

Unicaja Banco

Corporate presentation

May 2017



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Overview of Unicaja Banco

Key highlights

Recent financial performance

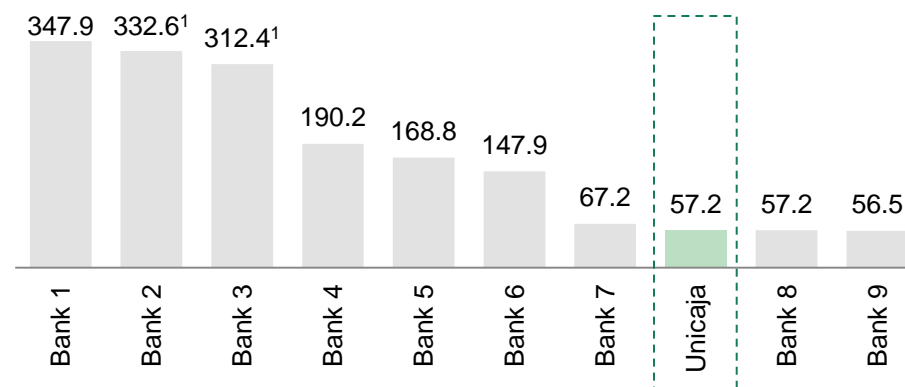
Closing remarks

Overview of Unicaja Banco

Business Description

- Largest non-listed Spanish bank by total assets (€57.2bn as of December 2016)
- 1,280 branches and over 3.1m clients as of December 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 13% by deposits in Andalucía and 15% by loans and 22% by deposits in Castilla y León as of December 2016
- Unicaja Banco is one of the few former Spanish 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 Dec-16)⁶



Financial Highlights—December 2016

Total assets	€57.2bn
Net customer loans	€30.7bn
Customer deposits ²	€36.0bn
Shareholders' equity ³	€3.0bn
Net attributable income	€142m
NPL ratio	9.8%
NPA coverage ratio ⁴	55.4%
LTD ⁵	83%
CET1 FL (inc. €604m FROB CoCos)	11.8%

Source: Company data, BoS, AEB and CECA (3)
 (1) Excluding Spanish run-off activity (4)
 (2) Sight + term deposits – multi-issuer bonds

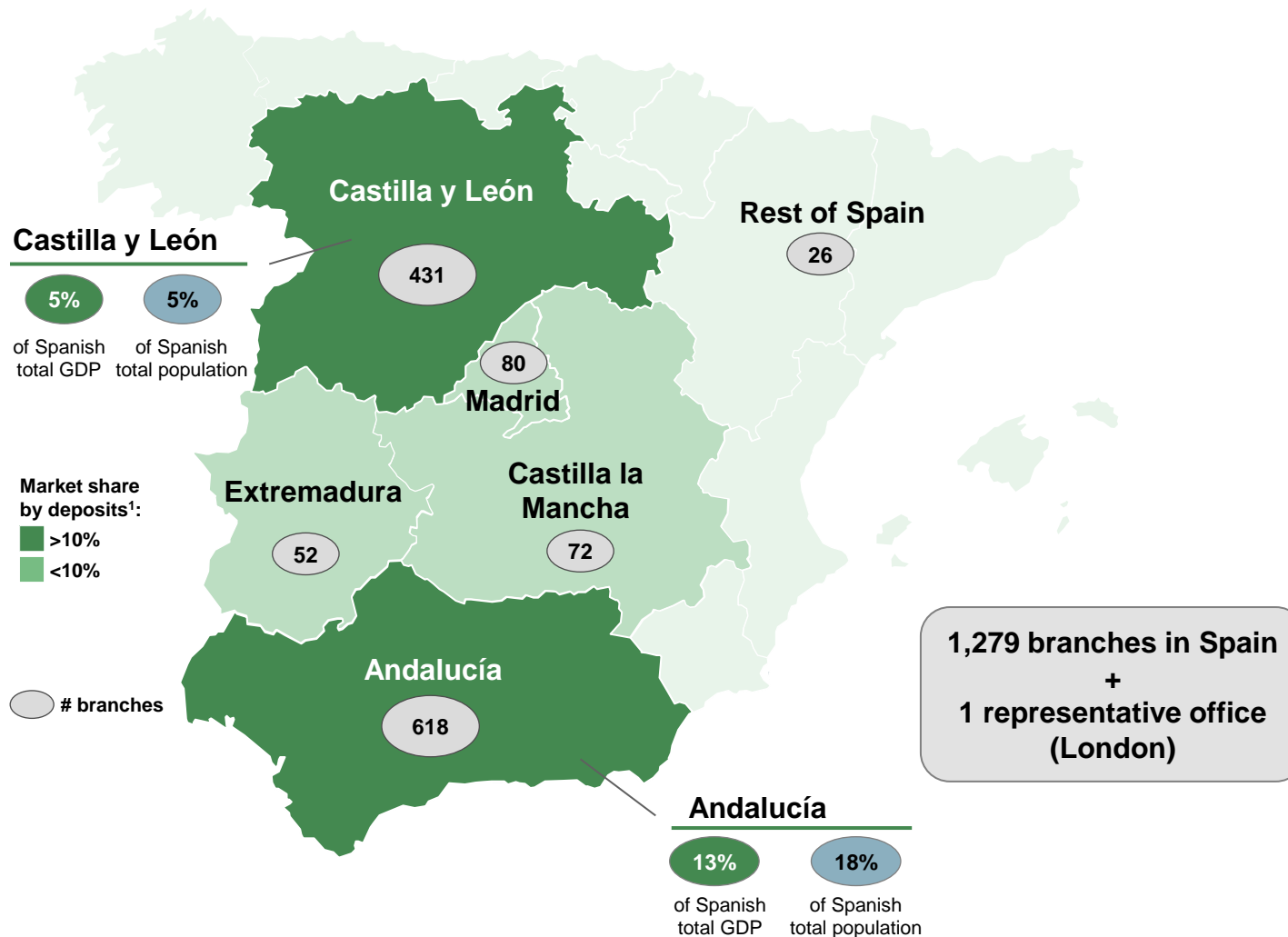
Including valuation adjustments and excluding minority interests (5)
 Defined as (Foreclosed assets provisions + NPL provisions) / (Gross Foreclosed assets + NPL)

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% of Spanish population and 18% 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 13% in loans and deposits, respectively as of Dec-16
 - **Castilla y León:** leading player with market shares of 15% and 22% in loans and deposits, respectively as of Dec-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

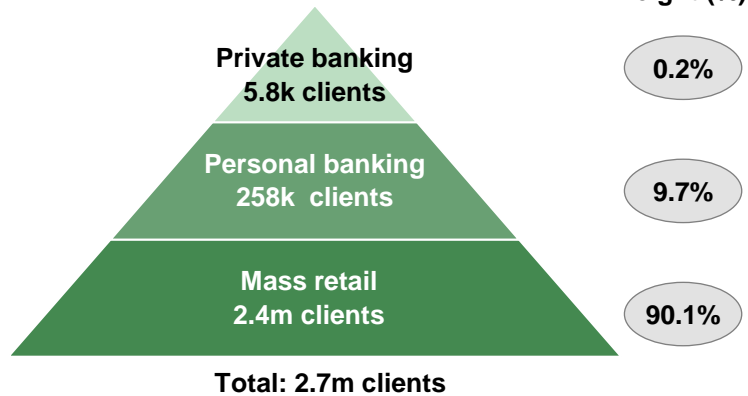
Source: Company data, INE and Bank of Spain

(1) In Castilla y León, Extremadura, Madrid Castilla la Mancha and Andalucía (legend does not apply for rest of Spain)

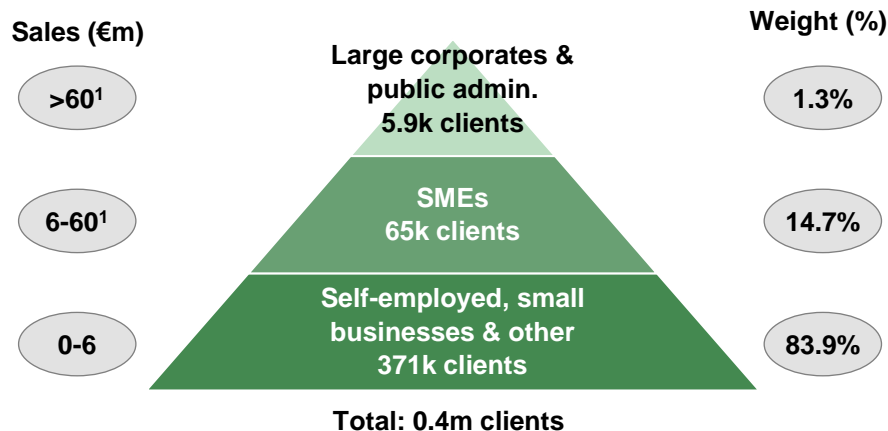
Loyal and well-balanced client base with 2.7m retail clients and 0.4m non-retail

Client Segmentation

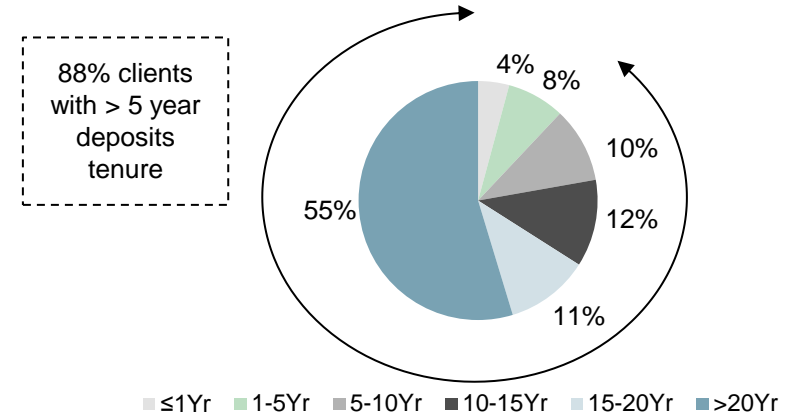
Retail clients (individuals)



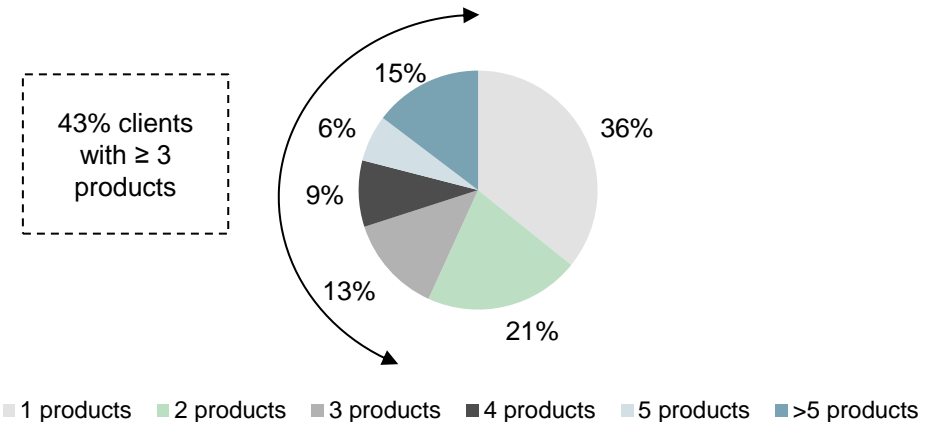
Corporate and business clients



Client Loyalty (Deposits Tenure)



Cross-selling (# of Products / Client)



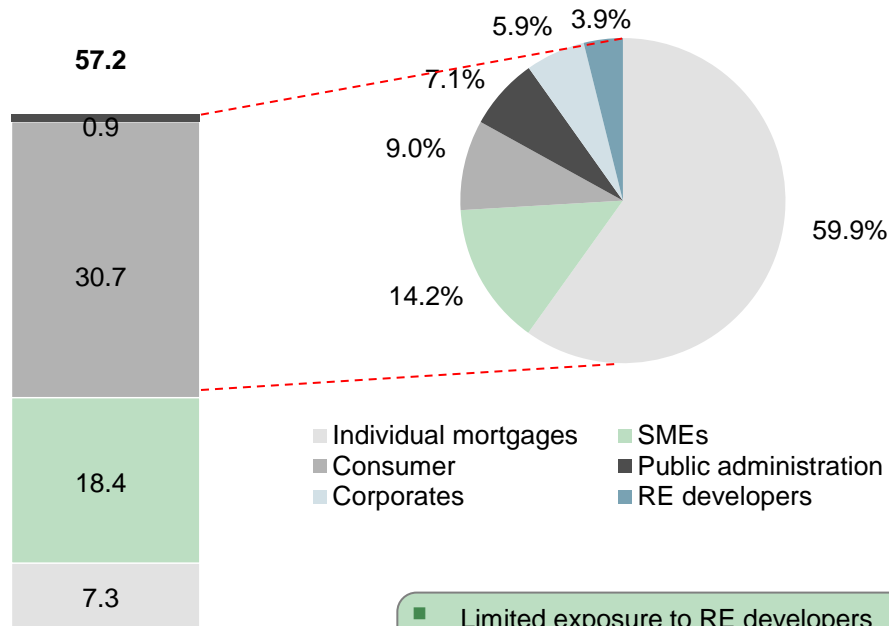
Source: Company data as of December 2016

(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 (December 2016)¹

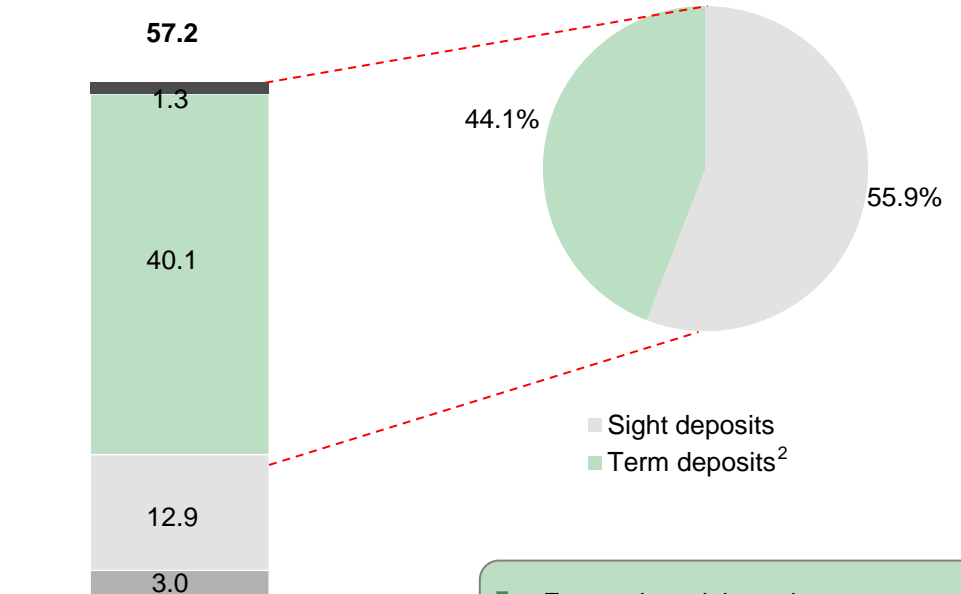


- Cash & interbank
- Net loans
- Investment portfolio
- Other

- Limited exposure to RE developers representing <4% of the loan book (c. €1.2bn RE developers exposure)
- Significant potential to rebalance loan mix towards profitable SMEs and consumer segments

Liabilities and Equity (€bn)

Customer Deposits Breakdown (December 2016)



- Other
- Retail funding²
- Wholesale funding
- Total equity

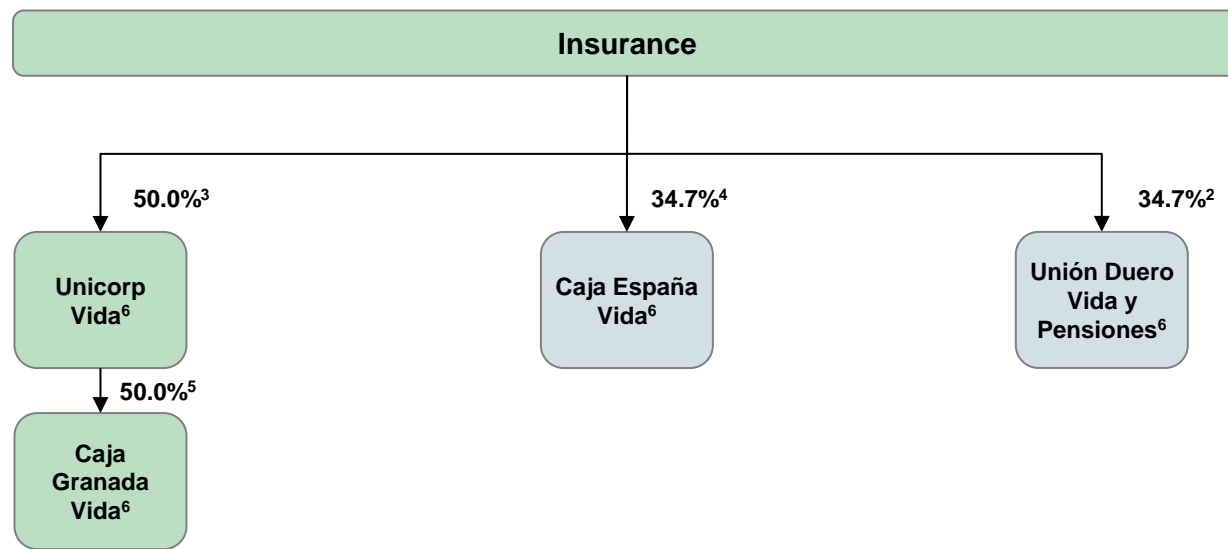
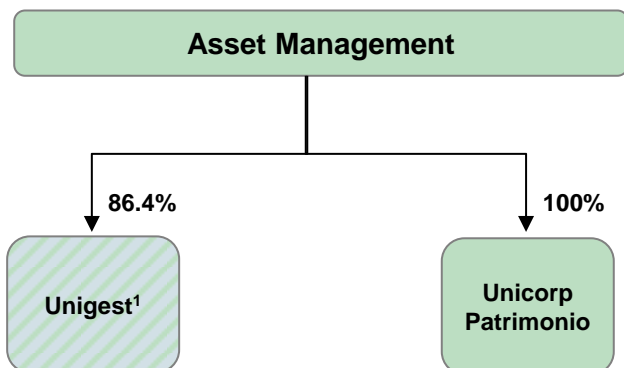
- Focused on sight and term deposits and low risk off-balance sheet products
- Stable customer deposit base (55.9% sight deposits)

Source: Company data

(1) Excluding reverse repos and other assets

(2) Including €6.5bn multi-issuer covered bonds

Highly attractive ancillary subsidiaries with significant growth potential



Insurance partnerships under review

- AuM of €5,593m related to investment funds as of 2016YE⁷
- Funds split as follows: Guaranteed/Passive (41%), Fixed income (12%), Mixed (5%), Equity (5%) and absolute return (37%)

- Insurance savings of €2,966m as of 2016YE
- Pension funds of €2,211m as of 2016YE

Source: Company data as of December 2016, Inverco

Originally part of Unicaja

Originally part of Banco EspañaDuero

(1) In Sep-15, the CNMV approved the merger of Unigest and Caja España Fondos

(2) Economic rights. Unicaja holds a 34.7% indirect stake through EspañaDuero which in form holds a 50% direct stake. Agreement with Mapfre under revision

(3) Economic rights. Unicaja holds a 50% total stake (42.4% direct and 7.6% indirect). Agreement with Aviva under revision

(4) Economic rights. Unicaja holds a 34.7% indirect stake through EspañaDuero which in form holds a 50% direct stake. Agreement with Aviva under revision

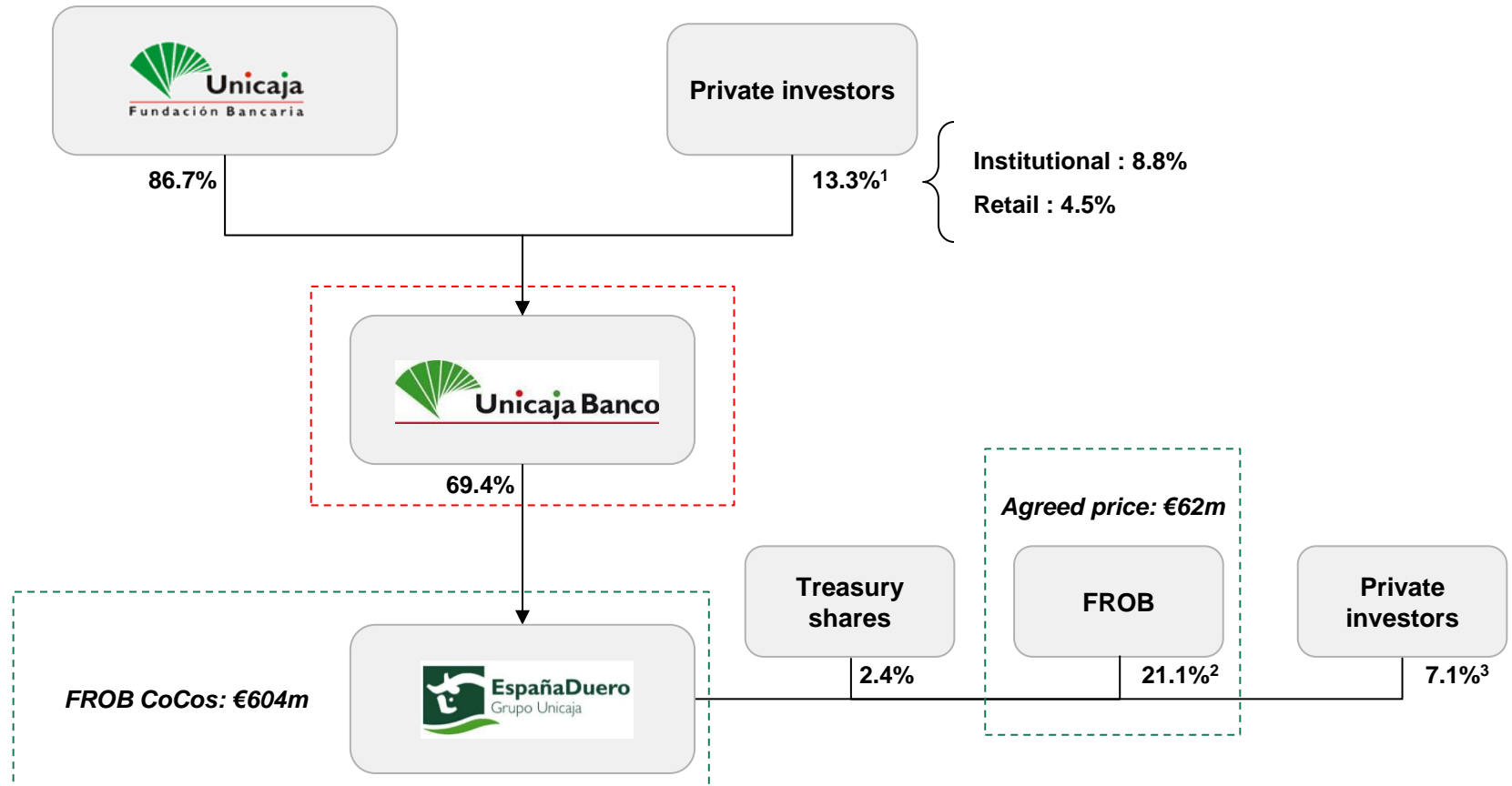
(5) Economic rights. Unicaja holds a 25.0% indirect stake through Unicorp Vida which in form holds a 50% direct stake

(6) Equity-accounted entity

(7) Excluding €864m discretionary portfolios

Current shareholding structure

Shareholding Structure



Source: Company data

- (1) Former EspañaDuero shareholders and holders of EspañaDuero CoCos who accepted Unicaja's exchange offer for the acquisition of EspañaDuero
- (2) The FROB had a 18.5% stake (21.1% pro-forma the amortisation of 145m treasury shares) in EspañaDuero following the full use of the so-called "Mecanismo de Compensación" (arising from legal proceedings initiated by EspañaDuero shareholders or holders of EspañaDuero CoCos not accepting Unicaja's exchange offer)
- (3) Stake held by former holders of EspañaDuero CoCos who did not accept Unicaja's exchange offer for the acquisition of EspañaDuero

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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 lower risk business profile and solid balance sheet fundamentals

3

Identified profitability levers to navigate the low rate environment

4

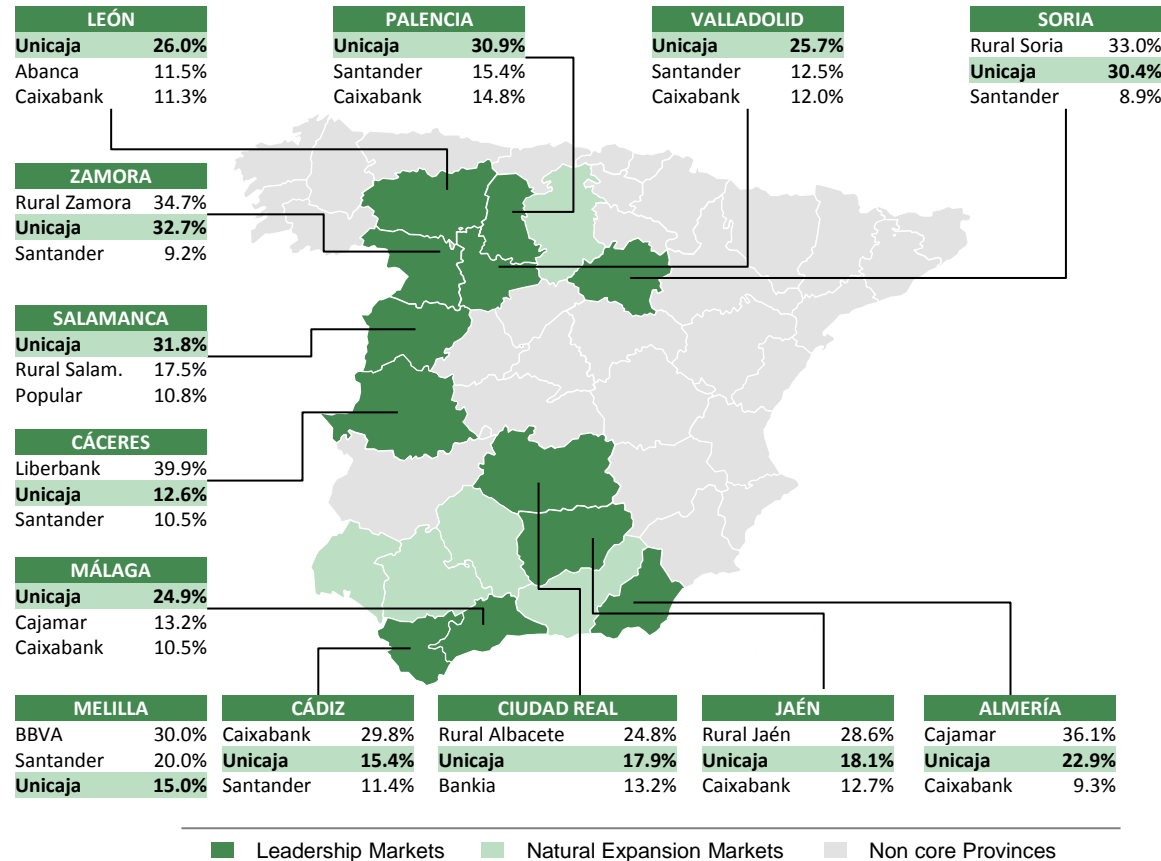
Cost rationalisation potential - Synergies from integration of EspañaDuro



1 Unicaja business model is cemented on leading market positions in its core regions

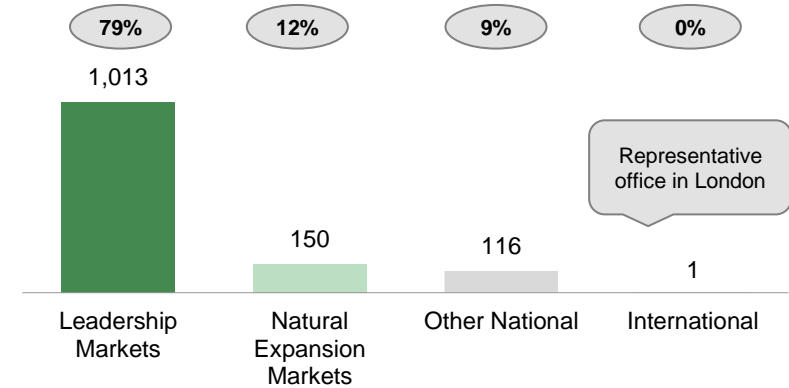
Clear Leadership with Significant Market Share Premium Over Competitors

Market share by branches – June 2016

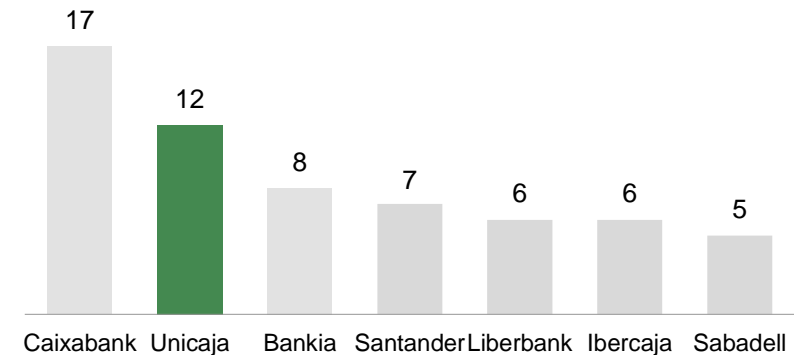


A focused retail network

Distribution of branches – December 2016



Number of provinces where the Bank is among Top 2 Players by Branches – September 2016

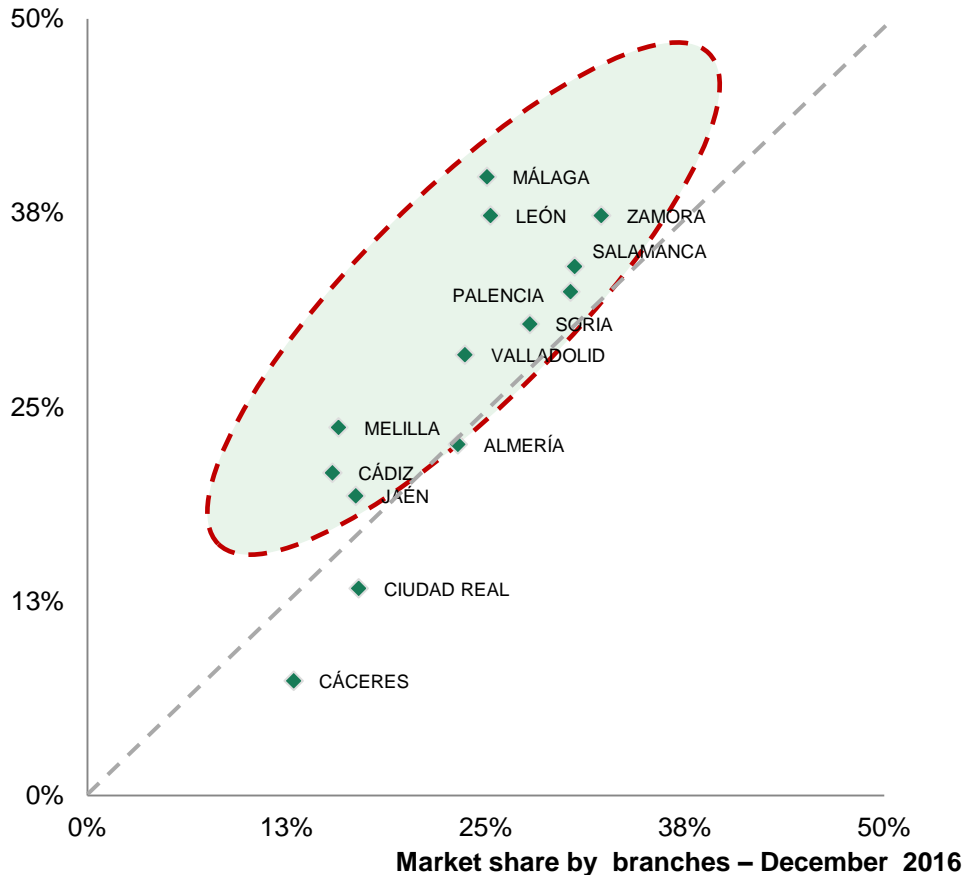


Source: Company data, CECA, AEB and Bank of Spain

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

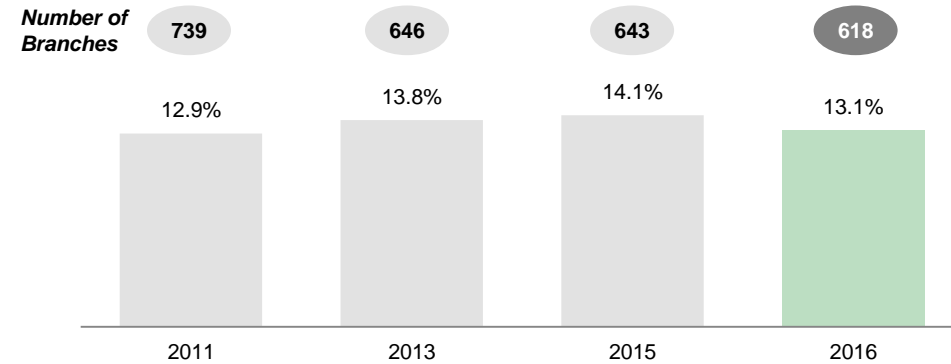
A Dominant Position...

Market share by savings deposits in Leadership Markets – December 2016

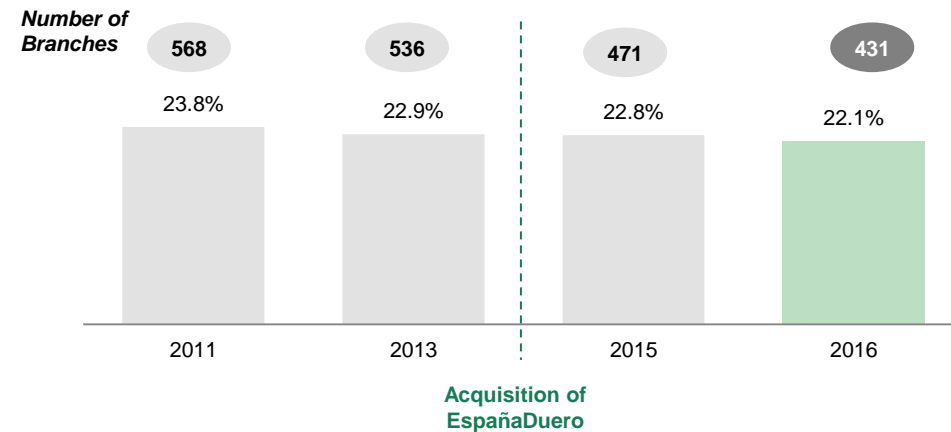


... And Resilient Market Share

Andalucía Deposit Market Share Evolution



Castilla y León Deposit Market Share Evolution



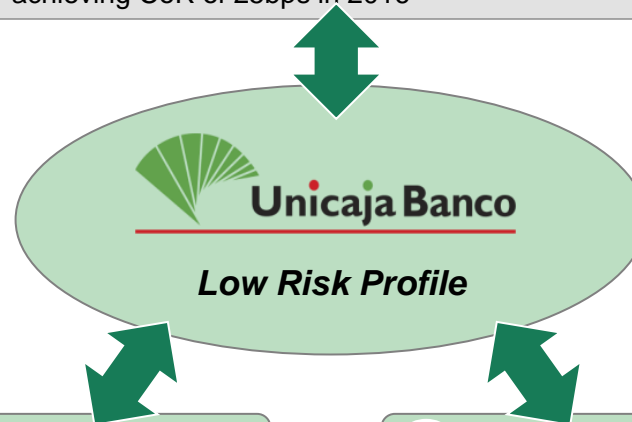
Source: Company data, CECA, AEB and Bank of Spain

② Superior balance sheet fundamentals

A

Coverage / Asset Quality

- Highest NPA ¹ coverage among peers ² (c.55%)
- Low NPA exposure with demonstrated ability to reduce it even further: €1.6 bn gross reduction (~22%) since 2014
- Expected Texas Ratio ³ below 90% after IPO
- Already achieving CoR of 25bps in 2016



B

Liquidity

- Comfortable liquidity position with solid deposit base and low reliance on wholesale funding
- LtD of 83%
- Net liquid assets as % total assets: 25.4%

C

Solvency

- Solid CET1 Fully Loaded position (11.8% inc. FROB CoCos)
- The lowest CET1 SREP requirement among peers with an ample buffer >600bps vs. CET1 Phased In
- High RWA density among peers due to use of standard models

Source: Company data as of December 2016

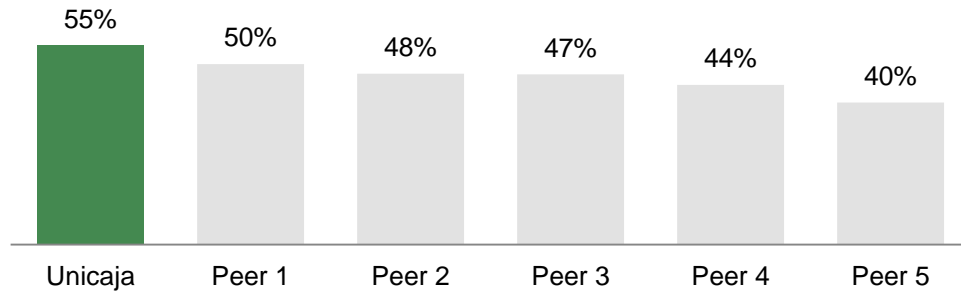
(1) NPA coverage excludes mortgage floors provisions
(2) Peers are CaixaBank, Bankia, Sabadell (incl. APS), Popular, Liberbank (reported figures)
(3) Texas Ratio = (Gross NPLs + Gross Foreclosed Assets) / (TBV + NPL provisions + Foreclosed Asset Prov.)

2.A

Low NPA exposure and best in class coverage are testament to Unicaja's conservative management

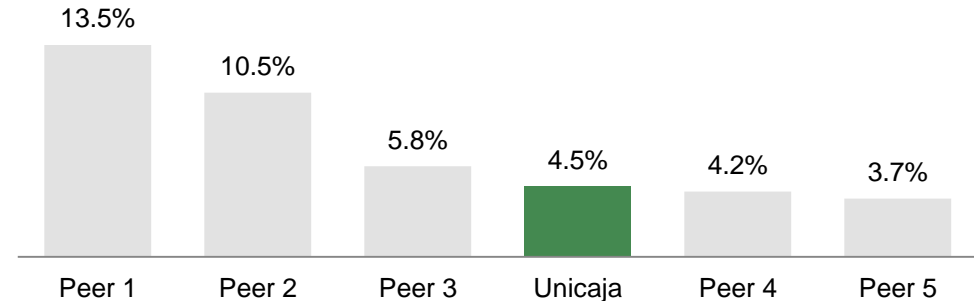
Best in class NPA coverage ^{1,2}

NPA coverage as of December 2016⁽²⁾



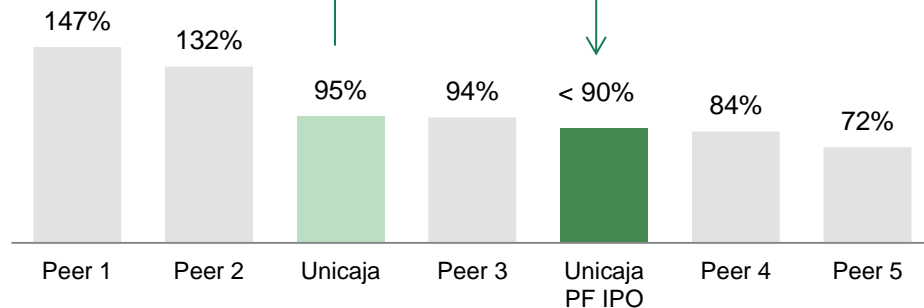
NPAs over Total Assets ²

NPAs/Total Assets as of December 2016



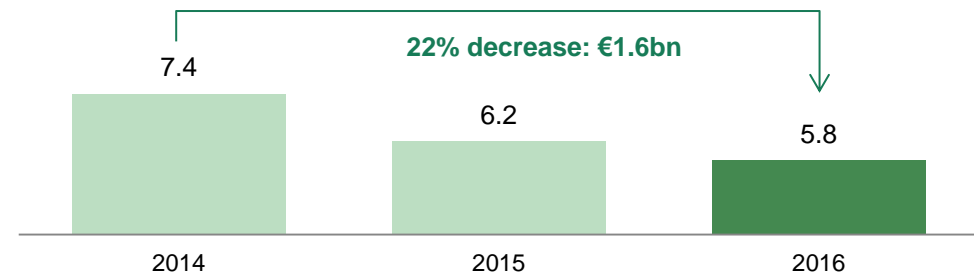
Texas Ratio ^{2,3,4}

2016



Strong Reduction of NPAs

Gross NPAs evolution (€bn)



Best in class coverage has allowed Unicaja to achieve 25 bps of cost of risk in 2016

Source: Company data

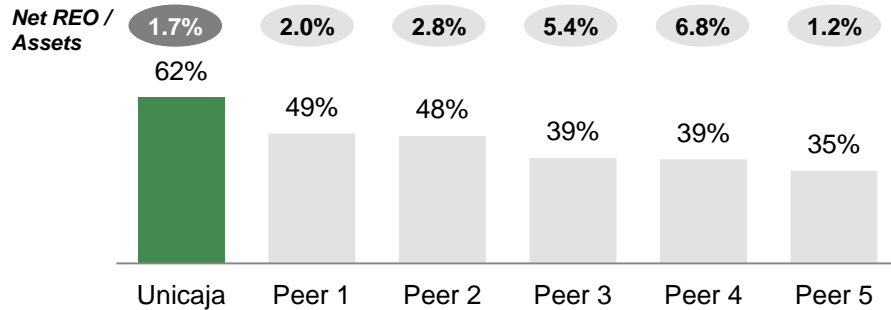
- (1) NPA coverage excludes mortgage floors provisions
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- (3) Texas Ratio = (Gross NPLs + Gross Foreclosed Assets) / (TBV + NPL provisions + Foreclosed Asset Prov.)
- (4) TBV for Sabadell includes TSB vs. rest of metrics (ex. TSB)

2.A

Superior coverage of NPAs, further reinforced by the high collateralisation level of our NPLs

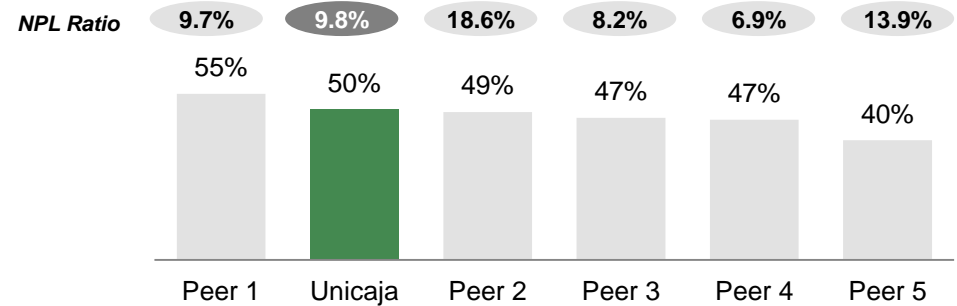
Highest coverage of foreclosed assets with low RE exposure

Foreclosed Assets Coverage as of December 2016 ¹



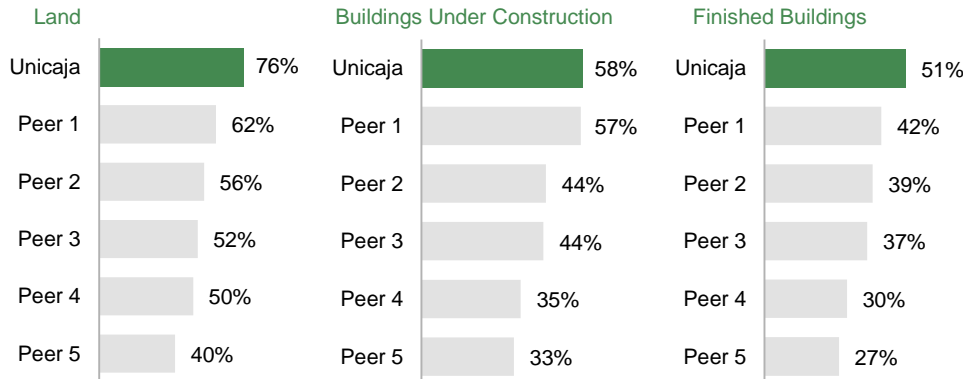
Superior coverage of NPLs ²

NPL Coverage as of December 2016 ¹



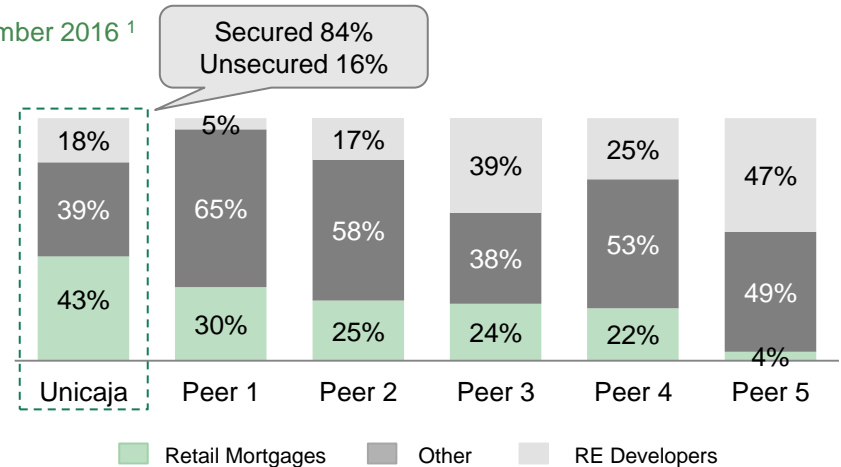
Highest coverage across all foreclosed assets classes

December 2016 ¹



Highest weight of mortgages NPLs

December 2016 ¹



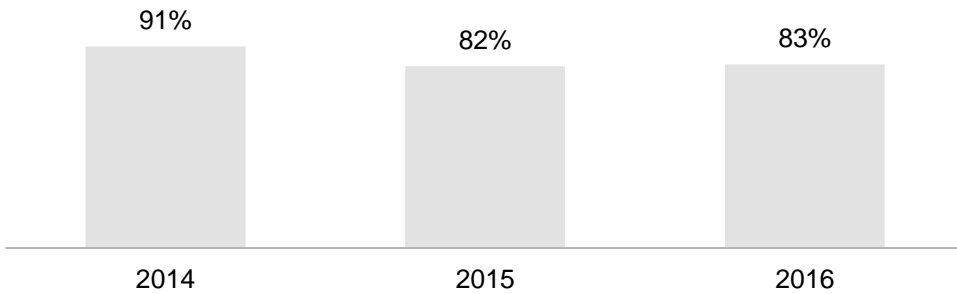
Source: Company data

- (1) Peers are CaixaBank, Bankia, Sabadell (Inc. APS), Popular, Liberbank (reported figures)
- (2) NPL coverage excludes mortgage floors provisions

2.B

Comfortable liquidity position with one of the lowest LtD among peers

LTD¹



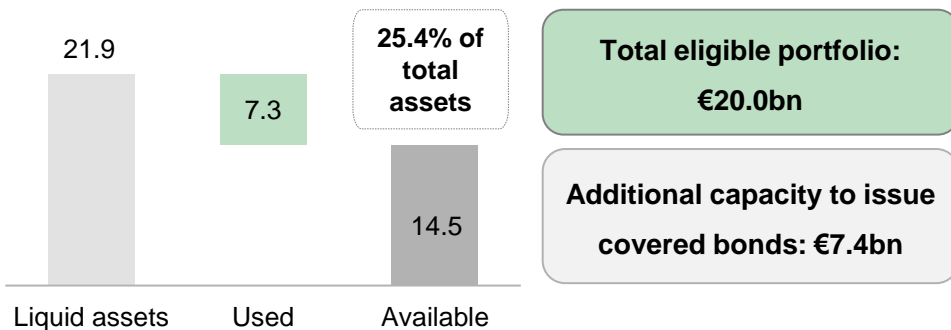
NSFR & LCR

Metric	Requirement	Unicaja 2016
NSFR	100% ²	125%
LCR	60% (up to 100% by 2019)	410%

Liquid Assets Breakdown (€bn)

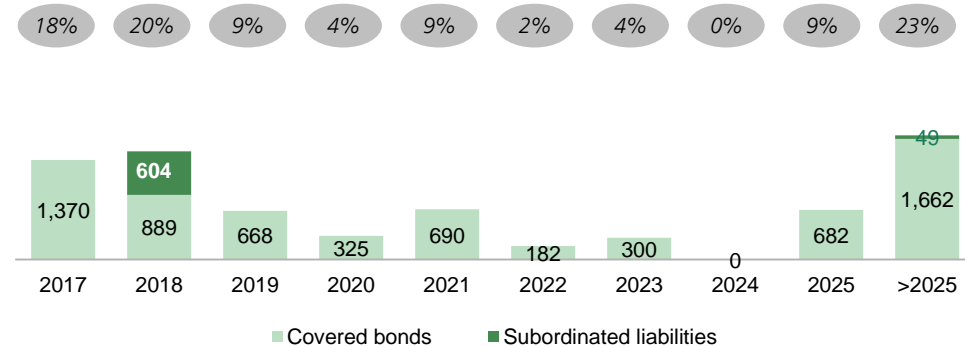
Liquidity Generation Capacity (€bn)
December 2016

Covered Bonds Issuance Capacity



Wholesale Funding Maturities (€m)

December 2016



Source: Company data

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

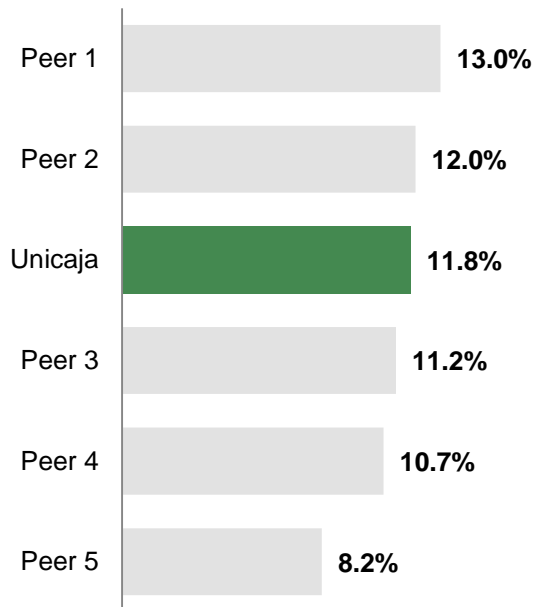
(2) Only applicable starting in 2018

2.C

Sound capital position built on a conservative approach based purely on standard models

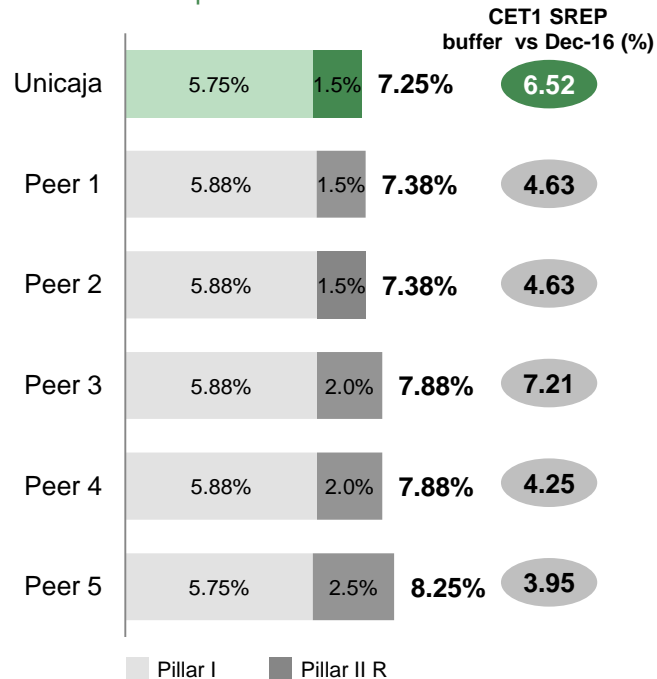
Solid CET1 Fully Loaded

CET1 Fully Loaded - December 2016 ¹



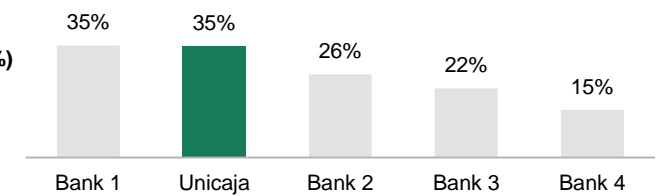
Lowest SREP requirement

CET1 SREP Requirements 2017 ^{1,2}

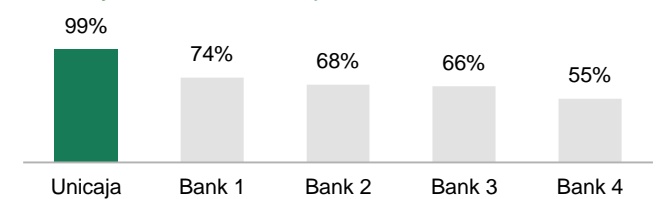


Highest RWAs density ³

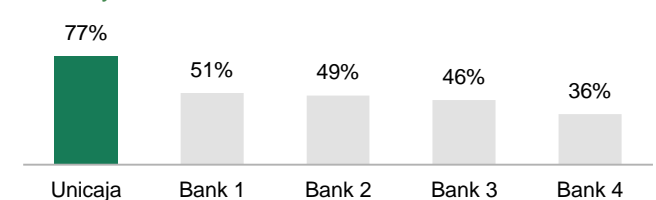
Density of RWAs on Retail Mortgages



Density of RWAs on Corporate Loans



Density of RWAs on SMEs



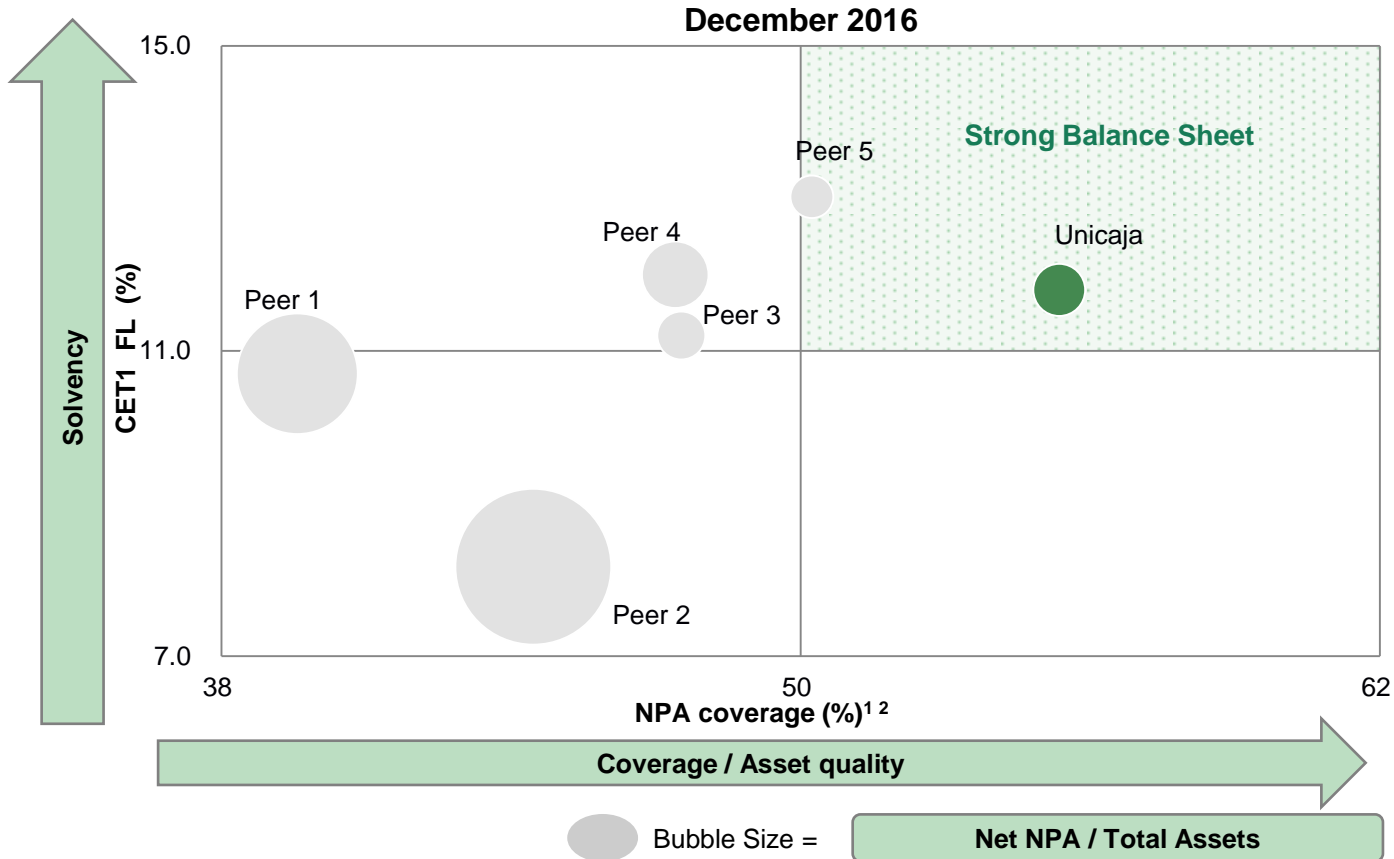
As of December 2016, we have a significant distance to MDA (+342bps in terms of total capital and +652bps in terms of CET1)

Source: Company data, 2016 EBA transparency exercise

- (1) Peers are CaixaBank, Bankia, Sabadell, Popular, Liberbank (reported figures except for Caixabank, which is proforma BPI tender offer). Sabadell does not include impact of sale of its US subsidiary Sabadell United Bank
- (2) CET1 SREP Buffer = CET1 Phased In – SREP Requirement
- (3) For RWA Density figures all data as of 1H16 and IRB banks include Criteria-CaixaBank, Sabadell, Popular and BFA-Bankia due to EBA disclosure

Summary: The combination of highest coverage, low NPAs exposure and sound capital level allow Unicaja to be one of the stronger balance sheets in the sector

Balance Sheet Strength – Asset Quality, Solvency ^{3,4}



- A** Highest NPA coverage among peers ✓
- B** Solid CET1 FL Ratio purely based on standard models ✓
- C** One of the lowest NPA weighting over total assets among peers ✓

Source: Company data as of December 2016

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

(2) NPA coverage excludes mortgage floors provisions

(3) Sabadell does not include impact of sale of Florida

(4) Peers are CaixaBank, Bankia, Sabadell (inc.APS), Popular, Liberbank (reported figures except for Caixabank CET1, which is proforma BPI tender offer)

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

Margin Reinforcement

A Strong Deposit Repricing Potential

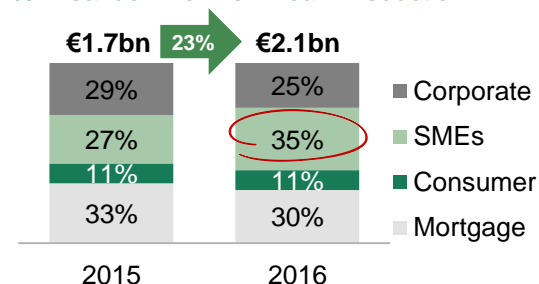
- €7.0bn term deposits will be repriced before 2017 YE
- Current average cost of such term deposits of 0.37% vs 0.10% of new book

B Levers From Other Specific Identified Liabilities

- Repayment of €604m CoCos at 9.75%
- New TLTRO funding of €3.3bn at ≥ (0.40%) negative cost
- EspañaDuero €1.3bn LT deposits maturity in 2020-2021 at 4.3%
- €840m EspañaDuero Fixed Cost LT Covered Bonds maturing up to mid 2021 at 2.51%

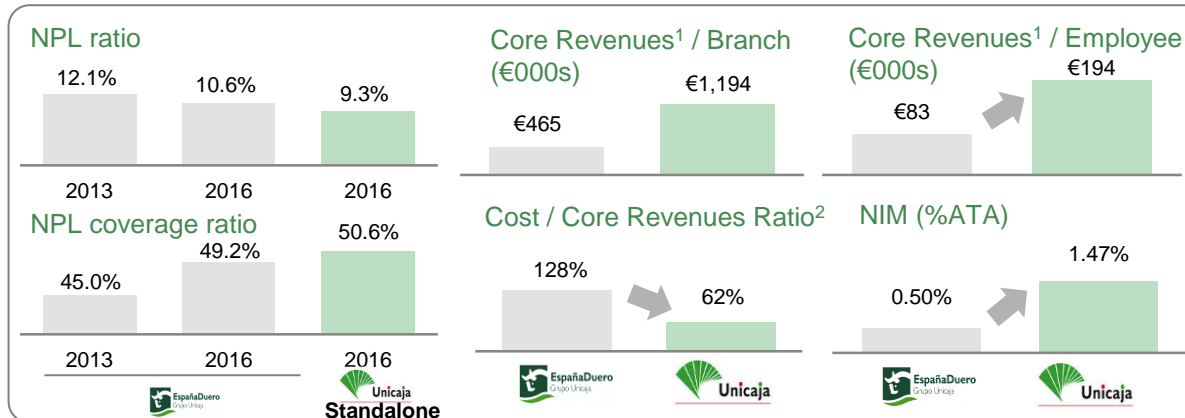
C Commercial Focus on Higher Margin Segments

- New book grew 23% in 2016
- % Breakdown of New Loan Production



Best Practice Sharing and Penetration Potential

D Asset quality metrics already converging. Next step is to focus on profitability



E AuMs, Insurance and Credit Cards Potential

- Strong penetration potential in mutual funds and life insurance with market share of 1.4% and 1.8% vs. 3.6% in deposits
- Credit card growth potential with 38% of total cards being credit vs. average 65% for the system

Source: Company data as of December 2016, Inverco, ICEA and Bank of Spain

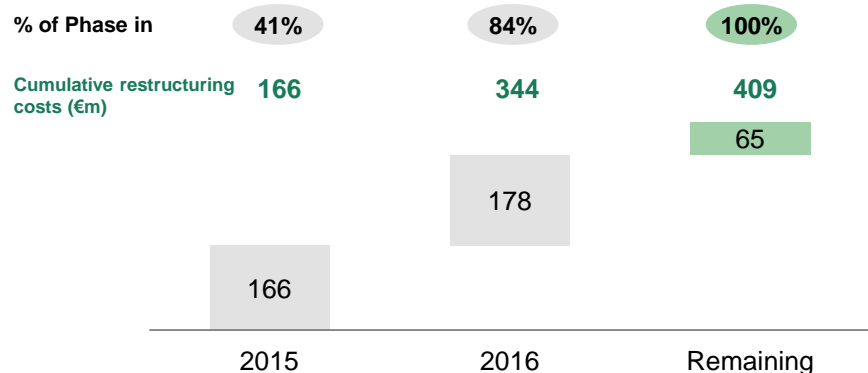
(1) Core Revenues defined as Net Interest Income + Net Fees

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

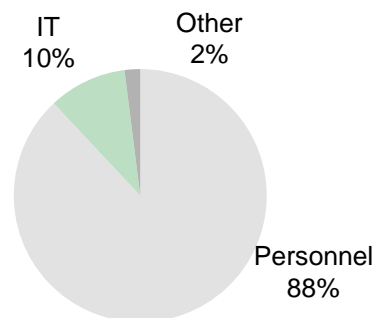
4 Unicaja has already implemented the majority of the rationalisation exercise and is now crystallising synergies, with a revised target of €188m synergies by 2020

Most of restructuring effort undertaken with ~84% of restructuring costs already booked

Restructuring Costs (€m)



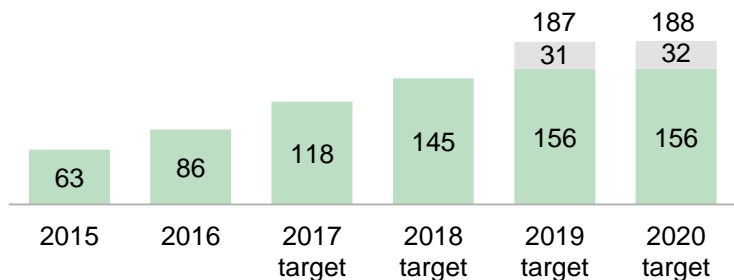
Restructuring Costs breakdown (€m)



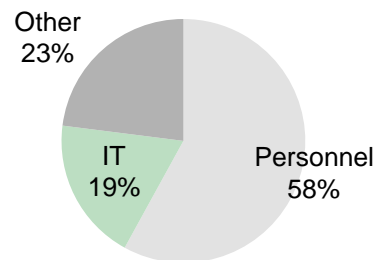
- Out of the remaining restructuring costs, €42m are related to the additional synergies and will be booked before 2018

While a large proportion of cost synergies are still to be cristalised (~55%)

Pre Tax Cost Synergies (€m)



Full cost synergies breakdown (€m)

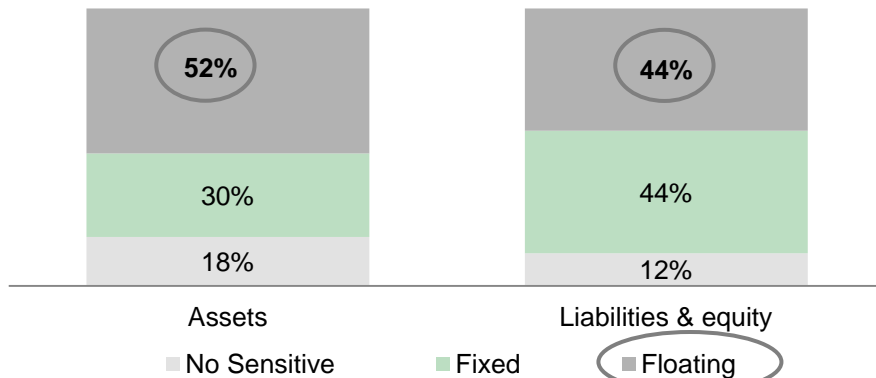


- On track to achieve our cost synergies targets
- Revised synergies expected to bring €31m of additional cost savings in 2019 and €32m in 2020, respectively

Source: Company data

Unicaja Banco's balance sheet is leveraged to interest rate increases

Balance sheet interest rates sensitivity



Different impact on interest rate sensitive assets and liabilities

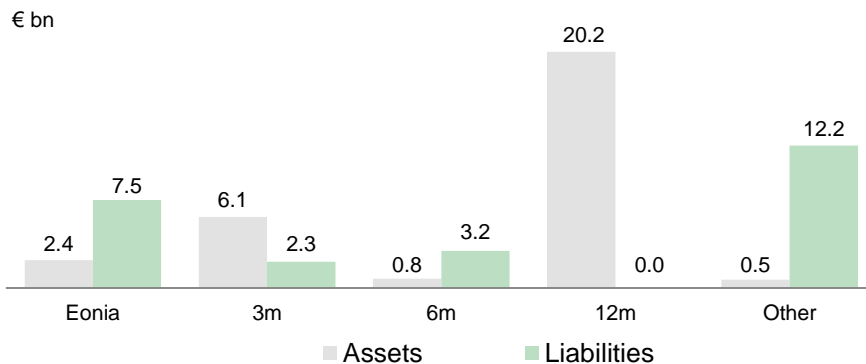
Assets

- Sensitive interest rates loan book represents 41% of total assets
- Floating fixed income portfolio (€3.7 bn) is linked to 3M Euribor (mainly Sareb bonds). This represents 7% of total assets
- Potential additional gains in the near future by replacing negative yielding money market assets (4% of total assets) for loans or bonds
- Positive impact on NIM from increase of performing assets

Liabilities

- Based on EBA recommendations, 90% of sight deposits are considered stable and non-sensitive to interest rates
- Floating term deposits and sensitive sight deposits represents 17% and 7% of total liabilities, respectively
- Floating Covered bonds represents 7% of total liabilities
- Money Market Liabilities represents 13% of total liabilities. It is expected to decrease:
 - TLTRO2 facility (€3.3 bn, 4 years, -0.40%) at march-2017 will replace repos → Potential additional savings
 - Fixed income portfolio downsizing (€2.8 bn of AFS portfolio sold value date Jan-17)

Assets & Liabilities floating reference



NII improvement >6.5% p.a. if rate increases by 50bps ¹

Source: Company data
 (1) Constant balance sheet adjusted by TLTRO2

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Unicaja Banco – Key financial highlights

	€m	2015	2016
BALANCE SHEET	Total assets	60,312	57,241
	Gross customer loans ¹	35,433	32,730
	Customer deposits	37,522	36,022
	Shareholders' equity excluding minorities ²	2,877	2,904
PROFIT AND LOSS	Net interest income	688	620
	Fee income	239	207
	Trading Income	564	78
	Gross Margin	1,575	1,089
	Operating expenses & Amortisation	681	656
	Pre Provision Profit	894	433
	Impairments & Provisions	659	283
	Net attributable income	187	142
KEY RATIOS	NIM	1.1%	1.1%
	Cost to income ³	40.3%	56.1%
	NPL	10.0%	9.8%
	NPL coverage ⁴	57.2%	50.0%
	Cost of risk	1.16%	0.25%
	RoTE	6.7%	4.9%
	RoA	0.28%	0.23%
CET 1 FL (inc. CoCos)	11.1%	11.8%	

Source: Company data

(1) Customer loans excluding repos and val. adj.

(2) Excluding minority interests and PeCoCos included in accounting equity

(3) As reported (Operating expenses ex D&A / Gross Margin)

(4) Defined as (NPL provisions) / (Gross NPL). Excludes mortgage floor provisions

Key financial highlights

A

Business Trends

- New loan production increase +23% YoY with successful rebalancing towards the higher yielding segments (+59% growth in SME lending and +22% in consumer lending)
- Growth in off balance sheet funds up +5.1% in the year, while maintaining >€22bn of sight deposits

B

Operating Profit

- Stable NIM (1.1%) and customer spread (2.1%) despite the low interest rate environment
- Falling operating expenses c.4% down YoY, with still 55% of synergies still to be crystallised (~€100m)
- Cost of Risk at 25 bps reflecting our balance sheet strength

C

Asset Quality, Liquidity and Solvency

- Strong reduction of NPLs, 33% and €1.6bn down from 2014 (NPL ratio of 9.8%)
- Solid NPL coverage of 50%¹ and coverage of foreclosed assets of 62%
- Liquidity remains best in class with LtD at 83% and liquid assets representing 25.4% of total assets
- CET1 Phase In at 13.8% and Fully Loaded at 11.8% with strong capital generation (+150bps Fully Loaded and +280bps Phase In in the last two years)

Source: Company data

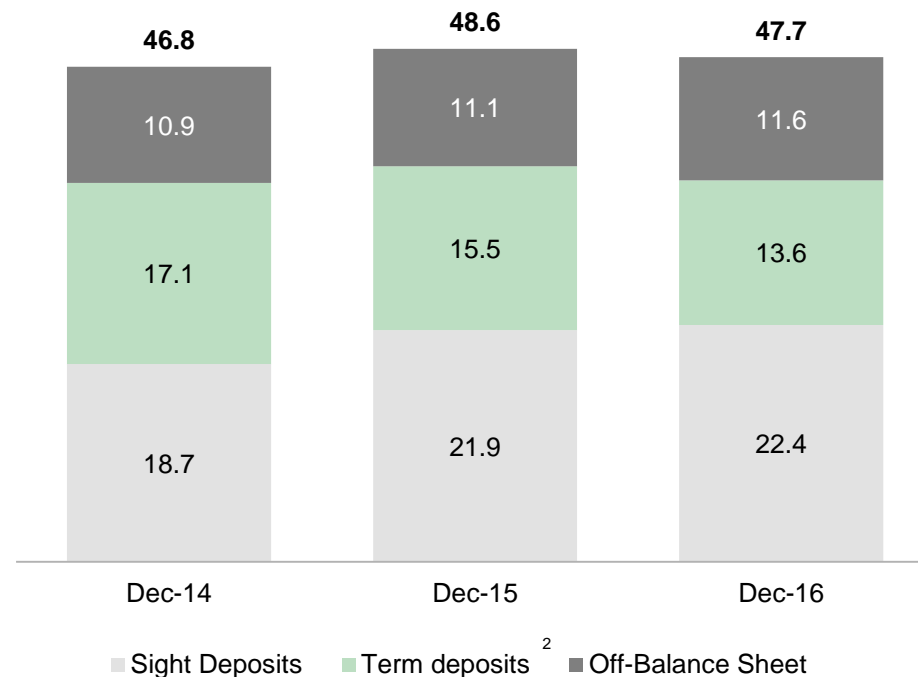
(1) Excludes €392m provisions for mortgage floors as of 2016E

A Resilient stock of demand deposits and successful transition to off-balance sheet customer funds

Pure Customer Funds (excluding repos and covered bonds)

€ bn	2014	2015	2016	YoY
Retail Customer Funds	46.8	48.6	47.7	(1.9%)
Customer deposits	35.8	37.5	36.0	(4.0%)
Sight Deposits	18.7	21.9	22.4	2.3%
Term deposits (excl. covered bonds)	17.2	15.7	13.7	(12.8%)
<i>Term deposits (incl. covered bonds)</i>	<i>25.7</i>	<i>23.1</i>	<i>20.0</i>	<i>(13.2%)</i>
<i>Covered bonds</i>	<i>8.5</i>	<i>7.4</i>	<i>6.4</i>	<i>(14.0%)</i>
Off-balance sheet funds	10.9	11.1	11.6	5.1%
Mutual funds	4.7	5.2	5.6	7.7%
Pension Plans	2.1	2.2	2.2	0.8%
Insurance Funds	3.2	2.8	3.0	4.6%
Other	0.9	0.9	0.9	1.6%

Customer Funds (€bn) ¹



Source: Company data

(1) Customer funds excluding Repos and Covered bonds

(2) Excluding Covered Bonds

A Positive evolution of the new lending book, rebalancing to higher yielding assets, with new production growing 23% YoY

Loan Book Breakdown (Gross)

€ bn	2014	2015	2016	YoY 14-15	YoY 15-16
Total gross loans (ex repos & valuation adjust.)	34.7	31.5	30.3	(9.2%)	(3.9%)
Public Sector	2.0	2.0	2.2	(1.2%)	7.5%
Loans to businesses	9.6	7.7	7.3	(19.2%)	(6.0%)
RED & Construction	2.5	1.8	1.5	(25.9%)	(15.6%)
Other corporates	7.1	5.9	5.7	(16.9%)	(3.1%)
Loan to individuals	23.1	21.7	20.8	(5.7%)	(4.2%)
Residential mortgages	21.0	19.9	18.1 ²	(5.4%)	(8.7%)
Consumer and others	2.1	1.9	2.7 ²	(9.4%)	44.3%
Other loans (repos & valuation adjustments)	3.4	3.9	2.5	16.4%	(37.6%)

Adj. for Reclas.²
Mortg: (4.8%)
Cons.: 2.7%

Loan Book Yield (back book)

Corporate & SME

2.13%

Mortgages

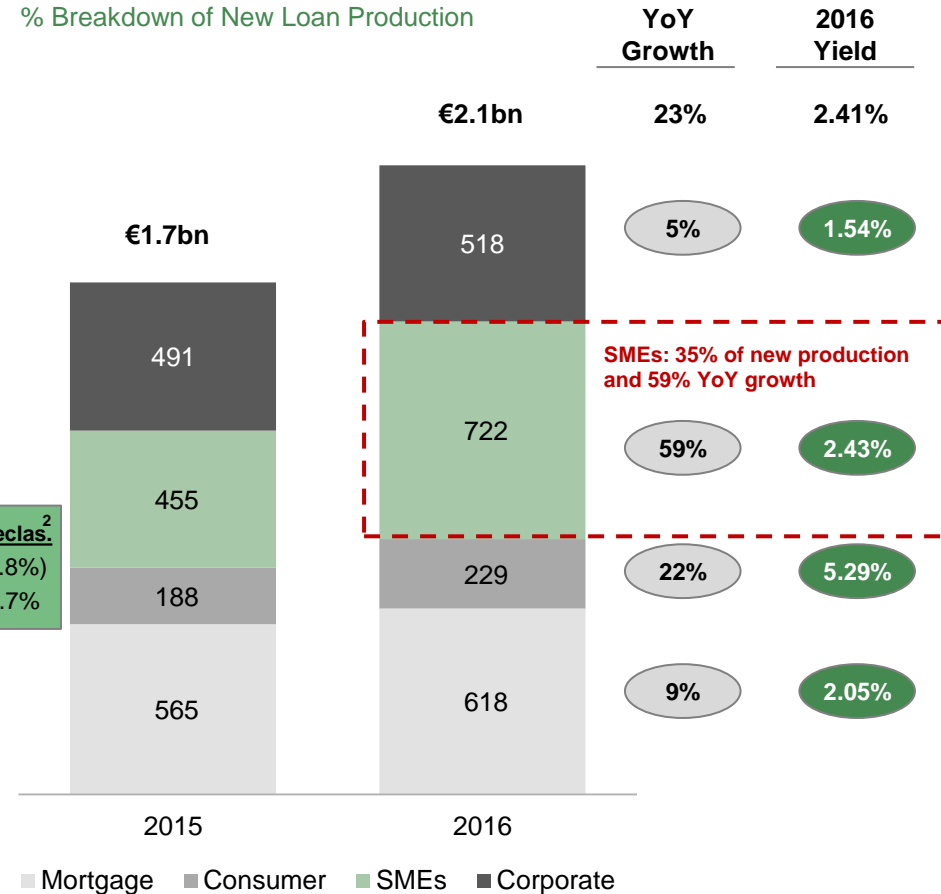
1.88%

Consumer & Other

4.99%

New Production Breakdown (€bn)¹

% Breakdown of New Loan Production



Source: Company data

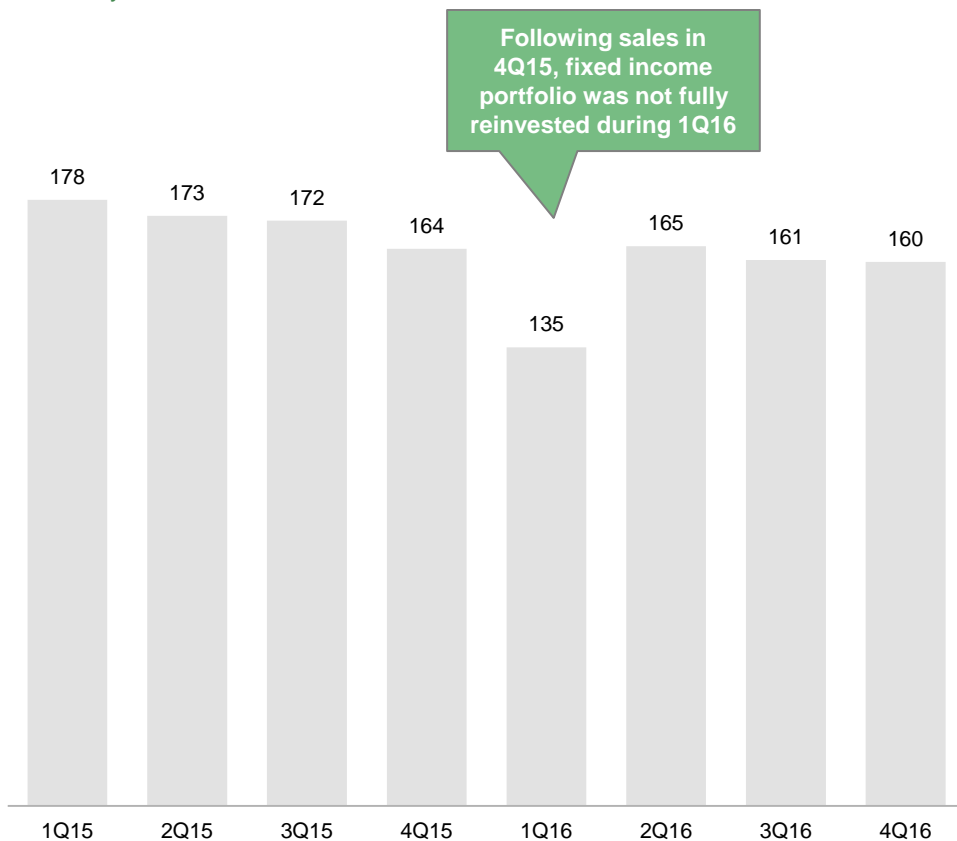
(1) New production excludes refinancing and renegotiations

(2) €0.8bn of mortgage loans were reclassified in 2016 to consumer loans. Adjusting for this one-off, mortgage book decreased 4.8% and consumer increased by 2.7%

B Stable Net Interest Income supported by lower cost of funding

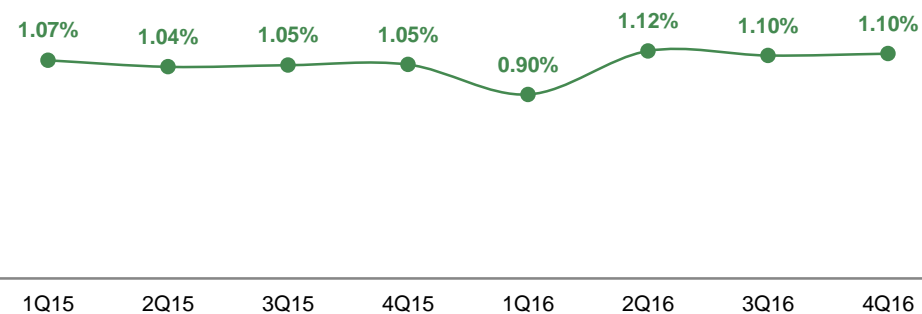
Net Interest Income Performance

Quarterly Evolution €m



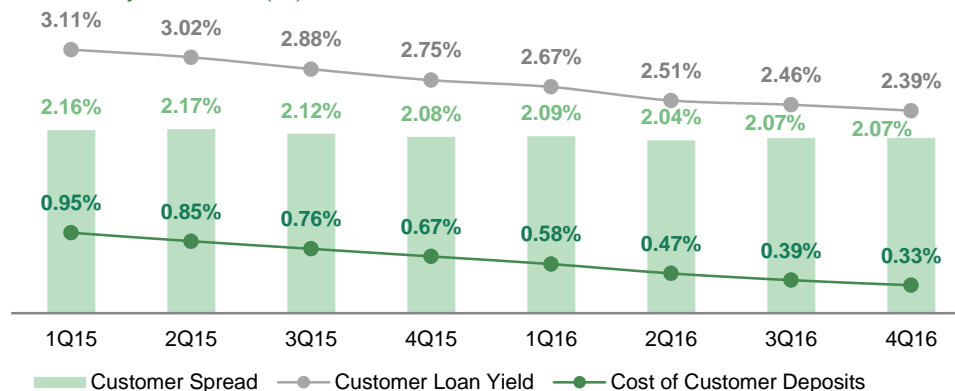
Stable Net Interest Margin

Quarterly Evolution (%)



Resilient Customer Spread

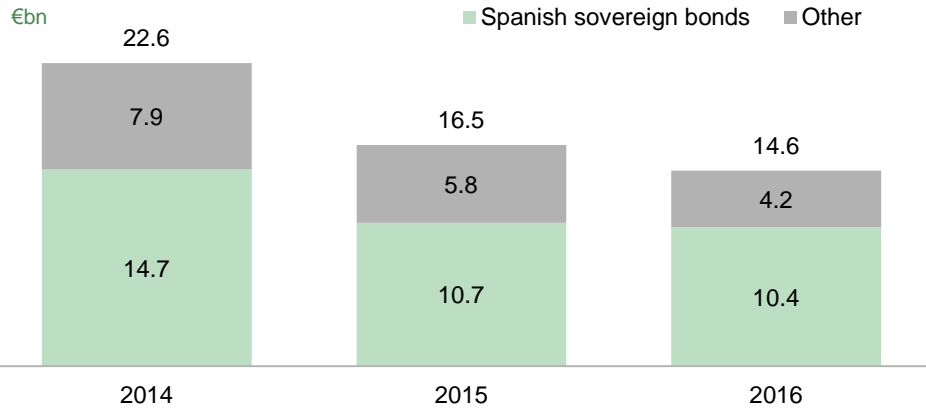
Quarterly Evolution (%)



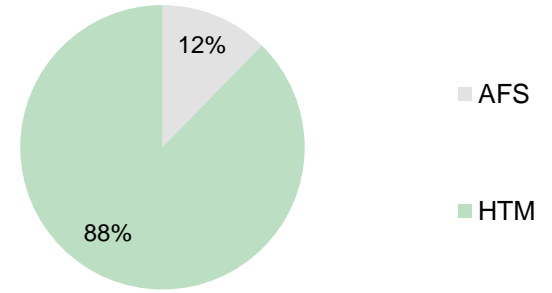
Source: Company data

B Structural ALCO portfolio (€7.0bn) classified as held to maturity

ALCO portfolio evolution¹

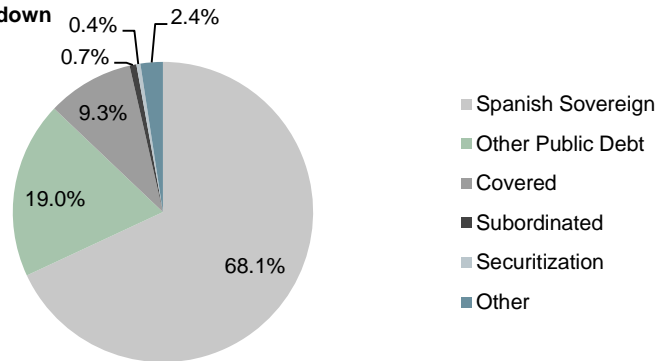


Investment Portfolio Breakdown



Total: €14.6 bn

ALCO Portfolio Breakdown



HTM

	Size € bn	Yield %	Duration Years
Structural Portfolio	7.0	1.98%	7.49
TLTRO Portfolio	3.1	0.47%	4.11
SAREB	2.7	0.04%	0.25
AFS	1.8	1.33%	3.53

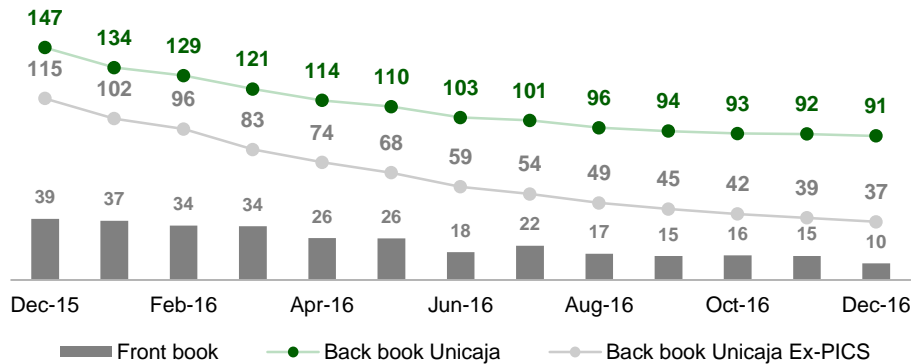
Source: Company data

(1) AFS figures are net of forward positions sold value date January 2017 (€2.8bn)

B Net interest income – Cost of funding

Term Deposit Cost Performance

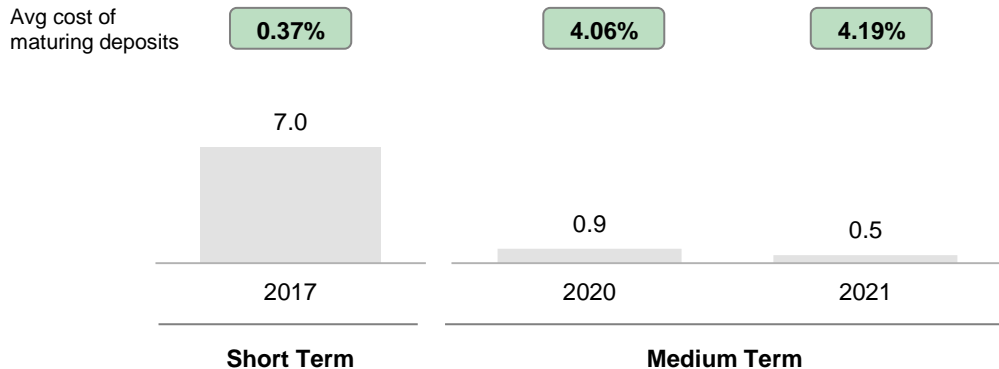
Cost of Term Deposits – Back Book vs Front Book



- Cost of the term deposits kept decreasing in 4Q16
 - Still 27 bps of front to back book gap to be repriced
 - The maturity of expensive wholesale funding will continue to support the NII
- Key impact will come from the amortization from €604m Cocos that currently yield 9.75%

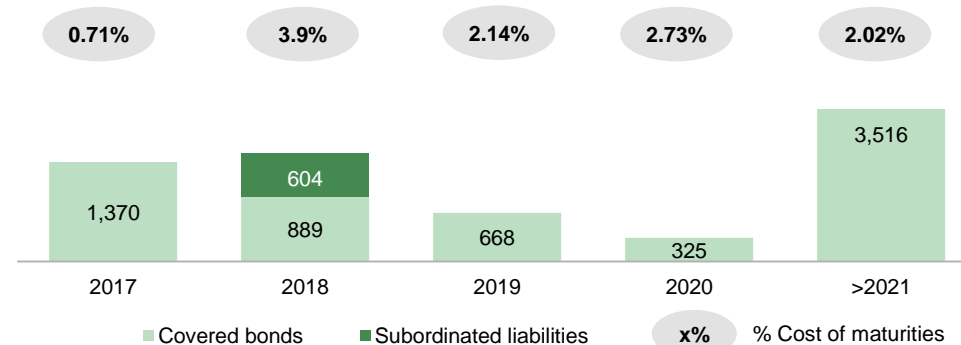
Term Deposit Maturities (€bn)

€ bn, Term Deposit Maturities



Capital Markets Maturities €m

December 2016



Source: Company data

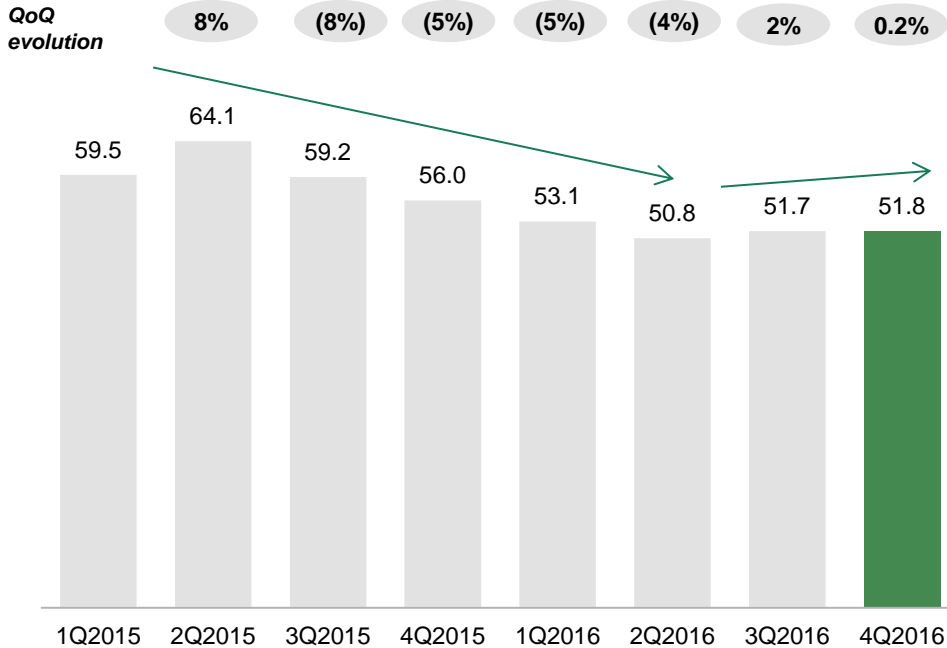


Net fee income evolution

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

Net Fee Income Performance (€m)

Quarterly Evolution

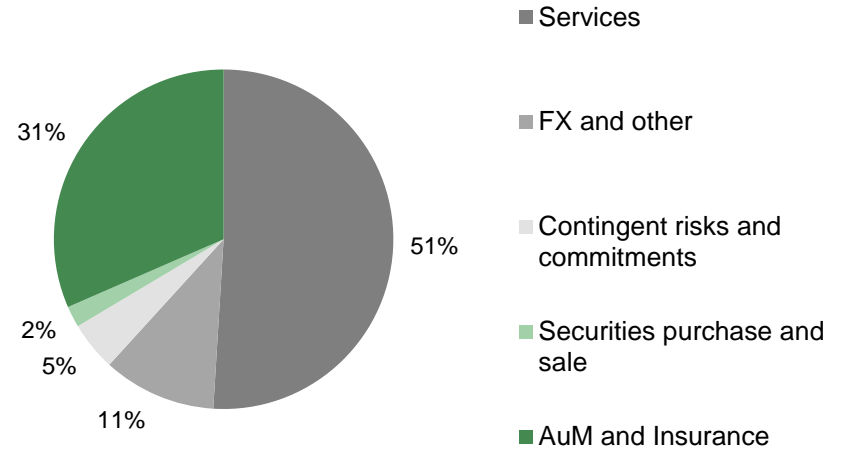


2015: €239m

2016: €207m

Gross Fee Income Breakdown

2016 Breakdown



Total €226m

Source: Company data

B Operating expenses evolution

Operating expenses down 3.8% YoY with personnel expenses decreasing 4.2%

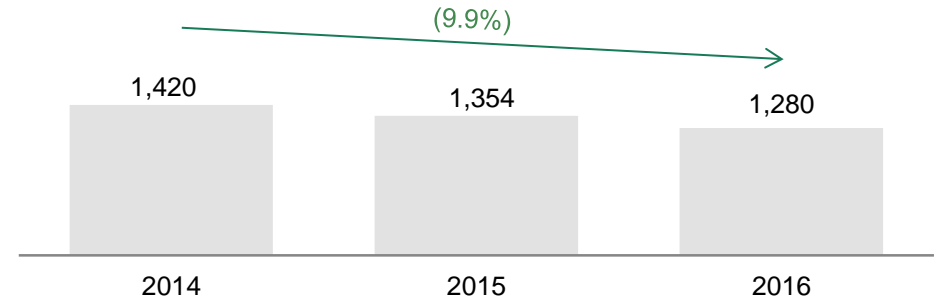
Operating Expenses (€m)

€m	2015	2016	%Δ YoY
Operating Expenses	681	656	(3.8%)
Personnel Expenses	445	427	(4.2%)
General & Administrative	189	184	(2.3%)
Amortization	47	45	(4.5%)

Another €102m of synergies to be crystallised in the next few years

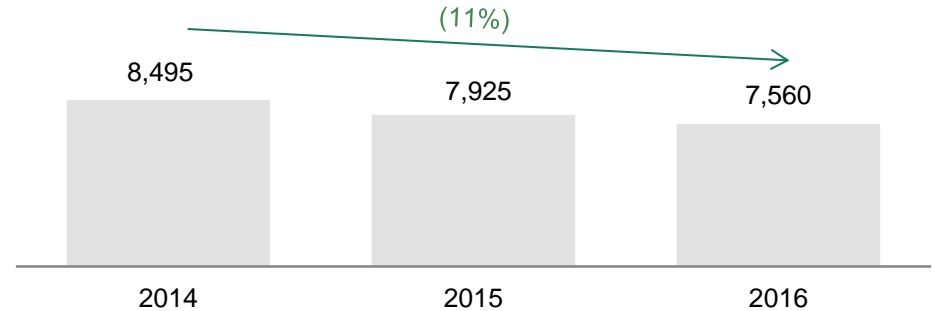
Branches evolution

Number of branches



Employees evolution

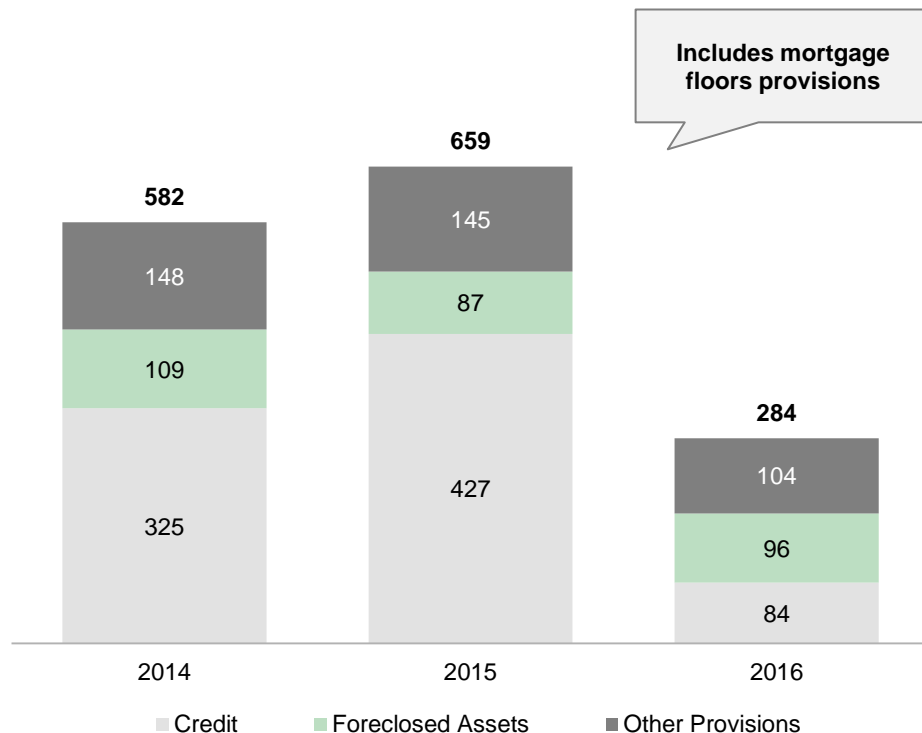
Average number of employees



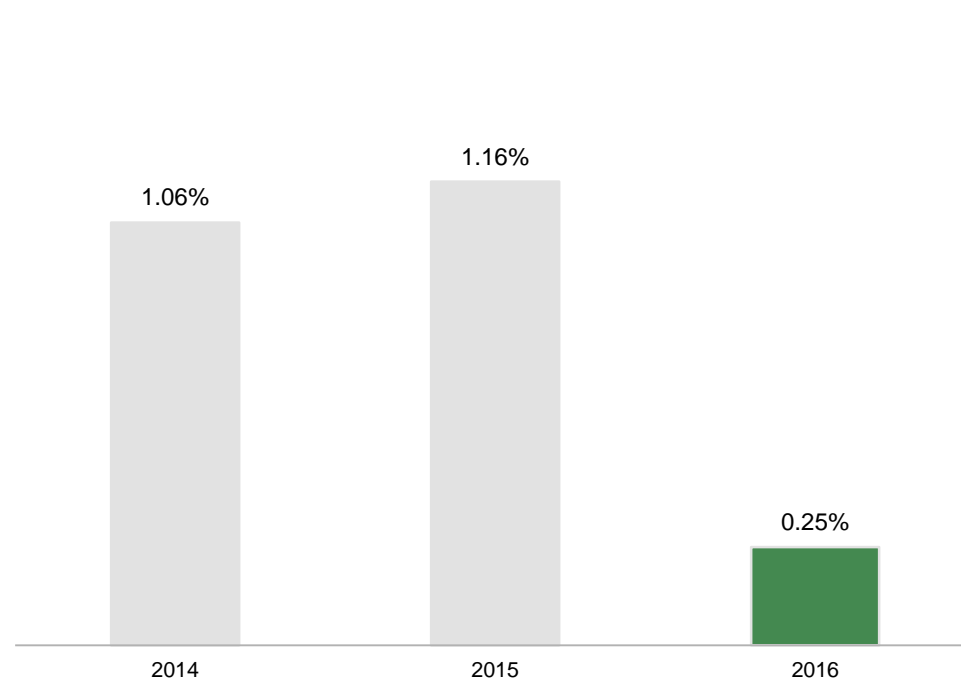
Deep restructuring process has taken place since 2008 by closing 40% of branches and reducing FTEs by 37% since then

B Already achieving normalised impairment levels in 2016, with Cost of Risk¹ at 25 bps

Provisions for credit, foreclosed assets and other €m



Cost of Risk (bps)¹



- Conservative approach to loan impairments and anticipation of future loan impairments
- Positive trend and further normalization of loan impairments continue

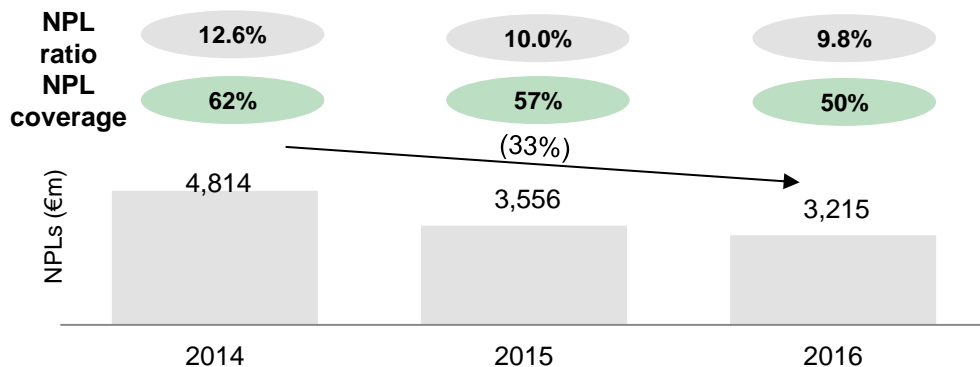
Source: Company data

(1) Calculated as credit impairments / average gross loans

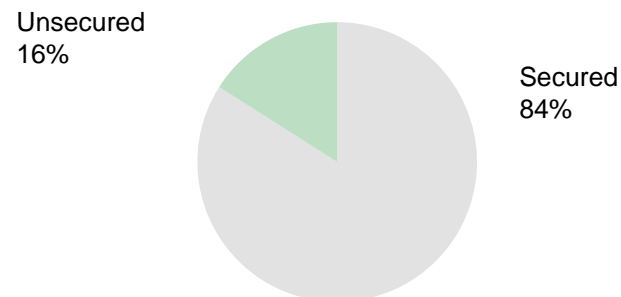


We have reduced €1.6bn of NPLs whilst maintaining strong coverage levels. NPLs entries also reflect a reduction trend

NPL evolution



NPLs secured vs. unsecured as of Dec-2016



Gross NPL entries evolution

€m	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
BoP	4,814	4,596	4,088	3,954	3,555	3,455	3,339	3,208
Gross NPL entries	201	149	199	263	203	167	175	308¹
Recoveries	-326	-282	-287	-316	-209	-219	-210	-238
ow cash recoveries	-143	-149	-175	-172	-176	-127	-156	-140
ow foreclosed assets	-152	-121	-103	-140	-32	-89	-45	-89
write-offs	-93	-375	-46	-346	-94	-64	-95	-63
Net NPL entries	-218	-508	-134	-399	-100	-116	-131	7
EoP	4,596	4,088	3,954	3,555	3,455	3,339	3,208	3,215¹

Gross NPL entries net of cash recoveries amounted to €173m in 2015 and €130m in 2016²

NPLs as of December 2016

€m	NPLs	
	Gross amount	Appraisal value
Unsecured	510	43
Secured	2,705	6,239
Finished buildings	2,225	3,496
Commercial	277	376
Land	187	202
Under construction	17	831
Total	3,215	6,282

84% of NPLs are secured. Appraisal values account for ~2x of gross NPLs and ~4x of net NPLs

Source: Company data

(1) Including €123m in gross NPL entries which come from the impact of Circular 4/2016 (€185m excluding this impact)

(2) Excluding the impact from Circular 4/2016 (€123m)

Strong improvement in commercial activity, enabling us to book gains from disposals and to recover a large proportion of allocated provisions

Foreclosed assets sales

€m	2014	2015	2016
Sales evolution			
Gross sales	212.5	270.2	295.1
Sales margin (A)	(79.6)	(91.3)	(88.7)
Allocated provisions (B)	93.3	132.0	141.0
P&L gains/ (loss) (B+A)	13.8	40.7	52.3
% P&L gain / Gross sales	6.5%	15.1%	17.7%
% P&L gain / Allocated provisions	14.8%	30.8%	37.1%

	2015	2016
Discount over appraisal value	(25%)	(15%)

- P&L gains significantly increased during 2015 with a 196% YoY growth, and 29% YoY growth in 2016
- Stronger demand has allowed us to undertake disposals at lower discounts over appraisal value, going down from 25% in 2015 to 15% in 2016
- Enabling us to recover a large proportion of the allocated provisions

2016 P&L gains from REO disposals / allocated provisions (%)



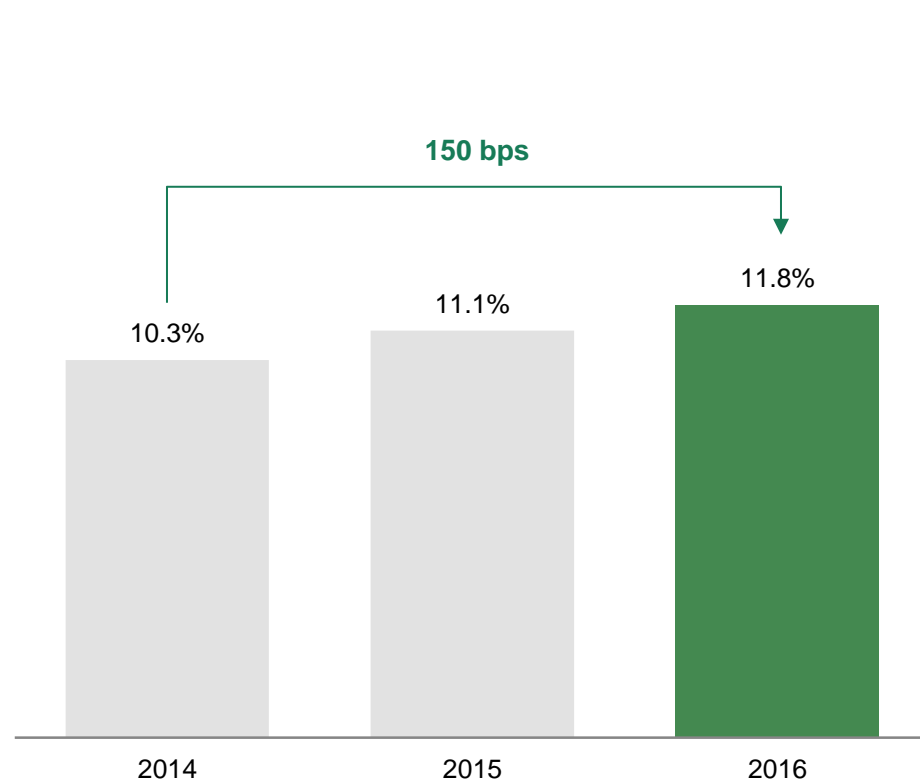
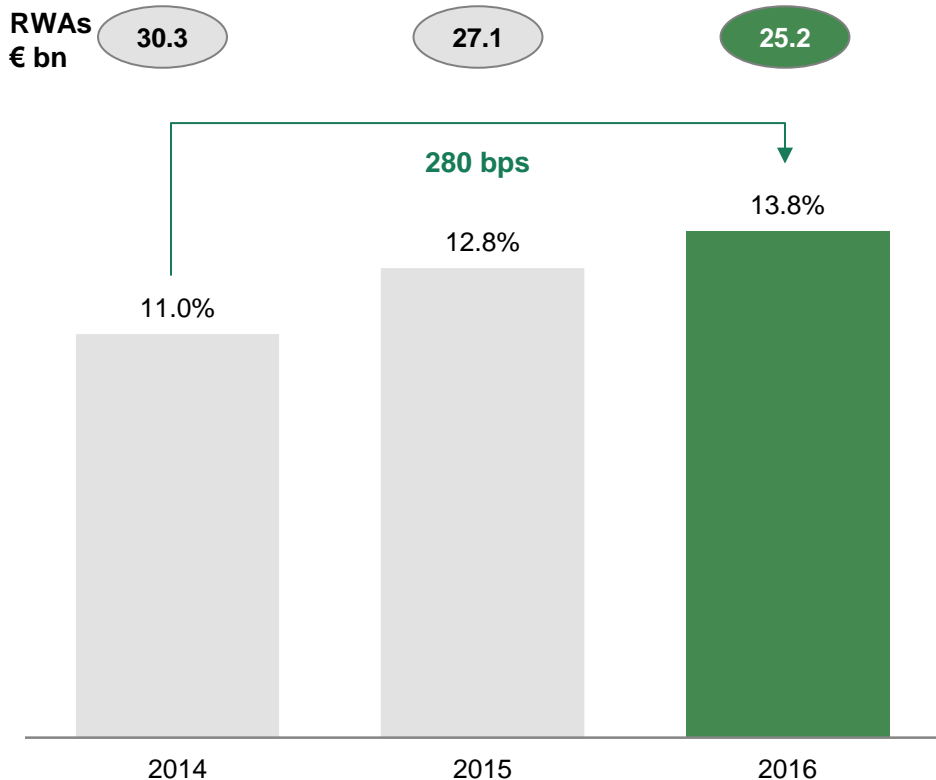
Source: Company data

(1) Other foreclosed assets includes retail properties, warehouses and any other foreclosed assets not included in other categories

© CET1 Evolution: 150bps generated on a fully loaded basis in the last 2 years

2014 - 2016 CET1 Phase-in evolution

2014 - 2016 CET1 Fully Loaded evolution



Unicaja has paid an aggregate amount of €36m of dividends over the last two years

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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

Many thanks

Unicaja Banco Investor Relations

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Appendix

Additional financial information

Low risk balance sheet with solid provisioning levels

Total provisions breakdown

Type of provisions (December 2016)	€m
Credit & Loans	1,999
<i>ow/ mortgage floors</i>	392
Contingent liabilities	116
Foreclosed assets	1,609
Pensions & similar obligations	326
Other provisions	265
<i>ow/ legal</i>	123
<i>ow/ restructuring costs</i>	126
<i>ow/ other</i>	15
Total provisions	4,315

- Very conservative provisioning policy
- Comfortable provisioning levels ahead of IFRS 9 implementation
- We have followed a conservative approach and decided to book provisions related to mortgage floors of €392m to cover potential risks¹
 - Mortgage floors provisions are classified as part of the credit and loans provisions although we exclude them from NPL coverage calculation

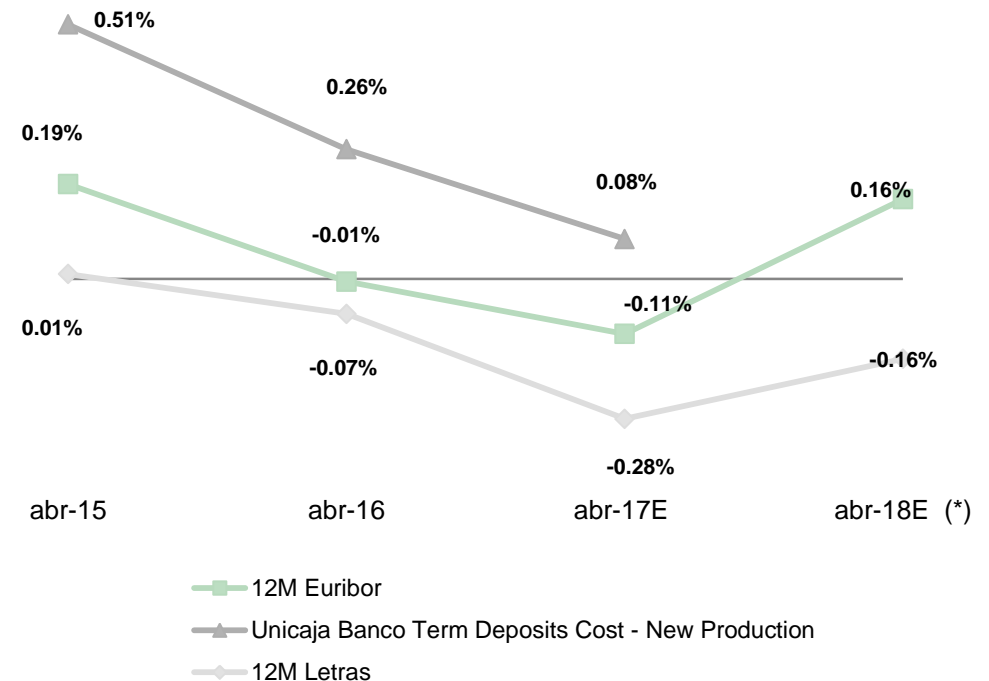
Source: Company data

(1) For the calculation of such provisions, we have estimated different risk levels according to the different situation affecting these clauses, assuming certain other hypotheses, assumptions and premises as considered reasonable and based on the following categories: mortgage loans with active clauses in force with current clause, subrogated mortgages and other mortgages with limited expected impact (such as NPL, renegotiated loans, loans that have already been the subject of a binding judgment of a Spanish court and loans written off or cancelled)

Current Implied interest rates could have a positive impact on returns in the short term, and especially in the medium term

Relevant reference for sensitive liabilities: 12M *Letras del Tesoro*

- Historically Term Deposits were linked primarily to *12M Letras del Tesoro* (Spanish Sovereign bond)
- Any potential interest rate increase should not be transferred to Term Deposits immediately, until *Letras* quotes close to positive territory
- 17% of liabilities are sensitive to the evolution of *Letras del Tesoro*



Unicaja Banco: Detailed Credit Exposure

December 2016 (€m)	TOTAL	Of which NPLs	NPL ratio	Provisions (€m)	NPL Coverage
Public administrations	2,160	10	0.4%	0	0.0%
Companies	7,263	1,498	20.6%	883	59.0%
Real Estate Development and/or Construction Purposes	1,175	503	42.8%	364	72.4%
Construction purposes not related to real estate development	363	69	19.0%	56	81.2%
Other Purposes	5,725	926	16.2%	463	50.0%
Large Corporates	1,435	94	6.6%	56	59.3%
SME, small retailers and entrepreneurs	4,289	832	19.4%	408	49.0%
Individuals	20,844	1,707	8.2%	724	42.4%
Mortgages	18,127	1,382	7.6%	527	38.1%
Other loans	2,717	325	12.0%	198	60.8%
Reverse repos and other assets / other valuation adjustments	2,463				
Total gross loans to customers	32,730	3,215	9.8%	1,607	50.0%

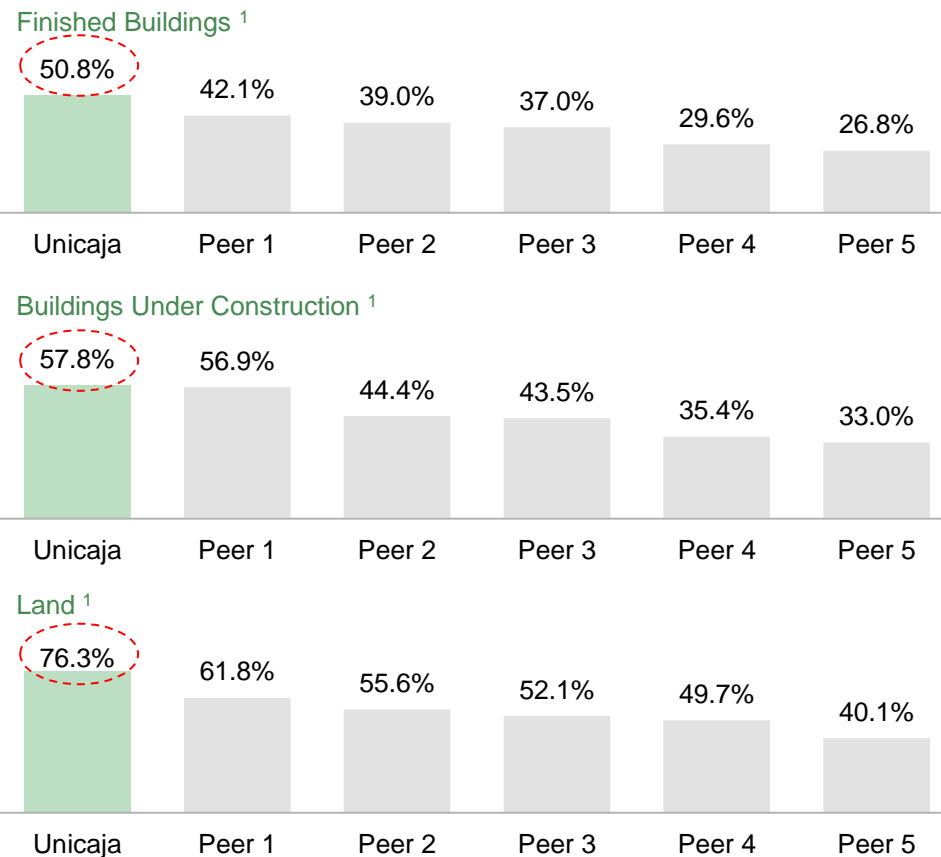
Source: Company data (DRC as of December 2016 based on Public Balance Sheet). Excluding mortgage floors provisions

Highest coverage levels among asset classes

Foreclosed Assets – December 2016

Type	Gross amount (€m)	Provisions (€m)	Net amount (€m)	As % of total assets	Coverage
Finished buildings	419	213	206	0.4%	50.8%
Buildings under constr.	183	106	77	0.1%	57.8%
Land	920	702	218	0.4%	76.3%
Foreclosed assets from lending to RE developers	1,522	1,020	502	0.9%	67.0%
Foreclosed assets from retail mortgages	661	336	325	0.6%	50.9%
Other foreclosed assets	385	237	147	0.3%	61.7%
Sub-total	2,567	1,594	974	1.7%	62.1%
Capital instruments	20	15	5	0.0%	74.5%
Total	2,588	1,609	979	1.7%	62.2%

Coverage of Foreclosed Assets (from RE developers) by Type – December 2016



Source: Company data

(1) Peers include CaixaBank, Bankia, Popular and Sabadell (inc APS) and Liberbank

Additional financial information

Balance sheet (Unicaja Group)

Balance Sheet

€m	2014FY	1Q 15	1H15	9M15	2015FY	1Q16	1H16	9M16	2016FY
Cash & Equivalents	887	757	1,116	966	1,991	961	806	957	862
Assets Held for Trading	229	95	243	109	94	90	89	92	78
Assets Held for Sale	12,503	14,708	11,573	10,764	9,810	10,121	6,967	6,492	5,403
Net Loans and Advances	37,395	35,650	35,469	33,899	34,300	32,420	32,544	31,178	31,643
Loans to Credit Institutions	488	478	222	239	248	211	201	229	170
Loans to Customers	35,086	33,898	33,984	32,353	33,088	31,226	31,520	30,133	30,686
Fixed Income	1,821	1,273	1,263	1,307	964	983	823	816	786
Investments at Amortised Cost	9,640	8,624	11,410	10,778	7,240	9,474	11,834	12,833	12,908
Hedging Derivatives	922	950	741	786	738	788	651	665	606
Associates	424	429	415	390	359	330	288	295	294
Tangible Assets	1,386	1,376	1,360	1,388	1,491	1,424	1,412	1,398	1,438
Intangible Assets	2	2	1	1	1	1	1	1	1
Tax Assets	2,748	2,721	2,729	2,695	2,591	2,572	2,584	2,591	2,586
Non Current Assets Held for Sale	931	950	963	963	853	839	835	826	762
Other Assets	884	922	937	879	845	783	692	714	660
Total Assets	67,950	67,183	66,955	63,618	60,312	59,804	58,703	58,040	57,241
Liabilities Held for Trading	65	104	62	84	125	60	56	57	51
Financial Liabilities at Amortised Cost	63,008	61,882	62,182	58,810	55,577	55,112	54,019	53,292	52,729
Deposits from Central Banks	8,722	6,250	4,816	2,416	2,417	2,418	0	0	0
Deposits from Credit Institutions	1,397	2,438	2,669	2,188	1,340	1,847	1,623	3,121	2,464
Customer Deposits	49,179	49,613	51,326	51,079	49,529	49,014	50,547	48,312	48,532
o.w. Repos	3,752	2,483	6,058	5,561	3,723	3,371	4,867	4,121	5,324
o.w. Covered Bonds	9,481	8,907	8,417	8,501	8,175	7,822	7,470	7,519	7,107
Other Financial Liabilities	1,192	1,182	1,220	993	989	1,020	1,034	1,044	919
Other Issued Securities	2,518	2,399	2,151	2,134	1,303	814	814	814	814
Provisions	724	728	837	771	748	710	765	713	707
Tax Liabilities	534	637	454	456	295	292	275	320	239
Other Liabilities	327	361	350	360	310	362	328	316	332
Total Liabilities	64,658	63,712	63,885	60,482	57,056	56,536	55,443	54,698	54,058
Own Funds	2,674	2,790	2,792	2,819	2,834	2,896	2,930	2,972	2,918
Valuation Adjustments	292	369	20	56	142	98	75	132	35
Minority Interests	326	311	258	262	280	274	255	238	230
Total Equity	3,292	3,470	3,071	3,137	3,256	3,268	3,260	3,341	3,183
Total Liabilities and Equity	67,950	67,183	66,955	63,618	60,312	59,804	58,703	58,040	57,241

Additional financial information

P&L (Unicaja Group – Accumulated)

P&L

€m	2014FY	1Q 15	1H15	9M15	2015FY	1Q16	1H16	9M16	2016FY
Net Interest Income	719	178	352	524	688	135	299	460	620
Net Fees	227	60	124	183	239	53	104	156	207
Dividends	36	1	20	24	35	1	18	23	27
Associates	11	5	13	20	24	5	11	18	35
Trading Income + Exch. Differences	393	178	297	238	564	40	86	84	78
Other Revenues	(40)	16	40	58	25	114	104	142	121
Gross Margin	1,346	438	845	1,046	1,575	347	623	882	1,089
Operating Expenses	(628)	(175)	(353)	(515)	(681)	(165)	(330)	(495)	(656)
Personnel Expenses	(415)	(117)	(231)	(333)	(445)	(107)	(214)	(319)	(427)
SG&A	(169)	(47)	(98)	(147)	(189)	(46)	(93)	(142)	(184)
D&A	(44)	(11)	(23)	(35)	(47)	(12)	(23)	(34)	(45)
Pre Provision Profit	718	263	492	531	894	181	293	387	433
Provisions and Other	(244)	(48)	(243)	(260)	(677)	(78)	(124)	(147)	(242)
Credit	(325)	(19)	(76)	(115)	(427)	(75)	(13)	(74)	(84)
Foreclosed Assets	(109)	(16)	(26)	(42)	(87)	(12)	(20)	(23)	(96)
Other Provisions	(148)	(11)	(138)	(108)	(145)	10	(95)	(63)	(104)
Other results	338	(3)	(3)	6	(17)	(1)	5	13	41
Pre Tax Profit	474	215	249	272	217	103	169	240	191
Tax	(48)	(68)	(68)	(71)	(57)	(30)	(37)	(52)	(66)
Results from Disc. Operations	21	5	8	8	24	-	4	4	10
Net Income	448	152	189	209	184	74	136	191	135
Attributable Net Income	475	155	188	215	187	78	138	195	142