UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL AND ITS SUBSIDIARIES

Auditor's report, consolidated annual accounts
and consolidated directors' report
at 31 December 2013

pwc

A free translation of the report on the consolidated annual accounts originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish language version prevails

AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the Sole Shareholder of Unicaja Banco, S.A. - Sociedad Unipersonal,

We have audited the consolidated annual accounts of Unicaja Banco, S.A. - Sociedad Unipersonal (the Parent Company) and its subsidiaries (the Group), consisting of the consolidated balance sheet at 31 December 2012, the consolidated income statement, the consolidated statement of recognised income and expenses, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As identified in Note 1.3 to the accompanying consolidated annual accounts, the Parent Company's Directors are responsible for the preparation of the Group's financial statements in accordance with International Financial Reporting Standards, adopted by the European Union, and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the consolidated annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated financial position of Unicaja Banco, S.A. - Sociedad Unipersonal and its subsidiaries at 31 December 2013 and the consolidated results of its operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards, adopted by the European Union, and other provisions of the applicable financial reporting framework.

The accompanying consolidated directors' report for 2013 contains the explanations which the Parent Company's Directors consider appropriate regarding the situation of the Group, the development of its business and other matters, and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the consolidated directors' report is in agreement with that of the consolidated annual accounts for 2013. Our work as auditors is limited to checking the consolidated directors' report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of the Group.

PricewaterhouseCoopers Auditores, S.L.

INITIALLED FOR PURPOSES OF IDENTIFICATION
PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Alejandro Esnal Elorrieta
Partner

7 March 2014

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UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

Consolidated Annual Accounts at 31 December 2013 and Consolidated Director's Report 2013

UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL
AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

BALANCE SHEET AS AT 31 DE DECEMBER 2013 AND 2012
(Thousands of euros)

ASSETS	Note	2013	2012
CASH AND BALANCES AT CENTRAL BANKS	7	1 913 257	518 482
FINANCIAL ASSETS HELD FOR TRADING	8	291 771	124 633
Loans and advances to credit institutions		-	-
Loans and advances to other debtors		-	-
Debt securities		277 106	116 767
Equity instruments		8 428	5 754
Trading derivatives		6 237	2 112
Memorandum item: Loaned or advanced as collateral		*108 616*	*2 676*
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Memorandum item: Loaned or advanced as collateral		-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	9	2 566 037	2 745 958
Debt securities		1 951 956	1 924 259
Equity instruments		614 081	821 699
Memorandum item: Loaned or advanced as collateral		*1 387 108*	*1 309 538*
LOANS AND RECEIVABLES	10	28 886 959	27 383 523
Loans and advances to credit institutions		6 011 925	2 174 920
Loans and advances to other debtors		21 768 390	24 118 901
Debt securities		1 106 644	1 089 702
Memorandum item: Loaned or advanced as collateral		*6 882 363*	*8 100 611*
HELD-TO-MATURITY INVESTMENTS	9	4 242 658	6 325 981
Memorandum item: Loaned or advanced as collateral		*3 916 484*	*6 156 887*
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		-	-
HEDGING DERIVATIVES	11	543 745	745 061
NON-CURRENT ASSETS HELD FOR SALE	15	263 918	293 554
INVESTMENTS	12	279 759	333 586
Associates		279 759	333 586
Jointly-controlled entities		-	-
Group entities		-	-
INSURANCE CONTRACTS LINKED TO PENSIONS	19	132 097	119 358
REINSURANCE ASSETS		-	-
TANGIBLE ASSETS	13	753 691	778 020
Property, plant and equipment		591 311	629 293
For own use		591 311	629 293
Leased out under operating lease		-	-
Assigned to welfare projects		-	-
Investment properties		162 380	148 727
Memorandum item: Acquired under finance lease		*5 413*	*1 747*
INTANGIBLE ASSETS	14	3 689	3 015
Goodwill		-	-
Other intangible assets		3 689	3 105
TAX ASSETS	23	662 426	627 624
Current		30 515	33 574
Deferred		631 911	594 050
OTHER ASSETS	15	702 914	715 379
Inventory		673 671	635 194
Other		29 243	80 185
TOTAL ASSETS		41 242 921	40 714 264
MEMORANDUM ITEMS			
CONTINGENT EXPOSURES	30.1	892 651	1 103 814
CONTINGENT COMMITMENTS		3 450 329	3 333 850

LIABILITIES AND EQUITY	Note	2013	2012
LIABILITIES			
FINANCIAL LIABILITIES HELD FOR TRADING	8	11 981	7 580
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Deposits from other creditors		-	-
Debt securities issued		-	-
Trading derivatives		11 981	7 580
Short positions		-	-
Other financial liabilities		-	-
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
FINANCIAL LIABILITIES AT AMORTISED COST	16	38 542 300	37 927 878
Deposits from central banks		4 562 045	6 017 688
Deposits from credit institutions		1 858 514	1 030 628
Deposits from other creditors		28 712 061	28 717 165
Debt securities issued		2 503 646	3 122 101
Subordinated liabilities		90 979	204 392
Other financial liabilities		815 055	835 904
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		-	-
HEDGING DERIVATIVES	11	44 088	164 496
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		-	-
INSURANCE CONTRACTS LIABILITIES	19	5 740	6 514
PROVISIONS	17	345 181	335 274
Provisions for pensions and similar obligations		183 950	184 267
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent liabilities and commitments		28 685	38 963
Other provisions		132 546	112 044
TAX LIABILITIES	23	111 516	117 707
Current		28 417	14 215
Deferred		83 099	103 492
WELFARE FUNDS		-	-
OTHER LIABILITIES	18	98 956	123 711
TOTAL LIABILITIES		39 159 762	38 683 160
EQUITY			
SHAREHOLDERS' EQUITY	21 y 22	2 068 941	2 047 598
Assigned capital		800 000	800 000
Registered		800 000	800 000
Less: Non-demanded capital		-	-
Share premium		1 649 044	1 649 044
Reserves		(453 513)	175 805
Accumulated reserves (losses)		(326 354)	254 978
Reserves (losses) of entities accounted for using the equity method		(127 159)	(79 173)
Other equity instruments		-	-
Equity component of compound financial instruments		-	-
Non-voting equity units and associated funds (savings banks)		-	-
Other		-	-
Less: Treasury shares		-	-
Profit or loss attributed to the group		71 410	(577 253)
Less: Dividends and remuneration		-	-
VALUATION ADJUSTMENTS		11 734	(19 188)
Available-for-sale financial assets	9	37 684	22 405
Cash flow hedges		(24 302)	(12 540)
Hedges of net investments in operations abroad		-	-
Exchange differences		(120)	(97)
Entities accounted for using the equity method	22	(941)	(28 221)
Non-current assets held for sale		(224)	(735)
Other valuation adjustments		(363)	-
MINORITY INTERESTS		4 484	2 696
Valuation adjustments		(3 785)	(3 843)
Other	20	8 269	6 539
TOTAL EQUITY		2 083 159	2 031 104
TOTAL LIABILITIES AND EQUITY		41 242 921	40 714 264

The accompanying Notes 1 to 48 and Appendices I, II and III form an integral part of the consolidated balance sheet at 31 December, 2013

UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL
AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

	Note	(Debit) Credit 2013	(Debit) Credit 2012
INTEREST AND SIMILAR INCOME	31	1 103 267	1 166 687
INTEREST EXPENSE AND SIMILAR CHARGES	32	(491 201)	(557 061)
NET INTEREST INCOME		612 066	609 626
RETURN ON EQUITY INSTRUMENTS	33	24 889	28 732
LOSS/PROFIT OF COMPANIES VALUED AT EQUITY METHOD	34	15 627	(2 128)
FEE AND COMMISSION INCOME	35	156 436	156 778
FEE AND COMMISSION EXPENSE	36	(19 497)	(20 824)
GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES (NET)	37	241 406	11 717
Financial assets held for trading		2 966	(15 675)
Other financial assets at fair value through profit or loss		-	-
Financial instruments not carried at fair value through profit or loss		234 922	27 114
Other		3 518	278
EXCHANGE DIFFERENCES (NET)	2.4	(237)	802
OTHER OPERATING INCOME	38	68 705	43 793
Insurance and reinsurance premiums collected		-	-
Sales and income from the provision of non-financial services		33 088	27 320
Other operating income		35 617	16 473
OTHER OPERATING EXPENSE	39	(57 738)	(73 998)
Expenses relating to insurance and reinsurance contracts		-	-
Variation in inventories		(785)	-
Other operating expenses		(56 953)	(73 998)
GROSS OPERATING INCOME		1 041 657	754 498
ADMINISTRATIVE EXPENSES	40	(359 026)	(370 228)
Staff costs		(269 939)	(273 536)
Other general administrative expenses		(89 087)	(96 692)
DEPRECIATION AND AMORTIZATION	13 y 14	(34 792)	(37 181)
PROVISIONS (NET)	17	(48 769)	(37 805)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)		(454 566)	(807 571)
Loans and receivables	10 y 26	(446 008)	(698 443)
Other financial instruments not measured at fair value through profit or loss	9	(8 558)	(109 128)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		144 504	(498 287)
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	41	(61 852)	(338 225)
Goodwill and other intangible assets		-	-
Other assets		(61 852)	(338 225)
GAINS/(LOSSES) ON DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	42	205	750
NEGATIVE GOODWILL ON BUSSINESS COMBINATIONS		-	-
GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCOUNTED OPERATIONS	43	(13 295)	(21 568)
PROFIT/(LOSS) BEFORE TAX		69 562	(857 330)
INCOME TAX	23	2 157	280 125
MANDATORY TRANSFER TO COMMUNITY PROJECTS AND WELFARE FUNDS		-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		71 719	(577 205)
INCOME FROM DISCONTINUED OPERATIONS (NET)		-	-
NET PROFIT FOR THE YEAR		71 719	(577 205)
Profit/Loss attributable to parent entity		71 410	(577 253)
Profit/Loss attributable to minority interests	20	309	48

The accompanying Notes 1 to 48 and Appendices I, II and III form an integral part of the consolidated income statement at 31 December 2013.

UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL
AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

RECOGNISED CONSOLIDATED INCOME AND EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

	Note	2013	2012
A) CONSOLIDATED PROFIT FOR THE YEAR		71 719	(577 205)
B) OTHER RECOGNISED INCOME AND EXPENSES		30 922	66 645
B.1) Items not to be reclassified to profit or loss		(363)	-
Actuarial gains/(losses) on defined-benefit pension plans	40	(519)	-
Non-current assets held for sale		-	-
Companies accounted for using the equity method		-	-
Income tax on items not to be reclassified to profit or loss		156	-
B.2) Items eligible to be reclassified to profit or loss		31 285	66 645
Available-for-sale financial assets	9	21 827	94 359
Valuation gains (losses)		123 652	117 519
Amounts transferred to the income statement		(101 825)	(23 160)
Other reclassifications		-	-
Cash flow hedges	11	(16 803)	(9 599)
Revaluation gains/(losses)		(28 530)	(9 599)
Amounts transferred to income statement		11 727	-
Amounts transferred to the initial value of hedged items		-	-
Other reclassifications		-	-
Hedges of net investments in operations abroad		-	-
Valuation gains (losses)		-	-
Amounts transferred to the income statement		-	-
Other reclassifications		-	-
Exchange differences	2.4	(33)	(167)
Valuation gains (losses)		(33)	(167)
Amounts transferred to the income statement		-	-
Other reclassifications		-	-
Non-current assets held for sale	15	730	(982)
Valuation gains (losses)		730	(982)
Amounts transferred to the income statement		-	-
Other reclassifications		-	-
Equity method entities	22	38 971	11 596
Valuation gains (losses)		38 971	11 596
Amounts transferred to the income statement		-	-
Other reclassifications		-	-
Other recognised income and expenses		-	-
Income tax	23	(13 407)	(28 562)
C) TOTAL INCOME AND EXPENSES RECOGNISED (A+B)		102 641	(510 560)
C.1) Attributed to the parent company		102 332	(510 608)
C.2) Attributed to minority interests		309	48

The accompanying Notes 1 to 46 and Appendices I, II y III form an integral part of the recognised consolidated income and expense at 31 December 2013.

UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL
AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

	EQUITY ATTRIBUTABLE TO PARENT COMANY								Minority interests	Total Equity
	EQUITY						Valuation adjustments	Total		
	Capital/ Endowment fund	Reserves: Reserves (Accumulated losses)	Reserves: Equity method entities Reserves	Profit for the year attributed to parent company	Less: Dividends and payments	Total Own Funds				
Balance at 31/12/2011	2 449 044	148 004	(52 649)	105 815	(22 000)	2 628 214	(85 833)	2 542 381	3 578	2 545 959
Adjustments due to changes in accounting policy (Nota 1.12)	-	-	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-
Adjusted beginning balance	2 449 044	148 004	(52 649)	105 815	(22 000)	2 628 214	(85 833)	2 542 381	3 578	2 545 959
Total recognised income and expense	-	-	-	(577 253)	-	(577 253)	66 645	(510 608)	48	(510 560)
Other changes in equity	-	106 974	(26 524)	(105 815)	22 000	(3 365)	-	(3 365)	(930)	(4 295)
Capital increases	-	-	-	-	-	-	-	-	-	-
Capital reductions	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Distribution of dividends (c)	-	-	-	(22 000)	22 000	-	-	-	-	-
Transactions involving own equity instruments (net)	-	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	106 974	(26 524)	(83 815)	-	(3 365)	-	(3 365)	-	(3 365)
Increase/(Decrease) due to business combinations	-	-	-	-	-	-	-	-	-	-
Optional transfer to welfare funds	-	-	-	-	-	-	-	-	-	-
Equity-instrument-based payment	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	-	-	(930)	(930)
Balance at 31/12/2012	2 449 044	254 978	(79 173)	(577 253)	-	2 047 596	(19 188)	2 028 408	2 696	2 031 104
Adjustments due to changes in accounting policy (Nota 1.12)	-	-	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-
Adjusted beginning balance	2 449 044	254 978	(79 173)	(577 253)	-	2 047 596	(19 188)	2 028 408	2 696	2 031 104
Total recognized income and expense	-	-	-	71 410	-	71 410	30 922	102 332	309	102 641
Other changes in equity	-	(581 332)	(47 986)	577 253	-	(52 065)	-	(52 065)	1 479	(50 586)
Capital increases	-	-	-	-	-	-	-	-	-	-
Capital reductions	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Distribution of dividends (c)	-	-	-	-	-	-	-	-	-	-
Transactions involving own equity instruments (net)	-	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	(581 332)	(47 986)	577 253	-	(52 065)	-	-	1 479	(50 586)
Increase/(Decrease) due to business combinations	-	-	-	-	-	-	-	-	-	-
Optional transfer to welfare funds	-	-	-	-	-	-	-	-	-	-
Equity-instrument-based payment	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	-	-	-	-	-	-	-	-	-
Balance at 31/12/2013	2 449 044	(326 354)	(127 159)	71 410	-	2 066 941	11 734	2 078 675	4 484	2 083 159

The accompanying Notes 1 to 48 and Appendices I, II and III form an integral part of the statement of changes in consolidated equity at 31 December 2013.

UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL
AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012
(Thousands of euros)

	Note	2013	2012
A) CASH FLOWS FROM OPERATING ACTIVITIES		**(639 685)**	**(113 539)**
Net profit for the year		**71 719**	**(577 205)**
Adjustments to profit and loss		**134 250**	**(102 638)**
Depreciation and amortization	13 y 14	34 792	37 181
Other adjustments	2.19	99 458	(139 819)
Net increase/decrease in operating assets		**(1 289 611)**	**(2 595 035)**
Financial assets held for trading	8.1	(167 138)	(72 120)
Other financial assets at fair value through profit or loss		-	-
Available-for-sale financial assets	9.1	179 921	(3 436 268)
Loans and receivables	10	(1 503 436)	842 244
Other operating assets		201 042	71 109
Net increase/decrease in operating liabilities		**482 793**	**3 027 514**
Financial liabilities held for trading	8.2	4 401	4 041
Other financial liabilities at fair value through profit or loss		-	-
Financial liabilities at amortised cost	16	614 422	2 886 481
Other operating liabilities		(136 030)	136 992
Collections/Payments of income tax		**(38 836)**	**133 825**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**2 182 295**	**(82 994)**
Payments		**(13 646)**	**(146 675)**
Tangible assets	13	(11 753)	(70 701)
Intangible assets	14	(1 661)	(23)
Investments	12	(232)	(3 350)
Other business units		-	-
Non-current assets and associated liabilities for sale	15	-	-
Held-to-maturity investments	9.4	-	(72 601)
Other payments related to investing activities		-	-
Collections		**2 195 941**	**63 681**
Tangible assets	13	12 324	15 799
Intangible assets	14	-	121
Investments	12	500	851
Other business units		-	-
Non-current assets and associated liabilities for sale	15	-	-
Held-to-maturity investments	9.4	2 183 117	46 910
Other payments related to investing activities		-	-
(Continued)			

The accompanying Notes 1 to 48 and Appendices I, II and III form an integral part of the consolidated cash flow statement at 31 December 2013.

UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL
AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2013 Y 2012
(Thousands of euros)

	Note	2013	2012
C) CASH FLOWS FROM FINANCING ACTIVITIES		(113 413)	6 921
Payments		(113 413)	(22 000)
Dividends	3	-	(22 000)
Subordinated liabilities	16.5	(113 413)	-
Redemption of own equity instruments		-	-
Acquisition of own equity instruments		-	-
Other payments related to financing activities		-	-
Collections		-	28 921
Subordinated liabilities	16.5	-	28 921
Issuance of own equity instruments		-	-
Disposal of own equity instruments		-	-
Other collections related to financing activities		-	-
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS		-	-
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		1 429 197	(189 612)
F) CASH AND CASH EQUIVALNETS AT BEGINNING OF PERIOD		518 482	708 094
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD		1 947 679	518 482
MEMORANDUM ITEMS:			
COMPONENTS OF CASH AND CASH EQUIVALENTS FOR THE PERIOD			
Cash	2.19	211 754	220 487
Cash equivalent balances at central banks	2.19	1 701 503	297 995
Other financial assets	2.19	34 422	-
Less: bank overdrafts repayable on demand			
Total cash and cash equivalents at end of period	2.19	1 947 679	518 482
Of which held by consolidated entities but not drawable by group		-	-

The accompanying Notes 1 to 48 and Appendices I, II and III form an integral part of the consolidated cash flow statement at 31 December 2013.

Moreover, the Bank is the parent of a subgroup of subsidiaries that engage in diverse activities and make up Unicaja Banco Group. In accordance with Article 6 of Royal Decree 1159/2010 (17 September) which approves the Rules for Preparing Consolidated Annual Accounts and amends the General Accounting Plan approved by Royal Decree 1514/2007 (16 November) and the General Accounting Plan for SMEs approved by Royal Decree 1515/2007 (16 November), the Bank is obligated to prepare consolidated annual accounts as it has issued securities that are traded on a regulated market in any European Union Member State, applying international financial reporting standards adopted by European Union Regulations. Consequently, the Bank has prepared the consolidated annual accounts for Unicaja Banco, S.A. - Sociedad Unipersonal and its subsidiaries (Unicaja Banco Group), in addition to its own annual accounts, in accordance with current legislation.

The companies that form part of Unicaja Banco Group at 31 December 2013 are as follows:

Company name	Activity
Alteria Corporación Unicaja, S.L.U.	Investment on assets, real estate and financial societies
Altos de Jontoya Residencia para Mayores, S.L.U.	Geriatric care
Analistas Económicos de Andalucía, S.L.U.	Studies and analysis
Andaluza de Tramitaciones y Gestiones, S.A.U.	Management of documents and deeds
Cartera de Inversiones Agroalimentarias, S.L.	Food industry
Consultora Técnica TASA, S.L.U.	Consulting, advisory, management and technical development of land, urban planning and building
Corporación Uninser, S.A.U.	Financial services
Escuela Superior de Estudios de Empresa, S.A.	Studies and analysis
Gestión de Actividades y Servicios Empresariales, S.A.U.	Electronic recording and data-processing
Gestión de Inmuebles Adquiridos, S.L.U.	Real estate
Inmobiliaria Acinipo, S.L.U.	Real estate
Inmobiliaria Uniex Sur, S.L.U.	Real estate
Mijas Sol Resort, S.L.U.	Real estate
Parque Industrial Humilladero, S. L.	Industrial land development
Privándalus Inversiones I SICAV, S.A.	Collective investment institution
Promotora Guadalnervión, S.L.U.	Real estate
Renta Porfolio, S.L.U.	Rental property
Segurándalus Mediación, Correduría de Seguros, S.A.U.	Insurance brokerage
Tasaciones Andaluzas, S.A.U.	Real estate valuation
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Real estate
Unicartera Caja 2, S.L.U.	Promotion and financing of R&D in the field of medicine
Unicartera Gestión de Activos, S.L.U.	Debt recovery and litigation management
Unicartera Internacional, S.L.U.	Investment in assets, securities and finance companies
Unicartera Renta, S.L.U.	Investment in assets, securities and finance companies
Unic-as Promociones Inmobiliarias, S.L.	Real estate
Unicorp Corporación Financiera, S.L.	Prestación de servicios
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	Asset management
Unigest, S.G.I.I.C., S.A.U.	Asset management
Unimediación, S.L.U.	Insurance brokerage
Unimediterráneo de Inversiones, S.L.	Investment in assets, securities and finance companies
Uniwindet Parque Eólico Las Lomillas, S.L.	Renewable energy
Uniwindet Parque Eólico Loma de Ayala, S.L.	Renewable energy
Uniwindet Parque Eólico Los Jarales, S.L.	Renewable energy
Uniwindet Parque Eólico Tres Villas, S.L.	Renewable energy
Uniwindet, S.L.	Renewable energy
Urbasur Actuaciones Urbanísticas, S.L.	Real estate

In accordance with current legislation, the Board of Directors of the Parent Company has prepared the Bank's individual annual accounts. The effect on consolidation on the accompanying balance sheet at 31 December 2013 and 2012, the income statement, the statement of changes in equity and the cash flow statement for 2013 and 2012 is summarised below:

	Thousands of euros			
	2013		2012	
	Individual	Consolidated	Individual	Consolidated
Assets	41 796 027	41 242 921	41 278 164	40 714 264
Equity	2 236 738	2 083 159	2 132 274	2 031 104
Income for the year	107 017	71 719	(531 491)	(577 205)
Total income and expense in the statement of changes in equity	104 464	102 641	(462 889)	(510 560)
Net increase/(decrease) in cash and cash equivalents	1 413 497	1 429 197	(189 265)	(189 612)

The Group's consolidated annual accounts for 2013 and the annual accounts of most of its subsidiaries are pending approval by its respective General Assembly or General Meeting. Nonetheless, the Entity's Board of Directors expects these annual accounts to be approved without significant changes.

Set out below is a summary of the Parent entity's individual balance sheet, individual income statement, individual statement of changes in equity and individual cash flow statement for the years ended 31 December 2013 and 2012 which have been prepared in accordance with the same accounting principles and measurement methods, gathered in the Circular 4/2004 of the Bank of Spain, as those applied in these consolidated annual accounts:

a) Individual Balance sheets for the years ended 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Cash and deposits at central banks	1 913 155	518 419
Trading portfolio	282 514	117 975
Available-for-sale financial assets	2 446 549	2 578 661
Loans and receivables	29 839 261	28 354 547
To-maturity investment portfolio	4 239 667	6 322 382
Hedging derivatives	543 745	758 990
Non-current assets held for sale	263 918	293 554
Shareholdings	715 734	781 031
Insurance contracts linked to pensions	132 097	119 359
Property, plant and equipment	530 376	549 272
Intangible assets	1 000	1 724
Tax assets	822 988	815 287
Other assets	65 023	66 963
Total assets	**41 796 027**	**41 278 164**
Trading portfolio	11 981	7 580
Financial liabilities at amortized cost	38 636 801	38 092 046
Hedging derivatives	25 157	156 461
Provisions	358 599	350 488
Tax liabilities	102 358	109 143
Welfare funds	424 393	430 172
Total liabilities	**39 559 289**	**39 145 890**
Valuation adjustments	20 078	22 631
Equity:	2 216 660	2 109 643
Share capital or assigned capital	800 000	800 000
Share premium	1 762 616	1 762 616
Reserves	(452 973)	78 518
Other equity instruments	-	-
Income for the year	107 017	(531 491)
Less: Dividends and remuneration	-	-
Total equity	**2 236 738**	**2 132 274**
Total liabilities and equity	**41 796 027**	**41 278 164**
Contingent risks	886 839	1 088 665
Contingent commitments	3 548 087	3 442 608
Total memorandum accounts	**4 434 926**	**4 531 273**

b) Individual income statements for the years ended 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Interest and similar income	1 106 729	1 170 524
Interest expense and similar charges	(486 888)	(556 155)
Net interest income	**619 841**	**614 369**
Return on equity instruments	60 586	59 075
Fee and commission income	143 297	146 722
Fee and commission expense	(19 625)	(21 409)
Gains/(losses) on financial assets and liabilities (net)	239 725	11 151
Exchange differences (net)	(237)	802
Other operating income	33 403	10 647
Other operating expense	(38 432)	(41 375)
Gross operating income	**1 038 558**	**779 982**
Administrative expenses	(333 528)	(345 147)
Depreciation and amortization	(25 524)	(28 813)
Provisions (net)	(50 275)	(45 248)
Impairment losses on financial assets (net)	(452 994)	(1 045 754)
Profit/(loss) from operating activities	**176 237**	**(684 980)**
Impairment losses on other assets (net)	(55 969)	(84 287)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	234	463
Negative goodwill on business combinations	-	-
Gains/(losses) on disposal of non-current assets held for sale not classified as discounted operations	(13 294)	(21 568)
Profit/(loss) before tax	**107 208**	**(790 372)**
Income tax	(191)	258 881
Mandatory transfer to community projects and welfare funds	-	-
Profit/(loss) from continuing operations	**107 017**	**(531 491)**
Profit/(loss) from discounted operations (net)	-	-
Net profit for the year	**107 017**	**(531 491)**

c) Individual statements of changes in equity for the years ended 31 December 2013 and 2012:

	Thousands of euros 2013	2012
Profit for the year	**107 017**	**(531 491)**
Other income and expenses	**(2 553)**	**68 602**
Items that will not be reclassified to income	**(363)**	**-**
Actuarial gains (losses) on pension plans	(519)	-
Non-current assets held for sale	-	-
Tax benefits related to items that will not be reclassified to income	156	-
Items that may be reclassified to income	**(2 190)**	**68 602**
Financial assets available for sale	13 188	73 943
Hedges of cash flows	(17 013)	(4 179)
Hedges of net investments in foreign operations	-	-
Exchange differences	(32)	(168)
Non-current assets held for sale	729	(981)
Entities accounted for using the participation method	-	-
Other income and expenses	-	-
Income tax related to items that may be reclassified to income	938	(13)
Total income and expenses recognized	**104 464**	**(462 889)**

d) Individual statement of changes in equity for the years ended 31 December 2013 and 2012:

	EQUITY							Thousands of euros
	Capital/ Endowment fund	Share premium	Reserves	Profit for the year	Dividends and remunerations	Shareholders equity	Valuation adjustement	TOTAL EQUITY
Balance at 31 of December 2011	800 000	1 762 616	-	100 518	(22 000)	2 641 134	(40 851)	2 600 283
Adjustments due to changes in accounting policy	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-
Adjusted beginning balance	800 000	1 762 616	-	100 518	(22 000)	2 641 134	(40 851)	2 600 283
Total recognized income and expense	-	-	-	(531 491)	-	(531 491)	68 602	(462 889)
Other equity changes	-	-	78 518	(100 518)	22 000	-	(5 120)	(5 120)
Transfers between equity items	-	-	78 518	(78 518)	-	-	-	-
Increases (decreases) by combinations business	-	-	-		-	-	-	-
Dividends distributions/ Payment to Partners (Note 3)	-	-	-	(22 000)	22 000	-	-	-
Optional transfer to welfare funds	-	-	-	-	-	-	-	-
Other increases (decreases)	-	-	-	-	-	-	(5 120)	(5 120)
Balance at 31 of December 2012	800 000	1 762 616	78 518	(531 491)	-	2 109 643	22 631	2 132 274
Adjustments due to changes in accounting policy	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-
Adjusted beginning balance	800 000	1 762 616	78 518	(531 491)	-	2 109 643	22 631	2 132 274
Total recognized income and expense	-	-	-	107 017	-	107 017	(2 553)	104 464
Other equity changes	-	-	(531 491)	531 491	-	-	-	-
Transfers between equity items	-	-	(531 491)	531 491	-	-	-	-
Increases (decreases) by combinations business	-	-	-	-	-	-	-	-
Dividends distributions/ Payment to Partners (Note 3)	-	-	-	-	-	-	-	-
Optional transfer to welfare funds	-	-	-	-	-	-	-	-
Other increases (decreases)	-	-	-	-	-	-	-	-
Balance at 31 of December 2013	800 000	1 762 616	(452 973)	107 017	-	2 216 660	20 078	2 236 738

e) Individual cash flow statements for the years ended 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Cash flows from operating activities	**(623 177)**	**(171 958)**
Net profit for the year	107 017	(531 491)
Adjustments to profit and loss	176 991	(211 804)
Net increase/decrease in operating assets	(1 312 693)	(2 209 814)
Net increase/decrease in operating liabilities	420 184	2 879 218
Collections/Payments of income tax	(14 676)	(98 067)
Cash flows from investment activities	**2 146 449**	**(24 228)**
Payments	(71 937)	(76 034)
Collections	2 218 386	51 806
Cash flows from financing activities	**(109 775)**	**6 921**
Payments	(109 775)	(22 000)
Collections	-	28 921
Effect of exchange rate fluctuations	-	-
Net increase (decrease) in cash and cash equivalents	**1 413 497**	**(189 265)**
Cash and cash equivalents at beginning of period	518 419	707 684
Cash and cash equivalents at end of period	1 931 916	518 419

1.1.2 Segregation of the financial business

On 24 March 2011 Unicaja's Board of Directors approved an "Action Protocol for the Adaptation of Unicaja to Indirectly carrying out financial activities" Subsequently, on 25 June 2011, the Savings Bank's General Assembly approved the aforementioned indirect carrying out of financial activity by Unicaja through a Bank, which is conceived as an instrument to better and more flexibly adapt to the current economic environment of new regulatory requirements while allowing it to simultaneously maintain the basic identity of a Savings Bank, such as the Community Projects Fund, the association with a certain territory and mix the business efficiency objective with social commitment.

Once the relevant authorisations were obtained and the period during which creditors could object after publishing the relevant notices, on 1 December 2011 the public document executing the incorporation of the Bank was signed and is wholly owned by Unicaja in order to indirectly carry out financial activities and to which the institutions segregates its financial business. The Savings Bank continues to exist and maintains its Community Projects Fund ("Obra Social y Monte de Piedad"). The incorporation document was entered into the Mercantile Registry on 2 December 2011.

In accordance with the provisions of Article 5 of Royal Decree-Law 11/2010 (9 July), on the governing bodies and other aspects of the legal system governing Savings Banks and Article 16 bis of Law 15/1999 (15 December) on Savings Banks in Andalusia, their governing bodies and other aspects of the legal system governing Savings Banks, Unicaja transferred all of its assets and liabilities making up its financial business to the newly incorporated bank which acquired them through universal succession, based on the content of the Segregation Project approved by the Savings Bank's governing bodies.

The Bank commenced operations the day following the date on which desegregation document was executed, i.e. on 2 December 2011, and this does not represent any change in the products and services offered to customers, or their contractual relationship with the entity, or the employment conditions of employees.

The segregation involved the financial business carried out by Unicaja, considered to be the main and secondary group of assets and liabilities that make up that financial business, which constitute a financial unit with the exception of the following:

(i) The assets and liabilities associated with Unicaja's "Monte de Piedad" ("savings bank secured loan portfolio").
(ii) The assets and liabilities associated with Unicaja's Community Project and Cultural Fund.
(iii) The interest held in the basketball team "Club Baloncesto Málaga, S.A.D."
(iv) Trademarks, brand names and other distinctive symbols.
(v) The items classified by the Savings Bank as the artistic patrimony of Unicaja.
(vi) Sufficient cash to attend to the liquidity needs of Unicaja.
(vii) The assets and liabilities that, during the time elapsed until the registration of the Segregation may have been acquired by Unicaja as compensation or as a replacement of the aforementioned items.

The asset and liability is excluded from the calculation of the Segregated Equity are characterized by not being associated with financial activities, but rather are of a benefit-foundation type, sponsorship or similar activities.

For the purposes of the provisions of Article 36.1 and 73.1 of Law 3/2009 (3 April) on Structural Modifications of Mercantile Companies (hereinafter SMMC), desegregation balance sheet was considered to be Unicaja's individual balance sheet at 31 December 2010 included in the annual accounts for 2010 prepared by the Board of Directors of the Institution on 24 March 2011.

In addition, the transaction is subject to the system established by Article 49 of the SMMC, which is applicable to the general spin-off systems through the mission to article 73 of the SMMC and, as a consequence, a report on the segregation project is not required. Since the transfer of the Segregated Equity constitutes, from the point of view of Unicaja, a non-monetary contribution serving as the share capital of Unicaja Banco at the time of incorporation, the value has been verified by an independent expert designated by the Mercantile Registry for the purposes of Article 67 of the Spanish Companies Act 2010.

In compliance with the provisions of Royal Decree 1159/2010 (17 September) which approves the Rules for Preparing Consolidated Annual Accounts and amends the General Accounting Plan approved by Royal Decree 1514/2007 (16 November) and the General Accounting Plan for SMEs approved by Royal Decree 1515/2007 (16 November), the date of the Segregation for accounting purposes was established as 1 January 2011, which is understood to be the date as from which all of Unicaja's transactions relating to the Segregated Equity are recorded by Unicaja Banco.

Unicaja Banco, S.A. - Sociedad Unipersonal was incorporated with a share capital of €800,000 thousand, consisting of 800 million shares with a par value of 1 euro each, fully subscribed and paid in by Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén through the contribution of the Segregated Equity, as well as a share premium totalling €1,762,616 thousand, which has also been fully paid in through the contribution of the Segregated Equity.

In compliance with Recognition and Measurement Rule 21 of the General Accounting Plan (GAP), with the amendments introduced by Royal Preview 1159/2010, which approves the Rules for Preparing Consolidated Annual Accounts (RPCAA), the items making up the Segregated Equity have been measured at the amount recognized in the Group's or sub group's consolidated annual accounts in accordance with the aforementioned RPCAA, after the transaction.

The segregation transaction applied the special tax system described in Title VII, Chapter VIII and Additional Provision Two of the Corporate Income Tax Act, approved by Legislative-Royal. 4/2004 (5 March) (hereinafter the CITA), regarding the special system for mergers spin-offs, contributions of assets and share swaps. In accordance with the above, Unicaja informed the Tax Authorities on 13 January 2012 its choice to apply the tax neutrality system within the deadline established by regulations after registering the segregation document with the Mercantile Registry, in accordance with current tax legislation.

For the purposes of Article 93.1 of the Corporate Income Tax Act (hereinafter CITA) as the accounting reporting obligations when considering and applying the Special Tax System regulated by Title VII, Chapter VIII of the CITA, these notes to the annual accounts provide details of the segregated properties that may be depreciated grouped together by year (Appendix IV) and the latest closed balance sheet for Unicaja (Appendix V). There are no assets that have been included in the accounting records at a value other than that at which they were recognized in the transferring entity's accounts prior to the transaction. The rest of the information required by that Article is not applicable to the Bank and therefore has not been included in these notes to the annual accounts.

In addition, the transaction is not subject to value added tax in accordance with the provisions of Article 7 of Lot 37/1992 (28 December) on Value Added Tax, or Transfer Tax and Stamp Duty applicable to Corporate Operations in accordance with Article 19.2 and 15.I.B) 10 of the Law on Transfer Tax and Stamp Duty.

1.1.3 Restructuring of the management of real estate assets at Unicaja Group.

On 31 October 2012 Law 8/2012 (30 October) on the write-down and sale of real estate assets in the financial sector (hereinafter Law 8/2012) was published and it stipulates that credit institutions must contribute to a public limited liability company, in the terms established in Chapter II, all foreclosed assets or those received in lieu of payment as referred to by Article 1.1. of Royal Decree-Law 2/2012 (3 February) i.e. those relating to real estate developments and real estate construction or developments.

In general, the contributions to the asset management company will be recognized at fair value and must have had been completed at 31 December 2012. In the absence of a fair value or when it is difficult to obtain this value, they will be recognized at their carrying value, which will be calculated taking into consideration the provisions created for the assets in accordance with Article 1.1. of Royal Decree-Law 2/2012 (3 February) and Article 1.1 of Royal Decree-Law 18/2012 (11 May). In the event that at the time they are contributed to the Company the assets have not been covered by the provisions mentioned in the preceding paragraph, the provisions must be created by the company benefiting from the contribution by the dates required in accordance with both Royal Decrees. For the purposes of the provisions of Article 67 of the Spanish Companies Act 2010, the measurement established in accordance with the preceding paragraphs will replace the measurement carried out by an independent expert called for by that legislation, provided that the contribution takes place within the provision schedule to which the contributing entity is bound.

In compliance with the provisions of Law 8/2012, Unicaja Banco, S.A.U. has decided to restructure the management of its real estate assets, concentrating the management of its foreclosed assets owned by Unicaja Banco, S.A.U. and other companies pertaining to Unicaja Group in its investee company Gestión de Inmuebles Adquiridos, S.L.U. through several transactions of various types. Within the framework of this restructuring and in accordance with the provisions of Law 8/2012, the shares in Gestión de Inmuebles Adquiridos, S.L.U. were subsequently transferred to an asset management company called Unicaja Gestión de Activos Inmobiliarios, S.A.U., created for this purpose on 26 December 2012.

The tax system established in Title VII, Chapter VIII of Legislative Royal Decree 4/2004 (5 March), which approved the Corporate Income Tax Act, for the transactions mentioned in Article 83 of that Law, including the effect on other taxes, will be applied to the transfers of real estate assets pertaining to the financial sector even if they do not relate to the transactions mentioned in Article 83 and 94 of that Law. Accordingly, Gestión de Inmuebles Adquiridos, S.L.U. -as the buyer of the assets- reported to the Tax Authorities on 27 February 2013 of its choice to apply the tax neutrality system within the deadline established by regulations.

In 2013, the Bank continued to segregate assets acquired through debt recovery processes, in compliance with Law 8/2012, transferring the assets to the investee Gestión de Inmuebles Adquiridos, S.L.U., which is wholly owned by Unicaja Gestión de Activos Inmobiliarios, S.A.U. (Note 15.a)

1.2 Acquisition process of Banco de Caja España de Inversiones, Salamanca y Soria, S.A.

On 15 July 2013, the Board of Directors of Unicaja Banco, S.A. agreed to initiate the necessary formalities to submit an Offer to the shareholders and holders of necessarily and contingently convertible bonds of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. ("Banco CEISS"). Subsequently, the Board of Directors of Unicaja Banco (on 5 October 2013) and the General Shareholders' Meeting of Unicaja Banco (on 11 October 2013) approved an Offer to exchange the shares and convertible securities of Banco CEISS resulting from the action for the management of hybrid instruments resolved by the FROB in its rulings of 16 May and 15 July 2013.

In relation to this Offer, on 11 October 2013 Unicaja Banco's General Meeting adopted the following resolutions, subject to the terms and conditions described in the relevant fact published on that same date:

- Increase the Bank's share capital, estimating an incomplete subscription, in the amount of € 86,258 thousand, through the issue of 86,258,486 ordinary registered shares with a par value one euro each and a unit share premium of 0.18827 euros per share (total share premium of € 16,240 thousand), entailing a maximum capital increase of € 102,498 thousand (including share premium).

- Issue bonds necessarily and contingently convertible into new shares in Unicaja Banco, estimating an incomplete subscription, for a maximum amount of € 115,754 thousand, in accordance with the terms and conditions, and subject to the conversation regulations and types stated in the relevant fact published by Unicaja Banco.

- Issue perpetual bonds contingently convertible into new shares in Unicaja Banco, estimating an incomplete subscription, for a maximum amount of € 115,754 thousand, in accordance with the terms and conditions, and subject to the conversation regulations and types stated in the relevant fact published by Unicaja Banco.

The Prospectus for the Offer to exchange shares, necessarily and contingently convertible bonds and contingently convertible perpetual bonds of Unicaja Banco, to be subscribed by holders of shares and necessarily and contingently convertible bonds of Banco CEISS, was authorized by the Spanish National Securities Market Commission (CNMV) on 26 November 2013; an addendum was subsequently authorized on 30 December 2013.

According to the terms of the Prospectus, the exchange Offer was made conditional on acceptance by at least: (i) 75% of the shares in Banco CEISS (the "Minimum Share Acceptance Condition"); and (b) 75% of the sum of the shares in Banco CEISS and the necessarily and contingently convertible bonds of Banco CEISS targeted (the "Minimum Total Securities Acceptance Condition"), Unicaja Banco reserving the possibility of waiving fulfilment of the Minimum Total Securities Acceptance Condition.

Once the Offer acceptance period had elapsed, on 20 January 2014, the Offer was accepted by holders of 334,384,366 shares in Banco CEISS and 339,673,152 necessarily and contingently convertible bonds of Banco CEISS. Accordingly, on 20 January, in view of the result: (i) the Minimum Share Acceptance Condition was fulfilled, acceptance amounting to 99.16% of the shares in Banco CEISS (including 18,356,056 shares owned directly and indirectly by Unicaja Banco); (ii) the Minimum Total Securities Acceptance Condition was not fulfilled, acceptance totalling 60.66% of the sum of the shares and necessarily and contingently convertible bonds of Banco CEISS (including 18,356,056 shares and 7,543,033 bonds owned by Unicaja Banco and excluding 5,396,034 bonds owned by Banco CEISS itself).

Additionally, in connection with the exchange Offer, Unicaja Banco received a letter from the FROB stating (i) that its Governing Board has agreed on the basic aspects of the modification of the Banco CEISS resolution plan and, consequently, of the Term Sheet attached to the European Commission's decision of 13 May 2013; and (ii) that it intends to submit this change to the Bank of Spain and the European Commission for approval. The letter was accompanied by the notification received by the FROB from the European Commission's Directorate General for Competition indicating that, although the final decision must be taken by the College of Commissioners, the planned modification to the Banco CEISS resolution plan is compatible with the EU's state aid rules, based on its preliminary analysis. Unicaja Banco has received a letter from the Bank of Spain informing it that the Bank of Spain's Executive Committee has accepted the modifications, for the purposes of their inclusion in the modifications to the Banco CEISS resolution plan that the FROB will be asked to approve.

Additionally, on 29 January 2014, Banco CEISS accepted, by means of a relevant fact, the basic aspects of the modifications to its resolution plan. Moreover, as Banco CEISS states in its relevant fact, two agreements supplementing the Term Sheet are to be adopted: (i) between Banco CEISS and SAREB, to establish the adjustments derived from the agreement for the transfer of assets between SAREB and Banco CEISS, concluded on 28 February 2013; and (ii) between Banco CEISS and FROB, to regulate an Offset Mechanism in connection with the securities of Banco CEISS that the FROB will acquire as a result of claims from the holders of necessarily and contingently convertible bonds of Banco CEISS in respect of which the Offer is not accepted.

In accordance with the above-mentioned communications and relevant fact, the modification of the Banco CEISS resolution plan and thus of the Term Sheet would be formalized in accordance with the following basic aspects:

a) Distribution between the FROB and Banco CEISS of any negative effects of claim proceedings instigated by holders of necessarily and contingently convertible bonds of Banco CEISS who do not accept the Offer, such that the FROB will absorb 71% of such impacts up to a maximum of € 319 million (€ 241 million net of the compensation that the FROB may receive under the Offset Mechanism, as defined below), Banco CEISS assuming the remaining 29%.

b) Acceptance of certain commitments and restrictions in connection with the future activities of Banco CEISS which modify the ones initially envisaged in the Term Sheet, consisting basically of: (i) the maximum volume of the loan portfolio is reduced by a further 10%; (ii) the maximum size of the balance sheet is reduced by an additional 15%; (iii) the target ratio of loans to deposits is 10% lower than initially envisaged in Banco CEISS' main business regions; (iv) the organisational restructuring will include the closure of an additional 5% of its offices and the workforce reduction planned to 31 December 2014 is maintained, although there will be a further reduction of 5% by 31 December 2016. Additional restrictions are imposed on the distribution of dividends by Banco CEISS during the resolution period.

Moreover, as declared in Banco CEISS' relevant fact and in the communications received, the two agreements referred to above are expected to be adopted:

a) A basic agreement, yet to become definitive, between the FROB and Banco CEISS in connection with the securities of Banco CEISS that the FROB is to acquire as a result of the claim that it will assume under paragraph (a) above (the "Offset Mechanism"), whereby the FROB will receive, in exchange for the securities, an amount not lower than the value of the securities as appraised by the consultant Oliver Wyman, which concluded that 100% of Banco CEISS had an equity value of € 334 million. If the maximum outlay stated in paragraph a) above (€ 319 million) is reached, the maximum amount receivable by FROB will be € 78 million, without any obligation for Banco CEISS to acquire the securities in question prior to 1 January 2018. The agreement stipulates that the FROB will not in any circumstances become a shareholder of Unicaja Banco as a result of this mechanism.

b) The transactional settlement agreement to be concluded by Banco CEISS and SAREB to establish the adjustments derived from the asset transfer agreement between SAREB and Banco CEISS of 28 February 2013 (referred to in the "Risk Factors" section of the Registration Document). The conclusion of this transactional agreement, as indicated by Banco CEISS in its relevant fact of 29 January 2014, will not in any event mean that the amount charged to Banco CEISS represents a significant departure from the figures contained in the Term Sheet attached to the European Commission's decision of 13 May 2013 ("State Aid SA36249 (2013/N)").

The basic agreements and proposals referred to above are subject to ratification and definitive formalisation by Banco CEISS, FROB, Bank of Spain and SAREB, as well as definitive approval by the Spanish and EU authorities.

On the basis of these agreements, and in view of Unicaja Banco's interest in completing the acquisition of Banco CEISS, Unicaja Banco undertakes, as stated in the relevant fact of 29 January 2014, to waive the Minimum Total Securities Acceptance Condition once all the necessary authorizations have been obtained, including definitive approval by Banco CEISS, FROB, Bank of Spain and SAREB of the above-mentioned agreements and proposals in the terms explained, and EU authorization, where applicable.

In the relevant fact of 29 January 2014, Unicaja Banco declared that, also in the event of acceptance below 75% of the Total Securities, the modification of the Resolution Plan and of the Term Sheet, and dispensation from compliance with the Minimum Total Securities Acceptance Condition, the purpose stated in the Prospectus, i.e. not to request the exemption from fulfilment of the capital adequacy ratio by Banco CEISS on an individual basis, is maintained.

Accordingly, the following steps were agreed to complete the Offer:

a) Registration at the CNMV of an Addendum to the Offer Prospectus and opening of a period of three business days in which new Offer acceptance orders may be submitted, as well as orders revoking the acceptance orders already received.

b) When the above-mentioned agreements and proposals are approved and formalized in the terms explained, Unicaja Banco will waive the Minimum Total Securities Acceptance Condition.

c) If, by 31 March 2014, such approval has not been obtained, Unicaja Banco will waive dispensation for the Minimum Total Securities Acceptance Condition and the Offer will be automatically rendered ineffective.

The Prospectus Addendum was approved and registered by the CNMV on 30 January 2014, the period for submitting new Offer acceptance orders and revoking acceptance orders already received being 31 January, 3 February and 4 February 2014.

As indicated in the relevant fact of 29 January 2014, Unicaja Banco undertakes to announce to the market, at the earliest opportunity and as soon as it becomes aware of it, any decision that may be taken by the Spanish or EU authorities in relation to the matters described.

At the preparation date of these 2013 consolidated annual accounts, the conditions precedent defined for the purposes of the integration with Banco CEISS have not been fulfilled and no formal notification has been received from the competent authorities in relation to this process.

1.3 Basis of presentation of the consolidated annual accounts

The Group's Consolidated annual accounts are presented in accordance with that established under International Financial Reporting Standards adapted by the European Union (hereinafter, "IFRS – EU"), bearing in mind Circular 4/2004 of the Bank of Spain, of 22 December, which is the development and adaptation to the Spanish credit entity sector of the International Financial Reporting Standards approved by the European Union, and its subsequent amendments.

In this report the abbreviations "IAS" and "IFRS" are employed to refer to International Accounting Standards and to International Financial Reporting Standards, respectively, and the abbreviations "ICIFRS" and "CAS", to refer interpretations of the Interpretations Committee on International Financial Reporting Standards and the former Interpretations Committee respectively, all of these having been approved by the European Union (hereinafter, "EU"), is the basis on which these consolidated annual accounts were prepared.

The present consolidated annual accounts were prepared applying the total of the accounting principles and norms and the valuation principles of obligatory application that have a significant effect on these, so that they reflect the true image of the equity and of the financial situation of the Group as at 31 December 2013 and the results of operations, changes in net equity and cash flows that have arisen in the Group in the financial year ended on that date.

Note 2 summarises the principles and polices and the most significant valuation criteria applied in the preparation of consolidated annual accounts of the Group for the year 2013.

The consolidated annual accounts have been prepared based on the accounting records of the Bank and other Group entities. Nonetheless, and given that the accounting principles and standards applied in the preparation of the Group's consolidated annual accounts for 2013 may differ from those used by some of the consolidated entities, during the consolidation process the necessary adjustments and reclassifications have been made to standardise such principles and standards and bring them into line with the IFRS-EU applied by the Entity.

Unless otherwise stated, these consolidated annual accounts are presented in thousand euros.

1.4 Responsibility for the information and estimates

The information contained in the present consolidated annual accounts is the responsibility of the Directors of the Bank.

In the consolidated financial statements of the Group for the year 2013, estimates were occasionally made by the Directors of the Group to quantify some of the assets, liabilities, income, expenses and obligations reported herein. Basically, these estimates refer to:

- Impairment losses on certain assets (Notes 9, 10, 12, 13, 14 and 15).
- Assumptions used in actuarial calculations of liabilities and commitments relating to post-employment benefits and other long-term commitments with employees (Notes 2.12 and 40).
- Useful life of property, plant and equipment and intangible assets (Notes 2.14, 2.15, 13 and 14).
- Measurement of goodwill on consolidation (Notes 2.16 and 4).
- Estimation of the probability of occurrence of events classed as contingent liabilities and, if applicable, estimation of the provisions necessary to cover these events (Notes 2.18 and 17).
- Reversal period of temporary differences (Notes 2.13 and 23.4).
- Fair value of certain unlisted assets (Note 25).
- The realisable value of certain guarantees related to the collection of assets (Note 45).

These estimates were made based on the best information available at 31 December 2013 concerning the facts analysed. Nonetheless, future events could generate significant adjustments (upward or downward) in coming years, which would be made prospectively, in accordance with prevailing regulations, to recognize the impact of the change in the estimate on the consolidated income statement for the years in question.

In 2013 there were no changes to the Group's accounting estimates having a significant impact on either the consolidated results for the year or the consolidated balance sheet.

1.5 Comparability of the information

As required by IAS 1, the information contained in this consolidated report referred to the year 2013 is presented only for comparison purposes with the information on the year 2012 and therefore does not constitute the Group's consolidated financial statements for the year 2012.

The legislative developments during 2013 have not affected the comparability of the financial information of the Group, so it was not necessary any adjustment or reclassification of the quantitative information for 2012 which was published in the annual accounts of the previous year.

As regards the seasonal nature of income and expenses, the most significant transactions completed by the Unicaja Banco Group entities relate basically to the typical activities of financial institutions, so that these consolidated annual accounts are not significantly affected by seasonal factors.

1.6 Investments in credit institutions

In accordance with Article 20 of Royal Decree 1245/1995 (14 July), there follows a list of the Group's share in domestic and foreign credit institutions that exceed 5% of their capital or voting rights at 31 December 2013:

Entity	% share
Banco Europeo de Finanzas, S.A. (*)	40,7%
EBN, Sociedad Española de Banca de Negocios, S.A.	21,1%
Banco de Caja España de Inversiones, Salamanca y Soria, S.A.	5,0%

(*) Direct investment of 1,2% and indirect investment of 39.5% through Alteria Corporación Unicaja, S.L.U.

At 31 December 2013, no domestic or foreign credit institution (or groups as defined in Article 4 of the Stock Market Law that include a domestic or foreign credit institution) owns a share of 5% or more in the capital or voting rights of any credit institution that should be regarded as a Group entity.

1.7 Agency agreements

At 31 December 2013, the following agents of the Group's Parent entity meet the requirements of Article 22 of RD 1245/1995 and Bank of Spain Circular 4/2010:

1) Entity's Authorized Signatories

Name	Geographical scope
Ángel Malgier Unguetti	Montizón y Venta de los Santos (Jaén)
Aplagest Consulting, S.L.	Campo de Criptana (Ciudad Real)
Construcciones y Promociones Taberno, Gestiones Inmobiliarias, S.L.	Taberno (Almería)
María Eugenia Sánchez Berjaga	Hornos de Segura (Jaén)
María Dolores Asensio Águila	Paterna del Río y Bayárcal (Almería)
Contaestrella, S.L.	Puebla de los Infantes (Sevilla)
Pablo Fernández Rivera	Fondón (Almería)
Antonio Sánchez Ruiz	Villarodrigo (Jaén)
Antonio Sánchez Escobar	La Joya (Antequera - Málaga)
José Antonio Arrebola Benítez	Estación de Salinas (Archidona - Málaga)
Gestión 3 Uleila, S.L.	Uleila del Campo (Almería)
Pablo Fernández Enríquez	Alcolea (Almería)
José Manuel Alcaraz Forte	Ragol e Instinción (Almería)
Antonia Castellano Yeste	Hijate (Almería)
María Isabel Juárez Padilla	Rioja (Almería)
María Dolores Abellan Berruezo	Mojacar (Almería)

2) List of Bank nominees for customer retention or promotion and marketing operations or services.

Name	Geographical scope
Viada Asesores, S.L.	Puertollano (Ciudad Real)
Sistemas Interactivos Malagueños S.L.	Torremolinos (Málaga)
Avances Tecnológicos y Diseño S.L.	Marbella (Málaga)
Sistema Asesores Málaga, S.L.	Málaga
Manuela Jurado Ollero	Marmolejo (Jaén)
Mario Navarro Díaz	Estepona (Málaga)
Sur Finanz Agentes, S.L	Fuengirola (Málaga)
Grupo Inmobiliario Soto Jimenez, S.L.	Pinos-Puente (Granada)
Francisco Javier Bazán Virtudes	Málaga
Francisco Javier Arroyo Lorca	Valverde Del Camino (Huelva)
Antonio Acosta Oller	Tíjola (Almería)
Manuela Joyar Montilla	Jaén
Matilde Cuerva Tortosa	Almería
Jara-Inversiones e Intermediación, S.L.	Almería
Carlos Lorente Martínez	Deifontes(Granada)
Gestem Planificación y Desarrollo Integral de Empresas, S.L.	Málaga
Catalina Castro Jurado	Torrox (Málaga)
María del Carmen Ávila Andrés	Granada
José Melero Verdejo, S.L.	Córdoba
Del Ferrio Inversiones, S.L	Estepona (Málaga)
Manuel Ángel Garrido Rengel	Moguer (Huelva)
Orvel 21, S.L.	Vélez-Málaga (Málaga)
Daimiel Asesores Inmobiliarios, S.L.	Daimiel (Ciudad Real)
Jarava Barrera, S.L.	Ciudad Real
Antonia María Manso Sánchez	Facinas (Cádiz)
Explotaciones de Mingos Verdes, S.L	Alcalá de Henares (Madrid)

1.8 Environmental impact

The Unicaja Banco Group entities global transactions are subject to environmental protection regulations (environmental laws). The Entity considers that the Group substantially meets the requirements of environmental laws and that it has procedures in place to guarantee and encourage compliance.

The Entity considers that the Group has adopted the necessary measures with respect to the protection and improvement of the environment and the minimisation of environmental impact, where applicable, in accordance with current environmental laws. In 2013 and 2012 the Entity did not make any significant environmental investments and did not identify any need to make provision for environmental risks and charges or any significant contingencies in connection with environmental protection and improvement.

1.9 Minimum ratios

1.9.1 Minimum capital requirement

On 22 May 2008, the Bank of Spain issued Circular 3/2008, on the determination and control of minimum capital requirement, partially modified by Circular 9/2010 (22 December) regulates the minimum equity that Spanish credit institutions must maintain and the manner in that equity must be calculated, as well as the various capital self-assessment processes must be carried out together with the public information that must be provided to the market.

Additionally, Royal Decree Law 2/2011, of February 18, on Strengthening the Financial System required that banks count with a minimum ratio of 8% core capital (obtained by dividing the resources of higher quality, with certain deductions, and risk-weighted assets). This ratio should be 10% if the entity had no private investors in their capital by an amount greater than 20% or if the entity held a dependence on wholesale funding more than 20%.

In 2012, the Law 9/2012, of 14 November, restructuring and resolution of credit institutions repeals Decree-Law 24/2012, of February 18, for strengthening the financial system, transformed generally established requirements of 8% core capital and 10% set for entities with limited access to capital and markets for wholesale funding predominates, in a unique requirement of 9% to be met by the aforementioned entities and groups from January 1, 2013. The above Act also entails a change to the definition of core capital to conform it to the one used by the European Banking Authority (EBA). Circular 7/2012, of November 30 of the Bank of Spain, to credit institutions on minimum capital requirements principal develops the regime established by that law.

In 2013, by means of Circular 4/2013 (27 September), the definition of small and medium-sized companies was changed for capital adequacy purposes. The definition of SMEs was extended, bringing it into line with the European concept contained in Recommendation 2003/361/EC of the Commission (6 May) on the definition of micro, small and medium-sized enterprises. This change means that a larger number of credit institution exposures could be reclassified to the retail exposures regulatory category, which is afforded favourable treatment when calculating risk-weighted exposures.

Finally, on 5 February 2014, Bank of Spain Circular 2/2014 (31 January) was issued to credit institutions, on the exercise of various regulatory options contained in Regulation (EU) No. 575/2013 of the European Parliament and of the Council (26 June 2013) (CRR) on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No. 648/2012. The purpose is to establish which options must be fulfilled immediately by Spanish credit institutions, as from the effective date of the new capital adequacy regulatory framework, and the scope of these options.

The management of the Group adjusts its own resources, as conceptual definitions are concerned, to what is gathered in the Circular 3/2008 of Bank of Spain and its subsequent amendments. In this regard, the Bank considers as eligible capital specified in Rule 8 of Circular 3/2008 of Bank of Spain and its subsequent amendments.

At 31 December 2013 and 2012, the Entity's equity, taking into account the distributed surplus (Note 3) amounted to €2,109,750 thousand and €2,211,260 thousand, respectively. This represents a surplus, in respect to the minimum amount required by Bank of Spain Circular 5/1993 and subsequent amendments, amounting to €828,408 thousand and €765,348 thousand, respectively.

	Thousands of euros	
	2013	2012
Basic equity	**2 060 621**	**1 981 027**
Of which: Core capital	*2 060 326*	*1 980 901*
Additional equity	49 129	230 233
Total eligible equity	**2 109 750**	**2 211 260**
Total equity requirement	**1 281 342**	**1 445 912**

The Entity carries out rigorous action to maintain a prudent and balanced risk profile, preserving the objectives of solvency, profitability and adequate liquidity. Risk management processes are guided by the following basic principles:

- Permanent rigorous action to maintain a prudent and balanced risk profile, preserving the objectives of solvency, profitability and adequate liquidity.

- Active participation and supervision by Senior Management, which approves the general business strategies and policies applied by the Entity and establishes the general lines of risk management and control at the Entity.

- General internal control environment.

- Segregation of duties and the process of measuring and controlling the Entity's risk is completely independent from the risk taking function.

- Minimization of doubtful assets through prudent risk management, particularly by avoiding of uncertain viability and quantitative limitations of investments based on sufficient guarantee parameters.

- Selection of adequate risk measurement methodologies.

The Entity's policies, methods and procedures relating to Overall Risk Management are approved by the Board of Directors. The Control Committee, the Audit Committee, the Asset, Liability and Budget Committee (ALBC) and the Internal Supervision and Risk Control Department at the Entity is responsible for ensuring adequate compliance with those policies, methods and procedures, ensuring that they are adequate, are effectively implemented and reviewed on a regular basis.

1.9.2 Minimum reserves ratio

At 31 December 2013 and 2012, and throughout 2013 and 2012, the Entity complied with the minimum reserves ratio imposed by applicable Spanish regulations.

On 21 December 2011 the Official Journal of the European Union (OJEU) published Regulation (EU) 1358/2011 of the European Central Bank (14 December), which amends Regulation (EC) 1745/2003, relating to the application of minimum reserves. The aforementioned amendment consists of including the reduction from 2% to 1%, approved by the Board of Governors of the European Central Bank on 8 December 2011, affecting the minimum reserve ratio to be held by entities subject to the regulations. This amendment entered into force as from the reserve maintenance period starting on 18 January 2012.

1.10 Deposit Guarantee Fund

The Entity is a member of the Deposit Guarantee Fund. In the years 2013 and 2012, expenses incurred through the ordinary and extraordinary contributions to this body amounted to €27,477 thousand and €31,807 thousand, respectively, that were booked under the heading "Other operating charges - Contribution to the Deposits Guarantee Fund" in the attached consolidated profit and loss account (Note 39).

Royal Decree-Law 16/2011 (14 October) entered into force on 15 October 2011 and created the Deposit Guarantee Fund for Credit Institutions (RD 16/2001). Article 2 of that Royal Decree-Law declares the cancellation of the Deposit Guarantee Fund for Savings Banks, the Deposit Guarantee Fund for Banking Establishments and the Deposit Guarantee Fund for Credit Cooperatives, the balances of which are integrated into the Deposit Guarantee Fund for Credit Institutions, which subjugates to all of the rights and obligations of the cancelled funds. As a result, as from that date the Savings Bank joined the new Deposit Guarantee Fund for Credit Institutions.

Onto December 2011 Royal Decree-Law 19/2011 (2 December) entered into force and amended Royal Decree 16/2011 which established that the amount of the contributions by Entities to the Deposit Guarantee Fund for Credit Institutions would increase to 2 per thousand of the calculation base. The aforementioned Royal Decree is applicable to the contributions made as from the date on which it entered into force. In 2011 the amount of contributions was set at 1 per thousand of the calculation base.

On 4 July 2011 Circular Letter 3/2011 (30 June) entered into force for entities belonging to a deposit guarantee fund and covers additional contributions to deposit guarantee funds. That Circular Letter establishes mandatory quarterly additional contributions for member entities that obtain term deposits or settle interest-bearing current accounts ceding certain interest rate, based on the term of the deposit or the nature of the on demand account. This contribution would derive from the weighting, of 500%, of deposits obtained or settled that exceed those rates, of the calculation base that may be determined by ordinary contributions. On 31 August 2012 the additional contributions to the Deposit Guarantee Fund were repealed with the publication of Royal Decree-Law 24/2012.

The Deposit Guarantee Fund Management Committee, in order to restore the Fund's financial position pursuant to Article 6.2 of Royal Decree-Law 16/2011 (14 October), resolved on 30 July 2012 to request contributions from the member institutions, apportioned using the calculation base for the contributions at 31 December 2011, payable in ten equal annual instalments. The amount of the instalment payable on each date may be deducted from the ordinary annual contribution paid by the institution, if applicable, on that same date, up to the amount of the ordinary contribution.

Additionally, in order for the Deposit Guarantee Fund's financial position to remain balanced, allowing the proper performance of its functions to ensure the stability of Spain's financial system, and pursuant to Royal Decree-Law 6/2013 (22 March), a one-off special contribution was stipulated, equal to three one thousandths of the qualifying deposits. This contribution is arranged in two phases. Initial 40% contribution, for which there are a number of deductions related to the size of the institution, its contributions to the SAREB and the receipt of state aid. A second 60% contribution payable as from 2014 and within a maximum of seven years, in accordance with the payment schedule to be established by the Deposit Guarantee Fund Management Committee.

The expense incurred in 2013 includes the additional contribution of € 1,555 thousand required by Royal Decree-Law 6/2013.

1.11 Subsequent events

During 2014, to the issue date of these consolidated annual accounts, there have been new developments in connection with the acquisition of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (Banco CEISS) described in Note 1.2.

During the period from 31 December 2013 to the issue date of these consolidated annual accounts, there have been no particularly relevant events that are not referred to in the notes to the accounts.

1.12 Changes in accounting criteria.

In 2013, new accounting norms became effective and have, therefore, been taken into account in the preparation of the Group's consolidated annual accounts for 2013:

Norms, modifications and interpretations	Description	Obligatory application to financial years beginning from
IAS 1	Presentation of financial statements: presentation of items of other comprehensive income	1 July 2012
IAS 12	Deferred tax: Recovery of underlying assets	1 January 2013
IAS 19	Employee benefits	1 January 2013
IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	
IFRS 1	Government loans	1 January 2013
IFRS 7	Offsetting financial assets and financial liabilities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013
Various IFRS	Minor modifications of a set of rules	1 January 2013

On the date of the preparation of these consolidated annual accounts, the following norms and interpretations (the most important applied on that date) that had been published by the IASB had not come into effect, either because their effective data is after the date of these consolidated annual accounts, or because they have not yet been adapted by the European Union:

Norms, modifications and interpretations	Description	Obligatory application to financial years beginning from
IFRS 1	First-time adoption: official loans	1 January 2014
IFRS 7	Financial instruments: disclosures Offsetting financial assets and liabilities	1 January 2014
IFRS 9	Financial instruments	1 January 2014
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Details of interests in other entities	1 January 2015
IFRS 13	Fair value measurement	1 January 2014
Modification of IAS 19	Employee salaries	1 January 2014
Modification of IAS 1	Presentation of financial statement	1 January 2014
Modification of IAS 27	Separate financial statements	1 January 2016
Modification of IAS 28	Investments in associates and joint ventures	1 January 2014
Modification of IAS 32	Financial instruments: presentation Offsetting financial assets and liabilities	1 January 2014
Improvements to IFRSs	Minor modifications to a set of rules	1 July 2014
Modification of IFRS 10, 11 and 12	Classification of transition rules of these rules	1 January 2014
IFRS 1	First-time adoption: official loans	1 July 2014

(*)The Group has applied IFRIC 21 early in 2013.

The Administrators of the Savings Bank believe that the application of the majority of these norms will not have an important impact on the Group's consolidated annual accounts in the following years.

Standards and interpretations in force in the current year

In 2013 the following amendments to International Financial Reporting Standards (IFRS) or interpretations of IFRS (IFRIC) came into effect and did not have a significant impact on the consolidated annual accounts:

- IAS 1 (Amendment) "Presentation of financial statements": This amendment to IAS 1 changes the presentation of the other statement of comprehensive income (called the statement of recognized income and expenses in Bank of Spain Circular 4/2004), requiring that the items included in other comprehensive income be grouped in two categories based on whether or not they will be taken to the income statement. Items that will not finally be taken to the income statement, such as restatements of property, plant and equipment, must be presented separately from items that will affect the income statement in the future, such as losses and gains on cash flow hedges. This amendment is mandatory for all financial years starting on or after 1 July 2012.

  This standard has not had a material impact on the Group's consolidated annual accounts, although the presentation of certain items in the consolidated statement of recognized income and expenses has been changed.

- IAS 12 (Amendment) "Deferred tax: Recovery of underlying assets": The amendment to IAS 12 provides a practical approach to the measurement of deferred tax assets and liabilities related to investment property carried at fair value, one of the measurement options provided by IAS 40 "Investment property". Although this amendment was mandatory for all annual periods commencing on or after 01 January 2012, as per the effective date stipulated by the IASB, for European Union purposes the effective date refers to periods commencing on or after 1 January 2013.

- IAS 19 (Amendment) "Employee benefits": The amendment to IAS 19 changes the recognition and measurement of defined benefit pension costs and of termination benefits, as well as disclosures of all employee benefits. The following aspects of IAS 19 have been changed, among others:

  - Actuarial gains and losses (now called "recalculations") may only be recognized in other comprehensive income, i.e. in the statement of recognized income and expenses, as items that will not be taken to the income statement. The options of deferring actuarial losses and gains through the corridor approach and of recognizing them directly in the income statement have been eliminated. Revaluations recognized in other comprehensive income may not be taken to the income statement.

  - The cost of past services must be recognized in the period in which the plan is modified and benefits not vested in a service period may not be deferred to future periods. Reductions only occur when the number of employees included in the plan falls significantly. Losses and gains derived from reductions must be recognized in the same way as past service costs.

  - This annual expense of a financed benefit plan must include the net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability.

  - Benefits requiring the provision of future services will not be treated as termination benefits.

  The amended IAS 19 is mandatory on a retroactive basis for all financial years starting on or after 1 January 2013.

- IFRS 1 (Amendment) "Severe hyperinflation and removal of fixed dates for first-time adopters": The amendments related to severe hyperinflation provide guidance on how to present for the first time, or summarise when presenting financial statements under IFRS, following a period during which the entity was unable to fulfil IFRS requirements because its functional currency was subject to sever hyperinflation. Although this amendment was mandatory for all annual periods commencing on or after 1 July 2011, as per the effective date stipulated by the IASB, for European Union purposes the effective date refers to periods commencing on or after 1 January 2013.

- IFRS 1 (Amendment) "Government loans": The IASB has amended IFRS 1 "First-time adoption of International Financial Reporting Standards" to allow first-time adopters to apply the provisions of IAS 20 "Accounting for government grants and disclosure of government assistance", applicable to entities already applying IFRS, in connection with government loans at below-market interest rates. This amendment is mandatory for all financial years starting on or after 1 January 2013.

- IFRS 7 (Amendment) "Offsetting financial assets and financial liabilities": The amendment to IFRS 7 requires disclosure of quantitative information both on recognized financial instruments that have been offset in the balance sheet and on financial instruments subject to master netting arrangements, irrespective of whether or not they have been offset in the balance sheet. The amendment to IFRS 7 is mandatory for all financial years starting on or after 1 January 2013 and is applicable retroactively.

- IFRS 13 "Fair value measurement": IFRS 13 explains how to measure items at fair value; it is designed to improve and extend fair value disclosure requirements. This standard does not establish which elements must be measured at fair value or add any new fair value measurement requirements. This new standard is mandatory for all financial years starting on or after 1 January 2013. The new standard is applied prospectively as from the start of the financial year in which it is adopted for the first time. The disclosure requirements do not apply to the comparative information presented for periods prior to the period of first-time adoption of IFRS 13.

- IFRIC 20 "Stripping costs in the production phase of a surface mine": IFRIC 20 defines when stripping costs must be recognized as an asset in the balance sheet and how they must be measured at initial recognition and subsequent measurement. This new standard is mandatory for all financial years starting on or after 1 January 2013.

- Improvements to IFRS Cycle 2009-2011: This IFRS improvement project brings in minor changes and clarifications, relating mainly to IFRS 1 "First-time adoption of IFRS", IAS 1 "Presentation of financial statements", IAS 16 "Property, plant and equipment", IAS 32 "Financial instruments: Presentation" and IAS 34 "Interim financial reporting". The changes are applicable retroactively to financial years starting on or after 1 January 2013.

The application of above-mentioned accounting standards and interpretations has had no significant effect on the Group's consolidated annual accounts.

Standards and Interpretations Issued and not in force

At the issue date of these consolidated annual accounts, new International Financial Reporting Standards and interpretations of standards have been published that are not mandatory for periods commencing on or after 1 January 2013. At the present date, the analysis of the future effects, if any, that could arise from the adoption of these standards has not yet been completed, although no significant impacts are envisaged. These standards are as follows:

- IAS 27 (Amendment) "Separate financial statements": The requirements previously contained in IAS 27 relating to the preparation of consolidated financial statements are included in the new IFRS 10. The scope of IAS 27 is therefore reduced to the recognition of investments in subsidiaries, jointly-controlled entities and associates in the investing entity's individual financial statements under IFRS, no changes having been made with respect to the previous standard. Although the amended IAS 27 is mandatory for all annual periods commencing on or after 1 January 2013, as per the effective date stipulated by the IASB, for European Union purposes the effective date refers to periods commencing on or after 1 January 2014.

- IAS 28 (Amendment) "Investments in associates and joint ventures": IAS 28 has been updated to include references to joint ventures, which must be recognized using the equity method under the new IFRS 11. Although the amended IAS 28 is mandatory for all annual periods commencing on or after 1 January 2013, as per the effective date stipulated by the IASB, for European Union purposes the effective date refers to periods commencing on or after 1 January 2014.

- IAS 32 (Amendment) "Offsetting financial assets and financial liabilities": The Application Guidance is modified to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. The amendment does not affect the offset model already provided in IAS 32, which is still applicable when, and only when, an entity currently has the legally enforceable right to offset the amounts recognized and the intention to settle the net amount or to realize the asset and settle the liability simultaneously. The amendment clarifies that the offset right must be available at the current time, i.e. does not depend on a future event. Additionally, the right must be legally enforceable in the ordinary course of business of the counterparties involved in the transaction, even in the event of default, insolvency or bankruptcy. The amendment to IAS 32 is mandatory for all financial years starting on or after 1 January 2014 and is applicable retroactively. Early adoption is permitted.

- IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets": The amendment requires the presentation of supplementary information on fair value measurements made in the event of impairment or a reversal of impairment. Among other aspects, this amendment: (i) removes the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or an intangible asset with an indefinite useful life, but no impairment loss has been recognized; (ii) requires disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and (iii) requires detailed disclosure of how fair value less costs to sell or dispose of the asset by other means has been measured when an impairment loss has been recognized or reversed. This amendment is applicable retrospectively in financial years beginning on or after 1 January 2014. It may be early adopted, but never before IFRS 13.

- IAS 39 (Amendment) "Novation of derivatives and continuation of hedge accounting": Under this standard, an entity is required to interrupt hedge accounting where a derivative designated as a hedging instrument is novated to a Central Counterparty Clearing House (CCP), since the original derivative ceases to exist. The new derivative with the CCP is recognized at the novation date. These amendment will be applicable to financial years commencing on or after 1 January 2014 and may be early adopted.

- IFRS 9 "Financial instruments": IFRS 9 simplifies the accounting treatment of financial assets and brings in new classification and measurement requirements. Financial assets held mainly to collect cash flows representing principal and interest payments must be carried at amortized cost, while all other financial assets, including assets held for trading, must be measured at fair value. Consequently, an impairment model is required only for financial assets carried at amortized cost. As part of this process, though unrelated to hedge accounting, IFRS 9 is also amended to allow entities to early adopt the requirement to recognize, in other comprehensive income, fair value changes attributable to changes in the entity's own credit risk for financial liabilities carried at fair value (this may be applied without having to adopt the rest of the standard). IFRS 9 will be applicable retroactively, except in relation to hedge accounting, which will be applicable prospectively (with some exceptions). As regards the IASB, the effective date of the standard has been eliminated, established for 1 January 2015, although entities may still choose to apply it immediately. It has not yet been adopted by the European Union.

- IFRS 10 "Consolidated financial statements": IFRS 10 brings in changes to the concept of control, which is still defined as the factor determining whether an entity must or must not be included in the consolidated financial statements. IFRS 10 replaces the control and consolidation guidance provided by IAS 27 and eliminates SIC 12, which is repealed. In order for control to exist, two elements must be identified: power over an entity and variable returns. The standard provides extensive guidance for cases in which it is difficult to determine whether or not control exists. The concept of unity of the parent entity and its subsidiaries for the purposes of the consolidated financial statements, and 'the consolidation procedures, have not changed with respect to IAS 27. Although this standard is mandatory for all annual periods commencing on or after 1 January 2013, as per the effective date stipulated by the IASB, for European Union purposes the effective date refers to periods commencing on or after 1 January 2014.

- IFRS 11 "Joint arrangements": This will replace the current IAS 31. The fundamental change with respect to the current standard is the elimination of the proportionate consolidation option for jointly-controlled entities, which will be equity consolidated. Although this standard is mandatory for all annual periods commencing on or after 1 January 2013, as per the effective date stipulated by the IASB, for European Union purposes the effective date refers to periods commencing on or after 1 January 2014.

- IFRS 12 "Disclosure of interests in other entities": This disclosure standard groups together all the accounting disclosure requirements applicable to interests in other entities (whether subsidiaries, associates, joint ventures or other interests) and includes new disclosure requirements. Although this standard is mandatory for all annual periods commencing on or after 1 January 2013, as per the effective date stipulated by the IASB, for European Union purposes the effective date refers to periods commencing on or after 1 January 2014.

- IFRS 14 "Regulatory deferral accounts": IFRS 14 applies only to first-time adopters of IFRS 1 and allows them to continue to recognize amounts related to rate regulation in accordance with the policies applied prior to the adoption of IFRS with respect to the recognition, measurement, impairment and derecognition of these balances. However, in order to enhance comparability with entities already applying IFRS that do not recognize those amounts, the standard stipulates that the effect of such rate regulation must be presented separately from other items. An entity that already presents its financial statements under IFRS cannot apply this standard. This standard comes into force on 1 January 2016 and may be early adopted. It is not mandatory, but entities that will apply the guidance should begin to consider their implications in relation to the adoption of IFRS.

- IFRS 10 (Amendment), IFRS 11 (Amendment) and IFRS 12 (Amendment) "Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition Guidance": The differences between the "control" concept under IFRS 10 and IAS 27/SIC 12 may require an entity previously not consolidated to consolidate and vice versa. If the conclusion regarding the need to consolidate changes on first-time adoption of IFRS 10, the comparative information for the immediately preceding period must be restated, unless this is impracticable. Any difference arising from the application of IFRS 10 at the start of the comparative period is taken to equity. Conversely, when the decision on the need to consolidate does not change on first-time adoption of IFRS 10, no accounting adjustment is required. This assistance relating to the transition to the new regulations also applies to investees disposed of prior to the date of first-time adoption. Comparative disclosures are necessary under IFRS 12 in relation to subsidiaries, associates and joint ventures; this is limited to the immediately preceding comparative period. No comparative information on non-consolidated structured entities need be disclosed. The amendment of the above-mentioned standards is mandatory for all periods commencing on or after 1 January 2014, in accordance with the effective dates of the amended standards. They must be early adopted if the standards in question are also early adopted.

- IFRS 10 (Amendment), IFRS 12 (Amendment) and IAS 27 (Amendment) "Investment entities": This includes amendments for entities that meet the definition of an "investment entity" and that have specific characteristics. Amendments have also been made to IFRS 12 to bring in reporting requirements that an entity of this kind must include in its consolidated annual accounts. The amendment of these standards mandatory for all financial years starting on or after 1 January 2014. They may be early adopted, provided all the above-mentioned amendments are adopted at the same time.

- IAS 19 (Amendment) "Defined benefit plans: Employee contributions": This amendment applies to contributions by employees or third parties to defined benefit plans. The purpose is to simplify the accounting treatment of contributions that are unrelated to the number of years of service, e.g. employee contributions calculated based on a fixed percentage of their salary. IAS 19 (revised in 2011) distinguishes between employee contributions related to and not related to service. The current amendment also distinguishes between contributions related to service only in the period in which they arise and contributions related to service over more than one period. The amendment allows contributions linked to service that do not change based on the duration of the employee's service to be deducted from the cost of benefits accrued in the period in which the relevant service is provided. Contributions linked to service and which vary based on the duration of the employee's service must be apportioned over the service provision period using the same allocation method applied to the benefits; this means either applying the pension plan formula or, where the plan provides a significantly higher level of benefit for service in later years, applying a straight-line method. This amendment is applicable retrospectively in financial years beginning on or after 1 July 2014. Early adoption is permitted.

- IFRIC 21 "Levies": This is an interpretation of IAS 37 "Provisions, contingent assets and contingent liabilities" that addresses the accounting treatment of levies imposed by public administrations, other than income tax and fines or penalties imposed due to the infringement of legislation. The main issue raised is when the entity must recognize a liability due to the obligation to pay a levy recognized under IAS 37. IAS 37 stipulates the conditions for the recognition of a liability, one of which is that the entity must have a present obligation as a result of a past event. The interpretation clarifies that the event requiring and giving rise to a liability for the payment of a levy is the activity described in the relevant legislation that causes the payment of the levy. The interpretation is mandatory in all periods commencing on or after 1 January 2014, although it may be early adopted; the Group early adopted this interpretation in 2013.

2.1.2 Joint ventures

"Joint ventures" are investments in entities that are not subsidiaries but are controlled jointly by two or more unrelated entities.

The annual accounts of investees classified as joint ventures are consolidated with those of the Entity using the proportionate consolidation method such that the balances on the consolidated balance sheet and consolidated income statement are aggregated and the balances and the effects of the transactions carried out with Group companies are eliminated solely in proportion to the Group's share.

The company "Liquidámbar Inversiones Financieras, S.L." is treated as a jointly-controlled entity, despite holding a 14.74% interest, as joint control is provided by a shareholder agreement.

Appendix II provides relevant information on these entities.

In Note 12.3 provides information on the most significant acquisitions that have taken place in 2013 joint ventures and new shares in the capital of companies, that already had this whole business condition at beginning of year.

2.1.3 Associates

"Associates" are all the entities over which the Entity has significant influence but not control or joint control. Significant influence generally accompanies a direct or indirect shareholding of 20% or more of the voting rights.

At 31 December 2013, Grupo Hoteles Playa, S.A., Alestis Aerospace, S.L. and Deoleo, S.A. are deemed to be associates, since at least 20% their voting rights are held by the Group. The main reasons for considering that the Group has significant influence in these entities are described below:

- As regards the interest in Grupo Hoteles Playa, S.A., the Unicaja Banco Group has entered into shareholder agreements that provide a qualified majority vote. Among other aspects, the agreements requires unanimous support for any alteration affecting capital, the company and its by-laws, the annual budget, strategic plans, financing and any relevant investment or divestment decisions.

- With respect to Alestis Aerospace, S.L., the Unicaja Banco Group has entered into shareholder agreements allowing it to sit on the Board of Directors, participate in the organisation and activities of the governing bodies and take part, or in some cases veto, business decisions. The Group is also authorized to appoint a total of three board directors designated jointly with other shareholders, representing 50% of the total number of board directors.

- As regards the interest in Deoleo, S.A., the Unicaja Banco Group is entitled to a total of three board directors.

In the consolidated financial statements, associates are consolidated using the equity method, as defined in prevailing legislation (IAS 28).

If as a result of losses incurred by an associate its equity is negative, in the consolidated balance sheet would appear of the Group with a nil value, unless the Group is required to provide financial support.

Appendix III provides relevant information on these entities.

The fair value of derivatives not traded in organised markets, or traded in organised markets that are not deep or transparent, is equal to the sum of the future cash flows generated by the instrument, discounted at the measurement date ("present value" or "theoretical close"), employing valuation techniques accepted by the financial markets: "net present value" (NPV), option pricing models, etc.

Amortized cost is the acquisition cost of a financial asset or liability adjusted (upward or downward) for capital and interest repayments and, where applicable, for the (higher or lower) portion (recognized in the consolidated income statement by applying the effective interest method) of the difference between the initial amount and the repayment value of the financial instruments. The amortized cost of financial assets also includes impairment adjustments.

The effective interest rate is the discount rate that brings the initial value of a financial instrument exactly into line with total estimated cash flows throughout its residual life. In the case of fixed-income financial instruments, the effective interest rate is equal to the contractual rate defined on acquisition, adjusted for commissions and transaction costs that must be included in the calculation of the effective interest rate, under IAS 39. The effective interest rate for variable-rate financial instruments is estimated in the same way as for fixed-income transactions and is recalculated at each interest review date stated in the contract, taking into consideration changes in the transactions future cash flows.

2.2.4 Classification and valuation of financial assets and liabilities

Financial instruments are classified into the following categories in the Group's consolidated balance sheet:

- **Financial assets and liabilities at fair value through profit or loss:** This category includes financial instruments for trading and other financial assets and liabilities classified as at fair value through profit or loss:

  - **"Financial assets held for trading"** are assets acquired in order to be realized in the short term or which form part of a portfolio of financial instruments identified or managed jointly, for which there is evidence of recent actions taken to obtain short-term gains, and derivative financial instruments not designated as hedge instruments, including instruments segregated from hybrid financial instruments (IAS 39).

  - **"Financial liabilities held for trading"** are liabilities issued for repurchase in the near future or that form part of a portfolio of financial instruments identified or managed jointly for which there is evidence of recent actions to obtain short-term gains, short positions in securities arising from sales of assets acquired under non-optional repurchase agreements and loans of securities, and derivative financial instruments not designated as hedge instruments, including instruments segregated from hybrid financial instruments.

  - **"Other financial assets or liabilities at fair value through profit or loss"** they are designated as financial assets or liabilities in their initial recognition, the fair value of which can be estimated in a reliable manner and this designation can be applied to:

  (i) hybrid assets and liabilities for which the implicit derivatives cannot be separately valued in a reliable manner, the separation of these is obligatory,

  (ii) hybrid financial assets and liabilities as a whole, designated from their initial recognition, except when the implicit derivatives do not significantly modify the cash flows that, in another way, the instrument would have generated or when the hybrid instrument was first considered the prohibition of separating from the implied derivatives was evident,

  (iii) financial assets and liabilities on which more relevant information is obtained because with this there is a significant reduction in the incoherencies in the recognition or valuation (also called accounting asymmetries) that would arise in the valuation of the assets or liabilities, or through the recognition of gains or losses with different criteria,

(iv) financial assets and liabilities on which more relevant information is obtained due to the existence of a group of financial assets or liabilities in each case from which more relevant information is obtained because there is a group of financial assets, or of assets and financial liabilities that are managed and their yield is valued based upon their fair value, in accordance with a documented management risk or investment strategy and the information on this group is also supplied based upon the fair value to the key management personnel.

- **Held-to-maturity investments**: it includes debt securities with fixed maturities and identified or identifiable cash flows that are classified by the Entity at initial date and subsequently, with the intention and financial capacity to hold them until maturity date.

The debt securities included in this category are initially carried at fair value, as adjusted for transaction costs directly attributable to the acquisition of the financial asset, which are recognized in the income statement using the effective interest method as defined in IAS 39. They are subsequently carried at amortized cost, calculated based on the effective interest rate.

- **Loans and receivables**: this category includes unlisted debt securities, financing provided to third parties arising from the ordinary credit and loan activities carried out by the Entity, and debts incurred by asset buyers and by service users. It also includes finance lease transactions where the entities are the lessors.

The financial assets included in this category are initially carried at fair value, as adjusted for commissions and transaction costs directly attributable to the acquisition of the financial asset and which, under Bank of Spain Circular 4/2004 (22 December), must be recognized in the income statement using the effective interest method, to maturity. Following acquisition, the assets are carried at amortized cost.

Assets acquired at a discount are recorded at the cash amount paid and the difference between the repayment value and that cash amount is recognized as financial income applying the effective interest method during the period to maturity.

In general terms it is the intention of the consolidated companies hold the loans and credits granted to maturity, and therefore presented in the consolidated balance sheet at amortized cost.

The interest accrued on these assets, calculated using the effective interest method, is recognized in the caption "Interest and Similar Income" in the income statement. Exchange differences on securities denominated in foreign currency other than the Euro are registered as mentioned in Note 2.4. Possible impairment losses on these assets are recorded as indicated in Note 2.7. Debt securities included in fair value hedged transactions are recorded as mentioned in Note 2.3.

- **Available-for-sale financial assets**: this category includes debt securities not classified as held to maturity, such as loans and receivables, or as at fair value through Profit or loss, and equity instruments owned by Unicaja relating to entities which are not subsidiaries, joint ventures or associates, and which have not been classified at fair value through profit or loss.

The instruments included in this category are initially measured at fair value, adjusted for transaction costs, which are recognized until maturity in the income statement using the effective interest method. In the case in which the financial assets have no fixed maturities, they are accounted to the income statement when they become impaired or written off the balance sheet. Following acquisition, the financial assets included in this category are carried at fair value.

Nonetheless, equity instruments, which fair value cannot be determined in a sufficiently objective manner, are carried at cost in these annual accounts, net of impairment as explained in Note 2.7.

Balancing entries are registered in "Interest and Similar Income" (calculated using the effective interest method) and "Return on Equity Instruments" in the income statement, with respect to changes in the fair value of financial assets classified as available for sale, relating to interest or dividends accrued, respectively. Impairment losses on these instruments are recorded as mentioned in Note 2.7. Exchange differences on financial assets denominated in foreign currency other than the euro are accounted as mentioned in Note 2.4. Changes in the fair value of financial assets covered by fair value hedges are registered as mentioned in Note 2.3.

A balancing entry is made in "Valuation Adjustments", in the Entity's equity, with respect to the remaining changes to the fair value from the acquisition date of available-for-sale financial assets until the financial asset is written off, when the balance is taken to "Gains (Losses) on non-current assets held for sale not classified as discontinued operations" in the income statement.

- **Financial liabilities at amortized cost**: this category of financial instruments relates to financial liabilities that are not included in any of the previous categories. Financial liabilities included in this category are initially carried at fair value adjusted for transaction costs that may be directly attributable to the issue of the financial liability, which will be allocated to the consolidated income statement to maturity, using the effective interest rate method defined in IAS 39. They are subsequently valued at amortized cost, calculated using the effective interest rate method defined in IAS 39.

The liabilities issued by the consolidated entities which, having the legal nature of capital, do not fulfil the conditions to be classified as equity under IAS 32, i.e., basically shares issued by the consolidated entities that do not carry voting rights and entitle the holders to dividends in the event that certain conditions are met, are classified as financial liabilities at amortized cost except if the Group has designated them as financial liabilities at fair value through profit or loss and provided that the relevant conditions are met.

Accrued interest on these securities, calculated through the effective interest rate method is reflected under "Interest and similar charges" in the consolidated income statement. Exchange differences on securities denominated in a currency other than the euro, included in this portfolio, is reflected in accordance with Note 2.4. Financial liabilities in fair value hedging transactions are reflected in accordance with Note 2.3.

Nonetheless, financial instruments which should be considered as non-current assets held for sale in accordance with IFRS 5 are reflected in the consolidated financial statements as mentioned in Note 2.20.

Reclassifications between financial instruments portfolios are made according to the following assumptions:

i. Except in the case iv) stated below, the financial instruments may not be reclassified into or out of the category assessed at fair value through profit and loss, once acquired, issued or assumed.

ii. A financial asset, which intent or financial capacity changes, is classified from "Held-to-maturity investments" to "Available-for-sale financial assets". In this case, the same treatment is applied to all financial instruments held-to-maturity except under the circumstances stated by the applicable law (sales close to maturity date, or once received major part of the financial assets principal, or sales attributed to a non-recurring event that could not have been anticipated by the Entity).

   In 2013 the Group sold a part of its held-to-maturity debt securities (Note 9.4). The transaction fulfils the requirements of paragraph GA22 of IAS 39 "Financial instruments: recognition and measurement" and therefore the remainder of the held-to-maturity debt securities need not be reclassified to the available-for-sale portfolio.

The fair value of derivatives not traded in organised markets, or traded in organised markets that are not deep or transparent, is equal to the sum of the future cash flows generated by the instrument, discounted at the measurement date ("present value" or "theoretical close"), employing valuation techniques accepted by the financial markets: "net present value" (NPV), option pricing models, etc.

Amortized cost is the acquisition cost of a financial asset or liability adjusted (upward or downward) for capital and interest repayments and, where applicable, for the (higher or lower) portion (recognized in the consolidated income statement by applying the effective interest method) of the difference between the initial amount and the repayment value of the financial instruments. The amortized cost of financial assets also includes impairment adjustments.

The effective interest rate is the discount rate that brings the initial value of a financial instrument exactly into line with total estimated cash flows throughout its residual life. In the case of fixed-income financial instruments, the effective interest rate is equal to the contractual rate defined on acquisition, adjusted for commissions and transaction costs that must be included in the calculation of the effective interest rate, under IAS 39. The effective interest rate for variable-rate financial instruments is estimated in the same way as for fixed-income transactions and is recalculated at each interest review date stated in the contract, taking into consideration changes in the transactions future cash flows.

2.2.4 Classification and valuation of financial assets and liabilities

Financial instruments are classified into the following categories in the Group's consolidated balance sheet:

- **Financial assets and liabilities at fair value through profit or loss:** This category includes financial instruments for trading and other financial assets and liabilities classified as at fair value through profit or loss:

  - **"Financial assets held for trading"** are assets acquired in order to be realized in the short term or which form part of a portfolio of financial instruments identified or managed jointly, for which there is evidence of recent actions taken to obtain short-term gains, and derivative financial instruments not designated as hedge instruments, including instruments segregated from hybrid financial instruments (IAS 39).

  - **"Financial liabilities held for trading"** are liabilities issued for repurchase in the near future or that form part of a portfolio of financial instruments identified or managed jointly for which there is evidence of recent actions to obtain short-term gains, short positions in securities arising from sales of assets acquired under non-optional repurchase agreements and loans of securities, and derivative financial instruments not designated as hedge instruments, including instruments segregated from hybrid financial instruments.

  - **"Other financial assets or liabilities at fair value through profit or loss"** they are designated as financial assets or liabilities in their initial recognition, the fair value of which can be estimated in a reliable manner and this designation can be applied to:

  (i) hybrid assets and liabilities for which the implicit derivatives cannot be separately valued in a reliable manner, the separation of these is obligatory,

  (ii) hybrid financial assets and liabilities as a whole, designated from their initial recognition, except when the implicit derivatives do not significantly modify the cash flows that, in another way, the instrument would have generated or when the hybrid instrument was first considered the prohibition of separating from the implied derivatives was evident,

  (iii) financial assets and liabilities on which more relevant information is obtained because with this there is a significant reduction in the incoherencies in the recognition or valuation (also called accounting asymmetries) that would arise in the valuation of the assets or liabilities, or through the recognition of gains or losses with different criteria,

(iv) financial assets and liabilities on which more relevant information is obtained due to the existence of a group of financial assets or liabilities in each case from which more relevant information is obtained because there is a group of financial assets, or of assets and financial liabilities that are managed and their yield is valued based upon their fair value, in accordance with a documented management risk or investment strategy and the information on this group is also supplied based upon the fair value to the key management personnel.

- **Held-to-maturity investments**: it includes debt securities with fixed maturities and identified or identifiable cash flows that are classified by the Entity at initial date and subsequently, with the intention and financial capacity to hold them until maturity date.

The debt securities included in this category are initially carried at fair value, as adjusted for transaction costs directly attributable to the acquisition of the financial asset, which are recognized in the income statement using the effective interest method as defined in IAS 39. They are subsequently carried at amortized cost, calculated based on the effective interest rate.

- **Loans and receivables**: this category includes unlisted debt securities, financing provided to third parties arising from the ordinary credit and loan activities carried out by the Entity, and debts incurred by asset buyers and by service users. It also includes finance lease transactions where the entities are the lessors.

The financial assets included in this category are initially carried at fair value, as adjusted for commissions and transaction costs directly attributable to the acquisition of the financial asset and which, under Bank of Spain Circular 4/2004 (22 December), must be recognized in the income statement using the effective interest method, to maturity. Following acquisition, the assets are carried at amortized cost.

Assets acquired at a discount are recorded at the cash amount paid and the difference between the repayment value and that cash amount is recognized as financial income applying the effective interest method during the period to maturity.

In general terms it is the intention of the consolidated companies hold the loans and credits granted to maturity, and therefore presented in the consolidated balance sheet at amortized cost.

The interest accrued on these assets, calculated using the effective interest method, is recognized in the caption "Interest and Similar Income" in the income statement. Exchange differences on securities denominated in foreign currency other than the Euro are registered as mentioned in Note 2.4. Possible impairment losses on these assets are recorded as indicated in Note 2.7. Debt securities included in fair value hedged transactions are recorded as mentioned in Note 2.3.

- **Available-for-sale financial assets**: this category includes debt securities not classified as held to maturity, such as loans and receivables, or as at fair value through Profit or loss, and equity instruments owned by Unicaja relating to entities which are not subsidiaries, joint ventures or associates, and which have not been classified at fair value through profit or loss.

The instruments included in this category are initially measured at fair value, adjusted for transaction costs, which are recognized until maturity in the income statement using the effective interest method. In the case in which the financial assets have no fixed maturities, they are accounted to the income statement when they become impaired or written off the balance sheet. Following acquisition, the financial assets included in this category are carried at fair value.

Nonetheless, equity instruments, which fair value cannot be determined in a sufficiently objective manner, are carried at cost in these annual accounts, net of impairment as explained in Note 2.7.

Balancing entries are registered in "Interest and Similar Income" (calculated using the effective interest method) and "Return on Equity Instruments" in the income statement, with respect to changes in the fair value of financial assets classified as available for sale, relating to interest or dividends accrued, respectively. Impairment losses on these instruments are recorded as mentioned in Note 2.7. Exchange differences on financial assets denominated in foreign currency other than the euro are accounted as mentioned in Note 2.4. Changes in the fair value of financial assets covered by fair value hedges are registered as mentioned in Note 2.3.

A balancing entry is made in "Valuation Adjustments", in the Entity's equity, with respect to the remaining changes to the fair value from the acquisition date of available-for-sale financial assets until the financial asset is written off, when the balance is taken to "Gains (Losses) on non-current assets held for sale not classified as discontinued operations" in the income statement.

- **Financial liabilities at amortized cost**: this category of financial instruments relates to financial liabilities that are not included in any of the previous categories. Financial liabilities included in this category are initially carried at fair value adjusted for transaction costs that may be directly attributable to the issue of the financial liability, which will be allocated to the consolidated income statement to maturity, using the effective interest rate method defined in IAS 39. They are subsequently valued at amortized cost, calculated using the effective interest rate method defined in IAS 39.

The liabilities issued by the consolidated entities which, having the legal nature of capital, do not fulfil the conditions to be classified as equity under IAS 32, i.e., basically shares issued by the consolidated entities that do not carry voting rights and entitle the holders to dividends in the event that certain conditions are met, are classified as financial liabilities at amortized cost except if the Group has designated them as financial liabilities at fair value through profit or loss and provided that the relevant conditions are met.

Accrued interest on these securities, calculated through the effective interest rate method is reflected under "Interest and similar charges" in the consolidated income statement. Exchange differences on securities denominated in a currency other than the euro, included in this portfolio, is reflected in accordance with Note 2.4. Financial liabilities in fair value hedging transactions are reflected in accordance with Note 2.3.

Nonetheless, financial instruments which should be considered as non-current assets held for sale in accordance with IFRS 5 are reflected in the consolidated financial statements as mentioned in Note 2.20.

Reclassifications between financial instruments portfolios are made according to the following assumptions:

i. Except in the case iv) stated below, the financial instruments may not be reclassified into or out of the category assessed at fair value through profit and loss, once acquired, issued or assumed.

ii. A financial asset, which intent or financial capacity changes, is classified from "Held-to-maturity investments" to "Available-for-sale financial assets". In this case, the same treatment is applied to all financial instruments held-to-maturity except under the circumstances stated by the applicable law (sales close to maturity date, or once received major part of the financial assets principal, or sales attributed to a non-recurring event that could not have been anticipated by the Entity).

   In 2013 the Group sold a part of its held-to-maturity debt securities (Note 9.4). The transaction fulfils the requirements of paragraph GA22 of IAS 39 "Financial instruments: recognition and measurement" and therefore the remainder of the held-to-maturity debt securities need not be reclassified to the available-for-sale portfolio.

In 2012 there were no sales or reclassifications of financial instruments in the portfolios addressed in this point.

iii. If a reliable valuation of a financial asset or liability becomes available, for which no such valuation had been previously available, and if it were obligatory to value them a fair value, such as non-quoted capital instruments and the derivatives that these have as underlying assets, these financial assets or financial liabilities will be valued at their fair value and the difference from their carrying amount will be treated in line with what is established for their portfolio class.

During the years 2013 and 2012 there has been no significant reclassification as described above.

iv. If, as a result of a change in the intention or in the financial capacity of the Entity or, the expiry of the two year penalty period imposed by the applicable norm for the case of the sale of financial assets classified in the investment portfolio as at due date, financial assets (debt instruments) included in the category of "financial assets available for sale" may be reclassified to the "investment portfolio at due date". In this case, the fair value of these financial instruments on the date of the transfer becomes their new amortized cost and the difference between this amount and their reimbursable value is charged to the consolidated profit and loss account applying the interest rate method applicable, during the residual life of the instrument.

During the years 2013 there has been no significant reclassification as described above. During year 2012, the Group has reclassified financial assets amounting to €5,290,452 thousand from the category "financial assets available for sale" to "held-to-maturity" (Note 9.4).

v. A financial asset that is not a derivative may not be classified under "financial assets held for trading" if ceased to be maintained for the purpose of short term sale or repurchase, when one of the following circumstances takes place:

- In rare and exceptional circumstances, unless the assets could have been susceptibly included in the heading "Loans and receivables". Rare and exceptional circumstances are those that arise from a particular event, which is unusual and highly unlikely to recur in the foreseeable future.

- When the Entity's intention and financial capacity to maintain the financial asset in the foreseeable future or until maturity, provided that it fulfilled the definition of "Loans and receivables" at its initial recognition.

In these situations, the assets are classified at the reclassification date fair value, without reversing the results, and considering this value as their cost or amortized cost. In no case these assets may turn to be reclassified as "Financial assets held for trading".

During the years 2013 and 2012 there has been no significant reclassification as described above.

2.3 Hedging and mitigation of risks

The Group uses financial derivatives as part of its strategy to limit its exposure to interest rate, market and foreign exchange risks, inter alia. When the transactions fulfil the requirements of IAS 39, they are treated as hedges.

When the Group designates a transaction as a hedge, it does so as from the time of inception of the transactions or the instruments included in the hedge, which is appropriately documented. When documenting these hedge transactions, the hedged instrument(s) and hedging instrument(s) are duly identified together with the nature of the risk which is intended to be hedged and the criteria or methods followed by the Entity to measure the effectiveness of the hedge over the hedge term, taking into account the risk to be covered.

Only transactions that are considered highly effective throughout the hedge term are treated as hedge transactions. A hedge is considered highly effective if during the specific term any changes in fair value or cash flows attributed to the risk covered by the hedge of the financial instrument or instruments are virtually fully offset by the changes in fair value or cash flows, as appropriate, of the hedging instrument or instruments.

In order to measure the effectiveness of designated hedges, the Group analyses whether, from inception and to the end of the defined hedging period, changes in fair value or cash flows of the hedged item that are attributable to the hedged risk may prospectively be expected to be offset almost completely by changes in fair value or cash flows, as applicable, of the hedging instrument or instruments and whether, retrospectively, the hedge results have fluctuated within a range of 80% to 125% with respect to the results of the item hedged.

The Entity's hedges are classified as follows:

- **Fair value hedges**: These hedges cover exposure to changes in the fair value of financial assets and liabilities or of Groups' commitments not yet recognized, or of an identified portion of such assets, liabilities and the Group's commitments, attributable to a specific risk, provided it might affect the consolidated income statement.

- **Cash-flow hedges**: These hedges cover changes in cash flows attributed to a specific risk associated with a financial asset or liability or a highly probable transaction, provided it may affect the income statement.

As regards the specific financial instruments designated as hedged items and hedging instruments, measurement differences are recognized as described below:

- For **fair value hedges**, differences in hedges and hedged items (depending on the type of the hedged risk) are recognized directly in the consolidated income statement.

- For **cash flow hedges**, measurement differences arising on the effective portion of the hedge are temporarily recorded in the equity item "Valuation adjustments - Cash flow hedges". The financial instruments covered by cash flow hedges are recognized as explained in Note 2.2 and no adjustments are made due to the fact that they are classified as hedged items.

In the latter case, measurement differences are not recognized in the income statement until the gains or losses on the hedged item are recognized or, in the case of the hedge was related to a highly probable future transaction whose consequence is the recognition of a not financial asset or liability, these measurement differences would be recognized as part of the acquisition cost or until the maturity date of the hedged item.

Measurement differences on the hedging instrument relating to the ineffective portion of cash flow hedges are recognized directly in "Gains/ (losses) on financial assets and liabilities (net)" in the consolidated income statement.

The Group interrupts the hedge accounting when the instrument expires or is sold, when a hedge no longer meets the criteria for the hedge accounting or when the transaction ceases to be classed as a hedge.

Where the hedge fair value is interrupted as stated in the previous paragraph, in the case of hedged items carried at amortized cost, the adjustments made for the hedge accounting purposes are recognized in the income statement until the maturity date of the hedged items, applying the effective interest rate as recalculated on the interruption date.

Where cash flow hedge accounting is interrupted, the gain or losses accumulated on the hedging instrument recognized in the equity caption "Valuation adjustments - Cash flow hedges" in the consolidated balance sheet remains in that heading until the hedged expected transaction takes place, when the amount in question is taken to the consolidated income statement or, when the hedged item is an expected transaction that results in the recognition of a financial asset or liability, an adjustment is made to the acquisition cost of the asset or liability. In the case of expected transactions, when the transaction is not expected to be effected, the relevant amount recognized in the equity item "Valuation adjustments - Cash flow hedges" is immediately taken to the consolidated income statement.

2.4 Foreign currency transactions

2.4.1 Functional currency

The Group's functional currency is the euro. All balances and transactions denominated in currencies other than the euro are considered as foreign currency balances and transactions.

The total equivalent value in euros of the Entity's foreign currency assets and liabilities at 31 December 2013 was €38,000 thousands and €14,617 thousands, respectively (€43,697 thousands and €14,129 thousand, respectively, at 31 December 2012). The 75% and 80%, respectively at 31 December 2013 was denominated in US dollars (73% and 66%, respectively at 31 December 2012) and 14% and 17%, respectively at 31 December 2013 in pounds sterling (19% and 30% respectively, at 31 December 2012), y and the remainder in other foreign currencies traded in the Spanish market.

2.4.2 Foreign currency translation

Foreign currency transactions effected by the Group are initially recognized in the financial statements at their equivalent value in euros, using the exchange rates prevailing at the dates of the transactions. The Entity subsequently translates the monetary balances in foreign currency to the functional currency using the year-end exchange rate. Additionally:

- Non-monetary items carried at historical cost are translated into the functional currency using the exchange rate prevailing at their acquisition date.

- Non-monetary items carried at fair value are translated into the functional currency using the exchange rate in force at the date on which fair value was determined.

2.4.3 Exchange rates applied

The exchange rates used by the Entity to translate balances denominated in the main foreign currencies to euros when preparing the annual accounts at 31 December 2013 and 2012 are the rates published by the European Central Bank.

2.4.4 Accounting for exchange differences

Exchange differences arising from the translation of foreign currency balances into the Group's functional currency are generally recognized at their net amount in "Exchange differences (net)" in the consolidated income statement, except for differences in financial instruments carried at fair value through the income statement, which are recognized in the consolidated income statement together with any other change in fair value.

In 2013, exchange differences recognized in the Bank's consolidated income statement totaled a net loss of € 237 thousand, as compared with a net gain of € 802 thousand in 2012.

Exchange differences in non-monetary items which fair value is adjusted by means of a balancing entry in equity are recognized in "Valuation adjustments – Exchange differences" in the consolidated balance sheet, until they are realized. Exchange differences arising on non-monetary items whose fair value is adjusted against the consolidated equity.

In 2013 and 2012, exchange differences recognized in the consolidated statement of recognized income and expenses as "Other recognized income and expenses" amounted to € 33 thousand and € 167 thousand, respectively, relating in both cases to net losses on measurement.

2.5 Recognition of income and expense

Set out below is a summary of the most significant accounting policies employed by the Group to recognize income and expense:

2.5.1 Interest income and expense, dividends and similar items

In general, interest income and expense and similar items are accounted in an accruals basis, applying the effective interest method defined in IAS 39. Dividends received from other companies are recognized in the income statement when the Entity becomes entitled to receive them.

2.5.2 Commissions, fees and similar items

Income and expense relating to commissions and similar fees, which are not included in the calculation of the effective interest rate of operations and/or do not form part of the acquisition cost of financial assets or liabilities, except for those carried at fair value through the income statement, are recognized in the income statement using different methods depending on their nature. The most significant methods used are explained below:

- Amounts associated with the acquisition of financial assets and liabilities carried at fair value through the income statement are recognized in the consolidated income statement at the payment date.

- Amounts arising from long-term transactions or services are recognized in the consolidated income statement over the term of the transactions or services.

- Amounts relating to a one-off event are recorded in the consolidated income statement when that event takes place.

2.5.3 Non-financial income and expense

These amounts are accounted in an accruals basis.

2 5.4 Deferred collections and payments

Deferred collections and payments are carried at the amount obtained by discounting expected cash flows at market rates.

2.6 Offset of balances

Only debtor and creditor balances arising from transactions which, under contract or legislation, provide for possible offset and are to be settled at their net amount, or simultaneously realized and paid, are offset and therefore presented in the consolidated balance sheet at their net amount.

2.7 Financial asset impairment

The carrying value of financial assets is generally adjusted against the consolidated income statement when there is objective evidence that there are impairment losses. This is the case where:

- For debt instruments, i.e. loans and debt securities, when following their initial recognition there is an event or various events which have a negative impact on the relevant future cash flows.

- For equity instruments, when following their initial recognition there is an event or various events making it impossible to recover their carrying amount.

In the event that the recovery of any amount in respect of the impairment recorded is considered remote, such impairment is written off the consolidated balance sheet, although the Group may take the necessary actions to secure collection until the final extinguishment of its debt claims due to lapsing, remission or other reasons.

In the case of debt instruments carried at amortized cost, the amount of impairment losses is equal to the difference between their carrying amount and the present value of forecast future cash flows discounted at the instrument's original effective interest rate, where a fixed rate was contracted, or at the effective interest rate at the date of the financial statements, determined based on the contractual terms, in the case of a variable rate. For listed debt instruments, the market value may be used, provided it is sufficiently reliable to be representative of the amount that may be recovered by the Group.

Objective evidence of impairment will be determined individually for all debt instruments that are significant, and individually or collectively for groups of debt instruments which are not individually significant. Whenever a specific instrument cannot be included in any group of assets with similar risk characteristics, it will be analysed exclusively on an individual basis in order to ascertain whether it is impaired and, whenever this is the case, to estimate the impairment loss.

The collective assessment of a group of financial assets to estimate impairment losses is as follows:

- Debt instruments are included in groups with similar credit risk characteristics, indicative of debtor capacity to pay all amounts, principal and interest, in accordance with contractual terms. The characteristics of credit risk which are taken into account in order to group together assets are, inter alia, instrument type, debtor's business sector, geographical location of the activity, type of guarantee, age of amounts overdue and any other factor that may be relevant when estimating future cash flows.

- Future cash flows in each group of debt instruments are estimated based on the Entity's experience of historical losses for instruments with similar credit risk characteristics to those of the respective group, following the necessary adjustments to adapt historical data to current market conditions.

- Impairment losses in each group are the difference between the carrying value of all the Entity's debt instruments and the present value of its estimated future cash flows.

Debt instruments not carried at fair value through the income statement, contingent risks and contingent commitments are classified, on the basis of the insolvency risk attributable to the customer or transaction, in the categories defined by Exhibit IX of Bank of Spain Circular 4/2004, and its subsequent amendments. Debt instruments not classified as ordinary risks are specifically provisioned for estimated impairment in accordance with the above-mentioned Circular, taking into account the age of the unpaid amounts, guarantees furnished and the financial situation of the customer and any guarantors.

The above-mentioned financial instruments are also analysed to determine credit risk on the basis of country risk, i.e. the risk incurred with respect to customers resident in a specific country due to circumstances other than ordinary commercial risks.

In addition to the specific provisions for impairment mentioned to above, the Group covers losses affecting debt instruments not carried at fair value through the income statement, and contingent risks classified as ordinary risks, by means of a general provision, which is calculated based on historical impairment data and other circumstances known at the assessment date, in respect of inherent impairment losses incurred at the date of the financial statements that have yet to be assigned to specific transactions, calculated using statistical methods.

In this regard, the Group has used the parameters established by the Bank of Spain, based on its experience and industry date, which determine the method and amount to be used to cover inherent impairment losses incurred in debt instruments and contingent risks classified as normal risks, which are changed regularly on the basis of the evolution of the data in question. This impairment loss provisioning method is based on the fixed rates provided by Exhibit IX of Bank of Spain Circular 4/2004 and its subsequent amendments, which varies based on the risk rating of the financial instruments as set out in Annex IX mentioned.

The recognition in the income statement of interest accrued on the basis of the contractual terms is interrupted for all debt instruments classified individually as impaired and for those for which impairment losses have been calculated collectively because the amounts involved are more than three months past due.

The amount of impairment losses incurred in debt securities and equity instruments included in the item "Available-for-sale financial assets" is equal to the positive difference between their acquisition cost, net of principal repayments, and their fair value less any impairment loss previously recognized in the consolidated income statement.

When there is objective evidence that the decline in fair value is attributable to impairment, the latent losses recognized directly as measurement adjustments in equity are recorded immediately in the consolidated income statement. If subsequently all or part of the impairment losses are recovered, the amount involved is recognized, in the case of debt securities, in the income statement for the recovery period and, in the case of equity instruments, as valuation adjustments in consolidated equity.

In order to draw conclusions as to the existence of objective evidence of impairment of listed and unlisted debt instruments, the Group analyses any loss-causing events, such as circumstances causing significant financial difficulties for the issuer or obligor, breaches of contractual clauses, such as defaults or delays in the payment of principal or interest, increase in the probability of the issuer becoming insolvent or undergoing any other type of financial restructuring, disappearance of an active market for the financial instrument in question, due to financial difficulties, and a credit rating cut, which could be a sign of impairment if considered together with other available information.

In the specific case of listed equity instruments, the Group analyses whether a prolonged or significant fall in the investment's fair value below cost is objective evidence of impairment. For the purposes of determining when there is objective evidence that the price fall is due to impairment, in the event of exceptional circumstances in the markets that determine the price, the price effects derived from general market movements are analysed separately from the movements relating to factors specifically attributable to the issuer. Where there are no exceptional market circumstances but there are prolonged falls below the carrying amount, representing a relevant percentage, the Group also analyses evidence of impairment. Unless there are more specifically justifiable criteria, a standard 18-month period and a standard 40% reference rate are used. Even where there are no exceptional market circumstances, an analysis is also performed to determine whether there are objective reasons to consider that the security's price does not reflect its fair value and, therefore, is not a valid figure for quantifying potential impairment. Objective reasons in this case may be related to a very low free float, prolonged speculative actions affecting the share price, etc., all of which could distort the price of equity instruments.

For debt and equity instruments classified under non-current assets held for sale, the losses recorded previously in equity are considered to be realized and are recognized in the consolidated income statement at the date of their classification.

For investments in subsidiaries, jointly-controlled entities and associates, the Institution estimates impairment losses by comparing the recoverable amount with the carrying amount. Such impairment losses are recorded in the consolidated income statement for the period in which they arise while subsequent recoveries are recorded in the consolidated income statement for the recovery period.

2.8 Financial guarantees and related provisions

Financial guarantees are contracts in which an entity undertakes to pay specified sums for the account of a third party in the event that payment is not made by the third party, irrespective of the form of the obligation: guarantee deposit, financial or technical guarantee, irrevocable documentary credit issued or confirmed by the Entity, etc.

In accordance with IFRS-EU and the Group generally considers the financial guarantee contracts provided to third parties as financial instruments within the scope of IAS 39.

At the time of their initial recognition the Group reflects financial guarantees provided under liabilities on the consolidated balance sheet at fair value plus the transaction costs that may be directly attributable, which generally is equal to the amount of the premium received, plus, if appropriate, the present value of commissions and interest to be received on such contracts over their term, with a balancing entry, under assets, of the amount of the likened commissions and interest collected at inception and accounts receivable for the present value of the commissions and interest receivable. Subsequently, these contracts are carried under liabilities on the consolidated balance sheet at the higher of the following two amounts:

- The amount calculated in accordance with IAS 37. In this respect, the financial guarantees, irrespective of the holder, arrangement or other circumstances, are analysed regularly to determine the credit risk to which they are exposed and if appropriate, estimate the need for provision, determined by applying criteria similar to those established to quantify impairment losses on the debt instruments valued at amortized cost.

- The amount initially reflected for these instruments less amortization of this amount which, under IAS 18, is charged on a straight-line basis over the term of such contracts to the consolidated income statement.

Provisions for financial guarantees are recorded in the item "Provisions - Provisions for contingent risks and commitments" under liabilities in the consolidated balance sheet. A balancing entry is made in the caption "Provisions (net)" in the consolidated income statement.

When a provision is required for financial guarantees, commissions pending accrual on the guarantees, carried on the liabilities in the consolidated balance sheet in the caption "Accrual accounts", are reclassified to the relevant provision.

2.9. Accounting for leases

2.9.1 Finance leases

Finance leases are those in which substantially all the risks and rewards carried by the leased asset are transferred to the lessee.

Whenever the Entity acts as the lessor of an asset in a finance lease transaction, the sum of the present values of the amounts that will be received from the lessee plus the guaranteed residual value (usually the purchase option price when the lease expires) are recorded as financing provided to third parties and therefore included in the caption "Loans and receivables" in the consolidated balance sheet, in accordance with the nature of the lessee.

When the Entity acts as the lessee in a finance lease operation, the cost of the leased assets is recorded in the balance sheet on the basis of the nature of the asset leased and a liability is carried in the same amount (the lower of the fair value of the leased asset and the sum of the present values of the amounts payable to the lessor plus, if appropriate, the purchase option exercise price). These assets are depreciated at similar rates to those applied to the Group's property, plant and equipment for own use (Note 2.14).

In both cases, the financial income and expense on finance leases is credited and charged, respectively, to the consolidated income statement captions "Interest and similar income" and "Interest expenses and similar charges", applying the effective interest rate on the lease, calculated in accordance with the new regulations, to estimate accrual.

2.9.2 Operating leases

In operating leases, ownership of the leased asset and substantially all risks and benefits of ownership are retained by the lessor.

Where the Group acts as the lessor in operating lease agreements, the acquisition cost of the leased asset is carried under "Property, plant and equipment" in "Investment property" or "Other assets leased out under operating leases", depending on the nature of the leased assets. Such assets are depreciated in accordance with the policies adopted for similar property, plant and equipment for own use and the revenue from lease contracts is recognized in the consolidated income statement on a straight-line basis in the caption "Other operating income"

Where the Group acts as the lesser in operating lease agreements, the lease costs, including any incentives granted by the lessor, are charged on a straight-line basis to the consolidated income statement caption "Other general administrative expenses".

2.10 Managed assets

Managed assets by the consolidated entities and owned by third parties are not recognized in the consolidated balance sheet. Fees generated by this activity are recorded in the item "Fees and commission income" in the consolidated income statement. Note 30.4 provides information on third-party assets managed by the Group during the years ended 31 December 2013 and 2012.

2.11 Investment funds managed by the Group

Investment funds managed by the consolidated entities are not recognized in the Group's consolidated balance sheet as the fund assets are owned by third parties. Fees accrued during the year for services rendered to the funds by the Group entities (asset management, portfolio depository services, etc.) are recorded in "Fee and commission income" in the consolidated income statement.

2.12 Staff costs

2.12.1 Post-employment commitments

2.12.1.1 General description of commitments

Under the prevailing collective bargaining agreement, the Institution must supplement the social security benefits of its employees or their beneficiaries in the event of retirement, widowhood, orphanhood, permanent disability or major disability.

During 2002 the Institution reached an agreement with its employees to modify and transform the pre-existing pension supplement arrangements for retirement and related contingencies and for occupational hazard contingencies. As a consequence of that agreement, a part of the pension commitments with employees were externalized to the fund Unifondo Pensiones V, Fondo de Pensiones. The remaining pension commitments covered by the internal fund at 31 December 2001 were covered by insurance policies during 2004 and 2005 (Note 40.1).

The basic terms of the agreement entail a shift from a mixed company pension arrangement to group defined contribution and defined benefit arrangements. As a consequence, the pension plan contemplated in the agreement encompasses five groups into which the employees are classified based on their length-of-service, post and applicable collective bargaining agreement. Depending on the group, the benefits consist of minimum guaranteed sums for death and disability, and defined contributions or benefits for each commitment.

As a result of the merger of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (Unicaja) and Caja Provincial de Ahorros de Jaén (Caja de Jaén), on 13 April 2011 the "Employment Agreement for the Integration of the Employment Pension Plans at Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén" was signed, and compliance was obtained through the "Employment Agreement regarding the Procedure for Integrating the Employment Pension Plant at Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén" dated 26 July 2011.

The purpose of this agreement was to establish the foundation on which the Employment Pension Plan for all Unicaja employees would be regulated as a result of the merger and the procedure for unifying the existing Employment Plans at both entities by integrating the Pension Plan for Employees of Caja de Jaén into the Unicaja Employee Pension Plan, which has resulted in the termination and liquidation of the former and the creation of a new group consisting of the employees of that entity.

On 20 September 2011, the Employee Pension Plan Control Committee at Unicaja approve the amendment of the Pension Plan Specifications to adjust to the wording established in the aforementioned employment agreement, immediately accepting the integration of participants and their consolidated rights and the beneficiaries of the Caja de Jaén Employee Pension Plan that registered with the new plan on 26 October 2011.

As a result of the creation of a bank at Unicaja, the Unicaja Employee Pension Plan Control Committee agreed to authorize the Managing Entity to receive contributions from Unicaja Banco, even though it is not yet recognized as a Promoter, and to start the process for converting the Unicaja Employee Pension Plan into a Joint Promotion Plan within the one-year deadline established by law.

At 31 December 2013 and 2012, the actuarial study calculations for the defined benefit systems have been carried out using the following assumptions:

	2013	2012
Technical interest rate (*)	See Note 40.1	4%
Wage growth	2%	2%
Social security coverage growth	1%	1%
Pension review rate	1%	1%
Mortality tables	PERMF 2000-P	PERMF 2000-P

(*) Relating to the uninsured commitments.

The commitments accruing to retired employees or beneficiaries at 31 December 2013 and 2012 are externalized to the fund Unifondo Pensiones V, Fondo de Pensiones and covered by an insurance policy that applies an insured interest rate of 5.406% to 13 July 2041 and 2.5% as from that date, and the PERMF 2000-P mortality tables.

- Defined contribution commitments

The contribution accrued during the year is recognized under the caption "staff costs" in the consolidated income statement.

At 31 December 2013 and 2012 there were no pending contribution to external defined contribution plans.

- Defined benefit commitments

In the heading "Provisions – Provisions for pensions and similar liabilities" on the liabilities side of the consolidated balance sheet (or on the assets side, in the caption "Other assets – Other", depending on whether the difference is positive or negative and provided the conditions laid down in applicable regulations IAS 19 and to IFRIC 14, for its registry are fulfilled), the Group recognizes the present value of its defined benefit pension commitments, net of the fair value of the assets that qualify as plan assets and of deferred past service costs.

"Plan assets" are assets allocated to a specific defined-benefit commitment that will be directly used to settle these obligations and that fulfil the following conditions: they are not owned by the Group's entity but rather by a legally independent third party, they may only be used to pay or finance employees post-employment remuneration and they may not be returned to the Group's entity, except when the remaining plan assets are sufficient to comply with all the obligations of the plan or the entity related to current or past employee benefits, or to reimburse employee benefits already paid by the Group.

Where the Group is able to demand that an insurance company pay part or all of the disbursement required to settle a defined benefit obligation, it being practically certain that insurance company will reimburse some or all of the payments required to settle that obligation, but the insurance policy does not qualify as a plan asset, the Entity recognizes its reimbursement right on the assets side of the balance sheet in "Insurance contracts linked to pensions" and treats the balance in this item as a plan asset in all other respects.

Actuarial gains and losses derive from differences between prior actuarial assumptions and actual fact, and from changes in the actuarial assumptions used.

Pursuant to IAS 19, the Group recognizes actuarial gains or losses that may arise in connection with its post-employment commitments with employees in the period in which they arise, by charging or crediting the consolidated statement of recognized income and expenses, through "Other recognized income and expenses", which are treated for such purposes as items that will not be taken to the income statement.

The "Cost of past services" arising from changes to existing post-employment remuneration or from the inclusion of new benefits is the cost of improving the benefits, relating to the years of service of each employee, based on a linear distribution of the cost using the projected credit unit method; it is recognized immediately in the consolidated income statement for the period in question.

Post-employment benefits are recorded in the consolidated income statement as follows:

- Current service costs, i.e. the increase in the present value of the obligations arising from the services provided by employees in the current year, are recognized in "Staff costs";

- Interest costs, i.e. the increase in the present value of the obligations that occurs during the year due to the pass of time, are recognized in "Interest expenses and similar charges". Whenever the obligations are presented liabilities, net of related plan assets, the cost of the liabilities recorded in the consolidated income statement will correspond solely to the obligations recognized on the liabilities side.

- The expected return on assets assigned to cover commitments and related losses and gains, less any administrative costs and taxes, is recognized under "Interest and similar income".

2.12.1.2 Policies applied to post-employment remuneration

Having regard to the policies applied and the method for determining the discount rates applied to post-employment remuneration, the following must be considered:

- **For insured commitments**: The policies applied are contained in IAS 19 and in Bank of Spain regulations; specifically, when determining the discount rate, the approach stipulated in Rule 35, section B.3), point 10.d) of Bank of Spain Circular 4/2004 is applied, coinciding with the provisions of IAS 19. At 31 December 2013, for commitments covered by insurance policies, the Bank has calculated the fair value of the assets and commitments using a discount rate based on the average term of the commitments.

- **For non-insured commitments**: The market reference rate used is the rate for issues of corporate bonds and debentures with high credit ratings, based on the IBOXX AA Corporate curve (i.e. the curve for highly-rated corporate bonds in the Eurozone) at 31 December 2013.

2.12.1.3 Defined-benefit post-employment commitments

At year-end 2013, the Unicaja Banco Group's defined-benefit post-employment commitments are grouped into two plans, as described below:

Definition of Plan 1

a) Defined-benefit post-employment remuneration externalized under an employee pension plan named "Plan de Pensiones de los Empleados de Unicaja y Unicaja Banco", which includes serving employees and employee beneficiaries who already receiving post-employment benefits.

b) Defined-benefit post-employment remuneration externalized under an insurance policy qualifying for the externalization of commitments pursuant to Royal Decree 1588/1999, as the legal limits on pension plan contributions preclude the financing of these commitments under the pension plan.

Definition of Plan 2

a) Defined-benefit post-employment remuneration externalized under an insurance policy qualifying for the externalization of commitments pursuant to Royal Decree 1588/1999, covering pension commitments derived from the Collective Bargaining Agreements for Savings Banks and for Private Banking for employees not covered by the pension plan named "Plan de Pensiones de Empleados de Unicaja y Unicaja Banco".

b) Defined-benefit post-employment remuneration externalized under an insurance policy qualifying for the externalization of commitments pursuant to Royal Decree 1588/1999, covering pension commitments for a group of early-retired employees.

c) Defined-benefit post-employment remuneration externalized under an insurance policy qualifying for the externalization of commitments pursuant to Royal Decree 1588/1999, covering pension commitments for a group of early retired employees.

2.12.2 Other long-term remuneration - Phased early retirement

As explained in Note 40.1, the Institution reached an agreement for phased early retirement with the employees representatives for specific situations affecting certain employee groups and to bring the Institution's workforce into line with its organisational needs. The agreement will be in force from 31 December 2015 and employees must meet the following requirements in order to qualify For the calculation of commitments to employees arising from that agreement, the organization has been based on assumptions made in accordance with market conditions and the characteristics of the group covered.

During the years 2013 and 2012, the Group reached some agreements individually consistent, mainly in early retirement agreements through contract suspensions, whose commitments are adequately covered in each of the above dates.

2.12.3 Death and disability

The commitments assumed by the Group to cover current employee death and disability contingencies by means of insurance policies contracted with Unicorp Vida S.A. under the pension plan (Note 2.12.1) are recognized in the consolidated income statement in an amount equal to the insurance premiums accrued during the year.

2.12.4 Length-of-service awards

The Institution has taken its commitment to meeting employees a benefit to the same amount of €1,615 and €2,000, updatable by the percentage of basic salary revision of the Collective Agreement in the event that the employee meets 20 and 35 years of service in the institution, respectively.

Pre-retirement commitments are recognized, for all applicable purposes, using the same criteria explained above for defined benefit commitments, except that the entire cost of past services and the actuarial gains or losses are recorded immediately when they arise.

2.12.5 Severance indemnities

Under current legislation, Spanish entities are required to pay severance indemnities to employees dismissed for no justifiable cause. There is no workforce reduction plan in respect of which a provision should be recorded for severance indemnities.

2.13 Income tax

Income tax expense is recognized in consolidated the income statement, except where it derives from a transaction whose results are taken directly to equity, in which case a balancing entry for income tax is also made in the Group's equity.

Income tax expense for the year is calculated as tax payable on taxable income for the year, as adjusted for variations during the year in asset and liability balances arising from temporary differences, tax deductions and allowances, and any tax-loss (Note 23).

The Group considers that there is a temporary difference when there is a difference between the carrying amount and the taxable amount of an asset or liability. The amount attributed to an asset or liability for tax purposes is treated as the tax base. A taxable temporary difference is a difference that will generate a future obligation for the Group to make a payment to the relevant authority. A deductible temporary difference is a difference that will generate a refund right or a reduction in a payment to be made to the relevant authority in the future.

Tax credits for deductions and allowances and tax credits for tax-loss carry forwards are amounts that, though generated on the completion of an activity or obtainment of a result, are not applied for tax purposes in the relevant tax return until the conditions stipulated in tax legislation are fulfilled, and provided the Group considers that application in future years is probable.

Current tax assets and liabilities are amounts that the Entity expects to recover from or pay to the corresponding tax authority within 12 months as from the date on which they are recognized. Deferred tax assets and liabilities are amounts that the Entity expects to recover from or pay to the corresponding tax authority in future years.

Deferred tax liabilities are recognized for all taxable temporary differences. Nonetheless, deferred tax liabilities resulting from the recording of goodwill are not recognized.

The Group only records deferred tax assets arising from deductible temporary differences, tax credits for deductions or allowances or for tax losses when the following conditions are fulfilled:

- Deferred tax assets are only recognized in the event that the Group will probably record sufficient tax gains in the future to offset the relevant amounts; and

- Deferred tax assets deriving from tax losses have arisen due to causes identified as unlikely to arise again.

Deferred tax assets and liabilities are not recognized when an asset or liability is initially recorded in the accounts, which does not result from a business combination and, at the recognition date, which does not affect reported results or taxable income.

At each accounting close, deferred tax assets and liabilities are analysed to ensure that they remain valid and any necessary adjustments are made accordingly.

2.14 Tangible assets

2.14.1 Property, plant and equipment for own use

Property, plant and equipment for own use comprise assets owned or being acquired under finance leases that the Group holds for current or future use for purposes other than community projects or for the production or supply of goods and which are expected to be used for more than one financial year. Among other assets, this category includes property, plant and equipment received by the Group to fully or partially settle financial assets representing debt claims against third parties and which the Group plans to use itself on a continuous basis.

Property, plant and equipment for own use are carried at acquisition cost in the consolidated balance sheet, which is the fair value of any consideration provided plus the total amount of cash payments made or committed, less accumulated depreciation and any estimated losses determined by comparing the carrying amount of each item with its recoverable amount. The acquisition cost of the material assets elements for own use and freely available includes the valuation of these that was made on 1 January 2004 at fair value. This fair value as at 1 January 2004 was obtained on the basis of valuations performed by independent experts.

To this end, the acquisition cost of assets awarded to the Group and included in property, plant and equipment for own use is equal to the carrying amount of the financial assets provided in exchange for the award.

Depreciation is calculated using the straight-line method based on the acquisition cost of the assets less their residual value. The land on which the buildings and other structures stand is understood to have an indefinite life and is therefore not depreciated.

A balancing entry for annual depreciation charges for property, plant and equipment is recognized in "Depreciation - Property, plant and equipment" in the consolidated income statement. Depreciation is charged at the following rates, based on average estimated useful lives:

	Annual rate
Buildings	1% a 3%
Furniture and installations	8% a 13%
Machinery and electronic equipment	13% a 27%

At each accounting close, the Group checks for internal or external indications that the carrying amount of property, plant and equipment exceeds the recoverable amount, in which case the carrying amount of the asset in question is written down to its recoverable amount and future depreciation charges are adjusted in proportion to the adjusted carrying amount and the new residual useful life, if a new estimate is necessary. If applicable, this write-down of property, plant and equipment is charged to the consolidated income statement caption "Impairment losses on other assets (net)".

Similarly, where there are indications that the value of impaired property, plant and equipment has been recovered, the Group recognizes the reversal of the impairment loss shown in previous periods by crediting the income statement caption "Impairment losses on other assets (net)" and adjusting future depreciation charges accordingly. The reversal of the impairment loss on an asset in no event may entail an increase in its carrying amount in excess of the amount that would be carried if no impairment loss had been recognized in prior years.

Additionally, the estimated useful lives of property, plant and equipment for own use are reviewed at least yearly to detect significant changes. If necessary, adjustments are made to depreciation charges for future years in the income statement on the basis of the new useful lives.

Repair and maintenance costs for property, plant and equipment for own use, are charged to the consolidated income statement during the financial period in which they are incurred, in the caption "Other general administrative expenses". Financial costs incurred to finance property, plant and equipment for own use are recognized in the consolidated income statement when they accrue and do not form part of the acquisition cost of the assets.

2.14.2 Investment property

"Investment property" in the consolidated balance sheet includes the carrying amounts of land, buildings and other structures held for rental or to obtain a gain on the sale of the property as a result of future market price increases.

The same methods applied to property, plant and equipment for own use (Note 2.14.1) are used to recognize the acquisition cost, depreciation, estimated useful life and impairment losses on investment property.

2.14.3 Other assets leased out under operating leases

The consolidated balance sheet line "Other assets leased out under operating leases" records the carrying amounts of property, plant and equipment other than land and buildings leased out by the Group under operating leases.

The same methods applied to property, plant and equipment for own use (Note 2.14.1) are used to recognize the acquisition cost of assets leased out, depreciation, estimated useful life and any impairment losses.

2.14.4 Recoverable amount of tangible assets

The tangible assets for own use and investment property are carried at acquisition cost, recognizing impairment adjustments if the assets recoverable amount is lower than cost. According to IAS 36, the recoverable amount is the higher of fair value less costs to sell and the value in use of the assets. Where there is no reliable measurement of fair value, the value in use of the assets is used as the recoverable amount, entailing the estimation of future cash inflows and outflows derived from the continued use of the assets and from their final sale or disposal through other means; a suitable discount rate is then applied to the cash flows calculated.

According to IAS 36, an assets value in use must be determined, in general, as follows:

- Future cash flow projections must be based on reasonable assumptions that represent managements best estimate of the economic conditions that will exist over the assets residual life and on the most recent budgets or financial forecasts approved by management, excluding any future estimated cash inflow or outflow that is expected from future restructurings or from improvements in the return on assets originally planned. The estimates based on these budgets or forecasts must cover a maximum period of five year, unless a longer period may be justified.

- Cash flows projected beyond the period covered by the most recent budgets or financial forecasts, to the end of the assets useful life, must be estimated by extrapolating the projections referred to previously, applying a constant or decreasing growth rate, unless an increasing rate may be justified which, in any event, must not exceed the long-term average growth rate for the relevant products or industries, the country in which the entity operates and the market in which the asset is used, unless a higher growth rate may be justified.

The discount rate used is a pre-tax rate that reflects the current market evaluation of the time value of money and specific risks affecting the asset that have not already been adjusted in the estimates of future flows.

A rate that reflects the current market evaluation of the time value of money and specific risks affecting the asset is deemed to be the yield that investors would require were they to choose an investment that generates cash flows the amounts, timing and risk profile of which are equivalent to the flows that the Group expects to obtain from the asset in question. This discount rate is estimated on the basis of the rate implicit in current market transactions involving similar assets. Where the discount rate for a specific asset is not directly available from the market, substitutes are used to estimate the discount rate.

2.15 Intangible assets

Intangible assets are identifiable non-monetary and non-physical assets that arise from legal business or have been developed internally by the Group. Intangible assets are only recognized when their cost may be reliably and objectively estimated and the Group considers they will probably generate future economic benefits.

Intangible assets are initially recognized at acquisition or production cost and are subsequently measured at cost less, where appropriate, any accumulated depreciation and impairment losses they experienced.

Intangible assets are carried in the consolidated balance sheet at acquisition or production cost, net of accumulated amortization and any impairment losses.

Intangible assets can have an "indefinite life" when, on the basis of an analysis of all relevant factors, we conclude that there is no foreseeable limit to the period over which is expected to generate net cash flows for consolidated companies, or "finite useful life" in the remaining cases.

Intangible assets with indefinite useful lives are not amortized, but rather at the end of each year, the consolidated companies revise their remaining useful lives in order to ensure that they are still indefinite or otherwise proceed accordingly.

Intangible assets with finite lives are amortized over the methods similar to those adopted for the amortization of tangible assets criteria. The annual amortization of intangible assets with finite useful lives is recognized under "Depreciation and amortization - Intangible Assets" in the consolidated income statement.

For intangible assets with indefinite useful lives and the finite useful life, the consolidated companies recognize any loss that may have occurred in the carrying amount of these assets due to impairment, using a balancing entry in "losses impairment of other assets (net) - Goodwill and other intangible "assets of the consolidated income statement. The criteria for recognizing impairment losses on these assets and, where appropriate, the reversal of impairment losses recognized in prior years are similar to those used for tangible assets for own use (Note 2.14.1).

2.16 Goodwill

2.16.1 Accounting of goodwill

The excess of the cost of shareholdings in entities measured using the equity method over their acquired carrying amounts, adjusted at the date of first consolidation, is allocated as follows:

- Where the excess may be allocated to specific components of the acquired company's equity, the value of assets (or liabilities) whose fair values are higher (or lower) than the carrying amounts at which they were recognized in the balance sheets of the acquired companies is increased (or reduced) accordingly.

- Where the excess may be allocated to specific intangible assets, it is recognized directly in the consolidated balance sheet provided the fair value may be reliably measured at the acquisition date.

- Any remaining differences are carried as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill is only recognized when acquired for valuable consideration and therefore represents advance payments made by the acquiring entity in respect of future economic benefits deriving from the acquired entity's assets that cannot be individually and separately identified and recognized.

As from 1 January 2013, the Group has recognized goodwill in associates as part of the acquisition cost of the entities acquired, in the consolidated balance sheet item "Equity investments - Associates", as explained in Note 4. Exclusively for comparability, the Group has restated the comparative figures in the consolidated balance sheet at 31 December 2012, recognizing goodwill in associates in the item "Equity investments - Associates".

Goodwill acquired as from 1 January 2004 is carried at acquisition cost and goodwill acquired prior to that date is carried at the net amount recognized at 31 December 2003, calculated in accordance with the regulations previously applied by the Group (Bank of Spain Circular 4/1991, 14 June). In both cases, at each accounting close, an estimate is made to identify any impairment that would reduce the recoverable amount to below the net cost recognized; if so, the goodwill is written down through the item "Impairment losses on other assets (net)" in the consolidated income statement.

Goodwill impairment losses are not subsequently reversed.

2.16.2 Negative goodwill

Negative differences between the cost of the shareholdings in consolidated entities and associates with respect to the relevant carrying amounts, adjusted at the date of the first consolidation, are recognized as follows:

- Where the excess may be allocated to specific components of the acquired company's equity, the value of liabilities (or assets) whose fair values are higher (or lower) than the carrying amounts at which they were recognized in the balance sheets of the acquired companies, is increased (or reduced) accordingly.

- The remaining amounts which may not be allocated are recorded under "Other gains" in the consolidated income statement for the year in which capital is acquired in the consolidated entity or associate.

2.17 Inventories

This category of the consolidated balance sheet records non-financial assets that the Group:

- Hold for sale in the ordinary course of business;
- Is currently producing, building or developing for this purpose, or
- Plans to consume in the production process or in the provision of services.

Therefore "Inventories" include land and other properties the Group maintains for sale or for its real estate activities.

Inventories are measured at the lowest cost, which incorporates all the outlays made for their acquisition and subsequent transformation; the direct and indirect costs incurred to obtain their current condition and location; the financial costs directly attributable to them, provided they need a period of time longer than one year for their sale (taking into account the previously-mentioned criteria for the capitalization of financial costs of tangible assets for own use); and their "realisable net value". The realisable net value is understood to be the estimated price of their disposal during the ordinary course of business, less the estimated costs for finishing their production and the necessary costs for carrying out their sale.

Both the reductions as well as, if applicable, the subsequent recoveries in the realisable net value below their net book value are recorded in the income statement for the year in which they take place under the caption "Impairment losses on rest of assets (net)".

The carrying value of sold inventories is written off and recorded as an expense under the caption "Other operating expenses" on the consolidated income statement.

The assets allocated by the Group, considering these as those assets that the Group receives from its borrowers or other debtors to satisfy , totally or partially, financial assets that represent collection rights against these, independently of the manner in which the property rights are acquired, and that, in line with their nature and the end to which they are applied, are classified as inventories by the Group, are booked initially at their acquisition cost, understanding this to be the net book value of the debts from which they originated, calculating this net value in line with the norm applicable to the Savings Bank. Afterwards the allocated assets are subject to the estimation of the corresponding impairments that, as may be the case, arise on these, calculated in line with the general determination criteria for the inventories indicated earlier.

2.18 Provisions and contingent liabilities

When preparing the consolidated entities annual accounts, their respective Directors distinguish between:

- Provisions: creditor balances that cover obligations in force at the balance sheet date deriving from past events that could give rise to financial losses for the entities. Although such losses are regarded as probable and are specific in nature, the amount and/or settlement date involved cannot be determined, and

- Contingent liabilities: possible obligations deriving from past events which may materialise subject to one or more future events beyond the control of the consolidated entities.

The Group's consolidated annual accounts include all significant provisions for obligations that are deemed more likely to arise than not to arise. Contingent liabilities are not recognized in the consolidated financial statements, although information is provided in accordance with applicable regulations in accordance with IAS 37 (Note 17).

Provisions quantified using the best information available regarding the consequences of the event in question, and re-estimated at the year end, are applied to meet the specific obligations for which they were originally recognized and fully or partially reversed should such obligations cease to exist or decrease.

At year-end 2013 and 2012, a number of legal proceedings and claims had been instigated against the consolidated entities, arising in the ordinary course of business. The Group's legal advisors and directors consider that the outcome of these proceedings and claims will not have a significant impact on the consolidated annual accounts for the years in which the judgements are issued.

Provisions deemed necessary as stated above are charged or credited to the consolidated income statement caption "Provisions (net)".

2.19 Consolidated cash flow statements

The terms employed in the Group consolidated cash flow statements corresponding to the years 2013 and 2012 have the following meanings:

- Cash flows: Inflows and outflows of cash and cash equivalents (short-term, highly-liquid investments in respect of which the risk of value fluctuations is low).

- Operating activities: typical credit institution activities and other activities that may not be classified as investing or financing activities.

- Investing activities: acquisition, sale or disposal through other means of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that cause changes in the size and composition of equity and liabilities and do not form part of operating activities.

As part of the cash flows from operating activities, certain adjustments are included to obtain the amount of those flows on the basis of consolidated results for the period. At 31 December 2013 and 2012, "Other adjustments" are included, in addition to depreciation and amortization, relating to consolidated income statement items that do not generate cash flows.

When preparing the consolidated cash flow statement, "cash and cash equivalents" consist of highly-liquid current investments in respect of which the risk of value fluctuations is low. Accordingly, the Group Unicaja Banco treats the following financial assets and liabilities as cash or cash equivalents:

- The Group's own cash, which is recognized in the consolidated balance sheet caption "Cash and deposits at central banks". At 31 December 2013, the Group's own cash amounted to €211,754 thousand (€220,487 thousand at 31 December 2012).

- The balances held with Central Banks, which are booked under the heading "Cash and deposits in Central Banks" on the asset side of the consolidated balance sheet , which as at 31 December 2013 amounted to €1,701,503 thousand (€297,995 thousand at 31 December 2012).

- Net demand deposits at credit institutions other than the balances at central banks and excluding mutual accounts. Demand deposits at credit institutions other than central banks are recognized, among other items, in "Loans and receivables – Deposits at credit institutions" on the consolidated balance sheet, amounting to €93,933 thousand at 31 December 2013 (€69,374 thousand at 31 December 2012).

- Demand deposits of credit institutions other than central banks are recognized, among other items, in "Financial liabilities at amortized cost – Credit institution deposits" on the consolidated balance sheet, amounting to €59,511 thousand at 31 December 2013 (€175,380 thousand at 31 December 2012).

At 31 December 2013, the net amount of balances receivable from and payable to credit institutions, other than balances relating to Central Banks, totals € 34,422 thousand. At 31 December 2012, this was a negative balance of € 106,006 thousand (for the purposes of preparing the consolidated cash flow statement, being a negative amount, it is not treated as "cash and cash equivalents").

2.21 Business combinations

Business combinations are operations in which two or more entities or economic units of the same entity or group of companies are combined.

Those business combinations completed as from 1 January 2004 in which the Group acquires control of an entity are recognized as follows:

- The Group estimated the cost of business combinations, defined as the fair value of the assets delivered, of the liabilities incurred and of the capital instruments issued, as may be the case, by the acquiring entity.

- The fair value of the assets, liabilities and contingent liabilities of the target entity is estimated, including any intangible assets that may not have been recognized by target company, which are included in the consolidated balance sheet.

- The difference between the net fair value of the assets, liabilities and contingent liabilities of the target entity or economic unit and the cost of the business combination is recognized in these consolidated annual accounts as follows:

    - Where the difference between the net fair value of the assets, liabilities and contingent liabilities of the target entity or economic unit and the cost of the business combination is negative, it is recognized in "Intangible assets – Goodwill" on the assets side of the consolidated balance sheet, in the event that the business combination has resulted in the merger or absorption of the target entities or an economic unit other than an entity has been acquired.

    - Where the difference between the net fair value of the assets, liabilities and contingent liabilities of the target entity or economic unit and the cost of the business combination is positive, will be registered a goodwill of consolidation that in no case will be amortized, but will be subject to annual impairment analysis set out in the International Financial Reporting Standards.

For acquisitions of shares in stages over a particular entity, for which, under one of the purchases, control over the investee is acquired, the following accounting policies applied by the Group:

- The cost of the business combination is the sum of the cost of each individual transaction.

- For each acquisition of shares effected to the moment in which the Group gains control over the investee entity, the goodwill or negative consolidation difference is calculated separately for each transaction, following the procedure described previously in this note.

- Any difference between the fair value of the assets and liabilities of the investee entity at each of the successive acquisition dates and their fair value on the date the Group gains control over the entity is recognized as an adjustment to the value of the assets and liabilities.

2.22 Transfers of financial assets

The accounting treatment of transfers of financial assets is subject to the manner in which the risks and returns associated with the assets are transferred to third parties.

- If all the risks and benefits of the assets transferred are substantially transferred to third parties, such as in unconditional sales, sales under repos at fair value on the repurchase date, sales of financial assets with a call option acquired or put option issued deeply "out of the money", asset securitization in which the assignor retains no subordinated financing and nor grants any type of credit enhancement to the new holders and other similar situations, the financial instrument transferred is written off the consolidated balance sheet and at the same time any right or obligation retained or created as a result of the transfer is recognized.

- If the risks and benefits associated with the financial asset transferred are substantially retained, such as in sales of financial assets under repos at a fixed price or at the selling price plus interest, security lending contracts under which the borrower is required to return the same or similar assets, the securitization of financial assets in which subordinated financing is maintained or other types of credit enhancement that substantially absorb expected credit losses on securitized assets and other analogous cases, the financial asset transferred is not written off the consolidated balance sheet and continues to be measured using the same criteria as those used prior to the transfer. Conversely, the following items are recognized and not offset:

    - A financial liability associated with an amount equal to the benefit received; which is later valued at its amortized cost;

    - Both revenue from the financial asset transferred but not written off and expense from the new financial liability.

- If neither the risks nor benefits associated with the financial asset transferred are substantially transferred or retained, as in the sale of financial assets with a call option acquired or a put option issued which are not deeply "in the money" or "out of the money", financial asset securitization in which the assignor assumes subordinated financing or other types of credit enhancements for part of the asset transferred and other similar cases, the following distinction is made:

    - Where the assignor does not retain control of the transferred financial asset: in this case, the asset transferred is written off the consolidated balance sheet and any right or obligation retained or created as a result of the transfer is recognized.

    - Where the assignor retains control of the transferred financial asset: the asset continues to be recognized in the consolidated balance sheet at an amount equal to its exposure to value changes that could arise, also recognizing an associated financial liability. The net amount of the asset transferred and associated liability will be the amortized cost of the rights and obligations retained if the asset transferred is measured at amortized cost or the fair value of the rights and obligations retained, if the asset transferred is measured at fair value.

3. Distribution of the Parent Entity's surplus

The proposal for the distribution of the Parent Entity's net income for 2013 that the Board of Directors will submit to the General Assembly for approval is set out below along with the already approved for 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Legal reserve	10 702	-
Cash dividends	17 930	-
Interim dividends paid	-	-
Dividends pending payment	*17 930*	-
Voluntary reserves	78 385	-
Negative results of previous exercises	-	(531 491)
Net profit	**107 017**	**(531 491)**

In accordance with Legislative Royal Decree 1/2010 (2 July), which approves the Spanish Companies Act 2010, companies that obtain profits must allocate 10% of profits for the year to a Legal reserve. Appropriations must be made until the legal reserve reaches 20% of paid up share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount. Until the balance exceeds the 20% threshold, the legal reserve may only be used to offset losses, in the event of other available reserves being insufficient for this purpose.

Earnings per share of the Parent

Basic earnings per share are calculated by dividing the net profit for the year attributable to the Bank by the weighted average number of outstanding shares for the year, excluding the average number of treasury shares held during the year.

Diluted earnings per share are determined in a similar manner to basic earnings per share, but the weighted average number of outstanding shares is adjusted to account for the potentially dilutive effect of stock options, warrants and convertible debt in force at the year end.

Set out below are Unicaja Banco, S.A.'s basic and diluted earnings per share for the financial years ended 31 December 2013 and 2012:

	2013	**2012**
Net profit/(loss) for the year (thousand euro)	107 017	(531 491)
Weighted average number of outstanding ordinary shares less treasury shares (thousand)	800 000	800 000
Earnings per share (in euros)	**0,134**	**(0,664)**

	2013	2012
Net income (in thousands of euros)	107 017	(531 491)
Finance costs of mandatory emissions convertible (in thousands of euros)	-	-
Adjusted profit (in thousands of euros)	107 017	(531 491)
Weighted average number of outstanding ordinary shares less treasury shares (thousand)	800 000	800 000
Average number of shares from bond conversion (thousand)	-	-
Adjusted total average number of shares for calculation of diluted profit per share (thousand)	800 000	800 000
Diluted earnings per share (in euros)	**0,134**	**(0,664)**

At 31 December 2013 and 2012, the Bank had not issued potentially dilutive instruments and therefore basic earnings per share coincided with diluted earnings per share. No profit/(loss) from discontinued operations was recognized during 2013 or 2012.

4. Goodwill of the Group entities

At 31 December 2013 and 2012, the Bank recorded goodwill in associates pending impairment in the amount of € 38,137 thousand and € 40,044 thousand, respectively. This goodwill was generated basically through a comparison with the net fair value of the assets, liabilities and contingent liabilities acquired by the Bank when it invested in the companies Autopistas del Sol, S.A. and Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (formerly Aquagest Andalucía, S.A.), through the company Hidrocartera, S.L. in the latter case. At 31 December 2013, the goodwill is recognized as part of the acquisition cost of the target companies in the consolidated balance sheet item "Equity investments - Associates". The amount pending impairment at 31 December 2013 derives from the profits expected by the Bank's directors from the target companies, based on the strength of their customer base and on their average income per customer.

At 31 December 2013 and 2012, in accordance with Note 2.16, the aforementioned goodwill was impaired in an amount of €1,907 thousand in both fiscal years.

The following table shows the dates of initial recognition and the initial gross amounts of the goodwill in associates, as well as cumulative impairment losses and the net amounts of goodwill at 31 December 2013 and 2012:

						Thousands of euros
			Accumulated loss provisions		Net amount	
	Initial amount	Initial registration date	2013	2012	2013	2012
Autopista del Sol, C.E.S.A.	34 833	Sep. 2005	(7 646)	(6 797)	27 187	28 036
Hidralia, G.I.A.A., S.A. (previously, Aquagest Andalucía, S.A.)	20 467	Jun. 2005	(9 517)	(8 459)	10 950	12 008
	55 300		(17 163)	(15 256)	38 137	40 044

As this goodwill relates to administrative concessions and licences held by the target companies for a certain period of time, the Bank's directors consider that, barring other evidence of impairment, the recoverable value of the goodwill recognized decreases in proportion to the number of years remaining to the end of the administrative concession or licence.

5. Segment information

The Group is engaged mainly in the retail banking business. Virtually all its business is conducted in Spain and the directors consider that customer types are similar throughout its territorial area of influence. Consequently, in compliance with prevailing regulations, the information on the Group's business and geographical segments is not deemed to be relevant.

Set out below are details of the relative significance of the Unicaja Banco Group's operating segments at 31 December 2013 and 2012, for each of the segmentation types or parameters defined in paragraphs 32 to 34 of IFRS 8.

Sector information (products and services)

There follows a breakdown of the Unicaja Banco Group's consolidated balance sheet by sector at 31 December 2013 and 2012, including the same sector information reported to the Bank of Spain.

At December 31, 2013, the credit institutions sector accounts for 99.73% of total consolidated assets and 99.96% of consolidated equity. To this end, pursuant to Rule 70.2 of Bank of Spain Circular 4/2004, the item "Credit institutions sector" includes the information on the consolidated group of credit institutions defined in Rule 1 of Bank of Spain Circular 4/2004.

a) Consolidated balance sheet at December 31, 2013

		Distribution (thousands of euros)			
Assets	**Total**	**Sector banks**	**Insurance companies**	**Other entities**	**Adjustments and eliminations**
Cash and balances at central banks	1 913 257	1 913 225	-	32	-
Financial assets held for trading	291 771	291 771	-	-	-
Available for sale financial assets	2 566 037	2 562 662	-	4 906	(1 531)
Loans and receivables	28 886 959	28 913 762	-	71 344	(98 147)
Held to maturity investments	4 242 658	4 242 658	-	-	-
Hedging derivatives	543 745	543 745	-	-	-
Non-current assets held for sale	263 918	263 918	-	-	-
Investments	279 759	264 915	-	-	14 844
Insurance contracts linked to pensions	132 097	132 097	-	-	-
Reinsurance assets	-	-	-	-	-
Tangible assets	753 691	623 418	-	130 273	-
Intangible assets	3 689	1 336	-	2 353	-
Tax assets	662 426	643 838	-	18 588	-
Other assets	702 914	734 899	-	57 518	(89 503)
Total assets	41 242 921	41 132 244	-	285 014	(174 337)

Liabilities and Equity	Total	Sector banks	Insurance companies	Other entities	Adjustments and eliminations
		Distribution (thousands of euros)			
Financial liabilities held for trading	11 981	11 981	-	-	-
other financial liabilities at fair value through profit or loss	-	-	-	-	-
Financial liabilities at amortized cost	38 542 300	38 456 344	-	217 544	(131 588)
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-	-	-	-
Hedging derivatives	44 088	25 157	-	18 931	-
Liabilities Associated with non-current assets held for sale	-	-	-	-	-
Insurances Contracts Liabilities	5 740	-	-	-	5 740
Provisions	345 181	344 213	-	968	-
Tax Liabilities	111 516	108 490	-	3 026	-
Welfare Funds	-	-	-	-	-
Other liabilities	98 956	103 718	-	3 421	(8 183)
Total Liabilities	39 159 762	39 049 903	-	243 890	(134 031)
Equity	2 066 941	2 066 941	-	49 727	(49 727)
Valuation adjustements	11 734	11 734	-	(9 421)	9 421
Minority Interest	4 484	3 666	-	818	-
Total Equity	2 083 159	2 082 341	-	41 124	(40 306)
Total Liabilities and Equity	41 242 921	41 132 244	-	285 014	(174 337)
Memorandum Items					
Contingent exposures	892 851	919 706	-	-	(26 855)
Contingent commitments	3 450 329	3 464 217	-	-	(13 888)

b) Consolidated balance sheet at December 31, 2012

Assets	Total	Sector banks	Insurance companies	Other entities	Adjustments and eliminations
		Distribution (thousands of euros)			
Cash and balances at central banks	518 482	518 449	-	33	-
Financial assets held for trading	124 633	124 633	-	-	-
Available for sale financial assets	2 745 958	2 743 004	-	7 728	(4 774)
Loans and receivables	27 383 523	27 465 912	-	42 723	(125 112)
Held to maturity investments	6 325 981	6 325 981	-	-	-
Hedging derivatives	745 061	745 061	-	-	-
Non-current assets held for sale	293 554	293 554	-	-	-
Investments	293 542	328 238	-	12 655	(47 351)
Insurance contracts linked to pensions	119 358	119 358	-	-	-
Reinsurance assets	-	-	-	-	-
Tangible assets	778 020	641 148	-	136 872	-
Intangible assets	43 149	2 130	-	975	40 044
Tax assets	627 624	611 633	-	15 991	-
Other assets	715 379	682 479	-	102 708	(69 808)
Total assets	40 714 264	40 601 580	-	319 685	(207 001)

Liabilities	Total	Distribution (thousands of euros) Sector banks	Insurance companies	Other entities	Adjustments and eliminations
Financial liabilities held for trading	7 580	7 580	-	-	-
other financial liabilities at fair value through profit or loss	-	-	-	-	-
Financial liabilities at amortized cost	37 927 878	37 839 319	-	228 703	(140 144)
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-	-	-	-
Hedging derivatives	164 496	145 271	-	19 225	-
Liabilities Associated with non-current assets held for sale	-	-	-	-	-
Insurances Contracts Liabilities	6 514	-	-	-	6 514
Provisions	335 274	334 320	-	954	-
Tax Liabilities	117 707	116 136	-	1 571	-
Welfare Funds	-	-	-	-	-
Other liabilities	123 711	128 528	-	-	(4 817)
Total Liabilities	38 683 160	38 571 154	-	250 453	(138 447)
Equity	2 047 596	2 047 596	-	78 928	(78 928)
Valuation adjustements	(19 188)	(19 188)	-	(9 696)	9 696
Minority Interest	2 696	2 018	-	-	678
Total Equity	2 031 104	2 030 426	-	69 232	(68 554)
Total Liabilities and Equity	40 714 264	40 601 580	-	319 685	(207 001)
Memorandum Items					
Contingent exposures	1 103 814	1 143 941	-	-	(40 127)
Contingent commitments	3 333 850	3 348 270	-	-	(14 420)

Geographic area information

The Unicaja Banco Group operates in Spain; customer types are similar throughout the country. The Group therefore considers a single geographic segment for its operations, the information breakdown required by paragraph 33 of IFRS 8 not being applicable.

Note 26 to the consolidated accounts provides information on risk concentration by activity and geographic area at 31 December 2013 and 2012.

Main customer information

The Unicaja Banco Group is engaged mainly in the retail banking business and has no customers accounting for over 10% of the Group's ordinary income; the Group thus considers that the information breakdown required by paragraph 34 of IFRS 8 is not applicable.

6. Remuneration of the Board of Directors and Senior Management

6.1 Board of Directors' remuneration

The following table provides a breakdown of remuneration accrued to the members of the Board of Directors of the Parent Entity, Unicaja Banco, S.A.U., exclusively in their capacity as Board directors during the periods 2013 and 2012, consisting of per diems and fixed remuneration relating solely to their roles as non-executive Board directors:

	Thousands of euros	
	2013	2012
Arcas Cubero, Javier	32	39
Atencia Robledo, Manuel	30	28
Azuaga Moreno, Manuel	30	28
Bustinduy Barrero, María Luisa	-	27
Casero Domínguez, Juan Ramón	35	41
Cid Jiménez, José Luis	32	40
Dell' Olmo García, Ildefonso M.	32	40
Fernández Céspedes, Pedro	41	48
Fraile Cantón, Juan	81	77
Herrera Núñez, Francisco	31	39
López López, Antonio	78	76
Medel Cámara, Braulio	34	29
Molina Morales, Agustín	67	59
Torre Colmenero, José Mª de la	50	42
Valle Sánchez, Victorio	88	84

6.2 Senior Management remuneration

For the purposes of preparing these consolidated annual accounts, senior management is considered to be made up of fourteen people (twelve people in 2012), who has described these effects as key personnel, including three Executive Directors. The compensation received by the members of this group in the years 2013 and 2012 amounted to € 3,532 thousand and € 3,068 thousand, respectively. The obligations assumed based on these guidelines in terms of post-employment benefits deriving exclusively from their status as employees or bank executives totaled to € 409 thousand in 2013, having been charged € 309 thousand in 2012, amounts covered entirely by the relevant funds.

6.3 Other transactions performed with Board Directors and Senior Management

Note 44 on related parties provides the asset and liability balances of transactions effected with the Group's Board Directors and senior management at 31 December 2013 and 2012, including a breakdown of income and expenses recognized in the 2013 and 2012 consolidated income statements in respect of such transactions, excluding the amounts referred to in Notes 6.1 and 6.2.

6.4 Post-employment benefits of former members of the Group's Board of Directors and Senior Management

The consolidated income statements for 2013 and 2012 contain no charges for pension and similar obligations relating to former members of the Group's Board and senior management, as such commitments were entirely covered in previous years by insurance policies.

7. Cash and deposits at central banks

An analysis of the balances in this balance sheet caption at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Cash	211 754	220 487
Deposits at Bank of Spain	1 701 486	297 947
Measurement adjustments - Accrued interest	17	48
	1 913 257	**518 482**

The interest accrued during the years 2013 and 2012 for these deposits have been of €926 thousand and €1,293 thousand, respectively, and are included in "Interest and similar income" in the consolidated income statement (Note 31).

8. Financial assets held for trading

8.1 Breakdown of the balance and maximum credit risk – debtor balances

The following table contains a breakdown of the financial assets included in this category at 31 December 2013 and 2012, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2013	2012
By counterparty type -		
Credit institutions	1 152	85 999
Resident, public administrations	258 451	7 127
Non-resident, public administrations	24 676	26 662
Resident, other sectors	7 492	4 845
	291 771	**124 633**
By instrument type -		
Listed shares	8 428	5 754
Listed bonds and debentures	277 106	116 767
Derivatives traded on organised markets	41	1 090
Derivatives not traded on organised markets	6 196	1 022
	291 771	**124 633**

The carrying amounts shown in the above table represent the credit risk exposure borne by the Group at each year end with respect to the financial instruments indicated.

The interest accrued during the years 2012 and 2011 for debt instruments classified in the trading portfolio have been of €3,376 thousand and €439 thousand, respectively, and are included in "Interest and similar income" in the profit and loss account statement (Note 31).

The average effective interest rate on debt instruments classified in this portfolio at 31 December 2013 was 2.46% (3.65% at 31 December 2012).

The negative flow included in the 2013 consolidated cash flow statement in respect of balances receivable from financial assets and liabilities held for trading amounted to € 167,138 thousand (negative flow of € 72,120 thousand in 2012).

8.2 Breakdown of the balance - creditor balances

The following table contains a breakdown of the financial liabilities included in this category at 31 December 2013 and 2012, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2013	2012
By counterparty type -		
Credit institutions	4 976	80
Other resident sectors	7 005	7 500
	11 981	**7 580**
By instrument type -		
Derivatives traded on organised markets	-	738
Derivatives not traded on organised markets	11 981	6 842
	11 981	**7 580**

The positive flow included in the 2013 consolidated cash flow statement in respect of balances payable from financial assets and liabilities held for trading amounted to € 4,401 thousand (positive flow of € 4,041 thousand in 2012).

8.3 Derivative financial instruments held for trading

Set out below is a breakdown by type of derivative of the fair value of the Group's derivatives held for trading and their notional value (on the basis of which future payments and collections are calculated) at 31 December 2013 and 2012:

	Thousands of euros							
	2013				2012			
	Debtor balances		Creditor balances		Debtor balances		Creditor balances	
	Fair Value	Notional Value	Fair Value	Notional Value	Fair Value	Notional Value	Fair Value	Notional Value
Un-matured currency purchases/sales:	**396**	**6 987**	**391**	**6 987**	**310**	**9 702**	**306**	**9 702**
Currencies purchased against euro	-	-	391	6 987	-	-	306	9 702
Currencies sold against euro	396	6 987	-	-	310	9 702	-	-
Equity and interest rate futures	-	-	-	**1 244**	-	-	-	**158 091**
Purchased	-	-	-	-	-	-	-	-
Sold	-	-	-	1 244	-	-		158 091
Equity options:	**41**	**10 968**	**6 271**	**1 762 492**	**1 203**	**45 492**	**6 639**	**1 850 091**
Purchased	41	10 968	-	-	1 203	45 492	-	-
Issued	-	-	6 271	1 762 492	-	-	6 639	1 850 091
Other equity transactions	**199**	**87 490**	**287**	**190 675**	-	-	**635**	**96 924**
Equity swaps	68	5 000	-	-	-	-	107	9 938
Forward transactions	131	82 490	287	190 675	-	-	528	86 986
Currency options:	-	-	-	-	-	-	-	-
Purchased	-	-	-	-	-	-	-	-
Issued	-	-	-	-	-	-	-	-
Other interest rate transactions	**5 601**	**54 588**	**5 032**	**55 040**	**599**	**113 845**	-	-
Interest rate swaps	5 601	54 588	5 032	55 040	599	113 845	-	-
Other products	-	-	-	-	-	-	-	-
	6 237	**160 033**	**11 981**	**2 016 438**	**2 112**	**169 039**	**7 580**	**2 114 808**

The notional amount of the contracts concluded does not represent the actual risk assumed by the Group, since the net position in these financial instruments is obtained by offsetting and/or combining the relevant amounts.

Note 11 provides the methods applied by the Group to measure the financial instruments classified in this category.

9. Available-for-sale financial assets

9.1 Breakdown of the balance and maximum credit risk

The following table contains a breakdown of the financial assets included in this category at 31 December 2013 and 2012, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2013	2012
By counterparty type		
Credit institutions	125 802	200 319
Resident, public administrations	1 094 334	1 131 399
Non-resident, public administrations	321 778	324 105
Resident, other sectors	958 721	791 357
Non-resident, other sectors	66 788	282 150
	2 567 423	2 729 330
(Impairment losses) (*)	(66)	(131)
Other measurement adjustments	(1 320)	16 759
	2 566 037	**2 745 958**
By instrument type		
Debt securities:	1 951 956	1 924 259
Spanish government securities	1 023 782	1 088 601
Treasury bills	-	*259 536*
Government bonds and debentures	*1 023 782*	*829 065*
Other Spanish public administration	70 552	42 798
Foreign government securities	321 778	324 105
Issued by financial institutions	90 217	198 737
Other fixed-income securities	447 013	253 390
(Impairment losses) (*)	(66)	(131)
Other measurement adjustments	(1 320)	16 759
Other equity instruments:	614 081	821 699
Shares in listed Spanish companies	343 688	366 490
Shares in unlisted Spanish companies	161 813	152 552
Shares in listed foreign companies	57 768	244 548
Shares in unlisted foreign companies	19	19
Shares in investment funds	50 793	58 090
	2 566 037	**2 745 958**

(*)At 31 December 2013 and 2012 this amount relates to impairment losses recognized to cover credit risk.

The carrying amount shown in the table above represents the level of credit risk exposure of the Group at the end of those years in relation to financial instruments included.

The total in the table above as "Other equity instruments" includes the December 31, 2013 a balance of €251,719 thousand corresponding to impairment losses of the elements included in this section (€264,398 thousand at 31 December 2012), having recorded over exercise a net provision of this correction, not including other movements or transfers, amounting to €8,037 thousand, collected under the heading "Impairment losses on financial assets (net) "in the consolidated income statement (€109,232 thousand at December 31, 2012).

With respect to debt securities classified as financial assets available for sale, net provision of impairment losses in 2013 amounted to €521 thousand, also collected under the heading of "losses impairment (net) "in the consolidated income statement (net recovery of impairment losses €104 thousand at December 31, 2012).

Among the most significant movements in the "Available-for-sale financial assets" portfolio in 2013 are the following Group transactions:

- Sale of 9,049,769 shares in Sacyr Vallehermoso for € 19,950 thousand, generating a profit of € 4,958 thousand.
- Acquisition of 2,328,740 shares in Bankia for € 3,150 thousand (derived from a bond exchange).
- Acquisition of 3,477,551 shares in Catalunya Banc for € 6,300 thousand (derived from a bond exchange).
- Acquisition of 1,751,055 shares in NCG Banco for € 2,700 thousand (derived from a bond exchange).
- Acquisition of 6,750,000 shares in Banco CEISS for € 6,750 thousand (derived from a bond exchange).
- Acquisition of 715,990 shares in Banco Popular Español for € 3,000 thousand (derived from a bond exchange).
- Acquisition of 119,523 shares in Cartera Perseidas for € 2,893 thousand.
- Sale of 3,796,247 shares in Metrovacesa for € 8,491 thousand, generating a profit of € 2,796 thousand.
- Sale of 29,282 shares in Cea SICAV for € 181,000 thousand, generating a profit of € 2,513 thousand.
- Sale of 4,005,062 shares in QMC for € 3,002 thousand, generating a profit of € 727 thousand.
- Sale of 1,273,076 shares in Banco Popular Español for € 5,296 thousand, generating a profit of € 829 thousand.
- Sale of 1,457,357 shares in Duro Felguera for € 7,287 thousand, generating a profit of € 651 thousand.
- Sale of 1,903,230 shares in CIE Automotive for € 5,276 thousand, generating a profit of € 1,209 thousand.

Among the most significant movements in the "Available-for-sale financial assets" portfolio in 2012 are the following Group transactions:

- Acquisition of 370,074 shares in Campofrío, for €2,625 thousand.
- Acquisition of 80,000 shares in Metro AG, for €2,012 thousand.
- Acquisition of 93,000 shares in RWE, for €2,895 thousand.
- Disposal of 1,935,280 shares in Metrovacesa, for €4,273 thousand, gave rise to a profit of €1,371 thousand.
- Disposal of 34,000 shares in BMW for €2,168 thousand, gave rise to a profit of €265 thousand.
- Disposal of 145,000 shares in ENI Spa, for €2,503 thousand, gave rise to a profit of €238 thousand.
- Disposal of 257,310 shares in Privándalus Inversiones II, SICAV, for €3,004 thousand, gave rise to a profit of €222 thousand.
- Disposal of 375,000 shares in Banco Popular, for €687 thousand, which has resulted in a loss of €254 thousand.
- Disposal of 178,180 shares in Vivendi, for €2,713 thousand, which has resulted in a loss of €243 thousand.
- Disposal of 105,250 shares in RWE, for €3,351 thousand, gave rise to a profit of €173 thousand.

These amounts are registered under the "Gains on financial assets (net)" in the consolidated at December 31, 2013 income statement, accounting for equity instruments classified as financial assets available for sale (Note 37) .

The interest accrued during the years 2013 and 2012 for debt instruments classified as financial assets available for sale have been of €100,770 thousand and €97,021 thousand, respectively, are included in "Interest and yields assimilated "in the consolidated income statement (Note 31).

The average effective interest rate on debt instruments classified in this portfolio at 31 December 2013 was 2.82% (4.03% at 31 December 2012).

The positive flow included in the statement of consolidated cash flows for the year 2013 on financial assets available for sale in this caption amounts € 179,921 thousand (negative flow of € 3,436,268 thousand in 2012).

9.2 Credit risk coverage

Set out below are movements during 2013 and 2012 in impairment losses recorded to cover credit risk and cumulative impairment losses recognized at the beginning and end of 2013 and 2012 in respect of debt instruments classified as available-for-sale financial assets:

	Thousands of euros
Balance at 31 December 2011	**1 005**
Net appropriations for the year	-
Prior-year provisions available	(104)
Other	(770)
Balance at 31 December 2012	**131**
Net appropriations for the year	561
Prior-year provisions available	(40)
Other	(586)
Balance at 31 December 2013	**66**

9.3 Measurement adjustments to available-for-sale financial assets

Set out below is the reconciliation of opening and closing balances of measurement adjustments to available-for-sale financial assets in equity on the consolidated balance sheets for 2013 and 2012, against the amounts recognized in the consolidated income statement as gains/(losses) on financial assets and liabilities and as impairment losses on financial assets, and against the amounts recognized in the consolidated statement of recognized income and expenses.

	Thousands of euros	
	2013	2012
Value adjustments to assets held for sale at January 1	**22 405**	**(43 646)**
Transfer to results	**(101 825)**	**(23 160)**
Portion allocated to the consolidated income statement	(144 018)	43 725
Change in fair value of the securities sold in the year from 1 January or from the date of purchase to date of sale	42 193	(66 885)
Other changes in fair value	**123 652**	**117 519**
Income tax	**(6 548)**	**(28 308)**
Value adjustments to assets held for sale at December 31	**37 684**	**22 405**

Set out below is a breakdown of the amount taken to the consolidated income statement during 2013 and 2012:

	Thousands of euros	
	2013	2012
Result of financial transactions (Note 37)	(141 595)	(27 114)
Impairment of available for sale registered at fair value	(2 423)	70 839
	(144 018)	43 725

9.4 Held-to-maturity investment portfolio

At 31 December of 2013 and 2012 the heading "Held-to-maturity investment portfolio" mainly records Spanish public debt and guaranteed debt securities issued by credit institutions. As a result of the recent evolution of debt markets, as well as the Group's intention and financial capacity to maintain those investments to maturity, it decided to modify its investment strategy classifying assets that were initially classified under "Available-for-sale financial assets" to that heading (Note 30.5).

As a result of the recent evolution of debt markets, as well as the Bank's intention and financial capacity to maintain those investments to maturity, it decided to modify its investment strategy classifying assets that were initially classified under "Available-for-sale financial assets" to that heading. The first reclassification took place on 31 March 2011 and involved a total of €1,107,496 thousand. Subsequently, on 1 April 2012 a new reclassification totalling € 5,290,452 thousand was carried out (Note 2.2.4).

Below is a breakdown of the financial assets included in this category at December 31, 2013 and 2012, classified by type of counterparty and type of instrument:

	Thousands of euros	
	2013	2012
By counterparty type		
Credit institutions	727 906	986 258
Resident, public administrations	3 027 150	4 802 483
Resident, other sectors	461 250	507 123
Non-resident, other sectors	26 352	30 117
	4 242 658	**6 325 981**
By instrument type -		
Debt securities:	2 750 070	4 341 271
Spanish government securities	-	*98 710*
Treasury bills	*2 750 070*	*4 242 561*
Other Spanish public administration	277 080	461 212
Foreign government securities	-	-
Issued by financial institutions	727 906	986 258
Other fixed-income securities	487 602	537 240
	4 242 658	**6 325 981**

The carrying amount shown in the table above represents the level of credit risk exposure to the Bank at the end of those years in relation to financial instruments included therein.

Interest accrued in 2013 and 2012 on these securities totaled €237,663 thousand and €165,398 thousand, respectively and is included under the heading "Interest and similar charges" in the accompanying consolidated income statement (Note 31).

The effective average interest rate of the debt instruments classified in this portfolio at 31 December 2013 and 2012 stood at 3,77% and 3.86%, respectively.

In 2013 a part of the held-to-maturity debt securities, at a book cost of € 1,261,366 thousand, were sold, generating a gain of € 93,044 thousand for the Group that is recognized in "Gains/(losses) on financial assets and liabilities - Securities held to maturity" in the consolidated income statement (Note 37).

The main aspects of the transaction are described below:

- The debt securities sold have a face value of € 1,266,000 thousand and a selling price of € 1,354,379 thousand.

- The transaction was completed as part of the acquisition of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (Banco CEISS) described in Note 1.2, based on the effect of a business combination with an entity having a similar size to Unicaja Banco and in order to maintain the entity's risk positions in interest rates and loans.

- This business combinations relates to a process which, due to its specific structure, is formalized through the CNMV's publication of the related terms of exchange. The terms were reviewed by the CNMV prior to publishing the securities prospectus on 26 November 2013, in compliance with applicable legislation. In accordance with the prospectus, a number of aspects are determined that cause the process to be beyond the Bank's control, as regards the achievement of minimum offer acceptance rates.

- Once the prospectus was published, the initial deadlines had been determined and the Bank was able to analyse the business combination and its consequences and impacts for the purposes of recognition in the 2013 consolidated annual accounts.

- Finally, for reasons not attributable to the Bank, and solely to achieve a higher rate of acceptance and more favourable circumstances in the Banco CEISS restructuring process, the deadlines were extended by means of Relevant Facts submitted to the CNMV, pending final approval at the issue date of these consolidated annual accounts.

- The sale was completed as a one-off event and is therefore non-recurring; it was effected for reasons beyond Unicaja Banco's control and could not therefore be reasonably foreseen by the Bank's directors.

For the reasons described, the Bank's directors consider that the transaction fulfils the requirements of paragraph GA22 of IAS 39, such that the rest of the held-to-maturity debt securities need not be reclassified to the available-for-sale financial assets portfolio (Note 2.2.4).

Net collections from held-to-maturity securities recognized in the 2013 consolidated cash flow statement total € 2,183,117 thousand (net payments of € 25,691 thousand in 2012).

10. Loans and receivables

10.1 Breakdown of the balance and maximum credit risk

The following table contains a breakdown of the financial assets included in this category at 31 December 2013 and 2012, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2013	2012
By counterparty type		
Credit institutions	6 039 593	2 207 888
Resident, public administrations	596 917	909 097
Non-resident, public administrations	106	240
Resident, other sectors	23 528 014	25 353 432
Non-resident, other sectors	101 958	111 255
	30 266 588	28 581 912
(Impairment losses)	(1 377 104)	(1 203 529)
Other measurement adjustments	(2 525)	5 140
	28 886 959	**27 383 523**
By instrument type		
Variable-rate credit lines and loans	18 044 928	19 924 409
Fixed-rate credit lines and loans	1 271 580	1 429 548
Debt securities	1 082 596	1 051 115
Securities acquired under repurchase agreements	9 262 920	5 624 059
Term deposits at credit institutions	127 369	184 705
Other deposits at credit institutions	100 546	69 374
Other financial assets	376 649	298 703
	30 266 588	28 581 913
(Impairment losses)	(1 377 104)	(1 203 529)
Other measurement adjustments	(2 525)	5 139
	28 886 959	**27 383 523**

The carrying amounts shown in the above table represent the credit risk exposure borne by the Group at each year end with respect to the financial instruments indicated.

The interests accrued during 2013 and 2012 for loans to customers have been €693,907 thousand and €845,171 thousand, respectively, and are included in "Interest and similar income" in the consolidated income statement (Note 31). Meanwhile, interest earned on deposits with credit institutions amounted to €29,376 thousand and €19,519 thousand, respectively, and is included also in "Interest and similar income" in the accompanying income statement (Note 31).

The average effective interest rate of the debt instruments classified in this portfolio at December 31, 2013 for customer loans was 3.37% (3.70% at December 31, 2012) and for deposits credit institutions was 0.81% (1.65 % at December 31, 2012).

The negative cash flow included in the statement of consolidated cash flows for the year 2013 by credit investments recorded under this heading amounted €1,503,436 thousand (positive flow of € 842,244 thousand in 2012).

Refinancing operations, refinanced and restructured

On 2 October 2012, the Bank of Spain issued Circular 6/2012, on the rules regarding public and reserved financing reporting and model financial statements that amend Circular 4/2004 (22 December), which established the obligation to report certain information relating to refinanced and restructured transactions.

Additionally, on 30 April 2013 the Bank of Spain sent a letter explaining the approach agreed by its Executive Committee in connection with the preparation and approval of the refinancing and accounting policies applied to the transactions in question. This approach is treated as a reference framework by Unicaja Banco for compliance with Bank of Spain Circular 4/2004.

At 31 December 2013 and 2012, the breakdown of refinanced and restructured transactions (a) based on the criteria of Bank of Spain Circular 6/2012, is as follows:

Thousands of euros

2013

	Full real estate mortgage guarantee		Other real guarantees (c)		Unsecured		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific coverage
Normal Risk (b)							
Public administrations	17	186	9	195	493	61 876	-
Other individual legal persons and businesses	2 306	313 026	1 092	303 237	1 742	537 975	-
Of which: Financing for construction and development	*64*	*87 761*	*78*	*100 607*	*22*	*61 826*	-
Other natural persons	3 537	303 952	461	35 494	2 204	16 333	-
	5 860	**617 164**	**1 562**	**338 926**	**4 439**	**616 184**	**-**
Sub-prime risk							
Public administrations	2	30	3	3	2	2	-
Other individual legal persons and businesses	1 771	382 826	821	274 695	1 017	117 625	(239 926)
Of which: Financing for construction and development	*377*	*291 129*	*90*	*164 648*	*67*	*20 148*	*(167 623)*
Other natural persons	2 075	119 082	520	18 226	716	4 253	(35 376)
	3 848	**501 938**	**1 344**	**292 924**	**1 735**	**121 880**	**(275 302)**
Doubtful risk							
Public administrations	-	-	-	-	-	-	-
Other individual legal persons and businesses	1 896	417 198	1 074	423 025	660	81 133	(678 731)
Of which: Financing for construction and development	*387*	*257 500*	*253*	*286 095*	*88*	*39 944*	*(408 477)*
Other natural persons	2 118	182 488	479	30 914	341	2 799	(86 480)
	4 014	**599 686**	**1 553**	**453 939**	**1 001**	**83 932**	**(765 211)**
	13 722	**1 718 788**	**4 459**	**1 085 789**	**7 175**	**821 996**	**(1 040 513)**

Thousands of euros

2012

	Full real estate mortgage guarantee		Other real guarantees (c)		Unsecured		
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific coverage
Normal Risk (b)							
Public administrations	7	150	8	108	488	53 941	-
Other individual legal persons and businesses	2 740	595 490	1 155	348 395	1 874	220 241	-
Of which: Financing for construction and development	*357*	*313 892*	*109*	*112 286*	*59*	*88 831*	-
Other natural persons	3 757	359 724	475	37 889	2 124	20 380	-
	6 504	**955 364**	**1 638**	**386 392**	**4 486**	**294 562**	-
Sub-prime risk							
Public administrations	5	46	6	5	2	1	-
Other individual legal persons and businesses	1 549	345 983	882	223 161	1 082	123 060	(118 962)
Of which: Financing for construction and development	*177*	*242 171*	*74*	*114 480*	*25*	*34 083*	*(99 923)*
Other natural persons	2 021	123 397	615	21 229	742	5 237	(5 822)
	3 575	**469 426**	**1 503**	**244 395**	**1 826**	**128 298**	**(124 784)**
Doubtful risk							
Public administrations	-	-	-	-	-	-	-
Other individual legal persons and businesses	1 359	342 680	827	437 634	584	67 490	(476 006)
Of which: Financing for construction and development	*337*	*234 261*	*186*	*289 155*	*74*	*33 142*	*(248 877)*
Other natural persons	1 303	102 043	453	23 100	340	3 720	(67 225)
	2 662	**444 723**	**1 280**	**460 734**	**924**	**71 210**	**(543 231)**
	12 741	**1 869 513**	**4 421**	**1 091 521**	**7 236**	**494 070**	**(668 015)**

(a) Includes all refinancing operations, refinanced or restructured as defined in paragraph g) of paragraph 1 of Annex IX of the Circular 4/2004.

(b) Risks classified as normal special monitoring as stated in point a) of paragraph 7 of Annex IX of the Circular 4/2004.

(c) Includes real estate mortgage transactions not full, i.e. loan to value greater than 1, and other transactions secured by the real estate mortgage whatever your loan to value.

The gross amount of additions of refinanced or restructured transactions classified as doubtful or substandard by Unicaja Bank Group in 2013 and 2012 totaled €568,770 and € 648,217 thousand, respectively.

	Thousands of euros	
	2013	2012
Public Administrations	35	48
Other legal entities and individual entrepreneurs	484 495	547 037
Of which: funding for construction and development	*323 372*	*395 125*
Rest of physical persons	84 240	101 132
	568 770	**648 217**

The Bank has a transaction refinancing, restructuring, renewal and renegotiating policy that has been approved by the maximum governing body and is included in the Entity's credit policy and manual. This policy details the requirements and situations under which a range of measures are offered to assist customers that are undergoing financial difficulties.

Although control over refinanced risks has always formed part of the Unicaja Banco's prudential monitoring of the loan portfolio, the Bank has adapted its systems for managing, identifying and monitoring transactions involving credit exposure to the definitions contained in Bank of Spain Circular 6/2012. Specifically, the Bank has policies for refinancing, restructuring, renewing and renegotiating loans which detail the requirements, terms and situations in which a broad range of measures are available to help customers that are in financial difficulties.

In general terms, these renegotiated loans do not include changes to conditions deemed substantial, besides an increase in the term of loans, the inclusion or extension of grace periods, or the improvement of loan collateral, so that, for accounting purposes, this does not entail the write-off of the original assets or the recognition of new assets at fair value.

As regards the accounting treatment of renegotiated loans, the Group complies with Annex IX of Bank of Spain Circular 4/2004, applying the impairment adjustment rates stated in section 17 and in paragraph 8 of Rule 29 of Circular 4/2004 on changes to the terms of debt instruments caused by financial difficulties of the borrower or debtor, in line with paragraph GA84 of IAS 39. According to the procedure applied by the Unicaja Banco Group, if the new loan eliminates a doubtful exposure, the new loan must always be classed as doubtful, unless the requirements of Annex IX of Circular 4/2004 are fulfilled.

The policies and procedures applied when managing exposures allow the itemized monitoring of loans. In this regard, any loan the terms of which must be modified due to the deterioration of borrower solvency already has the relevant impairment provision at the novation date. Consequently, as the transactions are correctly measured, no additional impairment provisioning requirements are applicable to the refinanced loans.

As regards the accounting treatment of interest, the Group does not recognize in the income statement interest accrued after loans are reclassified as doubtful. If outstanding interest is received as a result of a doubtful loans refinancing or restructuring, the interest is recognized as income in the income statement for the year.

Where the Bank is reasonably certain that the customer will comply with the payment schedule following the refinancing of a loan, the loan is classed as a performing loan. Various factors are considered, such as the contribution of new effective collateral. Consequently, in such cases, the need to hedge credit exposure on the loan might be reduced.

Renegotiated or refinanced loans are classified as defined in Bank of Spain Circular 4/2004. It should be noted that the Bank of Spain has published criteria for the reclassification of these risks which basically address aspects such as the determination of borrower payment capacity, discounted value of collateral furnished and other factors, such as loan grace periods or the number of times a loan has been restructured.

Following the initial classification, in the case of loans classed as doubtful or substandard, prudent cure criteria are applied so that subsequent developments may allow reclassification to performing loan status. These criteria are applicable where repayments have effectively been made on the loan refinanced, such that doubts are dissipated as to collection, taking into account both the amount repaid and the period in which the borrower has been meeting payment obligations.

10.2 Past-due and impaired assets

Set out below is a breakdown of financial assets classified as loans and receivables and considered to be impaired due to credit risk at 31 December 2013 and 2012, and items that are not considered to be impaired but include amounts that are past due at that date, classified by counterparty and by age:

Assets impaired at 31 December 2013

	Up to 6 months	Between 6 and 9 months	Between 9 and 12 months	Over 12 months	Total
					Thousands of euros
By counterparty type					
Resident, public administrations	860	-	46	246	1 152
Resident, other sectors	439 406	173 376	256 393	1 065 366	1 934 541
Non-resident, public administrations	-	-	-	-	-
Non-resident, other sectors	871	294	178	1 104	2 447
	441 137	173 670	256 617	1 066 716	1 938 140

Assets impaired at 31 December 2012

	Up to 6 months	Between 6 and 9 months	Between 9 and 12 months	Over 12 months	Total
					Thousands of euros
By counterparty type					
Resident, public administrations	158	-	659	945	1 762
Resident, other sectors	582 150	200 244	168 087	724 880	1 675 361
Non-resident, public administrations	-	-	-	-	-
Non-resident, other sectors	827	223	139	1 052	2 241
	583 135	200 467	168 885	726 877	1 679 364

At 31 December 2013 and 2012 the Institution records reclassified substandard risks relating basically to property transactions (Note 46).

Past-due balances not deemed to be impaired at 31 December 2013

	Less than one month	Between 1 and 2 months	Between 2 and 3 months	Total
				Thousands of euros
By counterparty type				
Credit institutions	68	-	-	68
Resident, public administrations	417	128	10 804	11 349
Resident, other sectors	-	-	-	-
Non-resident, public administrations	52 296	25 178	101 609	179 083
Non-resident, other sectors	123	18	26	167
	52 904	25 324	112 439	190 667

Past-due balances not deemed to be impaired at 31 December 2012

				Thousands of euros
	Less than one month	Between 1 and 2 months	Between 2 and 3 months	Total
By counterparty type				
Credit institutions	135	-	2	137
Resident, public administrations	1 362	-	12	1 374
Resident, other sectors	120 635	24 780	16 977	162 392
Non-resident, public administrations	-	-	-	-
Non-resident, other sectors	59	25	23	107
	122 191	**24 805**	**17 014**	**164 010**

10.3 Credit risk coverage

Set out below are movements for 2013 and 2012 in impairment losses recorded to cover credit risk on debt instruments classified as loans and receivables at the beginning and end of 2013 and 2012, together with cumulative impairment losses.

Movements in impairments losses in 2013 are set below:

				Thousands of euros
	Specific provision	General provision	Provision for substandard risk	Total
Balance at 31 December 2012	**1 034 477**	**19 013**	**150 039**	**1 203 529**
Charged to the income for the year	871 434	2 682	176 915	1 051 031
Recovered and credited to the surplus for the year	(582 485)	(6 446)	(19 495)	(608 426)
Other movements	(269 061)	31	-	(269 030)
Balances applied to instruments written off during the year	-	-	-	-
Balance at 31 December 2013	**1 054 365**	**15 280**	**307 459**	**1 377 104**
Of which:				
Determined individually	531 414	-	-	531 414
Determined collectively	522 951	15 280	307 459	845 690
	1 054 365	**15 280**	**307 459**	**1 377 104**

Movements in impairments losses in 2012 are set below:

	Thousands of euros			
	Specific provision	General provision	Provision for substandard risk	Total
Balance at 31 December 2011	**584 847**	**19 685**	**262 300**	**866 832**
Charged to the income for the year	1 041 433	83	67 605	1 109 121
Recovered and credited to the surplus for the year	(247 384)	(5 169)	(179 866)	(432 419)
Other movements	(344 419)	4 414	-	(340 005)
Balances applied to instruments written off during the year	-	-	-	-
Balance at 31 December 2012	**1 034 477**	**19 013**	**150 039**	**1 203 529**
Of which:				
Determined individually	533 704	-	-	533 704
Determined collectively	500 773	19 013	150 039	669 825
	1 034 477	**19 013**	**150 039**	**1 203 529**

Set out below is a breakdown by nature of the item "Other movements" for the periods 2013 and 2012, based on the amounts presented in the previous table:

	Thousands of euros	
	2013	2012
Utilization due to reclassification to non-performing charged to asset impairment adjustments	(192 363)	(113 622)
Utilization due to repossession of tangible and other assets	(76 667)	(227 497)
Reclassification of rent classed as doubtful	-	1 114
	(269 030)	**(340 005)**

11. Hedging derivatives (debtors and creditors)

At 31 December 2013 and 2012, contracted derivatives designated as hedges and the items hedged consisted basically of:

- Interest rate swaps hedging mortgage bonds issued by Unicaja and third-party bonds acquired by the Group.

- Futures on listed equities hedging changes in the share price prior to the sale of the shares.

The measurement methods used to determine the fair value of derivatives are the discounted cash flow method, applied to interest rate derivatives, and the Montecarlo technical simulation method, used to measure structured products having an optional component.

There follows a breakdown by product type of the fair values of receivables and payables relating to derivatives designated as hedging instruments in fair value hedges and cash flow hedges at 31 December 2013 and 2012, indicating hedge types, hedging instruments and hedged items:

Type and countable cover hedging instrument	**Thousands of euros**						
	2013			**2012**			
	Debtor fair value	**Creditor fair value**	**Notional**	**Debtor fair value**	**Creditor fair value**	**Notional**	**Hedged item**
Fair value hedges:							
Buy sell currencies against euros	-	-	-	-	-	-	
Sales of foreign exchange euros	-	-	-	-	-	-	
Other operations securities	-	-	-	-	-	-	
Swaps on securities	-	-	-	-	-	-	
Options on values	-	-	-	-	-	-	
Operations in term	-	-	-	-	-	-	
Currency options	**37**	-	**11 471**	**127**	-	**16 639**	
Purchased currency options	37	-	11 471	127	-	16 639	Hedge exchange
Currency options issued	-	-	-	-	-	-	
Other operations on interest rates	**543 346**	**2 664**	**4 586 948**	**744 934**	**101 577**	**6 782 454**	
Financial interest rate swaps (IRS bonds)	535 291	2 664	4 416 948	743 381	69 876	4 189 749	Loand agreement and bonds issued
Financial interest rate swaps (IRS balances with central banks)	-	-	-	-	31 701	2 000 000	Balances with central banks
Financial interest rate swaps (IRS bonds)	8 055	-	170 000	1 553	-	592 705	Debt securities
Subtotal	**543 383**	**2 664**	**4 598 419**	**745 061**	**101 577**	**6 799 093**	
Cash flow hedges:							
Futures on securities and interest rate	-	-	-	-	**43 694**	**250 000**	
Sales of future interest rate	-	-	-	-	43 694	250 000	Cash flow of Credits
Other operations on interest rates	**362**	**41 424**	**2 361 404**	-	**19 225**	**2 108 896**	
Financial interest rate swaps (IRS loan portfolio)	-	18 931	111 404	-	19 225	108 896	Cash flow of Credits
Financial interest rate swaps (IRS balances with central banks)	-	22 493	2 000 000	-	-	2 000 000	Balances with central banks
Financial interest rate swaps (IRS bonds)	362	-	250 000	-	-	-	Debt securities
Subtotal	**362**	**41 424**	**2 361 404**	-	**62 919**	**2 358 896**	
Total	**543 745**	**44 088**	**6 959 823**	**745 061**	**164 496**	**9 157 989**	

At 31 December 2013 and 2012, the Unicaja Banco Group does not record financial instruments that must be classed as hedges of net investments in foreign operations.

The Unicaja Banco Group only treats hedges deemed to be highly effective throughout the term of the hedge as "hedging transactions". A hedge is deemed highly effective if, during the forecast hedge term, any changes in the fair value or cash flows attributed to the financial instruments hedged are almost entirely offset by changes in the fair value or cash flows, as applicable, of the hedging instruments.

Designated "cash flow hedges" cover changes in the cash flows attributed to a specific exposure to a financial asset or liability, or a highly probable forecast transaction, provided the consolidated income statement might be affected. Set out below is the information required by paragraph 23 of IFRS 7 in connection with these cash flow hedges:

- Periods in which the flows are expected to occur: Flows relating to deposits in central banks will occur to March 2015, while flows associated with debt securities will occur to October 2017.
- Periods in which the income statement is expected to be affected: Same periods in which the cash flows are expected to occur.
- Amount recognized in the past year in the consolidated income statement item "Interest and similar income" to rectify income from hedging transactions: Profit of € 134 thousand (loss of € 97 thousand in 2012).
- Amount recognized in the past year in the consolidated income statement item "Interest expense and similar charges" to rectify expense from hedging transactions: Loss of € 11,513 thousand (loss of € 4,563 thousand in 2012).
- Cash flow hedge ineffectiveness recognized in results for the year: Cash flow hedge ineffectiveness recognized in the consolidated income statement in 2013 totals € 3,083 thousand, relating to interest rate futures sales. In 2012, no cash flow hedge ineffectiveness was recognized in the consolidated income statement.

Net losses on measurement recognized in the consolidated statement of recognized income and expenses for 2013 and 2012 in respect of cash flow hedges amounted to € 28,530 thousand and € 9,599 thousand, respectively. Additionally, in 2013 net gains of € 11,727 thousand were taken to the consolidated income statement.

Designated "fair value hedges" cover exposure to changes in the fair value of financial assets and liabilities or of firm commitments not yet recognized, or of an identified portion of such assets, liabilities or firm commitments, attributable to a particular exposure, provided the consolidated income statement might be affected. Set out below is the information required by paragraph 24 of IFRS 7 in connection with these fair value hedges:

- Losses and gains on hedging instruments: See accompanying table showing a breakdown of losses and gains on hedging instruments during 2013 and 2012.
- Losses and gains on the hedged item attributable to the exposure hedged: See accompanying table showing a breakdown of losses and gains on hedged items that are actually attributable to the hedged exposure during 2013 and 2012.
- Ineffectiveness of hedges of net investments in foreign operations recognized in results for the year: The Group has no hedges of this kind.

Hedging Instrument	31 de diciembre de 2013				31 de diciembre de 2012			
	Results on hedging instruments		Hedged results		Results on hedging instruments		Hedged results	
	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit
Buying and selling of foreign currencies against euro	-	-	-	-	-	-	-	-
Sales of foreign currency on securities	-	-	-	-	-	-	-	-
Other operations on values	-	-	157	-	30 309	27 297	62 754	66 135
Swaps values	-	-	-	-	-	-	-	-
Options on Securities	-	-	-	-	-	-	-	-
Operations in term	-	-	157	-	30 309	27 297	62 754	66 135
Currency options	476	363	445	557	165	259	132	38
Purchased currency options	476	363	445	557	165	259	132	38
Currency options issued	-	-	-	-	-	-	-	-
Other operations on interest rates	367 193	188 127	186 448	336 107	221 543	366 407	394 140	249 185
Financial interest rate swaps (IRS bonds)	351 617	156 234	154 337	349 984	160 382	354 215	381 846	187 692
Financial interest rate swaps (IRS balances with central banks)	-	-	-	-	30 964	398	398	30 964
Financial interest rate swaps (IRS bonds)	15 576	31 893	32 111	16 123	30 197	11 794	11 896	30 529
	367 669	188 490	187 050	366 664	252 017	393 963	457 026	315 358

Thousands of euros

The notional amount of the contracts formalized does not represent the actual risk assumed by the Group in relation to such instruments.

The Group applies fair value hedge accounting basically to transactions in which it is exposed to changes in the fair value of certain assets and liabilities that are sensitive to interest rate fluctuations, i.e. assets and liabilities linked to a fixed interest rate, which is converted into a variable rate by means of the relevant hedges.

In the Group's opinion, at 31 December 2013 and 2012 there are no doubts that the expected transactions will be completed.

12. Investments

12.1 Investments - associates

Appendix III contains a breakdown of the Group's shareholdings in associates entities at 31 December 2013 and 2012 indicating the percentage held and other relevant information.

The contribution from the main associates to the consolidated balance sheet item "Equity investments - Associates" at 31 December 2013 and 2012 are as follows:

	Thousands of euros	
	2013	2012
Alestis Aerospace, S.L.	7 525	12 885
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (previously, Aquagest Andalucía, S.A.)	49 169	49 863
Autopista del Guadalmedina, Concesionaria Española, S.A.	22 393	26 032
Autopista del Sol, Concesionaria España, S.A.	30 164	33 341
Deoleo, S.A.	63 223	71 859
EBN Banco de Negocios, S.A.	10 564	9 883
Grupo Hoteles Playa, S.A.	11 376	15 358
Sacyr Vallehermoso, S.A.	-	38 815
Sociedad Municipal de Aparcamientos y Servicios, S.A.	8 135	7 776
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	75 930	58 778
Other entities	1 280	8 996
	279 759	**333 586**

Set out below is the reconciliation between the opening and closing balances of "Equity investments - Associates" in the consolidated balance sheets for 2013 and 2012:

	Thousands of euros	
	2013	2012
Net book value at 1 January	**293 542**	**354 716**
Additions for the year	3 841	2 260
Disposals for the year	(39 504)	-
Outcome equity	15 627	(2 128)
Impairment losses (Note 41)	(7 937)	(39 261)
Distributed dividends	(19 333)	(17 962)
Differences in valuation adjustments	27 280	8 116
Transfers between associated and group / multigroup	(1 974)	30
Other movements	8 217	27 815
Net book value at 31 December	**279 759**	**333 586**

The item "Other movements" relates basically to capital increases and reductions in associates, which are not recognized as additions or disposals provided the percentage shareholding does not change.

At 31 December 2013 and 2012 the Group recorded an amount of €7,937 thousand and €39,261 thousand, respectively, in respect of impairment of investments in associates, being recorded in the caption "Impairment losses on other assets (net) "(Note 41).

The balance of the caption " Investments - Associates " in the consolidated balance sheets at December 31, 2013 and 2012 includes €38,137 thousand and €40,044 thousand, respectively, related to goodwill associated with this type of shares. Note 4 sets out information relating to this goodwill.

12.2 Investments - jointly-controlled entities

Appendix II contains a breakdown of the Group's shareholdings in jointly-controlled entities at 31 December 2013 and 2012 indicating the percentage held and other relevant information. (Note 4 and Appendix II)

12.3 Notification of shareholdings acquired and sold

Here are the notifications of acquisitions and sales of shareholdings in group entities, associates and jointly-controlled entities that have been submitted in accordance with Article 86 of the Spanish Companies Act and Article 53 of Stock Market Act 24/1988.

In 2013 the main acquisitions and disposals of shareholdings in associated companies were as follows:

- Acquisition on 5 February 2013 and 23 September 2013 of 1,245 shares in Sociedad de Gestión San Carlos, S.A. (Sogescar) for € 418 thousand; the Group's interest in this company at 31 December 2013 stands at 50.32%.
- Acquisition on 11 February 2013 of 1,144 shares in Unic-as Promociones Inmobiliarias, S.L. for € 1,500 thousand; the Group's interest in this company at 31 December 2013 stands at 100%.
- Acquisition on 28 February 2013 of 3,130 shares in Inversiones Social Docente del Ahorro Benéfico Español, S.A. (ISDABE).
- Liquidation on 9 April 2013 affecting 1,185,704 shares in A.I.E. Alcione I, 1,222,546 shares in A.I.E. Alcione II, 1,959,000 shares in A.I.E. Naviera Urania. At 31 December 2013 the Group holds no shares in these companies.
- Acquisition on 14 May 2013 of 100,000 shares in Urbasur Actuaciones Urbanísticas, S.L. for € 50,000 thousand; the Group's interest in this company at 31 December 2013 stands at 100%.
- Sale on 6 June 2013 of 12,375,755 shares in Participaciones Agrupadas, S.L. for € 25 thousand, generating a profit of € 25 thousand.
- Sale on 12 June 2013 of 250 shares in Hispaparking, S.L. for € 13,000 thousand, generating a profit of € 12 thousand.
- Liquidation on 16 July 2013 of Andaluza de Control y Dispositivos de Seguridad, S.A.U. (ACDS), affecting 10,148 shares amounting to € 436 thousand.
- Acquisition on 18 July 2013 of 38,571 shares in Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. (TDA) for € 2,797 thousand; the Group's interest in this company at 31 December 2013 stands at 38.57% and it is now classed as an associate.
- Sale on 6 November 2013 of 1,505 shares in Servicios Generales de Jaén, S.A. for € 3 thousand, which did not generate a profit.
- Sale on 16 December 2013 of 7,252 shares in Inversiones Social Docente del Ahorro Benéfico Español, S.A. (ISDABE) for € 379 thousand, generating a loss of € 430 thousand that is offset by an impairment provision. At 31 December 2013 the Group holds no shares in this company.
- Subscription in a capital increase on 23 December 2013 of 31,220,000 shares in Unicaja Gestión de Activos Inmobiliarios, S.A.U. (UGAI) for € 31,220 thousand.
- Non-cash contribution on 23 December 2013 to subscribe for a total of 30,040 shares in Gestión de Inmuebles Adquiridos, S.L.U. (GIA) in the amount of € 31,206 thousand.
- Liquidation on 31 December 2013 of 1,749,901 shares in A.I.E. Naviera Nerga. At 31 December 2013 the Group holds no shares in this entity.
- Acquisition on 31 December 2013 of 210,940 shares in Liquidámbar Inversiones Financieras, S.L. for € 564 thousand; the Group's interest in this company at 31 December 2013 stands at 14.74%.
- Vertical merger of Unicorp Retail Properties, S.A.U. into Unicorp Corporación Financiera, S.L., affecting 6,051 shares, amounting to € 3,401 thousand.
- Liquidation of the securitization funds AYT Unicaja Financiación I, FTA, Unicaja Andalucía FT Vivienda TDA 1, FTA, Unicaja AYT Empresas I, FTA and Unicaja TDA VPO, FTA (Note 30.6).

Also, in 2013, there have been the following changes in classification between Group companies, jointly controlled entities and associates:

- Having regard to the shareholding in Sacyr Vallehermoso, S.A., with effect as from 1 January 2013 existing shareholder agreements were cancelled and the investment was reclassified to the available-for-sale assets portfolio at that date.
- The shareholding in Urbasur Actuaciones Urbanísticas, S.L. increased from 50% to 100%, this company becoming a subsidiary of the Unicaja Banco Group.
- The shareholding in Unic-as Promociones Inmobiliarias, S.L. increased from 49% to 100%, this company becoming a subsidiary of the Unicaja Banco Group.

In 2012 the main acquisitions and disposals of shareholdings in associated companies were as follows:

- Acquisition dated January 30, 2012 of 947,439 shares in A.I.E. Naviera Cabo Udra for €947 thousand, and at 31 December 2012 a 26% stake in the company was held.
- Acquisition dated March 26, 2012 of 959,920 shares in A.I.E. Naviera San Simón for €960 thousand, and at 31 December 2012 a 26% stake in the company was held.
- Acquisition dated April 30, 2012 of 9,750 shares in Cartera de Inversiones Agroalimentarias, S.L. for €160 thousand, at 31 December 2012 a 82.50% stake in the company was held.
- Acquisition dated May 10, 2012 of 5,099 shares in Grupo Hoteles Playa, S.A. for €311 thousand, and at 31 December 2012 a 15.55% stake in the company was held.
- Acquisition of 972,399 shares, dated 25 June 2012, in A.I.E. Naviera Malpica for €972 thousand, at 31 December 2012 a 26% stake in the company was held.
- Subscription dated December 26, 2012 of 56,905,400 shares in Unicaja Gestión de Activos Inmobiliarios, S.A.U. for € 56,905 thousand, through a cash contribution at the time of incorporation of €55,379 thousand and €1,526 thousand in cash, with the percentage of participation in the equity of the company at December 31, 2012 the 100.00 % (Note 1.1.3).
- Disposition dated September 26, 2012 of 260,064 shares in Alcazaba Television, SL, which has not brought benefits.
- Liquidation dated June 6, 2012 of 200 shares in assets Andalusians, SL, which has brought benefits.
- Liquidation dated November 15, 2012 of 6,000 shares in Administration and Personnel Management, ETT, SAU for € 513 thousand.
- Liquidation dated December 13, 2012 of 9,088 shares in Profingo, SA, for which assets have been obtained, for € 1,949 thousand.

Also, in 2012, there have been the following changes in classification between Group companies, jointly controlled entities and associates:

- Reclassification from investments in Uniwindet, S.L., Uniwindet Parque Eólico Tres Villas, S.L., Uniwindet Parque Eólico Loma de Ayala, S.L., Uniwindet Parque Eólico Los Jarales, S.L. and Uniwindet Parque Eólico Las Lomillas, S.L. which were classified as jointly controlled entities at December 31, 2011 and have come to be classified as Group entities at December 31, 2012.

- Reclassification of the ownership interest in Cartera de Inversiones Agroalimentarias, S.L. which was classified as an associate entity at December 31, 2011 and has come to be classified as Group entity at December 31, 2012.

The net charges recorded in the consolidated statement of cash flows for the year 2013 recorded in this caption cash holdings amounted to € 268 thousand (net payments of € 2,499 thousand in 2012).

13. Property, plant and equipment

The movements of "property, plant and equipment" in this balance sheets of 2013 and 2012 are as follows:

	Thousands of euros		
	For own use	Investment property	Total
Cost			
Balance at 31 December 2012	**1 168 900**	**203 951**	**1 372 851**
Additions	9 188	3 467	12 655
Disposals and other write-offs	(12 521)	(13 814)	(26 335)
Other transfers and other movements	(15 929)	40 366	24 437
Balance at 31 December 2013	1 149 638	233 970	1 383 608
Accumulated depreciation			
Balance at 31 December 2012	**(520 914)**	**(16 186)**	**(537 100)**
Disposals and other write-offs	8 496	499	8 995
Charges	(29 918)	(3 797)	(33 715)
Other transfers and other movements	1 058	(3 449)	(2 391)
Balance at 31 December 2013	(541 278)	(22 933)	(564 211)
Impairment losses			
At 31 December 2013	(17 049)	(48 657)	(65 706)
Net property, plant and equipment			
Balance at 31 December 2013	**591 311**	**162 380**	**753 691**

	Thousands of euros		
	For own use	Investment property	Total
Cost			
Balance at 31 December 2011	**1 130 497**	**163 004**	**1 293 501**
Additions	68 140	2 699	70 839
Disposals and other write-offs	(8 003)	(12 022)	(20 025)
Other transfers and other movements	(21 734)	50 270	28 536
Balance at 31 December 2012	1 168 900	203 951	1 372 851
Accumulated depreciation			
Balance at 31 December 2011	(484 601)	(12 502)	(497 103)
Disposals and other write-offs	4 209	17	4 226
Charges	(31 577)	(4 600)	(36 177)
Other transfers and other movements	(8 945)	899	(8 046)
Balance at 31 December 2012	(520 914)	(16 186)	(537 100)
Impairment losses			
At 31 December 2012	(18 693)	(39 038)	(57 731)
Net property, plant and equipment			
Balance at 31 December 2012	**629 293**	**148 727**	**778 020**

The above tables identify "Other transfers and other movements" in both the cost and accumulated depreciation of the assets. Set out below is a breakdown by nature of these movements in 2013 and 2012:

				Thousands of euros
		2013		2012
	For own use	Investment Property	For own use	Investment Property
Transfers from non-current assets held for sale	-	6 708	-	18 970
Transfers between own use and investment properties	(15 273)	15 273	(20 517)	20 517
Transfers from inventories	-	24 110	-	19 035
Other movements	402	(9 174)	(10 162)	(7 353)
	(14 871)	**36 917**	**(30 679)**	**51 169**

The Group has taken out several insurance policies to cover risks that are subject property, plant and equipment. The coverage of these policies is considered sufficient.

The net charges recorded in the statement of consolidated cash flows for the year 2013 by tangible assets recorded under this heading amounted to € 571 thousand (net payments of € 54.902 thousand in 2012).

13.1 Property, plant and equipment for own use

Set out below is a breakdown by nature of this balance sheet caption at 31 December 2013 and 2012:

				Thousands of euros
	Cost	Accumulated depreciation	Impairment losses	Net balance
Data processing equipment and installations	90 389	(82 598)	-	7 791
Furniture, vehicles and other installations	535 786	(374 939)	(276)	160 571
Buildings	472 918	(77 250)	(13 065)	382 603
Work in progress	904	-	-	904
Other	49 641	(6 491)	(3 708)	39 442
Balance at 31 December 2013	**1 149 638**	**(541 278)**	**(17 049)**	**591 311**
Data processing equipment and installations	89 718	(85 224)	-	4 494
Furniture, vehicles and other installations	534 960	(354 738)	(352)	179 870
Buildings	486 525	(74 695)	(14 228)	397 602
Work in progress	877	-	-	877
Other	56 820	(6 257)	(4 113)	46 450
Balance at 31 December 2012	**1 168 900**	**(520 914)**	**(18 693)**	**629 293**

As part of the net balance as of December 2013 contained in the above table, there are headings for an amount of €5,413 thousand (€1,747 thousand at December 31, 2012) corresponding to plant and equipment net worth societies Group are acquired under leasing.

At 31 December 2013, property, plant and equipment for own use having a gross value of approximately €355,954 thousand (€349,907 thousand at 31 December 2012) was fully depreciated.

13.2 Investment property

The consolidated balance sheet item "Investment property" generally reflects the net values of land, buildings and other structures held in order to be leased. Investment property is carried in the consolidated balance sheet at acquisition cost, which is formed by the fair value of any consideration paid plus all cash outlays made or committed, less accumulated depreciation and any estimated losses calculated by comparing the net value of each item with its recoverable amount. Under IAS 36, the recoverable amount is the higher of fair value less costs to sell and the value in use of the assets.

As these assets generate rental income and their value in use may be estimated, the Group does not follow the same appraised value update criteria applicable to irregular properties held exclusively for sale. The Group calculates the recoverable amount of investment property based on the value in use derived from the rent generated by the assets.

The Unicaja Banco does not have a reliable measurement of the fair value of investment property. As there is no reliable measurement of the fair value of investment property, the Group does not report on the requirements of letters (d) and (e) of IAS 40, paragraph 75.

Direct operating expenses (including repairs and maintenance) recognized in the consolidated income statements for 2013 and 2012 in relation to investment property, showing property that generates rent separately from property that does not, are as follows:

	Thousands of euros	
	2013	2012
Expenses associated with investment property that generates rent	4 679	3 082
Expenses associated with investment property that does not generate rent	975	455
	5 654	**3 537**

As regards the investment property for which the Group acts as a lessor, regulations applicable to each lease are observed, particularly the provisions of Law 29/1994 (24 November) on Municipal Leases and Law 4/2013 (4 June) on measures to develop and enhance the flexibility of the home rental market.

In 2013 and 2012, income from leased out under operating lease (investment property) owned by the Group totaled €6,610 thousand and €6,460 thousand, respectively (Note 38).

With respect to the information required by IAS 27, paragraph 56, in 2013 and 2012 the Group's annual income from non-cancellable operating leases, i.e. under the former lease regime, totaled € 7 thousand in both periods.

13.3 Impairment losses

Set out below is a summary of movements in impairment losses affecting property, plant and equipment during 2013 and 2012:

			Thousands of euros
	Own use	Investment property	Total
Balance at 31 December 2011	22 955	23 311	46 266
Endowments	-	7 898	7 898
Recoveries, sales	-	-	-
Other recoveries	(79)	-	(79)
Other transfers and reclassifications	(4 183)	7 829	3 646
Balance at 31 December 2012	18 693	39 038	57 731
Endowments	-	8 009	8 009
Recoveries, sales	(410)	(63)	(473)
Other recoveries	(69)	-	(69)
Other transfers and reclassifications	(1 165)	1 673	508
Balance at 31 December 2013	17 049	48 657	65 706

14. Intangible assets

At 31 December 2013 and 2012, virtually the entire balance of "Intangible assets" in the consolidated balance sheet relates to computer software using in the course of business by the companies of the Unicaja Banco Group.

Movements in "Intangible assets" in the consolidated balance sheet during the periods ended 31 December 2013 and 2012 are as follows:

			Thousands of euros
	Cost	Accumulated depreciation	Net book value
Balance at December 31, 2011	19 850	(15 642)	4 208
High cost / depreciation	239	(1 004)	(765)
Low cost / depreciation	(428)	402	(26)
Other movements	(255)	(57)	(312)
Balance at December 31, 2012	19 406	(16 301)	3 105
High cost / depreciation	1 798	(1 077)	721
Low cost / depreciation	(383)	375	(8)
Other movements	-	(129)	(129)
Balance at December 31, 2013	20 821	(17 132)	3 689

The amount recognized in the consolidated income statement item "Amortization - Intangible assets" totals € 1,077 thousand at 31 December 2013 (€ 1,004 thousand at 31 December 2012).

Fully-amortized intangible assets still in use at 31 December 2013 and 2012 amount to € 14,003 thousand and € 13,545 thousand, respectively.

Net payments recorded in the statement of consolidated cash flows for the year 2013 for intangible assets recorded under this heading amounted to € 1,661 thousand (net receipts of € 98 thousand in 2012).

15. Other assets

a) Non-current assets for sale

Set out below is a breakdown of the item "Non-current assets for sale", which includes the carrying amount of assets that do not form part of the Bank's operating activities and the carrying amount of which will foreseeably be recovered through the transfer price. These assets amount to € 263,918 thousand at 31 December 2013 (€ 293,554 at 31 December 2012).

The Group has estimated the fair value of these assets based upon the value obtained in an updated valuation, in line with the content of OM/805/2003, by a valuers authorized by the Bank of Spain.

Set out below is a breakdown of non-current assets classified by purpose at the end of the years 2013 and 2012:

	Thousands of euros	
	2013	**2012**
Equity instruments	**42**	**1 848**
Residential assets	**181 582**	**173 760**
Finished Properties	**41 398**	**56 723**
Dwelling	12 442	28 873
Rest	28 956	27 850
Properties under construction	**15 119**	**10 409**
Dwelling	14 279	9 785
Rest	840	624
Soils	**25 777**	**50 814**
	263 918	**293 554**

Net gains recognized in the 2013 consolidated statement of recognized income and expenses on equity instruments classed as non-current assets for sale total € 730 thousand (net losses of € 982 thousand in 2012).

Set out below is the reconciliation between the opening and closing balances of tangible assets included in the consolidated balance sheet item "Non-current assets for sale" (excluding equity instruments) for 2013 and 2012:

	Thousands of euros		
	Tangible assets awarded	**Value adjustments for impairment**	**Net book value**
Balances at December 31, 2011	**233 832**	**(29 828)**	**204 004**
Additions for the year	218 037	(10 046)	207 991
Disposals and other transfers	(60 336)	13 426	(46 910)
Allocated to income (Note 43)	(6 907)	(25 243)	(32 150)
Transfers to inventories (Note 1.1.3)	(30 769)	6 228	(24 541)
Transfers to investment property	(18 970)	-	(18 970)
Other movements	2 128	154	2 282
Balances at December 31, 2012	**337 015**	**(45 309)**	**291 706**
Additions for the year	126 130	(7 601)	118 529
Disposals and other transfers	(70 729)	14 240	(56 489)
Allocated to income (Note 43)	(3 334)	(10 401)	(13 735)
Transfers to inventories (Note 1.1.3)	(83 331)	8 339	(74 992)
Transfers to investment property	(6 708)	-	(6 708)
Other movements	4 882	683	5 565
Balances at December 31, 2013	**303 925**	**(40 049)**	**263 876**

During 2013 and 2012 no significant collections or payments were reflected in the consolidated cash flow statement in respect of non-current assets for sale.

Impairment losses recognized in the consolidated income statement in 2013 and 2012 on non-current assets for sale total € 10,401 thousand and € 25,243 thousand, respectively; they are recognized in the item "Gains/(losses) on non-current assets for sale not classified as discontinued operations" (Note 43).

All the "Non-current assets for sale" in the consolidated balance sheet were received by the Bank or by other consolidated companies for the full or partial settlement of debtor obligations.

The Unicaja Banco Group applies market terms in buyer financing granted for the purchase of properties. Loans granted in 2013 for initial financing total € 6,062 thousand. At 31 December 2013, gains on these loans pending recognition amount to € 11,308 thousand.

Valuation companies

The main valuation company that issues reports on the Unicaja Banco Group's assets is Tasaciones Inmobiliarias, S.A. (Tinsa). The following companies also issue valuation reports on the Group's assets: Sociedad de Tasación, S.A. (Sotasa), UVE Valoraciones, S.A., Técnicos de Tasación, S.A. (Tecnitasa) and Eurovaloraciones, S.A. (Euroval).

The Unicaja Banco Group has a procedure for selecting valuation companies that restricts assignments to appraisals that are performed solely through electronic means by valuation companies with an internal code of conduct that complies with applicable legislation, among other requirements. Pre-authorized valuation companies are selected at random.

In general, the appraisals used by the Unicaja Banco Group, both for properties securing loans and for assets that are repossessed or received as payment for debts, must be performed by a valuation company authorized by the Bank of Spain and in accordance with the requirements of Order ECO/805/2003 (27 March).

b) Other assets

A breakdown of the balances in this consolidated balance sheet caption at 31 December 2013 and 2012 is set out below:

	Thousands of euros	
	2013	2012
Inventories	673 671	635 194
Other	29 243	80 185
	702 914	**715 379**

At 31 December 2013 and 2012, the consolidated balance sheet item "Other" relates basically to prepayments and accrued income.

The consolidated balance sheet item "Inventories" includes non-financial assets that are held for sale by the consolidated entities in the ordinary course of business, are being produced, built or developed for that purpose, or are expected to be consumed in the production process or in the provision of services. Consequently, land and other properties held for sale or for inclusion in a housing development, are treated as inventories.

Inventories are carried at the lower of cost, which includes all outlays to acquire and transform the inventories, direct or indirect costs incurred to bring them to their current condition and location, and directly attributable financial costs, provided more than one year must elapse before they are sold, and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to be incurred to complete the production and sale of the inventories.

In accordance with paragraph 2 of IAS 36 "Inventories", both decreases and, if applicable, subsequent recoveries of the net realisable value of inventories below their carrying amount are recognized in the consolidated income statement in the period in which they occur, in the item "Impairment losses on other assets (net) - Other assets".

A breakdown by company of the asset item "Other assets - Inventories" on the consolidated balance sheet at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Unicaja Banco, S.A.U.	-	3 772
Unic-as Promociones Inmobiliarias, S.L.U.	23 705	14 908
Inmobiliaria Acinipo, S.L.U.	10 961	8 866
Gestión de Inmuebles Adquiridos S.L.U.	634 277	587 936
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	1 526	1 526
Promotora Guadalnervión, S.L.U.	2 927	7 513
Other entities	275	10 673
	673 671	**635 194**

- With respect to the review of appraisal quality, the Unicaja Banco Group has procedures in place to review the appraisal report, particularly in relation to the determining factors; if there are doubts as to the appraised value and/or determining factors, it is compared with values recently obtained for properties that are similar and/or in the same zone. Internal controls are also in place to review the consistency and adequacy of the valuations performed by each valuers.

- In the professional relationships with valuation companies, in order to safeguard valuer independence and avoid conflicts of interest, the Group has put in place adequate mechanisms and barriers to preclude the possibility of their activities being influenced, for purposes unrelated to the assurance of valuation quality, by the Bank's operating units or subsidiaries.

- As regards the frequency of appraisal reviews, pursuant to prevailing legislation, the values of assets securing mortgage loans (at minimum, assets securing loans classed as doubtful or substandard), repossessed assets and assets received as payment for debts are revised every three years at minimum, depending on the status of the loan and the asset type,

- For appraisals that need not fulfil the requirements of Annex IX of Circular 4/2004, the Credit Committee is responsible for establishing a procedure that can combine both valuations performed under Order ECO 805/2003 without visiting the interior of the property and the estimation of the appraised value using statistical or other methods permitted by regulations.

Finally, at 31 December 2013 and 2012 the Unicaja Banco Group records no inventories in the consolidated balance sheet that are pledged to secure the settlement of debts.

16. Financial liabilities at amortized cost

16.1 Deposits from Central Banks

A breakdown of this consolidated balance sheet heading at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Central Bank of Spain	4 500 000	6 000 000
Measurement adjustments - Accrued interest	62 045	17 688
	4 562 045	**6 017 688**

The interest accrued during the years 2013 and 2012 for these deposits have been of €33,625 thousand and €49,309 thousand, respectively, and are included in "Interest and similar charges" in the consolidated income statement (Note 32).

16.2 Deposits from credit institutions

Set out below is a breakdown by nature of transactions of the consolidated balances in this balance sheet caption at 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Term deposits	169 604	155 423
Investments	150 000	150 000
Assets sold under repurchase agreements	1 376 609	546 936
Other accounts	156 517	175 380
Measurement adjustments	5 784	2 889
	1 858 514	**1 030 628**

Fixed-term deposits include unique mortgage bonds issued in accordance with the provisions of Law 2/1981 (25 March) on the mortgage market and a territorial bond issued in accordance with Law 44/2002 (22 November), as detailed below:

			Thousands of euros	
			Nominal amount	
Issue date	**Maturity date**	**Interest rate**	**2013**	**2012**
11/03/2003	11/03/2013	(c) 4.007%	-	250 000
02/12/2003	02/12/2013	(c) 4.507%	-	7 742
02/12/2003	02/12/2018	(a) 4.757%	16 258	16 258
19/11/2003	22/11/2013	(c) 4.509%	-	200 000
04/12/2003	04/12/2015	Euribor 3 months + 0.13%	100 000	100 000
25/02/2004	01/03/2016	(a) 4.385%	250 000	250 000
05/04/2004	05/04/2014	(c) 4.005%	250 000	250 000
05/04/2004	05/04/2014	(c) 4.005%	50 000	50 000
16/11/2004	16/11/2014	(c) 4.007%	146 341	146 341
16/11/2004	16/11/2014	(c) 4.007%	21 951	21 951
16/11/2004	16/11/2019	(a) 4.257%	53 659	53 659
16/11/2004	16/11/2019	(a) 4.257%	8 049	8 049
24/11/2004	27/11/2019	(c) 4.125%	200 000	200 000
29/03/2005	29/03/2015	(c) 3.753%	141 667	141 667
29/03/2005	29/03/2020	(a) 4.003%	58 333	58 333
18/05/2005	21/05/2025	(a) 3.875%	200 000	200 000
15/06/2005	20/06/2017	(a) 3.500%	150 000	150 000
28/06/2005	28/06/2025	(a) 3.754%	76 923	76 923
28/06/2005	28/06/2015	Euribor 3 months + 0.08%	73 077	73 077
16/11/2005	21/05/2025	(a) 3.875%	200 000	200 000
12/12/2005	12/03/2016	(a) 3.503%	74 074	74 074
12/12/2005	12/12/2022	(a) 3.754%	51 852	51 852
20/02/2006	20/02/2018	Euribor 3 months + 0.12%	90 000	90 000
10/03/2006	12/03/2016	(a) 3.503%	40 000	40 000
22/03/2006	22/03/2021	(a) 4.005%	100 000	100 000
06/04/2006	08/04/2021	(a) 4.125%	200 000	200 000
25/05/2006	06/04/2016	(b) Euribor 3 months + 0.06%	250 000	250 000
26/05/2006	24/05/2017	Euribor 3 months + 0.09%	100 000	100 000
09/06/2006	12/06/2018	(a) 4.255%	100 000	100 000
19/10/2006	21/10/2018	(a) 4.000%	300 000	300 000
23/10/2006	24/05/2017	Euribor 3 months + 0.09%	100 000	100 000
23/10/2006	23/10/2023	(c) 4.254%	200 000	200 000
16/03/2007	19/03/2017	(a) 4.004%	200 000	200 000
23/03/2007	26/03/2027	(d) 4.250%	150 000	150 000
20/04/2007	08/04/2021	(a) 4.125%	200 000	200 000
23/05/2007	22/05/2019	Euribor 3 months + 0.09%	200 000	200 000
23/05/2007	23/05/2027	(a) 4.755%	50 000	50 000
23/05/2007	23/05/2027	(a) 4.755%	50 000	50 000
29/06/2007	08/04/2031	(a) 4.250%	400 000	400 000
25/07/2007	18/12/2016	(a) 4.005%	300 000	300 000
19/10/2007	21/10/2017	Euribor 3 months + 0.17%	250 000	250 000
19/10/2007	08/04/2021	4.125%	60 000	60 000
19/10/2007	26/03/2027	4.250%	110 000	110 000
19/10/2007	08/04/2031	4.250%	180 000	180 000
05/12/2007	20/02/2018	Euribor 3 months + 0.13%	145 000	145 000
10/04/2008	10/04/2048	(a) 5.280%	22 000	22 000
			5 919 184	**6 376 926**

(a) The fixed interest rate borne by the Entity has been converted to a variable rate by contracting swaps on the nominal amount.
(b) Issue bearing interest divided into two tranches, commencing with a fixed rate of 2.891% to 8 July 2006; the rate then changes to the 3-month Euribor + 0.06.
(c) The fixed rate supported by the Bank has been made variable by financial swaps on the nominal amount. These swaps were canceled during 2012.

(d) The fixed interest rate paid by the Bank has been converted to a variable rate by contracting financial swaps covering the nominal value. The swap was cancelled during 2013.

16.4 Marketable debt securities

A breakdown of this consolidated balance sheet heading at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Promissory notes and bills	89 427	557 268
Mortgage securities	2 629 663	2 780 213
Other non-convertible securities	1 450 000	1 450 000
Own securities	(1 737 578)	(1 778 859)
Measurement adjustments - Accrued interest	72 134	113 479
	2 503 646	**3 122 101**

16.4.1 Promissory notes and bills

During the years 2013 and 2012 have been in place four programs of notes, with the following key features and balances for the end:

			Thousands of euros	
			Nominal amount subscribed	
	Maturity date	Nominal amount of issue	2013	2012
First commercial paper program Unicaja	Variable (*)	1 500 000	93 506	575 919
			93 506	**575 919**

(*)The notes were issued at any time from one week to eighteen months.

The "First Notes Programme of Unicaja Banco" was registered with the Spanish National Securities Market Commission (CNMV) in March 2012, targeting the general public, including retail and qualified investors, consisting of notes with a nominal value of € 1,000 up to a maximum sum of € 1.5 billion, extendable to € 3 billion de euros. The programme had a one-year term as from registration with the CNMV and is no longer in force at 31 December 2013, although there are unmatured notes.

Interest accrued during 2013 for such securities have been €12,955 thousand (€25,636 thousand in 2012), and are included in "Interest expense and similar charges" in the consolidated income statement (Note 32).

The average effective interest rate on the debt instruments classified in this heading at 31 December 2013 was 3.71% (3.62% at 31 December 2012).

The movements of the account of promissory notes and other securities in 2013 and 2012 are as follows:

	Thousands of euros	
	2013	2012
Opening nominal balance	575 919	282 040
Issues	29 072	1 536 663
Redemption	(511 485)	(1 242 784)
Closing nominal balance	93 506	575 919
Prepaid interest	(4 079)	(18 651)
Closing balance	**89 427**	**557 268**

All these financial instruments are denominated in euros.

The issue prospectuses, prepared in accordance with Circular 2/1999 from the Spanish National Securities Market Commission (CNMV), were officially registered by the CNMV.

16.4.2 Mortgage securities

detail of the mortgage bonds issued at December 31, 2013 and 2012 is as follows:

Issue	ISIN code	Issue date	Issue amount	Balance at 31/12/13	Balance at 31/12/12	Maturity date	Interest rate
1st Issue Unicaja	ES0464872011	26/03/2008	50 000	-	50 000	26/03/2013	Euribor 6m + 0.25%
6th Issue Unicaja	ES0464872052	24/07/2009	50 000	-	49 960	24/01/2013	3.320%
7th Issue Unicaja	ES0464872060	06/10/2009	1 000 000	994 489	994 503	06/10/2014	3.125%
8th Issue Unicaja	ES0464872078	17/12/2009	70 000	70 000	70 000	17/12/2017	Euribor 6m + 0.69%
9th Issue Unicaja	ES0464872086	17/12/2009	30 000	30 000	30 000	17/12/2021	Euribor 6m + 0.75%
10th Issue Unicaja	ES0464872094	27/01/2010	50 000	-	50 000	27/09/2013	2.875%
1th Issue Unicaja	ES0458759000	14/10/2010	750 000	744 207	745 217	14/10/2015	4.375%
2nd Issue Unicaja	ES0458759018	22/11/2010	70 000	70 000	70 000	22/11/2018	Euribor 6m + 2.00%
3rd Issue Unicaja	ES0458759026	22/11/2010	30 000	30 000	30 000	22/11/2022	Euribor 6m + 2.00%
4th Issue Unicaja	ES0458759034	23/03/2011	500 000	490 967	490 533	23/03/2016	5.500%
1st Issue Unicaja	ES0480907015	21/12/2012	200 000	200 000	200 000	21/12/2020	Euribor 3m + 4.40%
				2 629 663	**2 780 213**		

These issues are admitted for negotiation on the fixed income market AIAF, and are guaranteed by a mortgage on all those that at any time are registered in favour of the issuing entity and are not subject to the issue of mortgage bonds, in addition to the overall equity liability for these.

Interest yield from the date of issue of these bonds at 31 December 2013 amounted to €83,546 thousand (€89,415 thousand at 31 December 2012), and included in "Interest expense and similar charges" of the consolidated income statement (Note 32).

The average effective interest rate for these debt instruments at 31 December 2013 is 3.42% (3.43% at 31 December 2012).

16.4.3 Other non-convertible securities

Other non-convertible securities at 31 December 2013 and 2012 relates to the outstanding balance of the Group's bond and debenture issues.

Set out below is an analysis of outstanding bond and debenture issues at 31 December 2013 and 2012:

			Thousands of euros			2013
Issue	**ISIN code**	**Issue date**	**Nominal amount**	**Outstanding**	**Interest rate**	**Maturity date of issue**
Territorial bonds Unicaja Banco 1st issue	ES0480907007	27/03/2012	700 000	700 000	4.203%	27/03/2017
Guaranteed Unicaja Banco Bonds 1st issue	ES0380907008	23/05/2012	300 000	300 000	6.250%	23/05/2017
Guaranteed Unicaja Banco Bonds 2nd issue	ES0380907016	20/06/2012	300 000	300 000	6.900%	20/06/2017
Guaranteed Unicaja Banco Bonds 3rd issue	ES0380907024	20/06/2012	150 000	150 000	6.150%	20/06/2015
			1 450 000	**1 450 000**		

			Thousands of euros			2012
Issue	**ISIN code**	**Issue date**	**Nominal amount**	**Outstanding**	**Interest rate**	**Maturity date of issue**
Territorial bonds Unicaja Banco 1st issue	ES0480907007	27/03/2012	700 000	700 000	4,203%	27/03/2017
Guaranteed Unicaja Banco Bonds 1st issue	ES0380907008	23/05/2012	300 000	300 000	6,250%	23/05/2017
Guaranteed Unicaja Banco Bonds 2nd issue	ES0380907016	20/06/2012	300 000	300 000	6,900%	20/06/2017
Guaranteed Unicaja Banco Bonds 3rd issue	ES0380907024	20/06/2012	150 000	150 000	6,150%	20/06/2015
			1 450 000	**1 450 000**		

Interest accrued on the bonds during 2013 totaled €5,021 thousand (€21,749 thousand in 2012) and is included in the consolidated income statement item "Interest expenses and similar charges" (Note 32).

The average effective interest rate on the debt instruments classified in this heading at 31 December 2013 was 0.35% (1.53% at 31 December 2012).

All these financial instruments are denominated in euros.

16.5 Subordinated liabilities

Set out below is a breakdown of the balances and main features of subordinated liabilities in the consolidated balance sheet at 31 December 2013 and 2012, consisting of the Group's issue of subordinated debt:

		Euros	Thousands of euros			
Issue	**No. of securities**	**Nominal amount**	**Balance at 31/12/13**	**Balance at 31/12/12**	**Nominal Interest rate**	**Maturity**
Twelfth	-	300	-	51 136	(*)Interest rate ECSC + 0.5%	18/09/2013
Thirteenth	96 861	300	29 058	50 711	(*)Interest rate ECSC + 0.5%	01/07/2014
Fourteenth	62 523	300	18 757	31 904	(*)Interest rate ECSC + 0.5%	01/07/2014
Fifteenth	106 161	300	31 849	55 357	Euribor 12 months + 0.15%	26/07/2015
Caja Jaén First Issue	3 102	600	1 861	3 487	Euribor 6 months + 0.25%	20/12/2014
Caja Jaén Second Issue	1 390	1 000	1 390	3 147	Euribor 6 months + 0.30%	15/12/2015
Singular case Jaen subordinated obligation	1	8 000 000	7 944	7 944	Euribor 3 months + 0.8575%	08/11/2016
Valuation adjustments - Accrued interest			120	706		
			90 979	204 392		

(*) Since September 2012 ceased the publication of the differential, making it take effect the terms of the respective prospectuses for such circumstances continue to apply the interest type replacement.

These are repaid at par at maturity. All emissions are targeted at retail investors, except for the issue called "singular case Jaen subordinated obligation", which is assigned to subordinated debt I AyT background and it is addressed to qualified investors.

All subordinated debt issues are behind the Institution's common creditors in terms of creditor priority. Subordinated debts are classed as computable for the purposes of the Institution's minimum equity ratio; although amounts exceeding the percentages of tier-1 capital referred to in Article 23.2 of Royal Decree 1343/1992 (6 November) may not be included in the calculation of equity.

Interest on subordinated debt financing recognized in the consolidated income statement amounted to €2,671 thousand in 2013 (€5,390 thousand in 2012) (Note 32).

The average effective interest rate on the debt instruments classified in this caption at 31 December 2013 was 1.66% (2.47% at 31 December 2012).

Net payments recorded in financing activities of the cash flow statement Consolidated 2013 on subordinated liabilities recorded under this heading amounted to € 113,413 thousand (net receipts of € 28,921 thousand in 2012).

16.6 Other financial liabilities

This balance in the balance sheets at 31 December 2013 and 2012 breaks down as follows:

	Thousands of euros 2013	2012
Amounts payable	47 353	52 989
Bails Received	73 924	86 743
Collection accounts	23 959	22 967
Special accounts	640	730
Financial guarantees	669 179	672 475
	815 055	**835 904**

The amount registered by the Entity as at 31 December 2013 and 2012 under the heading of guarantees received corresponds, principally, to guarantees in favour of the Entity deposited in other financial entities as a result of its operation in derivative coverage products.

The positive flow included in the statement of consolidated cash flows for the year 2013 on financial liabilities at amortized cost amounts to € 614,422 thousand (positive flow of € 2,886,481 thousand in 2012).

17. Provisions

Set out below are the changes in provisions in 2013 and 2012 and the purpose of the provisions recorded in the consolidated balance sheets at 31 December 2013 and 2012:

Thousands of euros

	Pensions and similar obligations	Contingent liabilities and commitments	Other provisions	Total
Balance at 31 December 2011	**194 409**	**31 503**	**117 147**	**343 059**
Provision charged to income:				
Charge to provisions	5 581	27 039	33 588	66 208
Interest costs (Note 32)	6 199	-	-	6 199
Recovery against income	(81)	(19 909)	(8 413)	(28 403)
Provisions used	(21 841)	-	(6 936)	(28 777)
Other movements	-	330	(23 342)	(23 012)
Balance at 31 December 2012	**184 267**	**38 963**	**112 044**	**335 274**
Provision charged to income:				
Charge to provisions	5 538	26 251	56 666	88 455
Interest costs (Note 32)	5 344	-	-	5 344
Recovery against income	-	(37 136)	(2 550)	(39 686)
Provisions used	(24 314)	-	(22 487)	(46 801)
Other movements	13 115	607	(11 127)	2 595
Balance at 31 December 2013	**183 950**	**28 685**	**132 546**	**345 181**

The provisions recognized by the Group reflect best estimates of future obligations. The Bank's directors consider that there is no significant risk, taking into account the amount of these provisions, that such obligations could give rise to a material adjustment to the carrying amount of the Group's assets and liabilities in the following accounting period. The financial effect estimated in provision calculations and provisions recovered in 2013 and 2012 were immaterial.

The Bank quantifies provisions taking into account the best information available on the consequences of the event giving rise to the provisions, which are re-estimated at each accounting close and are used to cover the specific obligations for which they were originally recognized. Provisions are fully or partially reversed if such obligations decrease or are eliminated.

The Group periodically reassesses the risks to which its activities are exposed on the basis of economic circumstances. Following the initial measurement and recognition of provisions, they are reviewed at each balance sheet date and adjusted, if applicable, to reflect best estimates at that time.

Provisions recognized are used to cover the specific obligations for which they were originally recognized and are fully or partially cancelled when such obligations cease to exist or decrease.

Provisions for pensions and similar obligations

The breakdown of "Provisions for pensions and similar obligations" corresponds to the amount of commitments with employees of the Group described in Notes 2.12 and 40.

Provisions for contingent liabilities and commitments

This caption from the consolidated balance sheet includes the amount of the provisions registered to cover contingent risks, understood as those transactions where the Group secures third-party obligations resulting from the financial guarantees granted or other types of contracts and contingent commitments, understood as irrevocable commitments which may lead to the recognition of financial assets.

Set out below is a breakdown by nature of the balance in the item "Provisions for contingent exposures and commitments" at 31 December 2013 and 2012, and a breakdown of the related item "Other movements" during 2013 and 2012:

				Thousands of euros
	Balance at end		Other movements	
	2013	2012	2013	2012
Provisions for contingent liabilities	28 685	38 963	607	330
Provisions for contingent liabilities	-	-	-	-
	28 685	38 963	607	330

"Other movements" basically include increases and decreases in the provisions recognized for contingent exposures due to reclassifications between amounts utilized and contingent exposures.

The item "Provisions for contingent exposures" includes provisions operations in which the Group secures third-party obligations under financial guarantees furnished or other types of agreements, while the item "Provisions for contingent commitments" includes provisions for irrevocable commitments that could give rise to the recognition of financial assets, there being a zero balance at 31 December 2013 and 2012.

Other provisions

Set out below is a breakdown by nature of the balance in the item "Other provisions" at 31 December 2013 and 2012, and a breakdown of the related item "Other movements" during 2013 and 2012:

	Thousands of euros			
	Balance at end		Other movements	
	2013	2012	2013	2012
Coverage for legal contingencies	49 394	46 627	-	(11 374)
Coverage contingencies associated with investees	9 703	29 865	(23 865)	-
Coverage of other contingencies	73 449	35 552	12 738	(11 968)
	132 546	**112 044**	**(11 127)**	**(23 342)**

The main items included in "Other provisions" are described below:

- "Coverage of legal contingencies": This relates to provisions for legal proceedings in respect of which there is likely to be an outflow of funds affecting profits. It covers customer claims and lawsuits with public administrations, among other items. The definitive date of the outflow of funds depends varies; in some cases, obligations have no fixed settlement period and, in other cases, this depends on legal proceedings in progress. The amounts to be provisioned are calculated using best estimates of the sum necessary to settle the claim based, among other aspects, on an itemized analysis of the facts and on legal opinions of internal and external advisors.

- "Coverage of contingencies relating to investees": This includes contingencies related to the Group's equity investments that are not due to impairment of the fair value or recoverable amount of investments but to other types of contingencies that may arise from the holding of the shares. The timing of the outflow of funds depends on each particular contingency and is estimated by Group management using the best information available at the accounting close.

- "Coverage of other contingencies": This includes various risks for which provisions have been made covering unresolved aspects that the Group expects will result in an outlay of funds, and probable outlays envisaged by the Group in the ordinary course of business. The amounts to be provisioned are calculated based on the best estimate of the funds that the Group will be required to pay to settle the contingencies identified, also taking into account the timing of the fund outflows expected to be caused by the obligation. At 31 December 2013, the balance in the item "Coverage of other contingencies" includes the potential payment to Aviva Europe, S.E. (AVIVA) in connection with the purchase and sale of the company Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. On 24 February 2014, Unicaja Banco and AVIVA agreed the terms of the consideration payable by the Bank for the Definitive Adjustment of the Final Price under the Share Purchase Agreement, based on the amount determined by an actuarial expert.

18. Other liabilities

An analysis of the balance in this consolidated balance sheet caption at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Accrued un-matured expenses	43 581	48 970
Operations in process	18 314	50 250
Other	37 061	24 491
	98 956	123 711

19. Assets and liabilities for insurance contracts

At 31 December 2013 and 2012 "Insurance contract" of the consolidated balance amounts €132,097 thousand and €119,359 thousand, respectively, (Note 40).

At 31 December 2013 and 2012 "Insurance policy liabilities" maintained by the Group total €5,740 thousand and €6,514 thousand, respectively.

20. Minority interests and income attributed to minority interests

A breakdown by consolidated company of the balances in the captions "Minority interests" and "Income attributed to minority interests" in the consolidated balance sheet and income statement for 2013 and 2012 is as follows:

	Thousands of euros			
	2013		2012	
	Minority interests	Income attributed to minority interests	Minority interests	Income attributed to minority interests
Escuela Superior de Estudios de Empresa, S.A.	202	(193)	261	(46)
Privándalus Inversiones I, SICAV, S.A.	3 666	336	2 018	126
Parque Industrial Humilladero, S.L.	706	(20)	753	(29)
Uniwindet Parque Eólico Las Lomillas, S.L.	(320)	38	(363)	(3)
Uniwindet Parque Eólico Loma de Ayala, S.L.	(664)	34	(707)	6
Uniwindet Parque Eólico Los Jarales, S.L.	(440)	42	(504)	(22)
Uniwindet Parque Eólico Tres Villas, S.L.	(1 420)	108	(1 558)	7
Uniwindet, S.L.	2 754	(36)	2 796	9
	4 484	309	2 696	48

21. Capital and share premium

The Bank's capital stock to 31 December 2013 amounted to 800,000 thousand euro, comprising 800 million issued shares of par value of one euro, fully paid up and subscribed by Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería , Málaga, Jaén and Antequera (Unicaja).

At 31 December 2013 and 2012 the Bank did not hold any treasury shares. During 2013 and 2012 no operations were carried out involving treasury shares.

The Segregation Project relating to the segregation operation described in Note 1.1.2 establishes that, due to the dynamic nature of the banking business at Unicaja, as from the date of that project to the date on which the operation is effectively registered, the Segregated Equity and its components may logically change during the ordinary course of the financial business.

In this connection, and as is indicated in Note 1.1.2, any change in the value of the Segregated Equity that arises as a result of changes in its composition as a result of the dynamic nature of Unicaja's financial business, as from the date of the Segregation Project is considered to be an increase or decrease in the share premium for the purposes of the Bank's incorporation, and therefore in no case does it affect share capital figure.

In accordance with the Segregation Project, the share capital of the Bank would total €800 million, with a share premium totalling €1,793 million. These amounts include the value of the Segregated Equity at €2,470 million and an estimate of changes in the Segregated Equity made by the Directors of Unicaja totalling €123 million.

Between 1 January 2011 (date of accounting effects) and 1 December 2011 (date on which the segregation operation effectively took place), there were movements that changed the amount of the "Share premium" from €1,793 million as stated in the Segregation Project to €1,763 million which was finally contributed. Taking into consideration the rest of the Group's entities, the share premium at 31 December 2013 and 2012 totaled €1,649 million in both fiscal years.

The breakdown and movements recorded under the heading "Equity" in the consolidated balance sheet for 2013 and 2012 are presented in the accompanying statement of total changes in consolidated equity, together with an explanation of all movements that took place in this account over the course of 2013 and 2012.

22. Reserves

Appendix IV to these notes to the consolidated annual accounts presents, among other information, a reconciliation of the carrying amounts at year-end 2013 and 2012 recognized in the item "Equity - Shareholders' equity - Reserves" in the consolidated balance sheet, showing all movements during 2013 and 2012.

During the first quarter of 2007, the Entity reclassified the balance included under "Equity - Accumulated Reserves - Reserve for the revaluation of fixed assets", amounting to €23,614 thousand, resulting from the application of Royal Decree-Law 7/1996, of 7 June 1996, to "Equity - Accumulated Reserves - Other reserves" that are freely available in nature and are carried under equity in the balance sheet.

22.1 Reserves in fully-consolidated or proportionately-consolidated entities

Set out below is a breakdown by consolidated entity of the balances recognized in "Equity - Reserves - Accumulated reserves" in the consolidated balance sheets at 31 December 2013 and 2012, relating to the part of that balance resulting from the consolidation process:

	Thousands of euros	
	2013	2012
Unicaja Banco, S.A.U.	142 308	325 179
Unicorp Corporación Financiera, S.L.	18 479	15 798
Alteria Corporación Unicaja, S.L.U.	30 019	25 682
Inmobiliaria Acinipo, S.L.U. (*)	(100 889)	(63 670)
Gestión de Actividades y Servicios Empresariales, S.A.U.	2 694	2 665
Corporación Uninser, S.A.U.	11 828	10 526
Banco Europeo de Finanzas, S.A.	8 386	7 117
Unimediterráneo de Inversiones, S.L.	9 227	9 182
Unicartera Gestión de Activos, S.L.U.	22 184	20 705
Andaluza de Tramitaciones y Gestiones, S.A.U.	6 594	6 558
Unicartera Internacional, S.L.U.	46 293	61 293
Unigest, S.G.I.I.C., S.A.U.	2 343	2 312
Unicartera Renta, S.L.U.	15 429	11 562
Participaciones Agrupadas, S.L. (*)	-	(9 031)
Mijas Sol Resort, S.L.U. (*)	(1 916)	(1 751)
Gestión de Inmuebles Adquiridos, S.L.U. (*)	(469 398)	(123 292)
Hidrocartera, S.L.	6 426	5 992
Pinares del Sur, S.L. (*)	(17 531)	(11 116)
Liquidámbar Inversiones Financieras, S.L. (*)	(8 138)	(7 217)
Unic-as Promociones Inmobiliarias, S.L. (*)	(8 816)	(4 088)
Innovación en Desarrollos Urbanos del Sur, S.A. (*)	(8 696)	(7 039)
Espacio Medina, S.L. (*)	(16 092)	(16 025)
Unimediación, S.L.U.	2 611	3 961
Renta Porfolio, S.L.U. (*)	(10 589)	(4 689)
Otras sociedades (*)	(9 110)	(5 636)
	(326 354)	**254 978**

(*)Negative balances represent accumulated losses.

22.2 Reserves and exchange differences in entities measured using the equity method

Set out below is a breakdown by consolidated entity of the balances recognized in "Equity - Reserves - Reserves in entities measured using the equity method" in the consolidated balance sheets at 31 December 2013 and 2012, relating to the part of that balance resulting from the consolidation process:

	Thousands of euros	
	2013	2012
Autopista del Sol Concesionaria Española, S.A. (*)	(26 112)	(24 095)
Autopista del Guadalmedina, Concesionaria Española, S.A. (*)	(3 803)	(86)
Grupo Hoteles Playa, S.A. (*)	(8 755)	(8 234)
EBN Banco de Negocios, S.A. (*)	(8 387)	(4 591)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. (*)	2 486	22 446
Sociedad Municipal de Aparcamientos y Servicios, S.A.	4 078	3 707
Ingeniería e Integración Avanzadas, S.A. (Ingenia)	2 025	2 376
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (*) (previously, Aquagest Andalucía, S.A.)	(3 941)	(2 963)
A.I.E. Naviera Urania (*)	-	(1 959)
A.I.E. Naviera Nerga (*)	-	(3 246)
A.I.E. Naviera Attila (*)	(2 425)	(2 425)
A.I.E. Naviera Electra (*)	(2 425)	(2 425)
Sacyr Vallehermoso, S.A. (*)	-	(23 027)
Deoleo, S.A. (*)	(62 112)	(31 053)
Alestis Aerospace, S.L. (*)	(9 890)	5 348
Creación de Suelos e Infraestructuras, S.L. (*)	(2 829)	(2 103)
Otras sociedades (*)	(5 069)	(6 843)
	(127 159)	(79 173)

(*)Negative balances represent accumulated losses.

22.3 Measurement adjustments to equity-consolidated entities

Set out below is a breakdown of the consolidated balance sheet item recording measurement adjustments to equity-consolidated entities at 31 December 2013 and 2012 and of net gains/(losses) on measurement included in the consolidated statements of recognized income and expenses for 2013 and 2012 due to the effect of equity-consolidated entities:

	Thousands of euros			
	Balance in consolidated statements		Valuation Gains (losses)	
	2013	2012	2013	2012
Autopista del Sol Concesionaria Española, S.A.	(4 924)	(4 337)	(839)	(6 197)
Autopista del Guadalmedina, Concesionaria Española, S.A.	(5 070)	(6 452)	1 974	(4 714)
EBN Banco de Negocios, S.A.	1 818	258	2 229	2 476
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	10 547	(13 230)	33 967	11 593
Sacyr Vallehermoso, S.A.	-	(1 793)	2 562	8 503
Deoleo, S.A.	(2 488)	(2 683)	279	(90)
Alestis Aerospace, S.L.	(829)	12	(1 202)	-
Other entities	5	4	1	25
	(941)	(28 221)	38 971	11 596

23. Tax situation

23.1 Consolidated tax group

The Bank is part of the Tax Group number 660/10 which was created, parented by Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), taxed for the purposes of income tax under the Tax Consolidation Regime special as regulated by Title VII, Chapter VIII of the Corporate Income Tax Act approved by Royal Decree Legislative 4/2004 (hereinafter the CITA).

This Tax Group includes, as investee companies, subsidiaries of Unicaja Banco S.A.U., and which, together with Unicaja, form part of the consolidated Tax Group in 2013:

Company
Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja)
Unicorp Corporación Financiera, S.L.U.
Inmobiliaria Acinipo, S.L.U.
Unigest, S.G.I.I.C., S.A.U.
Corporación Uninser, S.A.U.
Gestión de Actividades y Servicios Empresariales, S.A.U.
Andaluza de Tramitaciones y Gestiones, S.A.U.
Alteria Corporación Unicaja, S.L.U.
Unimediterráneo de Inversiones, S.L.
Analistas Económicos de Andalucía, S.L.U.
Unicorp Patrimonio, Sociedad de Valores, S.A.U.
Mijas Sol Resort, S.L.
Tasaciones Andaluzas, S.A.U.
Unicartera Caja 2, S.L.U.
Inmobiliaria Uniex Sur, S.A.U.
Unicartera Gestión de Activos, S.L.U.
Unicartera Internacional, S.L.U.
Unimediación, S.L.U.
Unicartera Renta, S.L.U.
Gestión de Inmuebles Adquiridos, S.L.U.
Segurándalus Mediación, S.A., Correduría de Seguros
Consultora Técnica Tasa, S.L.U.
Renta Porfolio, S.L.U.
Parque Industrial Humilladero, S.L.
Unicaja Banco, S.A.U.
Promotora Guadalnervión, S.L.U.
Altos de Jontoya Residencial para Mayores, S.L.U.
Unicartera Gestión de Activos Inmobiliarios, S.A.U.
Cartera de Inversiones Agroalimentarias, S.L.
Uniwindet, S.L.
Baloncesto Málaga, S.A.D.

During 2013, the companies Cartera de Inversiones Agroalimentarias, S.L., Uniwindet, S.L. and Baloncesto Málaga, S.A.D. were included in the tax consolidation scope. The company Andaluza de Control y Dispositivos de Seguridad, S.A. was liquidated in 2013 and the company Unicorp Retail Properties, S.A.U. was merged into Unicorp Corporación Financiera, S.L.U.

During fiscal 2012 have joined the tax consolidated the following companies: Promotora Guadalnervión, S.L.U., Altos de Jontoya Residencial para Mayores, S.L.U. y Unicartera Gestión de Activos Inmobiliarios, S.A.U. Moreover, the company Administración y Gestión de Personal, E.T.T., S.A.U. was liquidated on November 28, 2012

23.2 Financial years open to tax inspection

At the time of preparation of these consolidated financial statements, the Bank is subject to audit by tax authorities all tax obligations of state administration, since its inception in 2011.

As for the remaining taxes regional and local management, is subject to administrative review the fiscal years 2011 and 2013.

In relation to the other companies in the Group, these are pending a possible inspection by the tax authorities for the years 2009 to 2012 for Corporate Income Tax and for the last four years for the rest of their obligations, in line with article 66 of the General Tax Law.

Furthermore, dated July 11, 2012 the Tax Administration announced the initiation of a proceeding Inspector in relation to the taxes which are detailed below, with respect to Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), with CIF G29498086 and its consolidated tax group.

The tax audits, which are general in accordance with Article 148 of the Tax Code, are aimed at checking the following tax assessments:

- Corporation Tax regime of corporate groups, years 2007 to 05/2010.
- Added Value Tax, period 06 / 2008-05 / 2010.
- Withholding obligations Tax Personal Income Tax, Corporation Tax and Income Tax Nonresident and annual tax information returns, period 06 / 2008-05 / 2010.

On 20 June 2013, the Tax Administration notified Unicaja of an additional 12-month extension to the period during which the inspection proceedings are performed.

Due to the different possible interpretations of the tax regulations applicable to the business of financial institutions, tax liabilities that may not be objectively quantified at the present time may arise in the event of a tax inspection. The Group's Directors and tax advisors consider, however, that the possibility of any significant liabilities, in addition to the amounts recorded in the accounts, is remote.

23.3 Reconciliation of the accounting and tax results

Set out below is the reconciliation between income tax expenses calculated at the general tax rate applicable in Spain and reported tax expense in 2013, as well as the comparative data for 2012:

	Thousands of euros	
	2013	2012
Profit before tax	69 562	(857 330)
Income tax (tax rate of 30%)	20 869	(257 199)
Due to eliminations in the consolidation process.	(11 523)	(18 367)
Positive permanent differences	16 407	14 857
Negative permanent differences	(4 775)	(7 777)
Revaluation Law 16/2012	(13 712)	-
Deductions and allowances		
Deduction for double taxation of dividends	(9 104)	(11 142)
Deduction for reinvestment of extraordinary gains	(319)	(497)
Income tax expense	**(2 157)**	**(280 125)**

As regards the breakdown of the main income tax expense/(credit) items, the entire amount recognized as income in the consolidated income statements for 2013 and 2012 (€ 2,157 thousand in 2013 and € 280,125 thousand in 2012) relates to current income for the period. No amounts were recognized in respect of adjustments to current or deferred taxes in the current year or prior years, or due to other circumstances envisaged in tax regulations, except for the effect on income tax expense of the restatement pursuant to Law 16/2012.

Set out below is a breakdown of income tax credits recognized in the consolidated income statements for 2013 and 2012:

	Thousands of euros	
	2013	2012
Income from temporary differences of birth	(5 281)	79 338
Income tax loss carry forwards to offset	(1 985)	188 775
Income and deductions unapplied credited	9 423	12 012
Total Income / (expense) income tax	**2 157**	**280 125**

With respect to the income tax recognized in the statements of recognized income and expenses for 2013 and 2012, the Group charged to consolidated equity a negative amount of € 13,251 thousand and € 28,562 thousand, respectively, for the following items:

	Thousands of euros	
	2013	2012
Actuarial gains and losses on defined benefit plans	156	-
Valuation of financial assets available for sale	(6 548)	(28 308)
Valuation of derivatives hedging of cash flows	5 041	2 880
Valuation of the exchange differences	10	50
Valuation of non-current assets for sale	(219)	295
Valuation of entities using the equity method	(11 691)	(3 479)
Total Income / (expense) income tax	**(13 251)**	**(28 562)**

A lower rate was not applied in any of these adjustments and there are no deductible timing differences, losses or tax credits in respect of which deferred tax assets have not been recognized in the balance sheet.

23.4 Temporary differences

In accordance with current Spanish tax legislation, in previous fiscal years certain temporary differences arose that must be taken into account when calculating income tax expense.

In the consolidated balance sheets at 31 December 2012 and 2011, deferred tax assets amount to €631,911 thousand and €594,050 thousand, respectively, and deferred tax liabilities amount to €83,099 thousand and €103,492 thousand, respectively.

Set out below is a breakdown of current and deferred tax assets and liabilities recognized in the consolidated balance sheets at 31 December 2013 and 2012:

	Thousands of euros			
	2013		2012	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Current taxes	**30 515**	**28 417**	**33 574**	**14 215**
Deferred taxes	**631 911**	**83 099**	**594 050**	**103 492**
Loss carryforwards	186 790	-	188 775	-
Unused tax credits	33 468	-	26 452	-
Temporary differences - insolvencies	198 380	-	219 798	-
Temporary differences - pensions	44 336	-	33 503	-
Temporary differences - foreclosed assets	15 237	-	3 861	-
Other items	153 700	25 310	121 661	13 467
Revaluations	-	63 848	-	77 836
Differences timing of recognition	-	(6 059)	-	12 189
	662 426	**111 516**	**627 624**	**117 707**

The Bank's directors consider that the tax assets recorded will be realized in the coming periods, as the tax group obtains taxable income, which is expected to be the case in the coming years. The directors consider that the Bank and its tax group will obtain taxable income in the coming years that will permit the recovery of the tax assets within the deadlines stipulated in tax legislation for the offsetting of tax losses and application of tax credits.

The effectiveness of Royal Decree-Law 14/2013 (29 November) on urgent measures to bring Spanish law into line with European Union regulations on the supervision and solvency of financial institutions basically entails that certain deferred tax assets recognized in the accompanying balance sheet may, subject to certain conditions, be converted into receivables payable by the Tax Administration.

Nonetheless, it should be noted that the Group of which the Bank forms part has made an initial estimate of the amount of deferred tax assets that could be converted into receivables from the Tax Administration and are thus guaranteed by the Spanish authorities, which total € 449,762 thousand.

23.5 Income included in the Tax Regime for Holding Entities of Foreign Securities.

In line with what is established in article 118.3 of the Revised Test of the Corporate Income Tax Law, it is stated that in the tax settlement of CIT corresponding to the tax period of 2013, exemption was declared from certain income obtained by Unicartera Internacional, S.L., applying the Tax Regime for Holding Entities of Foreign Securities, amounting to €766 thousand. In the year 2012, the corresponding amount was €493 thousand.

Unicartera Internacional, S.L. has paid taxes abroad amounting to €77 thousand in 2013 and €84 thousand in 2012.

23.6 Reporting obligations deriving from the segregation

a) Information regarding the Special Tax System for Segregation with respect to Corporate Income Tax

In 2011, the General Assembly of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja) which approved the indirect carrying out of its financial equity through Unicaja Banco S.A. - Sociedad Unipersonal and its incorporation to the segregation of part of its equity, adopted a resolution to apply the Special System for Mergers, Spin-off, Asset Contributions and Share Swaps to the transaction, as regulated by Title VII, Chapter VIII of the Corporate Income Tax Act.

The choice to apply the Special Tax System has been reported to the State Tax Agency in accordance with the provisions of Article 42 of the Corporate Income Tax Regulations.

b) Accounting obligations

Regarding the fulfillment of the obligations of accounting established by Article 93.1 the TRLIS, in relation to the application for segregation of the Special Tax Regime regulated in Chapter VIII of Title VII of the TRLIS, contained in the notes to the financial statements 2011.

23.7 Information on fixed asset restatement under Law 16/2012

The Board of Directors of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), in its capacity as the Single Shareholder of Unicaja Banco, held a General Meeting on 21 June 2013 to approve the proposal by the Bank's Board of Directors to restate fixed assets under Article 9 of Law 16/2012 (27 December), whereby various tax measures were adopted to consolidate public finances and to encourage economic activities ("Law on Tax Measures").

As a result, and in accordance with the proposal, revaluation reserves recognized under Bank of Spain Circular 4/2004 relating to 516 own-use properties restated in the amount of € 54,850 thousand, already included in equity, acquired tax effects.

The fixed asset restatement was carried out applying the following criteria stipulated in the Law on Tax Measures for assets qualifying for the restatement:

- Assets forming part of property, plant and equipment were restated.
- The assets restated were included in the first balance sheet closed following the effective date of the Law on Tax Measures. Consequently, as Unicaja Banco's financial year coincides with the calendar year, the balance sheet closed at 31 December 2012 was used.
- Assets fully amortized at 31 December 2012 were not restated.
- The restatement was applied to 516 properties.
- The value of each asset restated does not exceed its market value at the restatement date.

The approach adopted by Unicaja Banco to update fixed assets was the subject matter of a reply to a request for a binding ruling from the Ministry of Finance and Public Administrations Directorate General for Taxation, issued on 19 June 2013.

23.8 Information on the procedure for the recovery of state aid declared by the European Commission in relation to the "tax lease system" for the financing of shipbuilding

On 30 October 2013, the Bank received formal notification from European Commission's Directorate General for Competition informing Unicaja Banco of the definitive Decision adopted on 17 July 2013 on the tax regime applicable to certain finance lease agreements, also known as the Spanish tax lease system, classifying the system as "state aid" and urging Spain to take steps to recover the aid from the beneficiaries, which include Unicaja Banco.

The Bank has filed an appeal against this Decision, together with Spain and other institutions affected, at the European Court of Justice, which is pending a ruling.

Although the Tax Administration State Agency has already initiated procedures for the recovery of this state aid, the lack of information on the specific criteria applicable in the calculation precludes any quantification of the potential effect, if any, on these consolidated annual accounts. Nonetheless, the Bank's directors and tax advisors consider that the possibility of significant liabilities arising from this procedure, in addition to the amounts already provisioned, is remote.

24. Liquidity risk

Individual balances of the Parent represent substantially all of the consolidated assets, being representative the information for liquidity risk of the financial instruments in individual terms for the Group.

The Asset and Liability and Budget Committee (COAPP), formed by senior executives, is responsible for managing liquidity risk affecting the business and the financial instruments to ensure that there is sufficient liquidity at all times to meet payments on its liabilities at the due dates without undermining Unicaja's capacity to respond rapidly to strategic market opportunities.

Liquidity risk is centralized using integrated software tools to analyse liquidity risk based on cash flows estimated by the Group for assets and liabilities, and on collateral or other instruments available to guarantee additional sources of liquidity as needed (e.g. liquidity lines not used by the Bank). The Bank's liquidity risk position is determined by analysing a variety of scenarios. These analyses taken into account both ordinary market circumstances and extreme conditions that could arise and could affect the flow of collections and payments, due to market factors or internal factors within the Bank.

The following table shows contracted maturity dates at 31 December 2013:

Thousands of euros

Assets	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Demand and undetermined	Total
Cash and balances at central banks	-	-	-	-	-	1 913 155	1 913 155
Financial assets held for trading	998	-	-	261 907	13 372	-	276 277
Debt securities	998	-	-	261 907	13 372	-	276 277
Other equity instruments	-	-	-	-	-	-	-
Available-for-sale financial assets	1 852	2 496	6 502	1 680 207	224 267	531 225	2 446 549
Debt securities	1 852	2 496	6 502	1 680 207	224 267	-	1 915 324
Other equity instruments	-	-	-	-	-	531 225	531 225
Loans and receivables	4 656 612	3 690 681	3 578 623	5 616 606	11 041 349	1 255 490	29 839 261
Loans and advances to credit institutions	2 985 292	1 078 362	1 691 428	101 921	28 569	108 850	5 994 422
Loans and advances to other debtors	1 671 320	2 611 799	1 863 790	4 974 846	10 513 400	1 146 640	22 781 795
Debt securities	-	520	23 305	539 839	499 380	-	1 063 044
Investment portfolio held to maturity	106 622	89 641	836 596	3 192 960	13 848	-	4 239 667
Debt securities	106 622	89 641	836 596	3 192 960	13 848	-	4 239 667
Investments	-	-	-	-	-	715 734	715 734
Insurance contracts linked to pensions	-	-	-	-	-	132 097	132 097
Property, plant and equipment	-	-	-	-	-	530 376	530 376
Other assets	-	-	-	-	-	1 152 929	1 152 929
Total assets	4 766 084	3 782 818	4 421 621	10 751 680	11 292 836	6 231 006	41 246 045

Thousands of euros

Liabilities	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Demand and undetermined	Total
Financial liabilities held for trading	-	-	-	-	-	-	-
Financial liabilities at amortized cost	7 264 449	915 289	5 691 034	11 713 564	3 360 872	9 691 593	38 636 801
Deposits from Central banks	62 045	-	-	4 500 000	-	-	4 562 045
Deposits from credit institution	1 248 608	11 487	32 230	336 727	74 512	65 477	1 769 041
Deposits from other creditors	5 936 119	891 321	4 688 249	5 560 751	3 026 367	8 796 653	28 899 460
Debt securities	17 599	12 439	917 011	1 273 298	259 993	37 620	2 517 960
Subordinated liabilities	78	42	53 544	42 788	-	-	96 452
Other financial liabilities	-	-	-	-	-	791 843	791 843
Hedging derivatives	4 580	-	-	-	-	-	4 580
Provisions	-	-	-	-	-	358 599	358 599
Other liabilities	-	-	-	-	-	526 751	526 751
Total liabilities	7 269 029	915 289	5 691 034	11 713 564	3 360 872	10 576 943	39 526 731
Difference	(2 502 945)	2 867 529	(1 269 413)	(961 884)	7 931 964	(4 345 937)	1 719 314

Thousands of euros

Memorándum accounts	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Demand and undetermined	Total
Contingent risks	-	-	-	-	-	886 839	886 839
Drawable by third parties	-	-	-	-	-	1 789 299	1 789 299
Available immediately	-	-	-	-	-	1 238 448	1 238 448
With conditionally	-	-	-	-	-	550 851	550 851
Total contingent liabilities and commitments	-	-	-	-	-	2 676 138	2 676 138

The following table shows contracted maturity dates at 31 December 2012:

Thousands of euros

Assets	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Demand and undetermined	Total
Cash and balances at central banks	-	-	-	-	-	518 419	518 419
Financial assets held for trading	17	2 498	583	112 712	52	-	115 862
Debt securities	17	2 498	583	112 712	52	-	115 862
Other equity instruments	-	-	-	-	-	-	-
Available-for-sale financial assets	366 984	355 610	17 848	891 481	222 690	724 048	2 578 661
Debt securities	366 984	355 610	17 848	891 481	222 690	-	1 854 613
Other equity instruments	-	-	-	-	-	724 048	724 048
Loans and receivables	4 024 846	2 393 684	2 331 624	6 206 690	12 327 976	1 069 628	28 354 648
Loans and advances to credit institutions	1 242 379	497 901	86 621	204 753	3 796	103 073	2 138 523
Loans and advances to other debtors	2 777 467	1 895 783	2 244 903	5 592 501	11 649 114	966 555	25 126 323
Debt securities	5 000	-	-	409 636	675 066	-	1 089 702
Investment portfolio held to maturity	-	2 184	834 117	4 672 772	813 309	-	6 322 382
Debt securities	-	2 184	834 117	4 672 772	813 309	-	6 322 382
Investments	-	-	-	-	-	781 031	781 031
Insurance contracts linked to pensions	-	-	-	-	-	119 369	119 369
Property, plant and equipment	-	-	-	-	-	549 272	549 272
Other assets	-	-	-	-	-	1 177 528	1 177 528
Total assets	4 391 847	2 763 976	3 184 072	11 883 855	13 364 027	4 939 285	40 517 062

Thousands of euros

Liabilities	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Demand and undetermined	Total
Financial liabilities held for trading	-	-	-	-	-	-	-
Financial liabilities at amortized cost	5 200 314	1 399 514	3 753 626	14 460 056	4 161 604	9 116 932	38 092 046
Deposits from Central banks	17 688	-	-	6 000 000	-	-	6 017 688
Deposits from credit institution	390 582	1 560	41 229	344 114	79 637	82 748	939 870
Deposits from other creditors	4 738 478	1 247 266	3 236 591	5 812 473	3 751 967	8 185 135	26 971 910
Debt securities	52 933	150 643	423 836	2 149 890	330 000	42 260	3 149 562
Subordinated liabilities	633	45	51 970	153 579	-	-	206 227
Other financial liabilities	-	-	-	-	-	806 789	806 789
Hedging derivatives	12 000	-	-	-	-	-	12 000
Provisions	-	-	-	-	-	350 488	350 488
Other liabilities	-	-	-	-	-	539 315	539 315
Total liabilities	5 212 314	1 399 514	3 753 626	14 460 056	4 161 604	10 006 735	38 993 849
Difference	(820 467)	1 354 462	(569 554)	(2 576 201)	9 202 423	(5 067 450)	1 523 213

Thousands of euros

Memorándum accounts	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	More than 5 years	Demand and undetermined	Total
Contingent risks	-	-	-	-	-	1 088 665	1 088 665
Drawable by third parties	-	-	-	-	-	2 154 027	2 154 027
Available immediately	-	-	-	-	-	1 448 700	1 448 700
With conditionally	-	-	-	-	-	705 327	705 327
Total contingent liabilities and commitments	-	-	-	-	-	3 242 692	3 242 692

These maturity statements are based on the following criteria:

- The data presented are static; estimates do not include business growth scenarios, early repayments or loan renewals, considering only contractual flows from loans actually arranged and recognized in the Bank's balance sheet.

- Accounting data are presented, i.e. they do not systematically reflect cash flows from operations, unlike operations carried at fair value. All balances without maturity dates, or with maturities based on a counterparty decision, are included in the categories "held at call" or "undetermined".

- In the case of derivative financial instruments (the vast majority of which are subject to margin requirements), the Unicaja Banco Group reports the estimated next net margin settlement as a cash outflow.

- The cash outflows included in the above maturity table are the amounts stipulated in the relevant contracts, and are based on past experience and the Group's current situation, so that the probability of early cancellation of deposits or other liability positions is deemed very low.

- The Unicaja Banco Group provides information on contingent exposures (including financial guarantees) and amounts drawable by third parties in the above table. A significant part of the contingent exposures will reach maturity without generating any payment obligation, so that the total balance of these commitments cannot be regarded as an actual future need for financing or liquidity to be granted to third parties by the Group. The Unicaja Banco's liquidity management scenarios include the utilization by third parties of drawable amounts although, based on past experience, this does not significantly affect the Group's structural maturity profile.

- Finally, the above maturity table does not include forecast future cash flows because their presentation would require rate curve and liability structure scenarios and estimates. However, the Unicaja Banco Group does not consider this information to be essential for the analysis of its liquidity risk, since interest expense and similar charges are not significant in comparison with the balance sheet total and are well below the interest generated by its assets.

The Group manages liquidity risk to ensures that its payment commitments are honoured, by adequately controlling cash flows and the assets that are available to cover any liquidity mismatches. The Group thus considers that the maturity tables present the most relevant picture of its liquidity situation at a given date.

The Bank establishes product policies and objectives addressing both ordinary market circumstances and contingency plans for stress or crisis situations occurring internally or in the market. Three basic approaches are combined to meet these objectives:

- Asset management: analysis of maturities, possibility of sale, degree of liquidity, potential use as collateral, among other aspects.
- Liability management: analysis of maturities, diversification of business sources, maturities that differ from contractual maturities, behavior in the event of interest rate movements, etc.
- Market access: financing capacity in wholesale markets and time required to obtain such financing, among other aspects.

The Group ensures that its consolidated balance sheet assets include a significant volume of liquid assets, allowing liquidity risk to be easily managed, the main liquid assets being:

- Balances held at call with central banks and credit institutions.
- Assets acquired under short-term repo agreements.
- Fixed income securities discountable at the European Central Bank.
- Listed equity securities.

The Group also has the capacity to issue covered bonds and territorial bonds to obtain new funding if the need arises.

25. Fair value

25.1 Fair value of financial assets and liabilities not carried at fair value

The estimate of the fair value at 31 December 2013 and 2012 of the financial assets and liabilities carried in the consolidated balance sheet at amortized cost is performed as follows:

- For financial assets and liabilities referenced to a variable interest rate, the Group considers that their carrying amount does not differ significantly from their fair value, as the initial counterparty credit risk conditions have not varied significantly.

- In the case of un-hedged fixed-rate financial assets and liabilities, their fair value each year is obtained by discounting cash flows at the risk-free interest rate (the rate for Spanish government securities) for each period, adjusted to account for the credit spread on the instrument. In view of the maturity period and relative balance of these instruments, the difference between their amortized cost and fair value is not significant at 31 December 2013 and 2012.

- Under the heading of Credit Investments is estimated that there are no significant differences between their carrying value and their fair value since the Institution has quantified the level of the provision for credit risk for its credit risk portfolio in accordance with the accounting norm applicable and it considers this sufficient to cover this credit risk. Nevertheless, in an environment of economic and financial crisis and since there is not a market for these financial assets, the amount for which they could be exchanged between interested parties could differ for the net value registered.

However, in an environment of economic and financial crisis like the present, and since there is no market for such financial assets, the amount by which the assets could be exchanged between interested parties may differ to the carrying amount.

25.2 Listed instruments at amortized cost

At 31 December 2013 and 2012, the estimated fair value of financial assets and liabilities carried at amortized cost in the balance sheet while listed on markets does not differ significantly from the carrying amounts of the instruments.

However, in the specific case of debt securities recognized in the item "Loans and receivables", fair value cannot be determined in a sufficiently reliable manner, since there is no sufficiently liquid active market for these instruments. It should be noted that the Group has no plans to hold them for trading.

Set out below is a breakdown at 31 December 2013 and 2012 of the carrying amount and fair value of the Unicaja Banco Group's financial instruments carried at amortized cost that are listed on markets:

					Thousands of euros
			2013		2012
Section of the balance	**Type of instrument**	**Book value**	**Fair value**	**Book value**	**Fair value**
Credit investments	Securities representing debt	1 108 644	(*)	1 089 702	(*)
Held-to-maturity investments	Securities representing debt	4 242 658	4 382 525	6 325 981	6 356 087
Financial liabilities at amortized cost	Marketable debt securities	2 503 646	2 503 646	3 122 101	3 122 101

(*) The fair value of these instruments cannot be determined in a sufficiently reliable manner.

25.3 Financial instruments carried at cost because there is no active market.

The equity instruments in the portfolio of available-for-sale financial assets the fair value of which cannot be determined in a sufficiently reliable manner are carried in the Unicaja Banco Group's consolidated annual accounts at cost, net of any impairment losses calculated as described in Note 2.7.

The consolidated carrying amount of these equity instruments at 31 December 2013 and 2012 totals € 176,014 thousand and € 136,277 thousand, respectively. The following should be noted in connection with these instruments:

- No information is disclosed in the notes to the consolidated annual accounts on the fair value of the instruments since it cannot be reliably calculated.
- These equity instruments have no listed price on active markets or reasonable measurement of fair value (i.e. it is not possible to reliably apply a cash-flow discounting method, a comparable company multiple or an adjusted equity value that is sufficiently objective), and no market transactions or acquisition bids have recently been completed or made.

There is no sufficiently liquid active market for the instruments in this situation. However, the Group does not plan to hold them for trading or to sell or dispose of them by other means.

25.3 Fair value of the financial assets and liabilities registered at fair value

The following shows a breakdown of the fair values of the headings on the balance sheets as at 31 December 2013 and 2012, divided by classes of assets and liabilities and at the following levels:

- Level 1: Financial instruments the fair value of which is determined by taking the quoted prices on active markets or that correspond to recent transactions (latest twelve months) that have been updated to the current conditions.

- Level 2: Financial instruments the fair value of which is estimated on the basis of quoted prices in organised markets for similar instruments or applying valuation techniques in which all the significant inputs employed are based upon data that are directly or indirectly observable on the market.

- Level 3: Financial instruments the fair value of which is estimated on the basis of valuation techniques in which some inputs are not based on data observable on the market.

					Thousands of euros
					31 de diciembre de 2013
					Fair value
	Book value	**Total**	**Level 1**	**Level 2**	**Level 3**
Asset					
Cash and balances with central banks	1 913 257	1 913 257	-	1 913 257	-
Working portfolio	291 771	291 771	264 931	26 840	-
Fixed income	277 106	277 106	256 481	20 625	-
Variable income	8 428	8 428	8 428	-	-
Derivatives	6 237	6 237	22	6 215	-
Financial assets available for sale	2 390 023	2 390 023	1 937 780	132 858	319 385
Fixed income	1 951 956	1 951 956	1 819 098	132 858	-
Variable income	438 067	438 067	118 682	-	319 385
Held-to-maturity investments	4 242 658	4 382 525	4 313 857	64 224	4 444
Debt securities	4 242 658	4 382 525	4 313 857	64 224	4 444
Coverage derivatives	543 745	543 745	-	543 745	-
Liability					
Working portfolio	11 981	11 981	738	11 243	-
Derivatives	11 981	11 981	738	11 243	-
Coverage derivatives	44 088	44 088	-	44 088	-

	Thousands of euros				
	31 de diciembre de 2012				
		Fair value			
	Book value	Total	Total		Total
Asset					
Cash and balances with central banks	518 482	518 482	-	518 482	-
Working portfolio	124 633	124 633	117 404	1 040	6 189
Fixed income	116 767	116 767	110 560	30	6 177
Variable income	5 754	5 754	5 754	-	-
Derivatives	2 112	2 112	1 090	1 010	12
Financial assets available for sale	2 609 681	2 609 681	2 306 413	65 263	238 005
Fixed income	1 924 259	1 924 259	1 681 953	65 263	177 043
Variable income	685 422	685 422	624 460	-	60 962
Held-to-maturity investments	6 325 981	6 356 087	5 695 745	323 003	337 339
Debt securities	6 325 981	6 356 087	5 695 745	323 003	337 339
Coverage derivatives	745 061	745 061	-	745 061	-
Liability					
Working portfolio	7 580	7 580	738	6 828	14
Derivatives	7 580	7 580	738	6 828	14
Coverage derivatives	164 496	164 496	-	164 496	-

Set out below are movements during 2013 and 2012 in the fair value of the different types of financial instruments classed in Level 3 under IFRS 13:

	Thousands of euros					
	Trading portfolio			Financial assets available for sale		Held-to-maturity investments
	Debt securities	Derivatives (active)	Derivatives (liabilities)	Debt securities	Equity instruments	Debt securities
Balance at 31/12/2012	**6 177**	**12**	**14**	**177 043**	**60 962**	**337 339**
Additions to instruments	-	-	-	-	-	-
Casualties of instruments	(175)	-	-	(23 252)	(60 962)	-
Change in value	-	-	-	(23 833)	-	(45 110)
Transfers level	(6 002)	(12)	(14)	(129 958)	319 385	(76)
Transfer to investment credit	-	-	-	-	-	(287 709)
Transfer to portfolio to-maturity investments	-	-	-	-	-	-
Balance at 31/12/2013	**-**	**-**	**-**	**-**	**319 385**	**4 444**

	Trading portfolio			Financial assets available for sale		Thousands of euros Held-to-maturity investments
	Debt securities	Derivatives (active)	Derivatives (liabilities)	Debt securities	Equity Instruments	Debt securities
Balance at 31/12/2011	**14 783**	**-**	**-**	**449 264**	**45 949**	**367 638**
Additions to instruments	5 322	-	-	131 568	-	4 250
Casualties of instruments	(14 783)	-	-	(58 981)	-	(157 216)
Change in value	8	12	14	(24 478)	15 013	6 949
Transfers level	847	-	-	(23 244)	-	-
Transfer to investment credit	-	-	-	(181 368)	-	-
Transfer to portfolio to-maturity investments	-	-	-	(115 718)	-	115 718
Balance at 31/12/2012	**6 177**	**12**	**14**	**177 043**	**60 962**	**337 339**

25.4 Valuation methods used

The following methods were used by the Unicaja Banco Group to calculate the fair value of the main financial instruments recognized in the balance sheet:

- **Debt securities**: The fair value of listed debt instruments is determined on the basis of their price in official markets (Bank of Spain's Book-Entry System), AIAF, AIAF panels (credit institutions), or by applying prices obtained from information service providers, mainly Bloomberg and Reuters, whose prices are built using the prices notified by contributors.

- **Equity Instruments**: The fair value of listed equity instruments is determined based on their price in official markets. The fair value of unlisted equity instruments is determined taking into account independent expert valuations performed using the following methods, among others:

  - Discounted cash flows (free operating cash flows or dividends), applying a discount rate based on each investee's operational and financial exposure, calculated using a risk-free rate and including a risk premium.

  - Multiple of comparable listed companies (EV/EBITDA, PER, Price/Book value, Price/Premiums), less an illiquidity discount.

  - NAV (Adjusted Net Asset Value): Obtained by adding capital gains, calculated as the difference between the market value and carrying amount of assets, to reported shareholders' funds. For venture capital entities, NAV is calculated by the management companies and generally estimated applying European Venture Capital Association regulations and the provisions of CNMV Circular 5/2000 (19 September).

  - Price resulting from market transactions or acquisition bids made or received near to the valuation date.

- **Derivative instruments**: The fair value of interest rate derivatives is determined, for optional financial instruments (mainly swaps), by discounting future flows using implied money market curves and the swap curve; for optional interest-rate derivatives, generally accepted valuation methods based on the Black-Scholes model and implicit volatility matrices are used. In the case of derivatives on equity instruments or stock market indices contracted to hedge customers structured deposits containing an embedded derivative, and currency derivatives without optional components, the fair value is obtained by discounting cash flows estimated using forward curves for the relevant underlying instrument, listed on the market; for options, generally accepted methods based on the Black-Scholes model are used, allowing options on these underlying instruments to be valued applying a closed formula and using only market inputs. Where applicable, models and severities in line with the market are used to calculate CVA and DVA. In order to obtain Unicaja Banco's spread, generic spread vs. swap curves are calibrated on a recurring basis using ratings for different debt issues by Spanish financial institutions with differing priority levels, including senior debt.

25.5 Fair value of property, plant and equipment

On 1 January 2004, the Group availed itself of the provisions of IFRS 1 to restate the majority of its real estate assets, generating a gross gain of € 227,811 thousand. Subsequently, on 21 June 2013, revaluation reserves recognized under Bank of Spain Circular 4/2004 relating to 516 own-use properties restated in the amount of € 54,850 thousand, already included in equity, acquired tax effects (Note 23.7).

At December 31 of 2013 and 2012, the Group considers that there are no significant differences between the book value and the fair value of these assets.

26. Credit risk exposure

Credit risk refers to the losses that the Entity would incur in the event that a customer or counterparty failed to comply with the contracted payment obligations. This risk is inherent in the financial system's traditional banking products (loans, credit lines, financial guarantees provided) and in other types of financial assets.

Credit risk affects both financial assets carried at amortized cost in the financial statements and assets carried at fair value. Irrespective of the accounting method used to record the Group's financial assets in these financial statements, the Group applies the same credit risk control policies and procedures.

The Group's credit risk control policies, methods and procedures are approved by the Entity's Board of Directors. The Entity's Control Committee, Audit Committee and Internal Supervision and Risk Control Department are responsible, among other functions, for ensuring compliance with these policies, methods and procedures, as well as for monitoring their adequacy, effective implementation and regular review.

The Group's credit risk control activities are carried out by the Risk Control Department, which reports to the Group's Planning and Control Division. This unit is responsible for implementing the credit risk control policies, methods and procedures approved by the Group's Board of Directors. It monitors counterparty risk by establishing, among others, the credit quality parameters to be assigned to the Group's operations, and credit risk hedging requirements, in accordance with the Entity's internal policies and applicable legislation. The Risk Control Unit is also responsible for applying the Entity's risk concentration limits, approved by the Board of Directors.

The Group has policies and procedures to limit counterparty risk concentration for both individual counterparties and groups of companies. The Group establishes risk concentration limits taking into account factors such as the counterparty's business activities, geographical location and other common features. The Group performs sensitivity analyses to estimate the effects of possible changes in non-performing loan ratios in each risk concentration group, imposing limits on concentration based on the findings.

After the segregation described in Note 1.1.2 of this consolidated report, financial business has been transferred to Unicaja Banco. The Bank did not maintain concentrations of risk of a significant nature to December 31, 2013 and 2012. Total mortgage-backed risk remained with the private sector living in Spain amounted to €12,782,848 thousand and €13,954,543 thousand at 31 December 2013 and 2012, respectively.

Therefore, Unicaja Banco has a "Credit scoring" system which considers the multiple characteristics of the operations and the debtors, and, attending to the past experience and the best market practises, it provides a mechanism for the Bank to distinguish, attending to credit risk, those operations that may be formalized by the Bank from those that are not recommended to be formalized by the Bank. The criteria for distinguishing operations at the contracting date, using this system, are approved by the Bank's executives and review mechanisms are in place to ensure that the system is continuously updated.

The maximum credit risk to which Unicaja Banco is exposed is measured at nominal value for financial assets carried at amortized cost. The measurement of the Bank's maximum credit risk takes into account offset agreements concluded with certain counterparties.

Notes 8, 9 and 10 provide details of the Bank's maximum credit risk exposure. As the Bank's credit risk information provided in these notes does not take into account guarantees received, derivative financial instruments contracted to hedge credit risk and other similar hedges, these data differ from the Bank's internal analyses of exposure to credit risk.

Internally, the Bank classifies financial assets subject to credit risk based on the characteristics of each operation, taking into account the specific counterparty and guarantees obtained, among other aspects.

Accrued uncollected financial income from financial assets deemed to be impaired as explained in Note 2.7, and recognized in individual financial statements of Unicaja Banco at 31 December 2013 and 2012, amounted to €40,519 thousand and €31,268 thousand, respectively.

Financial assets recovery is considered remote

Set out below are movements during 2013 and 2012 in the Entity's impaired financial assets that are not carried in the balance sheet since the probability of recovery is deemed to be remote, even though the Entity has not discontinued actions to recover the amounts receivable:

	Thousands of euros	
	2013	2012
Balance of financial assets which recovery is considered to be remote at 1 January	**628 355**	**553 809**
Additions -	214 527	146 963
Balance considered for remote recovery during the year	214 527	146 963
Recoveries -	(74 373)	(72 417)
Balances recovered during the year for operations' refinancing or restructuring	-	-
Cash collections without additional refinancing	(17 567)	(8 155)
Assets awarded through foreclosure	(16 363)	(12 023)
Other causes	(40 443)	(52 239)
Balance of financial assets which recovery is considered to be remote at 31 December	**768 509**	**628 355**

In 2013 and 2012, the recovery movement identified as "for other causes" relates mainly to loans that cease to be treated as remote recovery assets when the Bank rules out any possibility of recovery.

The net amount in the consolidated income statement for the years 2013 and 2012 as a result of movements in these assets amounts a negative amount of € 2,357 thousand and € 23,016 thousand income, respectively. These amounts are due mainly to:

- Loans that were classified during the period as "remote recovery assets" and had not been provisioned; they were therefore written off the consolidated balance sheet directly through the income statement, having a negative impact of € 19,924 thousand and € 31,171 thousand in 2013 and 2012, respectively.

- Loan classified as "remote recovery assets" in the previous period in respect of which amounts have been collected, having a positive effect of € 17,567 thousand and € 8,155 thousand in 2013 and 2012, respectively.

Exposure to sovereign risk

With respect to sovereign risk, the breakdown of credit risk exposures to central governments held by the Group at December 31, 2013 and 2012 is as follows:

	Thousands of euros 2013			
	Trading portfolio	**Financial assets available for sale**	**Maturity investment portfolio**	**Loans and advances**
Spain	237 220	1 023 782	2 750 070	-
Italy	-	321 779	-	-
Ecuador	-	-	-	106
	237 220	**1 345 561**	**2 750 070**	**106**

	Thousands of euros 2012			
	Trading portfolio	**Financial assets available for sale**	**Maturity investment portfolio**	**Loans and advances**
Spain	5 813	1 088 601	4 464 629	-
Italy	-	324 105	-	-
Ecuador	-	-	-	239
	5 813	**1 412 706**	**4 464 629**	**239**

Credit quality of debt securities

Set out below is the accounting classification by portfolio of the debt securities recognized in the Unicaja Banco Group's consolidated annual accounts at 31 December 2013 and 2012:

	Thousands of euros 2013	2012
Trading portfolio	277 106	116 767
Financial assets available for sale	1 951 956	1 924 259
Credit investments	1 108 644	1 089 702
Held-to-maturity investments	4 242 658	6 325 981
	7 580 364	**9 456 709**

At 31 December 2013 and 2012, the balances included in the above table were not classed as doubtful, impairment adjustments having been recognized only for general coverage purposes in the amount of € 67 thousand and € 107 thousand, respectively. Set out below is a breakdown of these securities by credit rating at 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Rating Aaa	12 062	11 984
Rating Aa1-Aa3	135 106	329 979
Rating A1-A3	5 596 127	7 219 894
Rating Baa1-Baa3	1 678 843	1 675 854
Rating Ba1-Ba3	6 084	36 206
Rating B1-C	20 345	19 105
No credit rating	131 797	163 687
	7 580 364	**9 456 709**

Quality of Loans and advances to customers

Pursuant to Bank of Spain Circular 4/2004, the Bank classifies its performing exposures as follows: no material risk (public sector and cash guarantee), low risk (secured by finished housing with LTV below 80% and companies rated A or higher), medium-low risk (other property guarantees), medium risk (personal guarantee barring consumption, cards and overdrafts), medium-high risk (consumption) and high risk (cards, overdrafts and over-limit balances). These exposures break down as follows at 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
No material risk	**17 792 449**	**16 520 068**
Of which: Non-resident Public Administrations	299 691	299 489
Of which: Advances on pensions and salaries	196 346	-
Of which: Personal guarantees	1 918 855	1 602 043
Of which: Guaranteed by deposits and securities	25 293	31 038
Low risk	**9 694 571**	**10 038 171**
Of which: Guaranteed by monetary policy operations	63 350	68 312
Of which: Other highly-rated companies	18 477	20 607
Of which: Secured by real property	9 612 744	9 949 252
Medium-low risk	**1 676 670**	**2 215 666**
Of which: Finance leases	6 944	6 629
Medium risk	**2 664 364**	**3 550 846**
Of which: Other operations entered in Register of Forward Sales of Moveable Property	-	-
Medium-high risk	**827 853**	**1 413 567**
Of which: Acquisitions of goods and services	113 764	165 555
of which: Financing of land for property development or of property construction	714 089	1 248 012
High risk	**225 720**	**222 252**
	32 881 627	**33 960 570**

Risk concentration by activity and geographic area

Set out below is the carrying amount of the Unicaja Banco Group's total financing granted to customers at 31 December 2013 and 2012, excluding exposures to public administrations, broken down by counterparty type, collateral type and LTV ratio.

Thousands of euros

Balance at 31/12/2013	Total (a)	Of which: Mortage collateral (e)	Of which: Other collateral(e)	LTV Ratio of credit with real guarantee (f): Not exceeding or equal 40%	Exceeding 40% but not exceeding or equal 60%	Exceeding 60% and less or equal to 80%	Exceeding 80% and less or equal to 100%	Exceeding 100%
Financial institutions	3 824 954	10 134	3 496 482	5 747	4 386	-	-	3 496 483
Non-financial companies and sole traders	5 484 693	2 347 911	75 578	967 450	950 027	326 186	176 123	3 703
Property construction and development (b)	1 354 894	1 035 835	15 579	242 880	470 052	197 157	141 253	72
Civil engineering construction	418 026	8 845	2 078	2 882	7 053	530	385	93
Other purposes	3 771 773	1 303 231	57 921	721 708	472 922	128 499	34 485	3 538
Large companies (c)	1 275 583	69 453	-	30 206	39 247	-	-	-
SMEs and sole traders (c)	2 436 190	1 233 778	57 921	691 502	433 675	128 499	34 485	3 538
Other households and non-profit institutions serving households (ISFLSH)	11 870 423	10 683 763	39 042	2 572 487	3 456 679	4 348 760	345 180	1 699
Housing (d)	10 348 746	10 009 448	2 517	2 190 921	3 258 154	4 243 882	318 664	344
Consumption (d)	1 133 264	363 173	32 227	221 723	105 218	54 771	12 503	1 185
Other purposes (d)	388 413	311 142	4 298	159 843	93 307	48 107	14 013	170
	21 180 070	13 041 808	3 611 102	3 545 684	4 411 092	4 672 946	521 303	3 501 885

Thousands of euros

Balance at 31/12/2012	Total (a)	Of which: Mortage collateral (e)	Of which: Other collateral(e)	LTV Ratio of credit with real guarantee (f): Not exceeding or equal 40%	Exceeding 40% but not exceeding or equal 60%	Exceeding 60% and less or equal to 80%	Exceeding 80% and less or equal to 100%	Exceeding 100%
Financial institutions	3 787 960	1 968	3 704 485	1 996	-	-	-	3 704 485
Non-financial companies and sole traders	7 175 440	3 154 863	224 464	1 226 621	1 295 040	499 169	199 404	159 093
Property construction and development (b)	1 909 784	1 541 180	14 151	402 072	688 433	304 804	156 472	3 550
Civil engineering construction	533 567	11 064	2 231	4 109	6 176	2 635	354	21
Other purposes	4 732 089	1 602 619	208 082	820 440	600 431	191 730	42 578	155 522
Large companies (c)	2 057 608	102 746	161 037	49 487	48 723	11 000	2 189	152 384
SMEs and sole traders (c)	2 674 481	1 499 873	47 045	770 953	551 708	180 730	40 389	3 138
Other households and non-profit institutions serving households (ISFLSH)	12 552 468	11 176 718	43 228	2 538 926	3 393 472	4 852 261	433 311	1 976
Housing (d)	10 829 540	10 462 472	2 183	2 151 631	3 183 675	4 725 034	404 117	198
Consumption (d)	1 257 403	378 394	34 934	223 173	109 414	66 629	12 627	1 485
Other purposes (d)	465 523	335 852	6 111	164 122	100 383	60 598	16 567	293
	23 502 868	14 333 847	3 972 177	3 768 844	4 688 512	5 351 430	632 715	3 865 554

(a) The definition of loans and advances to customers and the scope of the information included in this table are as used to prepare the balance sheet. The carrying amount of the loans is used, i.e. after value adjustments made to provision specific loans.

(b) This item includes all activities related to property construction and development, including the financing of land for property development.

(c) Non-financial companies are divided into "Large companies" and "SMEs", in accordance with the definition applicable to SMEs when calculating shareholders' funds. Sole trader activities are performed by individuals in the course of their business activities.

(d) The activities of households and non-profit institutions serving households are classified based on their purpose, as stipulated in Rule 71.2.e) of Bank of Spain Circular 4/2004.

(e) Includes the carrying amount of all loans secured by real property and by other property guarantees, irrespective of the LTV ratio.

(f) Loan-to-value (LTV) is the ratio obtained by dividing the loan's carrying amount at the reporting date by the amount of the latest appraised value of the collateral.

There follows aggregate information at 31 December 2013 and 2012 on the Unicaja Banco Group's risk concentration by geographic area and business segment, excluding exposures to public administrations.

Thousands of euros

Balance at 31/12/2013	Total (a)	Spain	Rest of European Union	America	Rest of World
Financial institutions	7 774 527	7 483 023	171 132	117 878	2 494
Non-financial companies and sole traders	5 965 119	5 848 757	87 368	24 849	4 145
Property construction and development (b)	6 936 840	6 925 013	10 015	-	1 812
Civil engineering construction	1 592 367	1 592 367	-	-	-
Other purposes	472 511	472 511	-	-	-
Large companies (c)	4 871 962	4 860 135	10 015	-	1 812
SMEs and sole traders (c)	1 671 117	1 660 711	9 547	-	859
Other households and non-profit institutions serving households (ISFLSH)	3 200 845	3 199 424	468	-	953
Housing (d)	11 892 072	11 805 853	49 460	17 930	18 829
Consumption (d)	10 354 316	10 288 270	44 472	3 101	18 473
Other purposes (d)	1 141 831	1 128 046	2 625	10 953	207
Financial institutions	395 925	389 537	2 363	3 876	149
	32 568 558	**32 162 646**	**317 975**	**60 657**	**27 280**

Thousands of euros

Balance at 31/12/2012	Total (a)	Spain	Rest of European Union	America	Rest of World
Financial institutions	4 291 697	3 909 087	254 689	125 355	2 566
Non-financial companies and sole traders	5 944 512	5 645 994	264 384	29 904	4 230
Property construction and development (b)	8 987 624	8 940 734	25 724	16 628	4 538
Civil engineering construction	2 142 327	2 141 507	820	-	-
Other purposes	569 868	568 475	-	1 393	-
Large companies (c)	6 275 429	6 230 752	24 904	15 235	4 538
SMEs and sole traders (c)	2 705 475	2 693 929	11 546	-	-
Other households and non-profit institutions serving households (ISFLSH)	3 569 954	3 536 823	13 358	15 235	4 538
Housing (d)	12 624 249	12 558 403	52 290	3 032	10 524
Consumption (d)	10 874 491	10 812 262	49 113	2 971	10 145
Other purposes (d)	1 264 578	1 262 911	1 419	61	187
Financial institutions	485 180	483 230	1 758	-	192
	31 848 082	**31 054 218**	**597 087**	**174 919**	**21 858**

(a) The definition of risk for the purposes of this table includes the following balance sheet items: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Equity instruments, Trading derivatives, Hedging derivatives, Equity investments and Contingent exposures. The amounts of the assets reflect the carrying amounts of the loans, i.e. after value adjustments made to provision specific loans. Business is distributed by geographic area based on the country or autonomous region of residence of the lenders, securities issuers and counterparties of derivatives and contingent exposures.

(b) This item includes all activities related to property construction and development, including the financing of land for property development.

(c) Non-financial companies are classed as "Large companies" and "SMEs", in accordance with the definition of SMEs contained in Commission Recommendation 2003/361/EC (6 May 2003) on the definition of micro-enterprises, small companies and medium-sized companies. Loans to sole traders relate exclusively to loans to individuals to finance their business activities, whether performed directly as sole traders or through entities without legal personality.

(d) The activities of households and non-profit institutions serving households are classified based on their purpose, as stipulated in Rule 71.2.e) of Bank of Spain Circular 4/2004.

There follows a breakdown of the Unicaja Banco Group's loans and advances to customers at 31 December 2013 and 2012 by autonomous region and by business segment, excluding exposures to public administrations:

					Thousands of euros
Balance at 31/12/2013	Total (a)	Andalucia	Madrid	Cataluña	Rest of autonomous communities
Financial institutions	7 483 023	79 730	6 467 778	168 295	897 220
Non-financial companies and sole traders	5 848 757	190 286	5 635 178	11 913	11 380
Property construction and development (b)	6 925 013	4 223 813	1 628 557	212 336	860 307
Civil engineering construction	1 592 367	1 092 171	338 895	3 258	158 043
Other purposes	472 511	154 855	295 674	-	21 982
Large companies (c)	4 860 135	2 976 787	993 988	209 078	680 282
SMEs and sole traders (c)	1 660 711	641 742	521 232	135 293	362 444
Other households and non-profit institutions serving households (ISFLSH)	3 199 424	2 335 045	472 756	73 785	317 838
Housing (d)	11 805 853	10 449 385	489 577	39 887	827 004
Consumption (d)	10 288 270	9 058 262	457 786	35 732	736 490
Other purposes (d)	1 128 046	1 042 154	21 774	2 359	61 759
Financial institutions	389 537	348 969	10 017	1 796	28 755
	32 162 646	14 943 214	14 171 090	452 431	2 595 911

					Thousands of euros
Balance at 31/12/2012	Total (a)	Andalucia	Madrid	Cataluña	Rest of autonomous communities
Financial institutions	3 909 087	338 241	2 570 347	177 586	822 913
Non-financial companies and sole traders	5 645 994	72 315	1 777 621	3 716 640	79 418
Property construction and development (b)	8 940 734	5 292 423	2 294 578	283 693	1 070 040
Civil engineering construction	2 141 507	1 384 535	501 742	8 275	246 955
Other purposes	568 475	172 910	368 997	331	26 237
Large companies (c)	6 230 752	3 734 978	1 423 839	275 087	796 848
SMEs and sole traders (c)	2 693 929	1 036 271	1 000 163	199 672	457 823
Other households and non-profit institutions serving households (ISFLSH)	3 536 823	2 698 707	423 676	75 415	339 025
Housing (d)	12 558 403	11 350 799	283 209	41 618	882 777
Consumption (d)	10 812 262	9 765 811	237 434	37 364	771 653
Other purposes (d)	1 262 911	1 159 148	24 009	2 337	77 417
Financial institutions	483 230	425 840	21 766	1 917	33 707
	31 054 218	17 053 778	6 925 755	4 219 537	2 855 148

(a) The definition of risk for the purposes of this table includes the following balance sheet items: Loans and advances to credit institutions, Loans and advances to customers, Debt securities, Equity instruments, Trading derivatives, Hedging derivatives, Equity investments and Contingent exposures. The amounts of the assets reflect the carrying amounts of the loans, i.e. after value adjustments made to provision specific loans. Business is distributed by geographic area based on the country or autonomous region of residence of the lenders, securities issuers and counterparties of derivatives and contingent exposures.

(b) This item includes all activities related to property construction and development, including the financing of land for property development.

(c) Non-financial companies are classed as "Large companies" and "SMEs", in accordance with the definition of SMEs contained in Commission Recommendation 2003/361/EC (6 May 2003) on the definition of micro-enterprises, small companies and medium-sized companies. Loans to sole traders relate exclusively to loans to individuals to finance their business activities, whether performed directly as sole traders or through entities without legal personality.

(d) The activities of households and non-profit institutions serving households are classified based on their purpose, as stipulated in Rule 71.2.e) of Bank of Spain Circular 4/2004.

27. Interest rate risk exposure

Individual balances of the Parent represent substantially all of the consolidated assets, being representative the information of interest risk in individual terms for the Group.

Interest rate risks are controlled on an integrated basis by the Asset and Liability and Budget Committee (COAPP). This unit is responsible for implementing procedures to ensure that Group complies at all times with the interest rate risk control and management policies approved by the Board of Directors.

Sensitivity measurement and scenario analysis methods are used to analyse, measure and control the Group's significant interest rate risks.

The Group hedges interest rate exposure on an individual basis for all significant financial instruments that could generate equally significant risks.

The following tables contain a breakdown of maturity or interest rate review dates at 31 December 2013 and 2012. The carrying amounts of the financial assets and liabilities are grouped together by interest rate review date or by maturity, whichever is the earlier date, as follows:

31 December 2013								Thousands of euros
Assets	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Financial assets	9 304 606	6 651 732	13 148 256	5 367 705	1 129 303	332 165	465 182	805 501
After adjustments for coverage	8 904 606	6 651 732	13 148 256	5 517 705	1 129 303	582 165	465 182	805 501

31 December 2013								Thousands of euros
Liabilities	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Financial liabilities	13 777 936	1 936 945	5 843 221	3 259 608	1 583 830	457 875	460 059	2 549 799
After adjustments for coverage	12 077 936	3 157 502	8 541 812	4 639 758	421 606	107 875	43 801	878 984

31 December 2012								Thousands of euros
Assets	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Financial assets	7 133 317	6 302 795	12 894 890	3 642 736	2 825 704	1 045 126	671 551	1 644 473
After adjustments for coverage	7 286 322	6 342 795	13 044 590	3 642 736	2 825 704	985 126	636 551	1 396 768

31 December 2012								Thousands of euros
Liabilities	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Financial liabilities	12 962 053	2 494 861	4 077 756	3 214 774	1 638 574	1 415 493	455 980	2 988 072
After adjustments for coverage	10 962 053	3 715 419	6 875 246	3 214 774	2 919 824	553 269	105 980	900 998

The above tables reflect, for each period, the adjustments to fixed-rate assets and liabilities derived from the relevant derivative financial instruments contracted by Unicaja for hedging purposes, in order to present overall exposure to interest rate fluctuations.

At 31 December 2013 and 2012, the sensitivity of the entity's balance sheet to an unfavourable horizontal movement in the interest rate curve totalling 100 basis points and a scenario of maintaining the balance sheet is as follows:

	2013	2012
Financial income expected in 12 months	Inferior al 7%	Inferior al 7%
Economic value	Inferior al 4%	Inferior al 5%

28. Exposure to other market risks

Market risk relates to the losses that the Entity could incur in the event of changes in the value of its trading portfolio and available-for-sale financial assets as a result of unfavourable fluctuations in market prices or foreign exchange rates, or price volatility.

Such changes depend mainly on factors such as interest rates, in the case of fixed-income instruments. Options are subject to a number of risk factors, one of the most relevant being volatility.

The Group's market risk control policies, methods and procedures are approved by the Board of Directors. The responsibilities of the Risk Control Department, through its Market Control Unit, include the supervision of compliance with the Group's risk control policies, methods and procedures to ensure their adequacy, effective implementation and regular review.

The unit responsible for financial risk monitoring and control is the Market Control Unit, which is basically entrusted with ensuring that risks assumed are correctly identified, analysed, valued and reported, cooperating in the implementation of suitable risk management tools, improving position valuation models to bring them into line with the actual market context, and controlling compliance with the risk limits defined. This unit also systematically controls and monitors treasury and capital market transactions.

In order to ensure adequate market risk management, the Group uses a software application to define market risk calculations and authorized limits. For each group of portfolios managed, limits are defined for "Open positions", "Stop losses" and "VaR" so as to avoid any significant adverse impact on solvency or on results, in view of the complexity of the risks assumed.

Exposure to market price fluctuations

Price risk is the risk that the fair value of equity securities may decline as a result of changes in market indices or stock prices. Price risk arises on positions in financial assets or liabilities held for trading and in available-for-sale financial assets.

Set out below is an analysis of price risk sensitivity derived from the Group's equity positions in financial markets at 31 December 2013 and 2012:

			Thousands of euros
Decline in the market price (quotations)	**Impact on results**	**Impact on valuation adjustments**	**Total impact on equity**
Impact at 31 December 2013 of a 1% decrease in the market price	59	3 066	3 125
Impact at 31 December 2012 of a 1% decrease in the market price	40	4 798	4 838

One percent variance in the relevant equity price fluctuation risk variables was assumed because this "impact" is a standard measurement in both the financial sector and in the Unicaja Banco Group to ascertain the level of risk exposure.

In the current context of high market volatility, it is very difficult to determine what constitutes a "reasonably possible change" in risk variables. However, we consider it to be appropriate to report on sensitivity to a 1% "impact" so that public information users may rescale this effect based on their market expectations.

The above table does not include equity instruments recognized in the portfolio of available-for-sale financial assets for which there is no active market and that are carried in the consolidated annual accounts at cost, net of any impairment losses, since their fair value cannot be determined in a sufficiently objective manner. The consolidated carrying amount of these instruments at 31 December 2013 and 2012 totals € 176,014 thousand and € 136,277 thousand, respectively.

Exposure to foreign exchange risk

Structural foreign exchange risk arises basically from exposure to exchange rate fluctuations on securities investments in non-euro currencies.

The Unicaja Banco Group manages structural foreign exchange risk to minimise potential adverse impacts of foreign exchange fluctuations on capital adequacy ratios and on contributions to the results of foreign currency investments.

At 31 December 2013 and 2012, exposure to foreign exchange fluctuations in the Unicaja Banco Group is immaterial, since there are no significant assets or liabilities in the consolidated balance sheet that are denominated in non-euro currencies. The equivalent value in euros of the Group's total assets and liabilities denominated in foreign currencies at 31 December 2013 and 2012 is analysed below:

	Thousands of euros	
	2013	2012
Equivalent value of the assets in foreing currency	**38 000**	**43 697**
Of which:% in U.S. dollars	75%	73%
Of which:% in sterling	14%	19%
Of which:% quoted in other currencies in the Spanish market	11%	8%
Equivalent value of foreign currency liabilities	**14 617**	**14 129**
Of which:% in U.S. dollars	80%	66%
Of which:% in sterling	17%	30%
Of which:% quoted in other currencies in the Spanish market	4%	4%

The equivalent value in euros of assets denominated in foreign currencies accounts for 0.09% and 0.11% of total consolidated assets at 31 December 2013 and 2012, respectively, while the equivalent value in euros of liabilities denominated in foreign currencies represents 0.04% and 0.03% of total consolidated assets at the respective dates.

29. Director's duties of loyalty

In accordance with the provisions of Article 229.2 and Article 230.1 of the Spanish Companies Act 2010 approved by Legislative-Royal Decree 1/2010 (2 July), requires Directors to inform the Board of Directors and, in its absence, other Directors or, in the case of a Sole Administrator, the General Meeting, of any direct or indirect conflict of interest that could affect the Entity.

In accordance with the aforementioned text, shareholdings held and the performance of activities by the various members of the Board of Directors on their own behalf at 31 of December 2013, or on the behalf with third parties, that are the same, similar or supplementary to the activities making up the Bank's corporate purpose (including Units held by persons related to them under section 231 of the Companies Act):

Name	Entity	Direct participation	Indirect participation	Position/ Function
Atencia Robledo, Manuel	Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (Unicaja)	-	-	Vicepresidente 1º
	Banco Europeo de Finanzas, S.A.	-	-	Presidente
Azuaga Moreno, Manuel	Cecabank, S.A.	-	-	Consejero
	Banco Europeo de Finanzas, S.A.	-	-	Consejero
Domínguez-Adame Cobos, Eloy	Banco Santander, S.A.	-	0.00021%	-
	Banco Bilbao Vizcaya Argentaria, S.A.	-	0.00032%	-
Fraile Cantón, Juan	Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (Unicaja)	-	-	Vicepresidente 2º
	Banco Europeo de Finanzas, S.A.	-	-	Consejero
López López, Antonio	Banco Santander, S.A.	0.00000%	-	-
	Banco Popular Español, S.A.	0.00005%	-	-
	Banco Bilbao Vizcaya Argentaria, S.A.	0.00001%	-	-
Mateos-Aparicio Morales, Petra	Citigroup Inc.	0.00002%	-	-
	Banco Santander, S.A.	0.00013%	0.00022%	-
	Banco Bilbao Vizcaya Argentaria, S.A.	0.00068%	-	-
	Bankinter, S.A.	0.00652%	-	-
	Credit Suisse Group AG	0.00003%	-	-
	Banco Popular Español, S.A.	0.00005%	0.00006%	-
	Banco Sabadell, S.A.	0.00003%		-
	UniCredit, S.P.A.	0.00034%		-
Medel Cámara, Braulio	Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (Unicaja)	-	-	Presidente
	Banco Bilbao Vizcaya Argentaria, S.A.	0.00005%	-	-
	Banco Santander, S.A.	0.00004%	-	-
Molina Morales, Agustín	Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (Unicaja)	-	-	Secretario del Consejo
	Banco Santander, S.A.	0.00002%	-	-
Torre Colmenero, José Mª de la	Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (Unicaja)	-	-	Vicepresidente 3º
Valle Sánchez, Victorio	-	-	-	-

In addition, the Bank's directors have confirmed that no conflict of interest, direct or indirect, in the interest of the entity.

30. Other significant information

30.1 Contingent exposures

Set out below is a breakdown of contingent exposures assumed by the Group at 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Financial guarantees	35 175	48 475
Technical guarantees	698 262	902 503
Credit derivatives sold	150 000	150 000
Irrevocable documentary credits	1 254	2 106
Other commitments	8 160	730
	892 851	**1 103 814**

A significant portion of these guarantees will expire without any payment obligation for the entities and, therefore, the aggregate balance of these commitments cannot be considered as an actual future need for financing or liquidity to be provided by the Institution to third parties.

Income from guarantee instruments is recognized under "Fee and commission income" and "Interest and similar income" (in the amount actualized of the value of the commissions) in the income statement for the years 2013 and 2012 and is calculated by the rate established in the related contract to the nominal amount of the guarantee.

Provisions registered to cover these guarantees provided, which have been calculated applying similar principals used for impairment losses on financial assets valued at amortized cost, are recognized under the heading "Provisions - provisions for contingent exposure and commitments" in the consolidated balance sheet (Note 17).

30.2 Assets assigned and accepted as collateral

At 31 December 2013 and 2012 assets owned by the Group guaranteed operations, liabilities and contingent liabilities assumed. The carrying value of the financial assets delivered as guarantee of these liabilities and contingent liabilities and similar at 31 December 2013 and 2012 was as follows:

	Thousands of euros	
	2013	2012
Pledge of securities	5 162 574	6 934 927
Pledge of non-mortgage loans	226 798	1 002 131
	5 389 372	**7 937 058**

At 31 December 2013 and 2012, these amounts relate mostly to pledged securities and non-mortgage loans, under a Bank of Spain policy, for the obtainment of long-term financing maturing in 2015.

As regards the pledge terms and conditions, the guarantees furnished by Unicaja Banco to the Bank of Spain will not be affected, and this is made extensive, by express, irrevocable agreement between the parties, to any automatic or express extensions, renewals or novations of any type that could affect the commitments secured, and will remain in force until the full cancellation of the commitments and of any commitments into which they may be novated or by which they may be replaced.

The Bank has not received any assets as collateral that it is authorized to sell or pledge, irrespective of whether or not there is any default on the part of the asset owner. Consequently, the breakdown required by IFRS 7, paragraph 15 is not applicable.

30.3 Drawable by third parties

At 31 December 2013 and 2012 the limits on financing contracts granted and the amounts utilized, for which the Group has assumed any credit commitment above the amount recognized in assets in the balance sheet at those dates, are set out below:

				Thousands of euros
		2013		2012
	Available amount	Limit granted	Available amount	Limit granted
With immediate availability -	1 232 590	1 888 558	1 427 422	2 355 611
Credit institutions	263	15 087	26 334	70 081
Public entities	29 427	59 123	54 479	95 054
Other sectors	1 202 900	1 814 348	1 346 609	2 190 476
Available subject to conditions -	458 949	3 279 898	617 847	4 078 892
Public entities	2 280	39 649	2 773	39 649
Other sectors	456 669	3 240 249	615 074	4 039 243
	1 691 539	**5 168 456**	**2 045 269**	**6 434 503**

30.4 Party funds under management by the Group and securities held in custody

The breakdown of the funds out of balance managed by the Group at 31 December 2013 and 2012 is as follows:

		Thousands of euros
	2013	2012
Mutual funds	1 933 444	1 760 811
Investment funds	96 596	81 616
Other financial instruments	351 899	413 269
Assets under management	781 397	764 712
	3 163 336	**3 020 408**

Set out below is a breakdown of off-balance sheet customer funds marketed by the Group in 2013 and 2012:

		Thousands of euros
	2013	2012
Mutual funds	1 967 158	1 794 085
Investment funds	96 596	81 616
Pension funds	761 984	696 319
Assets under management	781 397	764 712
Insurance products	1 469 089	1 261 616
	5 076 224	**4 598 348**

Additionally, following is a breakdown of the fair value of third-party funds held in custody of the Group at 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Debt securities and equity instruments	4 791 704	4 834 520
Other financial instruments	78 350	42 066
	4 870 054	4 876 586

30.5. Financial instrument reclassifications

During 2012 the Group performed some reclassifications of debt securities which, up to date, have been classified under the heading financial assets held for sale to the portfolio of held-to-maturity investments, given that the Group has the intention and financial capacity to maintain them until maturity (Note 9.4).

30.6 Asset securitization

The outstanding balance for transfers of financial assets made by the Group at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Written off the balance before January 1, 2014	-	-
Held entirely in balance sheet (Note 2.22)		
AyT Unicaja Financiación I, F.T.A.	-	140 112
Unicaja AyT Empresas I, F.T.A.	-	119 037
Unicaja TDA VPO, F.T.A.	-	149 631
Unicaja Andalucia FT Vivienda TDA 1, F.T.A.	-	148 494
	-	557 274

Set out below is a breakdown by nature of securitized loans entirely recognized in the Unicaja Banco Group's consolidated balance sheet at 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Securitized loans held entirely in the balance	-	557 274
Mortgage securitized assets	-	298 125
Other securitized assets	-	259 149
Loans to companies	-	*119 037*
Consumer loans	-	*140 112*
Liabilities associated with assets held in balance	-	(565 966)
Net position (difference between assets and liabilities)	-	(8 692)

The Bank is deemed to have retained substantially all the risks and rewards associated with the financial assets transferred, since it has acquired all the securitization bonds issued. For this reason, the financial assets transferred have not been written off the consolidated balance sheet and are carried on the same basis as prior to the transfer. In accordance with applicable legislation, both the assets recognized in the balance sheet and an associated financial liability in the same amount as the payment received, carried at amortized cost, are recognized in the accounts without any offset; the income from the financial assets transferred but not written off and the expense on the new financial liabilities are recognized in the consolidated income statement.

The main characteristics of each securitization in the year 2013 and 2012 are the following:

					Thousands of euros	
	Serial	**Amount**	**31/12/13**	**31/12/12**	**Return**	**Maturity**
FUND						
	Series A	785 300	-	15 668	Euribor 3m + 0.40	23/01/2028
	Series B	63 700	-	63 700	Euribor 3m + 0.70	23/01/2028
	Series C	40 900	-	40 900	Euribor 3m + 1.25	23/01/2028
AyT Unicaja Financiación I, F.T.A.	Series D	20 100	-	20 100	Euribor 3m + 2.50	23/01/2028
		910 000	**-**	**140 368**		
	Series A	213 700	-	85 321	Euribor 3m + 0.30	10/07/2051
	Series B	17 500	-	17 500	Euribor 3m + 1.00	10/07/2051
Unicaja AyT Empresas I, F.T.A.	Series C	18 800	-	18 800	Euribor 3m + 1.25	10/07/2051
		250 000	**-**	**121 621**		
Unicaja TDA VPO, F.T.A.	Series A	188 800	-	151 875	Euribor 3m + 0.35	28/04/2051
		188 800	**-**	**151 875**		
Unicaja Andalucía FT Vivienda	Series A1	40 000	-	-	Euribor 3m+0.35	28/01/2052
TDA 1, F.T.A.	Series A2(G)*	160 000	-	152 084	Euribor 3m+0.30	28/01/2052
		200 000	**-**	**152 084**		

(*) With a guarantee from the Regional Authorities of Andalucía.
(**) The carrying amount of the original assets transferred matches the amount of associated liabilities issued.

In 2013, the securitized assets were repurchased by the Bank and the securitization funds were cashed. The financial assets transferred remained in the Bank's balance sheet, associated risks and rewards having been substantially retained, such that the repurchase did not increase the Bank's loan portfolio; the financial liabilities recognized were cancelled in the amount of the cash received, in accordance with applicable regulations.

- On 10 July 2013, the securitization fund named "Unicaja AyT Empresas I, F.T.A." was liquidated in advance. On that same date, the assets securitized through the fund were repurchased for a price of € 110,453 thousand, equivalent to the outstanding balance pending collection on the assets repurchased, including related write-off assets, plus accrued unmatured interest.

- On 14 October 2013, Unicaja Banco acquired from the securitization fund "Unicaja TDA VPO, F.T.A." the 3,000 mortgage bonds and 472 mortgage transfer certificates subscribed for by the fund, for a price of € 143,177 thousand, which was the value of these securities at 30 September 2013, including outstanding principal (matured and not paid, and not yet matured) and accrued unpaid interest. On 28 October 2013, a contract cancellation agreement was concluded between Unicaja Banco, S.A. and the asset securitization fund (represented by the management company) for the funds advance liquidation.

- On 14 October 2013, Unicaja Banco acquired from the securitization fund "Unicaja Andalucía FT Vivienda TDA 1, F.T.A." the 2,009 mortgage bonds and 1,524 mortgage transfer certificates subscribed for by the fund, for a price of € 139,490 thousand, which was the value of these securities at 30 September 2013, including outstanding principal (matured and not paid, and not yet matured) and accrued unpaid interest. On 28 October 2013, a contract cancellation agreement was concluded between Unicaja Banco, S.A. and the asset securitization fund (represented by the management company) for the funds advance liquidation.

- On 23 October 2013, the securitization fund named "AyT Unicaja Financiación I, F.T.A." was liquidated in advance. On 21 October 2013, the assets securitized through this fund were repurchased for a price of € 88,707 thousand, equivalent to the outstanding balance pending collection on the assets repurchased, including related write-off assets, plus accrued unmatured interest.

30.7 Netting arrangements and guarantees

In addition to the amounts that may be offset in the accounts under IAS 32, there are other netting agreements and guarantees which, though not netted in the accounts because the necessary requirements are not fulfilled, effectively reduce credit risk.

There follows a breakdown at 31 December 2013 and 2012 of derivative financial instruments (Notes 8 and 11) in the situation described, showing separately the effects of these agreements and collateral received and/or furnished by the Group:

	Thousands of euros			
	2013		2012	
Derivative financial instruments	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Gross exposure (book value)	**549 982**	**56 069**	**747 173**	**172 076**
Netting agreements and collaterals	**(537 020)**	**(26 580)**	**(658 830)**	**(92 140)**
Netting arrangements	-	-	-	-
Collateral received/furnished	(537 020)	(26 580)	(658 830)	(92 140)
Net exposure	**12 962**	**29 489**	**88 343**	**79 936**

The amounts of collateral in the form of cash and financial instruments reflect fair values. The netting rights depend on counterparty default and relate to collateral in the form of cash and financial instruments.

In connection with the Group's asset reverse repos and repos, there are other agreements entailing the receipt and/or submission of the following guarantees in addition to the guarantee built into these operations:

	Thousands of euros			
	2013		2012	
Guarantees associated with acquisitions and temporary assignment of assets	**Delivered**	**Received**	**Delivered**	**Received**
In cash	92 589	250	2 310	-
In stock	-	-	-	-
	92 589	**250**	**2 310**	**-**

31. Interest and similar income

Set out below is a breakdown of the origin of the most significant interest and similar income accrued by the Group in 2013 and 2012:

	Thousands of euros	
	2013	2012
Balances at central banks (Note 7)	926	1 293
Deposits with credit institutions (Note 10.1)	29 376	19 519
Money market operations through counterparties (Note 10.1)	12 295	19 287
Loans and advances to customers (Note 10.1)	671 798	818 008
Debt securities	379 063	302 124
Doubtful assets (Note 10.1)	9 814	7 876
Rectification of revenues arising from accounting hedges	(6 153)	(7 551)
Insurance contracts related to pensions and similar obligations	4 721	4 852
Other revenues	1 427	1 279
	1 103 267	**1 166 687**

Set out below is a breakdown of the amounts recognized in "Interest and similar income" in the consolidated income statements for 2013 and 2012, classified on the basis of the relevant financial instrument portfolio:

	Thousands of euros	
	2013	2012
Financial assets at fair value with change through profit and loss- Held for trading (Note 8.1)	3 376	439
Available-for-sale financial assets (Note 9.1)	100 770	97 021
Maturity investment portfolio (Note 9.4)	237 663	165 398
Loans and receivables	740 313	876 433
Money market operations through counterparties	12 295	19 287
Rectification of revenues resulting from accounting hedges	(6 153)	(7 551)
Other revenues	15 003	15 660
	1 103 267	**1 166 687**

32. Interest expense and similar charges

The breakdown of the balance of this caption in the consolidated income statements for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Deposits from central banks (Note 16.1)	33 625	49 309
Deposits from credit institutions (Note 16.2)	18 667	17 139
Money market operations through counterparties (Note 16.3)	8 758	13 127
Deposits from other creditors (Note 16.3)	482 218	483 326
Debt securities issued (Note 16.4)	101 522	136 800
Subordinated liabilities (Note 16.5)	2 671	5 390
Rectification of costs arising from accounting hedges	(162 959)	(156 619)
Costs attributable to pension funds arranged (Note 17)	5 344	6 199
Other interests	1 355	2 390
	491 201	**557 061**

Set out below is a breakdown of the amounts recognized in "Interest expense and similar charges" in the consolidated income statements for 2013 and 2012, classified on the basis of the relevant financial instrument portfolio:

	Thousands of euros	
	2013	2012
Financial liabilities at amortized cost	647 461	705 091
Rectification of costs arising from accounting hedges	(162 959)	(156 619)
Other interests	6 699	8 589
	491 201	**557 061**

33. Return on equity instruments

The breakdown of the balance of this caption in the consolidated income statements for 2013 and 2012 by portfolio and nature of the financial instruments is as follows:

	Thousands of euros	
	2013	2012
Equity instruments classified as:		
Financial assets held for trading	33	44
Available-for-sale financial assets	24 856	28 688
	24 889	28 732
Equity instruments having the nature of:		
Shares	24 441	28 102
Investments in Institutions of Collective Investment	448	630
	24 889	**28 732**

34. Results of equity-consolidated entities

A breakdown by company of this consolidated income statement caption for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Autopista del Sol Concesionaria Española, S.A.	(1 926)	(1 353)
EBN Banco de Negocios, S.A.	(1 099)	(2 828)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	19 876	16 541
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (previously, Aquagest Andalucía, S.A.)	3 374	3 090
Sacyr Vallehermoso, S.A.	-	(13 684)
Unema Promotores Inmobiliarios, S.A.	(7)	-
Grupo Hoteles Playa, S.A.	(1 134)	200
Alestis Aerospace, S.L.	-	-
Deoleo, S.A.	1 223	-
Sociedad Municipal de Aparcamientos y Servicios, S.A.	301	312
Ingeniería e Integración Avanzadas, S.A. (Ingenia)	(562)	(322)
Autopista del Guadalmedina, Concesionaria Española, S.A.	(2 163)	(857)
Other entities	(2 256)	(3 227)
	15 627	**(2 128)**

35. Fee and commission income

Set out below is fee revenue accrued in 2013 and 2012, classified taking into account the main items involved, together with the consolidated income statements for those years in which such revenue has been recorded:

	Thousands of euros	
	2013	2012
Interest and similar revenues		
Origination fees	24 226	27 462
	24 226	**27 462**
Fees received		
Fees relating to contingent risks	6 837	8 030
Fees relating to contingent commitments	1 863	1 337
Fees relating to collection and payment services	86 502	86 423
Fees relating to investment and complementary activities	25 610	23 086
Fees relating to foreign currency and note exchange	329	356
Fees relating to marketing of non-bank financial products	31 998	33 930
Other	3 297	3 616
	156 436	**156 778**
Other operating income		
Compensatory fees of direct costs (Note 38)	1 503	2 081
	1 503	**2 081**

36. Fee and commission expense

Set out below is fee and commission expense accrued in 2013 and 2012, classified taking into account the main items involved, together with the consolidated income statements for those years in which such expense has been recorded:

	Thousands of euros	
	2013	2012
Fee and commission expense		
Commissions paid to intermediaries	824	743
Other commissions	152	426
	976	**1 169**
Fees Paid		
Debit and credit operations	459	523
Commissions ceded to other Banks and correspondent banks	13 796	15 734
Commission expense on securities transactions	1 103	937
Other Fees	4 139	3 630
	19 497	**20 824**

37. Gains or losses on financial assets and liabilities

The breakdown of the balance of this caption in the consolidated income statements for 2013 and 2012 by portfolio of the financial instruments involved is as follows:

	Thousands of euros	
	2013	2012
Trading portfolio	2 966	(15 675)
Available-for-sale financial assets (Note 9.3)	141 595	27 114
Equity instruments	*6 425*	*1 688*
Debt	*135 170*	*25 426*
Credit investments	283	-
Held-to-maturity investments (Note 9.4)	93 044	-
Financial liabilities at amortized cost	-	-
Hedging derivatives	3 518	278
	241 406	**11 717**

In the years 2013 and 2012, the amount collected under the heading "Results from financial operations - assets held for sale - Equity instruments" mainly comprises disposal operations described in Notes 9.1 and 9.3.

In 2013, profits recognized in relation to held-to-maturity securities, totalling € 93,044 thousand, relate to the sale of a part of the debt securities included in the portfolio (Note 9.4). The transaction fulfils the requirements of paragraph GA22 of IAS 39 and therefore the remainder of the held-to-maturity debt securities need not be reclassified to the available-for-sale portfolio (Note 2.2.4).

38. Other operating income

The breakdown of the balance of this caption in the consolidated income statements for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Income from property investments (Note 13.2)	6 610	6 460
Commissions offsetting direct costs (Note 35)	1 503	2 081
Sales and income from non-financial services	33 088	27 320
Insurance premium income	23 260	7
Other	4 244	7 925
	68 705	**43 793**

At 31 December 2013, the item "Other non-recurring income" includes the amount of € 23,250 thousand obtained from the assignment on 31 December 2013 of exclusive rights to distribute home insurance for a five-year period.

39. Other operating expense

This breakdown of this heading in the consolidated income statements for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Operating expenses on Real State	299	137
Contribution to the Deposit Guarantee Fund (Note 1.9)	27 477	31 807
Other	29 962	42 054
	57 738	**73 998**

The heading "Other" includes the cost of the sales services that constitute the core activity of the non-financial subsidiaries consolidated with the Group.

40. Administrative expenses

40.1 Staff costs

The breakdown of "Staff costs" in the consolidated income statements for the years 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Wages and salaries	198 350	204 599
Social securities costs	54 257	49 874
Appropriations to defined benefit pension plans	311	805
Appropriations to defined contribution pension plans	9 320	9 430
Indenisations	64	318
Staff training expenses	890	932
Other staff costs	6 747	7 578
	269 939	**273 536**

The average number of Group's employees, by professional category, at 31 December 2013 and 2012 is as follows:

	Average number of Employees			
	2013		2012	
	Men	Women	Men	Women
Group 1	**2 614**	**1 805**	**2 661**	**1 815**
Level I	15	1	15	1
Level II	44	5	53	4
Level III	136	17	139	14
Level IV	317	67	312	64
Level V	676	241	643	226
Level VI	384	151	397	154
Level VII	401	308	435	310
Level VIII	290	313	283	310
Level IX	96	156	98	140
Level X	50	151	62	148
Level XI	168	347	172	365
Level XII	31	39	49	72
Level XIII	6	9	3	7
Group 2	**20**	**7**	**19**	**7**
Level I	3	-	3	-
Level II	12	5	11	4
Level III	-	2	-	3
Level IV	4	-	3	-
Level V	1	-	2	-
Cleaners	**-**	**13**	**-**	**15**
Total Parent	**2 634**	**1 825**	**2 680**	**1 837**
Other subsidiaries	**253**	**195**	**257**	**201**

During 2013 and 201 the average number of people employed with a disability of at least 33% is 90 and 91, respectively, in compliance with Law 13/1982 of 7 April, the social integration of disabled persons.

The table below details a breakdown by concepts of the amounts recognized in the headings "Provisions - provisions for pensions and similar obligations" and "Insurance contracts linked to pensions" in the consolidated balance sheets at 31 December 2013 and 2012:

	Thousands of euros	
	2013	2012
Provisions - Provisions for pensions and similar obligations -	**183 950**	**184 267**
Post-employment benefits	141 453	130 782
Other long-term benefits	42 497	53 485
Insurance contracts linked to pensions	**132 097**	**119 358**
Post-employment benefits	132 097	119 358

Changes in the provisions recognized by the Group during the years ended 31 December 2013 and 2012 are detailed in Note 17.

40.1.1 Post-employment commitments

During 2002 the Entity agreed with its employees to modify and transform the employee pension supplement system into a mixed model of defined contribution and defined benefit system externalized to Unifondo Pensiones V, Fondo de Pensiones. To finish this modification and transformation, the Institution surrendered the insurance policies that before covered the actuarial liabilities. Simultaneously, funds were appropriated to the internal pension fund, a part of which was subsequently externalized to Unifondo V, Fondo de Pensiones.

At 31 December, 2013 and 2012, the balance of Unifondo Pensiones V, Fondo de Pensiones amounted to €291,156 thousand and €270,921 thousand, respectively. This amount covers needs of defined contribution and defined benefits commitments calculated in Note 2.12.

40.1.1.1 General information on post-employment commitments

Set out below are different commitments of post-employment, such as defined contribution and defined benefit commitments assumed by the Entity:

Defined benefit plans

The contributions made by the Group to the fund of external pension funds in 2013 amounted to €9,320 thousand (€9,430 thousand in 2012) and are recognized in "Staff costs" in the income statement.

Defined contribution plans

The present value of the commitments has been defined by qualified actuaries as follows:

- Calculation method: "projected credit unit method", whereby each year of service an additional unit of right to benefits is generates and valued separately.

- Actuarial assumptions used: consistent and compatible assumptions. The specific actuarial assumptions employed are stated in Note 2.12.

- Estimated retirement age of employees: calculated for each employee using the best information available at the reporting date.

The fair value of non-plan assets covering pension commitments includes the fair value of the insurance policy taken out by the Group with the insurer Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. to cover commitments with employees who are guaranteed a supplementary benefit on retirement, as explained previously. As this insurance policy is contacted with a company related to the Bank (Note 12), it is recognized at fair value in the item "Insurance contracts linked to pensions" in assets, as it is not deemed to be a "plan asset". The policy's fair value has been calculated using actuarial methods, discounting payments flows stipulated in the policy at the discount rate applicable according to the IBOXX AA Corporate curve, based on the financial term of the commitments.

At 31 December 2013 and 2012 the fair value of the assets allocated to cover post-employment remuneration is as follows:

	Thousands of euros	
	2013	2012
Nature of assets allocated to cover commitments		
Assets of the plan covered by insurance policy with Unicorp Vida, S.A.	35 061	37 606
Assets of the plan covered by pension plans in other independent entities	-	-
Insurance policies contracted by the plan with Unicorp Vida, S.A. and allocated to cover defined benefit commitments	132 097	119 359
External defined contribution pension plan	212 072	176 028
	379 230	**332 993**

40.1.1.2 Information on defined-contribution post-employment commitments

Pension commitments arranged under defined contribution plans are settled by means of annual payments made by the Group to beneficiaries, who are almost exclusively serving employees. The contributions are charged to the consolidated income statement for the period (Note 2.12.1) and do not therefore entail the recognition of a liability in the accompanying consolidated balance sheet.

The amounts recognized in the accompanying consolidated income statement in respect of contributions made to these plans in 2013 and 2012 totaled € 9,320 thousand and € 9,430 thousand, respectively (Note 40.1.1.1).

40.1.1.3 Information on defined-benefit post-employment commitments

Actuarial losses and gains on defined benefit plans recognized in the 2013 consolidated statement of recognized income and expenses as items of other recognized income and expenses that will not be taken to the income statement total a gross loss of € 519 thousand, entailing a net loss of € 363 thousand after the tax effect.

Set out below is the reconciliation between the opening and closing balances of the present value of Unicaja Banco's defined benefit commitments for 2013 and 2012:

	Thousands of euros		
2013	Plan 1	Plan 2	Total
Present value of obligations at January 1, 2013	**93 016**	**37 708**	**130 724**
(i) Cost of current services	273	38	311
(ii) Borrowing costs	4 009	959	4 968
(iii) Contributions made by plan participants	-	-	-
(vi) Actuarial losses and gains	16 910	(795)	16 115
iv.1. Due to changes in demographic assumptions	-	-	-
iv.2. Due to changes in financial assumptions	15 185	(228)	14 957
iv.3. Adjustments due to experience	1 725	(567)	1 158
(v) Exchange rate changes	-	-	-
(vi) Benefits paid	(9 134)	(1 532)	(10 666)
(vii) Cost of past services	-	-	-
(viii) Business combinations	-	-	-
(ix) Reductions	-	-	-
(x) Plan settlements	-	-	-
Present value of obligations at December 31, 2013	**105 074**	**36 378**	**141 452**

2012	Plan 1	Plan 2	Thousands of euros Total
Present value of obligations at January 1, 2012	**95 814**	**37 503**	**133 317**
(i) Cost of current services	284	78	362
(ii) Borrowing costs	4 706	1 493	6 199
(iii) Contributions made by plan participants	-	-	-
(vi) Actuarial losses and gains	636	62	698
iv.1. Due to changes in demographic assumptions	-	-	-
iv.2. Due to changes in financial assumptions	-	-	-
iv.3. Adjustments due to experience	636	62	698
(v) Exchange rate changes	-	-	-
(vi) Benefits paid	(8 424)	(1 428)	(9 852)
(vii) Cost of past services	-	-	-
(viii) Business combinations	-	-	-
(ix) Reductions	-	-	-
(x) Plan settlements	-	-	-
Present value of obligations at December 31, 2012	**93 016**	**37 708**	**130 724**

Set out below is the reconciliation between the opening and closing balances of the fair value of the plan assets and the opening and closing balances of any reimbursement rights capitalized by Unicaja Banco in 2013 and 2012:

2013	Plan 1	Plan 2	Thousands of euros Total
Fair value of assets at January 1, 2013	**91 764**	**27 594**	**119 358**
(i) Cost of current services	2 360	729	3 089
(ii) Borrowing costs	4 011	710	4 721
(iii) Contributions made by plan participants	-	-	-
(vi) Actuarial losses and gains	15 077	518	15 595
iv.1. Due to changes in demographic assumptions	-	-	-
iv.2. Due to changes in financial assumptions	14 438	655	15 093
iv.3. Adjustments due to experience	639	(137)	502
(v) Exchange rate changes	-	-	-
(vi) Benefits paid	(9 134)	(1 532)	(10 666)
(vii) Cost of past services	-	-	-
(viii) Business combinations	-	-	-
(ix) Reductions	-	-	-
(x) Plan settlements	-	-	-
Fair value of assets at December 31, 2013	**104 078**	**28 019**	**132 097**

2012	Plan 1	Plan 2	Total
			Thousands of euros
Fair value of assets at January 1, 2012	**94 608**	**27 451**	**122 059**
(i) Cost of current services	1 627	1 558	3 185
(ii) Borrowing costs	4 160	692	4 852
(iii) Contributions made by plan participants	-	-	-
(vi) Actuarial losses and gains	(206)	(679)	(885)
iv.1. Due to changes in demographic assumptions	-	-	-
iv.2. Due to changes in financial assumptions	-	-	-
iv.3. Adjustments due to experience	(206)	(679)	(885)
(v) Exchange rate changes	-	-	-
(vi) Benefits paid	(8 425)	(1 428)	(9 853)
(vii) Cost of past services	-	-	-
(viii) Business combinations	-	-	-
(ix) Reductions	-	-	-
(x) Plan settlements	-	-	-
Fair value of assets at December 31, 2012	**91 764**	**27 594**	**119 358**

Set out below is the reconciliation of the present value of the defined-benefit post-employment commitments and the fair value of the plan assets (excluding insurance contracts linked to pensions), against the assets and liabilities recognized in Unicaja Banco's balance sheet at 31 December 2013 and 2012:

2013	Plan 1	Plan 2	Total
			Thousands of euros
Present value of obligations at December 31, 2013	**105 074**	**36 378**	**141 452**
(i) Cost of past services not recognized in the balance sheet	-	-	-
(ii) Any amount not capitalized	-	-	-
(iii) Fair value of any reimbursement right capitalized	-	-	-
(iv) Other amounts recognized in the balance sheet	(1 818)	(36 378)	(38 196)
Fair value of assets at December 31, 2013	**103 256**	**-**	**103 256**

2012	Plan 1	Plan 2	Total
			Thousands of euros
Present value of obligations at December 31, 2012	**93 017**	**37 709**	**130 726**
(i) Cost of past services not recognized in the balance sheet	-	-	-
(ii) Any amount not capitalized	-	-	-
(iii) Fair value of any reimbursement right capitalized	-	-	-
(iv) Other amounts recognized in the balance sheet	(2 090)	(37 709)	(39 799)
Fair value of assets at December 31, 2012	**90 927**	**-**	**90 927**

Set out below is a breakdown of the total expense recognized in the consolidated income statements for 2013 and 2012:

Definition	According to IAS 19
a) Cost of current services	Staff costs
b) Borrowing costs	Interest expense and similar charges
c) Expected return on assets	Interest and similar income
d) Cost of past services recognized during the period	Charge to provisions (net)

			Thousands of euros
2013	Plan 1	Plan 2	Total
a) Cost of current services	273	38	311
b) Borrowing costs	4 009	959	4 968
c) Expected return on assets	(4 011)	(710)	(4 721)
d) Cost of past services recognized during the period	-	-	-
e) Past service costs recognized in the year	-	-	-

			Thousands of euros
2012	Plan 1	Plan 2	Total
a) Cost of current services	284	78	362
b) Borrowing costs	4 706	1 493	6 199
c) Expected return on assets	(4 160)	(692)	(4 852)
d) Cost of past services recognized during the period	842	741	1 583
e) Past service costs recognized in the year	-	-	-

Set out below are the main actuarial assumptions used by Unicaja Banco at 31 December 2013:

Plan 1 Actuarial Assumptions:

- Updated tables: PERMF 2000-P
- Discount rates:
  - Market rate as per the financial term of commitment flows and applying the IBOXX AA Corporate curve at 31 December 2013 for highly-rated Eurozone corporate bonds.
  - Each commitment has a term of between 17.73 and 8.93 for the commitments and between 11.47 and 4.43 for the assets.
  - The rates applied to each commitment fluctuate between 3.08% and 2.78% for the commitments and 2.92% and 1.91% for the assets.
- Salary growth rate: 2%
- Social Security pension growth rate: 0
- Contribution base growth rate:
  - Contribution bases increase until they reach the actual salaries, up to the limits of the maximum contribution base for each rate group.
  - Maximum contribution base growth rate: 1%
- Pension increase rate: 1%
- Expected yield on plan assets:
  - For assets covering commitments insured under the Group II policy (Defined Benefit. Collective Bargaining Agreement for Savings Banks. Former Unicaja), a rate of 2.15% is applied.
  - For assets covering commitments insured under the Group III policy (Defined Benefit. Employees from Banco Urquijo), a rate of 2.14% is applied.
  - For assets covering commitments insured under the Group VI policy (Plan beneficiaries) with cash-flow matching, a rate of 4.87% is applied.
  - For assets covering commitments insured under the policy for Beneficiaries from Groups I (Mixed. General System), II and III that receive actuarial income, a rate of 2.88% is applied.
  - For assets covering commitments insured under the policy for benefits not financed by the Plan due to contribution limits, a rate of 2.15% is applied.

- Rate of yield on any reimbursement right recognized: 0
- Estimated retirement age: 65, except for participants in respect of whom the retirement age is brought forward.
- Turnover: No

Plan 2 Actuarial Assumptions:

- Updated tables: PERMF 2000-P
- Discount rates:
  - Market rate as per the financial term of commitment flows and applying the IBOXX AA Corporate curve at 31 December 2013 for highly-rated Eurozone corporate bonds.
  - Each commitment has a term of between 17.49 and 9.78 for the commitments and between 14.36 and 1.09 for the assets.
  - The rates applied to each commitment fluctuate between 3.07% and 2.83% for the commitments and 3.02% and 0.86% for the assets.
- Salary growth rate: 5%
- Social Security pension growth rate: 0
- Contribution base growth rate:
  - Contribution bases increase until they reach the actual salaries, up to the limits of the maximum contribution base for each rate group.
  - Maximum contribution base growth rate: 3%
- Pension increase rate: 3%
- Expected yield on plan assets:
  - For assets covering commitments insured under the policy for commitments arising from the Collective Bargaining Agreements for Savings Banks and Banks, a rate of 2.13% is applied.
  - For assets covering commitments insured under the policy for early-retired employees with cash-flow matching, a rate of 2.59% is applied.
  - For assets covering commitments insured under the policy for two groups of liabilities, rates of 2.39% and 3.02% are applied.
- Rate of yield on any reimbursement right recognized: 0
- Estimated retirement age: 65.
- Turnover: No

Set out below are the amounts for 2013 and for the preceding four annual periods representing the present value of defined benefit commitments, the fair value of plan assets and experience adjustments under paragraph 120A, letter (f) of IAS 19 arising from plan assets and liabilities.

Thousands of euros

	Present value of obligations			Fair value of assets		
	Plan 1	**Plan 2**	**Total**	**Plan 1**	**Plan 2**	**Total**
Year 2009						
Experience adjustments	1 204	(429)	775	(695)	1 594	899
Value at December 31, 2009	100 833	36 928	137 761	99 755	28 039	127 794
Year 2010						
Experience adjustments	(246)	219	(27)	(109)	(91)	(200)
Value at December 31, 2010	97 953	36 458	134 411	96 764	27 342	124 106
Year 2011						
Experience adjustments	(2 685)	(1 398)	(4 083)	(260)	316	56
Value at December 31, 2011	95 815	37 504	133 319	94 608	27 451	122 059
Year 2012						
Experience adjustments	(1 185)	(612)	(1 797)	(199)	(679)	(878)
Value at December 31, 2012	93 017	37 709	130 726	91 765	27 594	119 359
Year 2013						
Experience adjustments	(1 725)	567	(1 158)	639	(137)	502
Value at December 31, 2013	105 074	36 378	141 452	104 078	28 019	132 097

Set out below are sensitivity data for the present value of the commitments at 31 December 2013 in relation to interest rate and salary growth fluctuations:

	Percentage changes	
	Increase	Decrease
Change in present value of commitments in the event of a 0.5% fluctuation in salaries	408	(376)
Change in present value of commitments in the event of a 50 bp interest rate fluctuation	(7 465)	8 188

On the basis of the mortality tables employed, life expectancy for a person retiring at year-end 2013 is 26.31 years and 21.82 years for women and men, respectively. Life expectancy for a person retiring 20 years after year-end 2013 is 28.55 years and 24.17 years for women and men, respectively.

The main categories of assets for plans financed externally as a percentage of total plan assets are as follows:

	Thousands of euros			
	2013	%	2012	%
Equity instruments	13 180	7,41	13 176	7,53
Debt instruments	124 023	69,72	132 647	75,81
Investment funds	40 606	22,83	19 898	11,37
Financial derivatives	(9 647)	(5,42)	-	-
Other assets	9 712	5,46	9 245	5,29
	177 874	100,00	174 966	100,00

In all cases, the instrument contracted is an insurance policy.

The fair value of plan assets includes the following financial instruments issued by the Unicaja Banco group:

	Thousands of euros	
	2013	2012
Equity instruments	-	-
Debt instruments	-	-
Deposits and current accounts	8 119	7 408
	8 119	7 408

Estimated payments of post-employment commitment benefits in the coming 10 years are as follows:

	Thousands of euros					
	2014	2015	2016	2017	2018	2019-2023
Post-employment benefit	8 876	8 823	8 738	8 652	8 591	41 433
Other long-term benefit	12 550	10 759	7 586	5 035	2 724	3 668
Total benefits	21 426	19 582	16 324	13 687	11 315	45 101

As regards benefits estimated for the following year:

- For the defined retirement benefit, the amount of contributions will be equal to the ordinary cost and supplementary cost, if applicable, identified in the latest actuarial valuation performed by the plan actuary at the previous year end.

- For the disability, widowhood and orphanhood defined benefits of defined benefit groups, contributions will be equal to the annual premium necessary for coverage purposes, under a group life insurance policy, the amount of which is budgeted based on the amounts paid in the previous year.

- For the disability, widowhood and orphanhood defined benefits of defined contribution groups, contributions will be equal to the cost of the insurance premium for these benefits stipulated by the insurer, in the amount necessary to reach the amount of the benefits, net of capitalization funds formed. In general, they are estimated based on the amounts paid in the previous year.

40.1.2 Death and disability

The amount accrued by defined contribution insurance policies to cover employee death and disability of employees amounted to €1,565 thousand in 2013 (€1,410 thousand in 2012) and is recognized in "Staff costs" in the income statement (Note 2.12.3).

40.1.3 Age awards

The amounts recognized for commitments with employees that reach 20 and 35 years of service at the Group amounted to approximately €4,329 thousand and €4,314 thousand, respectively at 31 December 2013 and 2012 and are recognized in "Provisions - Provisions for pensions and similar liabilities" in the balance sheets.

40.1.4 Other benefits

The amount of these commitments and assets included in the table above was calculated by qualified actuaries as follows:

- Actuarial assumptions used: for the calculation of commitments to employees resulting from that agreement, the Bank applied the curve IBOXX AA Corporate depending on the duration of the commitments, having been estimated other assumptions applied in accordance with the conditions market and the characteristics of the covered group.
- The duration for each commitment varies between 6.91 and 1.24.
- The rates applied for each commitment ranging from 2.53% to 0.88%.
- The estimated retirement age of each employee are as specified.

40.2 Other general administrative expenses

The breakdown of this consolidated income statement line for 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Buildings and facilities	15 051	17 375
Rent	3 856	4 525
Information technologies	18 980	21 352
Communications	12 451	14 275
Advertising	4 998	6 617
Legal costs	655	508
Technical reports	7 025	6 718
Security services	5 188	5 248
Insurance premiums	966	1 293
Governing bodies	1 363	1 058
Representation costs	2 706	2 712
Association charges	2 520	2 566
Outsourcing	-	-
Taxes	9 468	9 110
Other items	3 860	3 335
	89 087	**96 692**

The balance of "Other administrative expenses" includes the fees paid by the Group for the audit of the annual accounts, amounting to € 330 thousand in 2013 (€ 334 thousand in 2012). In 2013, costs of services provided by companies using the PricewaterhouseCoopers brand for other accounting verification and regulatory work, basically relating to the acquisition of Banco CEISS, totaling € 1,260 thousand (€ 504 thousand in 2012), and to other services amounting to € 48 thousand (€ 68 thousand in 2012).

41. Impairment losses on the rest of assets (net)

The breakdown of the heading "Impairment losses on the rest of assets (net)" in the consolidated profit and loss account for the years 2013 and 2012 is as follows:

	Thousands of euros	
	2013	2012
Impairment losses		
Goodwill and other intangible assets (Notes 4)	1 907	1 907
Investments (Note 12)	7 937	39 261
Other assets	52 008	297 057
	61 852	**338 225**

There follows an itemized breakdown of the consolidated balance sheet caption "Other asset impairment losses" for 2013 and 2012:

	Thousands of euros	
	2013	2012
mpairment of tangible assets for own use (net)	(69)	(79)
Impairment losses on investment property (net)	8 009	7 898
Impairment losses on inventories (net)	44 068	289 238
	52 008	**297 057**

The balance of "Other assets" includes the amounts provided by the Group under the concept of impairment of assets in participated companies, fundamentally of those with activities related to the real estate business.

42. Gains and losses on disposal of assets not classified as non-current assets held for sale

The breakdown of this heading in the consolidated income statements for the years 2013 and 2012 is as follows:

	Thousands of euros			
	2013		2012	
	Gains	Losses	Gains	Losses
On disposal of tangible assets	776	(568)	696	(562)
On disposal of investments	33	(12)	927	(153)
Other items	-	(24)	-	(158)
	809	**(604)**	**1 623**	**(873)**

43. Gains and losses on disposal of non-current assets held for sale not classified as discounted operations

The breakdown of this heading in the consolidated income statements for the years 2013 and 2012 is as follows:

	Thousands of euros			
	2013		2012	
	Gains	Losses	Gains	Losses
On disposal of tangible assets	7 137	(10 031)	8 690	(5 015)
Other items (Note 15)	-	(10 401)	-	(25 243)
	7 137	(20 432)	8 690	(30 258)

At 31 December 2013 and 2012, "Other" relates mainly to impairment losses on non-current assets for sale (Note 15).

44. Related parties

In addition to the information presented in Note 6 relative to the balances and transactions with the members of the Group's Board of Directors and key management personnel, set out below is the detail of the accounts registered in the consolidated balance sheets and income statements for the years 2013 and 2012 arising from transactions with related parties:

	Thousands of euros					
	2013			2012		
	Group entities, associates and jointly-controlled entities	Members of the board of directors and general managers	Other related parties	Group entities, associates and jointly-controlled entities	Members of the board of directors and general managers	Other related parties
ASSETS:						
Loans and advances	265 279	1 291	39 539	157 694	1 585	47 443
Securities portfolio	279 579	-	-	293 541	-	-
Other assets	8 118	-	13	5 570	-	47
Insurance contracts linked to pensions	132 097	-	-	119 359	-	-
LIABILITIES:						
Deposits	851 688	4 492	6 598	663 032	2 242	5 373
Subordinated liabilities	252	-	-	39	-	-
Other liabilities	27	-	-	30	-	6
Provisions for pensions and similar obligations	680	-	-	134	-	-
Debt certificates including bonds	-	78	-	-	553	161
INCOME STATEMENT:						
Expense-						
Interest expense and similar charges	13 512	68	68	14 053	57	87
Commissions and impairment losses	9 274	-	34	2 589	-	35
Income-						
Interest and similar income	7 662	24	1 417	7 326	40	1 673
Commissions	2 931	22	78	1 512	18	94
OTHER:						
Contingent risks and commitments	58 062	162	28 194	63 568	168	44 907

Aggregate information is presented in the above table since in all cases the transactions with related parties have no significant impact on the understanding of the financial information provided, in view of the amount or relevance.

The related party transactions were made on normal market conditions.

45. Mortgage market information

On 30 November 2010, the Bank of Spain issued Circular 7/2010 developing certain aspects of the mortgage market as a result of the approval of Law 41/2009 (7 December), which broadly amended Law 2/1981 (25 March) on the mortgage market, and of Royal Decree 716/2009 (24 April), which developed the latter Law.

The Board of Directors declares that the Entity has specific policies and procedures encompassing all the activities performed in the context of the mortgage market issues carried out, guaranteeing rigorous compliance with the mortgage market regulations applicable to these activities.

The policies and procedures include the following criteria:

- Relationship between the amount of the loan and the appraised value of the mortgaged building, including the effect of other collateral and selection of valuation companies.
- Relationship between the debt and the borrower's income, as well as the verification of the information furnished by the borrower and the borrower's solvency.
- Avoidance of imbalance between the flows from the underlying portfolio and the payment flows on the securities issued.

Article 3 of Law 41/2007 (7 December) stipulates that valuation companies providing services to credit entities of the same group of entities must have adequate mechanisms in place to favour the independence of the valuation activity and avoid conflicts of interest, provided that any of the group's credit entities have issued and outstanding mortgage-backed securities. These mechanisms will consist, at minimum, of an internal code of conduct establishing the incompatibilities of executives and administrators, and other matters that the entity deems fit based on its size, business type and other characteristics.

Accordingly, on 10 September 2010 the Executive Committee of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja) created the Entity's Technical Committee in connection with the Group's valuation company Tasaciones Andaluzas, S.A. (TASA), formed by three members representing the units Internal Supervision, Legal Advisory Services and Regulatory Compliance. Under the resolutions adopted by the Board Member of Unicaja Banco, at its meeting on 2 December 2011, there has been continuity in the Bank, its composition and functions of that Technical Committee.

On 27 September 2013, the Technical Committee issued the report on the 2012 activities of Tasaciones Andaluzas, S.A. (TASA), in relation to the adequacy of the mechanisms in place to favour the independence of the valuation activity and to avoid conflicts of interest. Set out below is a brief summary of the content of these annual reports:

- The internal control and IT procedures applied by Tasaciones Andaluzas, S.A. (TASA) to guarantee the fulfilment of its internal code of conduct are analysed.

- The actual independence of the valuation company with respect to the Entity is analysed in accordance with applicable regulations.

The report was submitted to Unicaja Banco's Board of Directors on 20 December 2013 and to the Bank of Spain on 10 January 2014.

On 9 December 2008, the Board of Directors of Tasaciones Andaluzas, S.A.U. (TASA) approved the company's internal code of conduct.

As an issuer of mortgage covered bonds and ordinary mortgage bonds, there follows certain relevant information pursuant to the provisions of mortgage market regulations:

A) Active operations

At 31 December 2013 and 2012 the breakdown of the nominal value of mortgage loans and credit supporting the issue of mortgage bonds or which have been included in mortgage shares or mortgage transfer certificate, is as follows:

	Thousands of euros	
	2013	2012
Loans held in the asset transferred	**-**	**389 062**
Mortgage participations	-	209 988
Mortgage transfer certificates	-	179 074
Affects mortgage loans as collateral for loans received	**-**	**-**
Loans backing the issuance of bonds and mortgage bonds	**15 507 376**	**16 052 982**
Loans ineligible	3 601 511	3 629 698
Meet the eligibility requirements, except for the limit Article 5.1 of Royal Decree 716/2009	1 280 508	1 386 949
Rest	2 321 003	2 242 749
Eligible loans	11 905 865	12 423 284
Amounts not eligible	165 309	173 079
Amounts eligible	11 740 556	12 250 205
Loans covering mortgage bond	-	-
Loans eligible for coverage of mortgage bonds	*11 740 556*	*12 250 205*
	15 507 376	**16 442 044**

At December 31, 2013 and 2012, the nominal value of outstanding loans and mortgage loans backing the issue of mortgage bonds totals to an amount of €15,507,376 thousand and €16,052,982 thousand, respectively, and the value outstanding principal of loans and mortgages that meet the characteristics of being eligible under the issuance of such support mortgage amounts to an amount of €11,905,865 thousand and €12,423,284 thousand, respectively.

At 31 December 2013 and 2012, the Entity has not issued ordinary mortgage bonds.

At 31 December 2013, there are no loans or mortgage loans which, while remaining in the portfolio, are subject to mortgage bonds or mortgage transfer certificates. At 31 December 2012, the nominal value of these loans and mortgage loans totaled € 389,062 thousand.

The nominal value of all ineligible mortgage loans and credit that do not meet the limits established by Article 5.1 of Royal Decree 716/2009 which, however, comply with the rest of the requirements for eligible items, as indicated in Article 4 of that Law, totals €1,280,508 thousand at 31 December 2013 (€1,386,949 thousand at 31 December 2012).

The breakdown of loans that support the issue of mortgage bonds classified in accordance with diverse criteria at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	
	Loans backing the issuance of bonds and mortgage bonds	Of which: Loans eligible
Nominal value of the total outstanding mortgage loans and credits	**15 507 376**	**11 905 865**
By origin:	15 507 376	11 905 865
- Group	15 151 036	11 600 213
- Surrogate for other entities	356 340	305 652
By currency:	15 507 376	11 905 865
- In euros	15 507 360	11 905 849
- Other currency	16	16
According the payment situation:	15 507 376	11 905 865
- Normality	15 223 925	11 905 865
- Other situations	283 451	-
According to the average maturity:	15 507 376	11 905 865
- To 10 years	6 614 456	4 015 277
- More than 10 years and to 20 years	4 888 721	4 421 698
- More than 20 years and to 30 years	3 394 985	2 922 706
- More than 30 years	609 214	546 184
According to the interest manner:	15 507 376	11 905 865
- Fixed	182 068	110 199
- Variable	15 325 308	11 795 666
Holders:	15 507 376	11 905 865
- Legal entities and individuals	4 120 322	2 156 238
Of which: property development	*1 067 079*	*570 384*
- Households	11 387 054	9 749 627
Depending on the warranty:	15 507 376	11 905 865
- Assets/ buildings completed	13 572 493	10 957 731
- Residential	12 366 840	10 165 449
Of which: official protection	*671 224*	*635 355*
- Commercial	609 275	405 223
- Rest	596 378	387 059
- Assets/ buildings under construction	450 056	333 700
- Residential	413 190	312 846
Of which: official protection	*11 552*	*10 161*
- Commercial	31 349	20 292
- Rest	5 517	562
- Lands	1 484 827	614 434
- Urbanized	928 392	250 387
- Rest	556 435	364 047

	Thousands of euros	
	2012	
	Loans backing the issuance of bonds and mortgage bonds	Of which: Loans eligible
Nominal value of the total outstanding mortgage loans and credits	**16 052 982**	**12 423 284**
By origin:	16 052 982	12 423 284
- Group	15 678 868	12 095 565
- Surrogate for other entities	374 114	327 719
By currency:	16 052 982	12 423 284
- In euros	16 052 949	12 423 251
- Other currency	33	33
According the payment situation:	16 052 982	12 423 284
- Normality	15 784 942	12 423 284
- Other situations	268 040	-
According to the average maturity:	16 052 982	12 423 284
- To 10 years	6 206 374	3 796 849
- More than 10 years and to 20 years	5 038 330	4 480 198
- More than 20 years and to 30 years	4 004 425	3 431 362
- More than 30 years	803 853	714 875
According to the interest manner:	16 052 982	12 423 284
- Fixed	137 365	75 065
- Variable	15 915 617	12 348 219
Holders:	16 052 982	12 423 284
- Legal entities and individuals	4 589 934	2 559 945
Of which: property development	*1 344 505*	*768 548*
- Households	11 463 048	9 863 339
Depending on the warranty:	16 052 982	12 423 284
- Assets/ buildings completed	13 434 277	10 983 681
- Residential	12 680 973	10 454 806
Of which: official protection	*470 949*	*407 445*
- Commercial	625 267	447 191
- Rest	128 037	81 684
- Assets/ buildings under construction	538 597	376 878
- Residential	491 580	346 761
Of which: official protection	*9 911*	*9 058*
- Commercial	37 551	25 686
- Rest	9 466	4 431
- Lands	2 080 108	1 062 725
- Urbanized	928 801	311 098
- Rest	1 151 307	751 627

At 31 December 2013 and 2012 the breakdown of the nominal value of all eligible mortgage loans, based on the ratio between the amount of the transactions and the appraised values in accordance with the latest available appraisal of respective mortgage assets, is as follows:

						Thousands of euros 2013
	Less or equal to 40%	Greater than 40% and less or equal to 60%	Greater than 60%	Greater than 60% and less or equal to 80%	Greater al 80%	Total
Loans eligible						
- On housing	2 363 929	3 519 765	-	4 594 601	-	10 478 295
- On other goods	805 357	594 111	28 102	-	-	1 427 570
	3 169 286	**4 113 876**	**28 102**	**4 594 601**	**-**	**11 905 865**

						Thousands of euros 2012
	Inferior o igual al 40%	Superior al 40% e inferior o igual al 60%	Superior al 60%	Superior al 60% e inferior o igual al 80%	Superior al 80%	Total
Loans eligible						
- On housing	2 294 457	3 490 966	-	5 016 144	-	10 801 567
- On other goods	820 202	767 749	33 766	-	-	1 621 717
	3 114 659	**4 258 715**	**33 766**	**5 016 144**	**-**	**12 423 284**

Information relating to the nominal value of mortgage loans and credit that have been eliminated or added to the portfolio in 2013 and 2012 is set out below:

				Thousands of euros
		2013		2012
	Loans eligible	Loans not eligible	Loans eligible	Loans not eligible
Beginning balance	**12 423 284**	**3 629 698**	**12 765 900**	**4 161 414**
Disposals	**(1 502 521)**	**(792 193)**	**(1 669 339)**	**(1 120 870)**
Cancellations due maturity	(12 350)	(8 120)	(45 951)	(31 481)
Advanced cancellations	(150 099)	(176 567)	(245 392)	(147 843)
Subrogation of other entities	(1 736)	-	(55 954)	-
Rest	(1 338 336)	(607 506)	(1 322 042)	(941 546)
Additions	**985 102**	**764 006**	**1 326 723**	**589 154**
Originated by Group	369 000	133 450	314 980	52 889
Subrogation of other entities	8 453	2 520	8 172	1 938
Rest	607 649	628 036	1 003 571	534 327
Final balance	**11 905 865**	**3 601 511**	**12 423 284**	**3 629 698**

The movements included in the item "Other", when associated with "Disposals for the year", relate basically to the following flows that generate changes in the nominal balance of eligible and non-eligible loans and are applicable to movements in both 2013 and 2012:

- Transfers between the eligible and non-eligible portfolios, representing additions to the item "eligible loans" and disposals from the "non-eligible loans" portfolio or vice versa. This change is common to movements associated with "Additions for the year" (with the opposite sign). Transfers are due to changes in the fulfilment of eligibility requirements in accordance with applicable regulations (mainly the change in the LTV ratio for the utilization/repayment of loans or the review/update of appraisals).

- Repayment of loans that remain outstanding with respect to the total loans declared in the previous period and are not therefore treated as repayments at maturity or early repayments.

The movements included in the item "Other", when associated with "Additions for the year", relate basically to the following flows that generate changes in the nominal balance of eligible and non-eligible loans and are applicable to movements in both 2013 and 2012:

- Transfers between the eligible and non-eligible portfolios, representing additions to the item "eligible loans" and disposals from the "non-eligible loans" portfolio or vice versa. This change is common to movements associated with "Disposals for the year" (with the opposite sign). Transfers are due to changes in the fulfilment of eligibility requirements in accordance with applicable regulations (mainly the change in the LTV ratio for the utilization/repayment of loans or the review/update of appraisals).

- Effect of the liquidation of securitization funds described in Note 30.6.

The available balance of mortgage loans that support the issue of mortgage bonds at 31 December 2013 and 2012 is as follows:

	Thousands of euros	
	2013	**2012**
Potentially eligible	270 280	417 363
Ineligible	145 985	156 186
	416 265	**573 549**

The nominal value of the available amounts (committed amounts not drawn down) relating to all mortgage loans and credit potentially eligible at 31 December 2013 and 2012 totals €270,280 thousand €417,363 thousand, respectively, and the amount that is not potentially eligible totals €145,985 thousand €156,186 thousand, respectively.

At 31 December 2013 and 2012 the Group does not have any replacement assets associated to issues of mortgage bonds or debentures.

B) Liability transactions

The breakdown at 31 December 2013 and 2012 of the nominal aggregate value of mortgage bonds in force issued by the Bank and the mortgage funds and mortgage transfer certificates that are active at that date, based on their residual terms, is as follows:

	Thousands of euros	
	2013	2012
Mortgage bonds	-	-
Mortgage bonds issued	8 569 184	9 176 926
Issued for public offering	2 250 000	2 250 000
- Residual maturity to 1 year	1 000 000	-
- Residual maturity more than 1 year and to 2 years	750 000	1 000 000
- Residual maturity more than 2 years and to 3 years	500 000	750 000
- Residual maturity more than 3 years and to 5 years	-	500 000
- Residual maturity more than 5 years and to 10 years	-	-
- Residual maturity more than 10 years	-	-
Rest of issues	400 000	550 000
- Residual maturity to 1 year	-	150 000
- Residual maturity more than 1 year and to 2 years	-	-
- Residual maturity more than 2 years and to 3 years	-	-
- Residual maturity more than 3 years and to 5 years	140 000	70 000
- Residual maturity more than 5 years and to 10 years	260 000	330 000
- Residual maturity more than 10 years	-	-
Deposits	5 919 184	6 376 926
- Residual maturity to 1 year	468 292	457 741
- Residual maturity more than 1 year and to 2 years	314 744	468 293
- Residual maturity more than 2 years and to 3 years	914 074	314 744
- Residual maturity more than 3 years and to 5 years	1 451 258	1 714 074
- Residual maturity more than 5 years and to 10 years	1 331 893	1 783 151
- Residual maturity more than 10 years	1 438 923	1 638 923
Shares issues mortgage	-	209 988
Issued by public offering	-	-
Other issues	-	209 988
Mortgage transfer certificates issued	-	179 074
Issued by public offering	-	-
Other issues	-	179 074
	8 569 184	9 565 988

46. Information transparency in connection with financing for construction, property development, home buying and assets acquired in payment of debts

46.1 Qualitative information

The following should be noted in relation to the minimum information that must be disclosed by consolidated groups of financial institutions and by individual financial institutions that do not form part of a group:

- With respect to the financing of construction and property development, financial institutions are asked to disclose their policies and strategies implemented in connection with problematic assets in this industry, with a view to the short, medium and long term. These exposures must also be evaluated in terms of the resistance tests published before the summer, if the entity participated in them.

- Financing needs in the markets and in the short, medium and long-term strategies implemented must also be evaluated (without prejudice to the fact that the Bank of Spain may send at a later date details relating to minimum information on financing and liquidity needs).

Unicaja Banco, as part of its risk policy, particularly in connection with construction and property development, has a number of specific policies and strategies in place to favour the fulfilment of borrower obligations and mitigate the Group's exposure. Alternatives are sought to permit the completion and sale of property developments, analysing the renegotiation of exposures if this improves the Group's credit position and basically to allow the borrower to continue to do business.

This takes into account prior experience with the borrower, compliance record, declared intention to pay, capacity to generate cash flows and new collateral furnished before existing guarantees are exceeded.

Firstly, provided there is a certain payment capacity and after exhausting all possibilities of collecting the past due debt, the Group studies the grant of principal grace periods to allow development of the land financed, completion of property under development and sale of finished units. The analysis performed prioritises project feasibility so as to avoid an increase in the investment in properties for which future sales are clearly possible.

If support measures are not possible or sufficient, other alternatives are sought, such as dation in payment or asset purchase, the final option being a court claim and the subsequent repossession of the properties through the enforcement of the mortgage guarantees. All irregular assets included in the Group's consolidated balance sheet are managed ultimately for the purposes of divestment or leasing.

To this end, the Unicaja Banco Group has special-purpose companies specialized in the management of property development projects, selling of properties and leasing of investment properties (Note 1.1.3). The Group also has specific units responsible for developing these strategies and coordinating the actions of the special-purpose subsidiaries, office network and other agents involved. Finally, the Group has the website *www.unicajainmuebles.com*, one of the main tools employed to present these assets to the general public.

46.2 Quantitative information

Set out below is a breakdown of financing for construction and property development (1), and of assets backing such financing (1), at 31 December 2013 and 2012:

Chart 1

						Thousands of euros
	2013			2012		
	Gross	Excess over de value of the collateral	Specific coverage	Gross	Excess over de value of the collateral	Specific coverage
Registered credit (business in Spain)	2 014 717	119 971	633 906	2 397 687	158 572	722 149
Which doubtful	714 627	119 971	440 638	731 542	158 572	305 207
Of which substandard	560 143	-	193 268	454 472	-	121 695
Memorandum item						
Total general allowance (total business) (3)	-	-	15 280	-	-	19 013
Bad assets (4)	257 287	-	-	194 557	-	-

Memorandum item (5)	Book value 2013	2012
Total lending to costumers excluding Government (business in Spain)	17 427 546	19 354 534
Total consolidated assets (total business)	41 242 921	40 714 264

(1) This entails, for example, that if the debtor is: (a) a property company that uses the financing granted for a purpose other than construction or property development, it will not be included in this table; and (b) a company whose core business is not construction or property development, but the credit is employed to finance buildings for use in property development, it will be included in this table.

(2) This is the amount of the excess of the gross amount of each loan over the value of the real property rights received as collateral, if applicable, calculated as stipulated in Exhibit IX of Circular 4/2004. [Consequently, the value of the real property rights is the lower of the cost of the assets and their appraised value in their current condition, weighted using percentages that range from 70% to 50%, depending on the nature of the assets mortgaged].

(3) This is the total amount of the general provision recognized for any item by the consolidated group (total business).

(4) Gross amount of the loan used to finance construction and property development recognized by the group's credit entities (business in Spain) and written off the balance sheet due to being classified as a "write-off assets".

(5) The carrying amount is the amount at which these assets are recognized in the balance sheet after deducting any provisions.

Set out below is a breakdown of Financing for construction and property development, operations recognized by credit entities (business in Spain) at 31 December 2013 and 2012:

Chart 2	Thousands of euros Gross amount (6) 2013	2012
Without mortgage	496 812	521 841
Whit mortgage (7)	1 517 905	1 875 846
Buildings completed (8)	922 767	1 099 147
Housing	775 766	972 716
Rest	147 001	126 431
Buildings under construction (8)	187 374	238 614
Housing	183 946	225 701
Rest	3 428	12 913
Soil	407 764	538 085
Developed land	348 688	442 140
Other soil	59 076	95 945
Total	**2 014 717**	**2 397 687**

6) The gross amount in the Table 1 line "Credit recognized by the group's credit entities (business in Spain)" is equal to the amount in the Table 2 line "Total".

(7) Including all mortgage operations, irrespective of the percentage of outstanding risk with respect to the latest-available appraised value.

(8) If a building is used for both residential (housing) and commercial (offices and/or premises) purposes, the financing will be included in the category that predominates.

Set out below is a breakdown at 31 December 2013 and 2012 of Home-buyer loans, operations recognized by credit entities (business in Spain):

Chart 3	Thousands of euros 2013		2012	
	Gross	Doubtful	Gross	Doubtful
Credit for house purchase	10 033 346	570 647	10 372 761	454 723
Without mortgage	11 457	787	15 404	1 773
With mortgage (7)	10 021 889	569 860	10 357 357	452 950

Set out below is a breakdown of Home-buyer mortgage credit showing total risk as a percentage of the latest-available appraised value (LTV), operations recognized by credit entities (business in Spain) at 31 December 2013 and 2012:

Chart 4	Levels of LTV (10) 31 December 2013				
	LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	Total
Gross	5 067 502	4 431 615	450 325	72 447	10 021 889
Doubtful (9)	136 415	311 206	82 095	40 144	569 860

Chart 4					Levels of LTV (10) 31 December 2012
	LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	Total
Gross	4 977 554	4 805 930	514 761	59 112	10 357 357
Doubtful (9)	103 566	253 243	70 139	26 002	452 950

(9) The sum of the gross amounts and doubtful loans in each range of this table matches the amounts shown on the Table 3 line for mortgage credit.

(10) LTV is the ratio obtained by dividing risk outstanding at the reporting date by the latest-available appraised value.

Set out below is a breakdown of assets awarded to the consolidated group entities (business in Spain) (11) at 31 December 2013 and 2012:

Cuadro 5	Thousands of euros 2013 Book value	2013 Coverage	2012 Book value	2012 Coverage
Real Estate assets from fund intended to	1 552 023	853 161	1 308 460	691 821
Buildings completed	415 234	155 185	391 648	126 230
Housing	343 834	126 421	332 268	106 339
Others	71 400	28 764	59 380	19 891
Buildings under construction	119 692	64 741	77 986	42 522
Housing	116 821	63 256	76 114	41 394
Other	2 871	1 485	1 872	1 128
Soil	1 017 097	633 235	838 826	523 069
Developed land	540 387	332 513	469 102	288 627
Other	476 710	300 722	369 724	234 442
Real Estate mortgage financing from	325 620	144 038	327 263	135 510
Other Real Estate assets (12)	102 699	43 274	221 718	121 200
Equity instruments, shares in and financing granted to entities holding real estate assets (13)	363	321	502	-
	1 980 705	1 040 794	1 857 943	948 631

(11) This will include assets awarded, acquired, purchased or exchange for debt deriving from financing granted by the group companies during business in Spain, and shares in and financing granted to non-consolidated entities holding such assets.

(12) This will include real estate assets that do not derive from loans to construction and property development companies, or home-buyer loans.

(13) All assets of this kind will be recognized, including equity instruments, shares in and financing granted to entities holding real estate assets, mentioned in lines 1 to 3 of this table, and equity instruments and shares in construction or property development companies received in payment of debts.

47. Information on the deferral of payments to suppliers. Additional Provision Three - Duty of information - Law 15/2010 (5 July)

In accordance with Law 15/2010 (5 July), which amended Law 3/2004 (29 December) on measures to combat late payment in commercial transactions, as further developed by the Ruling of 29 December from the Institute of Accounting and Auditing (ICAC) on information to be included in the notes to annual accounts in connection with the deferral of payments to suppliers in commercial transactions, the following should be noted:

- In view of the Entity's core activities, the information on the deferral of debt relates basically to payments to supplier for services and sundry supplies received, other than payments to deposit holders and holders of securities issued by the Entity, which have been made, in any event, in strict compliance with contractual and legal deadlines in each case, whether debts payable on demand or on a deferred basis.

- Payments made by Unicaja Banco to suppliers solely for the provision of sundry services during 2013 totaled € 101,120 thousand (€ 93,350 thousand in 2012); the services were provided within the legal deadlines and as contractually stipulated. At 31 December 2013 and 2012, the balance pending payment to suppliers is immaterial and complies with the payment period requirements of Law 15/2010 (5 July).

48. Customer service

As a result of desegregation operation described in Note 1.1.2 of these Notes to the consolidated annual accounts, the Entity's Customer Service Department is responsible for handling claims and complaints relating to Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), and Banco Unicaja, S.A. - Sociedad Unipersonal.

In compliance with Article 17.2 of Order ECO/734/2004, of 11 March, on customer departments and services and protection of financial institutions, a brief summary is provided of the contents of the report of the Group Customer Service Department: 89.9% of the complaints and claims received in 2013 were resolved (83% at 31 December 2012); the remaining percentage pending at 31 December 2013 are expected to be resolved during the first two months of the following year at maximum, in accordance with the Order and Unicaja's regulations governing the protection of customers.

UNICAJA BANCO, S.A. - SOCIEDAD UNIPERSONAL AND ITS SUBSIDIARIES (UNICAJA BANCO GROUP)

DIRECTOR'S REPORT FOR THE YEAR 2013

At year-end 2013, the Unicaja Banco Group's capitalization level is among the highest of all Spanish financial institutions. Shareholder's funds reached € 2,110 million, with a 13.2% capital adequacy ratio. The majority of shareholders' funds consists of core capital (Unicaja has never issued preferred shares), representing 12.9% of risk-weighted assets. Core capital exceeds the minimum requirements stipulated in Spanish legislation by € 619 million (9%) at the year end.

Unicaja Banco's discountable liquid assets	Millions of euros
Basic Equity	2 061
Equity Second Category	49
Total Computable Equity	**2 110**
Risk Weighted Assets	**16 017**
Percentage of risk-weighted assets (RWAs)	**13,2%**
Minimum Required (% of APRs)	8,0%
Surplus over minimum required (in Millions of euros)	828
Principal Capital	**2 060**
Percentage of risk-weighted assets (RWAs)	**12,9%**
Minimum Required (% of APRs)	9,0%
Surplus over minimum required (in Millions of euros)	619

In a complex, demanding environment with declining GDP, the Unicaja Banco Group posted a profit after tax of € 71.7 million in 2013.

	Millions of euros		
Income Statement Unicaja Bank Group	**December 2013**	**December 2012**	**Annual rate of change**
Net interest	**612,1**	**609,6**	**0,4%**
% Of average total assets (ATMs)	1,5%	1,5%	
Net fees and commissions	136,9	136,0	0,7%
Dividends and other shares results	40,5	26,6	52,3%
Result from financial transactions and exchange differences	241,2	12,5	n.s.
Other products operating income / expenses	11,0	(30,2)	n.s.
Gross Margin	**1 041,7**	**754,5**	**38,1%**
% Of average total assets (ATMs)	2,5%	1,9%	
Operating expenses	(393,8)	(407,4)	(3,3%)
Net operating income before loss provisions	**647,9**	**347,1**	**86,7%**
Provisions and other results	(578,3)	(1 204,4)	(52,0%)
Profit before tax	**69,6**	**(857,3)**	**n.s.**
Income tax	2,2	280,1	n.s.
Consolidated profit	**71,7**	**(577,2)**	**n.s.**
Average Total Assets (ATMs)	**41 070**	**40 051**	**2,5%**

The 2013 was generated by maintaining high net interest income (€ 612.1 million), slightly above the prior-year figure, representing 1.5% of average total assets. Contributions were made by a reduction in financing costs and an increase in the volume and profitability of market investments, offsetting the decline in financial income in a context of diminishing global credit volume, rising loan delinquency and low interest rates.

Millions of euros

Detail Net Interest and Media Types Unicaja Banco Group	2013 Average balance (1)	2013 Result (2)	2013 Yield. / Average cost	2012 Average balance (1)	2012 Result (2)	2012 Yield. / Average cost
Assets:						
Credit institutions and money market operations	7 449	42,6	0,57%	5 045	40,1	0,79%
Fixed-income securities	9 569	373,1	3,90%	8 681	294,7	3,39%
Loans and advances to customers not doubtful	18 854	673,6	3,57%	20 859	821,2	3,94%
ATMs / Total interest income	**41 070**	**1 103,3**	**2,69%**	**40 051**	**1 166,7**	**2,91%**
Liabilities:						
Credit institutions and money market operations	10 604	66,8	0,63%	9 541	81,0	0,85%
Deposits	16 964	270,9	1,60%	15 538	254,7	1,64%
Emissions	8 993	141,3	1,57%	10 028	209,9	2,09%
ATMs / Total interest paid	**41 070**	**491,2**	**1,20%**	**40 051**	**557,1**	**1,39%**
ATM / Net interest	**41 070**	**612,1**	**1,49%**	**40 051**	**609,6**	**1,52%**

(1) Calculated based on quarter-end balances.
(2) Including provisioning adjustments.

Net fee and commission income rose 0.7% on 2012, due basically to the increase in the investment fund and pension plan businesses, offsetting the decline in other business areas.

Net gains/(loss) on financial assets and liabilities totaled € 241.4 million, due mainly to the partial realisation of gains accumulated in the fixed income investments portfolio.

A rigorous cost containment and control policy brought a further reduction in operating expenditure (3.3%) with respect to 2012. The sound performance of expenses and income resulted in an efficiency ratio (operating expenses divided by gross margin) of 37.8%. Overall, the increase in ordinary income, reduction in operating expenses and profits from fixed income portfolio sales lead to a profit of € 647.9 million before write-downs in 2013, 87% above the 2012 figure.

In accordance with the prudent approach traditionally adopted by the Bank, funds generated during the year were used mainly to consolidate high risk coverage levels, write-downs totalling a net amount of € 578 million, charged to results. Most of these write-downs relate to provisions for loans and advances to customers, fixed assets deriving from debts and investments in real estate companies.

Extreme downs and other results	Millions of euros 2013	2012
Extreme downs and other results	48,8	37,8
Impairment on financial assets (net)	454,6	807,6
Impairment of non-financial assets (net)	61,9	338,2
Gains and losses on disposal of assets not classified as held for sale	0,2	0,8
Gains and losses on non-current assets held for sale not classified as discontinued operations	(13,3)	(21,6)
Total writedowns and other results	**578,3**	**1 204,4**

Despite the difficult economic scenario, the Unicaja Banco Group's financial strength has allowed it to focus on personalised customer management. As an example of this commercial dynamism, funds managed reached € 35,712 million, 5.9% up on year-end 2012, as a result of the growth in customer deposits (8.5% year-on-year) and funds captured through off-balance-sheet instruments (investment funds, pension funds, savings insurance and customer portfolios managed), which grew 10.4%. Funds captured through issues (covered bonds, promissory notes and subordinated debentures) decreased by 21.6%.

Managed Resources Unicaja Banco Group	Millions of euros December 2013	December 2012	Relative variation
Total Balance Resources	**30 616**	**29 110**	**5,2%**
Deposits from customers	**28 094**	**25 893**	**8,5%**
Government	**1 108**	**771**	**43,6%**
Private Sector	**26 986**	**25 122**	**7,4%**
Demand deposits	7 429	6 972	6,6%
Term deposits	13 753	13 040	5,5%
Temporary assigments on assets	5 804	5 111	13,6%
Emissions	**2 522**	**3 216**	**(21,6%)**
Notes	89	557	(84,0%)
Mortgage Securities	2 342	2 455	(4,6%)
Other values	-	1	(92,8%)
Subordinated liabilities	91	204	(55,4%)
Off-balance sheet	**5 076**	**4 598**	**10,4%**
Total Managed Resources	**35 692**	**33 708**	**5,9%**

In the past year, in the current deleveraging context in which the Spanish economy is immersed, affecting both companies and households, loans and advances to customers shrank by 8.8% (excluding measurement adjustments), which may be considered to be in line with Spanish financial institutions as a whole (setting aside the effect of loans transferred to the Sareb by some banks).

Customer Credit Unicaja Banco Group	December 2013	December 2012	Absolute variation	Relative variation
				Millions of euro
Public Administration	**597**	**910**	**(313)**	**(34,4%)**
Private Sector	**22 580**	**24 515**	**(1 935)**	**(7,9%)**
Commercial loans	173	256	(83)	(32,4%)
Secured loans	12 501	13 677	(1 176)	(8,6%)
Temporary purchase of assets	3 616	3 852	(236)	(6,1%)
Other term debtors	3 563	4 314	(751)	(17,4%)
Borrowers in sight and other	2 727	2 416	311	12,8%
Total loans to customers excluding valuation adjustments	**23 177**	**25 425**	**(2 248)**	**(8,8%)**
Impairment losses and other valuation adjustments	(1 410)	(1 237)	(173)	14,1%
Total loans to customers	**21 766**	**24 189**	**(2 423)**	**(10,0%)**

The decline in loans and advances to customers in 2013 relates to both public administrations and the private sector. Lending to public administrations fell -34.4%; in the private sector, lending to companies (-15.3%) decreased more than lending to individuals (-4.3%), which consisted mostly of home loans with longer maturities. At year-end 2013, home loans account for 87% of lending to individuals and 45% of total loans and advances to customers (excluding measurement adjustments).

Credit to the private sector as credit risk classification Unicaja Banco Group (1)	December 2013	December 2012	Absolute variation	Relative variation
				Millions of euros
Companies	**6 856**	**8 097**	**(1 241)**	**(15,3%)**
Development and construction	2 015	2 398	(383)	(16,0%)
Other companies	4 841	5 699	(858)	(15,1%)
SMEs and the self (2)	3 073	3 028	45	1,5%
Corporations (2)	1 307	2 096	(789)	(37,6%)
Civil works	461	575	(114)	(19,8%)
Individuals	**12 065**	**12 607**	**(542)**	**(4,3%)**
Dwelling	10 488	10 897	(409)	(3,8%)
Rest	1 577	1 710	(133)	(7,8%)
Credit to private sector	**18 921**	**20 704**	**(1 783)**	**(8,6%)**

(1) Not including asset reverse repos arranged through counterparty entities, or other financial assets. Also excluding measurement adjustments.
(2) Annual changes in lending to SMEs and large companies affected by legal changes to the definition of SMEs, pursuant to Bank of Spain Circular 4/2013 (explained in Note 1.9.1 of the notes to the consolidated annual accounts).

The evolution of customer deposits and loans and receivables has significantly reduced the need to obtain structural financing in markets, as reflected by an LTD (Loan to Deposits) ratio that is virtually balanced at year-end 2013.

Ratio evolution LTD of Unicaja Banco Group (1)	Ratio %
December 31, 2011	133%
December 31, 2012	122%
December 31, 2013	101%

(1) LTD ratio: ratio of loans to deposits. Loans including measurement adjustments. Neither loans nor deposits include money market transactions through counterparty entities, or wholesale issues. Deposits include provisions for indirect subsidised financing.

At year-end 2013, liquid assets discountable at the ECB (net of amounts utilized) accounted for 18% of Unicaja Banco's balance sheet.

Unicaja Banco's discountable liquid assets	**Millions of euros**
Liquid assets:	
Treasury surplus (1)	1 584
Discountable assets acquired under repo agreements	9 263
Fixed income portfolio and other assets discountable at European Central Bank	8 559
Total liquid assets (discount value at European Central Bank)	**19 406**
Liquid assets utilized:	
At European Central Bank	4 500
Assets sold under repurchase agreements	7 341
Total liquid assets utilized	**11 841**
Drawable discountable liquid assets	**7 565**
Percentage of total assets	**18,2%**

(1) Includes interbank deposits and surplus balance in central banks.

In 2013, the Unicaja Banco Group repaid in advance € 1.5 billion of the financing obtained from the ECB through the LTROs (Long-Term Refinancing Operations) completed at the end of 2011 and beginning of 2012. The level of liquid assets reached business prospects for 2014 and 2015 will allow issue maturities to be settled and the remaining LTROs to be repaid without any need for new market financing.

			Millions of euros
Matured markets for funding in 2014-2015	**Emissions**	**LTROs**	**Total**
Prospects for 2014	1 311	-	1 311
Prospects for 2015	930	4 500	5 430
Total	**2 241**	**4 500**	**6 741**

The Unicaja Banco Group is one of the credit institutions with the lowest non-performing loan ratio (8.4%), which is approximately 35% below the industry average; according to the latest available data, the industry's volume of doubtful assets accounts for nearly 13% of total loans and advances to customers. The Unicaja Banco Group ended 2013 with a coverage ratio of 71.0%, placing it among the banks with the highest coverage.

In 2013, the performing loan profile improved once again. At the year-end balances classed as "no material risk" and "low risk" (public sector, cash guarantee and secured by finished housing with LTV below 80%) accounted for 83.6% of the total, 5.4% above the figure for 2012.

						Millions of euros
Classification of credit risk in normal situation	**2013**		**2012**		**Variation**	
	Balance	**Estruc. %**	**Balance**	**Estruc. %**	**Balance**	**Estruc. %**
Negligible risk (1)	17 792	54,1%	16 520	48,6%	1 272	5,5%
Low risk (2)	9 695	29,5%	10 038	29,6%	(344)	(0,1%)
Medium-low risk (3)	1 677	5,1%	2 216	6,5%	(539)	(1,4%)
Medium risk (4)	2 664	8,1%	3 551	10,5%	(886)	(2,4%)
Medium-high risk (5)	917	2,5%	1 414	4,2%	(586)	(1,6%)
High risk (6)	226	0,7%	222	0,7%	3	0,0%
Total risk in normal situation	**32 882**		**33 961**		**(1 079)**	

(1) Public sector and cash guarantee.

(2) Secured by finished housing with LTV below 80%.
(3) Other property guarantees.
(4) Personal guarantee, barring consumption, cards, overdrafts and over-limit balances.
(5) Consumer financing.
(6) Cards, overdrafts and over-limit balances.

In 2014, the Unicaja Banco Group expects customer deposits to continue to rise at a considerable pace, while the decline in credit volumes should slow once the majority of business deleveraging processes have been completed. This combined with the Spanish economy's decreasing risk premium and a return to normal in the capital markets, with stable interest rates, will allow the favourable evolution of the Group's recurring income and fund generation capacity.

The clean-up efforts made in recent years to reach a level of risk coverage that includes expected losses in unfavourable scenarios, together with the expected recovery in Spain's economy, which is being reflected in more moderate growth in irregular assets, points to a significant reduction in write-downs in coming periods.

Global risk control

The Entity applies rigorous measures to maintain a permanent, prudent and balanced risk profile so as to preserve its solvency, profitability and liquidity. The Entity's integrated risk management model allows service quality to be assured during the application of the lending policy and in all investment lines.

The Group continues to improve and upgrade the systems used in the management of general credit or counterparty risk, market risk, operational risk, interest rate risk and liquidity risk.

Unicaja Banco Group implements individual actions and participates in sector Global Risk Control projects led by the Spanish Confederation of Savings Banks in order to enhance the procedures, systems and methodologies necessary to manage the different types of risks to which the Entity is exposed on an integrated and effective basis.

As regards capital adequacy, the Unicaja Banco Group has plans to adapt to European Union Capital Requirements Directives (CRD), following the recommendations contained in the agreements adopted by the Basel Committee on Banking Supervision. On 1 January 2014, Regulation No. 575/2013 of the European Parliament and of the Council (26 June) (CRR) came into effect on prudential requirements for credit institutions and investment firms, bringing in more demanding capital requirements. At 31 December 2013, the Unicaja Banco Group has capital levels that will allow it to fulfil these requirements. The application as from 1 January 2014 of the capital requirements stipulated in the CRR will entail the abolition of lower-ranked laws requiring additional capital requirements and, in particular, of the core capital requirements stipulated in Bank of Spain Circular 7/2012.

In December 2011, the European Banking Authority (EBA) published a Recommendation for additional capital requirements applicable to the main European credit institutions. These requirements form part of a package of measures adopted by the European Council in the second half of 2011 to restore stability and confidence in the European markets. The institutions selected were required to have a tier-1 core capital ratio of at least 9% by 30 June 2012, calculated applying EBA rules. On 22 July 2013, following the publication of CRD IV and the CRR, the EBA issued a new Recommendation replacing the previous requirement expressed as a percentage with an equivalent capital floor expressed in nominal terms.

Finally, on 5 February 2014, Bank of Spain Circular 2/2014 (31 January) was issued to credit institutions, on the exercise of various regulatory options contained in Regulation (EU) No. 575/2013 of the European Parliament and of the Council (26 June 2013) (CRR) on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No. 648/2012. The purpose is to establish which options must be fulfilled immediately by Spanish credit institutions, as from the effective date of the new capital adequacy regulatory framework, and the scope of these options.

Having regard to credit risk, the Group has implemented scoring systems for certain products (private individuals, consumption, mortgages and credit cards), allowing the automatic approval of loans up to certain amounts for the retail segment and providing support for decision-taking by the risk analyst.

With respect to market risk, i.e. the risk of a change in value of financial assets or liabilities held for trading due to adverse movements in market prices or price volatility, Unicaja Banco Group uses tools to measure and control market risk, as well as permanent and systematic controls over transactions that are particularly complex from an operational and accounting viewpoint.

Unicaja Banco Group has integrated operational risk management, i.e. the risk of loss resulting from the inadequacy of or failure in processes, personnel or internal systems, or from external events, in its risk control policy and has rolled out the relevant procedures across all areas of the organisation.

Global interest risk arises from the temporary mismatch of asset and liability maturities and interest rate reviews. It may be measured in terms of the impact that a certain change in market rates would have on the entity's net interest income in a given period. Structural interest rate risk is actively managed and permanently controlled by the Assets, Liabilities and Budgeting Committee (COAPP).

Unicaja Banco Group also assesses and manages liquidity risk from both a current or short-term viewpoint (controlling daily liquidity needs to cover deposit maturities and customer credit demands) and from a structural viewpoint, entailing the evaluation of the possible need for capital market financing in the medium and long term in order to maintain the planned rate of business growth.

Events after the reporting date

During 2014, to the issue date of these consolidated annual accounts, there have been new developments in connection with the acquisition of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (Banco CEISS) described in Note 1.2.

During the period between the end of the year on 31 December 2013 and the date these director's report were prepared, no event of special relevance has taken place that has not been mentioned in the notes to the annual accounts.

Research & Development

The Entity did not engage in significant research and development activities during 2013 and 2012.

Environmental impact

The Group's overall transactions are governed by the Laws on environmental protection (Environmental Laws). The Parent Entity believes that it substantially complies with such legislation and it implements procedures to ensure and promote compliance.

The Parent Entity has adopted the relevant measures to protect and improve the environment and to minimize its environmental impact and complies with relevant legislation. The Group did not make significant environmental investments in 2013 and 2012, nor did it consider it necessary to record any provision for environmental risks and charges, and does not consider that there are significant contingencies relating to environmental protection and enhancement.

Own shares

At 31 December 2013 and 2012 the Bank did not hold any treasury shares. In 2013 and 2012 the Bank did not carry out any transactions involving the treasury share portfolio.

Annual Corporate Governance Report

Below is attached the Annual Corporate Governance Report of Unicaja Banco, SA - Single Shareholder Company for the year ended December 31, 2013, as an integral part of this consolidated management report.

Appendix I
Subsidiaries at 31 December 2013

Company Name	Registered domicile	Activity	% Share owned by the Group		
			% Share		% Share
			Direct	Indirect	
Alteria Corporación Unicaja, S.L.U.	C/ Bolsa nº 4, planta 5ª, Málaga	Investment on assets, real estate and financial societies	100.00%	0.00%	100.00%
Altos de Jontoya Residencia para Mayores, S.L.U.	Plaza Jaén por la Paz, nº 2 Jaén	Geriatric care	0.00%	100.00%	100.00%
Analistas Económicos de Andalucía, S.L.U.	C/ Granada nº 13, Entreplanta	Studies and analysis	100.00%	0.00%	100.00%
Andaluza de Tramitaciones y Gestiones, S.A.	C/ Angosta del Carmen, 2, Málaga	Management of documents and deeds	0.00%	100.00%	100.00%
Cartera de Inversiones Agroalimentarias, S.L.	Plaza Jaén por la Paz nº 2 Jaén	Food industry	82.50%	0.00%	0.00%
Consultora Técnica Tasa, S.L.U.	C/ Bolsa nº 4 - 5, Málaga	Consulting, advisory, management and technical development of land, urban planning and building	0.00%	100.00%	100.00%
Corporación Uninser, S.A.U.	C/ Ancla, 2, 3º -1ª, Málaga	Financial services	0,00%	100.00%	100.00%
Escuela Superior de Estudios de Empresa, S.A.	C/ Calvo s/n Edificio Mena, Málaga	Studies and analysis	0.00%	50.00%	50.00%
Gestión de Actividades y Servicios Empresariales, S.A.U.	C/ Federico Orellana Toledano, 4, Málaga	Electronic recording and data-processing	0.00%	100.00%	100.00%
Gestión de Inmuebles Adquiridos, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real estate	0.00%	100.00%	100.00%
Inmobiliaria Acinipo, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real estate	100.00%	0.00%	100.00%
Inmobiliaria Uniex Sur, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real estate	0.00%	100.00%	100.00%
Mijas Sol Resort, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Planta 6ª, Edificio Eurocom, Málaga	Real estate	0.00%	100.00%	100.00%
Parque Industrial Humilladero, S. L.	C/ Miguel Hernández nº 1, Málaga	Industrial land development	0.00%	82.75%	82.75%
Privándalus Inversiones I SICAV, S.A.	C/ Bolsa nº 4, 1ª Planta, Málaga	Collective Investment Institution	61.90%	0.00%	61.90%
Promotora Guadalnervión, S.L.U.	C/ Méndez Núñez, 1, 1ªPlanta, Sevilla	Real estate	0.00%	100.00%	100.00%
Renta Porfolio, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Rental property	0.00%	100.00%	100.00%
Segurándalus Mediación, Correduría de Seguros, S.A.U.	C/ Cuarteles, nº 51, Entreplanta, Málaga	Insurance brokerage	0.00%	100.00%	100.00%
Tasaciones Andaluzas, S.A.U.	Paseo de Almería, 69 - 5ªPlanta, Almería	Real estate valuation	0.00%	100.00%	100.00%

Appendix I
Subsidiaries at 31 December 2013

Company Name	Registered domicile	Activity	% Share owned by the Group		
			% Share		% Share
			Direct	Indirect	
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Avda. Andalucía, 10-12, Málaga	Desarrollo Inmobiliario	100.00%	0.00%	100.00%
Unicartera Caja 2, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Promoción o financiación de I+D en el campo de la medicina	100.00%	0.00%	100.00%
Unicartera Gestión de Activos, S.L.U.	C/ San Agustín, 2, 1ª planta, Madrid	Actividad de recobro y gestión de litigios	0.00%	100.00%	100.00%
Unicartera Internacional, S.L.U.	Avda. Andalucía, 10-12, Málaga	Inversión en activos, valores mobiliarios y sociedades financieras	100.00%	0.00%	100.00%
Unicartera Renta, S.L.U.	Avda. Andalucía, 10-12, Málaga	Inversión en activos, valores mobiliarios y sociedades financieras	100.00%	0.00%	100.00%
Unic-as Promociones Inmobiliarias, S.L.U.	C/ Lisa nº 1, Polig. Tres Caminos, Puerto Real (Cádiz)	Desarrollo Inmobiliario	0.00%	100.00%	100.00%
Unicorp Corporación Financiera, S.L.U.	C/ Bolsa, nº 4, 5ª planta, Málaga	Prestación de servicios	0.00%	100.00%	100.00%
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	C/ Bolsa, nº 4, 5ª planta, Málaga	Gestión patrimonial	0.00%	100.00%	100.00%
Unigest, S.G.I.I.C., S.A.U.	C/ Bolsa, nº 4, 5ª planta, Málaga	Gestora de Instituciones de Inversión Colectiva	0.00%	100.00%	100.00%
Unimediación, S.L.U.	C/ Bolsa, nº 4, planta 2, Málaga	Correduría de Seguros	0.00%	100.00%	100.00%
Unimediterráneo de Inversiones, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Inversión en activos, valores mobiliarios y sociedades financieras	100.00%	0.00%	100.00%
Uniwindet Parque Eólico Las Lomillas, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Energías renovables	0.00%	71.44%	71.44%
Uniwindet Parque Eólico Loma de Ayala, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Energías renovables	0.00%	71.44%	71.44%
Uniwindet Parque Eólico Los Jarales, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Energías renovables	0.00%	71.44%	71.44%
Uniwindet Parque Eólico Tres Villas, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Energías renovables	0.00%	71.44%	71.44%
Uniwindet, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Energías renovables	0.00%	79.38%	79.38%
Urbasur Actuaciones Urbanísticas, S.L.	Plaza Jaén por la Paz, nº 2, Jaén	Desarrollo Inmobiliario	0.00%	100.00%	100.00%

Appendix II
Joint ventures at 31 December 2013

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Individual net profit/ loss for the year	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total Revenue	Total expenditure
			% Share		Individual net profit/ loss for the year							
			Direct	Indirect								
Banco Europeo de Finanzas, S.A.	C/ Severo Ochoa, nº 5, Málaga	Credit institution	1.20%	39.52%	40.72%	674	12 521	113 517	303	28 778	3	(3 232)
Compañía Andaluza de Renta e Inversiones, S.A.	C/ Ancla, nº 2, Málaga	Investment in assets, securities and finance companies	0.00%	33.39%	33.39%	5 433	69 648	4 069	3 560	41	5 574	(141)
Dolun Viviendas Sociales, S.L. [1]	C/ Muñoz Olivé, 1, Portal 2, 1º C, Sevilla	Real estate	0.00%	40.00%	40.00%	-	-	-	-	-	-	-
Espacio Medina, S.L. [2]	Paseo de la Castellana, 91, Piso 9, Madrid	Real estate	0.00%	30.00%	30.00%	(811)	29	54 511	1 900	19 565	-	(811)
Hidrocartera, S.L.	Avda. Andalucía, 10-12, Málaga	All-embracing water cycle	70.00%	0.00%	70.00%	4 004	69 437	5 546	-	7	4	(9)
Innovación Desarrollos Urbanos del Sur, S.A. [2]	C/ Ángel Gelan, nº 2, Sevilla	Real estate	0.00%	48.00%	48.00%	(522)	2 197	17 468	4 800	8 967	55	(577)
Liquidámbar Inversiones Financieras, S.L.	Paseo de Recoletos, nº 29, Madrid	Investment in assets, securities and finance companies	14.74%	0.00%	14.74%	(28 227)	178	38 569	-	42	270	(28 497)
Muelle Uno - Puerto de Málaga, S.A. [3]	Avda. de Andalucía 21, Entreplanta, Málaga	Real estate	0.00%	29.28%	29.28%	(2 445)	58 895	7 103	41 499	6 723	4 820	(7 265)
Pinares del Sur, S.L. [2]	Avenida Bahía Blanca 3, Bajo, Cádiz	Real estate	0.00%	50.00%	50.00%	(1 913)	2 227	36 888	32 755	18 828	2 378	(4 291)
Sociedad de Gestión San Carlos, S.A.	C/ Almirante Faustino Ruiz, 2, A-1, Cádiz	Real estate	0.00%	50.32%	50.32%	(428)	-	14 246	7 738	852	-	(428)

(1) Company in liquidation.
(2) Forecast the company to close December 31, 2013.
(3) Financials at November 30, 2013.

Appendix III
Associates at 31 December 2013

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Financial Statements at year end				
			% Share		Total	Total assets at end	Equity	Current liabilities	Profit from operations	Profit for the year
			Direct	Indirect						
A.I.E. Alcione III [1]	C/ Luis Morote, nº 6, Las Palmas de Gran Canaria	Financial services and company services	33.80%	0.00%	33.80%	108	108	-	-	-
A.I.E. Alcione IV [1]	C/ Luis Morote, nº 6, Las Palmas de Gran Canaria	Financial services and company services	33.80%	0.00%	33.80%	121	121	-	-	-
A.I.E. Naviera Área Brava [1]	C/ San Francisco, nº 29, Edif. Alejandro, Tenerife	Financial services and company services	35.00%	0.00%	35.00%	26	10	16	-	-
A.I.E. Naviera Attila [1]	C/ Luis Morote, nº 6, Las Palmas de Gran Canaria	Financial services and company services	21.00%	0.00%	21.00%	33 739	(53)	33 792	-	-
A.I.E. Naviera Cabo Udra [2]	C/ San Francisco, nº 29, Edif. Alejandro, Tenerife	Financial services and company services	26.00%	0.00%	26.00%	13 230	338	12 892	(1 121)	(1 121)
A.I.E. Naviera Electra [1]	C/ Luis Morote, nº 6, Las Palmas de Gran Canaria	Financial services and company services	21.00%	0.00%	21.00%	127	127	-	-	-
A.I.E. Naviera Malpica [2]	C/ San Francisco, nº 29, Edif. Alejandro, Tenerife	Financial services and company services	26.00%	0.00%	26.00%	13 786	482	13 304	(997)	(997)
A.I.E. Naviera Olimpia [2]	C/ San Francisco, nº 29, Edif. Alejandro, Tenerife	Financial services and company services	26.00%	0.00%	26.00%	13 802	602	13 200	(951)	(951)
A.I.E. Naviera San Simón [2]	C/ San Francisco, nº 29, Edif. Alejandro, Tenerife	Financial services and company services	26.00%	0.00%	26.00%	13 446	468	12 978	(1 055)	(1 055)
Alestis Aerospace, S.L. [3]	C/ Hermanos d'Eluyar, s/n, Isla de la Cartuja, Sevilla	Aerospace industry	15.98%	2.50%	18.48%	472 200	40 719	431 481	(29 004)	(29 004)
Andalucía Económica, S.A. [8]	C/ Diego de Riano, 11. Sevilla	Publications, graphic arts and television	23.80%	0.00%	23.80%	995	656	339	7	13
Aretne, S.L. [8]	C/ Compositor Lehmberg, nº 4, Málaga	New technologies	40.00%	0.00%	40.00%	341	258	83	(35)	(27)
Autopista del Guadalmedina, Concesionaria Española, S.A. [3]	C/ Los Peñoncillos nº 14, Málaga	Highways	30.00%	0.00%	30.00%	390 242	74 643	315 599	640	(7 209)
Autopista del Sol, Concesionaria Española, S.A. [3]	Plaza Manuel Gómez-Moreno, nº 2, Madrid	Highways	20.00%	0.00%	20.00%	696 280	14 884	681 396	20 211	(9 629)

Appendix III
Associates at 31 December 2013

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Financial Statements at year end				
			% Share		Total	Total assets at end	Equity	Current liabilities	Profit from operations	Profit for the year
			Direct	Indirect						
B.I.C. Euronova, S.A. [9]	Avda. Juan López Peñalver, s/n, Málaga	Servicios de inversión y promoción	20,00%	0,00%	20,00%	1 837	1 122	715	(15)	6
Cementerio Parque de Martos, S.A. [5]	C/ Torredonjimeno S/N, Jaén	Servicios colectivos	20,00%	0,00%	20,00%	2 244	103	2 141	28	(2)
Creación de Suelo e Infraestructuras, S.L. [4]	C/ Ibiza, nº 35, Piso 5º C, Madrid	Desarrollo Inmobiliario	0,00%	24,98%	24,98%	13 574	673	12 902	(12)	(282)
Deoleo, S.A. [3]	C/ Marie Curie, nº 7, Edificio Beta, Madrid	Industria Agroalimentaria	9,99%	0,06%	10,05%	1 663 174	619 141	1 044 033	37 804	12 611
Desarrollo Urbanísticos Cerro de Medianoche, S.L.	Plaza Jaén por la Paz, nº 2, Jaén	Desarrollo Inmobiliario	0,00%	24,72%	24,72%	3 594	3 591	3	10	7
EBN Banco de Negocios, S.A.	Paseo de Recoletos, nº 29, Madrid	Banca	21,09%	0,00%	21,09%	1 168 098	58 522	1 109 576	(4 483)	438
Grupo Hoteles Playa, S.A. [6]	Carretera Faro Sabinal, s/n, Almeria	Hoteles	15,55%	0,00%	15,55%	414 813	180 258	234 555	(8 444)	(7 291)
Hemera Catering, S.L.	C/ Manuel España Lobo, nº *, Entreplanta, Málaga	Servicios de Catering	0,00%	31,82%	31,82%	2 324	1 398	926	(414)	(323)
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (anteriormente Aquagest Andalucía, S.A.) [3]	C/ Alisos, Edificio Oceso, nº 1, Sevilla	Ciclo Integral del Agua	0,00%	35,00%	35,00%	305 322	109 198	196 124	11 172	9 639
Ingeniería de Suelos y Explotación de Recursos, S.A. [6]	Avda. Paseo del Coso, s/n, Huelva	Industria Minera	30,00%	0,00%	30,00%	25 844	11 207	14 637	1 310	987
Ingeniería e Integración Avanzadas, S.A. [4]	C/ Severo Ochoa, nº 43, Málaga	Nuevas tecnologías	40,00%	0,00%	40,00%	4 229	4 229	-	(1 254)	(1 404)
Iniciativas y Desarrollos Industriales de Jaén, S.A. [8]	Plaza de la Constitución, 10, 6ª Planta. Jaén	Desarrollo suelo industrial	0,00%	30,00%	30,00%	148	54	94	(6)	(6)
La Reserva de Selwo Golf, S.L. [4]	C/ Principal nº 45, planta 2,Málaga	Desarrollo Inmobiliario	0,00%	35,00%	35,00%	1 611	(4 463)	6 074	(593)	(581)
Marinas Puerto de Málaga, Sociedad Promotora del Plan Especial del Puerto de Málaga, S.A. [1]	Edificio Instituto de Estudios Portuarios, Muelle de Cánovas, s/n, Málaga	Servicios colectivos	29,98%	0,00%	29,98%	362	361	1	(14)	(14)

Appendix III
Associates at 31 December 2013

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Financial Statements at year end				
			% Share		Total	Total assets at end	Equity	Current liabilities	Profit from operations	Profit for the year
			Direct	Indirect						
M-Capital, S.A. (7)	Plaza de Toros Vieja, nº 2, Málaga	Servicios de Inversión y promoción	22,01%	0,00%	22,01%	11 571	2 443	9 128	(301)	(359)
Obenque, S.A. (4)	C/ Zurbano, nº 76, Madrid	Desarrollo inmobiliario	0,00%	21,25%	21,25%	38 584	15 880	22 704	1 004	337
Oleomedia, S.L. (1)	Plaza de la Constitución, 12, 1º D, Jaén	Nuevas tecnologías	40,00%	0,00%	40,00%	265	265	-	-	-
Parque Científico-Tecnológico de Almería, S.A. (5)	Avenida de la Innovación, nº 15, Almería	Desarrollo inmobiliario	0,00%	30,00%	30,00%	54 462	18 440	36 022	(1 241)	(2 607)
Servicios Funerarios Indálicos, S.A. (8)	CR Níjar, nº 129, Edif. Muebles Megopti 3-2-1, El Alquián, Almería	Servicios colectivos	20,00%	0,00%	20,00%	599	373	226	-	-
Sociedad Municipal de Aparcamientos y Servicios, S.A. (4)	Plaza La Alcazaba, s/n. Málaga	Aparcamientos	24,50%	0,00%	24,50%	70 807	33 196	37 611	1 901	1 230
Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A.	C/ Orense, nº 69, Madrid	Sociedad Gestora de Fondos de Titulización	0,00%	38,57%	38,57%	15 186	9 959	5 226	5 484	3 894
Uncro, S.L. (4)	C/ Ibiza, nº 35, 5º C, Madrid	Desarrollo inmobiliario	0,00%	25,00%	25,00%	6 468	(3 792)	10 260	(48)	(351)
Unema Promotores Inmobiliarios, S.A.	C/ Strachan, nº 1, Planta 1, Málaga	Desarrollo inmobiliario	0,00%	40,00%	40,00%	94	111	-	(17)	(17)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	C/ La Bolsa, 4, 3ª planta, Málaga	Seguros	42,40%	7,60%	50,00%	2 422 137	171 930	2 250 207	42 556	39 752

(1) Company in liquidation. No updated financial data.
(2) The result of the company deferred recognition in the consolidated investment.
(3) Forecast the company to close December 31, 2013.
(4) Financials at November 30, 2013.
(5) Financials at September 30, 2013.
(6) Financials at August 31, 2013.
(7) Financials at May 31, 2013.
(8) Company without significant activity during the year 2013.