FINANCIAL REPORT

January to December 2017

TABLE OF CONTENTS

Basis of presentation

The consolidated income statement and balance sheet at the end of 2017 and the year 2016, together with the breakdowns of different items shown in this Financial Report, are presented in accordance with the bases, principles and accounting criteria defined in Note 1 of the Group's consolidated annual accounts at 31st December 2016.

Some of the figures included in this document have been rounded up or down. As a result, there may be small discrepancies in the tables between the totals and the amounts listed.

The macroeconomic analysis is taken from the report "Economic Environment. The economic outlook for Andalusia", issue 110, January 2018, published by the *Analistas Económicos de Andalucía* group.

Unicaja Banco Group posted net profit of EUR 138 million in 2017, 2.5% higher than in 2016, and will raise its dividend by 17%

The Group's net profit, if the bancassurance business restructuring is excluded, would be EUR 189.3 million.

Unicaja Banco achieved this result by improving its key banking activity indicators:

- The **net interest margin** has risen in the fourth quarter by 6.9% and net fees by 2%, confirming their sustained improvement, with an increase of 6.1% over the year.
- **Operating expenses** have fallen by 3.5% in the year, with a 1.7% reduction in the fourth quarter from the previous quarter.
- Total impairments, excluding the impact of reorganising insurance activity, shrank by nearly half in relation to the previous year, and recorded Q4 impairments is the lowest of this year.

Commercial activity continued to improve, increasing customer engagement:

- **New transactions** increased by 44% in the corporate segment and 22% in the case of individuals compared to 2016.
- **Customer resources** increased in this quarter as well as for the same period last year, with a year-on-year growth of 13.2% in sight resources and 9.1% in off-balance sheet resources. The mix of sight and term deposits continues to improve vis-à-vis 2016.

Risk indicators continue to improve and coverage levels remained stable:

- **NPAs** fell by 20.8% (EUR -1,201 million) in the year (7.3% in the fourth quarter), with NPLs and foreclosed assets falling by 15.7% and 27.1%, respectively, in the course of the year.
- The **NPL ratio** dropped by -0.3 p.p. in the quarter (1.1 p.p. over the year) to 8.7%, maintaining its coverage ratio, both on doubtful loans and on foreclosed assets, which stand at 50% and 64%, respectively.

Financial robustness and high liquidity levels:

- The Group continues to have a comfortable liquidity position, with its net liquid assets accounting for 25.2% of the balance sheet.
- It has improved its regulatory CET1 ratio over the quarter by 41 base points and has a surplus of 645 base points above SREP requirements for 2018.
- The proposed distribution of the net income for the year implies a dividend that will be 17% higher than 2016.

2. Key Highlights

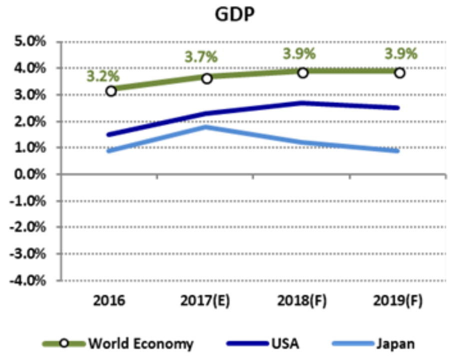
Million euros / % / pp	31/12/2017	30/09/2017	31/12/2016	QoQ	YoY
BALANCE SHEET					
Total assets	56,332	56,406	57,241	-0.1%	-1.6%
Gross loans and advances to customers (ex-reverse repos, ex others financial assets)*	28,619	28,996	30,266	-1.3%	-5.4%
Performing gross loans and advances to customers (ex-reverse repos, ex other financial assets)*	25,908	26,163	27,051	-1.0%	-4.2%
On-balance sheet customers funds*	37,718	37,452	36,543	0.7%	3.2%
Off-balance sheet customer funds	12,699	12,348	11,635	2.8%	9.1%
Shareholders equity	3,856	3,705	2,918	4.1%	32.1%
Total equity	3,902	3,921	3,183	-0.5%	22.6%
(*) Excluding valuation adjustments					
RESULTS (cumulative figures)					
Net interest income	583	432	620		-6.0%
Gross income	997	816	1,089		-8.5%
Pre-provision profit	364	338	433		-15.9%
Consolidated net income	138	120	135		2.5%
Attributable net income	142	136	142		0.2%
Cost to income	59.2%	54.6%	56.1%	4.6 pp	3.2 pp
ROE	4.2%	5.6%	4.9%	-1.4 pp	-0.7 pp
ROA	0.2%	0.3%	0.2%	0.0 pp	0.0 pp
RISK MANAGEMENT					
Non performing loans (NPL) (a)	2,710	2,833	3,215	-4.3%	-15.7%
Real Estate foreclosed assets (b)	1,872	2,111	2,567	-11.3%	-27.1%
Non performing assets -NPA- (a+b)	4,582	4,944	5,783	-7.3%	-20.8%
NPL ratio	8.7%	9.0%	9.8%	-0.3 pp	-1.1 pp
NPL coverage	50.0%	50.0%	50.0%	0.0 pp	0.0 pp
Real Estate foreclosed assets coverage	64.0%	63.0%	62.1%	0.9 pp	1.9 pp
Non performing assets (NPA) coverage	55.7%	55.6%	55.4%	0.1 pp	0.3 pp
Cost of risk	0.15%	0.28%	0.25%	-0.12 pp	-0.09 pp
LIQUIDITY					
Loan to deposit ratio	75.9%	77.4%	82.8%	-1.5 pp	-6.9 pp
LCR	701%	884%	410%	-183.3 pp	290.8 pp
NSFR	134%	129%	125%	5.0 pp	9.0 pp
SOLVENCY					
CET1 ratio (phase-in)	14.6%	14.1%	13.8%	0.4 pp	0.8 pp
CET1 ratio (fully loaded)	12.8%	12.5%	11.8%	0.2 pp	0.9 pp
Total capital ratio (phase-in)	15.1%	14.6%	14.2%	0.4 pp	0.9 pp
Total capital ratio (fully loaded)	13.3%	13.0%	12.4%	0.3 pp	1.0 pp
Risk weighted assets (RWA)	24,239	24,949	25,188	-2.8%	-3.8%
ADDITIONAL INFORMATION					
Employees (average number)	7,200	7,247	7,560	-0.6%	-4.8%
Branches	1,227	1,245	1,280	-1.4%	-4.1%
ATMs	1,515	1,508	1,525	0.5%	-0.7%

3. Macroeconomic Environment

The first months of the year continue to signal a relatively positive economic outlook on both the international and domestic fronts. Information published in January has underpinned the significant uptick in activity in the last part of 2017. On the international stage, the improved perspectives in the IMF's latest update of its worldwide forecasts were encouraging, as was the optimism expressed by key international leaders during the Davos Forum. Back at home, the Quarterly National Accounts published by the National Statistics Institute, the INE, show that the fourth quarter slowed down by only 0.1% from the previous quarter, bringing annual growth for 2017 as a whole to 3.1%.

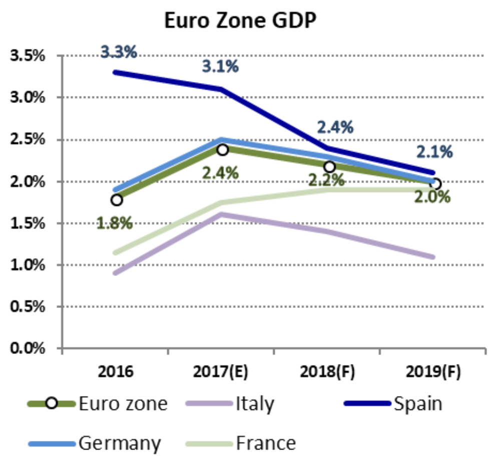
According to the forecasts made by experts at the International Monetary Fund, the Spanish economy's growth rate in 2017 has beaten the average for advanced economies (2.3%), although this is lower than world GDP growth, which is estimated to have reached 3.7%, the highest rate of growth in the last five years. This consolidation of increased activity, which can be seen in most of the key geographic areas, is underpinned by sustained loose monetary policies and very favourable financial conditions, with a less restrictive fiscal policy.

These signs of recovery have been accompanied by stronger world trade, with a growth rate that, unlike recent years (the post-Great Recession period), is higher than the rise in GDP. Although the biggest surprise in the recent situation has been the acceleration of the European economy, particularly the eurozone, which as well as reducing the dispersion between EMU countries, has produced YoY growth of 2.7% (Q4 figures still provisional) and is keeping inflation under control (1.4% in December).



Source: IMF (WEO January 2018)

In this context, IMF forecasts for the next two years, 2018 and 2019, are keeping to a fairly positive scenario for the world economy, which could grow by around 4% and continue to consolidate the recovery. The main advanced economies, including the eurozone as a whole, Japan and the US, will grow faster in 2018 than was expected last autumn (earlier reviews published in October 2017). The review to the upside is significant in the case of the US (0.4 p.p. higher), because its economy will benefit from the strong stimulus resulting from the tax reform. Meanwhile, in terms of risk, the Fund believes that these are balanced in the short term, but points to a possible correction in financial markets, together with political and geopolitical conflicts, as areas that need to be monitored closely.



Source: IMF (WEO January 2018)

In the case of Spain, the IMF has forecast that in 2018 real GDP will grow by 2.4%, 0.1% under its previous estimate, due to the impact of increased political uncertainty on confidence and demand. For 2019, on the other hand, it has adjusted its earlier forecast by 0.1% to the upside, to 2.1%. The report published with these forecasts notes that the growth rates of many eurozone economies have been reviewed upwards, particularly those of Germany, Italy and the Netherlands, because of the uptick in internal and external demand. By contrast, Spain's growth, which had been running well above its potential, has been corrected slightly to the downside (by 0.1%) in 2018.

This slowdown may be starting to show in the labour market, although the general trend remains favourable. Thus, in the fourth quarter of 2017, the Labour Force Survey, published by the National Statistics Institute (INE), indicates that job creation in the Spanish economy slowed in the last quarter to 2 .6%, a figure that is 0.2% lower than the previous quarter. Looking at unemployment, this rose in the final quarter, for seasonal reasons, posting at 16.6%, although this is still 2.1% below the rate at the end of 2016.

In any event, other activity indicators still show a very solid upward profile, with no signs of wavering. As well as the synthetic activity indicator calculated by the Ministry of the Economy, we should point to the expansionary trend in the Enterprise Business Figures index, the ICNE, that has been accelerating in recent months thanks to the more positive performance of the trade index, as well as manufacturing orders and industrial production, not forgetting the surge in installed capacity utilisation rates (79.1% in Q4 2017).

The expansionary phase of the economic cycle, apart from spending control policies, is bringing public debt levels down, not only in Spain but also in the EMU area as a whole. So, with data to Q3 2017, public debt fell throughout the euro area to 88.1% of GDP, compared to 89.7% at the same stage of the year before. The highest public debt-to-GDP ratios in the third quarter of 2017 were those of Greece (177.4%), Italy (134.1%) and Portugal (130.8%); the lowest ratios were those of Estonia (8.9%), Luxembourg (23.4%) and Bulgaria (25.6%). The combined debt of Spain's public administrations was 98.7% of GDP, a 1.2 p.p. reduction from the previous year.

Draft budgets for 2018 forecast another reduction in Public Administration deficit in the EMU area of up to 0.9% of GDP, against the estimated 1.1% for 2017. Public debt will also fall this year, expected to come in at 86% of GDP, compared to the 88% estimated for 2017. In structural terms, the public balance will change very little in 2018, since fiscal policy is remaining practically neutral, a tone that the European Commission believes to be appropriate.

4. Balance sheet

Million euros	31/12/2017	30/09/2017	31/12/2016	QoQ	YoY
Cash and balances at central banks	3,806	1,221	862	211.7%	341.7%
Financial assets held for trading	31	51	78	-37.8%	-59.8%
Available for sale financial assets	3,702	4,944	5,403	-25.1%	-31.5%
Loans and receivables	32,407	33,275	31,643	-2.6%	2.4%
Debt securities	2,585	2,857	786	-9.5%	228.7%
Credit institutions	184	484	170	-61.9%	8.2%
Loans and advances to customers	29,638	29,935	30,686	-1.0%	-3.4%
Held to maturity investments	10,634	11,019	12,908	-3.5%	-17.6%
Hedging derivatives	457	477	606	-4.2%	-24.7%
Investments in subsidiaries, JVs and associates	483	523	294	-7.6%	64.2%
Tangible assets	1,291	1,301	1,438	-0.8%	-10.2%
Intangible assets	2	2	1	-1.6%	140.7%
Tax assets	2,613	2,586	2,586	1.0%	1.1%
Other assets	466	494	660	-5.6%	-29.3%
Non current assets held for sale	439	511	762	-14.2%	-42.4%
TOTAL ASSETS	**56,332**	**56,406**	**57,241**	**-0.1%**	**-1.6%**
Financial liabilities held for trading	27	27	51	0.9%	-46.1%
Financial liabilities at amortised cost	50,941	50,939	52,729	0.0%	-3.4%
Deposits form central banks	3,330	3,333	0	-0.1%	n.a.
Deposits from credit institutions	715	1,158	2,464	-38.3%	-71.0%
Customer deposits	46,041	45,522	48,532	1.1%	-5.1%
Debt securities issued	130	200	814	-35.1%	-84.0%
Other financial liabilities	725	726	919	-0.2%	-21.2%
Hedging derivatives	31	26	50	18.9%	-37.1%
Provisions	935	968	707	-3.4%	32.3%
Tax liabilities	209	238	239	-12.3%	-12.6%
Other liabilities	286	285	281	0.1%	1.5%
TOTAL LIABILITIES	**52,430**	**52,485**	**54,058**	**-0.1%**	**-3.0%**
Shareholder funds	3,856	3,705	2,918	4.1%	32.1%
Valuation adjustments	17	55	35	-69.0%	-51.2%
Minority interest	30	162	230	-81.6%	-87.1%
TOTAL EQUITY	**3,902**	**3,921**	**3,183**	**-0.5%**	**22.6%**
TOTAL EQUITY AND LIABILITIES	**56,332**	**56,406**	**57,241**	**-0.1%**	**-1.6%**
OFF BALANCE SHEET CUSTOMER FUNDS	**12,699**	**12,348**	**11,635**	**2.8%**	**9.1%**

At 31st December 2017, Unicaja Banco Group's assets came to EUR 56,332 million. Loans and receivables account for EUR 32,407 million, with loans and advances to customers worth EUR 29,638 million. Investments held to maturity amount to EUR 10,634 million, and mainly consist of Spanish Treasury debt.

Total assets fell by 0.1% in the last quarter, mainly because of the performance in the fixed income portfolio of available-for-sale financial assets and those held to maturity. Loans and advances to clients fell in net terms by 1% over the quarter, essentially through the recovery of non-performing loans and the reduction in performing loans to customers.

Available-for-sale financial assets have diminished, contributing to the profits on financial transactions, increasing the balance in the short-term held in central banks.

Assets have fallen by 1.6% over the year because of the amortisation of portfolios held to maturity, which have dropped by 17.6%, and to a lesser extent due to the reduction in the loan book, which has shrunk by 3.4%. We should bear in mind that in the second quarter of 2017, the insurance business was reorganised, leading to a series of agreements, which explains the increase in the item on investments in joint ventures and associated businesses, and the reduction in non-current assets for sale, since part of the companies that have been included under these agreements were already classified under this latter item. Both the performance of this item over the quarter and that of other assets has reflected the positive performance of foreclosed assets.

The Group's total liabilities come to EUR 52,430 million. The vast majority of this is made up of financial liabilities carried at amortized cost, amounting to EUR 50,941 million. Customer deposits of EUR 46,041 million account for 90.4% of these total financial liabilities. The Group also manages other customer resources as well as the deposits mentioned above, mainly investment funds, pension funds and savings insurance. These are all off-balance sheet and come to EUR 12,699 million.

Liabilities carried at amortized cost remained stable over the quarter, while total liabilities fell by 0.1% because of the drop in provisioning and tax liabilities. Within these liabilities carried at amortized cost, there was a rise over the quarter of customer deposits excluding valuation adjustments of 1.3%, as a result of the good performance of the commercial activity, as well as the rise in repos, which outstripped the maturities on mortgage-covered bonds during the quarter.

In 2017 financial liabilities carried at amortized cost fell by 3.4%, particularly repurchase agreements and non-negotiable securities booked under deposits to customers and deposits in credit institutions. These have been partially substituted by greater recourse to the ECB in the form of TLTROs.

Commercial activity has enabled business volumes to continue rising, both in new credit origination and in new retail funds.

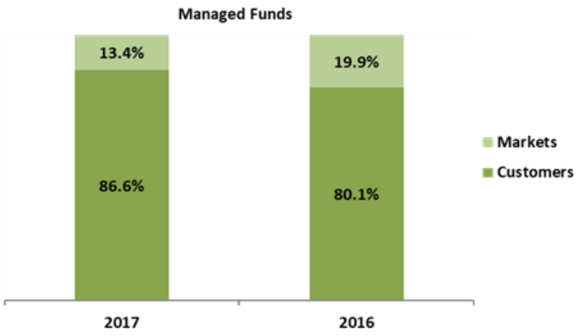
5. Customer Funds

Million euros. Excluding valuation adjustments	31/12/2017	30/09/2017	31/12/2016	QoQ	YoY
On-balance sheet customer funds	**45,503**	**45,007**	**48,514**	**1.1%**	**-6.2%**
Customer funds	**45,373**	**44,807**	**47,710**	**1.3%**	**-4.9%**
Public Sector	**2,638**	**2,267**	**2,311**	**16.4%**	**14.1%**
Private sector	**42,736**	**42,540**	**45,399**	**0.5%**	**-5.9%**
Sight deposits	25,356	24,454	22,397	3.7%	13.2%
Term deposits	14,222	15,699	17,684	-9.4%	-19.6%
of which: covered bonds	*5,093*	*5,718*	*6,370*	*-10.9%*	*-20.1%*
Repos	3,157	2,388	5,318	32.2%	-40.6%
Issues	**130**	**200**	**804**	**-35.0%**	**-83.8%**
Promissory notes	0	0	0	n.a.	n.a.
Mortgages securities	130	200	200	-35.0%	-35.0%
Other values	0	0	0	n.a.	n.a.
Subordinated liabilities	0	0	604	n.a.	-100.0%
Off-balance sheet customer funds	**12,699**	**12,348**	**11,635**	**2.8%**	**9.1%**
Mutual funds	6,067	5,933	5,561	2.3%	9.1%
Pension funds	2,274	2,247	2,211	1.2%	2.8%
Insurance savings	3,429	3,283	2,965	4.5%	15.6%
Discretional portfolios	929	884	898	5.0%	3.4%
TOTAL CUSTOMER FUNDS	**58,202**	**57,355**	**60,149**	**1.5%**	**-3.2%**
Retail customers funds	**50,417**	**49,799**	**48,178**	**1.2%**	**4.6%**
of which: on-balance sheet	37,718	37,452	36,543	0.7%	3.2%
Public Sector	2,638	2,267	2,311	16.4%	14.1%
Sight deposits	25,356	24,454	22,397	3.7%	13.2%
Term deposits	9,130	9,981	11,314	-8.5%	-19.3%
Others	594	750	521	-20.7%	14.1%
of which: off-balance sheet	12,699	12,348	11,635	2.8%	9.1%
Wholesale funds	**7,785**	**7,556**	**11,971**	**3.0%**	**-35.0%**

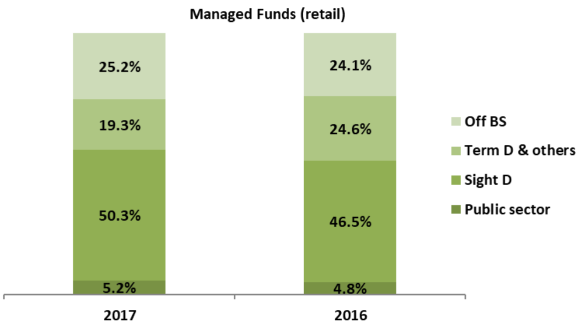
The volume of managed resources managed by the Group rose at the end of 2017 to EUR 58,202 million.

The bulk of managed funds are customer deposits (EUR 45,373 million), of which EUR 25,356 million are private sector clients' sight deposits, EUR 14,222 million are term deposits (including EUR 5,093 million in non-negotiable mortgage covered bonds issues) and EUR 3,157 million are repos. Off-balance sheet funds reached EUR 12,699 million, made up mostly of investment funds (EUR 6,067 million), pension funds (EUR 2,274 million) and savings insurance (EUR 3,429 million). The balance of issues included in the aggregate of on-balance sheet customer funds is limited to EUR 130 million and consists only of mortgage securities in the hands of third parties following the repurchase of the convertible EspañaDuero bonds underwritten by the FROB (EUR 604 million).

As to the origin of the resources, 87% (80% at year-end 2016) relates to retail customers' business (EUR 50,417 million), while the remaining 13% (EUR 7,785 million) is represented by funds raised in wholesale markets through issuances and repos.



Year on year, the weight of funds managed for retail customers has gone up.



The variation in customer funds is a reflection of the strategic direction taken by the institution to improve its margins in attracting resources. Total managed customer funds rose 1.2% (0.6% in the previous year); the total balance sheet grew by 0.7% (0.3% in the previous year), with an increase of 16.4% in public administration funds and 3.7% in at sight deposits. In addition, off-balance sheet funds increased by 2.8% compared to the previous quarter, with the most significant increases in savings insurance and investment funds. Retail customer funds posted an annual growth of 4.6%, with a 3.2% growth in balance sheet funds, driven by an increase in sight balances 13.2% and public sector by 14.1%. Off-balance sheet funds also experienced a strong year-on-year increase, of 9.1%.

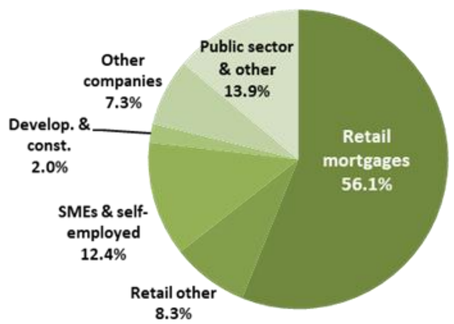
This higher growth in off-balance sheet resources is the result of stronger customer demand due to interest rates scenario and is in line with the entity's strategy of giving greater weight to these resources, within total resources managed, and reported a positive performance in both year-on-year and quarter-on-quarter terms.

6. Performing loans

Million euros. Excluding valuation adjustments	31/12/2017	30/09/2017	31/12/2016	QoQ	YoY
Public sector	**1,522**	**1,515**	**2,150**	**0.5%**	**-29.2%**
Private sector	**24,386**	**24,647**	**24,902**	**-1.1%**	**-2.1%**
Corporates	**6,144**	**6,176**	**5,765**	**-0.5%**	**6.6%**
RED and construction	572	620	672	-7.8%	-14.9%
SMEs and self-employed	3,518	3,442	3,457	2.2%	1.7%
Other corporates	2,054	2,113	1,636	-2.8%	25.6%
Individuals	**18,242**	**18,472**	**19,136**	**-1.2%**	**-4.7%**
Mortgages	15,900	16,144	16,745	-1.5%	-5.0%
Consumer and other	2,343	2,327	2,391	0.7%	-2.0%
Repos and valuation adjustments	**2,418**	**2,401**	**2,463**	**0.7%**	**-1.8%**
TOTAL PERFORMING LOANS	**28,326**	**28,565**	**29,514**	**-0.8%**	**-4.0%**

Performing loans stands at EUR 28,326 million. Of this, EUR 1,522 million correspond to loans to public administrations, EUR 24,386 million to private sector credit and EUR 2,418 million to repurchase agreements and other unclassified balances, mainly collateral for financing transactions and derivatives. By portfolio type, the most important are loans with retail mortgage guarantees, representing 56.1% of total performing credit, and the SME and self-employed portfolio, accounting for another 12.4%.

Performing Credit



Credit performance has been notable for an increase in originations, particularly in loans to the private sector, with new lending transactions for a total of EUR 3,080 million, an expansion of 36% against the previous year.

Performing loans to the private sector dropped 2.1% compared to the end of 2016 and 1.1% with respect to the previous quarter. Within this section, new loans to other corporations increased by 108% compared to 2016. This led to an 25% increase in new lending in this segment compared to the end of 2016. The SME and self-employed segment grew 2.2% in the quarter and 1.7% in the year. In the individuals segment, new transactions grew by 22%; of which mortgage-backed transactions grew by 23% and the remainder by 19%. Nonetheless, this growth does not fully offset the maturities in retail segment transactions, resulting in a decrease of performing loans to individuals of 4.7% year-on-year.

7. Non-performing loans & foreclosed assets

Million euros	31/12/2017	30/09/2017	31/12/2016	QoQ	YoY
GROSS BALANCE					
Public sector	**2**	**6**	**10**	**-64.5%**	**-76.3%**
Private sector	**2,708**	**2,827**	**3,205**	**-4.2%**	**-15.5%**
Business	**1,071**	**1,162**	**1,498**	**-7.8%**	**-28.5%**
RED and construction	351	388	503	-9.4%	-30.1%
SMEs and self-employed	653	704	832	-7.2%	-21.5%
Other corporates	66	70	163	-5.7%	-59.4%
Individuals	**1,637**	**1,665**	**1,707**	**-1.7%**	**-4.1%**
Mortgages	1,136	1,174	1,382	-3.2%	-17.8%
Consumer and other	501	492	325	1.9%	54.1%
Repos and valuation adjustments	**0**	**0**	**0**	**n.a.**	**n.a.**
NON PERFORMING LOANS	**2,710**	**2,833**	**3,215**	**-4.3%**	**-15.7%**
Non performing loans (excluding RED loans)	**2,359**	**2,445**	**2,712**	**-3.5%**	**-13.0%**
PROVISIONS					
Public sector	**0**	**0**	**0**	**n.a.**	**n.a.**
Private sector	**1,347**	**1,409**	**1,607**	**-4.4%**	**-16.2%**
Business	**614**	**662**	**883**	**-7.2%**	**-30.5%**
RED and construction	249	280	364	-11.1%	-31.5%
SMEs and self-employed	327	340	408	-3.8%	-19.9%
Other corporates	38	42	112	-9.2%	-65.8%
Individuals	**733**	**748**	**724**	**-1.9%**	**1.2%**
Mortgages	414	431	527	-4.0%	-21.4%
Consumer and other	319	317	198	0.9%	61.6%
Repos and valuation adjustments	**8**	**8**	**0**	**0.0%**	**n.a.**
NON PERFORMING LOANS	**1,355**	**1,417**	**1,607**	**-4.4%**	**-15.7%**
Non performing loans (excluding RED loans)	**1,106**	**1,137**	**1,244**	**-2.7%**	**-11.1%**
% COVERAGE					
Public sector	**0.0%**	**0.0%**	**0.0%**	**0.0 pp**	**0.0 pp**
Private sector	**49.8%**	**49.9%**	**50.2%**	**-0.1 pp**	**-0.4 pp**
Business	**57.3%**	**57.0%**	**59.0%**	**0.4 pp**	**-1.6 pp**
RED and construction	70.9%	72.2%	72.4%	-1.4 pp	-1.5 pp
SMEs and self-employed	50.0%	48.3%	49.0%	1.8 pp	1.0 pp
Other corporates	57.8%	60.0%	68.5%	-2.2 pp	-10.8 pp
Individuals	**44.8%**	**44.9%**	**42.4%**	**-0.1 pp**	**2.4 pp**
Mortgages	36.4%	36.7%	38.1%	-0.3 pp	-1.7 pp
Consumer and other	63.7%	64.4%	60.8%	-0.7 pp	3.0 pp
Repos and valuation adjustments					
NON PERFORMING LOANS	**50.0%**	**50.0%**	**50.0%**	**0.0 pp**	**0.0 pp**
Non performing loans (excluding RED loans)	**46.9%**	**46.5%**	**45.9%**	**0.4 pp**	**1.0 pp**

Continuing the trend of recovery and favourable performance since the end of 2014, the Group's NPAs stood at EUR 2,710 million at the close of 2017, representing a fall of EUR 2,104 million since the end of 2014 (44%).

Since December 2016, it has fallen by 15.7% (EUR -505 million), representing a further improvement in the NPL ratio, which has edged to 8.7%. Over the quarter, the fall amounts to EUR 123 million, with gross entries having fallen below EUR 100 million in the quarter, 25% below the average for the previous quarters of the year. There is an improvement in recoveries, which, excluding write-offs, means the Entity has recorded seven consecutive quarters of net outflows (if the effect of the Banks of Spain Circular 4/2016 in Q4 2016 is stripped out).

The Unicaja Banco Group has all this underway while keeping its coverage of NPL risk at 50%. Meanwhile, the Group has adapted its methodology for calculating impaired assets provisioning needs to the coming into force, on 1st January 2018, of the IFRS9 regulation. The impact of applying this new regulation will be an increase of EUR 127 million in provisioning, bringing the coverage up to 55%, when added to the funds existing at 31st December 2017.

Million euros	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016
NPL EVOLUTION							
NPLs at the beginning of the period	**2,833**	**2,910**	**3,032**	**3,215**	**3,208**	**3,339**	**3,455**
Recoveries	-95	-26	-62	-82	68	-36	-43
Write-offs	-28	-51	-60	-102	-61	-95	-73
NPLs at the end of the period	**2,710**	**2,833**	**2,910**	**3,032**	**3,215**	**3,208**	**3,339**

Million euros	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016
NPL recoveries evolution							
Gross entries	88	112	108	134	255[1]	102	162
Recoveries	-183	-138	-170	-216	-187	-138	-205
Net recoveries	**-95**	**-26**	**-62**	**-82**	**68**	**-36**	**-43**

[1] Includes € 123 million of new entries into NPLs resulting from the application of Circular 4/2016 of Bank of Spain.

FORECLOSED ASSETS

At the end of 2017, the net balance of foreclosed assets amounted to EUR 675 million euros (EUR 1,872 million gross), representing only 1.2% of Unicaja Banco Group's total assets.

55% of the foreclosed assets, at net book value, are finished new housing and used housing.

Following Unicaja Banco Group's prudential policy, the provisioning for foreclosed assets was EUR 1,197 million at the close of 2017, representing coverage of 64.0%.

Exits of foreclosed assets speeded up considerably in the second half, compared to the first, which in turn performed better than in 2016. In the Q4, assets were sold at a cost of EUR 343 million; this represented more than 13% of the stock at the beginning of the year and more than doubles the already good performance achieved the previous year. The sale of asset portfolios has contributed to this progress, which have accounted for derecognitions for a gross value of EUR 252 million over the quarter. The upward price trend in sales of this type of asset continues and, as such, there is greater recovery of provisions on the sale price.

Million euros	31/12/2017	30/09/2017	31/12/2016	QoQ	YoY
GROSS BALANCE					
From lending to RE developers	**1,070**	**1,201**	**1,522**	**-11.0%**	**-29.7%**
Finished buildings	213	326	419	-34.7%	-49.2%
Buildings under construction	139	143	183	-2.3%	-23.8%
Land	718	733	920	-2.1%	-22.0%
From retail mortgages	**530**	**612**	**661**	**-13.4%**	**-19.8%**
Other foreclosed assets	**272**	**297**	**385**	**-8.5%**	**-29.4%**
TOTAL FORECLOSED ASSETS	**1,872**	**2,111**	**2,567**	**-11.3%**	**-27.1%**
Off which finished buildings	**743**	**938**	**1,079**	**-20.8%**	**-31.2%**
PROVISIONS					
From lending to RE developers	**769**	**846**	**1,020**	**-9.1%**	**-24.6%**
Finished buildings	111	169	213	-33.9%	-47.6%
Buildings under construction	81	86	106	-5.3%	-23.4%
Land	577	592	702	-2.5%	-17.8%
From retail mortgages	**260**	**305**	**336**	**-14.8%**	**-22.6%**
Other foreclosed assets	**167**	**178**	**237**	**-6.3%**	**-29.5%**
TOTAL FORECLOSED ASSETS	**1,197**	**1,330**	**1,594**	**-10.0%**	**-24.9%**
Off which finished buildings	**372**	**474**	**549**	**-21.6%**	**-32.2%**
COVERAGE (%)					
From lending to RE developers	**71.9%**	**70.4%**	**67.0%**	**1.5 pp**	**4.9 pp**
Finished buildings	52.4%	51.8%	50.8%	0.6 pp	1.6 pp
Buildings under construction	58.1%	59.9%	57.8%	-1.8 pp	0.3 pp
Land	80.4%	80.8%	76.3%	-0.4 pp	4.1 pp
From retail mortgages	**49.1%**	**49.9%**	**50.9%**	**-0.8 pp**	**-1.8 pp**
Other foreclosed assets	**61.6%**	**60.1%**	**61.7%**	**1.5 pp**	**-0.1 pp**
TOTAL FORECLOSED ASSETS	**64.0%**	**63.0%**	**62.1%**	**0.9 pp**	**1.9 pp**
Off which finished buildings	**50.0%**	**50.5%**	**50.8%**	**-0.5 pp**	**-0.8 pp**

Million euros	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016
FORECLOSED ASSETS EVOLUTION					
BoP	**2,111**	**2,450**	**2,512**	**2,567**	**2,578**
Inflows	104	54	97	103	106
Outflows	343	394	159	158	116
EoP	**1,872**	**2,111**	**2,450**	**2,512**	**2,567**
% Quarter recoveries of foreclosures at beginning of 2017	**13%**	**15%**	**6%**	**6%**	

8. Results

Million euros	31/12/2017	31/12/2016	Amount	%
Interest income	853	1,011	-158	-15.6%
Interest expense	270	391	-121	-31.0%
NET INTEREST INCOME	**583**	**620**	**-37**	**-6.0%**
Dividend income	23	27	-5	-16.6%
Share of results of entities accounted for using the equity method	49	35	14	39.2%
Net fee income	220	207	13	6.1%
Trading income (*)	98	78	20	25.6%
Other operating income/expenses (**)	24	121	-97	-80.2%
GROSS INCOME	**997**	**1,089**	**-92**	**-8.5%**
Administrative costs	590	611	-20	-3.3%
Staff costs	401	427	-25	-6.0%
Other administrative costs	189	184	5	2.9%
Amortization	42	45	-3	-6.5%
PRE-PROVISION PROFIT	**364**	**433**	**-69**	**-15.9%**
Provisions /reversal of provisions	132	104	28	27.3%
Impairments / reversal of financial assets	37	39	-2	-4.8%
Off which credit and loans	49	84	-35	-42.0%
NET OPERATING INCOME	**195**	**291**	**-96**	**-32.9%**
Impairments on non-financial assets (***)	-55	-100	44	-44.5%
PROFIT BEFORE TAX	**140**	**191**	**-51**	**-26.8%**
Taxes	1	66	-65	-98.0%
NET INCOME FROM CONTINUING OPERATIONS	**138**	**125**	**14**	**10.9%**
Profit / loss from discontinued operations	0	10	-10	-100.0%
CONSOLIDATED NET INCOME	**138**	**135**	**3**	**2.5%**
ATTRIBUTABLE NET INCOME	**142**	**142**	**0**	**0.2%**

Promemoria:

[1] **Results excluding the impact of the reorganisation of life insurance business (2017) and the agreement on general insurance (2016)**

	31/12/2017	31/12/2016	YoY Amount	YoY %
Gross margin [1]	**972**	**991**	**-19**	**-1.9%**
Profit before taxes [1]	**212**	**93**	**120**	**128.8%**
Consolidated net income [1]	**189**	**66**	**123**	**185.2%**
Attributable net income [1]	**191**	**81**	**110**	**135.9%**

The following line items of the consolidated P&L include:

(*) Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net - Gains or (-) losses on financial assets and liabilities held for trading, net - Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net -Gains or (-) losses from hedge accounting, net

(**) Other operating income - (Other operating expenses); Income on insurance and reinsurance contracts - (Expenses on insurance and reinsurance contracts)

(***) (Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates) - (Impairment or (-) reversal of impairment on non-financial assets) - Gains or (-) losses on derecognition of non-financial assets and investments, net - Negative goodwill recognized in profit or loss - Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

QUARTERLY EVOLUTION

Million euros	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016
Interest income	205	208	219	221	243
Interest expense	54	67	73	75	83
NET INTEREST INCOME	**151**	**141**	**146**	**145**	**160**
Dividend income	3	7	10	3	5
Share of results of entities accounted for using the equity method	9	20	17	4	17
Net fee income	56	55	56	53	52
Trading income (*)	18	2	32	45	-6
Other operating income/expenses (**)	-55	31	17	31	-21
GROSS INCOME	**181**	**256**	**279**	**281**	**207**
Administrative costs	145	148	150	148	149
Staff costs	99	100	101	101	108
Other administrative costs	46	48	48	47	42
Amortization	10	10	11	11	11
PRE-PROVISION PROFIT	**26**	**99**	**118**	**121**	**46**
Provisions /reversal of provisions	37	6	95	-5	41
Impairments / reversal of financial assets	-19	24	1	31	-25
Off which credit and loans	-17	21	19	26	10
NET OPERATING INCOME	**8**	**70**	**22**	**95**	**30**
Impairments on non-financial assets (***)	-1	14	22	21	79
PROFIT BEFORE TAX	**10**	**56**	**0**	**74**	**-49**
Taxes	-9	10	-24	23	14
NET INCOME FROM CONTINUING OPERATIONS	**18**	**46**	**24**	**51**	**-62**
Profit / loss from discontinued operations	0	0	0	0	7
CONSOLIDATED NET INCOME	**18**	**46**	**24**	**51**	**-56**
ATTRIBUTABLE NET INCOME	**6**	**50**	**34**	**52**	**-53**

Million euros / %	4Q 2017			3Q 2017			2Q 2017			1Q 2017			4Q 2016		
	Average balances	II/IE	Yield/ cost (%)	Average balances	II/IE	Yield/ cost (%)	Average balances	II/IE	Yield/ cost (%)	Average balances	II/IE	Yield/ cost (%)	Average balances	II/IE	Yield/ cost (%)
Financial intermediaries	4,670	-3	-0.28	3,543	-3	-0.30	3,380	-1	-0.16	3,034	-1	-0.08	2,286	0	-0.07
Fixed income portfolio	17,338	56	1.28	17,638	55	1.24	16,958	55	1.31	17,742	53	1.21	18,921	60	1.25
Performing loans	**26,036**	**135**	**2.05**	**26,791**	**138**	**2.05**	**27,284**	**150**	**2.21**	**27,202**	**158**	**2.36**	**27,391**	**165**	**2.39**
Other assets (including NPLs)	8,325	9		8,467	9		8,277	8		8,557	5		8,972	12	
TOTAL ASSETS	**56,369**	**196**	**1.38**	**56,439**	**200**	**1.41**	**55,899**	**213**	**1.53**	**56,534**	**215**	**1.55**	**57,569**	**236**	**1.63**
Financial intermediaries	7,049	-4	-0.25	6,465	-4	-0.27	6,655	-2	-0.14	7,184	0	-0.02	7,425	-3	-0.15
Debt securities	5,570	28	1.99	5,918	29	1.96	6,144	29	1.89	6,470	30	1.86	6,720	32	1.90
Customer deposits	**36,913**	**20**	**0.22**	**36,813**	**22**	**0.24**	**36,461**	**24**	**0.26**	**36,143**	**26**	**0.29**	**36,340**	**30**	**0.33**
Sight deposits (PS)	24,905	3	0.05	24,412	4	0.06	23,201	4	0.07	22,811	4	0.07	22,183	4	0.07
Term deposits (PS)	9,555	17	0.69	10,201	18	0.71	11,117	20	0.72	11,105	22	0.79	11,955	25	0.83
Subordinated liabilities	0	0		302	10	13.59	604	15	10.09	604	15	9.75	608	15	9.72
Other liabilities	6,837	1		6,942	2		6,036	1		6,134	1		6,476	2	
TOTAL LIABILITIES	**56,369**	**45**	**0.32**	**56,439**	**59**	**0.41**	**55,899**	**67**	**0.48**	**56,534**	**70**	**0.51**	**57,569**	**76**	**0.53**
CUSTOMER SPREAD*			**1.84**			**1.81**			**1.94**			**2.07**			**2.07**
NET INTEREST MARGIN	**56,369**	**151**	**1.06**	**56,439**	**141**	**0.99**	**55,899**	**146**	**1.04**	**56,534**	**145**	**1.04**	**57,569**	**160**	**1.10**

I.I: Interest Income
I.E: Interest expenses
PS: Private Sector
(*) Performing loans - Customer deposits

At the end of 2017, the Group reported a net profit of EUR 138 million, of which EUR 18 million correspond to Q4 2017. The restructuring of bancassurance agreements was completed during the previous half, with a negative accounting impact. If this were stripped out, the group's net profit would be EUR 189 million.

Profit derives mainly from EUR 803 million in net interest income and fees, representing 1.4% of average total assets. Although the margin has dropped in year-on-year terms, in line with the interest rate environment and the net fall in lending volumes in which we are immersed, it improved in the fourth quarter by 6.9%, mainly thanks to the reduction in the Group's financing costs, stemming from the buyback in the third quarter of the CoCos issued by EspañaDuero before it was acquired by Unicaja Banco. On the other hand, fees have risen 2% in the quarter thus consolidating the growth experienced in the course of the year.

The customer spread deteriorated slightly over the year, due to several factors: the Euribor's performance in 2017 and the impact on the retail mortgage portfolio of claims relating to the floor clauses resulting from application of Royal Decree-Law 1/2017 and to a lesser extent to the maturities of public sector transactions. Nevertheless, in the last quarter there was an improvement because of lower funding costs and the contribution of the debt securities portfolio, despite the impact of claims relating to floor clauses.

Good fee performance, which have risen both in the year (+6.5%) and against the same quarter last year (+6.1%), is mostly focused in collections and payments services (+8.5%) and in distribution of off-balance sheet products (+3.4%), in line with the company's strategic objectives. Net fees have also risen from the previous quarter.

Net trading income and exchange differences, which amounted to EUR 98 million, 25.6% above the previous year, has been mainly from fixed income investments in the first quarter of 2017 and equity investments in the remaining quarters.

The results for other operating income /expenses, which fell by 80% in relation to the previous year, were strongly influenced by the process of reordering the bancassurance alliances that began in 2016 with the sale of non-life insurance distribution rights to Caser, generating EUR 98 million of income for this ledger entry. This has impacted the marketing of life insurance in 2017 with sales of EUR 25 million for this item alone. The results from real estate activity, booked in this section, as well as the SRF and Deposit Guarantee Fund costs, and the DTA monetisation levy, were similar to the previous year. The rest of the negative variation is largely due to the recognition at the end of 2016 of a number of non-recurring income.

€ millones	2016	2017	%Δ YoY
Margen de intereses	620	583	-6,0%
Comisiones	207	220	6,1%
Ingresos "core"	**827**	**803**	**-2,9%**
ROF y diferencias de cambio	78	98	25,6%
Dividendos y puesta en equivalencia	63	72	14,7%
Otros productos/cargas	121	24	-80,2%
Del que acuerdo seguros generales (A)	98	-	-
Del que earn-out de UD Vida y Pensiones	-	25	-
Margen bruto	**1.089**	**997**	**-8,5%**
Margen bruto excluyendo (A) y (B)	**991**	**972**	**-1,9%**

The application of a strict policy of cost containment and rationalization, part of a plan to improve efficiency and achieve the synergies envisaged in the Business Plan, continues to bear fruit, with an improvement of operating expenses (administrative expenses plus amortisation and depreciation) of 3.5%, a reduction of EUR 23 million, of which 5 million correspond the last quarter, compared to the same period last year.

Finally, credit and foreclosed assets impairments in 2017 came to 51% of those in the 2016 financial year. The cost of risk by the end of 2017 was 0.15%, well below the 0.25% recorded for the whole of 2016.

FEES

Million euros	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	QoQ	YoY
FEE INCOME	**58**	**62**	**63**	**58**	**55**	**-6.2%**	**5.5%**
From contingent risk	2	2	2	1	2	-8.3%	-13.4%
From contingent commitments	1	1	1	1	1	-6.3%	-3.8%
From currency exchange	0	0	0	0	0	-39.8%	-13.2%
From payments and collections	32	34	33	32	29	-6.6%	8.5%
From non banking products	23	23	25	23	22	-1.7%	3.4%
Other fees	1	2	2	2	1	-45.3%	8.3%
FEE EXPENSES	**2**	**7**	**7**	**5**	**3**	**-75.1%**	**-15.4%**
NET FEE INCOME	**56**	**55**	**56**	**53**	**52**	**2.0%**	**8.3%**

IMPAIRMENTS

						YoY	
Million euros	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	Amount	%
Credit impairments	17	-21	-19	-27	-10	27	-276.2%
Foreclosed assets impairments	-8	-13	-2	-20	-72	64	-88.6%
Provisions	-37	-6	-95	5	-41	4	-10.0%
Other results	11	-4	-2	-6	28	-17	-59.4%
TOTAL RECURRENT IMPAIRMENTS	**-16**	**-44**	**-118**	**-47**	**-95**	**79**	**-82.8%**

IMPAIRMENTS

			YoY	
Million euros	2017	2016	Amount	%
Credit impairments	-49	-84	35	-42.0%
Foreclosed assets impairments	-43	-96	52	-54.9%
Provisions	-133	-104	-29	27.4%
Other results	0	41	-41	-100.7%
TOTAL RECURRENT IMPAIRMENTS	**-224**	**-242**	**18**	**-7.3%**

9. Liquidity

Loan to deposits						**QoQ**	
Million euros	**31/12/2017**	**30/09/2017**	**30/06/2017**	**31/03/2017**	**31/12/2016**	**Amount**	**%**
Credit and loans (excluding valuations adjustments)	30,840	31,214	32,506	32,114	32,344	-374	-1.2%
-Reverse repos	2,221	2,218	2,178	1,867	2,078	3	0.1%
a) Core credit and loans	**28,619**	**28,996**	**30,329**	**30,247**	**30,266**	**-378**	-1.3%
Customers deposits (excluding valuations adjustments)	45,373	44,807	44,540	44,536	47,710	566	1.3%
-Repos	2,563	1,638	1,498	1,450	4,797	925	56.4%
-Multi-issuer covered bonds	5,093	5,718	5,718	6,170	6,370	-625	-10.9%
b) Core customer deposits	**37,718**	**37,452**	**37,325**	**36,916**	**36,543**	**266**	**0.7%**
LtD ratio (a/b)	**76%**	**77%**	**81%**	**82%**	**83%**	**-1.5%**	

The Group's high liquidity levels are reflected in its LtD ratio which, at the end of 2017, stands at around 76%, slightly lower than year-end 2016, due to the growth of the business discussed earlier.

						QoQ	
Liquid assets	**31/12/2017**	**30/09/2017**	**30/06/2017**	**31/03/2017**	**31/12/2016**	**Amount**	**%**
Cash surplus (1)	3,073	411	853	925	55	2,662	647.2%
Discountable reverse repos	2,222	2,581	2,178	1,867	2,196	-359	-13.9%
Fixed income portfolio and other discountable assets in ECB	15,534	17,075	16,372	16,655	19,610	-1,541	-9.0%
Total liquid assets (ECB discount value)	**20,829**	**20,067**	**19,403**	**19,447**	**21,861**	**762**	**3.8%**
Liquid assets used							
In ECB	3,340	3,340	3,340	3,340	0	0	0.0%
Repos	3,311	3,020	2,191	2,818	7,317	291	9.6%
Total liquid assets used	**6,652**	**6,361**	**5,532**	**6,158**	**7,317**	**291**	**4.6%**
AVALABLE DISCOUNTABLE LIQUID ASSETS	**14,177**	**13,706**	**13,872**	**13,289**	**14,544**	**471**	**3.4%**
% over total assets	**25.2%**	**24.3%**	**24.6%**	**23.7%**	**25.4%**	**0.9%**	

(1) Interbank deposits + surplus balance in ECB and operating balances

Unicaja Banco Group filed at 31 December 2017 its liquid and discountable assets position at the European Central Bank, net of assets used, of EUR 14,177 million at 30th June 2017, representing 25.2% of the total balance sheet.

This large volume of liquid assets will enable the forthcoming wholesale funding maturities in the markets to be managed comfortably (EUR 889 million in 2018 and EUR 668 million in 2019).

Debt securities maturities

	Debt securities (*)
2018	**889**
2019	**668**
2020	**325**

(*) Includes multi issuer covered bonds

LIQUIDITY RATIOS	**31/12/2017**	**30/09/2017**	**30/06/2017**	**31/03/2016**	**31/12/2016**	**QoQ**
LCR	701%	884%	1057%	607%	410%	-183 pp
NSFR	134%	129%	127%	133%	125%	5 pp

10. Solvency

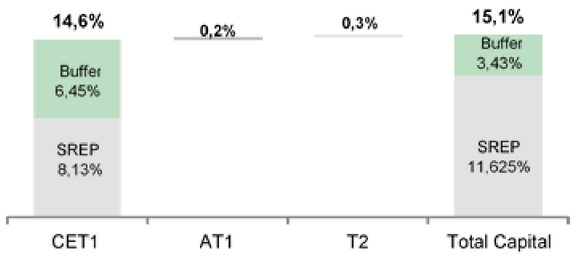
SOLVENCY

PHASE IN RATIOS					
Million € and %	**31/12/2017**	**30/09/2017**	**30/06/2017**	**31/03/2017**	**31/12/2016**
Qualifying capital	**3,650**	**3,654**	**3,488**	**3,530**	**3,569**
CET1 capital (BIS III)	3,532	3,530	3,373	3,416	3,469
Capital and share premium	2,820	2,820	2,063	2,063	2,063
Reserves	845	700	712	774	664
Attributable net profit (excluding dividends)	101	60	62	39	118
Deductions	-250	-245	-267	-258	-179
Other (treasury stock, minorities, AFS gains)	17	196	804	797	803
Tier 1	42	42	39	39	29
Tier 2	76	82	76	76	71
Risk weighted assets	**24,239**	**24,949**	**25,128**	**24,895**	**25,188**
CET1 capital (BIS III) (%)	**14.6%**	**14.1%**	**13.4%**	**13.7%**	**13.8%**
Tier 1	0.2%	0.2%	0.2%	0.2%	0.1%
Tier 2	0.3%	0.3%	0.3%	0.3%	0.3%
Total capital ratio (%)	**15.1%**	**14.6%**	**13.9%**	**14.2%**	**14.2%**

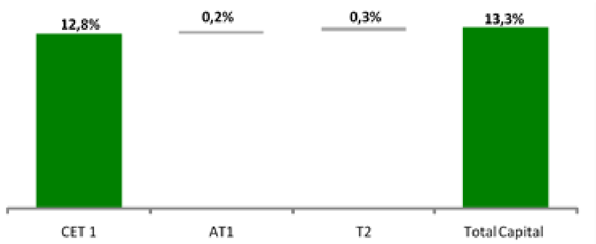
FULLY LOADED RATIOS					
Million € and %	**31/12/2017**	**30/09/2017**	**30/06/2017**	**31/03/2017**	**31/12/2016**
Qualify capital	**3,196**	**3,227**	**3,063**	**3,093**	**3,079**
CET1 capital (BIS III)	3,069	3,099	2,934	2,964	2,952
Capital and share premium	2,820	2,820	2,063	2,063	2,063
Reserves	845	700	712	774	664
Attributable net profit (excluding dividends)	101	60	62	39	118
Deductions	-719	-714	-736	-737	-743
Other (treasury stock, minorities, AFS gains)	22	233	834	824	850
Tier 1	49	49	49	49	49
Tier 2	78	79	80	79	78
Risk weighted assets	**24,022**	**24,741**	**24,899**	**24,663**	**24,932**
CET1 capital (BIS III) (%)	**12.8%**	**12.5%**	**11.8%**	**12.0%**	**11.8%**
Tier 1	0.2%	0.2%	0.2%	0.2%	0.2%
Tier 2	0.3%	0.3%	0.3%	0.3%	0.3%
Total capital ratio (%)	**13.3%**	**13.0%**	**12.3%**	**12.5%**	**12.4%**

	31/12/2017	
	Phase in	Fully Loaded
CET1 (%)	14.6%	12.8%
Total capital (%)	15.1%	13.3%
2018 CET1 SREP requirement	8.13%	n.a.
2018 Total capital SREP requirement	11.63%	n.a.
Excess of capital over 2018 CET1 SREP requirement	**6.4%**	**n.a.**
Excess of capital over 2018 Total capital SREP requirement	**3.4%**	**n.a.**

Unicaja Banco Group has a common equity tier 1 ratio (CET1) of 14.6% and a total capital ratio of 15.1%. This represents an increase of 0.8bp versus 2016 in CET1 and of 0.9bp on total equity, mainly brought about by the IPO and Rights Issue, the purchase of FROB's CoCos and the year-end results, which has offset the application of the "phase in" and the purchase of the EspañaDuero shares held by the FROB.



In fully loaded terms Unicaja Banco has a CET1 ratio of 12.8% and a total capital ratio of 13.3%. This represents a 1.0% increase in the CET1 ratio and a 0.9% increase in the total capital ratio, compared to December 2016.



On the other hand, restructuring agreements in the life insurance and pensions segments have involved certain corporate operations, which await confirmation from the required administrative authorisations from the competent bodies; once they materialise, a negative impact on capital of 27bp is anticipated.

In terms of performance over the quarter, we should highlight the 0.5 p.p. increase in the CET1 regulatory ratio, fundamentally as a result of the reduction in RWAs relating to operational risk and to the maturity of investments in several multiseller mortgage-covered bonds, as well as the fact that the results of the third quarter were not booked in that quarter.

We should point out that the supervisory authorities have notified the institution of the SREP's requirements for 2018, setting the CET1 ratio at 8.125% and the total capital ratio at 11.625%. This means that at the end of 2017 the Group has a surplus of 645 base points over its CET1 requirements and of 343 base points over its total capital requirements, a tangible evidence of the institution's high capitalisation and low risk profile.

The Texas ratio comes in at 72.4% at year-end closing. This latter ratio measures the percentage represented by the sum of NPLs and foreclosed assets divided by the aggregate of: i) provisions for NPLs, ii) provisions for foreclosures, and iii) equity. The lower this ratio, the better the quality of the balance sheet and liquidity. In the case of the Group, the ratio has gone down by 22.3 p.p. since 2016 year-end, and by 4.2 p.p. over the quarter, which underlines the quality of its balance sheet and its liquidity.

Finally, the implementation of the IFRS9 accounting regulations are expected to have a positive impact of 30 bp on the CET1 phase-in, which corresponds to the net negative impact of larger impairments and of unrealised capital gains.

	31/12/2017	30/09/2017	30/06/2017	31/03/2017	31/12/2016	QoQ	YoY
Texas Ratio	72.4%	76.6%	81.8%	92.6%	94.7%	-4.2 pp	-22.3 pp

Texas Ratio: NPLs + Foreclosed assets / Tangible Book value + NPAs provisions

APPENDIX I:

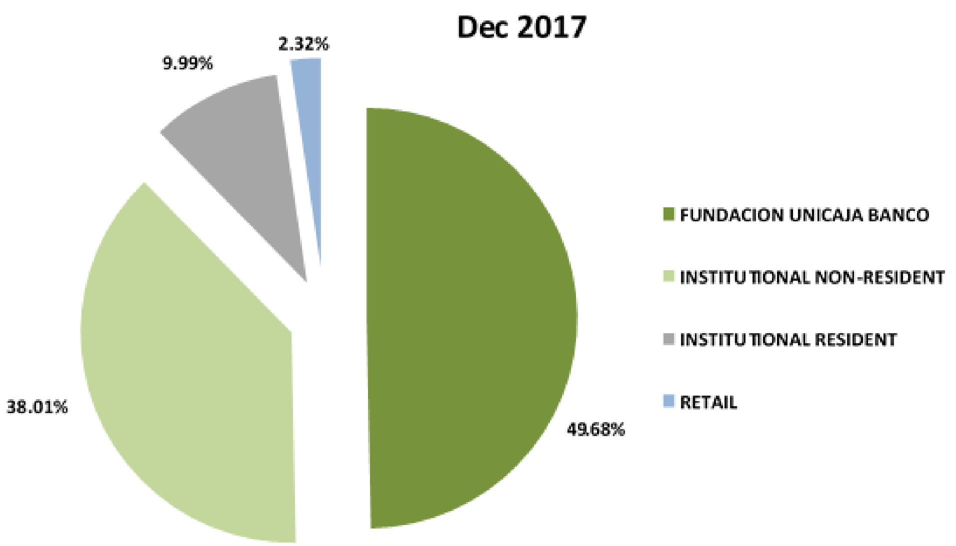
SHARE PRICE PERFORMANCE

Listing Data

UNICAJA BANCO	Dec-17
Number of shareholders	15,613
Average daily trading (num. of shares)	3,734,372
Average daily trading (euros)	4,708,077
Closing high (euros/share)	1.370 (15-Aug)
Closing low (euros/share)	1.170 (30-Jun)
Year-end closing (euros/share)	1.314 (29-Dec)

Main shareholders

	NUM. OF SHAREHOLDERS	SHARES	%
FUNDACION UNICAJA BANCO	1	800,000,000	49.68%
INSTITUTIONAL NON-RESIDENT	86	612,039,855	38.01%
INSTITUTIONAL RESIDENT	362	160,861,825	9.99%
RETAIL	15,164	37,400,441	2.32%
TOTAL	15,613	1,610,302,121	100.00%



APPENDIX II:

ALTERNATIVE PERFORMANCE MEASURES (APM)

The information contained in this Appendix is prepared in accordance with the International Financial Reporting Standards adapted by the European Union (EU-IFRS). In addition, Unicaja Banco Group considers that certain Alternative Performance Measures (APM), as defined in the Directive on Alternative Performance Measures issued by the European Securities Market Authority (ESMA) on 5th October 2015 (ESMA / 2015 / 1415en), provide additional information that may be useful for analysing the Group's financial performance.

The Group considers that the APMs included in this appendix comply with ESMA Guidelines. These APMs have not been audited and in no way are a substitute for the financial information prepared under IFRS. Likewise, the definition that the Group uses of these APMs may differ from other similar measures calculated by other companies and therefore may not be comparable.

Following the recommendations of the aforementioned Guidelines, the breakdown of the APMs used by Unicaja Banco Group is attached below, including the definitions and matching balance sheet and income statement items used by the Unicaja Banco Group:

ALTERNATIVE PERFORMANCE MEASURES (APM)		2017	2016
(in EUR million or %)			
Cost of risk	Impairment in value or (-) reversal of impairment in value of loans and receivables to customers	48.6	83.8
	Average between start/end of period for loans and receivables from the customer base (excluding valuation adjustments)	31,884	34,082
	Ratio	**0.15%**	**0.25%**
Cost to income ratio (Operating Expenses excl. amort. & depre. / gross margin)	Administrative expenses	590	611
	Gross Margin	997	1,089
	Ratio	**59.2%**	**56.1%**
Customer spread	Yields on non-doubtful loans and advances to customers (excluding repos) over average quarterly balances of loans and non-doubtful advances to customers (without valuation adjustments and excluding repos and other financial assets)	2.15%	2.51%
	Cost in the year of customer deposits (excluding repos) over average quarterly balances for the year of customer deposits (without valuation adjustments and excluding repos)	0.25%	0.44%
	Difference between yield & cost	**1.90%**	**2.07%**

Foreclosed assets coverage	Impairment in the value of properties foreclosed in settlement of debt	1,197	1,594
	Gross carrying amount of properties foreclosed in settlement of debt	1,872	2,567
	Ratio	**64.0%**	**62.1%**

Net Interest Margin	Net interest income	583	620
	Total average assets (average of quarterly average balances)	56,413	58,830
	Ratio	**1.03%**	**1.05%**

NPL coverage ratio	Credit risk coverage (Dec'16: excluding extraordinary provisions for floor clauses)	1,355	1,608
	Gross impaired assets	2,710	3,215
	Ratio	**50.0%**	**50.0%**

NPL ratio	Gross impaired assets	2,710	3,215
	Loans and advances to customers (excluding valuation adjustments)	31,038	32,730
	Ratio	**8.7%**	**9.8%**

ROA	Consolidated results for the period	138.4	135.1
	Total average assets (average of quarterly average balances)	56,413	58,830
	Ratio	**0.2%**	**0.2%**

ROE	Net income to the parent entity	142.4	142.1
	Average shareholders' equity (excluding adjustments from other accumulated income) (average of quarterly average balances)	3,397	2,919
	Ratio	**4.2%**	**4.9%**

Performing gross loans and advances to customers (ex- reverse repos, ex-other financial assets)	1. Loans and receivables. Credit and loans at variable interest rate.	25,388	28,074
	2. Loans and receivables. Credit and loans at fixed interest rate.	3,230	2,192
	3. Loans and receivables. Impaired assets.	2,710	3,215
	Performance measure (1+2-3)	**25,908**	**27,051**

Total customer funds	1. Financial liabilities carried at amortized cost. Customer deposits (excluding valuation adjustments).	45,373	47,710
	2. Debt securities issued (excluding valuation adjustments).	130	804
	3. Funds managed through off-balance sheet instruments	12,699	11,635
	Performance measure (1+2+3)	**58,202**	**60,149**

Retail customer funds	1. Funds under management	58,202	60,149
	2. Multi-user mortgage covered bonds under the heading “Term saving”	5,291	6,568
	3. Customer deposits. Repos (excluding valuation adjustments)	3,157	5,318
	4. Deposits from customers. Other (excluding valuation adjustments)	59	39
	5. Issued debt securities (excluding valuation adjustments)	130	804
	6. Repos controlled by retail customers. *Management data*	852	758
	Performance measure (1-2-3-4-5+6)	**50,417**	**48,178**

Wholesale funds	1. Multi-user mortgage covered bonds under the heading “Term saving”	5,291	6,568
	2. Customer deposits. Repos (excluding valuation adjustments)	3,157	5,318
	3. Customer deposits Other (excludes valuation adjustments)	59	39
	4. Issued debt securities (excluding valuation adjustments)	130	804
	5. Repos controlled by retail customers. *Management data*	852	758
	Performance measure (1+2+3+4-5)	**7,785**	**11,971**

Loan to Deposits (LtD)	1. Loans and receivables. Credit and loans at variable interest rate	25,388	28,074
	2. Loans and receivables. Credit and loans at variable interest rate	3,230	2,192
	(1+2) NUMERATOR. Customer loans and advances -excluding valuation adjustments-	**28,618**	**30,266**
	1. Financial liabilities carried at amortized cost. Deposits from customers (excluding valuation adjustments)	45,373	47,710
	2. Multi-user mortgage covered bonds under the heading “Term saving”	5,291	6,568
	3. Customer deposits. Repos (excluding valuation adjustments)	3,157	5,318
	4. Customer deposits. Other (excluding valuation adjustments)	59	39
	5. Repos controlled by retail customers. *Management data*	852	758
	(1-2-3-4+5) DENOMINATOR. Customer deposits (non-market) -excluding valuation adjustments-	**37,718**	**36,543**
	Ratio	**75.9%**	**82.8%**

Gross liquid assets	1. Cash surplus (interbank deposits + balance surplus in ECB and operating accounts)	3,073	54.7
	2. Discountable reverse repos	2,222	2,196
	3. Fixed income portfolio and other discountable assets in ECB	15,534	19,610
	Performance measure (1+2+3)	**20,829**	**21,861**

Sum of:

- Surplus/deficit of deposits in Bank of Spain with respect to the minimum reserve ratio in effect on the date, surplus/ deficit in operating accounts open in credit institutions compared to the average during the previous 12 months

- Net position of interbank deposits with other credit institutions.

- Fixed-income portfolio that the Entity can discount in ECB, both in fixed assets and through repurchase agreements, including the own portfolio issued for use as collateral in ECB and pledged loans, valued at discount value in ECB.

Net liquid assets	1. Gross liquid assets	20,829	21,861
	2. Taken in the ECB	3,340	0
	3. Repos	3,311	7,317
	Performance measure (1-2-3)	**14,177**	**14,544**

Any part of the gross assets already used or being used as collateral for financing, either with the ECB, for repurchase agreements or other pledges, has been discounted.

Total performing loans	1. Loans and accounts receivables (excluding valuation adjustments)	33,804	33,687
	2. Debt securities	2,585	786
	3. Loans and advances to credit institutions	184	170
	4. Impaired assets	2,710	3,215
	Performance measure (1-2-3-4)	**28,326**	**29,514**

Performing loans to public sector	1. Loans and accounts receivables resident public administrations	1,524	2,160
	2. Impaired assets resident public administrations	8	10
	Performance measure (1-2)	**1,516**	**2,150**

Performing loans to private sector	1. Loans and accounts receivables (excluding valuation adjustments)	33,804	33,687
	2. Debt securities	2,585	786
	3. Term deposits in financial institutions	120	73
	4. Other financial assets	259	484
	5. Non-NPL credit to public administrations	1,516	2,150
	6. Reverse purchase agreements	2,220	2,078
	7. Impaired assets	2,710	3,215
	Performance measure (1-2-3-4-5-6-7)	**24,394**	**24,901**

Operating expenses	1. Administrative expenses	590.5	610.6
	2. Depreciation and amortization	42.3	45.2
	Performance measure (1+2)	**632.8**	**655.9**

Credit and loans impairments	Impairment in value or (-) reversal of impairment in value of loans and receivables to customers	48.6	83.8

Provisions	Provisioning or (-) provisioning reversals	132.4	104.0

Pre-provision profit	1. Gross Margin	997.0	1,089.1
	2. Administrative expenses	590.5	610.6
	3. Depreciation and amortization	42.3	45.2
	Performance measure (1-2-3)	**364.2**	**433.3**

Provisions and impairments and other results	1. Provisioning or (-) provisioning reversals	132.4	104.0
	2. Impairment or (-) reversal in the value of financial assets not measured at fair value through profit and loss	36.7	38.5
	3. Impairment or (-) reversal in the value of joint ventures or associates	27.2	27.3
	4. Impairment or (-) reversal of non-financial assets	46.7	96.9
	5. Net gain or (-) loss on derecognition from the statements non-financial assets and stakes, netted out	18.7	25.0
	6 Recognised negative goodwill	0.0	0.0
	7 Gains or (-) losses arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations	-0.1	-0.5
	Performance measure (1+2+3+4-5-6-7)	**224.5**	**242.3**

Net fee income	1. Fee and commission income	240.6	225.8
	2. Fee and commission expense	20.4	18.4
	Performance measure (1-2)	**220.2**	**207.4**

Trading income + exchange differences	1. Net gain or (-) losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss, netted out	96.1	84.1
	2. Net gain or (-) losses from financial assets and liabilities held for trading	1.7	-7.1
	3. Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss, netted out	0.0	0.0
	4. Net gain (-) losses from hedge accounting, netted out	0.2	0.3
	5. Net exchange differences, gains or (-) losses, netted out	0.4	1.0
	Performance measure (1+2+3+4+5)	**98.3**	**78.2**

Other operating income/ expenses	1. Other operating income	163.9	232.0
	2. Other operating expenses	139.9	115.9
	3. Income from assets under insurance or reinsurance contracts	0.0	17.4
	4. Expenses from liabilities under insurance or reinsurance contracts	0.0	12.5
	Performance measure (1-2+3-4)	**24.0**	**121.0**