1H2018 RESULTS

July 30th, 2018

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

1H2018 RESULTS 13

ASSET QUALITY, LIQUIDITY AND SOLVENCY 21

ANNEX 1. Consolidated Balance Sheet 28

ANNEX 2. Glossary 30

iberCaja

MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY · RESULTS · ASSET QUALITY · SOLVENCY

iberCaja

MAIN HIGHLIGHTS

COMMERCIAL ACTIVITY

» **Customer funds** rise **4.0% YoY** or €2,208mm.

» **Asset management and life insurance products** increase **6.1% YoY** or €1,522mm.

» **New lending** grows **5.1% YoY**. **Ex public sector, performing loans** decrease **0.5% YoY**.

» **Risk insurance premiums** rise **7.7% YoY**.

RESULTS

» **Recurring revenues** –net interest income + net fee income– rise **1.2% YoY**.

» **Recurring costs** fall **5.1% YoY**.

» **Recurring profits before provisions** increase **16% YoY**.

» **Total provisions** drop **46% YoY**. **Cost of risk** stands at **45 b.p.**

» Ibercaja Banco **net profit** stands at **€39.3mm**.

iberCaja

MAIN HIGHLIGHTS

ASSET QUALITY

» **Non-performing assets** fall **15.1% YoY** or 707.5mm. Since December 2017, the reduction amounts to **5.0%** o 209.8mm. **Non-performing assets ratio** drops 52 b.p. to **11.4%**.

» **Coverage ratio of non-performing assets** stands at **52.4%** vs. 48% in 2Q2017.

SOLVENCY

» **CET1 fully loaded ratio** remains stable at **10.5%**. With the recent AT1 transaction, Ibercaja has completed its hybrid capital buckets and the **Total capital fully loaded ratio** reaches **14.4%**.

» In phased-in terms, **CET1 ratio** stands at **11.6%** and the **Total Capital ratio** is **15.4%**, levels which are significantly above SREP requirements (8.125% and 11.625%, respectively).

iberCaja

COMMERCIAL ACTIVITY

CUSTOMER FUNDS · ASSET MANAGEMENT & LIFE INSURANCE · CUSTOMER LOANS · RISK INSURANCE

iberCaja

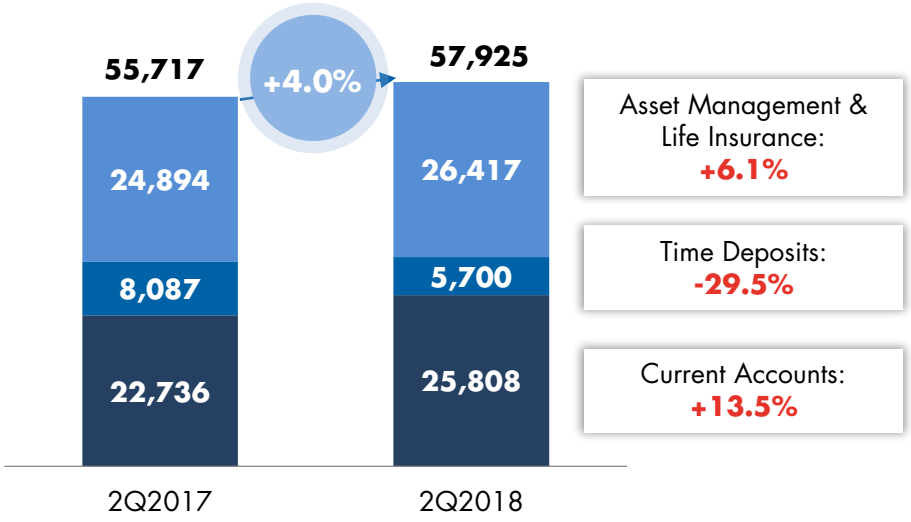
CUSTOMER FUNDS

Customer funds rise 4.0% YoY or €2,208mm.

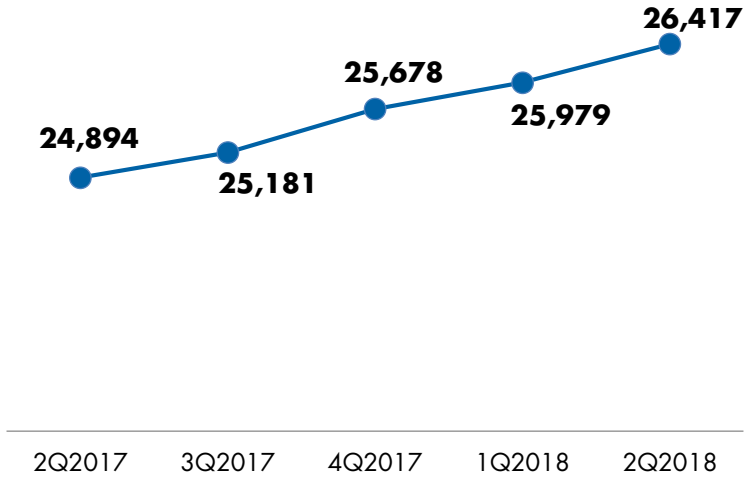
Asset management and life insurance products grow 6.1% YoY or €1,522mm. This business accounts for 46% of total customer funds.

Current accounts continue to increase and represent for 82% of total deposits.

Customer Funds – €mm



Asset Management & Life Insurance – €mm



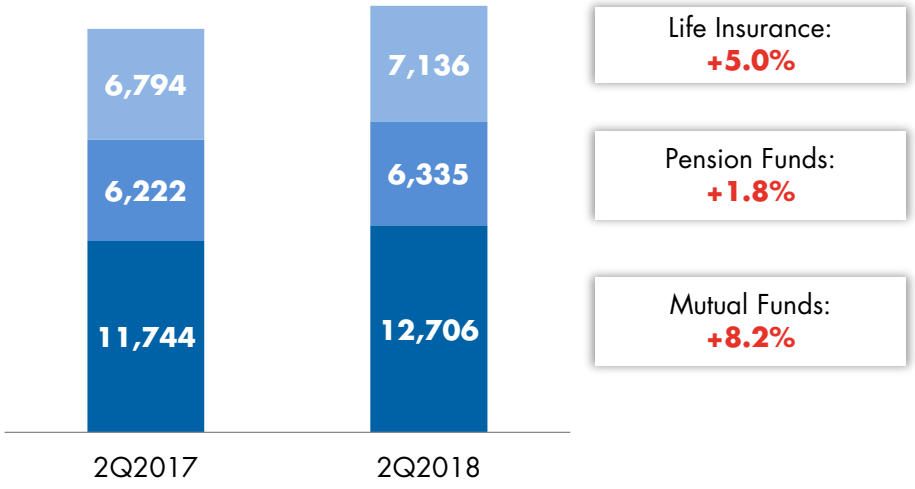
Note: Asset Management includes mutual funds and pension funds

ASSET MANAGEMENT & LIFE INSURANCE

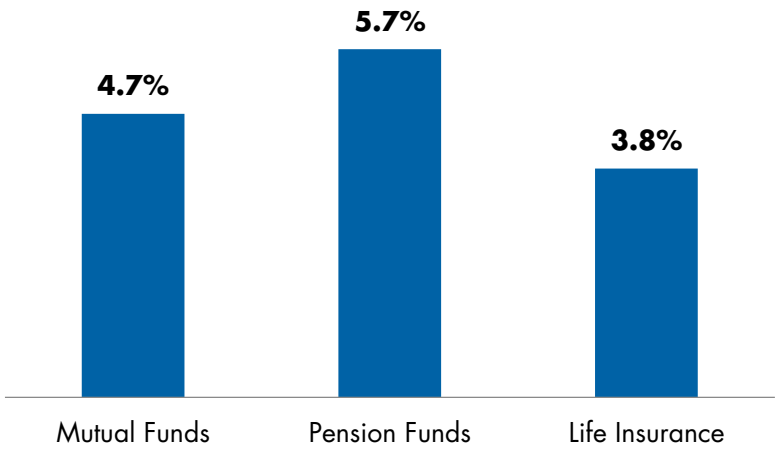
Ibercaja maintains its strong positioning in asset management and life insurance products, with market share well in excess of its banking business position.

- **Mutual Funds** lead the growth, and rise **8.2% YoY.**
- **Life insurance and pension funds** increase **5.0% YoY** and **1.8% YoY,** respectively.

Asset Management & Life Insurance – €mm



Market Share - % 2Q2018



Source: Inverco & ICEA

CUSTOMER LOANS (1/2)

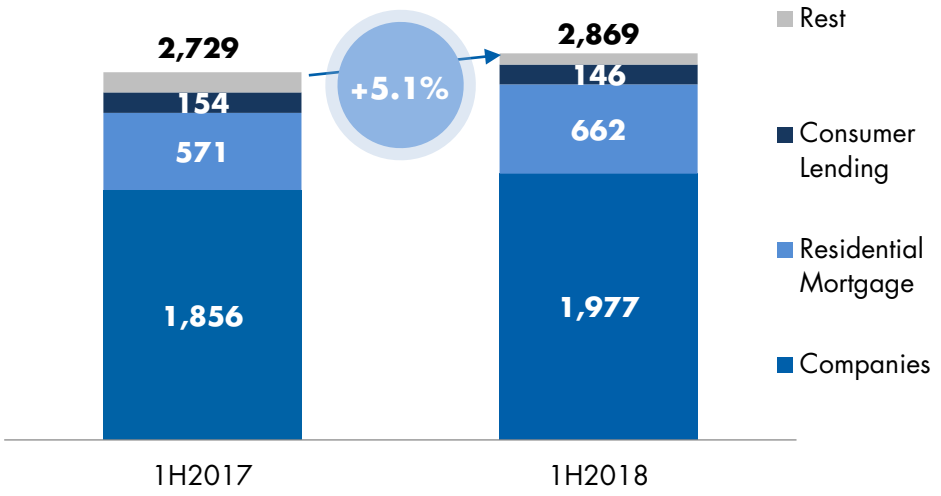
New lending in the semester reaches €2,869mm, 5.1% more than in 1H2017.

- **New lending to companies** rises **6.5% YoY**.
- **Mortgage granting** grows **16.0% YoY.**
- **Madrid & Mediterranean Basin** account for **47%** of new lending.

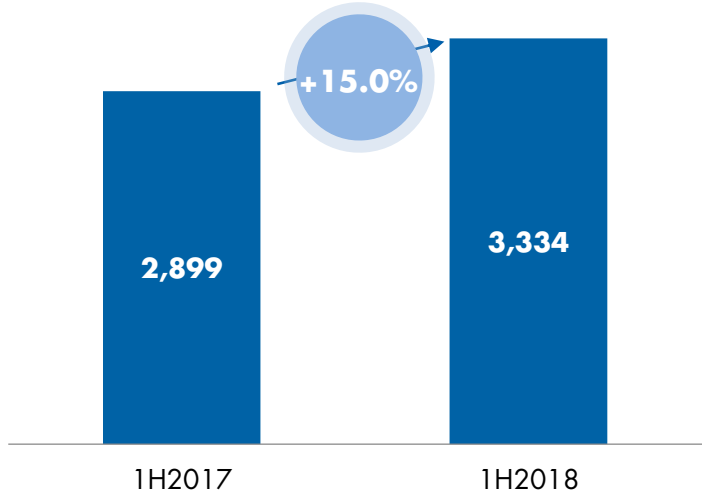
In addition, accumulated working capital financing surpasses €3,300mm (+15.0% YoY).

- **International trade financing** increases **19.5% YoY.**

New Lending Production[1] – €mm



Accumulated Working Capital Financing – €mm



[1]Companies includes new loans to real estate companies, non-real estate companies, and leasing/renting operations.

CUSTOMER LOANS (2/2)

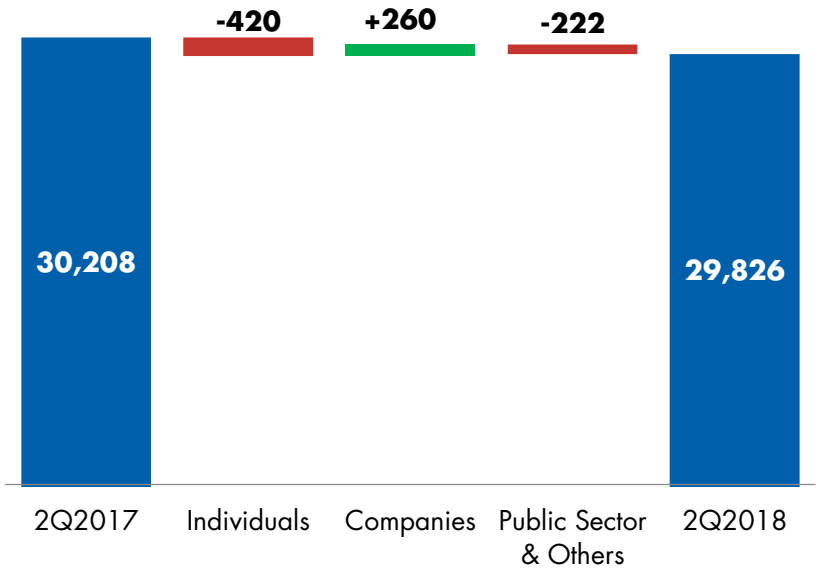
Performing loans ex repo decrease 1.3% YoY.

- **Public sector** represents **58%** of the fall in performing loans. **Excluding public sector loans,** performing loans decrease **0.5% YoY.**
- **Loans to companies** and **consumer lending** rise **3.6% YoY** and **18.9% YoY,** respectively.

Lending Stock - €mm

	2Q2017	2Q2018	YoY
Loans to Individuals	**21,940**	**21,520**	**-1.9%**
Mortgages	20,670	20,011	-3.2%
Consumer and Others	1,270	1,509	18.9%
Loans to Companies	**7,259**	**7,519**	**3.6%**
Real Estate Companies	892	969	8.6%
Non-Real Estate Companies	6,367	6,551	2.9%
Public Sector and Others	**1,009**	**787**	**-22.0%**
Performing Loans ex Repo	**30,208**	**29,826**	**-1.3%**
Repo	992	966	-2.6%
Doubtful Loans	2,974	2,434	-18.1%
Total Gross Loans	**34,174**	**33,227**	**-2.8%**

Lending Stock Variation – €mm

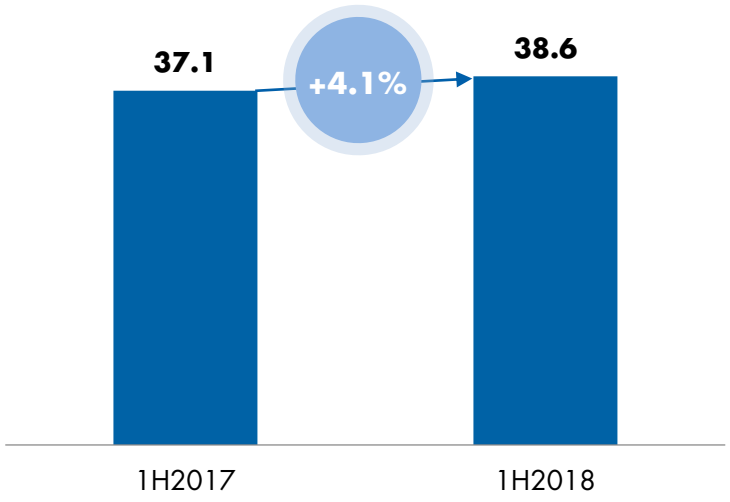


RISK INSURANCE

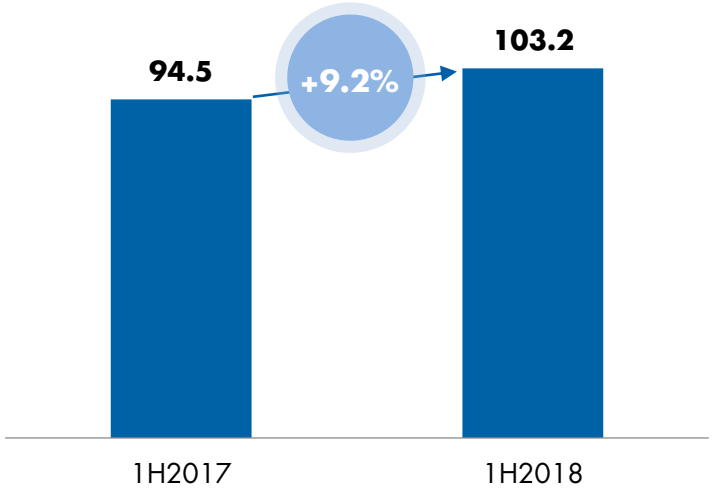
Risk insurance premiums (life risk and non-life[1]) rise 7.7% YoY and reach €142mm.

- **Growth in non-life risk insurance (9.2% YoY)** stands significantly above the **sector (+4.0% YoY)** driven by a strong momentum in payment protection (+132% YoY), burial (+49.2% YoY), and civil liability (+30.5% YoY) policies.
- **Life risk insurance premiums** increase **4.1% YoY.**

Life Risk Insurance Premiums – €mm



Non-life Risk Insurance Premiums[1] – €mm



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

iberCaja

1H2018 RESULTS

P&L ACCOUNT· NET INTEREST INCOME · NET FEE INCOME · RECURRING REVENUES·
OPERATING COSTS · RECURRING PROFITS BEFORE PROVISIONS · PROVISIONS

iberCaja

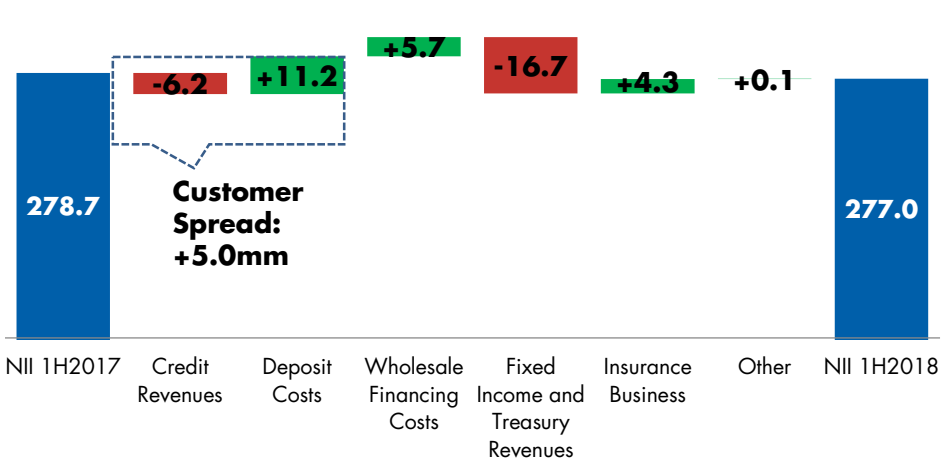
P&L ACCOUNT

€mm	1H2017	1H2018	YoY
Net Interest Income	**278.7**	**277.0**	**-0.6%**
Net Fee Income	179.9	187.2	4.1%
Trading Income	106.1	35.5	-66.6%
Other Operating Inc. / Exp. (Net)	8.5	2.2	-73.7%
Gross Operating Income	**573.2**	**502.0**	**-12.4%**
Operating Costs	-393.6	-361.1	-8.2%
of which: Recurring Costs	-321.9	-305.6	-5.1%
of which: Redundancy Plan	-71.6	-55.5	-22.5%
Pre-Provision Profit	**179.6**	**140.8**	**-21.6%**
Total Provisions	-126.8	-68.6	-45.9%
Other Gains and Losses	3.5	-8.1	n/a
Profit before Taxes	**56.4**	**64.2**	**13.9%**
Taxes & Minorities	-14.6	-24.9	70.5%
Net Profit Attributable to Shareholders	**41.7**	**39.3**	**-5.9%**

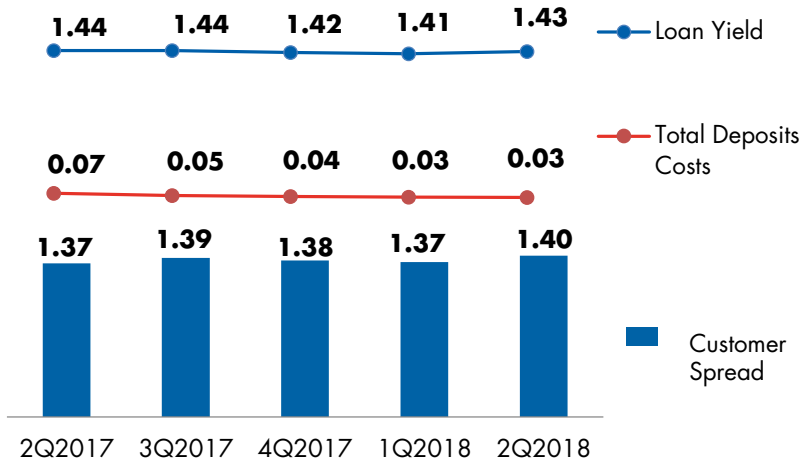
iberCaja

NET INTEREST INCOME

Net Interest Income Breakdown - €mm



Customer Spread - %



Net interest income falls 0.6% YoY. Net interest income as % of ATA , grows 7 b.p. and reaches 1.1%.

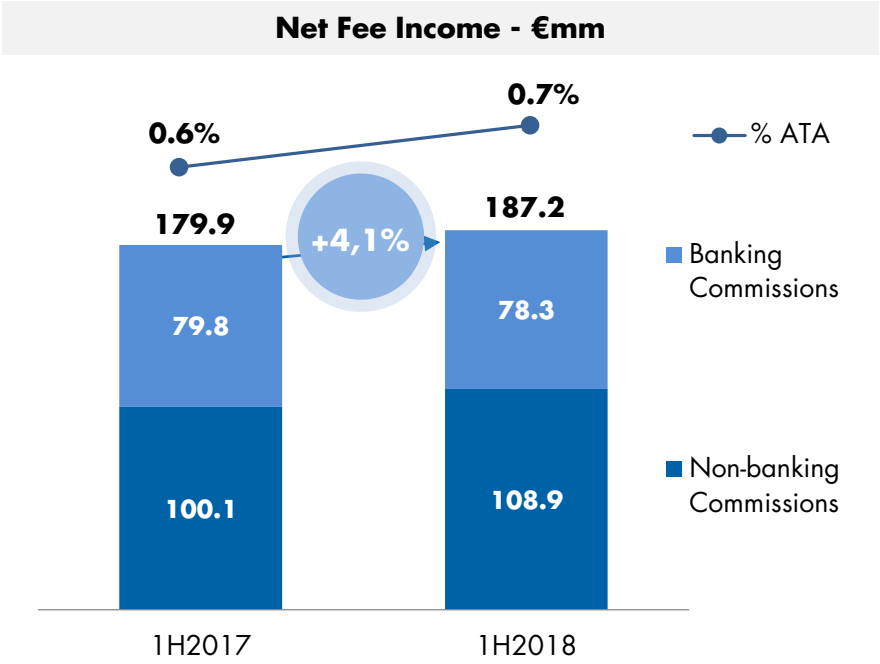
- **Customer spread** grows **2.4% or €5.0mm** while fixed income **portfolio revenues** decrease **24%.** This portfolio accounts for just **12% of the financial revenues** in the semester.

Customer spread improves 3 b.p vs. 2Q2017.

- Loan yield remains stable (-1 b.p. vs. 2Q2017) despite falling Euribor (-7 b.p.).

iberCaja

NET FEE INCOME



Net fee income grows 4.1% YoY.

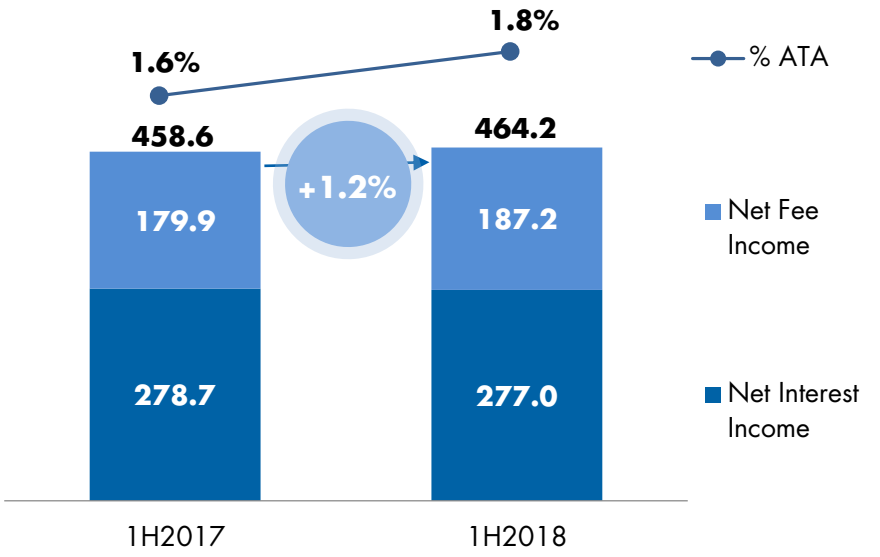
- **Non-banking commissions*** (mutual funds, risk insurance and pension funds) rise **8.8% YoY**.
- **Banking commissions** fall **1.9% YoY**.

As % of ATA, net fee income improves 8 b.p. and reaches 0.7%.

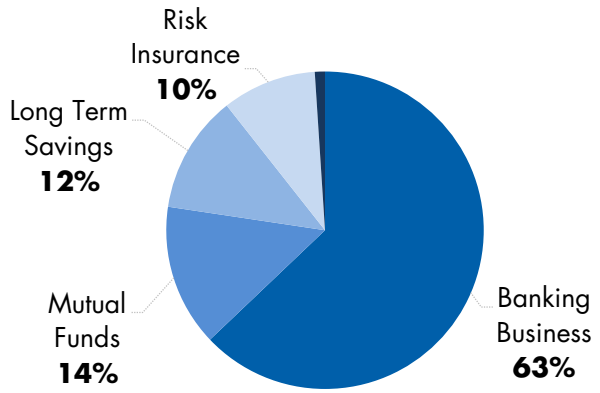
* Includes portfolio management fees which, after MIFID II implementation, are accounted as brokerage fees.

RECURRING REVENUES

Recurring Revenues - €mm



Recurring Revenues Breakdown – % 1H2018



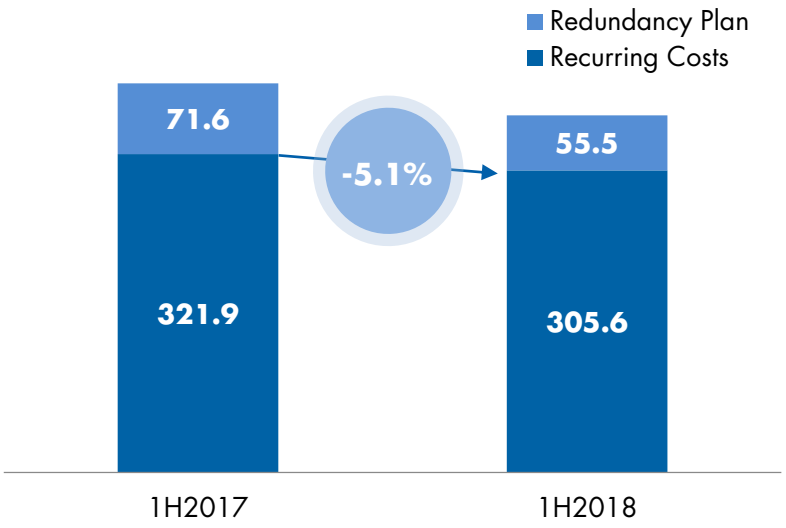
Recurring revenues grow 1,2% YoY and the yield over ATA improves 15 b.p.

- **Revenues from asset management and bancassurance** grow **8.3% YoY** and account for **37%** of recurring revenues.
- **Revenues from the banking business** decrease **2.6% YoY**.

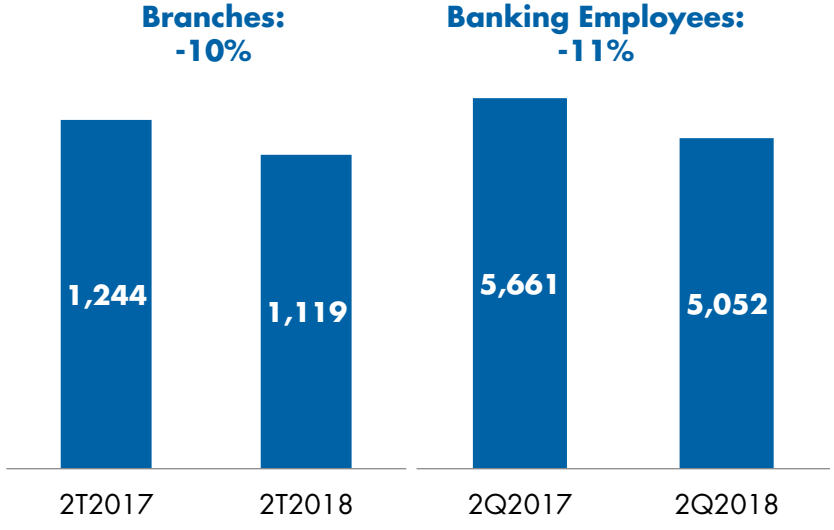
iberCaja

OPERATING COSTS

Operating Costs – €mm



Structure



Total operating costs decrease 8.2% YoY.

Recurring costs drop 5.1% YoY.

- Ibercaja Banco completed in June its redundancy plan. As a result, the **operating structure** of the bank has been reduced by **10%** over the last 12 months.

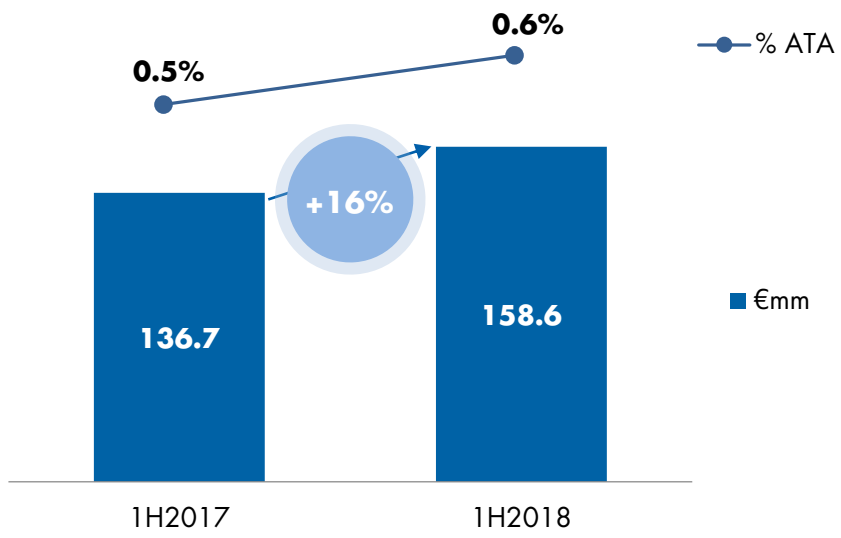
iberCaja

RECURRING PROFIT BEFORE PROVISIONS

Recurring profit before provisions grows 16% YoY. As % of ATA, it improves 12 b.p.

- **Recurring revenues** rise **1.2% YoY.**
- **Recurring costs** decrease **5.1% YoY.**

Recurring Profit before Provisions – €mm



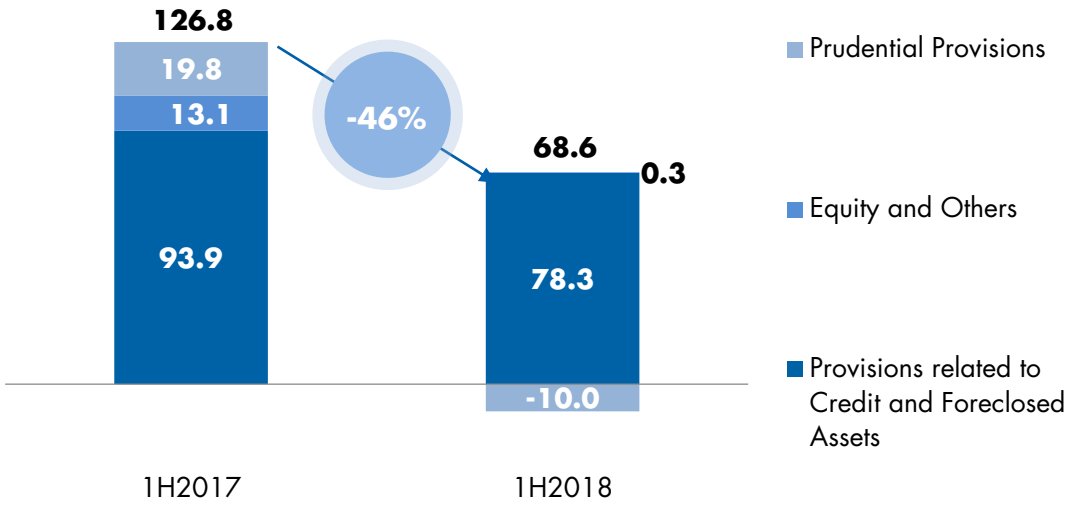
2018 Target

Δ Recurring Profit before Provisions ≈10%

iberCaja

PROVISIONS

Total Provisions - €mm



2018 Target

Cost of Risk ≈ 50 b.p.

Total provisions plummet 46% YoY.

Provisions related to credit and foreclosed assets fall 16.6% YoY.

- **Cost of risk** stands at **45 b.p.** in line with the 2018 target of ≈50 b.p.

iberCaja

ASSET QUALITY, LIQUIDITY AND SOLVENCY

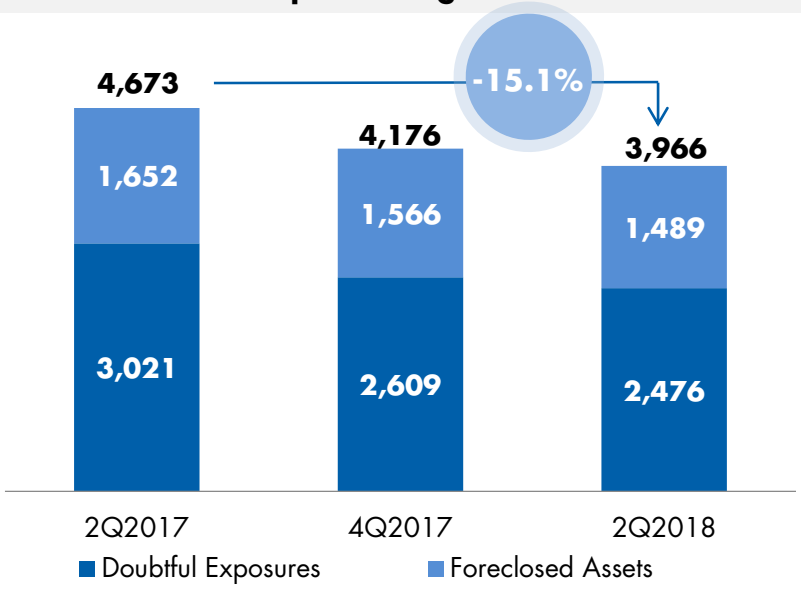
ASSET QUALITY (1/2)

Non-performing assets -doubtful exposures and foreclosed assets- fall 5.0% vs. 2017YE or €209.8mm. NPA ratio decreases 52 b.p. to 11.4%.

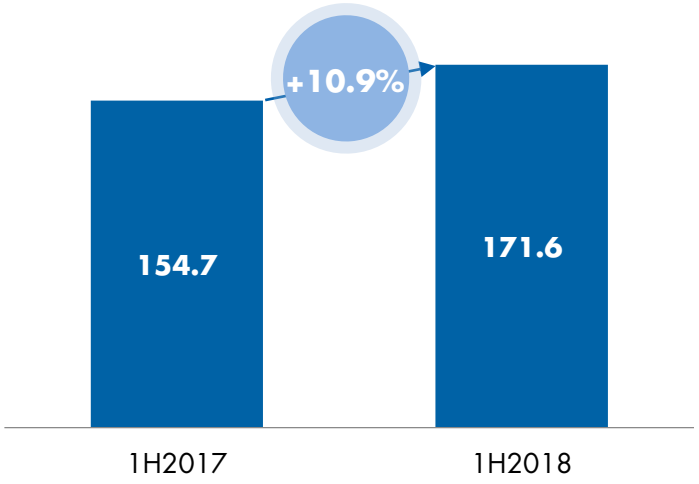
- Stock of **doubtful exposures** decreases **5.1%** or €132.9mm. NPL ratio falls 35 b.p. to **7.3%.**
- Stock of **foreclosed assets** drops **4.9%** or €76.9mm. Foreclosed asset sales amount to **€172mm** (+10.9% YoY) and Ibercaja releases **€7.0mm**. Land sales over the period amount to **€58mm.**

Since 2Q2017, non-performing assets have decreased 15.1% YoY. or €707.5mm.

Gross Non-performing Assets – €mm



Foreclosed Assets Sales – €mm



iberCaja

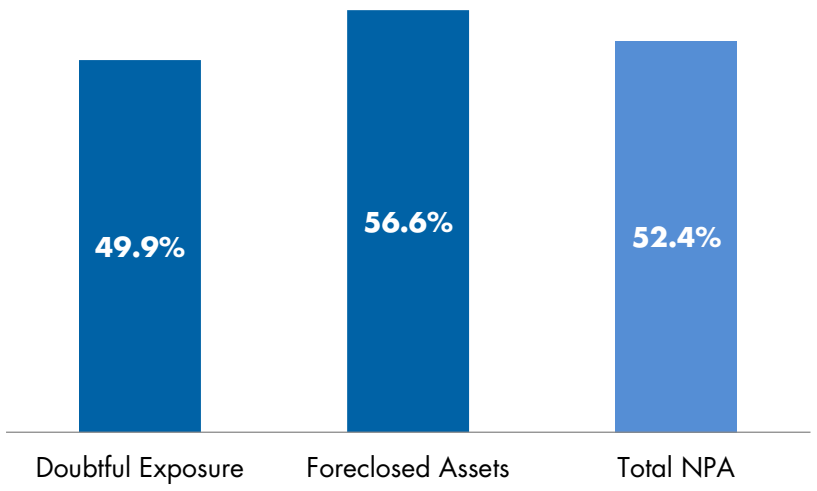
ASSET QUALITY (2/2)

NPA coverage ratio stands at 52.4% vs. 48.0% in 2Q2017.

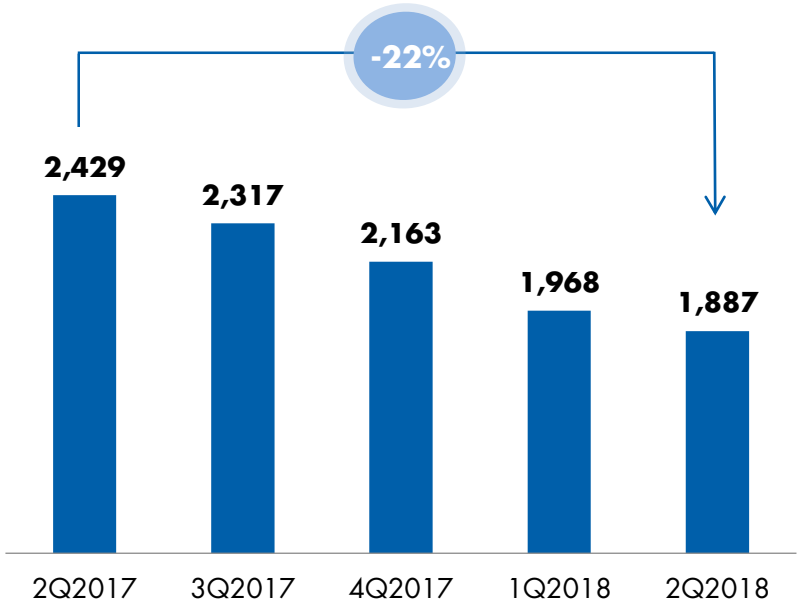
As a result of the gross NPA reduction and the provisioning effort, net non-performing assets have fallen €543mm or 22% vs. 2Q2017.

- Since December 2017 **net non-performing assets** decrease **€277mm** or **12.8%.**

Coverage Ratio – %



Net Non-performing Assets – €mm



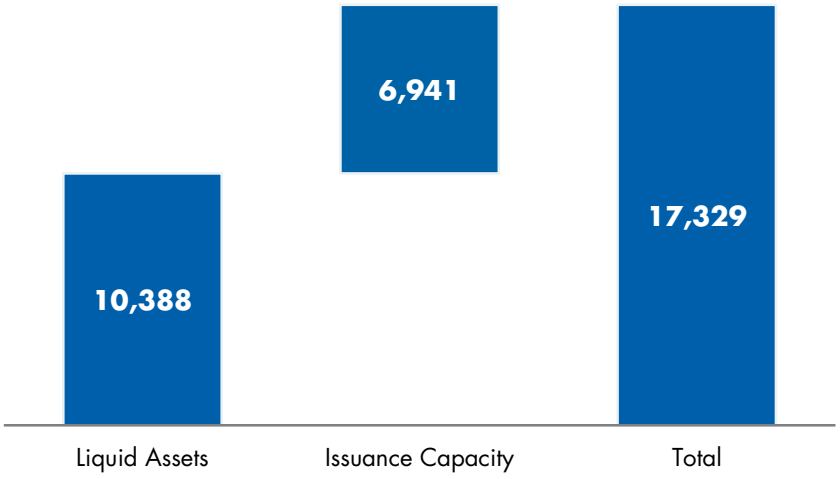
iberCaja

LIQUIDITY AND SOLVENCY (1/4)

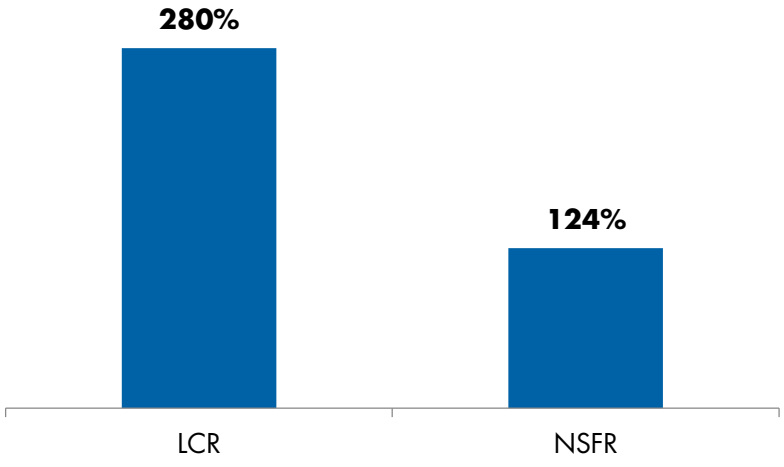
Sound liquidity position:

- **Available liquid assets** amount to **€10,388mm** (20% del activo total), while the covered bond issuance capacity stands at €6,941mm. As a result, Ibercaja Banco has an **available liquidity position** that surpasses **€17,300mm,** or **33% of total assets.**
- Regulatory liquidity and funding ratios (LCR and NSFR) stand comfortably above minimum requirements.

Liquidity Position – €mm



Liquidity and Long Term Funding Ratios – 2Q2018



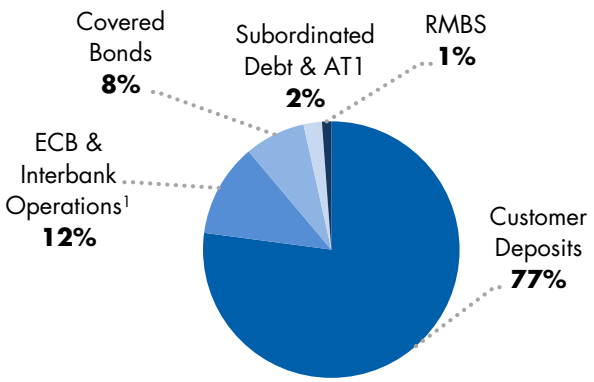
iberCaja

LIQUIDITY AND SOLVENCY (2/4)

Stability in the funding structure of the bank:

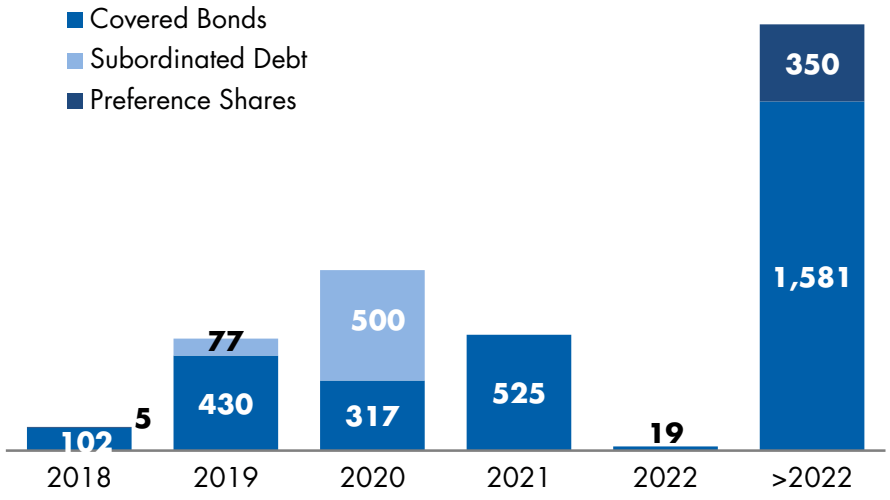
- **Loan to deposits ratio** stands at **96.1%.**
- **Customer deposits** represent **77% of external funding.**
- ECB: €3,372mm (6% of total assets), 100% TLTRO II.
- **No significant concentration** in institutional funding **maturities** (<2.0% of total assets every year).

Funding Structure – 2Q2018



Funding:
€40,874mm

Maturity Profile – €mm



[1] Includes long term financing from institutional banks such as ICO and EIB

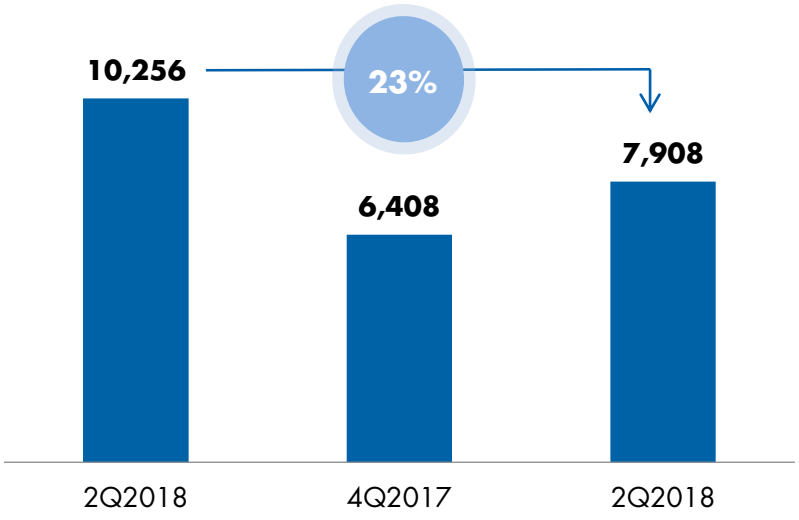
iberCaja

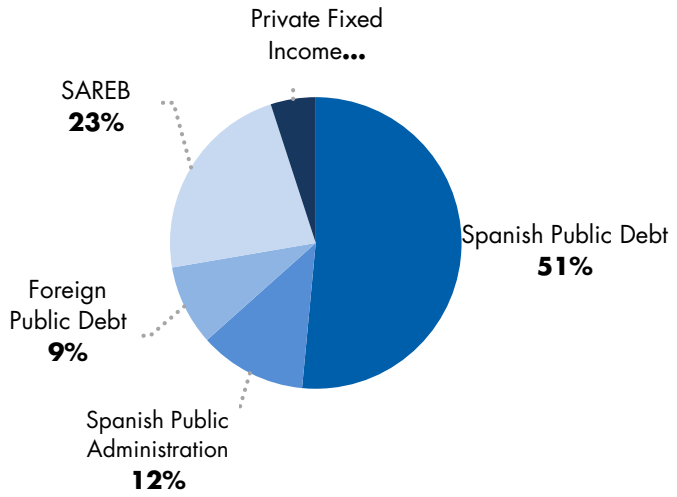
LIQUIDITY AND SOLVENCY (3/4)

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

- **Average duration** of **4.3 years**[1].
- **Average yield** stands at **1.3%** ex SAREB (1% including SAREB bonds).
- **80%** of the portfolio is classified as **held to collect.**

Fixed Income Portfolio – €mm





[1] Includes interest rate swaps

LIQUIDITY AND SOLVENCY (4/4)

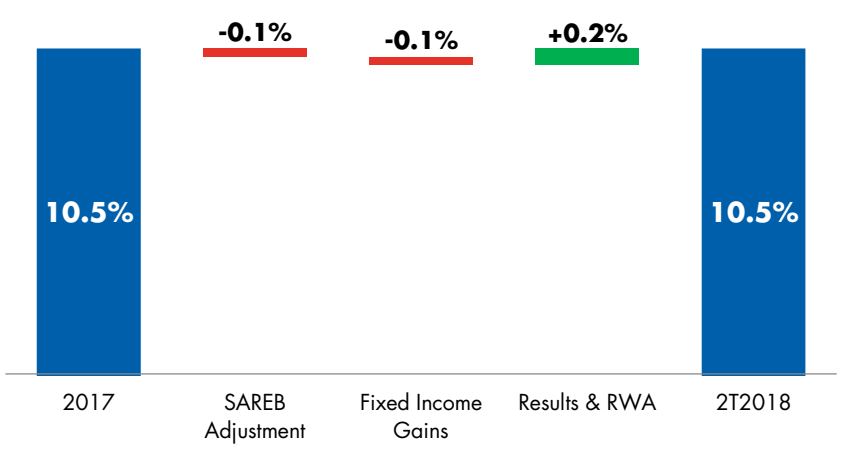
CET1 Fully Loaded ratio remains stable at 10.5% vs. 2017.

- **Profit generation & RWA reduction** compensates the decrease in **fixed income gains** and the adjustment against equity of the **SAREB** investment.

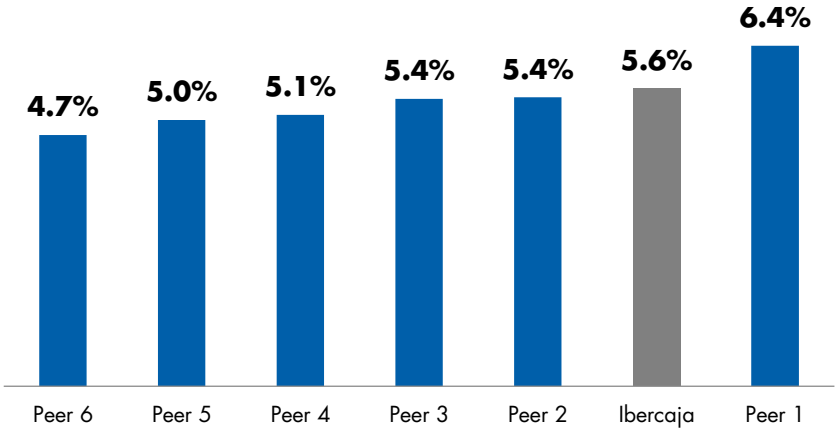
After the recent AT1 issuance Capital Total Fully Loaded ratio stands at 14.4% and the fully loaded leverage ratio reaches 5.6%.

In phased-in terms, CET1 ratio stands at 11.6% and the total capital ratio is 15.4%, levels which are significantly above SREP requirements (8.125% and 11.625% respectively).

CET1 Fully Loaded Post IFRS9 – %



Fully Loaded Leverage Ratio – %



Note: Santander, BBVA, Caixabank, Bankia, Sabadell y Bankinter. Latest available data

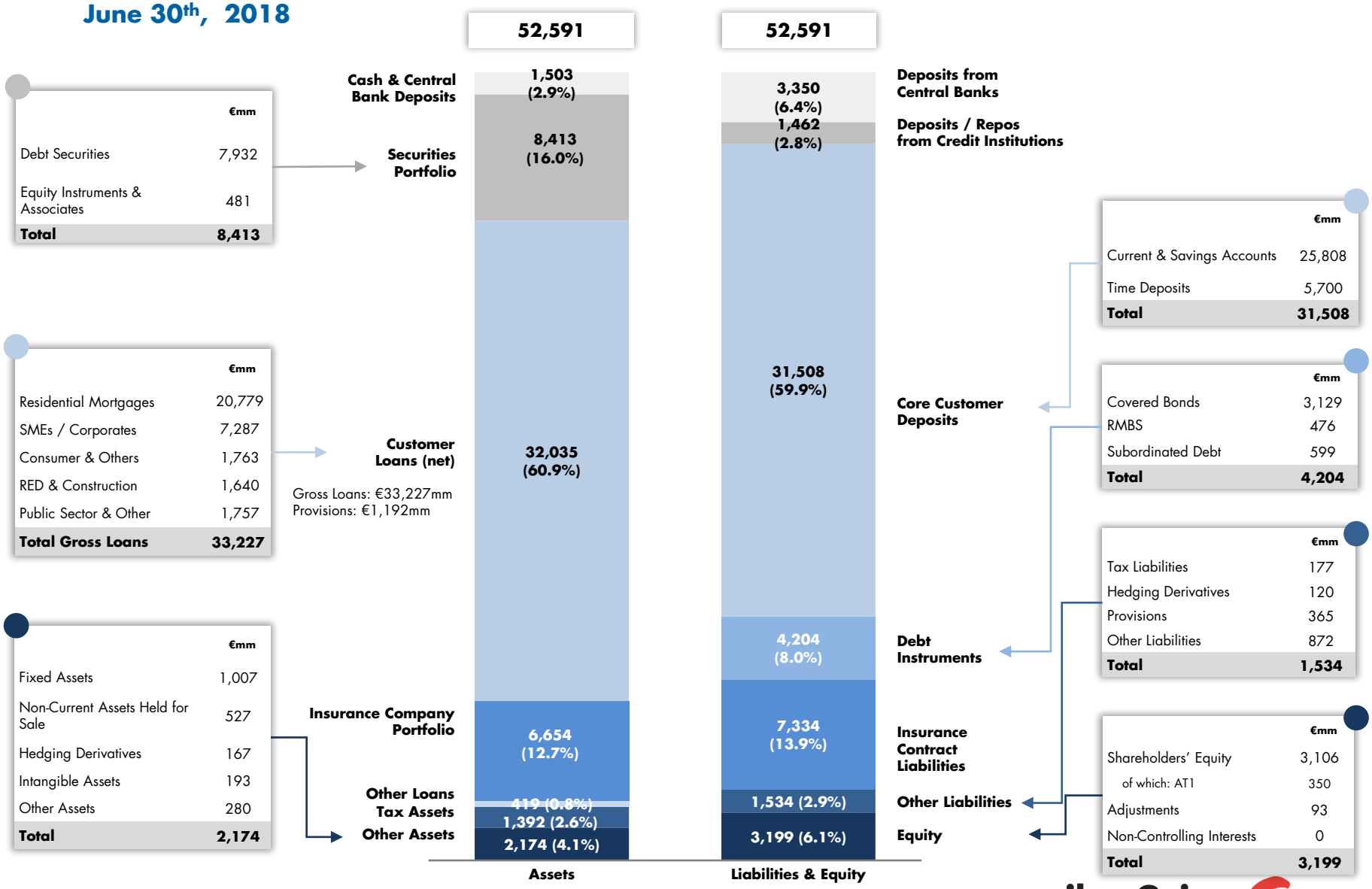
iberCaja

ANNEX 1

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

June 30th, 2018



iberCaja

ANNEX 2

GLOSSARY

GLOSSARY

Ratio / APM	Definition
Customer Spread	Difference between the average yield on the loan portfolio and the cost of retail deposits.
Recurring Revenues	Net interest income plus net fee and commission income plus net exchange differences.
Recurring Costs	Total operating expenses (administration expenses plus amortisation and depreciation) minus extraordinary expenses (redundancy plan expenses).
Recurring profit before provisions:	Recurring revenues minus recurring costs.
NPL ratio	Doubtful balances in loans and advances to customers divided by gross loans and advances to customers.
Coverage for total doubtful risk	Relationship between total asset impairment losses and provisions for risks and contingent commitments and doubtful risks.
Coverage ratio of foreclosed assets	Value adjustments for impairment losses on foreclosed assets divided by gross value of foreclosed assets.
NPA Ratio	Gross non-performing assets (total non-performing risks plus gross foreclosed assets) divided by gross loans and advances to customers plus the gross foreclosed assets.
NPA Ratio Coverage	Accumulated impairment of foreclosed assets plus impairment losses on loans and advances to customers (excluding provisions related to clauses which set a minimum interest rate for mortgages) divided by gross non-performing assets (non-performing loans plus gross foreclosed assets).
Cost of Risk	Percentage of write-downs associated with credit risk and real estate in relation to gross loans and advances to customers plus gross foreclosed assets.
Liquid Assets % Total Assets	Total liquid assets divided by total assets. Liquid assets include unencumbered public debt + available & eligible fixed income assets (after ECB haircut applied).
LTD Ratio	Net loans (excluding securitisation liabilities) divided by customer deposits, promissory notes and subordinated liabilities (excluding individual mortgage bonds, temporary transfers of assets, wholesaler promissory notes, wholesale subordinated debt and preferred shares).
NSFR Ratio	Amount of available stable funding relative to the amount of required stable funding.
LCR Ratio	High quality liquid assets divided by net outflows during the following 30 days.



CONTACT
investors@ibercaja.es

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