CORPORATE PRESENTATION

Barclays European Financials Capital Summit

28th MARCH 2017

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OVERVIEW OF IBERCAJA BANCO

INTRODUCTION · SHAREHOLDER STRUCTURE · BANKING BUSINESS · REVENUE DIVERSIFICATION · GEOGRAPHICAL POSITIONING · CUSTOMER SERVICE LEVELS

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INTRODUCTION TO IBERCAJA BANCO

9th largest bank in Spain in terms of assets, with market share of 2.8% in customer loans and 3.0% in customer deposits as of Dec-2016.

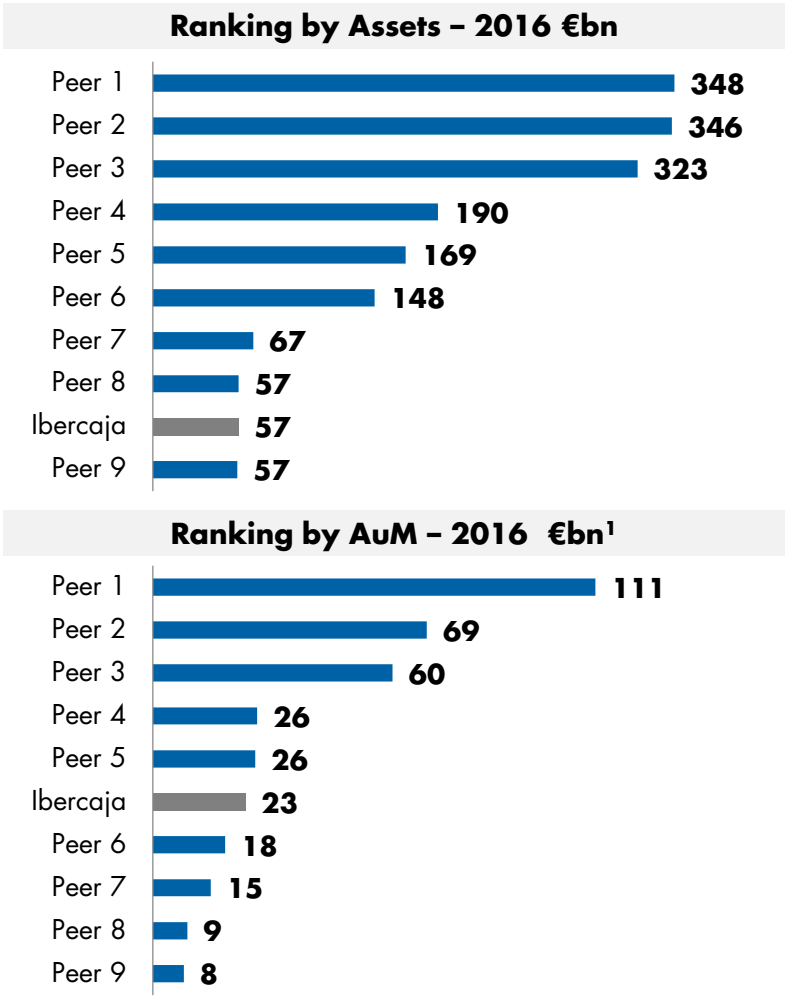
Acquired Banco Grupo Cajatres in July 2013.

6th largest domestic financial entity in asset gathering with €23bn in assets under management[1] and a total market share of 4.5% as of Dec-2016.

One of the four former savings banks (out of 45) that has not directly received any state aid.

Ibercaja has fully repaid €407mm of CoCos issued by Cajatres and subscribed by the Frob in March 2013, after Cajatres´ restructuring plan was approved.

CET1 Phased-In of 11.0%[2] (Dec-2016), vs. SREP decision of 7.25%, one of the lowest in Spain, as a result of Ibercaja's low risk profile.



Peer group includes Santander Spain, BBVA Spain, Caixabank, Popular, Bankia, Sabadell ex TSB, Bankinter, Unicaja, Kutxabank.
[1] Source: Inverco & ICEA; includes AuM managed by each bank, excludes third-party products.
[2] Pro forma, includes early redemption of €224mm of CoCos.

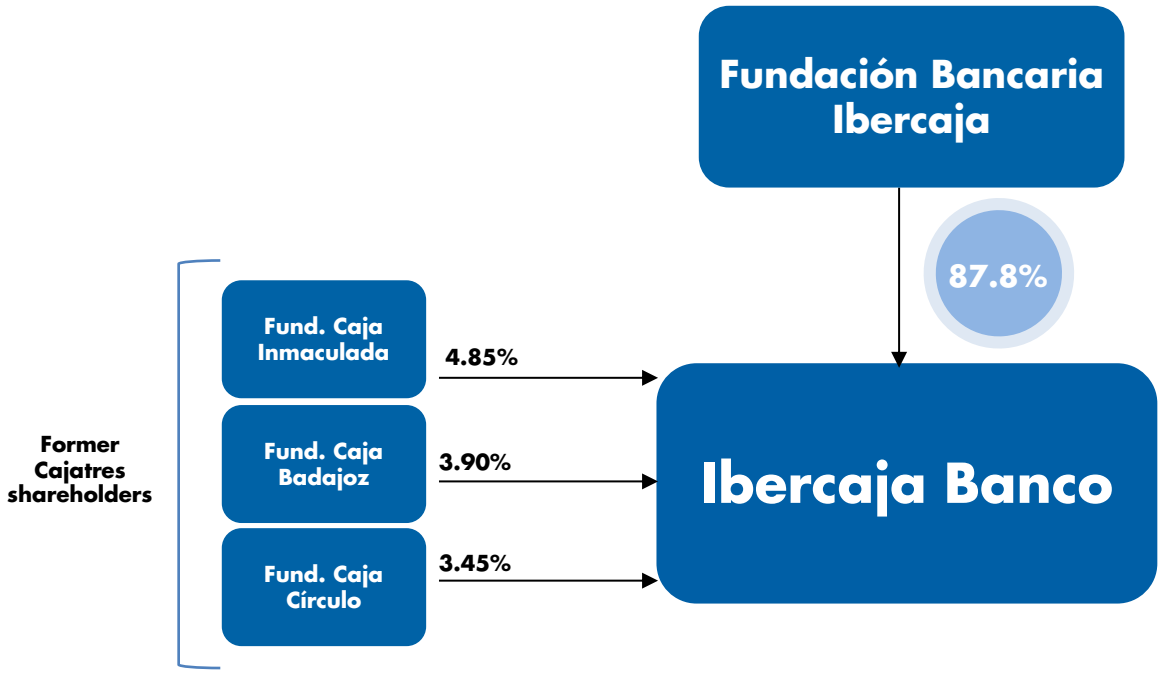
SHAREHOLDER STRUCTURE

The **main shareholder** of the bank, Ibercaja, became a **banking foundation** in June 2014.

By law, the Fundación Bancaria Ibercaja's stake in the Bank will have to be at least below 50% by February 2020. The Foundation has decided to IPO the Bank to achieve this target.

Our target is to be a listed company in the **next two years**.

Shareholders' Structure



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BANKING BUSINESS

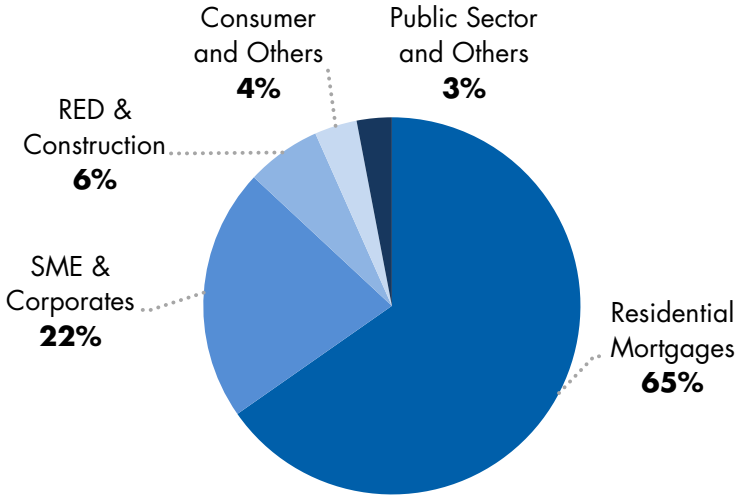
Ibercaja is a pure retail bank.

Specialist in first home retail mortgages and asset gathering.

- **One of the highest quality mortgage portfolio in the sector.**
- **Profitable and stable retail funds mix:** 80% of customer funds are in current accounts and asset gathering products.

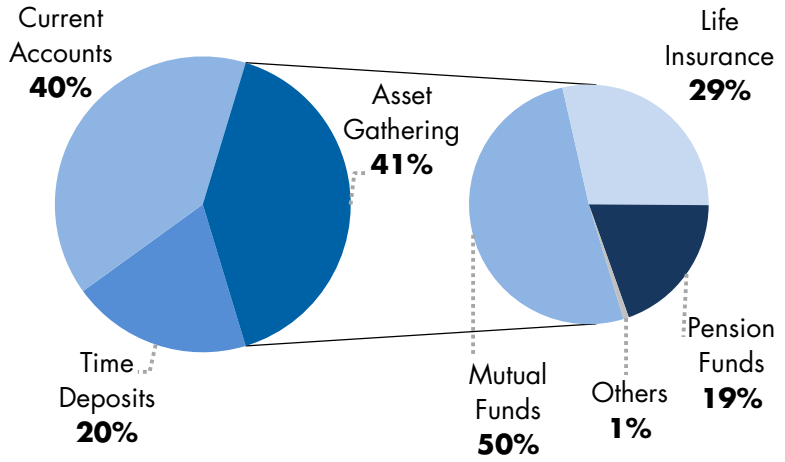
Growing focus in SME's, which already represent 22% of total lending.

Lending Split by Segment – 2016



Gross loans ex Repo:
€33.3bn

Customer Funds – 2016



Retail Customer Funds[1]:
€51.5bn

[1] Retail network distribution.

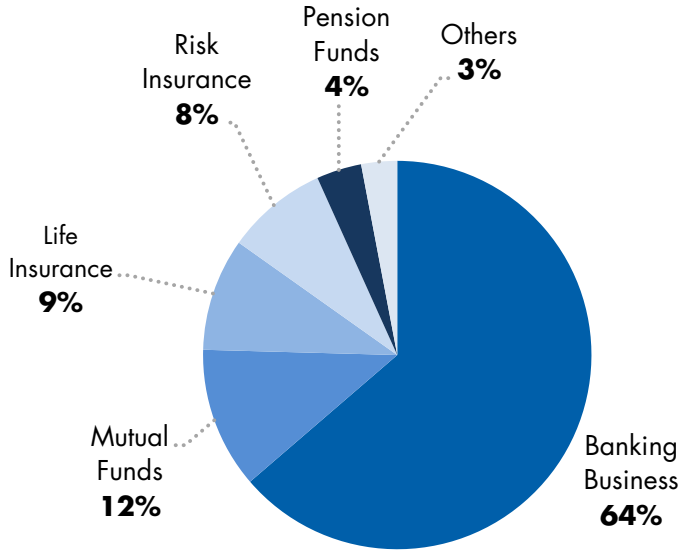
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REVENUE DIVERSIFICATION

Thanks to its positioning in asset gathering and risk insurance products, Ibercaja has a diversified revenue base with more than 30% of total revenues coming from activities other than banking business.

The contribution of asset gathering business and risk insurance products is **highly valuable in current environment of low interest rates and high volatility.**

Gross Margin Contribution[1] – 2016 €mm



[1]Excludes trading income and servicer sale gains.

GEOGRAPHICAL POSITIONING

Home Markets

Clear leadership in **Aragón (c. 40% market share),** La Rioja, Guadalajara, Burgos and Badajoz (≈15% market shares). These regions **represent 60% of Ibercaja's business volume.**

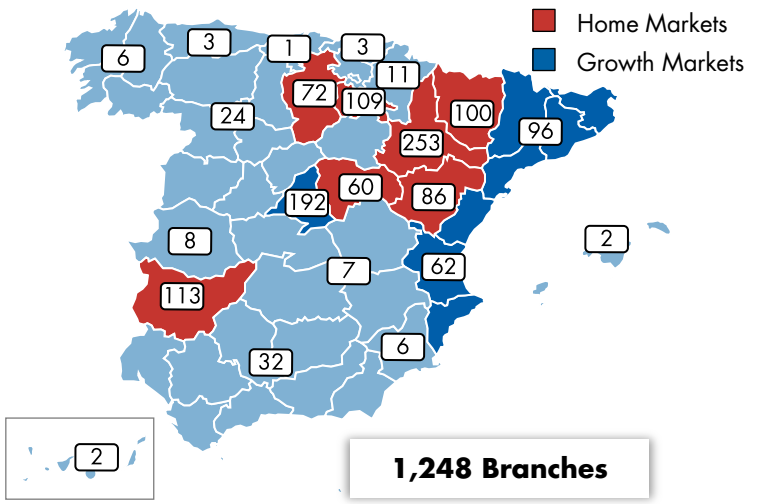
It is a source of stable funding: LTD of 62% with excess deposits of €8bn.

Growth Markets

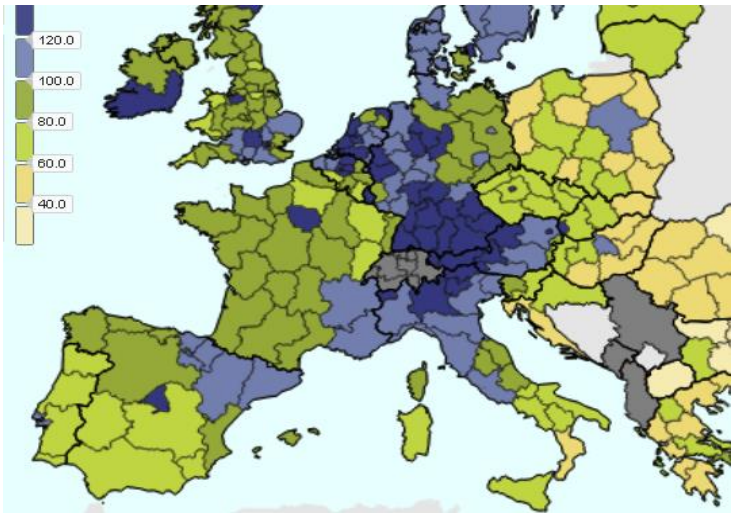
Throughout the 80's and 90's, the bank built a significant presence in **Madrid and the Mediterranean Basin**, key regions of the Spanish economy.

Well established footprint with 540,000 customers, €25.5bn of business volume and 350 branches. These regions represent 30% of Ibercaja's business volume.

Branch Network – 2016



GDP per Capita – 2014 Average EU28=100[1]



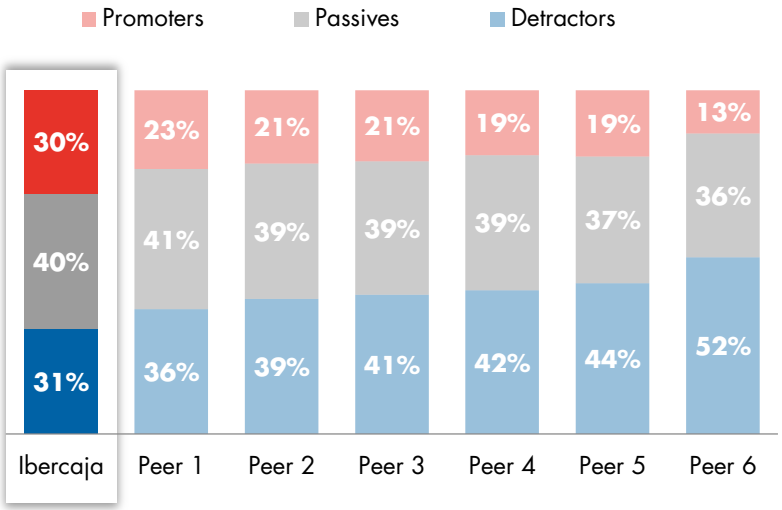
[1] Source: Eurostat

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LEADERSHIP IN CUSTOMER SERVICE LEVELS

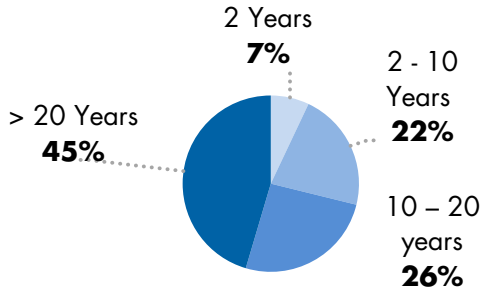
Ibercaja has achieved its position in these markets thanks to a **commercial model that has been certified by third parties and that provides best-in-class customer service levels.**

Net Promoter Score – 2016[1]

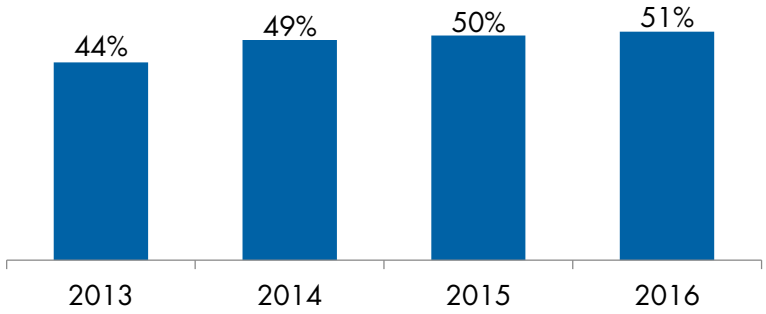


This customer-focused strategy has resulted in **an average customer relationship of 20 years, and high product penetration levels (Avg. No of products/services per client stands at 6.5).**

Average Relationship with Clients[2] - 2016



«Well Linked Clients» [2/3]



[1] Source: FRS INMARK for retail customers; Peers include Santander, Popular, BBVA, Caixabank, Sabadell & Bankia.
[2] Individuals
[3] A well linked client has, at least, payroll direct deposit, one saving or financing product, and one active debit/credit card.

IBERCAJA'S KEY INVESTMENT HIGHLIGHTS

IBERCAJA FINANCIAL GROUP · CAJATRES ACQUISITION · STRONG FUNDAMENTALS

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IBERCAJA'S KEY INVESTMENT HIGHLIGHTS



1. Ibercaja Financial Group: A Source of Diversified and Recurring Revenues



2. Cajatres Acquisition: Further Potential for Synergies Generation



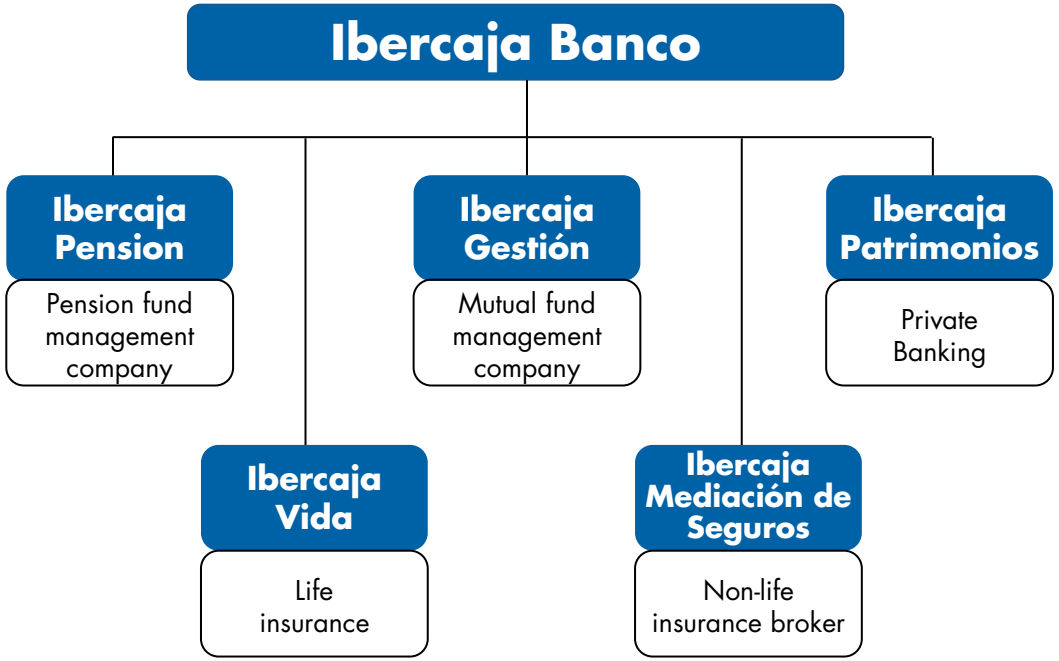
3. Strong Fundamentals: Asset Quality, Liquidity, Funding and Solvency

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IBERCAJA FINANCIAL GROUP: A SOURCE OF DIVERSIFIED AND RECURRING REVENUES

Ibercaja Financial Group consists of a group of companies specialized in mutual funds, pension plans, bancassurance, private banking, renting and leasing.

- ☑ **Established in 1988**
- ☑ **100% Ownership**
- ☑ **Managing €24.9bn[1] of assets**
- ☑ **AuM CAGR >12% since 2002**
- ☑ **Gross Margin reached €324mm in 2016**
- ☑ **Significant market share (4.5%)**



[1] Mutual Funds, Pension Funds and Insurance Products managed or intermediated by Ibercaja. Includes Private Banking managed portfolios.

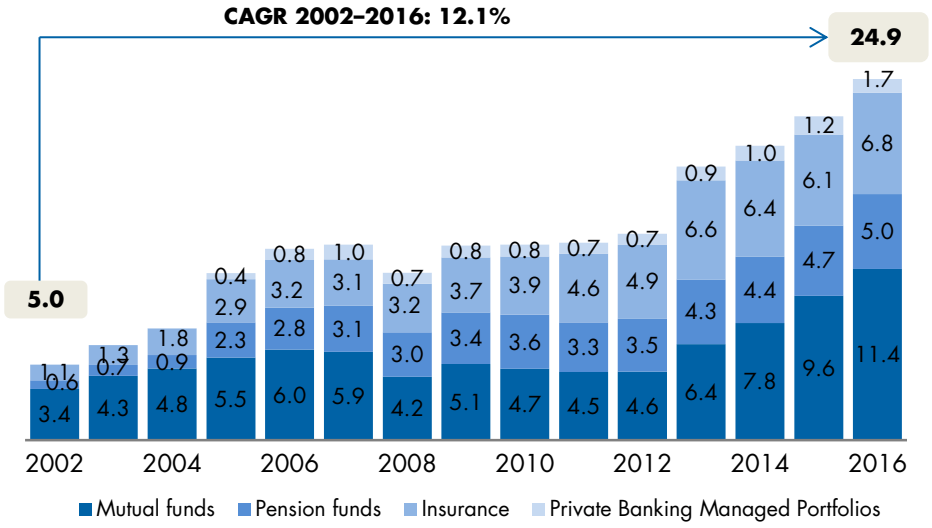
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IBERCAJA FINANCIAL GROUP: A SOURCE OF DIVERSIFIED AND RECURRING REVENUES

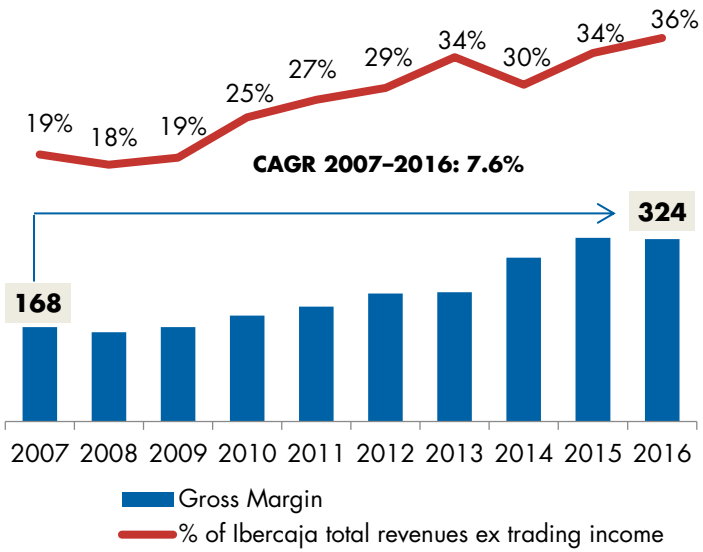
Ibercaja has achieved its positioning in asset gathering thanks to **being one of the first banks in Spain to offer these products which are now fully integrated in the commercial offer of the Bank.**

- Ibercaja Pension was awarded in 2016 as the **best national pension fund manager** in Spain **by "Expansión-Allfunds".**
- Ibercaja Gestión has achieved a **12% market share in new entries to mutual funds in 2016.**

Ibercaja AuM Evolution[1] – €bn



Ibercaja Financial Group Gross Margin[2/3] - €mm



[1] Includes Mutual Funds, Pension Funds and Insurance Products managed or intermediated by Ibercaja.
[2] For the period 2007-2013, only considers Ibercaja Banco standalone.
[3] Includes accounting gross margins of the companies and distribution fees paid to Ibercaja Banco . Excludes trading income.

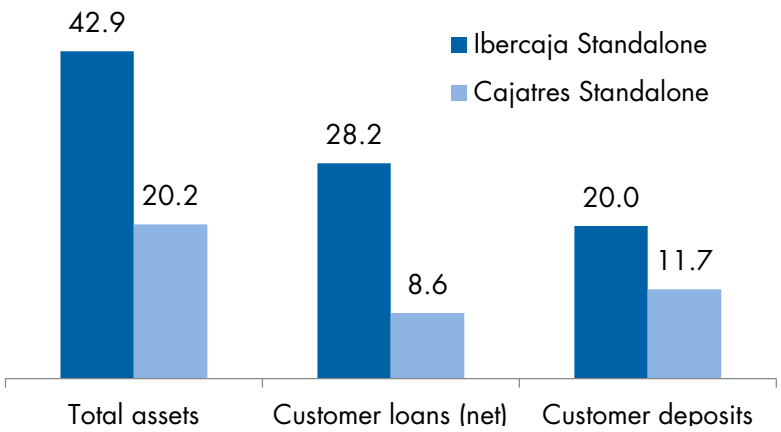
EXTRACTING SYNERGIES FROM CAJATRES ACQUISITION

On July 2013, Ibercaja Banco acquired Cajatres. The legal, commercial and technological integration was fully completed in October 2014.

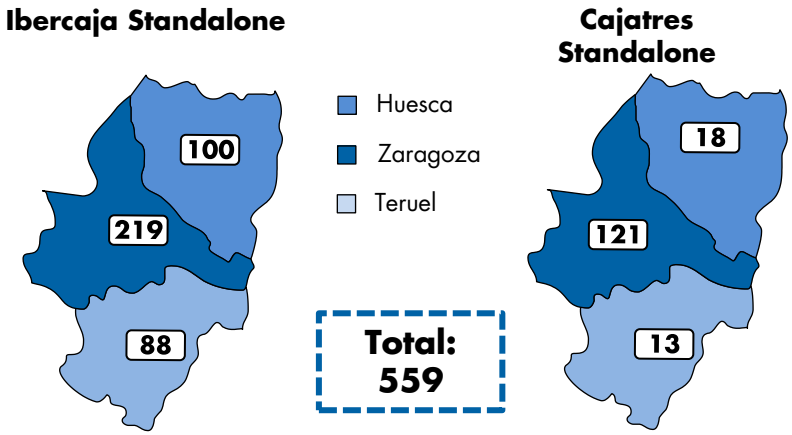
Strategic rationale of the acquisition of Cajatres:

- Cajatres was the **2nd player in Aragón** with a market share of c. 15%, allowing Ibercaja to reach an undisputable leadership, with a **combined market share of 40%**
- **Strong cost and revenue synergies potential** due to a large geographic overlap in branches in Aragón and the implementation of Ibercaja's commercial best practices
- The acquisition allowed Ibercaja to **move from 15th to current 9th place** in the Spanish financial system

Balance Sheet 2013 - €bn



Branch Network in Aragón - 2013



EXTRACTING SYNERGIES FROM CAJATRES ACQUISITION

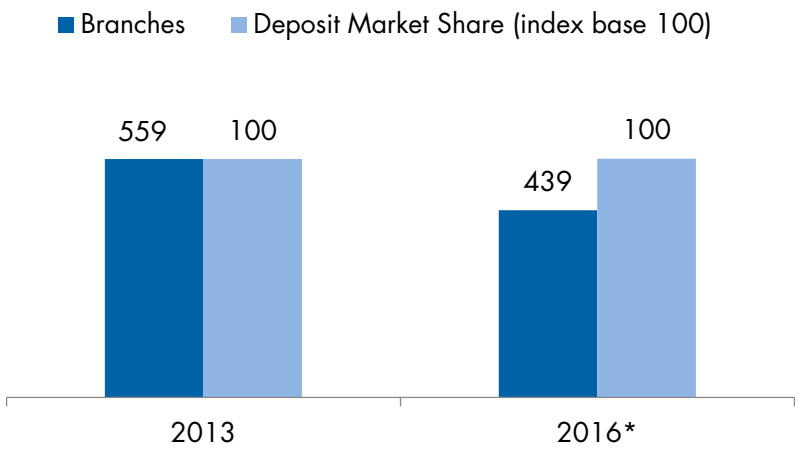
Strong execution of Cajatres integration:

- Ibercaja has been able to **maintain its deposit market share in Aragón** despite the strong adjustment of the branch network (-120 branches, representing 79% of acquired branches in the region).
- Implementation of Ibercaja's commercial model in Cajatres is having positive results with **sound improvement in key product penetration levels and client linkage**.

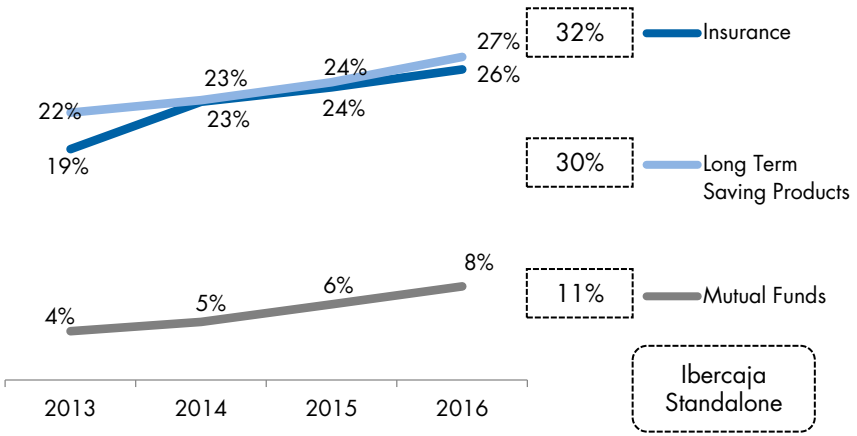
Ibercaja reaffirms its target of reducing its total cost base by €171mm (23% of the integrated cost base), announced after Cajatres acquisition

- In 2016 Ibercaja has achieved 70% of total cost reduction[1]

Evolution in Aragón



Product Penetration - Cajatres Standalone

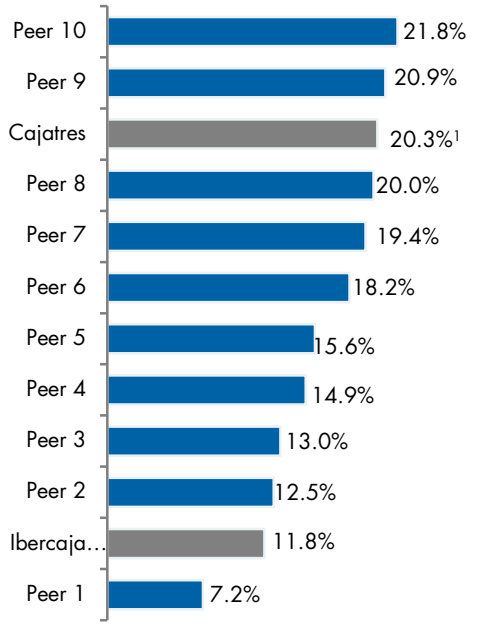


[1] Excluding Aktua agreement costs. In February 2016, Ibercaja announced the sale of its real estate servicer subsidiary (Salduvia) to Aktua. Ibercaja also signed a long-term strategic alliance with Aktua to manage and sale these assets.
* Market share as of Sept-2016, last data published.

STRONG FUNDAMENTALS: LOW RISK PROFILE CERTIFIED BY THIRD PARTIES

Expected loss under OW adverse scenario

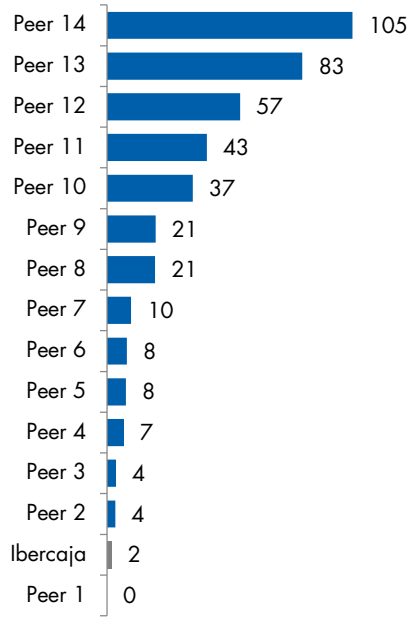
2012



Ibercaja had the 2nd lowest expected loss ratio in the Oliver Wyman stress test adverse scenario

AQR Impact - CET1 b.p.

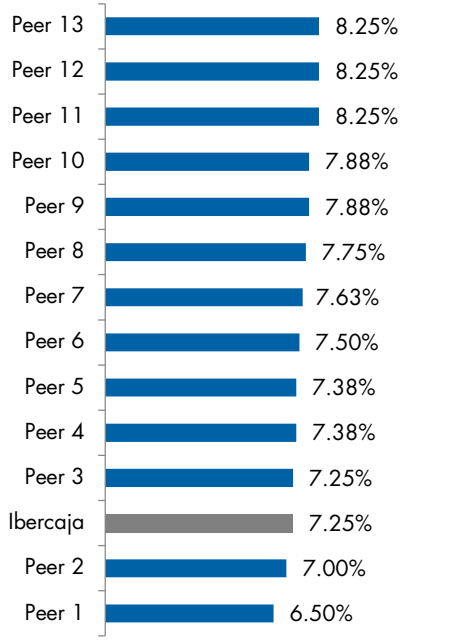
2014



European AQR highlighted the quality of Ibercaja Banco loan portfolio, its high standards of provisioning and its strict policy for categorising and identifying risks within its portfolio.

SREP Decision

2016



SREP requirement of 7.25% is one of the lowest in the Spanish banking system

[1] Before the integration Cajatres transferred to SAREB real estate assets amounting €2.2bn reducing the risk profile of the integration (February 2013)

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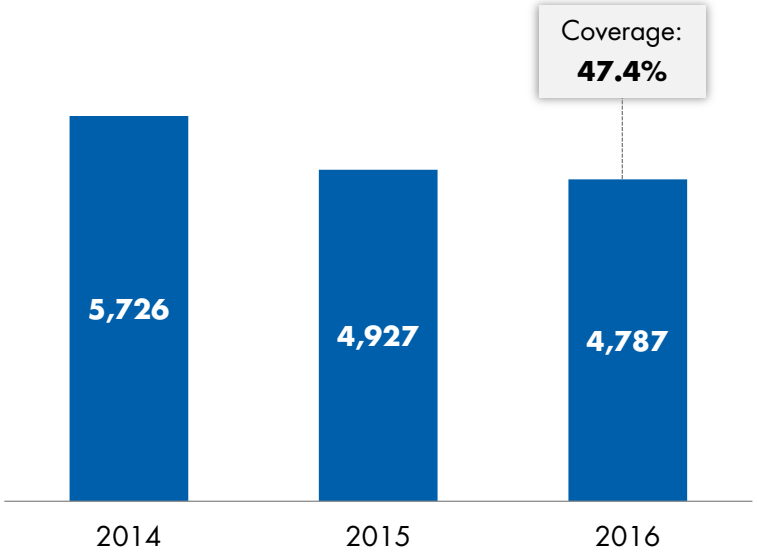
STRONG FUNDAMENTALS: SUPERIOR ASSET QUALITY

Stock of problematic assets (doubtful loans and foreclosed assets) decreases 16% since 2014 or €939mm. Coverage of problematic assets stands at 47%.

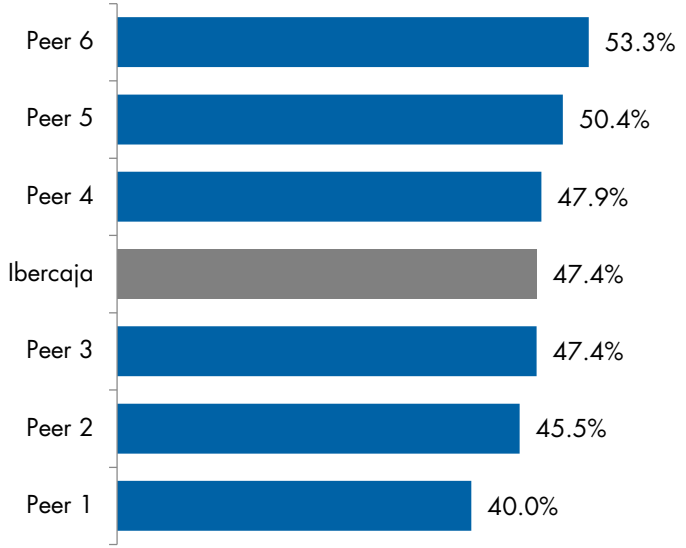
Gross exposure to the real estate sector, which includes all the loans to the sector and foreclosed assets, **falls 26%** or €1,382mm since 2014.

NPL ratio stands at 8.9%, 25 b.p. below the system average.

Stock of Problematic Assets – €mm Gross



Coverage Ratio[1] – 2016



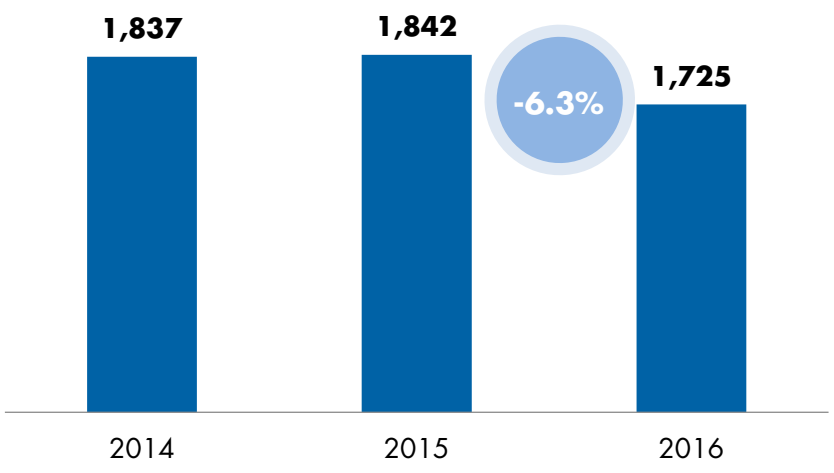
[1] Peer Group includes Caixabank, Popular, Sabadell, Bankia, Bankinter and Liberbank. Excludes floors provisions.

STRONG FUNDAMENTALS: DECLINING STOCK OF FORECLOSED ASSETS

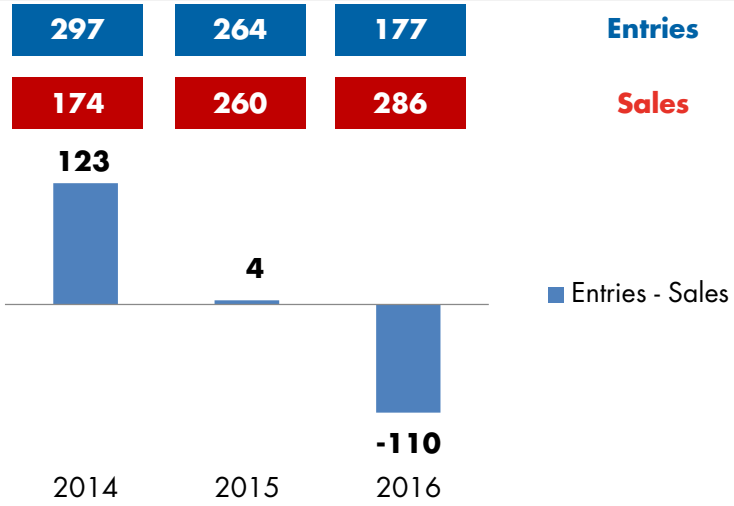
The pickup of asset sales and the reduction in gross entries allows for the reduction of the stock of foreclosed assets (-6% since 2014).

- **Foreclosed asset sales have increased 64% since 2014** while new entries have fallen by 40%.
- **Since 2014 Ibercaja has sold land amounting €130mm** with no impact in P&L.
- **Coverage ratio stands at 52%** as of 2016, among the highest in the sector.
- In February 2016 Ibercaja signed a **strategic alliance with Aktua** to further accelerate asset sales.

Foreclosed Assets – Gross Book Value €mm



Entries and Sales – €mm

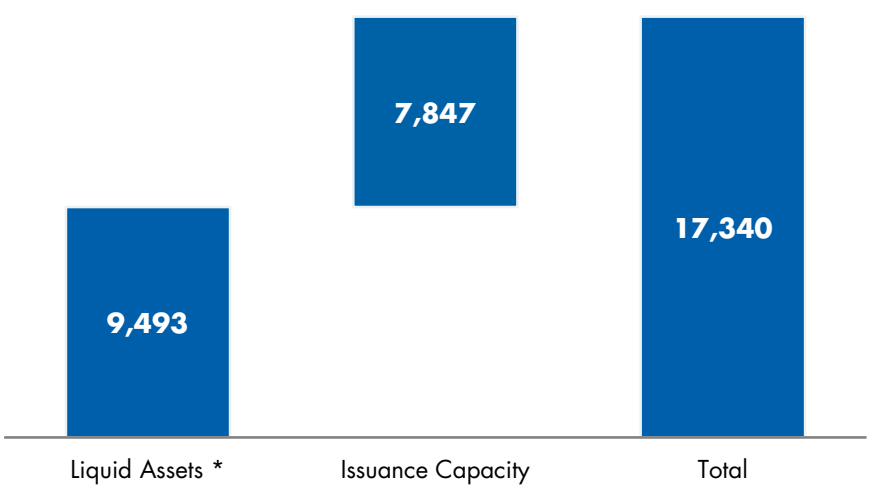


STRONG FUNDAMENTALS: SOUND LIQUIDITY POSITION

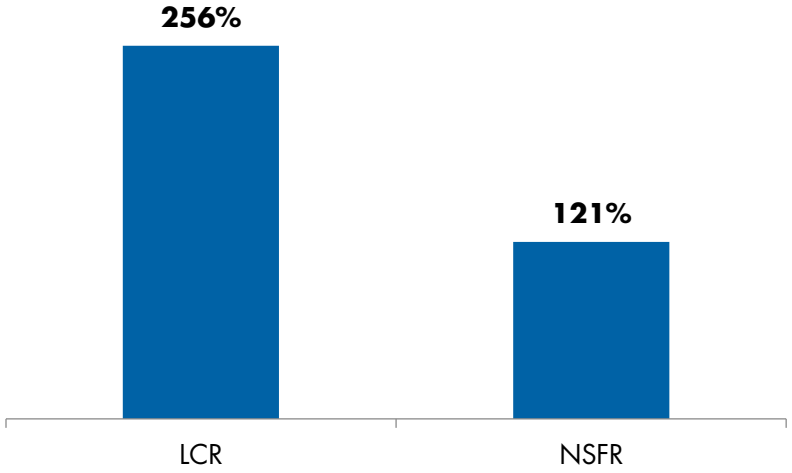
Sound Liquidity Position:

- **Available liquid assets stand at €9,493mm** (17% of assets).
- Regulatory liquidity ratios (LCR and NSFR) comfortably above minimum requirements.

Liquidity Position – €mm



Liquidity Ratios – 2016



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

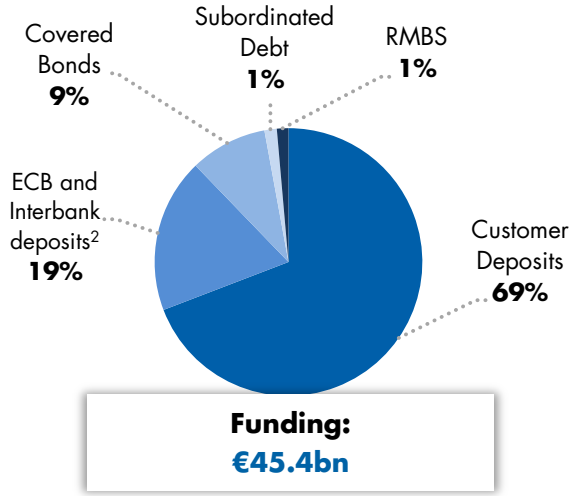
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STRONG FUNDAMENTALS: SOLID FUNDING STRUCTURE

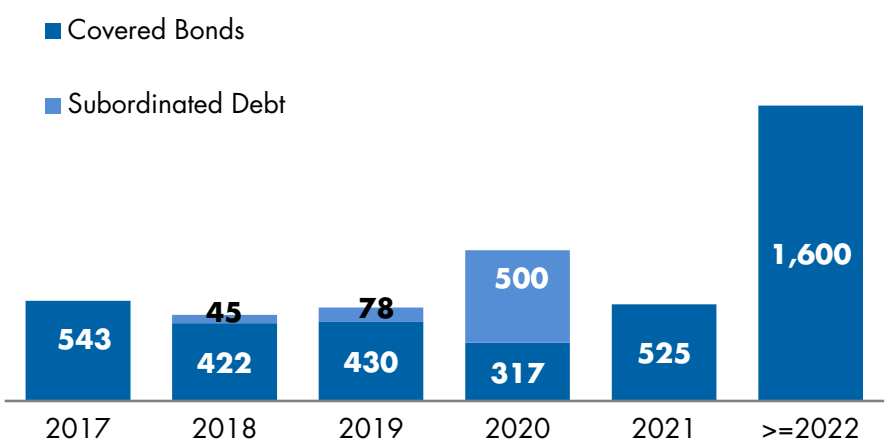
Well diversified funding structure :

- **Loan to deposits** ratio reaches **97.8%**[1].
- **Customer deposits** represent **69% of total funding.**
- ECB: 3,372Mn€ (5.9% of total assets), 100% TLTRO II.
- **No significant concentration** in institutional funding **maturities** (below 1.5% of assets every year).

Funding Structure – 2016[3]



Maturity Profile[3] – €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.
[3] Pro forma, including early redemption of €224mm of CoCos.

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STRONG FUNDAMENTALS: SREP DECISION AND COCOS REDEMPTION

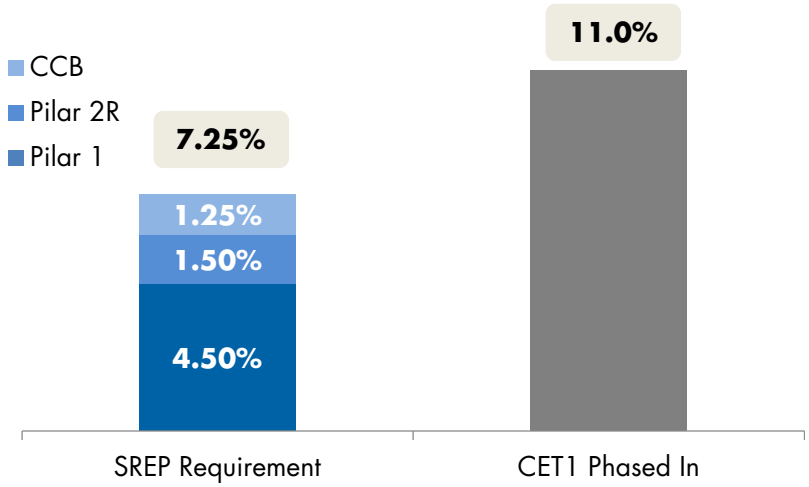
CET1 Phased In ratio stands at 11%[1] vs. SREP requirement of 7.25%.

- **Ibercaja has amortized €407mm of CoCos without selling strategic assets or increasing capital.**

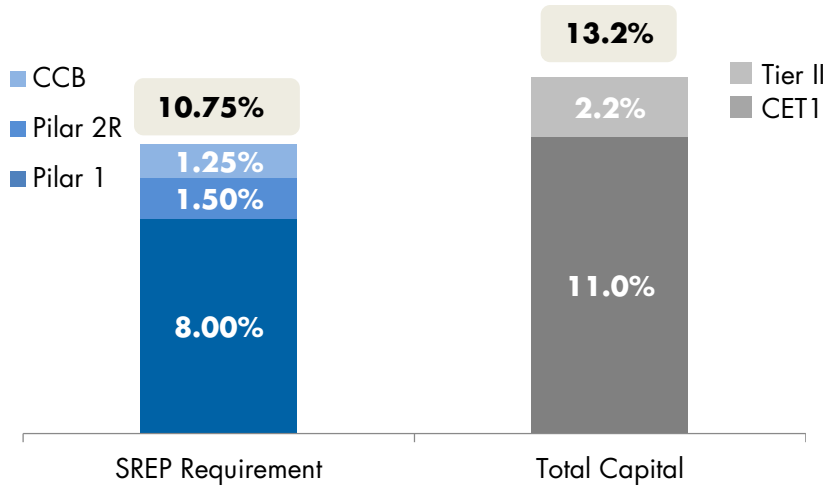
Total Capital ratio is 13.2% vs. SREP requirement of 10.75%.

- **Proven access to capital markets:** On July 2015 Ibercaja Banco completed an **issuance of Tier II debt** totaling €500mm. With this transaction the Bank fulfilled the bucket set by Basel III regulation.

CET1 Phased In – 2016[1]



Total Capital Phased In – 2016[1]



[1] Pro forma, includes early redemption of €224mm of CoCos.

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STRONG FUNDAMENTALS: CONSTANT PROGRESS IN CAPITAL GENERATION AND HIGH RWA DENSITY

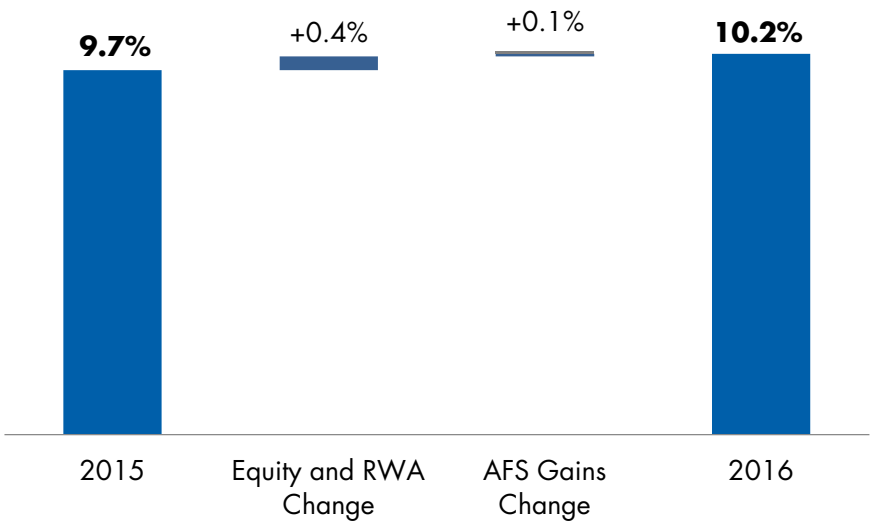
CET1 Fully Loaded ratio – ex CoCos – stands at 10.2%.

- Sound organic capital generation since launching our strategic plan: +90 b.p. (ex AFS gains changes).

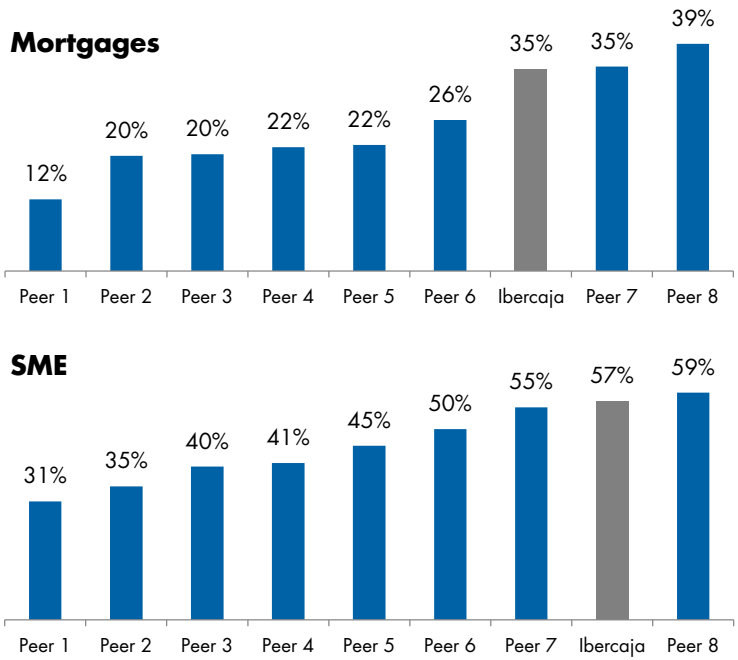
RWA / TA stands at 40.4%, applying standard methodology calculation.

- High RWA density, considering Ibercaja business model and asset quality levels.

CET1 Fully Loaded[1] – %



RWA/ Exposure [2]



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

UPDATE ON OUR 2015-2017 STRATEGIC PLAN

POSITIONING · ASSET QUALITY· SOLVENCY · PROFITABILITY

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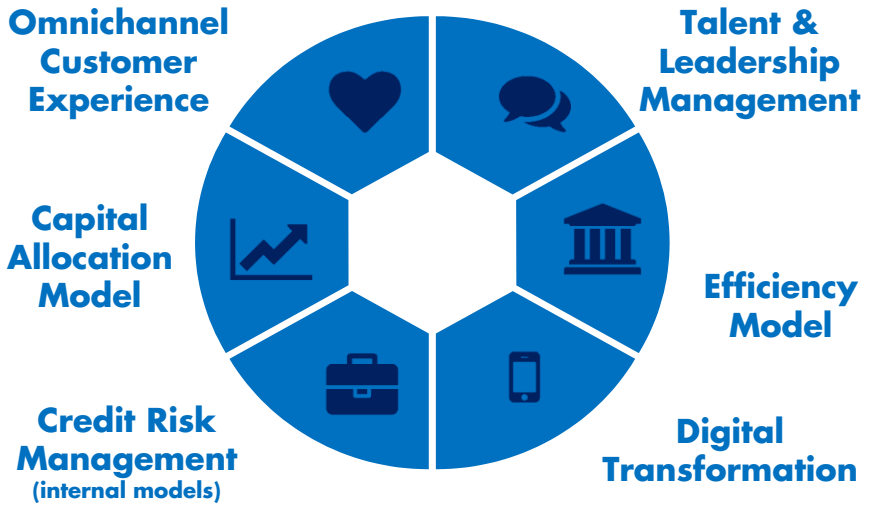
STRATEGIC PLAN 2015-2017: IMPROVING RECURRING PROFITABILITY WHILE TRANSFORMING THE BANK

Our Strategic Plan 2015-2017 was launched in March 2015 when the management team of Ibercaja Banco was renewed.

Focus on improving recurring profitability while adapting the bank to a new environment.

Focus on Profitability	
Revenues	1. Personal/Private banking 2. SME banking 3. Cajatres commercial model 4. Bancassurance
Costs	5. Network & Headquarters restructuring
Risk Management	6. NPA reduction

Transforming the Bank





The Strategic Plan is the roadmap to achieve a successful IPO

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UPDATE ON OUR STRATEGIC PLAN 2015-2017



Positioning



Asset Quality



Solvency



Profitability

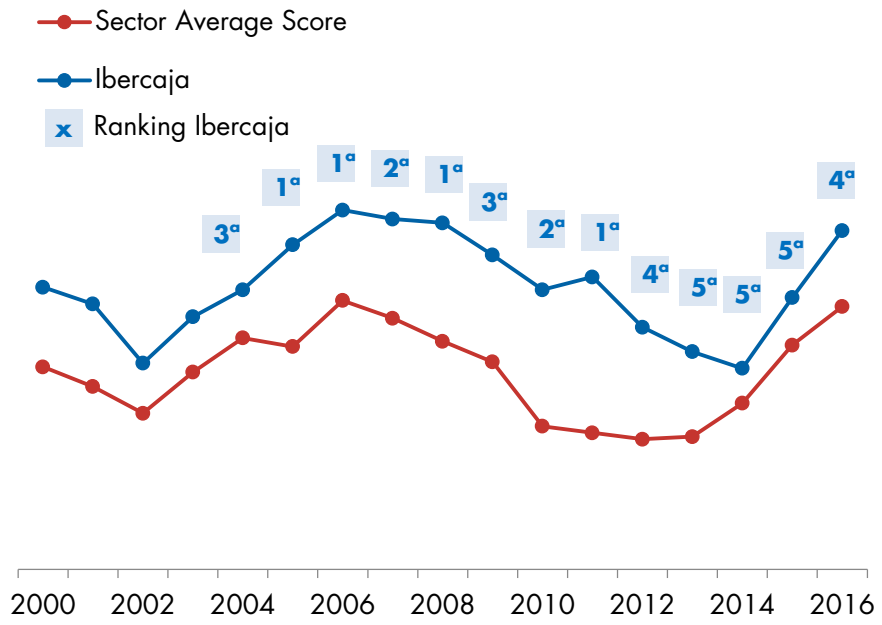
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OUTSTANDING EVOLUTION IN QUALITY SERVICE LEVELS

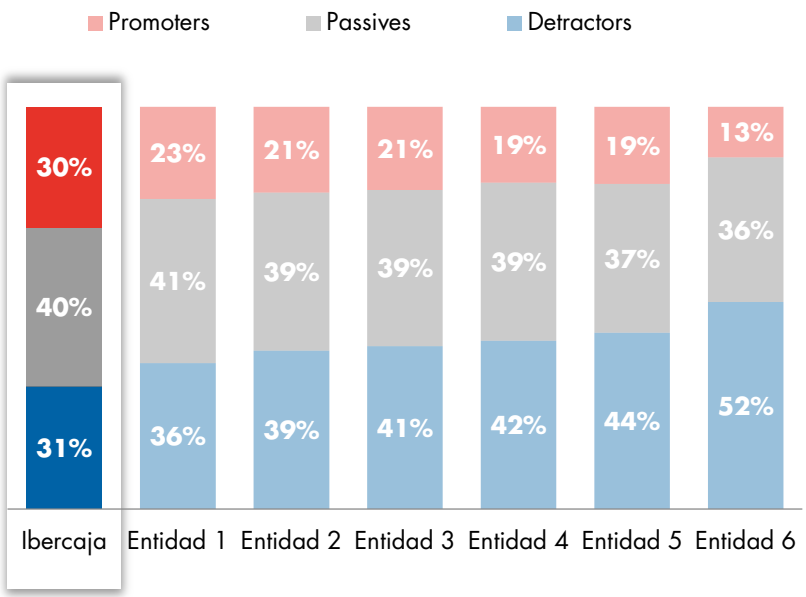
Customer centric approach, with a clear focus in customer experience, allows Ibercaja to maintain its leadership in customer service levels.

Ibercaja registers the best evolution within the sector in the quality index of STIGA[1] and in the Net Promoter Score analysis elaborated by FRS Inmark[2].

Mystery Shopping - IQUOS[1]



Net Promoter Score – 2016[2]



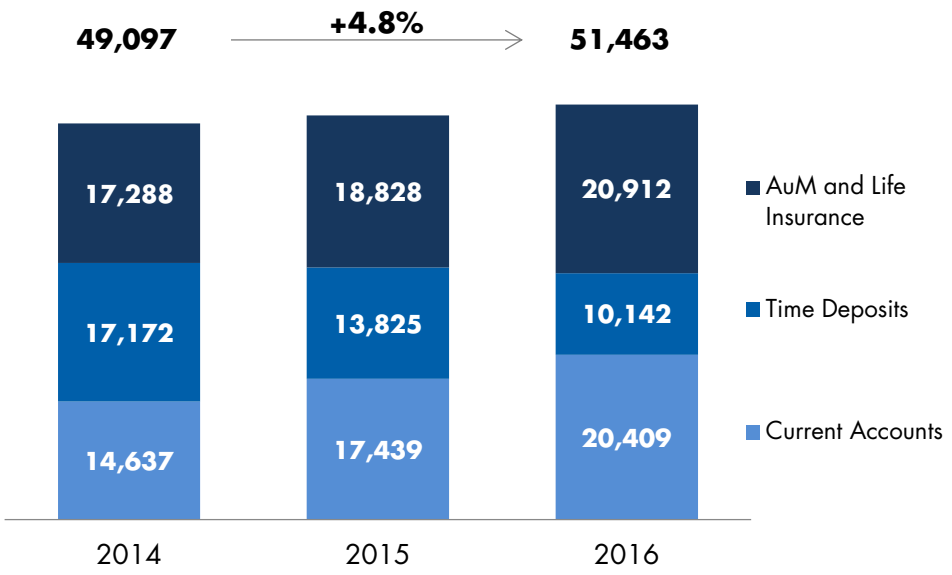
[1] Source: STIGA; Domestic entities with national presence
[2] Source: FRS INMARK for retail customers; Peer group includes Santander, Popular, BBVA, Caixabank, Sabadell and Bankia.

OUTSTANDING EVOLUTION IN ASSET GATHERING

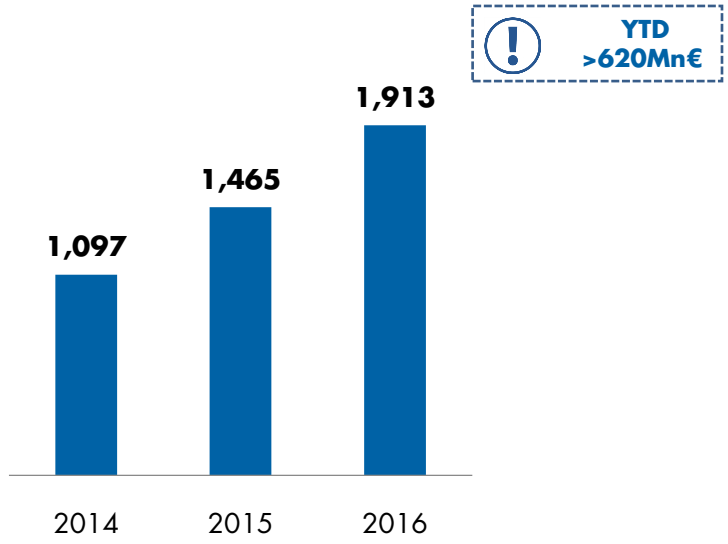
Since 2014 Ibercaja has achieved a remarkable improvement in its customer funds structure, with a more profitable mix:

- Time deposits have decreased 41% or €7,031mm and account for just 20% of customer funds.
- AuM (mutual and pension funds) and life insurance products grow 21% since 2014 or €3,625mm representing 41% of total customer funds (vs 35% two years ago). In 2016, new entries amounted to €1,900mm, a new yearly record for the group.
- Current accounts have increased €5,772mm, +39%.

Customer Funds – €mm



Net New Money AuM and Life Insurance – €mm



Branch Network data.

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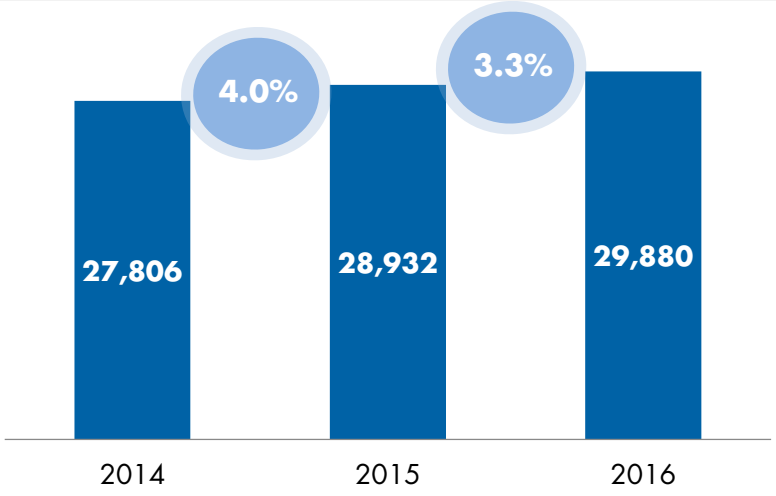
OUTSTANDING EVOLUTION IN ASSET GATHERING: PERSONAL BANKING

Personal banking project is run by 430 full time specialized advisors (vs. 247 in 2014) in addition to branch managers, that offer a personalized solution to more than 171,900 customers. These customers represent 54% of total customer funds.

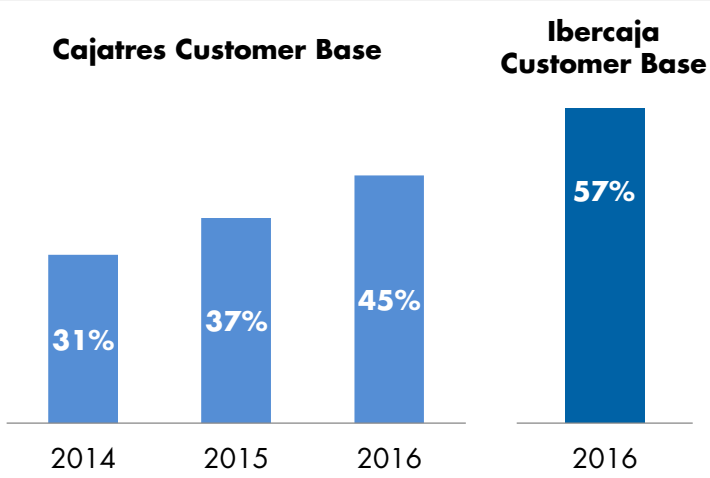
AENOR conform Asesoramiento Patrimonio Personal

- **Total customer funds and securities** rise **7.5% since 2014** to €29,880mm. AuM, life insurance products and securities represent 55% of total funds.
- **Strong progress implementing personal banking model in Cajatres customer base**: the % of AuM, life insurance products and securities already stands at 45%.

Customer Funds and Securities – €mm



% of AuM, Life Insurance Products and Securities



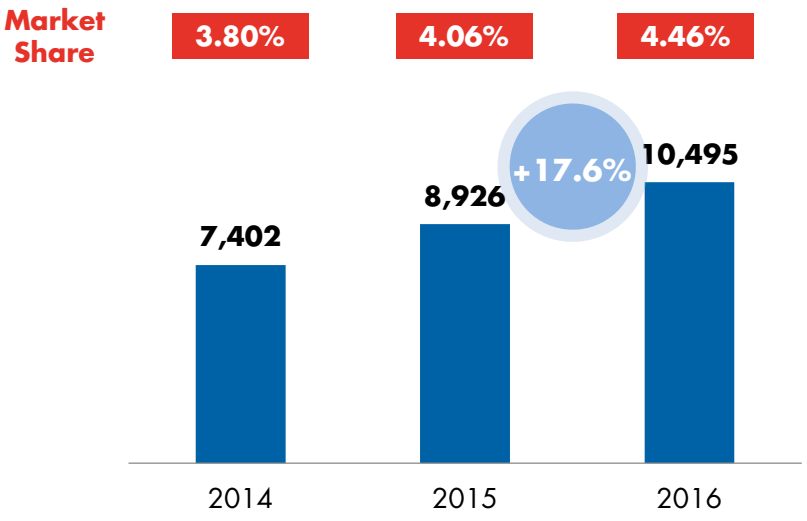
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OUTSTANDING EVOLUTION IN ASSET GATHERING: MUTUAL FUNDS

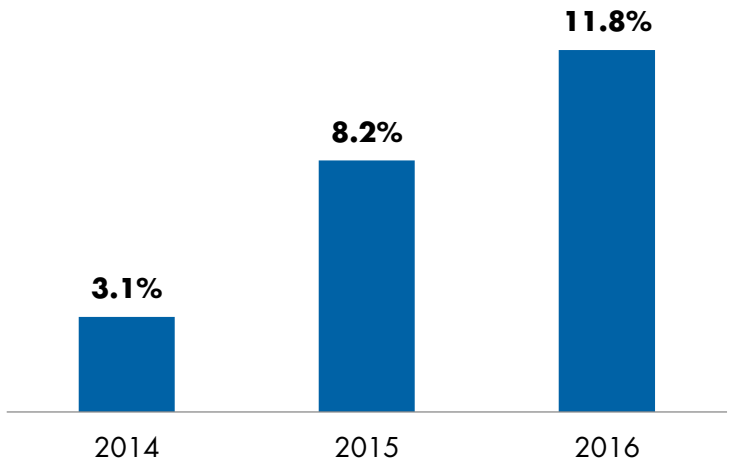
Outstanding market share evolution in mutual funds, with an increase of 66 b.p. since 2014.

- **Assets under management rise 42%** since 2014.
- Net new money amounts to €1,656mm in 2016, achieving a **≈12% market share in new entries in Spain**.

Assets under Management – €mm



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



Source: Inverco; [1] Ibercaja Gestión

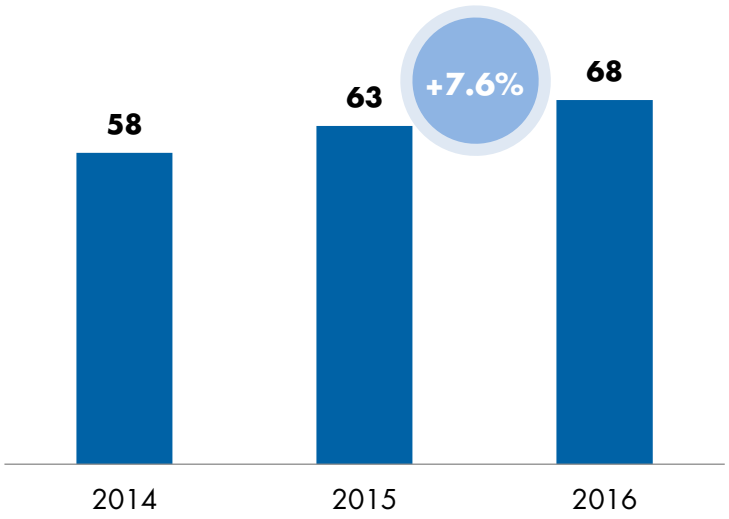
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...AND IN RISK INSURANCE PRODUCTS

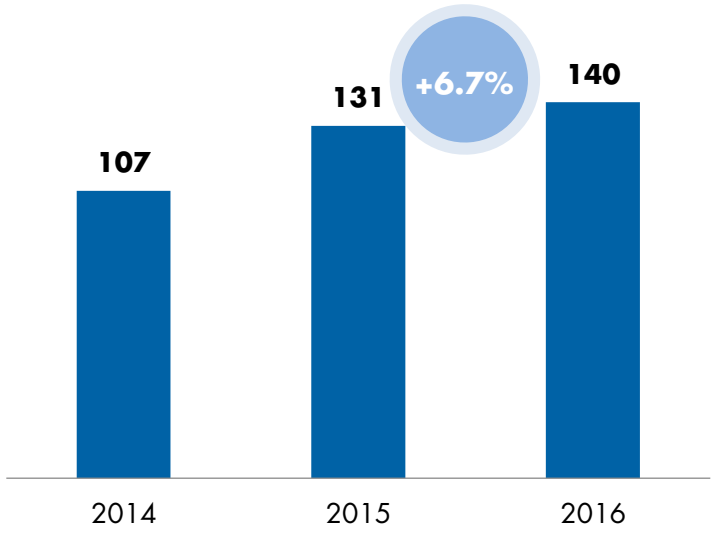
Strong momentum in life risk and non-life insurance products distribution:

- Since 2014, **premiums coming from life and non-life risk insurances[1] have increased 26% or €43mm.**
- **Total risk insurance products account for 8% of Ibercaja's recurring gross margin.**

Life Risk Insurance Premiums – €mm



Non-Life Insurance Premiums[1] – €mm



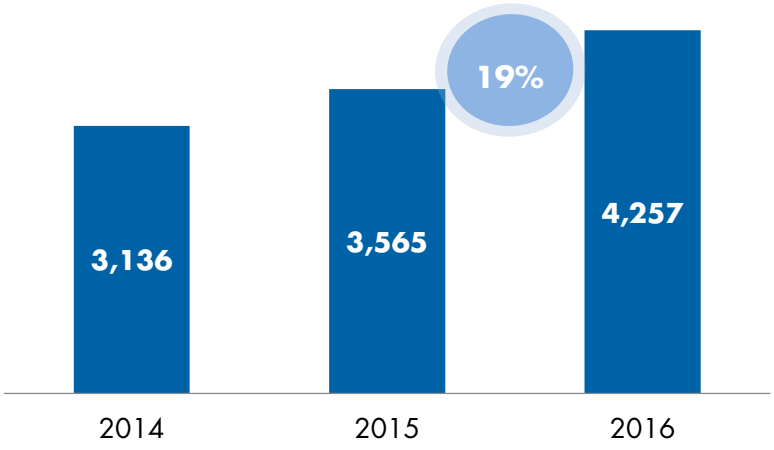
[1] Strategic alliance with CASER

SME PROJECT DRIVES LENDING RECOVERY

SME Project, which is run by 492 full time specialized employees (vs. 419 en 2014), concentrates more than 80% of the growth in loans to non-real estate companies.

- The **number of targeted customers** rises **21% YoY** to more than 24,600.
- **Performing loans** increases **19% YoY** to €4,257mm.
- **80% of new lending in 2016 was granted to previously linked customers.**
- **Special focus in working capital financing,** that grows **28.4% YoY.**
- **Risk insurance premiums** progress **17% YoY.**
- Opening of **5 business centres** in Madrid (2), Zaragoza, Barcelona and Valencia.

Performing Loans - €mm



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

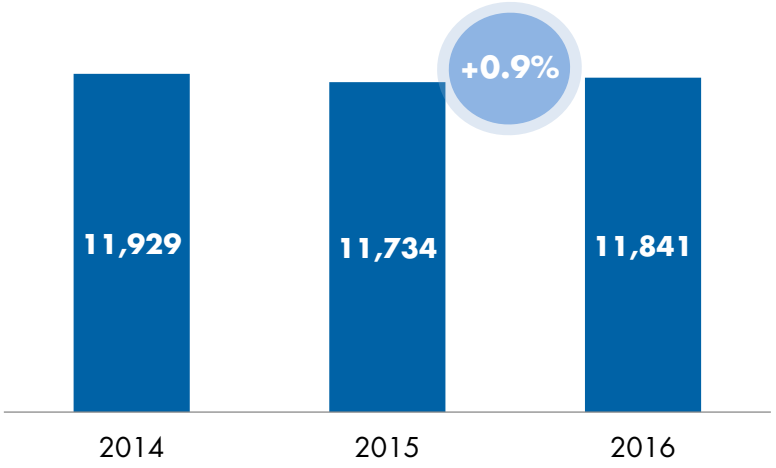
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A WELL ESTABLISHED PLATFORM IN KEY REGIONS OF THE SPANISH ECONOMY

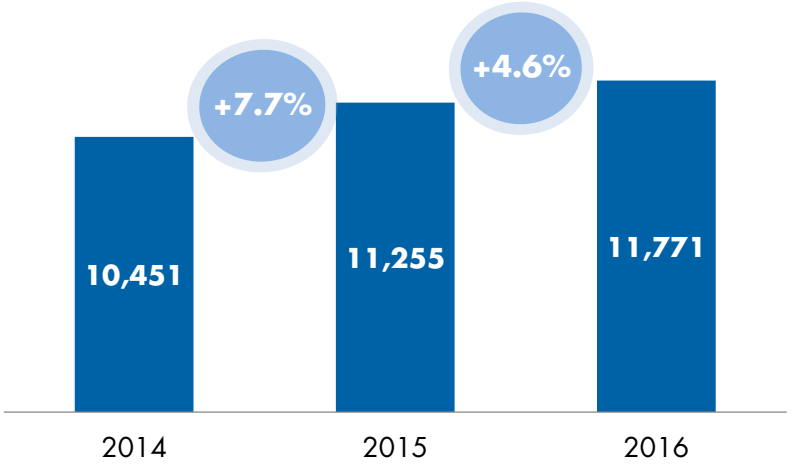
Ibercaja is proving its ability to grow in Madrid and Mediterranean Basin:

- Ibercaja has launched **regional strategic plans** to further strengthen its positioning in these markets.
- **Performing loans excluding real estate companies are already growing, at 0.9% YoY**. These two regions represent 48% of new lending in 2016.
- **Customer funds grow 13% since 2014 or €1,320mm.**
- **Business volume per employee stands at €17.8mm,** 5% below home markets levels.

Performing Loans ex Real Estate in Growth Markets – €mm



Customer Funds in Growth Markets– €mm



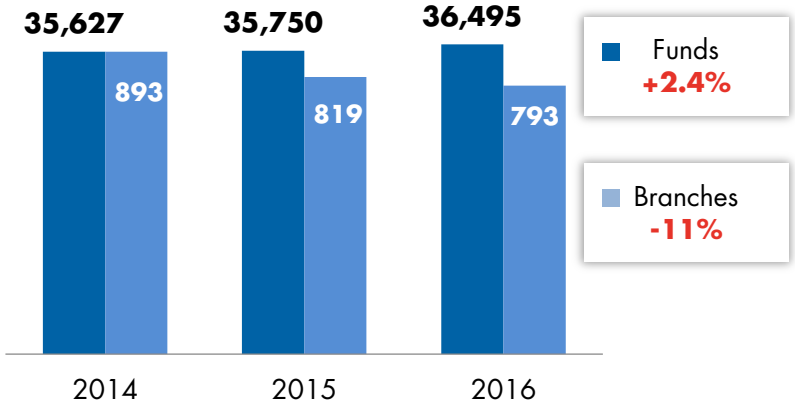
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OPITMIZING OUR POSITIONING IN HOME MARKETS

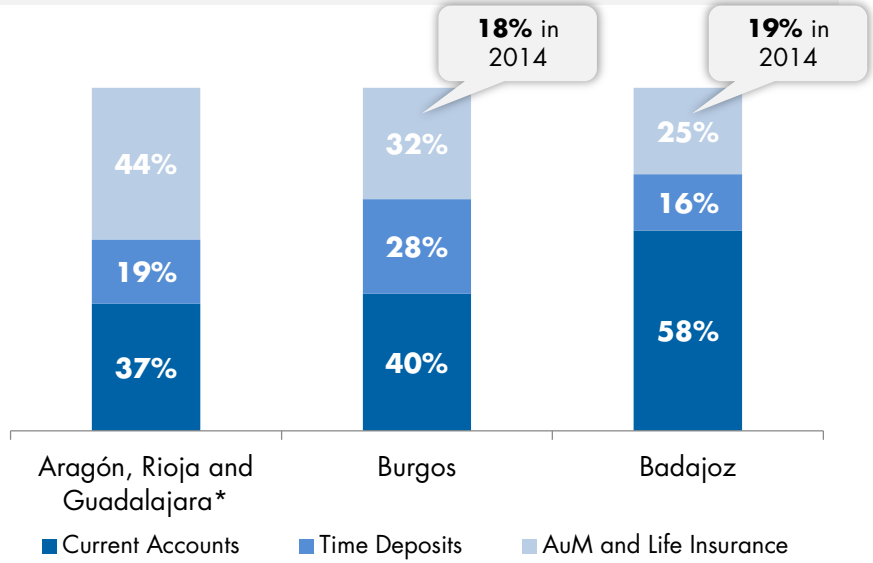
Ibercaja reinforces its leadership in its Home Markets:

- **Customer funds grow 2.1% YoY** and +2.4% since 2014, despite a 11% adjustment in the number of branches in the last two years.
- **Continuous improvement in customer funds mix** in those regions coming from Cajatres acquisition (Burgos and Badajoz).
- Ibercaja launches **Plan + Burgos** to strengthen its positioning in the region.

Funds and Structure Home Markets – €mm



Customer Funds Mix - 2016



* Original Ibercaja Home Markets

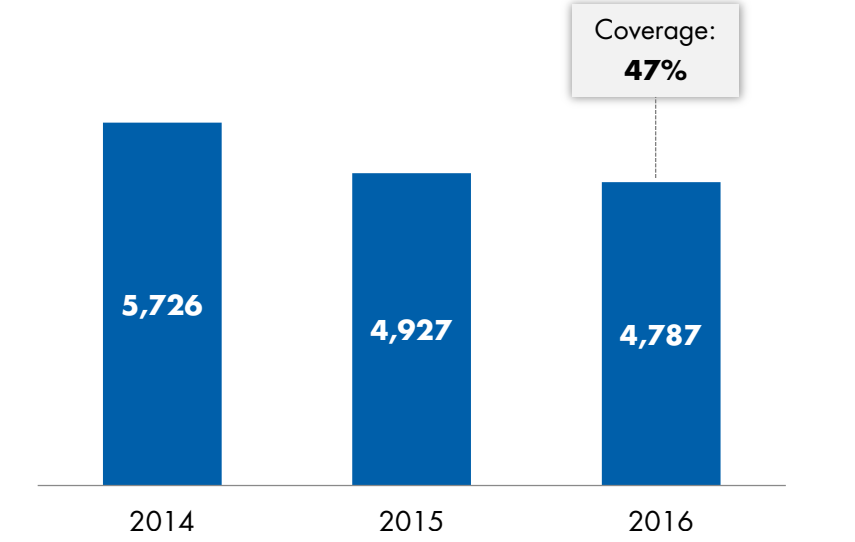
CONTINUOUS REDUCTION IN NON PERFORMING ASSETS

Problematic assets (NPL´s and repossessed) fall 16% or €939mm since 2014. Coverage ratio of these assets stands at 47%.

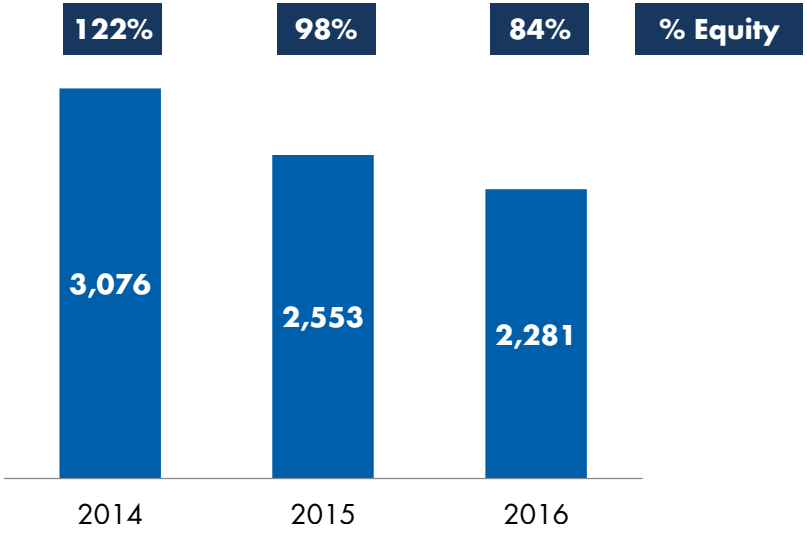
Net exposure to real estate assets (credit and foreclosed assets) has decreased €795mm, 26% lower since 2014.

- Exposure to real estate assets currently stands at 84% of equity, close to reaching the target set for 2017 year end (<75%).

Gross Problematic Assets – €mm



Net RED Exposure – €mm



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CONTINUOUS REDUCTION IN NON PERFORMING ASSETS

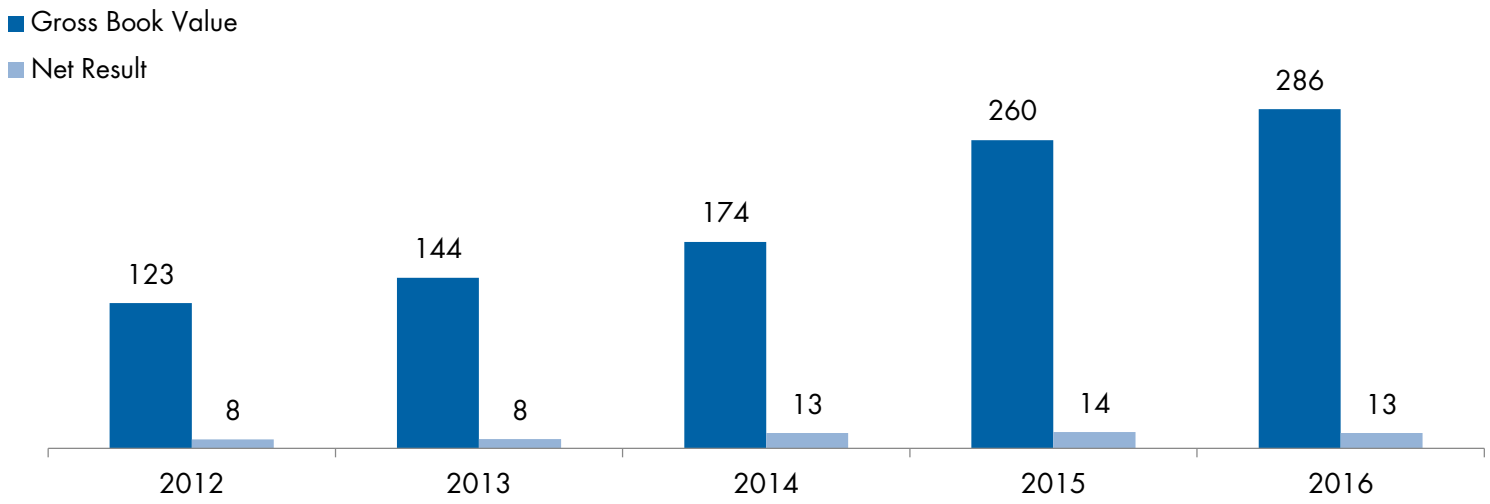
Foreclosed assets fall 6.3% in 2016, benefiting from a significant reduction of new entries (-40% since 2014) and the increase of sales (+64% in two years).

- Positive macroeconomic evolution and the Aktua strategic alliance should allow for further reduction of the stock in coming quarters.

Coverage ratio stands at 52%.

- Coverage levels allow for a **€27mm net positive result** in asset sales since 2014.
- **Since 2014 Ibercaja has sold land amounting €130mm with no impact in P&L.**

Foreclosed Assets Sales – €mm



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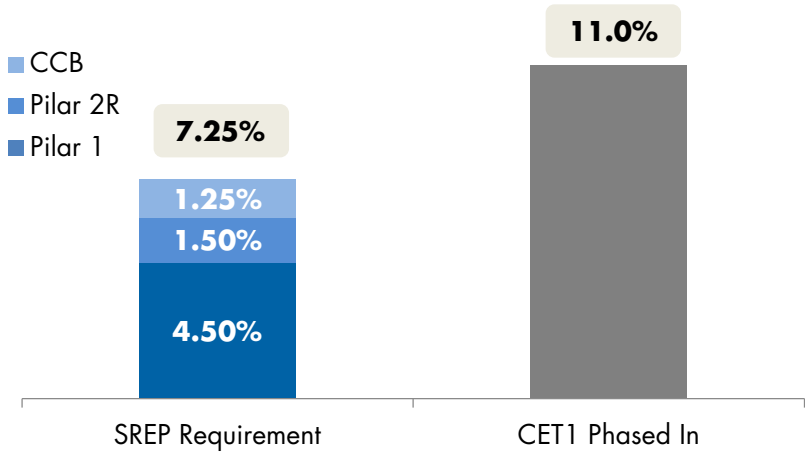
SOLVENCY MILESTONES SINCE 2014

CET1 Phased In ratio stands at 11%[1] and Total Capital ratio is 13.2%.

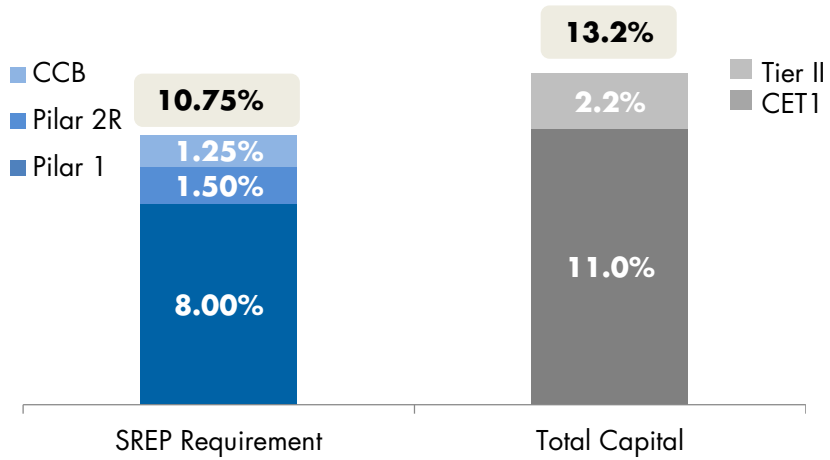
Since 2014, Ibercaja:

- **Has amortized €407mm of CoCos without selling strategic assets or increasing capital.**
- **Completed an issuance of Tier II debt** totaling €500mm, proving its capacity to access the capital markets. With this transaction the Bank fulfilled the bucket set by Basel III regulation.
- **Received one of the lowest SREP requirement in the Spanish financial system**: 7.25% of CET1 Phased In and 10.75% of Total Capital Phased In.

CET1 Phased In – 2016[1]



Total Capital Phased In – 2016[1]



[1] Pro forma, includes early redemption of €224mm of CoCos.

STRONG PROGRESS IN CAPITAL GENERATION AND HIGH RWA DENSITY

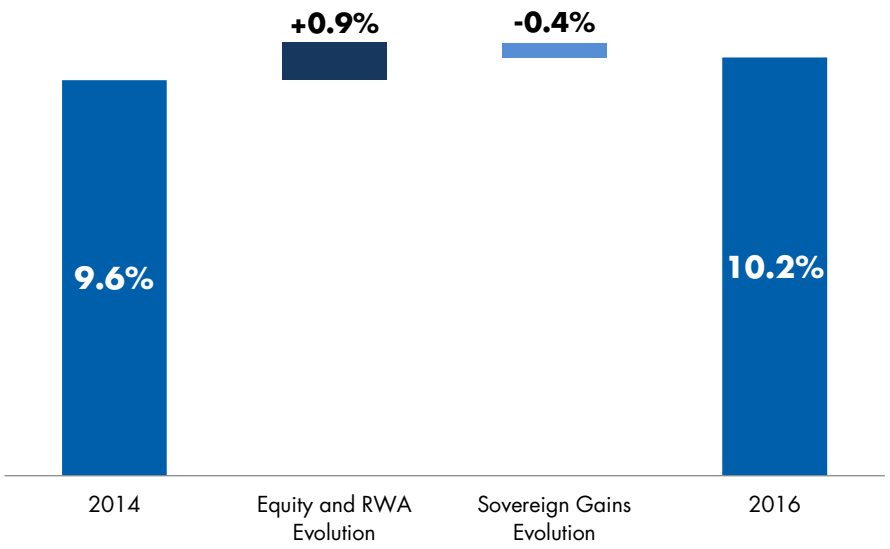
CET1 Fully Loaded ratio improves 55 b.p. since 2014 and reaches 10.2% (+43 b.p. in 2016)

- Sound organic capital generation since launching our strategic plan: +90 b.p. (ex AFS gains changes)

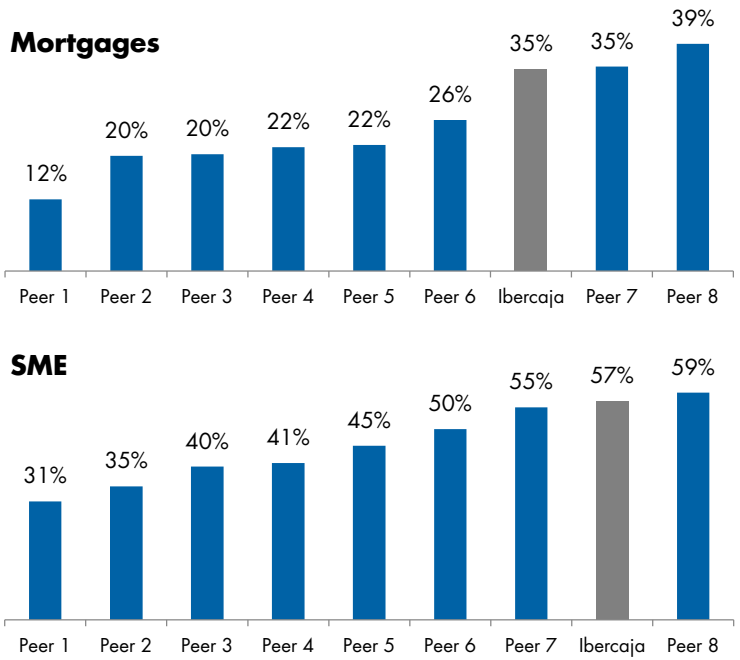
RWA / TA stands at 40.4%, applying standard methodology calculation.

- High RWA density, considering Ibercaja business model and asset quality levels.

CET1 Fully Loaded[1] – %



RWA/ Exposure [2]



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

LEVERS TO ACHIEVE A ROTE ABOVE OUR COST OF CAPITAL

1 Improving Recurring Revenues

1.a	Improvement in Customer Spread	+9 b.p. since 2014
1.b	Recovery of Lending Growth	New Lending +91% vs. 2014
1.c	Growth in Non-Banking Commissions	+21% vs. 2014

Recurring revenues (net interest income + net fee income) grew 5% in 2H2015 (vs. 1H22016) and remains stable vs. 2H2015

2 Operating Cost Reduction

Operating costs excluding non recurring items and Aktua agreement fall 8.2% since 2014

3 Cost of Risk Reduction

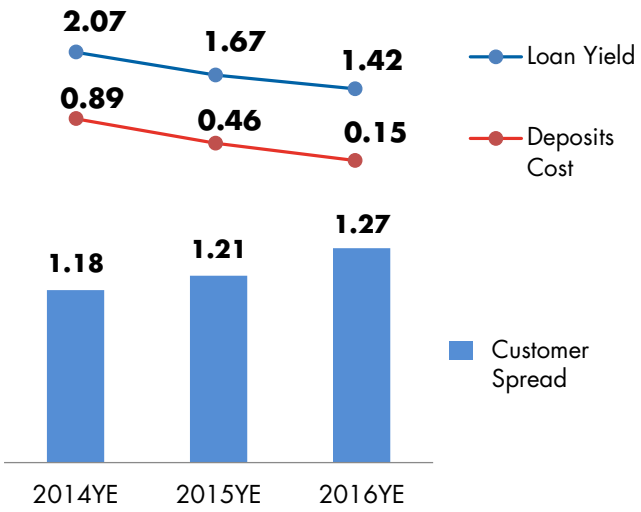
After extraordinary provisioning effort in 2016, cost of risk will fall below 50 b.p. in 2017

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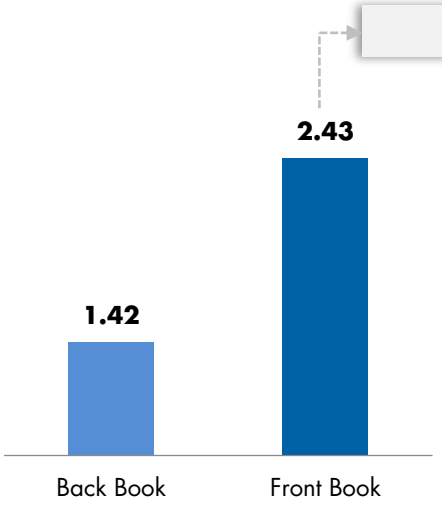
1.a

IMPROVEMENT IN CUSTOMER SPREAD

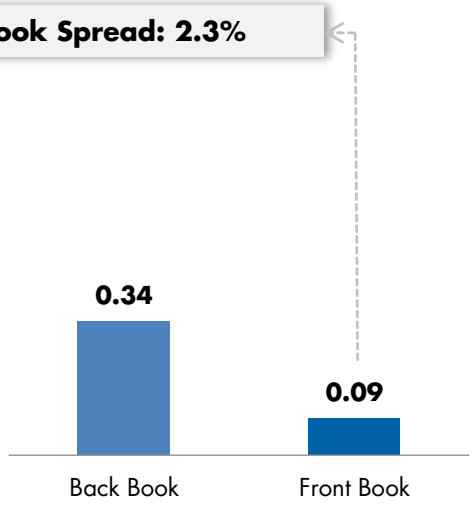
Customer Spread - %



Loan Yield - % 4Q2016



Time Deposit Costs - % 4Q2016



Since 2014, customer spread has improved 9 bps despite falling Euribor.

This positive trend should continue in coming quarters as negative repricing of assets due to Euribor comes to an end, deposit costs continue to fall and pricing of new loan operations stands significantly above back book levels.

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1.b

RECOVERY OF LENDING GROWTH

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

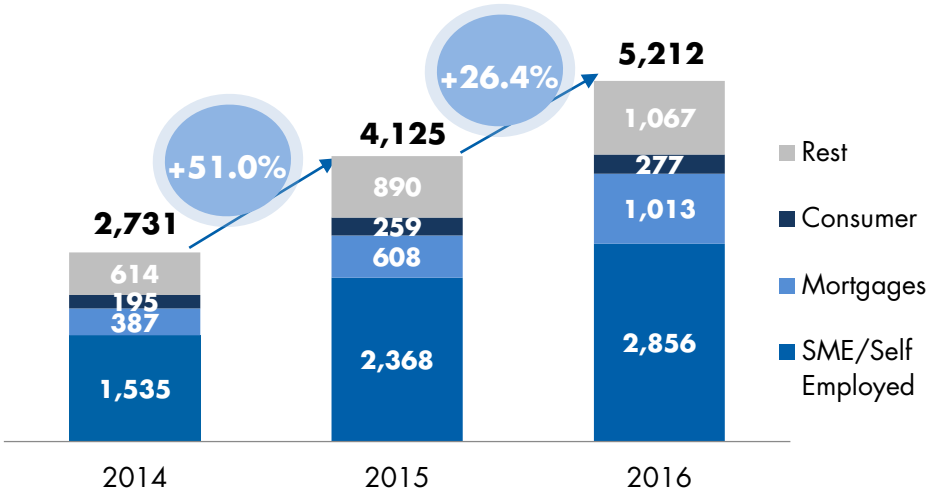
- **New lending to SMEs and self-employed increases 20.6% YoY** to €2,856mm and represent 55% of the new production.
- **Strong progress in mortgage granting** that reaches €1,013mm**, +67% YoY.**

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

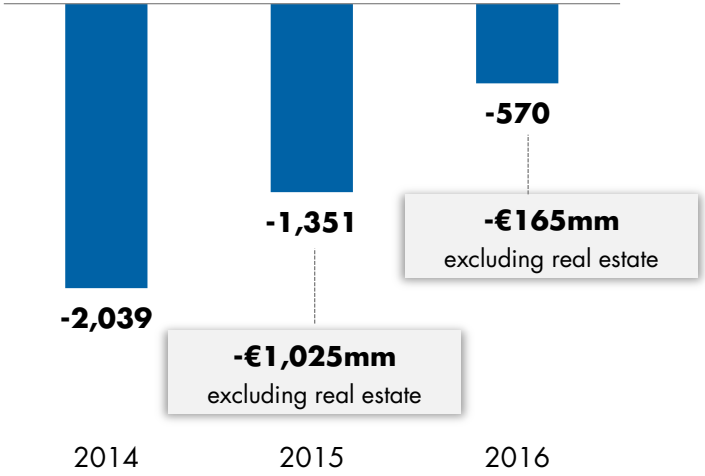
Fall in performing loans in 2016 moderates to 1.8% YoY.

- Excluding loans to real estate companies (that fell 30.8% YoY), **performing loans decrease just 0.6% (€165mm).**

New Lending Production[1] – €mm



Stock of Performing Loans Evolution – €mm



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

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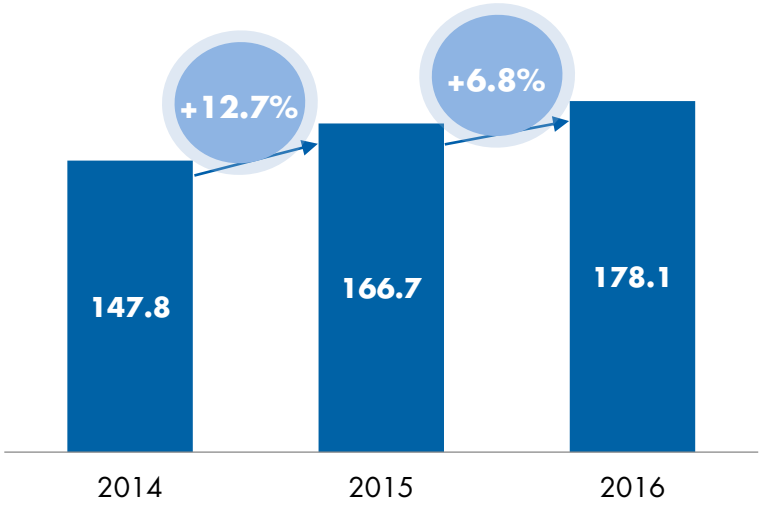
1.c

GROWTH IN NON-BANKING COMMISSIONS

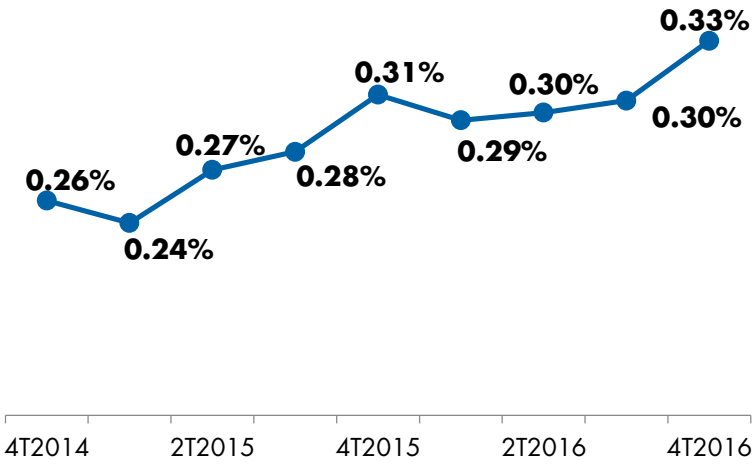
Non-banking commissions have risen 20.5% since 2014.

- **Non banking commissions as % of ATA reaches 0.33%, the highest among Spanish listed banks.**

Non Banking Commissions - €mm



Non Banking Commissions – % ATM



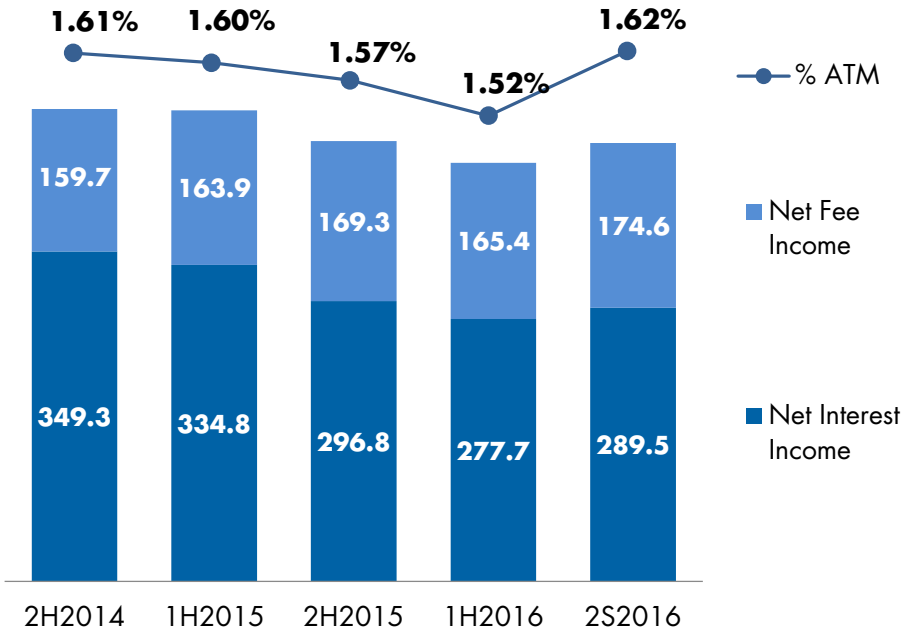
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1 IMPROVING RECURRING REVENUES

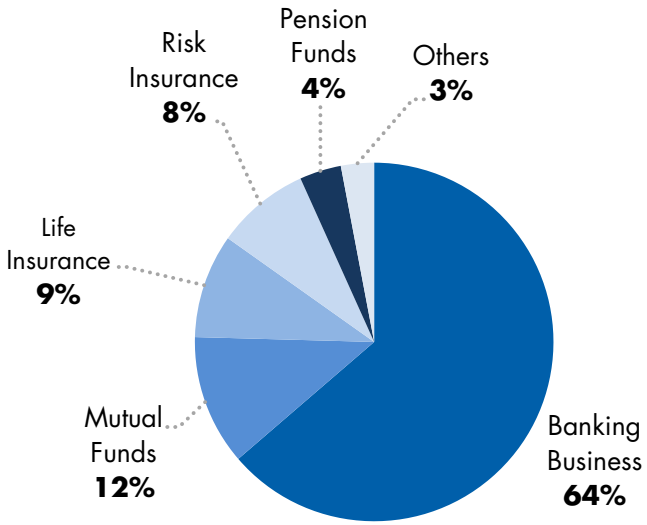
After three semesters of falling revenues (2015 and 1H2016), recurring revenues (net interest income and net fee income) grow 5% in 2H2016 (vs 1H2016) and remained stable vs 2H2015.

- Thanks to its positioning in asset gathering and risk insurance products, Ibercaja has a diversified revenue base with **more than 30% of total revenues coming from activities other than banking business.**

Recurring Revenues – €mm



Gross Margin Contribution[1] – 2016 €mm



[1] Excludes trading income and servicer sale gains.

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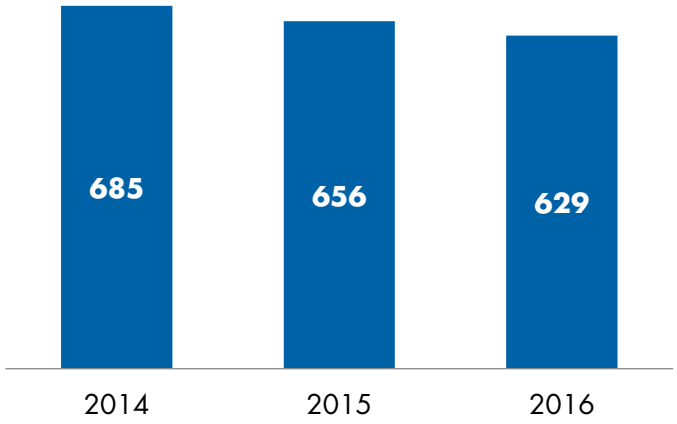
2 OPERATING COST REDUCTION

Cost base (ex commissions paid to Aktua and extraordinary expenses) falls 8.2% since 2014, favoured by synergies obtained after Cajatres acquisition.

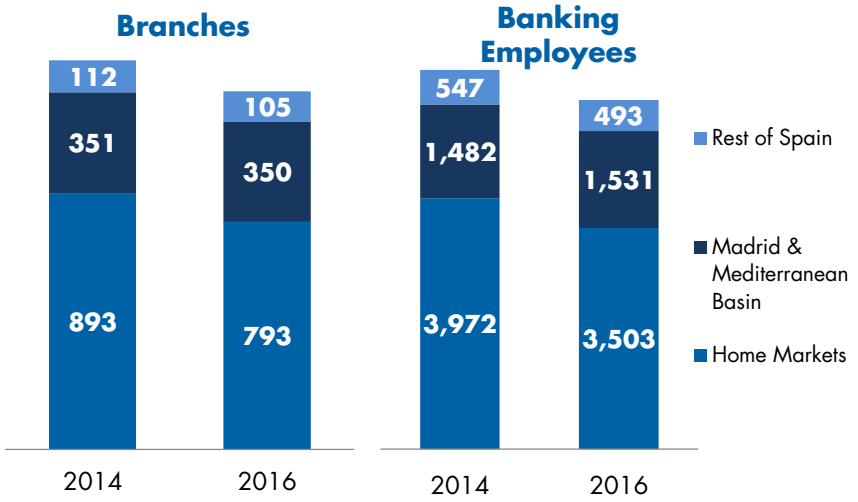
- Adjustment is mainly focused in **Home Markets, where labour force and branch network have been reduced by 12% and 11%, respectively.**
- Ibercaja reinforces its positioning in Madrid and Mediterranean Basin by opening four business centres and by reassigning resources from other markets.

Ibercaja has started the negotiation process for a further labour force adjustment up to 12% of current number of employees.

Recurring Costs – €mm



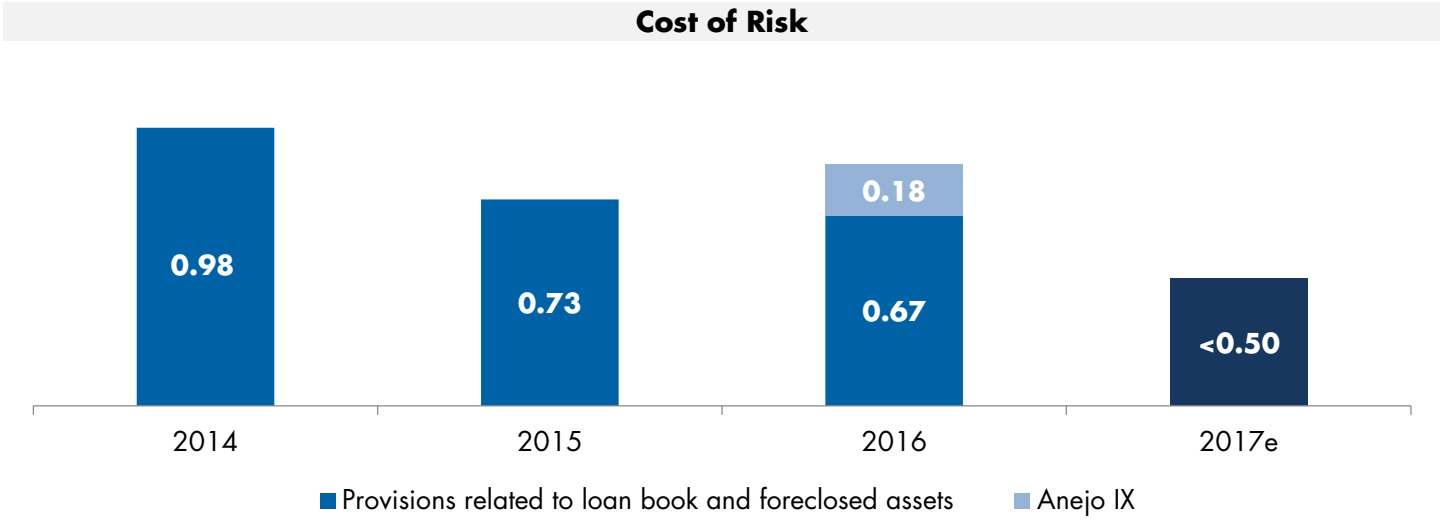
Ibercaja's Structure



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3 COST OF RISK REDUCTION

After a strong provisioning effort in 2016 (thanks to higher extraordinary gains vs. 2015 and the gains obtained for the sale of the real estate servicer), cost of risk in 2017 will fall below 50 b.p. in 2017, in line with the Strategic Plan target.



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UPDATE ON OUR STRATEGIC PLAN 2015-2017

Positioning

- ✓ Ibercaja posts the best evolution in STIGA objective quality survey and in FRS Inmark Customer NPS study.
- ✓ Strong growth in asset gathering business and risk insurance products.
- ✓ SME Project drives lending recovery
- ✓ Ibercaja reinforces its growing potential in Madrid and Mediterranean Basin and optimizes its positioning in its Home Markets.

Asset Quality

- ✓ Problematic assets (NPL´s and foreclosed assets) decrease 16% or €939mm since 2014.
- ✓ Foreclosed asset sales grow 64% since 2014.
- ✓ Net exposure to real estate assets has been reduced by €795mm, or 26% since 2014.

Solvency

- ✓ Ibercaja has redeemed 100% of CoCo´s without selling strategic assets or increasing capital.
- ✓ Ibercaja's SREP decision stands at 7,25%/10,75%, one of the lowest in the Spanish financial sector.
- ✓ CET1 Fully Loaded ratio reaches 10.2%, +55 bps vs. 2014.

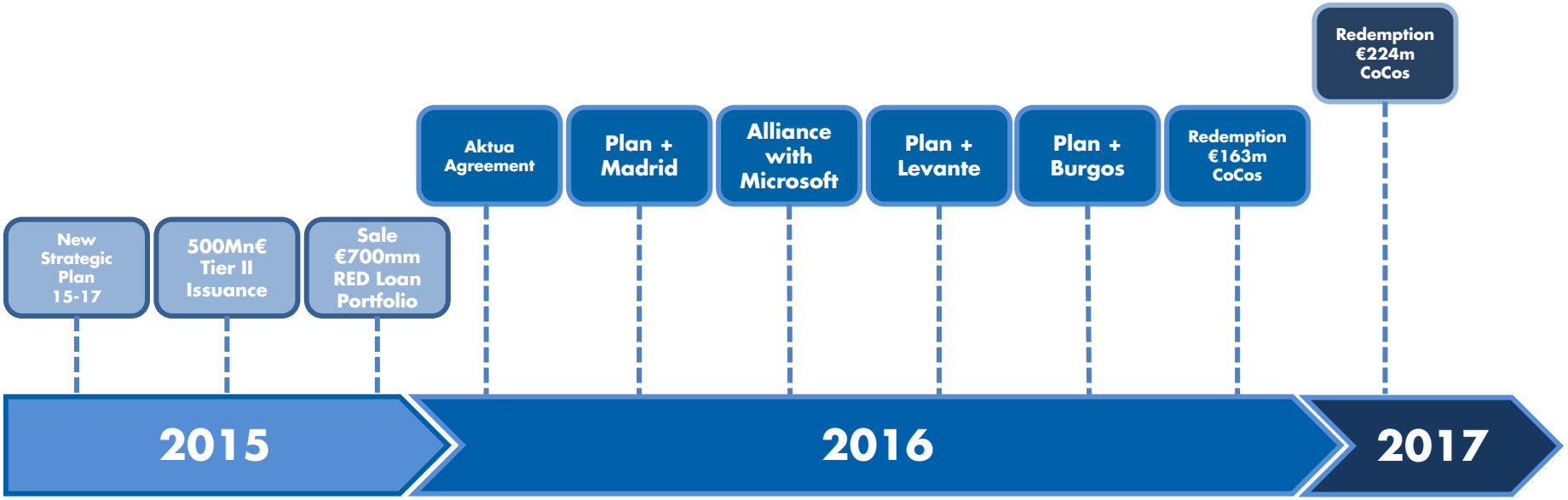
Profitability

- ✓ Recurring revenues (net interest margin and net fee income) increase 5% in 2H2016 (vs 1H2016) and remain stable vs 2H2015.
- ✓ Cost base (ex commissions paid to Aktua and extraordinary expenses) falls 8.2% since 204.
- ✓ Provisioning effort in 2016 will allow a cost of risk below 50 bps in 2017.

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UPDATE ON OUR STRATEGIC PLAN 2015-2017

Ibercaja Banco is bank with a clear strategic roadmap that is achieving the goals set in its 2015-2017 Strategic Plan



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GENTE IBERCAJA, GENTE QUE SUMA

Talent & Leadership Management

2015 – 2016	2017	2018
Diciembre-2015 • Puesta en real del modelo de Rating de Empresas.	**Enero-2017** • Puesta en real del modelo reactivo para operaciones de consumo.	• Construcción e implantación de los modelos para el cálculo de la pérdida esperada para la cartera de autónomos. • Recalibración de todos los modelos
Octubre-2016 • Puesta en real del modelo reactivo para operaciones hipotecarias de compra de vivienda.	**Enero–Diciembre 2017** • Construcción de Modelos de Deterioro en el ámbito IFRS9.	
	Diciembre-2017 • Finalización de la construcción de modelos de LGD y EAD para las carteras de particulares y empresas. • Puesta en real del modelo de comportamiento para la cartera de particulares.	

Credit Risk Management Evolution

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2017 GUIDANCE

2017 GUIDANCE

Recurring Revenues (Net Interest Income + Net Fee Income)	Recurring Operating Costs	Cost of Risk
>0% YoY (-6% in 2016)	≈0% YoY	< 50 b.p.
Turning point in revenues in 2017 Stabilization of performing loans, lower deposits costs and further AuM will allow for an increase in revenues	**Continuous effort in cost reduction**	**Cost of Risk below the Strategic Plan target** After a strong provisioning effort in 2016, impairments will fall significantly in coming quarters

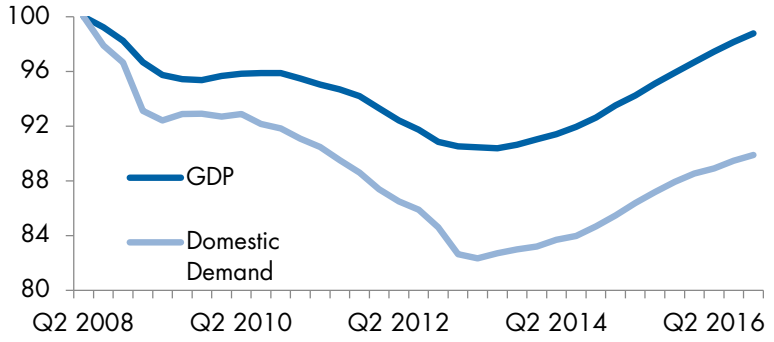
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STRONG MACROECONOMIC CONDITIONS

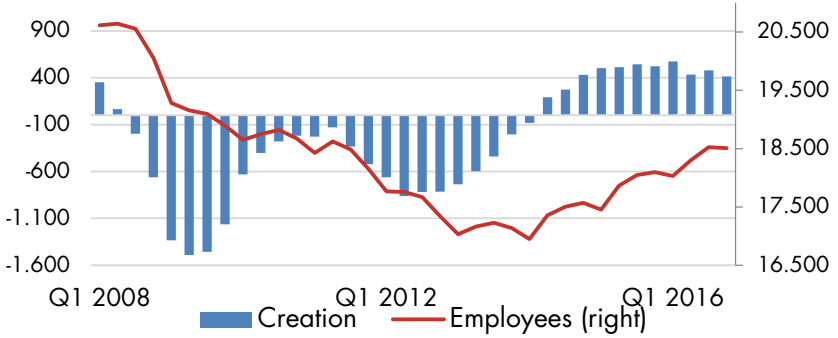
After 3 years of strong growth, Spanish economy has not reached 2008 levels yet.

- Spanish GDP should grow around 2.5%-3% in the next 2 years.
- Employment creation has been underestimated.
- Housing market is showing a significant recovery although from low levels.

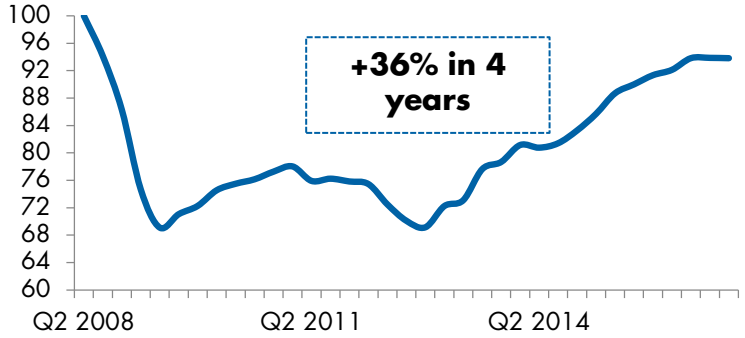
Spanish GDP – 2Q2008=100



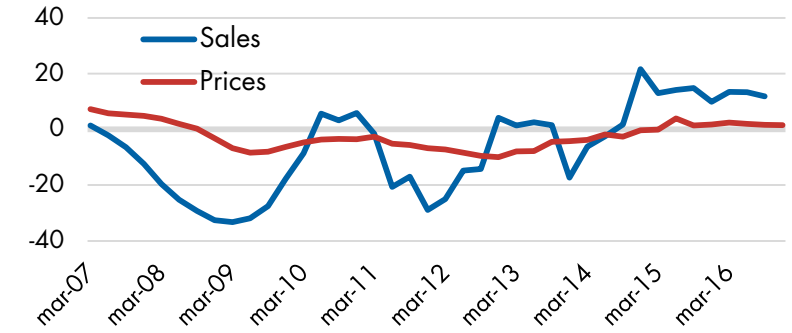
Employment



Investment in Equipment – 2T2008=100



Sales vs. Prices – Housing Sector



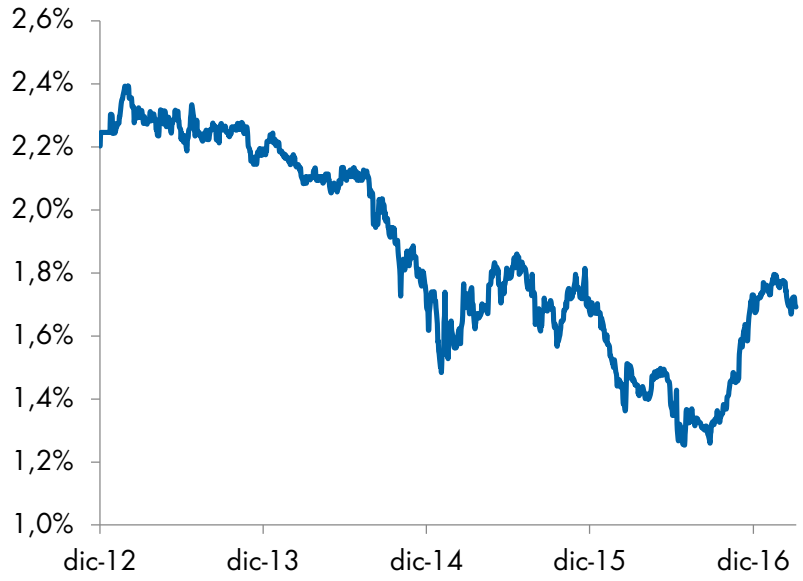
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TURNING POINT IN INFLATION AND INTEREST RATES

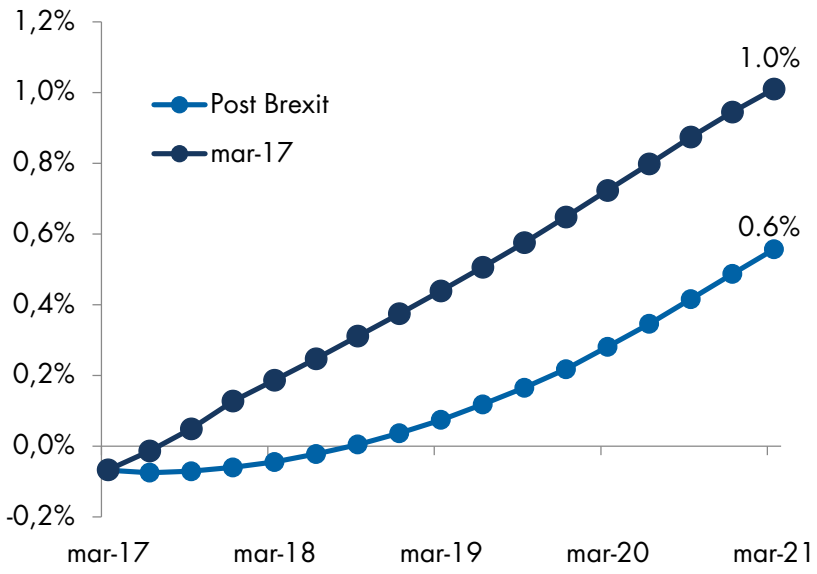
The cycle of falling prices and interest rates of the last decade seems to have come to an end:

- **Consumer prices in Euro Zone are growing at 2.0% YoY.** Although underlying inflation stands at 0,9%, second round effects should be expected.
- Growth in consumer prices and strong macroeconomics conditions point to **further upside in interest rates.**

Inflation Expectations Euro Zone - Inflation linked swap 5y5y



Euribor 12 Months Forward Curve



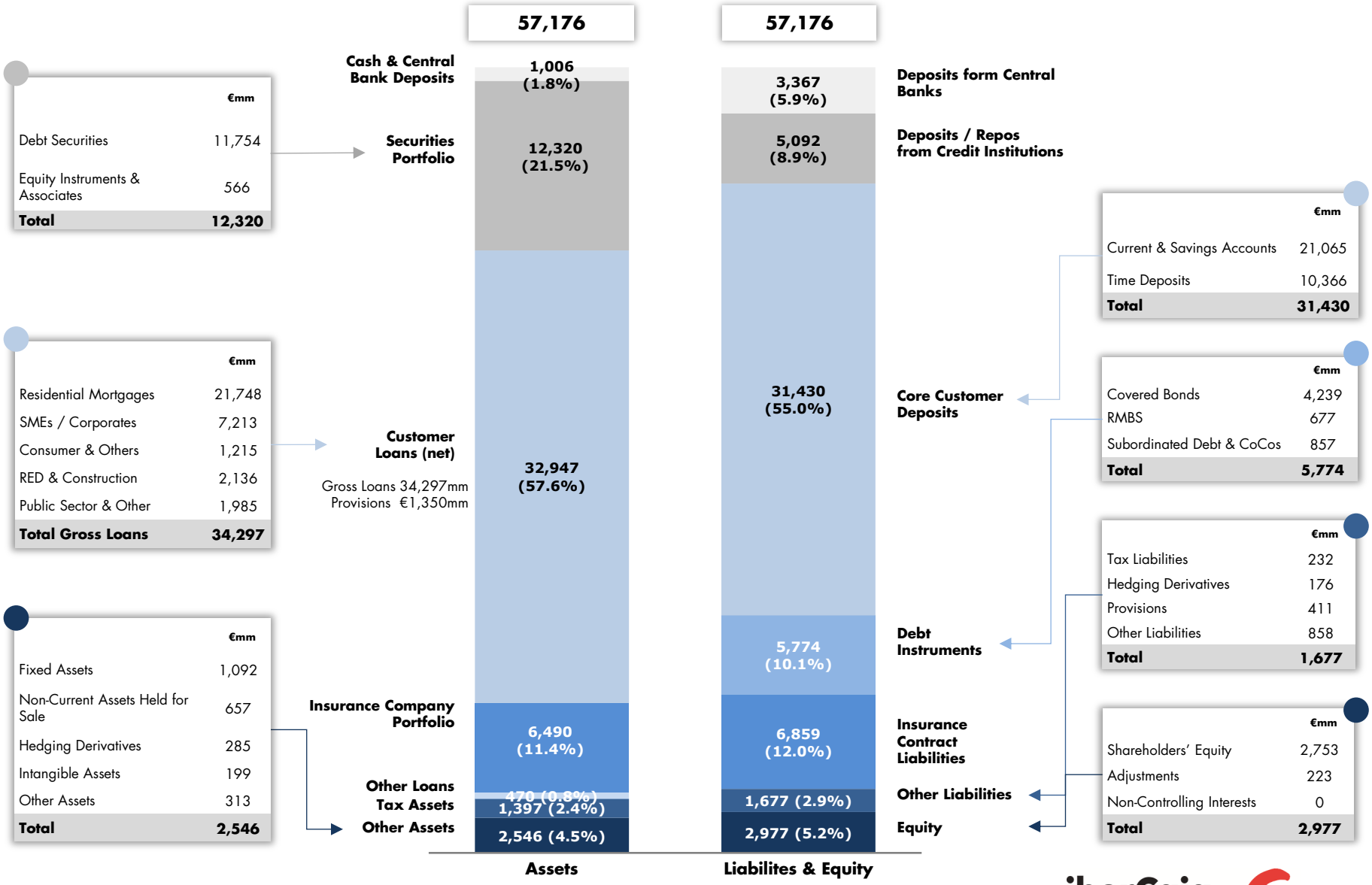
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ANNEX 1

CONSOLIDATED BALANCE SHEET · P&L ACCOUNT

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CONSOLIDATED BALANCE SHEET



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P&L ACCOUNT

€mm	2015	2016	YoY
Net Interest Income	**631.6**	**567.2**	**-10.2%**
Net Fee Income	333.2	340.1	2.1%
Trading Income	86.1	169.5	97.0%
Other Operating Inc. / Exp. (Net) *	-10.0	53.0	n/a
Gross Operating Income	**1,040.8**	**1,129.8**	**8.5%**
Operating Costs	-656.4	-652.2	-0.6%
Pre-Provision Profit	**384.5**	**477.6**	**24.2%**
Total Provisions	-293.9	-413.1	40.6%
Other Gains and Losses	27.7	6.3	-77.1%
Profit before Taxes	**118.2**	**70.8**	**-40.1%**
Taxes & Minorities **	-34.1	72.1	n/a
Net Profit Attributable to Shareholders	**84.1**	**142.9**	**69.9%**

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

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

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http://www.ibercaja.com/en/