9M2017 RESULTS

NOVEMBER, 10TH 2017

DISCLAIMER

This presentation on no account should be considered as a (i) service of financial analysis, (ii) investment recommendation (iii) or advice of any type, (iv) nor does it aim to offer any kind of financial product or service. The information contained in this presentation is general and does not reveal all the risks or other material factors. Before entering into any transaction, potential investors must ensure that they fully understand the terms of the securities/transactions and the risks inherent in them, considering (i) the information submitted to the Comisión Nacional del Mercado de Valores www.cnmv.es (not the information contained in this presentation) and (ii) having taken appropriate professional or other advice.

Ibercaja Banco cautions that this presentation might contain forward-looking statements. While these statements represent our judgement and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results that differ materially from our expectations. It is expressly remarked here that no information herein contained should be taken as a guarantee of future performance or results.

The content in this presentation is regulated by the Spanish law applicable at time of writing, and it is not addressed to any person or legal entity located in any other jurisdiction (particularly USA or UK). For this reason it may not necessarily comply with the prevailing rules or legal requirements as required in other jurisdictions.

Neither Ibercaja nor other persons shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this communication.

Any price(s) or value(s) are provided as of the date or time indicated and no representation is made that any trade can be executed at these prices or values. In addition, Ibercaja has no obligation to update any information contained herein.

This marketing communication is not intended for distribution to any kind of investors in the U.S.A., nor retail clients in the UK under any circumstances. Information set out on the presentation has come from a variety of sources, which Ibercaja considers to be reliable and have been chosen by Ibercaja with due diligence and reasonable care. Ibercaja does not provide any guarantee or warranty in respect of the accuracy, completeness, up-to-datedness', or quality as well as the availability at any time of the data and other information provided on the presentation. Any views, statements or representations provided for on this presentation do not necessarily reflect the opinion of Ibercaja.

Under no circumstances, including negligence, shall Ibercaja be liable for any DIRECT, INDIRECT, INCIDENTAL, SPECIAL or CONSEQUENTIAL DAMAGES, or LOST PROFITS that result from the reliance by a recipient on any information obtained from this presentation.

TABLE OF CONTENTS

MAIN HIGHLIGHTS 4

COMMERCIAL ACTIVITY 7

9M2017 RESULTS 14

ASSET QUALITY, LIQUIDITY AND SOLVENCY 24

2017 GUIDANCE 32

ANNEX 1. Consolidated Balance Sheet 34

iberCaja

MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY · RESULTS · ASSET QUALITY · SOLVENCY

iberCaja

MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY

» **Customer funds** rise **3.8% YoY** or €2,074mm.

» **AuM and life insurance products** grow **11.9% YoY** or €2,678mm and account for 45% of total customer funds.

» **New lending** increases **4.1% YoY**, reaching €4,009mm YTD.

» **Performing loans to non-real estate companies** rise 5.6% YoY.

RESULTS

» Ibercaja Banco consolidates the turning point in **recurring revenues** which grow **1.8% YoY.**

» Total operating costs grow 17.8% YoY due to the accounting of **€71.6mm** of **extraordinary expenses** related to the first tranche of the redundancy plan announced in May. The agreement will allow Ibercaja to **reduce its structure by 11%.**

» **Total provisions** plummet **66% YoY.**

» Ibercaja Banco **net profit** stands at €80.7mm. Excluding the extraordinary expenses related to the redundancy plan, net income increases **20.4% YoY.**

MAIN HIGHLIGHTS

ASSET QUALITY

» **Non-performing assets** (doubtful exposures and foreclosed assets) fall **10.9% YTD** or €526mm.

» **NPL ratio** falls to **7.9%** vs. 8.6% of the sector. **NPA ratio** falls **120 b.p.** to 12.3%. **Coverage ratio** of non-performing assets stands at **46%.**

» **Foreclosed assets sales** rise **27% YoY** reaching €214mm. The bank releases €12mm of provisions as a result of these sales.

SOLVENCY

» **CET1 Phased In ratio** stands at **11.4%** and **Total Capital ratio** reaches **13.6%**, significantly above SREP requirements (7.25% and 10.75%, respectively).

» **CET1 Fully Loaded ratio** improves 48 b.p. YTD to **10.6%.**

COMMERCIAL ACTIVITY

BANKING BUSINESS · MUTUAL FUNDS · LONG TERM SAVINGS PRODUCTS · RISK INSURANCE

BANKING BUSINESS: CUSTOMER FUNDS

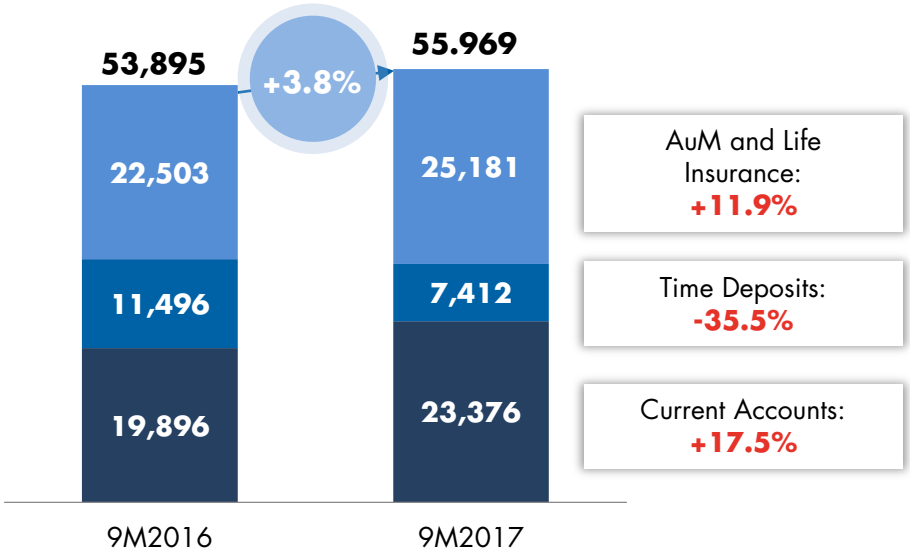
Customer funds rise 3.8% YoY or €2,074mm.

AuM and life insurance products grow 11.9% YoY or €2,678mm and account for 45% of total customer funds.

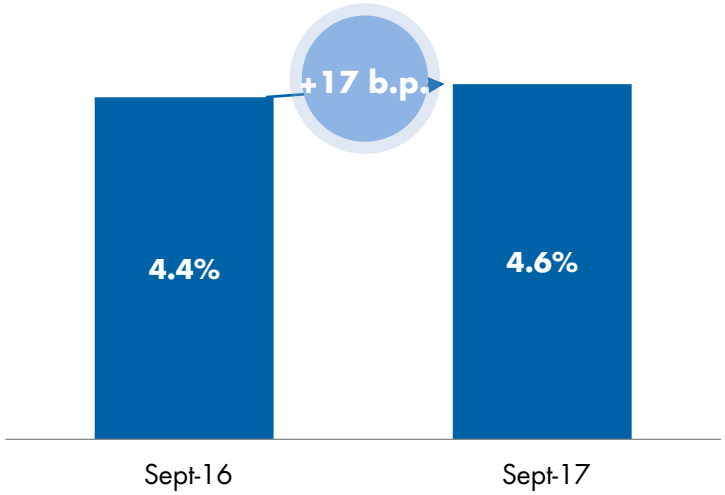
- **AuM and Life Insurance market share** improves 17 b.p. reaching **4.6%.**

Current accounts increase 17.5% YoY totalling 76% of customer deposits.

Customer funds – €mm



AuM and Life Insurance Market Share - %



Source: ICEA & INVERCO

BANKING BUSINESS: CUSTOMER LOANS (1/2)

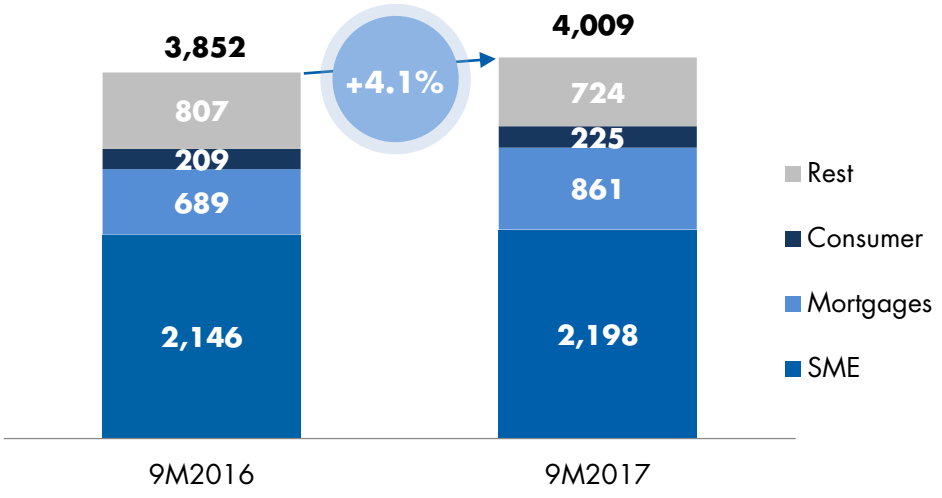
New lending reaches €4,009mm, 4.1% more than in the same period of the previous year.

- **Mortgage granting** grows **25% YoY** and reaches €861mm.
- Strong momentum in **Madrid and Mediterranean Basin,** our Growth Markets, with new lending growing **10.9% YoY.** These regions represent **51%** of new lending YTD.

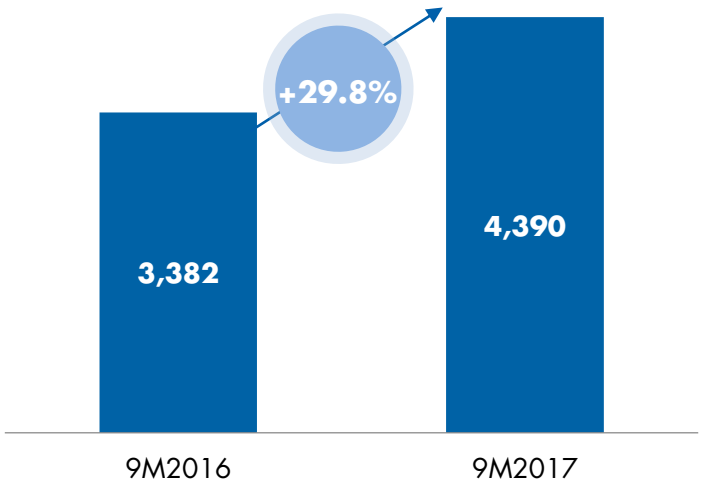
In addition, accumulated working capital financing amounts to €4,390mm, +29.8% YoY.

- Strong performance in **international trade financing** which rises 43% YoY.

New Lending Production[1] – €mm



Accumulated Working Capital Financing – €mm



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

BANKING BUSINESS: CUSTOMER LOANS (2/2)

Performing loans ex repos decrease 2.2% YoY.

- **Performing loans to non-real estate companies** rise **5.6% YoY.**
- **Excluding loans to real estate companies**, performing loans fall **1.3% YoY.**

Lending Stock - €mm

	9M2016	9M2017	Var.
Loans to Individuals	**22,478**	**21,789**	**-3.1%**
Mortgages	21,174	20,515	-3.1%
Consumer and Others	1,304	1,274	-2.3%
Loans to Companies	**7,162**	**7,203**	**0.6%**
Real Estate Companies	1,167	871	-25.4%
Non-Real Estate Companies	5,995	6,332	5.6%
Public Sector and Others	**981**	**941**	**-4.1%**
Performing Loans ex Repo	**30,621**	**29,933**	**-2.2%**
Repo	508	952	87.5%
Doubtful Loans	3,018	2,635	-12.7%
Total Gross Loans	**34,146**	**33,520**	**-1.8%**

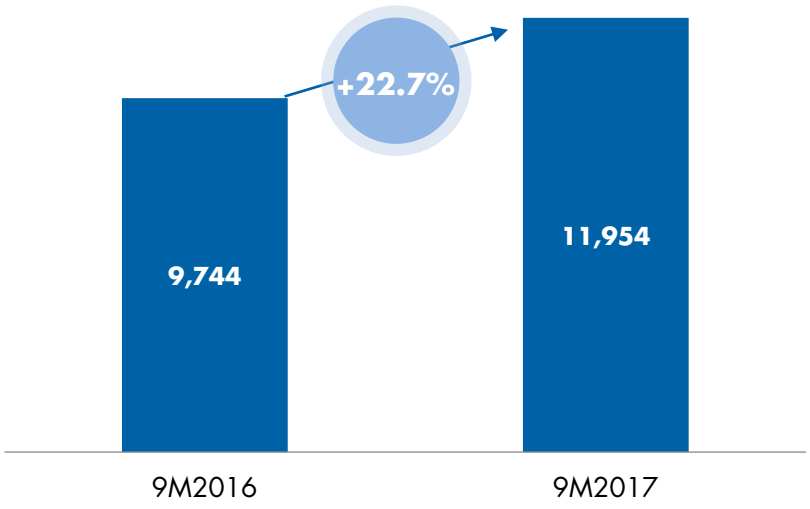
iberCaja

MUTUAL FUNDS

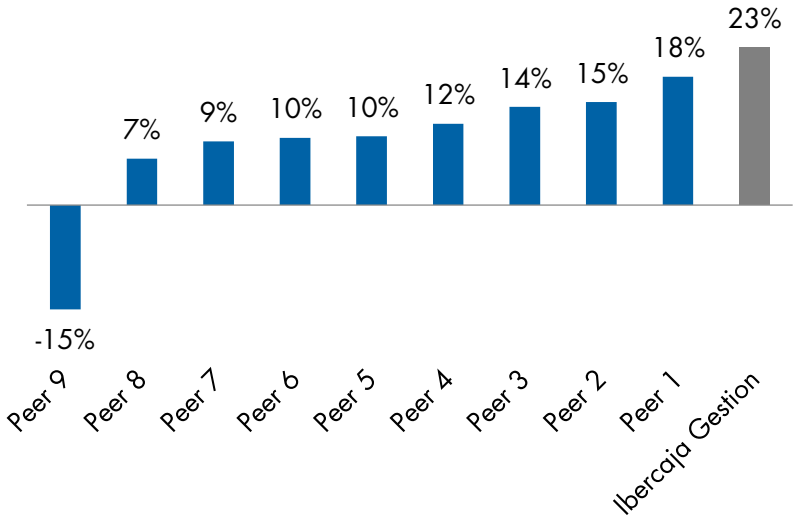
Ibercaja Banco continues to post an outstanding performance in mutual funds:

- Ibercaja Gestion, the asset manager company of the Bank, increases its **AuM** by **23% YoY** reaching **€11,954mm.** Ibercaja Gestión is the fastest growing asset manager among the top 10 companies in Spain.
- Ibercaja Banco **market share in mutual funds** stands at **4.7%**, with a 23 b.p. gain YTD. Since the launch of the 2015-2017 Strategic Plan the company has improved its market share by 90 b.p.

Ibercaja Gestion Assets under Management – €mm



Top 10 Assets Managers in Spain – AuM YoY



Source: INVERCO
Peer group includes: Sabadell, BBVA, Bankia, Bankinter, Kutxabank, Unicaja, Caixabank, Santander & Allianz Popular

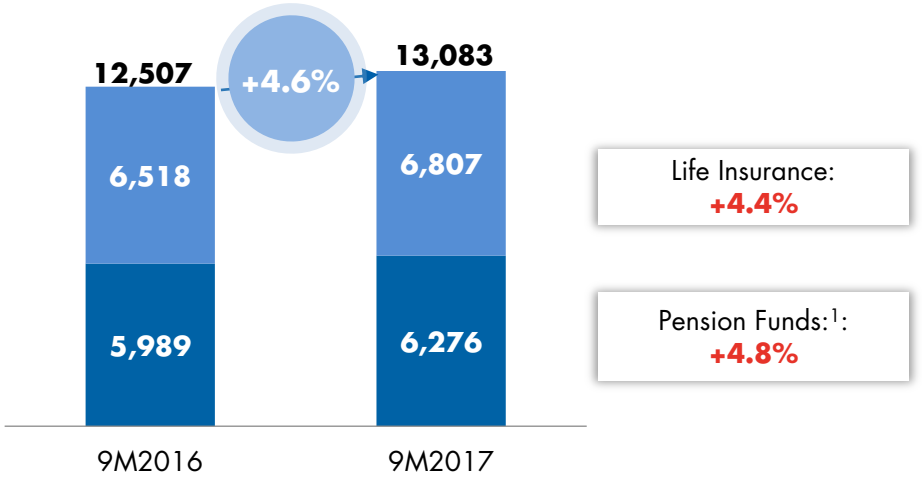
LONG TERM SAVINGS PRODUCTS: LIFE INSURANCE AND PENSION FUNDS

Pension funds & life insurance products rise 4.6% YoY.

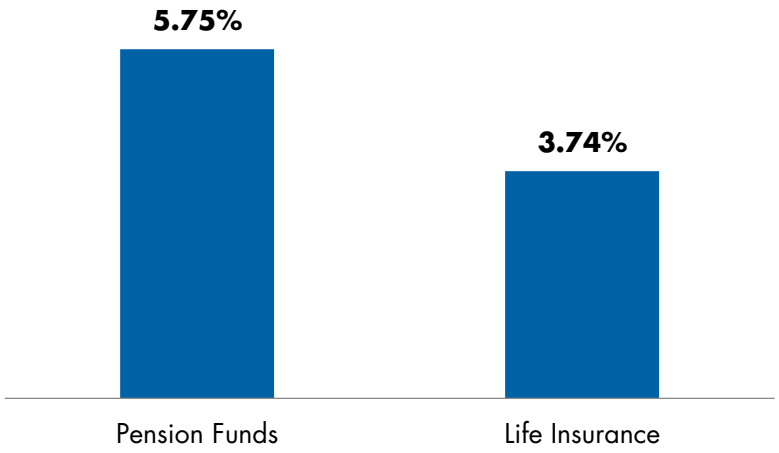
- Strong commercial momentum in **individual pension plans** with AuM growing **9.4% YoY** vs. 6.2% of the sector thanks to a **25% YoY** growth in **net contributions from customers.**
- **Provisions of systematic savings plans** increase **7.9% YoY** and drive the growth in life insurance products.

Ibercaja Banco consolidates its market share in these products, which stands significantly above its banking business market share.

Long Term Savings - €mm



Market Share - % 9M2017



Source: INVERCO & ICEA
[1] Includes individual pension plan and companies' pension schemes

RISK INSURANCE

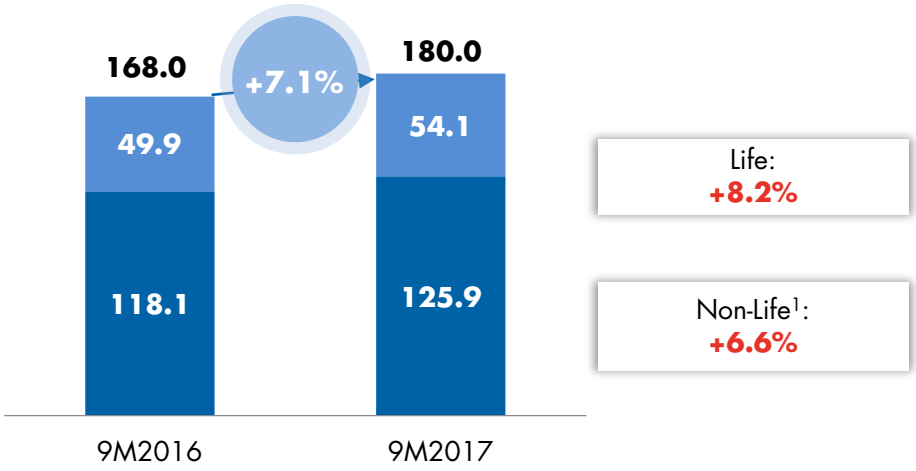
Risk insurance premiums (life risk and non-life [1]) rise 7.1% YoY.

- Remarkable progress in **agricultural (+9.9% YoY), health (+9.4%)** and **car (+9,0%) insurance policies.**

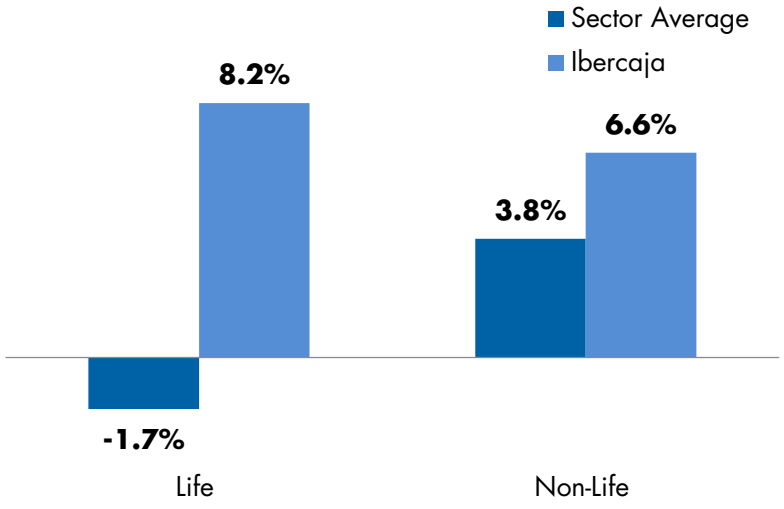
Ibercaja Banco's growth in these products stands above the sector.

These products already represent el 8.9% recurring revenues YTD (vs. 8.2% as of Sept-16)

Risk Insurance Premiums – €mm



Sector Performance – YoY



[1] Premiums collected from CASER insurance products
Source: ICEA

9M2017 RESULTS

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

iberCaja

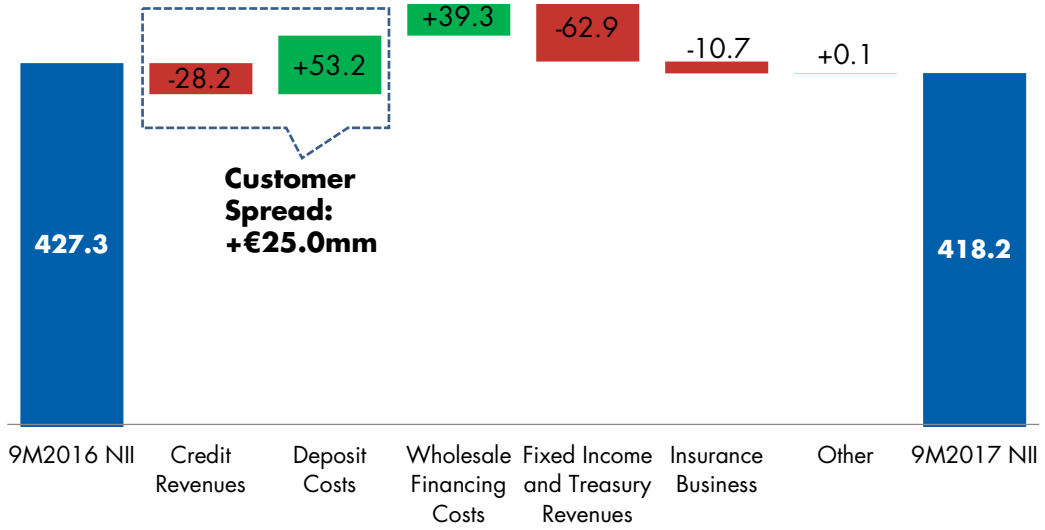
P&L ACCOUNT

€mm	9M2016	9M2017	YoY
Net Interest Income	**427.3**	**418.2**	**-2.1%**
Net Fee Income	247.6	268.6	8.5%
Trading Income	148.4	58.2	-60.8%
Other Operating Inc. / Exp. (Net)	80.9	13.9	-8.8%
of which: net gain from sale of the real estate servicer	69.3		
Gross Operating Income	**904.3**	**759.0**	**-16.1%**
Operating Costs	-465.6	-548.3	17.8%
of which: 2017 redundancy plan		-71.6	
Pre-Provision Profit	**438.6**	**210.7**	**-52.0%**
Total Provisions	-286.8	-98.0	-65.8%
Other Gains and Losses	-1.2	-0.3	-79.0%
Profit before Taxes	**150.6**	**112.4**	**-25.4%**
Taxes & Minorities	-40.8	-31.6	-22.5%
Net Profit Attributable to Shareholders	**109.8**	**80.7**	**-26.5%**
Profit before Taxes ex 2017 redundancy plan	**150.6**	**184.0**	**22.2%**
Net Profit ex 2017 redundancy plan	**109.8**	**132.1**	**20.4%**

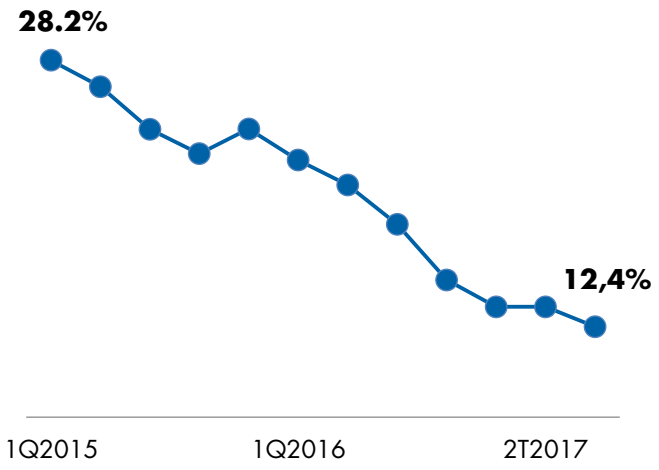
iberCaja

NET INTEREST INCOME

Net Interest Income Breakdown - €mm



Fixed Income Revenues % Interest Income



Net interest income falls 2.1% YoY:

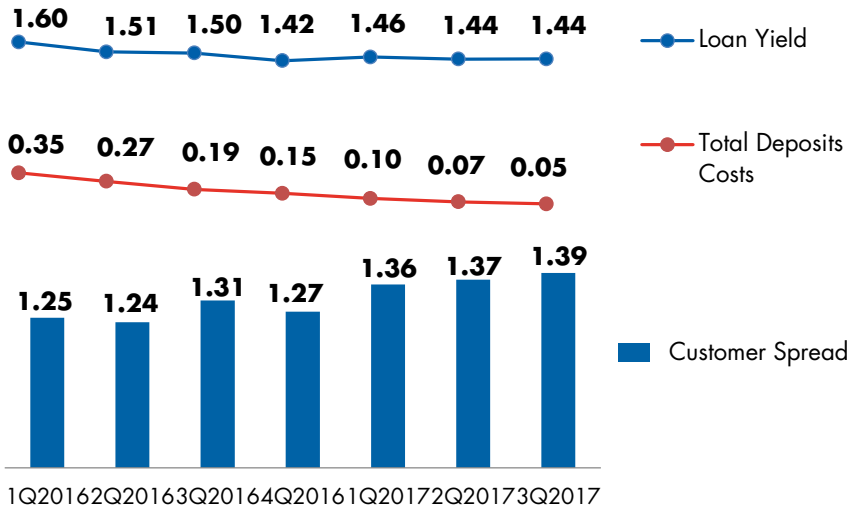
- **Customer spread** rises **€25mm** thanks to the fall in deposits costs.
- **Wholesale financing costs** decrease **€39mm** after CoCos repayment.
- **Fixed income portfolio revenue** drop **49% YoY.** These revenues represent just 12% of interest income vs. 17% [1] for the peers average in the 3Q standalone.

Net interest income as % of ATA improves 2 b.p. to 1.0%

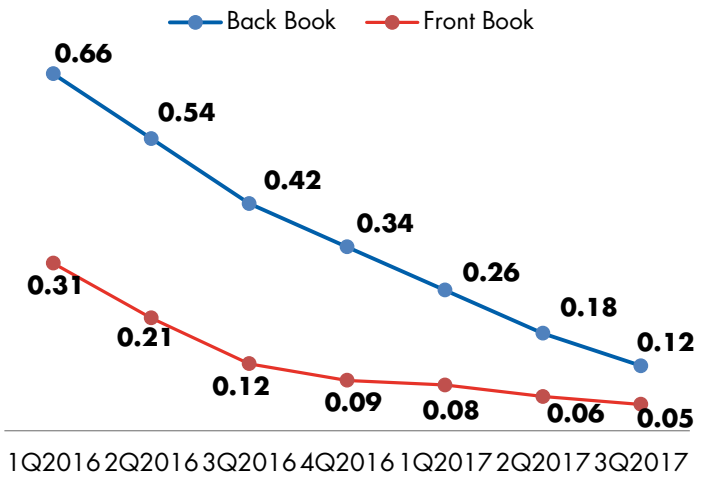
[1] Peers average includes Bankia, Bankinter, Caixabank, Liberbank, Sabadell ex TSB & Unicaja.

CUSTOMER SPREAD

Customer Spread - %



Time Deposits Costs - %



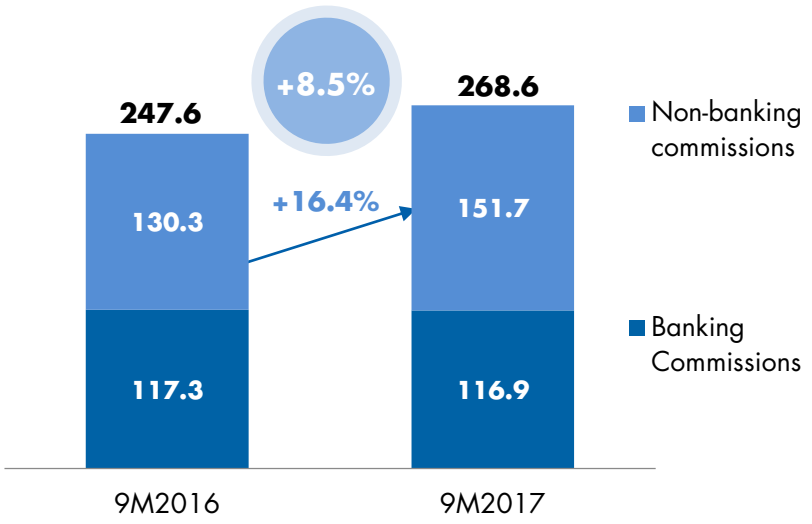
Customer spread improves 12 b.p. YTD

- **Loan yield** remains **stable at 1.4%** thanks to the attractive yield of the new operations (2.2% in 3Q2017) that offsets falling Euribor (-9 b.p. YTD).
- **Total deposit costs continue to fall** thanks to the increase of current accounts as % of total deposits (76% total customer deposits) and the decline in front book time deposits costs.

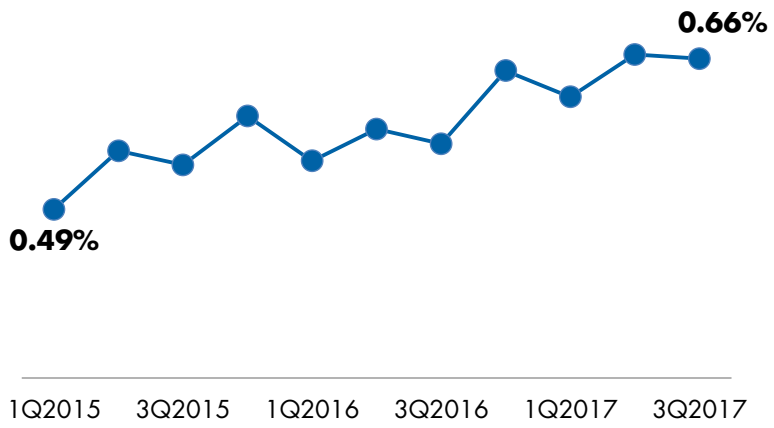
iberCaja

NET FEE INCOME

Net Fee Income - €mm



Net Fee Income – % ATA



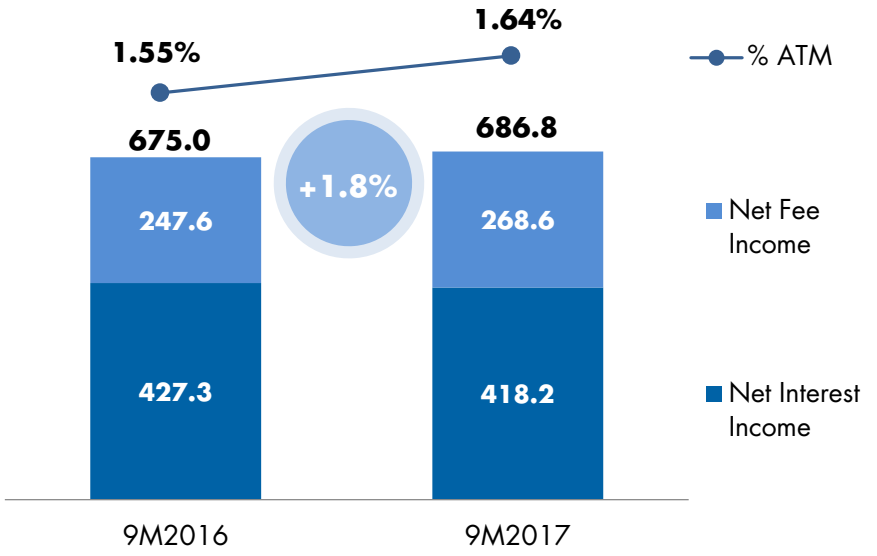
Net fee income grows 8.5% YoY.

- **Non-banking commissions** (mutual funds, risk insurance and pension funds) rise **16.4% YoY. Mutual funds commissions** increase **21.7% YoY**.
- **Banking commissions rise 0.2% YoY** not taking into account the termination of the servicer contract with SAREB (vs. -0.4% reported)

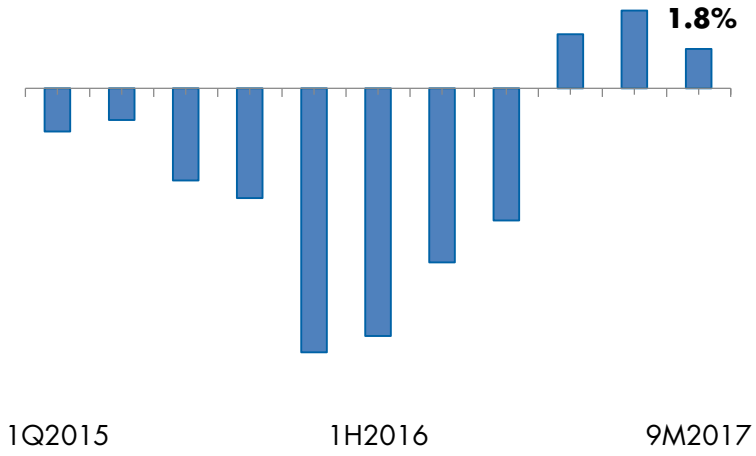
iberCaja

RECURRING REVENUES (1/2)

Recurring Revenues – €mm



Recurring Revenues – Accumulated YoY

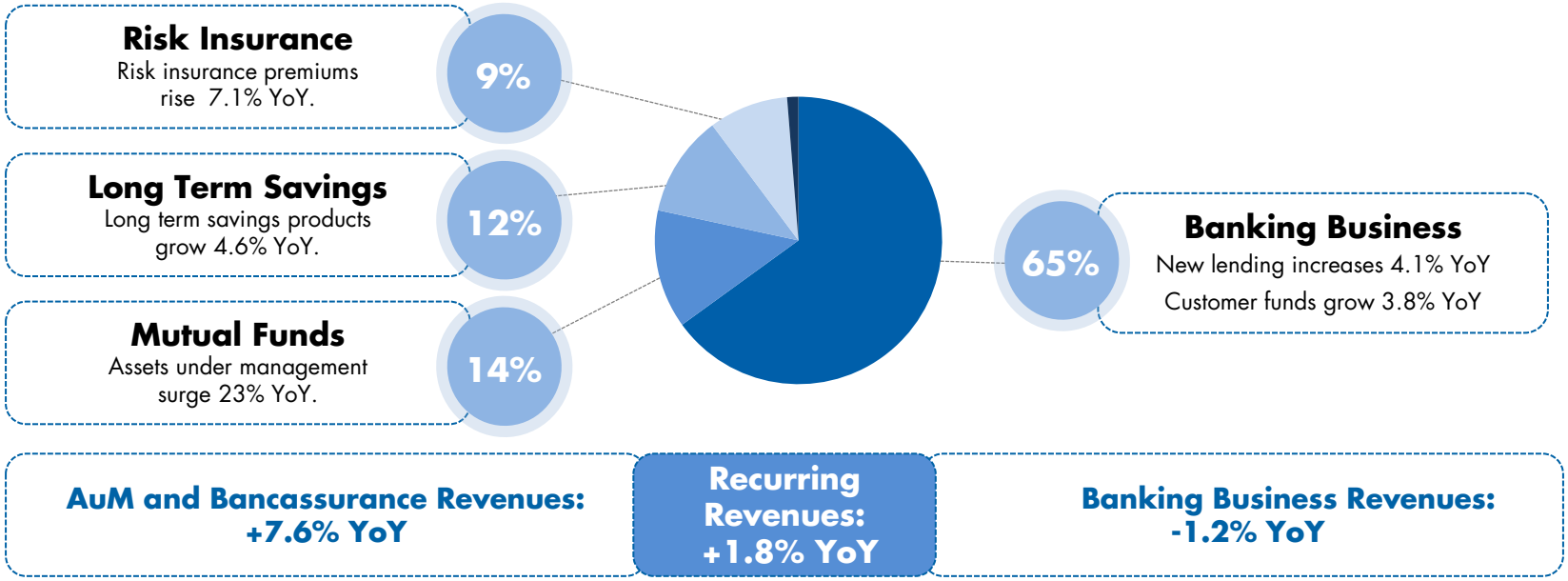


Ibercaja Banco consolidates the turning point in recurring revenues:

- **Recurring revenues** grow **1.8% YoY.**
- **Recurring revenues as % ATA** improve **10 b.p.**

RECURRING REVENUES (1/2)

Contribution to Recurring Revenues (Net Interest Income + Net Fee Income) – % 9M2017



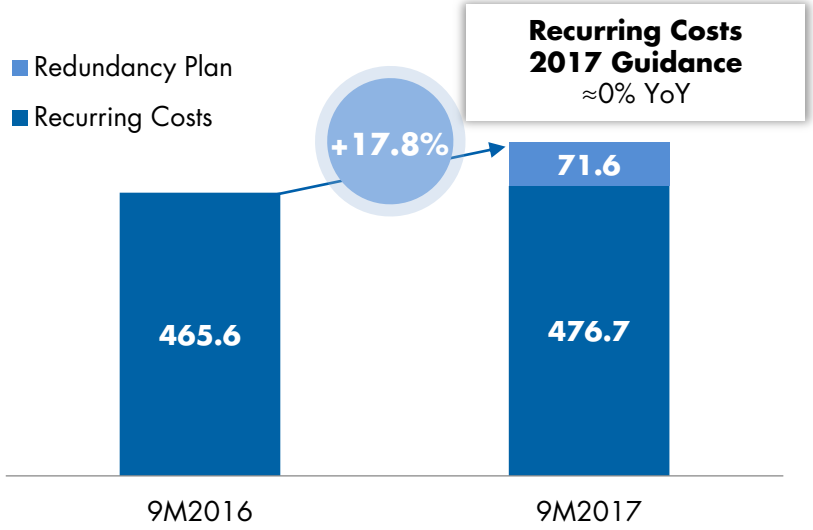
After the fall suffered in 2015 and 2016, stronger commercial activity and business diversification through Grupo Financiero Ibercaja (100% owned by Ibercaja Banco) allow for growing recurring revenues in YoY terms.

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

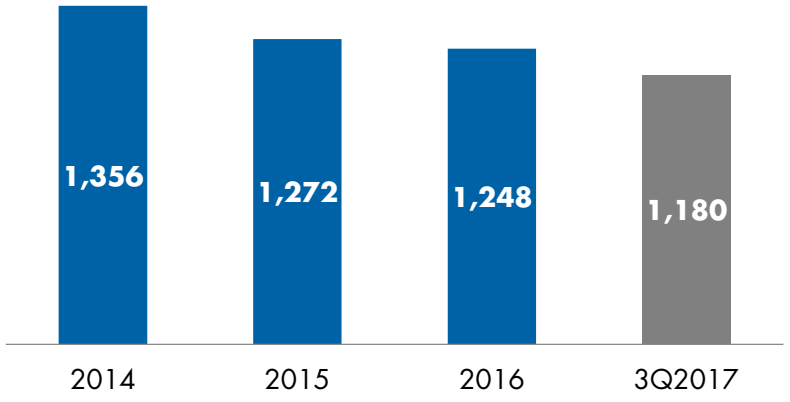
iberCaja

OPERATING COSTS

Operating Costs - €mm



No. Branches



Recurring costs grow 2.4% YoY.

- Ibercaja Banco reiterates its guidance of **stable recurring costs in 2017 (≈0% YoY)**

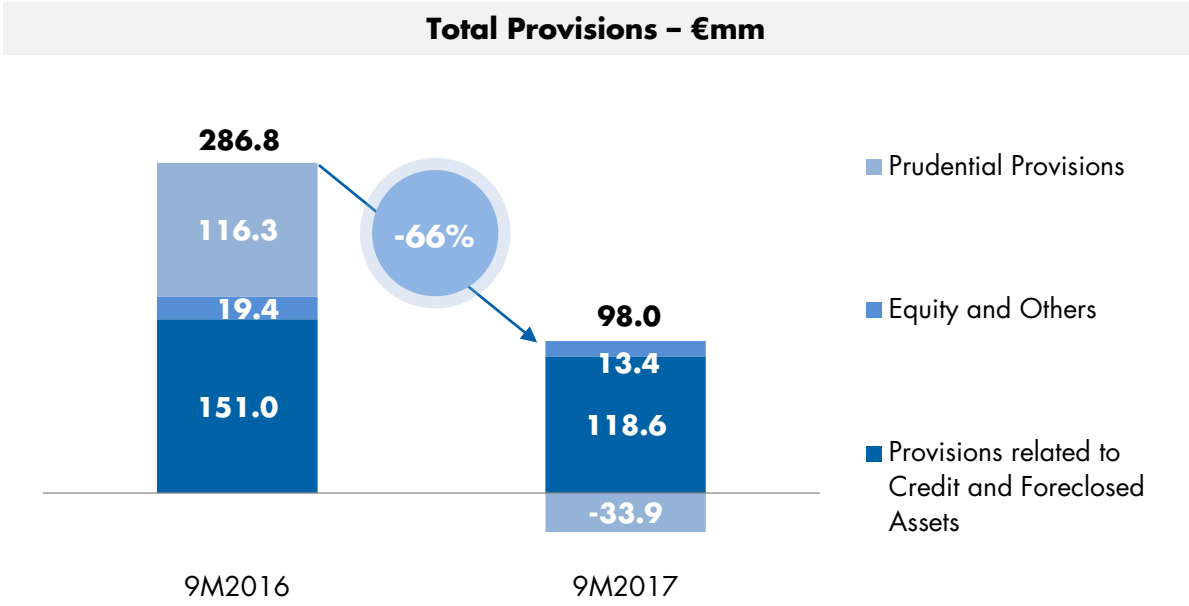
Total operating costs rise 17.8% YoY due to the accounting of the extraordinary expenses related to first tranche of the redundancy plan announced in May. The agreement will allow Ibercaja to reduce its cost structure by 11%.

Ibercaja Banco has started to implement the adjustment measures in 3Q:

- The Bank has closed **68 branches,** which represent **5% of the network.**
- Workforce has been reduced by **143 employees**, representing **2.5% of total employees.**

iberCaja

PROVISIONS



Total provisions plummet 66% YoY.

Provisions related to credit and foreclosed assets fall 21.5% YoY.

- **Cost of risk** stands at **45 b.p.** in line with the Strategic Plan target.

iberCaja

PROFIT BEFORE TAXES

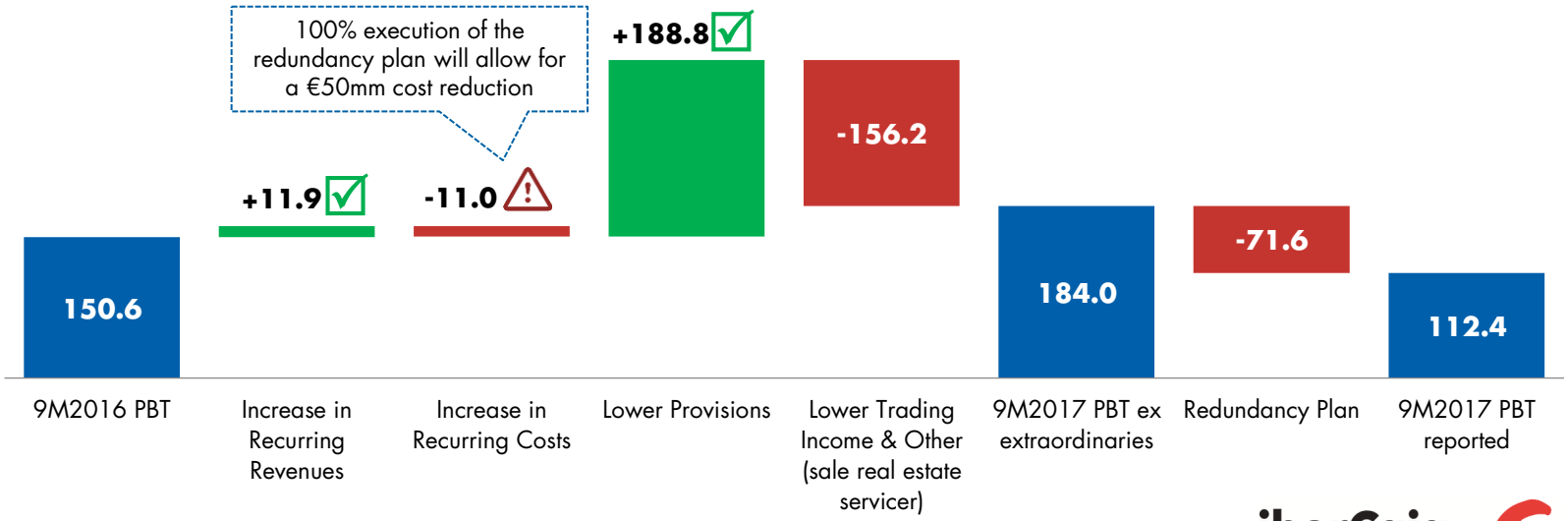
The impact of extraordinary expenses related to the redundancy plan drags out profits evolution.

- **Adjusted profit before taxes** grows **22.2% YoY.**

The Bank reaches positive developments in the three main levers to improve the recurring profitability:

- **Growing recurring revenues and falling total provisions** boost the profit before taxes by **€201mm.**
- Current recurring costs remain stable in 2017 and the Bank has reached an agreement **to reduce its cost structure** by up to **11%**

Profit before Taxes Evolution – €mm



iberCaja

ASSET QUALITY, LIQUIDITY AND SOLVENCY

ASSET QUALITY (1/3)

Non-performing assets (doubtful exposures and foreclosed assets) fall 10.9% YTD or €526mm.

- **Doubtful exposures** decrease **13.8%** YTD or €430mm thanks to Fleta transaction. NPL ratio falls to 7.9% vs. 8.6% of the sector. **Stock of foreclosed assets** drops **5.6%** or €96mm.

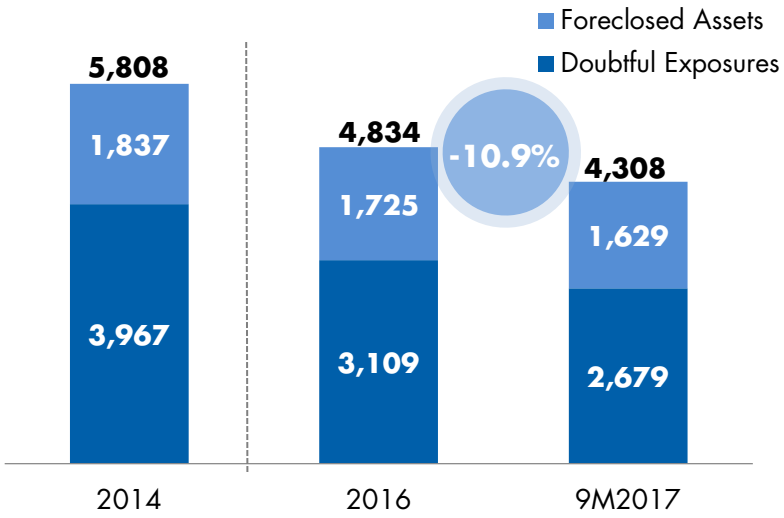
Since the launch of the 2015-2017 Strategic Plan, non-performing assets have fallen €1,496mm or 25.8%.

NPA ratio[1] falls 120 b.p. to 12.3%.

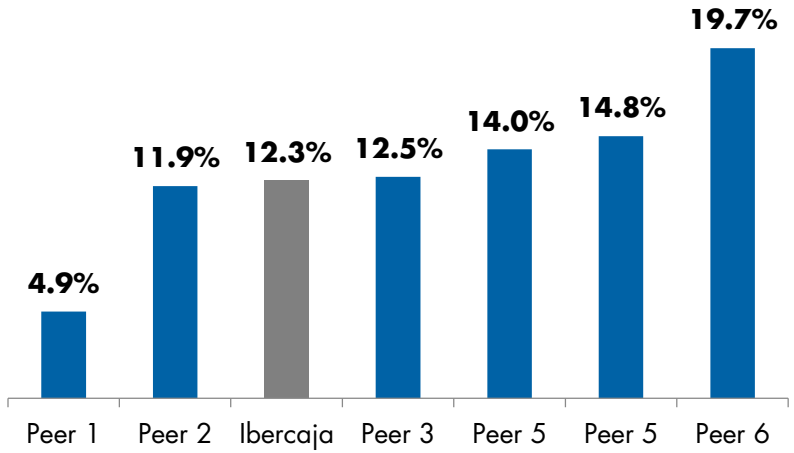
Coverage ratio of non-performing assets stands at 46%.

- **Doubtful exposure coverage ratio** stands at **41%** and **foreclosed assets coverage ratio** is **54%.**

Non-performing assets – €mm



NPA Ratio[1] – %



NPA ratio: = Doubtful Exposures + Gross Foreclosed Assets / Gross Loans + Gross Foreclosed Assets
Peer Group includes Bankia, Bankinter, Caixabank, Liberbank Proforma, Sabadell ex TSB & Unicaja.

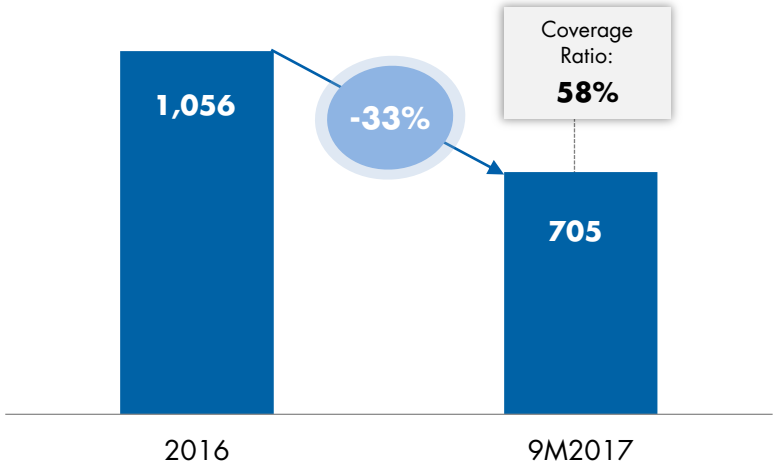
iberCaja

ASSET QUALITY (2/3)

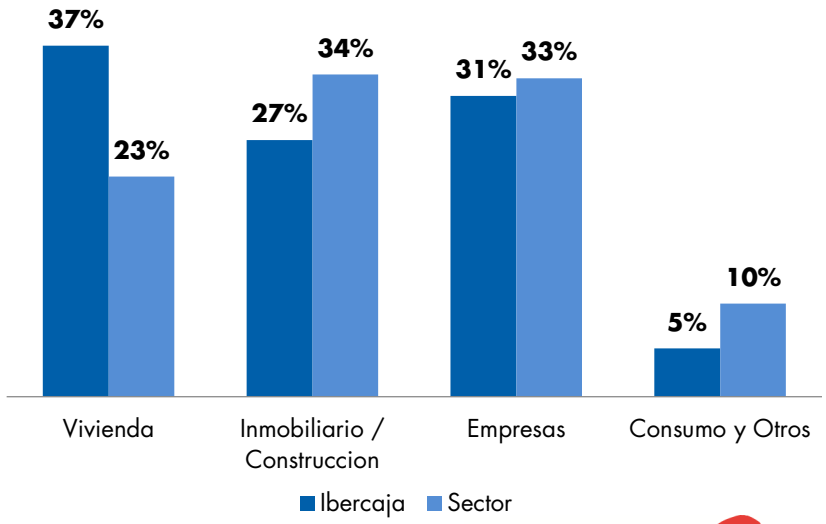
Since the launch of the 2015-2017 Strategic Plan, Ibercaja Banco has closed two wholesale transactions, Fleta & Goya, which have allow for a reduction in the stock of real estate NPL above €1,100mm.

- As result of Fleta transaction, **doubtful real estate loans** drop **33%** YTD or €351mm.
- These transactions minimizes **net exposure to doubtful real estate loans** to just **1**% of total loans thanks to the coverage level reached in the rest of real estate loans.
- The weight of real estate NPL falls to just 27% of total NPL. The weight of **residential mortgages NPL** increases to **37%** of total NPL, significantly above the sector (22%).

Real Estate NPL – €mm gross



Gross NPL Distribution[1] – %

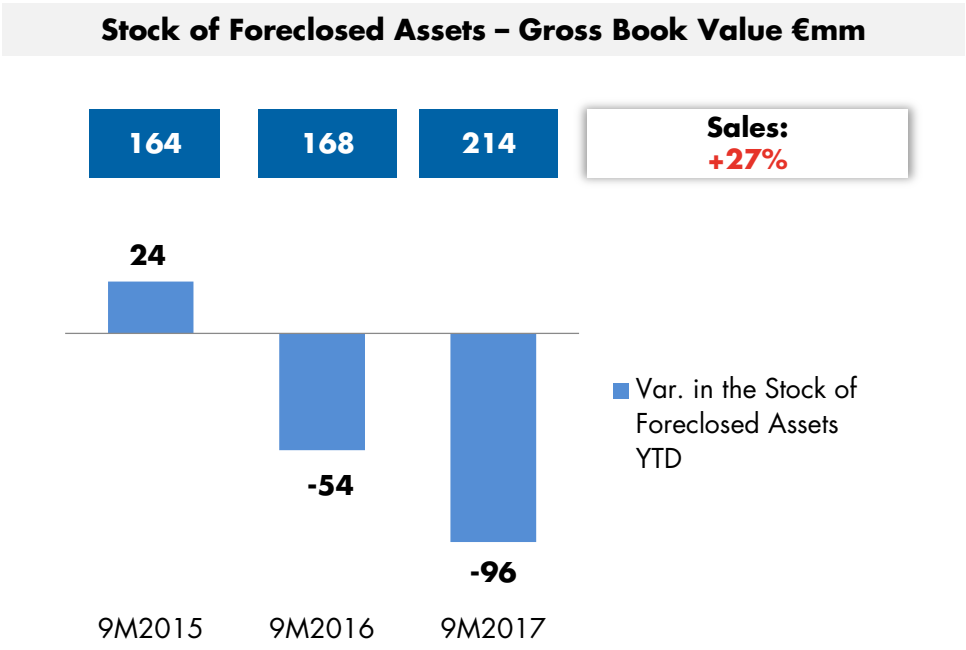


[1] Ibercaja: DRC
Sector: NPL private sector for deposits entities 2Q2017 (last available data), Bank of Spain

ASSET QUALITY (3/3)

Strong acceleration in the reduction of the stock of foreclosed assets due to the increase in sales (27% YoY) and the reduction in entries (-15% YoY).

- Ibercaja Banco releases **€12mm of provisions** thanks to the strong coverage levels reached.
- **Land sales** amount to **€59.2mm YTD**, +41% vs. same period of the previous year.



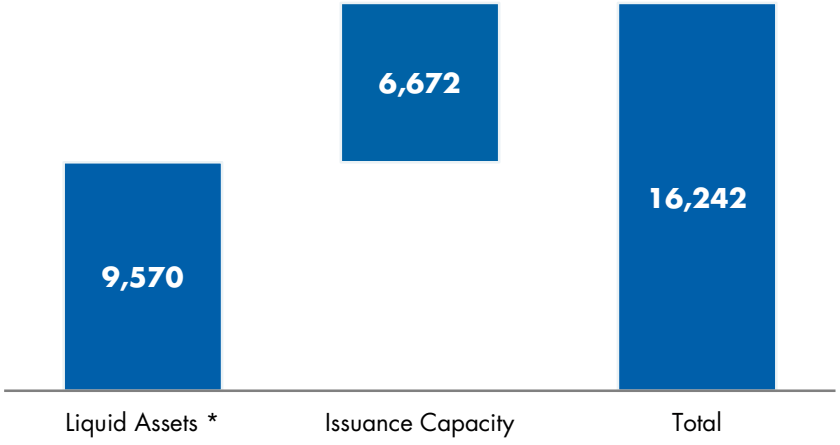
LIQUIDITY AND SOLVENCY (1/4)

Sound liquidity position:

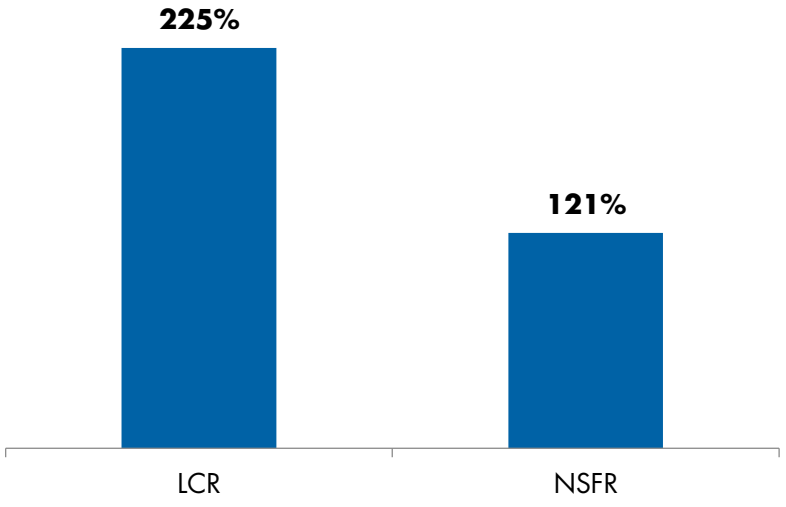
- **Available liquid assets** reach **€9,570mm** (18% of total assets), while the covered bond issuance capacity stands at €6,670mm. As a result, Ibercaja Banco has an **available liquidity position that surpasses €16,200mm or 30% of total assets.**
- Regulatory liquidity and funding ratios (LCR and NSFR) comfortably above minimum requirements.

.

Liquidity Position – €mm



Liquidity and Funding Ratios – 9M2017



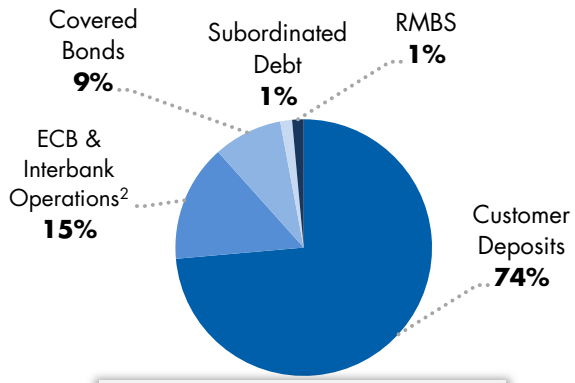
*Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied)

LIQUIDITY AND SOLVENCY (2/4)

No changes in the funding structure of the bank:

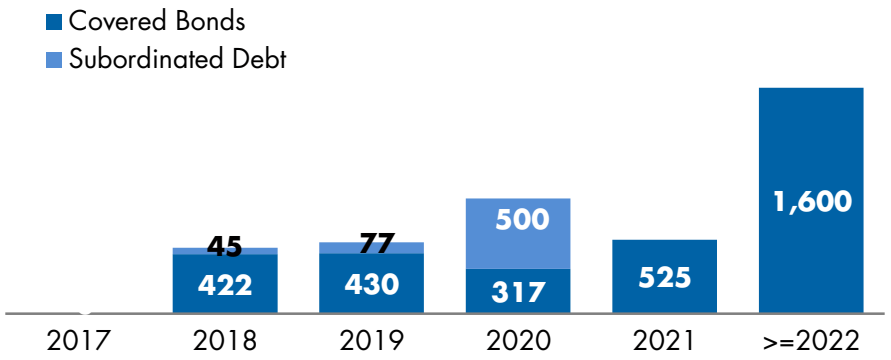
- **Loan to deposits ratio** stands at **98.6%**[1].
- **Customer deposits** represent **74% of total funding.**
- ECB: €3,372mm (6% of assets), 100% TLTRO II.
- **No significant concentration** in institutional funding **maturities** (<2% of assets every year).

Funding Structure - 9M2017



Funding:
€41,828mm

Maturity Profile – €mm



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

iberCaja

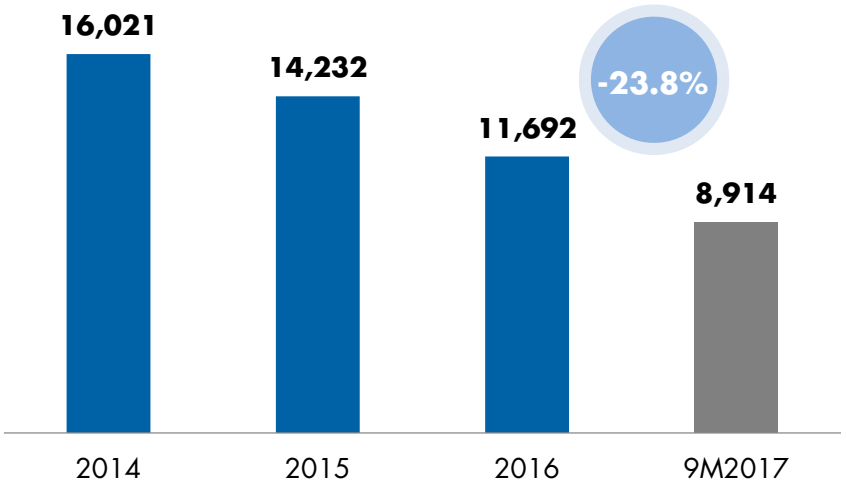
LIQUIDITY AND SOLVENCY (4/4)

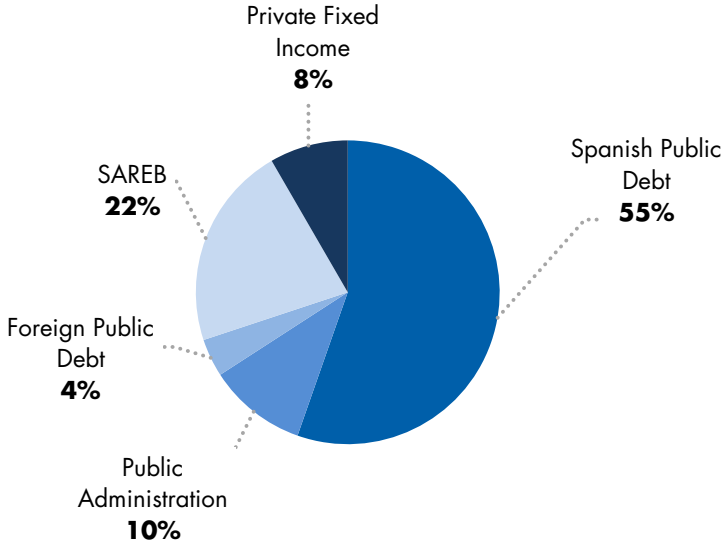
Fixed income portfolio falls 23.8% YTD. Since 2014, this portfolio has fallen 44% or 7,107mm.

The portfolio has a low risk profile, with a substantial weight of Spanish sovereign debt.

- **Average duration** of **3.7 years**[1].
- **Average yield** stands at **1.2%** ex SAREB (0.9% including SAREB bonds).
- **Held to maturity** represents **45%** of the portfolio.

Fixed Income Portfolio[2] – €mm





[1] Includes interest rates swaps
[2] Excluding capital gains from held-to-maturity portfolio

LIQUIDITY AND SOLVENCY (4/4)

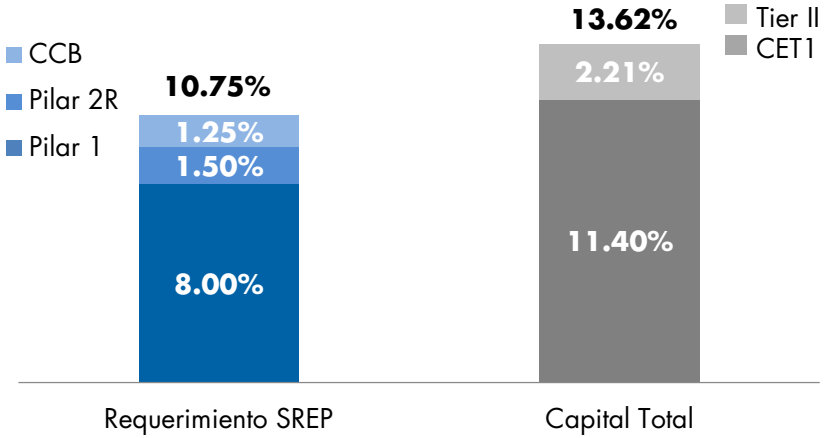
CET1 Phased In ratio stands at 11.4% and Total Capital ratio reaches 13.6%, significantly above SREP requirements (7.25% and 10.75%, respectively).

- **RWA / TA** ratio stands at **42.2%** applying **standard methodology** calculation in for every portfolio.

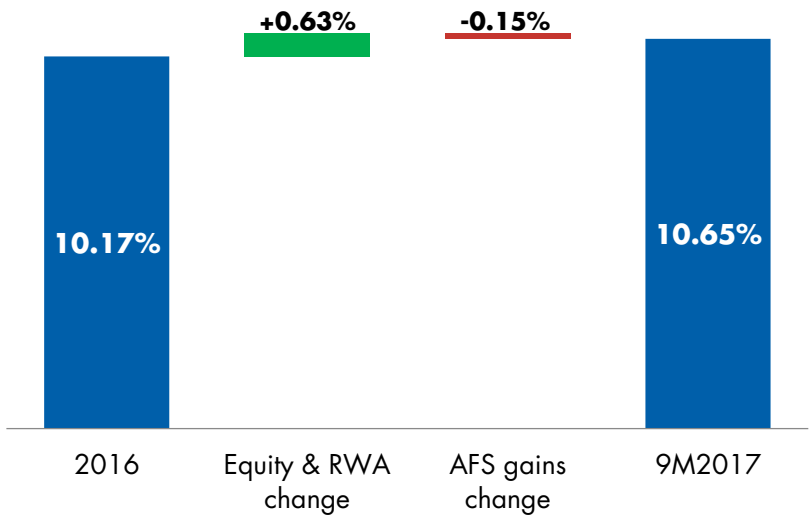
Leverage ratio reaches 5.3%.

CET1 Fully Loaded ratio stands at 10.6%, +48 b.p. YTD.

Total Capital – 9M2017



CET1 Fully Loaded Ratio – %



iberCaja

2017 GUIDANCE

2017 GUIDANCE

Ibercaja Banco reiterates its 2017 guidance.

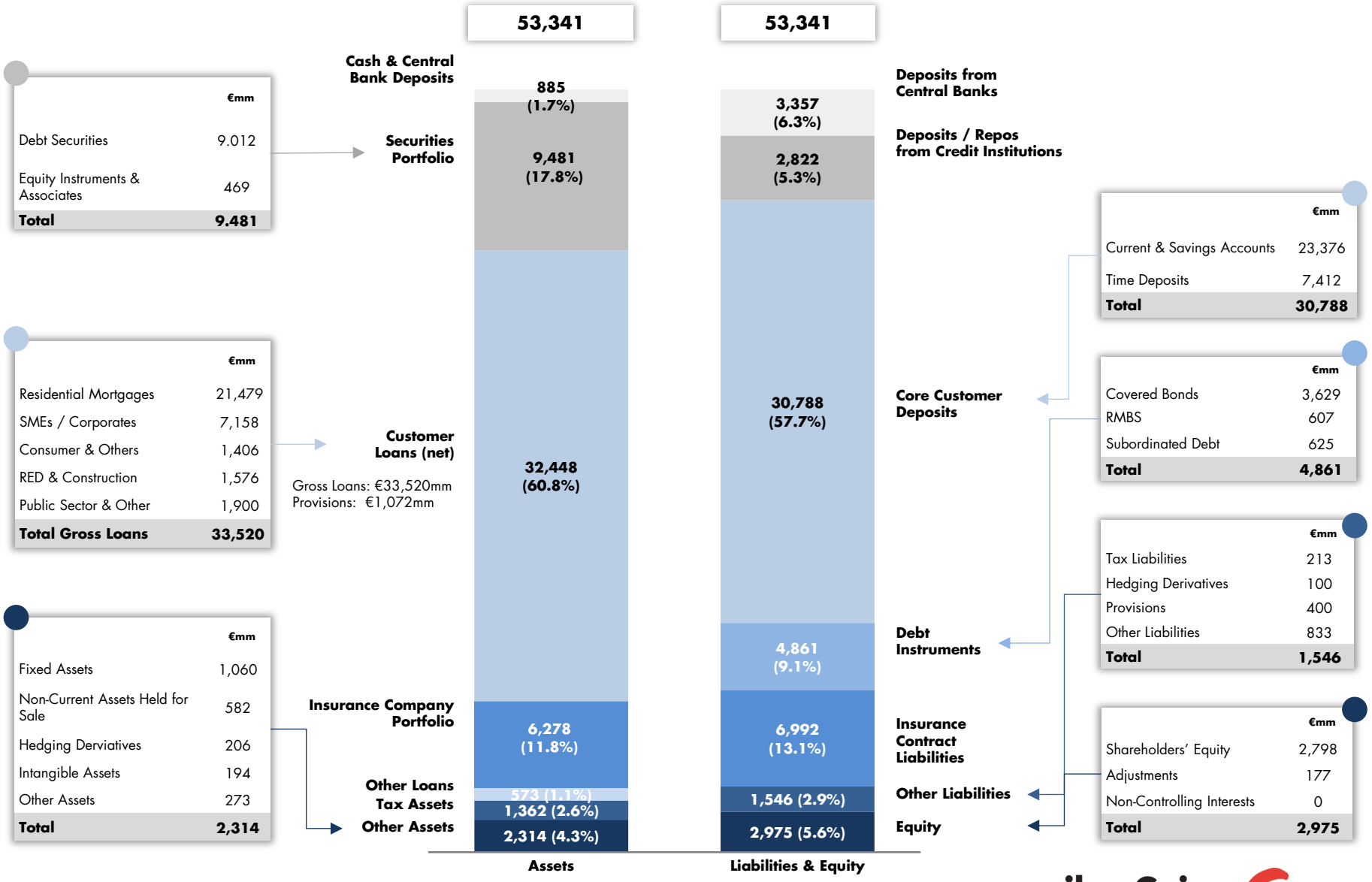
	Recurring Revenues (Net Interest Income+ Net Fee Income)	Recurring Operating Costs	Cost of Risk
	>0% YoY	≈0% YoY	< 50 b.p.
	+1.8% YoY	+2.4% YoY	45 b.p.
	Turning point in revenues in 2017	Ibercaja Banco reiterates its guidance of stable recurring costs	Cost of Risk in line with the Strategic Plan target

iberCaja

ANNEX 1

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET



iberCaja



CONTACT
investors@ibercaja.es

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