

# FINANCIAL REPORT

**January to September 2018**

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### Basis of presentation

The consolidated income statement and balance sheet at the close of September 2018 and September 2017, 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 interim condensed consolidated financial statements for the 9-month period ending on 30 September 2018.

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 "The economic outlook for Andalusia", issue 94, published by the Analistas Económicos de Andalucía group.

## Introduction

Unicaja Banco Group posted net profit of EUR 142 million over the first 9 months of 2018, 18.4% higher than that recorded during the same period a year earlier.

|                   |                      |               |
|-------------------|----------------------|---------------|
| <b>Net Income</b> | <b>€ 142 million</b> | <b>+18.4%</b> |
|-------------------|----------------------|---------------|

## Results

|  |                       |
|--|-----------------------|
| <b>Net interest income</b>                                   | <b>+4.6%</b>          |
| <b>Net fee income</b><br><small>(constant perimeter)</small> | <b>+2.6%</b>          |
| <b>OPEX</b>  | <b>-2.5%</b>          |
| <b>Impairments</b>   | <b>-130€</b><br>Mill. |

## Risks

|                                   |               |
|-----------------------------------|---------------|
| <b>NPA</b>                        | <b>-21.3%</b> |
| <b>NPL ratio</b>                  | <b>-1.5%</b>  |
| <b>NPL coverage ratio</b>         | <b>55%</b>    |
| <b>Foreclosed assets coverage</b> | <b>64%</b>    |

## Commercial activity

|   |               |
|---|---------------|
| <b>New lending</b><br><small>(SMEs &amp; individuals)</small> | <b>+23.8%</b> |
| <b>Total retail customer funds</b>                            | <b>+1.8%</b>  |

## Liquidity and solvency

|                           |              |
|---------------------------|--------------|
| <b>LTD</b>                | <b>74%</b>   |
| <b>CET 1 Fully Loaded</b> | <b>13.7%</b> |



To 30 September 2018  
YoY September 2017 and September 2018

**Unicaja Banco improves its key banking activity indicators:**

- **Net interest income** is up against the same period last year (4.6%).
- **Fees** have risen by 2.6% within a constant perimeter in the first 9 months of the year.
- **Operating expenses** have fallen by 2.5% relative to the same period last year.
- **Total impairments** have fallen significantly over the same period in the previous year; in the first nine months of the year there have been net recoveries in loan impairments.

**Commercial activity continued to improve, both in terms of loans and customer funds:**

- **Loan production** increased by 23.8% in the SMEs and individuals segment relative to the same period last year.
- **Retail customer funds** grow by 1.8% over the same period last year, mainly through sight deposits and off-balance sheet funds.

**The risk indicators remain positive; NPAs continue to fall without negatively impacting results nor coverage levels.**

- **NPAs** fell by 21.3% (EUR -1,054 million) against the same period last year (15.1% in the year), with NPLs and foreclosed assets falling by 21.6% and 21.0%, respectively, over the same period.
- The **NPL ratio** dropped by -1.5 p.p. in the first 9 months to 7.5%, while the coverage levels for non-performing loans and foreclosed assets increased (55.0% and 64.3%, respectively.)

**Financial robustness and high liquidity levels:**

- The Group has a comfortable liquidity position, with an LTD ratio of 74% and net liquid assets accounting for 25.4% of the balance sheet.
- The regulatory CET1 stands at 15.6% and fully loaded at 13.7% and has a surplus of EUR 1,744 million above SREP requirements for 2018.

## 2. Key Highlights

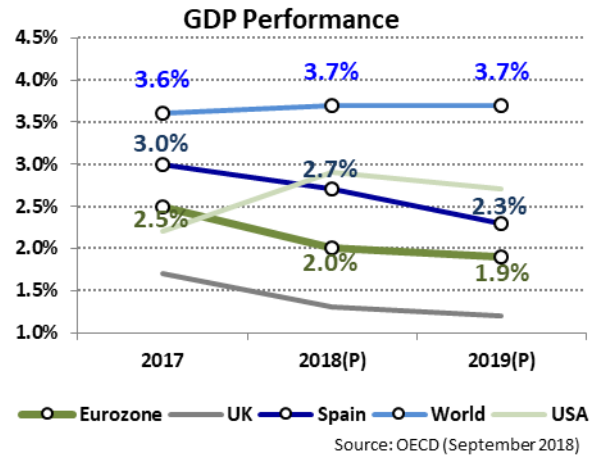
| Million euros / % / pp  | 30/09/2018 | 30/06/2018 | 31/12/2017 | 30/09/2017 | QoQ      | YTD       | YoY       |
|---|------------|------------|------------|------------|----------|-----------|-----------|
| <b>BALANCE SHEET</b>  |            |            |            |            |          |           |           |
| Total assets  | 56,843     | 57,606     | 56,332     | 56,406     | -1.3%    | 0.9%      | 0.8%      |
| Gross loans and advances to customers (ex-reverse repos, ex other financial assets)*            | 27,779     | 28,709     | 28,619     | 28,996     | -3.2%    | -2.9%     | -4.2%     |
| Performing gross loans and advances to customers (ex-reverse repos, ex other financial assets)* | 25,558     | 26,369     | 25,908     | 26,162     | -3.1%    | -1.4%     | -2.3%     |
| On-balance sheet retail customers funds*  | 37,751     | 38,330     | 37,718     | 37,452     | -1.5%    | 0.1%      | 0.8%      |
| Off-balance sheet customer funds and insurance  | 12,945     | 13,063     | 12,699     | 12,348     | -0.9%    | 1.9%      | 4.8%      |
| Shareholders equity   | 3,889      | 3,837      | 3,856      | 3,705      | 1.4%     | 0.9%      | 5.0%      |
| Total equity  | 3,957      | 3,957      | 3,902      | 3,921      | 0.0%     | 1.4%      | 0.9%      |
| <i>(*) Excluding valuation adjustments</i>  |            |            |            |            |          |           |           |
| <b>RESULTS (year-to-date)</b>   |            |            |            |            |          |           |           |
| Net interest income   | 452        | 303        | 583        | 432        |          |           | 4.6%      |
| Gross income  | 735        | 492        | 997        | 816        |          |           | -9.9%     |
| Pre-provision profit  | 269        | 181        | 364        | 338        |          |           | -20.3%    |
| Consolidated net income   | 142        | 104        | 138        | 120        |          |           | 18.4%     |
| Attributable net income   | 142        | 105        | 142        | 136        |          |           | 4.5%      |
| Cost to income  | 59.6%      | 59.4%      | 59.2%      | 54.6%      | 0.2 pp   | 0.4 pp    | 5.0 pp    |
| ROE   | 5.0%       | 5.5%       | 4.1%       | 4.9%       | -0.5 pp  | 0.9 pp    | 0.0 pp    |
| ROA   | 0.3%       | 0.4%       | 0.2%       | 0.3%       | 0.0 pp   | 0.1 pp    | 0.0 pp    |
| <b>RISK MANAGEMENT</b>  |            |            |            |            |          |           |           |
| Non performing loans (NPL) (a)  | 2,221      | 2,340      | 2,710      | 2,833      | -5.1%    | -18.0%    | -21.6%    |
| Foreclosed assets (b)   | 1,668      | 1,772      | 1,872      | 2,111      | -5.9%    | -10.9%    | -21.0%    |
| Non performing assets -NPA- (a+b)   | 3,889      | 4,112      | 4,582      | 4,944      | -5.4%    | -15.1%    | -21.3%    |
| NPL ratio   | 7.5%       | 7.6%       | 8.7%       | 9.0%       | -0.1 pp  | -1.2 pp   | -1.5 pp   |
| NPL coverage  | 55.0%      | 54.9%      | 50.0%      | 50.0%      | 0.2 pp   | 5.0 pp    | 5.0 pp    |
| Foreclosed assets coverage  | 64.3%      | 63.8%      | 64.0%      | 63.0%      | 0.5 pp   | 0.4 pp    | 1.3 pp    |
| Non performing assets (NPA) coverage  | 59.0%      | 58.7%      | 55.7%      | 55.6%      | 0.3 pp   | 3.3 pp    | 3.4 pp    |
| Cost of risk  | -0.02%     | -0.09%     | 0.15%      | 0.28%      | 0.1 pp   | -0.2 pp   | -0.3 pp   |
| <b>LIQUIDITY</b>  |            |            |            |            |          |           |           |
| Loan to deposit ratio   | 73.6%      | 74.9%      | 75.9%      | 77.4%      | -1.3 pp  | -2.3 pp   | -3.8 pp   |
| LCR   | 412%       | 470%       | 701%       | 884%       | -58.0 pp | -288.8 pp | -472.1 pp |
| NSFR  | 139%       | 132%       | 134%       | 129%       | 7.0 pp   | 5.0 pp    | 10.0 pp   |
| <b>SOLVENCY</b>   |            |            |            |            |          |           |           |
| CET1 ratio (phase-in)   | 15.6%      | 15.3%      | 14.6%      | 14.1%      | 0.3 pp   | 1.1 pp    | 1.5 pp    |
| CET1 ratio (fully loaded)   | 13.7%      | 13.5%      | 12.8%      | 12.5%      | 0.2 pp   | 0.9 pp    | 1.1 pp    |
| Total capital ratio (phase-in)  | 15.8%      | 15.5%      | 15.1%      | 14.6%      | 0.3 pp   | 0.8 pp    | 1.2 pp    |
| Total capital ratio (fully loaded)  | 13.9%      | 13.7%      | 13.3%      | 13.0%      | 0.2 pp   | 0.6 pp    | 0.8 pp    |
| Risk weighted assets (RWA)  | 23,259     | 23,878     | 24,239     | 24,949     | -2.6%    | -4.0%     | -6.8%     |
| Texas ratio   | 63.3%      | 65.9%      | 72.4%      | 76.6%      | -2.6 pp  | -9.1 pp   | -13.3 pp  |
| <b>ADDITIONAL INFORMATION</b>   |            |            |            |            |          |           |           |
| Employees (average number)  | 6,916      | 6,916      | 7,200      | 7,247      | 0.0%     | -3.9%     | -4.6%     |
| Branches  | 1,182      | 1,196      | 1,227      | 1,245      | -1.2%    | -3.7%     | -5.1%     |
| ATMs  | 1,487      | 1,496      | 1,515      | 1,508      | -0.6%    | -1.8%     | -1.4%     |

### 3. Macroeconomic environment

Over the summer months the economic outlook deteriorated slightly, in line with the less expansionary performance of certain activity indicators, and sharpening risks: greater trade tensions, tougher financial conditions in emerging markets and other increasing uncertainties that could be a burden in the medium term on current growth levels. The latest international forecast updates, such as those published in September by the Eurosystem and the OECD, argue that world economic expansion may have reached its zenith in the first half 2018, with the expectation of a slight slowdown in upcoming quarters.

In particular, OECD forecasts now signal that the global economy could grow by 3.7% in 2018 and 2019, one and two percentage points lower than their previsions in May, and flag up growing divergences between countries, compared to the widespread expansion in the latter part of 2017 and the beginning of this year. Furthermore, global GDP growth in 2017 was revised downwards by one percentage point, to 3.6%. The reasons given for this somewhat less optimistic vision include not only the weakening of confidence and trade flows, but also more timidity than expected in investment and fairly modest wage rises, even though in most advanced-economy countries unemployment levels have dropped to pre-Recession levels.

By geographical area, growth forecasts for the eurozone have slipped by two percentage points, down to 2.0% in 2018 and 1.9% in 2019, and those for the United Kingdom by one percentage point each, to 1.3% and 1.2%, respectively. The 2.9% forecast for 2018 in the United States is holding, but slides by one tenth in 2019, to 2.7%). Projected growth for Japan and China is unchanged. In the case of the more vulnerable emerging economies, the OECD forecasts a more abrupt deceleration this year.



In short, for a number of reasons, global economic expansion is now less uniform, i.e., more divergent, and also a little less optimistic than the Spring forecast, while the risks to the downside have become more visible. In any event, these forward-looking forecasts reflect the deceleration that several activity indicators were picking up in the first half of this year.

A good test of this are trade transactions, that have softened a little in the first half of 2018, and which can be measured in the value of both G-20 countries' exports and their imports, interrupting the significant growth posted in 2017. In fact, the new tariffs imposed to date affect a relatively small proportion of global trade, but uncertainties about trade policies may have damaged some international contracts, which has also had a deleterious impact on economic sentiment indicators and the results of opinion surveys.

Against this backdrop, we should bear in mind the performance of the leading activity indicators that make up the OECD's composite leading indicator, the CLI. The dip in this index since the start of the year, for the eurozone and for all advanced economies as a whole is significant, where the most pronounced drop is in the case of the Spanish indicator. Thus, looking at the latest available figures, those for July, the fall in the index is sharpest in Europe, consistent with the moderation posted in Germany, France, Italy and

the United Kingdom, while in the USA and Japan performance is more stable.

It looks as though the normalisation of monetary policy is having an impact on financial capital flows and on the depreciation of the currencies in a significant proportion of emerging market economies, with visible instability on stock market indexes. These circumstances are triggering greater risk aversion, with the stronger economies and the safer securities benefiting from this situation. Furthermore, the positive performance on the part of the US economy, confirmed by the latest Federal Reserve forecasts and another rise in its benchmark rate (up to 2.25%, after the latest rise in September), in contrast to the worse-than-expected macro indicators in the eurozone, has helped the dollar to rise against the euro, with the US currency recovering part of the depreciation it has suffered in the year to date.

The Bank of England also decided in August to raise its base rate to 0.75%, its highest since 2009. The European Central Bank (ECB) meanwhile, is waiting for the official interest rates to hold at their current levels at least until the summer of 2019, and in any event for as long as is necessary to ensure that the inflation trend sticks to current expectations, in a sustained correction. Turning to the calendar and volume of unconventional monetary policy measures, the asset purchasing programme (APP) continued until the end of September, at the rate of EUR 30 billion a month while from October onwards, provided that the data confirm the medium-term inflation forecasts, the monthly rate of net asset purchases will be cut to EUR 15 billion until the end of December 2018, at which time they will cease.

The yields on public debt are also being affected by a less expansionary climate and greater lack of confidence. Specifically, expectations about the normalisation of monetary policy and political uncertainty in Italy have pushed yields up over the summer, especially in the peripheral (non-core) eurozone economies. However, this scenario has

not affected 10-year Spanish bonds, which are holding at around 1.5%, just over 100 bp higher than the German yield for the same term. This situation is in contrast with the uptick in the yield on Italian treasury bonds and so its risk premium, the effect of which can be clearly seen in the rally of Italian 5-year Credit Default Swaps (CDS).

Without a doubt, international economic and financial indicator forecasts (the oil price, interest rates, international trade) are of key importance for the future outlook of the real economy in the eurozone. In comparison with the June 2018 forecasts, the ECB's technical assumptions are now based on a stronger real euro exchange rate, lower oil prices and easing interest rates. So, Euribor at 3 months is expected to come in at an average for 2018 of -0.3% and to continue to edge up to -0.2% in 2019, reaching 0.0% by 2020. Market expectations for public debt yields at ten years in the eurozone suggest rates of 1.1% in 2018, 1.3% in 2019 and 1.6% in 2020, that is, a shade below forecasts made in June.

In terms of commodity prices, the most recent estimates calculate that the price of the barrel of Brent crude will rise from USD 54.4 in 2017 to USD 71.5 in 2018 and USD 71.7 in 2019. This pace of change, compared to the June 2018 forecasts, means that oil prices are not going to rally as much as was expected three months ago. At the same time, the eurozone's net trade is expected to grow in 2018 and 2019 (by 4.1% and 3.6%, respectively) more slowly than was anticipated in June, consistent with the loss of momentum in activity and with the impact that higher customs tariffs are expected to have in the future. Inflation forecasts, on the other hand, have not changed from those made in June.

This softening of trade is one of the main factors impacting on the revised expectations for the Spanish economy. In July, in the latest macro-economic outlook published by the Government of Spain, its forecast for 2018 and 2019 GDP remained the same as in April (2.7% and 2.4%,

respectively). Nevertheless, the short-term indicators in August and September and estimates from other bodies concurred that the expected variation in GDP could be a percentage point lower, in line with the lower positive contribution of domestic internal demand and the slackening in the external sector.

Another review that contrasts with the macro-economic picture painted in April is the public deficit reduction process, which is proving slower than indicated earlier this year. In any event, the government has reiterated its commitment to balancing the public accounts, pointing out that Budget stability is compatible with a medium- and long-term reform agenda, which will earmark more resources for education, research, innovation and science. Likewise, we should point out that the growth differential will continue to be in the Spanish economy's favour if comparisons are made with neighbouring countries, since the GDP of the eurozone as a whole is expected to grow by 2.0% in 2018 and by 1.8% in 2019. Finally, we should note that the positive direction of the labour market will bring the unemployment rate down to 11.0% by 2021, thanks to the average annual job creation rate, which will bring the total workforce to over 20 million by 2020.

At the end of September, the Bank of Spain also published an update of its growth projections, which reveal a slightly less expansionary outlook for economic activity in Spain, with forecasts of 2.6%, 2.2% and 2.0% for this year and the next two, representing a review to the downside from its earlier figures of one, two and one tenth for 2018, 2019 and 2020, respectively. The reason for this slower rate of growth is the less favourable environment in external markets, particularly the lower momentum expected in exports. Thus, GDP expansion will continue to rely on domestic demand, although this is also expected to decelerate slightly. Employment is expected to continue growing at a good rate (2.4% in 2018), although more slowly in upcoming years, thus

enabling a reduction in the unemployment rate. In the absence of inflationary tensions (staying below 2% over the forecast horizon), in 2018 the public deficit is expected to come in at 2.8% of GDP, which will enable the country to exit the excessive deficit procedure, although public debt remains very high.



#### 4. Balance sheet

| <i>Million euros</i>  | 30/09/2018    | 30/06/2018    | 31/12/2017    | 30/09/2017    | QoQ          | YTD         | YoY         |
|---|---------------|---------------|---------------|---------------|--------------|-------------|-------------|
| Cash and balances at central banks                                | 2,766         | 3,060         | 3,806         | 1,221         | -9.6%        | -27.3%      | 126.5%      |
| Assets held for trading & at fair value through P&L               | 139           | 147           | 31            | 51            | -5.6%        | 341.5%      | 174.4%      |
| Financial assets at fair value through other comprehensive income | 5,926         | 6,459         | 3,702         | 4,944         | -8.3%        | 60.1%       | 19.8%       |
| Financial assets at amortised cost                                | 28,916        | 29,568        | 29,822        | 33,275        | -2.2%        | -3.0%       | -13.1%      |
| Loans and advances to central banks and credit institution        | 756           | 278           | 184           | 484           | 172.5%       | 310.6%      | 56.4%       |
| Loans and advances to customers                                   | 28,160        | 29,290        | 29,638        | 29,935        | -3.9%        | -5.0%       | -5.9%       |
| Debt securities at amortised cost                                 | 13,546        | 12,714        | 13,220        | 11,019        | 6.5%         | 2.5%        | 22.9%       |
| Hedging derivatives   | 408           | 427           | 457           | 477           | -4.5%        | -10.7%      | -14.4%      |
| Investment in joint ventures and associates                       | 363           | 369           | 483           | 523           | -1.6%        | -24.8%      | -30.5%      |
| Tangible assets   | 1,224         | 1,224         | 1,291         | 1,301         | 0.0%         | -5.2%       | -6.0%       |
| Intangible assets   | 63            | 63            | 2             | 2             | -1.0%        | 3239.7%     | 3187.4%     |
| Tax assets  | 2,633         | 2,651         | 2,613         | 2,586         | -0.7%        | 0.8%        | 1.8%        |
| Other assets  | 445           | 470           | 466           | 494           | -5.4%        | -4.6%       | -10.0%      |
| Non current assets held for sale                                  | 414           | 453           | 439           | 511           | -8.5%        | -5.7%       | -19.0%      |
| <b>TOTAL ASSETS</b>   | <b>56,843</b> | <b>57,606</b> | <b>56,332</b> | <b>56,406</b> | <b>-1.3%</b> | <b>0.9%</b> | <b>0.8%</b> |
| Liabilities held for trading & at fair value through P&L          | 19            | 25            | 27            | 27            | -24.5%       | -31.1%      | -30.6%      |
| Financial liabilities at amortised cost                           | 50,572        | 51,449        | 50,941        | 50,939        | -1.7%        | -0.7%       | -0.7%       |
| Deposits from central banks                                       | 3,320         | 3,323         | 3,330         | 3,333         | -0.1%        | -0.3%       | -0.4%       |
| Deposits from credit institutions                                 | 2,349         | 1,960         | 715           | 1,158         | 19.8%        | 228.5%      | 102.8%      |
| Customer deposits   | 44,058        | 44,772        | 46,041        | 45,522        | -1.6%        | -4.3%       | -3.2%       |
| Issued debt securities  | 130           | 130           | 130           | 200           | 0.0%         | 0.1%        | -35.0%      |
| Other financial liabilities                                       | 715           | 1,264         | 725           | 726           | -43.4%       | -1.4%       | -1.5%       |
| Hedging derivatives   | 120           | 157           | 31            | 26            | -23.8%       | 281.3%      | 353.4%      |
| Provisions  | 810           | 843           | 935           | 968           | -4.0%        | -13.4%      | -16.4%      |
| Tax liabilities   | 265           | 283           | 209           | 238           | -6.2%        | 26.9%       | 11.3%       |
| Other liabilities   | 1,100         | 893           | 286           | 285           | 23.3%        | 285.1%      | 285.7%      |
| <b>TOTAL LIABILITIES</b>  | <b>52,886</b> | <b>53,650</b> | <b>52,430</b> | <b>52,485</b> | <b>-1.4%</b> | <b>0.9%</b> | <b>0.8%</b> |
| Own Funds   | 3,889         | 3,837         | 3,856         | 3,705         | 1.4%         | 0.9%        | 5.0%        |
| Accumulated other comprehensive income                            | 67            | 96            | 17            | 55            | -30.0%       | 297.7%      | 23.3%       |
| Minority Interests  | 0             | 24            | 30            | 162           | -98.1%       | -98.5%      | -99.7%      |
| <b>Total Equity</b>   | <b>3,957</b>  | <b>3,957</b>  | <b>3,902</b>  | <b>3,921</b>  | <b>0.0%</b>  | <b>1.4%</b> | <b>0.9%</b> |
| <b>Total Liabilities and Equity</b>                               | <b>56,843</b> | <b>57,606</b> | <b>56,332</b> | <b>56,406</b> | <b>-1.3%</b> | <b>0.9%</b> | <b>0.8%</b> |
| <b>OFF BALANCE SHEET CUSTOMER FUNDS AND INSURANCE</b>             | <b>12,945</b> | <b>13,063</b> | <b>12,699</b> | <b>12,348</b> | <b>-0.9%</b> | <b>1.9%</b> | <b>4.8%</b> |

On 1st January 2018 a number of International Financial Reporting Standards (IFRS) came into force, as described in note 1 of the consolidated half-year statements to 30 June 2018. Among them is IFRS 9 whose main impacts are described in said note of the half-year statement referenced above. Applying this standard has had a major effect on the fixed income portfolio and on loans and advances; it has entailed variations to the items “Financial assets held for trading through profit or loss”, “Financial assets with changes in other comprehensive income”<sup>1</sup>, “Loans and advances at amortized cost” and “Debt securities

at amortized cost”. Finally, we should point out that the application of the standard has had a positive impact on the Group’s net equity, after tax considerations have been taken into account, as a result of the increase in provisioning for insolvencies and the impact on other comprehensive income from the reclassifications of the fixed income portfolios.

It should also be pointed out that the administrative authorisations for the purchase in 2017 of Unión Duero Vida and Duero Pensiones, in which the Group already had a 50% stake and was

<sup>1</sup> The “other comprehensive result” item is included in net equity

included using the equity method in the 2017 financial year, were approved in Q1 2018. This means that the conditions have been met to take control of the above-mentioned companies, and as such they can be fully integrated into the Group's 2018 statements.

At 30th September 2018, Unicaja Banco Group's assets came to EUR 56,843 million. Loans and advances carried at amortised cost account for EUR 28,916 million, with loans and advances to customers worth EUR 28,160 million. Debt securities carried at amortised cost amount to EUR 13,546 million, and mainly consist of Spanish Treasury debt.

Total assets fell by 1.3% in the quarter, mainly as a result of the performance of loans and advances at amortised cost, as well as the reduction in cash and balances at central banks. Net customer loans and advances fell by 3.9% over the quarter, due to the EUR 119 million fall in non-performing loans, the EUR 258 million reduction in repos and other financial assets, the early cancellation of certain public sector positions, and to the existence of certain suspense account balances in the second quarter of 2018. Were it not for these, performing lending to the private sector would have remained virtually stable.

Compared to the year's performance, total assets grew by 0.9% in the first nine months of 2018, mainly because of the performance in the fixed income portfolio in the items "Financial assets with changes in other comprehensive income" and in "Debt securities at amortized cost". This portfolio has grown through new purchases and due to the new consolidation perimeter stated earlier. Customer loans and advances have fallen in net terms by 5% in the year to date, mainly because of the recovery of non-performing transactions (EUR 489 million) and the fall in repos and other financial assets (EUR 771 million). To a lesser extent, performing public administration lending has narrowed too (EUR 244 million), as has

credit to the private sector (EUR 106 million). The balance on intangible assets also rose during the year, mainly consisting of goodwill generated in the global integration mentioned earlier.

The Group's total liabilities come to EUR 52,886 million. The vast majority of this is made up of financial liabilities carried at amortized cost, amounting to EUR 50,572 million. Customer deposits of EUR 44,058 million account for 87% of these total financial liabilities. The Group also manages other customer funds as well as the deposits mentioned above, mainly investment funds, pension funds and savings insurance. These and come to EUR 12,945 million.

Liabilities have fallen by 1.4% in the quarter, mainly as a result of the reduction in customer deposits and other financial liabilities. These funds have, on the one hand, been partially replaced by deposits in credit institutions, and on the other, refunded as they were not needed to fund assets.

Conversely, liabilities have grown by 0.9% in the year, partly because of the full integration into the Group of the insurance firms mentioned above, that bring liabilities for insurance contracts that explain the performance of the "Other Liabilities" section. This growth in liabilities has been partly offset by the fall in financial liabilities carried at amortized cost. In this ledger entry, there has been a transfer of wholesale funds booked as Customer Deposits to the Credit Institutions Deposits; furthermore, these sums have been cancelled and booked as "Other Liabilities".

Customer funds have increased both over the last 9 months and also in the last 12 months, both in the case of sight deposits and off-balance sheet customer funds, as a result of the good performance of the commercial activity.

Net equity remains stable over the quarter because income over the period is similar to the fall in capital gains in the portfolios measured at

fair value against other comprehensive income. With respect to first 9-month performance, net equity rose on 1st January 2018 because of the application of IFRS 9, which has entailed a debit on reserves due to higher impairments made in the initial application of these standards, and a credit in other comprehensive income from the net capital gains on the securities reclassified to portfolios measured at fair value. Finally, we should emphasise that the merger of España Duero, a Unicaja Banco subsidiary, has taken place in Q3, which accounts for the change in the Minority Interests ledger entry.

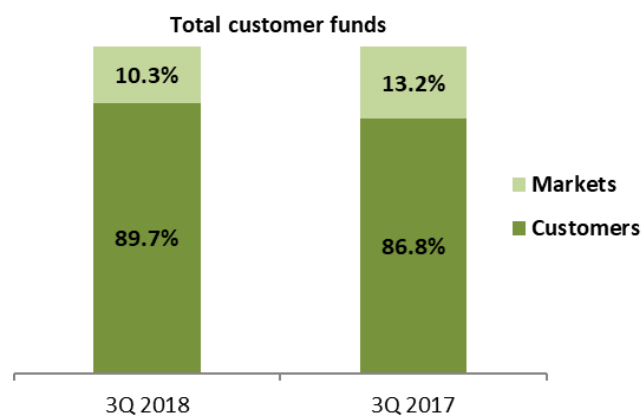
**5. Customer Funds.**

| <i>Million euros. Excluding valuation adjustments</i> | <b>30/09/2018</b> | <b>30/06/2018</b> | <b>31/12/2017</b> | <b>30/09/2017</b> | <b>QoQ</b>   | <b>YTD</b>    | <b>YoY</b>    |
|---|-------------------|-------------------|-------------------|-------------------|--------------|---------------|---------------|
| <b>On-balance sheet customer funds</b>                | <b>43,584</b>     | <b>44,320</b>     | <b>45,503</b>     | <b>45,007</b>     | <b>-1.7%</b> | <b>-4.2%</b>  | <b>-3.2%</b>  |
| <b>Customer funds</b>                                 | <b>43,454</b>     | <b>44,190</b>     | <b>45,373</b>     | <b>44,807</b>     | <b>-1.7%</b> | <b>-4.2%</b>  | <b>-3.0%</b>  |
| <b>Public Sector</b>                                  | <b>2,537</b>      | <b>2,414</b>      | <b>2,638</b>      | <b>2,267</b>      | <b>5.1%</b>  | <b>-3.8%</b>  | <b>11.9%</b>  |
| <b>Private sector</b>                                 | <b>40,917</b>     | <b>41,776</b>     | <b>42,736</b>     | <b>42,540</b>     | <b>-2.1%</b> | <b>-4.3%</b>  | <b>-3.8%</b>  |
| Sight deposits  | 27,023            | 27,283            | 25,356            | 24,454            | -1.0%        | 6.6%          | 10.5%         |
| Term deposits   | 12,516            | 12,978            | 14,222            | 15,699            | -3.6%        | -12.0%        | -20.3%        |
| <i>of which: covered bonds</i>                        | 4,635             | 4,635             | 5,093             | 5,718             | 0.0%         | -9.0%         | -18.9%        |
| Repos   | 1,378             | 1,515             | 3,157             | 2,388             | -9.1%        | -56.3%        | -42.3%        |
| <b>Issues</b>   | <b>130</b>        | <b>130</b>        | <b>130</b>        | <b>200</b>        | <b>0.0%</b>  | <b>0.0%</b>   | <b>-35.0%</b> |
| Promissory notes                                      | 0                 | 0                 | 0                 | 0                 | -            | -             | -             |
| Mortgages securities                                  | 130               | 130               | 130               | 200               | 0.0%         | 0.0%          | -35.0%        |
| Other securities                                      | 0                 | 0                 | 0                 | 0                 | -            | -             | -             |
| Subordinated liabilities                              | 0                 | 0                 | 0                 | 0                 | -            | -             | -             |
| <b>Off-balance sheet customer funds and insurance</b> | <b>12,945</b>     | <b>13,063</b>     | <b>12,699</b>     | <b>12,348</b>     | <b>-0.9%</b> | <b>1.9%</b>   | <b>4.8%</b>   |
| Mutual funds  | 5,907             | 6,206             | 6,067             | 5,933             | -4.8%        | -2.6%         | -0.4%         |
| Pension funds   | 2,396             | 2,223             | 2,274             | 2,247             | 7.8%         | 5.4%          | 6.6%          |
| Insurance savings                                     | 3,866             | 3,582             | 3,429             | 3,283             | 7.9%         | 12.7%         | 17.8%         |
| Discretionary portfolios                              | 776               | 1,052             | 929               | 884               | -26.2%       | -16.5%        | -12.3%        |
| <b>TOTAL CUSTOMER FUNDS</b>                           | <b>56,529</b>     | <b>57,383</b>     | <b>58,202</b>     | <b>57,355</b>     | <b>-1.5%</b> | <b>-2.9%</b>  | <b>-1.4%</b>  |
| <b>Retail customers funds</b>                         | <b>50,696</b>     | <b>51,393</b>     | <b>50,417</b>     | <b>49,799</b>     | <b>-1.4%</b> | <b>0.6%</b>   | <b>1.8%</b>   |
| On-balance sheet                                      | 37,751            | 38,330            | 37,718            | 37,452            | -1.5%        | 0.1%          | 0.8%          |
| Public Sector   | 2,537             | 2,414             | 2,638             | 2,267             | 5.1%         | -3.8%         | 11.9%         |
| Sight deposits  | 27,023            | 27,283            | 25,356            | 24,454            | -1.0%        | 6.6%          | 10.5%         |
| Term deposits   | 7,881             | 8,342             | 9,130             | 9,981             | -5.5%        | -13.7%        | -21.0%        |
| Others  | 311               | 291               | 594               | 750               | 6.8%         | -47.6%        | -58.5%        |
| Off-balance sheet and insurance                       | 12,945            | 13,063            | 12,699            | 12,348            | -0.9%        | 1.9%          | 4.8%          |
| <b>Wholesale funds</b>                                | <b>5,832</b>      | <b>5,990</b>      | <b>7,785</b>      | <b>7,556</b>      | <b>-2.6%</b> | <b>-25.1%</b> | <b>-22.8%</b> |

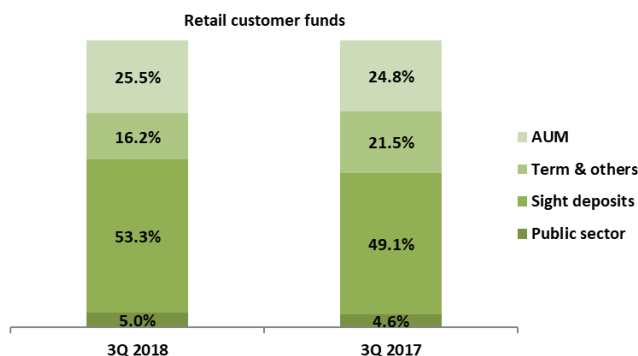
The volume of managed resources supervised by the Group rose at the close of September 2018 to EUR 56,529 million.

The bulk of managed funds are customer deposits (EUR 43,454 million), of which EUR 27,023 million are private sector clients' sight deposits, EUR 12,516 million are term deposits (including EUR 4,635 million in non-negotiable mortgage covered bond issues) and EUR 1,378 million are repos. Off-balance sheet funds managed with various instruments and insurance reached EUR 12,945 million, made up mostly of customer funds raised through investment funds (EUR 5,907 million), pension funds (EUR 2,396 million) and savings insurance (EUR 3,866 million). The balance of issues included in the aggregate of managed resources is limited to EUR 130 million and consists only of mortgage securities exclusively in the hands of third parties.

As to the origin of the resources, 90% (87% at year-end 2017 and at September 2017) relates to retail customers' business (EUR 50,696 million), while the remaining 10% (EUR 5,832 million) is represented by funds raised in wholesale markets through issuances and repos.



Both in the first 9 months and in the on a year on year basis, the weight of funds managed for retail customers has gone up.

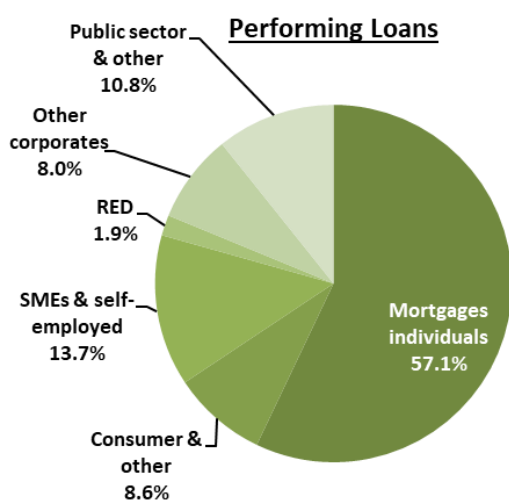


The variation in customer funds is a reflection of the strategy taken by the institution to raise funds. Total managed retail customer funds rose 1.8% in the previous 12 months, while the total in the balance sheet is up by 0.8%, with an increase of 11.9% in public sector funds and 10.5% in at sight deposits. Additionally, off balance sheet funds and insurance are up 4.8% against the same period a year earlier. The year's performance of managed retail customer funds posted an 0.6% hike, while term deposits and public sector funds dropped. At sight balances recorded an 6.6% increase and off-balance sheet funds and insurance are up 1.9%. This higher growth in off-balance sheet funds and insurance is the result of stronger customer demand due to the interest rates scenario and is in line with the entity's strategy of giving greater weight to these resources, within total managed funds, and showing a positive performance since the start of 2017.

## 6. Performing Loans

| <i>Million euros. Excluding valuation adjustments</i> | 30/09/2018    | 30/06/2018    | 31/12/2017    | 30/09/2017    | QoQ           | YTD           | YoY           |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Public sector</b>                                  | <b>1,278</b>  | <b>1,639</b>  | <b>1,522</b>  | <b>1,515</b>  | <b>-22.1%</b> | <b>-16.0%</b> | <b>-15.7%</b> |
| <b>Private sector</b>                                 | <b>24,281</b> | <b>24,729</b> | <b>24,386</b> | <b>24,647</b> | <b>-1.8%</b>  | <b>-0.4%</b>  | <b>-1.5%</b>  |
| <b>Corporates</b>                                     | <b>6,417</b>  | <b>6,381</b>  | <b>6,144</b>  | <b>6,176</b>  | <b>0.6%</b>   | <b>4.4%</b>   | <b>3.9%</b>   |
| RED and construction                                  | 506           | 511           | 572           | 620           | -1.1%         | -11.6%        | -18.5%        |
| SMEs and self-employed                                | 3,726         | 3,725         | 3,518         | 3,442         | 0.0%          | 5.9%          | 8.2%          |
| Other corporates                                      | 2,186         | 2,145         | 2,054         | 2,113         | 1.9%          | 6.4%          | 3.4%          |
| <b>Individuals</b>                                    | <b>17,864</b> | <b>18,348</b> | <b>18,242</b> | <b>18,472</b> | <b>-2.6%</b>  | <b>-2.1%</b>  | <b>-3.3%</b>  |
| Mortgages   | 15,529        | 15,598        | 15,900        | 16,144        | -0.4%         | -2.3%         | -3.8%         |
| Consumer and other                                    | 2,335         | 2,750         | 2,343         | 2,327         | -15.1%        | -0.4%         | 0.3%          |
| <b>PERFORMING LOANS TO CUSTOMERS</b>                  | <b>25,558</b> | <b>26,369</b> | <b>25,908</b> | <b>26,162</b> | <b>-3.1%</b>  | <b>-1.4%</b>  | <b>-2.3%</b>  |
| <b>Repos and valuation adjustments</b>                | <b>1,647</b>  | <b>1,906</b>  | <b>2,418</b>  | <b>2,401</b>  | <b>-13.6%</b> | <b>-31.9%</b> | <b>-31.4%</b> |
| <b>TOTAL PERFORMING LOANS</b>                         | <b>27,206</b> | <b>28,274</b> | <b>28,326</b> | <b>28,564</b> | <b>-3.8%</b>  | <b>-4.0%</b>  | <b>-4.8%</b>  |

Performing loans balance of the Entity stands at EUR 27,206 million. Of this, EUR 1,278 million correspond to loans to public sector, EUR 24,281 million to private sector loans and EUR 1,647 million to reverse repos and other unclassified balances, the latter being mainly collateral for financing transactions and derivatives. By portfolio type, the most important are retail loans with mortgage guarantees, representing 57.1% of total performing loans, and the SME and self-employed portfolio, accounting for another 13.7% with latter growing in weight since the close of 2017.



Balances show a negative evolution, but are close to the tipping point, thanks to the Group's strong commercial activity, with significant volumes of new lending, accounting for EUR 2,525 million; this represents increases in the first 9 months of the year of 27% in SMEs, 20% in retail mortgages and 22% in consumer loans and others, compared to the same period in the previous financial year. In the public sector and corporates, production stands at EUR 730 million, not greater than the previous period, pursuing a strategy of prioritising profitability over volume in these segments.

Performing loans to the public sector have fallen over the year, as a result of a number of early transaction repayments, and have also contracted slightly in the private sector, marked by the performance of loans to individuals with mortgage collateral volumes, where softening is slowing quarter-on-quarter. On the positive side, corporate credit has increased.

**7. Non-performing loans & foreclosed assets**

| Million euros                              | 30/09/2018    | 30/06/2018    | 31/12/2017   | 30/09/2017   | QoQ            | YTD             | YoY             |
|--|---------------|---------------|--------------|--------------|----------------|-----------------|-----------------|
| <b>GROSS BALANCE</b>                       |               |               |              |              |                |                 |                 |
| <b>Public sector</b>                       | <b>2</b>      | <b>2</b>      | <b>2</b>     | <b>6</b>     | <b>-7.4%</b>   | <b>-22.4%</b>   | <b>-72.5%</b>   |
| <b>Private sector</b>                      | <b>2,219</b>  | <b>2,338</b>  | <b>2,708</b> | <b>2,827</b> | <b>-5.1%</b>   | <b>-18.0%</b>   | <b>-21.5%</b>   |
| <b>Business</b>                            | <b>793</b>    | <b>840</b>    | <b>1,071</b> | <b>1,162</b> | <b>-5.6%</b>   | <b>-25.9%</b>   | <b>-31.7%</b>   |
| RED and construction                       | 189           | 214           | 351          | 388          | -11.3%         | -46.1%          | -51.2%          |
| SMEs and self-employed                     | 552           | 578           | 653          | 704          | -4.5%          | -15.5%          | -21.6%          |
| Other corporates                           | 52            | 49            | 66           | 70           | 6.2%           | -21.1%          | -25.6%          |
| <b>Individuals</b>                         | <b>1,426</b>  | <b>1,498</b>  | <b>1,637</b> | <b>1,665</b> | <b>-4.8%</b>   | <b>-12.9%</b>   | <b>-14.4%</b>   |
| Mortgages                                  | 956           | 1,008         | 1,136        | 1,174        | -5.1%          | -15.8%          | -18.5%          |
| Consumer and other                         | 470           | 490           | 501          | 492          | -4.0%          | -6.2%           | -4.4%           |
| <b>Repos and valuation adjustments</b>     | <b>0</b>      | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>n.a.</b>    | <b>n.a.</b>     | <b>n.a.</b>     |
| <b>NON PERFORMING LOANS</b>                | <b>2,221</b>  | <b>2,340</b>  | <b>2,710</b> | <b>2,833</b> | <b>-5.1%</b>   | <b>-18.0%</b>   | <b>-21.6%</b>   |
| Non performing loans (excluding RED loans) | 2,032         | 2,126         | 2,359        | 2,446        | -4.4%          | -13.9%          | -16.9%          |
| <b>PROVISIONS</b>                          |               |               |              |              |                |                 |                 |
| <b>Public sector</b>                       | <b>7</b>      | <b>7</b>      | <b>0</b>     | <b>0</b>     | <b>-0.2%</b>   | <b>n.a.</b>     | <b>n.a.</b>     |
| <b>Private sector</b>                      | <b>1,207</b>  | <b>1,269</b>  | <b>1,347</b> | <b>1,409</b> | <b>-4.8%</b>   | <b>-10.4%</b>   | <b>-14.3%</b>   |
| <b>Business</b>                            | <b>527</b>    | <b>542</b>    | <b>614</b>   | <b>662</b>   | <b>-2.9%</b>   | <b>-14.2%</b>   | <b>-20.4%</b>   |
| RED and construction                       | 152           | 166           | 249          | 280          | -8.2%          | -39.0%          | -45.7%          |
| SMEs and self-employed                     | 321           | 321           | 327          | 340          | -0.2%          | -1.7%           | -5.5%           |
| Other corporates                           | 54            | 55            | 38           | 42           | -2.8%          | 40.5%           | 27.6%           |
| <b>Individuals</b>                         | <b>681</b>    | <b>726</b>    | <b>733</b>   | <b>748</b>   | <b>-6.3%</b>   | <b>-7.2%</b>    | <b>-9.0%</b>    |
| Mortgages                                  | 341           | 372           | 414          | 431          | -8.3%          | -17.5%          | -20.8%          |
| Consumer and other                         | 339           | 354           | 319          | 317          | -4.2%          | 6.2%            | 7.1%            |
| <b>Repos and valuation adjustments</b>     | <b>8</b>      | <b>8</b>      | <b>8</b>     | <b>8</b>     | <b>0.8%</b>    | <b>7.0%</b>     | <b>7.0%</b>     |
| <b>NON PERFORMING LOANS</b>                | <b>1,223</b>  | <b>1,284</b>  | <b>1,355</b> | <b>1,417</b> | <b>-4.8%</b>   | <b>-9.8%</b>    | <b>-13.7%</b>   |
| Non performing loans (excluding RED loans) | 1,071         | 1,118         | 1,106        | 1,137        | -4.3%          | -3.2%           | -5.9%           |
| <b>% COVERAGE</b>                          |               |               |              |              |                |                 |                 |
| <b>Public sector</b>                       | <b>388.3%</b> | <b>360.4%</b> | <b>0.0%</b>  | <b>0.0%</b>  | <b>27.9 pp</b> | <b>388.2 pp</b> | <b>388.3 pp</b> |
| <b>Private sector</b>                      | <b>54.4%</b>  | <b>54.3%</b>  | <b>49.8%</b> | <b>49.9%</b> | <b>0.1 pp</b>  | <b>4.6 pp</b>   | <b>4.5 pp</b>   |
| <b>Business</b>                            | <b>66.4%</b>  | <b>64.5%</b>  | <b>57.3%</b> | <b>57.0%</b> | <b>1.9 pp</b>  | <b>9.1 pp</b>   | <b>9.4 pp</b>   |
| RED and construction                       | 80.3%         | 77.5%         | 70.9%        | 72.2%        | 2.7 pp         | 9.4 pp          | 8.0 pp          |
| SMEs and self-employed                     | 58.2%         | 55.7%         | 50.0%        | 48.3%        | 2.5 pp         | 8.2 pp          | 9.9 pp          |
| Other corporates                           | 102.9%        | 112.3%        | 57.8%        | 60.0%        | -9.4 pp        | 45.1 pp         | 42.9 pp         |
| <b>Individuals</b>                         | <b>47.7%</b>  | <b>48.5%</b>  | <b>44.8%</b> | <b>44.9%</b> | <b>-0.8 pp</b> | <b>2.9 pp</b>   | <b>2.8 pp</b>   |
| Mortgages                                  | 35.7%         | 36.9%         | 36.4%        | 36.7%        | -1.2 pp        | -0.7 pp         | -1.0 pp         |
| Consumer and other                         | 72.2%         | 72.4%         | 63.7%        | 64.4%        | -0.2 pp        | 8.4 pp          | 7.8 pp          |
| <b>Repos and valuation adjustments</b>     |               |               |              |              |                |                 |                 |
| <b>NON PERFORMING LOANS</b>                | <b>55.0%</b>  | <b>54.9%</b>  | <b>50.0%</b> | <b>50.0%</b> | <b>0.2 pp</b>  | <b>5.0 pp</b>   | <b>5.0 pp</b>   |
| Non performing loans (excluding RED loans) | 52.7%         | 52.6%         | 46.9%        | 46.5%        | 0.1 pp         | 5.8 pp          | 6.2 pp          |

The Group continues to show a solid ability to consistently reduce NPLs which stood at EUR 2,221 million at the close of September 2018, representing less than half the balance since the end of 2014 (54% less).

In the last 12 months, it has fallen by 21.6% (EUR - 612 million), representing a further improvement in the NPL ratio, which has edged to 7.5%. Over the quarter, this has dropped by EUR 119 million, with gross entries accounting for EUR 35 million, going down, for the fourth quarter in a row, from

EUR 100 million per quarter. On the other hand, there is an improvement in recoveries, which, excluding write-offs, means the Entity has recorded ten consecutive quarters of net outflows (if the effect of the Banks of Spain Circular 4/2016 in Q4 2016 is stripped out).

This drop in non-performing balances is occurring without damaging our high coverage ratios, which have been reinforced since IFRS 9 came into effect and amounted to 55.0% at the close of September 2018, slightly above the previous quarter.

| <i>Million euros</i>                 | <b>3Q 2018</b> | <b>2Q 2018</b> | <b>1Q 2018</b> | <b>4Q 2017</b> | <b>3Q 2017</b> |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>NPL EVOLUTION</b>                 |                |                |                |                |                |
| NPLs at the beginning of the period  | 2,340          | 2,570          | 2,710          | 2,833          | 2,910          |
| Recoveries                           | -80            | -192           | -117           | -95            | -26            |
| Write-offs                           | -39            | -38            | -24            | -28            | -51            |
| <b>NPLs at the end of the period</b> | <b>2,221</b>   | <b>2,340</b>   | <b>2,570</b>   | <b>2,710</b>   | <b>2,833</b>   |

| <i>Million euros</i>            | <b>3Q 2018</b> | <b>2Q 2018</b> | <b>1Q 2018</b> | <b>4Q 2017</b> | <b>3Q 2017</b> |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>NPL recoveries evolution</b> |                |                |                |                |                |
| Gross entries                   | 35             | 56             | 60             | 88             | 112            |
| Recoveries                      | -114           | -249           | -177           | -182           | -138           |
| <b>Net recoveries</b>           | <b>-80</b>     | <b>-192</b>    | <b>-117</b>    | <b>-95</b>     | <b>-26</b>     |



**FORECLOSED ASSETS**

At year to September 2018, the net balance of foreclosed assets, net of provisions, amounted to EUR 595 million euros (Eur 1,668 million gross), representing only 1.0% of Unicaja Banco Group's total assets.

53% of the foreclosed assets, at net book value, are finished new housing and used housing.

Following Unicaja Banco Group's conservative policy, the provisioning for foreclosures was EUR 1,073 million at the close of September 2018. This represents a coverage of 64.3%, slightly above the previous quarter and year-end 2017.

Foreclosed assets outflows continue at a sound pace. During this last quarter, outflows amounted to EUR 182 million, which is equivalent to 10% of the stock held at the beginning of the year. Higher sales over the quarter include the sale of a portfolio at a cost of EUR 125 million, while the outflows for this same reason in the first and second quarter of 2018 amount to EUR 97 million and EUR 10 million respectively (the previous year also saw portfolio sales in the third and fourth quarter for a cost of EUR 265 million and 252 million, respectively). The upward price trend and sales results for this type of asset continues and coverage ratios remain high.

| <i>Million euros</i>                 | <b>30/09/2018</b> | <b>30/06/2018</b> | <b>31/12/2017</b> | <b>30/09/2017</b> | <b>QoQ</b>     | <b>YTD</b>     | <b>YoY</b>     |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|----------------|----------------|----------------|
| <b>GROSS BALANCE</b>                 |                   |                   |                   |                   |                |                |                |
| <b>From lending to RE developers</b> | <b>920</b>        | <b>959</b>        | <b>1,070</b>      | <b>1,201</b>      | <b>-4.1%</b>   | <b>-14.0%</b>  | <b>-23.5%</b>  |
| Finished buildings                   | 139               | 172               | 213               | 326               | -18.9%         | -34.5%         | -57.2%         |
| Buildings under construction         | 128               | 129               | 139               | 143               | -0.9%          | -8.2%          | -10.3%         |
| Land                                 | 652               | 658               | 718               | 733               | -0.8%          | -9.1%          | -11.0%         |
| <b>From retail mortgages</b>         | <b>494</b>        | <b>536</b>        | <b>530</b>        | <b>612</b>        | <b>-7.7%</b>   | <b>-6.7%</b>   | <b>-19.2%</b>  |
| <b>Other foreclosed assets</b>       | <b>254</b>        | <b>278</b>        | <b>272</b>        | <b>297</b>        | <b>-8.5%</b>   | <b>-6.5%</b>   | <b>-14.4%</b>  |
| <b>TOTAL FORECLOSED ASSETS</b>       | <b>1,668</b>      | <b>1,772</b>      | <b>1,872</b>      | <b>2,111</b>      | <b>-5.9%</b>   | <b>-10.9%</b>  | <b>-21.0%</b>  |
| Off which finished buildings         | 634               | 708               | 743               | 938               | -10.4%         | -14.7%         | -32.4%         |
| <b>PROVISIONS</b>                    |                   |                   |                   |                   |                |                |                |
| <b>From lending to RE developers</b> | <b>684</b>        | <b>706</b>        | <b>769</b>        | <b>846</b>        | <b>-3.1%</b>   | <b>-11.1%</b>  | <b>-19.2%</b>  |
| Finished buildings                   | 78                | 94                | 111               | 169               | -17.2%         | -30.2%         | -53.9%         |
| Buildings under construction         | 77                | 78                | 81                | 86                | -1.0%          | -4.8%          | -9.8%          |
| Land                                 | 529               | 534               | 577               | 592               | -0.9%          | -8.3%          | -10.7%         |
| <b>From retail mortgages</b>         | <b>240</b>        | <b>265</b>        | <b>260</b>        | <b>305</b>        | <b>-9.2%</b>   | <b>-7.6%</b>   | <b>-21.3%</b>  |
| <b>Other foreclosed assets</b>       | <b>148</b>        | <b>161</b>        | <b>167</b>        | <b>178</b>        | <b>-8.0%</b>   | <b>-11.2%</b>  | <b>-16.8%</b>  |
| <b>TOTAL FORECLOSED ASSETS</b>       | <b>1,073</b>      | <b>1,132</b>      | <b>1,197</b>      | <b>1,330</b>      | <b>-5.2%</b>   | <b>-10.4%</b>  | <b>-19.3%</b>  |
| Off which finished buildings         | 318               | 359               | 372               | 474               | -11.3%         | -14.4%         | -32.9%         |
| <b>COVERAGE (%)</b>                  |                   |                   |                   |                   |                |                |                |
| <b>From lending to RE developers</b> | <b>74.4%</b>      | <b>73.6%</b>      | <b>71.9%</b>      | <b>70.4%</b>      | <b>0.8 pp</b>  | <b>2.4 pp</b>  | <b>3.9 pp</b>  |
| Finished buildings                   | 55.8%             | 54.7%             | 52.4%             | 51.8%             | 1.2 pp         | 3.4 pp         | 4.0 pp         |
| Buildings under construction         | 60.3%             | 60.3%             | 58.1%             | 59.9%             | 0.0 pp         | 2.2 pp         | 0.4 pp         |
| Land                                 | 81.1%             | 81.1%             | 80.4%             | 80.8%             | 0.0 pp         | 0.7 pp         | 0.3 pp         |
| <b>From retail mortgages</b>         | <b>48.6%</b>      | <b>49.4%</b>      | <b>49.1%</b>      | <b>49.9%</b>      | <b>-0.8 pp</b> | <b>-0.5 pp</b> | <b>-1.3 pp</b> |
| <b>Other foreclosed assets</b>       | <b>58.4%</b>      | <b>58.1%</b>      | <b>61.6%</b>      | <b>60.1%</b>      | <b>0.4 pp</b>  | <b>-3.1 pp</b> | <b>-1.7 pp</b> |
| <b>TOTAL FORECLOSED ASSETS</b>       | <b>64.3%</b>      | <b>63.8%</b>      | <b>64.0%</b>      | <b>63.0%</b>      | <b>0.5 pp</b>  | <b>0.4 pp</b>  | <b>1.3 pp</b>  |
| Off which finished buildings         | 50.2%             | 50.7%             | 50.0%             | 50.5%             | -0.5 pp        | 0.2 pp         | -0.3 pp        |

| <i>Million euros</i>                                      | <b>3Q 2018</b> | <b>2Q 2018</b> | <b>1Q 2018</b> | <b>4Q 2017</b> | <b>3Q 2017</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>FORECLOSED ASSETS EVOLUTION</b>                        |                |                |                |                |                |
| <b>BoP</b>  | <b>1,772</b>   | <b>1,776</b>   | <b>1,872</b>   | <b>2,111</b>   | <b>2,450</b>   |
| In-flows  | 78             | 96             | 90             | 105            | 54             |
| Out-flows   | 182            | 99             | 187            | 344            | 394            |
| <b>EoP</b>  | <b>1,668</b>   | <b>1,772</b>   | <b>1,776</b>   | <b>1,872</b>   | <b>2,111</b>   |
| % Quarterly out-flows / foreclosures at beginning of 2017 | 10%            | 5%             | 10%            | 13%            | 15%            |

**8. Results**
**RESULTS**

| Million euros  | 30/09/2018 | 30/09/2017 | YoY        |               |
|--|------------|------------|------------|---------------|
|  |            |            | Amount     | %             |
| Interest income  | 605        | 648        | -43        | -6.6%         |
| Interest expense   | 154        | 216        | -62        | -28.9%        |
| <b>NET INTEREST INCOME</b>   | <b>452</b> | <b>432</b> | <b>20</b>  | <b>4.6%</b>   |
| Dividend income  | 20         | 20         | 0          | -1.0%         |
| Share of results of entities accounted for using the equity method | 32         | 40         | -8         | -19.3%        |
| Net fee income   | 163        | 164        | -1         | -0.4%         |
| Trading income (*)   | 44         | 80         | -36        | -44.8%        |
| Other operating income/expenses (*)                                | 23         | 79         | -56        | -70.4%        |
| <b>GROSS INCOME</b>  | <b>735</b> | <b>816</b> | <b>-80</b> | <b>-9.9%</b>  |
| Administrative expenses  | 438        | 446        | -7         | -1.6%         |
| Staff expenses   | 293        | 302        | -9         | -3.1%         |
| Other administrative expenses                                      | 145        | 143        | 2          | 1.4%          |
| Amortisation & depreciation  | 27         | 32         | -5         | -14.6%        |
| <b>PRE-PROVISION PROFIT</b>  | <b>269</b> | <b>338</b> | <b>-68</b> | <b>-20.3%</b> |
| Provisions /reversal of provisions                                 | 81         | 96         | -14        | -15.0%        |
| Impairments / reversal of financial assets                         | -3         | 56         | -59        | -105.9%       |
| <b>NET OPERATING INCOME</b>  | <b>191</b> | <b>187</b> | <b>5</b>   | <b>2.5%</b>   |
| Impairments / reversals on non-financial assets                    | -1         | 57         | -57        | -101.3%       |
| <b>PROFIT BEFORE TAX</b>   | <b>192</b> | <b>130</b> | <b>62</b>  | <b>47.6%</b>  |
| Taxes  | 50         | 10         | 40         | 398.7%        |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>                       | <b>142</b> | <b>120</b> | <b>22</b>  | <b>18.4%</b>  |
| Profit / loss from discontinued operations                         | 0          | 0          | 0          | n.a.          |
| <b>CONSOLIDATED NET INCOME</b>                                     | <b>142</b> | <b>120</b> | <b>22</b>  | <b>18.4%</b>  |
| <b>ATTRIBUTABLE NET INCOME</b>                                     | <b>142</b> | <b>136</b> | <b>6</b>   | <b>4.5%</b>   |

**QUARTERLY PERFORMANCE**

| Million euros  | 3Q 2018    | 2Q 2018    | 1Q 2018    | 4Q 2017    | 3Q 2017    |
|--|------------|------------|------------|------------|------------|
| Interest income  | 200        | 201        | 205        | 205        | 208        |
| Interest expense   | 51         | 50         | 52         | 54         | 67         |
| <b>NET INTEREST INCOME</b>   | <b>149</b> | <b>151</b> | <b>152</b> | <b>151</b> | <b>141</b> |
| Dividend income  | 5          | 13         | 2          | 3          | 7          |
| Share of results of entities accounted for using the equity method | 12         | 10         | 11         | 9          | 20         |
| Net fee income   | 55         | 55         | 53         | 56         | 55         |
| Trading income (*)   | 15         | 13         | 16         | 18         | 2          |
| Other operating income/expenses (*)                                | 7          | 0          | 17         | -55        | 31         |
| <b>GROSS INCOME</b>  | <b>243</b> | <b>242</b> | <b>250</b> | <b>181</b> | <b>256</b> |
| Administrative expenses  | 146        | 146        | 146        | 145        | 148        |
| Staff expenses   | 98         | 97         | 98         | 99         | 100        |
| Other administrative expenses                                      | 48         | 49         | 49         | 46         | 48         |
| Amortisation & depreciation  | 9          | 9          | 9          | 10         | 10         |
| <b>PRE-PROVISION PROFIT</b>  | <b>88</b>  | <b>87</b>  | <b>94</b>  | <b>26</b>  | <b>99</b>  |
| Provisions /reversal of provisions                                 | 19         | 33         | 29         | 37         | 6          |
| Impairments / reversal of financial assets                         | 10         | -10        | -4         | -19        | 24         |
| <b>NET OPERATING INCOME</b>  | <b>58</b>  | <b>63</b>  | <b>70</b>  | <b>8</b>   | <b>70</b>  |
| Impairments / reversals on non-financial assets                    | 7          | 1          | -8         | -1         | 14         |
| <b>PROFIT BEFORE TAX</b>   | <b>52</b>  | <b>62</b>  | <b>78</b>  | <b>10</b>  | <b>56</b>  |
| Taxes  | 14         | 16         | 21         | -9         | 10         |
| <b>NET INCOME FROM CONTINUING OPERATIONS</b>                       | <b>38</b>  | <b>47</b>  | <b>57</b>  | <b>18</b>  | <b>46</b>  |
| Profit / loss from discontinued operations                         | 0          | 0          | 0          | 0          | 0          |
| <b>CONSOLIDATED NET INCOME</b>                                     | <b>38</b>  | <b>47</b>  | <b>57</b>  | <b>18</b>  | <b>46</b>  |
| <b>ATTRIBUTABLE NET INCOME</b>                                     | <b>37</b>  | <b>47</b>  | <b>58</b>  | <b>6</b>   | <b>50</b>  |

(\*) See equivalence of the headings of the consolidated public income statement for the financial year 2018 and 2017 in Annex III of the Quarterly Financial Report

**YIELDS & COSTS**
*Million euros / %*

|                                       | 3Q 2018             |            |                | 2Q 2018             |            |                | 1Q 2018             |            |                | 4Q 2017          |            |                | 3Q 2017          |            |                |
|---------------------------------------|---------------------|------------|----------------|---------------------|------------|----------------|---------------------|------------|----------------|------------------|------------|----------------|------------------|------------|----------------|
|                                       | Average balances    | FI/FE      | Yield/cost (%) | Average balances    | FI/FE      | Yield/cost (%) | Average balances    | FI/FE      | Yield/cost (%) | Average balances | FI/FE      | Yield/cost (%) | Average balances | FI/FE      | Yield/cost (%) |
| F.I. intermediaries & reverse repos   | 4,609               | -3         | -0.26          | 4,877               | -3         | -0.27          | 5,474               | -4         | -0.26          | 4,670            | -3         | -0.28          | 3,543            | -3         | -0.30          |
| F.I. fixed income portfolio           | 18,148 <sup>1</sup> | 59         | 1.28           | 18,126 <sup>1</sup> | 59         | 1.31           | 17,340 <sup>1</sup> | 59         | 1.38           | 17,338           | 56         | 1.28           | 17,638           | 55         | 1.24           |
| <b>F.I. Net loans</b>                 | <b>26,999</b>       | <b>134</b> | <b>1.96</b>    | <b>27,317</b>       | <b>135</b> | <b>1.98</b>    | <b>27,236</b>       | <b>138</b> | <b>2.06</b>    | <b>27,429</b>    | <b>142</b> | <b>2.05</b>    | <b>28,234</b>    | <b>146</b> | <b>2.05</b>    |
| F.I. other assets                     | 7,468               | 1          |                | 7,635               | 1          |                | 7,268               | 2          |                | 6,932            | 2          |                | 7,023            | 1          |                |
| <b>TOTAL ASSETS</b>                   | <b>57,225</b>       | <b>190</b> | <b>1.32</b>    | <b>57,956</b>       | <b>192</b> | <b>1.33</b>    | <b>57,318</b>       | <b>196</b> | <b>1.39</b>    | <b>56,369</b>    | <b>196</b> | <b>1.38</b>    | <b>56,439</b>    | <b>200</b> | <b>1.41</b>    |
| F.E. intermediaries & sight accounts  | 6,941               | -4         | -0.25          | 7,914               | -5         | -0.25          | 8,112               | -5         | -0.24          | 7,049            | -4         | -0.25          | 6,465            | -4         | -0.27          |
| F.E. issues (incl. mortgage c.b.)     | 4,765               | 26         | 2.15           | 4,877               | 26         | 2.14           | 5,105               | 27         | 2.12           | 5,570            | 28         | 1.99           | 5,918            | 29         | 1.96           |
| <b>F.E. customer deposits*</b>        | <b>37,740</b>       | <b>19</b>  | <b>0.20</b>    | <b>37,353</b>       | <b>19</b>  | <b>0.21</b>    | <b>36,895</b>       | <b>19</b>  | <b>0.21</b>    | <b>36,913</b>    | <b>20</b>  | <b>0.22</b>    | <b>36,813</b>    | <b>22</b>  | <b>0.24</b>    |
| Sight deposits                        | 27,153              | 3          | 0.04           | 26,326              | 3          | 0.05           | 25,363              | 4          | 0.06           | 24,905           | 3          | 0.05           | 24,412           | 4          | 0.06           |
| Term deposits                         | 8,111               | 16         | 0.79           | 8,507               | 16         | 0.75           | 8,900               | 16         | 0.71           | 9,555            | 17         | 0.69           | 10,201           | 18         | 0.71           |
| F.E. subordinated liabilities         | 0                   | 0          |                | 0                   | 0          |                | 0                   | 0          |                | 0                | 0          |                | 302              | 10         | 13.59          |
| F.E. other liabilities                | 7,779               | 1          |                | 7,812               | 1          |                | 7,206               | 2          |                | 6,837            | 1          |                | 6,942            | 2          |                |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>57,225</b>       | <b>42</b>  | <b>0.29</b>    | <b>57,956</b>       | <b>41</b>  | <b>0.28</b>    | <b>57,318</b>       | <b>44</b>  | <b>0.31</b>    | <b>56,369</b>    | <b>45</b>  | <b>0.32</b>    | <b>56,439</b>    | <b>59</b>  | <b>0.41</b>    |
| <b>CUSTOMER SPREAD*</b>               |                     |            | <b>1.76</b>    |                     |            | <b>1.78</b>    |                     |            | <b>1.85</b>    |                  |            | <b>1.83</b>    |                  |            | <b>1.81</b>    |
| <b>NET INTEREST INCOME</b>            | <b>57,225</b>       | <b>149</b> | <b>1.03</b>    | <b>57,956</b>       | <b>151</b> | <b>1.04</b>    | <b>57,318</b>       | <b>152</b> | <b>1.08</b>    | <b>56,369</b>    | <b>151</b> | <b>1.06</b>    | <b>56,439</b>    | <b>141</b> | <b>0.99</b>    |

*F.I. : Financial income*
*F.E. Financial expense*
*(\*) F.I. Net lending less F.C. of customer deposits*
*(1) It does not include Fixed Income Portfolio from Unión Duero Vida and Duero Pensiones.*

In the first nine months of 2018, the Group reported a net profit of EUR 142 million.

This net profit comes in the first instance from core income (net revenues from interest and fees) of EUR 615 million, which, when annualised, amounts to 1.4% of total average assets, and which has risen by 3.2% from the same period last year (a theoretical 4.1% if the integration of the insurance companies is stripped out). Net interest income grows by 4.6% compared to the same period the previous year. This improvement is due to lower funding costs and to the higher contribution made by the fixed income portfolio. Meanwhile, net fees have grown by 2.6% from the same period the year before without taking into account the integration of the insurance companies.

Customer spread has fallen when compared with the previous quarter, mainly as a result of the impact on the retail mortgage portfolio of the outcome of “floor-clause” claims, in the application of Royal Decree 1/2017.

Net fees rose slightly compared to the same quarter the previous year (+0.5%); were it not for the integration of the insurance companies, this rise would have been 3.6%. Growth in fee revenue over the quarter has been centred on collections and payments services (+1.2%).

Net trading income and exchange differences, which amounted to EUR 44 million, are 45% below the previous year in which performance was particularly good.

Results from other products and operating charges fell by 70% from the same period in the previous year. We should note that in 2017 income of EUR 25 million from restructuring the bancassurance deal was booked here, as well as the results from real estate activity in the third quarter of 2017, which was EUR 28 million higher than results over the same period in 2018. Lastly, this item has also been affected by the loss of income due to the sale in the first quarter of 2017 of certain companies in the Group.

Another significant feature of the statement for this period is the change in transformation expenses, which have fallen by 2.5% from the previous period. The application of a strict policy of cost containment and rationalization, and the attainment of the synergies envisaged in the Business Plan, has seen a decrease in operating expenses (administrative expenses plus amortisation and depreciation) of EUR 12 million on a year-on-year basis.

Finally, impairments and other net income is down 63% YoY. This reduction was particularly steep in loan impairments, firstly, which in the year to September have posted net recoveries, as

opposed to the charge in the previous year of EUR 66 million, and secondly, in foreclosed asset impairments, with results that are very close to zero, as opposed to impairments of EUR 35 million in 2017. All this demonstrates the Group's capacity to reduce its exposure to NPLs and foreclosed

assets, without having a significant impact on the income statement and, as we have pointed out in earlier paragraphs, without affecting its high coverage ratios.

**FEES**

| <i>Million euros</i>                              | 3Q 2018 | 2Q 2018 | 1Q 2018 | 4Q 2017 | 3Q 2017 | QoQ   | YoY    |
|---|---------|---------|---------|---------|---------|-------|--------|
| <b>FEE INCOME</b>                                 | 61      | 61      | 58      | 58      | 62      | 0.4%  | -0.7%  |
| From contingent risk                              | 2       | 2       | 2       | 2       | 2       | 17.3% | 15.0%  |
| From contingent commitments                       | 1       | 1       | 1       | 1       | 1       | -2.4% | -6.4%  |
| From currency exchange                            | 0       | 0       | 0       | 0       | 0       | 26.0% | -10.9% |
| From payments and collections                     | 31      | 31      | 30      | 32      | 34      | 1.2%  | -8.1%  |
| From securities services and non-banking products | 26      | 26      | 25      | 23      | 23      | -1.6% | 13.6%  |
| Other fees  | 1       | 1       | 1       | 1       | 2       | 0.3%  | -46.8% |
| <b>FEE EXPENSES</b>                               | 6       | 6       | 6       | 2       | 7       | 5.9%  | -10.4% |
| <b>NET FEE INCOME</b>                             | 55      | 55      | 53      | 56      | 55      | -0.1% | 0.5%   |

**IMPAIRMENTS**

| <i>Million euros</i>          | 3Q 2018    | 2Q 2018    | 1Q 2018    | 4Q 2017    | 3Q 2017    | YoY      |               |
|-------------------------------|------------|------------|------------|------------|------------|----------|---------------|
|                               |            |            |            |            |            | Amount   | %             |
| Credit impairments            | -10        | 10         | 5          | 17         | -21        | 11       | -50.9%        |
| Foreclosed assets impairments | -4         | 7          | -4         | -8         | -13        | 9        | -69.2%        |
| Provisions and other results  | -22        | -41        | -17        | -25        | -9         | -13      | 141.8%        |
| <b>TOTAL IMPAIRMENTS</b>      | <b>-36</b> | <b>-25</b> | <b>-16</b> | <b>-16</b> | <b>-44</b> | <b>7</b> | <b>-16.4%</b> |

**YEAR-TO-DATE IMPAIRMENTS**

| <i>Million euros</i>          | 3Q 2018    | 3Q 2017     | YoY        |               |
|-------------------------------|------------|-------------|------------|---------------|
|                               |            |             | Amount     | %             |
| Credit impairments            | 4          | -66         | 70         | -105.7%       |
| Foreclosed assets impairments | -2         | -35         | 33         | -95.2%        |
| Provisions and other results  | -79        | -107        | 28         | -26.0%        |
| <b>TOTAL IMPAIRMENTS</b>      | <b>-77</b> | <b>-208</b> | <b>130</b> | <b>-62.8%</b> |

## 9. Liquidity

### Loan to deposits

| Million euros  | 30/09/2018 | 30/06/2018 | 31/03/2018 | 31/12/2017 | 30/09/2017 | QoQ          |        |
|--|------------|------------|------------|------------|------------|--------------|--------|
|  |            |            |            |            |            | Amount       | %      |
| Credit and loans (ex. Valuations adjustments and other financial assets) | 29,291     | 30,432     | 30,547     | 30,840     | 31,214     | -1,141       | -3.7%  |
| -Reverse repos   | 1,512      | 1,723      | 1,942      | 2,221      | 2,218      | -211         | -12.3% |
| a) Core credit and loans   | 27,779     | 28,709     | 28,605     | 28,619     | 28,996     | -929         | -3.2%  |
| Customers deposits (excluding valuations adjustments)                    | 43,454     | 44,190     | 43,902     | 45,373     | 44,807     | -736         | -1.7%  |
| -Repos   | 1,067      | 1,224      | 1,871      | 2,563      | 1,638      | -157         | -12.9% |
| -Mortgage covered bonds  | 4,635      | 4,635      | 4,858      | 5,093      | 5,718      | 0            | 0.0%   |
| b) Core customer deposits  | 37,751     | 38,330     | 37,173     | 37,718     | 37,452     | -579         | -1.5%  |
| <b>LtD ratio (a/b)</b>   | <b>74%</b> | <b>75%</b> | <b>77%</b> | <b>76%</b> | <b>77%</b> | <b>-1.3%</b> |        |

The Group's high liquidity levels are reflected in its LTD ratio which, at the end of September 2018,

stands at 74%, lower than year-end 2017, due to the performance of the business discussed.

| Liquid assets   | 30/09/2018    | 30/06/2018    | 31/03/2018    | 31/12/2017    | 30/09/2017    | QoQ         |              |
|---|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
|   |               |               |               |               |               | Amount      | %            |
| Cash surplus (1)  | 2,103         | 2,228         | 2,229         | 3,073         | 411           | -125        | -5.6%        |
| Reverse repos   | 1,946         | 1,842         | 2,491         | 2,222         | 2,581         | 104         | 5.7%         |
| Fixed income portfolio and other discountable assets in ECB | 16,804        | 16,657        | 17,275        | 15,534        | 17,075        | 148         | 0.9%         |
| <b>Total liquid assets (ECB discount value)</b>             | <b>20,853</b> | <b>20,727</b> | <b>21,995</b> | <b>20,829</b> | <b>20,067</b> | <b>126</b>  | <b>0.6%</b>  |
| <b>Liquid assets used</b>                                   |               |               |               |               |               |             |              |
| In ECB  | 3,320         | 3,323         | 3,340         | 3,340         | 3,340         | -3          | -0.1%        |
| Repos   | 3,077         | 2,865         | 5,155         | 3,311         | 3,020         | 212         | 7.4%         |
| <b>Total liquid assets used</b>                             | <b>6,397</b>  | <b>6,188</b>  | <b>8,495</b>  | <b>6,652</b>  | <b>6,361</b>  | <b>209</b>  | <b>3.4%</b>  |
| <b>AVAILABLE DISCOUNTABLE LIQUID ASSETS</b>                 | <b>14,456</b> | <b>14,539</b> | <b>13,500</b> | <b>14,177</b> | <b>13,706</b> | <b>-83</b>  | <b>-0.6%</b> |
| <b>% over total assets</b>                                  | <b>25.4%</b>  | <b>25.2%</b>  | <b>23.2%</b>  | <b>25.2%</b>  | <b>24.3%</b>  | <b>0.2%</b> |              |

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

Unicaja Banco Group had at 30 September 2018 a liquid and discountable assets position at the European Central Bank, net of assets used, of EUR 14,456 million, representing 25.4% 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 454 million in 2018 and EUR 668 million in 2019).

### Debt securities maturities

#### Debt securities (\*)

|                |            |
|----------------|------------|
| <b>4Q 2018</b> | <b>454</b> |
| <b>2019</b>    | <b>668</b> |
| <b>2020</b>    | <b>325</b> |

(\*) Includes multi issuer covered bonds

| <b>LIQUIDITY RATIOS</b> | 30/09/2018 | 30/06/2018 | 31/03/2018 | 31/12/2017 | 30/09/2017 | QoQ    |
|-------------------------|------------|------------|------------|------------|------------|--------|
| LCR                     | 412%       | 470%       | 584%       | 701%       | 884%       | -58 pp |
| NSFR                    | 139%       | 132%       | 133%       | 134%       | 129%       | 7 pp   |

**10. Solvency**
**SOLVENCY**
**PHASE IN RATIOS**

| <i>Million € and %</i>                        | <b>30/09/2018</b> | <b>30/06/2018</b> | <b>31/03/2018</b> | <b>31/12/2017</b> | <b>30/09/2017</b> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Qualifying capital</b>                     | <b>3,682</b>      | <b>3,712</b>      | <b>3,804</b>      | <b>3,650</b>      | <b>3,654</b>      |
| CET1 capital (BIS III)                        | 3,634             | 3,664             | 3,685             | 3,532             | 3,530             |
| Capital and share premium                     | 2,820             | 2,820             | 2,820             | 2,820             | 2,820             |
| Reserves                                      | 881               | 871               | 860               | 845               | 700               |
| Attributable net profit (excluding dividends) | 70                | 71                | 0                 | 101               | 60                |
| Deductions                                    | -337              | -322              | -313              | -250              | -245              |
| Others (1)                                    | 200               | 223               | 319               | 17                | 196               |
| Tier 1  | 48                | 48                | 49                | 42                | 42                |
| Tier 2  | 0                 | 0                 | 70                | 76                | 82                |
| <b>Risk weighted assets</b>                   | <b>23,259</b>     | <b>23,878</b>     | <b>23,959</b>     | <b>24,239</b>     | <b>24,949</b>     |
| <b>CET1 capital (BIS III) (%)</b>             | <b>15.6%</b>      | <b>15.3%</b>      | <b>15.4%</b>      | <b>14.6%</b>      | <b>14.1%</b>      |
| Tier 1  | 0.2%              | 0.2%              | 0.2%              | 0.2%              | 0.2%              |
| Tier 2  | 0.0%              | 0.0%              | 0.3%              | 0.3%              | 0.3%              |
| <b>Total capital ratio (%)</b>                | <b>15.8%</b>      | <b>15.5%</b>      | <b>15.9%</b>      | <b>15.1%</b>      | <b>14.6%</b>      |

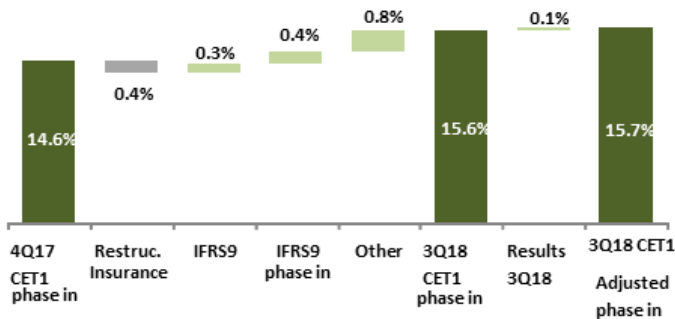
(1) Treasury stock, minorities, other comprehensive income and IFRS9 transitional period

**FULLY LOADED RATIOS**

| <i>Million € and %</i>  | <b>30/09/2018</b> | <b>30/06/2018</b> | <b>31/03/2018</b> | <b>31/12/2017</b> | <b>30/09/2017</b> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Qualify capital</b>  | <b>3,189</b>      | <b>3,225</b>      | <b>3,336</b>      | <b>3,196</b>      | <b>3,227</b>      |
| CET1 capital (BIS III)  | 3,141             | 3,177             | 3,199             | 3,069             | 3,099             |
| Capital and share premium                                     | 2,820             | 2,820             | 2,820             | 2,820             | 2,820             |
| Reserves  | 881               | 871               | 860               | 845               | 700               |
| Attributable net profit (excluding dividends)                 | 70                | 71                | 0                 | 101               | 60                |
| Deductions  | -720              | -698              | -689              | -719              | -714              |
| Other (treasury stock, minorities & other comprehensive inc.) | 90                | 113               | 208               | 22                | 233               |
| Tier 1  | 48                | 48                | 49                | 49                | 49                |
| Tier 2  | 0                 | 0                 | 89                | 78                | 79                |
| <b>Risk weighted assets</b>                                   | <b>22,976</b>     | <b>23,598</b>     | <b>23,693</b>     | <b>24,022</b>     | <b>24,741</b>     |
| <b>CET1 capital (BIS III) (%)</b>                             | <b>13.7%</b>      | <b>13.5%</b>      | <b>13.5%</b>      | <b>12.8%</b>      | <b>12.5%</b>      |
| Tier 1  | 0.2%              | 0.2%              | 0.2%              | 0.2%              | 0.2%              |
| Tier 2  | 0.0%              | 0.0%              | 0.4%              | 0.3%              | 0.3%              |
| <b>Solvency ratio - Total capital ratio (%)</b>               | <b>13.9%</b>      | <b>13.7%</b>      | <b>14.1%</b>      | <b>13.3%</b>      | <b>13.0%</b>      |

|   | <b>30/09/18</b> |
|---|-----------------|
| Phase in  |                 |
| CET1 (%)  | 15.6%           |
| Total capital (%)   | 15.8%           |
| 2018 CET1 SREP requirement  | 8.13%           |
| 2018 Total capital SREP requirement                               | 11.63%          |
| <b>Excess of capital over 2018 CET1 SREP requirement</b>          | <b>7.50%</b>    |
| <b>Excess of capital over 2018 Total capital SREP requirement</b> | <b>4.20%</b>    |

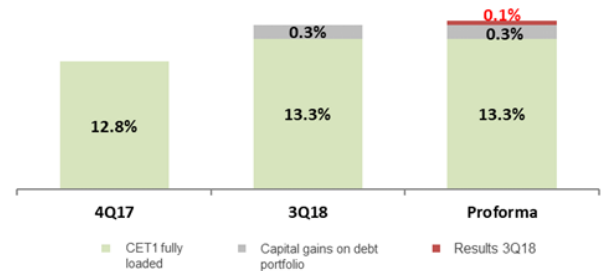
Unicaja Banco Group has a common equity tier 1 ratio (CET1) of 15.6% and a total capital ratio of 15.8%. This represents an increase of 1.1 pp in CET1 and 0.8 pp total capital versus the 2017 year-end closing. The Bank's capital improved when taking into account, on the one hand, the negative impact (-0.4 pp) from the integration of the life insurance firms and pension funds (formalised in the first quarter of 2018), and on the other, the application of IFRS 9 which had a positive 0.7 pp impact at 1st January 2018, made possible thanks to the transition period applicable with the entry into force of the regulation (without this period, the impact would have been 0.4 pp).



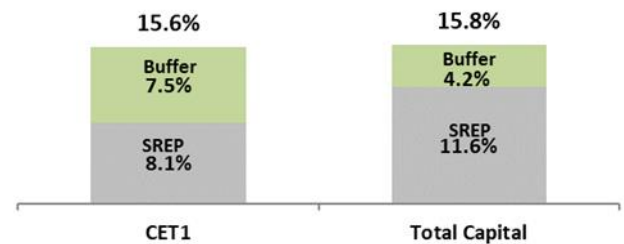
In fully loaded terms Unicaja Banco has a CET1 ratio of 13.7% and a total capital ratio of 13.9%. This represents 0.9 pp increase in the CET1 ratio and a 0.6 pp increase in the total capital ratio, compared to December 2017. At 30th September 2018, 0.3 pp of the fully loaded CET1 ratio corresponded to other year-to-date comprehensive results from fixed income assets (unrealised income recorded against equity).

We should point out that the 3Q 2018 result is not calculated in the capital to the end of September (although the year-to-date result to the end of the second quarter is included). If it had been

included, both the regulatory and fully loaded CET1 would be higher by 0.1 pp.



With regard to the SREP's requirements for 2018, which sets the CET1 ratio at 8.125% and the total capital ratio at 11.625%, the Group has a surplus of 750 basis points (EUR 1,744 million) over its CET1 requirements and of 420 basis points (EUR 978 million) over its total capital requirements at September 2018.



The Texas ratio comes in at 63.3% at the close of September 2018. The latter ratio measures the percentage represented by the sum of NPLs and foreclosed assets divided by the sum 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 solvency. In the case of the Group, the ratio has gone down by 13.3 pp against that recorded in September 2017 and by 9.1 pp year-to-date, which again underlines the quality of the Group's balance sheet and liquidity.

|                    | 30/09/2018   | 30/06/2018   | 31/03/2018   | 31/12/2017   | 30/09/2017   | YTD            | YoY             |
|--------------------|--------------|--------------|--------------|--------------|--------------|----------------|-----------------|
| <b>Texas Ratio</b> | <b>63.3%</b> | <b>65.9%</b> | <b>67.6%</b> | <b>72.4%</b> | <b>76.6%</b> | <b>-9.1 pp</b> | <b>-13.3 pp</b> |

Texas Ratio:  $NPLs + \text{Foreclosed assets} / \text{Tangible Book value} + \text{NPAs provisions}$

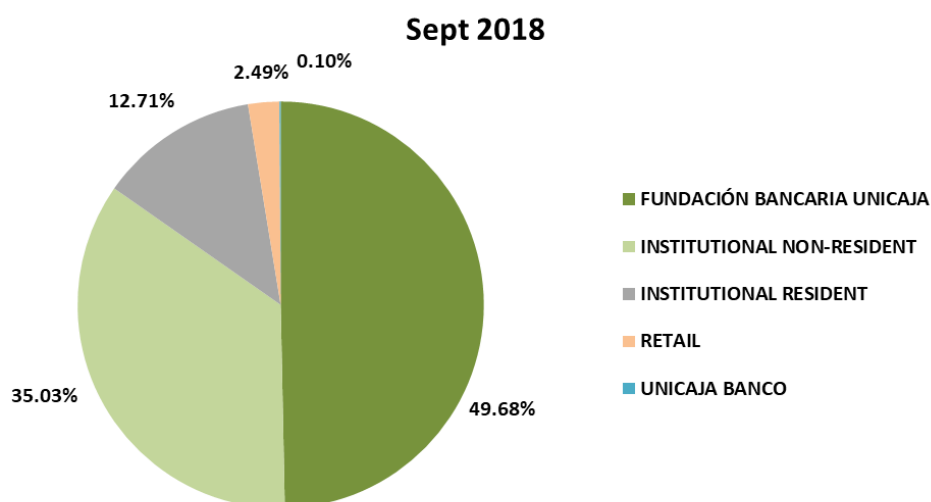
**APPENDIX I:**
**SHARE PRICE PERFORMANCE**
**Listing Data**

| <b>UNICAJA BANCO</b>                   | <b>Sep-18</b>  |
|--|----------------|
| Number of shareholders                 | 16,890         |
| Average daily trading (num. of shares) | 3,374,415      |
| Average daily trading (euros)          | 4,913,130      |
| Closing high (euros/share)             | 1,626 (9-May)  |
| Closing low (euros/share)              | 1,29 (2-Jan)   |
| Year-end closing (euros/share)         | 1,405 (28-Sep) |

Note: Data cumulative YTD September'18

**Main shareholders**

|                            | <b>NUM. OF SHAREHOLDERS</b> | <b>SHARES</b>        | <b>%</b>       |
|----------------------------|-----------------------------|----------------------|----------------|
| FUNDACIÓN BANCARIA UNICAJA | 1                           | 800,000,000          | 49.68%         |
| INSTITUTIONAL NON-RESIDENT | 102                         | 564,035,180          | 35.03%         |
| INSTITUTIONAL RESIDENT     | 434                         | 204,637,246          | 12.71%         |
| RETAIL                     | 16,352                      | 40,036,883           | 2.49%          |
| UNICAJA BANCO              | 1                           | 1,592,812            | 0.10%          |
| <b>TOTAL</b>               | <b>16,890</b>               | <b>1,610,302,121</b> | <b>100.00%</b> |





**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 Grupo Unicaja Banco:

**ALTERNATIVE PERFORMANCE MEASURES (APM)**

(in EUR million or %)

**September'18**    **December'17**

|                     |  |               |              |
|---------------------|--|---------------|--------------|
| <b>Cost of risk</b> | Impairment or (-) reversal of impairment in value of loans and receivables to customers                        | -3.8          | 48.6         |
|                     | Average between start/end of period for loans and receivables from customers (excluding valuation adjustments) | 30,245        | 31,884       |
|                     | <b>Ratio</b> <i>(September'18, annualised based on number of days in the period)</i>                           | <b>-0.02%</b> | <b>0.15%</b> |

**September'18**    **December'17**

|   |                         |              |              |
|---|-------------------------|--------------|--------------|
| <b>Cost to income ratio<br/>(Operating Expenses<br/>excl. amort. &amp; depre. /<br/>gross margin)</b> | Administrative expenses | 438          | 590          |
|   | Gross income            | 735          | 997          |
|   | <b>Ratio</b>            | <b>59.4%</b> | <b>59.2%</b> |

|   |   | <u>Q3 2018</u> | <u>Q4 2017</u> |
|---|---|----------------|----------------|
| <b>Customer spread<br/>(quarterly figure)</b> | Quarterly yields on loans and advances to customers (excluding repos) over net average quarterly balances of loans and advances to customers (excluding repos and other financial assets) | 1.96%          | 2.05%          |
|   | Cost in the quarter of customer deposits (excluding repos) over average quarterly balances of customer deposits (excluding repos)   | 0.20%          | 0.22%          |
|   | <b>Difference between yield &amp; cost</b>  | <b>1.76%</b>   | <b>1.83%</b>   |

|                                       |  | <u>September'18</u> | <u>December'17</u> |
|---------------------------------------|--|---------------------|--------------------|
| <b>Foreclosed assets<br/>coverage</b> | Impairment of foreclosed Real Estate assets            | 1,073               | 1,197              |
|                                       | Gross carrying amount of foreclosed Real Estate assets | 1,668               | 1,872              |
|                                       | <b>Ratio</b>   | <b>64.3%</b>        | <b>64.0%</b>       |

|                           |                            | <u>September'18</u> | <u>December'17</u> |
|---------------------------|----------------------------|---------------------|--------------------|
| <b>NPL coverage ratio</b> | Credit risk provisions     | 1,223               | 1,355              |
|                           | Gross non performing loans | 2,221               | 2,710              |
|                           | <b>Ratio</b>               | <b>55.0%</b>        | <b>50.0%</b>       |

|                  |   | <u>September'18</u> | <u>December'17</u> |
|------------------|---|---------------------|--------------------|
| <b>NPL ratio</b> | Gross non performing loans  | 2,221               | 2,710              |
|                  | Loans and advances to customers (excluding valuation adjustments) | 29,427              | 31,038             |
|                  | <b>Ratio</b>  | <b>7.5%</b>         | <b>8.7%</b>        |

|            |  | <u>September'18</u> | <u>December'17</u> |
|------------|--|---------------------|--------------------|
| <b>ROA</b> | Consolidated net income  | 142.2               | 138.4              |
|            | Total average assets (average of quarterly average balances)                         | 57,500              | 56,413             |
|            | <b>Ratio</b> <i>(September'18, annualised based on number of days in the period)</i> | <b>0.3%</b>         | <b>0.2%</b>        |

**September'18    December'17**

|            |  |             |             |
|------------|--|-------------|-------------|
| <b>ROE</b> | Consolidated net income  | 142.2       | 138.4       |
|            | Average shareholders' equity (average of quarterly average balances)                 | 3,832       | 3,397       |
|            | <b>Ratio</b> <i>(September'18, annualised based on number of days in the period)</i> | <b>5.0%</b> | <b>4.1%</b> |

**September'18    December'17**

|  |   |               |               |
|--|---|---------------|---------------|
| <b>Gross loans and advances to customers ex repos &amp; other financial assets (excluding valuation adjustments)</b> | 1. Loans and receivables Credit and loans at variable interest rate | 24,489        | 25,388        |
|  | 2. Loans and receivables Credit and loans at fixed interest rate    | 3,290         | 3,230         |
|  | <b>Performance measure (1+2)</b>                                    | <b>27,779</b> | <b>28,619</b> |

**September'18    December'17**

|   |   |               |               |
|---|---|---------------|---------------|
| <b>Gross performing loans and advances to customers ex repos &amp; other financial assets (excluding valuation adjustments)</b> | 1. Loans and receivables Credit and loans at variable interest rate | 24,489        | 25,388        |
|   | 2. Loans and receivables Credit and loans at fixed interest rate    | 3,290         | 3,230         |
|   | 3. Loans and receivables. Gross non-performing loans                | 2,221         | 2,710         |
|   | <b>Performance measure (1+2+3)</b>                                  | <b>25,558</b> | <b>25,908</b> |

**September'18    December'17**

|  |   |               |               |
|--|---|---------------|---------------|
| <b>Retail Customer funds (non-market).</b> | 1. Total customer funds   | 56,529        | 58,202        |
|  | 2. Covered bonds under the heading "Term deposits"                    | 4,635         | 5,092         |
|  | 3. Deposits from customers - Repos (excluding valuation adjustments)  | 1,378         | 3,157         |
|  | 4. Deposits from customers Other (excluding valuation adjustments)    | 43            | 59            |
|  | 5. Issued debt securities (excluding valuation adjustments)           | 130           | 130           |
|  | 6. Repos controlled by retail customers ( <i>management measure</i> ) | 354           | 654           |
|  | <b>Performance measure (1-2-3-4-5+6)</b>                              | <b>50,696</b> | <b>50,417</b> |

September'18    December'17

|                                      |   |              |              |
|--------------------------------------|---|--------------|--------------|
| <b>Wholesale funds<br/>(Markets)</b> | 1. Covered bonds under the heading "Term deposits"                    | 4,635        | 5,093        |
|                                      | 2. Deposits from customers - Repos (excluding valuation adjustments)  | 1,378        | 3,157        |
|                                      | 3. Deposits from customers. Other (excluding valuation adjustments)   | 43           | 59           |
|                                      | 4. Issued debt securities (excluding valuation adjustments)           | 130          | 130          |
|                                      | 5. Repos controlled by retail customers ( <i>management measure</i> ) | 354          | 654          |
|                                      | <b>Performance measure (1+2+3+4-5)</b>                                | <b>5,832</b> | <b>7,785</b> |

September'18    December'17

|                               |  |               |               |
|-------------------------------|--|---------------|---------------|
| <b>Loan to Deposits (LtD)</b> | 1. Loans and receivables Credit and loans at variable interest rate  | 24,489        | 25,388        |
|                               | 2. Loans and receivables Credit and loans at fixed interest rate   | 3,290         | 3,230         |
|                               | <b>(1+2) NUMERATOR Loans and advances Customers -excluding valuation adjustments-</b>                        | <b>27,779</b> | <b>28,619</b> |
|                               | 1. Financial liabilities carried at amortized cost Deposits from customers (excluding valuation adjustments) | 43,454        | 45,373        |
|                               | 2. Covered bonds under the heading "Term deposits"   | 4,635         | 5,092         |
|                               | 3. Deposits from customers - Repos (excluding valuation adjustments)   | 1,378         | 3,157         |
|                               | 4. Deposits from customers Other (excluding valuation adjustments)   | 43            | 59            |
|                               | 5. Repos controlled by retail customers ( <i>management measure</i> )  | 354           | 654           |
|                               | <b>(1-2-3-4+5) DENOMINATOR. Customer deposits (non-market) -excluding valuation adjustments-</b>             | <b>37,751</b> | <b>37,718</b> |
|                               | <b>Ratio</b>   | <b>73.6%</b>  | <b>75.9%</b>  |

**September'18    December'17**

|                            |  |               |               |
|----------------------------|--|---------------|---------------|
| <b>Gross liquid assets</b> | 1. Cash surplus (interbank deposits + balance surplus in ECB and operating accounts) | 2,103         | 3,073         |
|                            | 2. Reverse repos   | 1,946         | 2,222         |
|                            | 3. Fixed income portfolio and other discountable assets in ECB                       | 16,804        | 15,534        |
|                            | <b>Performance measure (1+2+3)</b>   | <b>20,853</b> | <b>20,829</b> |

*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 repos, including the own portfolio issued for use as collateral in ECB and pledged loans, valued at discount value in ECB.

**September'18    December'17**

|                          |                                    |               |               |
|--------------------------|------------------------------------|---------------|---------------|
| <b>Net liquid assets</b> | 1. Gross liquid assets             | 20,853        | 20,829        |
|                          | 2. Taken in the ECB                | 3,320         | 3,340         |
|                          | 3. Repos                           | 3,077         | 3,311         |
|                          | <b>Performance measure (1-2-3)</b> | <b>14,456</b> | <b>14,177</b> |

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

**September'18    September'17**

|                           |                                  |              |              |
|---------------------------|----------------------------------|--------------|--------------|
| <b>Operating expenses</b> | 1. Administrative expenses       | 438.2        | 445.5        |
|                           | 2. Depreciation and amortization | 27.5         | 32.2         |
|                           | <b>Performance measure (1+2)</b> | <b>465.7</b> | <b>477.7</b> |

**September'18    September'17**

|                           |   |      |      |
|---------------------------|---|------|------|
| <b>Credit impairments</b> | Impairment or (-) reversal of impairment in value of loans and receivables to customers | -3.8 | 66.0 |
|---------------------------|---|------|------|

**September'18   September'17**

|                             |                                    |              |              |
|-----------------------------|------------------------------------|--------------|--------------|
| <b>Pre-provision profit</b> | 1. Gross income                    | 735.1        | 815.6        |
|                             | 2. Administrative expenses         | 438.2        | 445.5        |
|                             | 3. Depreciation and amortization   | 27.5         | 32.2         |
|                             | <b>Performance measure (1-2-3)</b> | <b>269.4</b> | <b>337.9</b> |

**September'18   September'17**

|                                      |  |             |              |
|--------------------------------------|--|-------------|--------------|
| <b>Impairments and other results</b> | 1. Provisioning or provisioning reversals  | 81.3        | 95.6         |
|                                      | 2. Impairment or (-) reversal in the value of financial assets not measured at fair value through profit and loss  | -3.3        | 55.6         |
|                                      | 3. Impairment or (-) reversal in the value of joint ventures or associates   | 0.0         | 27.2         |
|                                      | 4. Impairment or (-) reversal in the value of non-financial assets   | 2.2         | 32.0         |
|                                      | 5. Gain or (-) loss on derecognition from the statements non-financial assets and stakes, netted out   | 5.2         | 9.9          |
|                                      | 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 | -2.3        | -7.3         |
|                                      | <b>Performance measure (1+2+3+4-5-6-7)</b>   | <b>77.3</b> | <b>207.7</b> |

**September'18   September'17**

|                       |                                  |              |              |
|-----------------------|----------------------------------|--------------|--------------|
| <b>Net fee income</b> | 1. Fee and commission income     | 180.3        | 182.8        |
|                       | 2. Fee and commission expense    | 17.0         | 18.8         |
|                       | <b>Performance measure (1-2)</b> | <b>163.3</b> | <b>164.0</b> |

**September'18    September'17**

|                       |   |             |             |
|-----------------------|---|-------------|-------------|
| <b>Trading income</b> | 1. Net gains or losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss | 40.8        | 79.0        |
|                       | 2. Net gain or (-) losses from financial assets and liabilities held for trading  | 1.5         | 0.9         |
|                       | 3. Net gain or (-) losses from non-trading financial assets mandatorily designated at fair value through profit or loss, netted out                 | 1.0         | -           |
|                       | 4. Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss, netted out                         | 0.0         | 0.0         |
|                       | 5. Net gain (-) losses from hedge accounting, netted out  | 0.0         | 0.1         |
|                       | 6. Net exchange differences, gains or (-) losses, netted out  | 0.9         | 0.1         |
|                       | <b>Performance measure (1+2+3+4+5+6)</b>  | <b>44.2</b> | <b>80.1</b> |

**September'18    September'17**

|   |   |             |             |
|---|---|-------------|-------------|
| <b>Other operating income or (-) expenses</b> | 1. Other operating income   | 80.4        | 145.3       |
|   | 2. Other operating expenses   | 73.2        | 65.9        |
|   | 3. Income from assets under insurance or reinsurance contracts        | 46.6        | 0.0         |
|   | 4. Expenses from liabilities under insurance or reinsurance contracts | 30.2        | 0.0         |
|   | <b>Performance measure (1-2+3-4)</b>                                  | <b>23.5</b> | <b>79.4</b> |

**September'18    September'17**

|  |  |             |             |
|--|--|-------------|-------------|
| <b>Impairment/reversal in the value of other assets and other gains &amp; losses (net)</b> | 1. Impairment or (-) reversal in the value of joint ventures or associates   | 0.0         | 27.2        |
|  | 2. Impairment or (-) reversal in the value of non-financial assets   | 2.2         | 32.0        |
|  | 3. Net gain or loss on derecognition from the statements of non-financial assets   | 5.2         | 9.9         |
|  | 4. Recognised negative goodwill  | 0.0         | 0.0         |
|  | 5. 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 | -2.3        | -7.3        |
|  | <b>Performance measure (1+2-3-4-5)</b>   | <b>-0.7</b> | <b>56.5</b> |

**APPENDIX III: Consolidation of public statements 2018/2017**

Since IFRS 9 came into force in 2018, amendments have been made to the consolidated financial statements that credit institutions must file publicly. The lists below show the items in these public statements that have been grouped together in this document, both on the balance sheet and in the income statement, in their current versions, and in those that were in force in the 2017 financial year.

**INCOME STATEMENT****1. Net trading income****2018**

Sum of:

- Net gain or losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss
- Net gain or losses from financial assets and liabilities held for trading
- Net gain or losses from non-trading financial assets mandatorily designated at fair value through profit or loss
- Net gain or losses from financial assets and liabilities designated at fair value through profit or loss
- Net gain losses from hedge accounting
- Net exchange differences

**2017**

Sum of:

- Net gain or losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss
- Net gain or losses from financial assets and liabilities held for trading
- Net gain or losses from financial assets and liabilities designated at fair value through profit or loss
- Net gain losses from hedge accounting
- Net exchange differences

**2. Other net operating income / expenses and insurance contracts****2017 and 2018**

- +Other operating income
- Other operating expenses
- +Income from assets under insurance or reinsurance contracts
- Expenses from liabilities under insurance or reinsurance contracts



**3. Impairment/reversal in the value of other assets and other gains & losses (net)****2017 and 2018**

|  |
|--|
| +Impairment or reversal in the value of joint ventures or associates<br>+Impairment or reversal of non-financial assets<br>-Net gain or loss on derecognition from the statements of non-financial assets<br>-Recognised negative goodwill<br>-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 |
|--|

**BALANCE SHEET. ASSETS****1. Financial assets held for trading through profit and loss****2018**

|  |
|--|
| Sum of:<br>·Financial assets held for trading<br>·Non-trading financial assets mandatorily designated at fair value through profit and loss<br>·Financial assets designated at fair value through profit or loss |
|--|

**2017**

|  |
|--|
| Sum of:<br>·Financial assets held for trading<br>·Financial assets designated at fair value through profit or loss |
|--|

**2. Financial assets through other comprehensive income****2018**

|  |
|--|
| ·Financial assets through other comprehensive income |
|--|

**2017**

|                                      |
|--------------------------------------|
| ·Available-for-sale financial assets |
|--------------------------------------|

**3. Loans and advances carried at amortised cost****2018**

|   |
|---|
| ·Financial assets carried at amortized cost. Loans and advances |
|---|

**2017**

·Loans and receivables. Loans and advances

**4. Loans and advances to central banks and financial institutions****2018**

Sum of:

·Financial assets carried at amortized cost. Loans and advances. Central Banks  
·Financial assets carried at amortized cost. Loans and advances. Financial institutions

**2017**

Sum of:

·Loans and receivables. Loans and advances. Central Banks  
·Loans and receivables. Loans and advances. Financial institutions

**5. Loans and advances to customers****2018**

·Financial assets carried at amortized cost. Loans and advances. Customers

**2017**

·Loans and receivables. Loans and advances. Customers

**6. Fixed income at amortised cost****2018**

·Financial assets carried at amortised cost. Debt securities

**2017**

Sum of:

·Loans and receivables. Debt securities  
·Investments held to maturity

**7. Hedging derivatives****2017 and 2018**

Sum of:  
·Hedging derivatives  
·Change in fair value of securities held in a portfolio hedged against interest rate risk

**8. Investments in joint ventures and associates****2018**

·Investments in joint ventures and associates

**2017**

·Investments in subsidiaries, joint ventures and associates

**9. Other assets****2017 and 2018**

Sum of:  
·Other Assets  
·Assets under insurance and reinsurance contracts

**10. Non-current assets for sale****2017 and 2018**

·Non-current assets and disposal groups classified as held for sale

**BALANCE SHEET. LIABILITIES****1. Financial liabilities held for trading through profit and loss****2017 and 2018**

Sum of:  
·Financial liabilities held for trading  
·Financial liabilities designated at fair value through profit or loss

**2. Hedging derivatives.****2017 and 2018**

Sum of:

- Hedging derivatives
- Change in fair value of securities held in a portfolio hedged against interest rate risk

**3. Other liabilities****2018**

Sum of:

- Other liabilities
- Equity redeemable upon demand
- Liabilities in disposal groups classified as held for sale
- Liabilities under insurance or reinsurance contracts

**2017**

Sum of:

- Other liabilities
- Liabilities in disposal groups classified as held for sale
- Liabilities under insurance or reinsurance contracts

**BALANCE SHEET. EQUITY****4. Accumulated other comprehensive income****2018**

- Accumulated other comprehensive income

**2017**

- Valuation adjustments