

Unicaja Banco

1Q19 Results presentation

30th April 2019

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Key highlights

**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

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**Results &
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liquidity &
solvency**

Final remarks

Summary of 1Q 2019 results

Business

- **Performing loans ex repo** grew +1.2% QoQ.
- **New loan production** increased +26% YoY, being the growth in individuals +29%YoY and +10%YoY in SMEs.
- **Customer funds** grew +1.8% YoY, specially in sight deposits (+10.5% YoY). Off-balance sheet funds increased by +1.5% QoQ.

Results

- **NIM** remained stable at 103 basic points.
- **Net fee income** grew +5.1% in comparison to 1Q 2018.
- **Operating expenses** decreased by -3.4% in relation to the same period of the previous year.
- **Loan loss charges and foreclosed assets provisions** remained at low levels.
- All in all, **net profit** in 1Q 2019 grew +10.2% in relation to 1Q2018.

Asset quality, liquidity & solvency

- **Non performing assets** (NPAs) were reduced by 20.1% YoY, implying a €872m decrease in absolute terms, showing a NPL reduction of 28.7% and that of foreclosed assets of 7.6%.
- The Group maintains a comfortable liquidity position with a LTD ratio of 73% and a LCR of 353%.
- **CET1** ⁽¹⁾ reached 14.9% under the phase-in approach and 13.3% under fully loaded terms, implying a surplus above 2019 OCR ⁽²⁾ requirements of €1,430 in CET1 and €667m in total capital.

(1) Pro-forma figures as of 31st March 2019. It includes Q1 retained earnings (not audited) and excludes the deduction of the authorized unused treasury stock limit.

(2) Overall Capital Requirement (OCR): Total SREP Capital Requirement (Pillar 1 + Pillar 2R) + Capital Conservation Buffer

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Final remarks

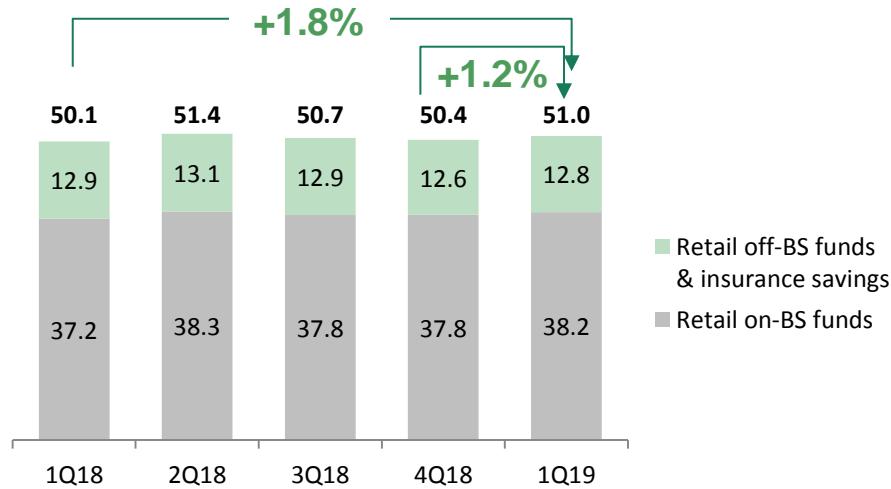
The Group's net profit increased by 10.2% in relation to the same period of the previous year

Profit & loss account (€ million)

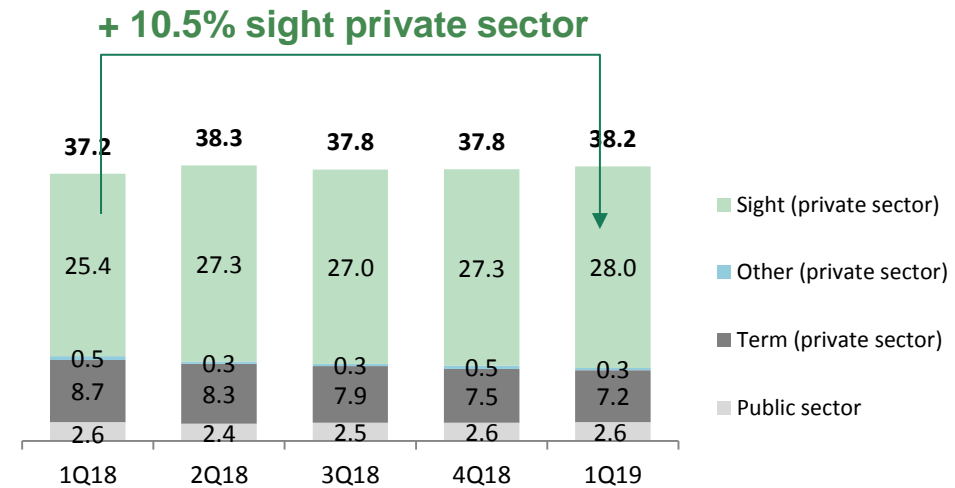
€ million	1Q17	1Q18	2Q18	3Q18	4Q18	1Q19	QoQ %	Mar'18	Mar'19	YoY %
Net Interest Income	145	152	151	149	149	145	-2.7%	152	145	-4.8%
Net Fees	53	53	55	55	56	55	-0.4%	53	55	5.1%
Dividends	3	2	13	5	2	9	n.r.	2	9	n.r.
Associates	4	11	10	12	5	8	68.7%	11	8	-23.0%
Trading Income + Exch. Differences	45	16	13	15	98	24	-75.6%	16	24	53.3%
Other Revenues / (Expenses)	31	17	0	7	-46	16	n.r.	17	16	-2.3%
Gross Margin	281	250	242	243	264	258	-2.1%	250	258	3.3%
Operating Expenses	160	156	155	155	153	150	-2.1%	156	150	-3.4%
Personnel Expenses	101	98	97	98	98	96	-2.4%	98	96	-2.0%
SG&A	47	49	49	48	46	44	-4.6%	49	44	-9.9%
D&A	11	9	9	9	10	11	13.2%	9	11	15.4%
Pre Provision Profit	121	94	87	88	110	108	-2.3%	94	108	14.4%
Provisions and Other	-47	-16	-25	-36	-97	-23	-76.0%	-16	-23	44.0%
Credit	-27	5	10	-10	0	-7	n.r.	5	-7	n.r.
Foreclosed Assets	-20	-4	7	-4	8	0	n.r.	-4	0	-91.1%
Other provisions & other results	0	-17	-41	-22	-105	-16	-85.1%	-17	-16	-6.1%
Pre Tax Profit	74	78	62	52	14	85	n.r.	78	85	8.4%
Tax	23	21	16	14	3	21	n.r.	21	21	3.2%
Results from Disc. Operations	0	0	0	0	0	0		0	0	
Net Income	51	57	47	38	10	63	n.r.	57	63	10.2%
Attributable Net Income	52	58	47	37	10	63	n.r.	58	63	9.1%

Customer funds grew by 1.8% YoY

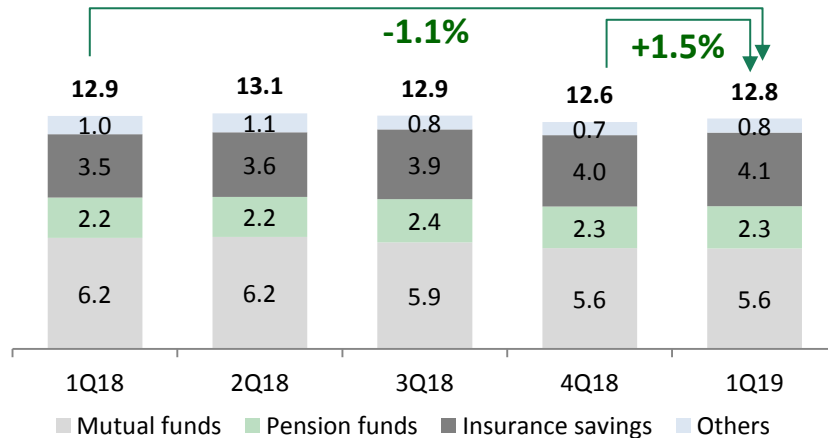
Total retail customer funds (€ bn)



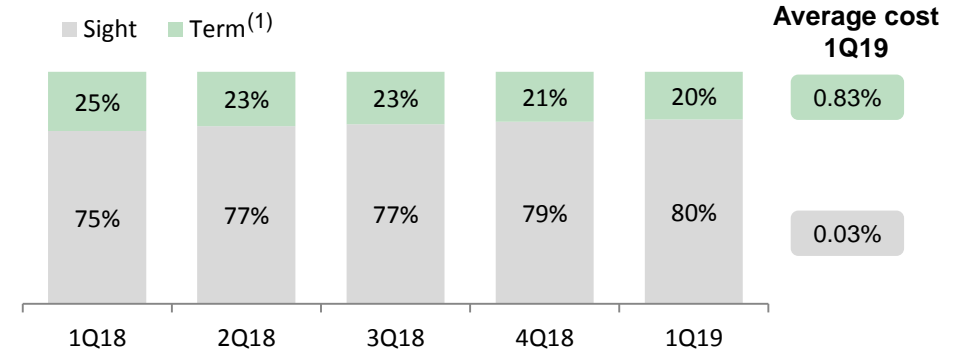
On-balance sheet customer funds (€ bn)



Off-balance sheet & insurance customer funds (€ bn)



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

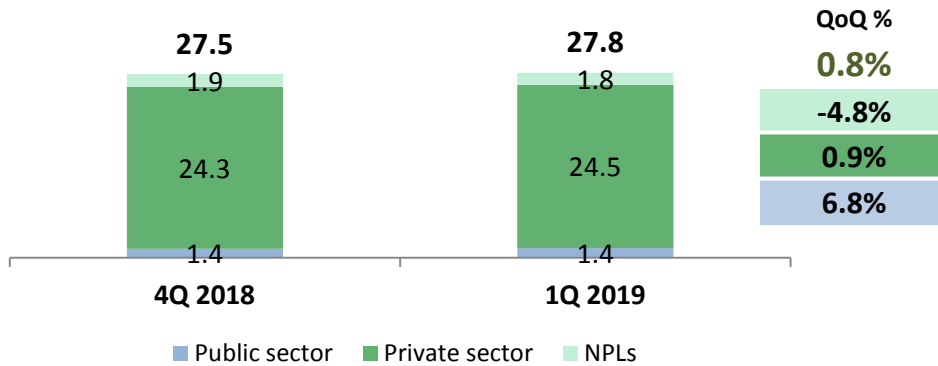


(1): Term deposits excluding multi-issuer covered bonds

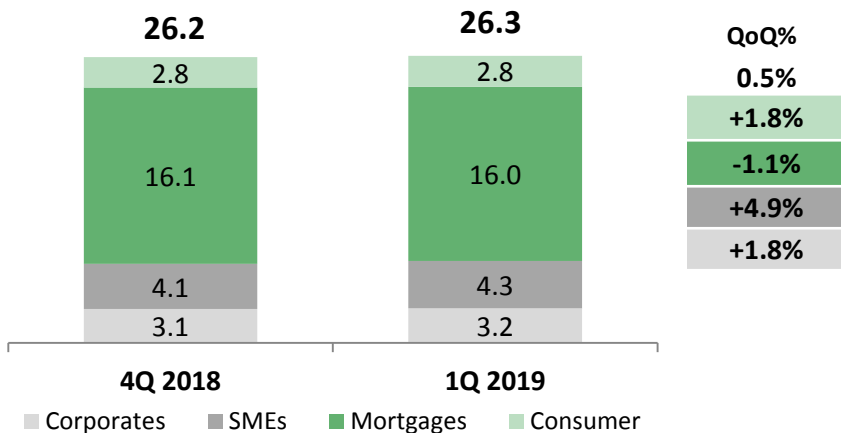
Performing loans grows 1.2% QoQ

Gross loans (€ Bn)

Total gross loans (ex-reverse repos)

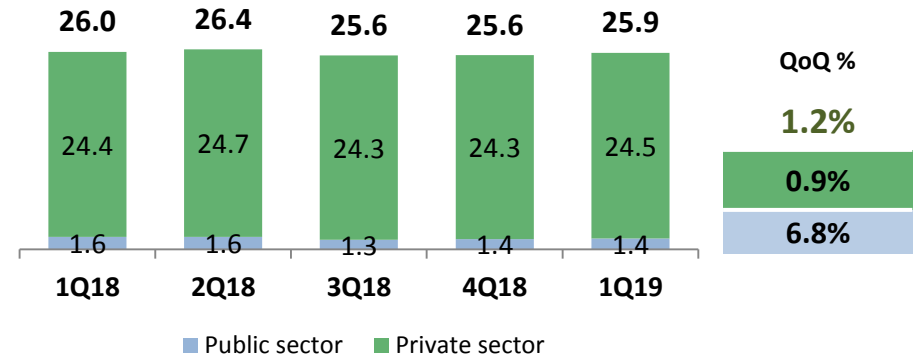


Private sector gross loans

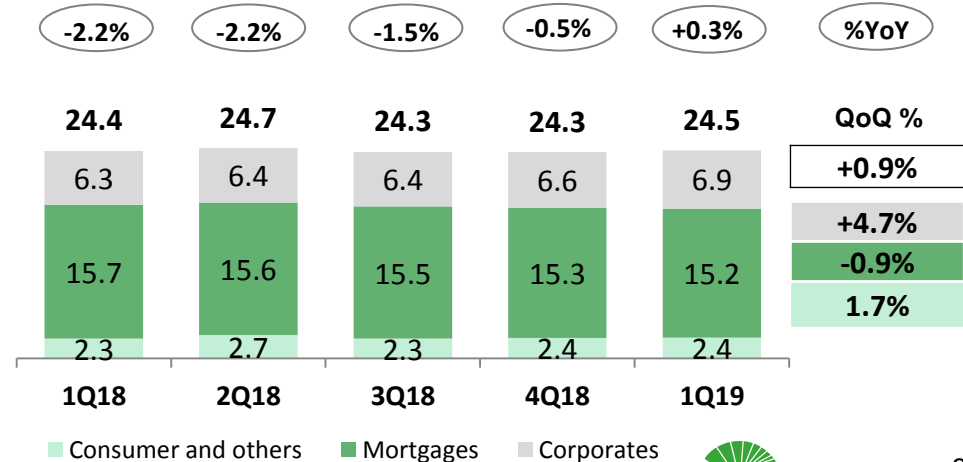


Performing loans evolution (€ Bn)

Total performing loans

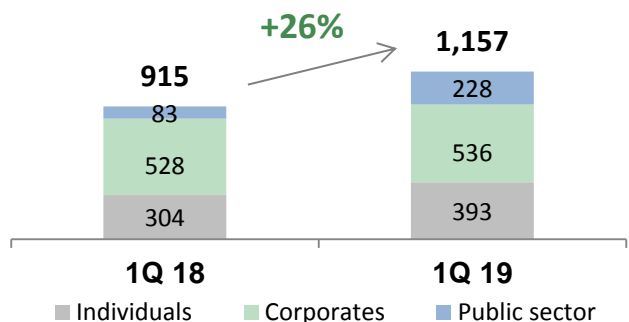


Private sector performing loans



New loan production to individuals and SMEs continues gaining momentum

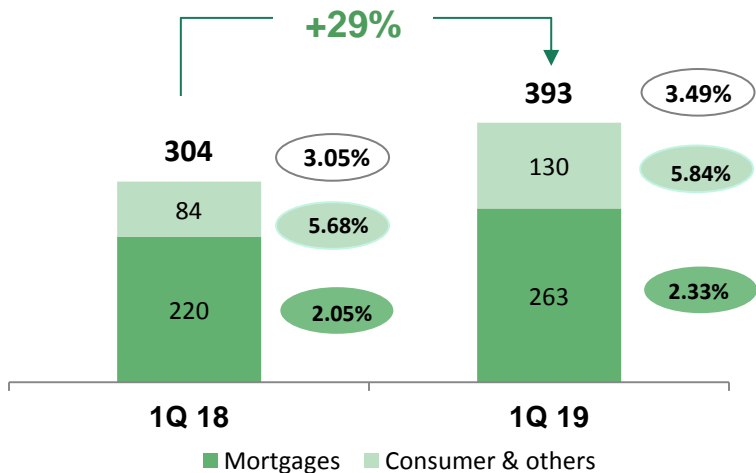
New lending evolution (€ million)



+26% YoY
in new production

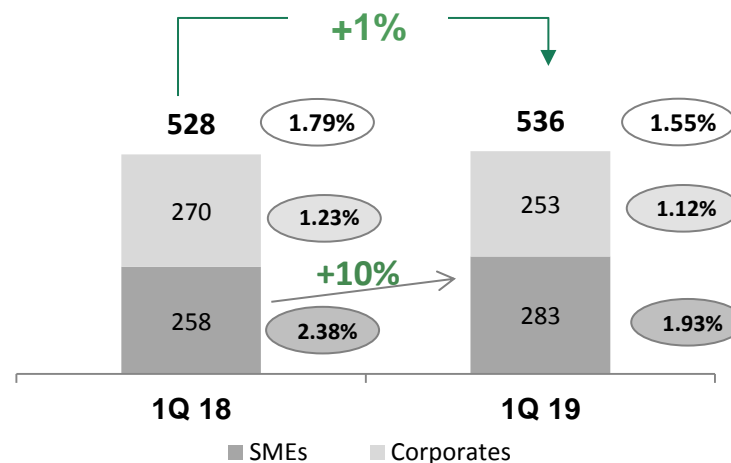
New lending: Individuals

€ million / average yield



New lending: Corporates

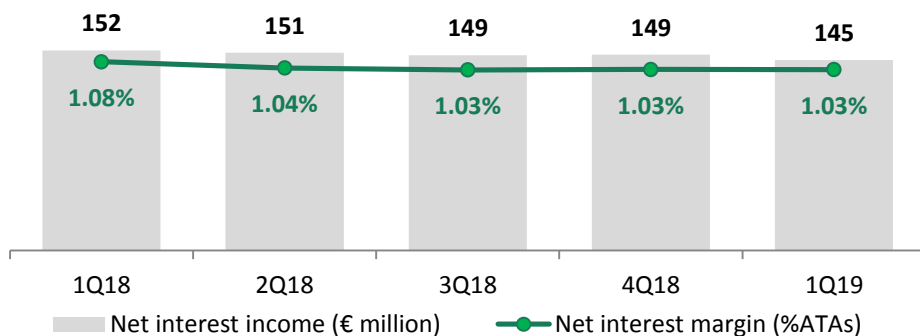
€ million / average yield



Net interest margin remains stable

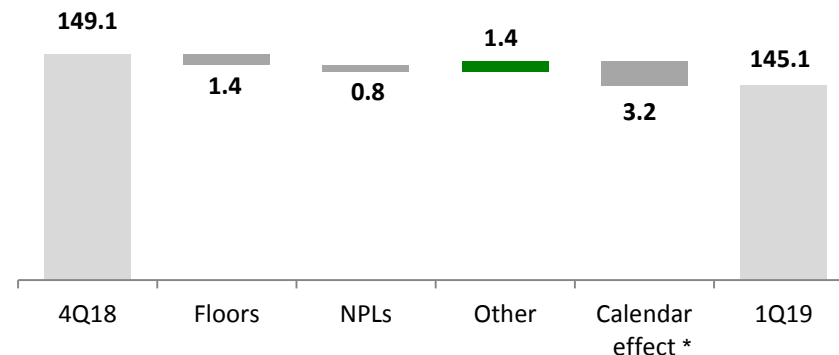
Net interest margin

Quarterly evolution



Net interest income bridge 1Q 2019

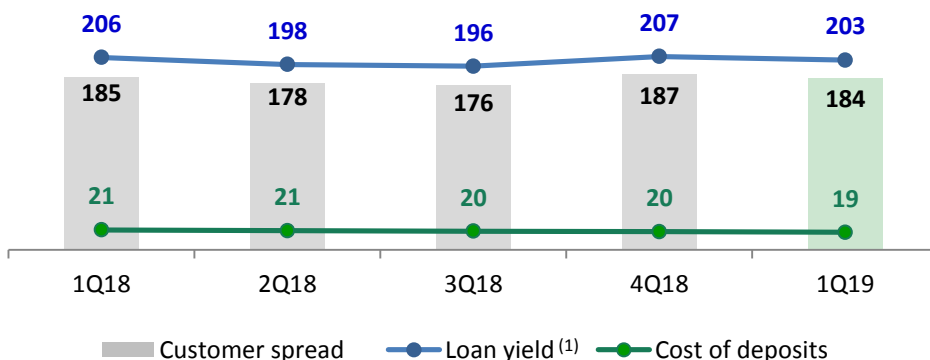
€ million



(*) Variation in the number of days between 4Q18 and 1Q19

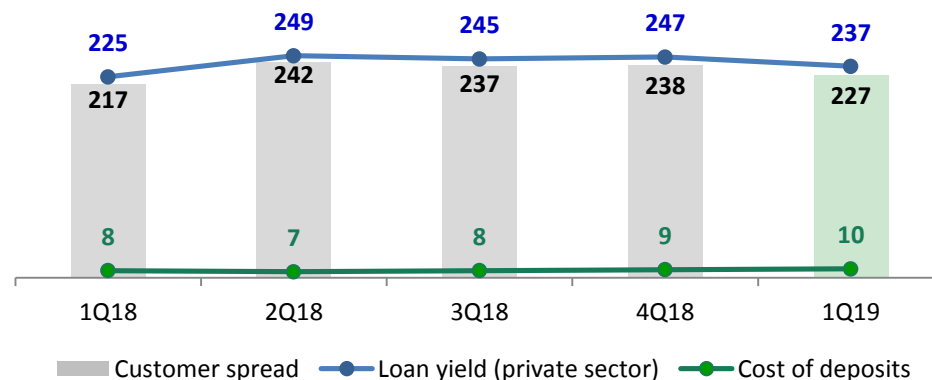
Customer spread (Back Book)

Quarterly evolution (bps)



Customer spread (Front Book)

Quarterly evolution (bps)

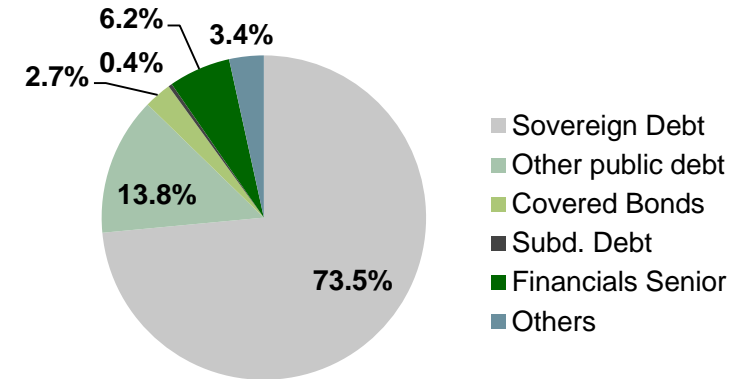
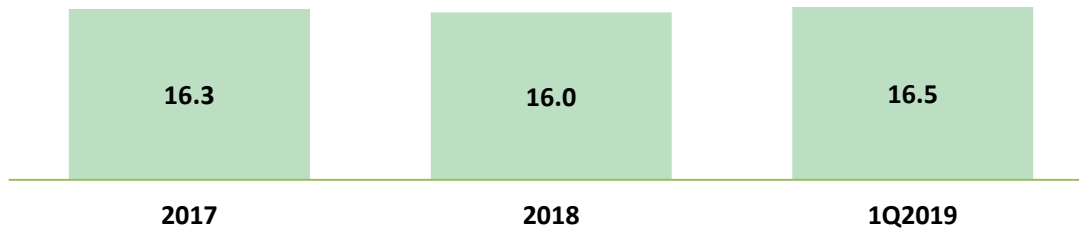


(1) Loan yield calculated over total net loans ex repo & ex other financial assets

Conservative management of the debt portfolio

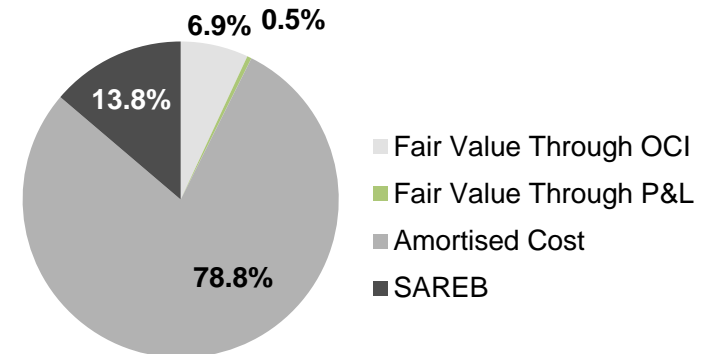
Breakdown, size and evolution of the debt portfolio (Fair Value Through OCI, Amortised Cost and SAREB) ⁽²⁾

€bn



		Size	Duration
		€ Bn	Years
Amortised Cost	Structural portfolio	9.5	4.7
	TLTRO	3.5	2.1
	SAREB	2.3	0.2
	FVTOCI ⁽¹⁾	1.1	0.5

1.26%
1Q2019
average yield



Total: €16.5 bn

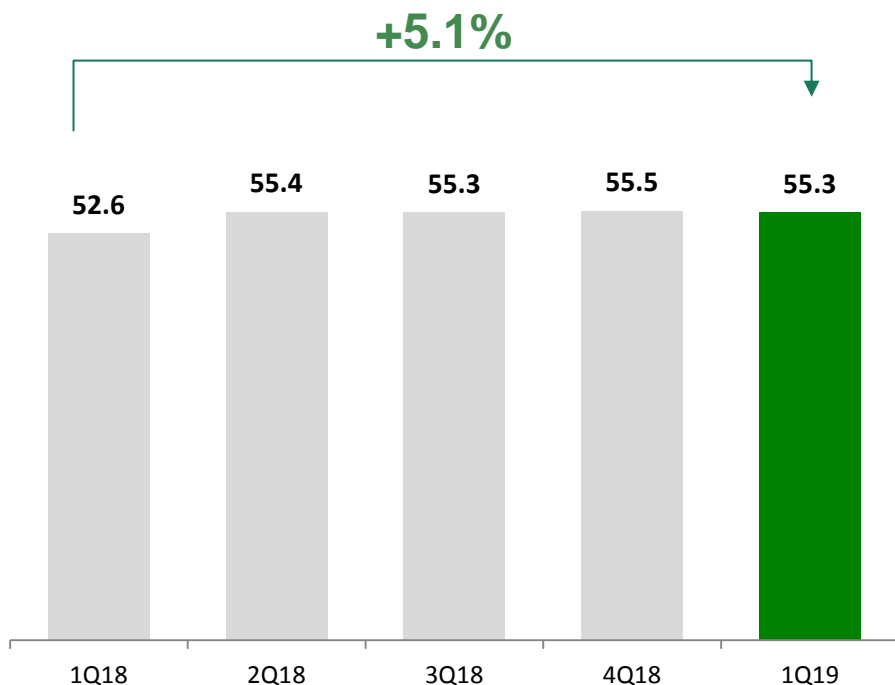
Source: Company data

(1) FVTOCI figures are net of forward positions sold value date 2Q2019 (€0,8 bn).

(2) Excluding the insurance business debt portfolio

Net fees grow 5.1% compared to 1Q 2018

Net fees (€ million)

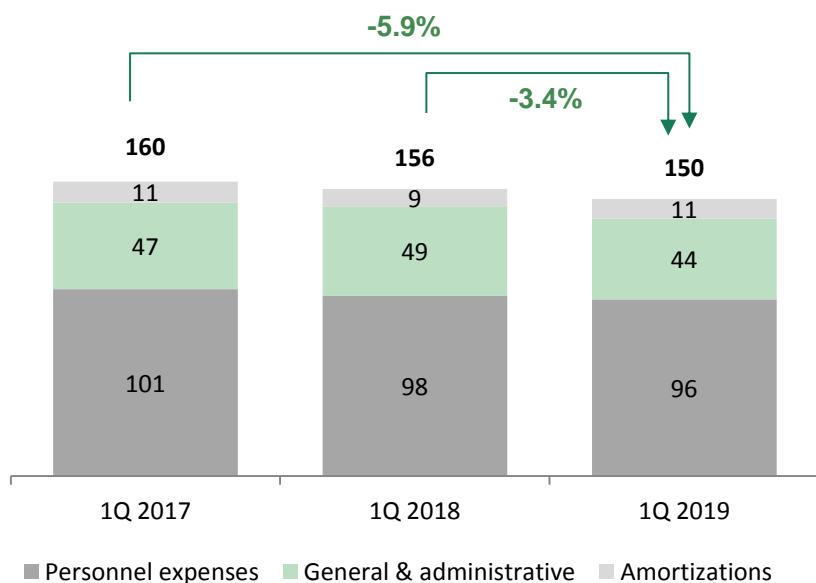


Fees breakdown (€ million)

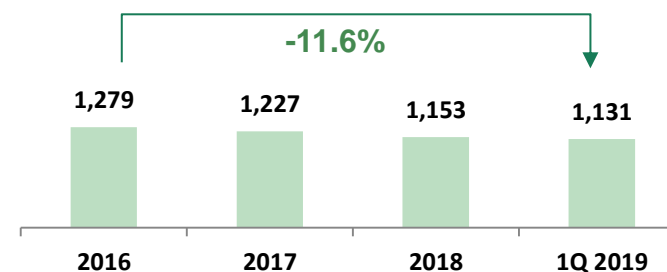
	1Q 2018	1Q 2019	%
Fee income	58.2	61.5	5.7%
From contingent risk and commitments	2.4	2.3	-5.0%
From payments and collections	29.7	34.3	15.4%
From non banking products	24.5	23.3	-5.1%
Other fees	1.5	1.6	9.8%
Fee expenses	5.6	6.2	11.6%
Net fees	52.6	55.3	5.1%

Operating expenses continue to fall

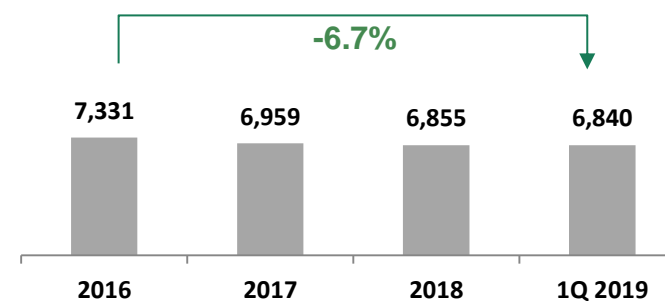
Operating expenses (€ million)



Spanish branches evolution

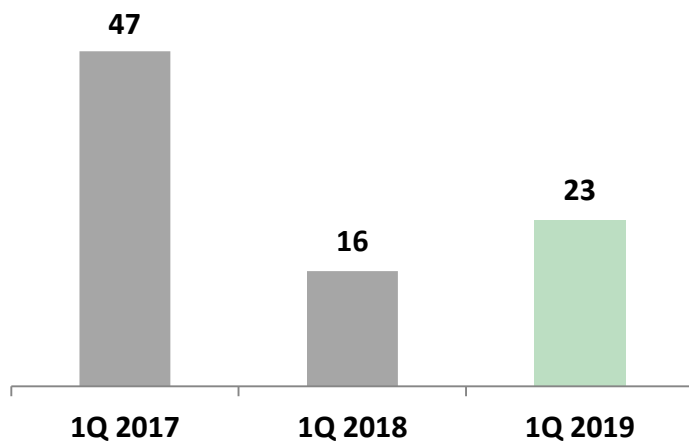


Employees evolution (FTEs)

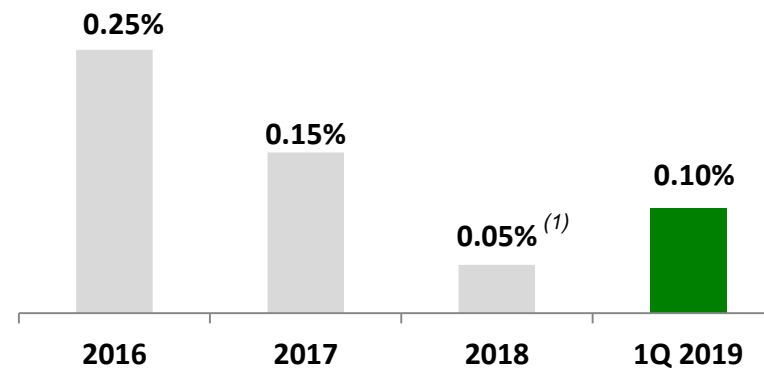


Total impairments remain low

Total impairments (€ million)



Cost of risk – Credit (%)



(1) Adjusted by written-offs sales. In 2018 cost of risk without adjustment represents -0.01%

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Key highlights

**Results &
business**

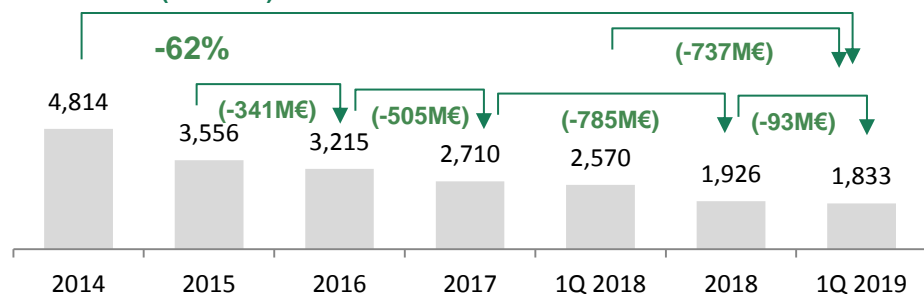
**Asset quality,
liquidity &
solvency**

Final remarks

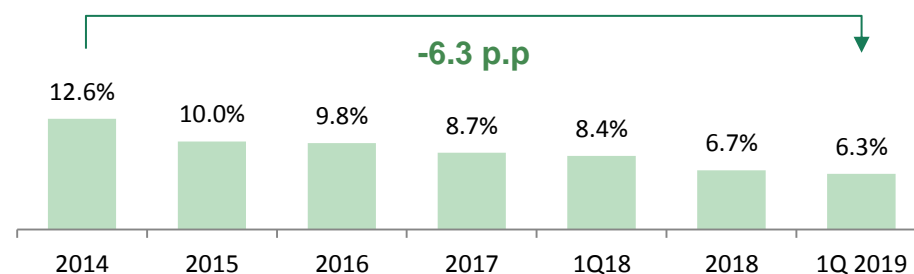
The reduction of NPLs continues the good pace ...

Non performing loans evolution

NPL balances (€ million)



NPL ratio (%)



NPLs gross entries and recoveries evolution

€m	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q 19
BoP	3,208	3,215	3,032	2,910	2,833	2,710	2,570	2,340	2,221	1,926
Gross NPL entries	255⁽¹⁾	134	108	112	88	60	56	35	48	50
Recoveries	-187	-216	-178	-138	-182	-177	-249	-114	-319	-131
ow/ cash recoveries & sales	-98	-137	-97	-87	-104	-95	-155	-44	-263	-94
ow/ foreclosed assets & others	-86	-79	-82	-52	-78	-82	-96	-69	-55	-37
Write-offs	-61	-102	-52	-51	-28	-24	-38	-39	-25	-13
Net NPL entries	7	-184	-122	-77	-123	-141	-230	-119	-296	-93
EoP	3,215	3,032	2,910	2,833	2,710	2,570	2,340	2,221	1,926	1,833
QoQ growth	0%	-6%	-4%	-3%	-4%	-5%	-9%	-5%	-13%	-5%

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

... without notably affecting the levels of coverage and collateralization of both NPLs...

Exposure, NPL and coverage

Gross exposure
€ million

NPLs
€ million

% NPL ratio

% Coverage ratio

Total gross loans and advances to customers

28,983

1,833

6.3%

52.0%

Corporates

7,504

635

8.5%

65.3%

Individuals

18,793

1,184

6.3%

44.0%

ow/ RE developers

657

140

21.2%

83.3%

ow/ mortgages

15,956

793

5.0%

30.4%

ow/ rest of corporates

6,847

496

7.2%

60.2%

ow/ other loans to individuals

2,837

391

13.8%

71.5%

NPL collateralization levels

Type of NPL (€ million)	NPLs	%	Appraisal value ¹
Unsecured	186	10.1%	-
Secured	1,647	89.9%	3,233
ow/ finished buildings	1,433	78.2%	2,487
ow/ commercial	127	6.9%	409
ow/ land	80	4.3%	315
ow/ under construction	7	0.4%	22
Total	1,833	100.0%	3,233

(1) Appraisal value at origin

90%
of total NPLs
are secured

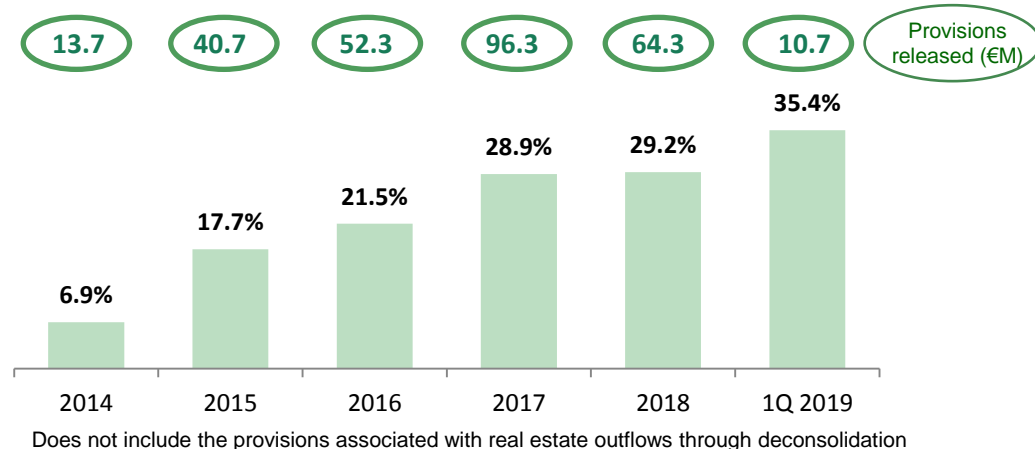
≈x2
Appraisal value
over gross NPLs

...and real estate assets, that continue to improve the results from disposals

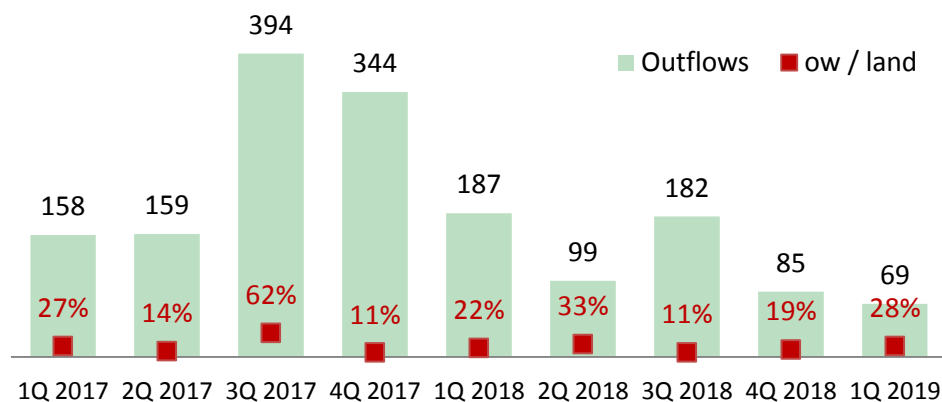
Foreclosed assets as at March 2019 (€ million)

Total Foreclosed assets			
Gross value	1,640	628	Net value
Provisions	1,012	61.7%	% Coverage
ow/ Real Estate Assets			
	1,640	628	Appraisal v.
	1,012	61.7%	1,141
From RE developers		from retail mortgages	
873	269	508	262
604	69.2%	247	48.5%
ow/ finished buildings		Other foreclosed assets	
145	69	259	98
77	52.7%	161	62.2%
ow/ under construction			
96	41		
55	57.0%		
ow/ land			
632	159		
473	74.9%		

Released provisions over net book value (%)



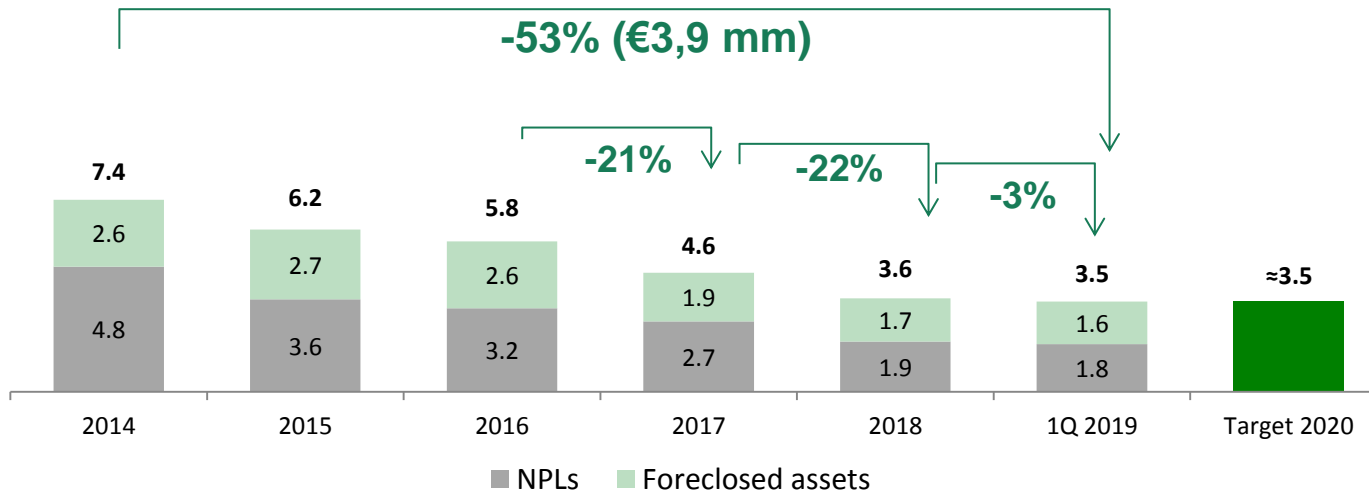
Evolution of gross outflows (€ million)



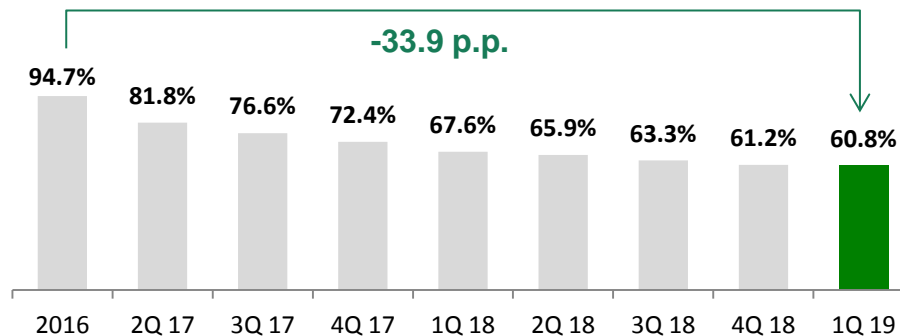
All in all, the Group reduces significantly the NPA exposure

Significant decrease of NPAs

Non performing assets evolution (€ Bn)



Texas ratio evolution (%) ⁽¹⁾



57%

NPA coverage

2.7%

Net NPA / total assets

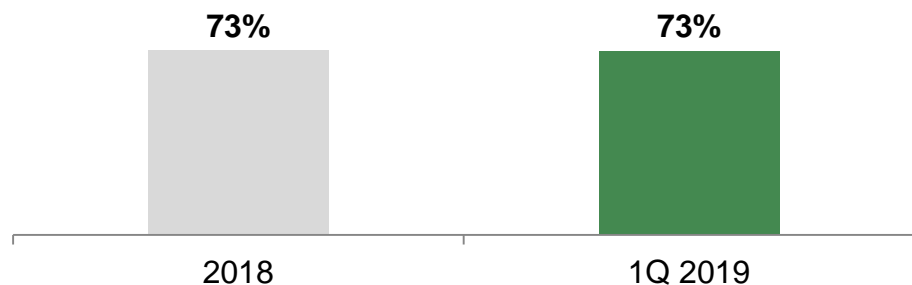
-872 m. €

NPAs reduction during the last 12 months

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

A comfortable liquidity position

Loan to deposits ratio



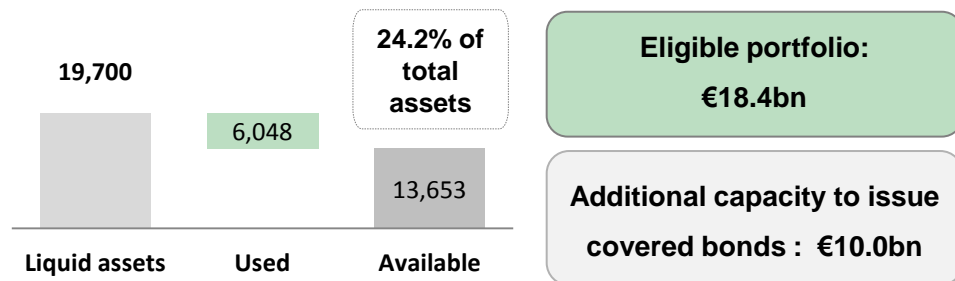
NSFR & LCR

Ratio	Requirements	Unicaja Banco 1Q 2019
NSFR	100%	139%
LCR	100%	353%

Liquid Assets Breakdown

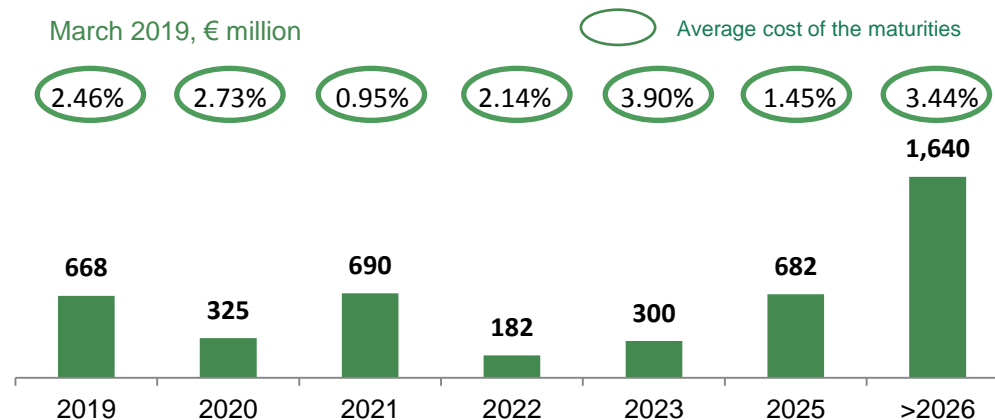
Liquidity generation capacity (€ million) Covered bonds issuance capacity

March 2019



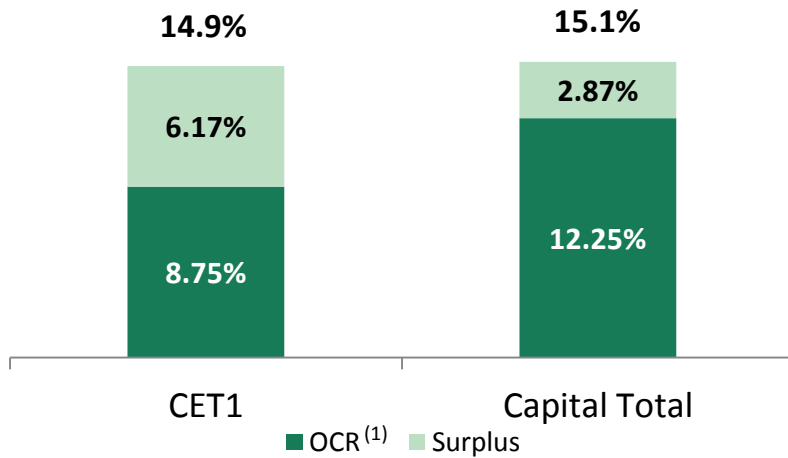
Wholesale funding maturities – Balances (€M) and costs

March 2019, € million

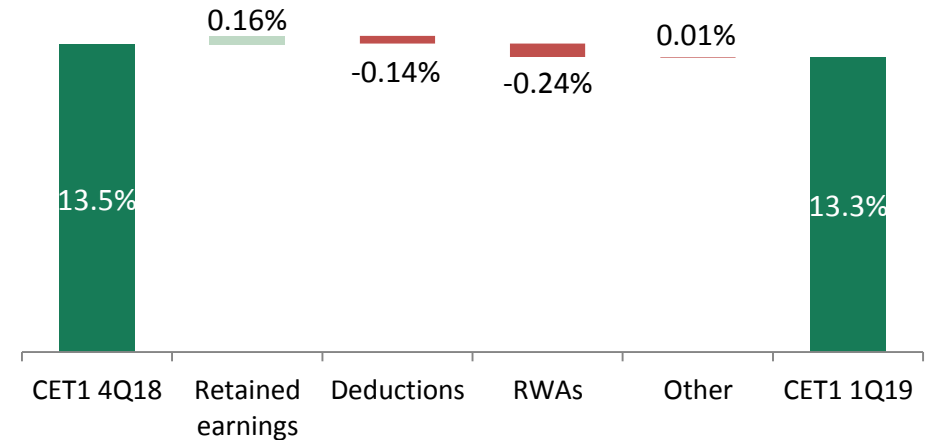


A sound solvency position with significant buffers over OCR (1)

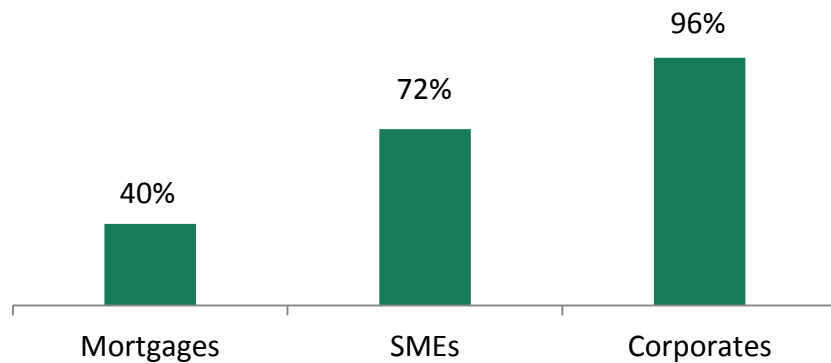
1Q 2019 Regulatory solvency (1)



CET1 fully loaded proforma bridge QoQ (1)



1Q 2019 RWAs density



€1,430m
CET1(1) excess over OCR (2)

€667m
Total capital excess (1) over OCR (2)

(1) Pro-forma figures as of 31st March 2019. It includes Q1 retained earnings (not audited) and excludes the deduction of the authorized unused treasury stock limit.

(2) Overall Capital Requirement (OCR): Total SREP Capital Requirement (Pillar 1 + Pillar 2R) + Capital Conservation Buffer

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Key highlights

**Results &
business**

**Asset quality,
liquidity &
solvency**

Final remarks

Final remarks

Results generation capacity

Commercial activity growth

Significant reduction of NPAs

High coverage of NPLs and foreclosed assets

Strong solvency and liquidity position

Many thanks

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ir@unicaja.es
+34 91 330 58 65



Appendix

Additional Information

Additional financial information

Unicaja Banco Group Balance Sheet

Balance sheet

Million Euros	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016
Cash & equivalents	2,821	4,280	2,766	3,060	2,999	3,806	1,221	1,557	1,704	862
Assets held for trading & at fair value through P&L	120	132	139	147	182	31	51	54	59	78
Financial assets at fair value through other global result	3,177	3,425	5,926	6,459	6,925	3,702	4,944	3,601	3,576	5,403
Financial assets at amortised cost	29,080	29,350	28,916	29,568	29,899	29,822	30,418	31,381	30,496	30,856
Loans to credit institutions	1,062	1,699	756	278	628	184	484	195	151	170
Loans to customers	28,018	27,651	28,160	29,290	29,271	29,638	29,935	31,186	30,345	30,686
Fixed income at amortised cost	15,524	14,763	13,546	12,714	12,615	13,220	13,876	13,896	13,993	13,694
Hedging derivatives	494	411	408	427	504	457	477	474	546	606
Associates	352	359	363	369	370	483	523	507	284	294
Tangible assets	1,228	1,188	1,224	1,224	1,244	1,291	1,301	1,313	1,422	1,438
Intangible assets	61	63	63	63	64	2	2	1	1	1
Tax assets	2,615	2,653	2,633	2,651	2,613	2,613	2,586	2,565	2,540	2,586
Other assets	558	505	445	470	462	466	494	604	627	660
Non current assets held for sale	380	374	414	453	428	439	511	520	741	762
Total Assets	56,411	57,504	56,843	57,606	58,305	56,332	56,406	56,472	55,989	57,241
Liabilities held for trading & at fair value through P&L	18	18	19	25	29	27	27	30	32	51
Financial liabilities at amortised cost	50,212	51,376	50,572	51,449	52,043	50,941	50,939	51,072	51,611	52,729
Deposits from Central Banks	3,313	3,316	3,320	3,323	3,327	3,330	3,333	3,337	3,340	0
Deposits from Credit Institutions	2,462	3,579	2,349	1,960	3,296	715	1,158	805	1,243	2,464
Customer deposits	43,302	43,462	44,058	44,772	44,565	46,041	45,522	45,217	45,332	48,532
Other Issued Securities	60	60	130	130	130	130	200	814	814	814
Other Financial Liabilities	1,075	959	715	1,264	726	725	726	898	881	919
Hedging derivatives	308	143	120	157	107	31	26	21	34	50
Provisions	861	885	810	843	870	935	968	1,066	678	707
Tax liabilities	248	232	265	283	271	209	238	215	227	239
Other liabilities	909	932	1,100	893	966	286	285	279	259	281
Total Liabilities	52,556	53,587	52,886	53,650	54,287	52,430	52,485	52,683	52,840	54,058
Own Funds	3,903	3,921	3,889	3,837	3,786	3,856	3,705	3,574	2,922	2,918
Other accumulated global result	-48	-4	67	96	202	17	55	46	24	35
Minority Interests	0	0	0	24	31	30	162	171	203	230
Total Equity	3,856	3,918	3,957	3,957	4,019	3,902	3,921	3,790	3,149	3,183
Total Liabilities and Equity	56,411	57,504	56,843	57,606	58,305	56,332	56,406	56,472	55,989	57,241

Additional financial information

P&L Unicaja Banco Group

Profit & loss account

€m	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016
Net Interest Income	145	601	452	303	152	583	432	291	145	620
Net Fees	55	219	163	108	53	220	164	109	53	207
Dividends	9	23	20	15	2	23	20	13	3	27
Associates	8	37	32	21	11	49	40	20	4	35
Trading Income + Exch. Differences	24	143	43	28	16	98	80	78	45	78
Other Revenues / (Expenses)	17	-23	24	17	17	24	79	48	31	121
Gross Margin	258	999	735	492	250	997	816	559	281	1,089
Operating Expenses	-150	-619	-466	-311	-156	-633	-478	-320	-160	-656
Personnel Expenses	-96	-391	-293	-195	-98	-401	-302	-203	-101	-427
SG&A	-44	-191	-145	-97	-49	-189	-143	-95	-47	-184
D&A	-11	-37	-27	-19	-9	-42	-32	-22	-11	-45
Pre Provision Profit	108	380	269	181	94	364	338	239	121	433
Provisions and Other	-23	-174	-77	-41	-16	-224	-208	-165	-47	-242
Credit	-7	4	4	14	5	-49	-66	-45	-27	-84
Foreclosed Assets	0	6	-2	2	-4	-43	-35	-21	-20	-96
Other Provisions	-16	-184	-79	-57	-17	-133	-107	-99	0	-63
Pre Tax Profit	85	206	192	140	78	140	130	74	74	191
Tax	-21	-53	-50	-36	-21	-1	-10	0	-23	-66
Results from Disc. Operations	0	0	0	0	0	0	0	0	0	10
Net Income	63	153	142	104	57	138	120	75	51	135
Attributable Net Income	63	153	142	105	58	142	136	86	52	142

Many thanks

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ir@unicaja.es
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