

Unicaja Banco

Corporate presentation

January 2017

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Overview of Unicaja Banco

Key highlights

Recent financial performance

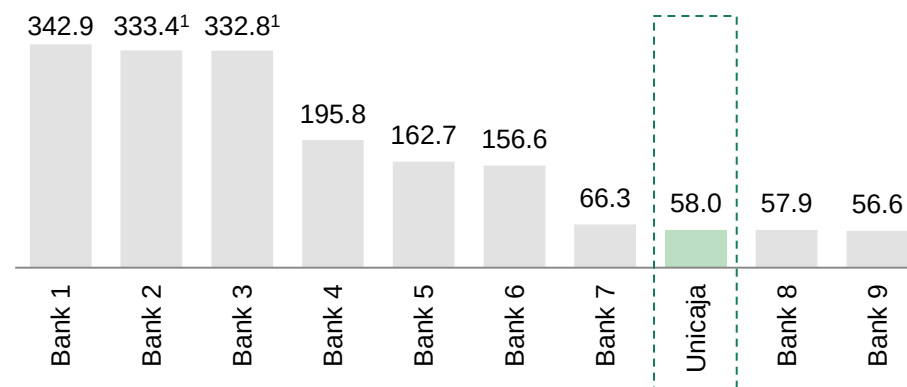
Closing remarks

Overview of Unicaja Banco

Business Description

- Largest non-listed Spanish bank by total assets (€58.0bn as of September 2016)
- 1,320 branches and over 3.3m clients as of September 2016, mainly located in Andalucía and Castilla y León (82% of total branches are located in these home regions)
- Market shares of 10% by loans and 15% by deposits in Andalucía and 16% by loans and 23% by deposits in Castilla y León as of June 2016
- Unicaja Banco is one of the few former savings banks that has not directly received any state aid
- Unicaja comfortably passed all the stress tests and reviews by the relevant authorities conducted in recent years (BoS and EBA/ ECB)
- One of the lowest 2017 SREP CET1 requirements among Spanish banks (7.25%), reflecting our balance sheet strength and low risk profile

Ranking by Assets (Spain only)—Top 10 (€bn as of Sep-16)⁶



Financial Highlights—September 2016

Total assets	€58.0bn
Net customer loans	€30.1bn
Customer deposits ²	€47.4bn
Shareholders' equity ³	€3.1bn
Net attributable income (9M 2016)	€195m
NPL ratio	10.0%
NPA coverage ratio ⁴	56.1%
LTD ⁵	82%
CET1 FL (inc. €604m FROB CoCos)	12.3%

Source: Company data, AEB and CECA

- (1) Excluding Spanish run-off activity
 (2) Excluding valuation adjustments

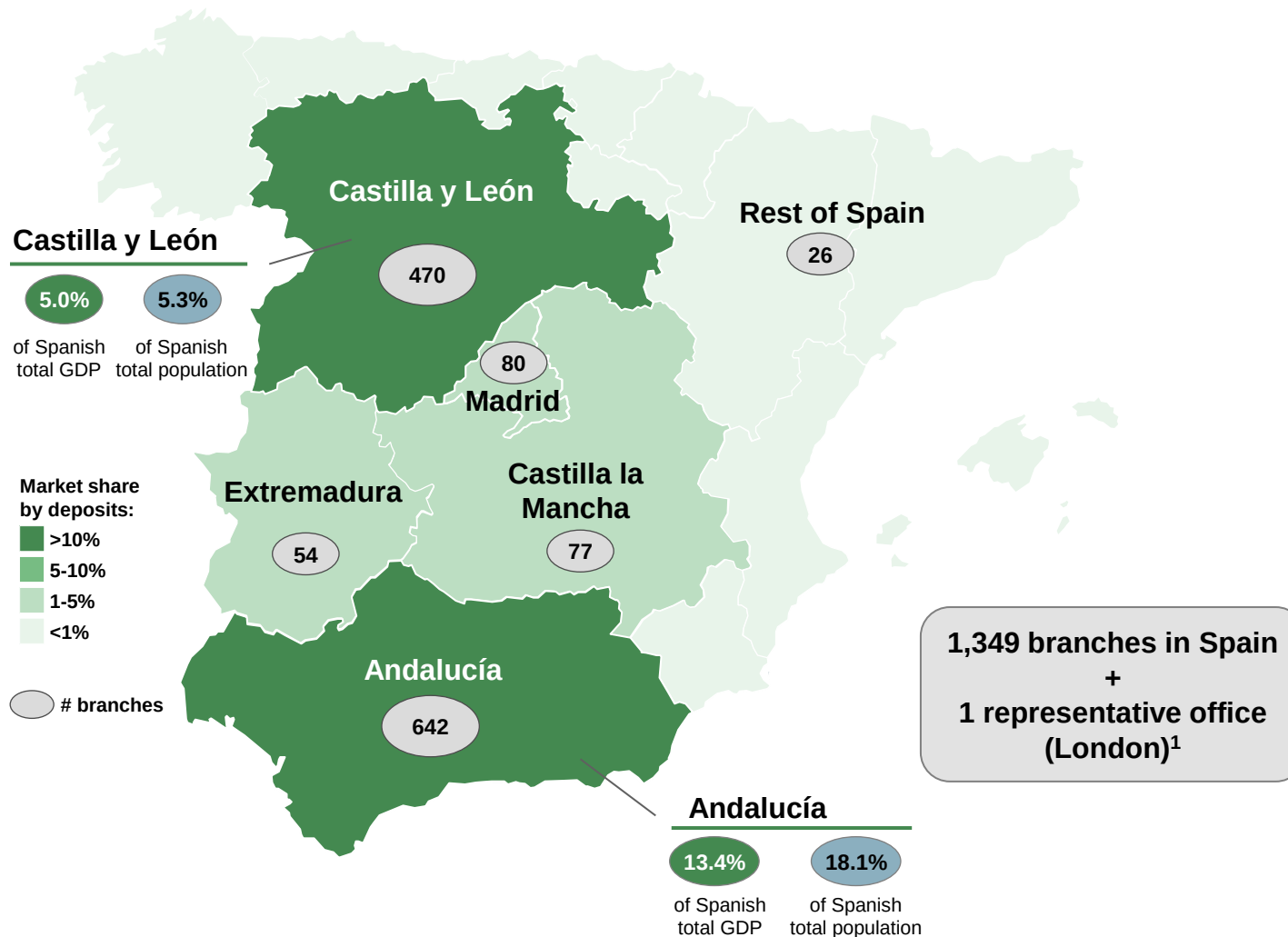
- (3) Including valuation adjustments and excluding minority interests
 (4) Defined as (Foreclosed assets provisions + NPL provisions) / (Gross Foreclosed assets + NPL)

- (5) Calculated as loans over deposits (excluding valuation adjustments and wholesale instruments)

- (6) Banks are CaixaBank, Santander, BBVA, Bankia, Sabadell, Popular, Bankinter, Ibercaja and KutxaBank.

Andalucía and Castilla y León: Unicaja Banco's home regions

23.4% of Spanish population and 18.4% of Spanish GDP

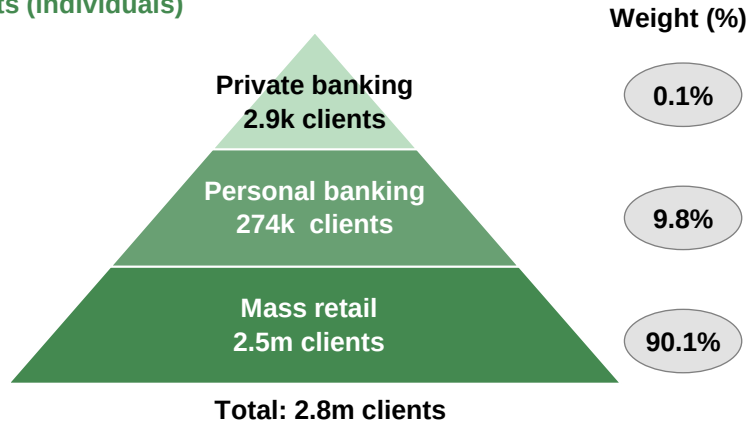


- Unicaja Banco is based primarily in its home regions of Andalucía and Castilla y León
 - **Andalucía:** leading player with market shares of 10% and 15% in loans and deposits, respectively as at Jun-16
 - **Castilla y León:** leading player with market shares of 16% and 23% in loans and deposits, respectively as at Jun-16
 - 82% of total branches are located in these home regions
- The acquisition of EspañaDuero allowed Unicaja Banco to achieve geographical diversification with another leading franchise in other regions outside its home market of Andalucía

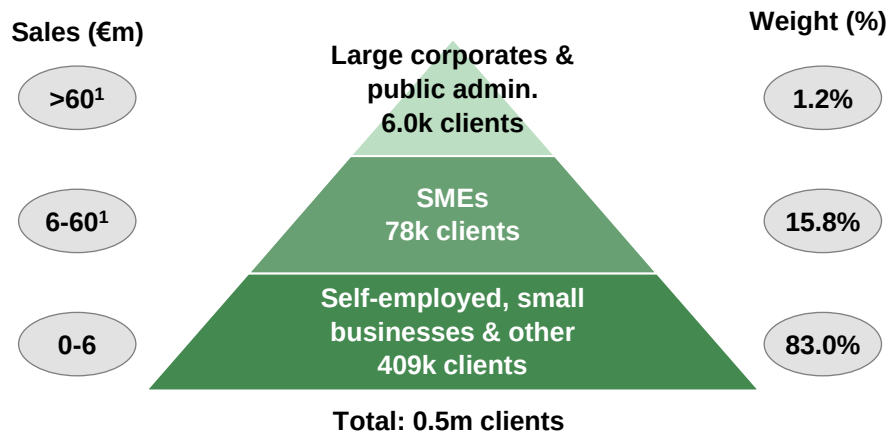
Loyal and well-balanced client base with 2.8m retail clients and 0.5m corporates

Client Segmentation

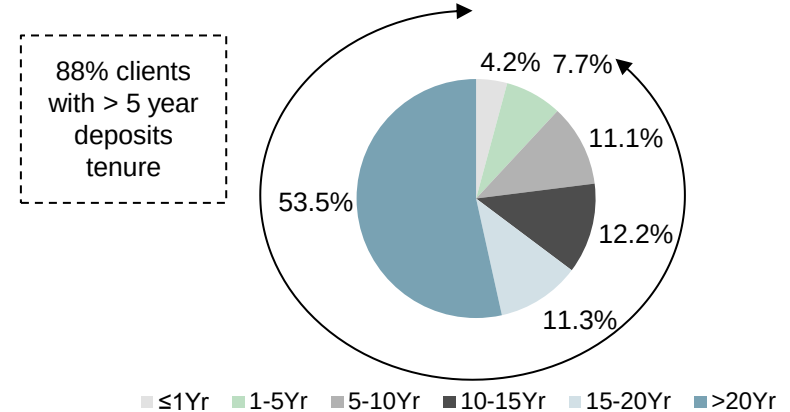
Retail clients (individuals)



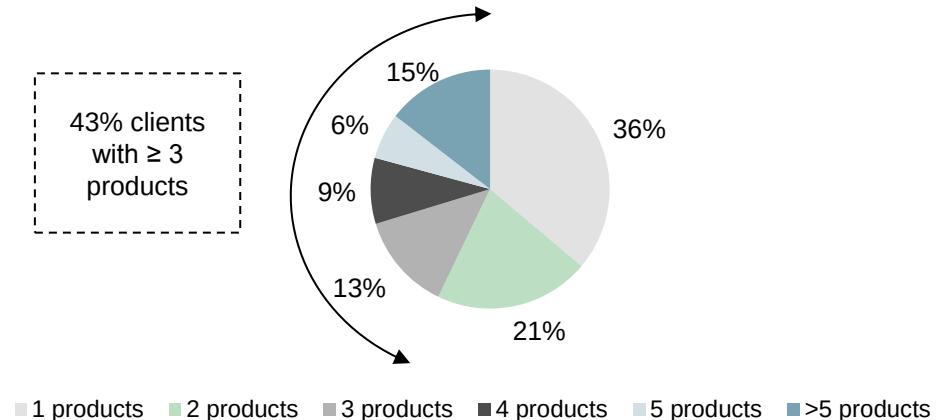
Corporate and business clients



Client Loyalty (Deposits Tenure)



Cross-selling (# of Products / Client)



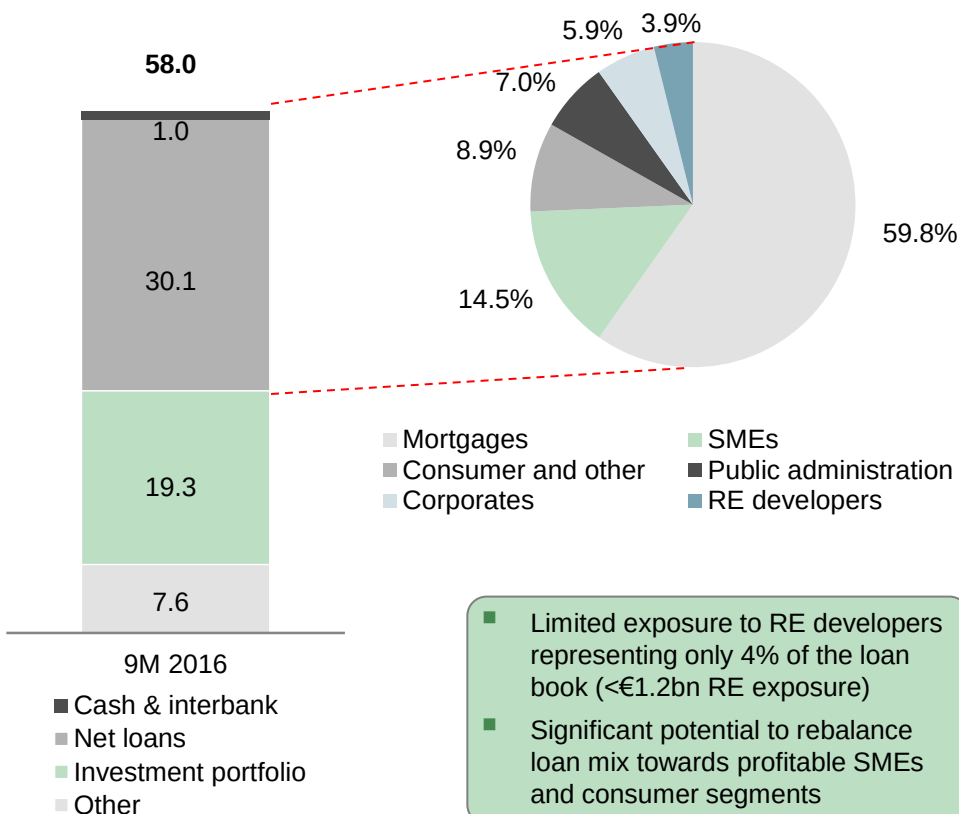
Source: Company data (latest available) and Bank of Spain

(1) Threshold for large corporates and public administrations (except in Madrid which is €150m)

A pure retail domestic bank with a low-risk profile

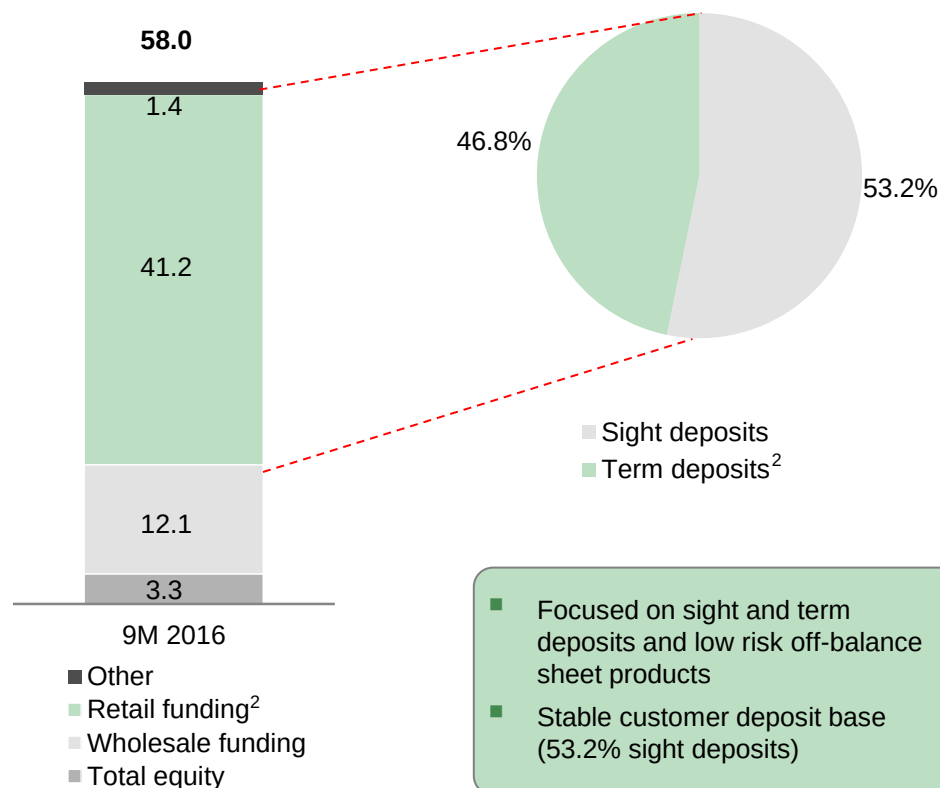
Assets (€bn)

Gross Loans Breakdown (September 2016)¹



Liabilities and Equity (€bn)

Customer Deposits Breakdown (September 2016)

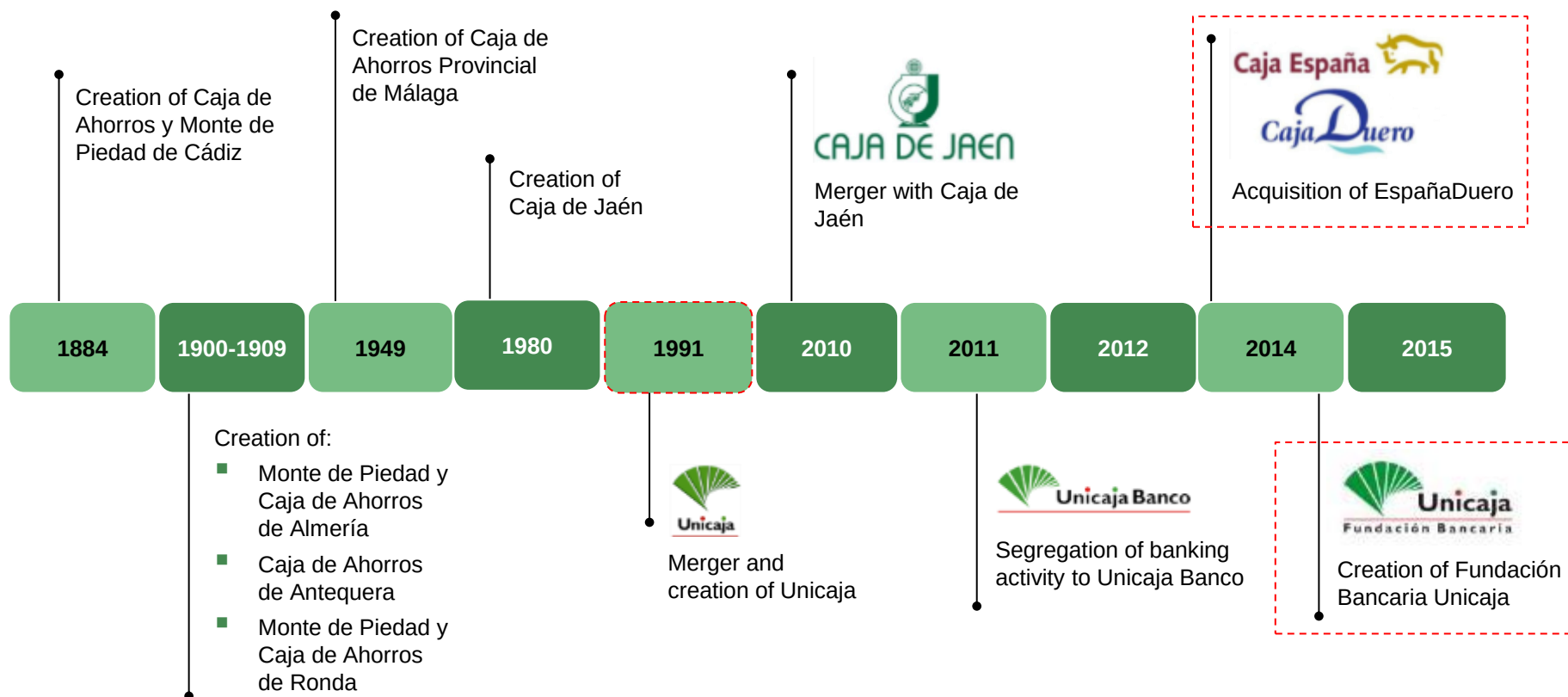


Source: Company data as of September 2016

(1) Excluding reverse repos and other assets

(2) Including €6.7bn multi-issuer covered bonds

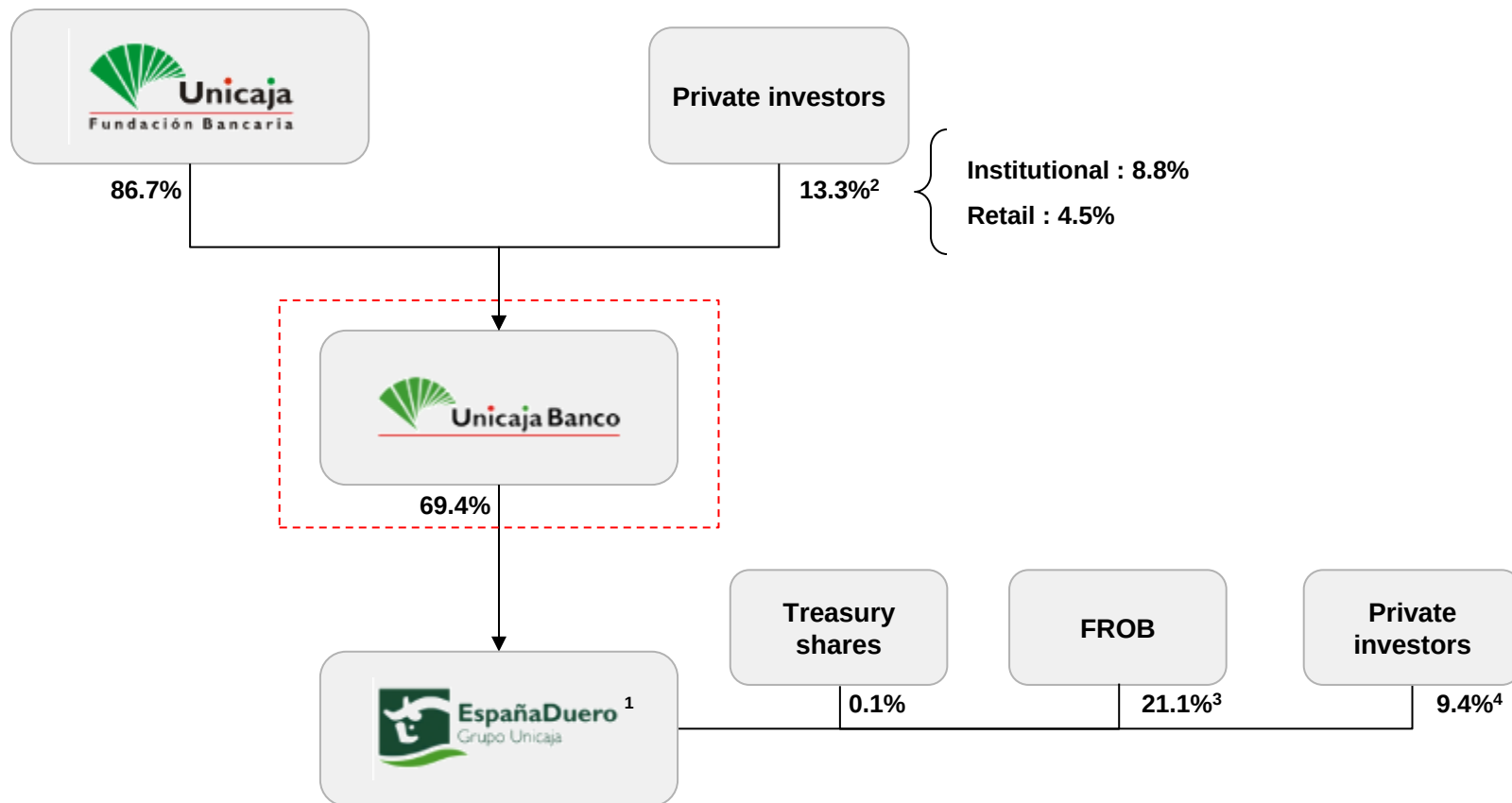
Attractive franchise with over 130 years of history



- Acquired EspañaDuro in March 2014 to gain geographical diversification with a strong footprint in Castilla y León
- Our Corporate Governance follows best practices and our relationship with the Fundación Bancaria Unicaja is regulated by a Protocol and an Internal Relationship Framework

Shareholding structure

Shareholding Structure¹



FROB CoCos: €604m

Source: Company data

(1) Shareholding structure of EspañaDuro adjusted for the amortisation of 145m treasury shares in December 2016

(2) Former EspañaDuro shareholders and holders of EspañaDuro CoCos that accepted Unicaja's exchange offer for the acquisition of EspañaDuro

(3) The FROB had a 18.5% stake (21.1% pro-forma the amortisation of 145m treasury shares) in EspañaDuro following the consumption of the so-called "Mecanismo de Compensación" (arising from legal proceedings initiated by EspañaDuro shareholders or holders of EspañaDuro CoCos not accepting Unicaja's exchange offer)

(4) Stake held by former holders of EspañaDuro CoCos that did not accept Unicaja's exchange offer for the acquisition of EspañaDuro

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Key highlights

1

A purely domestic retail bank, focused on its Home Regions where it has clear market leadership

2

Prudent and conservative management resulting in low risk business profile and solid balance sheet fundamentals

3

Identified profitability levers to navigate the low rate environment

4

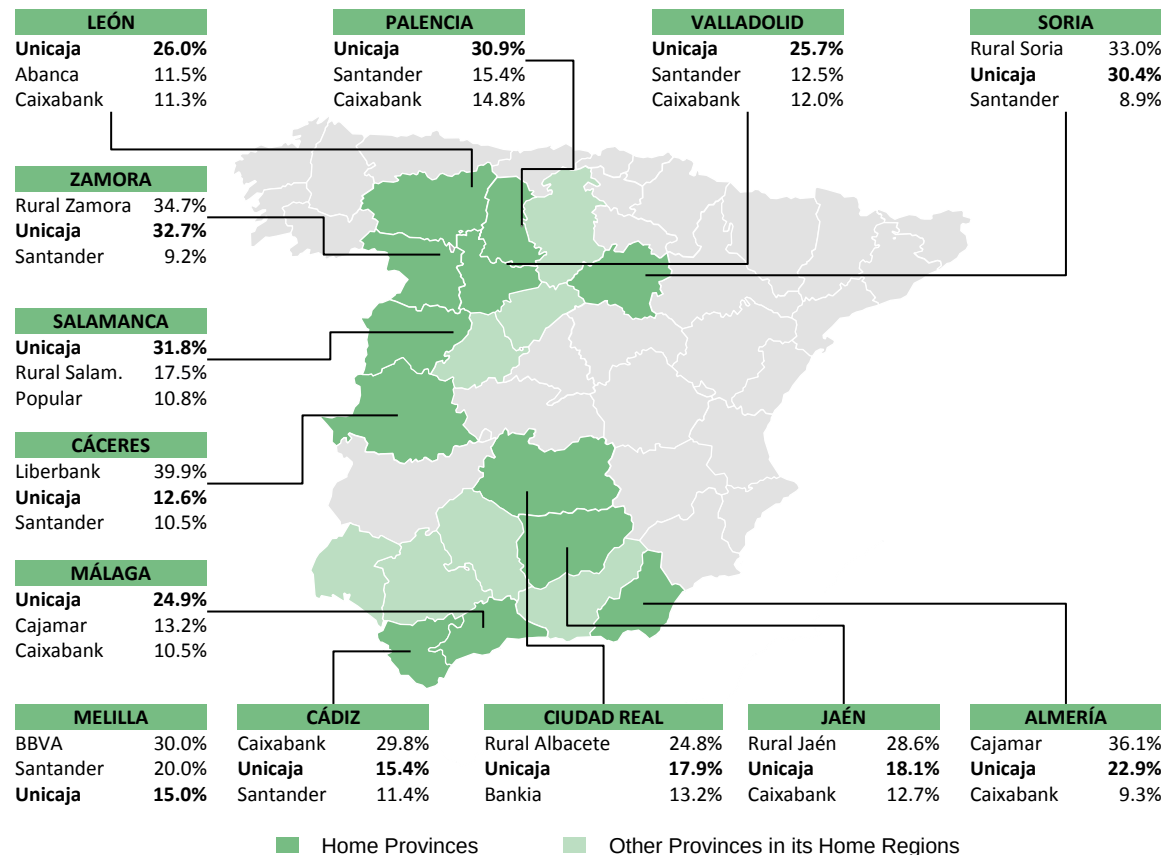
Cost rationalisation potential - Synergies from integration of EspañaDuro



1 Our focus on our home markets is a reflection of our prudent management

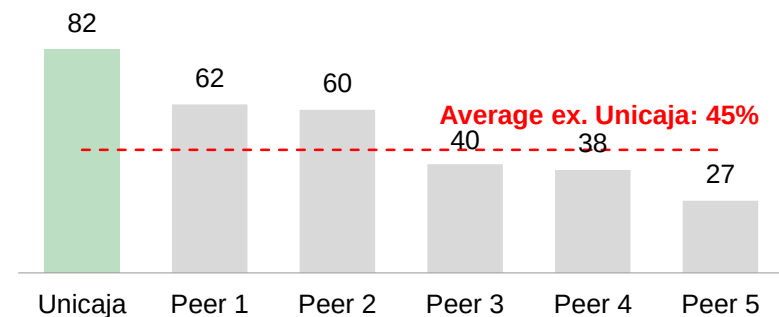
Clear Leadership with Significant Market Share Premium Over Competitors

Market Share by Branches – June 2016

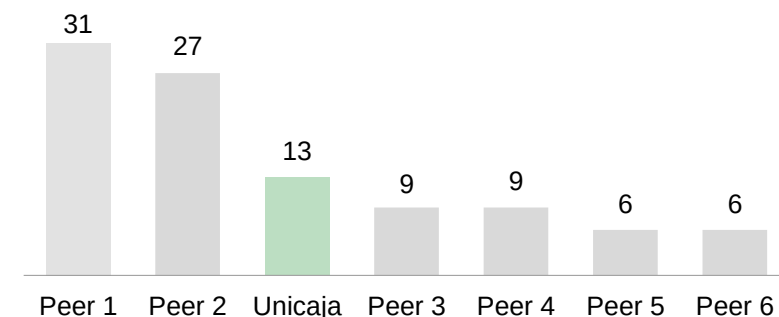


Focus on Home Regions ⁽¹⁾

Branches in Top 2 Regions / Total Branches (%) – September 2016



Number of Provinces Where the Bank is among Top 3 Players by Branches – September 2016



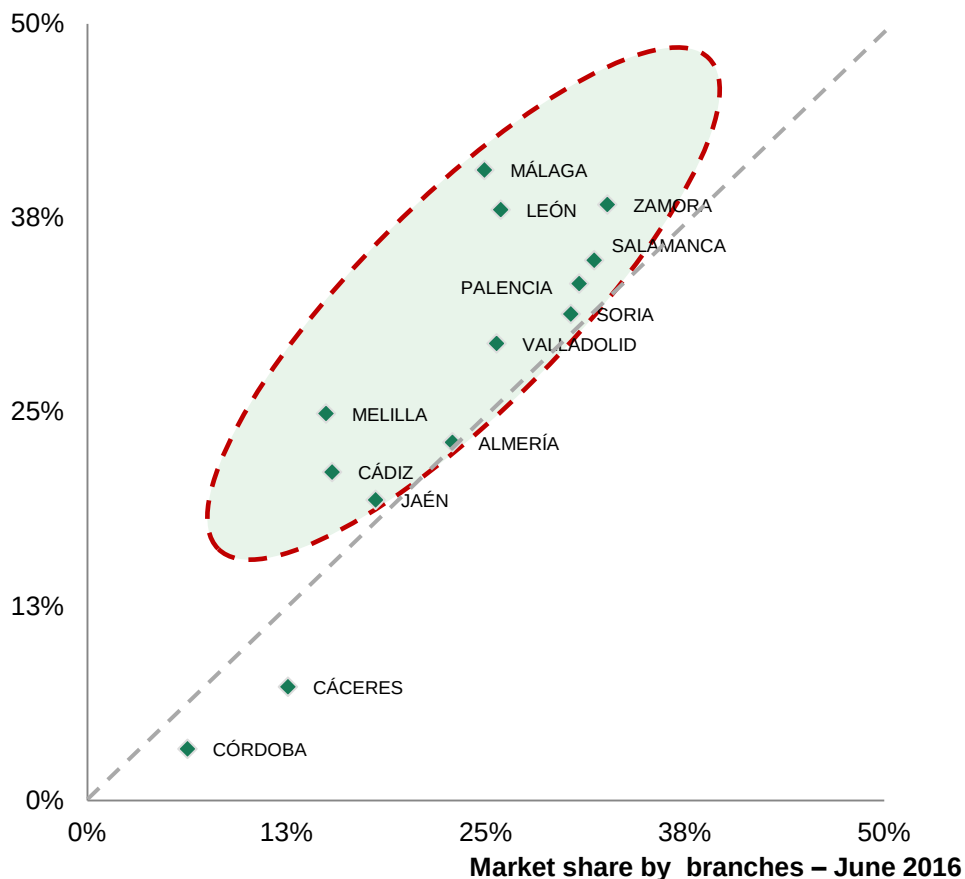
Source: Company data, CECA, AEB and Bank of Spain

(1) Home Regions for Unicaja are Andalucía and Castilla y León

① Our leadership position in home regions provides us with a structurally loyal deposit base

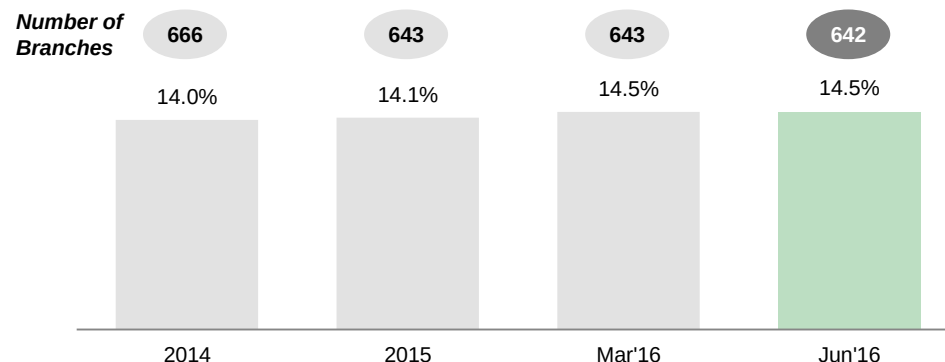
A Dominant Position...

Market share by savings deposits in home provinces – June 2016

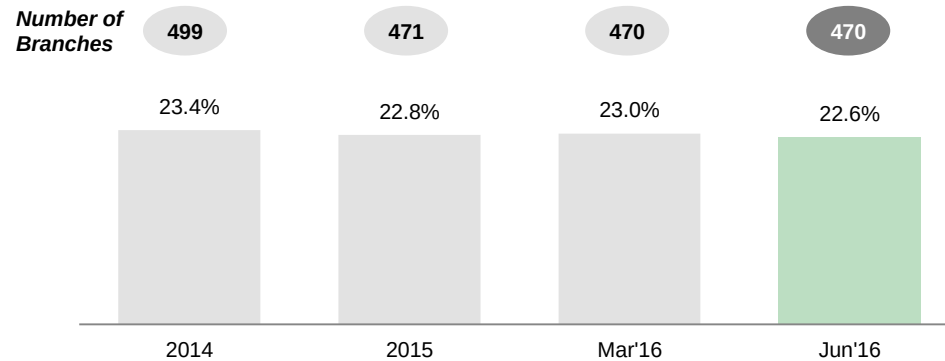


... And Resilient Market Share

Andalucía Deposit Market Share Evolution

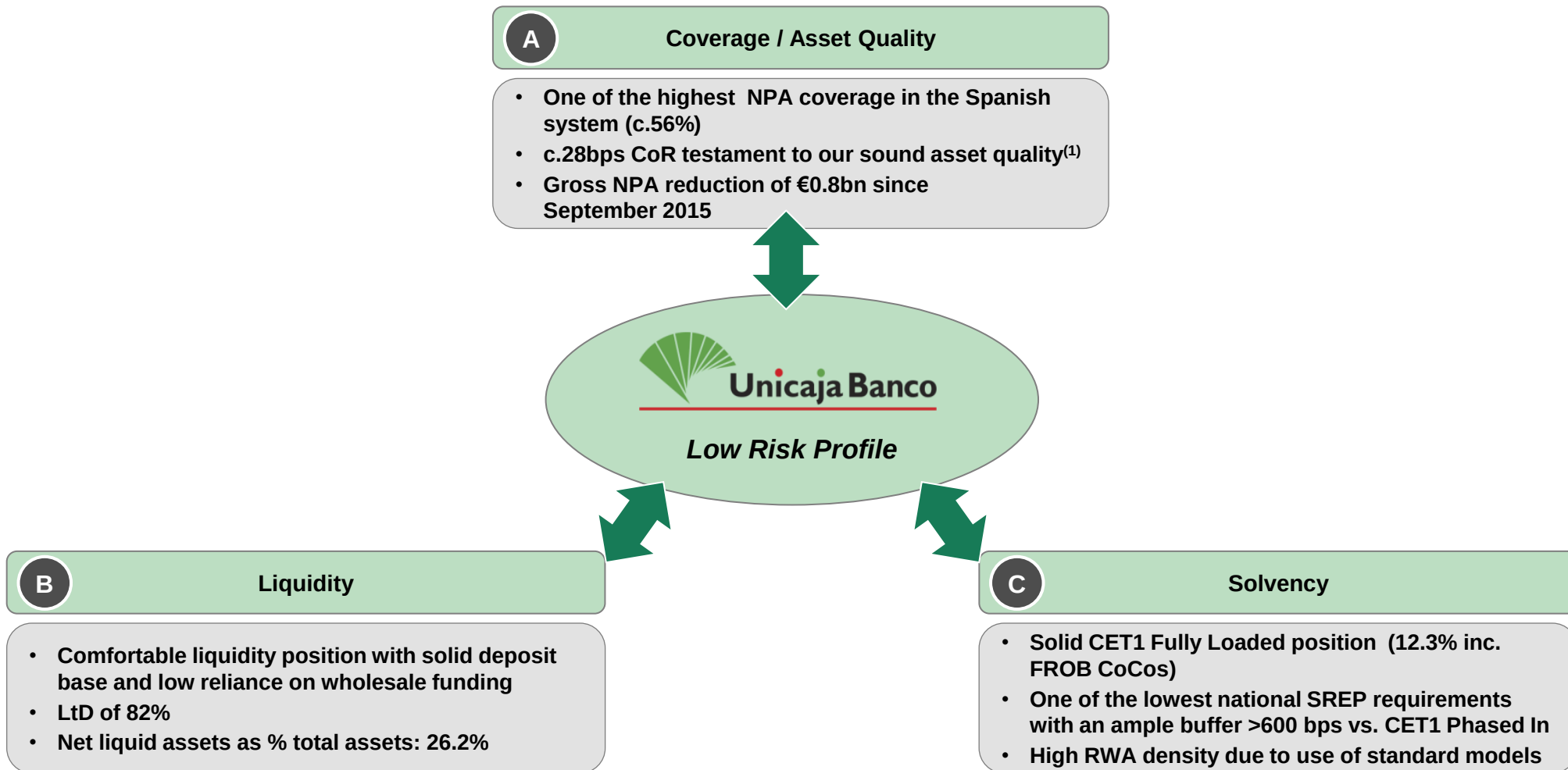


Castilla y León Deposit Market Share Evolution



Source: Company data, CECA, AEB and Bank of Spain

② Superior balance sheet fundamentals



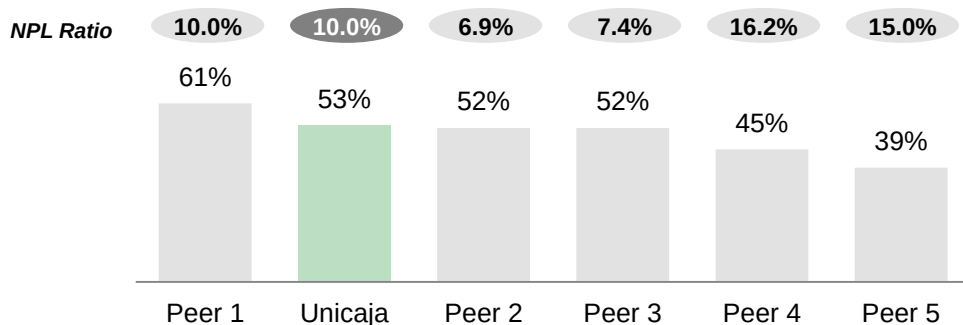
Source: Company data as of September 2016

(1) Normalised as of September 2016

2.A Superior coverage and asset quality indicators

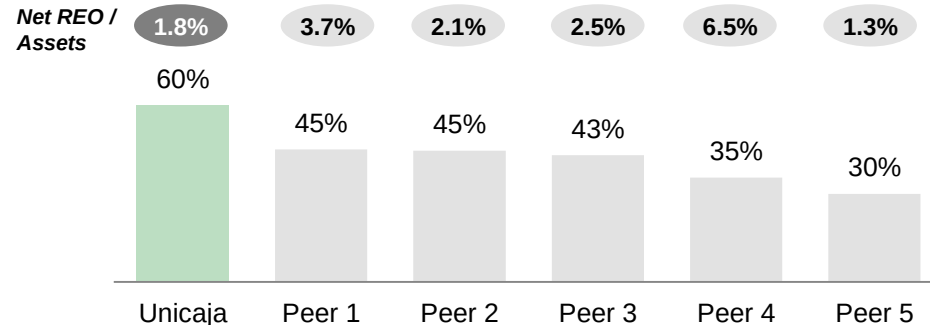
Superior Coverage of NPLs

NPL Coverage as of September 2016⁽¹⁾⁽²⁾



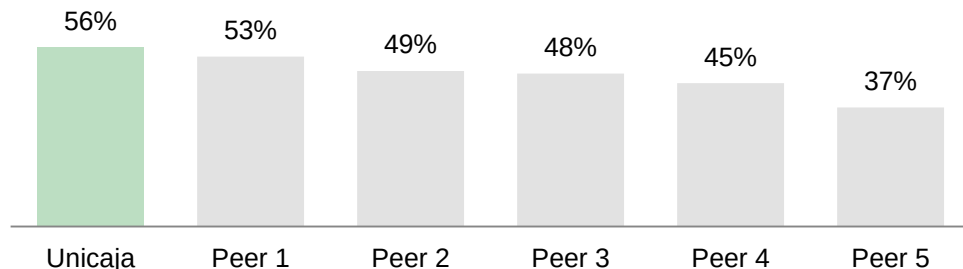
Highest Coverage of Foreclosed Assets with Low RE Exposure

Foreclosed Assets Coverage as of September 2016⁽¹⁾⁽²⁾



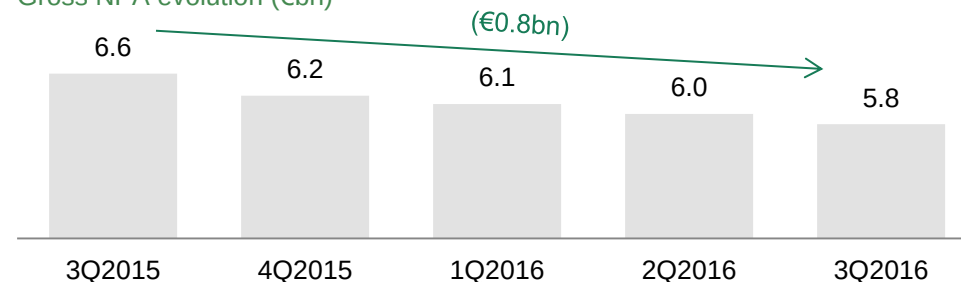
Best in class NPA coverage

NPA coverage as of September 2016⁽¹⁾⁽²⁾



Steady Reduction of NPAs

Gross NPA evolution (€bn)



Conservative provisioning mitigates the impact of Circular 4/2016

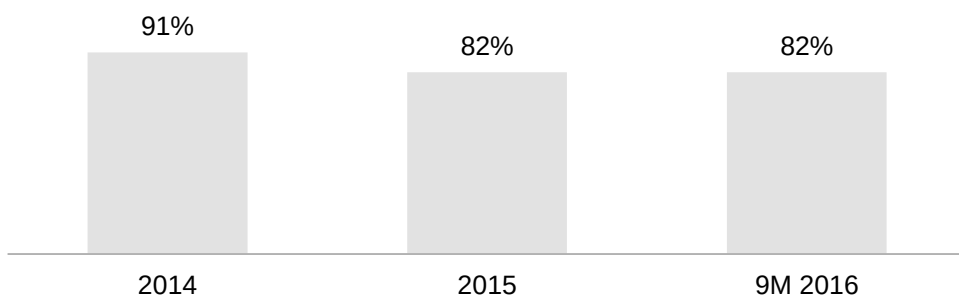
Source: Company data

(1) Peers are CaixaBank, Bankia, Sabadell, Popular, Liberbank (reported figures). NPL Ratio, RE Exposure and NPA coverage as of 1H16 for Popular

(2) Data for Popular without adjusting for additional provisions post capital increase and Liberbank including APS provisions as per reported data

2.B Sound liquidity position

LTD ⁽¹⁾



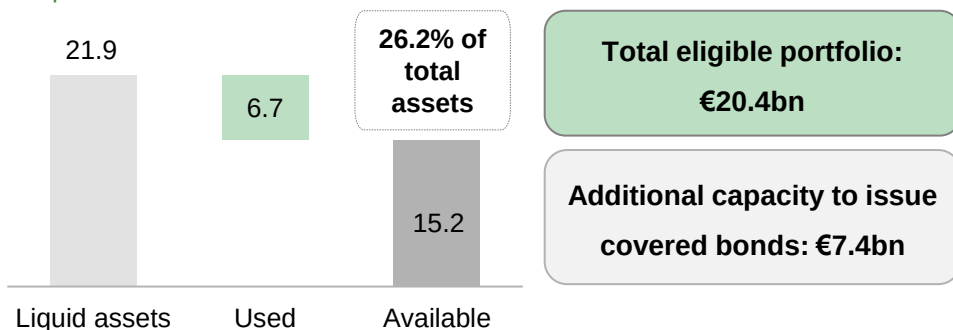
NSFR & LCR (September 2016)

Metric	Requirement	Current Ratio
NSFR	100% ⁽²⁾	125%
LCR	60% (up to 100% by 2019)	388%

Liquid Assets Breakdown (€bn)

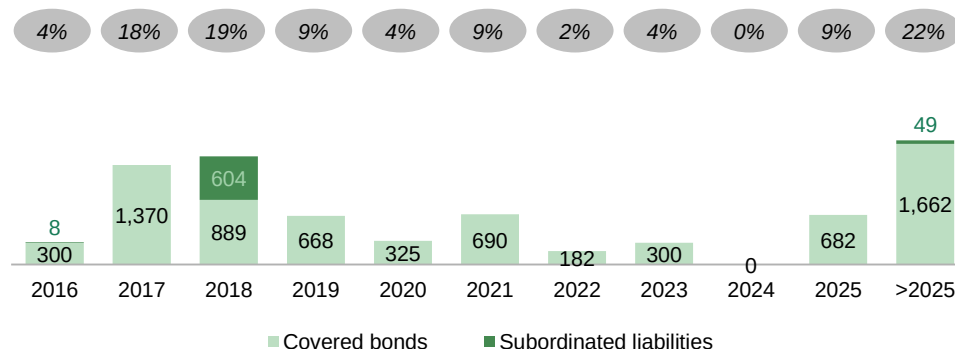
Liquidity Generation Capacity (€bn)
September 2016

Covered Bonds Issuance Capacity



Wholesale Funding Maturities (€m)

September 2016



Source: Company data

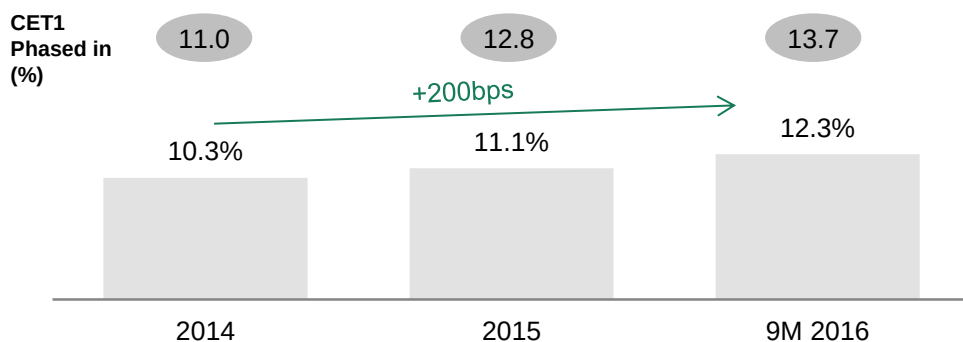
(1) Excludes asset repos, mortgage covered bonds and liabilities repos

(2) Only applicable starting in 2018

2.C Capital Position Overview

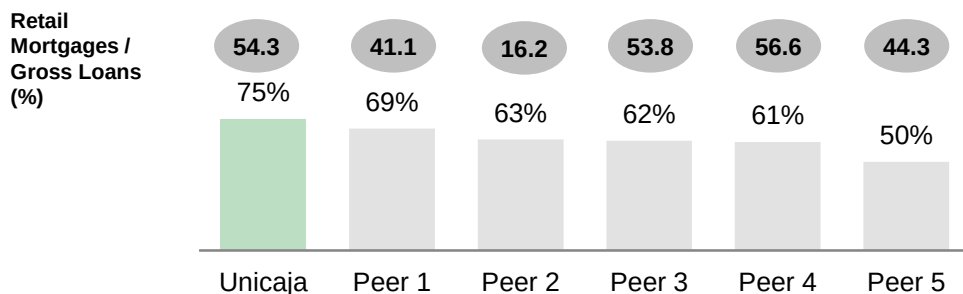
~200bps of CET1 FL generated since 2014

CET1 Fully Loaded (Including €604m of FROB CoCos)



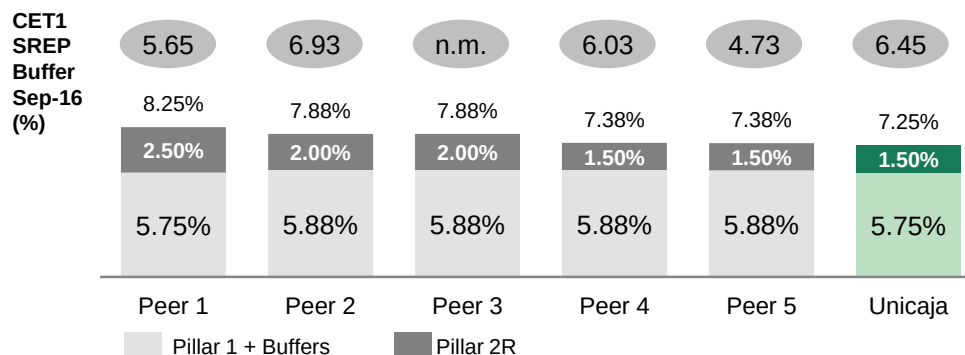
The highest RWAs density among peers

RWA density (Credit Risk Exposure / Net Loans and Advances) as of 1H16⁽²⁾



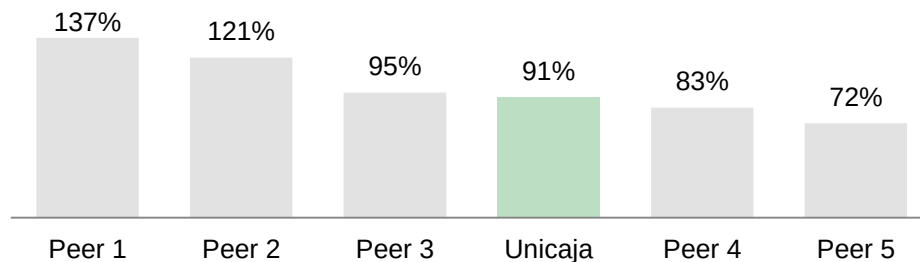
One of the widest SREP buffers among peers

CET1 SREP Requirements^{(1) (2)}



One of the lowest Texas Ratios among peers

Texas Ratio as of September 2016⁽²⁾⁽³⁾



Source: Company data, 2016 EBA transparency exercise

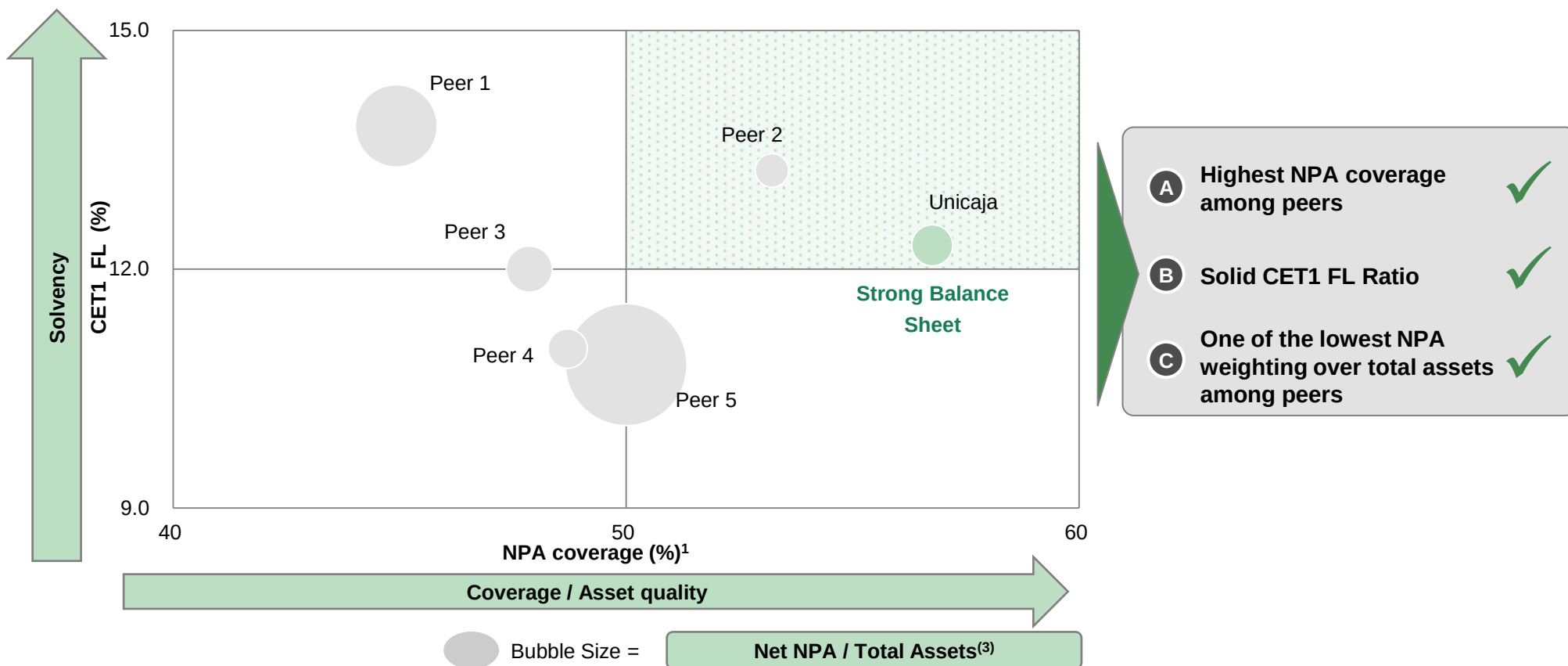
(1) CET1 SREP Buffer = CET1 Phased In – SREP Requirement

(2) Peers are CaixaBank, Bankia, Sabadell, Popular, Liberbank (reported figures). Data as of 1H16 for Popular. For RWA Density figures all data as of 1H16 and peers include Criteria Caixa SAU and BFA Tenedora de Acciones instead of CaixaBank and Bankia due to EBA disclosure

(3) Texas Ratio = (Gross NPLs + Gross Foreclosed Assets) / (TBV + LLP + Foreclosed Asset Prov.)

② In summary, a low risk business profile underpinned by strongest Balance Sheet

Balance Sheet Strength – Asset Quality, Solvency ^{(1) (2)}



Source: Company data as of September 2016

(1) (NPL provisions + Foreclosed assets provisions) / (Gross NPLs + Foreclosed Assets)

(2) Peers are CaixaBank, Bankia, Sabadell, Popular, Liberbank (reported figures). For Popular, CET1 and NPA coverage based on 2016 YE targets announced. For CaixaBank, CET1 ratio announced pro-forma for BPI's acquisition based on 100% final stake as per company disclosure

(3) Data as of 1H16 for Popular

③ Unicaja has identified profitability levers to navigate the low rate environment

Margin Reinforcement

A Strong Deposit Repricing Potential

- €10.3bn term deposits (equivalent to 82% of total term deposits) will be repriced before 2017 YE
- Current average cost of such term deposits of 0.48% vs 0.16% of new book

B Levers From Other Specific Identified Liabilities

- Repayment of €604m CoCos at 9.75%
- New TLTRO funding of €2.0 - €3.5bn at $\geq$ (0.40%) negative cost
- EspañaDuro €1.3bn LT deposits maturity in 2020-2021 at 4.3%
- €840m EspañaDuro Fixed Cost LT Covered Bonds maturing up to mid 2021 at 2.51%

C Commercial Focus on Higher Margin Segments

- New loan production of €2.9bn in the first 9 months of 2016 with strong weighting of SMEs representing 39.8% of total and other households 30.2%

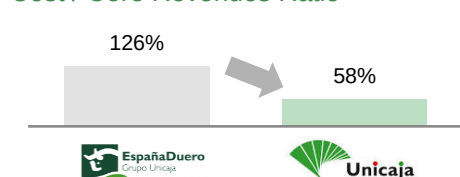
Best Practice Sharing and Penetration Potential

D Significant Improvement at EspañaDuro Level From Sharing of Best Practices of Unicaja Banco

Core Revenues¹ / Branch (€000s)



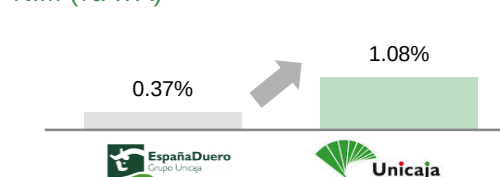
Cost / Core Revenues Ratio²



Core Revenues¹ / Employee (€000s)



NIM (%ATA)



E AuMs, Insurance and Credit Cards Potential⁽³⁾

- Strong penetration potential in mutual funds and life insurance with market share of 2.3% and 2.0% vs. 3.9% in deposits
- Credit card growth potential with 46% of total cards being credit vs. average 62% for the system

Source: Company data as of September 2016

(1) Core Revenues defined as Net Interest Income + Net Fees

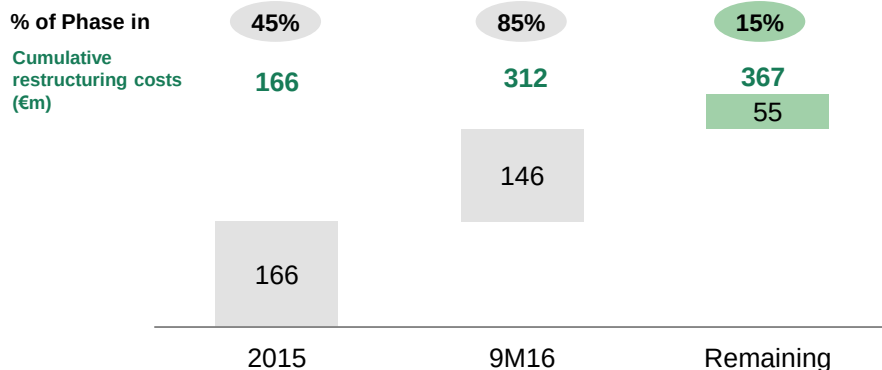
(2) Costs to Core Revenues defined as (Administrative costs + D&A) / (Net Interest Income + Net Fees)

(3) Data as of 2015YE

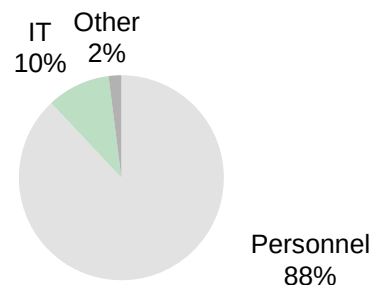
4 Expected cost synergies of €156m by 2019, with most of the restructuring effort already booked

Most of restructuring effort undertaken with ~85% of restructuring costs already booked

Restructuring Costs (€m)



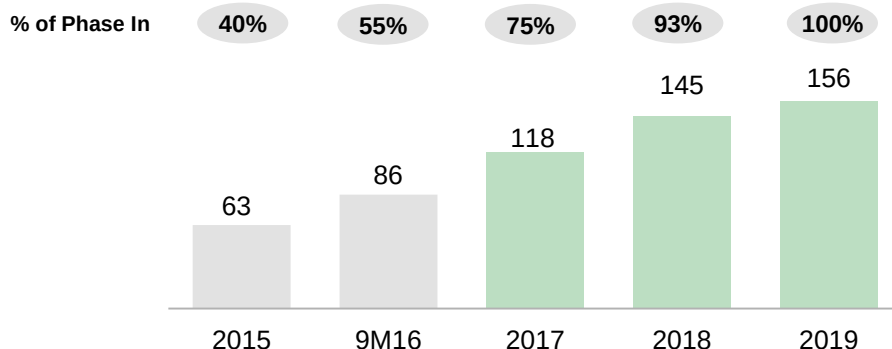
Restructuring Costs breakdown (€m)



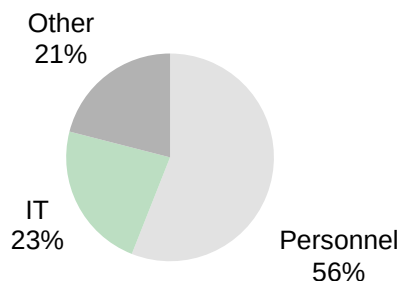
Only €55m of restructuring costs remaining as of September 2016

While only 55% of the potential cost synergies materialised as of September 2016

Pre Tax Cost Synergies (€m)



Full cost synergies breakdown (€m)



On track to achieve fully phased cost synergies of >€156m expected by 2019

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Unicaja Banco – Key financial highlights

	€m	9M 2015	2015	9M 2016
BALANCE SHEET	Total assets	63,618	60,312	58,040
	Gross customer loans ¹	34,876	35,494	32,234
	Customer deposits	48,718	48,620	47,361
	Shareholders' equity excluding minorities ²	2,875	2,976	3,104
PROFIT AND LOSS	Net interest income	524	688	460
	Fee income	183	239	156
	Gross Margin	1,046	1,575	882
	Operating expenses	(515)	(681)	(495)
	Impairments	(117)	(425)	(63)
	Net operating income	306	324	261
	Profit before tax	271	217	240
	Net attributable income	215	187	195
KEY RATIOS	NIM	1.1%	1.1%	1.04%
	Cost to income ³	45.9%	43.3%	52.3%
	NPL	11.1%	10.0%	10.0%
	NPL coverage ⁴	65.1%	57.1%	53.1%
	Cost of risk ⁵	0.44%	0.52%	0.28%
	RoTE	10.3%	6.7%	9.0%
	RoA	0.4%	0.3%	0.4%
	CET 1 FL (inc. FROB CoCos)	10.1%	11.1%	12.3%

Source: Company data

- (1) Customer loans excluding repos and val. adj.
(2) Including valuation adjustments and excluding minority interests
(3) As reported (Operating expenses ex D&A / Gross Margin)

- (4) Defined as (NPL provisions) / (Gross NPL)
(5) Recurrent LLP over average gross loan portfolio

Loan book and customer funds evolution

Accumulated new production during 9M16 amounts to €2.9bn (+20% YoY), with strong weighting of SMEs and other households. Increasing transfer from term deposits to demand deposits and off-balance sheet funds

Loan Book Breakdown (Gross)¹

€bn	2015	Sep-16
Total gross loans	35.4	33.2
Public Sector	2.0	2.2
Loans to businesses	7.9	7.6
RED & Construction	1.4	1.2
Other corporates	6.5	6.4
Loan to individuals	21.7	21.1
Residential mortgages	19.4	18.0
Consumer and others	2.3	3.1
Other loans²	3.8	1.3

New Lending Evolution (Gross)

€m	Sep-15	Sep-16	Variation
Total	2,397	2,868	19.7%
Of which SMEs	446	623	39.8%
Of which Households (other)	407	531	30.2%

Customer Funds

€bn	2015	Sep-16
Customer funds (A + B)	61.0	59.6
Customer funds on balance sheet (A)	49.9	48.2
Public institutions	1.9	2.1
Retail customer (resident)	46.7	45.3
Sight deposits	20.2	21.9
Term deposits	15.4	12.6
Covered Bonds in Customer Deposits	7.4	6.7
Repos	3.7	4.1
Other on Balance Sheet ³	1.3	0.8

Off-balance sheet funds (B)	11.1	11.4
Mutual funds	5.1	5.4
Pension Plans	2.2	2.2
Insurance Funds	2.8	3.0
Other	1.0	0.9

Source: Company data

(1) Based on regulatory balance sheet ("Balance Reservado")

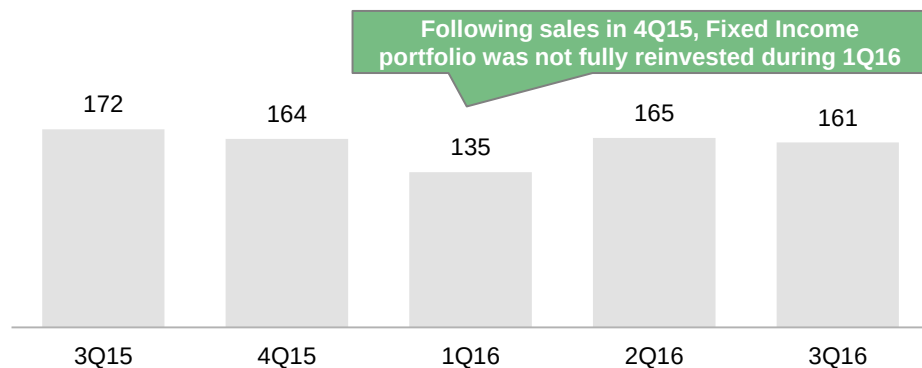
(2) "Other loans" includes reverse repos and other assets

(3) Includes subordinated liabilities and other securities

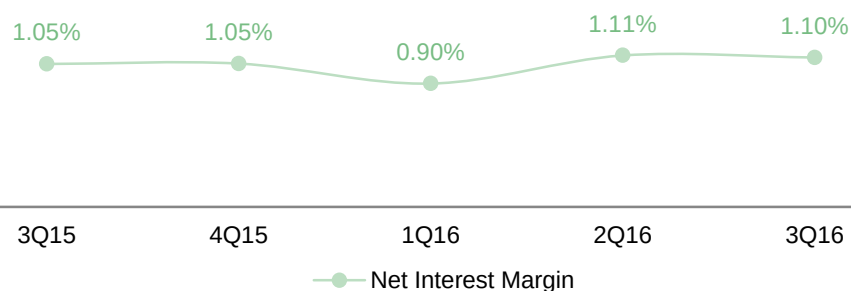
Net interest income evolution and margins

Stable net interest income with NIM growing YoY, mainly benefiting from lower cost of funding

Net Interest Income Performance (€m)



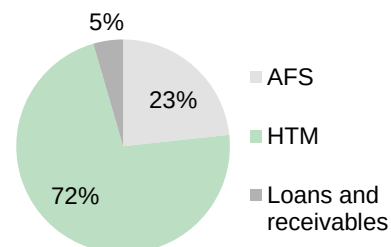
Net Interest Margin¹



ALCO Portfolio

September 2016

Investment Portfolio Breakdown

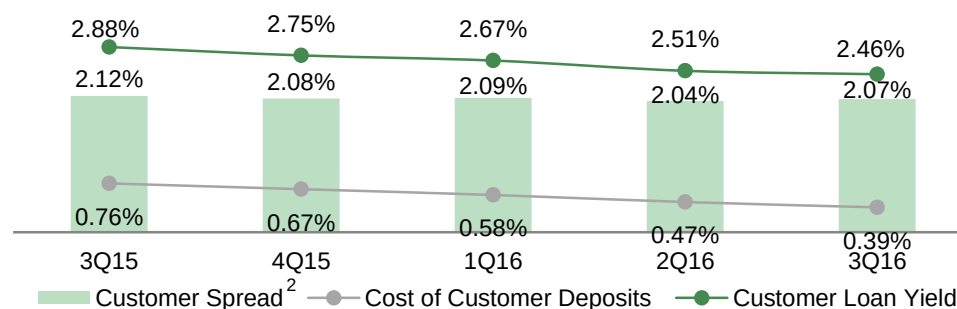


Total: €17.7bn⁽³⁾

Yield %
Duration Years

Total	1.2%	4.8
Ex- Sareb bonds	1.4%	5.6

Customer Loan Yield and Cost of Deposits



Source: Company data

(1) Net Interest Margin = NII / ATAs

(2) Customer Spread = Customer Loan Yield – Cost of Customer Deposits

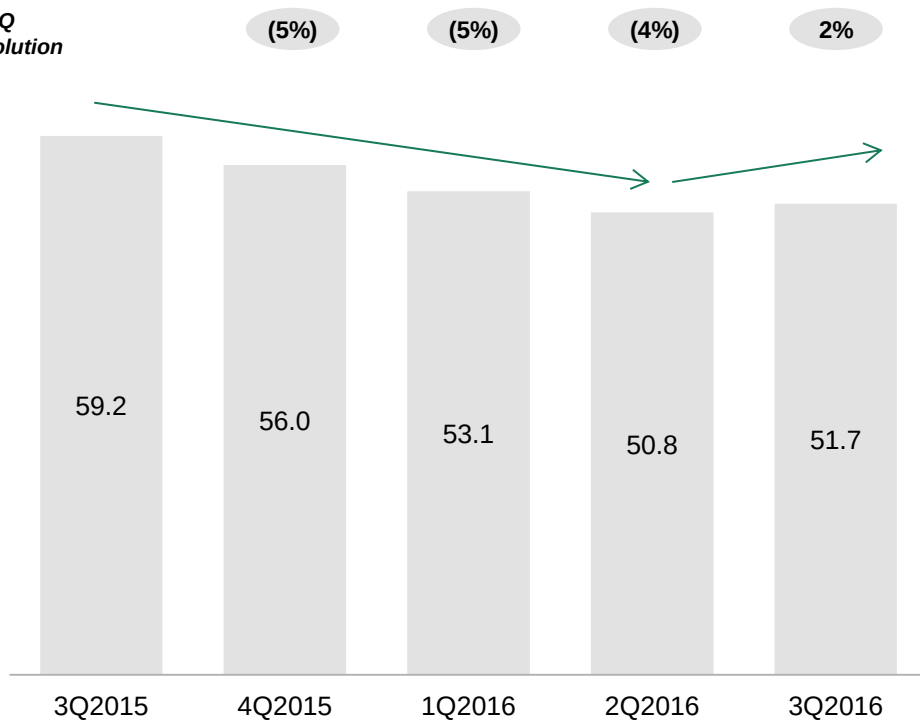
(3) Net of forward sales

Net fee income evolution

Non-banking fees expected to grow as a result of higher volumes in AuM and insurance products

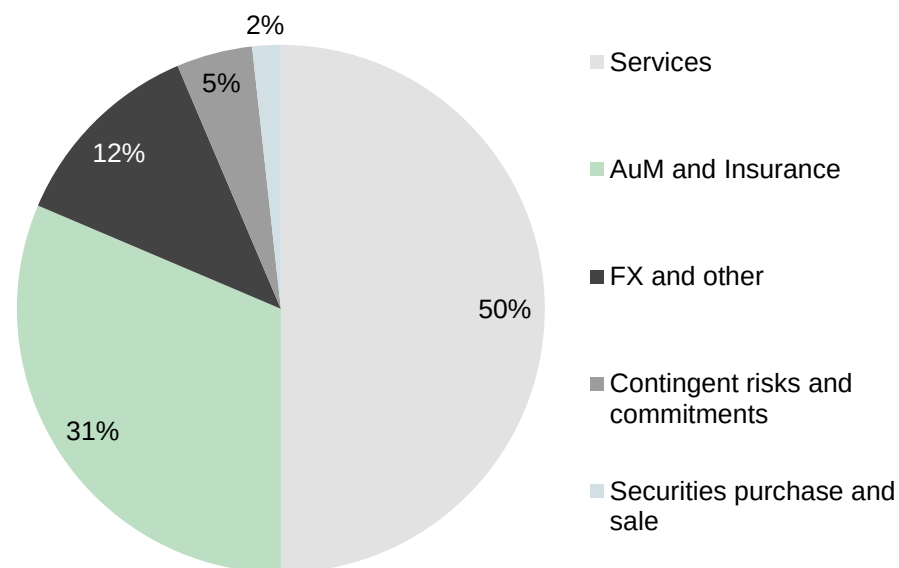
Net Fee Income Performance (€m)

QoQ
evolution



Fee Income Breakdown

September 2016



Source: Company data

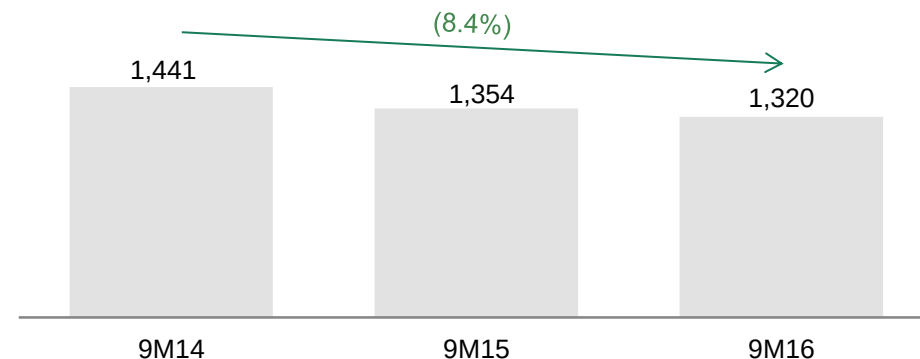
Operating expenses evolution

Operating expenses down 3.8% YoY with personnel expenses decreasing 4.3%

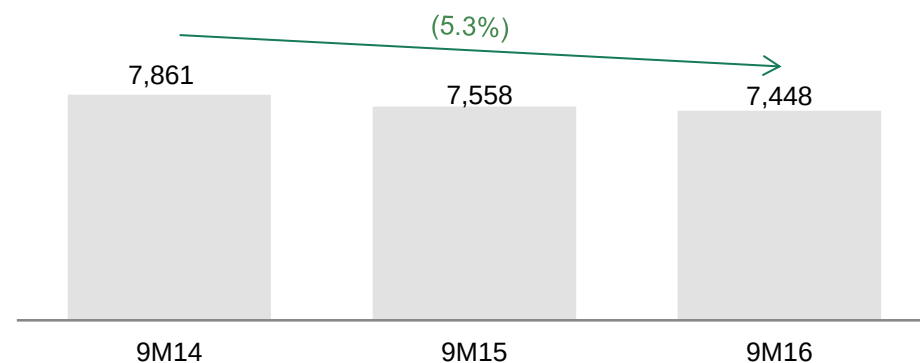
Operating Expenses (€m)

€m	9M15	FY15	9M16	%Δ YoY
Operating Expenses	515	681	495	(3.8%)
Personnel Expenses	333	445	319	(4.3%)
General & Administrative	147	189	142	(3.1%)
Amortization	35	47	34	(1.6%)

Branches evolution



Employees evolution



Source: Company data

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Closing remarks

1

- Market leader in our home regions with significant market share premium vs. competitors

2

- Simple and low risk commercial approach, prudent risk management with low RE exposure and best in class NPA coverage

3

- Identified profitability levers to navigate the low rate environment

4

- The integration with EspañaDuro expected to continue generating significant synergies

5

- Strong organic capital generation with one of the highest RWAs density in the sector

6

- Well managed franchise poised to benefit from the ongoing Spanish macro recovery

Appendix

Additional financial information

Additional financial information

Balance sheet and P&L (Unicaja Group)

Balance Sheet

€m	9M15	2015	9M16
Cash and equivalents	497	1,991	957
Interbank loans	708	248	229
Net loans	32,353	33,088	30,133
Investment portfolio	21,651	17,144	19,417
Intangible assets	1	1	1
Tax assets	2,695	2,591	2,591
Foreclosed Real Estate Assets	1,123	1,113	1,033
Other assets	4,590	4,136	3,679
Total assets	63,618	60,312	58,040
Retail funding	34,998	35,614	34,284
Interbank deposits	2,188	1,340	3,122
Debt securities	1,519	673	192
Subordinated debt	623	622	622
Other financial liabilities	993	989	1,044
Repos	5,540	3,698	4,113
Covered bonds	7,699	7,592	6,868
Funding from Central Banks	2,416	2,417	-
Provisions	771	748	713
Tax liabilities	456	295	320
Other liabilities	3,278	3,259	3,420
Total liabilities	60,482	57,056	54,698
Total equity	3,137	3,256	3,341
Total liab. and equity	63,618	60,312	58,039

P&L

€m	9M15	2015	9M16
Interest income	987	1,280	768
Interest expense	463	592	308
Net interest income	524	688	460
Net commission income	183	239	156
Trading income and Financial Results	238	564	84
Net insurance income	9	12	5
Other income / (expense)	94	72	177
Total revenues	1,046	1,575	882
Personnel expenses	(333)	(445)	(319)
Admin. expenses	(147)	(189)	(142)
D&A	(35)	(47)	(34)
Operating income	531	894	387
Loan loss provisions	(117)	(427)	(63)
Other provisions	(133)	(145)	(104)
Other non-operating income / (expense)	(10)	(104)	20
Pre-tax profit	271	217	240
Taxes	(71)	(57)	(52)
Net income	201	160	187
Profit / (loss) from disc. oper.	8	24	3
Non-controlling interests	(5)	(3)	(4)
Net income to shareh.	215	187	195

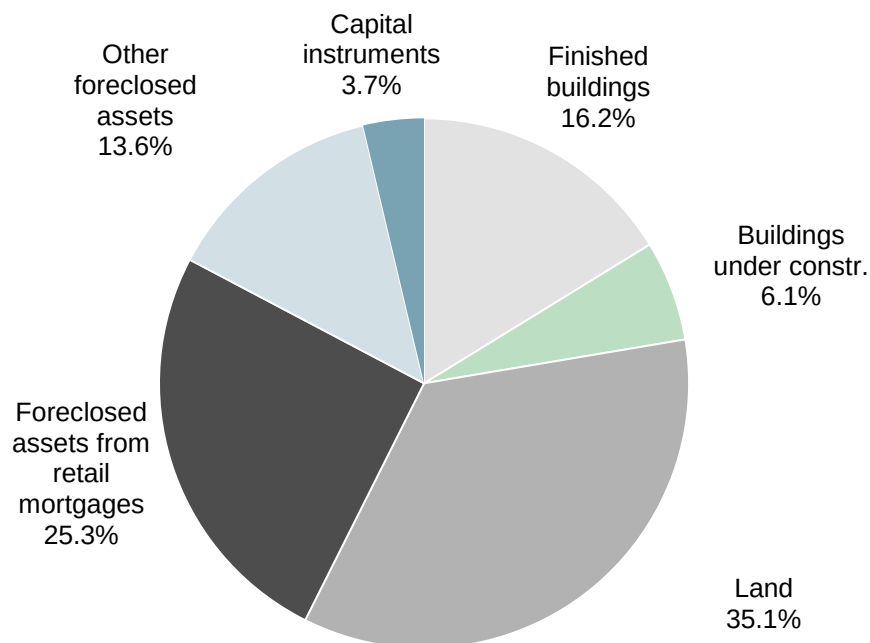
Unicaja Banco: Detailed credit exposure

9M2016 (€m)	TOTAL	Of which NPLs	NPL ratio	Provisions coverage of	
				Provisions (€m)	NPL Coverage
Public administrations	2,153	2	0.1%	1	61.0%
Companies	7,500	1,586	21.1%	1,120	70.6%
Real Estate Development and/or Construction Purposes	1,193	550	46.1%	367	66.7%
Construction purposes not related to real estate development	389	75	19.3%	56	74.6%
Other Purposes	5,917	961	16.2%	696	72.5%
Large Corporates	1,442	93	6.4%	59	63.4%
SME, small retailers and entrepreneurs	4,477	868	19.4%	638	73.5%
Individuals	21,149	1,621	7.7%	584	36.0%
Mortgages	18,416	1,294	7.0%	377	29.2%
Other loans with collateral	16	0	0.4%	0	48.2%
Other loans	2,718	327	12.0%	207	63.2%
Reverse repos and other assets	1,432	0	n.m	0	n.m.
Total gross loans to customers	32,234	3,208	10.0%	1,705	53.1%

Source: Company data (DRC as of September 2016 based on Public Balance Sheet)

Overview of foreclosed assets

Foreclosed assets breakdown by type

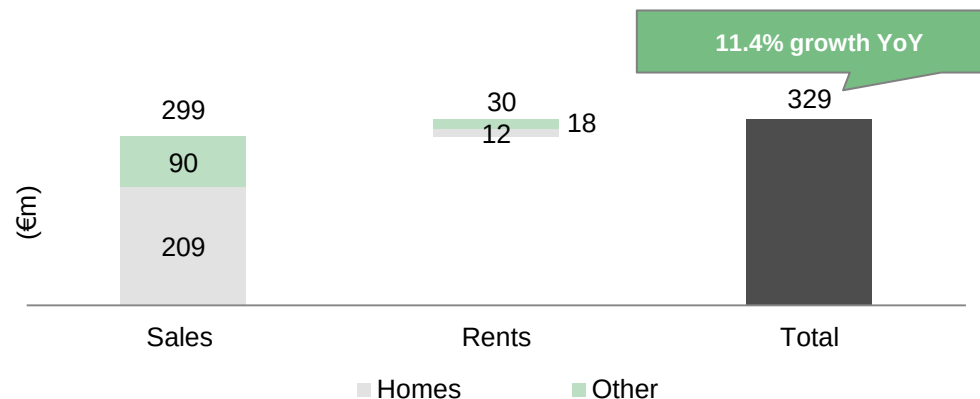


Gross foreclosed assets as of September 2016: €2,677m

Foreclosed assets coverage by type (September 2016 in €m)

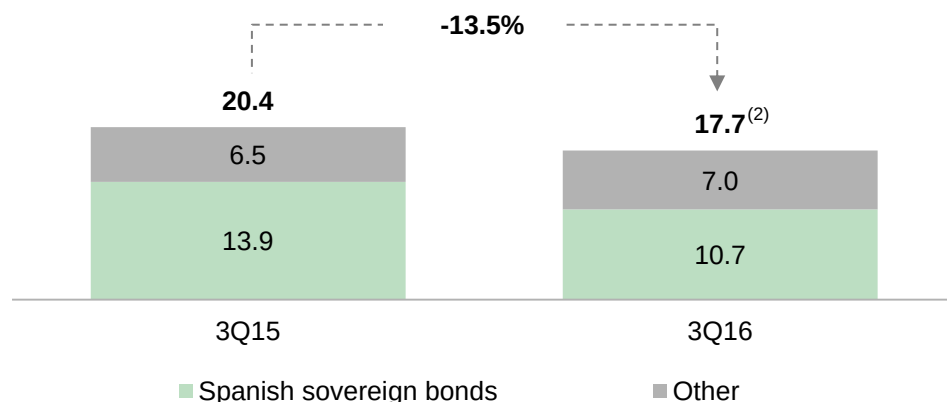
Type	Gross amount	Net amount	Provisions	Coverage
Finished buildings	434	208	226	52.0%
Buildings under constr.	164	67	97	58.9%
Land	938	279	660	70.3%
Foreclosed assets from lending to RE developers	1,537	554	983	63.9%
Foreclosed assets from retail mortgages	678	322	356	52.6%
Other foreclosed assets	363	159	204	56.2%
Sub-total	2,578	1,035	1,543	59.9%
Capital instruments	99	5	94	94.7%
Total	2,677	1,040	1,637	61.1%

Gross sales and rents (accumulated September 2016)

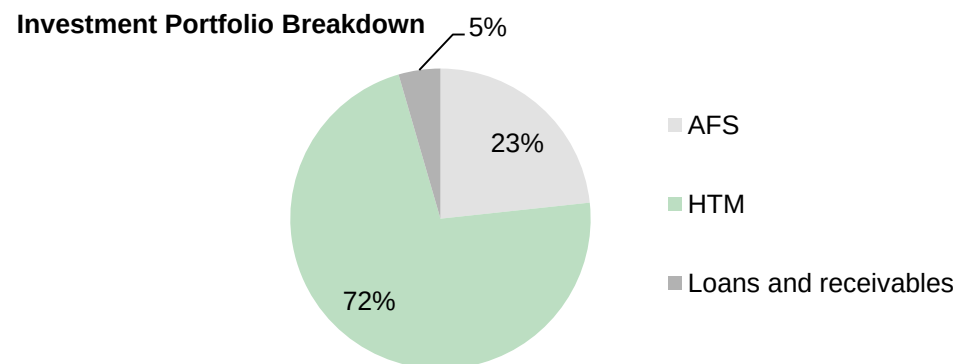


Structural ALCO portfolio fully funded with stable deposits

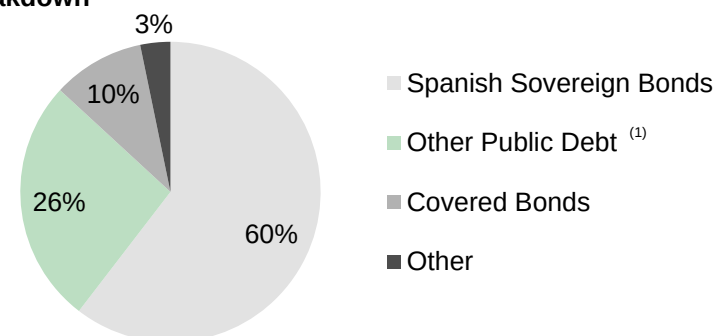
ALCO portfolio evolution (€bn)



Breakdown of ALCO portfolio



ALCO Portfolio Breakdown



	Yield %	Duration Years
Total	1.2%	4.8
Ex- Sareb bonds	1.4%	5.6

- €12.8bn of HtM portfolio fully funded with demand deposits and stable wholesale deposits (>10 years)
- €656m of unrealised capital gains in the HtM portfolio (85% of total unrealised gains) showing conservative classification as HtM removes volatility in CET1 figures

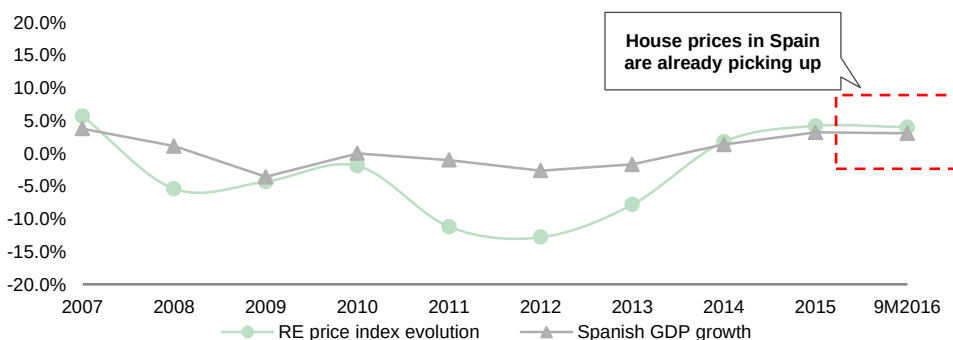
Source: Company data as of September 2016

(1) Includes €2.7bn of SAREB bonds

(2) Net of forward sales

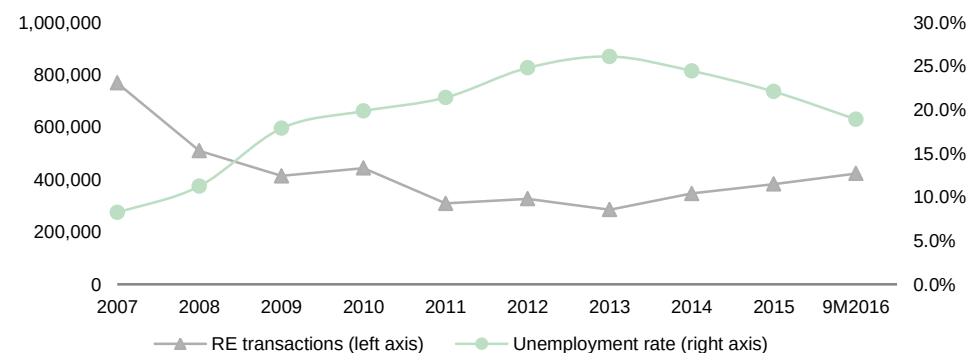
Spanish macro recovery and positive trends in the Real Estate market

Spanish house price index & GDP evolution⁽¹⁾



Unemployment rate & RE house transactions⁽²⁾

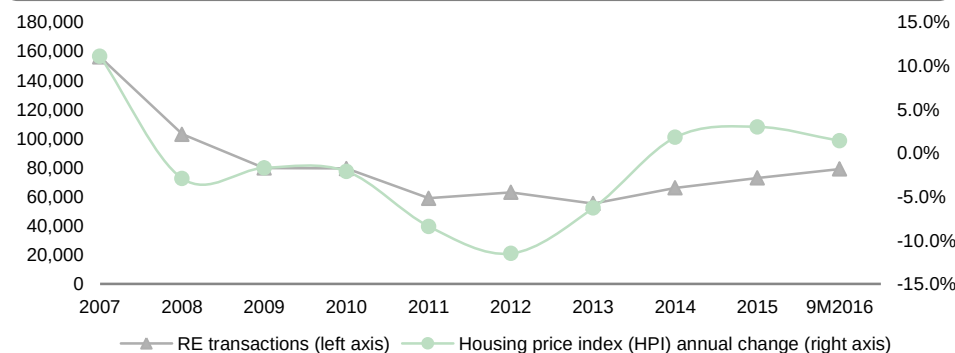
(# of transactions)



Spanish economy estimates⁽³⁾

	2016E	2017E	2018E
GDP growth estimates	+3.2%	+2.3%	+2.1%
Unemployment rate	19.4%	18.0%	17.0%

Focus on Andalucía⁽²⁾



Source: IMF, INE, Ministerio de Fomento

(1) Data as of 9M 2016. GDP growth 2016E based on World Economic Outlook IMF estimates (October 2016)

(2) Data as of 9M 2016. For RE transaction figure last 12 months for comparative purposes

(3) World Economic Outlook IMF estimates (January 2017 for GDP and October 2016 for unemployment)

Many thanks

Unicaja Banco Investor Relations

ir@unicaja.es
+34 91 330 58 65