 millon

OTHER OPERATING PROFIT/(LOSS)

The results of entities accounted for using the equity method totalled **€12 million** due to profit contributed by Viacajas following the sale of its stake in Visa Europe.

The heading **Other operating income and expenses represents a positive contribution** of **€30 million**. This heading includes the extraordinary income from the sale of the real-estate management and marketing business to Aktua (€69.3 million), reduced by the contribution to the FGD (€45 million), the contribution to the National Resolution Fund (€14 million) and the charge derived from the conversion of deferred tax assets into a receivable from the Spanish Tax Administration (6 million).

OTHER OPERATING INCOME AND EXPENSES
€30 millon

GROSS INCOME AND OPERATING EXPENSES

The gross margin, 1,130 million, is almost 9% higher than that obtained in 2015. Banking income, composed of interest income and fees, is particularly significant, accounting for more than 80% of the total composition of this heading.

Operating expenses, at **€652 million**, have diminished by about 1%. Personnel expenses have decreased by 4.71% as a consequence of savings due to redundancies resulting from the labour agreement reached in the previous year. General administrative expenses and depreciation increased by 6% due to the higher fees assigned for real-estate management and marketing. Excluding the effect of the sale of real estate servicing, total operating expenses have decreased by 3.31%.

GROSS MARGIN
€1,130 million
+9% o/ 2015

OPERATING EXPENSES
€652 millon
-0.64% o/ 2015

PROFIT BEFORE WRITE-OFPSS
€478 millon
+24.22% o/ 2015

The efficiency ratio, at 57.73%, has improved by over 5 percentage points.

The profit before write-offs was **€478 million**, 24.22% more than a year earlier.

WRITE-DOWNS AND PROVISIONS, AND OTHER GAINS AND LOSSES

Total provisions and write-downs, amounting to **€413 million** and recorded in impairment losses on financial and non-financial assets, non-current assets held for sale and appropriations to provisions, reflect the entry into force of Bank of Spain Circular 4/2016, the effect of the recent decision of the Court of Justice of the European Union on "floor" clauses and the existence of possible contingencies.

TOTAL PROVISIONS AND WRITE-DOWNS
€413 millon

NET PROFIT
€143 millon
+70% o/ 2015

The write-offs associated with credit risk and property, €291 million, have increased by 16.22% due to the impact of the new Bank of Spain circular on provisions. The Group's cost of risk, measured as the percentage of these impairments in relation to the loan portfolio, stands at 0.85% (0.54% excluding extraordinary items). A provision of €96 million has been recorded for risks and contingent commitments and other impairment. This includes €20 million, in addition to the €30 million already provided for, to cover legal contingencies arising from floor clauses in the former Caja3 mortgage portfolio.

The heading Other gains and losses reflects a net gain of **€6 million**, compared with the figure of €28 million recorded at the previous year end. The difference is explained by lower income on sales of property, plant and equipment, as in 2015 surplus properties for own use were sold following the network restructuring, and the payment of commissions for sales of repossessed properties to Aktua.

Pre-tax profit amounted to **€71 million**. The extraordinary effect of a binding resolution by the Tax Administration in relation to the tax loss carryforwards originating from the absorption of Banco Grupo Caja3 has given rise to a positive impact on the amount of tax accrued, enabling the year to be concluded with a **net profit** of **€143 million**, 70% higher than in 2015.

The proposed distribution of dividends out of profits for the year that the Board of Directors will present for approval at the General Shareholders' Meeting amounts to €35.7 million.



SOLVENCY

G4 - DMA

Thanks to the Group's prudence when assuming risks and the alignment of its management structures with best corporate governance practices, The Pillar 2 requirement imposed on Ibercaja is one of the lowest in the Spanish banking system.

The solvency legislation known as Basel III entered into force on 1 January 2014 as transcribed from European Regulation 575/2013 and Directive 2013/36/EU into Spanish Royal Decree Law 14/2013 and Law 10/2014 (26 June) on the organization, supervision and solvency of credit institutions. In addition, Bank of Spain Circular 2/2016 was published in February 2016 which completed the adaptation of Spanish legislation to Regulation 575/2013 and Directive 2013/36/EU. The new capital standards raise the minimum requirements and restrict eligibility criteria for some instruments, particularly with regard to CET1, the highest quality capital.

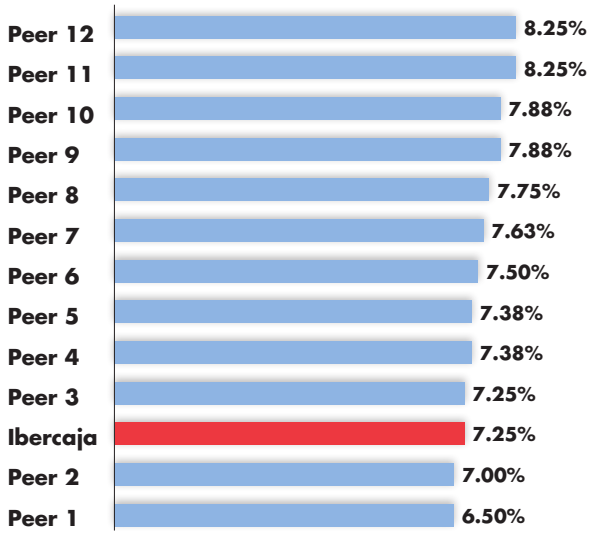
The ECB announced the final results of the Supervisory Review and Evaluation Process (SREP) which sets **individual capital requirements** of each bank for 2017 on the basis of: the business model, capital and liquidity risk, governance and internal control.

The decision implies that **Ibercaja should maintain a phased-in CET1 ratio of 7.25% and a total capital ratio of 10.75%**. These ratios include:

- The minimum required for Pillar 1 (4.5% of CET 1 and 8% of total capital).
- The requirement for Pillar 2 (1.5%).
- The capital conservation buffer (1.25%).

The Pillar 2 requirement imposed on Ibercaja of 1.5% **is one of the lowest in the Spanish banking system**, evidencing the Group's prudence when assuming risks and the alignment of its management structures with best corporate governance practices.

SREP Comparative analysis 2017: Spanish banking







Total eligible capital stands at **€3,296 million**, with a **14.23%** capital adequacy ratio.

The phased in CET1 ratio, which measures the ratio of first-tier capital to risk-weighted assets, stands at **12%**, having increased by 5 bps since December 2015 despite the early redemption of €163 million in convertible contingent bonds issued by Caja3 in 2013. **The excess over the required regulatory minimum**, 4.5%, is **€1,737 million** and with respect to the requirement determined by the **ECB** for 2016 of 9.25%, is **€636 million**. The strengthening of capital is mainly due to the good earnings for the year and the optimization of the balance sheet structure.

Applying the standards established for the end of the transition period prior to the full implementation of Basel III, the **fully loaded CET1 ratio**, **10.17%**, is 43 bps higher than in 2015. The **excess over the regulatory minimum** of 7%, which includes a 2.5% capital conservation buffer, amounts to **€733 million**

At 31 December, **the leverage ratio (phased in)** is **5.37%**, above the minimum reference level of 3% set by the Basel Committee.

SOLVENCY TRENDS AND MAIN INDICATORS

MILLION EURO AND %	December 2016	December 2015	Variance	Variance %
Ordinary tier 1 Capital	**2,779**	**2,808**	**-29**	**-1.03**
Additional Tier 1	0	0	0	–
Basic equity (tier 1)	**2,779**	**2,808**	**-29**	**1.03**
Supplementary equity (tier 2)	**517**	**577**	**-60**	**-10.32**
Computable Equity	**3,296**	**3,385**	**-88**	**-2.61**
Risk weighted assets	**23,169**	**23,501**	**-331**	**-1.41**
Excess CEt1 over legal minimum (4.5%)	**1,737**	**1,751**	**-14**	**-0.80**
Excess CEt1 over SREP decision (9.25%)	**636**	**634**	**2**	**0.27**
RATIOS (%)				
CET1	12.00	11.95	0.05	0.39
Tier 1	12.00	11.95	0.05	0.39
Tier 2	2.23	2.45	-0.22	-9.04
Solvency ratio	14.23	14.40	-0.18	-1.22
CET1 fully loaded	10.17	9.74	0.43	4.40

Credit rating agency Fitch ratified Ibercaja's long-term rating, highlighting the strength of its regional franchise, adequate financing and liquidity position, improved credit quality indicators and the contribution of the insurance business as a source of diversification and generation of recurring income. **The outlook assigned to the rating is positive** due to the favourable trend in terms of capital and asset quality, which could lead to an improvement in the rating in the medium term.

Standard & Poor's maintained the Ibercaja rating at BB/B in 2016. The rating is based on its stable retail franchise, conservative management, better than average credit quality and adequate financing and liquidity profile. The **positive outlook** indicates the possible increase in rating as a result of an improvement in capital. in view of the improvement in the economic risk in Spain and, consequently, in the activity of the banking system, in February 2017 **the agency upgraded Ibercaja's rating** one step to **BB+** with a positive outlook. The lower economic risk is reflected in a reduction in potential losses in a stress scenario, which has a positive impact on the assessment of the Entity's capital and results.

The rating granted by Moody's to deposits is maintained at B1 with a stable outlook. The agency emphasizes the positioning of Ibercaja's business in its traditional area of activity, reinforced by the acquisition of Banco Grupo Caja3, the improvement in asset quality indicators, especially after the sale last year of a doubtful loan portfolio linked to the property development segment, and the adequate liquidity position, due to the large retail deposit base and a high proportion of liquid assets.

AGENCY RATINGS

	Long Term	Short Term	Outlook
Standard & Poor's (*)	**BB**	**B**	**Positiva**
Moody's	**B1**	**NP**	**Estable**
Fitch	**BB+**	**B**	**Positiva**

(*) In February 2017 the agency upgraded the rating from "BB" to "BB+".



PUBLIC CONSOLIDATED BALANCE SHEET

Ibercaja Banco Group

MILES DE €	Balance		Variance 16/15	
	2016	2015	THOUSAND €	%
Cash and cash balances at central banks and other demand deposits	1,005,986	835,748	170,238	20.37
Financial assets held for trading	33,124	41,327	-8,203	-19.85
Financial assets designated at fair value through profit or loss	48,997	52,613	-3,616	-6.87
Available-for-sale financial assets	11,476,251	15,599,216	-4,122,965	-26.43
Loans and receivables	36,019,328	35,435,504	583,824	1.65
Debt securities	2,602,217	2,141,045	461,172	21.54
Loans and advances	33,417,111	33,394,459	122,652	0.37
Credit institutions	470,055	503,148	-33,093	-6.58
Customers	32,947,056	32,791,311	155,745	0.47
Held-to-maturity investments	4,545,574	2,662,571	1,883,003	70.72
Derivatives- Hedge accounting	285,111	357,452	-72,341	-20.24
Investments in subsidiaries, joint business ventures and associates	135,798	135,136	662	0.49
Tangible assets	1,092,388	1,163,734	-71,346	-6.13
Intangible assets	198,837	203,571	-4,734	-2.33
Non-current assets and disposal groups of items classified as held for sale	656,931	714,217	-57,286	-8.02
Other assets	1,677,549	1,720,603	-43,054	-2.50
TOTAL ASSETS	**57,175,874**	**58,921,692**	**-1,745,818**	**-2.97**
Financial liabilities held for trading	31,255	35,970	-4,715	-13.11
Financial liabilities at amortised cost	46,352,735	48,581,317	-2,228,582	-4.59
Deposits	43,499,051	45,581,317	-2,492,172	-5.42
Central banks	3,366,566	2,053,035	1,313,531	63.98
Credit institutions	3,127,312	4,908,740	-1,781,428	-36.29
Customers	37,005,173	39,029,448	-2,024,275	-5.19
Debt securities issued	2,147,252	1,972,853	174,399	8.84
Other financial liabilities	706,432	617,241	89,191	14.45
Derivatives - hedge accounting	176,172	330,474	-154,302	-46.69
Liabilities under insurance or reinsurance contracts	6,858,907	6,382,222	476,658	7.47
Provisions	411,329	316,996	94,333	29.76
Other liabilities	368,716	474,058	-105,342	-22.22
TOTAL LIABILITIES	**54,199,114**	**56,121,037**	**-1,921,923**	**-3.42**
Shareholders' funds	2,753,123	2,634,057	119,066	4.52
Other accumulated comprehensive results	223,330	165,489	57,841	34.95
Non-controlling interests	307	1,109	-802	-72.32
TOTAL EQUITY	**2,976,760**	**2,800,655**	**176,105**	**6.29**
TOTAL EQUITY AND LIABILITIES	**57,175,874**	**58,921,692**	**-1,745,818**	**-2.97**

PUBLIC CONSOLIDATED INCOME STATEMENT

Ibercaja Banco Group

	Amount		Variance 16/15	
MILLION €	2016	2015	THOUSAND €	%
Interest income	832,867	1,065,640	-232,773	-21.84
Interest expense	265,664	434,064	-168,400	-38.80
NET INTEREST INCOME	**567,203**	**631,576**	**-64,373**	**-10.19**
Dividend income	10,913	10,252	661	6.45
Share of profit/(loss) of equity-accounted entities	11,701	-2,178	13,879	n.a.
Net fee income	340,058	333,163	6,895	2.07
Net gains(losses) on financial assets and liabilities	169,527	86,063	83,464	96.98
Other operating profit/loss	30,372	-18,045	48,417	n.a.
GROSS INCOME	**1,129,774**	**1,040,831**	**88,943**	**8.55**
Operating expenses	652,205	656,371	-4,166	-0.63
Personnel expenses	384,958	403,974	-19,016	-4.71
Other administration expenses	214,900	197,861	17,039	8.61
Depreciation	52,347	54,536	-2,189	-4.01
PROFIT BEFORE WRITE-OFFS	**477,569**	**384,460**	**93,109**	**24.22**
Provisions, impairment and other write-offs	413,136	293,896	119,240	40.57
Other profit loss	6,337	27,673	-21,336	-77.10
PROFIT/(LOSS) BEFORE TAXES	**70,770**	**118,237**	**-47,467**	**-40.15**
Taxes and minorities	-72,292	34,158	-106,450	n.a.
PROFIT /(LOSS) FOR THE YEAR	**143,062**	**84,079**	**58,983**	**70.15**
Attributable to the parent company's owners	142,897	84,123	58,774	69.87
Attributable to non-controlling interests	164	-44	208	472.73



CORPORATE GOVERNANCE AND RISK MANAGEMENT



iberCaja

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Corporate Governance
Governing Bodies and functions
Adequacy, remuneration and conflict of interest policy
Internal rules and supervisory bodies
Internal control system
Risk Management





CORPORATE GOVERNANCE

G4-DMA, G4-2, G4-34, G4-35, G4-36, G4-38, G4-39, G4-40, G4-42, G4-44, G4-46, G4-47, G4-48, G4-56, G4-LA12

One of the Group's priorities is to ensure transparency and good governance of the Institution.

One of the Group's priorities is to ensure transparency and good governance of the Institution. The governing bodies, their composition and operating rules are regulated in the Bylaws and the Board Regulations, which comply with Law 10/2014 (June 26) on the organisation, supervision and solvency of credit institutions, Royal Decree Law 1/2010 (July 2) which approved the revised Spanish Companies Act (in the wording of Law 31/2014) and the Unified Corporate Governance Code.

THE BASIS OF CORPORATE GOVERNANCE AT IBERCAJA

- The **composition**, independence and operating methods of the governing bodies.
- The **mandatory codes of conduct** and internal rules.
- The **established** control systems.
- The **communication** and **transparency** policy.
- The struggle **against fraud** and **corruption**.
- The **confidentiality** in the treatment of information.

Details on corporate governance are available at **http://www.ibercaja.com** under **"Shareholders and Investors"**.



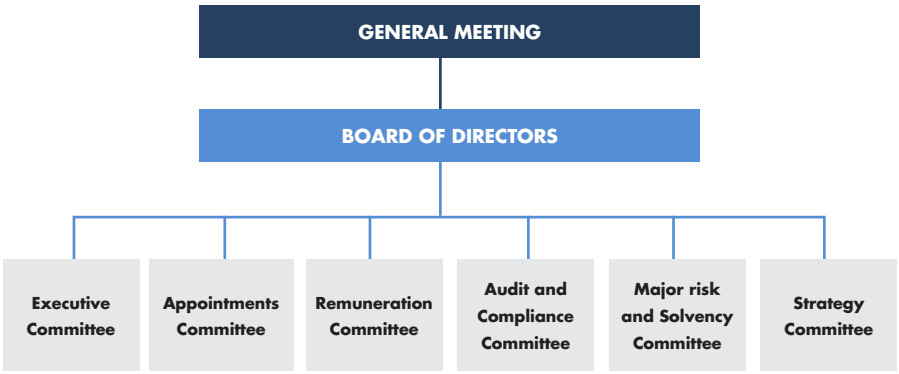
Ibercaja posts its annual **Corporate Governance Report** on the **corporate website** and on the **CNMV's website** as a Relevant Event.

GOVERNING BODIES AND FUNCTIONS

G4-DMA, G4-34, G4-35, G4-36, G4-38, G4-39, G4-40, G4-42, G4-44, G4-46, G4-47, G4-48, G4-56, G4-LA12

Ibercaja's governance model consists of the General Shareholders' Meeting and the Board of Directors, which has six committees.

The **General Shareholders' Meeting** is the Entity's supreme decision-making body and its resolutions are binding on the Board of Directors. The General Meeting **enjoys broad authority in the governance** of the Entity and may validly adopt resolutions on matters that are submitted to it in accordance with the provisions of applicable legislation and the Bylaws.





BOARD OF DIRECTORS

The Board of Directors has the broadest powers to administer, manage and represent the Company and **is the ultimate decision-making body**, barring decisions reserved for the General Meeting. The Group's Corporate Social Responsibility policy and report are approved by the Board of Directors.

NAME	POSITION	CATEGORY
D. Amado Franco Lahoz	Chair	Propietary
D. José Luis Aguirre Loaso	First Vice-chair	Propietary
D. José Ignacio Mijangos Linaza	Second Vice chair	Propietary
D. Víctor Iglesias Ruiz	CEO	Executive
D. Jesús Barreiro Sanz	Secretary (Member)	Propietary
D. Jesús Máximo Bueno Arrese	Member	Propietary
Dª. Gabriela González-Buenos Lillo	Member	Independent
D. Jesús Solchaga Loitegui	Member	Independent
D. Juan María Pemán Gavín	Member	Propietary
D. Emilio Jiménez Labrador	Member	Propietary
D. Vicente Cóndor López	Member	Independent
D. Félix Longás Lafuente	Member	Independent
D. Jesús Tejel Giménez	Member	Independent

EXECUTIVE COMMITTEE

The permanent delegation of Board powers to the Executive Committee includes all of the Board's powers except those that may not be delegated by law or pursuant to the provisions of the Bylaws or the Board Regulations.

NOMBRE	CARGO	CATEGORÍA
D. Amado Franco Lahoz	Chair	Propietary
D. José Luis Aguirre Loaso	Member	Propietary
D. Víctor Iglesias Ruiz	Member	Executive
D. Jesús Máximo Bueno Arrese	Member	Propietary
Dª. Gabriela González-Bueno Lillo	Member	Independent
D. Vicente Cóndor López	Member	Independent
D. Juan María Pemán Gavín	Member	Propietary
D. Jesús Barreiro Sanz	Secretary	Propietary

APPOINTMENTS COMMITTEE

This committee reports to the Board on proposed appointments. In particular, it is responsible for: assessing the suitability of directors, establishing a representation objective for the least represented gender on the Board, making proposals to the Board for the appointment, re-election or dismissal of independent directors, reporting proposals for the appointment or separation of senior executives and personnel with key functions, as well as the basic conditions of their contracts, and examining and organising the succession of the Chairman and CEO.

NOMBRE	CARGO	CATEGORÍA
D. Jesús solchaga Loitegui	Chair	Independent
D. Félix Santiago Longás Lafuente	Member	Independent
D. José Ignacio Mijangos Linaza	Member	Propietary
D. Jesús Barreiro Sanz	Secretary	Propietary

REMUNERATION COMMITTEE

G4-51, G4-52

The Remuneration Committee has the duty of reporting, advising and proposing matters regarding compensation for directors, executives and similar personnel, as well as for the persons whose professional activity has a significant impact on the Entity's risk profile.

NOMBRE	CARGO	CATEGORÍA
D. Jesús Solchaga Loitegui	Chair	Independent
D. Félix Santiago Longás Lafuente	Member	Independent
D. José Ignacio Mijangos Linaza	Member	Propietary
D. Jesús Barreiro Sanz	Secretary	Propietary

AUDIT AND COMPLIANCE COMMITTEE

The functions of the Committee are set out in the Regulations of the Board of Directors. In particular: inform the Shareholders' Meeting about issues raised by shareholders regarding matters within its sphere of competence, supervise the effectiveness of the Entity's internal control and risk management systems, including taxes, supervise the process of preparing and presenting regulated financial information, propose the designation or re-election of the auditor, establish appropriate relationships with the external auditor to receive information regarding matters relating to the auditor's independence, receive annual written confirmation from the auditor regarding its independence with respect to the Entity or the group, and issue the relevant report.

NOMBRE	CARGO	CATEGORÍA
Dª. Gabriela González-Bueno Lillo	Chair	Independent
D. Jesús Máximo Bueno Arrese	Member	Propietary
D. Vicente Cóndor López	Member	Independent
D. Juan María Pemán Gavín	Member	Propietary
D. Jesús Tejel Giménez	Member	Independent
D. Jesús Barreiro Sanz	Secretary	Non-member

MAJOR RISK AND SOLVENCY COMMITTEE

The Committee has the primary duty of advising the Board of Directors as to the overall current and future risk appetite of the Entity and its Group, and the strategy in this respect. It also assists the Board with supervising the application of that strategy by senior management by monitoring the Bank's solvency levels and proposing any action deemed appropriate for improvement.

NOMBRE	CARGO	CATEGORÍA
D. Vicente Cóndor López	Chair	Independent
D. Jesús Máximo Bueno Arrese	Member	Propietary
D. José Luis Aguirre Loaso	Member	Propietary
D. Jesús Tejel Giménez	Member	Independent
D. Jesús Barreiro Sanz	Secretary	Non-member

STRATEGY COMMITTEE

the Strategy Committee has the core function of informing the Board of Directors about the Company's strategic policy, ensuring that its implementation is properly organised. During 2016, the Committee carried out the regular monitoring of the Strategic Plan approved by the Board of Directors which is of great importance for the medium and long term management of the Entity, as well as the quarterly monitoring of budgetary developments, complying with the duties contained in the Strategic Plan and reporting its findings to the Board of Directors.

NOMBRE	CARGO	CATEGORÍA
D. José Luis Aguirre Loaso	Chair	Propietary
Dª. Gabriela González-Bueno Lillo	Member	Independent
D. Félix Santiago Longás Lafuente	Member	Propietary
D. Emilio Jiménez Labrador	Member	Propietary
D. Jesús Barreiro Sanz	Secretary	Non-member

The members of Ibercaja's management team are the following:

CEO	**Víctor Iglesias**	
GENERAL SECRETARY	**Francisco Serrano**	Assistant General Manager
MANAGEMENT CONTROL DIRECTION	**María Pilar Segura**	Assistant General Manager
REAL ESTATE MANAGEMENT DIRECTION	**Luis Miguel Carrasco**	Assistant General Manager
OFFICE NETWORK DIRECTION	**Luis Fernando Allúe**	Deputy Director General
RESOURCES DIRECTION	**José Palma**	Deputy Director General
FINANCE AREA DIRECTION	**Antonio Martínez**	Deputy Director
CREDIT RISK DIRECTION	**María Raquel Martínez**	Deputy Director
HUMAN RESOURCES DIRECTION	**María Teresa Fernández**	Deputy Director
MARKETING AND OMNICHANNEL BANKING DIRECTION	**José Ignacio Oto**	Deputy Director
FINANCIAL GROUP DIRECTION	**Rodrigo Galán**	Deputy Director
INTERNAL AUDIT DIRECTION (Dependent of Audit and Compliance Committee)	**Ángel Carlos Serrano**	Deputy Director



ADEQUACY, REMUNERATION AND CONFLICT OF INTEREST POLICY

G4-DMA, G4-2, G4-41, G4-44, G4-51, G4-52

All Board members must comply with honesty, experience and governance requirements in the terms required by current regulations and included in the Entity's internal governance rules.

PERFORMANCE ASSESSMENT

Law 10/2014, of June 26 2014, on the management, supervision and solvency of credit institutions attributes to the Board of Directors the function of monitoring, controlling and periodically evaluating the effectiveness of the corporate governance system.

The Guidelines of the European Banking Authority (EBA) on internal governance (GL44) and the Bank of Spain guidelines for the capital self-assessment process for credit institutions, **provide for the management body to periodically assess the individual and collective efficiency and effectiveness of its corporate governance activities**, practices and procedures, as well as the functioning of the delegate committees.

This same obligation is established in RDL 1/2010 for listed companies and in the CNMV's Corporate Governance Code approved in February 2015. These **legal obligations and good practices have been included in the Entity's Board Regulations** which include, among the Board's competencies, the yearly preparation of a self-assessment report on its performance and that of its delegated committees. It should also be subjected to an external evaluation in line with the CNMV's recommendation.

The Bank has established a training programme for the members of the Board of Directors, the content of which on various matters is determined annually in accordance with directors' training needs, regulatory developments affecting credit institutions and relevant economic and social issues.

All Board members must comply with honesty, experience and governance requirements in the terms required by current regulations and included in the Entity's internal governance rules.

REMUNERATION OF SENIOR MANAGEMENT AND BOARD MEMBERS

The remuneration policy for members of the Board of Directors is aimed at establishing a **compensation scheme in line with the dedication and responsibility undertaken by the directors**, in accordance with current legislation.

Details of director and senior management remuneration are provided in the **Annual Corporate Governance Report.**



CONFLICTS OF INTEREST OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The members of the administrative, management and supervisory bodies of Ibercaja Banco comply with the requirements established in the Spanish Companies Act and no conflicts of interest between persons, their private interests and other duties, and their activity in the Entity, have come to light.

There are no situations of conflict of interest involving the Company's directors that could affect the performance of their duties in accordance with Article 229 of the Spanish Companies Act 2010. In specific situations in which a director has considered that a conflict of interest could be involved, such director has refrained from intervening in discussions and participating in the voting.

INTERNAL RULES AND SUPERVISORY BODIES

G4-DMA, G4-46, G4-47, G4-56, G4-58, G4-PR3

Ibercaja has established internal rules and Supervisory Bodies that ensure full and rigorous compliance with the Entity's corporate governance measures, including the following:



Internal Code of Conduct for the operations involving the securities market, applicable to the Governing Bodies, Management and employees of the Company operating in capital markets.

Ibercaja Group Customer Care Regulations



Mandatory Standards of Conduct which include a memorandum on operational conduct and security that affects all the Entity's employees.



Style Manual for customer service, which contains the general criteria for attending to customers.

Retail savings product marketing manual, in accordance with MiFID regulations.

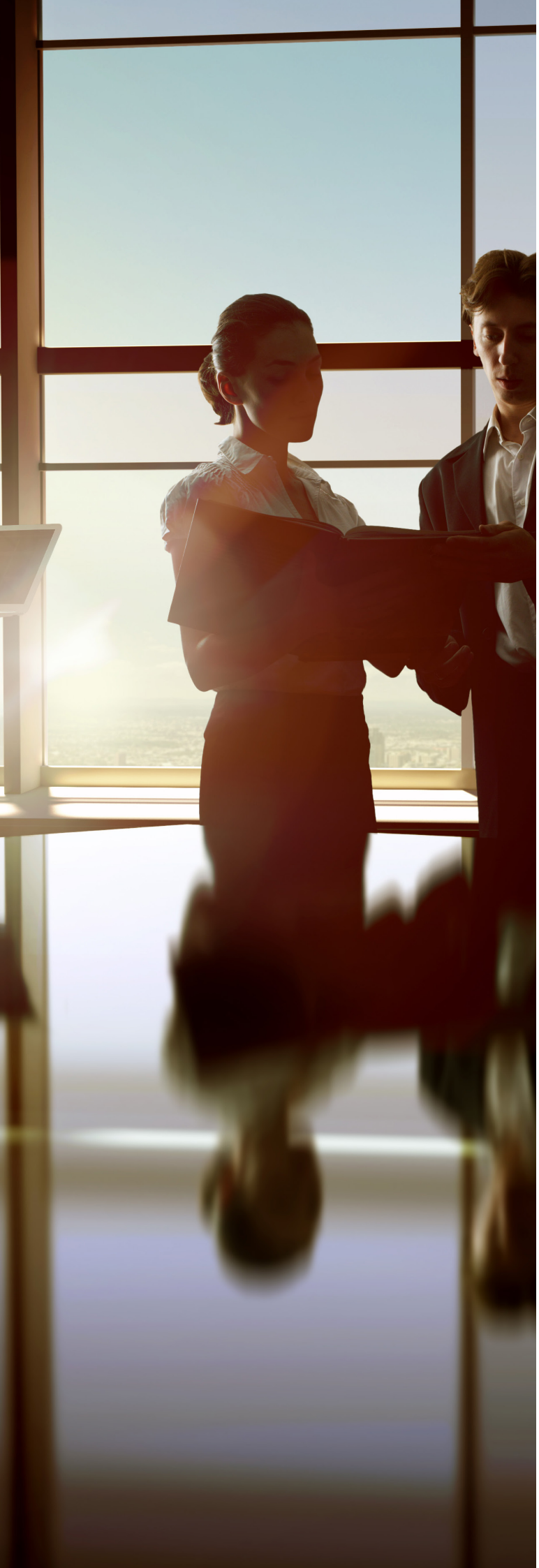


Conflict of interest policy, developed under MiFID regulations, the aim of which is to objectively manage conflicts of interest that may arise between the Ibercaja Group and its customers.



Internal Control Committee for the prevention of money laundering and financing of terrorism

Special Committee to coordinate compliance with regulations on personal data protection.



INTERNAL CONTROL SYSTEM

G4-DMA, G4-58, G4-PR3

Ibercaja Banco has established control and supervision mechanisms on different reporting levels, as recommended by the Basel Committee on Banking Supervision (BCBS).

Ibercaja Banco has established control and supervision mechanisms on different reporting levels based on three lines of defence, as recommended by the Basel Committee on Banking Supervision (BCBS):

FIRST LINE

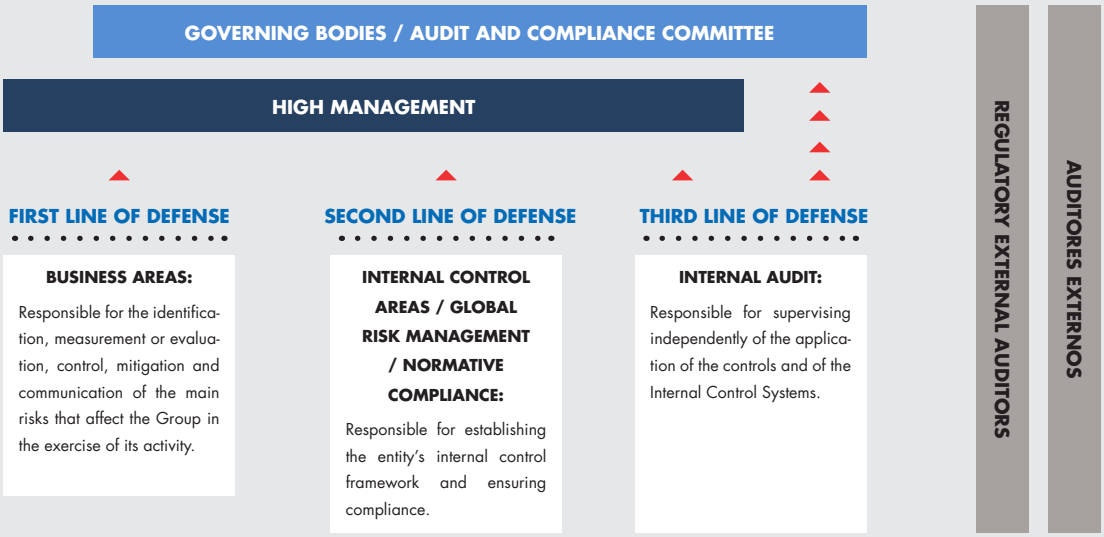
The first line of control in Business Units, Management and Support. Under **the general principle that primary responsibility for control falls to employees in charge of each business area**, they must have effective risk management processes (identification, measurement or evaluation, monitoring, mitigation and communication of risks).

SECOND LINE

A second centralised and independent line of control. With the task of supervising the implementation of the **primary controls and exercising specialised financial**, operational and management controls, it contains systems that guarantee: efficient operations, adequate risk control, prudent business conduct, reliability the of financial and non-financial information reported or disclosed (internally and externally), and compliance with laws, regulations, supervisory requirements and the Entity's internal policies and procedures. These systems cover the entire organisation, including the activities of all business, support and control units.

THIRD LINE

Internal Audit Unit. As the third line of defence responsible for carrying out an independent review of the first two lines of defence.



RISK MANAGEMENT

G4-DMA, G4-2, G4-58

Global risk management is essential for maintaining the Entity's solvency.

INTRODUCTION AND REGULATORY FRAMEWORK

Global risk management is essential for maintaining the Entity's solvency. The strategic priorities include the development of systems, tools and structures that facilitate, at all times, the measurement, supervision and control of levels of risk exposure, ensuring an appropriate ratio with respect to capital and responding to the requirements of the regulatory bodies and markets.

The Group's risk management is arranged through the **"Risk Appetite Framework" (RAF)**. The main purpose of the RAF is to establish a set of principles, procedures, controls and systems whereby it defines, communicates and monitors Ibercaja's risk appetite, understood as the risk level or risk profile that the Group is willing to assume and maintain, concerning both the type and amount involved, as well as its level of tolerance. It should aim to achieve the objectives of the strategic plan on the basis of the lines of action defined therein. The Group also has risk management policies and procedures manuals which are revised and approved annually by the Board of Directors.

Following the entry into force of the Single Supervisory Mechanism (SSM) in November 2014, European financial institutions are obliged to adapt their risk policies and procedures as well as their control environment. The **Supervisory Review and Evaluation Process (SREP)** is the means for carrying out the ongoing evaluation of financial institutions by the SSM. The internal processes for evaluating the adequacy of capital and liquidity under Pillar II (known as ICAAP & ILAAP) are key factor in the SREP.

The Entity has defined a **recovery plan** to predict and guarantee its reaction capacity in the face of any impairment to its solvency or financing capacity, in accordance with the Directive for Bank Recovery and Resolution (Directive 2014/59, BRRD), with Law 11/2015 (18 June) on the recovery and resolution of credit institutions and investment firms and with the guidelines and recommendations of the European Banking Association (EBA) referring to the content of recovery plans. The recovery plan is included in existing risk management processes and is updated annually.

ORGANISATIONAL STRUCTURE

Ibercaja has a robust organisational structure that allows it to ensure effective risk management and control. **The Governing Bodies are structured as follows:**

- **BOARD OF DIRECTORS.** The Board of Directors is responsible for establishing and supervising the risk reporting and control systems, approving the Risk Appetite Framework as well as for the policies, manuals and procedures relating to risk management.

- **MAJOR RISK AND SOLVENCY COMMITTEE.** Among other responsibilities, the Major Risk and Solvency Committee proposes the establishment of limits by type of risk and business, reporting the Group's Risk Appetite Framework in a manner consistent with the Entity's other strategic policies and frameworks, evaluating the Group's risk management, reviewing the risk control systems and proposing measures to mitigate the impact of identified risks.

- **STRATEGY COMMITTEE.** The Strategy Committee has the core function of informing the Board of Directors of the Company's strategic policy, ensuring that there is precise organisation for its implementation.

- **AUDIT AND COMPLIANCE COMMITTEE.** The Audit and Compliance Committee, whose competencies include supervising the internal control system, internal audit and risk management systems, among other areas, and for regularly revising them so that the main risks may be adequately identified, managed and disclosed.

In 2016 the Board of Directors approved the update of the Risk Appetite Framework:

- Liquidity Risk Management Policy and Procedures Manual.
- Operating Risk Management Framework.
- Risk Lines Manual of Ibercaja Banco.
- Interest Rate Risk Management Policy and Procedures Manual.
- Capital Markets Unit Policy Manual.

Rate Risk Management Policy and Procedures Manual and the Capital Markets Unit Policy Manual. Following the entry into force of Bank of Spain Circular 4/2016, in November 2016 the Board of Directors approved:

- Validation and Internal Control Framework.
- Credit Risk Management Accounting Policies Manual.
- Internal Guarantee Model Calculation Manual.
- Internal Adjudication Model Calculation Manual.
- Operating Manual for Calculating Collective Provisions.
- The review of the Governance Framework of these models.

In December 2016, the review of the:

- Loans and Receivables Management Policy and Procedures Manual was approved.

RISK CLASSIFICATION

Credit risk is of the greatest relevance in the banking business, although the RAF also takes into account the following: business and profitability risk, concentration risk, operational risk, interest rate risk, market risk, liquidity risk, reputational risk, compliance risk and risk related to the view of stakeholders. **These are defined as follows:**

BUSINESS AND PROFITABILITY RISK

Risk of incurring losses due to the failure to generate a sufficiently profitable volume of business to cover the costs incurred. One variant of business risk is strategic risk, which is defined as the probability of incurring losses as a result of choosing a strategy that eventually proves to be inadequate for remaining and competing in the market.

CREDIT RISK

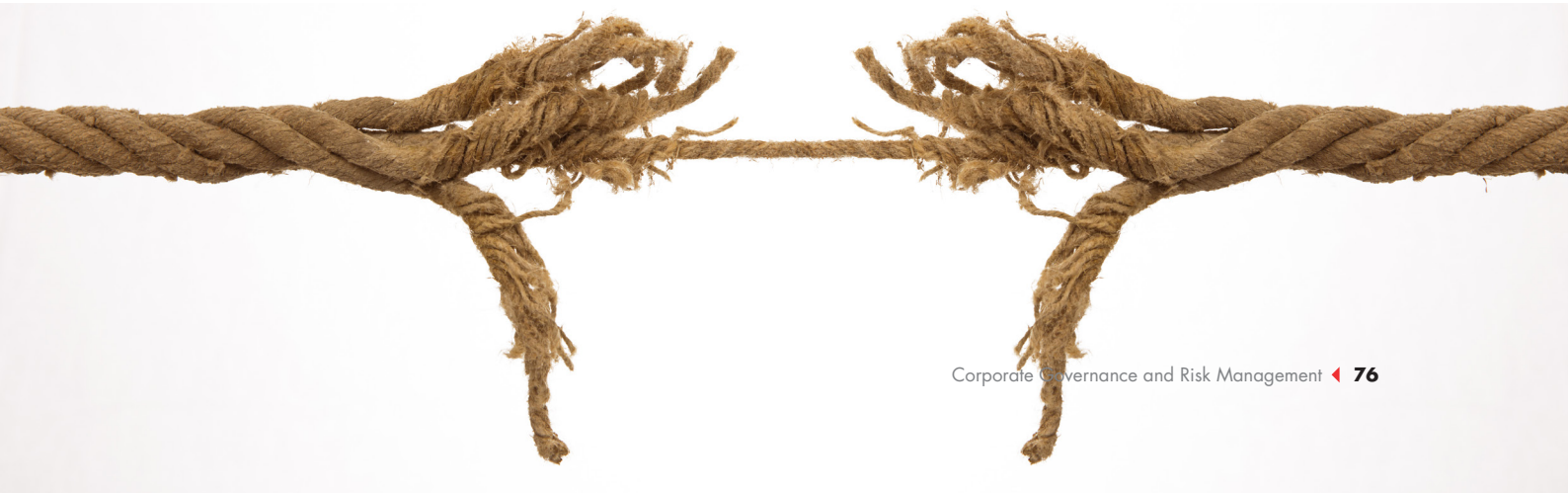
This is the possibility of losses being generated due to borrowers defaulting on their payment and losses in value due to the impairment of borrowers' credit ratings.

CONCENTRATION RISK

Possibility of losses being incurred due to a specific position or group of positions, which are sufficiently important in relation to capital, total assets or the general risk level to jeopardize the Bank's position.

OPERATIONAL RISK

Risk of loss resulting from the absence of adaptation or a fault in the processes, personnel or internal systems or deriving from external events.





INTEREST RATE RISK

Possibility that the financial margin or the Entity's equity will be affected by adverse changes in market interest rates to which asset, liability or off-book transaction positions are referenced.



MARKET RISK

Possibility of incurring losses on positions held in the market resulting from an adverse movement in financial variables or risk factors (interest rates, exchange rates, share prices, etc.) which determine the value of such positions.



LIQUIDITY RISK

Possibility of incurring losses because of not having or not being able to access sufficient liquid funds to settle payment obligations.



COMPLIANCE RISK

Risk of legal or regulatory penalties or significant financial loss suffered by an Entity due to the breach of laws, regulations, rules, standards for the self-regulation of the organization, and codes of conduct applicable in its financial activities. This risk is inherent to such activities, given that they are highly regulated and subject to on-going supervision by the authorities.



REPUTATIONAL RISK

An unfavourable impact that an event may have on the perception of interest groups (customers, shareholders and investors, suppliers and regulators) with respect to the Entity, which could adversely affect Ibercaja's capacity to maintain existing business relationships or establish new ones and therefore its results.



Note 3 to the annual accounts of the Ibercaja Banco Group for 2016 presents comprehensive and detailed information on the management of the different types of risk.

RISK PREVENTION

G4-12, G4-EC4

For each of the metrics considered in the **Risk Appetite Framework**, thresholds have been defined that allow the status of **the risk profile** to be defined as follows:

COMPLIANCE

This is the **level of risk that the Entity is willing to assume** in accordance with the strategic and business objectives. It is identified with a normal risk situation complaint with the target risk level.

ALERT

This relates to an **intermediate level of risk appetite monitoring** with the objective of detecting whether the risk profile has deviated from the tolerance levels and therefore requires additional monitoring.

NON-COMPLIANCE

The limit beyond which the **activation of specific action plans or measures** is triggered.

The **Global Risk Committee** is the management and control body responsible for **establishing an action plan** to achieve the target risk level and should report to the Major Risks and Solvency committee on the monitoring of the situation at least quarterly (or more frequently if deemed necessary).

THE ACTION PLANS TO BE IMPLEMENTED WILL CONSIST OF ONE OF THE FOLLOWING ACTIONS:

» Proposal for measures aimed at **reducing risk** to achieve compliance levels.

» Assessment of the **adequacy of limits** or thresholds as a result of events or changes in the Entity's strategic or business objectives.

» **Approval of temporary breaches** of these limits.



PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

G4 - 2. G4 - DMA

The Ibercaja Group collaborates effectively in and is fully committed to the prevention of money laundering and terrorist financing, acting in accordance with best banking practices and complying with current legal requirements. To this end, the Entity has a procedures **manual approved** by the Board of Directors.

The organisational structure in relation to money laundering prevention and terrorism financing includes an Internal **Control Committee** for money laundering prevention and a **Regulatory Compliance Unit** which verifies the correct application of the due diligence measures in the Entity.

- The **Internal Control Committee** on money laundering prevention carries out control, communication and analysis functions, and any other function that could affect the prevention of money laundering.
- The **Executive Service of the Money Laundering and Monetary Offenses Commission** (SEPBLAC) oversees the money laundering prevention function. In addition, the Entity's money laundering prevention system is subject to an annual review by an external expert in accordance with the provisions of current legislation.



799 employees
face-to-face training



5,381 employees
online training

Employee training is also a key element in the management of money laundering and terrorist financing prevention. For this purpose and during 2016, the Entity has provided **face-to-face training** in these matters to **799 employees** (15% of permanent personnel). In addition, **5,381** (99%) employees have taken part in **online training** in money laundering prevention.

INTERNAL CONDUCT REGULATIONS IN RELATION TO THE SECURITIES MARKET

In compliance with the provisions of the Securities Market Act and Articles 34 and 35 of Royal Decree 217/2008 (February 15), on the legal regime of service companies, the Group has Internal Conduct Regulations that affects the members of the Bank's governing bodies, as well as certain employees, depending on their position or relationship with the securities markets.

IBERCAJA The Audit and Compliance Committee **receives semi-annual reports evaluating compliance** with the regulations, which are subsequently forwarded to the Board of Directors for approval.

INVESTOR PROTECTION

The implementation of the MiFID (Markets in Financial Instruments Directive), which aims to improve the protection of small investors and achieve a single market for financial services, has led to numerous demands concerning control over the fulfilment of the obligations entailed.

MiFID
Markets in Financial Instruments Directive

In the investment services and ancillary services area, the Annual Operational Plan of the Regulatory Compliance Unit covers the control activities pertaining to it in accordance with the provisions of the Securities Market Act, Royal Decree 217/2008 and, with a higher level of detail, Circular 1/2014 of the National Securities Market Commission on the internal organisation requirements and control functions of entities providing investment services.

IBERCAJA The Entity **has established internal rules and procedures for the provision of investment services** in accordance with current legislation and has provided training to employees on matters regulated by MiFID. At the end of 2016, 537 employees have received online training in relation to conflicts of interest and 5,338 employees have received online training concerning the MiFID.

MARKET ABUSE. REPORTING OF SUSPICIOUS TRANSACTIONS

The Securities Market Act requires all entities that carry out operations involving financial instruments to report to the CNMV as rapidly as possible if they consider that there are reasonable grounds to suspect that an operation has used insider information or constitutes a practice that falsifies the free attainment of prices.

IBERCAJA Through a service centralized in CECA, Ibercaja has **a computer system to support the systematic detection of potentially suspicious operations** and the corresponding manual and procedures for the detection, analysis and communication thereof. During 2016, **266 employees received training** on this subject.

TREATMENT OF CONFIDENTIAL INFORMATION

The protection of personal data is a fundamental right of all persons. The Entity, in order to guarantee and protect this right, promotes and coordinates actions to adopt security measures in personal data processing that ensure proper regulatory compliance through the LOPD (Organic Law on Data Protection) Committee.

IBERCAJA For the treatment of the information, the Entity has a **Security Document that defines the security policy** related to files containing personal data, as well as a set of mandatory rules to ensure confidentiality in the treatment of personal data. The LOPD Committee **met twice** in 2016.

INFRINGEMENTS, FINES AND PENALTIES RECEIVED

IBERCAJA During 2016 **no significant penalties** or fines have been received on a definitive basis for failure to comply with legislation or regulations, nor has there been any knowledge of claims, files, lawsuits or disputes relating to unfair competition, monopolistic practices or conduct contrary to free competition.

PUBLIC AID AND SUBSIDIES RECEIVED

IBERCAJA Ibercaja Banco **received no direct financial support from the Government** in 2016. The concession of risk operations to political parties and trade unions is not delegated and is the responsibility of the Executive Committee and the Board of Directors.

CRIMINAL RISK PREVENTION

G4 - DMA

Criminal risk organisation and management has been systemised through a Criminal **Risk Prevention Manual**. It includes the **procedures that must be followed to mitigate the risk of committing criminal actions** that could give rise to liability for the Entity. A document has also been prepared to inform employees about behaviours that could be classified as criminal.

These procedures have been **distributed through the Internal Regulations** to which all employees have access.





In addition, a course on criminal risk prevention has been included in the **catalogue of courses** available on the **IberCampus platform**, which are mandatory for all employees.



ORGANISATION STRATEGY AND BUSINESS MODEL



iberCaja

ORGANISATION STRATEGY AND BUSINESS MODEL

Strategic Plan 2015-2017 "Plan +"
Business model
Multiple channels
Financial Group
Shareholdings
Excellence based management model
Technological progress
Corporate brand and reputation
Transparency and strategic communication





STRATEGIC PLAN 2015-2017. PLAN+

G4-DMA, G4-1, G4-2, G4-4, G4-12, G4-FS6

Ibercaja presented its Strategic Plan in February 2015.

In order to adapt to changes in the economic environment, Spanish society and the banking and financial business, in February 2015 Ibercaja presented its Strategic Plan 2015-2017.



Plan+ is based on the Group's six strengths that support its position within the Spanish banking system:

1. **Leadership in its traditional markets,** with a broad base of loyal customer base and a high market share that provides competitive advantages.
2. **Consolidated growth** over the past 25 years, particularly in Madrid and on the Mediterranean Coast.
3. **Savings management capacity** based on proven expertise in advisory services and a complete range of products.
4. **Deep-rooted risk management culture.**
5. **Qualified professional team** that is highly committed to the Entity and its project.
6. **Leadership in service quality:** Ibercaja has achieved the best performance in the sector in the STIGA objective quality study and in the NPS customer recommendation index prepared by IFRS Inmark.



The great challenge for the Plan is to support a **profitable**, **competitive** and **value-creating business** within an increasingly demanding market that is attractive for customers and investors with a view to the planned stock market listing.

THE ESTABLISHED OBJECTIVES ARE TO:

SOLVENCY AND PROFITABILITY

Maximise solvency and profitability, increasing recurring income and reducing costs to obtain a diversified group of sources to improve profitability.

REPUTATION AND TRANSPARENCY

Build a business project that is recognised for its good governance, reputation and transparency and which enjoys maximum confidence on the part of customers and the community.

MARKET SHARE

Gain market share in loans and customer deposits through growth of the strategic lines of business.

VISION DASHBOARD

The major strategic objectives of Plan 2015-2017 are brought together in the Vision Dashboard:

SOLVENCY	
CET1 (fully loaded)	10%
Total capital	13,5%

PROFITABILITY	
ROTE (2018)	10%
Cost to Income Ratio ex Trading Income (2018)	50%

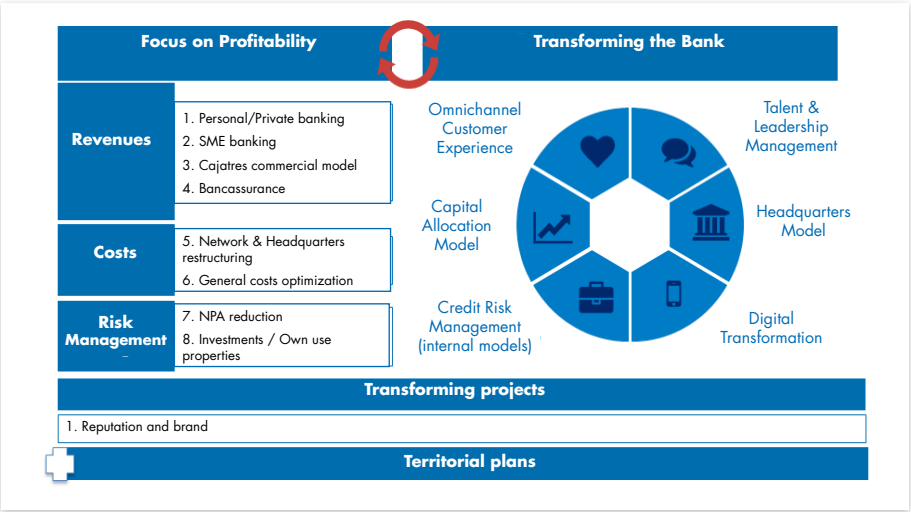
LEVERAGE	
LTD	100%

ASSET QUALITY	
NPL Vs. NPL competitors	Lower
Cost of risk	50bp
Net real estate exposure / own funds	<75%

MARKET POSITION	
Market share non-real estate productive activities	10bp/year
Intermediary market share	10bp/year
Ránking sectorial Reputación	TOP3
Service Quality Ranking	TOP3

Plan+ has a double approach: (i) transformative and **(ii) executive**, managing the proper balance between them, there also being **two transversal projects**.

In 2016, at the end of its second year of existence, the **Strategic Plan has become consolidated and has developed towards a transformative approach** based on innovation. The "2016 Strategic Roadmap" brings together the projects started up during the year.



MILESTONES ACHIEVED

The main milestones achieved relate largely to Transformative Projects, in particular:



TECHNOLOGY PROJECT

Ibercaja wishes to consolidate its position in the **new digital paradigm** to improve its internal and external processes and adapt to the profound changes that are taking place in customer behaviour.

In May, the Group signed a **strategic agreement with Microsoft** for three years. The technology company has become the benchmark partner for the Bank in the digital transformation process. It will help improve productivity, commercial mobility and the omnichannel customer experience.

The new **mobile banking App**, with two versions already launched, is the result of this strategic agreement that will continue to be developed in the coming months with new features.

ENTERPRISE PROJECT

"Plan + Empresas" **aims to orient profitable growth towards the business segment** by implementing a model that ensures a radical improvement in Ibercaja's positioning.

in 2016, **five business centres were opened for companies** where specialists in different fields work in teams to serve major companies. In addition, progress has been made in the overall knowledge of customers through improved access and analysis of available information.





NEW PEOPLE MANAGEMENT SYSTEM

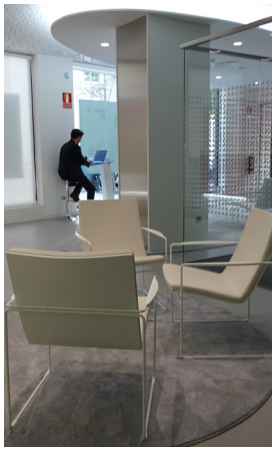
The objective of this initiative is to achieve **a cohesive and committed workforce**, comprising qualified, versatile professionals.

The main lines of action that are being carried out are: personalised personnel management, detection and permanent development of talent, promotion of professional growth opportunities based on individual and team merit, inspiring leadership model that is identifiable with Ibercaja's corporate culture, close and empathetic relations as a distinctive way of liaising internally and participation systems to encourage the contribution of innovations and practical improvements.

NEW CUSTOMER RELATIONS MODEL

This is being deployed with a medium-term outlook and aims to offer **customers an omnichannel, consistent, differentiated and tailored experience**, in which the manager will continue to be the person who contributes the highest added value and the epicentre of the business relationship.

The customer value proposal to achieve long-term and trustful relations is based on three pillars: **service personalisation**, **utility** of the Bank's work for customers, and **mutual commitment**.



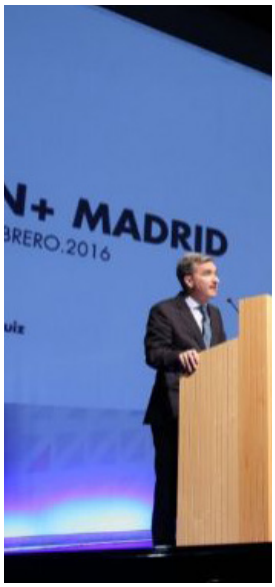
REDUCTION IN NON-PERFORMING ASSETS

The **agreement signed** in February 2016 with the specialised **real estate operator Aktua for the sale of real estate will enable the elimination of non-performing assets** from the balance sheet, thereby optimising the use of capital, liquidity and resources associated with asset management.

salduvia
Ibercaja Group enterprise

+2,500 million €
+14,000 assets non-performing

Aktua



TERRITORIAL PLANS

These are **expansion plans** in which growth targets are quantified and Ibercaja's strategy is adapted to the features of each territory.

In 2016, after a thorough market analysis, two of the fastest growing areas were focused on, **Madrid** and the **south-east**, in addition to **Burgos**, where the Bank has a significant position following the take-over of Caja3.

The objective of the three initiatives is to gain market share through the promotion of specialised management, the opening of business centres for companies and the opening of new generation branches, as well as enhancing the brand image through involvement in and sponsorship of forums and activities.

BUSINESS MODEL

G4-4, G4-7, G4-8, G4-12, G4-EC9, G4-FS6, G4-DMA

Ibercaja is committed to a full-service banking model focused on the retail business and based on service quality and innovation.

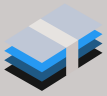
Ibercaja is committed to a full-service banking model centred on the retail business and based on service quality and innovation. It has a stable base of **2.8 million customers**, comprising families, companies and public and private institutions.

There are specific channels and distinctive **products tailored to each customer segment**. Besides traditional banking services, it offers others such as insurance, investment funds, pension plans and private banking, supported by a specialised Financial Group.

Retail banking is the mainstay of the Group's business. It has **2.6 million customers** and contributes 84% of the business volume, encompassing the family and personal banking segments.



2.8 million
customers



2.6 million
customers and contributes
80% of the business volume



FAMILY BANKING

Domestic economies provide stability and represent the highest percentages of funds managed and loans and receivables.

The branch network is managed to **win new customers and consolidate ties with existing customers**, developing attractive proposals tailored to specific needs, based on family circumstances and income. With this aim, **various campaigns were conducted in 2016** on home lending, consumer financing, structured deposits, investment funds, pension plans, life and risk insurance, cards and direct salary deposits. In parallel, **"pre-designed plans"** were prepared, consisting of commercial actions that can be launched at a branch's discretion to achieve its objectives.

DISCOVER IBERCAJA

Descubrir Ibercaja ("Discover Ibercaja") confirmed that it is a highly **advantageous financial offering focused on winning new customers**. It provides them with personalised advice and services, plus benefits relating to fees and commissions, credit cards, discounts on bills paid by direct debit, distance banking, fund transfer incentives, etc.

YOUNG CUSTOMER WELCOME PACKAGE



In order to attract young customers and build loyalty, the **Paquete Bienvenida Joven** ("Young Customer Welcome Package") campaign continued, which includes a gift, a savings account, a finance card and access to Ibercaja Directo. Also for our young customers, the **European Youth Card** agreement with the regional governments of Aragón, La Rioja, Extremadura and Castilla y León was renewed and, in various universities, an offering was announced that covers students' financial needs while they are abroad under the Erasmus programme, an important time in their life. Ibercaja has **specific virtual spaces for young people** in Ibercaja Directo Joven and its Web Joven. The Bank prioritises the use of social media (twitter), together with e-mails and SMS, to communicate offers and promotions.

IBERFAN

Iberfan is the **space created for children** so they can enjoy a broad variety of benefits in learning, leisure and free-time activities. This initiative seeks to stimulate an early relationship with the financial institution. **The scope, initially limited to Aragón**, has been extended to include **Extremadura** and **Castilla y León**, reaching **8,575 members.**



PERSONAL BANKING

Personal banking is one of the segments showing the most potential to generate funds and results.

This area serves over 170,000 customers with an average level of financial assets under a model in which a personal manager proposes financial planning, advises on investments and provides detailed information on the products and services that best meet the customer's needs. The Financial Group performs a key role in product design, as well as training managers and advising on investments in the private banking area.

In 2016, the **personal banking management model was deployed among customers that came from Caja3**, modifying the selection criteria based on the features of each territory. The most significant increases in terms of the number of customers took place in Extremadura and Castilla y León, generating the need to create **142 new management portfolios**.

Personal banking customers generated a **business volume** of **€31,902 million**. In a customer segment in which the significance of lending is residual, **customer funds** amounted to **€29,880 million**, nearly 54% of the retail network total. The number of **specialised managers** increased to **430**, while the roles of branch managers and assistant managers were also enhanced.

THE INTEGRATED COMMERCIAL ORIENTATION SYSTEM

The Integrated Commercial Orientation System (SIOC) is the **basic tool** employed in **financial planning by the Personal Banking service**. It generates reports on the customer's investment performance, calculates portfolio yields and prepares tax optimisation reports and investment proposals.

The number of proposals, reports and alerts continued to rise during 2016. Nearly **35,000 investment proposals**, **40,000 alerts**, over **158,000 status reports** and **74,000 portfolio performance reports** were generated.

The SIOC **application is continuously expanding**. During 2016, risk insurance simulators were added to help customers to take decisions on their insurance needs and work is under way to integrate new developments such as methods of payment.

PORTFOLIO MANAGEMENT

Personal banking customers are the main parties to **investment fund portfolio management agreements**, whereby the **investor delegates** active **management of the fund portfolio** to the Financial Group's specialists, following an investment proposal based on insight into the customer and his or her risk profile, objectives and experience with financial products.

The appeal of this arrangement is still growing, over **69,000 savers** having contracted it by the year end.

CERTIFICATION

Advice for personal banking customers is ISO 22222:2010 certified. For the fourth year running, **the Bank has renewed this AENOR certification**, which endorses a high level of specialisation in personal asset management, as well as the suitability of investment proposals, the market information periodically furnished to customers and the performance of their portfolios.

PERSONAL BANKING TRAINING

Our personal banking managers are training in-house and externally. The majority have obtained **specific qualifications** from reputable bodies such as the **European Financial Planning Association** (EFPA).

Strategic Plan 2015-2017 includes considerable investment in training to ensure that at least 70% of managers have a prestigious external qualification by the end of the period. During the year, **84 managers completed the advanced course** on **European Financial Advice and Asset Management at Valencia Polytechnic University**.



CORPORATE BANKING

Business development for companies, particularly SMEs, is one of the "Plan+" priorities.

The purpose is to improve the Group's positioning in this business sector while providing companies with **personalised services tailored to their needs**.

Ibercaja seeks a **comprehensive business approach that is not confined to isolated products**, is profitable for both parties and is sustainable over time. With this in mind, the range of **products and services is constantly updated**: financing for fixed assets and working capital, treasury management, insurance, leasing, factoring, interest rate hedging, etc.

MILESTONES

The main milestones during the year were the opening of **new specialised business centres and the presentation of a renewed "Plan+ Empresas"**.

» **COMPANY BUSINESS CENTRES.** Since last February, five company business centres have been operational in Zaragoza, Madrid, Valencia and Barcelona targeting customers with high volumes of turnover. They are well-equipped with technology and provide a multidisciplinary service. The attributes that define this service are **quality, dynamism, speed, flexibility and personalisation**.

» **"PLAN+ EMPRESAS".** September, "Plan+ Empresas" was updated for 2017-2018 with the aim of **consolidating Ibercaja's position as a reference among financial institutions for SMEs and companies**. Specific actions are included to optimise the value contributed to existing customers and win new ones. Lending is forecast to **grow by €2,000 million** in the next two years.

CORPORATE BANKING

The corporate banking area has **191 managers serving companies** with larger volumes and more complex operations, supported by **301 managers of branches** having SME portfolios.

Fifty-five percent of new loans and credit lines arranged in 2016 were granted to **finance non-real estate business activities**, related agreements to market lines of financing having been concluded with public bodies.

The most relevant were entered into with the **European Investment Bank and the Official Credit Institute** ("ICO Empresas y Emprendedores 2016" and "ICO Exportadores 2016"). In the first quarter of 2016, a **€150 million tranche was drawn down under the agreement entered into in 2015** with the EIB to offer credit and leasing facilities on preferred terms to finance business projects, Ibercaja undertaking to grant an additional amount to match the funding granted by the EIB, for the same purpose.

Companies increasingly seek to **expand internationally** to make their business more viable and profitable. The Group has achieved a position as a bank specialised in helping companies in their internationalisation process. Lending related to the **international business accounts** for nearly **135,000 operations**, the most significant being foreign trade financing, which rose by 25% during the year in terms of volume and the number of operations. Five conferences were organised to support internationalisation, co-sponsored by ICEX and presented by foreign trade specialists.

Ibercaja **sponsored various events** related to the business world in which experts from different fields analysed the economic situation and discussed strategies to stimulate growth and competitiveness.

These included:

- The VII Convention for ADEA Executives
- The II Aragón "Empresa y Futuro" awards
- A conference to stimulate SMEs in the Aragón region
- A cybersecurity conference organised with the business management association Asociación para el Progreso de la Dirección
- A number of single-issue talks and professional congresses.



STORES

This area provides personalised and value-based management for store owners or self-employed workers, preferably in the services sector.

The definition of appropriate commercial strategies and policies, and design of specific offerings, are the aspects addressed in order to split the range of responses into two categories based on their needs: **Plan to Promote Stores and Plan to Support Self-Employed Workers**, which provide special benefits and terms in savings and financing products.

During the year, the **PoS terminal commercial** offering was adapted to the **latest payment method technologies** for the retail trade, such as contactless payment.

The Entity has **collaboration agreements** with various provincial chambers of commerce, associations and employers' organisations to provide their members with financial services on advantageous terms.

INSTITUTIONS AND OTHER GROUPS

Ibercaja cooperates with national and regional public and private institutions. Relationships continue to growth through the renewal of agreements and arrangement of commercial offerings targeting new groups.

In the **public sector**, Ibercaja cooperates with **central, regional and local administrations** under financing agreements, youth programmes and sponsorships. Agreements are also in place to **collect taxes**, with numerous entities participating actively in the implementation and dissemination of the electronic administration and, in particular, electronic payment.

In the **private sector**, members of **professional associations**, **associations of public employees** and of **large companies**, **owners' associations**, etc. have benefited from specific offers.



AGRICULTURE SECTOR

Ibercaja's strong presence in essentially agricultural areas, particular in its traditional zone, means that this business segment contributes a high number of customers: individuals, cooperatives, agricultural companies engaged in transformation activities and agro food industries. Products and services have been extended progressively, together with agreements with relevant institutions and operators in the primary sector.

Various initiatives were launched under **Agro Plan 2015-2017**, such as the Ibercaja-Agro trademark, identification as **"Agro Branches"** of branches with the highest number of agro food industry customers, training of a group of employees in aspects such as **CAP aid**, **farming insurance**, etc., plus a specific commercial offering.

The Bank provides **support for crop and livestock farmers** when they request public aid under the Common Agricultural Policy (CAP), over **38,000 requests** having been processed in 2016.

In line with the ongoing renewal of the product catalogue for this group of customers, a **special agro food industry** loan has been created to fund improvements in farms or production processes.

Ibercaja has entered into a **number of agreements** with the main players in the agro food industry: cooperatives, farming organisations, regional departures of agriculture, etc. The most noteworthy are designed to create jobs for **young crop and livestock farmers**, improve farms and develop rural areas to revitalise the territory.

The Group has **sponsored numerous events** related to the agro food industry:

- The International Agricultural Machinery Fair in Zaragoza.
- FruitAttraction in Madrid.
- Agroexpo de Don Benito.
- The Agricultural Machinery Fair in Lerma.
- The SantMicquel Fair in Lérida.



OMNICHANNEL APPROACH

G4-DMA, G4-6, G4-8, G4-FS14

Ibercaja brings services closer to customers so they are available any place any time.

Ibercaja brings services closer to customers so they are available any place any time. The aim is to integrate traditional and new channels while maintaining the ongoing, trusting relationship made possible through personal contact.

Progress in the information society is quickly bringing **new forms of customer care** to the forefront. Technological innovation and content addition are constant, facilitating access to banking operations in the latest devices such as tablets and smartphones.

The Entity is strategically committed to developing multichannel customer care. **Distance banking** accounts for **46% of the number of operations**, **PoS terminals** for **15%** and **ATMs** for **9%**, while **operations completed at the counter fell** almost **5%** during the year.

The **Technological Transformation Project,** one of the **transformational milestones** of Strategic Plan 2015-2017, seeks to anticipate new demands from society and assure success in an increasingly competitive market. The agreement concluded with Microsoft to drive the digital transformation forms part of this process.

OFFICE NETWORK

Ibercaja's network is **broad**, with **high capillarity**, and is **supported by other alternative channels**. In recent years, traditional customer care has been adapted to market demands, entailing material, technological and management changes to optimise customer relations while assuring a pleasant atmosphere.

The network structure includes full-service branches and branches that provide **personalised services**, **specific business centre services** and **private banking services**. Segmentation of the so-called **"Oficinas+" and "Agro"** branches was completed during the year. Corporate banking and personal banking specialists provide support for the network through a value added service.

The branch is the basic instrument of customer relations, providing a close, personalised, quality service.

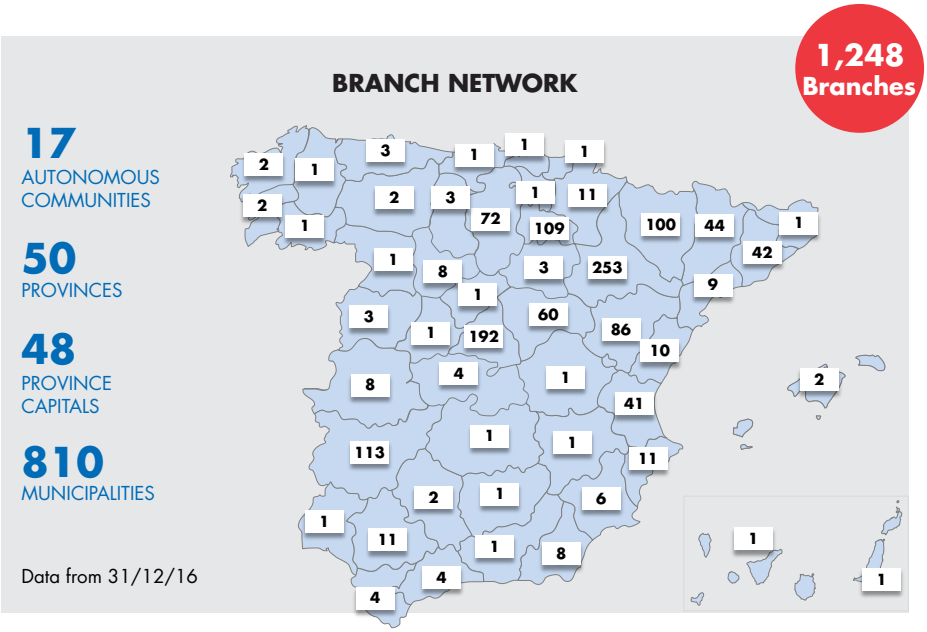
At the end of 2016, there are **1,248 branches** distributed throughout Spain and one representative office in Portugal. Thirty branches were closed during the year as part of the streamlining plan implemented following the Banco Grupo Caja3 acquisition to merge branches that were small or very close together. Business continuity, proximity to customers and the availability of services even where the population is very small have been prioritised at all times. The Group's private banking subsidiary, I**bercaja Patrimonios**, has **nine branches**.

1,248 branches
1 office in Portugal



9 branches
Ibercaja Patrimonios

Branches are distributed in Spain's regions as follows: 439 points of sale in Aragón, 192 in the Madrid region, 121 in Extremadura, 109 in La Rioja, 96 in Castilla y León, 96 in Catalonia, 67 in Castilla-La Mancha, 62 in the Valencia region, 32 in Andalusia and 34 in other regions.





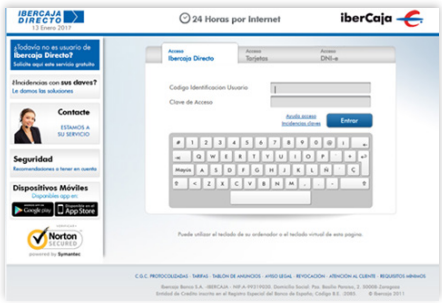
Five company business centres were opened during the year in order to **enhance Ibercaja's positioning** in this business segment through **specialisation and speed** in meeting these customers' financial needs. They are located in Madrid, Barcelona, Valencia and Zaragoza, with a new opening planned in Alcobendas (Madrid). After piloting a **new branch concept** referred to as the **Personalised Care Model** in 2015, this initiative now encompasses **30 centres**. It is characterised by two distinctive, complementary spaces. One provides fast customer care for basic, non-complex operations and the other offers a comprehensive advisory service.

"Planes Territoriales+" for Madrid, south-east Spain and Burgos were launched to **increase business volumes** in key territories for the Bank's expansion. They include the **"Ibercaja+" branch concept** that is to be rolled out in markets showing high business potential in the corporate, personal and private banking segments. To date, **two branches have been opened in Madrid** and progressive new openings are planned. Their task is to enhance specialisation and brand image positioning, build synergies among managers and, above all, be more useful to the highest value customers.

The agro food industry is one of the most relevant for Ibercaja. With the aim of increasing the Bank's agro food presence, an **Agro Plan** has been drawn up, identified as "Agro", for branches in which the agro food business is more significant. In June, work commenced to **adapt 200 network branches**, which will have a **distinctive image**, as well as professionals able to advise and offer specific financial solutions.

ELECTRONIC BANKING

ustomers are provided with distance channels to complete their operations in a more practical, simple way, whether in the Internet, through Ibercaja Directo or over the phone.



The Entity is strategically committed to developing multichannel customer care. **Distance banking** accounts for **46% of the number of operations**, **PoS terminals** for **15%** and **ATMs** for **9%**, while **operations completed at the counter fell almost 5%** during the year. /In recent months, improvements and new developments have been made, such as the option of managing cards in real time by changing daily or monthly limits. In insurance, customers are able to consult policy features, generate quotes, make claims and verify status.

NUMBER OF OPERATIONS





Connections through devices and distance operations are growing in line with the market trend.

COMMERCIAL PUBLIC WEBSITE

Ibercaja Banco's **commercial public website (www.ibercaja.es)** **contains a commercial catalogue of products and services**, providing support for commercial communications distributed through a variety of channels where additional space for descriptions is available. It also provides visitors with a space to interact and obtain further information in the form of comparative tables, simulators and calculators, as well as to sign up to alerts and newsletters. During 2016, a monthly **average of over 6,500,000 pages were visited**. New developments in response to specific needs include the possibility of contacting an agent over the phone or in a chat, while the corporate information has been reorganised into a single section highlighting Ibercaja Banco's identity, shareholders and investors, corporate social responsibility and communication.

IBERCAJA APP

The launch of the **Ibercaja App for mobile banking** is the first **development in association with Microsoft**. The mobile application's new design facilitates browsing, optimises existing transactions, allowing faster and simpler use, and brings in other alternatives such as loan requests, purchase financing, card limit changes and card activation for payments in stores and ATMs. The app creation process drew on the experience of customers and employees. The final result is highly satisfactory and the rate of growth in new users has increased significantly.

Microsoft



The **Ibercaja Pay** application in Bizum has been upgraded to complement the mobile banking app. It allows **immediate mobile-to-mobile payment** between individuals and small cash transfers subject only to the requirement that users must hold an account in a leading bank.

Ibercaja Pay



SELF-SERVICE AND PAYMENT METHODS

Ibercaja has over 1,500 ATMs and a market share of 2.9%. The ATMs allow the most common operations to be performed: cash withdrawals, consultation of balances and movements, payment of bills, activation of cards, mobile telephone top-up and show ticket purchases. The least valued-added services are thereby moved to alternative channels, reducing branch workload so as to boost commercial actions.

Cards issued total 1.5 million, 127 million transactions having been generated during the year with a volume of close to **€8,000 million.** The Entity has a **market share** of nearly **2%** in this business segment.

Aware of the need to implement new payment method technologies, in June Ibercaja began to market contactless finance cards for store payments and ATM operations, where the card need only be brought close to the device, PoS terminal or ATM.

The shift to this type of customer cards is gradual. In the short term, work will continue on the implementation of other solutions, such as stickers in mobile phones to allow contactless payment or telephones equipped with NFC technology allowing secure purchases in stores that have contactless PoS terminals.

The Bank has **29,600 point-of-sale (PoS) terminals** in stores all around the country. Their number rose by over 10% during the year and the number of transactions increased by 6%.

SOCIAL MEDIA

Ibercaja has accounts in the main **social media to favour stakeholder communications**, providing information on the Group and its services, and responding to demands from customers and the general public.



FINANCIAL GROUP

G4-15, G4-FS6

Created in 1988 and wholly owned by Ibercaja, this group is formed by companies specialised in investment funds, savings and pension plans, bancassurance, assets and leasing or renting.

The group's capacity to innovate and specialised offering place it among the leaders in Spain's financial sector. Its products, which target both individuals and companies, are marketed through the branch network, complementing the Entity's banking services.



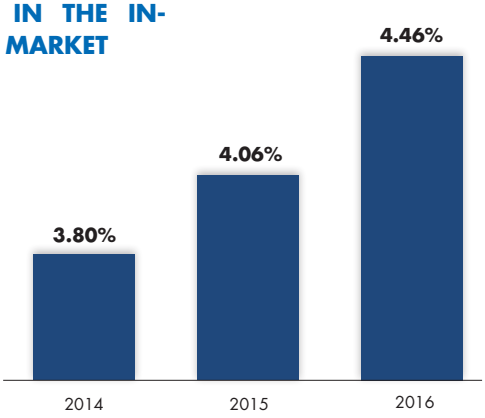
MANAGEMENT OF COLLECTIVE INVESTMENT UNDERTAKINGS

Ibercaja Gestión, SGIIC, S.A. is the company responsible for managing the Group's Collective Investment Undertakings (CIU).

The **investment fund industry grew by 6.98%** in 2016. The current scenario of very low interest rates drives a search for higher returns in financial products other than traditional accounts and term deposits.

At end-2016, Ibercaja Gestión manages **assets totalling €10,403 million**, which is 20.39% up on the previous year. This **growth rate**, the highest of the 10 largest Spanish investment fund management companies, has allowed Ibercaja Gestión to **increase** its market share by **40 basis points** to 4.46%, which is a new high for the Company. Ibercaja's eighth position in the industry ranking has therefore been reaffirmed.

MARKET SHARE IN THE INVESTMENT FUND MARKET

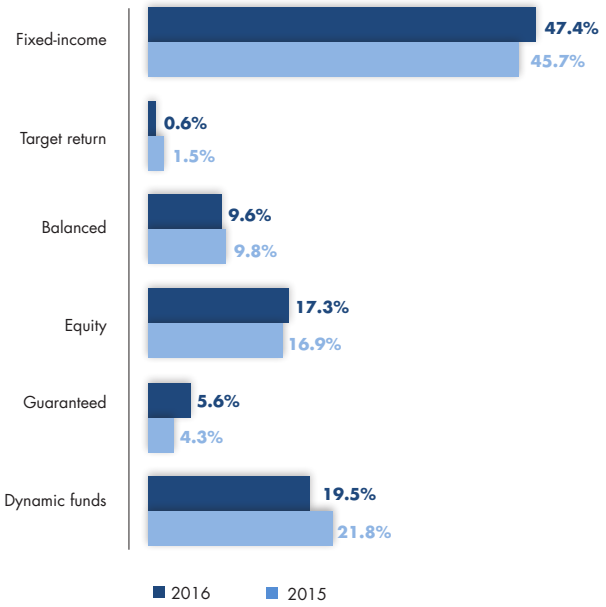


A **determined strategic commitment to asset management** and the work performed by the branch network have contributed towards this asset growth. Ibercaja is **ranked second in terms of contributions** during the year. Contributions exceeded **€1,600 million**, which represents **12% of funds captured in the sector**, well above Ibercaja Gestión's market share. Returns were positive in practically all categories.

Portfolio management agreements accounted for 30% of the year's contributions. Assets have reached 33% of the volume administered by the management company following 18.51% growth. More than **69,000 members** benefit from this service, in which the Financial Group's professionals select the funds that most suit the customer's risk profile.

Ibercaja Gestión has 67 investment funds that are suitable in all market scenarios and for all investors. The product range has been increased by two new equity funds and four guaranteed fixed-income funds. During the year, fixed-income and guaranteed funds gained in significance within the asset structure.

STRUCTURE OF INVESTMENT FUND ASSETS



Additionally, **Ibercaja manages 14 SICAVS** with a volume of nearly **€70 million**.

The management company's funds have received external recognition endorsing their quality in a highly competitive environment in which the investment fund offering is increasingly broad and varied.

In the 2015 edition of the El Economista daily newspaper's awards, Ibercaja Oportunidad Renta Fija was selected as the best euro fixed-income fund. During the World Pension Summit held in The Hague, Ibercaja Gestión, as the investment fund management company for Ibercaja Pensión's pension funds, was granted the award for excellence in best practices and innovation in the worldwide pension industry.

These awards reaffirm the prestigious image of Ibercaja's funds and management company.



Premios elEconomista "Inversión a Fondo"

Oportunidad Renta Fija, FI
Premio al mejor fondo categoría Renta Fija Euro



Excelencia sobre mejores prácticas e innovación en el mundo de las pensiones a nivel global



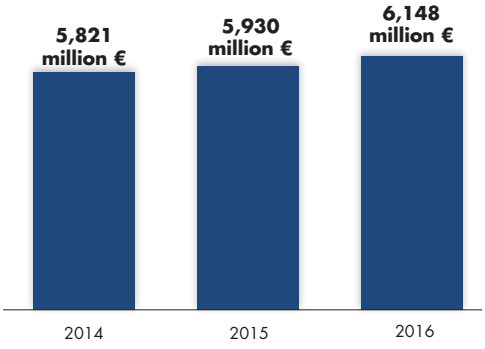
PENSION PLAN MANAGEMENT

G4 - DMA

Ibercaja Pensión, EGFP, S.A. is the Group company engaged in managing different kinds of pension plans.

Assets managed in company or personal plans amounted to **€6,148 million** at year-end 2016. This reflects growth of 3.67%, which is above the rate achieved by the industry as a whole in Spain. The company is **ranked fifth in its sector** and has a **market share** of **5.76%** or nine basis points above the figure for 2015, with **284,600 plan members**.

EVOLUTION OF PENSION FUND ASSETS



Savings managed in **personal pension plans** amounted to **€2,092 million**, having risen by 5.79% to achieve a **market share** of **2.97%**. Contributions performed at an excellent level during the year, growing by 14.53%. This increase is explained by ongoing information and advice for customers on aspects that must be considered when arranging plans tailored to their needs that will complement their public pension when they retire.

In 2015, the management company launched a new line comprising **active management plans** where assets in which investments are made are managed dynamically and flexibly from an industry, geographic and currency perspective. In this way, market trends are leveraged to the maximum extent possible and the necessary changes may be made based on circumstances and expectations, always within a predetermined risk profile. In view of the success of this product range, which now accounts for **25% of**

assets in personal plans, the catalogue has been extended to include a plan for more daring investors that invests above **50% of their assets in equity.**

Assets in **company plans** amount to **€4,056 million**, 2.61% up on 2015. The company is ranked **third in the Spanish market with a share of 11.48%,** 37 basis points above the previous year. The **71,373 members** work for leading companies and public administrations throughout Spain.

Ibercaja Pensión has received important awards. The British publication World Finance has recognised the company for the third year running as the best pension fund manager in Spain. In the 27th edition of the Expansión-AllFunds awards, which are among the most prestigious in Spain, the management company was the highest valued in the national arena and the Gestión Evolución pension plan was a finalist in its category.

In Madrid, **Ibercaja sponsored** a new edition of the pension plan congress in Spain under the title **"Effectiveness of the Spanish system from the perspective of the European model"**. In front of a large audience, leading industry personalities and professionals analysed experiences in the implementation of measures to supplement the public pension system in countries such as the United Kingdom, Germany and Sweden.



Signatory of:

PRI Principles for Responsible Investment

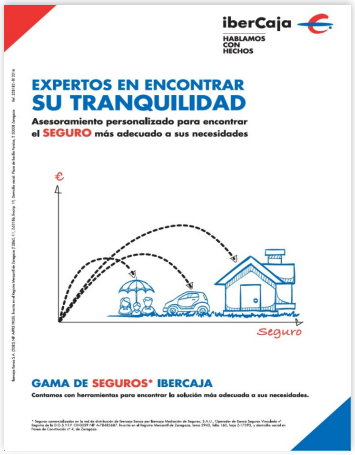
The company is a signatory of the **United Nations Principles for Responsible Investment** and forms part of the governing board of Spainsif, the Spanish forum for socially responsible investment. The company's policy in this area and a progress report were posted on the corporate website during the year. The management tools used in investment decision-making also include information from an external provider of socially responsible investment services.

The marketing strategy for the **Ibercaja Sustainable Solidarity Pension Plan**, launched in 2015 to target savers committed to sustainability, includes an explanatory document for account holders or potential customers. It includes a battery of questions and answers on the plan, designed to discover the environment, social and good governance aspects that must be considered for the investment to be sustainable. In the collaboration agreement entered into with the foundation Fundación Ecología y Desarrollo, Ibercaja Pensión undertakes to **donate 10% of the management fees received** from the plan to 31 March 2017. The donation will go to a project to offset CO2 emissions in Peru, an initial payment having been made that will offset 372.87 tonnes.

GROUP'S INSURANCE ACTIVITIES

The Group's insurance business is carried on by companies operating in the life and non-life lines, providing products and specialised support for Ibercaja Banco's branch network.

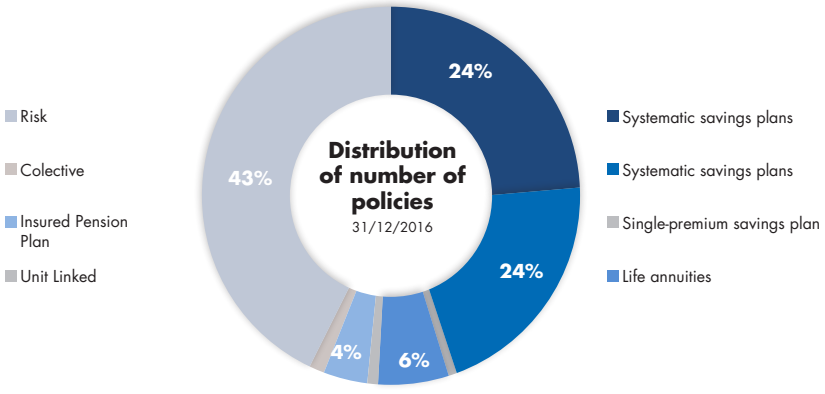
Ibercaja Vida Compañía de Seguros y Reaseguros S.A.U. focuses on investment savings insurance and life-risk insurance for distribution through the branch network. **It generates over 50% of the Financial Group's** results and has a product range that includes systematic savings policies, investment savings plans, lifetime and temporary annuities, individual systematic saving plans (PIAS), long-term individual savings policies (SIALP), insured pension plans and other products. The activities are completed by the assurance of pension commitments externalised by companies.

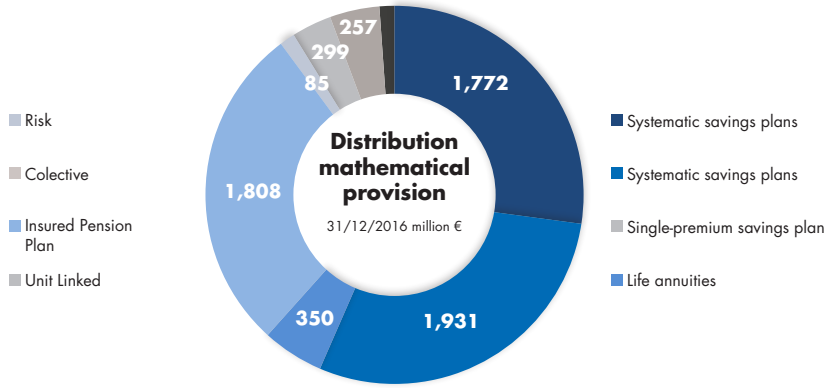


Technical reserves amounting to €6,595 million rose by 8.69% and the **market share** increased by **nine basis points** to reach 3.71%. The insurance company is ranked six in the industry.

The volume of premiums collected amounted to **€1,328 million**, having increased by 34.15%, bringing the **market share** to **4.27%**, while the **number of policies** exceeds **900,000** following 5.66% year-on-year growth.

In the extensive catalogue of products managed, the most significant growth was achieved in insurance policies related to retirement and the elderly. **Personal systematic savings plans grew by 32%**, the insurer having consolidated its leadership in this business segment with a 16.7% market share. **Lifetime annuity plans** also performed excellently, **having risen 12%** during the year.





Ibercaja Mediación de Seguros, S.A.U. is engaged in general insurance brokerage. It markets risk insurance for individuals and companies through the branch network.

Premiums written in the company's portfolio totalled **€242 million**, 6.55% up on end-2015, while the **number of policies** reached **1,078,520**. This sound progress during a generalised slump in insurance industry portfolios is attributable to the work carried out by Ibercaja's branch network, the strategy of diversification into types of insurance that meet customers' new needs, the distribution agreement with Caser and the development of the Risk Project in association with Ibercaja Vida to foment the marketing of life-risk insurance.

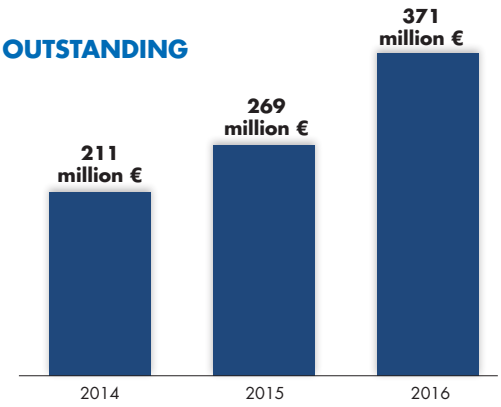
Commercial activities consisted of various campaigns and promotions. These include the **Platinum Customer Programme**, designed to build satisfaction and loyalty in the best insurance customers, the **"store multirisk insurance"** promotion, the **Ibercaja Insurance Plan**, a package consisting of five alternatives that bring considerable premium savings for the insured party, and the campaign conducted under the slogan **"Experts in finding your peace"**, which provides customers with a full and competitive range of insurance, advice and tools to facilitate the most suitable solutions in each case.

LEASING AND RENTING

Ibercaja Leasing y Financiación S.A. specialises in financing for production activities through leasing and renting arrangements. It provides the branch network with products to allow **SMEs and professionals to finance their fixed-asset investments** and use equipment under operating leases.

In 2016, the company hit historical highs in outstanding risk and new contracts. The **outstanding investment** of **€371 million** rose by **37.87% year-on-year**, which compares very favourably with the average industry growth of 3.54%, based on September figures.

EVOLUTION OF OUTSTANDING INVESTMENT



New contracts amounted to €214 million, 43.35% up on 2015. Of this amount, 42.9% was invested in financing for industrial vehicles, 24.6% for machinery, 23.4% for non-industrial vehicles, 5.6% for buildings and the remainder for computer equipment, furniture and other fittings.

Under the agreement concluded with the European Investment Bank, an initial line of **€50 million** has been used to fund leasing operations for the **renewal and modernisation of equipment and facilities** in micro-enterprises, SMEs and midcaps.

The NPL ratio, at **3.06%**, is very low compared with the industry average (6.87%), having fallen by nearly 3% since December 2015. The coverage ratio stands at 81% of doubtful loans.

The outstanding fleet of vehicles under operating leases (renting) stands at **1,797 units**, 74% up on the previous year. As a result of the advice provided by the company in relation to vehicles with lower CO2 emissions and customers' growing sensitivity to environmental issues, **the outstanding fleet of vehicles classed as ecological accounts for 51% of the total** as compared with 37.5% in the previous year.

Technology renting is evolving fast. The renting of computers, tablets and smartphones has provided numerous customers with access to state-of-the-art equipment on advantageous terms.

The company has taken part in various events, the General Assembly of the Spanish Leasing and Renting Association having been held at Ibercaja's Zaragoza headquarters.



PRIVATE BANKING

Ibercaja Patrimonios SGC, S.A. is the portfolio management company responsible for the Group's private banking business.

It proposes investments to customers with a high volume of financial assets, providing a **specialised, personalised, quality service**. Customers are advised by a personal manager and have access to all kinds of financial assets: securities listed on domestic and international markets, investment funds of both Ibercaja and external providers, structured deposits, etc.

Very low interest rates have stimulated the search for profitable investment alternatives. Savers are opting for alternatives such as discretionary portfolio management or personalised advice which, together with the good performance of markets, the portfolio returns obtained and the new branches opened in 2015, explains the growth achieved in the past year.

Assets managed amount to €4,008 million, having **grown by 40%**, distributed among the different types of discretionary portfolio management and advisory services. Discretionary portfolio management accounts for 43% of the total, with **3,560 management contracts**, 54% up on 2015. **The average volume per investor group is €485,000**.

Ibercaja Patrimonios provides financial market training support for the branch network and, in particular, for the personal banking managers, who are also assisted with respect to advice on investments.

The company's commercial structure consists of nine branches in Madrid, Zaragoza, Logroño, Valencia, Guadalajara, Barcelona, Burgos, Seville and Badajoz, as well as customer service centres in Huesca, Teruel and Pamplona.

Strategic Plan 2015-2017 includes **the integration of the private banking subsidiary and its business into Ibercaja Banco** so as to leverage **synergies with Personal Banking and Corporate Banking**, make better use of material and human resources, and stimulate competitiveness in a key business segment.

SHAREHOLDINGS

G4 - DMA. G4 - EC7

Ibercaja's equity investments are made to support the productive fabric through projects that help to create wealth and employment in the Entity's areas of influence.

Its equity investments, historically limited, are made to support the productive fabric, preferably SMEs, through projects that help to create wealth and employment in the Entity's areas of influence, encourage entrepreneurship and diversify the Group's revenue sources.

IBERCAJA'S INVESTEES

The Group has equity interests in various sectors, including tourism, real estate, media, logistics and services. **Ibercaja has direct or indirect interests in 94 non-real estate companies** for a consolidated net value of **€339 million**. In terms of industry distribution, companies related to financial and para-financial activities are relevant, accounting for 51% of the portfolio. The rest of the investments are in venture capital (16%), media (11%), tourism (11%), industry and logistics (4%), infrastructure (3%) and other sectors.

Ibercaja's investees that have an impact on regional development **generate** nearly **18,000 direct and indirect jobs**.

Efforts are also made to **encourage investment in companies** in which **corporate social responsibility is relevant and in sustainable projects that have valuable environmental impacts**. In this regard, considerable investments have been made in the capital of companies engaged in developing renewable energies, increasing energy efficiency or implementing environmental measures.

DIVESTMENT AND INVESTMENT

The Entity has **a plan to optimise the management** and profitability of its equity interests. Shareholdings are under permanent review to assure the orderly **divestment of companies that are not strategic in business terms** or do not generate a sufficient return on capital consumed, while keeping the business in the hands of qualified managers. This process is bringing positive results, freeing own funds and allowing the Entity to focus on its traditional financial business.

During 2016, Ibercaja implemented an active **policy of divestment** in non-strategic equity interests and in consolidated projects that had reached a sufficient level of development and autonomy. Twenty-one investees have been divested and several reimbursement and partial divestment operations have been completed in the portfolio. In terms of net book value, a volume of €36 million was divested, making a positive contribution to Ibercaja's consolidated results. As part of the specific divestment plan under Strategic Plan 2015-2017, shares in 67 companies were sold, including total and partial sales, for a value close to €86 million.

Committed investments in portfolio companies were made and interests were acquired in **five new companies**.

ESTATE GROUP

The real estate group is formed by two holding companies: Cerro Murillo S.A. and Residencial Murillo S.A. In February, Ibercaja **sold a 100% stake in Gestión de Inmuebles Salduvia S.A. to Global Acamar S.L.**, a subsidiary of the **Aktua Group**; a contract for services was also concluded with this company whereby the acquirer will administer, manage and market the Ibercaja Group's real estate assets on an exclusive basis for a 10-year period.

The agreement is intended to speed up the pace of divestment in unproductive assets, placing this task in the hands of specialists, to free management capacity in the branch network and to generate new mortgage business with the property buyers.



EXCELLENCE-BASED MANAGEMENT MODEL

G4 - DMA

Ibercaja Banco has its own Management Model to promote excellence in all its business processes.

Ibercaja Banco has its own Management Model to promote excellence in all its business processes.

The Bank aspires to **provide customers with a personalised service** that **is innovative and tailored to their needs**. The European Foundation for Quality Management (EFQM)'s model has been used as a reference, since it foments the ongoing improvement of management systems, methods and practices, as well as the implementation of new ones.

In February 2016, Ibercaja **renewed** the **EFQM 500+ Seal of Excellence**, the ultimate European quality award, for the fourth time. On this occasion, the strengths highlighted were its strategic focus, the successful Caja3 integration and the commitment from employees.

The Entity has the **"Madrid Excelente"** guarantee mark granted by the Madrid Regional Government. It recognises companies that are committed to innovation and continuous improvement, social responsibility and customer and employee satisfaction. The **"Sello de Oro Aragón Empresa"** seal, the ultimate award for business excellence in the Aragón Region, was also given to the Bank by the Aragón Development Institute (IAF).

For the fourth consecutive year, personal banking advisory service certification under ISO 22222:2010 **"Personal financial planning. Requirements for personal financial planners" was renewed**. This certification endorses Ibercaja's commitment to a customer-oriented approach through its Personal Banking service, one of the Entity's strategic focuses. It specifies requirements relating to the ethical conduct, skills and experience required of a personal financial planner.

SINCE 2007

EXCELENCIA EUROPEA 500+ PUNTOS EFQM

SINCE 2010

Madrid EXCELENTE

SINCE 2012

AENOR conform
Asesoramiento Patrimonio Personal

SINCE 2015

Sello de ORO ARAGÓN EMPRESA
GOBIERNO DE ARAGÓN

CUSTOMER EXPERIENCE AND SERVICE QUALITY

G4-PR5

During 2016, work was carried out **to achieve the highest level of quality in management** **by gaining insight into customers and their changing needs** over time, as well as to prepare new management guidelines that will help to respond to any financial needs.

Significant progress was made with the **Customer Experience Management System**. In June, a Customer Experience Committee was formed for a dual purpose: **enhance customer satisfaction** and position Ibercaja as a reference in the financial sector, while also helping **to ensure that our customers' interactions with Ibercaja are consistent with its value proposal**.

SATISFACTION SURVEYS

Traditional **satisfaction surveys** were conducted among individuals and companies to identify their perception of the Bank, assess services offered and determine aspects that could be improved. **The findings reflect high scores in satisfaction, recommendation and loyalty.**

In addition to these surveys, quality is measured by means of **"expert observation"**, a quality audit that observes and evaluates the Bank's appeal to potential customers, the suitability of our offering, the level of information in response to a specific need and other indicators such as friendliness, closeness, waiting time and discretion. Improvements can be undertaken based on the findings of these studies.

DATA OF PERCEIVED SUBJECTIVE AND PERCEIVED QUALITY	2015	2016
Personal Banking		
Satisfaction with the office (out of 10)	**8.54**	**8.59**
Satisfaction with advice (out of 10)	**8.34**	**8.41**
NPS	**20.70%**	**23.00%**
Family Banking		
Satisfaction with the office (out of 10)	**8.30**	**8.37**
Satisfaction with advice (out of 10)	**8.72**	**8.79**
NPS	**5.70%**	**11.90%**
Business Banking		
Satisfaction with the specialised manager (out of 10)	**8.88**	**9.33**
Satisfaction with the advice (out of 10)	**8.83**	**9.28**
General satisfaction with Ibercaja (out of 10)	**8.37**	**8.91**
Expert Observations		
Reception	**8.59**	**9.13**
Inquiry as to customer needs	**7.0**	**7.81**
Explatation of savings products	**7.70**	**8.19**
Goodbye	**9.04**	**9.44**

NPS = Net Promoter Score = % promoters - % detractors. A ratio that measures the customer's inclination to recommend a company. It is determined by asking customers to rate aspects from 0 to 10, where 0 is "Highly improbable" and 10 is "Definitely recommendable". On the basis of the findings, customers are classed as promoters, passive or detractors: Customers that give a score of 9 or 10 points: promoters; Customers that give a score of 7 or 8 points: passive; Customers that give a score of 6 points or less: detractors

INMARK REPORT

According to the industry study conducted by Inmark, which analyses the financial behaviour of individuals in Spain, Ibercaja is ranked first among the main Spanish banks and third in the banking system.

Customers surveyed perceive Ibercaja as **the most admired and respected bank, showing the highest emotional closeness while being socially committed**. **They also point out its robustness, solvency, transparency, trustworthiness and reputation**.

The study findings also **place Ibercaja in second position in terms of customer loyalty**. **Closeness**, tradition, **service quality** and **the offering of products and services** are the aspects most valued by customers when identifying their preferred bank.

INMARK REPORT

This report is based on **12,000 personal interviews** of people aged over 18 who have bank accounts and reside in towns with over **2,000 inhabitants, throughout Spain.**



TECHNOLOGICAL PROGRESS

Innovation and technology are the protagonists in the new operating, communication, security and management arenas.

Ibercaja implements new **technological and organisational projects** or improves existing resources in order **to enhance the quality of customer service, dynamise operational management in branches and respond to regulatory requirements**. In 2016, besides the partnership with Microsoft already mentioned, activities focused on projects related to regulatory requirements and the Strategic Plan, as well as updating systems and platforms.

THE MOST RELEVANT ACTIONS, SOME OF WHICH ARE OPERATIONAL AND OTHERS IN PROGRESS, INCLUDE THE FOLLOWING:

» **Adaptation to the changes** brought in by Annex IX to Circular 4/2016, entailing the modification of accounting processes and other changes related to risks and provisions under the new requirements.

» **Update of the model employed for work with companies**, providing new commercial and rating tools. This strategic improvement will continue in the following years to seek financing approaches that are better suited to customer profiles and activities.

» **Various initiatives designed to facilitate customer operations** such as the new mobile banking app, contactless cards and the commercial portal.

» Launch of numerous projects and investments to **achieve the highest standards in cybersecurity**, as part of the Security Master Plan.

» In the field of human resources, a platform is being developed to provide a more **complete overview of the Entity's human capital management in the short term.**

» Progress has been made on a variety of matters generated by **regulatory requirements**: implementation of CIRBE Phase II and work related to the Stock Market Reform Law.





CORPORATE BRAND AND REPUTATION

G4 - DMA

During 2016 the Ibercaja Group's corporate reputation and brand were managed actively as a transversal aspect of Strategic Plan 2015-2017, through a comprehensive, proactive, systematic and recurring approach.

CORPORATE BRAND

The brand is the Bank's internal and external identity. It is one of Ibercaja's most valuable intangibles, representing its values and making them visible at each point of contact with stakeholders.

In view of the **importance of monitoring brand perception and positioning**, in 2016 a **periodic measurement process** was launched in the form of surveys in the Bank's territories of influence to ascertain Ibercaja's brand notoriety and the perception of the brand and the Bank's values among customers and in society. Findings are used **to monitor brand performance and identify opportunities to improve the brand's positioning.**

Bearing in mind this progress, the **Brand Action Plan 2016** has been drawn up to plan events in all the Group's territories that help to maintain, strengthen and develop the brand. The actions in question have a **triple objective**:

Bolster the corporate reputation and institutional relationships	Help to strengthen the brand	Support the strategic business plan

In 2016, **136 training and informative actions** targeted individuals and companies throughout Spain, attended by over **11,000 people** and widely covered in the media.

Brand strategy is summarised in the following table:





"Commitment Team" formed by people from central services and from the branch networK

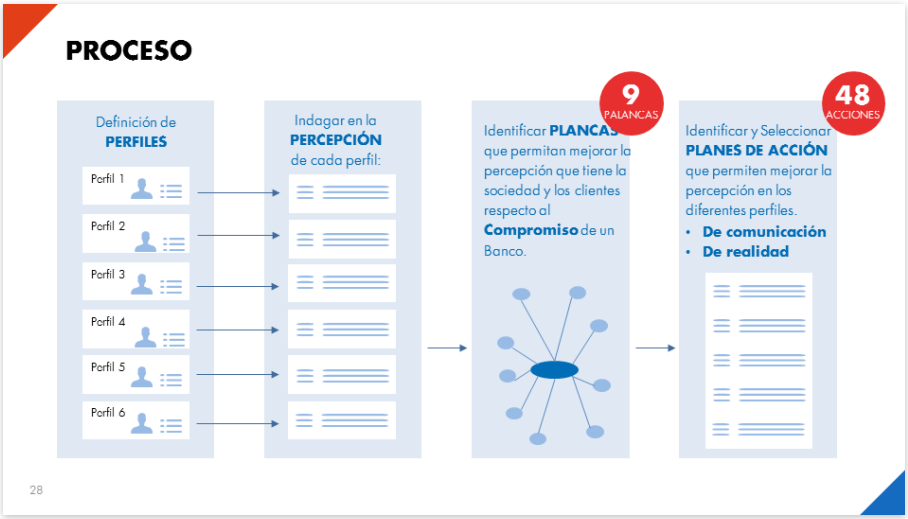
CORPORATE REPUTATION

Measurements were made and analysed during 2016 in order to gauge the perceptions of three priority stakeholders: employees, customers and society

Findings have been employed to **identify reputation enhancement levers** and thus prioritise objectives and design **the first reputation enhancement action plan**.

The plan was prepared by a multi-disciplinary, cross-company **"Commitment Team"** formed by people from central services and from the branch network in different territories.

Using the DesignThinking method, **seven actions** were defined and validated by the Corporate Reputation and Responsibility Committee before being implemented in the Entity. The first action launched, a campaign focused on the **"capacity to adapt"** value, was designed towards the end of the year for implementation in 2017.



Steps of the Reputation Action Plan.



TRANSPARENCY AND STRATEGIC COMMUNICATION

G4 - DMA

Ibercaja has a communication model in which information flows are systematically generated by the Entity and communication criteria are defined.

COMMUNICATION CRITERIA

TRANSPARENCY
In all matters of public interest that do not undermine the necessary business confidentiality.

TRUTHFULNESS
In order to respond accurately to stakeholder information requests.

DILIGENCE
To furnish information that is of the utmost use to recipients on a timely basis.

NEUTRALITY
All stakeholders are entitled to the information generated by Ibercaja on equal terms.

THE COMMUNICATION PLAN HAS THREE CLEARLY DISTINCT PILLARS:

INTERNAL COMMUNICATION

Designed to **transmit the Bank's strategy and encourage employee participation**, while stimulating a **sense of belonging to the organisation**. It takes place through various channels: daily publications, four-monthly magazine, management proximity plans, etc.

The main internal communication activities include:

- **Presentation of territorial growth plans** by the Chairperson and the CEO to the workforce in each zone.
- **Meetings** attended by management and employees.
- **CEO video transmitting** key strategic messages.

EXTERNAL COMMUNICATION

Ibercaja has a **smooth relationship with local and national media** when responding to information requests and announcing the Group's relevant events.

The main external c**ommunication activities** are as follows:

- **Institutional presentation** including the Bank's most relevant information and the main aspects of Strategic Plan 2015-2017.
- **Promotion of social media presence**, disseminating news related to the Bank, participating in events, sponsorships, collaborations, etc.

INSTITUTIONAL PRESENCE PLAN

The purpose is to position Ibercaja's brand as a reference in the Spanish banking system, encouraging participation in the main economic and industry forums and conferences, as well as increasing contributions from the executive team. The launch of territorial plans has been boosted by numerous activities designed to enhance the Bank's institutional presence in each zone.



SUSTAINABLE MANAGEMENT AND DEVELOPMENT



iberCaja

SUSTAINABLE MANAGEMENT AND DEVELOPMENT

Sustainable management and development
Corporate Social Responsibility policy
Commitment to customers
Commitment to people
Commitment to suppliers
Commitment to shareholders and investors
Commitment to the environment
Commitment to the society





SUSTAINABLE MANAGEMENT AND DEVELOPMENT

G4-24, G4-25

Ibercaja maintains its ethical and responsible commitment to satisfy environment and society's needs.

Ibercaja is aware of the impact of its business on the environment, on society and on the different groups with which it interacts, in addition to the effects of the environment and stakeholders on the organisation itself. Stakeholders are regarded as "groups or individuals that must be taken into account to the extent that they may affect or be affected by the Entity's activities".

The Bank's Stakeholder Map identifies the following priority stakeholders: **customers**, **people**, **investors** and **shareholders**, **suppliers**, **environment** and **society**.

Ibercaja promotes listening to and dialogue with stakeholders to identify and anticipate their needs and expectations, developing specific channels and tools to favour bidirectional, continuous communication.

THE MOST SIGNIFICANT CHANNELS INCLUDE:



Customer satisfaction surveys.

Meetings and focus groups with employees, customers and the general public.

Employee satisfaction surveys.

Active listening in social media.



Reputation measurement tools to survey customers and society.



Customer care service.



Free call lines and electronic inboxes.



Newsletters and online assessment questionnaires.



Corporate website, commercial website and social media.



Communiqués and collaborations in the press and other media.



Systematic, ongoing relationships with bodies, institutions and social agents to identify trends and expectations, and exchange good practices (AEC, CEOE, Chambers of Commerce, Forética, Cecabank, etc.).

CORPORATE SOCIAL RESPONSIBILITY POLICY

G4-DMA, G4-2, G4-26, G4-27, G4-35, G4-36, G4-37, G4-42, G4-44, G4-46, G4-47, G4-LA2, G4-FS6

Corporate social responsibility actions are designed to contribute towards the Ibercaja Group's long-term sustainable development, encouraging a balance of economic growth, social cohesion and environmental conservation.

SUSTAINABILITY PRINCIPLES

The following **sustainable action principles** (Sustainability Principles) are integrated into the internal management model and all activities and decisions:

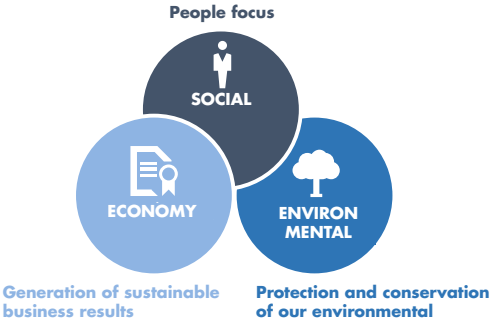


- **Ethics and good governance.**
- **Clarity and transparency.**
- **Service quality** and close customer relations.
- **Contribution to social integration,** development and territorial cohesion.
- **Defence of human rights** under the principles of the United Nations Global Compact.
- **Employment, professional and personal** development, and talent management.
- **Prudent, comprehensive management** of all financial and non-financial risks.
- **Respect for the environment.**

Corporate Social Responsibility is driven from the Entity's governing bodies and projects are included in each area's plans and activities. **CSR management**, led by the CEO, **is cross-organisational and forms part of the Strategic Plan.**

The main functional areas are represented on the **Corporate Reputation and Responsibility Committee**. Chaired by the CEO, this committee reports to the Management Committee, which is responsible for reporting to the Board of Directors. Its remit includes **validating and supervising the Bank's Corporate Social Responsibility Policy** and the programmes and initiatives implemented to monitor and apply the policy.

Ibercaja is highly sensitive bank from a social perspective and is committed to sustainability by balancing business profit, social contribution and care for the environment.

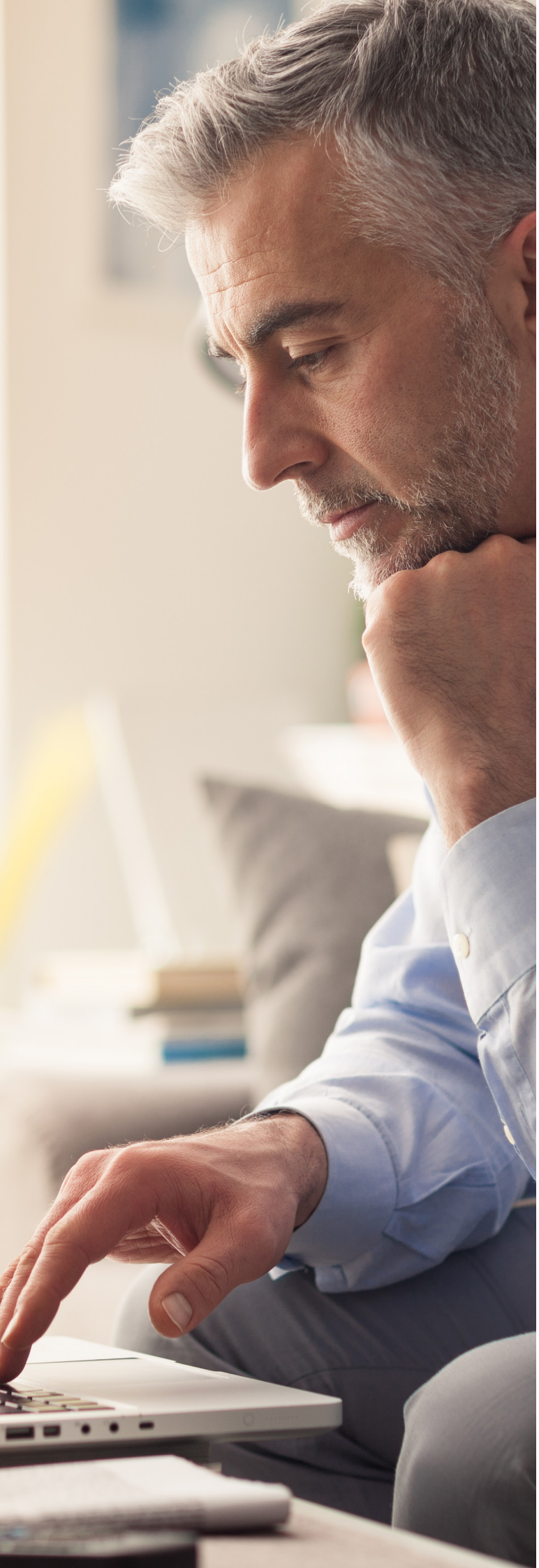


On 30 November 2016, the Board of Directors approved Ibercaja's **Corporate Social Responsibility Policy** containing the action principles and responsible management commitments acquired by the Entity with the main stakeholders, which are implemented on the basis of **three objectives**:

Make its commitments explicit	Communicate them internally so they are known, shared and integrated into the daily work of all Ibercaja's people.
Respond to stakeholder expectations	Publicising what is meant by responsible conduct in the course of business.
Comply with and anticipate regulatory recommendations	Applying the provisions contained in the CNMV's Code of Good Governance.

The application of CSR policy commitments is specified in a **Corporate Social Responsibility Action Plan** that identifies specific internal and external actions to be implemented by the Bank. The plan's launch and effective communication help to enhance the Group's corporate reputation.

The main commitments made to each of the priority stakeholders and the most relevant actions and aspects during 2016 are described below.



COMMITMENT TO CUSTOMERS

G4-DMA, G4-2, G4-8, G4-9, G4-26, G4-27, G4-37, G4-FS6

Ibercaja operates a full-service banking model focused on the retail business, with the customer at the centre of its strategy and service quality and advice as distinctive aspects.

Ibercaja operates a full-service banking model focused on the **retail business**, with the **customer at the centre** of its strategy and service quality and advice as distinctive aspects. The Bank promotes interconnectedness and dialogue with customers, aligning the business model with their expectations and needs.

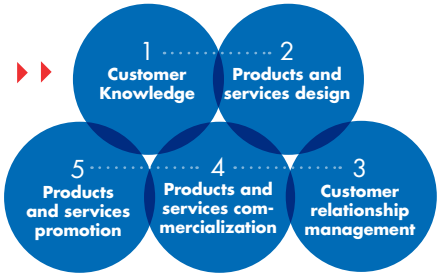
In response to the value proposal for customers, based on **"personalisation, usefulness and mutual commitment"**, Ibercaja takes on the following commitments:

- **DEEP INSIGHT.** Work actively, constantly and systematically to gain deep insight into each customer, offering them products, services and information that are useful in view of the moment in their life and their needs.
- **EXCELLENCE IN MANAGEMENT.** Drive excellence in management and quality, personalised, professional care.
- **TRANSPARENCY.** Pay special attention to transparency in communication and in the marketing of products, providing the information necessary for customers to be in a position to take informed decisions.
- **ADVICE AND INFORMATION.** Help customers to be familiar with the aspects of their finances that are most important to them at all times in their life, offering them advice and information so they can plan, control and make their own decisions.
- **CUSTOMERS PRODUCTS.** Design and make available to customers products that suit their characteristics and needs, ensuring that the product range includes solidarity and sustainable products.
- **DIALOGUE CHANNELS.** Put in place efficient dialogue channels that allow customers to be listened to in order to improve the aspects that are most relevant to them, as a basis for mutual commitment, through a top-quality service.
- **CONFIDENTIALITY.** Protect at all times the confidentiality of the customers' data, assuring the highest security standards.



Ibercaja's management model is excellence-oriented: customer experience and **service quality** are the premises that must guide all activities.

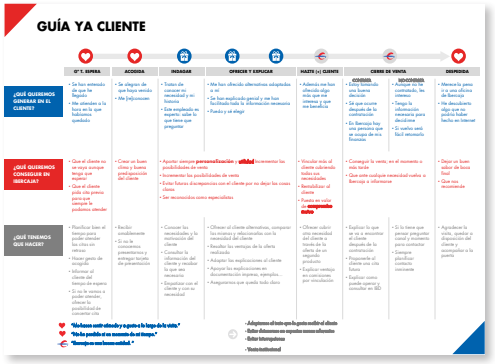
Insight into our customers, a suitable product range, appropriate advertising and marketing, and a careful relationship are the key aspects of Ibercaja's strategy.



Support materials and guidelines are drawn up and regularly updated to facilitate professional management by the people who care for our customers.

OBJETIVE

We aim to provide the best care at all times and for all financial needs, thereby helping to improve the internal experience.





COMMITMENT TO PEOPLE

G4-DMA, G4-2, G4-9, G4-10, G4-13, G4-15, G4-26, G4-27, G4-37, G4-58, G4-LA2, G4-LA10, G4-LA12

The people who work for Ibercaja are the fundamental pillar of its strategy and activities.

The **people** who work for Ibercaja are the **fundamental pillar** of its strategy and activities. Their dedication and professionalism, their implication and commitment to the Group's Project, contribute hugely towards the project's success.

COMMITMENTS MADE TO OUR PEOPLE:

- **KNOW AND ACCOMPANY.** Get to know and accompany them throughout their career, particularly at the most relevant moments.
- **LIFE-WORK BALANCE.** Promote a life-work balance, applying flexibility measures, reflecting the needs of our people and the company.
- **ENCOURAGE CONTINUOUS DEVELOPMENT.** Encourage continuous development of their capabilities and skills as part of the talent management model, identifying and responding to current and future training needs, and allowing access to knowledge.
- **LEADERSHIP MODEL.** Promote an inspiring leadership model, demanding as regards results but close and empathetic.
- **OPEN AND TRANSPARENT COMMUNICATION.** Maintain open, transparent communication, establishing the necessary channels and tools, and fomenting upward and downward communication in the interests of participation.
- **OPEN AND TRANSPARENT DIALOGUE .** Encourage an open, transparent dialogue with employee representatives as an essential basis for employer-employee relations.
- **DIVERSITY AND EQUALITY.** Defend diversity and equal opportunities through commitment, results and behaviour, rejecting all forms of discrimination and offering development opportunities.
- **SAFETY AND PROTECTION** Commit to the safety and protection of our employees, assuring their wellbeing and health in the workplace, minimising risks and allocating the resources required to carry out preventive actions.
- **VOLUNTEERING.** Promote corporate volunteering to contribute actively to society and stimulate pride in belonging to the Bank.

IBERCAJA BANCO
5,523 employees*

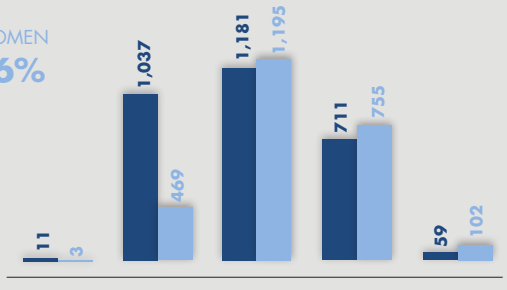


IN BRANCHES **4.784**

IN CENTRAL SERVICES **739**

MEN **54%**

WOMEN **46%**



	Men	Women
PEOPLE	2,999	2,524
	TOTAL* **5,523**	
AVERAGE AGE	46 years	44 years
	TOTAL* **45 years**	
AVERAGE EMPLOYEE SENIORITY	20 years	18 years
	TOTAL* **19 years**	

* Partial retirement excluded (4 people)

THE HUMAN RESOURCES PLAN COMPRISES FOUR STRATEGIC LINES AND 15 SPECIFIC PROJECTS:

PERSONALISED MANAGEMENT

Get to know each person, identify their talents, their capabilities, their interests and circumstances to personalise their career development and accompany them at key moments in their career.

INSPIRING LEADERSHIP MODEL

We aspire to be a highly-demanding company that is a pleasant place to work. A leadership style that foments a new culture in customer and people management.

TALENT DEVELOPMENT

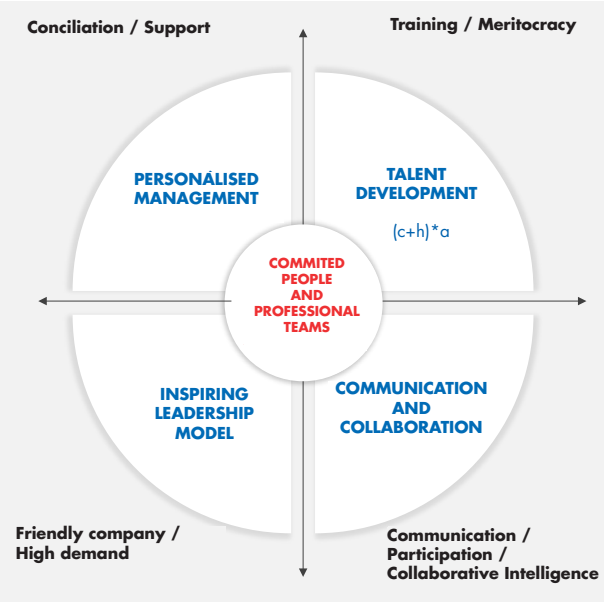
People must have the opportunity to tackle individual and team challenges in order to prove their worth. We must prepare them adequately. Training is one of the most important commitments in this new cycle.

360° COMMUNICATION AND COLLABORATION

Progress towards a more transparent and participative communication policy. Promote channels that help employees to share their ideas. Put in place mechanisms to allow people to contribute beyond their work post.

- Comprehensive Knowledge
- Management Protocols
- HR delegates
- Conciliation (equality and work-life balance)

- Ibercaja´s leadership model
- Management by targets
- Fairnes



- Identification of Key posts
- Training
- Professional Development Plan

- 360° Communication Plan
- Laboor Climate Surveys
- Employee Portal
- Social networks/ Volunteering/ CSR
- Fostering Collaboration Programs

COMPUTER TOOL FOR THE HR INTEGRATED MANAGEMENT → **HR INTEGRATED DASHBOARD**

THE MOST SIGNIFICANT MILESTONES RELATING TO THESE ACTIONS AND PROJECTS DURING 2016 ARE LISTED BELOW:

PERSONALISED MANAGEMENT

» **HR delegates:** a role created to bring HR management to branches and central services.

» **Development of a comprehensive employee file** to manage key moments in their working life.

» **Mobility Plan roll-out.**

TALENT DEVELOPMENT

» **Training:** specialised actions to train employees in the knowledge and skills necessary to stimulate their personal growth.

» **Professional Development Plan:** work has commenced on four aspects:

- Digitalisation.
- Globalisation.
- Cross-organisation approach.
- Commitment.

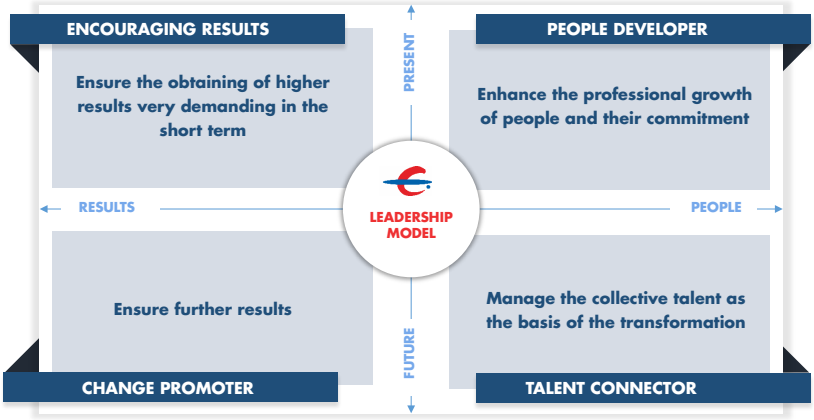
» **Assessment of competencies and performance.**

» Review of **Professional Career Plans** in branches and central services.

» **Identification of key posts**, as a starting point for the post map.

INSPIRING LEADERSHIP:

» In 2016, the Executive Team defined the **leadership model** necessary to undertake the new strategy cycle. It is a reference framework to allow people recognised to be leaders within the Entity to exercise influence over their team in a manner that is consistent, coherent and aligned with the business strategy. The model is structured around **two aspects comprising present and future people and results**:



COLLABORATION AND 360° COMMUNICATION:

- **Employee's voice:** In November 2016, a new opinion survey was conducted of the entire workforce, achieving a 73% rate of participation. The satisfaction level, 7.1, was above the level registered in the previous measurement.
- **Meetings:** a culture of recognition for the work performed by Ibercaja's people has been implemented. Fourteen percent of the workforce has been recognised through two award programmes: "25-years together. Thank you" and "Commitment and Excellent Teams".
- **Employee experience measurement systems.**
- **"Draw Ibercaja at Christmas" campaign:** over 650 employees' children illustrated their particular vision of Ibercaja at Christmas.
- **Territorial road show** to present the new people management model.
- **Ibercaja Innovationweek.**

The Entity ensures **open and transparent communication** with people, providing information on activities undertaken by the HR area, disclosing matters of general interest to the workforce, providing and promoting channels and mechanisms to guarantee adequate communication with employees and encourage their involvement.

THE FOLLOWING RESOURCES ARE IN PLACE:

	DESCRIPTION
Employee care service	Employees and retired personnel may channel their doubts, queries, requests, etc. through this service.
Labour Climate Surveys	Upward Communication Channel that allows employees to express opinions on various aspects of their professional life.
Monthly newsletter «HR REPORTS» (monthly)	Published by HR management, this newsletter contains all kinds of HR management indicators (appointments, promotions, joinings, etc.), as well as general interest issues.
Inbox «HR Director Replies»	Through the Employee Portal, Human Resources management may be contacted to express doubts, suggestions, concerns...
Cultural and Recreational Group	Recreational activities are encouraged to favour involvement and socialising among the employees.
"Crónica Ibercaja" magazine	The Human Resources area collaborates in each issue of the «Crónica Ibercaja» magazine with people-related articles.
Employee portal	This is one of the main channels for communication with employees.
Regulations-Daily Information	New developments in Human Resources are reported (tenders, appointments, labour agreements, legislative changes, administrative procedures, etc.).



EQUALITY AND WORK-LIFE BALANCE

G4 - DMA. G4 - LA2

Ibercaja actively promotes equal opportunities, rejecting all forms of discrimination, and is committed to a work-life balance for the Entity's professionals. .

Forty-five percent of the Bank's workforce are women, who hold **30% of branch director posts, 63% of assistant director posts and 52% of personal banking manager posts**. Fifty-two percent of promotions were for women in 2016.

Ibercaja's employees may opt for **life-balance measures** such as maternity leave, care leave and shorter working hours, some of which extend or improve the aspects covered by prevailing legislation such as the collective bargaining agreement. During the year, **205 people** availed themselves of these measures (169 opted for shorter working hours, 31 took maternity leave and seven took care leave).

REMUNERATION POLICY

Employees' salaries are made up of the **fixed remuneration** stipulated in the collective agreement for each professional level and by target-based variable remuneration received by branch network personnel. Wage supplements are paid to certain groups of employees who have specific functions and responsibilities.

The fringe benefits provided by Ibercaja for its employees supplement legally stipulated coverages, above the limits and benefits established in collective bargaining agreements.

SOCIAL DIALOGUE

Labour relations are founded on an **open and transparent dialogue** with the employees' representatives.

These relations seek to **foment mutual commitment** in order to improve the working conditions of Ibercaja's professionals.

The Entity's trade union **representatives comprise 203 employees** linked to six trade unions.

OCCUPATIONAL RISK PREVENTION AND HEALTH

Ibercaja is committed to the **safety and protection of its employees**, assuring their wellbeing and health in the workplace, minimising risks and allocating the resources required to carry out preventive actions.

How is Ibercaja's occupational risk prevention and health policy applied?

- **The Entity has its own Prevention Service** which provides specialised technical support throughout the organisation on occupational risk prevention, occupational medicine and ergonomics.
- There is an **Occupational Safety and Health Committee**, the main purpose of which is Risk Prevention, as well as verifying regulatory compliance.
- Employee participation is assured through **«Prevention Delegates»**.
- An **Occupational Risk Prevention Plan** is drawn up and applied, and risks are assessed and re-assessed.
- **Training and information** is provided to our employees on the risks affecting their post, in the form of risk prevention courses and awareness campaigns using various channels.





COMMITMENTS TO SUPPLIERS

G4-DMA, G4-2, G4-12, G4-13, G4-26, G4-27, G4-56

Ibercaja promotes mutual commitment with its suppliers and provides them with its responsible management principles.

Ibercaja promotes **mutual commitment with its suppliers** and provides them with its responsible management principles. Interaction and dialogue are key aspects to build a stable, enriching relationship based on ethics, transparency and strict fulfilment of commitments.

COMMITMENTS MADE TO SUPPLIERS:

- **TRANSPARENCY.** Guarantee transparency in contracting.
- **QUALITY AND COMPETENCE.** Work to establish economic relationships that, while respecting both parties' interests, allow a maximum level of quality and competence in the products served and services rendered.
- **POLICIES.** Assess approaches and policies developed by businesses in relation to social, environmental and human rights issues (endorsement of international agreements, quality and environmental certification, special employment centres,etc.).
- **SUPPORT ENTERPRISES.** Support small- and medium-sized enterprises, social enterprises and those that favour territorial cohesion in the Bank's zones of influence.

IBERCAJA BASES SUPPLIER ASSESSMENT AND SELECTION ON THE FOLLOWING PRINCIPLES:



Maximum product and service quality.



Economic conditions, response capacity and incident resolution.



Experience in the relationship and market reputation.



Competition and transparency in selecting suppliers.



Diversification of suppliers.

In order to guarantee that suppliers observe the Bank's socially responsible practices and favour the application of the Global Compact principles, Ibercaja has a **Code of Conduct** that must be taken on board by its suppliers during the Supplier Assessment and Approval process.

In May 2016, the quality aspects of the **Supplier Portal** were launched and work is in progress to allow suppliers to be contracted electronically so as to enhance transparency and guarantee equal opportunities.



SUPPLIERS' ASSESMENT

SUPPLIERS ASSESSED
125 suppliers

82 APPROVAL WAS RENEWED

40 APPROVED FOR THE FIRST TIME

Approved suppliers account for 90% of the total volume of purchases managed.



COMMITMENT TO SHAREHOLDERS AND INVESTORS

G4-DMA, G4-2, G4-26, G4-27, G4-58

The fundamental objective is to fulfil the expectations of the shareholders and investors that have placed their trust in the Entity.

The fundamental objective is **to fulfil the expectations of the shareholders and investors** that have placed their trust in the Entity and to pay particular attention to future and potential shareholders and investors, furnishing the information necessary for them to adequately assess the Bank.

COMMITMENTS TO SHAREHOLDERS AND INVESTORS:

- **EQUALITY.** Guarantee shareholder and investor equality as regards access to the Bank's relevant information, avoiding imbalances and assuring the utmost transparency so they receive full, clear and accurate information at all times.
- **ADEQUATE DIALOGUE.** Put in place adequate dialogue channels to assure fast, quality and personalised responses.
- **CONFIDENTIALITY.** Comply with confidentiality clauses applicable to any data provided by shareholders and investors.

In 2016, Ibercaja launched its **corporate website www.ibercaja.com**, which includes a section for investors and shareholders containing stakeholder information on corporate governance, relevant facts, economic and financial highlights, credit rating, issues, etc.

The Entity continues to focus on transparency through the periodic publication of **corporate presentations** analysing financial highlights and strategic progress, in addition to a specific channel for queries or suggestions in the e-mail inbox **investors@ibercaja.es.**





COMMITMENT TO THE ENVIROMENT

G4-2, G4-14, G4-26, G4-27, G4-35, G4-36, G4-42, G4-44, G4-46, G4-47, G4-EC2, G4-DMA

Ibercaja is committed to conserving and improving the natural environment in the course of business.

Ibercaja is committed to conserving and improving the natural environment in the course of business, as one of its most important contributions to encourage sustainable development and guarantee the quality of life for future generations. The Entity has an **Environmental Management System** based on the ISO 14001 standard.

COMMITMENTS MADE TO THE ENVIRONMENT:

- **ENVIRONMENTAL POLICY.** The Bank's environmental action principles are contained in our Environmental Policy, which is public and may be found in our corporate website and internal regulations.

- **PRINCIPLES.** These principles address environmental protection, compliance with regulations and voluntary commitments made, and continuous improvement of the organisation's environmental effectiveness and performance.

The **Environmental Quality Committee** (formed by the heads of the main environmental management units) has competence to implement, maintain and optimise the system. A team of **Environmental Promoters** submits initiatives and suggestions for evaluation and implementation.

The related **training plan** targets people who have joined both the Committee and the team of promoters, while also focusing on new aspects included in regulations.

Internal communication takes the form of the periodic internal magazine "Crónica" and the "Human Resources Reports" newsletter. The Guidelines on Good Environmental Practices, updated at the end of 2016, also contain a set of simple instructions and guidelines to promote respect for the environment during professional activities.

The most relevant aspects of **external communication** are the section of the corporate website devoted to the Environmental Policy and the initiatives and actions implemented directly or in association with the shareholder foundations.


Certificado del
Sistema de Gestión Ambiental

AENOR

Gestión Ambiental

ISO 14001

GA-2007/0451

IBERCAJA BANCO S.A.

AENOR

THE MAIN AREAS OF ACTION IN 2016 ARE DESCRIBED BELOW:

ENERGY EFFICIENCY

» **Energy Efficiency Audits** were carried out in facilities pursuant to RD 56/106.

» **Branch signage continued to be replaced by LED** signs and backlit billboards by unlit alternatives.

» **Highly energy efficient air-conditioning equipment** was installed to renew existing equipment or in new facilities.

WASTE MANAGEMENT

» Waste management is centralised. In the interests of operational efficiency, the role of **Waste Management Coordinator** was created in 2016.

» Hazardous waste producer registration details were updated to reflect current needs and anticipate the new **WEEE regulations.**

» **New spaces** were prepared to store waste and **new containers** were adapted for waste collection purposes.

» **Furniture was repaired for reuse** in order to avoid unnecessary waste.

EMISSIONS

» The Bank has begun to use the calculator provided by MAGRAMA (Ministry of Agriculture and Fisheries, Food and Environment) to **calculate CO2 emissions: Carbon footprint.**

» The number of **waste collection trips** made by waste managers **has been optimised.**

» A **lower number of bank bags** were carried as compared with the previous year.





COMMITMENT TO SOCIETY

G4-DMA, G4-2, G4-26, G4-27, G4-EC8, G4-SO1

Ibercaja's vision is to develop a banking model that is highly sensitive from a social viewpoint.

Ibercaja's vision is to develop **a banking model that is highly sensitive from a social viewpoint**, taking into account the needs of society and its stakeholders. Founding principles include contributing to socio-economic development in the Bank's areas of influence.

COMMITMENTS MADE TO SOCIETY:

- **TERRITORIAL DEVELOPMENT.** Contribute towards territorial development, supporting the productive fabric and creating channels for collaboration and dialogue with local agents.
- **SOCIAL DEMANDS.** Respond to social demands (employment, training, housing, etc.), through its financial activity, with products and services tailored to society's needs.
- **FINANCIAL INCLUSION.** Support financial inclusion by providing a comprehensive service and favouring access to financial services for groups that may be experiencing the most difficulties.
- **ACCESSIBILITY.** Facilitate face-to-face or distance financial solutions to maximise the accessibility of products and services.
- **FINANCIAL EDUCATION.** Favour a financial education in society, transferring the know-how of the Entity's professionals to support informed decision-making and help to manage personal finances.
- **VOLUNTEERING.** Promote and support employee involvement in corporate volunteering initiatives that have a positive impact on society.
- **COLLABORATE.** Collaborate with organisations, entities and regulators engaged in socially responsible activities, build awareness and disseminate good practices.
- **COMMITMENTS.** Responsibly assume commitments recommended by international organisations that oversee sustainable development, human rights, good governance, ethical commitment and the fight against corruption.

There follows information on the most noteworthy cultural and community **projects promoted by the Fundación Bancaria Ibercaja**, together with other social responsibility actions.

ACTIVITIES PROMOTED BY THE IBERCAJA FOUNDATION'S CULTURAL AND COMMUNITY PROJECTS FUND:

FINANCIAL EDUCATION

Programme in association with the CNMV and the Bank of Spain to invest in actions that encourage basic "financial literacy" for all citizens. In 2016, the programme received the **Special Jury Award** granted by the magazine on economy **Actualidad Económica.**

The **main milestones** achieved during the year are described below:

- **e-learning for teachers.** The programme "How to teach Financial Education and Entrepreneurial Initiative in secondary school", which provides teachers with basic notions of financial literacy and teaching resources, and foments entrepreneurial initiative. Eighty-six teachers from 30 provinces took part in the first edition.

- **Financial Education Day.** Events held during National Financial Education Day included a conference in Zaragoza and activities in Huesca, La Rioja and Guadalajara to spread financial culture.

- **"Diario Económico" Aragón Radio.** Ibercaja collaborates with this regional programme in a fortnightly slot.

VOLUNTEERING

Over 400 people take part in volunteering work, most of them current employees. The **most significant activities** include:

- **Orientation for job seekers.** A service designed to help people who, for various reasons, encounter greater difficulties when job seeking, such as young people, long-term unemployed, under-qualified, people aged over 45, etc. Volunteers and specialised professionals participate in this work.

- **Food bank campaign.** Over 300 Ibercaja employees take part each year in the "La Gran Recogida" campaign organised by food banks in Zaragoza, Huesca, Teruel, Guadalajara, Logroño and Madrid.

- **ATADES race "for a new school".** volunteers from Ibercaja and other Atades volunteers participated in a race to raise funds to build a school for intellectually disabled children.

ENVIRONMENT

the environmental education programme conducted by Red Natural de Aragón is intended to stimulate interest in nature conservation and environmental respect through knowledge of Aragón's cultural heritage and protected natural spaces. **In 2016, 15,000 schoolchildren took part in these activities.**

EMPLEA-T Y EMPRENDE

This programme for entrepreneurs, which has been running for five years, allows a business idea or project to be undertaken from beginning to end assuring a high level of excellence. Training, mentoring, financing and acceleration are the programme's four pillars.



Two new training levels were added in 2016: **Internacionaliza-T** and **Capacita-T**, the number of teachers and **mentors having grown to each 25**. The programme has guided **141 entrepreneurs** working on **105 projects**, which has led to the creation of **90 companies employing 304 people**. Ten projects have also been funded for a total of **€241,520**.

The most noteworthy aspects of this project include:

» **La Terminal.** A space for business incubation and acceleration provided by Zaragoza City Council and managed by the consultancy Hiberus Tecnología, collaborating strategically with Ibercaja. Around 120 entrepreneurs work at La Terminal every day, entailing a 100% occupancy level. Approximately 700 children aged between 10 and 12 have visited this business nursery.

» **Ibercaja Transnnova.** Training programme resulting from the experience gained working with entrepreneurial models applied to start-ups. The programme targets companies that need to redesign and innovate in their business model and aspire to be agile and light like a start-up. Prestigious Spanish and international specialists took part in this edition, held in Ibercide, including expects from the business world.

» **Aprendiendo a Emprender (Aragón y Rioja).** A project for entrepreneurs in which teachers and students participate in an entrepreneurship training process the organisation and support materials of which are furnished by Ibercaja. Over 1,600 students from 30 schools benefited from this programme.

YEAR-END SOLIDARITY CAMPAIGN

In 2016 the **"Donate an opportunity"** campaign was launched to collect funds for the job market integration programme "Sumando empleo", led by Cáritas. During the campaign, which lasted three and a half weeks, €56,316 was raised through donations from Ibercaja's customers and employees.

DOCUMENTARY SUPPORT IN THE INTERNET

- **E-COM (empresacompetitiva.ibercaja.es).** Documentation centre offering digital content for companies to stimulate their competitiveness.
- **Ibercaja Documenta.** Digital service providing access to agro food industry information. The service has nearly 3,000 users subscribed to newsletters on aspects such as farm management, agro food industry, public administrations and the university environment.

OTHER ACTIONS

Ibercaja **sponsors** a variety of activities, many of which relate to **cultural awareness** building and the encouragement of **healthy habits** in the general population and young people in particular.

SPORT

The Entity has taken part in various sports events such as the City of Zaragoza Trophies (under an agreement entered into with the Zaragoza municipal sports department), Sports in the Street Day, X Marathon, 10 K and sports for schoolchildren in Aragón, as well as promoting physical exercise and sport in educational centres in Aragón. Ibercaja also sponsors different federations, mainly in Aragón, and sports centres engaged in athletics, handball, basketball, football, climbing and padel.

SOLIDARITY RACES

The institution organizes popular races in Zaragoza, Huesca and Teruel, tests which counts with a large number of people. Since several years entities for integration collaborate in these races and the entity carries out donations to the food banks at Zaragoza, Teruel and Huesca

CORPORATE CAREER (ESIC)

Ibercaja has sponsored the ESIC business school's "corporate career" course, which foments a sense of belonging to the company and a connection between the company and its employees, promoting values such as teamwork.

SKIING

The Entity sponsors the ski schools at Candanchú, Cerler, Valdelinares, Formigal, Panticosa and Sierra de Gúdara, allowing customers to benefit from discounts on the services contracted.



CULTURE

Ibercaja sponsored a number of events for the general public during the year.



CONCLUSIONS AND OUTLOOK

iberCaja





CONCLUSIONS AND OUTLOOK

During 2016, the Group progressed with its "strategic road map" defined in Plan 2015-2017. Relevant milestones were achieved during the year.

During 2016, the Group progressed with its "strategic road map" defined in Plan 2015-2017. **Relevant milestones** were achieved during the year, including

» The launch of **territorial development plans** in Madrid, south-east Spain and Burgos.

» The **strategic partnership with Microsoft** for the Bank's digital transformation.

» An **agreement** with a specialised operator to reduce problematic assets.

» Launch of a renewed **customer relations model**.

» The **Corporate Social Responsibility Plan**.

» A new internal approach to **leadership and team management**.

Ibercaja has demonstrated its **capacity to generate results** in a scenario of pressure on net interest income due to extremely low interest rates, affecting both revenue from lending and returns from the fixed-income portfolio. The retail business performed well thanks to the significant contribution from lending to SMEs, sustained growth in assets managed, cost savings and the defence of margins.

CHALLENGES OF 2017

2017, the final year of the current strategic cycle, will once again be very demanding. Important challenges will be addressed along the path towards strengthening the Group's competitive position and progressing to reach the profitability levels demanded by the market. There are plans to accelerate projects in progress for the following purposes:

» **Increase new lending, particularly in the non-real estate productive activities segment**, as a way to generate revenue and improve margins while preserving market share in home loans.

» **Direct growth in funds towards a more profitable mix by promoting asset management**, the Group's most relevant speciality, using as levers increased penetration in personal banking and private banking customers.

» **Persevere with the cost containment policy and optimise the Group's operating efficiency** with the aim of converging with the industry's most demanding levels.

» **Reduce the relative significance of irregular investment** and of real estate assets in the balance sheet.

» **Bolster the customer relations model based on service quality**, which will become a distinctive factor for Ibercaja and a competitive advantage in an increasingly demanding market.

Also in the pipeline are the **launch of growth plans in Catalonia and Badajoz, further development of "Plan+ Empresas"**, the continued implementation of new **distance banking** functionalities and the roll-out of the **new leadership model that began in 2016**. These measures will accompany the design of a new strategic plan with a view to 2020.

APPENDIX

FURTHER INFORMATION

A. 2016 ANNUAL REPORT HIGHLIGHTS

G4-17, G4-18, G4-32, G4-33

INTRODUCTION

The Ibercaja Banco's 2016 Annual Report responds to the Group's commitment to keep stakeholders of its needs and expectations, as set out in the materiality matrix. In line with the organisation's interest to provide appropriate access and content, there is a single 2016 Annual Report, which combines financial information, the review of operations, and corporate social responsibility, supplemented with the accompanying appendix. This appendix is designed to address issues in the Annual Report that must also be considered in the **Sustainability Report** according to **Global Reporting Initiative (GRI)** criteria. Ibercaja has been preparing annual and other reports in accordance with GRI Guidelines since 2005.

Moreover, the Annual Report, together with this appendix, more up the **"Progress Report"** and, accordingly, annual report in accordance with **UN Global Compact** reporting requirements in respect of the UN Global Compact's 10 Principles.

SCOPE

The information contained in this Report and Appendix cover the Ibercaja Banco Group's activities. Taken as a whole, the Report presents an overall view of the Group's strategic lines, activities, business model, financial performance and sustainability commitment. Its content will be published on the corporate website (**www.ibercaja.com**).

RIGOR IN PREPARATION

The criteria used to prepare the Annual Report and this appendix are based on the **G4 Guidelines under the Core "in accordance" option** for the preparation of sustainability reports of the **Global Reporting Initiative (GRI)**, including the content required in the **Financial Services Sector Supplement**.

This is the second year that the Annual Report was prepared taking into consideration the requirements in the G4 Guidelines. Throughout the process of gathering and presenting information, Ibercaja took into consideration the principles of balance, accuracy, clarity, timeliness and reliability to ensure the quality of the reported information.

Lastly, the principles followed in the preparation of this Report and appendix, as well as the contained included therein, were examined as part of an **external assurance** process by audit firm **PricewaterhouseCoopers Auditores, SL (PwC)**. The Ibercaja Banco Group's legal documentation for 2016 details the contractual relations between Ibercaja and the independent auditor. The Assurance Report is included in the final section of this appendix.

OTHER CONTENT AND FURTHER INFORMATION

The appendix discusses the degree of compliance with last year's commitments and the new challenges for 2017. It also provides information on actions related to Human Rights and the Sustainable Development Goals, as well as the UN Global Compact's 10 Principles and their relation to the Report content and the GRI indicators.

To expand content, information is available on the corporate website: **Legal Documentation and Corporate Governance Report**.



B. 2016 COMMITMENTS AND 2017 CHALLENGES

G4-1, G4-2, G4-14, G4-EC2

At Ibercaja Banco "We let our actions speak". The following section pre-sents information on the degree of compliance with last year's commitments and the organisation's new challenges for 2017.

FULFILMENT OF 2016 COMMITMENTS

STAKEHOLDER	2016 CHALLENGE	% FULFILMENT	
CUSTOMERS	**Personalised Management.** Pass the AENOR review of the Personal Wealth Management Advice Management System.	The AENOR review was passed.	**100%**
	Customer Experience. Continue to improve customer service, so that customers view their dealings with Ibercaja as a unique experience that creates satisfaction.	The Customer Experience Committee was set up with a dual mission: boost customer satisfaction, positioning Ibercaja as national benchmark, and help match the customers' experience to the value proposition. Indicators for satisfaction and expert observation have improved.	**100%**
SUPPLIERS	**Suppliers' Portal.** Start-up the new Suppliers' Portal, which increases automation of suppliers' admission and certification.	The Ibercaja Suppliers' Portal has been up and running since May. So far, 331 suppliers have signed up, and expectations regarding the functionalities have been met.	**100%**
	Suppliers' Policy. Review and update the existing policy and codes of conduct.	A new process was initiated and commitments were established in the CSR Policy. Further reviews of the criteria and standards of conduct will be made in 2017.	**25%**
EMPLOYEES	**Personalised Management.** Appoint new Human Resources officers in regional offices to enforce compliance with the principle of closeness in HR and full know your employees (KYE). The ultimate goal is for all employees to have an HR person they can turn to.	To ensure closeness and personalised management: • Six HR Officers were appointed in: CS, Madrid, Castilla y León, Extremadura and Aragón. • More than 1,300 one-to-one meetings were held (25% of staff). • A new employee record was created to facilitate personalised and proactive management.	**100%**
	Communication. Carry out an awareness-raising campaign based on the results of the Employee Climate Survey so that employees know the main corporate advantages of working at Ibercaja for them and their families.	A document was prepared explaining the main corporate advantages for employees and their families. This document will be distributed in 2017 .	**50%**
	Awards. Carry out an initiative to boost employees' commitment and engagement with the organisation.	The following events were held in 2016 to improve employees' perceived experience: • "25 years together. Thank You" (283 honourees) • "Excellent teams and commitment awards" (209 winners) • "Trainers Workshop" (+100 internal trainers attended)	**100%**
	Talent Development. Review Employee Career Plans, linking career development, commitment and skills.	Employee Career Plans were reviewed with a view to matching career development with commitment and skills. Improvements were made to Business Banking and Affluent Banking, while a new Career Plan was designed for Private Banking.	**100%**

STAKEHOLDER	2016 CHALLENGE	% FULFILMENT	
ENVIRONMENT	**Review the Environmental Policy.** Update the Environmental Policy, linking it to Ibercaja Banco SA's CSR Policy.	Under the framework of the new CSR Policy, the Environmental Policy was updated in accordance with the requirements of the ISO 14001 standard, updated in 2015. The new Environmental Policy was signed off by the CEO.	**100%**
	Carbon Footprint. Advance in the use of procedures to calculate and/or offset the organisation's carbon footprint.	MAGRAMA calculator was used to calculate CO2 emissions. Data are provided in the GRI table.	**100%**
	Environmental Certification Renewal	The environmental management system was ISO 14001 certified for the third time. Plans are underway to update the EMS in accordance with the new ISO 14001:2015 guidelines.	**100%**
	Awareness-raising Initiatives. Continue promoting internal and external environmental protection awareness-raising initiatives.	As in previous years, individual letters were sent to offices to raise awareness about energy saving. An internal waste management coordinator was appointed to oversee monitoring and appropriate management, detecting areas for improvement and directly raising awareness among the areas involved. Further efforts were made to boost energy efficiency in both the environmental management system objectives, and internal and external communications. The organisation took part in "Earth Hour" and signed an agreement for separate collection of plastic bottle tops through a foundation to contribute to a community project. The Internal Guide on Good Environmental Practices was updated.	**100%**
SOCIETY	**Corporate Volunteering:** • Stage a one-time, large-scale event in Madrid. • Find ways to encourage volunteer registration and management. • Promote participation by serving, retired and early tired employees.	22% more employees signed up to the **Volunteering Programme** in 2016, bringing the total number of volunteers to 408. Most of the 75 new volunteers are serving employees. A specific programme began in Madrid to attract volunteers, and employees in the region took part in the Mass Food Drive and the Christmas Campaign.	**100%**
	Financial Education: • Conduct an online training course for secondary school teachers. • Broaden the range of IT resources. • Find ways to publicise the activities promoted.	Online training made available for secondary school teachers: **"How to deliver financial education and entrepreneurship in secondary schools"**. The course is tutored and was well received among teachers. This helped broaden the range of IT resources available in this area. New communications channels were reinforced, above all through partners, and content was provided to mass media (ongoing presence in the Cadena SER radio network). The "Financial Education Programme" was advertised publicly as a **good practice** on the Aragon Development Institute's website.	**75%**
	Entrepreneurship: • Create a programme for the organisation based on the management approaches used by entrepreneurs. • Spread the "Learning how to be Enterprising with Ibercaja" programme to La Rioja.	The Ibercide (Ibercaja Foundation) Business Development Centre launched the Ibercaja Transnnova programme, to help Spanish businesses become more competitive through transformation and innovation processes, and collective learning. The **"Learning how to be Enterprising with Ibercaja in La Rioja"** programme was started in the first quarter of 2016 and is fully up and running: 60 entrepreneurs have started 38 companies, with business incubators welcoming 23 entrepreneurs.	**100%**

2017 CHALLENGES

STAKEHOLDER	2017 COMMITMENTS
CUSTOMERS	**European Excellence.** Renew EFQM 500+ gold level excellence for the fifth straight year. **Personalised Management.** Pass the AENOR review of the Personal Wealth Management Advice Management System. **Customer Experience.** Continue to improve customer service, so that customers view their dealings with Ibercaja as a unique experience that creates satisfaction. **Products.** Promote and develop products that are clearly socially- and environmental-friendly.
ENVIRONMENT	**Environmental Management System.** Update the EMS in accordance with the new requirements of ISO 14001:2015. **Energy Efficiency** Reduce electricity consumption (kw/person) at the Zaragoza headquarters by 2% in two years (2015-17) as set out in the Environmental Management System (EMS). **Paper Consumption.** Meet the EMS target of a 2% reduction in paper usage (DIN A4) in peripherals in two years (2015-17). **Waste Management.** Achieve noticeable improvement in operational efficiency in waste management, in accordance with the EMS objective for 2015-17. **Carbon Footprint.** Progress in the calculation of emissions and publication of data. Also consider actions to promote or raise awareness about emissions reduction or offsetting. **Awareness-raising Initiatives.** Distribution of internal and external communications related to the EMS, and participation in environmental protection forums and initiatives.
SUPPLIERS	**Suppliers' Portal.** Initiate contract through this channel, facilitating communication and transparency in calls for bids. **Suppliers' Policy.** Continue reviewing criteria and standards of conduct.
SHAREHOLDERS AND INVESTORS	**Visibility.** Raise Ibercaja's profile in financial market through agile, efficient and transparent communication, staging events and given regular presentations.

STAKEHOLDER	2017 COMMITMENTS
SOCIETY	**Corporate Volunteering:** • Increase the overall number of volunteers, and especially in areas where there is not support from cultural centres. • Promote new alternatives for participation of volunteers and encourage participation in an event or corporate volunteering cooperation. **Financial Education:** • Continue driving financial education, supporting promotional events. • Hold a Financial Education Day at all cultural centres with which Ibercaja Foundation is involved. • Achieve cooperation by regional offices to the programme overseen by the Ibercaja Banking Foundation. • Work internally on employee awareness and training to meet the financial education demands of our sales points. **Entrepreneurship:** • Launch a joint initiative to promote the Employ Yourself and Enterprise (Foundation) and + Enterprises (Ibercaja Banco) programmes. • Extend the entrepreneurship support model to Guadalajara: incorporate the Employ Yourself and Enterprise programme to an incubator belonging to a public institution.
OTHER COMMITMENTS	**Code of Ethics.** Draw up a Code of Ethics to guide the organisation and provide a tool that sets out the prevailing ethical fundamentals, principles and rules in the organisation. **SRC (Socially Responsible Company Seal).** Renew the Aragon SRC seal by cooperating with and/or participa-ting in applications promoted by the Aragon Development Institute in this respect. **Alliances.** Become involved and support initiatives and/or associations and foundations in areas related to social responsibility. **Disclosure.** Increase internal and external communication and awareness on Corporate Social Responsibility.
PEOPLE	**Personalised Management.** Continue with branch visits and personal interviews, with a goal of reaching 75% of staff and reinforcing the value of closeness and KYE in the organisation. **Talent Development.** Roll out a new Development Platform that includes training courses, learning content and content, videos, articles of interest, etc. This should be comprehensive tool for internal talent development. **Leadership.** Start up a model, under the framework of the Inspiring Leadership Model, for evaluating leaders and, subsequently, a training plan for top executives in the organisation (Department Managers, Unit Leaders, Regional and Area Managers) with a view to establishing leadership that is consistent and coherent with the value proposition for employees, encouraging new ways of running the business through employees. **Communication.** Carry out internal HR campaigns to enhance employee experience and create new 360 degree feedback channels.

C. HUMAN RIGHTS AND COMMITMENTS TO SUSTAINABLE DEVELOPMENT GOALS

G4 - 15. G4 - DMA

COMMITTED TO HUMAN RIGHTS

Ibercaja conducts its banking business responsible, respecting human rights and undertaking the commitment to carry out its activities in accordance with prevailing legislation and international standards: The UN's Universal Declaration of Human Rights, and the UN Global Compact.

One of the main principles of sustainable action in the CSR Policy is: "The defence of human rights in accordance with the UN Global Compact's principles". This guiding principle covers the entire organisation and all its part, forming part of the organisation's way of doing business and its management model.

To promote and reward this type of behaviour in companies with which Ibercaja interacts, the CSR Policy covers supplier contracting, the commitment to place particular emphasis on companies' social, environmental and human rights approaches and policies (e.g. adherence to international agreements, quality certifications, environmental certifications, special employment centres).

Moreover, to prevent potential negative human rights in the supply chain, ensure compliance by suppliers with socially responsible practices and promote application of the UN Global Compact principles, Ibercaja has a **Code of Conduct** articulated in 10 points, to standardise the values underpinning responsible hiring, many of which cover issues directly related to Human Rights:

- **Support and respect the protection of internationally proclaimed human rights** and make sure we are not complicit in any infringement or illegality in this respect.
- Maintain an environment in which **all workers are treated with dignity and respect,** prohibiting any kind of forced labour, slavery or indentured labour contracts.
- **Prohibit the hiring of minors** below the legal minimum working age and, in no case, before they complete compulsory schooling.
- **Avoid discrimination** based on sex, race, colour, age, social origin, nationality, sexual orientation, political opinion, physical or mental disability, or trade union membership, establishing equal opportunity programmes and encourage methods of eliminating discrimination in the workplace or its area of influence.
- **Uphold to rights of employees to associate f**reely, run their own organisation, o participate in collective bargaining in accordance with prevailing legislation.

» Comply with all laws regarding wages and working **hours, respecting prevailing legislation**.

» Offer our employees a safe and healthy **working environment** which complies with all applicable laws and regulations, develop occupational health and safety programmes and provide Ibercaja Banco, S.A. with all aspects of health and safety.

» **Comply with prevailing environmental legislation** in a bid to:

- Reduce emissions and harmful waste and encourage the recycling and reuse of materials and products.
- Securely handle, store and remove all harmful waste.
- Use environmentally-friendly technologies.

» **Apply a zero tolerance policy to bribery and corruption, banning employees** from offering, promising, giving, requesting or demanding gifts, bribes or any other non-contractual payment with a view to securing or preserving business relationships. No such gifts shall be passed on.

» **Uphold commitment to the principles contained in this code by** accepting compliance as a contractual requirement.

MAIN ACTIVITIES CONCERNING SUSTAINABLE DEVELOPMENT GOALS (SDG)

The New Agenda 2030, approved by 193 countries at the UN Assembly in 2015 laid down the main issues facing the world to end poverty, reduce inequality and combat climate change. The 17 Sustainable Development Goals set then came into force on 1 January 2016 and are now a benchmark for governments and organisations around the world.





As part of its pledge to tackle the major sustainability issues Ibercaja has voluntarily taken on this challenge. Its roadmap focuses on those areas which require greater invol-vement, either because the issue is of national importance or because it is more directly related to the entity's activity or its shareholders' convictions.

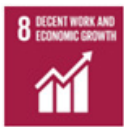
Therefore, **Ibercaja Banco has given priority to goals 4, 5, 8 and 13.** Below are some of the most noteworthy activities we carry out in these areas:



The Ibercaja Foundation and various collaborators promote: the "Educa Initiative" which is intended to complement the education received in schools and prevent school failure, while the "Basic Finance Programme" is available to the general public to promote financial knowledge.



Ibercaja actively encourages equal opportunities and rejects all types of discrimination. In 2016, 52% of promotions at the entity involved women and 38% of management positions are held by women.



Ibercaja guarantees working conditions which help retain and attract talent and promotes growth across the country with its entrepreneur programmes.



Ibercaja has an accredited Environmental Management System and is committed to its energy efficiency objectives and encourages participation in various initiatives. It also advocates internal and external awareness campaigns.



Ibercaja also supports SDG 17 "Partnerships for the goals". These are some of the major alliances and initiatives Ibercaja Group is involved in:



D. MATERIALITY STUDY

G4-18, G4-19, G4-20, G4-21, G4-26, G4-27, G4-37, G4-DMA

INTRODUCTION

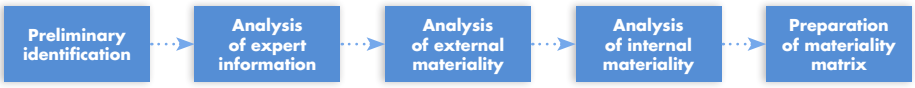
In line with the materiality focus, this Report covers those issues which affect Ibercaja Banco's ability to create value and which affect the people and/or groups we deal with. According to the GRI "Materiality is the threshold at which Aspects become sufficiently important that they should be reported. Our Report covers those aspects which: a) reflect significant economic, environmental and social impacts (in our scope of influence, both positive and negative to achieve our vision and strategy) and b) influence the decisions of our stakeholders".

It is therefore important to identify each Aspect to be reported and its importance in the materiality matrix and report on those which are highly important for Ibercaja Banco and our stakeholders.

Transparency is one of the main objectives and in section A of this appendix we have included information on the scope, principles and other aspects which should be considered.

METHODOLOGY

Taking the Strategic Plan 2015-2017 as a starting point, the material issues were identified in the 2015 Corporate Social Responsibility Report and are the result of our Materiality Analysis Project which has five phases:



The first four phases identified the list of material issues and the progress made in prioritising these.



The most relevant information used in this methodology comes from surveys and analysing reports and publicly-available information:



CRITICALITY AND IDENTIFICATION OF MATERIAL ASPECTS

he result of the Materiality Analysis Project was rounded off by a prioritisation matrix, identifying three areas of consideration: experts, external materiality with all the agents involved and internal materiality.

CRITICAL INFORMATION ISSUES

	External materiality							Internal materiality	
Material issues identified	Individual customers	Corporate customers	Employees	Shareholders	Suppliers	Society	Peers	Ibercaja Banco areas	Ibercaja
Mission, Vision and Values		●	●	●				●	●
Entity's strategy									●
Financial strength							●		●
Good corporate governance		●	●	●				●	●
Code of Ethics		●	●	●	●			●	●
Management of investees									
Support for business tissue								●	●
Contribution to social integration, development and regional cohesion		●	●	●				●	●
Generating wealth for society		●		●				●	●
Ibercaja Banco social action activities		●	●	●					●
Quality of service and proximity to customers	●		●						●
Commercial transparency		●	●	●			●	●	●
Commercial model and customer advice							●		●
Socially responsible investment		●		●	●				
Accessibility to financial services				●			●		●
Management of human resources				●					●

MATRIZ DE MATERIALIDAD Y ASUNTOS MATERIALES

1. Mission, Vision and Values
2. Entity's strategy
3. Financial strength
4. Good corporate governance
5. Code of Ethics
6. Entity's structure
7. Stakeholder management (channel, dialogue system etc.)
8. Management of investees
9. Entities and Institutions it belongs to
10. Support for business tissue
11. Contribution to social integration, development and regional cohesion
12. Generating wealth for society
13. Ibercaja Banco social action activities
14. Quality of service and proximity to customers
15. Commercial transparency
16. Commercial model and customer advice
17. Socially responsible investment
18. Accessibility to financial services (non-exclusion)
19. Employment and professional training
20. Management of human resources
21. Environmental Management System
22. Management of suppliers and collaborators

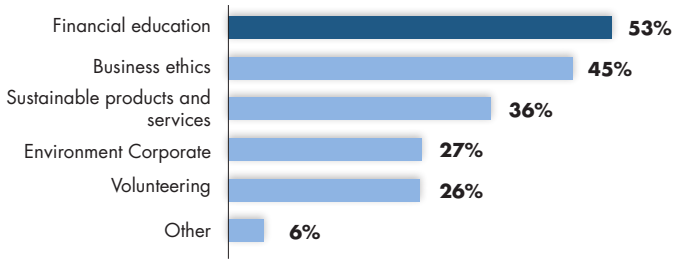


MATERIAL ISSUES AND GRI ASPECTS

MATERIAL ISSUES IDENTIFIED	RELATED GRI ASPECTS
Mission, Vision and Values	Strategy and analysis
	Governance
Entity's strategy	Strategy and analysis
Financial strength	Strategy and analysis
Good corporate governance	Economic performance
	Governance
	Fight against corruption
Code of Ethics	Governance
	Ethics and integrity
Management of investees	Strategy and analysis
	Product portfolio
Support for business tissue	Market presence
	Local communities
	Product portfolio
Contribution to social integration, development and regional cohesion	Local communities
	Indirect economic impacts
Generating wealth for society	Local communities
	Indirect economic impacts
Ibercaja Banco social action activities	Local communities
	Indirect economic impacts
Quality of service and proximity to customers	Product portfolio
	Product and service labelling
Commercial transparency	Compliance
	Marketing communications
	Customer privacy
Commercial model and customer advice	Product portfolio
	Compliance
Socially responsible investment	Product portfolio
	Active investment property
	Investment
Accessibility to financial services	Local communities
	Product portfolio
Management of human resources	Employment
	Training and education
	Equal remuneration for men and women
	Diversity and equal opportunity
	Labour/management relations
	Non-discrimination

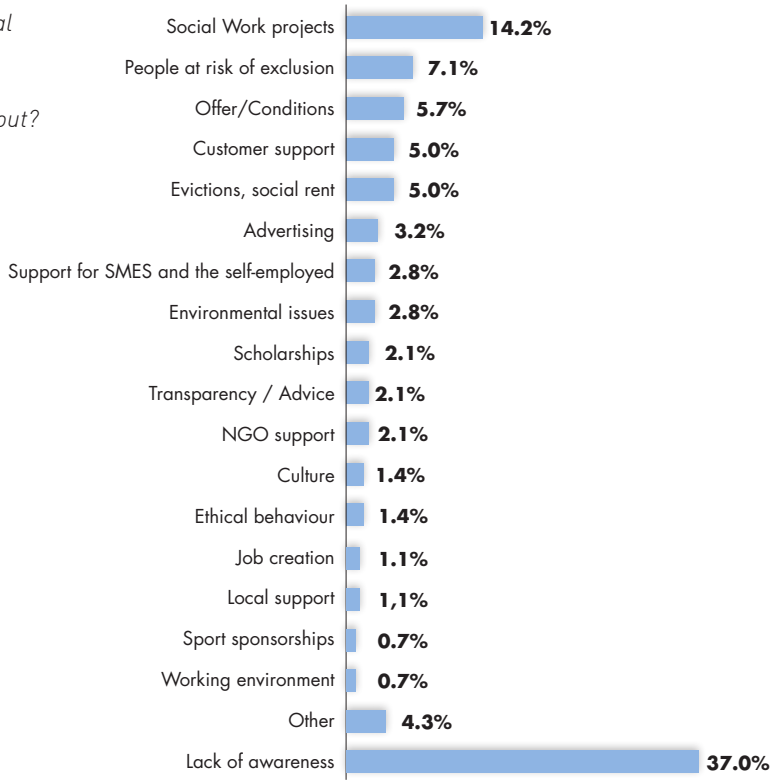
The materiality matrix shall remain in place during the current Strategic Plan and the communication channels with our stakeholders shall stay open to compile their expectations. The Workplace Climate Survey carried out in the fourth quarter of 2016 asked employees which CSR issues they believe should be promoted. The priorities are listed in the table below and shall be taken into consideration when drawing up the 2017 action plans.

What action line(s) should Ibercaja Banco focus its corporate social responsibility policy on?



In a bid to ascertain what issues society wishes to see included, various groups are regularly consulted and in 2016 we obtained the following information which will also be taken into account in 2017:

What types of corporate social responsibility actions should Ibercaja carry out?



As a result of these consultation exercises the corresponding materiality has been applied to certain issues and this has affected some of the indicators we have reported in previous years. We are planning to carry out a full review of the Materiality Matrix when we draw up our next Strategic Plan.

E. ADHERENCE TO THE UN GLOBAL COMPACT

G4 - DMA

INTRODUCTION

Ibercaja Banco has been a signatory to the UN Global Compact since 2006, thereby ratifying that its activities are carried out while at all times respecting the Compact's principles and it reports annually on its performance.

Ibercaja Banco's activity is respectful, ethical and honest. The 2016 Annual Report describes the entity's progress in implementing the 10 Principles of the UN Global Compact concerning human and labour rights, anti-corruption measures and the fight against climate change. Below is further information on these issues.

By providing this additional information our Progress Report has been awarded with the Advanced level, the highest granted by the UN Global Compact for reporting.

We therefore wish to report on three key issues:

- **Sustainability Corporate Governance and Leadership.** In 2016, we began to implement the Ibercaja Corporate Social Responsibility Policy and promote the New Leadership Model within the organisation (see Chapter 5 for the issues included).
- **UN goals and problems.** Section C of this appendix includes information on our stance on the SDG Commitments and the major actions carried out.
- **Implementation of the 10 Principles in Strategies and Operations** in the fields of Human Rights, Work, the Environment and Anti-corruption. Below we describe the progress made in each of these principles.

THE 10 PRINCIPLES AND RELATED INFORMATION

The following table links each of the UN Global Compact Principles with the content and information included in this Report and its relationship with the relevant GRI indicators. All GRI related information can be found in this table.

	GLOBAL COMPACT PRINCIPLE	RELATED CONTENT IN REPORT	PAGE	CORRESPONDING GRI
HUMAN RIGHTS	**1. Businesses should support and respect the protection of internatio-nally proclaimed human rights.**	Opening letter, Financing and Liquidity, Income statement analysis, Solvency, Governing bodies, Internal control, Suitability policy, Anti-money laundering, Risks, New customer relationship model, Regional plans, Business plan, Transparency and strategic communication, CSR policy, Business stakes, Employee commitment, Equality and work-life balance, Occupational health and safety, Social dialogue, Suppliers, Customers, Shareholders, Environment, Society.	4, 40, 46, 51, 61, 71, 67, 79, 82, 90, 91, 92, 126, 132, 116, 137, 144, 134, 147, 149, 152. Appendix Further Information, P.167	G4-10, G4-11, G4-LA4, G4-LA14, G4-HR3, G4-HR12, G4-SO1, G4-SO3, G4-SO4, G4-SO5 y G4-SO6
	2. Businesses should make sure that they are not complicit in human rights abuses.	Opening letter, Financing and Liquidity, Income statement analysis, Solvency, Governing bodies, Internal control, Suitability policy, Anti-money laundering, Risks, Business model, Transparency and strategic communication, CSR policy, Suppliers' commitment, Customers, Shareholders, Environment, Society.	4, 40, 46, 51, 61, 71, 67, 79, 82, 90, 92, 126, 132, 144, 134, 147, 149, 152	G4-HR1, G4-HR10, G4-SO3, G4-SO4 y G4-SO5
LABOR REGULATION	**3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.**	Employee commitment, social dialogue.	137	G4-11, G4-LA4
	4. Businesses should uphold the eli-mination of all forms of forced and compulsory labour.	Business Model, Transparency and strategic communication, CSR policy, Employee commitment, Equality and work-life balance, Remuneration policy, Suppliers, Society.	92, 126, 132, 137, 144, 152 Appendix Further Information, P. 167	Ibercaja does not carry out its activities in developing countries.
	5. Businesses should uphold the effective abolition of child labour.	Business model, Transparency and strategic communication, CSR policy, Employee commitment, Suppliers, Society.	92, 126, 132, 137, 144, 152 Appendix Further Information, P. 167	Ibercaja does not carry out its activities in developing countries.
	6. Businesses should uphold the elimination of all forms of forced and compulsory labour.	Governing bodies, Internal control, Suitability policy, CSR policy, Commitment to customers, Employees-Equality and work-life balance-Remuneration policy, Occupational health and safety, Environment, Society, Other actions.	61, 4, 67, 132, 134, 137, 149, 152	G4-10, G4-11, G4-LA1, G4-LA9, G4-LA11, G4-LA13, G4-HR3

	GLOBAL COMPACT PRINCIPLE	RELATED CONTENT IN REPORT	PAGE	CORRESPONDING GRI
ENVIRONMENT	**7. Businesses should support a precautionary approach to environmental challenges.**	Risk prevention, Breaches, fines and sanctions, Sustainable management and development, Business stakes, CSR policy, Commitment to environment, Society.	78, 81, 130, 116, 132, 149, 152	G4-EN2, G4-EN3, G4-EN5, G4-EN8, G4-EN15, G4-EN16, G4-EN18, G4-EN23, G4-EN29, G4-EN31
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	Ibercaja does not carry out its activities in areas or spaces which affect natural ecosystems. Opening letter, Business stakes, Transparency and strategic communication, Sustainable management and development, CSR policy, Suppliers' commitment, Customers, Shareholders, Environment, Society	4, 116, 126, 130,132, 144, 134, 147, 149, 152	G4-EN2, G4-EN3, G4-EN5, G4-EN8, G4-EN15, G4-EN16, G4-EN18, G4-EN23, G4-EN29, G4-EN31
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	2015-2017 Strategic Plan- Technology project, Technological advances, Sustainable management and development, CSR policy, Commitment to environment, Society.	85, 89, 122, 130, 132, 149, 152	G4-EN2, G4-EN3, G4-EN5, G4-EN8, G4-EN15, G4-EN16, G4-EN18, G4-EN23, G4-EN29, G4-EN31
	10. Businesses should work against corruption in all its forms, including extortion and bribery.	Opening letter, Financing and Liquidity, Income statement analysis, Solvency, Governing bodies, Internal control, Suitability policy, Anti-money laundering, Risks, Business model, Omnichannel approach, Financial Group, Business stakes, Excellence model, Brand and Reputation, Transparency and strategic communication, CSR policy, Suppliers' commitment, Customers, Shareholders, Environment, Society.	4, 40, 46, 51, 61, 71, 67, 79, 82, 92, 100, 107, 116, 118, 123, 126, 132, 144, 134, 147, 149, 152 Appendix Further Information, P. 175	G4-56, G4-58 G4-SO4, G4-SO5, G4-SO6

F. GRI G4 CONTENT INDEX. OPTION 'IN ACCORDANCE' – CORE

G4-20, G4-21, G4-32, G4-33

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
G4-1	P. 4 Appendix Further Information, P. 163	√
G4-2	P. 4, 27, 59, 73, 85, 67, 79, 132, 134, 137, 144, 147, 149, 152 Appendix Further Information, P. 163	√
ORGANIZATIONAL PROFILE		
G4-3	See Note 1.1 of the Consolidated annual accounts at 31 December 2016 (available in the following link to the Ibercaja's corporate website: http://www.ibercaja.com/shareholders-and-investors/financial-information/periodic-information)	√
G4-4	P. 4, 10, 14, 85, 92	√
G4-5	See Note 1.1 of the Consolidated annual accounts at 31 December 2016 (available in the following link to the Ibercaja's corporate website: http://www.ibercaja.com/shareholders-and-investors/financial-information/periodic-information)	√
G4-6	P. 4, 17, 100	√
G4-7	P. 4, 10, 92	√
G4-8	P. 4, 17, 92, 100, 134	√
G4-9	P. 27, 134, 137	√
G4-10	P. 137 Appendix Further Information, P. 196, 197 Ibercaja Banco carries out the majority of its activity with its own employees, and also works together with investee companies that collaborate in works of maintenance, edition, logistics and others. There have been no significant changes in the organization's workforce	√
G4-11	100% of Ibercaja Banco employees are covered by Collective Bargaining Agreements and represented in formal committees.	√
G4-12	P. 4, 85, 92, 144	√
G4-13	P. 27, 137, 144	√
G4-14	P. 149 Appendix Further Information, P. 163	√
G4-15	P. 107, 137 Appendix Further Information, P. 167 http://www.ibercaja.com/corporate-responsibility/alliances-and-initiatives Ibercaja Banco is committed to the Plan de Responsabilidad de Aragón, Plan RSA, having obtained in 2016 the recognition as founder of the Plan, with the Seal that accredits the follow-up and development of the initiative directed by the Instituto Aragonés de Fomento.	√
G4-16	Ibercaja participates in the sectoral associations representing the financial activity and other reference associations: Cecabank, AEC, Forética, Comisión de Integridad del Sistema Financiero de los Bancos, GREF, etc.	√

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Appendix Further Information, P. 162	√
G4-18	Appendix Further Information, P. 162, 170	√
G4-19	Appendix Further Information, P. 170 Ibercaja Banco defined and standardized the materiality analysis process in 2015. See 2015 Annual Report P. 49-54. The 2016 Annual Report maintains and contemplates the results of the analysis carried out in 2015.	√
G4-20	Appendix Further Information, P. 170, 178 Ibercaja Banco defined and standardized the materiality analysis process in 2015. See 2015 Annual Report P. 49-54. The 2016 Annual Report maintains and contemplates the results of the analysis carried out in 2015.	√
G4-21	Appendix Further Information, P. 170, 178 Ibercaja Banco defined and standardized the materiality analysis process in 2015. See 2015 Annual Report P. 49-54. The 2016 Annual Report maintains and contemplates the results of the analysis carried out in 2015.	√
G4-22	When potential changes in the criteria applied with respect to the previous report are significant, these are reflected in the corresponding section of the report and in the GRI Content Index.	√
G4-23	There were no material changes in the scope, coverage or valuation methods. 2016 is the second year reporting under GRI G4 and there is an in-depth materiality analysis in this regard.	√
STAKEHOLDER ENGAGEMENT		
G4-24	P. 14, 130 In 2015, the Entity's Stakeholders Map was designed. See 2015 Annual Report P. 47.	√
G4-25	P. 14, 130 In 2015, the Entity's Stakeholders Map was designed. See 2015 Annual Report P. 47.	√
G4-26	P. 132, 134, 137, 144, 147, 149, 152 Appendix Further Information, P. 170	√
G4-27	P. 132, 134, 137, 144, 147, 149, 152 Appendix Further Information, P. 170	√
REPORT PROFILE		
G4-28	2016	√
G4-29	2015	√
G4-30	Annual	√
G4-31	rsc@ibercaja.es	√
G4-32	Appendix Further Information, P. 162, 178, 201	√
G4-33	Appendix Further Information, P. 162, 178, 201	√

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
GOVERNMENT		
G4-34	P. 59, 61	√
G4-35	P. 59, 61, 132, 149	√
G4-36	P. 59, 61, 132, 149	√
G4-37	P. 132, 134, 137 Appendix Further Information, P. 170	√
G4-38	P. 59, 61	√
G4-39	P. 59, 61 In 2016, the Chairman of Ibercaja Banco has executive functions.	√
G4-40	P. 59, 61	√
G4-41	P. 67	√
G4-42	P. 59, 61, 132, 149	√
G4-44	P. 59, 61, 67, 132, 149	√
G4-46	P. 59, 61, 70, 132, 149	√
G4-47	P. 59, 61, 70, 132, 149	√
G4-48	P. 4, 59, 61 This Report was approved by the Board for the Accounts' Formulation held on 02/24/2017.	√
G4-51	P. 64, 67	√
G4-52	P. 64, 67	√
ETHICS AND INTEGRITY		
G4-56	P. 59, 61, 70, 144	√
G4-58	P. 70, 71, 73, 137, 147 In order to properly manage the incidents that occur in the relationship with customers, Ibercaja has established a Complaint Management Procedure updated in 2016.	√

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
CATEGORY: ECONOMIC			
MATERIAL ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	P. 27, 46		√
G4-EC1	Appendix Further Information, P. 189		√
G4-EC2	P. 149 Appendix Further Information, P. 163		√
G4-EC3	100% of the active employees are affiliated to the Pension Plan of the Entity.		√
G4-EC4	P. 78		√
MATERIAL ASPECT: MARKET PRESENCE			
G4-DMA	P. 4, 126		√
G4-EC5	The ratio between the standard entry level wage by gender compared to local minimum wage at significant locations of operation is 125%.		√
G4-EC6	The hiring of Ibercaja Banco is 100% for the Spanish territory, being 100% of the Senior Officials nationals.		√
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA	P. 116, 152		√
G4-EC7	P. 116 Appendix Further Information, P. 189		√
G4-EC8	P. 152		√
MATERIAL ASPECT: PROCUREMENT PRACTICES			
G4-DMA	P. 92, 144		√
G4-EC9	The percentage of expenditure corresponding to local suppliers in 2016 is a 99%.		√
CATEGORY: ENVIRONMENTAL			
MATERIAL ASPECT: MATERIALS			
G4-DMA	P. 149		√
G4-EN1	Appendix Further Information, P. 190		√
G4-EN2	Appendix Further Information, P. 190 The recycled paper consumption compared to the total Entity's paper consumption represents a 47%.		√

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
MATERIAL ASPECT: ENERGY			
G4-DMA	P. 149		√
G4-EN3	Appendix Further Information, P. 190		√
G4-EN5	Appendix Further Information, P. 190		√
MATERIAL ASPECT: WATER			
G4-DMA	P. 149		√
G4-EN8	Appendix Further Information, P. 190		√
MATERIAL ASPECT: EMISSIONS			
G4-DMA	P. 149		√
G4-EN15	Appendix Further Information, P. 191		√
G4-EN16	Appendix Further Information, P. 191		√
G4-EN17	Appendix Further Information, P. 191		√
G4-EN18	Appendix Further Information, P. 191		√
MATERIAL ASPECT: EFFLUENTS AND WASTE			
G4-DMA	P. 149		√
G4-EN23	Appendix Further Information, P. 192		√
MATERIAL ASPECT: COMPLIANCE			
G4-DMA	P. 73		√
G4-EN29	During 2016 no significant sanctions or fines have been received for non-compliance with legislation and environmental regulations.		√
MATERIAL ASPECT: OVERALL			
G4-DMA	P. 149		√
G4-EN31	Appendix Further Information, P. 193		√
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT			
G4-DMA	P. 144 Appendix Further Information, P. 175		√
G4-EN32	Ibercaja Banco has evaluated 125 suppliers in 2016, having renewed the homologation to 82, incorporating 40 new suppliers. In total these suppliers represent 90% of the purchases. 3 suppliers have not passed the process.		√
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-DMA	P. 73, 149		√
G4-EN34	During 2016 no environmental claims were received within the Entity.		√

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
MATERIAL ASPECT: EMPLOYMENT			
G4-DMA	P. 132, 137 Appendix Further Information, P. 175		√
G4-LA1	Appendix Further Information, P. 194		√
G4-LA2	P. 132, 137, 142		√
MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS			
G4-DMA	P. 132, 137, 142		√
G4-LA4	Regarding the minimum notice periods regarding operational changes, including whether these are specified in Collective Bargaining Agreements, se cumple lo estipulado en la legislación vigente.		√
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	P. 137		√
G4-LA5	100% of the Ibercaja Banco workforce is represented in Health and Safety official Committees.		√
G4-LA6	Appendix Further Information, P. 194		√
MATERIAL ASPECT: TRAINING AND EDUCATION			
G4-DMA	P. 132, 137		√
G4-LA9	The average training hours per employee are 52 hours. Appendix Further Information, P. 195		√
G4-LA10	P. 137		√
G4-LA11	92% of Ibercaja employees receive regular performance and career development evaluations.		√
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	P. 132, 137 Appendix Further Information, P. 167, 175		√
G4-LA12	P. 59, 61, 137 Appendix Further Information, P. 196, 197		√
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN			
G4-DMA	P. 132, 137 Appendix Further Information, P. 175		√
G4-LA13	The ratio of basic salary and remuneration of women to men by employee category is 1/1.		√

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES			
G4-DMA	P. 144 Appendix Further Information, P. 175		√
G4-LA14	Ibercaja Banco has evaluated 125 suppliers in 2016, having renewed the homologation to 82, incorporating 40 new suppliers. In total these suppliers represent 90% of the purchases. 3 suppliers have not passed the process.		√
MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS			
G4-DMA	P. 132, 137 Appendix Further Information, P. 175		√
G4-LA16	The suggestions, complaints and concerns of the employees are channeled through the «Director de RRHH Responde».		√
CATEGORY: SOCIAL			
SUB-CATEGORY: HUMAN RIGHTS			
MATERIAL ASPECT: INVESTMENT			
G4-DMA	P. 110, 116, 132, 144 Appendix Further Information, P. 167, 175		√
G4-HR1	All new contracts include human rights' clauses and references in accordance with the Code of Conduct and in relation to the principles of the UN Global Compact. During 2016 contracts have been updated with the new references.		√
MATERIAL ASPECT: NON-DISCRIMINATION			
G4-DMA	P. 137, 142 Appendix Further Information, P. 167, 175		√
G4-HR3	During 2016 there have been no incidents of discrimination and therefore no corrective actions.		√
MATERIAL ASPECT: SECURITY PRACTICES			
G4-DMA	P. 137, 142, 144		√
G4-HR7	100% of the security personnel of Ibercaja are in possession of the appropriate accreditation according to Art.18 of the Spanish Constitution on the Human Fundamental Rights.		√
MATERIAL ASPECT: ASSESSMENT			
G4-DMA	P. 92, 132, 137, 144 Appendix Further Information, P. 167, 175		√
G4-HR9	No such assessments of this type have been carried out in 2016 since no risks of this nature have been identified in Ibercaja Banco operations.		√

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-DMA	P. 144 Appendix Further Information, P. 175		√
G4-HR10	Ibercaja Banco has evaluated 125 suppliers in 2016, having renewed the homologation to 82, incorporating 40 new suppliers. In total these suppliers represent 90% of the purchases. 3 suppliers have not passed the process.		√
MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-DMA	P. 132, 134 Appendix Further Information, P. 167		√
G4-HR12	During 2016 no claims related to human rights aspects were received within the Entity.		√
CATEGORY: SOCIAL			
SUB-CATEGORY: SOCIETY			
MATERIAL ASPECT: LOCAL COMMUNITIES			
G4-DMA	P. 4, 14, 100, 132, 152		√
G4-SO1	P. 152		√
FS13	At the end of 2016, 47.4% of Ibercaja's offices were located in population areas with less than 10,000 inhabitants.		√
FS14	P. 100 Appendix Further Information, P. 198		√
MATERIAL ASPECT: ANTI-CORRUPTION			
G4-DMA	P. 4, 59, 61, 70, 71, 73, 79, 132		√
G4-SO3	Appendix Further Information, P. 198		√
G4-SO4	98.8% of the workforce of Ibercaja Banco has carried out training activities on anticorruption policies and procedures.		√
G4-SO5	There were no incidents of corruption during 2016 within the Entity.		√
MATERIAL ASPECT: PUBLIC POLICY			
G4-DMA	P. 59, 61, 70, 71, 73		√
G4-SO6	Linkage, membership or collaboration with entities, institutions or associations for public purposes are carried out in accordance with Internal Standards and Control Bodies.		√

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR			
G4-DMA	P. 73, 82		√
G4-SO7	During 2016, no significant sanctions or fines have been received for failure to comply with legislation or regulations, nor has there been any knowledge of claims, files, lawsuits or disputes relating to anticompetitive behavior, anti-trust or monopolistic practices.		√
MATERIAL ASPECT: COMPLIANCE			
G4-DMA	P. 40, 51, 61, 67, 71, 73, 79		√
G4-SO8	During 2016, no significant sanctions or fines have been received for failure to comply with legislation or regulations, nor has there been any knowledge of claims, files, lawsuits or disputes relating to anticompetitive behavior, anti-trust or monopolistic practices.		√
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-DMA	P. 144 Appendix Further Information, P. 175		√
G4-SO9	Ibercaja Banco has evaluated 125 suppliers in 2016, having renewed the homologation to 82, incorporating 40 new suppliers. In total these suppliers represent 90% of the purchases. 3 suppliers have not passed the process.		√
MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY			
G4-DMA	P. 132, 134, 152		√
G4-SO11	Appendix Further Information, P. 198		√
CATEGORY: SOCIAL			
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY			
G4-DMA	P. 70, 71, 92, 132, 134		√
G4-PR2	During 2016, no significant sanctions or fines have been received for failure to comply with legislation or regulations, nor has there been any knowledge of claims, files, lawsuits or disputes concerning the health and safety impacts of products and services during their life cycle nor their information and labeling.		√

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING			
G4-DMA	P. 70, 71, 92, 118, 132, 134		√
G4-PR3	P. 70, 71		√
G4-PR4	During 2016, no significant sanctions or fines have been received for failure to comply with legislation or regulations, nor has there been any knowledge of claims, files, lawsuits or disputes concerning the health and safety impacts of products and services during their life cycle nor their information and labeling.		√
G4-PR5	P. 120		√
MATERIAL ASPECT: MARKETING COMMUNICATIONS			
G4-DMA	P. 70, 71, 126, 132, 134		√
G4-PR6	In 2016 there were 2,258 claims related to the "floor clauses" and 2,121 claims related to commissions.		√
G4-PR7	During 2016, no significant sanctions or fines have been received for failure to comply with legislation or regulations, nor has there been any knowledge of claims, files, lawsuits or disputes relating to marketing communications.		√
MATERIAL ASPECT: CUSTOMER PRIVACY			
G4-DMA	P. 70, 71, 126, 132, 134		√
G4-PR8	During 2016 there have been 2,662 files related to the LOPD. 83 cancellation of data and 2,579 of other rights. A final sanction has been received, for a total amount of 28,000 Euros. This sanction was notified by the Spanish Data Protection Agency in June 2016.		√
MATERIAL ASPECT: COMPLIANCE			
G4-DMA	P. 61, 70, 71, 126, 132, 134		√
G4-PR9	During 2016, no significant sanctions or fines have been received for failure to comply with legislation or regulations, nor has there been any knowledge of claims, files, lawsuits or disputes concerning the health and safety impacts of products and services during their life cycle nor their information and labeling.		√

DMA AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
CATEGORY: PRODUCT RESPONSIBILITY DISCLOSURES FOR THE FINANCIAL SERVICES SECTOR			
MATERIAL ASPECT: PRODUCT PORTFOLIO			
G4-DMA	P. 4, 85, 132, 134, 137, 144, 149, 152		√
G4-DMA	-	Not currently available. Ibercaja will establish in the medium term the necessary procedures to evaluate and select this type of risk.	√
G4-DMA	-	Not currently available. Ibercaja will establish in the medium term the necessary procedures to evaluate and select this type of risk.	√
G4-DMA	P. 132, 137		√
G4-DMA	P. 132, 134, 137, 144, 147, 152 Appendix Further Information, P. 175		√
G4-FS6	P. 85, 92, 107, 132, 134		√
G4-FS7	Appendix Further Information, P. 199		√
G4-FS8	Appendix Further Information, P. 200		√
MATERIAL ASPECT: AUDIT			
G4-DMA	The Environmental Management System extends to the whole organization, taking care to ensure the operation according to the norm UNE-EN ISO 14001:2004. The headquarters of Plaza Paraíso 2, in Zaragoza, also has an ISO certification in environmental management. In 2016, the Environmental Management System was revised.		√
MATERIAL ASPECT: ACTIVE OWNERSHIP			
G4-FS10	Appendix Further Information, P. 200		√
G4-FS11	Appendix Further Information, P. 200		√
G4-DMA	-	There are currently no voting policies applied to social or environmental issues. For the adoption of agreements related to social or environmental aspects, no reinforced majorities are required in decision-making bodies.	√
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING			
G4-DMA	P. 70, 71, 92, 126, 132, 134, 152		√
G4-DMA	P. 152		√

G. APPENDIX TO GRI G4 CONTENT INDEX

G4-EC1

€ THOUSANDS	2015	2016
WORKING FACTOR	**321,929**	**308,516**
Remmuneration	305,375	288,453
Amount to Pension Fund	16,554	20,063
PUBLIC ADMINISTRATIONS	**171,245**	**82,941**
Income tax	34,158	-72,292
Other taxes and fees	23,136	25,037
Social charges	73,951	71,403
Contribution to DGF	40,000	58,792
SURPLUS	**398,401**	**619,031**
Amortization	54,536	52,347
Amount to Reserves	26,869	154,084
Other provisions	316,996	412,600
ADDED VALUE OF GDP	**891,575**	**1,010,488**

G4-EC7

€ THOUSANDS

BUSINESS PARTICIPATIONS	**INVESTMENT DISBURSED** € THOUSANDS	**DIRECT WEALTH GENERATION** € THOUSANDS	**DIRECT AND INDIRECT CREATION OF JOB POSITIONS**
Tourist sector	66,647	24,206	13,425
Logistics sector	9,805	14,088	868
Processed food sector	1,306	7,517	120
Other sectors	7,482	1,827	3,335
TOTAL	**85,240**	**47,638**	**17,748**

Investments in sectors considered strategic

€ THOUSANDS	2015	2016
AMOUNTS	**113,713**	**100,063**

G4-EN1, G4-EN2, G4-EN3, G4-EN5, G4-EN8

NAME AND DESCRIPTION OF THE INDICATOR	2015	2016
CONSUMPTION		
WATER CONSUMPTION (m3)		
Water consumption (Headquarters)	10,696	12,240
Water consumption (Branches)	45,936	54,269
Average water consumption per employee and year (Entity)	10	12
Specific observations: Water captured from the well is not included in the table because is not consumed.		
ENERGY CONSUMPTION (GJ)		
Electricity (Headquarters)	30,926	30,439
Electricity (Branches)	124,923	120,360
Average electricity consumption per employee and year (Entity)	27	27
Diesel Fuel (Headquarters)	37	55
Diesel Fuel (Branches)	5,160	4,446
Natural Gas (Branches)	0	3,425
Average diesel fuel and natural gas consumption per employee and year (Entity)	0.9	1.7
PAPER CONSUMPTION (metric TN)		
DIN A4 type White (Entity)	20.35	14.99
DIN A4 type Recycled (Entity)	304.07	306.31
Total DIN A4 type (Entity)	324.42	321.30
DIN A3 type (Entity)	0.59	0.74
Envelopes	64.31	69.54
Reels (insert)	225.23	259.63
Average total paper consumption per employee and year (Entity)	0.105	0.12
TONER CONSUMPTION (units)		
Units (Entity)	2,732	2,437
Average toner consumption per employee and year (Entity)	0.47	0.44
PLASTIC CONSUMPTION (units)		
Total Bags (two sizes)	138,828	131,953
Beacon Tape (three colours)	505	440

General Observations
Entity = Headquarters + Branches
For the number of Headquarters' employees the average workforce is considered: 768 for 2015, 726 for 2016
For the number of Branches' employees the average workforce is considered: 5,798 for 2015, 5,562 for 2016

G4-EN15, G4-EN16, G4-EN17, G4-EN18

	2015	2016
GHG EMISSIONS*		
Emissions from diesel fuel consumption, in TN of CO2e (Total Entity)	395.16	340.45
Emissions from natural gas consumption, in TN of CO2e (Total Entity)	0.00	191.03
Emissions from electricity consumption , in TN of CO2e (Headquarters)	3,264.72	3,213.00
Emissions from electricity consumption , in TN of CO2e (Branches)	13,187.41	12,704.64
Emissions in TN of CO2e from employee commuting by car	998.08	1,003.43
Emissions in TN of CO2e from vehicles displacement (Total Entity)	39.37	217.65
Emissions in TN of CO2e from Messenger Service (Total Entity)	6,766.04	4,576.25
Emissions in TN of CO2e from leakage of refrigerant gases (Total Entity)	2,562.28	1,053.10
Emissions in TN of CO2e from leakage of refrigerant gases (Headquarters)	0.00	0.00
Total of GHG emissions, in TN of CO2e	**27,213.07**	**23,299.55**
*Average GHG emissions per employee in TN of CO2e***	4.69	4.19

(*) Information obtained from the carbon footprint tool of the Ministerio de Agricultura y Pesca, Alimentación y Medioambien¬te (MAPAMA, previously known as MAGRAMA), Scope 1&2. For the calculation of emissions from transportation the last factors published by the GHG Protocol (Greenhouse Gas Protocol) and I.D.A.E. have been used, internationally most widely used methodology for GHG emissions calculation. The GHG emissions from natural gas consumption are considered from 2016, due to the non-availability of data from previous years because of the integration of Caja3.

(**) The average workforce is taken into account for 2016 (5,562) and for 2015 (5,798).

G4-EN23

	2015	2016
TOTAL NON-HAZARDOUS WASTE (kg)	**43,299.00**	**73,959.00**
Low density polyethylene waste	0.00	6,032.00
Paperboard	0.00	51,300.00
Obsolete furniture and metal elements	0.00	0.00
Recording media	575.00	1,300.00
Waste from electrical and electronic equipment	10,804.00	11,071.00
Polyester and plastics	500.00	1,240.00
Mixed materials	31,420.00	2,830.00
Toner cartridges used	0.00	186.00
TOTAL HAZARDOUS WASTE (kg)	**6,217.40**	**7,217.60**
Waste from used oil	0.00	0.00
Waste from batteries	791.10	2.00
Waste from contaminated empty containers	72.00	58.00
Contaminated absorbents	0.00	40.00
Waste from fluorescents	736.00	1,351.00
Waste from liquefied refrigerant gas	0.00	86.00
Waste from CRT and non-LED monitors and displays	1,173.90	1,808.00
Waste from toner cartridges used with hazardous substances	603.00	290.00
Waste with chrysotile residues	2,826.00	3,573.00
Waste from medical equipment (in litters)	15.40	9.60
PAPER CONFIDENTIALLY DESTROYED	**611,050.00**	**327,148.00**

G4-EN31

Total Entity's removal costs:

TOTAL COSTS FROM PAPER AND PLASTIC WASTE REMOVAL (EUROS)	
Destruction and recycling Headquarters	49,678.85
Certified pouch and trituration (*)	83,536.60
Transportation	25,815.08
Total costs from paper and plastic waste removal (euros) ENTITY	**159,030.53**

TOTAL COSTS FROM OTHER NON-HAZARDOUS WASTE REMOVAL (EUROS)	
Transbusa	12,884.25
Maprusa	1,250.54
Jesús Buey transportation	822.00
Total costs from other non-hazardous waste removal (euros) ENTITY	**14,956.79**

TOTAL COSTS FROM NON-HAZARDOUS WASTE REMOVAL (euros)	**173,987.32**

TOTAL COSTS FROM HAZARDOUS WASTE REMOVAL (EUROS)	
Authorized loading and hauling for removal of used oil waste, contaminated absorbents, refrigerant gases, contaminated empty containers	3,627.24
Waste from encrypted pillars Headquarters	49,399.91
Loading and unloading, handling, cleaning, selective collection and labelling of material Headquarters	673.37
Empty toner cartridges	6,215.07
Toner cartridges used	283.01

TOTAL COSTS FROM HAZARDOUS WASTE REMOVAL (euros) ENTITY	**60,198.60**

TOTAL COSTS FROM HAZARDOUS AND NON-HAZARDOUS WASTE REMOVAL (euros) ENTITY	**234,185.92**

(*) The cost includes a clearance purge of confidential documentation (27,256.98 € corresponding to 104,543 kg)

PREVENTIVE EXPENSES (€)	
New air conditioning machines	740,614.72 €
New billboards bought	11,343.75 €
New façade signs installed or changed	373,688.76 €

TOTAL PREVENTIVE EXPENSES	**1,125,647.23 €**

G4-LA1

Number and rate of new employee hires (HIRES)

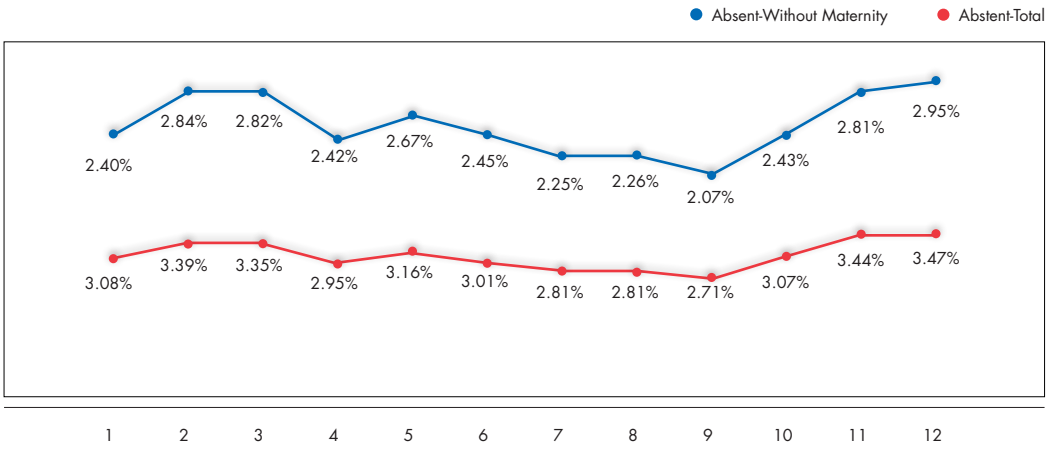
AGE	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
Aged <= 30	17	0.51%	19	0.74%	36	0.61%
Aged 31-40	20	0.60%	28	1.10%	48	0.82%
Aged 41-50	4	0.12%	6	0.23%	10	0.17%
Aged 51-60	4	0.12%	1	0.04%	5	0.09%
TOTAL	**45**	**1.36%**	**54**	**2.11%**	**99**	**1.69%**

Number and rate of employee turnover (HIRES and SUSPENSIONS)

AGE	MEN		WOMEN		TOTAL	
	TOTAL	RATE	TOTAL	RATE	TOTAL	RATE
Aged <= 30	29	0.44%	23	0.45%	52	0.44%
Aged 31-40	30	0.45%	41	0.80%	71	0.61%
Aged 41-50	14	0.21%	17	0.33%	31	0.26%
Aged 51-60	17	0.26%	3	0.06%	20	0.17%
Aged > 60	1	0.02%	0	0.00%	1	0.01%
TOTAL	**91**	**1.38%**	**84**	**1.64%**	**175**	**1.49%**

G4-LA6

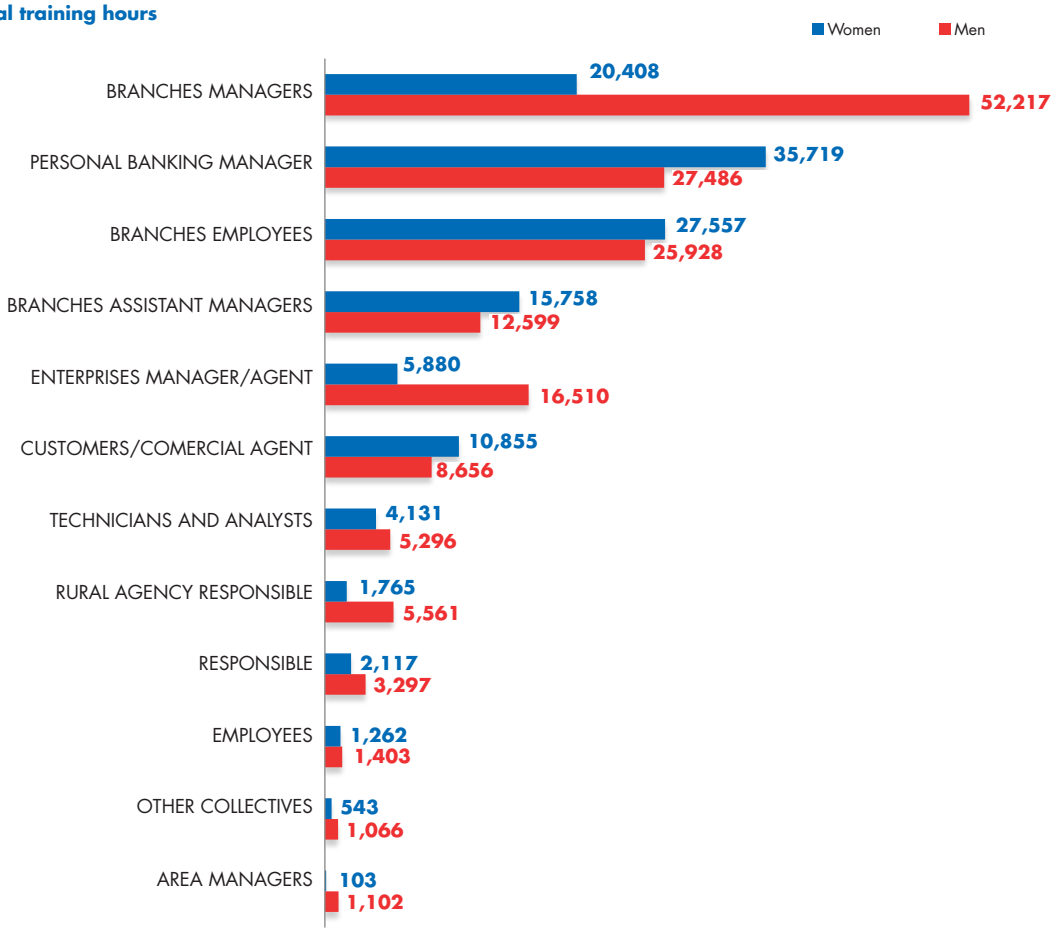
Evolution of absenteeism rate



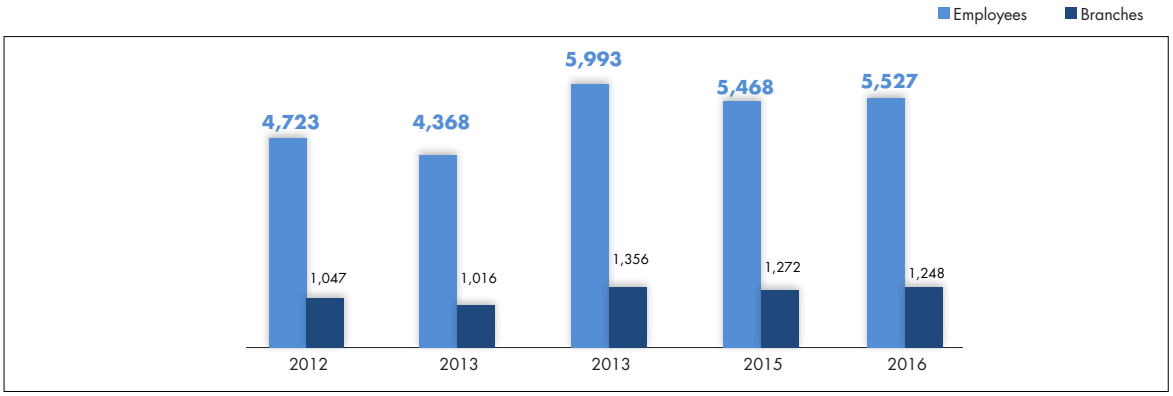
- Monthly, absenteeism indicators are calculated so that we can effectively monitor and control the absenteeism rate in our Entity.
- Compared to the previous year, there was an improvement (-0.62 points, excluding maternity), being below the Services Sector.

G4-LA9

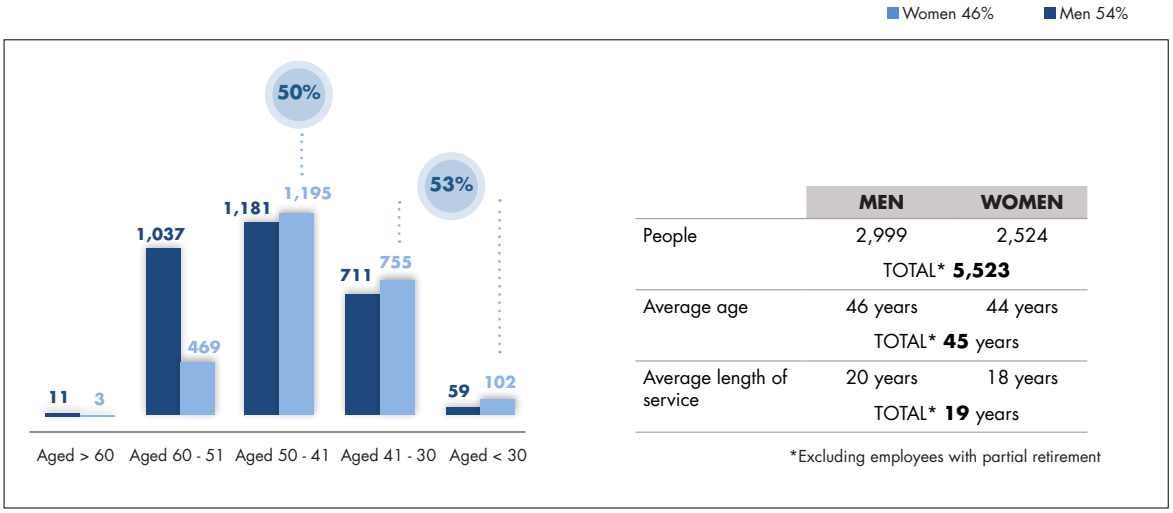
Total training hours



G4-10, G4-LA12



» Ibercaja has a team of 5,527 professionals (including 4 employees with partial retirement).
» 98% had an indefinite contract at the end of 2016.
» During 2016 the net workforce increased by 41 professionals.



	MEN	WOMEN
People	2,999	2,524
	TOTAL* **5,523**	
Average age	46 years	44 years
	TOTAL* **45** years	
Average length of service	20 years	18 years
	TOTAL* **19** years	

*Excluding employees with partial retirement

G4-10, G4-LA12

Distribution by Levels

LEVEL	GENDER		TOTAL
	MEN	WOMEN	
GR.1 LEVEL I	19	5	24
GR.1 LEVEL II	54	15	69
GR.1 LEVEL III	327	92	419
GR.1 LEVEL VI	575	230	805
GR.1 LEVEL V	522	349	882
GR.1 LEVEL VI	263	208	471
GR.1 LEVEL VII	381	308	689
GR.1 LEVEL VIII	373	604	977
GR.1 LEVEL IX	132	215	347
GR.1 LEVEL X	125	221	346
GR.1 LEVEL XI	131	183	314
GR.1 LEVEL XII	33	51	84
GR.1 LEVEL XIII	13	31	44
GR.1 LEVEL XIV	5	6	11
SPECIAL CATEGORY	1		1
GR.2 LEVEL I	3		3
GR.2 LEVEL II	31	6	37
TOTAL	**2,999**	**2,524**	**5,523**

Grouping of Categories

LEVEL	GENDER		TOTAL
	MEN	WOMEN	
MANAGEMENT TEAM	15	5	20
HEAD CENTRAL	46	17	63
CENTRAL RESPONSIBLE	95	71	166
TECN./ANALYST.EXP./INFORM./OTHER TECN	184	224	408
ADMINISTRATIVES CENTRAL	85	78	163
ASSISTANTS/DRIVERS/CONCIERGES/OTHERS	26	4	30
TERRITORY MANAGERS	5	1	6
TERRITORY TEAMS	53	18	71
AREA MANAGERS	45	4	49
HEAD MANAGEMENT/SERVICES	4	9	13
ENTERPRISES MANAGER/AGENT	154	56	210
COMERCIAL AGENTS	28	22	50
BRANCHES MANAGERS	669	262	931
RURAL AGENCY RESPONSIBLE	117	42	159
BRANCHES ASSISTANT MANAGERS	355	415	770
PERSONAL BANKING MANAGERS	184	240	424
CUSTOMERS AGENTS	136	205	341
BRANCHES EMPLOYEES	798	851	1,649
TOTAL	**2,999**	**2,524**	**5,523**

» The Professional Group 1 consists of 5,483 professionals directly linked to the Bank's financial, executive, commercial, technical or administrative activity. Another 40, belonging to the Professional Group 2, and perform functions in support of Ibercaja's own activity (concierges, assistants, etc.)

» The Ibercaja Banco Business Model requires the configuration of a very diverse Jobs' Map that brings together the different roles necessaries to achieve the strategic challenges.

G4-FS14

	2015	2016
CHANNELS OF RELATIONSHIP WITH CUSTOMERS		
Number of Branches	1,272	1,248
Number of ATMs	1,550	1,537
% transactions performed on-site	33%	29.8%
% transactions performed by remote banking	42%	46.1%
% transactions performed at ATMs	10%	8.8%
% transactions performed by POS	15%	14.6%
% transactions performed at updater	1%	0.6%
Number of transactions by remote channels	257,959,159	298,068,779
Monthly number (average) of consulted websites	6,519,515	329,903
Level of availability of Telephone Banking (%)	95%	94%

G4-SO3

	2015	2016
NUMBER OF AUDITS		
Distribution Network Audits	497	483
Credit Risk Audits	8	9
Financial Audits	26	34
Computer Processes Audits	21	29
Total	**552**	**555**
BRANCHES AUDITS		
Revised branches	463	457
Percentage over the average of branches	35.6%	36.6%

G4-SO11

	2015	2016
COMPLAINTS, SUGGESTIONS AND CLAIMS		
Complaints and suggestions (without € impact)	1,506 (20%)	1,558 (20%)
Claims (with € impact)	5,886 (80%)	6,241 (80%)
TOTAL COMPLAINTS, SUGGESTIONS AND CLAIMS	**7,392 (100%)**	**7,779 (100%)**

G4-FS7

€ THOUSANDS	2015	2016
YOUNG LINE		
Scholarships, postgraduate, etc,		
Number of transactions	26	44
Amount of financing	63,147	106,798
Housing acquisition		
Number of transactions	1,596	2,678
Amount of financing	126,146	244,064
Promotion of employment		
Number of transactions	32	4
Amount of financing	232	28
Driving license		
Number of transactions	246	147
Amount of financing	274,053	170,566
PRIVATE CUSTOMERS		
Zaragoza's Citizen Card		
Number of transactions	3,819,811	3,626,691
Amount of financing	2,461	2,374
Guadalajara's Citizen Card		
Number of transactions	15,820	36,402
Amount of financing	7	16
ENTERPRISES		
ICO Lines-Enterprises and Entrepreneurs		
Number of transactions	1,921	889
Amount of financing	86,447	41,588
BEI Agreements		
Number of transactions	2,045	2,436
Amount of financing	77,621	142,234
FARM SECTOR		
Rural Development Agreement		
Number of transactions	3,662	4,344
Amount of financing	148,895	220,060
Young Farmers and Ranchers		
Number of transactions	128	42
Amount of financing	10,215	2,486

G4-FS8

€ THOUSANDS

COMPANY PARTICIPATED	FUNDED ENVIRONMENTAL PROJECT	INVESTMENT FINANCED BY IBERCAJA
Rioja Nueva Economía, S.A.	Biodiesel Plant located in Calahorra	6,490.20
	Wind Farm	1,012.19
Solavanti	9 Photovoltaic projects	8,510.00
Biocom Pisuerga	Biodiesel Plant located in Burgos	93.60
Foresta Project	Forest plantations located in Extremadura	3,881.20
Zaragoza's Tram	Construction and operation of the line	8,629.80
TOTAL IBERCAJA'S INVESTMENT (FS8)		**28,616.99**

G4-FS10, G4-FS11

Investments of Ibercaja in companies where CSR is relevant

€ THOUSANDS	2015	2016
AMOUNTS	**162,309**	**137,654**
COMPANIES	**26**	**24**
% of total shares	**37%**	**33%**

H. INDEPENDENT REVIEW REPORT

G4-32, G4-33

Free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY INDICATORS CONTAINED IN THE ANNUAL REPORT

To the Management of Ibercaja Banco S.A.:

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators contained in Appendix "Further Information" of the 2016 Annual Report (hereinafter "CSR Indicators") of Ibercaja Banco S.A. (hereinafter "Ibercaja") for the year ended 31 December 2016, prepared in accordance with the general basic and specific content proposed in the Guidelines for the Preparation of the Sustainability Report of the Global Reporting Initiative (GRI) version G4 (hereinafter GRI G4 Guidelines) and Sector Supplement of Financial Services.

Responsibility of the Management

The Management of Ibercaja is responsible for the preparation, content and presentation of the Annual Report in accordance with the Core option of the GRI G4 Guidelines and Sector Supplement of Financial Services. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CSR indicators are free from any material misstatement due to fraud or error.

The Management of Ibercaja is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CSR indicators, is obtained.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Ibercaja's personnel from various departments who have been involved in the preparation of the Annual Report.

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- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.

- Analysis of the Ibercaja's CSR indicators adaptation to the requirements established by the GRI G4 Guidelines for the preparation of reports and to the Financial Services Sector Supplement.

- Verification, through random sampling tests revisions and substantive tests on the information used to determine Ibercaja's CSR indicators. We have also verified whether they have been appropriately compiled from the data provided by Ibercaja's sources of information.

Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

Limited assurance conclusion

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that Ibercaja's CSR indicators, for the financial year ending 31st December 2016, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the G4 GRI Guidelines and the Financial Services Sector Supplement.

Use and Distribution

Our report is only issued to the Management of Ibercaja, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Ibercaja's Management.

PricewaterhouseCoopers Auditores S.L.

Mª Luz Castilla

20th June 2017

Grupo iberCaja

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