FINANCIAL REPORT

January to December 2020

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Basis of presentation

The consolidated income statement and consolidated balance sheet together with the breakdowns of the same are included in this Financial Report, and are shown with management criteria. They have been drawn up in compliance with the International Financial Reporting Standards (henceforth IFRS) and presented in accordance with the bases, principles and accounting criteria defined in Note 1 of the Group's consolidated annual statements for the fiscal year 2020. In accordance with the Guidelines on alternative performance measures published by the European Securities and Markets Authority on 5th October, 2015 (ESMA / 2015 / 1415en), a glossary of definitions and the reconciliation with the items presented in the financial statements of certain alternative financial measures used is attached.

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 103, published by the group's company Analistas Económicos de Andalucía.

Introduction

Unicaja Banco Group posted net results of EUR 78 million in the fiscal year 2020, after provisioning EUR 200 million for Covid-19.

Net income	78€ million	-54.8%
Net income (excl. COVID provisions)	218€ million	+26.6%

Results

Core income*	+18.0%
OPEX	-5.7%
Net operating income	+201%
Consolidated income (ex COVID)	+26.6%

Risks

NPA	-8.0%
NPL ratio	-0.6pp
NPL coverage ratio	67.4%
NPA coverage ratio	65.2%

Commercial activity

Total Performing credit and loans	+1.0%
New lending **	-21%
Retail customer funds	+6.5%

Liquidity and solvency

LTD	65.2%
CET 1	16.6%

X	To 31 December 2020
X	YoY December 2020 and December 2019
X	YTD September 2020 and December 2019

(*) Net interest income+Net fees-Transformation expenses

(**) To private sector

Unicaja Banco is showing its capacity to post results that mitigate the temporary impacts of Covid, and is putting significant effort into provisioning:

- **Core income (net interest income + fees) grew** by 3.7% in 4Q, following its 8.9% expansion in the previous quarter as well, bringing improvement over the year as a whole to 0.2%.
- **Net interest income** expanded by 1.1% during the quarter, after growing by 9.2% in Q3, thanks to the fall in the cost of funds, with an improvement in the customer spread in the second half of the year.
- **Net fee income** was up by 10.7% this quarter, and by 8.1% in Q3, driven by collections and payment services, with quarterly growth of 20.4%.
- **Operating expenses** have fallen by EUR 35 million in the year (-5.7%).
- **Extraordinary provisioning** for Covid-19 came to EUR 200 million (EUR 34 million in the final quarter), with impairments on loans and recurring foreclosures remaining at low levels.
- Net income fell by 54.8%, as a result of the extraordinary provisions for Covid-19. Were it not for these provisiones, net income would have posted at EUR 218 million, 26.6% higher than the previous financial period.

Commercial activity shows a positive overall balance despite the difficult climate:

- **Customer funds** have increased this year by 6.5%, 2.6% during the quarter, while on-balance sheet and off-balance sheet funds achieved the same growth over the period (2.6%).
- **Performing loans** have grown by 0.8% in the quarter, therefore limiting the fall for the year to 0.2%. Public administrations and corporates posted a quarterly growth of 18.9% and 5%, respectively, albeit not offsetting retail performance.
- **Front book increased substantially in the last quarter**, with growth of 123% in corporates and 24% in retail.

Non-productive assets continued to fall and coverage is up:

- **Non-performing assets** fell by 8% in the year (-5.6% in the quarter), while NPLs shrank by 12.6% and foreclosed assets by 2.5%. The coverage of these assets increases by 7.3 percentage points during the year posting 65.2%.
- **The NPL ratio** dropped -0.6 pp year-on-year, posting at 4.2% and the **coverage ratio** for non-performing assets rose by 13.5 pp year-on-year.

Financial strength and high liquidity levels:

- The Group has a **comfortable liquidity position**, with a LTD ratio of 65.2% and a LCR of 310%.
- The regulatory CET1 stands at 16.6% and total capital at 18.2%, boosting surplus capital over the required minimum by EUR 1,332 million.

2. Key Highlights

Million euros / % / pp	31/12/20	30/09/20	30/06/20	31/12/19	QoQ	YtD
BALANCE SHEET						
Total assets	65,544	62,145	63,002	56,708	5.5%	15.6%
Gross loans and advances to customers (ex-reverse repos, ex others financial assets)*	26,932	26,849	27,814	27,151	0.3%	-0.8%
Performing gross loans and advances to customers (ex-reverse repos, ex other financial assets)*	25,751	25,560	26,494	25,800	0.7%	-0.2%
On-balance sheet customers funds*	41,327	40,276	39,905	38,035	2.6%	8.7%
Off-balance sheet customer funds and insurance	12,888	12,567	12,269	12,863	2.6%	0.2%
Shareholders equity	4,001	3,991	3,965	3,971	0.3%	0.7%
Total equity	4,005	4,075	4,062	3,970	-1.7%	0.9%
(*) Excluding valuation adjustments						
RESULTS (cumulative figures)						
Net interest income	578	427	277	579		-0.1%
Gross income	955	760	528	1,009		-5.3%
Pre-provision profit	383	331	239	402		-4.7%
Consolidated net income	78	77	61	172		-54.8%
Cost to income	54.7%	51.8%	50.4%	55.9%	2.9 pp	-1.3 pp
ROE	2.0%	2.6%	3.1%	4.4%	-0.6 pp	-2.4 pp
ROA	0.1%	0.2%	0.2%	0.3%	0.0 pp	-0.2 pp
ROE*	5.5%	6.5%	6.8%	4.4%	-1.0 pp	1.1 pp
ROA*	0.4%	0.4%	0.5%	0.3%	-0.1 pp	0.1 pp
(*) Excludes Covid-19 provisions						
RISK MANAGEMENT						
Non performing loans (NPL) (a)	1,181	1,290	1,320	1,351	-8.4%	-12.6%
Foreclosed assets (b)	1,091	1,117	1,142	1,120	-2.3%	-2.5%
Non performing assets -NPA- (a+b)	2,272	2,407	2,462	2,470	-5.6%	-8.0%
NPL ratio	4.2%	4.6%	4.5%	4.8%	-0.4 pp	-0.6 pp
NPL coverage	67.4%	65.9%	60.9%	54.0%	1.5 pp	13.5 pp
Foreclosed assets coverage	62.9%	62.8%	62.4%	62.7%	0.0 pp	0.2 pp
Non performing assets (NPA) coverage	65.2%	64.5%	61.6%	57.9%	0.8 pp	7.3 pp
Cost of risk	0.85%	0.91%	0.89%	0.04%	-0.1 pp	0.8 pp
Cost of Risk Ex Covid (*)	0.14%	0.13%	0.17%	0.04%	0.0 pp	0.1 pp
(*) Excludes Covid-19 provisions						
LIQUIDITY						
Loan to deposit ratio	65.17%	66.66%	69.70%	71.38%	-1.5 pp	-6.2 pp
LCR	310%	311%	346%	319%	-1.0 pp	-9.0 pp
NSFR	142%	141%	141%	141%	1.0 pp	1.0 pp
SOLVENCY						
CET1 ratio (phase-in)	16.63%	16.26%	15.82%	15.61%	0.4 pp	1.0 pp
CET1 ratio (fully loaded)	15.02%	14.69%	14.42%	14.00%	0.3 pp	1.0 pp
Total capital ratio (phase-	18.17%	17.79%	17.32%	17.12%	0.4 pp	1.0 pp
Total capital ratio (fully loaded)	16.58%	16.23%	15.94%	15.53%	0.3 pp	1.1 pp
Risk weighted assets (RWA)	22,492	22,822	23,168	23,000	-1.4%	-2.2%
Texas ratio	42.4%	43.7%	45.1%	46.7%	-1.4 pp	-4.4 pp
June 2020 includes the IFRS9 phased in effect introduced by Regulation (EU) 220/873, approved by the supervisor in the third quarter. June 2020 and September 2020 include the deduction of software for prudential purposes as per Regulation (EU) 2020/873 which were not part of the regulatory calculation prior to the publication in December of the Regulation (EU) 2020/2176.						
ADDITIONAL INFORMATION						
Employees (average number)	6,209	6,249	6,274	6,719	-0.6%	-7.6%
Branches	949	1,015	1,028	1,046	-6.5%	-9.3%
ATMs	1,470	1,481	1,486	1,485	-0.7%	-1.0%

3. Macroeconomic environment

The outlook has improved in recent weeks, mainly as a result of progress in production and distribution, and the start of vaccinations against Covid-19, although a high degree of uncertainty continues. Some of the jobs destroyed have been restored and most of the production framework has been preserved. While the economic situation remains delicate, the economic and social impact has been partially mitigated, thanks to the measures put in place by the various public administrations.

In the final quarter of 2020, the recovery of activity that was seen during the summer has slowed, due to flare-ups of the virus, which have been more serious in Europe and North America. In its latest Economic Outlook report, the OECD estimates that activity will continue to be limited and that social distancing and the partial closure of borders will remain in place throughout the first half of 2021, with the economy slowly picking up as vaccines are administered in all OECD countries. Thus, for 2021 the organization expects global economic growth to post at 4.2%, after falling by a similar amount in 2020, with China accounting for more than a third of this rise.

Recovery will be uneven across countries, although forecasts remain unusually uncertain, with risks both to the upside and to the downside. Global growth might go as high as 5% in 2021 if the vaccine campaigns are efficient and cooperation between countries succeeds in boosting consumer and business confidence. This would bring about an uptick in spending and production (reducing the saving rates and possible pent-up demand), but growth might be as low as 2.7 percentage points (pp) if there are problems with vaccination distribution and procedure.

Against this backdrop, the OECD believes public health services must be strengthened through investment in human resources, the development of prevention strategies, efficient test, trace and isolation programmes set up, and vaccination campaigns planned, not forgetting international cooperation, as well as support for the most vulnerable segments of the population. Similarly, the organisation stresses the need to sustain companies with measures that do not entail increasing in their debt, as well as boosting digitalization.

The expected fall in 2020 will be most intense in the eurozone. The decrease anticipated by the European Commission is less than expectations in the summer (-8.7%), while growth in 2021 is forecast at 4.2%, around 2 pp lower than earlier projections. The increase in social spending and the reduction in fiscal revenues is expected to trigger a sharp rise in the public deficit, such that the public debt/GDP ratio could rise to 102.6% by 2022, up from 85.9% in 2019.

Nevertheless, these forecasts are also subject to a degree of uncertainty. The EU's recovery programme (NextGenerationEU) could boost the economy more than expected, given that the forecasts have only been able to partially include the likely benefits of these initiatives, given the limited information available about national plans. Similarly, a trade deal between the EU and the United Kingdom would have a positive impact on the EU economy from 2021 onwards, when compared with the benchmark assumptions (the World Trade Organization's most favoured nation rule).

As noted above, the economic impact of the pandemic, while generalised, is significantly different between countries, depending on the spread of the virus, the measures put in place to contain it and each economy's industrial infrastructure. The Spanish economy, heavily weighted towards tourism and activities that involve more social interaction, and a high incidence of infection, will suffer a steeper fall in production within the EU during 2020, although it will also be one of the fastest growing economies in 2021.

Specifically, GDP could shrink by 12.4%, according to the Commission's latest projections, the only large economy, together with the United Kingdom, in which the outlook has worsened since the summer predictions. Likewise, the unemployment rate could rise to around 18% in 2021, the public deficit will top 12% in 2020 and public debt will continue increasing to 123.9% by 2022.

The drop forecast for 2020 is a little sharper than the estimates of the Government, that reviewed its projections for the 2020-2021 period in October for inclusion in the 2021 National Budget. The fall in GDP in 2020 is forecast as 11.2%, a 2.0 pp revision to the downside from the estimate last April, due essentially to performance in the second quarter, held back by weak spending and investment, as a result of the measures to reduce mobility. Turning to 2021, growth is estimated at 7.2%, without including the additional effects of the Next Generation EU plan, that could boost growth in 2021 by a further 2 pp, with more dynamic investment, private consumption, exports and employment.

The impact of these European funds will be somewhat more moderate (around 1.3 pp in 2021) according to the Bank of Spain's forecasts. Its latest projections indicate a fall in GDP in 2020 of between 10.7% and 11.6% depending on the scenario (upside, central or downside), although all three envisage the contraction being followed by a relatively intense recovery in the two subsequent years. The scenarios differ, fundamentally, in the short-term behaviour of the pandemic, the measures taken to contain it, adaptation by the various agents involved to the crisis and the persistence of its effects in the medium term. All three scenarios include the roll-out of spending projects covered in the European Next Generation EU (NGEU) programme.

In 2021, activity is expected to recover by 6.8%, in the central scenario, by 8.6% in the upside scenario, and 4.2% in the downside scenario. In any event, GDP will not return to pre-COVID-19 levels until mid-2023 in the central scenario, while in the downside scenario GDP will still be nearly 3% below where it was at the end of 2019. By the end of 2023 the unemployment rate will still be above 14% in the central scenario, a little higher than before the crisis, despite the downward trend it will show since the second half of 2021.

Risks around growth have moderated in the Bank of Spain's central scenario, although they remain tilted to the downside, because of the possibility of a more unfavourable epidemiological outcome than the one factored into this calculation, one requiring containment measures with greater impact on the "social industries". To this we should add the uncertainty about the impact of the NGEU, the persistence of the effects of the crisis on productive capacity (structural changes, potential growth, and others) plus external geopolitical factors, such as Brexit and the new US Administration's fiscal and foreign policies.

As to the assumptions made to calculate these projections, one factor taken into account was the oil price, which had an average price of USD 41.6 per barrel in 2020, and is forecast to rise to USD 44 and USD 45.7, respectively, in 2021 and 2022, slightly lower than September's estimates. In the case of interest rates, the three-month Euribor will be around -0.5%. Yields on ten-year Spanish sovereign debt will be between 0.2% and 0.5% in average annual terms.

Turning to monetary policy, the European Central Bank's Board decided at its December meeting to prolong its debt purchase programme, among other measures designed to ensure favourable financing conditions to support economic activity. The interest rate applicable on major financing transactions remains at 0.00%, the marginal lending facility rate at 0.25%, and the deposit rate at -0.50%. In addition, the Board has decided to increase provisioning for the pandemic emergency purchasing programme (PEPP) by EUR 500 billion, to a total of EUR 1.85 billion, extending the net purchasing horizon to the end of March 2022 at least. In any event, net purchases will be made until the crisis phase of the pandemic is over.

When we look at the most recent data from Spain's Quarterly National Accounts, the figures for Q3 2020 show that GDP fell by 8.7% in year-on-year terms (-21.5% vis-à-vis the second quarter), double the average for the eurozone (-4.3%), although production increased by 16.7% from the second quarter. The negative contribution of domestic demand to growth has tapered, bringing growth down by 7.8 pp, after household spending rose by a little more than 20% in the quarter, and investment by nearly 20%, with a higher rise in equipment and machinery. Nevertheless, compared to the third quarter of 2019, household spending has shrunk by 10.4%, while investment has fallen by around 12%, and by more than 15% in the construction sector.

The contribution of external demand also remains negative (-0.9 pp), although more moderate than in the second quarter, due to the greater fall in exports of goods and services than in imports (-17.0% and -15.7%, respectively, in year-on-year terms). The drop in service exports has been particularly brusque (-42.8%), compared to the 4.6% slide in exports of goods. This is a consequence, above all, of negative performance in exports of tourism services (-74.3%), despite posting strong growth in the third quarter. Exports of non-tourism services have also grown in the third quarter, by over 20%, although in year-on-year terms they have accumulated a fall of 20.6%.

On the supply side, Gross Value Added (GVA) has increased across the board in the third quarter, with growth rates of more than 20% in industry and construction. In year-on-year terms, however, this latter sector has performed better, with a 5.0% growth rate, together with the branches within the services sector of financial activities and insurance (6.2%) and the public administration (1.8%). In the remaining sectors there have been reductions, particularly sharp ones in construction (-11.0%) and services (-9.8%), with 2-digit falls in trade, transport and hospitality, artistic and recreational activities and professional activities.

We should point out that employment, measured on the basis of full-time equivalent rates, increased by 16.0% in the third quarter, although this remains 5.5% lower than jobs recorded in the third quarter of 2019, translating into around a million fewer jobs in the last year. This drop is more noticeable in terms of hours worked (-6.2%), although these grew by nearly 25% between July and September.

This year-on-year reduction in employment is slightly sharper than the estimates in the Labour Force Survey (LFS). Specifically, in the third quarter, the number of people in work stood at 19,176,900, representing an increase of nearly 570,000 from the second quarter (the largest increase in the series), although if we compare it to the third quarter the previous year, 2019, the fall is close to 700,000 workers (-3.5%). However, the number of people in the labour force who actually worked would be 15,584,100 (39.4% of the population over 16), since around 3.6 million workers did not work in the week reviewed, 1.1 million fewer than the preceding quarter. In this quarter, the customary increase in workplace absence because of holidays has been offset by the sharp reduction in those who were laid off or in furlough for technical or economic reasons.

The quarterly increase in employment is due to the growth in the number of waged workers (581,200 more than in the second quarter), despite the number of self-employed workers falling by 11,500; waged workers thus account for

84.0% of all jobs in Spain. In year-on-year terms, the fall affects both waged and non-waged workers, although the drop is more noticeable in the former, with a considerable reduction in the number of waged workers with temporary contracts (nearly 583,000 fewer than in the third quarter of 2019). By activity sectors, the fall is generalised, except in non-market services, real estate, financial and ICT activities. The sharpest drops in employment were suffered in industry (-4.5%), trade, transport and hospitality (-8.3%) and artistic and recreational activities (-6.1%), with trade, transport and hospitality activities losing nearly 500,000 workers between them.

The working population increased by nearly 925,000 people in the third quarter of 2020, with the activity rate rising by over 2 pp, to 57.8%, although the working population is lower than in the same quarter of 2019 (188,900 fewer people). The number of unemployed has increased by around 355,000 from the second quarter, with about half a million more people unemployed than the third quarter of 2019. The unemployment rate has thus risen to 16.3% of the working population, compared to 13.9% the year before.

Social security affiliation reflects the recovery of employment in the third quarter of 2020 (up by 1.5% from the previous quarter), although the number of affiliated workers was 3.0% down on the same quarter in 2019. This monthly increase in jobs continued in October and November, with the year-on-year fall moderating to 1.8% in November, although the number of furloughed workers has also increased, coinciding with flare-ups of the virus and new restrictions in mobility and activity. Thus, although the furloughed workers have fallen in numbers by about 80% compared to April, the numbers rose in November by 2.5% from October, to 746,900, of which over half (420,604 workers) were furloughed under the terms of the RDL 30/2020 Act.

Turning to the external sector, the accrued figure over the last twelve months to September 2020 for the Spanish economy's financing capacity is EUR 16,300 million, against the EUR 29,700 million accumulated to September 2019. This fall is mainly due to the performance of the current account balance, which has slumped from EUR 23,700 million to EUR 12,200 million, hit by the trend in tourism, where the surplus has shrunk by over EUR 30 billion, only partially offset by the performance of the non-tourism goods and services component.

The most recent data, from November, from the Purchasing Managers' Index (PMI) shows a worsening across the board in Europe's biggest economies, all posting a contraction (under 50), except Germany. This contrasts with performance in the USA, where the index has shot to its highest levels since March 2015, and with the uptick in China. In the case of Spain, there has been a drop too, with the manufacturers' index posting another contraction, after the improvement in the previous two months, and with the services index not even close to 50. Similarly, economic sentiment in the eurozone fell in November for the first time since April (-3.5 points, to 87.6), while the OECD's composite leading indicator (CLI) has slipped slightly in France, Italy and Spain, with growth in Germany moderating.

4. Balance Sheet

Million euros	31/12/2020	30/09/2020	30/06/2020	31/12/2019	QoQ	YtD
Cash and balances at central banks	6,667	4,600	7,250	4,559	44.9%	46.2%
Assets held for trading & Finantial assets at fair value through P&L	284	362	162	128	-21.5%	122.0%
Financial assets at fair value through other comprehensive income	1,494	2,440	2,383	1,886	-38.7%	-20.8%
Financial assets at amortised cost	29,391	28,611	28,854	28,018	2.7%	4.9%
Loans and advances to central banks and credit institution	1,762	1,115	357	459	58.1%	283.6%
Loans and advances to customers	27,629	27,496	28,498	27,558	0.5%	0.3%
Debt securities at amortised cost	22,157	20,564	18,882	16,662	7.7%	33.0%
Hedging derivatives	617	589	560	507	4.9%	21.7%
Investment in joint ventures and associates	362	376	347	363	-3.8%	-0.4%
Tangible assets	1,145	1,155	1,154	1,162	-0.9%	-1.5%
Intangible assets	74	73	71	66	2.2%	11.9%
Tax assets	2,741	2,674	2,689	2,758	2.5%	-0.6%
Other assets	367	456	398	294	-19.6%	24.8%
Non current assets held for sale	244	245	253	304	-0.5%	-19.8%
TOTAL ASSETS	**65,544**	**62,145**	**63,002**	**56,708**	**5.5%**	**15.6%**
Financial liabilities held for trading & at fair value through P&L	12	21	22	25	-45.2%	-53.7%
Financial liabilities at amortised cost	59,053	55,685	56,583	50,205	6.0%	17.6%
Deposits from central banks	4,998	5,011	5,025	3,303	-0.3%	51.3%
Deposits from credit institutions	3,805	2,306	3,309	2,538	65.0%	49.9%
Customer deposits	48,701	46,847	46,218	42,969	4.0%	13.3%
Other Issued Securities	363	369	366	358	-1.7%	1.4%
Other financial liabilities	1,186	1,152	1,666	1,037	3.0%	14.4%
Hedging derivatives	609	455	407	428	33.8%	42.4%
Provisions	799	798	844	921	0.0%	-13.3%
Tax liabilities	258	268	294	325	-3.9%	-20.7%
Other liabilities	809	842	789	833	-4.0%	-2.9%
TOTAL LIABILITIES	**61,539**	**58,070**	**58,940**	**52,737**	**6.0%**	**16.7%**
Own Funds	4,001	3,991	3,965	3,971	0.3%	0.7%
Accumulated other comprehensive income	4	84	97	-1	-95.0%	-496.2%
Minority Interests	0	0	0	0	-0.1%	-1.0%
Total Equity	**4,005**	**4,075**	**4,062**	**3,970**	**-1.7%**	**0.9%**
Total Liabilities and Equity	**65,544**	**62,145**	**63,002**	**56,708**	**5.5%**	**15.6%**
OFF BALANCE SHEET CUSTOMER FUNDS AND INSURANCE	**12,888**	**12,567**	**12,269**	**12,863**	**2.6%**	**0.2%**

At the close of the fiscal year 2020, Unicaja Banco Group's assets came to EUR 65,544 million. Financial assets carried at amortised cost account for EUR 29,391 million, with Loans and advances to customers worth EUR 27,629 million.

Debt securities carried at amortised cost amount to EUR 22,157 million, and mainly consist of Spanish Treasury debt.

Total assets have risen by 15.6% in the year to date, mainly as a result of the EUR 5,495 million growth in "Debt securities at amortised cost", almost all of it invested in sovereign debt. Likewise, "Cash and balances at central banks" are up by of EUR 2,108 due to a one-off surplus of liquidity and "Financial assets at amortised cost" also grow by EUR 1,374 million. Of these, the "Loans and advances to customers" item, which mainly reflects the retail banking activity, is up by 0.3% (EUR 71 million). This can be broken down, on the one hand, by the growth in reverse repos and other financial assets, which are up by EUR 312 million, and the EUR 50 million reduction in the remaining performing balances, while non-performing balances have fallen by EUR 170 million and provisioning has risen, with the balance on this item shrinking by EUR 68 million.

Turning to quarterly performance, total assets have grown by 5.5%, with most of that increase coming again from "Cash and balances at central banks" which have risen by EUR 2,067 million Debt securities at amortised cost" that has grown by EUR 1,593 million.

“Loans and advances to customers” posted a 0.5% quarterly growth in net terms. This increase is mainly an outcome of growth in performing loans, excluding repos, which have risen by EUR 193 million, while the balance in this item of the afore-mentioned repos has fallen by EUR 32 million, and NPLs by EUR 109 million.

The Group’s total liabilities come to EUR 61,539 million. The vast majority of this is made up of financial liabilities carried at amortized cost, amounting to EUR 59,053 million. Of these, customer deposits of EUR 48,701 million account for 82% of 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, which come to EUR 12,888 million.

During 2020, liabilities have risen by 16.7% (EUR 8,802 million), both because of the increase in funds taken at central banks, worth EUR 1,695 million (the TLTRO-III programme), and as a result of the increase in customer deposits, which have grown by EUR 5,732 million. Of these, if we exclude valuation adjustments, retail customer deposits are up by EUR 3,293 million or 8.7%, while wholesale funds grow by EUR 2,460 million, mainly through short term repurchase agreements.

In the course of the quarter liabilities went up by 6.0%, with increases in Credit Institutions’ deposits, (EUR 1,500 million), retail deposits, which grow 2.6% (in this case, excluding valuation adjustments, they posted EUR 1,051 million) and in wholesale deposits (mainly repurchase agreements) by EUR 803 million.

At the close of fiscal year 2020, net equity reached EUR 4,005 million, which amounts to a growth of 35 million in the first six months resulting mainly from changes in valuation adjustments which are up by EUR 30 million.

Total equity decreased by EUR 70 million during the quarter due to the fall in valuation adjustments, which dipped by EUR 80 million.

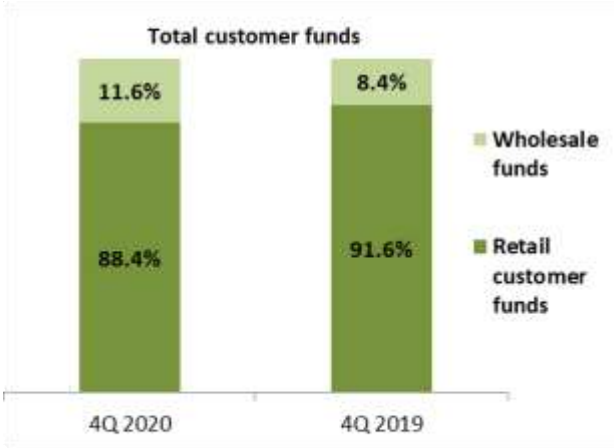
5. Customer Funds

Million euros. Excluding valuation adjustments	31/12/2020	30/09/2020	30/06/2020	31/12/2019	QoQ	YtD
On-balance sheet customer funds	**48,448**	**46,594**	**45,987**	**42,695**	**4.0%**	**13.5%**
Customer funds	**48,088**	**46,234**	**45,627**	**42,335**	**4.0%**	**13.6%**
Public Sector	**3,265**	**3,367**	**2,891**	**2,812**	**-3.0%**	**16.1%**
Private sector	**44,823**	**42,867**	**42,736**	**39,523**	**4.6%**	**13.4%**
Sight deposits	33,500	31,722	31,335	29,256	5.6%	14.5%
Term deposits	7,648	8,290	8,760	9,420	-7.7%	-18.8%
of which: covered bonds	*3,266*	*3,266*	*3,266*	*3,578*	*0.0%*	*-8.7%*
Repos	3,675	2,856	2,640	848	28.7%	333.6%
Issues	**360**	**360**	**360**	**360**	**0.0%**	**0.0%**
Promissory notes	0	0	0	0	-	-
Mortgages securities	60	60	60	60	0.0%	0.0%
Other values	0	0	0	0	-	-
Subordinated liabilities	300	300	300	300	0.0%	0.0%
Off-balance sheet customer funds and insurance	**12,888**	**12,567**	**12,269**	**12,863**	**2.6%**	**0.2%**
Mutual funds	5,586	5,235	5,119	5,430	6.7%	2.9%
Pension funds	2,384	2,262	2,231	2,376	5.4%	0.3%
Insurance savings	4,030	4,155	4,027	4,112	-3.0%	-2.0%
Other managed assets	887	914	893	945	-3.0%	-6.1%
TOTAL CUSTOMER FUNDS	**61,336**	**59,161**	**58,257**	**55,558**	**3.7%**	**10.4%**
Retail customers funds	**54,215**	**52,843**	**52,175**	**50,898**	**2.6%**	**6.5%**
of which: on-balance sheet	41,327	40,276	39,905	38,035	2.6%	8.7%
Public Sector	3,265	3,367	2,891	2,812	-3.0%	16.1%
Sight deposits	33,500	31,722	31,335	29,256	5.6%	14.5%
Term deposits	4,382	5,025	5,495	5,841	-12.8%	-25.0%
Others	180	163	184	125	10.3%	43.4%
of which: off-balance sheet and insurance	12,888	12,567	12,269	12,863	2.6%	0.2%
Wholesale funds	**7,121**	**6,318**	**6,082**	**4,660**	**12.7%**	**52.8%**

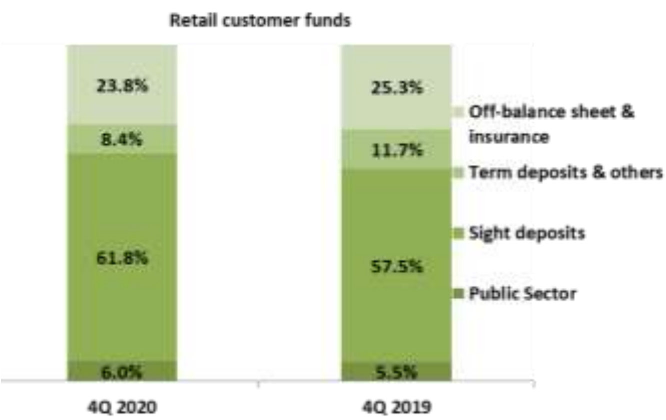
The volume of total customer funds managed by the Group rose at the close of December 2020 to EUR 61,336 million.

The bulk of managed funds are customer deposits (EUR 48,088 million), of which EUR 33,500 million are private sector clients' sight deposits, EUR 7,648 million are term deposits (including EUR 3,266 million in non-negotiable mortgage covered bond issues) and EUR 3,675 million are repos. Customer funds managed using off-balance sheet instruments and insurance amounted to EUR 12,888 million, consisting mainly of customer funds raised through investment funds (EUR 5,586 million), pension funds (EUR 2,384 million) and savings insurance (EUR 4,030 million).

As to the origin of the funds, 88.4% relates to retail customers' banking business (EUR 54,215 million), while the remaining 11.6% (EUR 7,121 million) is represented by funds raised in wholesale markets through issuances, multi-issuer covered bonds and repos. The largest rise so far this year on market balances (+52.8%) compared to retail customer funds (+6.5%), is not structural; it is the result of short-term treasury transactions, which have triggered a very short-term increase in market financing and liquidity (asset) at central banks. Negotiable issuances remains unchanged in 2020 which consist of the EUR 300 million subordinated liability issued in 2019, eligible as Tier II, and by EUR 60 million of mortgage securities, both totally in the hands of wholesale market investors.



Total retail funds have grown by 6.5% in the year to date, and by 2.6% in the last quarter. This performance is due to strong growth in retail customer deposits so far this year, together with the recovery in the last 2 quarters of customer funds in off-balance sheet and insurance products, which are up 5.0% with respect to the close of June. So far this year, retail customer funds have risen by 8.7%, of which we would highlight the 16.1% increase in public administrations and a 14.5% rise in private-sector sight balances. Off-balance sheet funds and insurance have edged up 0.2% in the year, after the significant drop in the first quarter following the impact on valuations experienced by these products at the onset of the first surge of the pandemic. All this has triggered an increase in the weight of private-sector sight funds in managed customer funds as a whole.

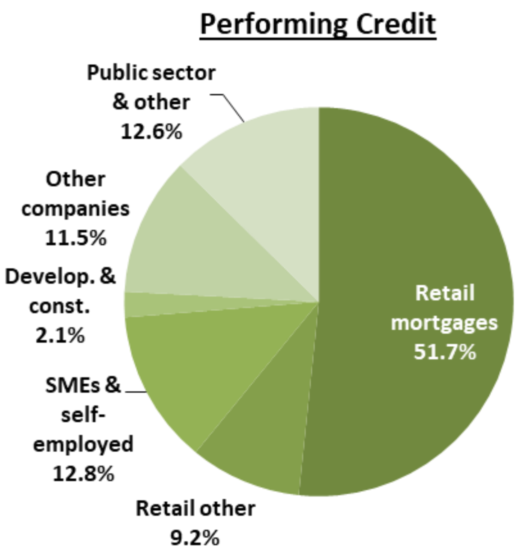


Quarterly performance of retail funds has been solid, with growth of 2.6%, thanks to the identical increase (2.6%) in both on- and off-balance sheet funds. The area of strongest growth, as has been the case throughout the year, was in private sector sight balances, which are up by 5.6%.

6. Performing Loans

Million euros. Excluding valuation adjustments	31/12/2020	30/09/2020	30/06/2020	31/12/2019	QoQ	YtD
Public sector	**2,026**	**1,662**	**1,868**	**1,704**	**21.9%**	**18.9%**
Private sector	**23,725**	**23,896**	**24,626**	**24,097**	**-0.7%**	**-1.5%**
Corporates	**7,188**	**7,282**	**7,425**	**6,848**	**-1.3%**	**5.0%**
RED and construction	577	577	602	591	0.0%	-2.3%
SMEs and self-employed	3,479	3,623	3,615	3,611	-4.0%	-3.7%
Other corporates	3,133	3,083	3,208	2,647	1.6%	18.4%
Individuals	**16,536**	**16,614**	**17,202**	**17,249**	**-0.5%**	**-4.1%**
Mortgages	14,026	14,072	14,239	14,633	-0.3%	-4.1%
Consumer and other	2,511	2,542	2,963	2,616	-1.2%	-4.0%
PERFORMING LOANS TO CUSTOMERS	**25,751**	**25,558**	**26,494**	**25,800**	**0.8%**	**-0.2%**
Repos and valuation adjustments	**1,403**	**1,426**	**1,411**	**1,081**	**-1.6%**	**29.7%**
TOTAL PERFORMING LOANS	**27,153**	**26,984**	**27,905**	**26,882**	**0.6%**	**1.0%**

Performing loans balance of the Group stands at EUR 27,153 million. Of these, EUR 2,026 million correspond to loans to public sector, EUR 23,725 million to private sector loans and EUR 1,403 million to reverse repos and other unclassified balances, the latter being collateral for financing transactions in markets and derivatives, as well as to suspense account awaiting settlement. By portfolio type, the most important are retail loans with mortgage guarantees, representing 51.7% of total performing loans, and the SME and self-employed portfolio, accounting for another 12.8%.



Performing loans of customer credit have grown by 0.8% in the quarter, leaving yearly change at 0.2%.

Growth in the public sector was 18.9%, while the private sector has shrunk by 1.5%, where performance has been patchy, depending on the segment. Lending to corporates is up by 5.0%, driven on the one hand by new lending, helped by the existence of stimulus measures to combat the effects of the pandemic (ICO guarantees), and by the greater use of existing lines of credit. However, consumer lending has performed negatively in the year, falling by 4.1%, as a consequence of the reduction in the demand for credit during the lockdown. However, improved lending over the last quarter has significantly offset this drop.

Although the performance of new lending to the private sector has dropped by 21% during the year as a whole, as a result of the impact of Covid-19 in the first half of the year, lending has increased in the final quarter, with 123% growth over the third quarter in the corporate sector, and 24% in the retail segment.

7. Non-performing loans & foreclosed assets

Million euros	31/12/2020	30/09/2020	30/06/2020	31/12/2019	QoQ	YtD
GROSS BALANCE						
Public sector	**13**	**13**	**13**	**14**	**0.1%**	**-1.7%**
Private sector	**1,168**	**1,277**	**1,306**	**1,337**	**-8.5%**	**-12.7%**
Business	**487**	**507**	**504**	**502**	**-4.1%**	**-3.1%**
RED and construction	82	94	96	102	-13.4%	-19.8%
SMEs and self-employed	345	368	359	377	-6.2%	-8.4%
Other corporates	60	45	48	24	32.3%	154.9%
Individuals	**681**	**769**	**802**	**835**	**-11.5%**	**-18.4%**
Mortgages	426	489	507	515	-12.8%	-17.2%
Consumer and other	255	281	295	321	-9.2%	-20.5%
Repos and valuation adjustments	**0**	**0**	**0**	**0**	**-**	**-**
NON PERFORMING LOANS	**1,181**	**1,290**	**1,320**	**1,351**	**-8.4%**	**-12.6%**
Non performing loans (excluding RED loans)	**1,099**	**1,196**	**1,223**	**1,249**	**-8.1%**	**-12.0%**
PROVISIONS						
Public sector	**8**	**8**	**8**	**8**	**0.0%**	**-1.0%**
Private sector	**778**	**831**	**785**	**712**	**-6.4%**	**9.3%**
Business	**376**	**432**	**399**	**348**	**-13.0%**	**8.2%**
RED and construction	47	73	67	99	-36.0%	-52.9%
SMEs and self-employed	273	281	250	215	-2.7%	27.2%
Other corporates	57	79	82	34	-28.2%	65.0%
Individuals	**402**	**399**	**386**	**364**	**0.7%**	**10.5%**
Mortgages	192	164	156	143	17.7%	35.0%
Consumer and other	209	236	230	221	-11.2%	-5.3%
Repos and valuation adjustments	**11**	**11**	**11**	**10**	**0.0%**	**12.7%**
NON PERFORMING LOANS	**796**	**850**	**803**	**729**	**-6.3%**	**9.3%**
Non performing loans (excluding RED loans)	**750**	**777**	**736**	**630**	**-3.5%**	**19.0%**
% COVERAGE						
Public sector	**56.7%**	**56.7%**	**55.8%**	**56.2%**	**0.0 pp**	**0.4 pp**
Private sector	**66.6%**	**65.1%**	**60.1%**	**53.2%**	**1.5 pp**	**13.4 pp**
Business	**77.3%**	**85.2%**	**79.3%**	**69.3%**	**-7.9 pp**	**8.0 pp**
RED and construction	57.0%	77.1%	70.1%	97.0%	-20.1 pp	-40.0 pp
SMEs and self-employed	79.2%	76.4%	69.5%	57.0%	2.8 pp	22.2 pp
Other corporates	94.2%	173.5%	171.3%	145.4%	-79.4 pp	-51.3 pp
Individuals	**59.0%**	**51.9%**	**48.1%**	**43.5%**	**7.1 pp**	**15.4 pp**
Mortgages	45.2%	33.5%	30.7%	27.7%	11.7 pp	17.4 pp
Consumer and other	82.1%	84.0%	77.9%	69.0%	-1.9 pp	13.1 pp
Repos and valuation adjustments					**n.a.**	**n.a.**
NON PERFORMING LOANS	**67.4%**	**65.9%**	**60.9%**	**54.0%**	**1.5 pp**	**13.5 pp**
Non performing loans (excluding RED loans)	**68.2%**	**65.0%**	**60.2%**	**50.5%**	**3.2 pp**	**17.8 pp**

The Group continues to reduce its non-performing assets, despite the uncertain environment, with the balance of the latter standing at EUR 1,181 million at the end of December 2020, representing a drop of 12.6% vis-à-vis a year earlier (-EUR 170 million), and 8.4% in the quarter.

All of this translates into a further improvement in the NPL ratio, which has edged to 4.2%, representing a drop of 0.6 pp in the last 12 months. The portfolio's credit quality is high, as shown by the average fall in volume of new entries into the non-performing category in the last two quarters; this follows after the first 2 quarters during which the volumes of entries were slightly higher to periods before the outbreak of the pandemic.

Finally, even though the NPL rate, as remarked above, does not show signs of deterioration in the portfolio, in the last quarter the bank has recorded EUR 34 million as coverage for the estimated impact of the Covid-19 crisis on lending risk; together with the recognitions made in previous quarters, the total for this item now comes to 200 million. As a result of this, coverage levels have risen considerably, improving both in the year (13.5 pp) and in the last quarter (1.5 pp), to reach 67.4%. When the extraordinary provisions mentioned above are excluded, loan impairments remain low, putting the cost of recurring risk at just 14 basis points.

Million euros	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019
NPL EVOLUTION					
NPLs at the beginning of the period	**1,290**	**1,320**	**1,334**	**1,351**	**1,573**
Recoveries	-93	-19	-4	-6	-216
Write-offs	-15	-11	-10	-10	-7
NPLs at the end of the period	**1,181**	**1,290**	**1,320**	**1,334**	**1,351**

Million euros	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019
NPL recoveries evolution					
Gross entries	48	35	58	56	23
Recoveries	-142	-54	-62	-62	-239
Net recoveries	**-93**	**-19**	**-4**	**-6**	**-216**

FORECLOSED ASSETS

At the close of the year 2020, the net balance of foreclosed assets, net of provisions, amounted to EUR 405 million (Eur 1,091 million gross), limiting their weight to only 0.62% of Unicaja Banco Group's total assets. On the other hand, the vast majority of these real estate assets (52.9% in terms of net book value) are finished new housing.

Following Unicaja Banco Group's conservative policy, the provisioning for foreclosed assets was EUR 686 million at the end of the fiscal year 2020. This represents a coverage of 62.9%, 0.2 pp greater than that for 2019.

During this fourth quarter 2020, outflows at cost amounted to EUR 60 million, which is equivalent to 5% of the stock held at the beginning of the year. Outflows are higher to that of the previous quarters, as a result of the measures taken to create incentives to move foreclosed assets, after the standstill in the first quarter. This heightened sales push has not made a significant contribution on the sales results of these assets, which nonetheless, remain positive.

Million euros	31/12/2020	30/09/2020	30/06/2020	31/12/2019	QoQ	YtD
GROSS BALANCE						
From lending to RE developers	**535**	**557**	**567**	**581**	**-3.9%**	**-8.0%**
Finished buildings	69	66	71	72	4.9%	-4.1%
Buildings under construction	48	54	50	54	-12.4%	-10.9%
Land	418	436	447	455	-4.1%	-8.2%
From retail mortgages	**354**	**363**	**375**	**347**	**-2.6%**	**1.9%**
Other foreclosed assets	**203**	**197**	**200**	**191**	**2.7%**	**5.9%**
TOTAL FORECLOSED ASSETS	**1,091**	**1,117**	**1,142**	**1,120**	**-2.3%**	**-2.5%**
Off which finished buildings	**423**	**429**	**446**	**419**	**-1.4%**	**0.9%**
PROVISIONS						
From lending to RE developers	**376**	**390**	**395**	**399**	**-3.5%**	**-5.9%**
Finished buildings	37	36	37	39	4.4%	-3.6%
Buildings under construction	30	33	30	31	-7.5%	-2.4%
Land	308	321	328	329	-4.0%	-6.5%
From retail mortgages	**171**	**177**	**182**	**170**	**-3.4%**	**0.6%**
Other foreclosed assets	**139**	**135**	**136**	**132**	**3.1%**	**5.1%**
TOTAL FORECLOSED ASSETS	**686**	**702**	**713**	**702**	**-2.2%**	**-2.2%**
Off which finished buildings	**209**	**213**	**219**	**209**	**-2.1%**	**-0.2%**
COVERAGE (%)						
From lending to RE developers	**70.3%**	**70.0%**	**69.6%**	**68.7%**	**0.2 pp**	**1.6 pp**
Finished buildings	53.8%	54.1%	53.0%	53.5%	-0.3 pp	0.3 pp
Buildings under construction	63.7%	60.3%	60.4%	58.2%	3.4 pp	5.5 pp
Land	73.7%	73.6%	73.3%	72.3%	0.1 pp	1.4 pp
From retail mortgages	**48.4%**	**48.8%**	**48.5%**	**49.1%**	**-0.4 pp**	**-0.6 pp**
Other foreclosed assets	**68.5%**	**68.3%**	**67.9%**	**69.1%**	**0.2 pp**	**-0.5 pp**
TOTAL FORECLOSED ASSETS	**62.9%**	**62.8%**	**62.4%**	**62.7%**	**0.0 pp**	**0.2 pp**
Of which finished buildings	**49.3%**	**49.7%**	**49.2%**	**49.8%**	**-0.4 pp**	**-0.5 pp**

Million euros	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019
FORECLOSED ASSETS EVOLUTION					
BoP	**1,117**	**1,142**	**1,130**	**1,120**	**1,138**
Inflows	35	23	57	27	35
Outflows	60	48	44	17	53
EoP	**1,091**	**1,117**	**1,142**	**1,130**	**1,120**
% Quaterly out-flows / foreclosures at beginning of year	**5%**	**4%**	**4%**	**2%**	**3%**

8. Results

RESULTS *Million euros*	**31/12/2020**	**31/12/2019**	**YoY Amount**	**YoY %**
Interest income	725	764	-39	-5.1%
Interest expense	147	185	-39	-20.8%
NET INTEREST INCOME	**578**	**579**	**0**	**-0.1%**
Dividend income	15	28	-13	-46.2%
Equity method	35	40	-5	-12.5%
Net fee income	233	231	2	0.9%
Trading income	92	101	-8	-8.2%
Other operating income/expenses	1	30	-29	n.a.
GROSS INCOME	**955**	**1,009**	**-54**	**-5.3%**
Administrative costs	522	564	-42	-7.4%
Staff costs	367	389	-22	-5.7%
Other administrative costs	155	175	-20	-11.3%
Depreciation and amortization	50	43	7	17.0%
PRE-PROVISION PROFIT	**383**	**402**	**-19**	**-4.7%**
Provisions /reversal of provisions	43	352	-309	-87.8%
Impairments / reversal of financial assets	242	17	225	1299.1%
NET OPERATING INCOME	**98**	**32**	**65**	**201.7%**
Impairments on non-financial assets	-1	-142	140	-99.1%
PROFIT BEFORE TAX	**99**	**174**	**-75**	**-43.1%**
Taxes	21	2	19	1083.4%
NET INCOME FROM CONTINUING OPERATIONS	**78**	**172**	**-94**	**-54.8%**
Profit / loss from discontinued operations	0	0	0	n.a.
CONSOLIDATED NET INCOME	**78**	**172**	**-94**	**-54.8%**
CONSOLIDATED NET INCOME (excluding COVID provisions)	**218**	**172**	**46**	**26.6%**
ATTRIBUTABLE NET INCOME	**78**	**172**	**-94**	**-54.8%**

QUARTERLY EVOLUTION **Million euros**	**4Q 2020**	**3Q 2020**	**2Q 2020**	**1Q 2020**	**4Q 2019**
Interest income	182	187	175	180	186
Interest expense	31	38	38	40	44
NET INTEREST INCOME	**151**	**150**	**137**	**140**	**142**
Dividend income	2	2	4	7	4
Equity method	7	9	8	12	11
Net fee income	63	57	52	61	59
Trading income	21	8	35	28	32
Other operating income/expenses	-50	7	38	5	-24
GROSS INCOME	**195**	**232**	**274**	**254**	**223**
Administrative costs	129	127	129	138	142
Staff costs	92	91	92	92	98
Other administrative costs	36	37	37	46	44
Depreciation and amortization	14	13	12	11	11
PRE-PROVISION PROFIT	**52**	**92**	**134**	**105**	**71**
Provisions /reversal of provisions	11	15	13	4	238
Impairments / reversal of financial assets	47	66	94	36	-20
NET OPERATING INCOME	**-6**	**11**	**28**	**65**	**-147**
Impairments on non-financial assets	-4	-5	4	4	-118
PROFIT BEFORE TAX	**-3**	**16**	**24**	**61**	**-29**
Taxes	-3	0	9	15	-43
NET INCOME FROM CONTINUING OPERATIONS	**0**	**16**	**15**	**46**	**13**
Profit / loss from discontinued operations	0	0	0	0	0
CONSOLIDATED NET INCOME	**0**	**16**	**15**	**46**	**13**
CONSOLIDATED NET INCOME (excluding COVID provisions)	**24**	**61**	**70**	**63**	**13**
ATTRIBUTABLE NET INCOME	**0**	**16**	**15**	**46**	**13**

YIELDS & COSTS

Million euros / %	4Q 2020			3Q 2020			2Q 2020			1Q 2020			4Q 2019		
	Average balances	FI/FE	Yield/ cost (%)	Average balances	FI/FE	Yield/ cost (%)	Average balances	FI/FE	Yield/ cost (%)	Average balance	FI/FE	Yield/ cost (%)	Average balance	FI/FE	Yield/ cost (%)
Financial intermediaries	7,523	-2	-0.08	7,254	-2	-0.10	5,874	0	-0.03	4,372	0	-0.03	4,697	-2	-0.16
Fixed income portfolio	22,306[1]	56	1.00	21,009[1]	59	1.12	18,821[1]	58	1.23	17,380[1]	55	1.27	16,807[1]	54	1.28
Net loans (including NPLs)	**26,078**	**107**	**1.63**	**26,515**	**110**	**1.65**	**26,924**	**111**	**1.65**	**26,616**	**119**	**1.80**	**26,825**	**125**	**1.85**
Other assets	7,938	1		7,795	0		7,698	0		7,803	0		7,928	1	
TOTAL ASSETS	**63,845**	**162**	**1.01**	**62,574**	**167**	**1.06**	**59,317**	**168**	**1.14**	**56,170**	**174**	**1.25**	**56,257**	**178**	**1.26**
Financial intermediaries	11,346	-16	-0.57	10,580	-16	-0.60	8,274	-5	-0.25	6,150	-4	-0.23	6,500	-5	-0.29
Debt securities	3,326	17	2.01	3,326	18	2.11	3,395	18	2.11	3,551	18	2.07	3,874	22	2.22
Customer deposits	**40,630**	**7**	**0.07**	**39,917**	**13**	**0.13**	**38,875**	**15**	**0.16**	**37,969**	**16**	**0.17**	**37,531**	**17**	**0.18**
Sight deposits (PS)	32,611	1	0.01	31,529	1	0.01	30,373	1	0.02	29,334	2	0.03	28,722	2	0.03
Term deposits (PS)	4,703	6	0.54	5,260	12	0.91	5,585	14	1.00	5,758	14	0.98	5,952	15	0.97
Subordinated liabilities	300	2	3.01	300	2		300	2		300	2		150	1	3.15
Other liabilities	8,243	1		8,451	1		8,473	1		8,200	1		8,202	1	
TOTAL LIABILITIES	**63,845**	**11**	**0.07**	**62,574**	**18**	**0.11**	**59,317**	**31**	**0.21**	**56,170**	**34**	**0.24**	**56,257**	**36**	**0.25**
CUSTOMER SPREAD*			**1.56**			**1.52**			**1.49**			**1.63**			**1.66**
NET INTEREST MARGIN	**63,845**	**151**	**0.94**	**62,574**	**150**	**0.95**	**59,317**	**137**	**0.93**	**56,170**	**140**	**1.01**	**56,257**	**142**	**1.00**

F.I.: Financial Interest
F.E.: Financial expenses
PS: Private Sector
(*) Net loans (including NPLs) - Customer deposits
(1) It does not include Fixed Income Portfolio from Unión del Duero Vida and Duero Pensiones

At the close of the fiscal year 2020, the Group reported a net profit of EUR 78 million after making a EUR 200 million provision for the Covid 19 crisis. Excluding this extraordinary provision, pre-tax income at the close of 2020 would have been 27% higher than that posted for the same period in 2019.

Net profit attained year-to-date comes in the first instance from core revenues (net interest income and fees) of EUR 811 million, which accounts for an increase of EUR 2 million (+0.2%) with respect to the same period a year earlier. This improvement has been underpinned by the measures to contain transformation expenses (administration costs + amortizations and depreciations) that have made savings this year of EUR 35 million, improving the Bank's core revenue (core income – transformation expenses) by 18%.

Unicaja Banco has managed to raise its core income in the third and fourth quarter, after the impact of the lockdown in the second. Thus, there has been a increase in net interest income of 9.2% and 1.1%, respectively, thanks to the improvement in funding costs in both the retail and the wholesale segments. The fall in retail costs, as a result of the maturing of high-cost term liabilities, which will continue to mid-2021, has contributed to a better customer spread. Wholesale financing costs, meanwhile, are improving thanks to the contribution of TLTRO.

In addition, fees have increased by 10.7% this quarter, boosted by collection and payment fees, as well as by the decrease in fee expense.

FEES

Million euros	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	QoQ	YoY
FEE INCOME	**68**	**64**	**55**	**67**	**64**	**6.3%**	**6.6%**
From contingent risk	2	2	2	3	4	19.9%	-37.4%
From contingent commitments	1	1	1	1	1	-7.1%	5.8%
From currency exchange	0	0	0	0	0	-11.7%	-74.9%
From payments and collections	40	33	31	32	37	20.4%	9.8%
From non banking products	23	27	21	30	22	-11.6%	8.1%
Other fees	1	2	1	2	1	-2.6%	20.0%
FEE EXPENSES	**5**	**7**	**3**	**6**	**5**	**-27.3%**	**15.5%**
NET FEE INCOME	**63**	**57**	**52**	**61**	**59**	**10.7%**	**5.9%**

On the other hand, dividends and results of entities carried at equity method, which have fallen EUR 13 and 5 million respectively, because of the drop in their profits (in some cases with cancellations of previously announced dividends) which, across the board, companies are reporting as a consequence of the overall environment of uncertainty and economic deterioration. In addition, the "Other operating income" item has shown a fall. This item is affected by, firstly, the reduction in the income contributions from certain group companies, particularly the real estate business, whose contribution was especially high the previous period (EUR 38 million better). Secondly, the regulatory costs of the Single Resolution Fund and the Deposit Guarantee Fund have risen, because of the rise in customer deposits. Finally, and partly offsetting all the above, the company booked the profits from a shareholders' agreement relating to the investee company Caser.

As has been already highlighted, Unicaja Banco has implemented a major cost containment drive which has reduced administration expenses by 7.4% from the same period last year, well above the forecast for the current 2020 period in the strategic plan. This push represents a reduction of EUR 42 million in administrative expenses for the year.

Finally, impairments came to EUR 284 million. Of these, EUR 239 million are lending provisions and include the extraordinary provisions of EUR 200 million mentioned above, without which the cost of risk would remain very low.

On the other hand, impairments on foreclosures have fallen during the period to minimal levels.

Finally, provisioning and other results have fallen by EUR 162 million compared to the previous year. We should recall that in the 2019 period the institution recognised extraordinary provisions under this item to improve its future efficiency and profitability as outlined in its 2020-2022 Strategic Plan.

IMPAIRMENTS AND OTHER RESULTS						**YoY**	
Million euros	**4Q 2020**	**3Q 2020**	**2Q 2020**	**1Q 2020**	**4Q 2019**	**Amount**	**%**
Credit impairments	46	65	94	34	-21	67	-316.2%
Foreclosed assets impairments	-5	-2	5	1	8	-13	-165.3%
Provisions and other results	14	13	11	8	113	-99	-87.6%
TOTAL IMPAIRMENTS	**55**	**76**	**109**	**44**	**100**	**-46**	**-45.5%**

CUMULATIVE IMPAIRMENTS AND OTHER RESULTS			**Cumulative variation**	
Million euros	**4Q 2020**	**4Q 2019**	**Amount**	**%**
Credit impairments	239	12	227	1904.1%
Foreclosed assets impairments	-1	7	-9	-117.8%
Provisions and other results	46	209	-162	-77.9%
TOTAL IMPAIRMENTS	**284**	**228**	**56**	**24.6%**

9. Liquidity

Loan to deposits					**QoQ**	
Million euros	**31/12/2020**	**30/09/2020**	**30/06/2020**	**31/12/2019**	**Amount**	**%**
Credit and loans (excluding valuations adjustments and OFA)	28,058	27,976	29,016	28,169	82	0.3%
-Reverse repos	1,127	1,127	1,202	1,018	0	0.0%
a) Core credit and loans	**26,932**	**26,849**	**27,814**	**27,151**	**82**	0.3%
Customers deposits (excluding valuations adjustments)	48,088	46,234	45,627	42,335	1,854	4.0%
-Repos	3,495	2,693	2,457	722	803	29.8%
-Multi-issuer covered bonds	3,266	3,266	3,266	3,578	0	0.0%
b) Core customer deposits	**41,327**	**40,276**	**39,905**	**38,035**	**1,051**	**2.6%**
LtD ratio (a/b)	**65.2%**	**66.7%**	**69.7%**	**71.4%**	**-1.5%**	

The Group's high liquidity levels are reflected in its LTD ratio which, at the close of the fourth quarter of 2020, stands at 65.2%, up 1.5 percentage points in the previous quarter due to the strong growth in customer deposits compared to performance in lending.

					QoQ	
Liquid assets	**31/12/2020**	**30/09/2020**	**30/06/2020**	**31/12/2019**	**Amount**	**%**
Cash surplus (1)	5,822	3,756	6,395	3,736	2,066	55.0%
Reverse repos	2,461	1,920	1,294	1,110	540	28.1%
Fixed income portfolio and other discountable assets in ECB	21,279	20,533	18,612	15,919	746	3.6%
Total liquid assets (ECB discount value)	**29,562**	**26,209**	**26,301**	**20,765**	**3,352**	**12.8%**
Liquid assets used						
In ECB	4,998	5,011	5,025	3,303	-13	-0.3%
Repos	7,719	5,418	6,182	3,452	2,301	42.5%
Total liquid assets used	**12,717**	**10,429**	**11,206**	**6,755**	**2,288**	**21.9%**
AVALABLE DISCOUNTABLE LIQUID ASSETS	**16,845**	**15,780**	**15,095**	**14,011**	**1,065**	**6.7%**
% over total assets	**25.7%**	**25.4%**	**24.0%**	**24.7%**	**0.3%**	

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

Unicaja Banco Group recorded in the year 2020 a liquid and discountable assets position at the European Central Bank, net of assets used, of EUR 16,845 million, representing 25.7% of the balance sheet total. The LCR ratio is also worth noting, at 310%, is well above regulatory requirements, while the NSFR[A1] remains slightly above 140%.

Debt securities maturities

	Debt securities (*)
2021	**690**
2022	**182**
2022	**300**

(*) Includes multi issuer covered bonds

LIQUIDITY RATIOS	**31/12/2020**	**30/09/2020**	**30/06/2020**	**31/03/2020**	**QoQ**
LCR	310%	311%	346%	335%	-1 pp
NSFR	142%	141%	141%	143%	1 pp

10. Solvency

PHASE IN RATIOS					
Million € and %	31/12/2020	30/09/2020	30/06/2020	31/03/2020	31/12/2019
Qualifying capital	**4,087**	**4,059**	**4,014**	**3,925**	**3,938**
CET1 capital (BIS III)	3,740	3,712	3,666	3,578	3,590
Capital and share premium	2,789	2,820	2,820	2,820	2,820
Reserves	1,086	1,077	1,067	1,069	946
Attributable net profit (excluding dividends)	54	34	27	21	88
Deductions	-500	-474	-443	-448	-438
Others (1)	310	256	195	115	174
Tier 1	47	47	48	48	48
Tier 2	300	300	300	300	300
Risk weighted assets	**22,492**	**22,822**	**23,168**	**23,297**	**23,000**
CET1 capital (BIS III) (%)	**16.6%**	**16.3%**	**15.8%**	**15.4%**	**15.6%**
Tier 1	0.2%	0.2%	0.2%	0.2%	0.2%
Tier 2	1.3%	1.3%	1.3%	1.3%	1.3%
Total capital ratio (%)	**18.2%**	**17.8%**	**17.3%**	**16.8%**	**17.1%**

(1) Treasury stock, minorities, other global result and transitional period of IFRS9

FULLY LOADED RATIOS					
Million € and %	31/12/2020	30/09/2020	30/06/2020	31/03/2020	31/12/2019
Qualify capital	**3,691**	**3,663**	**3,658**	**3,609**	**3,540**
CET1 capital (BIS III)	3,343	3,316	3,311	3,261	3,192
Capital and share premium	2,789	2,820	2,820	2,820	2,820
Reserves	1,086	1,077	1,067	1,069	946
Attributable net profit (excluding dividends)	54	34	27	21	88
Deductions	-738	-711	-679	-683	-737
Others (2)	151	97	76	34	76
Tier 1	47	47	48	48	48
Tier 2	300	300	300	300	300
Risk weighted assets	**22,260**	**22,568**	**22,954**	**23,113**	**22,793**
CET1 capital (BIS III) (%)	**15.0%**	**14.7%**	**14.4%**	**14.1%**	**14.0%**
Tier 1	0.2%	0.2%	0.2%	0.2%	0.2%
Tier 2	1.3%	1.3%	1.3%	1.3%	1.3%
Total capital ratio (%)	**16.6%**	**16.2%**	**15.9%**	**15.6%**	**15.5%**

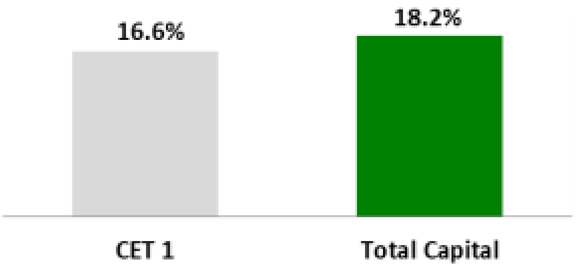
(1) Treasury stock, minorities and other global result

(*) Notes:

June 2020 includes the IFRS9 phased in effect introduced by Regulation (EU) 220/873, approved by the supervisor in the third quarter. June 2020 and September 2020 include the deduction of software for prudential purposes as per Regulation (EU) 2020/873 which were not part of the regulatory calculation prior to the publication in December of the Regulation (EU) 2020/2176.

	31/12/2020
	Phase in
CET1 (%)	16.6%
Total capital (%)	18.2%
2020 Total capital SREP requirement	12.25%
Excess of capital over 2020 CET1 SREP requirement	**5.92%**

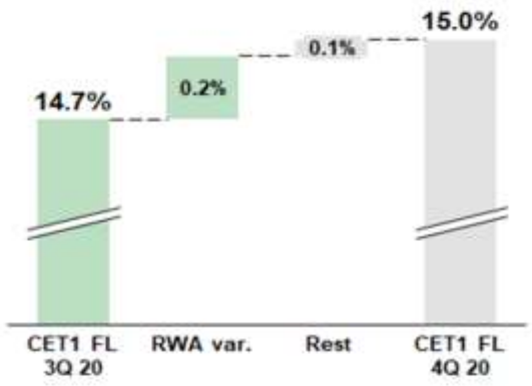
Unicaja Banco Group has a common equity tier 1 ratio (CET1) of 16.6%, a 1.0 pp improvement in this ratio compared to the same period last year. Likewise, the total capital ratio improves by 1.0 pp during the year, reaching 18.2% at the close of 2020.



In fully loaded terms Unicaja Banco has a CET1 ratio of 15.0% and a total capital ratio of 16.6%, which compared to the same period of 2019, represents a 1.0 pp and 1.1 pp increase, respectively.

We should point out that, on a prudential criterion, these capital ratios contain a discount for an estimated dividend payment charged against the 2020 results, which is still awaiting the decision by the institution's governance bodies and is contingent upon the supervisory authorities' recommendations. The dividend distribution against the 2019 results, proposed by the Board of Directors, was withdrawn in accordance with the supervisory authorities' recommendation, and suspended, as occurred with other banking institutions in 2020.

During the quarter, the CET1 fully loaded ratio posted an increase of 33 basis points. This is due mainly to variations in RWAs which account for an improvement of 20 bp in the ratio, while the remaining 13 bp comes from a combination of other impacts; this includes +10 bp from the suspended dividend.



The levels required by the ECB (including progressive application of systemic and conservation buffers) for December 2020, sets the total capital ratio at 12.25%. The changes in the Group's capital over the period have enabled it to increase the surplus over these minimum requirements to EUR 1,332 million It is worth noting that on 12th March, the ECB announced flexibility measures, which have not been included in the calculation of capital surplus, allowing institutions to operate in the short term with capital ratios below the Pillar 2 guidance (P2G) and below the capital conservation buffer, as well as to use in part non-CET1 capital instruments to comply with their Pillar 2 requirements (P2R).

In the quarter, an agreement was reached to reduce the bank's share capital by EUR 30.5 million, by cancelling treasury shares, representing 1.89% of the share capital. This reduction did not impact solvency as it was made using treasury shares.

Finally the Texas ratio improves at the close of 2020, posting 42.4%, with a fall of 4.4 pp in the last 12 months.

	31/12/2020	30/09/2020	30/06/2020	31/03/2020	31/12/2019	QoQ	YoY
Texas Ratio	**42.4%**	**43.7%**	**45.1%**	**45.9%**	**46.7%**	**-1.4 pp**	**-4.4 pp**

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

11. Relevant milestones of the year

APPROVAL OF THE PROPOSED MERGER

On 29th December 2020, the Boards of Directors of Unicaja Banco and Liberbank resolved to approve the joint merger project, the execution of which will entail the absorption of Liberbank by Unicaja Banco. By virtue of this transaction, Liberbank shareholders will receive 1 newly issued Unicaja Banco ordinary share for every 2.7705 Liberbank shares. The agreed swap rate will give Unicaja Banco shareholders 59.5% of the new institution's capital, while Liberbank shareholders will have 40.5%.

After both institutions' Boards of Directors approved the joint merger, the process has continued according to the agreed schedule. In January 2021 the Companies Registry appointed BDO Auditores, S.L.P. as the independent expert; they will draw up a report on the terms agreed for the merger between the two institutions. In the next few weeks, the Boards of Directors will submit the transaction paperwork for approval and will convene their respective General Shareholders' Meetings for the formal approval of the merger. The operation will then wait to receive the preceptive regulatory authorisations, which are expected for the end of the second quarter, or beginning of the third of 2021.

It should be noted that the improvements in solvency in both institutions during the fourth quarter of 2020 allow the combined entity's pro-forma fully-loaded CET-1 to be increased, before the operation adjustments are made, to 15.1%. This ratio is 0.4 pp higher than the estimate for September 2020. In turn, the increase in the NPL coverage ratios by both institutions in the fourth quarter has also made it possible to overcome the benchmark taken when the announcement was made. During the December 2020 presentation of the merger, it was forecast that the coverage ratio of the combined institution would come to around 72% after the corrections; with the data from December this ratio has risen to 74%. Likewise, the allowance over all problematic assets updated to December 2020 would also improve to 69%, the highest in the industry.

APPENDIX I:

SHARE PRICE PERFORMANCE

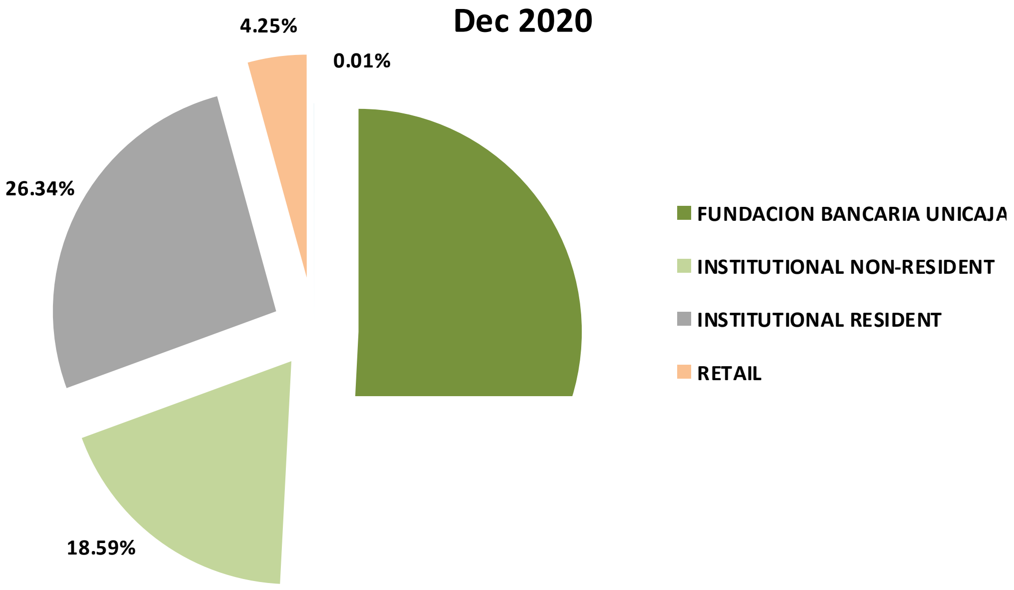
Listing Data

UNICAJA BANCO	Dec-20
Number of shareholders	18,760
Average daily trading (num. of shares)	2,781,041
Average daily trading (euros)	1,703,674
Closing high (euros/share)	0.9825 (3-Jan)
Closing low (euros/share)	0.42 (22-May)
Year-end closing (euros/share)	0.715 (31-Dec)

Note: Data cumulative YTD December 2020

Main shareholders

	NUM. OF SHAREHOLDERS	SHARES	%
FUNDACION BANCARIA UNICAJA	1	802,707,000	50.81%
INSTITUTIONAL NON-RESIDENT	132	293,686,737	18.59%
INSTITUTIONAL RESIDENT	462	416,061,748	26.34%
RETAIL	18,164	67,213,254	4.25%
UNICAJA BANCO	1	92,285	0.01%
TOTAL	18,760	1,579,761,024	100.00%



APPENDIX II:

ALTERNATIVE PERFORMANCE MEASURES (APM)

The information contained in this Appendix is prepared in accordance with the International Financial Reporting Standards adopted 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 items of the balance sheet, income statement and notes to the consolidated financial statements used by the Unicaja Banco Group on its annual or interim financial statements:

ALTERNATIVE PERFORMANCE MEASURES (APM)

(In EUR million or %)

		December'20	**December'19**
Cost of risk	Impairment or (-) reversal of impairment in value of loans and receivables to customers. *Management measure*	239.1	11.9
	Average between start/end of period for loans and receivables from customers (excluding valuation adjustments)	28,283	28,467
	Ratio	**0.85%**	**0.04%**

Source: Public income statement consolidated using IAS39 criteria (under IFRS9, these are not broken down) for value impairment, and Note 10.1 for loans and advances.
Purpose: Defines the Group's credit quality rating through the annual cost, in terms of impairment losses (loans and receivables write downs, booked to the item Impairment of financial assets not valued at fair value through profit and loss) of each gross customer loans unit.

		December'20	**December'19**
Impairment or (-) reversal of impairment in value of loans and receivables to customers ***Management measure***	1. Impairment or (-) reversal of impairment in value and gains or losses from adjustments in cash flows of financial assets not valued at fair value through profit or loss and net gains or (-) losses from adjustments. Financial assets carried at amortized cost	239.1	17.4
	1a. From loans and receivables portfolio. *Management measure*	239.1	11.9
	1b. Rest of financial assets carried at amortised cost	0.0	5.5
	Performance measure (1a)	**239.1**	**11.9**

Source: Public income statement consolidated using IAS39 criteria (under IFRS9, these are not broken down).
Purpose: Defines the figure for impairments of loans and receivables, booked in the impairment of financial assets not valued at fair value through profit and loss item.

		December'20	December'19
Cost to income ratio (Operating Expenses excl. amort. & depre. / gross margin)	Administrative expenses	522	564
	Gross Margin	955	1,009
	Ratio	**54.7%**	**55.9%**

Source: Consolidated public income statement
Purpose: Productivity metric defining the proportion of funds used to generate operating income.

		Q4 2020	Q4 2019
Customer spread (quarterly figure)	Quarterly yields on loans and advances to customers (excluding reverse repos) over net average quarterly balances of loans and advances to customers (excluding reverse repos and other financial assets) *Management measure*	1.63%	1.85%
	Cost in the quarter of customer deposits (excluding repos) over average quarterly balances of customer deposits (excluding repos) *Management measure*	0.07%	0.18%
	Difference between yield & cost	**1.56%**	**1.66%**

Source: Internal information using management criteria
Purpose: Profitability metric that defines the difference between the customer loan portfolio's average profitability and the average cost of customer funds.

		December'20	December'19
NPL ratio	Loans and receivables portfolio. Gross amount Stage 3	1,181	1,351
	Loans and receivables portfolio. Gross amount	28,334	28,232
	Ratio	**4.2%**	**4.8%**

Source: Note 27
Purpose: Measures the quality of the Group's loan portfolio, indicating the percentage of non-performing loans over total loans.

		December'20	December'19
NPL coverage ratio	Loans and receivables portfolio. Total adjustments for impairment of assets.	796	729
	Loans and receivables portfolio. Gross amount Stage 3	1,181	1,351
	Ratio	**67.4%**	**54.0%**

Source: Note 27
Purpose: Defines the percentage of the NPL portfolio that is covered by liquidity provisions. An indicator of the expected recovery of these assets.

		December'20	December'19
Foreclosed assets coverage	Impairment of foreclosed real estate assets	686	702
	Gross carrying amount of foreclosed real estate assets	1,091	1,120
	Ratio	**62.9%**	**62.7%**

Source: Note 41.2
Purpose: Shows the extent to which foreclosed real estate are covered and, thus, their net exposure value and the asset quality.

		December'20	December'19
NPA coverage ratio	1. Loans and receivables portfolio. Total adjustments for impairment of assets.	796	729
	2. Impairment of real estate foreclosed assets	686	702
	3. Loans and receivables portfolio. Gross amount Stage 3	1,181	1,351
	4. Gross carrying amount of real estate foreclosed assets	1,091	1,120
	Ratio (1+2)/(3+4)	**65.2%**	**57.9%**

Source: Note 27 and Note 41.2
Purpose: The Group uses this APM as an indicator of the asset quality, to measure the weight of distressed assets after deducting provisions for these on the Group's balance sheet.

		December'20	December'19
ROA	Consolidated net income	77.8	172.3
	Total average assets (average of quarterly average balances)	60,476	56,311
	Ratio	**0.1%**	**0.3%**

Source: Consolidated public income statement and consolidated balance sheet
Purpose: Measures profitability of the Group's entire assets, reflecting the Group's efficiency in generating profits from applying funds to such assets.

		December'20	December'19
ROE	Consolidated net income	77.8	172.3
	Average own funds (average of quarterly average balances)	3,962	3,938
	Ratio	**2.0%**	**4.4%**

Source: Consolidated public income statement and consolidated balance sheet
Purpose: Measures the yield from funds invested/retained in the Group and, as such, is an indicator of the profitability of own funds used.

		December'20	December'19
Loans and advances to customers (excluding valuation adjustments)	Loans and receivables portfolio. Gross amount	28,334	28,232

Source: Note 27
Purpose: Reconciles the report's definition with the consolidated annual statement item.

		September'20	December'19
Performing Loans	1. Loans and receivables portfolio. Gross amount	28,334	28,232
	2. Loans and receivables portfolio. Gross amount Stage 3	1,181	1,351
	Performance measure (1-2)	27,153	26,882

Source: Note 27
Purpose: Defines the total balance and performance of the Group's performing loans and advances (those classified as stage 1 or stage 2).

		December'20	December'19
Gross loans and advances to customers ex reverse repos & other financial assets (excluding valuation adjustments)	1. Loans and receivables. Credit and loans at variable interest rate	19,004	20,976
	2. Loans and receivables. Credit and loans at fixed interest rate	7,928	6,175
	Performance measure (1+2)	**26,932**	**27,151**

Source: Note 10.1 (Loans and receivables)
Purpose: Reconciles the definition with consolidated annual statement items. Defines (non-wholesale market) customer credit in the category of loans and advances to customers.

		December'20	December'19
Gross performing loans and advances to customers ex reverse repos & other financial assets (excluding valuation adjustments)	1. Loans and receivables. Credit and loans at variable interest rate	19,004	20,976
	2. Loans and receivables. Credit and loans at fixed interest rate	7,928	6,175
	3. Loans and receivables portfolio. Gross amount Stage 3	1,181	1,351
	Performance measure (1+2-3)	**25,751**	**25,800**

Source: Note 10.1 (others assets at fair value) and Note: 27 (NPL risk)
Purpose: Defines the total balance and progress of performing credit risk (that is, those in stage 1 or stage 2) in the category of loans and advances to customers.

		December'20	December'19
Total customer funds	1. Financial liabilities measured at amortized cost. Deposits from customers (excluding valuation adjustments)	48,088	42,335
	2. Issued debt securities (excluding valuation adjustments)	360	360
	3. Funds managed through off-balance sheet instruments	12,888	12,863
	Performance measure (1+2+3)	**61,336**	**55,558**

Source: Note 17.3 (customer deposits), 17.4 (debt securities) and 31.4 (off-balance sheet customer funds)
Purpose: Defines the total balance and performance of funds managed by the group, both on and off balance sheet.

		December'20	December'19
Retail Customer funds (non-market)	1. Total customer funds	61,336	55,558
	2. Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	3,266	3,578
	3. Deposits from customers. Repos (excluding valuation adjustments)	3,675	848
	4. Issued debt securities (excluding valuation adjustments)	360	360
	5. Repos controlled by retail customers. *Management measure*	180	125
	Performance measure (1-2-3-4+5)	**54,215**	**50,898**

Source: Note 17.3 (deposits from customers) and 17.4 (debt securities)
Purpose: Defines the total balance and performance of funds managed by the group, both on and off balance sheet on behalf of customers, excluding market transactions.

		December'20	December'19
Wholesale funds (Markets)	1. Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	3,266	3,578
	2. Deposits from customers. Repos (excluding valuation adjustments)	3,675	848
	3. Issued debt securities (excluding valuation adjustments)	360	360
	4. Repos controlled by retail customers. *Management measure*	180	125
	Performance measure (1+2+3-4)	**7,121**	**4,660**

Source: Note 17.3 (deposits from customers) and 17.4 (debt securities)
Purpose: Defines the total balance and performance of funds managed by the group in market transactions.

		December'20	December'19
Loan to Deposits (LtD)	1. Loans and receivables. Credit and loans at variable interest rate	19,004	20,976
	2. Loans and receivables. Credit and loans at fixed interest rate	7,928	6,175
	(1+2+3) NUMERATOR. Loans and advances. Customers - excluding valuation adjustments	**26,932**	**27,151**
	1. Financial liabilities measured at amortized cost. Deposits from customers (excluding valuation adjustments)	48,088	42,335
	2. Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	3,266	3,578
	3. Deposits from customers. Repos (excluding valuation adjustments)	3,675	848
	4. Repos controlled by retail customers. *Management measure*	180	125
	(1-2-3+4) DENOMINATOR. Customer deposits (non-market) - excluding valuation adjustments	**41,327**	**38,035**
	Ratio	**65.2%**	**71.4%**

Source: Note 10.1 (Loans and receivables) / Note 17.3 (customer deposits)
Purpose: Liquidity indicator that measures the ratio between the Group's funds in its customer deposits and the volume of loans and advances.

		December'20	December'19
Gross liquid assets	1. Cash surplus (interbank deposits + balance surplus in ECB and operating accounts)	5,822	3,736
	2. Reverse purchase agreements	2,461	1,110
	3. Fixed income portfolio and other discountable assets in ECB	21,279	15,919
	Performance measure (1+2+3)	**29,562**	**20,765**

Sum of:

- Surplus/deficit of deposits in Bank of Spain with respect to the minimum reserve ratio in effect on the date and 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 reverse repos, including the own portfolio issued for use as collateral in ECB and pledged loans, valued at discount value in ECB.

Source: Internal information using management criteria
Purpose: Defines the total balance and performance of the Group's HQLA (high quality liquid assets).

		December'20	December'19
Net liquid assets	1. Gross liquid assets	29,562	20,765
	2. Taken in the ECB	4,998	3,303
	3. Repos and other pledges	7,654	3,452
	Performance measure (1-2-3)	**16,845**	**14,011**
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.			

Source: Internal information using management criteria
Purpose: Defines the total balance and performance of the Group's HQLA (high quality liquid assets) netted out from assets of this nature that are being used as collateral for financing.

		December'20	December'19
Operating or transformation expenses	1. Administrative expenses	522.0	563.9
	2. Depreciation and amortization	49.9	42.7
	Performance measure (1+2)	**571.9**	**606.6**

Source: Consolidated public income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items.

		December'20	December'19
Credit and loans impairment	Impairment or (-) reversal of impairment in value of loans and receivables to customers. *Management measure*	239.1	11.9

Source: Public income statement consolidated using IAS39 criteria (under IFRS9, these are not broken down).
Purpose: Defines the figure for impairments of loans and receivables, booked in the impairment of financial assets not valued at fair value through profit and loss item.

		December'20	December'19
Pre-provision profit (before impairments)	1. Gross Margin	954.8	1,008.6
	2. Administrative expenses	522.0	563.9
	3. Depreciation and amortization	49.9	42.7
	Performance measure (1-2-3)	**382.9**	**401.9**

Source: Consolidated public income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items. Shows the Group's results from its business excluding impairments, as defined in its APMs.

		December'20	December'19
Impairments	1. Provisioning or (-) provisioning reversals	43.1	352.1
	2. Impairment or (-) reversal in the value of financial assets not measured at fair value through profit and loss	241.9	17.3
	3. Impairment or (-) reversal in the value of joint ventures or associates	0.0	0.0
	4. Impairment or (-) reversal in the value of non-financial assets	2.7	19.2
	5. Net gain or (-) loss on derecognition from the statements of non-financial assets and stakes	2.6	161.4
	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	1.3	-0.6
	Performance measure (1+2+3+4-5-6-7)	**283.8**	**227.8**

Source: Consolidated public income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items. Shows the volume of the Group's impairments and provisions.

		December'20	December'19
Net Fees	1. Fee and commission income	254.7	253.9
	2. Fee and commission expense	21.8	23.1
	Performance measure (1-2)	**232.9**	**230.8**

Source: Consolidated public income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items. Shows the net result from service provision and selling of products invoiced through fees and commissions.

		December'20	December'19
Net trading income	1. Net gain or (-) losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss	92.0	95.6
	2. Net gain or (-) losses from financial assets and liabilities held for trading	-2.9	2.5
	3. Net gain or (-) losses from non-trading financial assets mandatorily designated at fair value through profit or loss	0.7	4.0
	4. Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss	0.0	0.0
	5. Net gain (-) losses from hedge accounting	2.7	-1.8
	6. Net exchange differences, gains or (-) losses	0.0	0.4
	Performance measure (1+2+3+4+5+6)	**92.4**	**100.7**

Source: Consolidated public income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items and groups into one item the contribution to the statement of the asset valuations at fair value and sale, essentially, of fixed and equity assets not valued at fair value through P&L, as well as their hedges as shown in P&L.

		December'20	December'19
Other products / operating charges	1. Other operating income	95.6	124.6
	2. Other operating expenses	113.8	114.5
	3. Income from assets under insurance or reinsurance contracts	70.4	67.0
	4. Expenses from liabilities under insurance or reinsurance contracts	51.2	46.8
	Performance measure (1-2+3-4)	**1.0**	**30.3**

Source: Consolidated public income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items.

		December'20	December'19
Impairment/reversal in the value of other assets and other gains & losses (net)	1. Impairment or (-) reversal in the value of joint ventures or associates	0.0	0.0
	2. Impairment or (-) reversal in the value of non-financial assets	2.7	19.2
	3. Net gain or (-) loss on derecognition from the statements of non-financial assets	2.6	161.4
	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	1.3	-0.6
	Performance measure (1+2-3-4-5)	**-1.2**	**-141.6**

Source: Consolidated public income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items.

		December'20	December'19
Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	1. Covered bonds under the heading "Term deposits". Nominal value	3,434	3,756
	2. Measurement at fair value of issues. Management measure	-168	-178
	Performance measure (1+2)	**3,266**	**3,578**

Source: Note 17.3 (customer deposits)
Purpose: Reconciles the report's definition with consolidated public financial statement items.

		December'20	December'19
Repos controlled by retail customers. Management measure	1. Deposits from customers. Repos (excluding valuation adjustments)	3,675	848
	1a. Repos controlled by retail customers. Management measure	180	125
	1b. Rest of repos	3,495	722
	Performance measure (1a.)	**180**	**125**

Source: Note 17.3 (customer deposits)
Purpose: Reconciles the report's definition with consolidated public financial statement items.

		December'20	December'19
Core income	1. Net interest income	578.2	578.5
	2. Net fees	232.9	230.8
	3. Transformation expenses	571.9	606.6
	Performance measure (1+2-3)	**239.2**	**202.7**

Source: Consolidated income statement
Purpose: Reconciles the report's definition with consolidated public financial statement items. Shows the Group's results from its core business minus expenses incurred to conduct these operations.