

Unicaja Banco

2Q18 results presentation

30th July 2018

Disclaimer

This presentation (the **Presentation**) has been prepared by Unicaja Banco, S.A. (the **Company** or **Unicaja Banco**) for informational use only.

The recipient of this presentation has the obligation of undertaking its own analysis of the Company. The information provided herein is not to be relied upon in substitution for the recipient's own exercise of independent judgment with regard to the operations, financial condition and prospects of the Company. The information contained in this presentation does not purport to be comprehensive or to contain all the information that a prospective purchaser of securities of the Company may desire or require in deciding whether or not to purchase such securities, and, unless otherwise stated, it has not been verified by the Company or any other person.

The information contained in the Presentation may be subject to change without notice and must not be relied upon for any purpose. Neither the Company nor any of its affiliates, advisors or agents makes any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of any information contained in this document and, by hereby, shall not be taken for granted. Each Unicaja Banco and its affiliates, advisors or agents expressly disclaims any and all liabilities which may be based on this document, the information contained or referred to therein, any errors therein or omissions therefrom. Neither the Company, nor any of its affiliates, advisors or agents undertake any obligation to provide the recipients with access to additional information or to update this document or to correct any inaccuracies in the information contained or referred to in the Presentation.

Unicaja Banco cautions that this Presentation may contain forward looking statements with respect to the business, financial condition, results of operations, strategy, plans and objectives of the Unicaja Banco and its affiliates. While these forward looking statements represent Unicaja Banco's judgment and future expectations concerning the development of its business, a certain number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from the current expectations of Unicaja Banco and its affiliates. These factors include, but are not limited to, (1) general market, macroeconomic, governmental, political and regulatory trends; (2) movements in local and international securities markets, currency exchange rate and interest rates; (3) competitive pressures; (4) technical developments; and (5) changes in the financial position or credit worthiness of Unicaja Banco's and its affiliates customers, obligors and counterparts. These and other risk factors published in past and future filings and reports of Unicaja Banco, including those with the Spanish Securities and Exchange Commission (**CNMV**) and available to the public both in Unicaja Banco's website (<https://www.unicajabanco.com>) and in the CNMV's website (<https://www.cnmv.es>), as well as other risk factors currently unknown or not foreseeable, which may be beyond Unicaja Banco's control, could adversely affect its business and financial performance and cause actual results to differ materially from those implied in the forward-looking statements.

Market and competitive position data in the Presentation has generally been obtained from industry publications and surveys or studies conducted by third-party sources. Peer firm information presented herein has been taken from peer firm public reports. There are limitations with respect to the availability, accuracy, completeness and comparability of such data. Unicaja Banco has not independently verified such data and can provide no assurance of its accuracy or completeness. Likewise, certain statements in the Presentation regarding the market and competitive position data are based on the internal analyses of Unicaja Banco, which involve certain assumptions and estimates. These internal analyses have not been verified by any independent source and there can be no assurance that the assumptions or estimates are accurate. Accordingly, undue reliance should not be placed on any of the industry, market or Unicaja Banco's competitive position data contained in the Presentation.

This Presentation includes accounts and estimations issued by the management, which may have not been audited by the Company's auditors. In addition, this document includes certain Alternative Performance Measures (**APMs**) as defined in the guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) (the **ESMA guidelines**). This report uses certain APMs, which are performance measures that have been calculated using the financial information from Unicaja Banco and its affiliates but that are not defined or detailed in the applicable financial framework and therefore have neither been audited nor are capable of being completely audited. These APMs are aimed to enable a better understanding of Unicaja Banco's and its affiliates' financial performance but should be considered only as additional disclosures and in no case as a replacement of the financial information prepared under International Financial Reporting Standards (**IFRS**). Moreover, the way the Unicaja Banco defines and calculates these measures may differ to the way these are calculated by other companies, and therefore they may not be comparable. Please refer to Unicaja Banco's past and future filings and reports including those with CNMV and available to the public both in Unicaja Banco's website (<https://www.unicajabanco.com>) and in the CNMV's website (<https://www.cnmv.es>) for further details of the APMs used, including its definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS. In any case, the financial information included in this Presentation has not been reviewed to the extent of its accuracy and completeness and, therefore, neither such financial information nor the APMs shall be relied upon.

Neither this presentation nor any copy of it may be taken, transmitted into, disclosed or distributed in the United States, Canada, Australia or Japan. The distribution of this presentation in other jurisdictions may also be restricted by law and persons into whose possession this presentation comes should inform themselves about and observe any such restrictions. The securities of the Company have not been and, should there be an offering, will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**). Such securities may not be offered or sold in the United States except on a limited basis, if at all, to Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. The securities of the Company have not been and, should there be an offering, will not be registered under the applicable securities laws of any state or jurisdiction of Canada or Japan and, subject to certain exceptions, may not be offered or sold within Canada or Japan or to or for the benefit of any national, resident or citizen of Canada or Japan.

THIS PRESENTATION DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER FOR SALE OR SOLICITATION OF ANY OFFER TO BUY ANY SECURITIES NOR SHALL IT OR ANY PART OF IT FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH ANY CONTRACT OR COMMITMENT TO PURCHASE SHARES. ANY DECISION TO PURCHASE SHARES IN ANY OFFERING SHOULD BE MADE SOLELY ON THE BASIS OF PUBLICLY AVAILABLE INFORMATION ON THE COMPANY.

By receiving or accessing to this Presentation you accept and agree to be bound by the foregoing terms, conditions and restrictions.

Index

Key highlights

**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

Index

Key highlights

**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

Summary of 2Q 2018 results

Business

- **Performing loan book⁽¹⁾** grew 1.8% YTD in 2Q18. Excluding 2Q seasonal advances the growth was 0.4% YTD.
- **New loan production** in first half of 2018 was 45% above the previous semester in corporates and 36% in individuals. It is also highlighting the evolution in the quarter of the production in SMEs (+17%) and retail mortgages (+16%)
- **Customer funds** increased over the last 12 months by 3.8%, specially in sight deposits (12.0%) and off-balance sheet funds (7.1%). The sight/term deposits mix continues to improve.

Results

- **Net Interest Income** in 1H18 was 4,2% above the previous year.
- **Net fee income**, excluding the impact from the full acquisition of Unión del Duero, grew by 2.1% YoY in 1H18.
- **Operating expenses** decreased by 3% in 1H18 compared to the 6 first months of 2017
- **Loan loss charges and foreclosed assets provisions** decreased significantly, confirming the positive trend of the previous quarters.

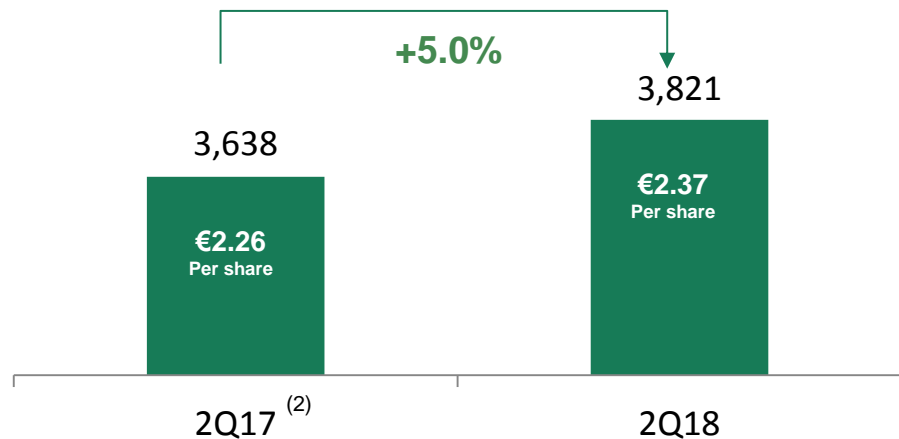
Asset quality, liquidity & solvency

- **Non performing assets (NPAs)** fell -10.2% YTD and -23.3% over the last 12 months, representing a reduction of €1.248 million.
- Comfortable **liquidity position** with net liquid assets representing 25.2% of total assets.
- **CET1** reached 15.3% under the phase-in approach and 13.5% under fully loaded terms, growing 0.8 p.p. and 0.7 p.p. respectively YTD.

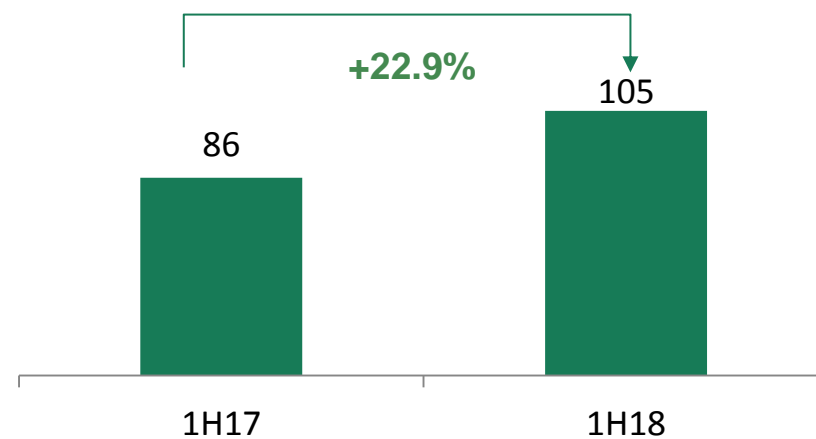
(1) Credit and loans excluding reverse repos

One year listed

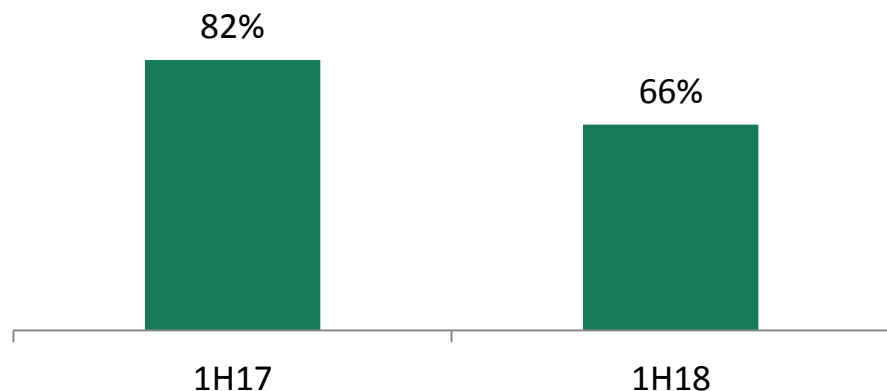
Tangible book value (€M) ⁽¹⁾



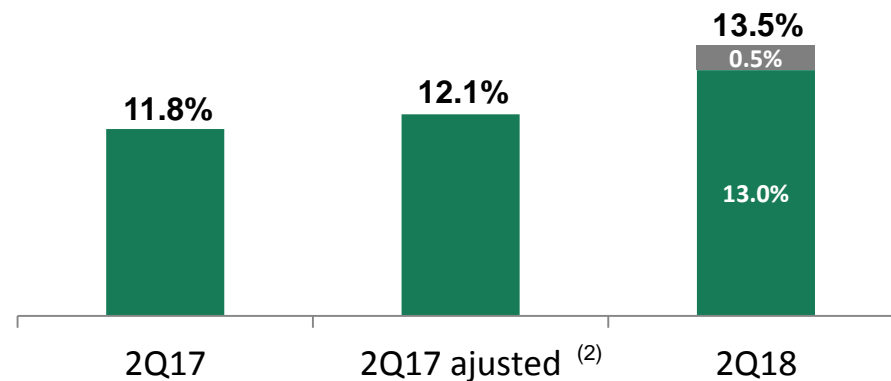
Attributable Net Income (€M)



Texas ratio (%)



CET1 fully loaded (%)



(1) Total equity minus minority interests, Pecos and intangible assets
 (2) 2Q17 adjusted by the IPO and Green Shoe

■ Unrealised capital gains from the debt portfolio

Index

Key highlights

**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

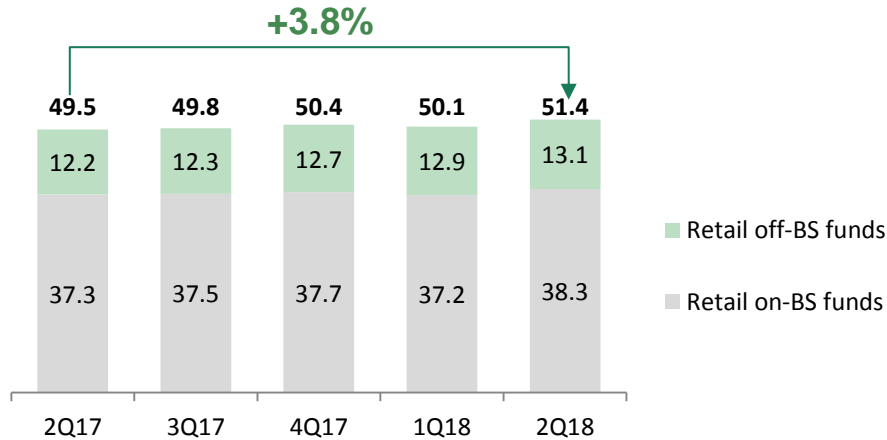
The Group has shown a relevant results generation capacity

Profit & loss account (€ million)

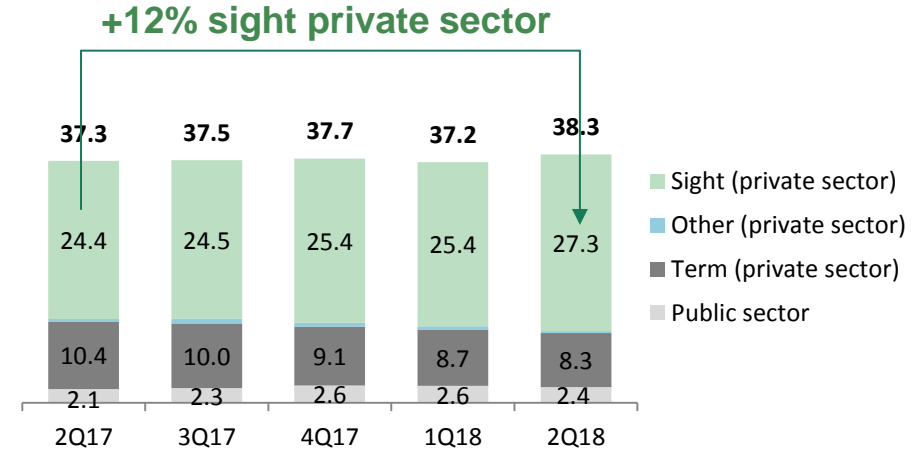
€ million	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	QoQ %	Jun'17	Jun'18	YoY %
Net Interest Income	145	146	141	151	152	151	-1.2%	291	303	4.2%
Net Fees	53	56	55	56	53	55	5.3%	109	108	-0.9%
Dividends	3	10	7	3	2	13	498.3%	13	15	11.7%
Associates	4	17	20	9	11	10	-5.6%	20	21	1.8%
Trading Income + Exch. Differences	45	32	2	18	16	13	-15.9%	78	29	-63.1%
Other Revenues / (Expenses)	31	17	31	-55	17	0	-99.3%	48	17	-65.5%
Gross Margin	281	279	256	181	250	242	-3.2%	559	492	-12.1%
Operating Expenses	160	160	158	155	156	155	-0.4%	320	311	-3.0%
Personnel Expenses	101	101	100	99	98	97	-0.6%	203	195	-3.8%
SG&A	47	48	48	46	49	49	0.2%	95	97	1.9%
D&A	11	11	10	10	9	9	-2.5%	22	19	-16.1%
Pre Provision Profit	121	118	99	26	94	87	-7.8%	239	181	-24.3%
Provisions and Other	-47	-118	-43	-17	-16	-25	54.2%	-165	-41	-75.3%
Credit	-27	-19	-21	17	5	10	107.7%	-45	14	-
Foreclosed Assets	-20	-2	-13	-8	-4	7	-	-21	2	-
Other provisions & other results	0	-98	-9	-26	-17	-41	145.7%	-98	-57	-41.6%
Pre Tax Profit	74	0	56	10	78	62	-20.5%	74	140	89.3%
Tax	23	-24	10	-9	21	16	-25.2%	0	36	-
Results from Disc. Operations	0	0	0	0	0	0	-	0	0	-
Net Income	51	24	46	18	57	47	-18.8%	75	104	39.6%
Attributable Net Income	52	34	50	6	58	47	-18.5%	86	105	22.9%

Customer funds continue to grow

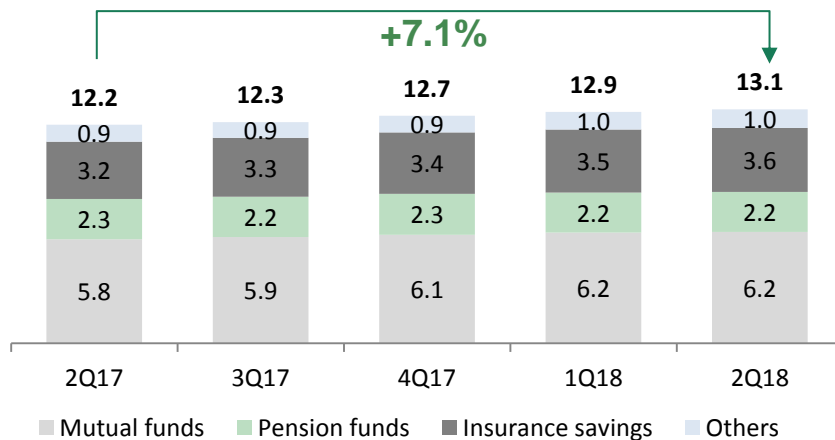
Total retail customer funds (€ bn)



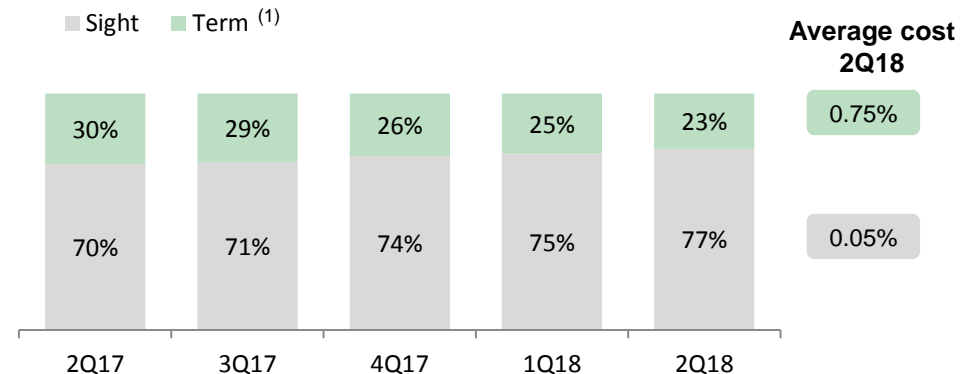
On-balance sheet customer funds (€ bn)



Off-balance sheet customer funds (€ bn)



Private sector deposits (excluding repos): sight vs. term (%)

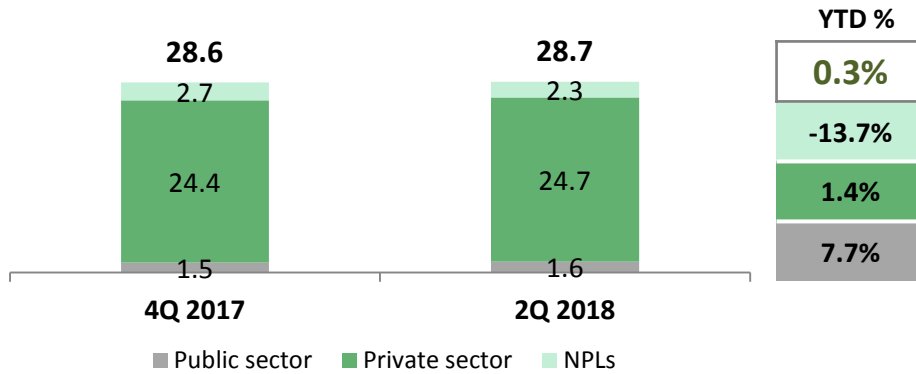


(1): Term deposits excluding multi-issuer covered bonds

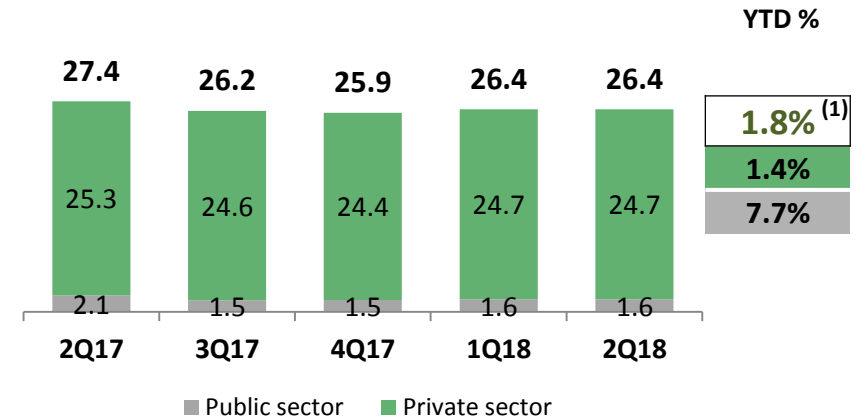
Performing loan book grew year to date

Gross loans (€ Bn)

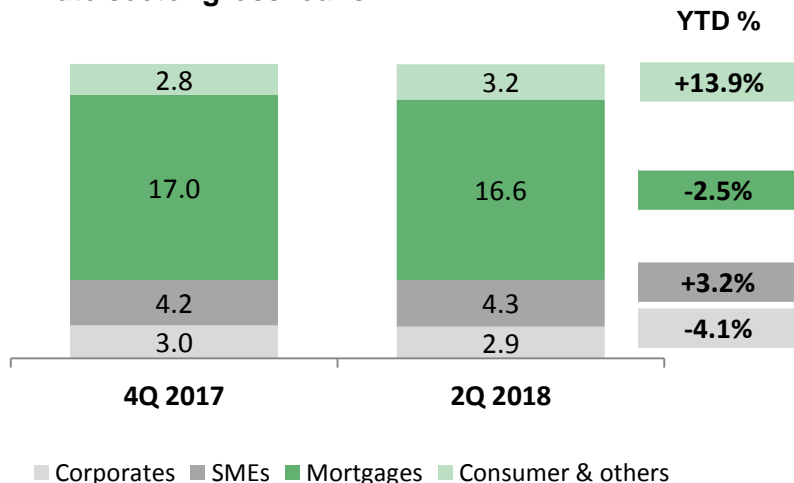
Total gross loans (ex-reverse repos)



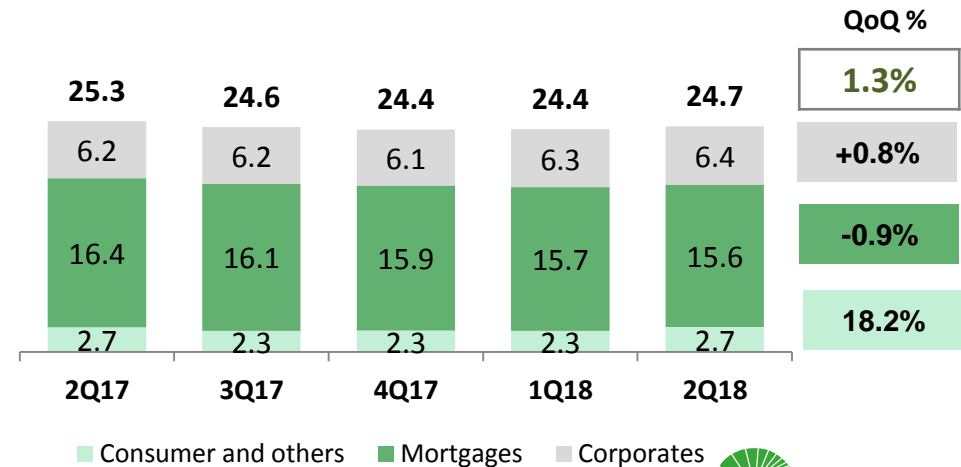
Performing loans evolution (€ Bn)



Private sector gross loans



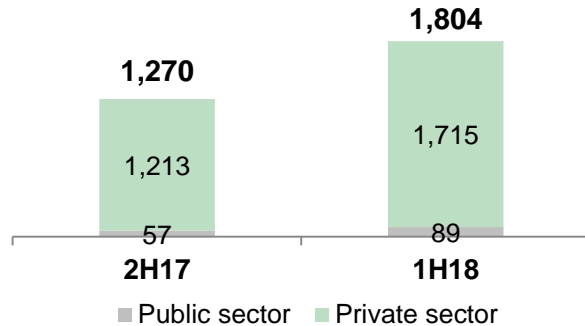
Private sector performing loans



(1) YTD growth excluding seasonal advances was +0,4%

The impulse in new loan production continues in both individuals and corporates

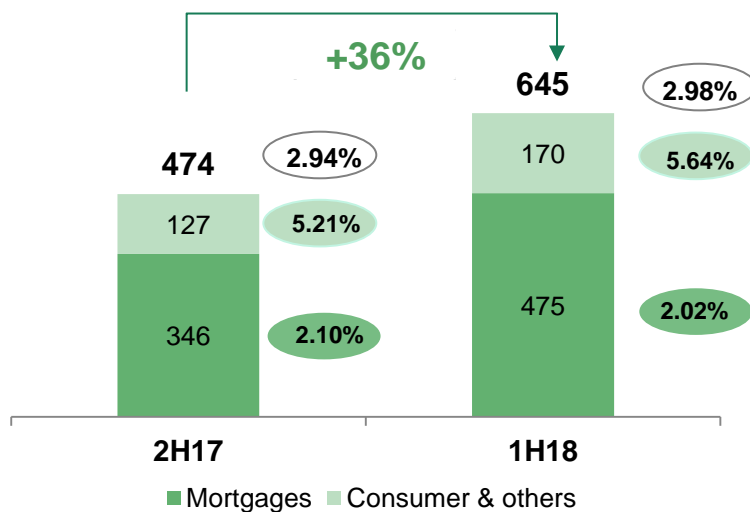
New lending evolution (€ million)



+42%
1H18 vs. 2H17 new leading increase

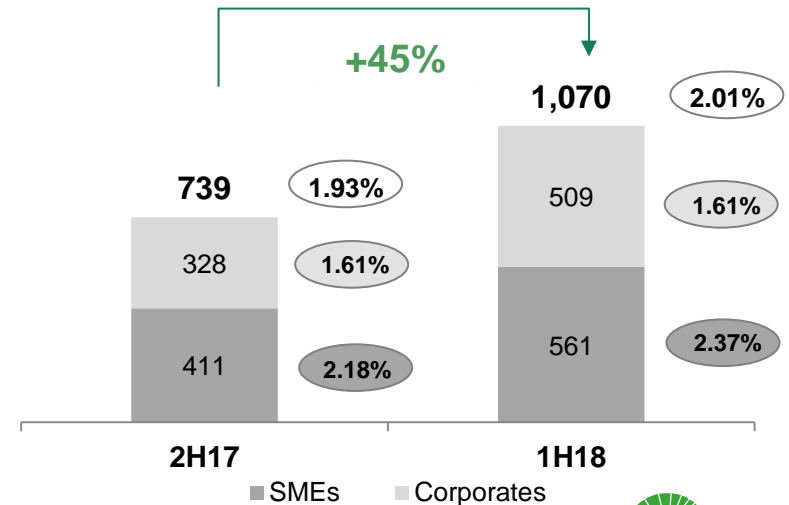
Private sector new lending: Individuals

€ million / ○ average yield



Private sector new lending: Corporates

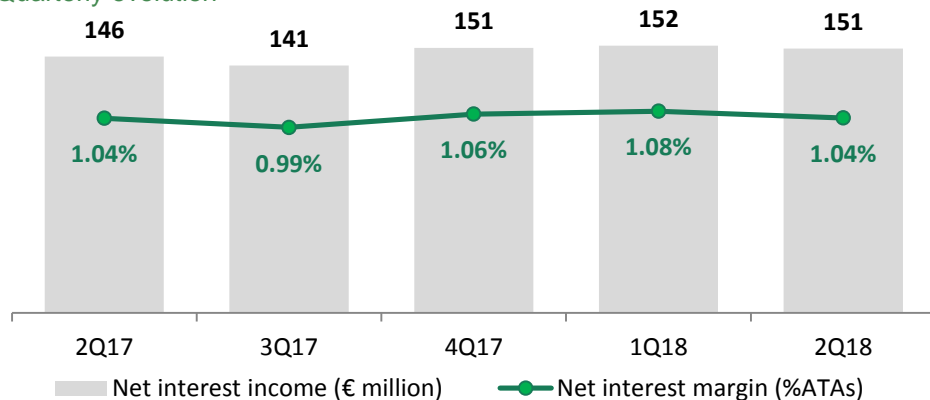
€ million / ○ average yield



Stable net interest income in the quarter

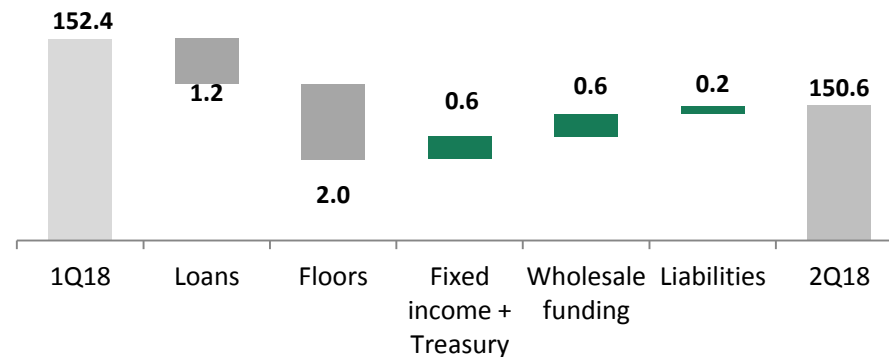
Net interest margin

Quarterly evolution



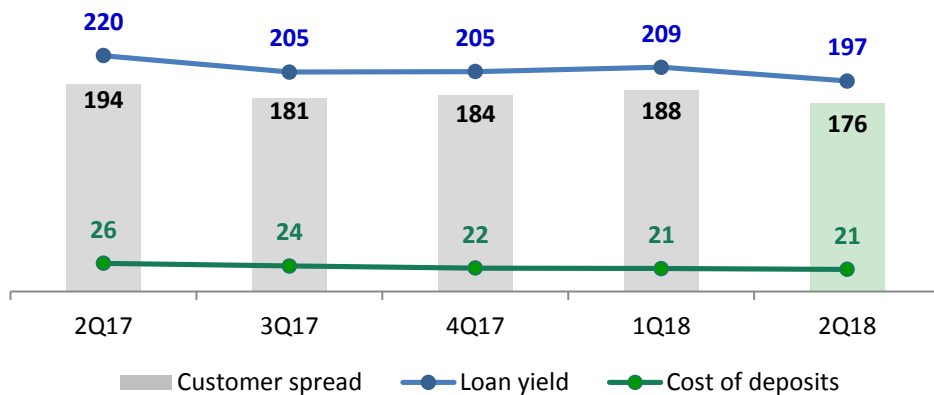
Net interest income bridge 2Q 2018

€ million



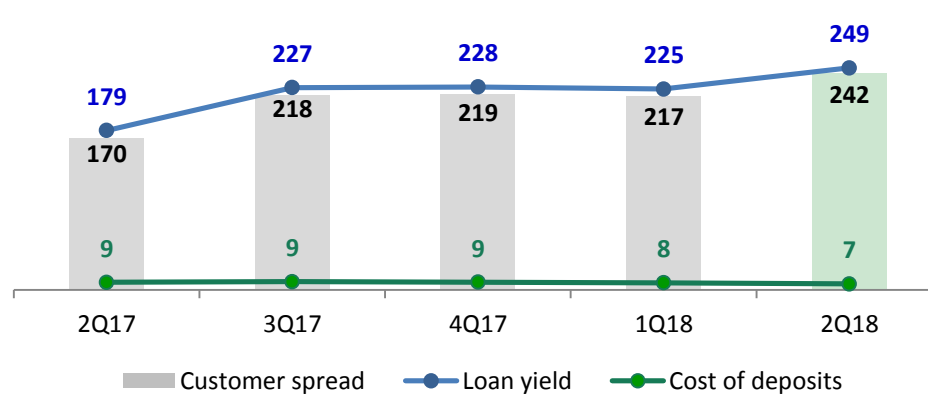
Customer spread (Back Book)

Quarterly evolution (bps)



Customer spread (Front Book)

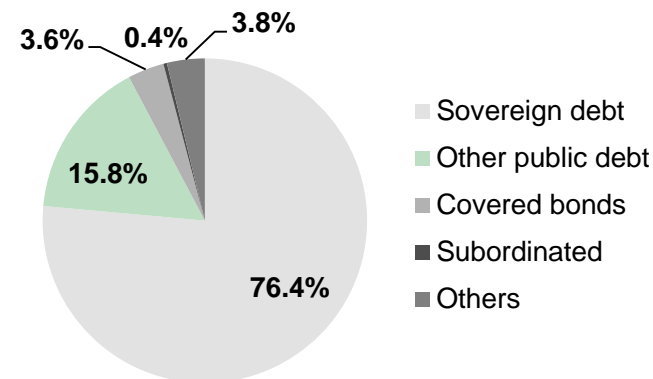
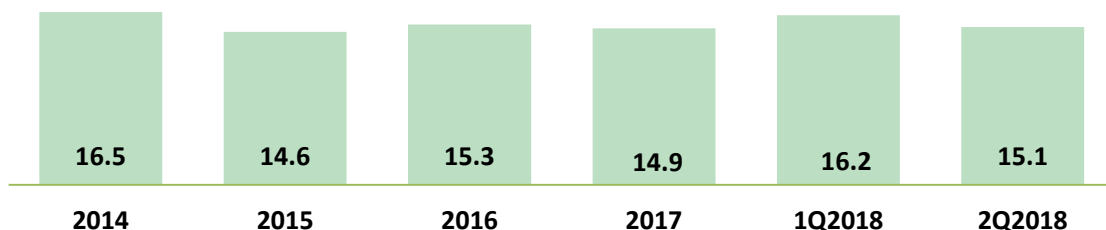
Quarterly evolution (bps)



Conservative management of the debt portfolio

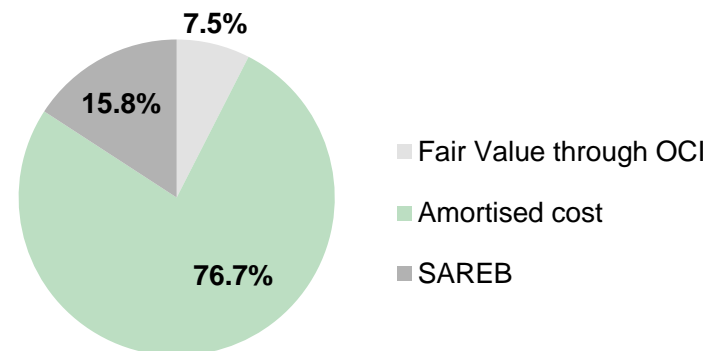
Breakdown, size and evolution of the debt portfolio (Fair Value Through OCI ⁽¹⁾, Amortised Cost and SAREB) ⁽²⁾

€bn



		Size	Duration
		€ Bn	Years
Amortised cost	Structural Portfolio	8.0	4.8
	TLTRO	3.6	3.1
	SAREB	2.4	0.1
	FVTOCI ⁽¹⁾	1.1	0.8

1.31% 2Q18 average yield



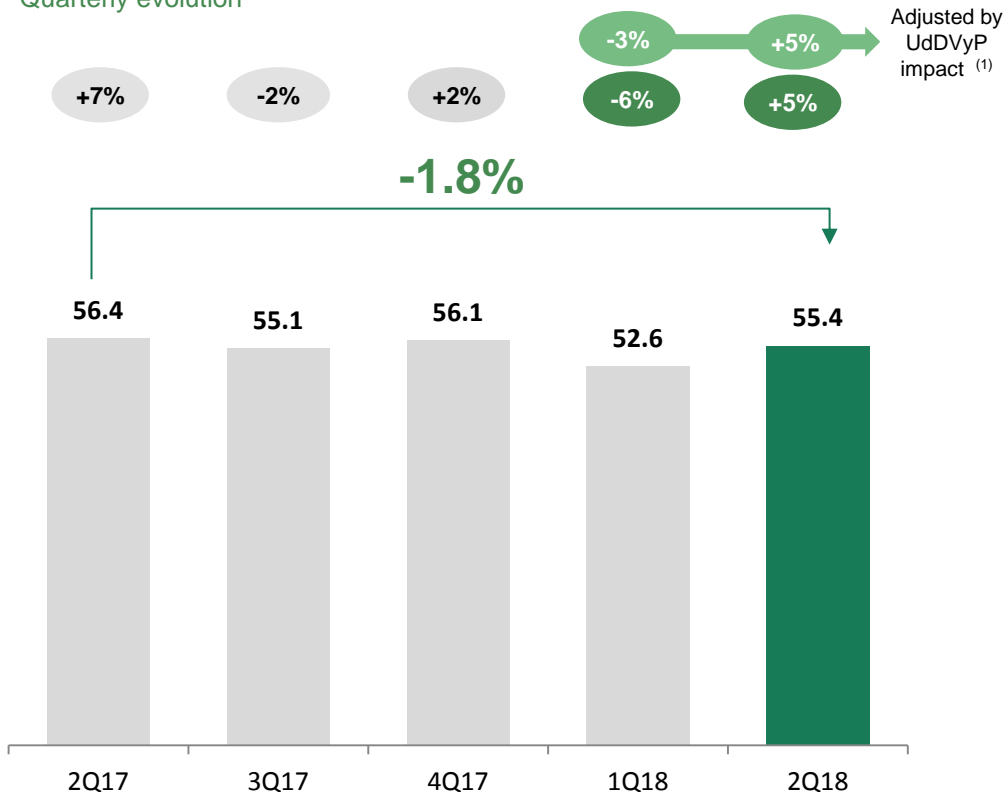
Total: €16.2 bn

(1) FVTOCI balance net of forward positions sold (€3.9bn)
 (2) Excluding de insurance business debt portfolio (€0.7bn)

Fee income impacted by the integration of Unión del Duero Vida y Duero Pensiones

Net fees (€ million)

Quarterly evolution



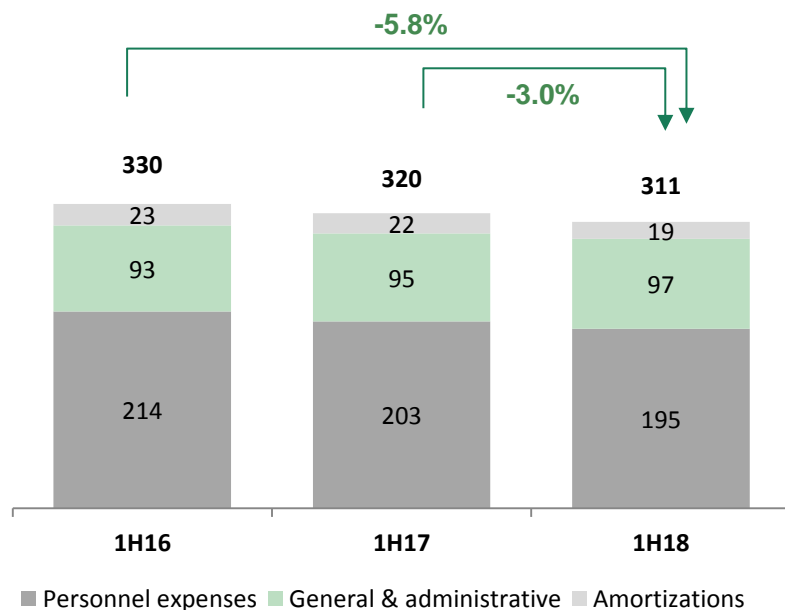
Fees breakdown (€ million)

	1H17	1H18	%
Fee income	121.2	119.1	-1.7%
From contingent risk and commitments	5.0	4.8	-4.5%
From payments and collections	64.6	60.6	-6.1%
From non banking products	48.0	51.0	6.2%
Other fees	3.6	2.7	-24.9%
Fee expenses	12.2	11.1	-9.1%
Net fees	109.0	108.0	-0.9%

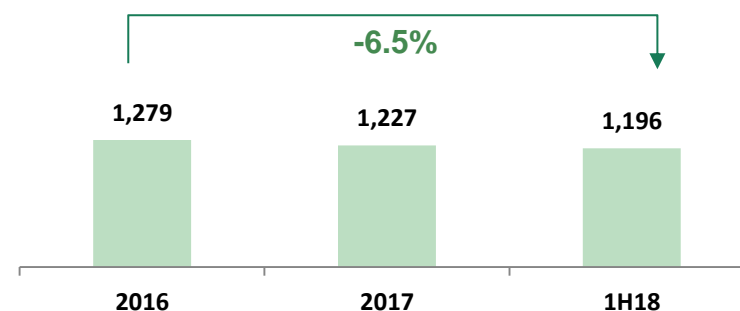
(1) Unión del Duero Vida & Duero Pensiones fully integration represents €3.3 million lower fee income in 1H2018. Excluding such impact fee income grew 2.1% in comparison to same period of last year.

Operating expenses continue to fall owing to the crystallization of synergies

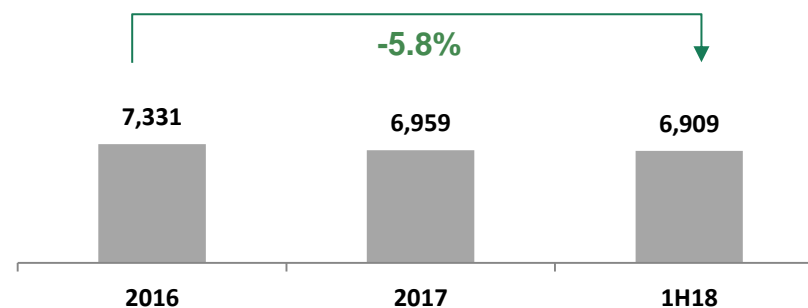
Operating expenses (€ million)



Spanish branches evolution

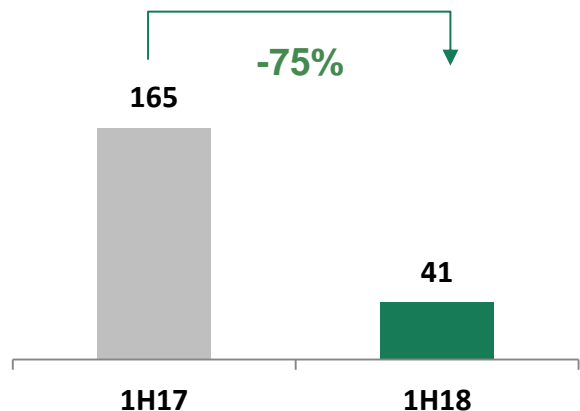


Employees evolution – FTEs (average)

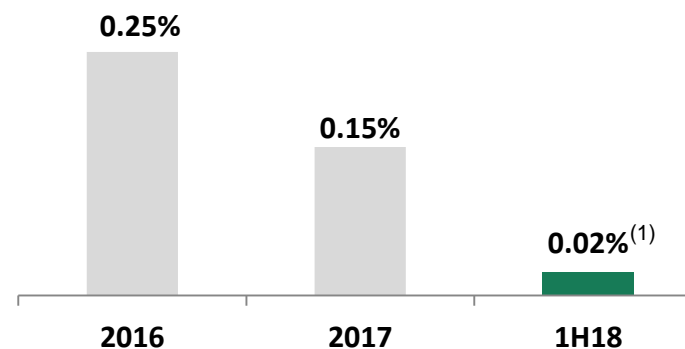


Total impairments improved significantly

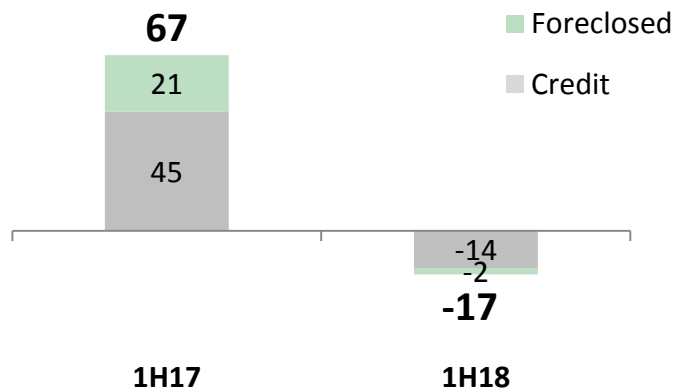
Total impairments (€ million)



Cost of risk – Credit (%)



Provisions for credit and foreclosed assets (€ million)



2bps

⁽¹⁾ Adjusted by written-offs sales, cost of risk without adjustment represents -0,09%

Index

Key highlights

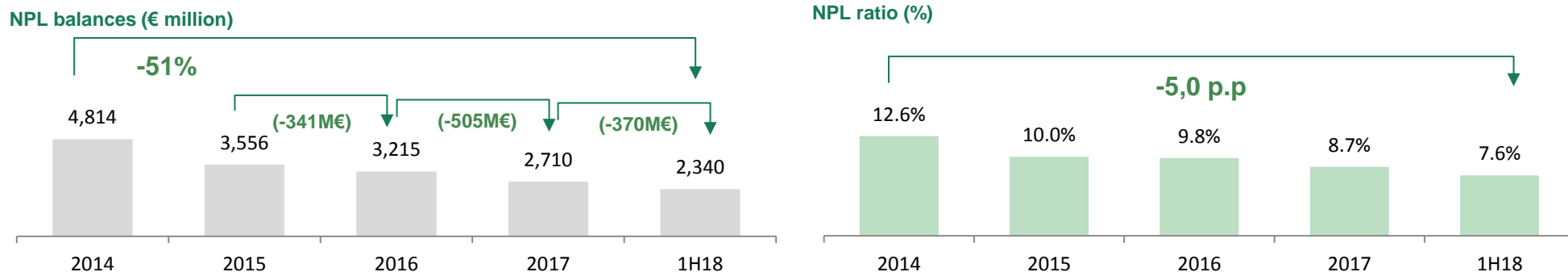
**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

The reduction of NPLs consolidates its downward path

Non performing loans evolution



NPLs gross entries and recoveries evolution

€m	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
BoP	3,455	3,339	3,208	3,215	3,032	2,910	2,833	2,710	2,570
Gross NPL entries	162	102	255⁽¹⁾	134	108	112	88	60	56
Recoveries	-205	-138	-187	-216	-178	-138	-182	-177	-249
ow/ cash recoveries & sales	-113	-89	-98	-137	-97	-87	-104	-95	-155
ow/ foreclosed assets & others	-88	-47	-86	-79	-82	-52	-78	-82	-96
Write-offs	-73	-95	-61	-102	-52	-51	-28	-24	-38
Net NPL entries	-116	-131	7	-184	-122	-77	-123	-141	-230
EoP	3,339	3,208	3,215	3,032	2,910	2,833	2,710	2,570	2,340
QoQ growth	-3%	-4%	0%	-6%	-4%	-3%	-4%	-5%	-9%

(1) 4Q16 including €123m in gross NPL entries related to the impact of Circular 4/2016 (€132m excluding this impact)

NPL coverage remains stable and incorporates a high level of collateralization

Exposure, NPL and coverage

Gross exposure € million	NPLs € million
% NPL ratio	% Coverage ratio
Total gross loans and advances to customers	
30,614	2,340
7.6%	54.9%

Corporates

7,222	840
11.6%	64.5%

Individuals

19,846	1,498
7.5%	48.5%

ow/ RE developers

725	214
29.5%	77.5%

ow/ mortgages

16,606	1,008
6.1%	36.9%

ow/ rest of corporates

6,497	627
9.6%	60.1%

ow/ other loans to individuals

3,240	490
15.1%	72.4%

NPL collateralization levels

Type of NPL (€ million)	NPLs	%	Appraisal value ¹
Unsecured	200	8.5%	-
Secured	2,140	91.5%	4,280
ow/ finished buildings	1,872	80.0%	3,177
ow/ commercial	142	6.0%	382
ow/ land	117	5.0%	462
ow/ under construction	10	0.4%	259
Total	2,340	100.0%	4,280

(1) Appraisal value at origin

92%
of total NPLs
are secured

x 2
Appraisal value
over gross NPLs

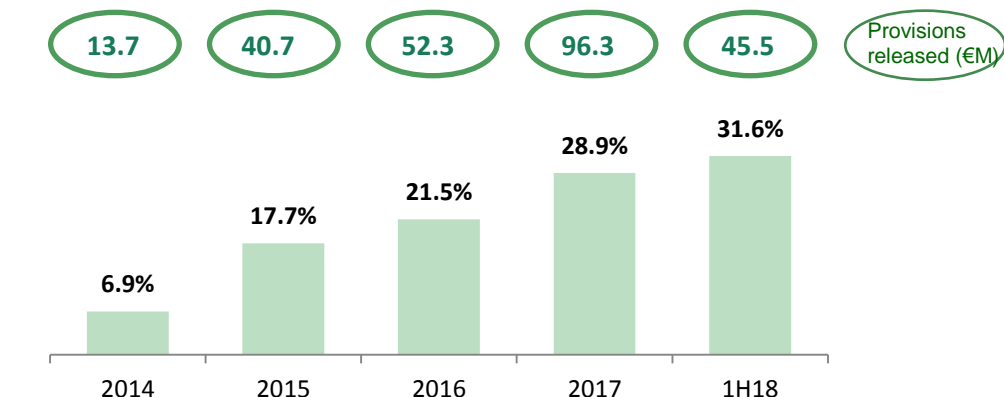
We continue selling Real Estate assets while releasing provisions and maintaining the sound coverage levels

Foreclosed assets as at June 2018 (€ million)

TOTAL FORECLOSED			
Gross value	1,793	642	Net value
Provisions	1,151	64.2%	% Coverage
OW/ REAL ESTATE ASSETS ⁽¹⁾			
	1,772	641	Appraisal v.
	1,132	63.8%	1,233
from RE developers		from retail mortgages	
959	253	536	271
706	73.6%	265	49.4%
ow/ finished buildings		Other foreclosed assets	
172	78	278	117
94	54.7%	161	58.1%
ow/ under construction			
129	51		
78	60.3%		
ow/ land			
658	124		
534	81.1%		

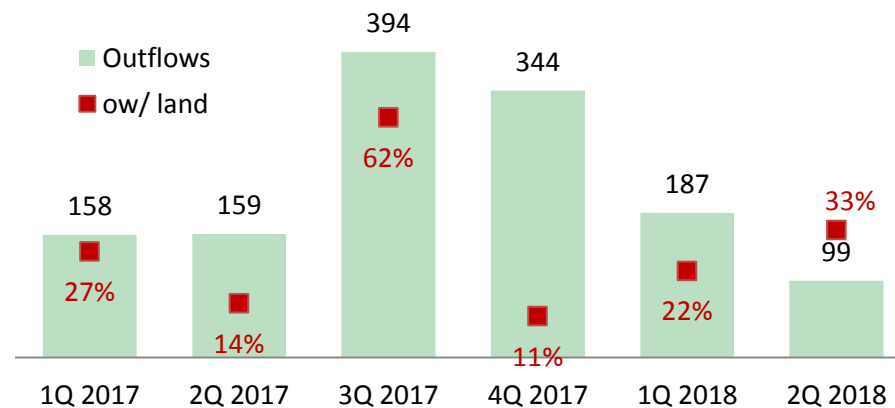
(1) Excludes €20 million gross of capital instruments (€1m net)

Released provisions over net book value (%) ⁽²⁾



(2) Does not include the provisions associated with real estate outflows through deconsolidation

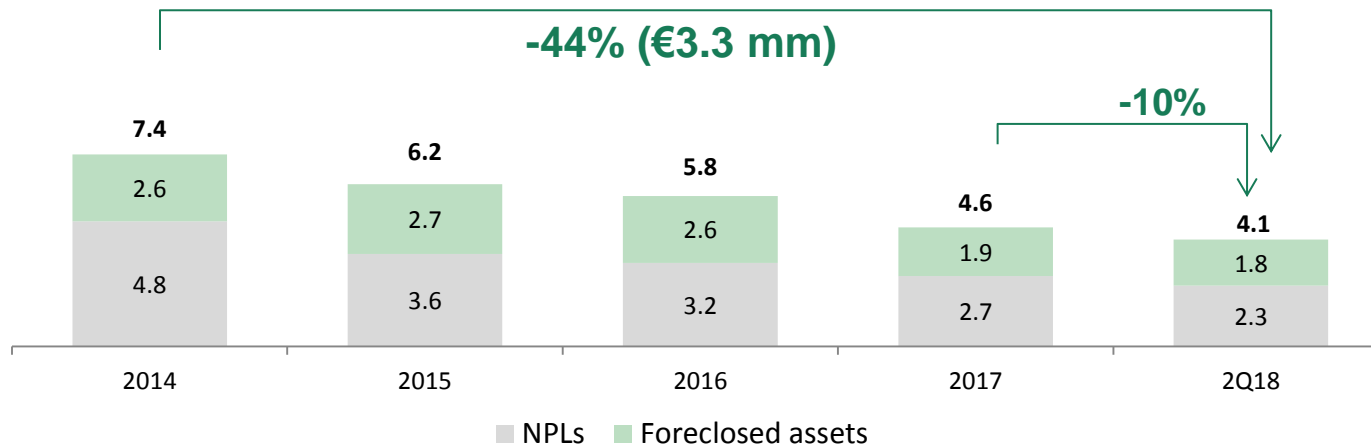
Evolution of gross outflows (€ million)



Overall, the Group demonstrates a high capacity to reduce NPAs without negative impact on results

Significant decrease of NPAs

Non performing assets evolution (€ million)



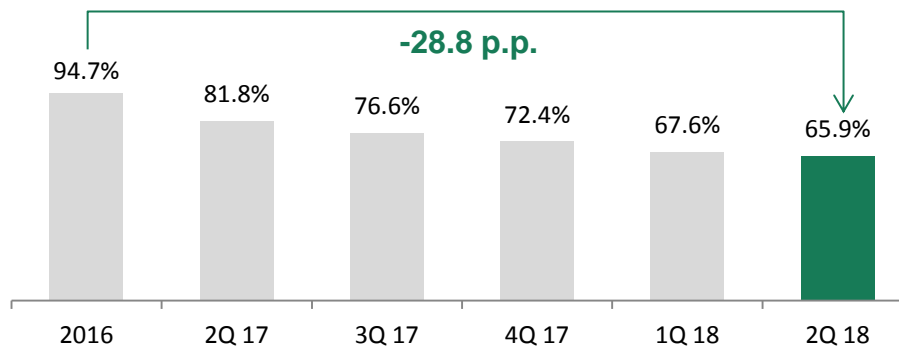
59%

NPA coverage

3%

Net NPA / total assets

Texas ratio evolution (%) ⁽¹⁾



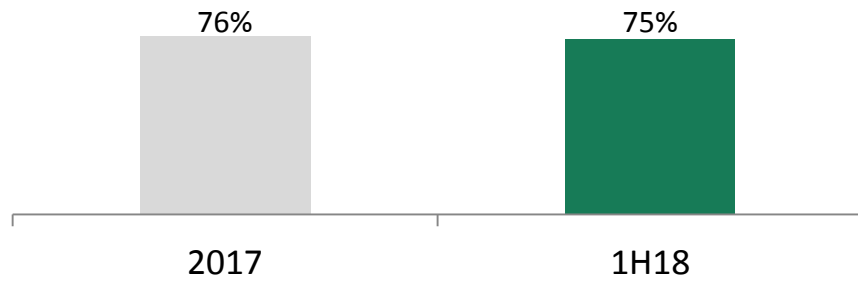
-470 m. €

NPAs reduction in 1H2018

(1) Texas ratio: Gross NPLs plus foreclosed assets over TBV plus NPL and foreclosed assets provisions

Comfortable liquidity position

Loan to deposits ratio

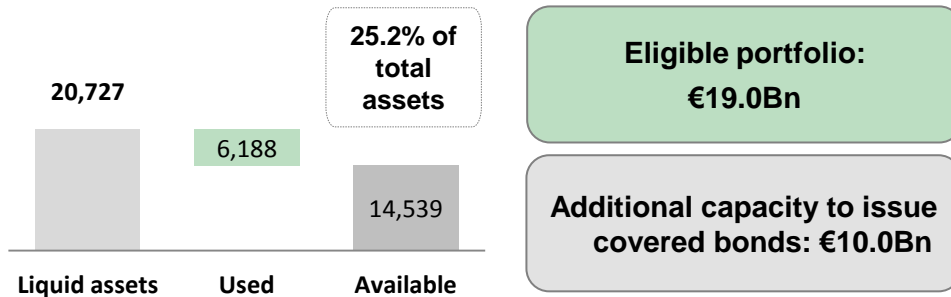


NSFR & LCR

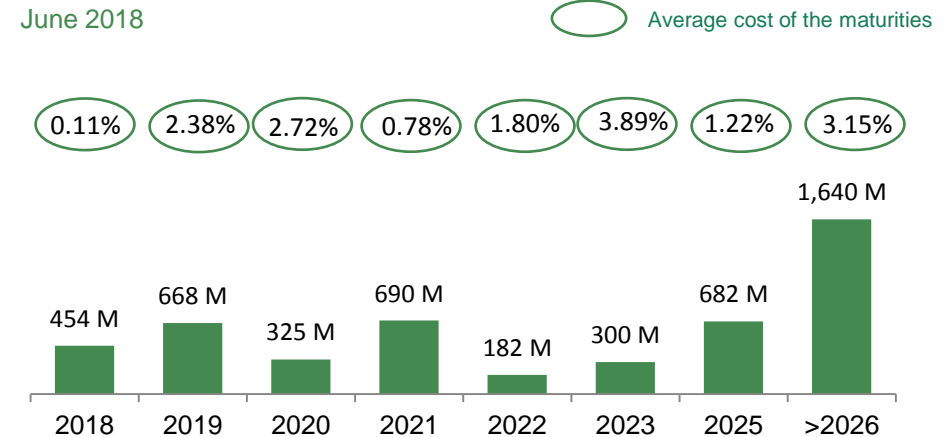
Ratio	Requirements	Unicaja Banco 2Q 2018
NSFR	100%	132%
LCR	80% (100% in 2019)	470%

Liquid Assets Breakdown

Liquidity generation capacity (€ million) Covered bonds issuance capacity
June 2018

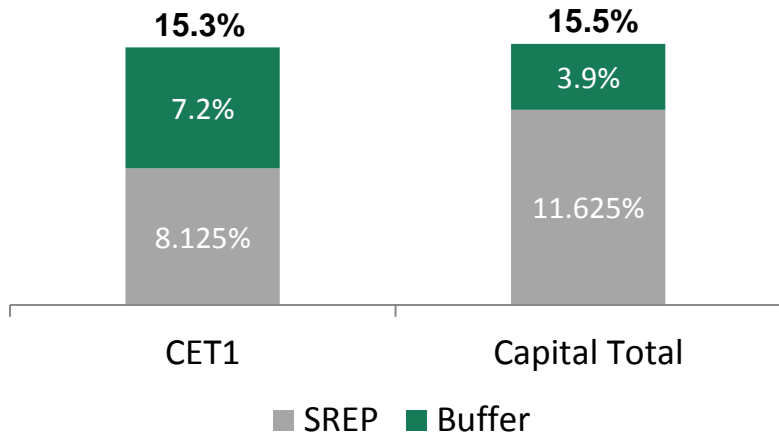


Wholesale funding maturities – Balances (€M) and costs

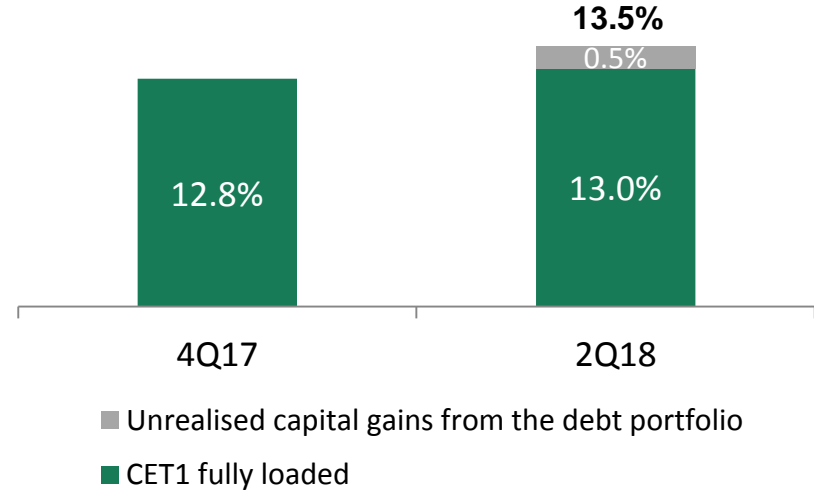


A strong solvency position with comfortable buffers over SREP

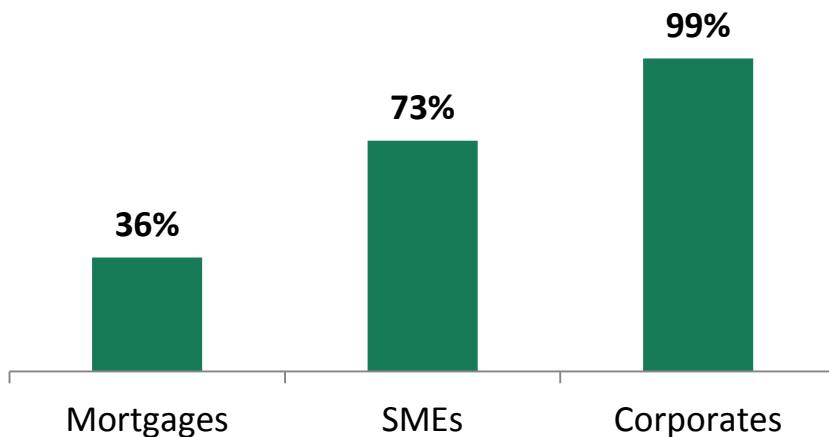
2Q2018 Phase-in solvency



CET1 fully loaded



2Q2018 RWAs density



€1,724m

CET1 excess over SREP

€936m

Total Capital excess over SREP

Index

Key highlights

**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

Final remarks

Results generation capacity

Commercial activity gaining momentum

Strong reduction of NPAs without negative impact on results

High coverage of NPLs and foreclosed assets

Comfortable solvency and liquidity position

Many thanks

Unicaja Banco Investor Relations

ir@unicaja.es
+34 91 330 58 65



Appendix

Additional Information

Additional financial information

Unicaja Banco Group Balance Sheet

Balance sheet

Million Euros	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016
Cash & equivalents	3,060	2,999	3,806	1,221	1,557	1,704	862
Assets held for trading & at fair value through P&L	147	182	31	51	54	59	78
Financial assets at fair value through other global result	6,472	6,925	3,702	4,944	3,601	3,576	5,403
Financial assets at amortised cost	29,568	29,899	29,822	30,418	31,381	30,496	30,856
Loans to credit institutions	278	628	184	484	195	151	170
Loans to customers	29,290	29,271	29,638	29,935	31,186	30,345	30,686
Fixed income at amortised cost	12,714	12,615	13,220	13,876	13,896	13,993	13,694
Hedging derivatives	427	504	457	477	474	546	606
Associates	355	370	483	523	507	284	294
Tangible assets	1,224	1,244	1,291	1,301	1,313	1,422	1,438
Intangible assets	63	64	2	2	1	1	1
Tax assets	2,651	2,613	2,613	2,586	2,565	2,540	2,586
Other assets	470	462	466	494	604	627	660
Non current assets held for sale	453	428	439	511	520	741	762
Total Assets	57,606	58,305	56,332	56,406	56,472	55,989	57,241
Liabilities held for trading & at fair value through P&L	25	29	27	27	30	32	51
Financial liabilities at amortised cost	51,449	52,043	50,941	50,939	51,072	51,611	52,729
Deposits from Central Banks	3,323	3,327	3,330	3,333	3,337	3,340	0
Deposits from Credit Institutions	1,960	3,296	715	1,158	805	1,243	2,464
Customer deposits	44,772	44,565	46,041	45,522	45,217	45,332	48,532
Other Issued Securities	130	130	130	200	814	814	814
Other Financial Liabilities	1,264	726	725	726	898	881	919
Hedging derivatives	157	107	31	26	21	34	50
Provisions	843	870	935	968	1,066	678	707
Tax liabilities	283	271	209	238	215	227	239
Other liabilities	893	966	286	285	279	259	281
Total Liabilities	53,650	54,286	52,430	52,485	52,683	52,840	54,058
Own Funds	3,837	3,786	3,856	3,705	3,574	2,922	2,918
Other accumulated global result	96	202	17	55	46	24	35
Minority Interests	24	31	30	162	171	203	230
Total Equity	3,957	4,019	3,902	3,921	3,790	3,149	3,183
Total Liabilities and Equity	57,606	58,305	56,332	56,406	56,472	55,989	57,241

Additional financial information

Unicaja Banco Group P&L

Cuenta de resultados

Million Euros	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Net Interest Income	303	152	583	432	291	145	620	460	299	135
Net Fees	108	53	220	164	109	53	207	156	104	53
Dividends	15	2	23	20	13	3	27	23	18	1
Associates	21	11	49	40	20	4	35	18	11	5
Trading Income + Exch. Differences	28	16	98	80	78	45	78	84	86	40
Other Revenues / (Expenses)	17	17	24	79	48	31	121	142	104	114
Gross Margin	492	250	997	816	559	281	1,089	882	623	347
Operating Expenses	-311	-156	-633	-478	-320	-160	-656	-495	-330	-165
Personnel Expenses	-195	-98	-401	-302	-203	-101	-427	-319	-214	-107
SG&A	-97	-49	-189	-143	-95	-47	-184	-142	-93	-46
D&A	-19	-9	-42	-32	-22	-11	-45	-34	-23	-12
Pre Provision Profit	181	94	364	338	239	121	433	387	293	181
Provisions and Other	-41	-16	-224	-208	-165	-47	-242	-147	-124	-78
Credit	14	5	-49	-66	-45	-27	-84	-74	-13	-75
Foreclosed Assets	2	-4	-43	-35	-21	-20	-96	-23	-20	-12
Other Provisions	-57	-17	-133	-107	-99	0	-63	-50	-91	8
Pre Tax Profit	140	78	140	130	74	74	191	240	169	103
Tax	-36	-21	-1	-10	0	-23	-66	-52	-37	-30
Results from Disc. Operations	0	0	0	0	0	0	10	4	4	0
Net Income	104	57	138	120	75	51	135	191	136	74
Attributable Net Income	105	58	142	136	86	52	142	195	138	78

Many thanks

Unicaja Banco Investor Relations

ir@unicaja.es
+34 91 330 58 65

