

Unicaja Banco

1Q18 results presentation

3rd May 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 1Q 2018 results

Business

- **Performing loan book⁽¹⁾** increased +0.5% QoQ, showing an increase in public sector, SMEs and other corporates (ex-RE developers)
- **New loan production** grew 55% QoQ in corporates and +31% QoQ in individuals.
- **Customer funds** increased over the last 12 months by 2.7%, specially in sight deposits (+9.4%) and off-balance sheet funds (+8.4%). The mix between sight/term deposits continues to improve.

Results

- **Net income** reached €57 million in 1Q18, increasing 13% vs. 1Q17 and **attributable net income** grew 12% YoY to €58m
- **NII** increased for the second consecutive quarter, growing +5.1% above 1Q17
- **Operating expenses** decreased by -2.5% compared to 1Q17.
- **Total impairments**, both for credit and foreclosed assets, decreased significantly.

Asset quality, liquidity & solvency

- **Non performing assets** (NPAs) fell -5.2% QoQ and -21.6% over the last 12 months, representing a reduction of €1,199 million. The **NPA coverage** grew from 56% in 4Q17 to 59% in 1Q18
- Comfortable **liquidity** position with net liquid assets representing 23.2% of total assets
- **CET1 phase-in** grew to 15.4% in 1Q18 and **CET1 fully loaded** reached 13.5% (without considering 1Q18 retained earnings). Both figures include the negative impact from the acquisition of Unión del Duero Vida y Pensiones accounted this quarter.

(1) Excluding reverse repos

Index

Key highlights

**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

The Group has shown a relevant results generation capacity

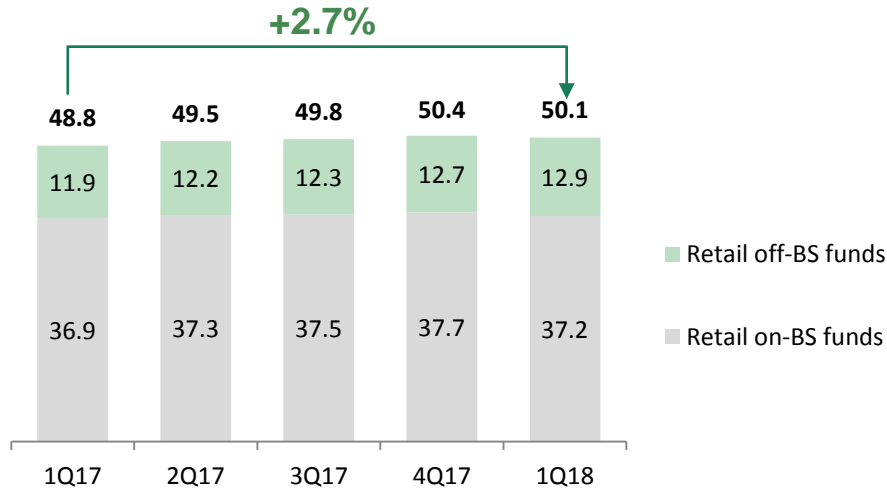
Profit & loss account (€ million)

€ million	1Q17	2Q17	3Q17	4Q17	1Q18	QoQ %
Net Interest Income	145	146	141	151	152	0.9%
Net Fees	53	56	55	56	53	-6.3%
Dividends	3	10	7	3	2	-19.6%
Associates	4	17	20	9	11	19.7%
Trading Income + Exch. Differences	45	32	2	18	16	-14.4%
Other Revenues / (Expenses)	31	17	31	-55	17	-
Gross Margin	281	279	256	181	250	37.7%
Operating Expenses	160	160	158	155	156	0.4%
Personnel Expenses	101	101	100	99	98	-1.3%
SG&A	47	48	48	46	49	5.6%
D&A	11	11	10	10	9	-7.0%
Pre Provision Profit	121	118	99	26	94	nr
Provisions and Other	-47	-118	-43	-17	-16	-4.0%
Credit	-26	-19	-21	17	5	-73.7%
Foreclosed Assets	-20	-2	-13	-8	-4	-50.9%
Other provisions & other results	0	-98	-8	-26	-17	-36.0%
Pre Tax Profit	74	0	56	10	78	nr
Tax	23	-24	10	-9	21	-
Results from Disc. Operations	0	0	0	0	0	-
Net Income	51	24	46	18	57	nr
Attributable Net Income	52	34	50	6	58	nr

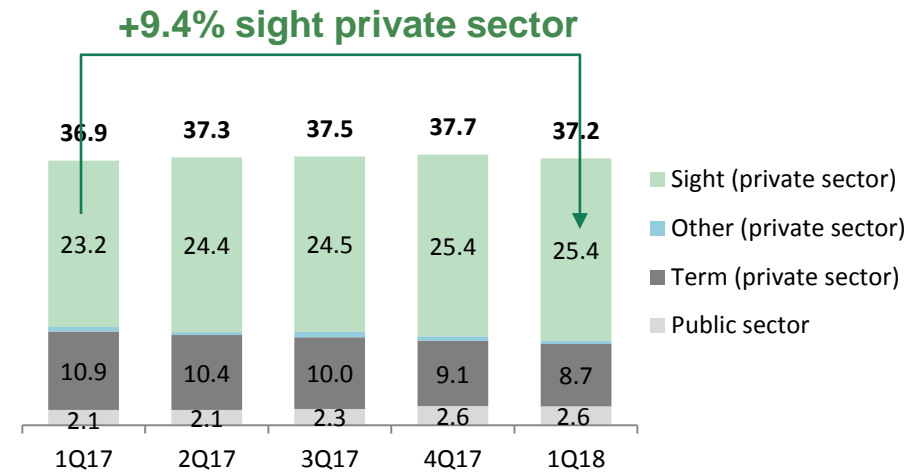
1Q17	1Q18	YoY %
145	152	5.1%
53	53	0.1%
3	2	-25.8%
4	11	nr
45	16	-65.6%
31	17	-46.8%
281	250	-10.9%
160	156	-2.5%
101	98	-3.6%
47	49	3.2%
11	9	-16.5%
121	94	-22.0%
-47	-16	-65.7%
-26	5	-
-20	-4	-79.6%
0	-17	nr
74	78	5.5%
23	21	-11.0%
0	0	-
51	57	13.1%
52	58	11.6%

Customer funds continue to grow

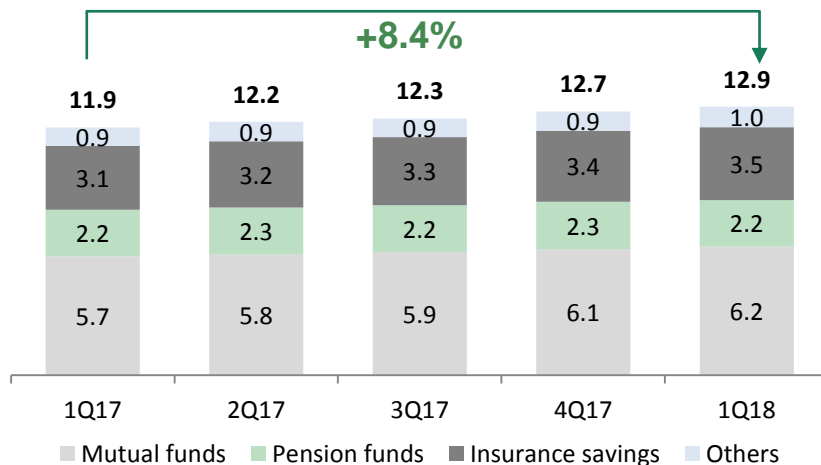
Total retail customer funds (€ bn)



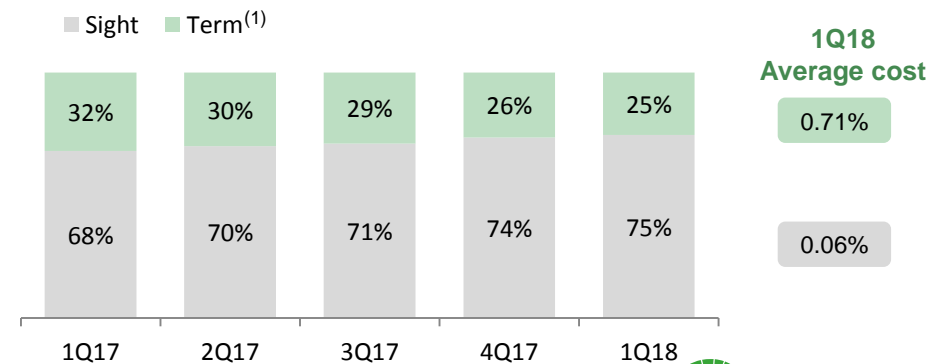
On-balance sheet customer funds (€ bn)



Off-balance sheet customer funds (€ bn)



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

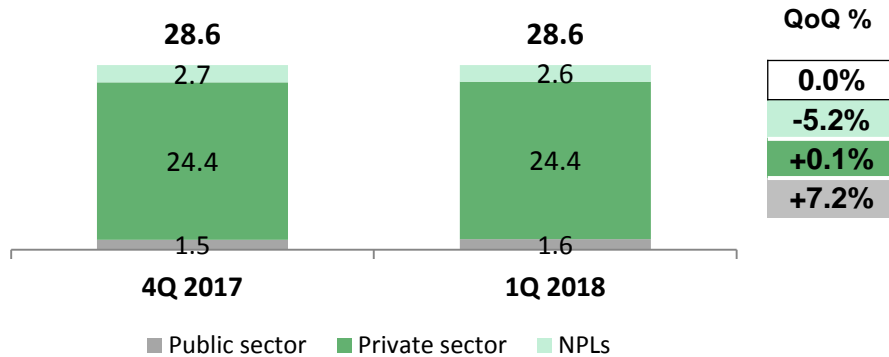


(1): Term deposits excluding multi-issuer covered bonds

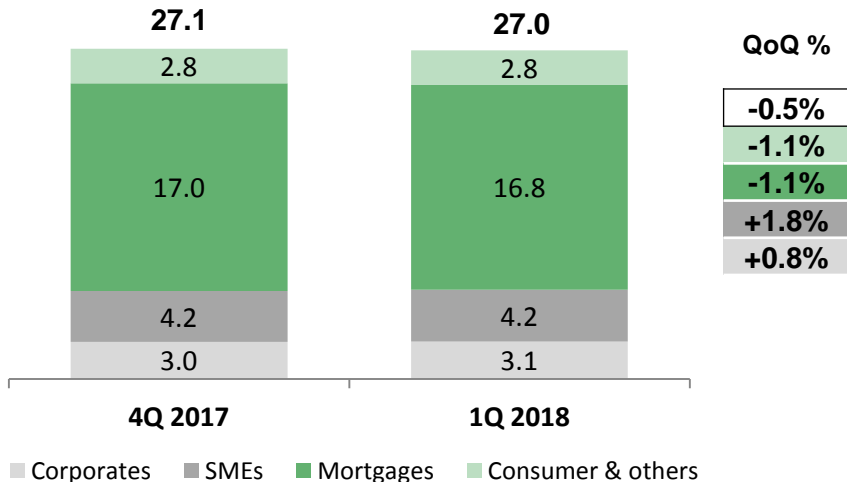
Performing loan book increased in 1Q18

Gross loans (€ Bn)

Total gross loans (ex-reverse repos)

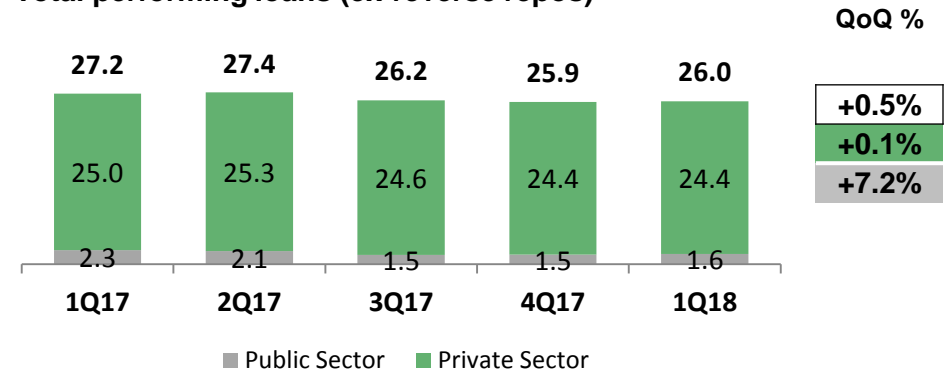


Private sector gross loans

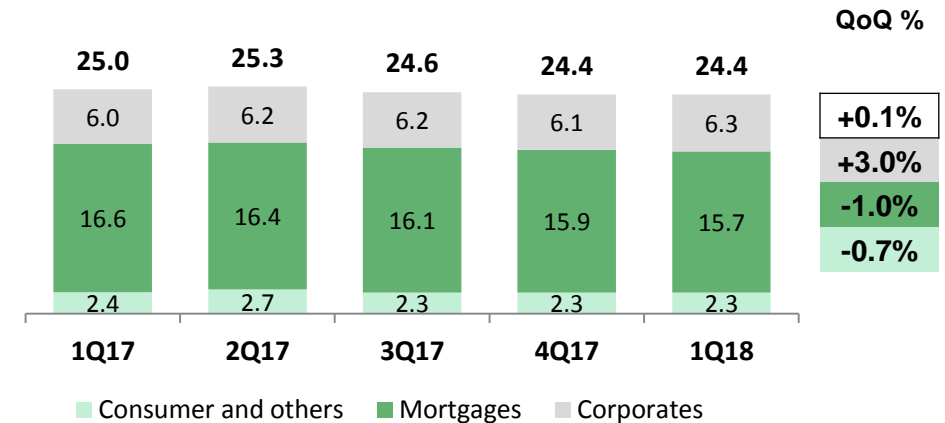


Performing loans evolution (€ Bn)

Total performing loans (ex-reverse repos)

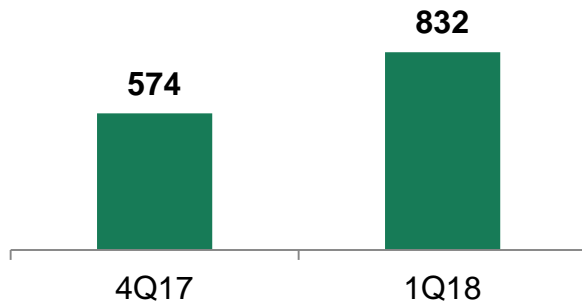


Private sector performing loans



We continue to gain momentum in new loan production both in individuals and corporates

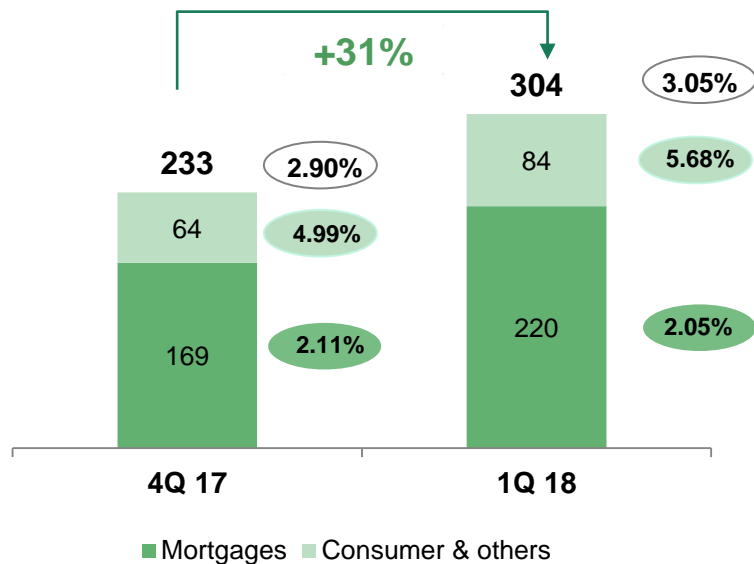
Private sector new lending evolution (€ million)



+45%
Private sector new leading quarter on quarter increase

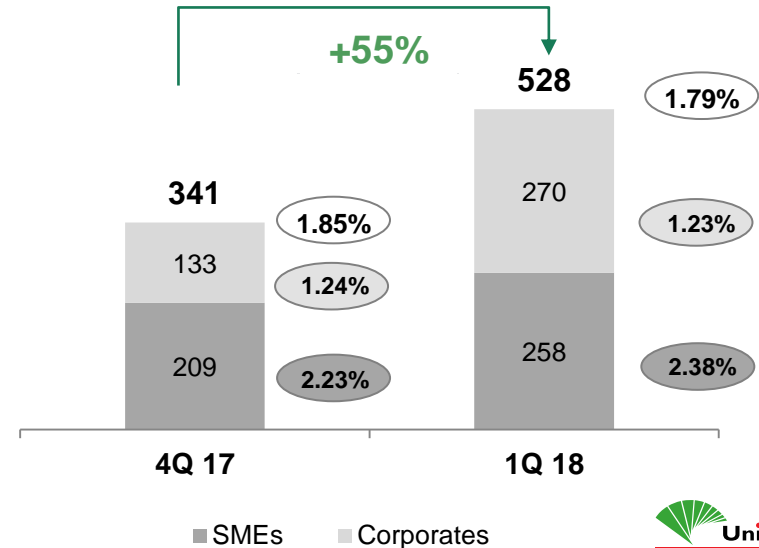
Individuals

€ million / average yield



Corporates

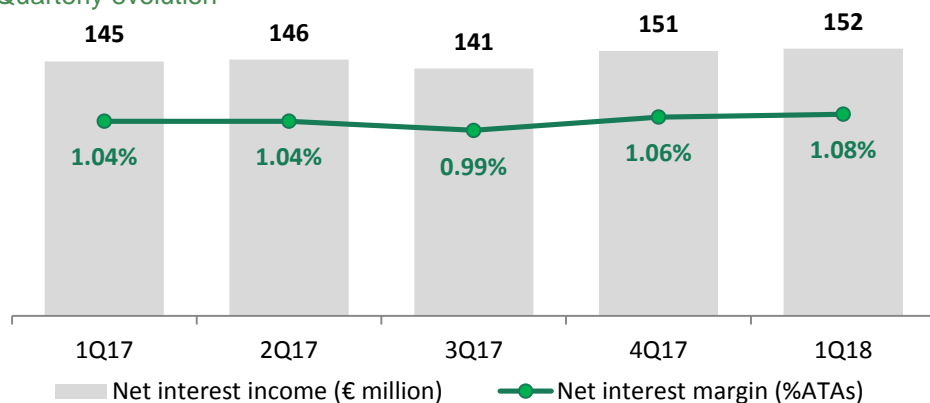
€ million / average yield



NII increased for the second consecutive quarter and lending yield grew for first time in many years

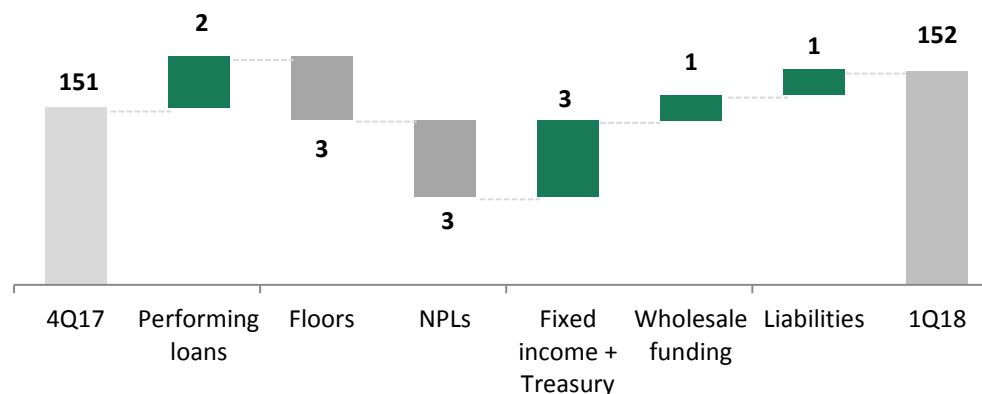
Net interest margin

Quarterly evolution



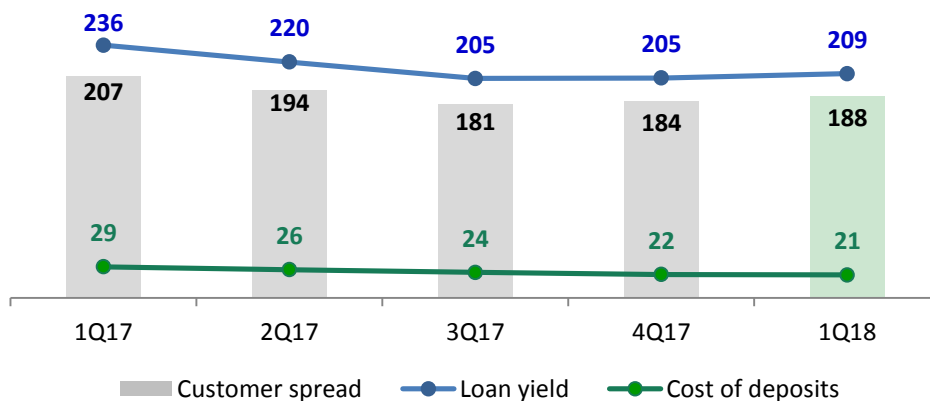
Net interest income bridge 1Q 2018

€ million



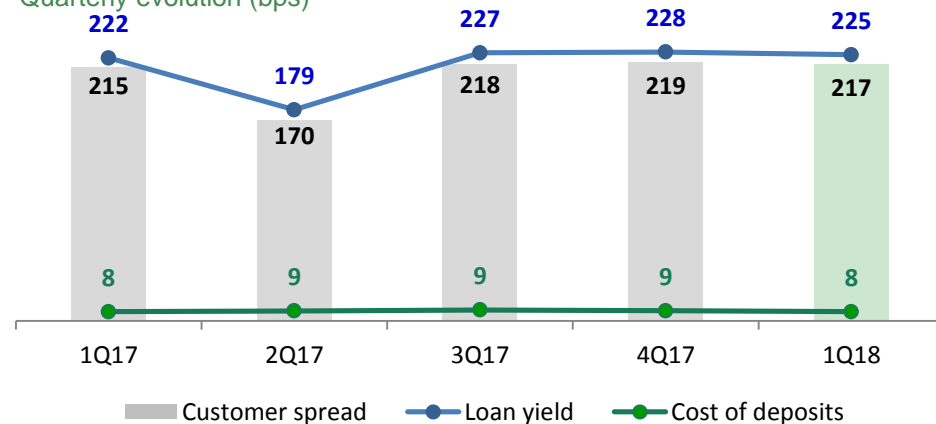
Customer spread (Back Book)

Quarterly evolution (bps)



Customer spread (Front Book)

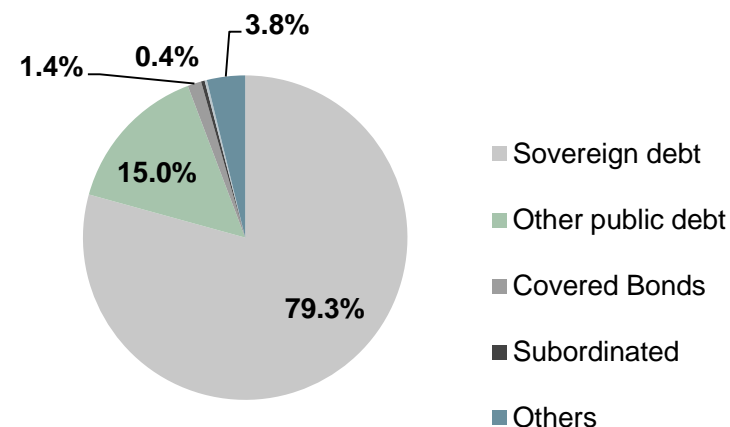
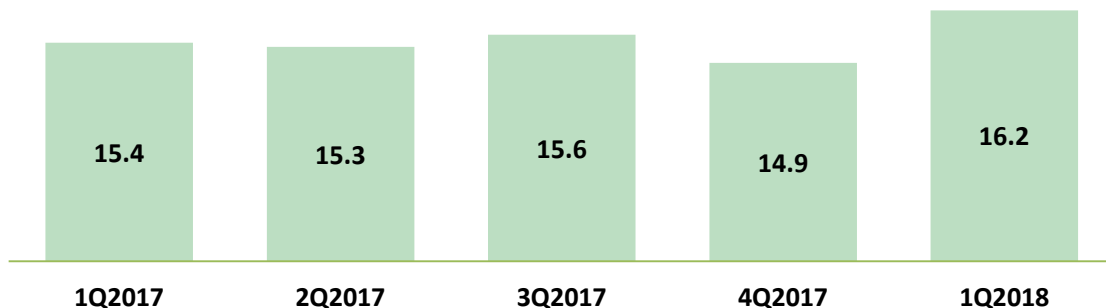
Quarterly evolution (bps)



A conservative management of the debt portfolio lowering the duration

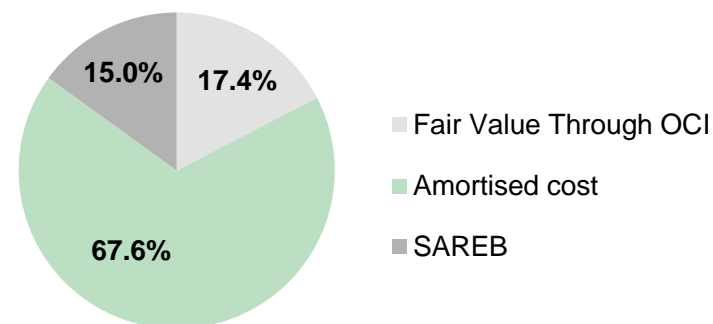
Breakdown, size and evolution of the debt portfolio (Fair Value Through OCI ⁽¹⁾, Amortised Cost and SAREB) ⁽²⁾

€bn



		Size	Duration
		€ Bn	Years
Amortised cost	Structural Portfolio	7.4	4.8
	TLTRO	3.6	3.1
	SAREB	2.4	0.1
	FVTOCI ⁽¹⁾	2.8	1.8

1.38%
1Q18 average yield



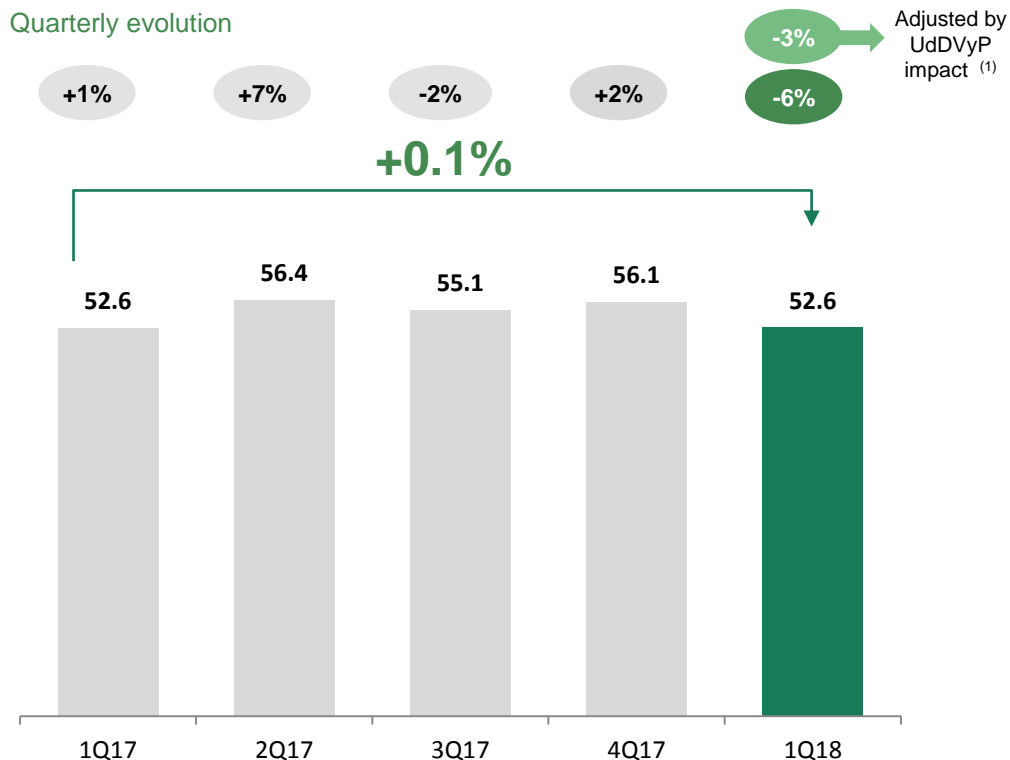
Total: €16.2 Bn

(1) FVTOCI net of forward positions sold value date 2Q2018 (€2,4 bn)
 (2) Excluding de insurance business debt portfolio

Fee income impacted by the integration of Unión del Duero Vida y Duero Pensiones⁽¹⁾

Net fees (€ million)

Quarterly evolution



+3.5% YoY

Excluding the impact from the acquisition of UdDVyP ⁽¹⁾

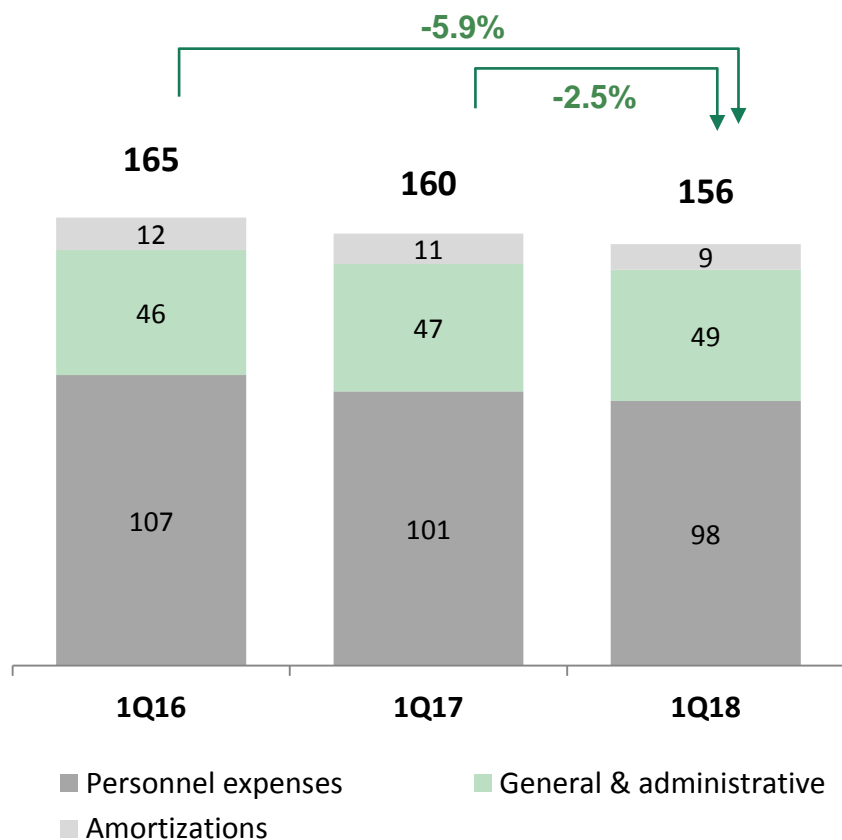
Fees breakdown (€ million)

	1Q 17	1Q 18	%
Fee income	58.1	58.2	0.2%
From contingent risk and commitments	2.1	2.4	14.7%
From payments and collections	31.7	29.7	-6.1%
From non banking products	22.6	24.5	8.6%
Other fees	1.7	1.5	-11.5%
Fee expenses	5.5	5.6	1.5%
Net fees	52.6	52.6	0.1%

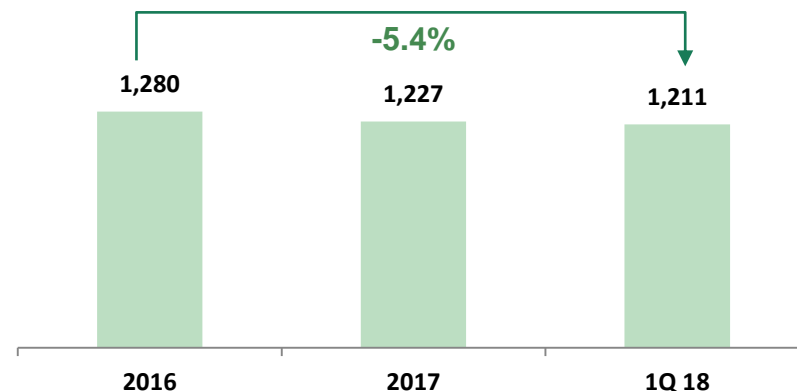
(1) Unión del Duero Vida & Duero Pensiones fully integration represents €2.1m lower fee income in 1Q18. Excluding such impact fee income grew +3.5% year on year in 1Q18.

Operating expenses continue to fall owing to the crystallization of synergies

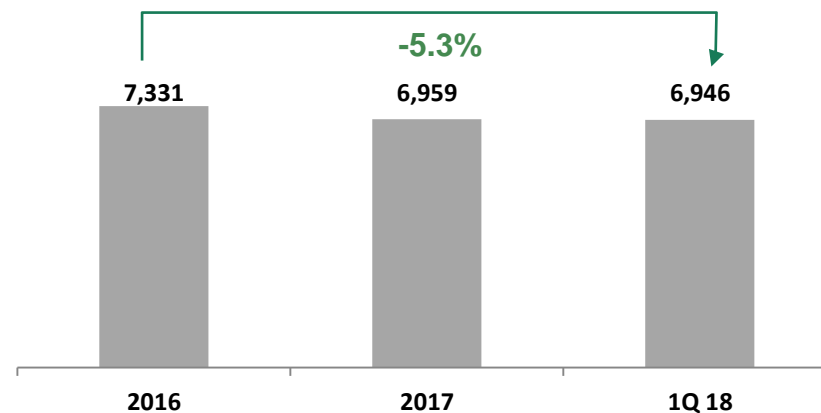
Operating expenses (€ million)



Branches evolution

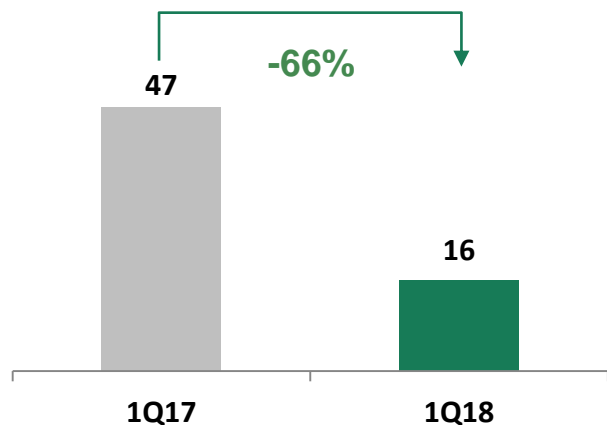


Employees evolution – FTEs (average)

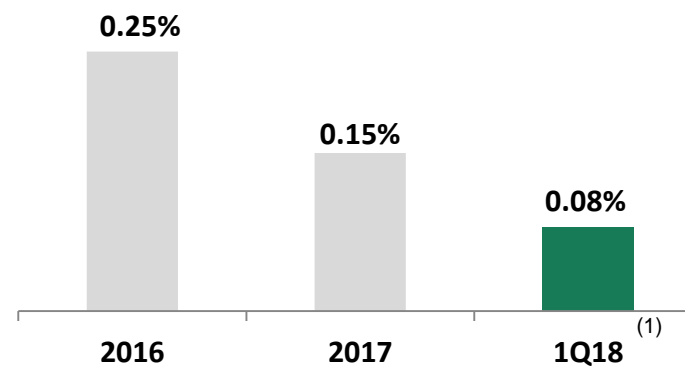


Total impairments improved significantly

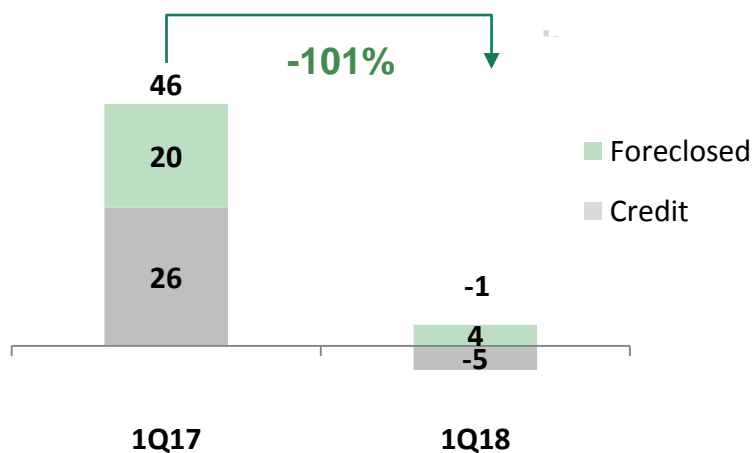
Total impairments (€ million)



Cost of risk – Credit (%)



Provisions for credit and foreclosed assets (€ million)



8bps

(1) 1Q18 adjusted by write-offs sales, cost of risk without adjustment represents -6bps

Index

Key highlights

**Results &
business**

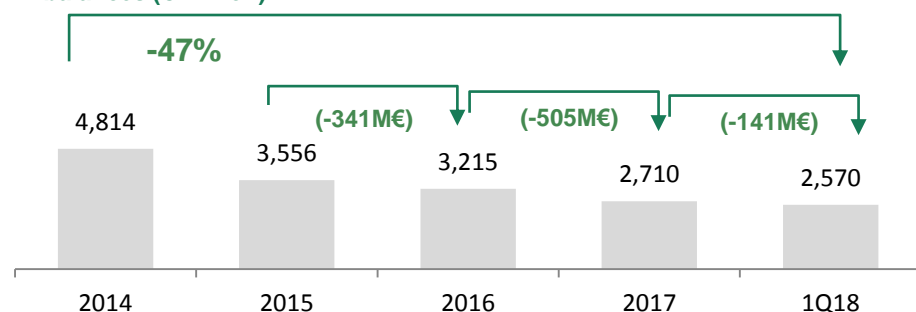
**Asset quality,
liquidity &
solvency**

Final remarks

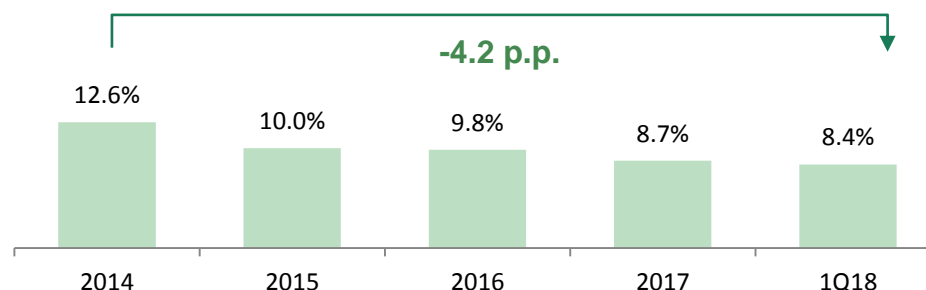
The Group's NPL reduction reinforces its downward trend

Non performing loans evolution

NPL balances (€ million)



NPL ratio (%)



NPLs gross entries and recoveries evolution

€m	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
BoP	3,455	3,339	3,208	3,215	3,032	2,910	2,833	2,710
Gross NPL entries	162	102	255⁽¹⁾	134	108	112	88	60
Recoveries	-205	-138	-187	-216	-171	-138	-182	-177
ow/ cash recoveries	-113	-89	-98	-137	-97	-87	-104	-95
ow/ foreclosed assets	-88	-47	-86	-74	-73	-45	-70	-80
Write-offs	-73	-95	-61	-102	-60	-51	-28	-24
Net NPL entries	-116	-131	7	-184	-122	-77	-123	-141
EoP	3,339	3,208	3,215	3,032	2,910	2,833	2,710	2,570
QoQ growth	-3%	-4%	0%	-6%	-4%	-3%	-4%	-5%

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

NPL coverage increases 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	
30,771	2,570
8.4%	54.9%
Corporates	
7,315	982
13.4%	64.8%
ow/ RE developers	
827	310
37.5%	71.4%
ow/ rest of corporates	
6,488	672
12.2%	61.7%
Individuals	
19,656	1,585
8.1%	48.2%
ow/ mortgages	
16,842	1,099
6.5%	37.0%
ow/ other loans to individuals	
2,814	487
17.3%	73.5%

NPL collateralization levels

Type of NPL (€ million)	NPLs	%	Appraisal value ¹
Unsecured	303	11.8%	-
Secured	2,267	88.2%	4,687
ow/ finished buildings	1,969	76.6%	3,668
ow/ commercial	154	6.0%	471
ow/ land	133	5.2%	517
ow/ under construction	11	0.4%	30
Total	2,570	100.0%	4,687

(1) Appraisal value at origin

88%
of total NPLs
are secured

x 2
Appraisal value
over gross NPLs

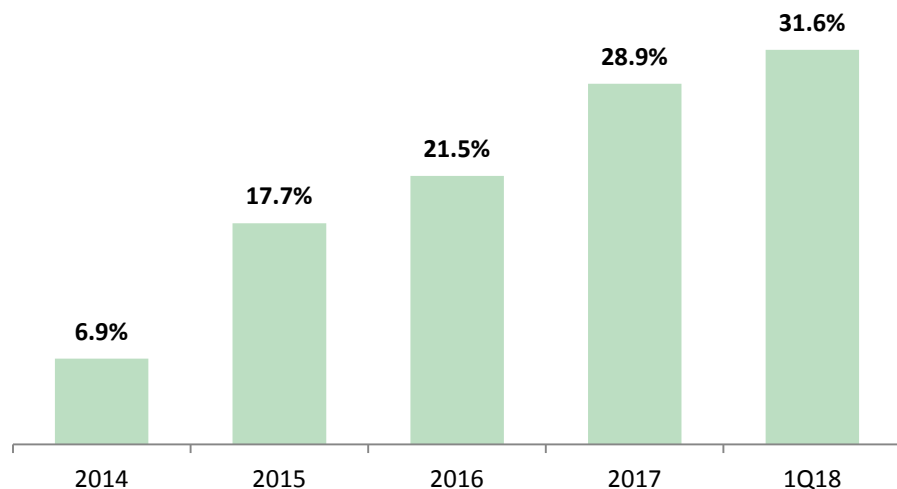
We continue selling Real Estate assets while releasing provisions...

Real estate assets sales (€ million)

Sales evolution	2014	2015	2016	2017	1Q18
Gross RE assets sold	305.8	402.2	436.1	744.7	109.1
Sales price	212.5	270.2	295.1	429.1	73.8
Net book value	198.8	229.5	242.8	332.9	55.9
Allocated provisions	93.3	132.0	141.0	315.6	44.1
Released provisions	13.7	40.7	52.3	96.3	17.7

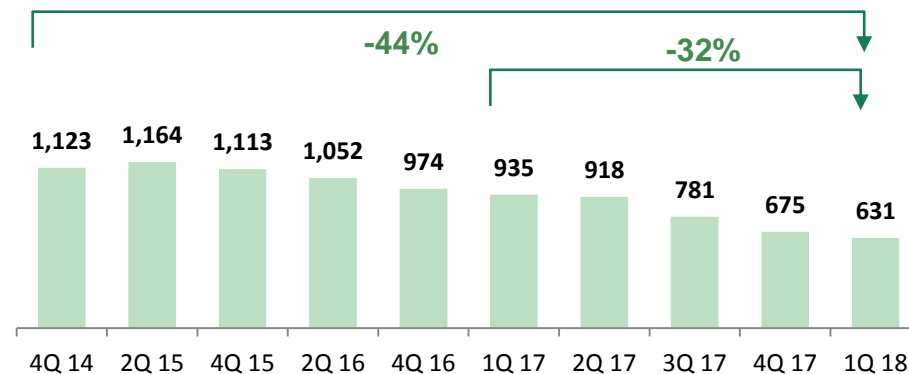
Other portfolio sales					
Gross RE assets sold	-	-	-	302.5	68.5
Released provisions	-	-	-	(0.1)	(3.7)
Overall released provisions				96.2	14,0

Released provisions over net book value (%) ⁽¹⁾

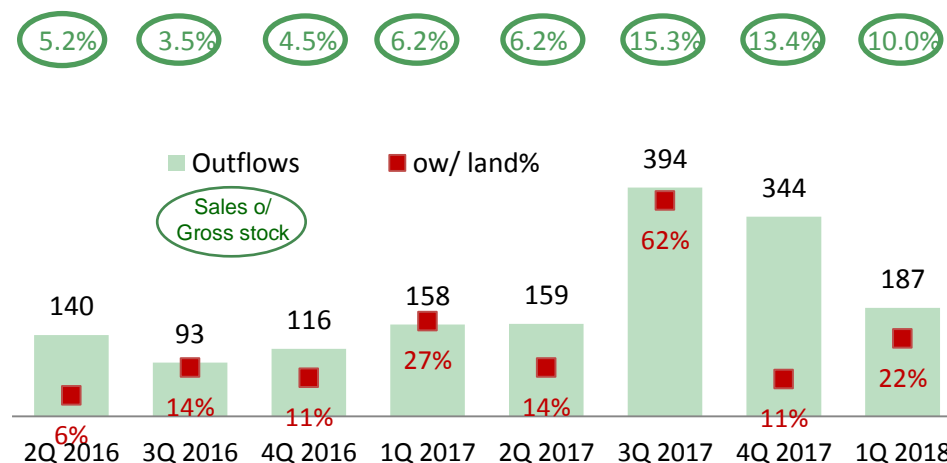


(1) Excluding "other portfolio sales"

Net foreclosed assets evolution (€ million)

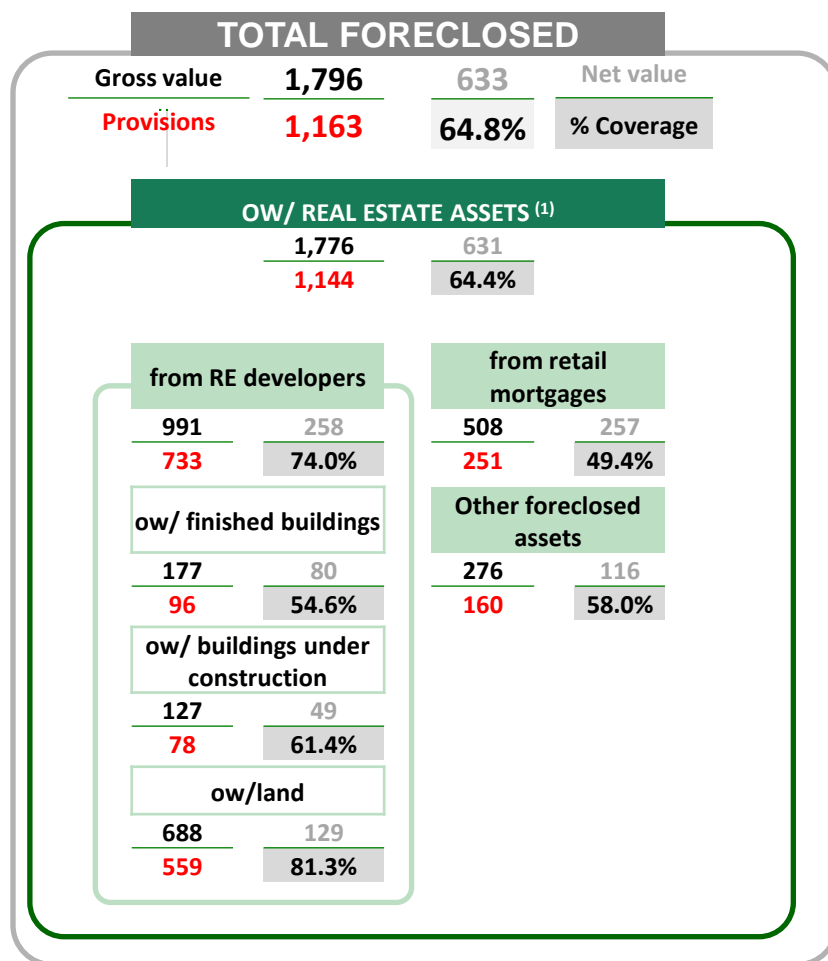


Evolution of gross outflows (€ million)



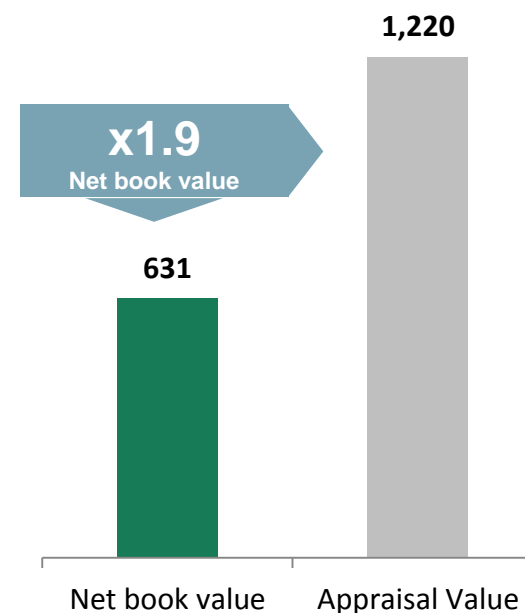
...and maintaining the sound coverage levels

Foreclosed assets as at March 2018 (€ million)



Foreclosed RE assets appraisal (€ million)

100% ⁽²⁾
Appraisals <1year



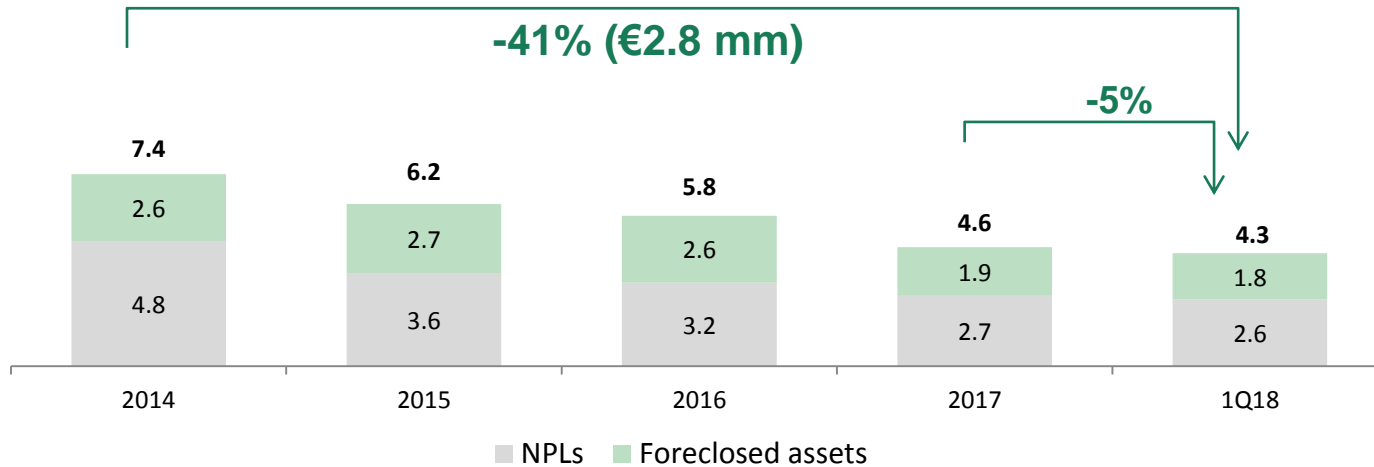
(1) Excludes €20 million gross of capital instruments (€1m net)

(2) Calculated over net value

Proven capability to accelerate the pace of reducing non performing assets without negative impact on results

Significant decrease of NPAs

Non performing assets evolution (€ million)



59%

NPA coverage

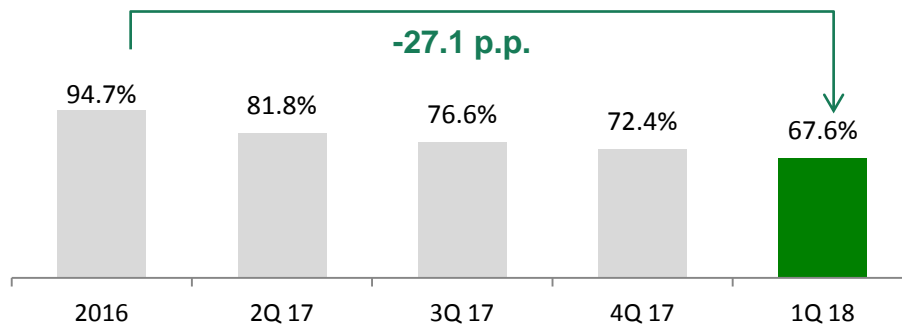
3%

Net NPA / total assets

-237m €

NPAs reduction in 1Q 2018

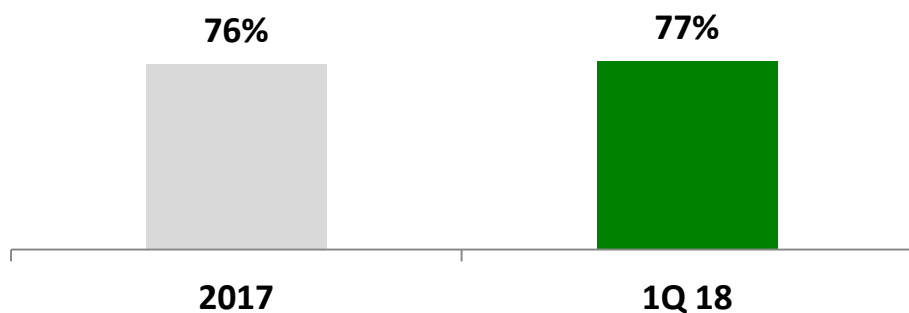
Texas ratio evolution (%) ⁽¹⁾



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

Comfortable liquidity position

Loan to deposits ratio



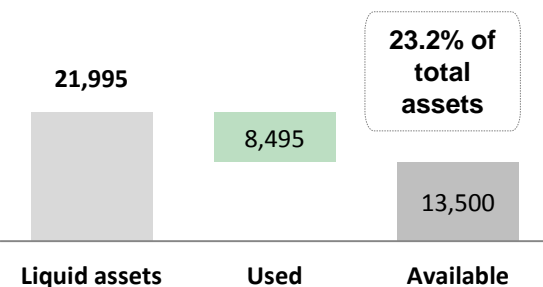
NSFR & LCR

Ratio	Requirements	Unicaja Banco 1Q 2018
NSFR	100%	133%
LCR	80% (100% in 2019)	584%

Liquid Assets Breakdown

Liquidity generation capacity (€ million)
March 2018

Covered bonds issuance capacity



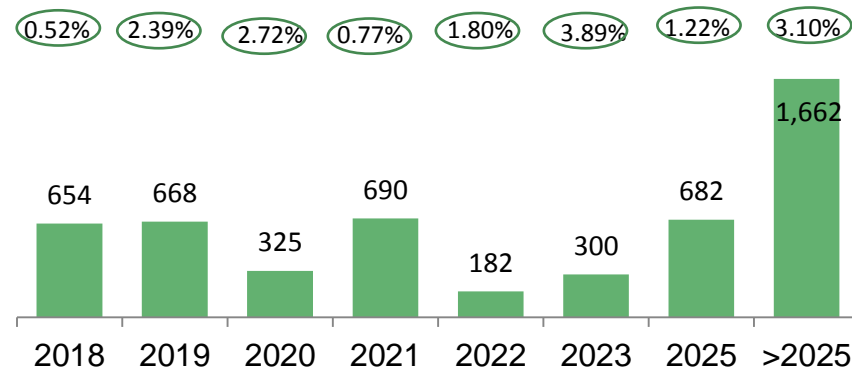
Eligible portfolio:
€19.0Bn

Additional capacity to issue
covered bonds: €9,9Bn

Wholesale funding maturities – Balances (€Bn) and costs

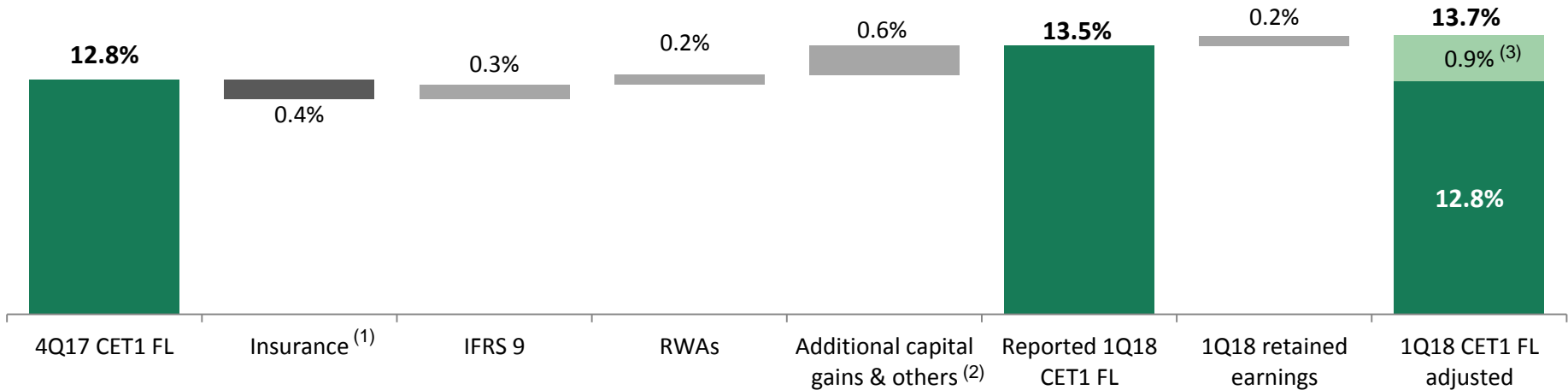
March 2018

○ Average cost of the maturities

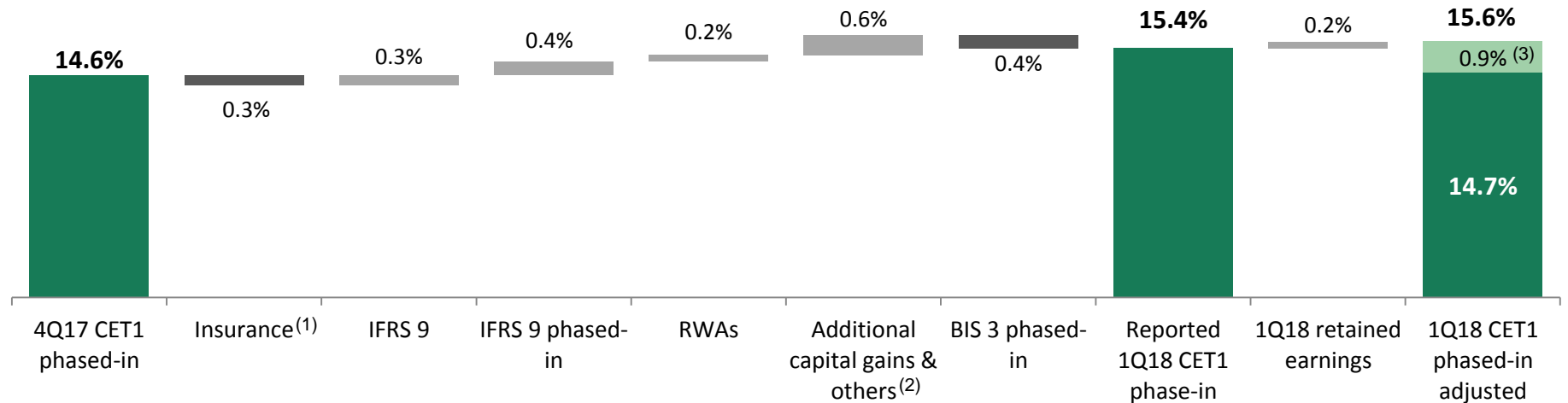


A strong solvency position...

CET1 Fully Loaded quarterly evolution



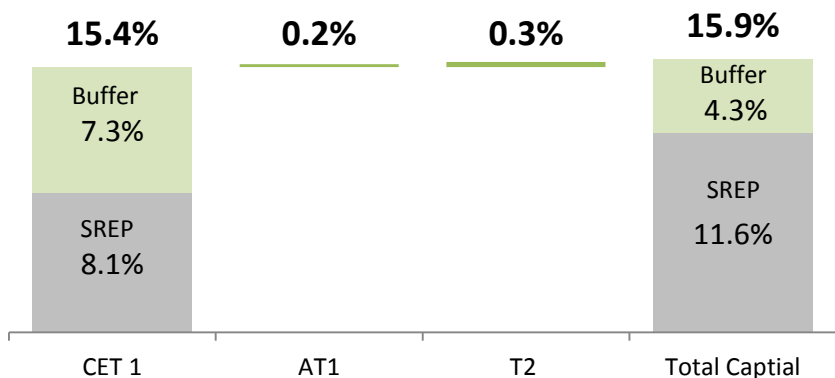
CET1 phase-in quarterly evolution



- (1) Higher deductions from the acquisition of Unión del Duero Vida y Pensiones
- (2) Quarterly mark to market of "Fair Value to Other Comprehensive Income" portfolio and others
- (3) Unrealised capital gains

... including comfortable buffers

1Q 2018 Phase-in solvency

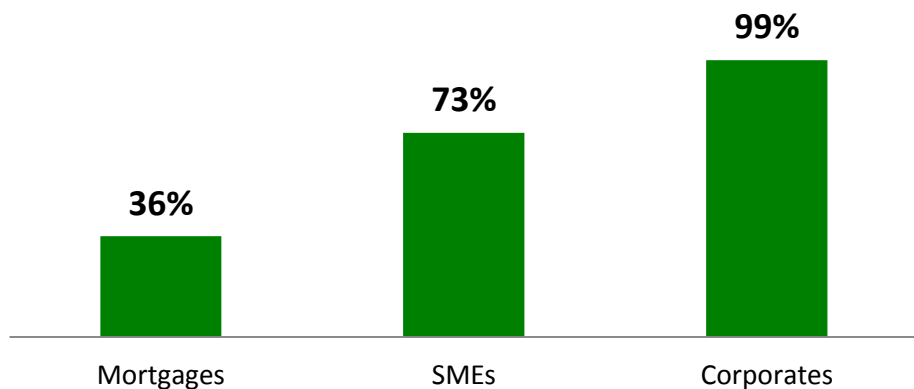


€1.7bn
CET1 buffer over SREP

€1.0bn
Total capital buffer over SREP

100%
Standard approach

RWAs density



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

Additional financial information

Unicaja Banco Group P&L

P&L

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

Many thanks

Unicaja Banco Investor Relations

ir@unicaja.es
+34 91 330 58 65

