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

Consolidated Annual Accounts at 31 December 2015 and Consolidated Director's Report 2015

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

BALANCE SHEET AS AT 31 DE DECEMBER 2015 AND 2014

(Thousands of euros)

ASSETS	Note	2015	2014
CASH AND BALANCES AT CENTRAL BANKS	7	1 578 317	611 917
FINANCIAL ASSETS HELD FOR TRADING	8	94 012	228 871
Loans and advances to credit institutions		-	-
Loans and advances to other debtors		-	-
Debt securities		38 096	176 425
Equity instruments		-	-
Trading derivatives		55 916	52 446
Memorandum item: Loaned or advanced as collateral		*20 371*	-
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Memorandum item: Loaned or advanced as collateral		-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	9	9 810 055	12 503 087
Debt securities		8 811 917	11 575 532
Equity instruments		998 138	927 555
Memorandum item: Loaned or advanced as collateral		*2 772 069*	*2 339 387*
LOANS AND RECEIVABLES	10	34 712 511	37 670 583
Loans and advances to credit institutions		660 639	762 809
Loans and advances to other debtors		33 088 100	35 086 336
Debt securities		963 772	1 821 438
Memorandum item: Loaned or advanced as collateral		*4 260 114*	*3 077 733*
HELD-TO-MATURITY INVESTMENTS	9	7 239 598	9 639 624
Memorandum item: Loaned or advanced as collateral		*6 983 094*	*2 249 963*
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		-	-
HEDGING DERIVATIVES	11	738 060	921 921
NON-CURRENT ASSETS HELD FOR SALE	15	852 902	931 290
INVESTMENTS	12	359 131	424 115
Associates		233 985	305 265
Jointly-controlled entities		125 146	118 850
Group entities		-	-
INSURANCE CONTRACTS LINKED TO PENSIONS	19	142 311	147 763
REINSURANCE ASSETS		8 208	7 074
TANGIBLE ASSETS	13	1 490 899	1 385 970
Property, plant and equipment		1 057 160	1 031 047
For own use		1 057 160	1 031 047
Leased out under operating lease		-	-
Assigned to welfare projects		-	-
Investment properties		433 739	354 923
Memorandum item: Acquired under finance lease		*2 269*	*3 507*
INTANGIBLE ASSETS	14	1 194	1 771
Goodwill		184	184
Other intangible assets		1 010	1 587
TAX ASSETS	23	2 590 644	2 747 643
Current		63 554	89 386
Deferred		2 527 090	2 658 257
OTHER ASSETS	15	693 987	728 786
Inventory		542 054	593 892
Other		151 933	134 894
TOTAL ASSETS		**60 311 829**	**67 950 415**

LIABILITIES AND EQUITY	Note	2015	2014
LIABILITIES			
FINANCIAL LIABILITIES HELD FOR TRADING	8	125 280	64 582
Deposits from central banks		-	-
Deposits from credit institutions		-	-
Deposits from other creditors		-	-
Debt securities issued		-	-
Trading derivatives		125 280	64 582
Short positions		-	-
Other financial liabilities		-	-
OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
FINANCIAL LIABILITIES AT AMORTISED COST	16	55 577 323	63 007 812
Deposits from central banks		2 417 036	8 721 715
Deposits from credit institutions		1 340 275	1 397 150
Deposits from other creditors		49 528 592	49 171 162
Debt securities issued		681 271	1 877 739
Subordinated liabilities		621 607	647 832
Other financial liabilities		988 542	1 192 214
CHANGES IN THE FAIR VALUE OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK		-	-
HEDGING DERIVATIVES	11	107 797	56 725
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE		-	13 350
INSURANCE CONTRACTS LIABILITIES	19	31 040	29 528
PROVISIONS	17	747 964	724 487
Provisions for pensions and similar obligations		312 089	353 633
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent liabilities and commitments		106 251	119 270
Other provisions		329 624	251 584
TAX LIABILITIES	23	295 404	533 864
Current		12 214	16 668
Deferred		283 190	517 196
WELFARE FUNDS		-	-
OTHER LIABILITIES	18	171 076	227 790
TOTAL LIABILITIES		**57 055 884**	**64 658 138**
EQUITY			
SHAREHOLDERS´ EQUITY	21 & 22	2 833 525	2 673 810
Assigned capital		881 288	881 288
Registered		881 288	881 288
Less: Non-demanded capital		-	-
Share premium		1 132 857	1 132 857
Reserves		534 067	86 462
Accumulated reserves (losses)		832 608	286 609
Reserves (losses) of entities accounted for using the equity method		(298 541)	(200 147)
Other equity instruments		98 652	98 682
Equity component of compound financial instruments		98 652	98 682
Non-voting equity units and associated funds (savings banks)		-	-
Other		-	-
Less: Treasury shares		-	-
Profit or loss attributed to the group		186 661	474 521
Less: Dividends and remuneration		-	-
VALUATION ADJUSTMENTS		142 313	292 105
Available-for-sale financial assets	9	115 436	289 450
Cash flow hedges		1 859	794
Hedges of net investments in operations abroad		-	-
Exchange differences		14	(52)
Entities accounted for using the equity method	22	26 579	6 173
Non-current assets held for sale		-	-
Other valuation adjustments		(1 575)	(4 260)
MINORITY INTERESTS		280 107	326 362
Valuation adjustments		7 794	5 074
Other	20	272 313	321 288
TOTAL EQUITY		**3 255 945**	**3 292 277**
TOTAL LIABILITIES AND EQUITY		**60 311 829**	**67 950 415**

MEMORANDUM ITEMS	Note	2015	2014
CONTINGENT EXPOSURES	30.1	1 096 422	1 357 712
CONTINGENT COMMITMENTS		3 231 695	3 401 911

The accompanying Notes 1 to 48 and Appendices I, II, III, IV and V form an integral part of the consolidated balance sheet at 31 December 2015.

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

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2015 AND 2014
(Thousands of euros)

	Note	(Debit) Credit 2015	2014
INTEREST AND SIMILAR INCOME	31	1 279 888	1 474 058
INTEREST EXPENSE AND SIMILAR CHARGES	32	(592 361)	(755 384)
NET INTEREST INCOME		**687 527**	**718 674**
RETURN ON EQUITY INSTRUMENTS	33	34 934	36 273
LOSS/PROFIT OF COMPANIES VALUED AT EQUITY METHOD	34	23 916	11 149
FEE AND COMMISSION INCOME	35	275 093	250 452
FEE AND COMMISSION EXPENSE	36	(36 343)	(23 217)
GAINS/(LOSSES) ON FINANCIAL ASSETS AND LIABILITIES (NET)	37	561 600	390 066
Financial assets held for trading		(34 247)	(8 941)
Other financial assets at fair value through profit or loss		-	-
Financial instruments not carried at fair value through profit or loss		268 656	295 883
Other		327 191	103 124
EXCHANGE DIFFERENCES (NET)	2.4	2 714	2 664
OTHER OPERATING INCOME	38	171 259	94 420
Insurance and reinsurance premiums collected		41 659	31 432
Sales and income from the provision of non-financial services		26 377	31 406
Other operating income		103 223	31 582
OTHER OPERATING EXPENSE	39	(145 769)	(134 201)
Expenses relating to insurance and reinsurance contracts		(29 206)	(21 246)
Variation in inventories		-	-
Other operating expenses		(116 563)	(112 955)
GROSS OPERATING INCOME		**1 574 931**	**1 346 280**
ADMINISTRATIVE EXPENSES	40	(633 931)	(584 219)
Staff costs		(445 410)	(414 972)
Other general administrative expenses		(188 521)	(169 247)
DEPRECIATION AND AMORTIZATION	13 y 14	(47 379)	(43 884)
PROVISIONS (NET)	17	(145 137)	(148 096)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)		(424 700)	(355 815)
Loans and receivables	10 y 26	(427 360)	(324 721)
Other financial instruments not measured at fair value through profit or loss	9	2 660	(31 094)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**323 784**	**214 266**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	41	(69 394)	(79 998)
Goodwill and other intangible assets			-
Other assets		(69 394)	(79 998)
GAINS/(LOSSES) ON DISPOSAL OF ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	42	(3 024)	(1 398)
NEGATIVE GOODWILL ON BUSSINESS COMBINATIONS		-	372 462
GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCOUNTED OPERATIONS	43	(34 340)	(30 908)
PROFIT/(LOSS) BEFORE TAX		**217 026**	**474 424**
INCOME TAX	23	(57 224)	(47 510)
MANDATORY TRANSFER TO COMMUNITY PROJECTS AND WELFARE FUNDS		-	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**159 802**	**426 914**
INCOME FROM DISCONTINUED OPERATIONS (NET)	2.23	24 010	20 600
NET PROFIT FOR THE YEAR		**183 812**	**447 514**
Profit/Loss attributable to parent entity		186 661	474 521
Profit/Loss attributable to minority interests	20	(2 849)	(27 007)

The accompanying Notes 1 to 48 and Appendices I, II, III, IV and V form an integral part of the consolidated income statement at 31 December 2015.

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

RECOGNISED CONSOLIDATED INCOME AND EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014
(Thousands of euros)

	Note	2015	2014
A) CONSOLIDATED PROFIT FOR THE YEAR		**183 812**	**447 514**
B) OTHER RECOGNISED INCOME AND EXPENSES		**(149 792)**	**280 371**
B.1) Items not to be reclassified to profit or loss		**2 685**	**(3 897)**
Actuarial gains/(losses) on defined-benefit pension plans	40	3 836	(5 567)
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	23	(1 151)	1 670
B.2) Items eligible to be reclassified to profit or loss		**(152 477)**	**284 268**
Available-for-sale financial assets	9	(248 591)	359 666
Valuation gains (losses)		(79 021)	647 148
Amounts transferred to the income statement		(169 570)	(287 482)
Other reclassifications		-	-
Cash flow hedges	11	1 521	35 851
Revaluation gains/(losses)		(3 818)	15 618
Amounts transferred to income statement		5 339	20 233
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	94	97
Valuation gains (losses)		94	97
Amounts transferred to the income statement		-	-
Other reclassifications		-	-
Non-current assets held for sale	15	-	320
Valuation gains (losses)		-	320
Amounts transferred to the income statement		-	-
Other reclassifications		-	-
Equity method entities	22	29 151	10 163
Valuation gains (losses)		29 151	12 956
Amounts transferred to the income statement		-	(2 793)
Other reclassifications		-	-
Other recognised income and expenses		-	-
Income tax	23	65 348	(121 829)
C) TOTAL INCOME AND EXPENSES RECOGNISED (A+B)		**34 020**	**727 885**
C.1) Attributed to the parent company		36 869	754 892
C.2) Attributed to minority interests		(2 849)	(27 007)

The accompanying Notes 1 to 48 and Appendices I, II, III, IV and V form an integral part of the recognised consolidated income and expense at 31 December 2015.

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE YEARS ENDED
31 DECEMBER 2015 AND 2014
(Thousands of euros)

	EQUITY ATTRIBUTABLE TO PARENT COMPANY									
	EQUITY						Valuation adjustments	Total	Minority interests	Total Equity
	Capital and Share Premium	Reserves		Other equity instruments	Profit for the year attributed to parent company	Total Own Funds				
		Reserves (Accumulated losses)	Equity method entities Reserves							
Balance at 1/1/15	**2 014 145**	**286 609**	**(200 147)**	**98 682**	**474 521**	**2 673 810**	**292 105**	**2 965 915**	**326 362**	**3 292 277**
Adjustments due to changes in accounting policy (Note 1.5)	-	-	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-
Adjusted beginning balance	**2 014 145**	**286 609**	**(200 147)**	**98 682**	**474 521**	**2 673 810**	**292 105**	**2 965 915**	**326 362**	**3 292 277**
Total recognised income and expense	**-**	**-**	**-**	**-**	**186 661**	**186 661**	**(149 792)**	**36 869**	**(2 849)**	**34 020**
Other changes in equity	**-**	**545 999**	**(98 394)**	**(30)**	**(474 521)**	**(26 946)**	**-**	**(26 946)**	**(43 406)**	**(70 352)**
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)	-	(42 124)	-	-	-	(42 124)	-	(42 124)	-	(42 124)
Transactions involving own equity instruments (net)	-	-	-	-	-	-	-	-	-	-
Transfers between equity items	-	616 351	(98 394)	(30)	(474 521)	43 406	-	43 406	(43 406)	-
Increase/(Decrease) due to business combinations	-	-	-	-	-	-	-	-	-	-
Optional transfer to welfare funds	-	-	-	-	-	-	-	-	-	-
Equity-instrument-based payment	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	(28 228)	-	-	-	(28 228)	-	(28 228)	-	(28 228)
Balance at 31/12/15	**2 014 145**	**832 608**	**(298 541)**	**98 652**	**186 661**	**2 833 525**	**142 313**	**2 975 838**	**280 107**	**3 255 945**

The accompanying Notes 1 to 48 and Appendices I, II, III, IV and V form an integral part of the statement of changes in consolidated equity at 31 December 2015.

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014
(Thousands of euros)

	EQUITY ATTRIBUTABLE TO PARENT COMPANY								Minority interests	Total Equity
	EQUITY						Valuation adjustments	Total		
	Capital and Share Premium	Reserves		Other equity instruments	Profit for the year attributed to parent company	Reserves				
		Reserves (Accumulated losses)	Equity method entities Reserves							
Balance at 1/1/14	**2 449 044**	**(326 354)**	**(127 159)**	**-**	**71 410**	**2 066 941**	**11 734**	**2 078 675**	**4 484**	**2 083 159**
Adjustments due to changes in accounting policy (Note 1.5)	-	(18 145)	-	-	(17 299)	(35 444)	-	(35 444)	-	(35 444)
Adjustments made to correct errors	-	-	-	-	-	-	-	-	-	-
Adjusted beginning balance	**2 449 044**	**(344 499)**	**(127 159)**	**-**	**54 111**	**2 031 497**	**11 734**	**2 043 231**	**4 484**	**2 047 715**
Total recognised income and expense	**-**	**-**	**-**	**-**	**474 521**	**474 521**	**280 371**	**754 892**	**(27 007)**	**727 885**
Other changes in equity	**(434 899)**	**631 108**	**(72 988)**	**98 682**	**(54 111)**	**167 792**	**-**	**167 792**	**348 885**	**516 677**
Capital increases	96 592	-	-	-	-	96 592	-	96 592	-	96 592
Capital reductions	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	98 682	-	98 682	-	98 682	-	98 682
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-
Distribution of dividends (c)	-	(17 930)	-	-	-	(17 930)	-	(17 930)	-	(17 930)
Transactions involving own equity instruments (net)	-	-	-	-	-	-	-	-	-	-
Transfers between equity items	(531 491)	585 602	-	-	(54 111)	-	-	-	-	-
Increase/(Decrease) due to business combinations	-	-	-	-	-	-	-	-	348 885	348 885
Optional transfer to welfare funds	-	-	-	-	-	-	-	-	-	-
Equity-instrument-based payment	-	-	-	-	-	-	-	-	-	-
Other increases/(decreases) in equity	-	63 436	(72 988)	-	-	(9 552)	-	(9 552)	-	(9 552)
Balance at 31/12/14	**2 014 145**	**286 609**	**(200 147)**	**98 682**	**474 521**	**2 673 810**	**292 105**	**2 965 915**	**326 362**	**3 292 277**

(*) Balance at December 31, 2013, published previously.

(**) It is solely and exclusively presented for comparison purposes. Information has been restated because the Group proceeded to make a change to the accounting criterion with respect to contributions to the Deposit Guarantee Fund, as a result of the clarifications about the applicable regulation, issued during the last quarter of 2014 by Bank of Spain and Spanish National Securities Market Commission (CNMV), and the establishment by the Credit Institution Deposit Guarantee Fund Management Committee, dated 17 December 2014, of the final payments schedule relating to the second tranche of the contribution referred to article 2 of the Royal Decree-Law 6/2013, of 22 March 2013.

The accompanying Notes 1 to 48 and Appendices I, II, III, IV and V form an integral part of the statement of changes in consolidated equity at 31 December 2015.

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2015 AND 2014
(Thousands of euros)

	Note	2015	2014
A) CASH FLOWS FROM OPERATING ACTIVITIES		**(4 986 449)**	**(2 700 354)**
Net profit for the year		**183 812**	**447 514**
Adjustments to profit and loss		**(103 531)**	**(7 415 605)**
Depreciation and amortization	13 y 14	47 379	43 884
Other adjustments	2.26	(150 910)	(7 459 489)
Net increase/decrease in operating assets		**2 411 899**	**(19 103 845)**
Financial assets held for trading	8.1	134 859	62 900
Other financial assets at fair value through profit or loss		-	-
Available-for-sale financial assets	9.1	(904 010)	(9 937 050)
Loans and receivables	10.1	2 958 072	(8 783 624)
Other operating assets		222 978	(446 071)
Net increase/decrease in operating liabilities		**(7 350 444)**	**25 081 961**
Financial liabilities held for trading	8.2	60 698	52 601
Other financial liabilities at fair value through profit or loss		-	-
Financial liabilities at amortised cost	16	(7 430 489)	24 465 512
Other operating liabilities		19 347	563 848
Collections/Payments of income tax		**(128 185)**	**(1 710 379)**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**5 993 665**	**1 513 105**
Payments		**(145 015)**	**(68 814)**
Tangible assets	13	(144 616)	(3 881)
Intangible assets	14	(122)	(3)
Investments	12	(277)	(64 930)
Other business units		-	-
Non-current assets and associated liabilities for sale	15	-	-
Held-to-maturity investments	9.4	-	-
Other payments related to investing activities		-	-
Collections		**6 138 680**	**1 581 919**
Tangible assets	13	9 751	7 749
Intangible assets	14	102	2 752
Investments	12	62 714	53 542
Other business units		-	-
Non-current assets and associated liabilities for sale	15	54 238	-
Held-to-maturity investments	9.4	6 011 875	1 517 876
Other payments related to investing activities		-	-

(Continued)

The accompanying Notes 1 to 48 and Appendices I, II, III, IV and V form an integral part of the consolidated cash flow statement at 31 December 2015.

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2015 AND 2014
(Thousands of euros)

	Note	2015	2014
C) CASH FLOWS FROM FINANCING ACTIVITIES		**(56 153)**	**(74 100)**
Payments		**(56 722)**	**(74 100)**
Dividends	3	(25 000)	(17 930)
Subordinated liabilities	16.5	(31 722)	(56 170)
Redemption of own equity instruments		-	-
Acquisition of own equity instruments		-	-
Other payments related to financing activities		-	-
Collections		**569**	**-**
Subordinated liabilities	16.5	569	-
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)		**951 063**	**(1 261 349)**
F) CASH AND CASH EQUIVALNETS AT BEGINNING OF PERIOD		**686 330**	**1 947 679**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1 637 393**	**686 330**
MEMORANDUM ITEMS:			
COMPONENTS OF CASH AND CASH EQUIVALENTS FOR THE PERIOD			
Cash	2.26	309 854	341 525
Cash equivalent balances at central banks	2.26	1 268 454	270 383
Other financial assets	2.26	59 085	74 422
Less: bank overdrafts repayable on demand		-	
Total cash and cash equivalents at end of period	2.26	**1 637 393**	**686 330**
Of which held by consolidated entities but not drawable by group		-	-

The accompanying Notes 1 to 48 and Appendices I, II, III, IV and V form an integral part of the consolidated cash flow statement at 31 December 2015.

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

NOTES TO THE CONSOLIDATED REPORT FOR THE YEAR ENDED AT 31 DECEMBER 2015
(Expressed in thousands of euros)

1. Introduction, basis of presentation of the annual accounts and other information

1.1 Introduction and nature of the Company

Unicaja Banco, S.A. (hereinafter Unicaja Banco, the Parent Company or the Bank) is a credit institution incorporated for an indefinite period on 1 December 2011. Its commenced activities as a result of the approval by the General Assembly of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén – Unicaja (currently, Fundación Bancaria Unicaja) of the indirect carrying on of finance activities through a bank.

The Bank is subject to the legislation and regulations governing banking institutions in Spain. Other public information regarding the bank is available on its website (www.unicajabanco.es) and at its registered domicile (Avenida Andalucía, 10 and 12, in Malaga).

The Bank's corporate purpose consists of all types of general banking activities, transactions, actions, contracts and services or those that are directly or indirectly related or are supplementary to them provided they are permitted or not prohibited by law.

The Bank's corporate purpose includes the rendering of investment and other auxiliary services, as well as the rendering of insurance agency activities, as an exclusive or associated operator, but not simultaneously.

In accordance with the bylaws, the activities that conform to require by the Law 10/2014 (26 June) on the organization, supervision and solvency of credit institutions and making up its corporate purpose may be fully or partially carried out indirectly in any manner allowed by law and, in particular, through the ownership of shares in companies or other entities that have the same, similar or supplementary corporate purpose.

The Bank has been entered into the Malaga Mercantile Registry and as a credit institution in the Special Registry at the Bank of Spain under number 2103. The Bank also holds a license to carry out banking activities granted by the Ministry of Finance in accordance with Article 1 and concordant articles of Royal Decree 1245/1995.

In the context of the taking of control with an exchange of securities made at 28 March 2014 of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (hereinafter, EspañaDuero), outlined in the Note 1.2, and as a result of exchange of securities made at 2 April 2014, Unicaja Bank, S.A. lost its capacity as a single-member society which has been retained since its creation.

The Group's 2015 consolidated financial statements have not yet been approved by the Bank's Shareholder's General Meeting. Nonetheless, the Bank's board of directors expects the consolidated annual accounts to be approved without significant changes.

At 31 December 2015, 90,78% of the Bank's share capital pertains to Fundación Bancaria Unicaja, previously Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), the ultimate parent company of the Bank and the parent of Unicaja Group. Both the Bank and its parent company are domiciled in Malaga and are subject to Spanish legislation and their annual accounts are deposited at the Malaga Mercantile Registry. Fundación Bancaria Unicaja prepares consolidated annual accounts as the ultimate parent of the Group, in accordance with Article 42 of the Commercial Code. The latest consolidated annual accounts prepared by Group Unicaja related to the year ended 31 December 2014 and have been filed with the Malaga Mercantile Registry.

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. 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 2015 are as follows:

Company Name	Activity
Alqlunia Duero, S.L.	Real state development
Alteria Corporación Unicaja, S.L.U.	Investment in assets, securities and financial companies
Altos de Jontoya Residencia para Mayores, S.L.U.	Geriatric care
Analistas Económicos de Andalucía, S.L.U.	Study and analysis economic activity
Andaluza de Tramitaciones y Gestiones, S.A.U.	Management and settlement documents and deeds
Banco de Caja España de Inversiones, Salamanca y Soria, S.A.	Credit institution
Bruesa Duero, S.L	Real state development
Caja Duero Capital, S.A.U.	Investment in assets, securities and companies
Caja España de Inversiones, Sociedad de Participaciones Preferentes, S.A.U.	Issue of shares
Caja España Fondos, S.A.U., S.G.I.I.C.	Investment fund manager
Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.U.	Insurance broker
Campo Inversiones, S.A.U.	agroganaderos services
Cartera de Inversiones Agroalimentarias, S.L.	Food industry
Conexiones y Servicios del Duero, S.A.	Auxiliary services
Corporación Uninser, S.A.U.	Provision of multiple services
Diode España, S.A.U.	Computer components distribution
Escuela Superior de Estudios de Empresa, S.A.	Studies and Analyses
Finanduero Sociedad de Valores, S.A.U.	Stockbroker
Gestión de Actividades y Servicios Empresariales, S.A.U.	Electronic recording and processing of data and documents
Gestión de Inmuebles Adquiridos, S.L.U.	Real state development
Gestión de Inversiones en Alquileres, S.A.U.	Office rental
Grupo de Negocios Duero, S.A.U.	Financial management
Guendulain Suelo Urbano, S.L.U.	Real state development
Inmobiliaria Acinipo, S.L.U.	Real state development
Inmobiliaria Uniex Sur, S.L.U.	Real state development
Inmocaja, S.A.U.	Holding real estate
Invergestión Sociedad de Inversiones y Gestión, S.A.U.	Holding company
Mijas Sol Resort, S.L.U.	Real state development
Parque Industrial Humilladero, S. L.	Development of industrial land
Renta Porfolio, S.L.U.	Rental property

Company Name	Activity
Segurándalus Mediación, Correduría de Seguros, S.A.U.	Insurance broker
Tubos de Castilla y León, S.A.U.	Pipe Manufacturing
Unicaja Banco, S.A.	Credit institution
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Holding real estate
Unicartera Caja 2, S.L.U.	Promotion or funding of R & D in the field of medicine
Unicartera Gestión de Activos, S.L.U.	Recovery procedures and management of disputes
Unicartera Internacional, S.L.U.	Investment in assets, securities and financial companies
Unicartera Renta, S.L.U.	Investment in assets, securities and financial companies
Unicorp Corporación Financiera, S.L.U.	Servicing
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	Wealth management
Unigest, S.G.I.I.C., S.A.U.	Management of Collective Investment Institutions
Unimediación, S.L.U.	Insurance Brokers
Unimediterráneo de Inversiones, S.L.U.	Investment in assets, securities and financial companies
Unión del Duero, Compañía de Seguros Generales, S.A.	insurance
Uniwindet Parque Eólico Las Lomillas, S.L.U.	Wind power
Uniwindet Parque Eólico Loma de Ayala, S.L.U.	Wind power
Uniwindet Parque Eólico Los Jarales, S.L.U.	Wind power
Uniwindet Parque Eólico Tres Villas, S.L.U.	Wind power
Uniwindet, S.L.	Wind power
Viajes Caja España, S.A.	Travel agency
Viproelco, S.A.	Property development

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 2015 and 2014, the income statement, the statement of changes in equity and the cash flow statement for 2015 and 2014 is summarised below:

	Thousands of euros			
	2015		2014	
	Individual	Consolidated	Individual	Consolidated
Assets	35 118 119	60 311 829	36 767 082	67 950 415
Equity	2 901 252	3 255 945	2 866 330	3 292 277
Income for the year	230 063	183 812	238 375	447 514
Total income and expense in the statement of changes in equity	77 046	34 020	487 692	727 885
Net increase/(decrease) in cash and cash equivalents	359 761	951 063	(1 540 663)	(1 261 349)

The Group's consolidated annual accounts for 2015 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 2015 and 2014 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 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Cash and deposits at central banks	751 014	391 253
Trading portfolio	55 458	195 461
Available-for-sale financial assets	6 791 019	8 528 052
Loans and receivables	20 395 865	21 796 569
To-maturity investment portfolio	3 955 732	2 511 583
Hedging derivatives	608 192	737 217
Non-current assets held for sale	243 448	238 914
Shareholdings	825 167	851 042
Insurance contracts linked to pensions	136 501	144 247
Property, plant and equipment	513 300	518 082
Intangible assets	143	554
Tax assets	809 912	808 627
Other assets	32 368	45 481
Total assets	**35 118 119**	**36 767 082**
Trading portfolio	23 539	29 359
Financial liabilities at amortized cost	31 062 003	32 753 456
Hedging derivatives	70 802	34 365
Provisions	402 943	402 993
Tax liabilities	111 623	176 736
Welfare funds	545 957	503 843
Total liabilities	**32 216 867**	**33 900 752**
Valuation adjustments	116 378	269 395
Equity:	2 784 874	2 596 935
Share capital or assigned capital	881 288	881 288
Share premium	1 246 429	1 246 429
Reserves	328 412	132 161
Other equity instruments	98 682	98 682
Income for the year	230 063	238 375
Less: Dividends and remuneration	-	-
Total equity	**2 901 252**	**2 866 330**
Total liabilities and equity	**35 118 119**	**36 767 082**
Contingent risks	652 089	815 762
Contingent commitments	2 218 507	2 350 997
Total memorandum accounts	**2 870 596**	**3 166 759**

b) Individual income statements for the years ended 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Interest and similar income	733 909	949 763
Interest expense and similar charges	(237 023)	(388 506)
Net interest income	**496 886**	**561 257**
Return on equity instruments	62 184	95 083
Fee and commission income	124 799	133 584
Fee and commission expense	(10 961)	(15 901)
Gains/(losses) on financial assets and liabilities (net)	207 374	290 829
Exchange differences (net)	1 272	1 300
Other operating income	28 299	11 253
Other operating expense	(43 951)	(59 228)
Gross operating income	**865 902**	**1 018 177**
Administrative expenses	(345 303)	(347 195)
Depreciation and amortization	(20 560)	(22 618)
Provisions (net)	(65 109)	(96 273)
Impairment losses on financial assets (net)	(106 860)	(122 985)
Profit/(loss) from operating activities	**328 070**	**429 106**
Impairment losses on other assets (net)	(13 250)	(93 883)
Gains/(losses) on disposal of assets not classified as non-current assets held for sale	(480)	(301)
Negative goodwill on business combinations	-	-
Gains/(losses) on disposal of non-current assets held for sale not classified as discounted operations	(5 177)	(13 368)
Profit/(loss) before tax	**309 163**	**321 554**
Income tax	(79 100)	(83 179)
Mandatory transfer to community projects and welfare funds	-	-
Profit/(loss) from continuing operations	**230 063**	**238 375**
Profit/(loss) from discounted operations (net)	**-**	**-**
Net profit for the year	**230 063**	**238 375**

c) Individual statements of changes in equity for the years ended 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014)**
Profit for the year	**230 063**	**238 375**
Other income and expenses	**(153 017)**	**249 317**
Items that will not be reclassified to income	**2 384**	**(1 081)**
Actuarial gains (losses) on pension plans	3 406	(1 545)
Tax benefits related to items that will not be reclassified to income	(1 022)	464
Items that may be reclassified to income	**(155 401)**	**250 398**
Financial assets available for sale	(225 392)	320 668
Hedges of cash flows	3 157	36 626
Exchange differences	93	97
Non-current assets held for sale	-	321
Income tax related to items that may be reclassified to income	66 741	(107 314)
Total income and expenses recognized	**77 046**	**487 692**

d) Individual statement of changes in equity for the years ended 31 December 2015 and 2014:

	Thousands of euros							
	EQUITY							
	Capital	Share premium	Reserves	Other equity instruments	Profit for the year	Total Own Funds	Valuation adjustment	TOTAL EQUITY
Balance at 1 of January 2015	**881 288**	**1 246 429**	**132 161**	**98 682**	**238 375**	**2 596 935**	**269 395**	**2 886 330**
Adjustments due to changes in accounting policy	-	-	-	-	-	-	-	-
Adjustments made to correct errors	-	-	-	-	-	-	-	-
Adjusted beginning balance	**881 288**	**1 246 429**	**132 161**	**98 682**	**238 375**	**2 596 935**	**269 395**	**2 866 330**
Total recognized Income and expense	**-**	**-**	**-**	**-**	**230 063**	**230 063**	**(153 017)**	**77 046**
Other equity changes	**-**	**-**	**196 251**	**-**	**(238 375)**	**(42 124)**	**-**	**(42 124)**
Capital increases (decreases)	-	-	-	-	-	-	-	-
Increases in other equity instruments	-	-	-	-	-	-	-	-
Dividends distributions/ Payment to Partners	-	-	(42 124)	-	-	(42 124)	-	(42 124)
Transfers between equity items	-	-	238 375	-	(238 375)	-	-	-
Other increases (decreases)	-	-	-	-	-	-	-	-
Balance at 31 of December 2015	**881 288**	**1 246 429**	**328 412**	**98 682**	**230 063**	**2 784 874**	**116 378**	**2 901 252**

	Thousands of euros							
						EQUITY		
	Capital	Share premium	Reserves	Other equity instruments	Profit for the year	Total Own Funds	Valuation adjustment	TOTAL EQUITY
Balance at 1 of January 2014 (*)	**800 000**	**1 762 616**	**(452 973)**	**-**	**107 017**	**2 216 660**	**20 078**	**2 236 738**
Adjustments due to changes in accounting policy	-	-	(18 145)	-	(17 299)	(35 444)	-	(35 444)
Adjustments made to correct errors	-	-	-	-	-	-	-	-
Adjusted beginning balance (**)	**800 000**	**1 762 616**	**(471 118)**	**-**	**89 718**	**2 181 216**	**20 078**	**2 201 294**
Total recognized Income and expense	**-**	**-**	**-**	**-**	**238 375**	**238 375**	**249 317**	**487 692**
Other equity changes	**81 288**	**(516 187)**	**603 279**	**98 682**	**(89 718)**	**177 344**	**-**	**177 344**
Capital increases (decreases)	81 288	15 304	-	-	-	96 592	-	96 592
Increases in other equity instruments	-	-	-	98 682	-	98 682	-	98 682
Dividends distributions/ Payment to Partners	-	-	(17 930)	-	-	(17 930)	-	(17 930)
Transfers between equity items	-	(531 491)	621 209	-	(89 718)	-	-	-
Other increases (decreases)	-	-	-	-	-	-	-	-
Balance at 31 of December 2014	**881 288**	**1 246 429**	**132 161**	**98 682**	**238 375**	**2 596 935**	**269 395**	**2 886 330**

(*) Account balance at 31 December 2013, published previously.

(**) It is solely and exclusively presented for comparison purposes. Information has been restated because the Group proceeded to make a change to the accounting criterion with respect to contributions to the Deposit Guarantee Fund, as a result of the clarifications about the applicable regulation, issued during the last quarter of 2014 by Bank of Spain and Spanish National Securities Market Commission (CNMV), and the establishment by the Credit Institution Deposit Guarantee Fund Management Committee, dated 17 December 2014, of the final payments schedule relating to the second tranche of the contribution referred to article 2 of the Royal Decree-Law 6/2013, of 22 March 2013.

e) Individual cash flow statements for the years ended 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Cash flows from operating activities	**(1 734 398)**	**(2 959 394)**
Net profit for the year	230 063	238 375
Adjustments to profit and loss	(68 163)	667 425
Net increase/decrease in operating assets	(291 369)	1 862 162
Net increase/decrease in operating liabilities	(1 458 409)	(5 732 915)
Collections/Payments of income tax	(146 520)	5 559
Cash flows from investment activities	**2 150 881**	**1 493 326**
Payments	(20 172)	(68 649)
Collections	2 171 053	1 561 975
Cash flows from financing activities	**(56 722)**	**(74 595)**
Payments	(56 722)	(74 595)
Collections	-	-
Effect of exchange rate fluctuations	**-**	**-**
Net increase (decrease) in cash and cash equivalents	**359 761**	**(1 540 663)**
Cash and cash equivalents at beginning of period	391 253	1 931 916
Cash and cash equivalents at end of period	751 014	391 253

1.2 The acquisition of Banco de Caja España de Inversiones, Salamanca y Soria, S.A.

Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero) is a financial institution created for an indefinite period on 24 November 2011. It commenced activities as a result of the approval by the General Assembly of Caja España de Inversiones, Salamanca y Soria, Caja de Ahorros y Monte de Piedad (hereinafter Ceiss) of the indirect carrying on of financial activities through a bank.

1.2.1 The acquisition of EspañaDuero

On 15 July 2013, the Board of Directors of Unicaja Banco, S.A. adopted a resolution to commence the process that is necessary to make an offer to shareholders and the holders of convertible and potentially convertible bonds issued by Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero). Subsequently, both the Board of Directors of Unicaja Banco (on 5 October 2013) and shareholders at a General Meeting of Unicaja Banco (on 11 October 2013) approved a swap transaction involving the shares and convertible securities issued by EspañaDuero as a result of the hybrid instrument management action agreed by the FROB in resolutions adopted on 16 May and 15 July 2013.

Within the framework of this offer, shareholders at a General Meeting of Unicaja Banco held on 11 October 2013 adopted a resolution with the conditions described in the relevant event published on that same date:

- Increase the share capital of the Bank, foreseeing incomplete subscription, by an amount of up to €86,258 thousand through the issue of up to 86,258,486 ordinary registered shares with a par value of €1 each and a unitary share premium of €0.18827 per share, up to a total of €16,240 thousand, which gives rise to a maximum share capital increase of €102,498 thousand (including the share premium).

- Issue mandatory and contingent bonds convertible into newly issued ordinary shares in Unicaja Banco, foreseeing incomplete subscription, for a maximum amount of €115,754 thousand in accordance with the terms and conditions and subject to the conversion bases and types indicated in the relevant event published by Unicaja Banco.

- Issue perpetual contingent bonds convertible into newly issued ordinary shares in Unicaja Banco, foreseeing incomplete subscription, for a maximum amount of €115,754 thousand in accordance with the terms and conditions and subject to the conversion bases and types indicated in the relevant event published by Unicaja Banco.

The Prospectus regarding the offer to swap shares, mandatory and contingent convertible bonds and perpetual contingent convertible bonds by Unicaja Banco, to be subscribed by shareholders and the holders of mandatory and contingent convertible bonds in EspañaDuero was authorised by Spanish National Securities Market Commission (CNMV) on 26 November 2013 and a supplement was subsequently authorised on 30 December 2013.

In accordance with the terms of the Prospectus, the swap offer was subject to the condition that it be accepted by at least: (i) 75% of the shares in EspañaDuero (the “Condition of Minimum Acceptance of Shareholders”); and (b) 75% of the sum of the shares in EspañaDuero and the mandatory and contingent convertible bonds in EspañaDuero to which the offer is directed ("Condition of Minimum Acceptance of all Security Holders”), and Unicaja Banco reserves the right to waive compliance with the Condition of Minimum Acceptance of all Security Holders.

Within the framework of the swap offer, Unicaja Banco received a letter from the FROB reporting that its Governing Commission had agreed to (i) the basic lines of the modification of the resolution plan for EspañaDuero and, as a consequence, the Term Sheet attached to the decision of the European Commission dated 13 May 2013, (ii), and its intention to submit that modification for the approval of the Bank of Spain and the European Commission. That letter was accompanied by the notification received by the FROB from the Directorate General for Competition at the European Commission indicating that although the final decision had to be adopted by the College of Commissioners, the projected amendment to the resolution plan for EspañaDuero was compatible, based on its preliminary analysis, with the EU framework for State assistance. Unicaja Banco also received a letter from the Bank of Spain regarding these amendments and reporting that the Executive Committee at the Bank of Spain had stated its agreement with them so that they may be included in the planned amendment of the resolution plan for EspañaDuero the approval of which would be requested by the FROB.

On 29 January 2014 EspañaDuero indicated its acceptance of the basic lines of the amendment to its resolution plan through the publication of a relevant event. As was indicated by EspañaDuero in the relevant event, two agreements supplementing the Term Sheet were expected to be adopted: (i) between EspañaDuero and SAREB to establish the adjustments deriving from the asset transfer agreement between SAREB and EspañaDuero, concluded on 28 February 2013 and (ii) between EspañaDuero and FROB to regulate a Compensation Mechanism relating to the shares in EspañaDuero that the FROB would acquire as a result of the claims from the holders of the mandatory and contingent convertible bonds in EspañaDuero that do not accept the Offer.

Based on the content of the aforementioned letters and the relevant event, the amendment of the resolution plan for EspañaDuero and, consequently, the Term Sheet, was formally adopted in accordance with the following basic lines:

a) The distribution between the FROB and EspañaDuero of the negative effects that could arise from any claims from the holders of the mandatory and contingent convertible bonds in EspañaDuero that do not accept the Offer, such that the FROB will assume 71% of that impact up to a maximum of €241 million, net of any compensation that the FROB may receive by virtue of the Compensation Mechanism and EspañaDuero would assume the remaining 29%.

b) The assumption of certain commitments and limitations regarding the future activity carried out by EspañaDuero that change those initially established in the Term Sheet, and which basically consist of: (i) The maximum volume of the credit portfolio is reduced by an additional 10%; (ii) the maximum size of the balance sheet will be reduced by an additional 15%; (iii) the target loan to deposit ratio will be 10% lower than that initially foreseen in the areas in which EspañaDuero primarily operates; (iv) the organizational restructuring will include the closing of 5% more offices and the planned decline in the payroll will be maintained up until 31 December 2014, although there will be an additional 5% reduction before 31 December 2016. Additional restrictions will be placed on the distribution of dividends by EspañaDuero during the resolution period.

As was stated in the relevant event issued by EspañaDuero and in the letters received, the two resolutions indicated above were adopted:

a) A base agreement between the FROB and EspañaDuero with respect to the shares in EspañaDuero that the FROB may acquire as a result of the claims resolved in accordance with paragraph (a) above (the "Compensation Mechanism"), under which the FROB will receive an amount not less than that relating to those shares as measured by the consultancy Oliver Wyman, which concluded that 100% of EspañaDuero had an equity value equivalent to €334 million. If the maximum pay-out indicated in section (a) above is made, the maximum value to be received by the FROB will be €78 million, and EspañaDuero will not have the obligation to acquire those shares before 1 January 2018. This agreement establishes that under no circumstances will the FROB become a shareholder of Unicaja Banco as a result of that mechanism.

b) The liquidation transactional agreement to be concluded between EspañaDuero and SAREB to establish the adjustments deriving from the asset transfer agreement concluded by SAREB and EspañaDuero on 28 February 2013 (to which reference is made in the section "Risk Factors" in the Registration Document). The concluding of the aforementioned transactional agreement, as is noted by EspañaDuero in its relevant event dated 29 January 2014, will not in any case mean that the amount for which EspañaDuero is responsible will represent any significant deviation with respect to the forecasts set out in the Term Sheet, attached to the European Commission Decision dated 13 May 2013 ("State Aid SA36249 (2013/N)" decision).

Based on the materialization of the aforementioned agreements and due to the interest of Unicaja Banco in completing the acquisition of EspañaDuero, as is indicated in the relevant event dated 29 January 2014, Unicaja Banco committed to waiving the Condition of Minimum Acceptance of all Security Holders once all necessary authorization is obtained, including the definitive approval by EspañaDuero, FROB, Bank of Spain and SAREB of the aforementioned agreements and proposals in the terms indicated and the authorization, when appropriate, of EU authorities.

In the relevant event dated 29 January 2014 Unicaja Banco states that within the framework of acceptance not reaching 75% of all Securities, the modification of the Resolution Plan and the Term Sheet and the release from compliance with the Condition of Minimum Acceptance of All Security Holders, the intention set out in the Prospectus of not requesting an exemption from complying with the regulatory solvency coefficients for EspañaDuero on an individual basis is maintained.

Taking into account the above, the following steps were agreed up until the end of the Offer:

a) Registration with the CNMV of a Supplement to the Offer Prospectus and the opening of a three business day period in which new orders accepting the Offer may be presented, as well as orders to revoke any acceptance orders already received.

b) At the time the approval is received and the aforementioned agreements and proposals are definitively formalized in the indicated terms, Unicaja Banco will waive the Condition of Minimum Acceptance of All Security Holders.

c) If on 31 March 2014 such approval has not been obtained, Unicaja Banco would not waive the Condition of Minimum Acceptance of All Security Holders and the Offer would automatically cease to have any effect.

The supplement to the Prospectus was approved and registered by the CNMV on 30 January 2014 and the period for presenting new acceptance orders or the revocation of acceptance orders already received was established as 31 January, 3 February and 4 February 2014.

On 28 March 2014 Unicaja Banco published a relevant event reporting that:

(i) On 4 February 2014 EspañaDuero and SAREB (Sociedad de Activos Procedentes de la Reestructuración Bancaria, S.A.) formally entered into a liquidation agreement in the terms established in the preceding relevant events.

(ii) On 12 March 2014 the Bank of Spain approved the modification of the resolution plan for EspañaDuero.

(iii) On 18 March 2014 the Fondo de Reestructuración Ordenada Bancaria (FROB) notified Unicaja Banco that the European Commission had informed the Kingdom of Spain on 13 March 2014 of the modification to the Term Sheet attached to the European Commission Decision dated 13 May 2013, in accordance with the proposal presented by the Governing Committee of the FROB.

(iv) On 21 March 2014 EspañaDuero and the FROB concluded an agreement relating to the repurchase by EspañaDuero from the FROB of those securities issued by EspañaDuero that may previously be acquired by the FROB as a result of the claims made by holders of mandatory and contingent convertible bonds in EspañaDuero that may be purchased by FROB, in accordance with the terms of the resolution plan.

In the light of the above and in accordance with the plan, at the Board of Directors' meeting held on 28 January 2014 Unicaja Banco dropped the Condition of Minimum Acceptance of All Security Holders on which the Offer was conditioned.

The Board of Directors of Unicaja Banco also took note that, after the end of the additional acceptance period and the period for revoking the offer to swap shares, mandatory and contingent convertible bonds and perpetual contingent convertible bonds in Unicaja Banco to be subscribed by shareholders and the holders of mandatory and contingent convertible bonds in EspañaDuero (the “Offer”) opened the preceding 30 January as a result of the publication of a supplement to the Offer Prospectus and, in accordance with the information received from the Agent Entity, the Offer was accepted by the holders of 335,239,366 shares in EspañaDuero and the holders of 342,550,260 mandatory and contingent convertible bonds in EspañaDuero.

As was set out in the Offer Prospectus authorised by the CNMV on 26 November 2013 (which also authorised two supplements on 30 December 2013 and 30 January 2014, respectively), the Offer was subject to the condition that it be accepted by at least: (i) 75% of the shares of EspañaDuero; and (b) 75% of the sum of the shares in EspañaDuero and the mandatory and contingent convertible bonds in EspañaDuero to which the Offer was directed (jointly the "Condition of Minimum Acceptance").

In the light of the result of the Offer indicated above: (i) the first requirement was met, consisting of the acceptance of at least 75% of the shares in EspañaDuero (as it was accepted by 99.39% of those shares, including the 18,356,056 shares directly and indirectly owned by Unicaja Banco) but (ii) the second requirement was not met consisting of the acceptance of at least 75% of the sum of the shares in EspañaDuero and the mandatory and contingent convertible bonds in EspañaDuero to which the Offer was directed since 60.70% of that group of shares and mandatory and contingent convertible bonds in EspañaDuero was reached (including the 18,356,056 shares and 7,543,033 bonds held by Unicaja Banco and excluding the 11,449,069 bonds held by EspañaDuero itself).

Notwithstanding the above, after the approval of the amendment to the resolution plan for EspañaDuero and the rest of the related agreements and in accordance with the commitment previously assumed, the Board of Directors of Unicaja Banco adopted a resolution to eliminate compliance with the second requirement from the Condition of Minimum Acceptance that referred to all of the securities to which the Offer was directed and thereby gave full effect to the Offer after the remaining resolutions that were necessary to proceed with the swap involving the securities accepting the Offer were adopted.

As a result, on 2 April 2014 the shareholders and the holders of mandatory and contingent convertible bonds in EspañaDuero that accepted the offer received as compensation the corresponding shares, mandatory and contingent convertible bonds and perpetual contingent convertible bonds in Unicaja Banco (Note 21.2).

As a result of the aforementioned operation, Unicaja Banco took control of EspañaDuero started on 28 March 2014 for accounting purposes. On that date Unicaja Banco became the owner of 99.39% of the shares in EspañaDuero (with a 60.70% stake of all shares and mandatory and contingent convertible bonds in that company), while the former shareholders and the holders of the mandatory and contingent convertible bonds in EspañaDuero acquired a 9.22% interest in the share capital of Unicaja Banco.

The acquisition of EspañDuero by Unicaja Banco is a strategic opportunity that allows the Entity's business to be expanded towards areas that traditionally constituted the fundamental core of the business carried on by EspañaDuero, as well as to strengthen the individual and SME segment, while obtaining synergies between both entities.

1.2.2 Conversion of the EspañaDuero convertible instruments into shares

On 25 June 2014 the Board of Directors of EspañaDuero adopted a resolution to establish the mandatory conversion of all the Mandatory and Contingent Convertible Bonds. This gave rise to the execution of a share capital increase totalling €200,869 thousand through the issue of 803,474,655 new shares, all of the same class and series as those in existence. As a result of the execution of the share capital increase, the share capital of EspañaDuero is now €289,802 thousand divided into 1,159,208,236 shares with a par value of €0.25 each represented by book entries.

The conversion ratio for the Mandatory and Contingent Convertible Bonds into ordinary shares in EspañaDuero was that resulting from the quotient of the unitary face value of those Bonds (€1.00) and the value attributed to the ordinary shares in EspañaDuero (conversion price), established at €1.00 per share. As a result, for each Mandatory and Contingent Convertible Bond each holder received one new share in EspañaDuero.

As a result of the conversion, Unicaja Banco Group holds 60.70% of the share capital of EspañaDuero, which is the percentage interest maintained at 31 December 2015.

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 2015 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 2015.

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 2015 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 Parent Company.

In the consolidated financial statements of the Group for the year 2015, 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 46).

These estimates were made based on the best information available at 31 December 2015 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 2015 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 Changes in accounting policies, errors and comparative information

1.5.1 Changes in accounting principles and errors

Policy changes that occurred for the year 2015 (Note 1.12) have not affected the comparability of the Group financial information, so it has not been necessary adaptation or reclassification of quantitative information pertaining to 2014 which was published in the consolidated annual accounts at the previous year end. Neither there have been mistakes that have required rectification of the comparative information for the year 2014.

1.5.2. Comparative information

In accordance with IAS 1 the comparative information contained in these consolidated annual accounts for 2014 is presented solely and exclusively for the purpose of comparison with the information at 31 December 2015 and therefore does not constitute the Unicaja Banco Group's 2014 annual accounts.

1.6 Investments in credit institutions

In accordance with Article 28 of Royal Decree 84/2015, of 13 February, which develops the Law 10/2014 (26 June) on the organization, supervision and solvency of credit institutions (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 2015 and 2014:

Entity	% share 2015	% share 2014
Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (*)	60,70%	60,70%
Banco Europeo de Finanzas, S.A. (**)	40,72%	40,72%
E.B.N. Banco de Negocios, S.A.	-	33,89%

(*) Direct investment of 60,66% and indirect investment of 0,04% through Unicartera Gestión de Activos, S.L.U.
(**) Direct investment of 1,20% and indirect investment of 39,52% through Alteria Corporación Unicaja, S.L.U.

On 29 September 2015 the deed of transfer of shares of this company was signed, therefore credit institutions with participation in capital, BMN, Ibercaja Bank, Unicaja Banco and EspanaDuero, proceed to transmit their participation, once complied the suspensive conditions defined in previous agreements (note 12.2).

As of December 31, 2015 and 2014, no national or foreign entity holds a credit equal to or greater than 5% of the share capital of Unicaja Banco.

1.7 Agency agreements

At 31 December 2015, 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 Maigler 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 Ruíz	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)
Mayo Abellán Berruezo	Mojácar (Almería)
Gema Ayala López	Alhabia y Alboloduy (Almería)
Miguel Sancho Aguilera	El Saucejo (Sevilla)
Antonio Sánchez Povedano	Fuente-Tojar (Córdoba)
Cavar Mediación, S.L	Peñarroya-Pueblonuevo (Córdoba)
Francisco Jesús Jiménez Romero	La Guardia (Jaén)

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
Sur Finanz Agentes, S.L	Marbella (Málaga)
Manuela Jurado Ollero	Marmolejo (Jaén)
Francisco Javier Bazán Virtudes	Málaga
Grupo Inmobiliario Soto Jiménez, S.L.	Atarfe (Granada)
Mario Navarro Díaz	Estepona (Málaga)
Manuela Joyar Montilla	Jaén
Francisco Javier Arroyo Lorca	Valverde del Camino (Huelva)
Antonio Acosta Oller	Tíjola (Almería)
Jara-Inversiones e Intermediación, S.L.	Almería
Carmen Ávila Andrés	Granada
Matilde Cuerva Tortosa	Almería
Catalina Castro Jurado	Torrox (Málaga)
Carlos Lorente Martínez	Iznalloz (Granada)
José Melero Verdejo, S.L.	Córdoba
Daimiel Asesores Inmobiliarios, S.L.	Daimiel (Ciudad Real)
Del Ferrio Inversiones, S.L	Estepona (Málaga)
Antonia María Manso Sánchez	Tahivilla (Cádiz)
Orvel 21, S.L.	Vélez-Málaga (Málaga)
Jarava Barrera, S.L.	Ciudad Real
Josefina Salvador Valero	Linares (Jaén)
Manuel Ángel Garrido Rengel	Moguer (Huelva)
Grupo Asesor O.T.S, S.L.	Socuéllanos (Ciudad Real)
Gestem Planificación y Desarrollo Integral de Empresas, S.L.	Málaga

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 2015 and 2014 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 Equity Ratio

Up until 31 December 2013 Bank of Spain Circular 3/2008 on the calculation and control of minimum equity established legislation governing capital requirements for Spanish credit institutions, on an individual and financial group level.

On 27 June 2013 the Official Journal of the European Union published the new regulations regarding capital requirements (called CRD-IV), which was applicable starting on 1 January 2014 and consist of:

- European Parliament and Council Directive 2013/36/EU (26 June) relating to access to credit institution and investment company activities and the prudent supervision of those entities, which amends Directive 2002/87/EC and repeals Directives 2006/48/EC and 2006/49/EC.

- Regulation (EU) No. 575/2013 (hereinafter CRR) (26 June 2013), issued by the European Parliament and Council, on prudent requirements for credit institutions and investment companies, which amends Regulation (EU) No. 648/2012.

The Directives have to be transposed into Spanish legislation while the European Union regulations are immediately applicable after entering into force. In Spain, Royal Decree-Law 14/2013 (29 November) on urgent measures to adapt Spanish laws to European Union legislation governing the supervision and solvency of financial institutions, partially transposed Directive 2013/36/EU into Spanish law and Final Provision Five empowered the Bank of Spain to make use of the options attributed to the competent national authorities under Regulation (EU) No. 575/2013.

Therefore starting on 1 January 2014 the provisions of Bank of Spain Circular 3/2008 that go against the aforementioned European legislation were repealed. In addition, on 5 February 2014 Bank of Spain Circular 2/2014 (31 January) was published and which, in accordance with the authority that Regulation (EU) No. 575/2013 grants to the competent national authorities, the Bank of Spain made use of some of the permanent regulatory options established by that Regulation, and that subsequently was amended, regarding the treatment of the deduction of the intangible assets during the transitional period, by the Circular 3/2014, of 30 July, of Bank of Spain.

That Regulation (EU) No. 575/2013 establishes uniform standards to be met by entities in relation to: 1) the own resources regulatory requirements relating to items of credit risk, market risk, operational risk and liquidy risk; 2) requirements aimed at limiting large exposures; 3) hedge of liquidity risk in relation with fully quantifiable element, uniforms and standard, once developed by a delegate of the Commission Act; 4) the establishment of the leverage ratio and 5) information and public disclosure requirements.

The regulation introduces a review of the concept and components of own resources required regulatory institutions requirements. These are composed of two elements: the capital of level 1 (or Tier 1) and capital of level 2 (or Tier 2). At the same time, Tier 1 is equal to the sum of the capital level 1 ordinary (or Common Equity) and additional capital of level 1. Thus, capital of level 1 is formed by those instruments that are able to absorb losses when the entity is in operation, while the elements of the capital of level 2 will absorb losses mainly when the entity is not viable.

Entities shall at all times comply the following own funds requirements:

- A ratio of capital of 1 ordinary level of 4.5%.
- A ratio of Tier 1 (ordinary and additional) of 6%.
- A total of 8% capital ratio.

In relation to these requirements, the European Central Bank (ECB) has required for Unicaja Banco Group, following the process of review and evaluation supervisor (SREP, for its acronym in English), a minimum ratio the 9.25% CET1. This requirement includes a minimum CET1 required by Pilar I of 4.5% and a minimum CET1 required by Pilar II, including conservation of capital, a 4.75% mattress.

In regards to the capital buffer of counter-cyclical capital laid down in article 45 of the law 10/2014, the Bank of Spain has agreed to fix in 0% this buffer for credit exposures in Spain from 1 January 2016.

The Unicaja Banco Group's CET1 ratio is 12,8% on 31 December 2015 (including the retained result of the profit for the year). As result, within de current capital levels, Unicaja Banco Group has hedged capital requirements established by ECB and, therefore, there is not any limitation for the dividend distribution out of the related in Regulation (EU) No. 575/2013.

Law 10/2014 (26 June) on the organization, supervision and solvency of credit institutions continued to transpose the CRD-IV into the Spanish legal system, and it was later supplemented by the Royal Decree 84/2015, of 13 February, which develops law 10/2014, which adapt the Spanish legal system to European standards on the unique mechanism of Supervision (MUS).

Finally, at 9 February 2016 the Circular 2/2016, on 2 February, the Bank of Spain, to credit institutions, supervision and solvency, to complete the adaptation of the Spanish legal system directive 2013/36/UE and Regulation (EU) No. 575/2013 regarding options not exercised by 22014 circulars and Bank of Spain 32014 has been published in the Official Board. In addition, the Circular 2/2016 develops some aspects of the transposition of the directive 2011/89/UE of the European Parliament and of the Council of 16 November 2011, as regards the supplementary supervision of financial entities in a financial conglomerate, and introduces the definition of authority component, which will be the European Central Bank or Bank of Spain, according to the allocation and distribution of powers laid down in the Regulation (EU) No. 1024/2013, and which is completed in the Regulation (EU) No. 468/2014 of the European Central Bank, on April 16, 2014.

All of the above constitutes the current legislation in force regulating the equity that must be maintained by credit institutions both individually and as consolidated groups, and stipulates how this capital is measured. This includes the processes to be followed for the self-assessment of capital and the information to be made public.

At 31 December 2014 and 2015, Unicaja group own resources amounted to €3,509,803 thousand and €3,347,844 thousand, respectively, of which €3.509.803 thousand euros and 3,334,180 thousand euros, respectively, are part of the Common Equity Tier 1 (CET1). This represents a surplus on the requirements of own resources, in accordance with the regulation of the 2013/36 EU directive (CRD-IV) and the EU Regulation No. 575/2013 (CRR) of 1.341.166 thousand euros at 31 December 2015 (923.198 thousand euros at 31 December 2014). For its part, the surplus of the CET1 to 31 December 2015 on the minimum required amounts to 2,260,034 thousand euros (1,970,316 thousand euros at 31 December 2014). The surplus of the CET1 taking into account the additional requirement to Unicaja Banco Group as consequence of SREP amounts to 972,405 thousand euros on 31 December 2015.

At 31 December 2015 and 2014 Unicaja Group's equity totalled €3,509,803 thousand and €3,347,844 thousand, respectively, of which €3,479,892 thousand and €3,334,180 thousand, respectively, forms part of Common Equity Tier 1 (CET1). This represents a surplus over the equity requirements, in accordance with the new European regulations established by Directive 2013/36/EU (CRD-IV) and EU Regulation No. 575/2013 (CRR) amounting to €1,341,166 thousand at 31 December 2015 (€923.198 thousand at 31 December 2014). The surplus of CET1 over the minimum requirement amounts to €2,260,034 thousand (1,970,316 thousand euros at 31 December 2014). The surplus of the CET1 taking into account the additional requirement to Unicaja Banco Group as consequence of SREP amounts to 972,405 thousand euros on 31 December 2015.

	Thousands of euros	
	2015	**2014**
Basic equity Level 1	3 509 803	3 347 844
Of which: Ordinary Capital-Common Equity Tier 1 (CET 1)	*3 479 892*	*3 334 180*
Eligible capital Level 2	-	-
Total eligible equity	**3 509 803**	**3 347 844**
Total equity requirement	**2 168 637**	**2 424 646**

The tier 1 ordinary capital, includes, basically, capital, the share premium, reserves of net Bank deductions (intangible assets) and the contingent convertible bonds ("CoCos") subscribed for by the FROB (€604,000 thousand in both years) and part of the result of years 2014 and 2015, respectively, which will be allocated to reserves (in case).

Unicaja Banco Group rigorously attends to the management of the capital self-assessment process and solvency risk in order to maintain a prudent risk profile and balance, adequately preserving solvency, profitability and liquidity targets. 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.
- The prudent management of exposure to credit risk, particularly by avoiding projects of uncertain viability and a quantitative limitation 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 Audit Committee, the Risk Committee, the Asset, Liability and Budget Committee (ALBC), the Internal Audit Department and the Comprehensive Risk Control Department at the Bank 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 2015 and 2014, the Entity complied with the minimum reserves ratio imposed by applicable Spanish regulations.

1.10 Deposit Guarantee Fund

Group credit institutions form part of the Credit Institution Deposit Guarantee Fund. In 2015 and 2014 the cost of ordinary, additional and extraordinary contributions to this organization totalled €43,323 thousand and €64,582 thousand, respectively. These amounts were recognised under “Other operating expense” in the accompanying consolidated income statement (Note 39).

With regard to the ordinary contributions, dated November 7, 2015 has been published the Royal Decree 1012/2015, of November 6, which develops the 11/2015 Act, of June 18, recovery and resolution of credit institutions and investment service companies, and amending the Royal Decree 2606/1996 , of 20 December, on deposits of credit guarantee funds. Among the changes incorporated, changes the definition of the heritage of the FGDEC, indicating that the Management Committee shall determine the annual contributions from organizations affiliated to the Fund, according to the criteria laid down in article 6 of the Royal Decree-Law 162011, on 14 October, which created the FGDEC. To this end, the basis of calculation of the contributions that entities must be done at each compartment of the Fund shall be:

a) In the case of contributions to the compartment of guarantee of deposits, the deposits guaranteed, as defined in article 4.1.

b) In the case of the contributions to the guarantee values compartment, 5 per 100 of the value of quote of the last trading day of the year, in the corresponding secondary market, guaranteed values, as defined in article 4.2, existing at the end of the year. When among the latter listed securities and financial instruments that are not traded in a secondary market, Spanish or foreign, its calculation basis will be given by their nominal value or the refund, which is more appropriate to the type of value or financial instrument concerned, unless it has been declared or recorded another most significant value for the purposes of your deposit or registration.

On 2 December 2015, the Management Committee of the FGDEC, under cover of the provisions of paragraph 2 of article 3 of the Royal Decree 2606/1996, of 20 December, on funds of guarantee of deposits of credit institutions, amended by the Royal Decree 1012/2015, of November 6, has determined the following annual contributions from related organizations for the year 2015 :

- Annual contribution to the compartment of guarantee of deposits of the FGDEC equal to 1,6 per thousand of the basis for calculation of contributions to such compartment defined in article 3.2 of the Royal Decree 2606/1996, existing at 31 December 2015.

- Annual contribution to the compartment of guarantee of values of the FGDEC equal to 2 per thousand of the basis for calculation of contributions to such compartment defined in article 3.2 of the Royal Decree 2606/1996, existing at 31 December 2015.

Moreover, with regard to extraordinary contributions, the Management Committee of the FGDEC in order to restore capital adequacy of the Fund pursuant to the provisions of Article 6.2 of Royal Decree-Law 16 / 2011 of 14 October, 30 July 2012 agreed to carry out an apportionment between seconded member institutions, distributed according to the result of contributions as of December 31, 2011, payable by ten equal annual fees. The amount of fees that must be entered on each date will be deducted from the regular annual contribution, if any, meets the entity on the same date, till the amount of ordinary share. At 31 December 2015 and 2014, the current value of the outstanding amount disbursed for this item amounts to €47,240 thousand and €58,002 thousand, respectively.

1.11 Contributions to resolution fund

During the year 2015, expenses recorded by the group, under the heading of "Other operating charges" of count attached consolidated income, for the contributions to the resolution funds corresponding to the own contribution of the 2015 period, amounts to 19.220 thousand euros (note 39).

Article 53.1. a) of the Law 11/2015 , of June 18, recovery and resolution of credit institutions and investment service companies, undertakes the creation of the "National Resolution Fund" as one of the mechanisms of financing of the measures provided for in the law itself. At the same time, the fourth additional provision provides that the part that matches the background of national resolution will be transferred to the single resolution Fund in the amount and form laid down in the Regulation (EU) No. 806/2014, of the European Parliament and of the Council of 15 July 2014, the rest of the applicable European Union law and the agreement on the transfer and sharing of contributions to the unique resolution Fund signed on 21 May 2014.

The financial resources of the National Fund of resolution must reach before the 31 December 2024, 1 the amount of guaranteed deposits, through the contributions of credit institutions and the investment services companies established in Spain, compulsory starting from the year 2015. In order to reach this level, the FROB, as authority Executive resolution, and therefore the national resolution Fund Manager, will communicate and raise, at least annually, the assessed contributions of the entities. By the year 2015, the FROB has sent letters to the entities communicating the amount that corresponds to each meet for their regular contribution to this Fund.

Moreover, article 67 of Regulation (UE) nº. 806/2014, of the European Parliament and of the Council of 15 July 2014, undertakes the creation of the “National Resolution Fund” as essential element of the Unique Mechanism of Resolution (MUR), initiated with the Directive 2014/59/UE, of the Parliament and of the Council of 15 May 2014, which will replace the National Resolution Fund under the transfer agreement and aforementioned mutualization.

This Fund has become operational dated January 1, 2016 and is managed by the Single Adjudication Board, which is also responsible for calculating the contributions to be made credit institutions and companies providing investment services defined in Article 2 of the regulation, based on the rules defined in the Delegate Regulation (EU) 2015/63 of the Commission of 21 October 2014 amending Directive 2014/59 / EU is completed, the European Parliament and the Council as regards the ex-ante funding mechanisms of resolution contributions.

Moreover, in accordance with Article 103 of Directive 2014/59 / EU, the financial resources available to be taken into account to achieve the target level for the Single Resolution Fund may include commitments irrevocable payment fully backed by guarantees low risk assets free of charges by third party rights, freely available and allocated for the exclusive use of the resolution authorities for the purposes specified in the Directive. The share of irrevocable payment commitments shall not exceed 30% of the total amount raised through ex ante contributions.

The first contributions ex ante institutions make the Single Resolution Fund are for the period 2016 contribution.

1.12 Changes in the International Financial Reporting Standards.

In 2015, new accounting norms became effective and have, therefore, been taken into account in the preparation of the Group's consolidated annual accounts for 2015:

Norms, modifications and interpretations	Description	Obligatory application to financial years beginning from
IFRIC 21 (*)	Charges	1 January 2015
Annual Improvements of IFRS	Improvement Project-Cycle 2011-2013	1 January 2015

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
Annual Improvements of IFRS	Improvement Project-Cycle 2010-2012	1 January 2015
Modification of IASB 19	Defined benefit Planes: employees Contributions	1 January 2015
IFRS 14	Deferred regulatory Accounts	1 January 2016
IFRS 11 Modification	Acquisition of shares in joint Operations	1 January 2016
IASB 16 and IASB 38 Modification	Depreciation and amortization accepted Methods	1 January 2016
IASB 16 and IASB 41 Modification	Agriculture: plants used to produce fruits	1 January 2016
IASB 27 Modification	Equity Method in separated financial statements	1 January 2016
Annual Improvements of IFRS	Improvement Project-Cycle 2012-2014	1 January 2016
IASB 1 Modification	Presentation of Financial Statements	1 January 2016
IPRS 10, IFRS 12 and IASB 28 Modification	Exception to consolidation for investment entities	1 January 2016
IASB 12	Recognition of deferred tax assets for unrealized losses	1 January 2017
IFRS 15	Regular incomes from customers contracts	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IASB 16	Leases	1 January 2019
IFRS 10 and IASB 28 Modification	Sale or Contribution of assets between an investor and his associates or joint business	(*)

(*) In late 2015, the IASB decided to postpone the effective date of these amendments, without setting a new specific date because it is planning a wider review that may result in the simplification of accounting for these transactions and other aspects of the accounting for associates and joint ventures.

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 taking effect this year

During 2015 the following amendments to IFRS or interpretations (IFRIC) entered into force but have not had a significant impact on the consolidated financial statements:

- o IFRIC 21 "Levies" This interpretation covers the accounting treatment of levies imposed by public entities, other than taxes on profits, and fines and penalties imposed for the failure to comply with legislation. The main question raised in this respect is when the entity must recognize a liability for the obligation to pay a levy that is recognised in accordance with IAS 37. It also covers the accounting treatment of a liability relating to the payment of a levy when the due date and amount are known. The interpretation is mandatory for all years starting on or after 1 January 2015, although it may be applied early, which effectively is the case with Unicaja Banco Group.

- o Annual improvements to IFRS, 2011-2013 cycle: The amendments included in these Annual Improvements generally apply to years that commence starting on 1 January 2015, although they may be adopted early. The main amendments refer to the following items:

    - IFRS 3 “Business combinations”. Exceptions to scope for joint ventures.
    - IFRS 13 “Fair value measurement”. Scope of the "portfolio exception"
    - IAS 40 “Investment property”: Relationship between IAS 40 and IFRS 3 when a property is classified as an investment property or owner-occupied property

Application of these accounting standards and interpretations have not material effect on the condensed consolidated interim financial statements of the Group.

Standards and interpretations that have been issued but have not yet entered into force

At the date these consolidated annual accounts were prepared new International Financial Reporting Standards and the relevant interpretations had been published but none were mandatory for the years commencing on or after 1 January 2015. The analysis of any future impact that could arise due to adopting these standards has not yet been completed, although no significant impacts are expected when they enter into force. These standards are as follows:

- o Annual improvements to IFRS, 2010-2012 cycle: The amendments included in these Annual Improvements generally apply to years that commence starting on 1 February 2015, although they may be adopted early. The main amendments refer to the following items:

    - IFRS 2 “Share-based payments" Definition of "vesting condition"
    - IFRS 3 “Business combinations”: Recognition of contingent consideration in a business combination.
    - IFRS 8, "Operating segments": Disclosures regarding the inclusion of operating segments and the reconciliation of all assets assigned to the segments being reported with respect to the entity's assets.
    - IFRS 13 “Fair value measurement”: References to the capacity to measure current receivables and payables at their nominal value when the effect of the discount is not significant.
    - IAS 16 "Property, plant and equipment and IAS 38 "Intangible assets": Proportional restatement of accumulated depreciation/amortization when the revaluation model is used.
    - IAS 24, “Related party disclosures”. Entities that provide key management personnel services as a related party.

- o IAS 19 (Revised), “Defined benefit plans: employee contributions": IAS 19 (revised in 2011) makes a distinction between employee contributions relating to the service rendered and those that are not associated with the service. The current amendment also makes a distinction between contributions associated to the service only in the year in which they arise and those that are associated with the service over more than one year. The amendment allows contributions associated with the service that do not vary with the duration of the service to be deducted from the cost of the accrued services during the year in which the relevant service is rendered. The contributions associated with the service that vary in accordance with its duration must extend over the period the service is provided using the same assignment method that is applied to the benefits. This amendment applies retrospectively to the years commencing on or after 1 February 2015. Early adoption is permitted.

- IFRS 11 (Revised) “Recognition of purchases of shares in joint ventures” It requires that the accounting principles for a business combination to be applied to an investor that acquires an interest in a joint venture constituting a business. Specifically, identifiable assets and liabilities will have to be measured at fair value, the costs relating to the acquisition recognised as an expense, the deferred tax recognised and the residual amount recognised as goodwill. All other accounting principles for a business combination apply, unless they conflict with IFRS 11. This amendment will be applied on a prospective basis for the years commencing on or after 1 January 2016, although it may be applied early.

- IAS 16 (Revised) and IAS 38 (Revised) “Clarification of acceptable methods of depreciation and amortization”: This amendment clarifies that it is not adequate to use methods based on ordinary income to calculate the depreciation of an asset because ordinary income generated by an activity that includes the use of an asset generally reflect factors other than the consumption of the financial benefits within the asset. The IASB also clarifies that it is generally presumed that ordinary income is an inadequate basis for measuring the consumption of the financial benefits within an intangible asset. This amendment will be effective starting in years commencing on or after 1 January 2016 and will be applied on a prospective basis. The amendment may be applied early.

- IAS 16 (Revised) and IAS 41 (Revised) "Agriculture: Bearer plants to grow produce" Under this amendment plants that are held to obtain produce must be recognised in the same manner as property, plant and equipment, which is different from other biological assets. As a result, the amendments include these plants under the scope of IAS 16 instead of IAS 41. The produce grown on these plants will be maintained within the scope of IAS 41. These amendments will be applicable on a prospective basis to years starting on or after 1 January 2016, although early application is permitted.

- IAS 27 (Revised) “Equity method in separate financial statements”. It is amended to re-establish the option of using the equity method to account for investments in subsidiaries, joint arrangements and associates in a company's separate financial statements. The definition of separate financial statements was also clarified. An entity that chooses to change the equity method will apply the amendments in years that commence on or after 1 January 2016 in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". Early adoption is permitted.

- Improvement project 2012-2014 cycle: The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34 and will be applicable to the years commencing on or after 1 July 2016, subject to be adopted by the EU. The main amendments refer to:

    - IFRS 5 "Non-current assets held for sale and discontinued operations" Changes in disposal methods.
    - IFRS 7, "Financial instruments": Disclosures”. Continuing involvement in administration agreements.
    - IAS 19 “Employee benefits”: Determination of the discount rate for post-employment compensation obligations.
    - IAS 34 “Interim financial information”: Information presented in another part of the interim financial information.

- IAS 1 (Revised), “Presentation of financial statements”: The amendments to IAS 1 encourage companies to apply professional judgment when determining which information to disclose in the financial statements. The amendments clarify that materiality applies to the financial statements as a whole and including immaterial information may hamper the usefulness of the financial information. The amendments clarify that entities should use professional judgment to determine when, and in what order, the information is presented in the financial statements. The amendments to IAS 1 may be applied immediately and are mandatory for all years commencing on or after 1 January 2016.

- o IFRS 10 (Revised), IFRS 12 (Revised) and IAS 28 (Revised) "Investment entities": Applying the exemption to consolidation": These amendments clarify three aspects regarding the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them. The proposed amendments:

  - Confirm that the exception to presenting consolidated financial statements continues to be applied to an investment entity's subsidiaries when they are parent companies.
  - Clarify that a parent investment entity must consolidate a subsidiary that provides services relating to the investment instead of measuring the subsidiary at fair value.
  - Simplify the application of the equity method to an entity that is not itself an investment company but which holds an interest in an associate that is an investment entity.

- o IAS 12 (Revised) "Recognition of deferred tax assets for unrealized losses": This amendment clarifies how to account for deferred tax assets related to investments in debt instruments measured at fair value. Decreases in the carrying amount below cost of a debt instrument at a fixed rate valued at fair value, where the tax base is maintained at cost, give rise to deductible temporary differences. The estimate of likely future tax benefits may include the recovery of some of the assets of an entity above its book value, if there is a corresponding sufficient evidence. The amendment is effective for annual periods beginning on or after January 1, 2017, although early adoption is permitted. As a general rule, it will apply retrospectively. However, on the date of initial application of the amendment, there is the option to register the change in equity for the comparative period against the opening balance of retained earnings.

- o IFRS 15 “Revenue from contracts with customers”: In May 2014 the IASB and the FASB jointly issued a converging standard relating to the recognition of ordinary revenue originating from customer agreements. Under this standard, revenue is recognised when a customer obtains control of an asset or service sold, i.e. when it has both the ability to direct the use and obtain the benefits of the asset or service. This IFRS includes new guidelines to determine whether or not revenue should be recognised over time or at a certain moment. IFRS 15 requires broad information regarding both the recognised income and income that is expected to be recognised in the future with respect to existing contracts. It also requires quantitative and qualitative information regarding significant judgments applied by management when calculating recognised income, as well as any changes in these judgments. IFRS 15 will be applicable to years commencing on or after 1 January 2017, although it may be applied early.

- o IFRS 9, "Financial instruments". It addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was published in July 2014 and replaces the guidelines under IAS 39 regarding the classification and measurement of financial instruments. IFRS 9 maintains, although it simplifies, the mixed measurement model and establishes three main measurement categories for financial assets: amortised cost, fair value through changes in profit or loss and fair value through changes in other comprehensive income. The basis of classification depends on the Company's business model and the characteristics of the contractual cash flow for the financial asset. Investments in equity instruments must be measured at fair value through profit or loss with the irrevocable election at initial recognition to present changes in fair value through other non-recyclable comprehensive income, provided that the instrument is not held for trading. If the equity instrument is held for trading any changes in fair value are presented in profit or loss.

There have been no changes to the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities carried at fair value through profit or loss. Under IFRS 9 there is a new impairment loss model called the expected credit loss model that replaces the incurred impairment loss model defined by IAS 39 and which will give rise to the recognition of such losses earlier than under IAS 39. IFRS 9 relaxes the requirements to consider the hedge effective. Under IAS 39, a hedge should be highly effective both prospectively and retrospectively. IFRS 9 replaces this line and requires that an economic relationship exists between the hedged item and hedging instrument and that the hedge ratio is the same as that actually used by the entity in its risk management. Contemporaneous documentation is still required but is different to that prepared under IAS 39. Finally, broad information is required, including a reconciliation of the beginning and ending balance of the provision for expected defaults, assumptions and data and a reconciliation during the transition between the original classification under IAS 39 and the new classification categories under IFRS 9.

IFRS 9 will be applicable to years commencing on or after 1 January 2018, although it may be applied early. IFRS 9 will be applied retroactively but the restatement of comparative figures will not be required. If an entity opts to apply IFRS 9 early all requirements must be applied at the same time. The entities that apply the standard before 1 February 2015 continue to have the option to apply the standard in stages.

- IFRS 16 "Leases": In January 2016, the IASB published a new standard on leases, which supersedes IAS 17 "Leases", the result of a joint project with the FASB. The IASB and FASB have reached the same conclusions in many areas related to accounting for leases, including the definition of a lease, the requirement, as a rule, reflect the leases on the balance sheet and the valuation of liabilities lease. The IASB and FASB have also agreed not incorporate substantial accounting by the lessor changes, remaining similar to those of the earlier legislation requirements. There are still differences between the IASB and FASB regarding the recognition and presentation of expenses related to leases in the income statement and the cash flow statement. Under IFRS-IASB, IFRS 16 is applicable mandatory from January 1, 2019, being able to choose to apply IFRS 16 in advance, but only if both IFRS 15 "Revenue from contracts with customers" applies.

- FRS 10 (Revised) and IAS 28 (Revised) Sale or contribution of assets between an investor and its associates/joint ventures": These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures that will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". The investor will recognize the complete gain or loss when the non-monetary assets constitute a "business". If the assets do not comply with the definition of a business, the investor recognizes the gain or loss in proportion to the interests of other investors. The amendments will only be applicable when an investor sells or contributes assets to an associate or joint venture. Originally, these amendments to IFRS 10 and IAS 28 were forward-looking and effective for annual periods that began on or after 1 January 2016. However, at the end of 2015, the IASB decided to postpone the effective date of the same (without setting a new specific date), since you are planning a wider review that may result in the simplification of accounting for these transactions and other aspects of the accounting for associates and joint ventures

The Bank's Directors understand that the entry into force of most of these standards will not have a relevant impact on the Group's financial statements.

Concerned to the adoption by the Grupo Unicaja Banco IFRS 9 "Financial Instruments", the Group is analyzing the impact that this standard may have on its consolidated it should be effectively adopted by the European Union, in particular annual accounts as it regards the estimation of provisions for bad debts by developing a calculation methodology based on the expected loss. At the date of preparation of these consolidated financial statements, work plans that support the implementation of this standard were ongoing, so that the group, to the current date, has not finalized quantifying the potential impact it will have, where appropriate, the adoption by the European Union of this standard.

1.13 Merger of certain subsidiaries of Spain Duero

Dated February 25, 2015, the Board of Directors of EspañaDuero agreed to initiate proceedings for the merger between Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (As absorbing company) and the following entities in its group, as merged companies: Invergestión, Sociedad de Inversiones y Gestión, S.A.U., Inmocaja, S.A.U., Gestión de Inversiones en Alquileres, S.A., Guendulain Suelo Urbano, S.L.U., Caja Duero Capital, S.A.U., Caja España de Inversiones, Sociedad de Participaciones Preferentes, S.A.U. y Campo Inversiones, S.A.U, with consequent dissolution and termination without liquidation of the absorbed companies, and block transfer of their respective assets, in full and as a whole, to the Bank.

Dated March 18, 2015, it was prepared by the Board of Directors of EspañaDuero the corresponding merger project, containing all the particulars required by law and was deposited in the respective Mercantile Registries, not the preparation of the report of the directors being required and experts on the merger or approval of the merger by the shareholders' meeting of the acquired companies, within the meaning of Article 49.1 of the Law 3/2009 of 3 April on structural modifications of companies commercial (hereinafter LMESM), being fully absorption investees directly or indirectly by the acquiring entity form. Nor is it necessary, based on this fact, increase the share capital of the acquiring entity or establish exchange ratio.

Date April 28, 2015,, and after formulation of the merger balance sheets as of 31 December 2014 of the companies absorbed by its administrators, the General Meeting of Shareholders of EspañaDuero approved these mergers by absorption and balances corresponding fusion and the joint merger, and the placement of them the special tax regime established in Chapter VII of Title VII of Law 27/2014, of 27 November, the corporate income tax.

In accordance with the provisions of additional provision twelfth of Law 10/2014 of 26 June, management, supervision and solvency of credit institutions, dated October 5, 2015 the mandatory authorization of the merger was obtained absorption by the Ministry of Economy and Competitiveness, by decree, once the operation was reported favorably by the Bank of Spain, the Executive Service of the Commission for the Prevention of Money Laundering and Financial Crime, the National Stock Market Commission Securities and the Directorate General of Insurance and Pension Funds, within the scope of its powers.

Once this authorization and the expiry of one month from the publication of the merger without any creditor of the companies involved in the merger is opposite thereto, dated January 25, 2016, writing was granted notarization of the resolutions adopted at the General Shareholders' Meeting of EspañaDuero, held on April 28, 2015, approving the merger by absorption is approved, with the termination without liquidation of the absorbed companies and transmission of all its assets to the Bank, which acquired by universal succession the rights and obligations of the absorbed, being registered with the Commercial Registries of Madrid, Leon and Pamplona dated January 27, 2016, February 1, 2016 and February 2, 2016, respectively.

1.14 Merger of Caja España Fondos by Unigest

On 10 July 2015, the General Meetings of Unigest, S.G.I.I.C., S.A. Caja España Fondos, S.A., S.G.I.I.C., approved the merger between Unigest, as absorbing company and Caja España Fondos as absorbed company. All this in the terms and conditions of the applicable Merger, signed and formulated on 27 and 28 April by the Boards of Directors of both companies, respectively, and with the authorization of the National Stock Market Commission (CNMV), as agreed of July 9, 2015.

At the time of the operation, Caja España Fondos, S.A., S.G.I.I.C. It was owned by Invergestión, Sociedad de Inversiones y Gestión, S.A., with 68.63% and Banco de Caja España de Inversiones, Salamanca and Soria, S.A. (EspañaDuero) with 31.37%. Meanwhile, Unigest, S.G.I.I.C., S.A. it was wholly owned by Unicorp Corporación Financiera, S.L.U. All participating entities belonged to Grupo Unicaja Banco.

On September 3, 2015, it was signed notarized the deed of merger between the two companies, being registered in the province of Malaga dated October 15, 2015.

Upon completion of the merger, the company Caja España Fondos, S.A., S.G.I.I.C. extinguished without liquidation, transmitting block all social assets to the acquiring company, which thus acquires by universal succession, all rights and obligations of the absorbed company.

The aim of the merger is to take advantage of the synergies that could be achieved, inter alia, by the common condition of members of Grupo Unicaja Banco and in order to carry out an operation to restructure the assets of those companies that achieves a more optimal and efficient corporate structure, with greater economic, organizational control and management, which can be obtained by consolidation and concentration of assets and liabilities, rights and obligations in a single entity.

1.15 Transfer branch of activity between Unicaja Banco and Espanaduero

On January 30, 2015, the Boards of Directors of Unicaja Banco, S.A. and Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero) have approved the signing of a contract that Unicaja Banco will acquire from EspañaDuero an industry consists of 30 offices and bank branches in operation, located outside the main territorial scope of activity EspañaDuero, specifically in Andalusia, Castilla-La Mancha, Ceuta and Badajoz, which are, in turn, the main geographical area of activity Unicaja Banco.

Transmission is divided into two phases. A first phase in which the buyer is subrogated to the employment contracts of the seller with employees associated with branches and offices subject of transfer, and ownership of property linked to it is transmitted, and a second phase in which the remaining assets and liabilities related to the branch of activity is transmitted.

The closure of the first phase was conditioned to obtaining binding report or answer to the General Direction on tributes of the transaction and the approval of the transfer by the Ministry of Economy and Competitiveness. This first phase is completed dated May 21, 2015, upon satisfaction of the conditions precedent taking place on that date subrogation buyer in employment contracts and the transfer of the property for a price of €1,075 euros, matches the appraised value thereof.

At the date of preparation of these consolidated financial statements they have not yet fulfilled the contractual conditions for the closing of the second phase of the transmission of the branch of activity.

1.16 Subsequent events

On January 4, 2016 and February 11, 2016, Unicaja Banco Grupo, through Unimediación, S.L.U. and Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.U., respectively, has signed arrangements involving the transfer of exclusive distribution rights of several insurance lines. The Group has also signed on February 11, 2016, through Bank of Spain Caja de Inversiones, Salamanca and Soria, S.A. and Grupo de Negocios Duero, SAU an agreement for the sale of 100% of the ownership interest in Unión del Duero, Compañía de Seguros Generales, S.A.U. This agreement is subject suspensivamente obtaining the declaration of no objection from the Direccion General de Seguros. The above-described operations have no impact on the 2015 consolidated financial statements.

During the period from 31 December 2015 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.

2. Accounting principles and policies and measurement methods applied

During the preparation of the consolidated annual accounts for 2015 and 2014, the following accounting principles and policies and measurement methods were applied:

2.1 Consolidation

2.1.1 Subsidiaries

“Subsidiaries” are defined as companies over which the Parent has the capacity to exercise effective control; control is, in general but not exclusively, presumed to exist when the Parent owns directly or indirectly more than half of the voting power of the investee, or even if this percentage is lower or zero, when there are other circumstances or agreements that give the Confederation Control. In accordance with IAS 27, control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities. In accordance with the IFRS 10, is considered that an associate company is controlled if and only if it satisfies all of the following elements: (i) power over the investee, (ii) exposure, or rights, to variable yields from their involment with the associate company, and (iii) ability to use its power over the associate company to influence the amount of investor yields.

To December 31, 2015 and 2014 are considered entities of the group, those subsidiaries of EspanaDuero take account of Unicaja Banco participation on that entity, is considered that there is control over them (see details in annex I).

The subsidiaries annual accounts are consolidated with those of the Entity using the full consolidation method, in accordance with the consolidation procedure described in IAS 27. Consequently, all significant balances deriving from transactions between the fully-consolidated companies have been eliminated during consolidation. Additionally, third-party interests in the:

- Group’s equity is presented in “Minority interests” in the consolidated balance sheet (Note 20).

- Consolidated results for the year are presented in “Surplus attributed to minority interests” in the consolidated income statement (Note 20).

Results generated by subsidiaries acquired by the Group during the year are consolidated taking into account only the amounts for the period running from the acquisition date to the year end. Additionally, results generated by subsidiaries sold during the year are consolidated taking into account only the amounts for the period running from the beginning of the year to the date of sale.

Note 12.2 provides information about acquisitions, divestitures and most significant movements that have taken place in the year 2015 of subsidiaries.

Appendix I provide relevant information on these entities.

2.1.2 Joint ventures (jointly-controlled entities)

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

In accordance with IFRS 11 "Joint Arrangements" arise when a participant has the right to the results obtained or to the net assets of the company in which the interest is held and therefore uses the equity method to recognize its stake in the company. Jointly-controlled entities are classified as joint ventures in the consolidated financial statements and for the purposes of IFRS 11 they are measured using the "equity method".

Note 12.2 provides information about acquisitions, divestitures and most significant movements that have taken place in the year 2015 of jointly controlled entities.

Appendix II provides relevant information on these entities.

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 20115 and 2014 Group associates are considered to be entities in which at least 20% of the voting rights are held: Alestis Aerospace, S.L. and Deoleo, S.A. Moreover, they receive this consideration those partners of associates companies considering the participation of Unicaja Banco on such associates companies are considered significant influence on them (see details in Annex III).

The main reasons why the Group is considered to have significant influence over those companies are as follows:

- Unicaja Banco has an agreements with the shareholders dated in 18 of December of 2013, that allow it to form part of the Board of Directors, participle in the organization and operations of the governing bodies and participle in, or in some cases block, business decisions.

- As a result of its interest in Deoleo, S.A., Unicaja Banco Group is entitled to appoint a total of two 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.

Note 12.2 provides information about acquisitions, divestitures and most significant movements that have taken place in the year 2015 of associates.

Appendix III provides relevant information on these entities.

2.2 Financial instruments

2.2.1 Initial recognition of financial instruments

Financial instruments are initially recognized in the consolidated balance sheet when the Group becomes party to the relevant contract, in accordance with the terms of that contract. Specifically, debt instruments such as loans and deposits in cash are recognized as from the date on which the legal right to receive or the legal obligation to pay the cash is generated, respectively. In general, derivative financial instruments are recognized on the date they are contracted.

Purchases and sales of financial assets arranged through conventional contracts (contracts under which the parties reciprocal obligations must be fulfilled within a timeframe established by regulations or market convention and which may not be settled by differences), such as stock market contracts or currency forwards, are accounted for from the date on which the benefits, risks, rights and duties inherent in all ownership are transferred to the acquirer. Depending on the type of financial asset purchased or sold, this may be the contract date or the settlement or delivery date. Specifically, transactions effected on the foreign exchange spot market are recognized at the settlement date, transactions effected using equity instruments traded in Spanish securities markets are recorded at the contract date and transactions effected using debt instruments traded on Spanish securities markets are recognized at the settlement date.

2.2.2 Disposal of financial instruments

A financial asset is written off the consolidated balance sheet in any of the following circumstances:

- The contractual rights to the cash flows generated have expired; or
- The financial asset, together with its substantial risks and rewards, is transferred, or control is transferred, even where risks and rewards are not substantially transferred or retained.

A financial liability is written off the balance sheet when the obligations generated have been extinguished or when it has been re-purchased by the Group for either re-placement or settlement.

2.2.3 Fair value and amortized cost of financial instruments

The fair value of a financial instrument at a given date is understood to be the amount at which it may be purchased or sold at that date between duly informed parties in an arm's length transaction. The most objective and common reference value for a financial instrument's fair value is the price that would be paid in an organized, transparent and deep market ("quoted price" or "market price").

In the absence of a market price for a specific financial instrument, its fair value is estimated on the basis of recent transactions involving similar instruments or, failing this, using valuation techniques that are acceptable to the international financial community, taking into account the specific features of the instrument to be measured and, above all, the different types of associated risks.

Specifically, the fair value of held-for-trading derivative financial instruments traded in organized, transparent and deep markets is the same as their daily market price. If, in exceptional circumstances, the price cannot be established on a given date, they are measured using similar methods to those applied to derivatives not traded in organized markets.

The fair value of derivatives not traded in organized markets, or traded in organized 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 IAS 39, 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 "Non-current assets held for sale and discontinued activities" are reflected in the consolidated financial statements as mentioned in Note 2.22.

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).

   During 2015 and 2014, Unicaja Banco Group proceeded to sell part of the debt securities classified under the held-to-maturity investment portfolio (Note 9.4). The transactions comply with the requirements of paragraph GA22 of IAS 39 "Financial instruments: recognition and measurement" and therefore the rest of the debt securities in the held-to-maturity investment portfolio do not need to be reclassified to the available-for-sale financial asset portfolio.

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 2015 and 2014 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 2015 and 2014 there has been no significant reclassification as described above.

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 2015 and 2014 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 2015 was €104,755 thousands and €69,217 thousands, respectively (€99,602 thousands and €67,243 thousand, respectively, at 31 December 2014). The 83% and 85%, respectively at 31 December 2015 was denominated in US dollars (83% and 85%, respectively at 31 December 2014) and 8% and 6%, respectively at 31 December 2015 in pounds sterling (7% and 6% respectively, at 31 December 2014), 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 2015 and 2014 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 2015, exchange differences recognized in the Bank's consolidated income statement totaled a net loss of €2,714 thousand, as compared with a net gain of €2,664 thousand in 2014.

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 2015 and 2014, exchange differences recognized in the consolidated statement of recognized income and expenses as “Other recognized income and expenses" amounted to €94 thousand and €97 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.

For this purpose, the presentation according to IFRS-EU in these consolidated annual accounts of financial assets subject to valuation adjustments for depreciation or impairment, net of these concepts is not considered a "offset balances”.

2.7 Financial asset impairment

(In accordance with IAS 39 "financial instruments: recognition and measurement" 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 measured at fair value with changes in profit and loss account, contingent risks and contingent commitments are classified according to the risk attributable to the customer or to the operation insolvency. Similarly, these financial instruments are analyzed to determine their credit risk by reason of country risk, meaning the same, one who attends to customers resident in a specific country due to circumstances other than usual commercial risk.

The evaluation process and calculation of possible impairment losses on these assets is carried out:

- Individually, for all significant debt instruments and for which, although not material, are not susceptible to being classified in homogeneous groups of instruments with similar characteristics, depending on the type of instrument, industry debtor and geographical area of activity , type of guarantee, age of past-due amounts, etc.

- Collectively, for other debt instruments, establishing different classifications of operations, according to the nature of the obligors and the conditions of the country in which they reside, transaction status and type of collateral that counts, days overdue, etc., setting for each of these risk groups impairment losses are recognized in the consolidated annual account.

The calculation of collective coverage is done through internal methodologies, based on the experience of historical losses for assets with similar risk characteristics and adjusted from observable data to reflect the effect of current conditions not affecting the period of historical experience is extracted, and to remove the effects of conditions in the historical period that do not exist today. The methodology used estimates impairment losses through the link between historical default data group and severity with other observable data and macroeconomic variables. Historical loss rates and severity apply to defined groups with similar characteristics, consistent with the groups for which observed the above historical rates. Finally, the loss incurred is estimated based on the risk parameters PD (probability of default), LGD (severity) and EAD (exposure at default).

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 ninety days 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 more specifically endurable criteria, the Group finds that the lack of recoverability of asset may come as evidenced by a prolonged or significant fair value reduction, notwithstanding that it may be necessary to recognize an impairment loss before there after that time or lowered the price by that percentage, and presumed, unless proved otherwise, that there is indication of impairment when the decline occurs prolonged for a year and a half or significantly if the share price falls 40 percent. 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.

In relations with finance lease developed by Unicaja Banco Group, quantitative information at 31th December 2015 and 2014 is detailed below:

(a) Gross investment (call option included) and current value at 31th December 2015 and 2014 reconciliation is the following:

	Thousands of euros	
	2015	**2014**
Accounts receivable Nominal Value	100 237	74 784
Purchasing operations Nominal Value	4 192	3 707
Total nominal Value at the end	**104 429**	**78 491**
Unearned finance incomes	6 513	7 514
Current value at close	**110 942**	**86 005**

(b) The present value of minimum lease payments at 31th December 2015 and 2014 and their residual terms distribution is the following:

	Thousands of euros	
Capital lease (minimum quota)	**2015**	**2014**
Less than a year	35 387	33 409
Between one and five years	28 802	39 558
More than five years	42 561	9 331
	106 750	**82 298**

(c) The unguaranteed residual values accruing to the benefit of the lessor at 31th December 2015 are €4,192 thousands (€3,707 thousands at 31 December 2014).

(d) The accumulated allowance for uncollectible minimum lease payments receivable at 31th December 2015 amount to €13,039 thousands (€34,493 thousands at 31th December 2014).

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 2015 and 2014.

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 Group 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 Unicaja 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 the retirement and related contingencies.

As a result of the merger of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga y Antequera (actually, Fundación Bancaria 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 modify this plan in a joint promotion plan whose specifications have been updated in November 2015.

Finally, during 2014 Unicaja Banco Group acquired 60.70% of the share capital of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero) which, in accordance with its current employment agreements, must pay a supplement for Social Security benefits relating to its employees, or their heirs, in the case of retirement, widowhood, orphan hood, permanent disability or serious disability. EspañaDuero' post-employment commitments with its employees are treated as "defined-contribution commitments" when it makes predetermined contributions to a separate entity, without any real or effective obligation to make additional contributions if the separate entity is unable to pay benefits to the employees for the services rendered in the current year and in prior years. Post-employment commitments that do not fulfil the above-mentioned conditions are treated as "defined-benefit commitments". Note 40.1.1 includes the post-employment commitments falling to Ceiss after the date on which Unicaja Banco Group took control.

At 31 December 2015 and 2014, the actuarial study calculations for the defined benefit systems have been carried out using the following assumptions:

	2015	**2014**
Wage growth	2%	2%
Social security coverage growth	1%	1%
Pension review rate	1%	1%
Mortality tables	PERMF 2000-P	PERMF 2000-P

The commitments accruing to retired employees or beneficiaries at 31 December 2015 and 2014 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 2015 and 2014 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.
- are not transferable financial instruments issued 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 Defined-benefit post-employment commitments

At year-end 2015, the Unicaja Banco and EspañaDuero defined-benefit post-employment commitments are grouped into different plans, as described below:

<u>Definition of Plan 1 of Unicaja Banco</u>

a) Defined-benefit post-employment remuneration externalized under an employee pension plan named “Plan de Pensiones de Promoción Conjunta de los empleados de Unicaja Banco S.A. y de la Fundación Bancaria Unicaja”, 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 of Unicaja Banco

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 Promoción Conjunta de los Empleados de Unicaja Banco S.A. y de la Fundación Bancaria Unicaja”.

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.

EspañaDuero Plan 1

All of these commitments originate from Caja de Ahorros de Salamanca y Soria.

a) Externalized defined post-employment benefits that have been externalized through an employment system pension plan for employees originating from Caja de Ahorros de Salamanca y Soria, called "Pension Plan for Employees of Caja de Ahorros de Salamanca y Soria", including active personnel and beneficiary personnel that are already receiving the post-employment benefit.

b) Defined post-employment benefits externalized through an insurance policy eligible for such commitments in accordance with Royal Decree 1588/1999, policy number PD 80 01/000002 and PD 80 01/000003, since the legal limits applicable to pension plan contributions do not allow them to be financed through the Pension Plan itself.

EspañaDuero Plan 2

Commitments originate from Caja de Ahorros de Salamanca y Soria:

a) Defined post-employment benefits externalized through an insurance policy eligible for such commitments in accordance with Royal Decree 1588/1999, policy numbers PD 80 01/000002, PD 80 01/000003, RV 80 02/000002 and PD 80 07/000072.

b) Defined post-employment benefits in an internal fund to cover retirement income.

Commitments originating from Caja de Ahorros y Monte de Piedad:

a) Defined post-employment benefits externalized through insurance policies eligible for such commitments in accordance with Royal Decree 1588/1999, policy number 8118, under which the benefits payable relate to the flows from the associated financial assets in terms of both their amount and the payment schedule (*cash flow matching*).

b) Defined post-employment benefits externalized through insurance policies eligible for such commitments in accordance with Royal Decree 1588/1999, policy number PCP-1001, under which the benefits payable relate to the flows from the associated financial assets in terms of both their amount and the payment schedule (*cash flow matching*).

c) Defined post-employment benefits externalized through insurance policies eligible for such commitments in accordance with Royal Decree 1588/1999, policy number 10/78, under which the benefits payable relate to the flows from the associated financial assets in terms of both their amount and the payment schedule (*cash flow matching*). The commitment externalized under this policy was satisfied in 2014 and the relevant obligation was settled and the insurance policy was surrendered.

2.12.2 Other long-term remuneration - Phased early retirement

The Group 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 organizational needs. The agreement will be in force from 31 December 2015 and employees must meet the following requirements in order to qualify.

During the years 2015 and 2014, 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.

In order to calculate the commitments with employees coming from these agreements, the Group has been based on assumptions applied according to the market conditions and using the covered group specifications.

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, Insurance and Reinsurance Company, 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

Unicaja Banco has taken its commitment to meeting employees a benefit to the same amount of €1,615 and €2,000, in the event that the employee meets 20 and 35 years of service in the institution, respectively.

At the end of 2014 and 2015 there is no EspañaDuero employee entitled to receive length of service awards as they have been eliminated through the payment of the amount accrued by one employee.

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, the consolidated Spanish companies and some foreign companies are required to make severance payments to employees terminated without just cause. The Group is required to pay indemnities to employees who, under certain conditions, are dismissed from the Company.

2.12.6 Plan of voluntary redundancies

Dated 21 December 2015, the Bank launched a new plan of voluntary redundancies, which provides the continuity of existing early retirement scheme, as well as this may cause low in the Bank by termination of contract by mutual agreement. The voluntary redundancies plan is voluntary foster care by Unicaja Banco's employees and has a maximum of 300 people in a period of two years, starting from 1 January, 2016. The placement period ends on March 31, 2016. In the case of the early retirement, are eligible for the Unicaja Banco employees who reach the age of 58 years or older within the period of two years from January 1, 2016. In the course of the termination of the employment contract by mutual agreement, eligible employees who, because of age, may not request the foster care tailored to early retirement.

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.

The Bank taxed in arrangements of fiscal consolidation referred to in Title VII of Royal Legislative Decree 4/2004, of 5 March, approving the revised text of the above tax law societies. The criterion applied by the group is to record, by each entity taxed in that system, the expenditure in respect of income tax that would have corresponded him submitting his statement individually, adjusted by the negative taxable basis amount, deductions or credits, generated by each society that are exploited by other Group companies, considering to make fiscal consolidation.

Moreover noted that on November 30, 2013 was published in the Official State Bulletin Royal Decree-Law 14/2013, of 29 November, on urgent measures for the adaptation Spanish law to the regulations of the European Union in terms of supervision and solvency of financial institutions, among other things, introduced amendments in the revised text of the law of corporation tax approved by Royal Legislative Decree 4/2004 , 5 March, , establishing, for tax periods beginning from 1 January 2011 a new concerning the inclusion in the tax bases, with certain limits, for tax periods beginning on or after the year 2014, certain temporary differences with origin in provisions for impairment of loans treatments or other assets derived from the possible insolvency of debtors not related to the taxable person and the corresponding to allocations to contributions to systems of forecast social and, in its case, pre-retirement, as well as for their conversion in credits with the Administration in certain alleged as are the made of that an entity could present losses accounting or in them cases of existence of liquidation or insolvency judicially declared, establishing the possibility, of way additional, that these temporary differences can be redeemed for asset values such debt deferred tax one After the period of compensation of tax losses established in the applicable regulations elapsed.

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:

- o 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.

- o 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 for 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.

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 materialize 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 2015 and 2014, 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)".

Paragraph 92 of IAS 37 "Provisions, contingent liabilities and contingent assets" allows, in cases where the breakdown in the financial statements for detailed information on specific provisions or contingent liabilities disputes with third parties could affect them or harm seriously the position of the Bank, is chosen not to disclose this information in detail

2.19 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.

According to the above, financial assets are only written off the balance when they are extinguished cash flows generated or when substantially transferred to third parties the risks and benefits that are implicit.

2.20 Non-current assets held for sale

The caption "Non-current assets held for sale" in the consolidated balance sheet includes the carrying amount of games operations, individual or integrated into a whole, "disposal group" or as part of a business unit earmarked for disposal " discontinued "whose sale is highly likely to take place under the conditions in which these assets are currently in a period of one year from the date to which the consolidated financial statements.

They are also considered as non-current assets held for sale investments in associates or joint ventures that meet the requirements mentioned in the preceding paragraph.

Consequently, the carrying amount of these items, which may be financial or non-financial in nature, will foreseeable be recovered through their selling price rather than through continued use.

Specifically, investment property or other non-current assets received by the consolidated entities from their debtors in full or partial settlement of obligations are treated as non-current assets held for sale unless the consolidated entities have decided to use these assets on a continuous basis.

Symmetrically, the Caption "liabilities associated with non-current assets for sale" includes the creditor balances associated to the groups at disposal or to the interrupted operations of the Group.

Non-current assets held for sale are generally measured at the lower of their carrying amount when they are recognized as such and their fair value net of estimated costs of sales. While included in this category, property, plant and equipment, and intangible assets subject to depreciation and amortization by nature are not depreciated or amortized.

In the event that the carrying amount exceeds the fair value of the assets, net of costs of sales, the Group adjusts the carrying amount of the assets by the amount of the excess and makes a balancing entry in the caption “Asset impairment losses (net) - Non-current assets held for sale” in the consolidated income statement. In the event that the fair value of the assets increases at a subsequent date, the Group reverses the losses previously recorded in the accounts, increasing the carrying amount subject to the limit of the amount prior to their impairment, against “Asset impairment losses (net) - Non-current assets for sale” in the consolidated income statement

Profits arising from the sale of non-current assets for sale are presented under the heading “Gains (losses) on non-current assets for sale not classified as interrupted operations” in the consolidated profit and loss account.

Notwithstanding the above, financial assets, assets arising from employee retributions, assets from deferred taxes and assets from insurance contracts that are part of a group at disposal or of an interrupted operation, will not be valued as explained in the preceding paragraphs, but in accordance with the principles and norms applicable to these concepts, that have been explained in previous section of Note 2

2.22 Profit from discontinued operations (net)

Income and expense, regardless of their nature, including those relating to impairment adjustments that arise during the year from a component of Group operations that has been classified as discontinued, even if generated before that classification, are presented net of the tax effect in the consolidated income statement as a single amount under the heading "Results from discontinued operations (net)", both if the component remains in the consolidated balance sheet and if eliminated. This heading also includes the results from the sale or other disposal of those operations.

During the years 2015 and 2014, results from discontinued operations included in the consolidated income statement amounted to 24,010 thousand euros and 20,600 thousand euros, respectively, and correspond to the performance of equity instruments classified as discontinued operations. The breakdown of these results for the years 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Caja España Vida Compañía de Seguros y Reaseguros, S.A.	15 620	8 152
Duero Pensiones, E.G.F.P.	607	200
Unión del Duero Compañía de Seguros de Vida, S.A.	7 783	12 191
Diode España, S.A.	-	57
	24 010	**20 600**

2.23 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.

2.24 State of recognized income and expense consolidated

This financial statement income and expenses generated by the Group as a result of its activity are presented during the year, distinguishing between those recognized as results in the consolidated income statement and losses and other income and expenses, in accordance with provisions of the current regulations, directly in equity distinguishing among the latter, in turn, among those items that may be reclassified to income in accordance with the provisions of the applicable regulations and which are not. Therefore, this statement presents:

a) The result of the exercise.
b) The net amount of income and expenses recognized directly and transiently during exercise as valuation adjustments in equity.
c) The net amount of recognized income and expenses recorded during the direct exercise and definitely in equity as valuation adjustments, if any.
d) The tax accrued on the items specified in subparagraphs b) and c) benefits.
e) Total recognized income and expense, calculated as the sum of points a) to d) above.

Variations in income and expenses recognized in equity as valuation adjustments temporarily until reversed in the profit and loss are broken down into:

- Profits (losses): includes the amount of income, net of expenses incurred during the year, recognized directly in equity. The amounts recognized during the year as valuation adjustments are recorded under this heading, although in the same year they are transferred to the consolidated income statement, the initial value of other assets or liabilities or are reclassified to another heading.

- Amounts transferred to the consolidated income statement: includes the amount of earnings or valuation losses previously recognized in equity, even in the same year, which are recognized in the consolidated income statement and losses.

- Amounts transferred to initial value of hedged items: includes the amount of earnings or valuation losses previously recognized in equity, even in the same year, which are recognized in the initial value of the assets or liabilities as a result of hedging cash flow.

- Other classifications: includes the amount of the transfers made during the year between valuation adjustments in accordance with the criteria established in the regulations.

The amounts of these items are presented by their gross and the corresponding tax effect under the heading "Income tax relating to items that may be reclassified to income benefits" of the state.

2.25 Statement of changes in consolidated equity

In the statement of changes in consolidated equity all changes in equity, including those arising from changes in accounting policies and corrections of errors occur. This statement therefore shows a reconciliation of the carrying amount at the beginning and end of the exercise of all items comprising equity, grouping movements based on their nature into the following items:

- Adjustments for changes in accounting policies and correction of errors: that includes changes in equity that arise as a result of the retrospective restatement of the balances in the financial statements due to changes in accounting policies or correction of errors

- Income and expense recognized in the year: includes, in aggregate, the total of the items recorded in the statement of recognized income and expenses indicated above.

- Other changes in equity: includes the remaining items recognized in equity, as can the distribution of profit, transactions involving own equity instruments, payments with equity instruments, transfers between equity items and any other increases or decreases equity.

2.26 Consolidated cash flow statements

The terms employed in the Group consolidated cash flow statements corresponding to the years 2015 and 2014 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 2015 and 2014, "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 2015, the Group’s own cash amounted to €309,854 thousand (€341,525 thousand at 31 December 2014).

- 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 2015 amounted to €1,268,454 thousand (€270,383 thousand at 31 December 2014).

- 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 €412,446 thousand at 31 December 2015 (€275,118 thousand at 31 December 2014).

- 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 €353,361 thousand at 31 December 2015 (€200,696 thousand at 31 December 2014).

3. Distribution of the Parent Entity’s surplus

The proposal for the distribution of the Parent Entity’s net income for 2015 that the Board of Directors will submit to the General Meeting of Shareholders for approval is set out below along with the already approved for 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Cash dividends	19 000	25 000
Interim dividends paid	-	-
Dividends pending payment	*19 000*	*25 000*
Legal reserve	23 006	23 838
Law 27/2014 capitalization reserve	10 901	-
Voluntary reserves	177 156	189 537
Negative results of previous exercises	-	-
Net profit	**230 063**	**238 375**

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.

The distribution of the result of the Parent Company for the year 2015 includes the provision to the Reserve Capitalization governed by Article 25 of Law 27/2014, of 27 November, the corporate income tax. According to the above standard, this reserve must appear on the balance with absolute separation and appropriate title, and will be unavailable for a period of 5 years from the end of the year 2015, except that it should be used in the compensation of financial losses Bank in case of separation of partners, during disposal operations as a result of the application resulting from the special tax regime established in Chapter VII of Title VII of Law 27/2014 (mergers, demergers and other operations corporate) restructuring or if the bank was forced to apply the aforementioned book by mandate of a legal nature. The allocation of the reserve, part of the Bank's willingness to strengthen their capital base, will allow you to apply a reduction in the tax base of corporate income tax, within the limits and requirements laid down in that Article 25 of Law 27/2014.

At the date these annual accounts were prepared and after determining that the conditions established in the prospectus were met, the Board of Directors of Unicaja Banco adopted a resolution to make payment of the discretional compensation for the Mandatory and Contingent Convertible Bonds (NeCoCos) and the Perpetual Contingent Convertible Bonds (PeCoCos) issued by the bank for the gross total amount of €17,124 thousand (in the previous year, discretionary compensation of these instruments amounted to a gross amount of €17,930 thousands).

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 Group's basic and diluted earnings per share for the financial years ended 31 December 2015 and 2014:

	2015	**2014**
Profit attributable to Parent Company (thousands of euros)	186 661	474 521
Adjustment:Finance costs of mandatory emissions convertible (in thousands of euros)	-	-
Adjusted Profit (thousands of euros)	186 661	474 521
On which: Continued Operations Profit (minority net)	162 651	453 921
On which: Discontinued Operations Profit (minority net)	24 010	20 600
Average number of ordinary shares outstanding reduced by the own (thousand)	922 811	892 109
Profit per share for continuous activities (euros)	0,176	0,509
Profit per share for discontinuous activities (euros)	0,026	0,023
Earnings per share (euros)	**0,202**	**0,532**

	2015	2014
Profit attributable to Parent Company (thousands of euros)	186 661	474 521
Adjustment: Finance costs of mandatory emissions convertible (in thousands of euros)	-	-
Adjusted Profit (thousands of euros)	186 661	474 521
On which: Continued Operations Profit (minority net)	162 651	
On which: Discontinued Operations Profit (minority net)	24 010	20 600
Average number of ordinary shares outstanding reduced by the own (thousand)	922 811	892 109
Average number of shares from the conversion of Bonds (thousand)	44 123	33 092
Adjusted total average number of shares for calculation of diluted profit per share (thousand)	966 934	925 201
Diluted profit per share for continuous activities (euros)	**0,168**	**0,491**
Diluted profit per share for discontinuous activities (euros)	**0,025**	**0,022**
Diluted Earnings per share (euros)	**0,193**	**0,513**

As a result of the acquisition process involving EspañaDuero described in Note 1.2, Unicaja Banco Group maintains instruments with a potentially diluting effect at 31 December 2014. The basic earnings per share coincide with the diluted earnings per share at 31 December 2015 and 2014 given that no such instruments existed at that date.

Unicaja Banco Group has issued Mandatory and Contingent Convertible Bonds (NeCoCos) and the Perpetual Contingent Convertible Bonds (PeCoCos) that are recorded under the heading "Other equity instruments" and the discretional compensation is subject to compliance with a series of conditions (Note 21.2). During 2014 no compensation commitments were made for these convertible instruments.

In accordance with IAS 33 "Earnings per share" the average number of shares and other outstanding instruments during 2015 and 2014 was used. The Mandatory and Contingent Convertible Bonds (NeCoCos) have been taken into consideration in the calculation of basic and diluted earnings since they are instruments that must be converted while the Perpetual Contingent Convertible Bonds (PeCoCos) have only been taken into consideration with respect to diluted earnings.

4. Goodwill of the Equity Method entities

At 31 December 2015 and 2014, the Bank recorded goodwill in equity method associates pending impairment in the amount of €34,322 thousand and €36,230 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., Concesionaria España, S.A. and Hidralia, Gestión Integral de Aguas de Andalucía, S.A., through the company Hidrocartera, S.L. in the latter case. At 31 December 2014, 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 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.

During the fiscal year 2015, in accordance with Note 2.16, the aforementioned goodwill was impaired in an amount of €1,907 thousand.

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 2015 and 2014:

			Thousands of euros			
			Accumulated loss provisions		Net amount	
	Initial amount	Initial registration date	2015	2014	2015	2014
Autopista del Sol, C.E.S.A.	34 833	Sep. 2005	(9 346)	(8 495)	25 487	26 338
Hidralia, G.I.A.A., S.A.	20 467	Jun. 2005	(11 631)	(10 575)	8 836	9 892
	55 300		**(20 977)**	**(19 070)**	**34 323**	**36 230**

As this goodwill relates to administrative concessions and licenses 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 license.

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 2015 and 2014, 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 2015 and 2014, including the same sector information reported to the Bank of Spain.

At December 31, 2015, the credit institutions sector accounts for 99.73% of total consolidated assets and 99.98% of consolidated equity. To this end purposes, “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, 2015

Assets	Total	Sector banks	Insurance companies	Other entities	Adjustments and eliminations
		Distribution (thousands of euros)			
Cash and balances at central banks	1 578 317	1 578 302	1	14	-
Financial assets held for trading	94 012	94 012	-	-	-
Available for sale financial assets	9 810 055	9 841 231	17 819	859	(49 854)
Loans and receivables	34 712 511	34 809 685	9 901	80 037	(187 112)
Held to maturity investments	7 239 598	7 242 611	-	-	(3 013)
Hedging derivatives	738 060	738 060	-	-	-
Non-current assets held for sale	852 902	625 449	-	-	227 453
Investments	359 131	487 796	-	5 802	(134 467)
Insurance contracts linked to pensions	142 311	142 311	-	-	-
Reinsurance assets	8 208	-	8 208	-	-
Tangible assets	1 490 899	1 304 409	29	180 187	6 274
Intangible assets	1 194	1 042	8	156	(12)
Tax assets	2 590 644	2 579 816	109	23 219	(12 500)
Other assets	693 987	706 967	17 075	82 854	(112 909)
Total assets	**60 311 829**	**60 151 691**	**53 150**	**373 128**	**(266 140)**

Liabilities and Equity	Total	Sector banks	Insurance companies	Other entities	Adjustments and eliminations
		Distribution (thousands of euros)			
Financial liabilities held for trading	125 280	125 280	-	-	-
Financial liabilities at amortized cost	55 577 323	55 465 433	7 675	322 050	(217 835)
Hedging derivatives	107 797	91 863	-	15 934	-
Liabilities Associated with non-current assets held for sale	-	-	-	-	-
Insurances Contracts Liabilities	31 040	-	26 169	-	4 871
Provisions	747 964	746 307	22	1 689	(54)
Tax Liabilities	295 404	289 001	1 237	2 028	3 138
Other liabilities	171 076	178 486	1 887	1 973	(11 270)
Total Liabilities	**57 055 884**	**56 896 370**	**36 990**	**343 674**	**(221 150)**
Equity	2 833 525	2 833 525	14 534	40 622	(55 156)
Valuation adjustments	142 313	142 313	1 626	(11 168)	9 542
Minority Interest	280 107	279 483			624
Total Equity	**3 255 945**	**3 255 321**	**16 160**	**29 454**	**(44 990)**
Total Liabilities and Equity	**60 311 829**	**60 151 691**	**53 150**	**373 128**	**(266 140)**

b) Consolidated balance sheet at December 31, 2014

Assets	Total	Sector banks	Insurance companies	Other entities	Adjustments and eliminations
		Distribution (thousands of euros)			
Cash and balances at central banks	611 917	611 905	1	12	(1)
Financial assets held for trading	228 871	228 871	-	-	-
Available for sale financial assets	12 503 087	12 551 544	18 156	495	(67 108)
Loans and receivables	37 670 583	37 720 328	8 351	66 493	(124 589)
Held to maturity investments	9 639 624	9 642 649	-	-	(3 025)
Hedging derivatives	921 921	921 921	-	-	-
Non-current assets held for sale	931 290	701 484	-	-	229 806
Investments	424 115	569 284	-	22 412	(167 581)
Insurance contracts linked to pensions	147 763	147 763	-	-	-
Reinsurance assets	7 074	-	7 074	-	-
Tangible assets	1 385 970	1 278 117	30	112 334	(4 511)
Intangible assets	1 771	1 123	10	651	(13)
Tax assets	2 747 643	2 723 914	84	31 434	(7 789)
Other assets	728 786	691 977	16 390	37 266	(16 847)
Total assets	**67 950 415**	**67 790 880**	**50 096**	**271 097**	**(161 658)**

Liabilities	Total	Sector banks	Insurance companies	Other entities	Adjustments and eliminations
		Distribution (thousands of euros)			
Financial liabilities held for trading	64 582	64 582	-	-	-
Financial liabilities at amortized cost	63 007 812	62 888 150	6 780	203 506	(90 624)
Hedging derivatives	56 725	42 426	-	14 299	-
Liabilities Associated with non-current assets held for sale	13 350	13 350	-	-	-
Insurances Contracts Liabilities	29 528	-	24 206	-	5 322
Provisions	724 487	722 566	48	2 222	(349)
Tax Liabilities	533 864	543 412	1 428	1 501	(12 477)
Other liabilities	227 790	224 929	1 993	16 645	(15 777)
Total Liabilities	**64 658 138**	**64 499 415**	**34 455**	**238 173**	**(113 905)**
Equity	2 673 810	2 673 810	13 801	42 946	(56 747)
Valuation adjustments	292 105	292 105	1 840	(10 022)	8 182
Minority Interest	326 362	325 550	-	-	812
Total Equity	**3 292 277**	**3 291 465**	**15 641**	**32 924**	**(47 753)**
Total Liabilities and Equity	**67 950 415**	**67 790 880**	**50 096**	**271 097**	**(161 658)**

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 2015 and 2014.

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 of the Parent Entity.

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 2015 and 2014, consisting of per diems and fixed remuneration relating solely to their roles as non-executive Board directors:

	Thousands of euros	
	2015	**2014**
Atencia Robledo, Manuel	34	15
Azuaga Moreno, Manuel	14	15
Domínguez-Adame Cobos, Eloy	69	49
Fraile Cantón, Juan	71	67
Jiménez Sánchez, Guillermo	58	8
Lombardero Barceló, Mª Luisa	14	2
López López, Antonio	71	67
Mateos-Aparicio Morales, Petra	71	49
Medel Cámara, Braulio	14	16
Molina Morales, Agustín	59	59
Torre Colmenero, José Mª de la	58	49
Valle Sánchez, Victorio	73	75

6.2 Parent Entity's Senior Management remuneration.

For the purposes of preparing these consolidated annual accounts, senior management is considered to be made up of fifteen people (fourteen people in 2014), who has described these effects as key personnel, including three Executive Directors (three in 2014). The compensation received by the members of this group in the years 2015 and 2014 amounted to €3,503 thousand and €3,184 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 €496 thousand in 2015, having been charged €366 thousand in 2014, amounts covered entirely by the relevant funds.

6.3 Other Parent Entity´s 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 2015 and 2014, including a breakdown of income and expenses recognized in the 2015 and 2014 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 2015 and 2014 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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Cash	309 854	341 525
Deposits at Bank of Spain	1 268 455	270 383
Measurement adjustments - Accrued interest	8	9
	1 578 317	**611 917**

The interest accrued during the years 2015 and 2014 for these deposits have been of €69 thousand and €472 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 2015 and 2014, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2015	**2014**
By counterparty type -		
Credit institutions	20 164	25 852
Resident, public administrations	37 202	137 835
Non-resident, public administrations	-	37 680
Resident, other sectors	36 646	27 017
Non-resident, other sectors	-	487
	94 012	**228 871**
By instrument type -		
Listed shares	-	-
Listed bonds and debentures	38 096	176 425
Derivatives traded on organized markets	1 799	487
Derivatives not traded on organized markets	54 117	51 959
	94 012	**228 871**

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 2015 and 2014 for debt instruments classified in the trading portfolio have been of €208 thousand and €3,647 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 2015 was 0.47% (0.94% at 31 December 2015).

The positive flow included in the 2015 consolidated cash flow statement in respect of balances receivable from financial assets and liabilities held for trading amounted to €134,859 thousand (positive flow of €62,900 thousand in 2014).

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 2015 and 2014, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2015	**2014**
By counterparty type -		
Credit institutions	92 709	32 758
Other resident sectors	32 571	31 824
	125 280	**64 582**
By instrument type -		
Derivatives traded on organized markets	-	42
Derivatives not traded on organized markets	125 280	64 540
	125 280	**64 582**

The positive flow included in the 2015 consolidated cash flow statement in respect of balances payable from financial assets and liabilities held for trading amounted to €60,698 thousand (positive flow of €52,601 thousand in 2014).

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 2015 and 2014:

	Thousands of euros							
	2015				**2014**			
	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:	**784**	**4 463**	**812**	**5 130**	**816**	**4 533**	**831**	**5 230**
Currencies purchased against euro	-	-	812	5 130	8	316	831	5 230
Currencies sold against euro	784	4 463	-	-	808	4 217	-	-
Equity and interest rate futures	**4 044**	**529 000**	**66 089**	**3 919 000**	**-**	**-**	**-**	**12 532**
Purchased	4 044	529 000	8 475	1 695 000	-	-	-	-
Sold	-	-	57 614	2 224 000	-	-	-	12 532
Equity options:	**2 132**	**132 046**	**9 067**	**1 825 586**	**1 876**	**88 300**	**10 640**	**2 040 945**
Purchased	2 132	132 046	38	1 074	1 876	88 300	98	1 668
Issued	-	-	9 029	1 824 512	-	-	10 542	2 039 277
Interest rate options	**6 326**	**591 547**	**6 328**	**417 154**	**6 588**	**808 115**	**6 606**	**260 274**
Purchased	2 565	465 913	2 563	38 605	2 601	534 362	2 557	-
Sold	3 761	125 634	3 765	378 549	3 987	273 753	4 049	260 274
Other equity transactions	**-**	**-**	**-**	**-**	**-**	**-**	**1 841**	**141 730**
Equity swaps	-	-	-	-	-	-	8	2 936
Forward transactions	-	-	-	-	-	-	1 833	138 794
Currency options:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased	-	-	-	-	-	-	-	-
Issued	-	-	-	-	-	-	-	-
Other currency options	**22 055**	**28 199**	**22 088**	**28 199**	**19 713**	**36 105**	**21 495**	**38 380**
Currency swaps	22 055	28 199	22 088	28 199	19 713	36 105	21 495	38 380
Other interest rate transactions	**20 575**	**219 743**	**20 896**	**260 617**	**23 453**	**202 552**	**23 169**	**201 709**
Interest rate swaps	20 575	219 743	20 896	260 617	23 453	202 552	23 169	201 709
Other products	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	55 916	**1 504 998**	**125 280**	**6 455 686**	**52 446**	**1 139 605**	**64 582**	**2 700 800**

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 2015 and 2014, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2015	**2014**
By counterparty type		
Credit institutions	130 815	354 120
Resident, public administrations	7 262 170	8 428 489
Non-resident, public administrations	265 224	566 508
Resident, other sectors	1 956 867	2 240 020
Non-resident, other sectors	124 116	698 082
	9 739 192	12 287 219
(Impairment losses) (*)	(80)	(76)
Other measurement adjustments	70 943	215 944
	9 810 055	**12 503 087**
By instrument type		
Debt securities:	8 811 917	11 575 532
Spanish government securities	7 019 058	7 919 672
Treasury bills	*30 007*	*1 855 232*
Government bonds and debentures	*6 989 051*	*6 064 440*
Other Spanish public administration	222 687	484 057
Foreign government securities	265 224	566 508
Issued by financial institutions	108 026	330 672
Other fixed-income securities	1 126 059	2 058 755
(Impairment losses) (*)	(80)	(76)
Other measurement adjustments	70 943	215 944
Other equity instruments:	998 138	927 555
Shares in listed Spanish companies	540 788	559 479
Shares in unlisted Spanish companies	271 394	219 652
Shares in listed foreign companies	37 341	71 090
Shares in unlisted foreign companies	58 560	17
Shares in investment funds	90 055	77 317
	9 810 055	**12 503 087**

(*) At 31 December 2015 and 2014 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, 2015 a balance of €432,469 thousand corresponding to impairment losses of the elements included in this section (€575,719 thousand at 31 December 2014), having recorded over exercise 2015 a net recovery of this correction, not including other movements or transfers, amounting to €2,657 thousand, collected under the heading "impairment losses on financial assets (net) "in the consolidated income statement (€30,919 thousand at December 31,2014).

With respect to debt securities classified as financial assets available for sale, net recovery of impairment losses in 2015 amounted to €3 thousand, also collected under the heading of "losses impairment (net) "in the consolidated income statement (net endowment of impairment losses €10 thousand at December 31, 2014).

Among the most significant movements in the "Available-for-sale financial assets" portfolio in 2015 are the following Group transactions:

- Acquisition of 62,200 shares in Tecnicas Reunidas, for €2,152 thousand.
- Acquisition of 27,880 shares in Daimler AG, for €2,145 thousand.
- Acquisition of 26.075 shares in Hercesa, for €2,782 thousand.
- Divestiture of 44,100 shares in Unilever, for €1,712 thousand euros, which has meant a profit of 271 thousand.
- Divestiture of 22,630 shares in Sanofi, for €2,011 thousand euros, which has meant a profit of 192 thousand.
- Divestiture of 15,800 shares in INBEV, for €1,739 thousand euros, which has meant a profit of 53 thousand.
- Transfer of 4,007,100 shares in Iberdrola, S.A. for €25,443 thousand, which has meant a profit of 5,033 thousand euros.

Among the most significant movements in the "Available-for-sale financial assets" portfolio in 2014 are the following Group transactions:

- Acquisition of 557,620 shares in Banco Popular, for €3,000 thousand.
- Acquisition of 2,191,874 shares in Autopista del Sureste, for €2,192 thousand.
- Divestiture of 4,005,062 shares in QMC, for €2,111 thousand euros, which has meant a profit of €736 thousand.
- Divestiture of 923,610 shares in Banco Popular, for €4,863 thousand, which has meant a profit of €329 thousand.
- Divestiture of 84,200 shares in Gas Natural, for €1,861 thousand, which has meant a profit of €211 thousand.
- Divestiture of 30,000,000 shares in Magnum Capital L.P., for €20,322 thousand, which has meant a profit of €11,788 thousand.
- Divestiture of 5,000 shares in Fondespaña Duero, for €300 thousand, which has meant a profit of €32 thousand.

These amounts are registered under the "Gains on financial assets (net)" in the consolidated at December 31, 2015 and 2014 income statement, accounting for equity instruments classified as financial assets available for sale (Note 37).

The interest accrued during the years 2015 and 2014 for debt instruments classified as financial assets available for sale have been of €166,057 thousand and €181,418 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 2015 was 3.09% (1.66% at 31 December 2014).

The negative flow included in the statement of consolidated cash flows for the year 2015 on financial assets available for sale in this caption amounts €904,010 thousand (negative flow of €9,937,050 thousand in 2014).

9.2 Credit risk coverage - Available-for-sale financial assets

Set out below are movements during 2015 and 2014 in impairment losses recorded to cover credit risk and cumulative impairment losses recognized at the beginning and end of 2015 and 2014 in respect of debt instruments classified as available-for-sale financial assets:

	Thousands of euros
Balance at 31 December 2013	**66**
Net appropriations for the year	26
Prior-year provisions available	(16)
Other	-
Balance at 31 December 2014	**76**
Net appropriations for the year	35
Prior-year provisions available	(38)
Other	7
Balance at 31 December 2015	**80**

A balancing entry is recorded under the heading "Impairment losses on financial assets (net) - Other financial instruments not at fair value through profit and loss" in the accompanying consolidated income statement.

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 2015 and 2014, 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	
	2015	**2014**
Value adjustments to assets held for sale at January 1	**289 450**	**37 684**
Transfer to results	**(169 570)**	**(287 482)**
Portion allocated to the consolidated income statement	(128 098)	(276 280)
Change in fair value of the securities sold in the year from 1 January or from the date of purchase to date of sale	(41 472)	(11 202)
Other changes in fair value	**(79 021)**	**647 148**
Income tax	**74 577**	**(107 900)**
Value adjustments to assets held for sale at December 31	**115 436**	**289 450**

Set out below is a breakdown of the amount taken to the consolidated income statement during 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Result of financial transactions (Note 37)	(128 763)	(273 733)
Impairment of available for sale registered at fair value	665	(2 547)
	(128 098)	**(144 018)**

9.4 Held-to-maturity investment portfolio

At 31 December of 2015 and 2014 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 "Held-to-maturity Investment Portfolio" to that heading.

Below is a breakdown of the financial assets included in this category at December 31, 2015 and 2014, classified by type of counterparty and type of instrument:

	Thousands of euros	
	2015	**2014**
By counterparty type		
Credit institutions	264 686	484 321
Resident, public administrations	3 396 472	5 468 794
Resident, other sectors	3 562 567	3 670 081
Non-resident, other sectors	15 873	16 428
	7 239 598	**9 639 624**
By instrument type -		
Debt securities:	3 258 586	5 347 159
Spanish government securities	-	-
Treasury bills	*3 258 586*	*5 347 159*
Other Spanish public administration	137 886	121 635
Foreign government securities	-	-
Issued by financial institutions	264 686	484 321
Other fixed-income securities	3 578 440	3 686 509
	7 239 598	**9 639 624**

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 2015 and 2014 on these securities totaled €202,496 thousand and €261,181 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 2015 and 2014 stood at 2.46% and 2.58%, respectively.

During the last quarter of 2015, one of the entities of Grupo Unicaja Bank, Bank of Spain Caja de Inversiones, Salamanca and Soria, S.A. (EspañaDuero) has proceeded to the sale of part of the debt securities classified as held to maturity investments with a carrying amount of €3,374,163 thousand and a selling price of €3,701,187 thousand. The aggregate nominal value of these assets amounts to €3,027,001 thousand, and sales have profits for the Bank of €327,024 thousand, which have been recorded under "Results from financial transactions - Portfolio investment maturity "of the accompanying consolidated income statement (Note 37).

This sale transaction is motivated by the combined effect of two factors:

- Change interpretations being made by the courts regarding the validity of clauses floor at the sectorial level, which should be considered as a change in legal requirements affecting substantially to credit institutions, causing the need for materializing capital gains on the investment portfolio due to not compromised its solvency after the allocation of the corresponding impairment (Notes 17 and 26).

- Increased regulatory capital requirements by the European Central Bank during the year 2015, in the exercise of their supervisory functions requested entities, at consolidated level, specific requirements higher depending on the assessment of risks (Pillar II).

Moreover, during the year 2014, the Group sold assets to maturity investment portfolio with a nominal value of €965,450 thousand an accounting cost of €1,016,002 thousand and a selling price of €1,119 ,249 thousand, generating a profit for the Group of €103,246 thousand, which were recognized under "Results from financial transactions - investment portfolio at maturity" of the consolidated income statement for 2014 and losses (Note 37).

Sales transactions during the year 2014 were motivated in part by the acquisition of EspañaDuero by Grupo Unicaja Banco, held on 28 March 2014, with the aim of maintaining the positions of interest rate risk and group credit resulting from the combination, as well as changes in regulatory capital requirements and the need for certain actions recapitalization EspañaDuero level, as the materialization of certain capital gains in the investment portfolio to maturity.

In both cases, sales of portfolio maturity investment has been made in accordance with accounting regulations, and considering the provisions of GA22 paragraph of IAS 39 "Financial Instruments: Recognition and Measurement", which provides for situations which can be carried out disposal of financial assets held to maturity investment portfolio without raises doubt about the Group's intention to keep the rest of the portfolio to maturity. It should also be noted that these sales are attributable to non-recurring events and that could not have been reasonably anticipated. For the reasons described above, it is considered that the operations comply with the requirements of the GA22 paragraph of IAS 39, so that it is not appropriate to reclassify the rest of the debt securities of the investment portfolio to maturity of the portfolio of assets financial available for sale (Note 2.2.4).

The net charges recorded in the cash flow statement for the year 2015 consolidated instruments to maturity investment portfolio recorded under this heading amounted to €6,011,875 thousand (net receipts of €1,517,876 thousand in 2014).

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 2015 and 2014, classified by type of counterparty and by type of instrument:

	Thousands of euros	
	2015	**2014**
By counterparty type		
Credit institutions	818 422	1 118 854
Resident, public administrations	2 009 960	2 035 250
Non-resident, public administrations	-	37
Resident, other sectors	33 970 843	37 153 641
Non-resident, other sectors	310 546	347 719
	37 109 771	40 655 501
(Impairment losses)	(2 344 570)	(2 978 333)
Other measurement adjustments	(52 690)	(6 585)
	34 712 511	**37 670 583**
By instrument type		
Variable-rate credit lines and loans	28 864 304	31 882 887
Fixed-rate credit lines and loans	2 622 305	2 791 073
Debt securities	963 772	1 801 930
Securities acquired under repurchase agreements	3 576 158	3 347 106
Term deposits at credit institutions	414 835	262 815
Other deposits at credit institutions	89 530	99 206
Other financial assets	578 867	470 484
	37 109 771	40 655 501
(Impairment losses)	(2 344 570)	(2 978 333)
Other measurement adjustments	(52 690)	(6 585)
	34 712 511	**37 670 583**

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 2015 and 2014 for loans to customers have been €884,546 thousand and €936,405 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 €1,585 thousand and €10,219 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, 2015 for customer loans has been 2.77% (3.02% at December 31,2014) and for deposits credit institutions was 0,07% (0,37% at December 31, 2014).

The positive cash flow included in the statement of consolidated cash flows for the year 2015 by credit investments recorded under this heading amounted €2,958,072 thousand (negative flow of €8,783,624 thousand in 2014).

Refinancing operations, refinanced and restructured

At December 31 2015 and 2014, the detail of refinanced and restructured operations (a), based on the criteria of Bank of Spain v Circular 6/2012, is as follows:

							Thousands of euros
							2015
	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	16	392	10	11	349	158 857	-
Other individual legal persons and businesses	2 776	296 497	1 097	139 636	1 746	319 962	-
Of which: Financing for construction and development	*160*	*44 650*	*11*	*16 988*	*37*	*4 726*	-
Other natural persons	5 390	345 539	677	31 693	2 640	16 971	-
	8 182	**642 428**	**1 784**	**171 340**	**4 735**	**495 790**	**-**
Substandard risk							
Public administrations	5	791	4	9	26	10 123	-
Other individual legal persons and businesses	1 518	280 886	320	182 574	1 249	132 481	(165 333)
Of which: Financing for construction and development	*181*	*89 413*	*14*	*85 495*	*27*	*3 111*	*(65 288)*
Other natural persons	3 541	278 461	245	18 841	1 145	10 147	(29 709)
	5 064	**560 138**	**569**	**201 424**	**2 420**	**152.751**	**(195 042)**
Doubtful risk							
Public administrations	-	-	-	-	2	833	-
Other individual legal persons and businesses	3 228	611 166	1 435	598 449	962	283 665	(801 583)
Of which: Financing for construction and development	*310*	*132 251*	*131*	*121 653*	*49*	*8 521*	*(205 608)*
Other natural persons	5 779	523 906	1 358	131 878	664	7 582	(194 472)
	9 007	**1 135 072**	**2 793**	**730 327**	**1 628**	**292 080**	**(996 055)**
	22 253	**2 337 638**	**5 146**	**1 103 091**	**8 783**	**940 621**	**(1 191 097)**

	Full real estate mortgage guarantee		Other real guarantees (c)		Unsecured		Thousands of euros 2014
	No. of transactions	Gross amount	No. of transactions	Gross amount	No. of transactions	Gross amount	Specific coverage
Normal Risk (b)							
Public administrations	27	39 976	8	29 984	494	248 851	-
Other individual legal persons and businesses	2 829	367 344	1 090	258 356	1 914	529 927	-
Of which: Financing for construction and development	*210*	*91 093*	*13*	*60 246*	*45*	*5 734*	-
Other natural persons	5 591	385 527	730	37 884	2 871	21 099	-
	8 447	**792 847**	**1 828**	**326 224**	**5 279**	**799 877**	**-**
Substandard risk							
Public administrations	2	7	-	-	24	11 207	-
Other individual legal persons and businesses	1 922	369 595	613	202 862	1 540	188 853	(188 051)
Of which: Financing for construction and development	*253*	*139 331*	*23*	*43 827*	*41*	*7 725*	*(76 483)*
Other natural persons	3 301	266 754	321	19 073	1 240	11 371	(27 734)
	5 225	**636 356**	**934**	**221 935**	**2 804**	**211 431**	**(215 785)**
Doubtful risk							
Public administrations	-	-	-	-	-	-	-
Other individual legal persons and businesses	3 288	764 708	1 486	868 173	1 827	460 199	(1 319 509)
Of which: Financing for construction and development	*544*	*252 394*	*208*	*228 123*	*157*	*63 810*	*(402 572)*
Other natural persons	5 219	507 961	1 171	113 818	1 194	16 722	(211 030)
	8 507	**1 272 669**	**2 657**	**981 991**	**3 021**	**476 921**	**(1 530 539)**
	22 179	**2 701 872**	**5 419**	**1 530 150**	**11 104**	**1 488 229**	**(1 746 324)**

(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 2015 and 2014 (without taking into account the effect of the entries resulting from the business combination - Note 1.2) totaled €329,374 and €365,400 thousand, respectively.

	Thousands of euros 2015	2014
Public Administrations	10 840	11 055
Other legal entities and individual entrepreneurs	222 596	228 998
Of which: funding for construction and development	*57 101*	*58 854*
Rest of physical persons	95 938	125 347
	329 374	**365 400**

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.

The reconciliation of the carrying amount of refinancing operations is presented, refinanced and restructured between the beginning and end of the years 2015 and 2014:

	Normal	Substandard		Doubtful		Total	
	Gross Amount	**Gross Amount**	**Specific Coverage**	**Gross Amount**	**Specific Coverage**	**Gross Amount**	**Specific Coverage**
1 January 2014	**1 572 274**	**916 742**	**275 302**	**1 137 557**	**765 211**	**3 626 573**	**1 040 513**
Business Combination	833 797	408 104	46 048	1 120 701	589 066	2 362 602	635 114
Additions	327 893	147 414	77 155	217 986	410 258	693 293	487 413
Disposals	(373 621)	(149 430)	(98 718)	(439 166)	(317 998)	(962 218)	(416 716)
Classifications	(441 394)	(253 109)	(84 003)	694 503	84 002	-	-
31 December 2014	**1 918 949**	**1 069 721**	**215 784**	**2 731 581**	**1 530 539**	**5 720 250**	**1 746 324**
Additions	107 102	108 175	10 440	221 199	158 604	436 476	169 044
Disposals	(679 902)	(171 239)	(26 892)	(923 220)	(697 379)	(1 774 361)	(724 271)
Classifications	(36 591)	(92 344)	(4 291)	(4 291)	4 291	(1 016)	-
31 December 2015	**1 309 558**	**914 313**	**195 042**	**2 157 479**	**996 055**	**4 381 350**	**1 191 097**

Thousands of euros

Then the situation of risks refinanced during the years 2015 and 2014 is shown before and after the renegotiation, separating between the gross amount and value adjustments for impairment of assets:

		Normal		Substantard		Doubtful		Total
2015	**Before Refinanc.**	**After Refinanc**	**Before Refinanc.**	**After Refinanc**	**Before Refinanc.**	**After Refinanc**	**Before Refinanc.**	**After Refinanc**
Gross Amount	220 216	210 696	133 158	157 186	431 216	419 219	784 590	787 101
Specific Coverage	-	-	(23 025)	(41 486)	(43 721)	(43 721)	(87 295)	(85 208)
	220 216	**210 696**	**110 133**	**115 700**	**375 498**	**375 498**	**697 295**	**701 894**

Thousands of euros

		Normal		Substantard		Doubtful		Total
2014	**Before Refinanc.**	**After Refinanc**	**Before Refinanc.**	**After Refinanc**	**Before Refinanc.**	**After Refinanc**	**Before Refinanc.**	**After Refinanc**
Gross Amount	444 923	393 930	45 954	81 233	88 815	104 529	579 692	579 692
Specific Coverage	-	-	(6 059)	(4 664)	(31 473)	(29 890)	(37 532)	(34 554)
	444 923	**393 930**	**39 895**	**76 569**	**57 342**	**74 639**	**542 161**	**545 137**

Thousands of euros

Finally, with respect to increases and decreases in specific allowances made during the years 2015 and 2014 on refinancing operations, refinanced and restructured, the Group recorded increases amounting to €169,044 thousand and €487,413 thousand, respectively and decreases in the amount of €724,271 thousand and €416,716 thousand, respectively. Most of the increases were made after the renegotiation / refinancing, in the time trouble recovery operations, in accordance with the provisions of the regulatory framework that is applicable are detected.

Increases and decreases in value adjustments for impairment made during the year 2015 on refinancing operations, refinanced and restructured have been recorded in the caption "Impairment losses on financial assets (net)" in the profit and loss account . Meanwhile, in the year 2014 they were recorded under the same heading, except where they had a different accounting treatment as a result of the recognition at fair value of the assets and liabilities of the entity in accordance with specific accounting treatment described in Note 1.2, the effect in this case was registered against "Equity - Reserves".

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 the provisions of paragraph AG84 of IAS 39 on changes in the conditions of the debt instruments because of financial difficulties of the borrower or debtor. According to the procedure laid down in Grupo Unicaja Banco, if the new operation cancels any doubtful risk, this new operation will always be born as doubtful, unless the criteria in IAS 39 are met itself.

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.

Negotiated or refinanced assets are classified according to their risk based on aspects such as determining the payment capacity of borrowers, the date of the guarantees provided assessment and, in addition, other factors such as waiting periods of operations or the number of times an operation 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 2015 and 2014, 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 2015

					Thousands of euros
	Up to 180 days	**Between 180 and 270 days**	**Between 270 days and 1 year**	**Over 1 year**	**Total**
By counterparty type					
Resident, public administrations	1 349	152	109	3 930	5 540
Resident, other sectors	985 538	130 712	115 166	2 240 742	3 472 158
Non-resident, public administrations	-	-	-	-	-
Non-resident, other sectors	21 231	2 376	1 725	52 494	77 826
	1 008 118	**133 240**	**117 000**	**2 297 166**	**3 555 524**

Assets impaired at 31 December 2014

					Thousands of euros
	Up to 180 days	**Between 180 and 270 days**	**Between 270 days and 1 year**	**Over 1 year**	**Total**
By counterparty type					
Resident, public administrations	1 129	193	139	4 314	5 775
Resident, other sectors	1 127 974	252 110	209 781	3 119 627	4 709 492
Non-resident, public administrations	-	-	-	-	-
Non-resident, other sectors					
	22 325	3 683	3 656	68 952	98 616
	1 151 428	**255 986**	**213 576**	**3 192 893**	**4 813 883**

At 31 December 2015 and 2014 the Group records reclassified substandard risks relating basically to property transactions (Note 46).

Past-due balances not deemed to be impaired at 31 December 2015

				Thousands of euros
	Less than one month	**Between 1 and 2 months**	**Between 2 months and 90 days**	**Total**
By counterparty type				
Credit institutions	34	-	-	34
Resident, public administrations	1 388	16	2 476	3 880
Resident, other sectors	-	-	-	-
Non-resident, public administrations	58 052	20 825	22 842	101 719
Non-resident, other sectors	102	101	47	250
	59 576	**20 942**	**25 365**	**105 883**

Past-due balances not deemed to be impaired at 31 December 2014:

	Less than one month	Between 1 and 2 months	Between 2 and 3 months	Total
				Thousands of euros
By counterparty type				
Credit institutions	35	-	-	35
Resident, public administrations	10 041	54	2 233	12 328
Resident, other sectors	57 762	36 006	28 912	122 680
Non-resident, public administrations	-	-	-	-
Non-resident, other sectors	180	201	88	469
	68 018	**36 261**	**31 233**	**135 512**

10.3 Credit risk coverage

Set out below are movements for 2015 and 2014 in impairment losses recorded to cover credit risk on debt instruments classified as loans and receivables at the beginning and end of 2015 and 2014, together with cumulative impairment losses.

Movements in impairments losses on the years 2015 and 2014 is as follows:

	2015	2014
		Thousands of euros
Balance at 1 January	**2 978 333**	**1 377 104**
Charged to the income for the year	655 272	884 630
Recovered and credited to the surplus for the year	(250 308)	(580 794)
Other movements (*)	(1 038 727)	1 297 393
Balance at 31 December	**2 344 570**	**2 978 333**
Of which:		
Determined individually	898 636	818 993
Determined collectively	1 445 934	2 159 340
	2 344 570	**2 978 333**

(*) “Other movements” in 2014 includes the effect of the business combination described on the Note 1.2.

The donations are recognized under "Impairment losses on assets (net) - Loans and receivables" in the accompanying consolidated income statement.

Set out below is a breakdown by nature of the item "Other movements" for the periods 2015 and 2014, based on the amounts presented in the previous table:

	Thousands of euros	
	2015	**2014**
Utilization due to reclassification to non-performing charged to asset impairment adjustments	(851 487)	(249 101)
Utilization due to repossession of tangible and other assets	(187 240)	(76 480)
Business combination (Note 1.2)	-	1 622 974
	(1 038 727)	**1 297 393**

11. Hedging derivatives (debtors and creditors)

At 31 December 2015 and 2014, 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 valuation methods used to determine the fair values of OTC derivatives have been the discounted cash flow valuations of derivatives to interest rate and Montecarlo technical simulation method, used to measure structured products having an optional component. For those operations officially listed, it has been considered the share price as an indicator of fair value.

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 2015 and 2014, indicating hedge types, hedging instruments and hedged items:

Type and countable cover hedging instrument	2015 Debtor fair value	2015 Creditor fair value	2015 Notional	2014 Debtor fair value	2014 Creditor fair value	2014 Notional	Hedged item
						Thousands of euros	
Fair value hedges:							
Buy sell currencies against euros	**-**	**39 293**	**2 500 752**	**-**	**26 602**	**4 490 967**	
Sales of foreign exchange euros	-	39 293	2 500 752	-	26 602	4 490 967	Debt securities
Currency options	**30**	**164**	**20 830**	**-**	**209**	**19 506**	
Purchased currency options	30	164	20 830	-	209	19 506	Hedge exchange
Currency options issued	-	-	-	-	-	-	
Other operations on interest rates	**723 147**	**48 038**	**4 799 363**	**906 358**	**9 656**	**5 616 780**	
Financial interest rate swaps (IRS bonds)	721 431	33 741	4 290 163	900 883	1 594	5 399 480	Loand agreement and bonds issued
Financial interest rate swaps (IRS loan portfolio)	-	-	-	-	-	-	Cash flow of Credits
Financial interest rate swaps (IRS balances with central banks)	-	-	-	-	2 637	-	Balances with central banks
Financial interest rate swaps (IRS Client deposits)	1 123	14 297	503 900	4 708	5 425	212 000	Client deposits
Financial interest rate swaps (IRS bonds)	593	-	5 300	767	-	5 300	Debt securities
Other derivatives	**3 079**	**4 368**	**305 452**	**3 994**	**-**	**223 460**	**-**
Equity swap & embedded derivative	3 079	4 368	305 452	3 994	-	223 460	Structured products
Subtotal	**726 256**	**91 863**	**7 626 397**	**910 352**	**36 467**	**10 350 713**	
Cash flow hedges:							
Futures on securities and interest rate	**1 291**	**-**	**131 846**	**-**	**-**	**-**	
Purchases of future interest rate	1 291	-	131 846	-	-	-	
Other operations on interest rates	**10 513**	**15 934**	**435 000**	**11 569**	**20 258**	**2 586 404**	
Financial interest rate swaps (IRS loan portfolio)	-	15 934	-	-	14 299	111 404	Cash flow of Credits
Financial interest rate swaps (IRS balances with central banks)	-	-	-	-	5 510	2 000 000	Balances with central banks
Financial interest rate swaps (IRS bonds)	10 513	-	435 000	11 569	449	475 000	Debt securities
Subtotal	**11 804**	**15 934**	**566 846**	**11 569**	**20 258**	**2 586 404**	
Total	**738 060**	**107 797**	**8 193 243**	**921 921**	**56 725**	**12 937 117**	

At 31 December 2015 and 2014, 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 related with debt securities will occur until 2016 (for a notional amount of €131,846 thousand), until October 2017 (for a notional amount of €250,000 thousand) until the fourth quarter of 2023 (for a notional amount of €100,000 thousand) to the fourth quarter of 2024 (for a notional amount of €25,000 thousand) and to the fourth quarter of 2030 (for a notional amount of €60 thousand).
- 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 €3,428 thousand (loss of €2,520 thousand in 2014).
- 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 €1,911 thousand (loss of €20,233 thousand in 2014).
- Cash flow hedge ineffectiveness recognized in results for the year: no Cash flow hedge ineffectiveness has been recognized in the consolidates income statement in 2015 and 2014.

Net gains on measurement recognized in the consolidated statement of recognized income and expenses for 2015 and 2014 in respect of cash flow hedges amounted to €3,818 thousand and €15,618 thousand, respectively. Additionally, in 2015 net gains of €5,339 thousand were taken to the consolidated income statement (net gains of €20,233 thousand in 2014).

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 2015 and 2014.
- 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 2015 and 2014.
- Ineffectiveness of hedges of net investments in foreign operations recognized in results for the year: The Group has no hedges of this kind.

								Thousands of euros
				2015				2014
	Results on hedging instruments		Hedged results		Results on hedging instruments		Hedged results	
Hedging instrument	**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	-	-	-	-	-	-	-	-
Swaps values	**-**	**-**	**-**	**-**	**574 449**	**330 805**	**80 644**	**323 833**
Options on Securities	-	-	-	-	-	-	-	-
Operations in term	-	-	-	-	-	-	-	-
Currency options	-	-	-	-	574 449	330 805	80 644	323 833
Purchased currency options	**316**	**264**	**256**	**308**	**305**	**395**	**395**	**305**
Currency options issued	316	264	256	308	305	395	395	305
Other operations on interest rates	-	-	-	-	-	-	-	-
Financial interest rate swaps (IRS bonds)	**750 664**	**435 608**	**266 204**	**581 429**	**141 293**	**254 145**	**252 563**	**140 013**
Financial interest rate swaps (IRS balances with central banks)	137 808	-	-	137 825	138 038	252 767	251 277	136 548
Financial interest rate swaps (IRS client deposits)	470	-	-	470	95	-	-	95
Financial interest rate swaps (IRS bonds)	612 386	435 608	266 204	443 134	3 160	1 378	1 286	3 370
Other derivatives	**1 928**	**-**	**-**	**1 928**	**3 771**	**3 398**	**3 398**	**3 771**
Equity swap & embedded derivative	1 928	-	-	1 928	3 771	3 398	3 398	3 771
	752 908	**435 872**	**266 460**	**583 665**	**719 818**	**588 743**	**337 000**	**467 922**

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 opinion of the Directors of the Parent Company as of December 31, 2015 and 2014 there is no doubt about the occurrence of anticipated transactions.

12. Investments

12.1 Investments – Equity Entities

Appendix II and III contain a breakdown of the Multi Group's shareholdings in associates and jointly-controlled entities at 31 December 2015 and 2014 indicating the percentage held and other relevant information.

The contribution from the main associates and jointly-controlled entities to the consolidated balance sheet item “Equity investments” at 31 December 2015 and 2014 are as follows:

	Thousands of euros	
	2015	**2014**
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	49 029	48 716
Autopista del Guadalmedina, Concesionaria Española, S.A.	17 508	20 942
Autopista del Sol, Concesionaria España, S.A.	22 303	26 435
Deoleo, S.A.	43 636	51 443
E.B.N. Banco de Negocios, S.A.	-	10 431
Ingeniería de Suelos y Explotación de Recursos, S.A.	6 400	4 679
Sociedad Municipal de Aparcamientos y Servicios, S.A.	8 824	8 328
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	71 556	77 191
Banco Europeo de Finanzas, S.A.	38 669	38 661
Hidrocartera, S.L.	3 422	3 910
Muelle Uno-Puerto de Málaga, S.A.	9 061	10 125
Aciturri Aeronáutica, S.L.	-	28 197
Madrigal Participaciones, S.A.	24 877	44 012
Cartera Perseidas, S.L.	54 198	54 367
Otras entidades	9 648	(3 322)
	359 131	**424 115**

Set out below is the reconciliation between the opening and closing balances of “Shares” in the consolidated balance sheets for 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Net book value at 1 January	**424 115**	**279 759**
Additions for the year	-	144 672
Disposals for the year	(46 224)	(11 491)
Outcome equity	23 916	11 149
Impairment losses (Note 41)	(15 200)	(17 219)
Distributed dividends	(23 060)	(53 669)
Differences in valuation adjustments	20 406	5 716
Transfers between associated and group / multigroup	-	51 476
Other movements	(24 822)	13 722
Net book value at 31 December	**359 131**	**424 115**

The donations are recorded in the caption "Impairment losses on other assets (net)" in the accompanying consolidated income statement.

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 2015 and 2014 the Group recorded an amount of €15,200 thousand and €17,219 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 "Equity Investments" in the consolidated balance sheets at December 31, 2015 and 2014 includes €34,765 thousand and €36,230 thousand, respectively, related to goodwill associated with this type of shares. Note 4 sets out information relating to this goodwill.

12.2 Notification of shareholdings acquired and disposal

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 2015 the main acquisitions and disposals of shareholdings in associated companies were as follows:

- Acquisition on February 4, 2015 of 50.00% of the voting rights of Pinares de Sur, S.L.U. until a participation by 100% in this company group. As a result of this transaction, the ownership interest in Pinares del Sur, S.L.U., which happens to be a joint venture to form part of the Group entities reclassified.
- Acquisition on April 29, 2015 of 6.07% of the voting rights in Madrigal Participaciones, S.A. reaching a share of 45.94% by that company in the Group. This acquisition also represents an increase in indirect participation 1.10% in Aciturri Aeronautica, S.L. and 2.14% in Ala Ingeniería y Obras, S.L., reaching by the Group a stake of 17.85% and 16.08%, respectively, in these companies.
- Acquisition on May 6, 2015 of 15.18% of the voting rights of Corporación Hotelera Oriental, S.A. until a participation of 30,35% by that company in the Group. As a result of this transaction, the ownership interest in reclasification Corporación Hotelera Oriental, S.A. passing entity associated with the joint venture.
- Acquisition on May 8, 2015 a 2.97% stake in Sociedad de Gestión San Carlos S.A. amounting to €187 thousand, reaching a share of 53.29% for the capital of that company Group. On June 12, 2015 another €90 million disbursed without affecting the percentage of participation.
- Acquisition on July 1, 2015 of 100.00% stake in the capital of La Algara Sociedad de Gestión, S.L., passing classified as Group entity.
- Acquisition on July 1, 2015 of a stake of 20.00% in the capital of Cortijo de la Loma, S.L., passing classified as an associate.
- Acquisition on July 1, 2015 of a stake of 17.50% in the capital of Cartera de Inversiones Agroalimentarias, S.L. amounting to €674 thousand, up to a 100% in that company.
- Acquisition on 17 September 2015 of a stake of 48.86% in the capital of Desarrollos de Proyectos de Castilla y León, SLU, reaching a share of 60.70% by the company in that group, reclassified from the under "financial assets available for sale" to "Investments" as an entity of the Group.
- Acquisition on 17 December 2015 of a stake of 35.74% in the capital of Fonteduero, S.A. amounting to €100 thousand, reaching a share of 60.70% by the Group in this company, which also supposed to have been classified as joint venture to consider as an entity of the Group.
- Acquisition on 29 December 2015 a 5.73% stake in the capital of Obenque, S.A., reaching a share of 26.98% by the Group in this company.
- -Liquidation on January 1, 2015 of the entities A.I.E. Naviera Cabo Udra and A.I.E. Naviera Area Brava, in which a stake of 26.00% and 35.00% respectively had.
- Liquidation on 29 December 2015 from participation in Diode España, S.A.U., in which the Group maintained a 60.70% stake.
- Divestiture on January 20, 2015 of 4.44% of the voting rights on Alestis Aerospace, S.L., through the participation of the Group 18.48% to 14.04%.
- Divestiture on March 13, 2015 from participation in Inout TV Worwide, S.A., in which a 12.14% stake is held.
- Divestiture on 9 April 2015 from participation in Titulización de Activos, Gestora de Frondos de Titulización, S.A., in which the Group maintained a 38.57% stake, generating a profit of 64 thousand euros.
- Divestiture on 13 April 2015 from participation in Losan Hotels, S.L., in which the Group held a stake of 16.19% of the capital.
- Divestiture on 21 April 2015 from participation in Escuela Superior de Estudios de Empresa, S.A. in which the Group held 50% of the capital.
- Divestiture on May 6, 2015 of shares in Corporación Hotelera Dominicana, S.A., Inmobiliaria Chdom, S.A. and Inmobiliaria Chdor, S.A., in which the Group maintained a 15.18% stake in each, generating a loss of €194 thousand, €283 thousand and €315 thousand, respectively.

- Divestiture on 11 June 2015 from participation in Infodesa, S.A., in which the Group maintained a 15.18% stake.
- Divestiture on 22 July 2015 from participation in Cementerio Parque de Martos, S.A., in which the Group held 20.00%, generating a profit of €28 thousand.
- Divestiture on July 23, 2015 of 5.19% stake in Ayco Grupo Inmobiliario, S.A., reducing the stake to 6.95% and reclassified to the heading "Financial assets available for sale".
- Divestiture on 29 September 2015 from participation in E.B.N. Banco de Negocios, S.A. (Upon fulfillment of the suspensive conditions), in which the Group maintained a 33.89% stake, generating a profit of €12,607 thousand (Note 1.6).
- Extinction on 29 September 2015 Developments Urbanísticos Veneciola, S.A., in which the Group held a stake of 12.14%.
- Divestiture on 30 September 2015 from participation in Investigación y Desarrollo de Energías Renovables, S.L. (IDER), in which the Group held 12.39% stake, generating a profit of €1,410 thousand.
- Divestiture on 8 October 2015 from participation in Hemera Catering, S.L., in which the Group maintained a 31.82% stake, generating a profit of €82 thousand.
- Liquidation on December 2, 2015 of A.I.E. Naviera Electra company in which the Group held a stake of 21,00%.
- Extinction of society Aretne, S.L., in which the Group held a 40.00% stake, generating a loss of €35 thousand.
- Divestiture on 16 December 2015 from participation in Aciturri Aeronáutica, S.L., in which the Group maintained a 17.85%, generating a loss of €10,995 thousand.
- Disposals during the year 2015 of a 5,11% stake in Privándalus Inversiones I, SICAV, S.A., as a result of the activity of society, reducing the stake to 27.20% of the capital.

Additionally, during the year 2015 and with effective date January 1, 2015, they have produced the following merger operations:

- Merged by absorption Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (As absorbing company) with Invergestión, Sociedad de Inversiones y Gestión, S.A.U., Inmocaja, S.A.U. Gestión de Inversiones en Alquileres, S.A., Guendulain Suelo Urbano, SLU, Caja Duero Capital, S.A.U., Caja España de Inversiones, Sociedad de Participaciones Preferentes, S.A.U. and Campo de Inversiones, S.A.U. (as absorbed entities).
- Merger by absorption of Unigest, S.G.I.I.C., S.A. (as absorbing company) with Caja España Fondos, S.A., S.G.I.I.C. (As absorbed company), through the Group's share in Unigest, S.G.I.I.C., S.A. from 100.00% to 82.48% as a result of this operation.
- Merger by absorption of Gestión de Inmuebles Adquiridos, S.L.U. (as absorbing company) with Renta Portfolio, S.L.U. (as absorbed company).

Meanwhile, in the year 2014, in addition to the acquisition of EspañaDuero, which joined the Group as described in Note 1.2, major acquisitions and disposals of shares in Group companies, joint ventures and associates were as follows:

- Acquisition on 28 February 2014 of 285.600 shares in Uniwindet, S.L., for €2,459 thousand.
- Acquisition on 11 April 2014 of 39,060 shares in Liquidámbar Inversiones Financieras, S.L., for €101 thousand.
- Adquisition on 11 April 2014 of 22,133 shares in Cartera Perseidas, S.L., for €536 thousand.
- Sale on 30 June 2014 of 2,250,000 shares in Liquidámbar Inversiones Financieras, S.L., for €5,696 thousand, generating a loss of €111 thousand for the Group.
- Sale on 29 July 2014 of 100% of shares in Tasaciones Andaluzas, S.A.U. for €706 thousand and 100% of shares in Consultora Técnica Tasa, S.L.U. for €406 thousand, generating a profit of €211 thousand.
- Adquisition on 31 July 2014 of 4,714 shares in Parque Científico-Tecnológico de Almería, S.A., for €924 thousand.

- Adquisition on 29 September 2014 of 119,751 shares in Alestis Aerospace, S.L., as a result of a capital increase.
- Sale on 31 October 2014 of 1,861,027 shares in Grupo El Árbol Distribución y Supermercados, S.A., that represents 15.95% of the Company’s share capital.
- Sale on 26 November 2014 of 360,067 shares in Marinas Puerto de Málaga, Sociedad Promotora del Plan Especial del Puerto de Málaga, S.A., which represent 29.98% of the Company’s share capital, generating a profit of €109 thousand.
- Adquisition on 27 November 2014 of 66,006 shares in Malagaport, S.L., for €120 thousand.
- Sale on 11 December 2014 of 22,645,353 shares in Sodinteleco, S.L., that represent 31.87%, generating a profit of €115 thousand.
- Adquisition on 29 September 2014 of 11,029,412 shares in Muelle Uno-Puerto de Málaga, S.A. for €7,500 thousand.

In addition, in 2014 it has been occurred the absorption fusion by Gestión de Inmuebles Adquiridos, S.L. (as absorber Entity) with Promotora Guadalnervión, S.L., Unic-as Promociones Inmobiliarias, S.L. and Urbasur, Actuaciones Urbanísticas, S.L. (as absorbed Entity).

The net charges recorded in the consolidated statement of cash flows for the year 2015 recorded in this caption cash holdings amounted to €62,437 thousand (net payments of €11,388 thousand in 2014).

13. Property, plant and equipment

The movements of “property, plant and equipment” in this balance sheets of 2015 and 2014 are as follows:

	Thousands of euros		
	For own use	**Investment property**	**Total**
Cost			
Balance at 31 December 2014	**2 086 661**	**502 612**	**2 589 273**
Additions	36 839	28 383	65 222
Disposals and other write-offs	(46 200)	(6 690)	(52 890)
Other transfers and other movements	(8 812)	141 096	132 284
Balance at 31 December 2015	**2 068 488**	**665 401**	**2 733 889**
Accumulated depreciation			
Balance at 31 December 2014	**(1 039 558)**	**(52 186)**	**(1 091 744)**
Disposals and other write-offs	81 537	741	82 278
Charges	(38 879)	(7 510)	(46 389)
Other transfers and other movements	4 170	(14 747)	(10 577)
Balance at 31 December 2015	**(992 730)**	**(73 702)**	**(1 066 432)**
Impairment losses			
At 31 December 2014	(18 598)	(157 960)	(176 558)
Net property, plant and equipment			
Balance at 31 December 2014	**1 057 160**	**433 739**	**1 490 899**

	Thousands of euros		
	For own use	Investment property	Total
Cost			
Balance at 31 December 2013	**1 149 638**	**233 970**	**1 383 608**
Additions	4 270	2 314	6 584
Disposals and other write-offs	(4 919)	(16 661)	(21 580)
Other transfers and other movements	937 672	282 989	1 220 661
Balance at 31 December 2014	**2 086 661**	**502 612**	**2 589 273**
Accumulated depreciation			
Balance at 31 December 2013	**(541 278)**	**(22 933)**	**(564 211)**
Disposals and other write-offs	3 655	792	4 447
Charges	(36 987)	(6 262)	(43 249)
Other transfers and other movements	(464 948)	(23 783)	(488 731)
Balance at 31 December 2014	**(1 039 558)**	**(52 186)**	**(1 091 744)**
Impairment losses			
At 31 December 2014	(16 056)	(95 503)	(111 559)
Net property, plant and equipment			
Balance at 31 December 2014	**1 031 047**	**354 923**	**1 385 970**

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 2015 and 2014:

	Thousands of euros			
	2015		2014	
	For own use	Investment Property	For own use	Investment Property
Transfers from non-current assets held for sale	12 373	101 319	-	12 991
Transfers between own use and investment properties	(16 535)	16 535	(22 628)	22 628
Transfers from inventories	-	11 594	-	40 978
Business combination (Note 1.2)	-	-	498 379	195 709
Other movements	(480)	(3 099)	(3 027)	(13 100)
	(4 642)	**126 349**	**472 724**	**259 206**

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 2015 by tangible assets recorded under this heading amounted to €134,865 thousand (net charges of €3,868 thousand in 2014).

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 2015 and 2014:

	Thousands of euros			
	Cost	**Accumulated depreciation**	**Impairment losses**	**Net balance**
Data processing equipment and installations	203 199	(191 331)	-	11 868
Furniture, vehicles and other installations	750 103	(595 452)	-	154 651
Buildings	1 064 121	(195 106)	(16 731)	852 284
Work in progress	26 928	-	-	26 928
Other	24 137	(10 841)	(1 867)	11 429
Balance at 31 December 2015	**2 068 488**	**(992 730)**	**(18 598)**	**1 057 160**
Data processing equipment and installations	245 516	(236 047)	-	9 469
Furniture, vehicles and other installations	755 371	(593 371)	-	162 000
Buildings	1 042 158	(188 986)	(14 052)	839 120
Work in progress	80	-	-	80
Other	43 536	(21 154)	(2 004)	20 378
Balance at 31 December 2014	**2 086 661**	**(1 039 558)**	**(16 056)**	**1 031 047**

As part of the net balance as of December 2015 contained in the above table, there are headings for an amount of €2,269 thousand (€3,507 thousand at December 31, 2014) corresponding to plant and equipment net worth societies Group are acquired under leasing.

At 31 December 2015, property, plant and equipment for own use having a gross value of approximately €451,007 thousand (€441,897 thousand at 31 December 2014) 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 2015 and 2014 in relation to investment property, showing property that generates rent separately from property that does not, are as follows:

	Thousands of euros	
	2015	**2014**
Expenses associated with investment property that generates rent	1 801	3 549
Expenses associated with investment property that does not generate rent	2 113	1 620
	3 914	**5 169**

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 2015 and 2014, income from leased out under operating lease (investment property) owned by the Group totaled €13,917 thousand and €13,550 thousand, respectively (Note 38).

With respect to the information required by IAS 27, paragraph 56, in 2015 and 2014 the Group's annual income from non-cancellable operating leases, i.e. under the former lease regime, totaled €192 thousand and €198 thousand, respectively.

13.3 Impairment losses

Set out below is a summary of movements in impairment losses affecting property, plant and equipment during 2015 and 2014:

	Thousands of euros		
	Own use	**Investment property**	**Total**
Balance at 1 January 2014	**17 049**	**48 657**	**65 706**
Endowments (Note 41)	256	2 686	2 942
Recoveries, sales	(74)	(329)	(403)
Other recoveries (Note 41)	-	-	-
Other transfers and reclassifications	(1 175)	44 489	43 314
Balance at 31 December 2014	**16 056**	**95 503**	**111 559**
Endowments (Note 41)	1 376	3 148	4 524
Recoveries, sales	(2)	(4 923)	(4 925)
Other recoveries (Note 41)	-	-	-
Other transfers and reclassifications	1 168	64 232	65 400
Balance at 31 December 2015	**18 598**	**157 960**	**176 558**

The donations are recorded in the caption “Impairment losses on other assets (net)” in the accompanying consolidated income statement.

14. Intangible assets

At 31 December 2015 and 2014, 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.

	Thousands of euros	
	2015	**2014**
Goodwill	184	184
Other intangible assets	1 010	1 587
	1 194	**1 771**

It is provided below the breakdown of the category “Goodwill” on 31 December, 2015 and 2014, for each society that generates it:

	Thousands of euros	
	2015	**2014**
Unigest, S.G.I.I.C., S.A.	122	122
Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.	62	62
	184	**184**

The category “Other intangible assets” of the consolidated balance sheet basically records computer applications used by Grupo Unicaja Banco’s entities.

Movements in “Intangible assets” in the consolidated balance sheet during the periods ended 31 December 2015 and 2014 are as follows:

	Thousands of euros		
	Cost	**Accumulated depreciation**	**Net book value**
Balance at January 1, 2014	**20 821**	**(17 132)**	**3 689**
High cost / depreciation	3 061	(3 293)	(232)
Low cost / depreciation	(2 685)	1 025	(1 660)
Other movements(*)	-	(26)	(26)
Balance at December 31, 2014	**21 197**	**(19 426)**	**1 771**
High cost / depreciation	905	(990)	(85)
Low cost / depreciation	(775)	379	(396)
Other movements (*)	-	(96)	(96)
Balance at December 31, 2015	**21 327**	**(20 133)**	**1 194**

(*) The category “Other movements” includes the effect of the business combination (Note 1.2).

The amount recognized in the consolidated income statement item “Amortization - Intangible assets” totals €990 thousand at 31 December 2015 (€635 thousand at 31 December 2014).

Fully-amortized intangible assets still in use at 31 December 2015 and 2014 amount to €79,685 thousand and €79,559 thousand, respectively.

Net receipts recorded in the statement of consolidated cash flows for the year 2015 for intangible assets recorded under this heading amounted to €20 thousand (net payments of €2,749 thousand in 2014).

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 Group's operating activities and the carrying amount of which will foreseeably be recovered through the transfer price. These assets amount to €852,902 thousand at 31 December 2014 (€931,290 at 31 December 2014).

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 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Equity instruments	**227 453**	**245 698**
Residential assets	**300 349**	**324 946**
Finished Properties	**257 209**	**305 972**
Dwelling	75 000	79 582
Rest	182 209	226 390
Properties under construction	**19 383**	**19 538**
Dwelling	19 383	19 538
Land	**48 508**	**35 136**
	852 902	**931 290**

Net gains recognized in the 2015 consolidated statement of recognized income and expenses on equity instruments classed as non-current assets for sale total €320 thousand (net gains of €320 thousand in 2014).

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” for 2015 and 2014:

	Thousands of euros		
	Gross Amount	Value adjustments for impairment	Net book value
Balances at January 1, 2014	**303 967**	**(40 049)**	**263 918**
Additions for the year	104 218	(8 114)	96 104
Disposals and other transfers	(69 887)	12 276	(57 611)
Allocated to income (Note 43)	(3 012)	(17 727)	(20 739)
Transfers to inventories	(39 405)	2 606	(36 799)
Transfers to investment property	(12 991)	-	(12 991)
Business combination (Note 1.2)	828 997	(131 563)	697 434
Other movements	1 974	-	1 974
Balances at December 31, 2014	**1 113 861**	**(182 571)**	**931 290**
Additions for the year	200 985	(3 648)	197 337
Disposals and other transfers	(131 615)	10 782	(120 833)
Allocated to income (Note 43)	(2 743)	(54 680)	(57 423)
Transfers to inventories	(23 419)	4 375	(19 044)
Transfers to investment property	(101 319)	37 588	(63 731)
Other movements	(14 015)	(679)	(14 694)
Balances at December 31, 2015	**1 041 735**	**(188 833)**	**852 902**

Donations made on non-current of this heading assets, except for equity instruments, are recorded under the heading "Gains (losses) on non-current assets held for sale not classified as discontinued operations" in the consolidated income accompanying consolidated income. For its part, the impact on results of equity instruments of this heading are recorded directly under "Profit from discontinued operations (net)" in the consolidated income statement.

The net charges recorded in the cash flow statement for the year 2015 by the non-current assets held for sale recorded under this heading amounted to 54,238 thousand euros. As of December 31, 2014 had no significant payments or receipts place in the cash flow statement consolidated for this item.

Impairment losses recognized in the consolidated income statement in 2015 and 2014 on non-current assets for sale total €54,680 thousand and €17,727 thousand, respectively; they are recognized in the item “Gains/(losses) on non-current assets for sale not classified as discontinued operations” (Note 43).

Under the heading "Non-current assets held for sale" in the consolidated balance sheet tangible assets that have been received by the Group or other consolidated for the satisfaction of all or part of the payment obligations to companies they are registered them of their debtors. In addition, this heading are recorded equity instruments for which the Group considers recover its value through sale rather than exploiting them.

The Unicaja Banco Group applies market terms in buyer financing granted for the purchase of properties. Loans granted in 2015 for initial financing total €18,612 thousand (€14,435 thousand in 2014). At 31 December 2015, gains on these loans pending recognition amount to €12,370 thousand (€11,285 thousand in 2014).

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 2015 and 2014 is set out below:

	Thousands of euros	
	2015	**2014**
Inventories	542 054	593 892
Other	151 933	134 894
	693 987	**728 786**

At 31 December 2015 and 2014, 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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	2014
Inmobiliaria Acinipo, S.L.U.		
Gestión de Inmuebles Adquiridos S.L.U.	1 440	3 327
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	536 093	584 240
Other entities	-	1 526
	4 521	4 799
	542 054	**593 892**

Set out below are movements in the consolidated balance sheet item "Other assets - Inventories" during 2015 and 2014:

	Thousands of euros	
	2015	2014
Net book value at 1 January	**593 892**	**673 671**
Additions for the year	176 535	105 277
Disposals and other transfers	(183 022)	(235 236)
Transfers to investment property	(11 594)	(40 978)
Transfers from non-current assets held for sale	19 044	39 405
Change in impairment losses	(53 059)	54 302
Other movements	258	(2 549)
Net book value at 31 December	**542 054**	**593 892**

Impairment losses on inventories are recognized in the consolidated income statement item “Impairment losses on other assets (net)”.

Set out below is a breakdown of inventory sales completed during 2015 and 2014 by the Unicaja Banco Group, stating the selling price, cost of sales, use of impairment provisions and other items:

	Thousands of euros	
	2015	2014
Sale price	120 793	108 306
Cost of sales	(183 022)	(175 103)
Using deteriorations	87 331	76 479
Commissions for sale	(978)	(2 229)
	24 124	**7 453**

As regards the appraisals of properties recognized in “Inventories”, in accordance with prevailing legislation on the use of appraised values, the Unicaja Banco Group's policy is based on the following criteria:

- In general, the appraisals used by the Bank and its 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).

- In general, the Bank requests appraisals when loans are being granted, furnishing the necessary documentation on all the assets securing the loan.

- 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.

- 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 2015 and 2014 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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Central Bank of Spain	2 414 680	8 608 510
Measurement adjustments - Accrued interest	2 356	113 205
	2 417 036	**8 721 715**

The interest accrued during the years 2015 and 2014 for these deposits have been of €3,005 thousand and €14,262 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 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Term deposits	280 905	322 354
Investments	-	150 000
Assets sold under repurchase agreements	591 955	616 232
Other accounts	460 445	298 183
Measurement adjustments	6 970	10 381
	1 340 275	**1 397 150**

The interest accrued during the years 2015 and 2014 for these deposits have been of €14,047 thousand and €19,289 thousand, respectively, 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 caption at 31 December 2015 was 0.34% (1.45% at 31 December 2014).

16.3. Deposits from other creditors

Set out below is a breakdown by nature of transactions and counterparty of the customers balances at 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
By nature		
Current accounts	9 451 276	7 696 519
Savings accounts	12 403 455	10 961 305
Fixed-term deposits	22 869 962	25 651 432
Assets sold under repurchase agreements	3 698 418	3 731 320
Other	196 335	42 209
Measurement adjustments:	909 146	1 088 377
Of which:		
Micro-hedging transactions	669 844	793 645
Interest accrued	370 386	426 717
Other adjustments	(131 084)	(131 985)
	49 528 592	**49 171 162**
By counterparty		
Resident public administrations	1 900 672	1 682 376
Non-Resident public administrations	6 418	6 464
Other resident sectors	46 375 313	46 053 690
Other non-resident sectors	337 043	340 255
Measurement adjustments	909 146	1 088 377
Of which:		
Micro-hedging transactions	669 844	793 645
Interest accrued	370 386	426 717
Other adjustments	(131 084)	(131 985)
	49 528 592	**49 171 162**

The interest accrued during the years 2015 and 2014 for these deposits have been €603.926 thousand and €722,372 thousand, respectively, 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 caption at 31 December 2015 was 1.33% (1.62% at 31 December 2014).

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**	**2015**	**2014**
02/12/2003	02/12/2018	(a) 4.757%	16 258	16 258
04/12/2003	03/12/2015	Euribor 3 months + 0.13%	-	100 000
25/02/2004	01/03/2016	(a) 4.385%	250 000	250 000
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	27/03/2015	(c) 3.753%	-	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%	-	73 007
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
12/06/2006	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	(c) 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
11/03/2005	11/03/2015	(a) 3,760%	-	150 000
29/03/2005	27/03/2015	(d) 3.753%	-	283 333
28/06/2005	26/06/2015	Euribor 3 months + 0.08%	-	194 872
22/11/2008	22/11/2015	Euribor 3 months + 1.21%	-	200 000
12/12/2005	12/03/2016	(a) 3.503%	10 000	10 000

Issue date	Maturity date	Interest rate	Thousands of euros Nominal amount 2015	2014
13/06/2009	13/06/2016	4.758%	100 000	100 000
15/06/2005	20/06/2017	3.500%	100 000	100 000
26/12/2008	21/10/2017	Euribor 3 months + 0.19%	200 000	200 000
23/10/2007	21/10/2017	Euribor 3 months + 0.17%	200 000	200 000
12/06/2006	12/06/2018	(a) 4.255%	100 000	100 000
02/12/2003	02/12/2018	(a) 4.757%	67 742	67 742
16/11/2004	16/11/2019	(a) 4.257%	52 317	52 317
30/11/2009	30/11/2019	4.511%	154 000	154 000
29/03/2005	29/03/2020	(e) 4.004%	116 667	116 667
15/06/2005	15/06/2020	(a) 3.510%	150 000	150 000
25/05/2006	08/04/2021	4.125%	100 000	100 000
12/12/2005	12/12/2022	(a) 3.754%	100 000	100 000
23/10/2006	23/10/2023	4.254%	100 000	100 000
28/06/2005	28/06/2025	(f) 3.754%	205 128	205 128
20/07/2007	26/03/2027	4.250%	100 000	100 000
23/05/2007	23/05/2027	(a) 4.755%	100 000	100 000
23/11/2006	08/04/2031	4.250%	400 000	400 000
23/03/2007	08/04/2031	4.250%	100 000	100 000
			7 592 001	**8 734 951**

(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 Group has been made variable by financial swaps on the nominal amount. After that, these swaps were canceled.
(d) The fixed interest rate paid by the Bank has been converted to a variable rate by contracting financial swaps covering the nominal value of €141,667 thousand.
(e) The fixed interest rate paid by the Bank has been converted to a variable rate by contracting financial swaps covering the nominal value of €58,333 thousand.
(f) The fixed interest rate paid by the Bank has been converted to a variable rate by contracting financial swaps covering the nominal value of €76,923 thousand.

(*) Although these issues were outstanding at December 31, 2013, are not included in the consolidated financial statements of Grupo Banco Unicaja to the takeover of EspañaDuero, dated accounting purposes established March 28, 2014 (Note 1.2).

16.4 Marketable debt securities

A breakdown of this consolidated balance sheet heading at 31 December 2015 and 2014 is as follows:

	Thousands of euros 2015	2014
Promissory notes and bills	-	-
Mortgage securities	1 690 611	2 858 834
Other non-convertible securities	700 000	912 150
Own securities	(1 731 395)	(1 947 069)
Measurement adjustments - Accrued interest	22 055	53 824
	681 271	**1 877 739**

16.4.1 Promissory notes and bills

At December 31, 2015 and 2014 promissory notes no live broadcasts. During the year 2014 it was in effect a single program notes, which mature occurred in that year.

Interest accrued in 2014 by those values were €1.126 thousand and were recorded in "Interest and similar charges" in the accompanying consolidated income statement (Note 32).

16.4.2 Mortgage securities

A detail of the mortgage bonds issued at December 31, 2015 and 2014 is as follows:

Issue	ISIN code	Issue date	Issue amount	Balance at 31/12/14	Balance at 31/12/13	Maturity date	Interest rate
8ª Emisión Unicaja	ES0464872078	17/12/2009	70 000	70 000	70 000	17/12/2017	Euribor 6m + 0.69%
9ª Emisión Unicaja	ES0464872086	17/12/2009	30 000	30 000	30 000	17/12/2021	Euribor 6m + 0.75%
1ª Emisión Unicaja	ES0458759000	14/10/2010	750 000	-	746 197	14/10/2015	4.38%
2ª Emisión Unicaja	ES0458759018	22/11/2010	70 000	70 000	70 000	22/11/2018	Euribor 6m + 2.00%
3ª Emisión Unicaja	ES0458759026	22/11/2010	30 000	30 000	30 000	22/11/2022	Euribor 6m + 2.00%
4ª Emisión Unicaja	ES0458759034	23/03/2011	500 000	490 611	490 592	23/03/2016	5.50%
1ª Emisión Unicaja Banco	ES0480907015	21/12/2012	200 000	-	200 000	21/12/2020	Euribor 3m + 4.40%
Céd. Hipotec. Caja España Jun. 2010	ES0415474305	03/06/2010	72 452	-	72 045	03/06/2015	3.00%
Céd. Hipotec. Caja España Nov. 2011-1	ES0458673037	03/11/2011	150 000	-	150 000	30/04/2015	4.25%
Céd. Hipotec. Caja España Nov. 2011-2	ES0458673045	17/11/2011	500 000	500 000	500 000	17/04/2017	5.5%
Céd. Hipotec. Caja España Nov. 2011-3	ES0458673052	17/11/2011	500 000	500 000	500 000	17/05/2019	6.00%
				1 690 611	**2 858 834**		

At December 22, 2015, it has proceeded to the full prepayment, for a nominal amount of 200 million euros, belonging to the issue called “Unicaja Bank Mortgage Bonds 1st Issue”.

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 2015 amounted to €51,439 thousand (€84,134 thousand at 31 December 2014), 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 2015 is 4.70% (4.29% at 31 December 2014).

16.4.3 Other non-convertible securities

Other non-convertible securities at 31 December 2015 and 2014 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 2015 and 2014:

			Thousands of euros			2015
Issue	**ISIN code**	**Issue date**	**Nominal amount**	**Outstanding**	**Interest rate**	**Maturity date of issue**
Cédulas Territoriales Unicaja Banco 1ª Emisión	ES0480907007	27/03/2012	700 000	700 000	4.203%	27/03/2017
			700 000	**700 000**		

			Thousands of euros			2014
Issue	**ISIN code**	**Issue date**	**Nominal amount**	**Outstanding**	**Interest rate**	**Maturity date of issue**
Cédulas Territoriales Unicaja Banco 1ª Emisión	ES0480907007	27/03/2012	700 000	700 000	4.203%	27/03/2017
6ª Emisión Bonos Simples Aval del Estado Caja Duero (*)	ES0314854094	18/03/2010	100 000	100 000	3.221%	18/03/2015
9ª Emisión Bonos Simples Aval del Estado Caja Duero (*)	ES0314854128	04/05/2010	97 900	97 900	3.000%	04/05/2015
10ª Emisión Bonos Simples Aval del Estado Caja Duero (*)	ES0314854136	23/06/2010	14 250	14 250	3.782%	23/06/2015
			912 150	**912 150**		

During 2014 Unicaja Banco Group early-redeemed the following issues of other non-convertible securities previously repurchased:

- 2,268 securities for a total face value of €113,400 thousand pertaining to the issue called "Unicaja Banco Guaranteed Bonds 1st Issue" dated 17 January 2014.
- 5,204 securities for a total face value of €260,200 thousand pertaining to the issue called "Unicaja Banco Guaranteed Bonds 2nd Issue" dated 17 January 2014.
- 2,015 securities for a total face value of €100,750 thousand pertaining to the issue called "Unicaja Banco Guaranteed Bonds 3rd Issue" dated 17 January 2014.
- 3,732 securities for a total face value of €186,600 thousand pertaining to the issue called "Unicaja Banco Guaranteed Bonds 1st Issue" dated 14 April 2014.
- 796 securities for a total face value of €39,800 thousand pertaining to the issue called "Unicaja Banco Guaranteed Bonds 2nd Issue" dated 14 April 2014.
- 985 securities for a total face value of €49,250 thousand pertaining to the issue called "Unicaja Banco Guaranteed Bonds 3rd Issue" dated 14 April 2014.
- 771 securities for a total face value of €38,550 thousand pertaining to the issue called "First issue of straight bonds backed Investment Caja España de Inversiones Salamanca y Soria, S.A." dated May 29, 2014.
- 302 securities for a total face value of €15,100 thousand pertaining to the issue entitled "Second issue of straight bonds backed Investment Caja España de Inversiones Salamanca y Soria, S.A." dated May 29, 2014.
- 9,347 securities for a total face value of €467,350 thousand pertaining to the issue called "First issuance of simple bonds backed Banco de Caja España de Inversiones Salamanca y Soria t, S.A." dated May 29, 2014.

- 42 securities for a total face value of €2,100 thousand pertaining to the issue called “Ninth issue of ordinary Caja Duero Bonds secured by the Treasury” dated 2 July 2014.
- 3,095 securities for a total face value of €154,750 thousand pertaining to the issue called “Tenth issue of ordinary Caja Duero Bonds secured by the Treasury” dated 2 July 2014.
- 2,653 securities for a total face value of €132,650 thousand pertaining to the issue called “First issue of ordinary secured Caja España de Inversiones Salamanca y Soria, S.A. bonds” dated 2 July 2014.
- 8,977 securities for a total face value of €448,850 thousand pertaining to the issue called “Second issue of ordinary secured Caja España de Inversiones Salamanca y Soria, CAMP bonds” dated 2 July 2014.

Interest accrued on the bonds during 2015 totaled €4,638 thousand (€16,709 thousand in 2014) 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 2015 was 0.21% (1.19% at 31 December 2014).

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 2015 and 2014, consisting of the Group’s issue of subordinated debt:

		Euros	Thousands of euros			
Issue	**No. of securities**	**Nominal Amount per unit**	**Balance at 31/12/15**	**Balance at 31/12/14**	**Nominal interest rate**	**Maturity**
Fifteenth	-	300	-	25 670	Euribor 12 months + 0.15%	26/07/2015
Caja Jaén Second Issue	-	1 000	-	1 097	Euribor 6 months + 0.30%	15/12/2015
Singular case Jaen subordinated obligation	1	8 000 000	7 944	7 944	Euribor 3 months + 0.86%	08/11/2016
Contingent convertible bonds BCEISS	6 040	100 000	604 000	604 000	9.25%	Perpetua
Valuation adjustments - Accrued interest			9 663	9 121		
			621 607	**647 832**		

These emissions are amortized at par at maturity. The 15th issue of Unicaja and Caja Jaen 2nd issue are aimed at retail investors, while issuing called "singular subordinated obligation Caja Jaén" is assigned to the background AyT Subordinated Debt I, which is aimed at qualified investors.

Issuing "contingent liabilities Convertible Spain Duero" it is underwritten by the Fondeo de Reestructuración Ordenada Bancaria (FROB), as a recapitalization instrument under Article 29.1.b) of Law 9/2012, which serves to secure the normal development activity and compliance with the financial obligations of EspañaDuero and maintenance of own resources of the entity.

All subordinated debt issues are located, for the purposes of payment priority, behind all general creditors of the Bank. Also, they are classified as eligible for the purposes of the solvency ratio, although at no time be classified as capital for amounts in excess of the percentages referred to the new European regulation Directive 2013/36 / EU (CRD IV) and EU Regulation 575/2013 (CRR) which entered into force in 2014.

Interest on subordinated debt financing recognized in the consolidated income statement amounted to €55,072 thousand in 2015 (€40,073 thousand in 2014) (Note 32).

The average effective interest rate on the debt instruments classified in this caption at 31 December 2015 was 8.65% (8.31% at 31 December 2014).

Net payments recorded in financing activities of the cash flow statement Consolidated 2015 on subordinated liabilities recorded under this heading amounted to €31,722 thousand (net payments of €56,170 thousand in 2014).

16.6 Other financial liabilities

This balance in the balance sheets at 31 December 2015 and 2014 breaks down as follows:

	Thousands of euros	
	2015	**2014**
Amounts payable (*)	143 323	182 202
Bails Received	212 366	200 691
Collection accounts	29 088	27 411
Special accounts	3 745	3 932
Financial guarantees	600 020	777 978
	988 542	**1 192 214**

(*) A balance of 47,240 thousand euros at December 31, 2015 (58,002 thousand euros at December 31, 2014) for the outstanding balance of the extraordinary contribution to the Fund Deposit Guarantee estimated on the basis of contributions to 31 is included December 2011 (Note 1.10).

The amount registered by the Entity as at 31 December 2015 and 2014 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 negative flow included in the statement of consolidated cash flows for the year 2015 on financial liabilities at amortized cost amounts to €7,430,489 thousand (positive flow of €24,465,512 thousand in 2014).

17. Provisions

Set out below are the changes in provisions in 2015 and 2014 and the purpose of the provisions recorded in the consolidated balance sheets at 31 December 2015 and 2014:

	Thousands of euros			
	Pensions and similar obligations	**Contingent liabilities and commitments**	**Other provisions**	**Total**
Balance at 1 January 2014	**183 950**	**28 685**	**132 546**	**345 181**
Provision charged to income:				
Charge to provisions (*)	72 527	3 857	153 532	229 916
Interest costs (Note 32)	5 498	-	-	5 498
Recovery against income	-	(8 779)	(73 041)	(81 820)
Provisions used	(46 884)	-	(132 983)	(179 867)
Other movements(**)	138 542	95 507	171 530	405 579
Balance at 31 December 2014	**353 633**	**119 270**	**251 584**	**724 487**
Provision charged to income:				
Charge to provisions (*)	4 003	2 206	200 486	206 695
Interest costs (Note 32)	3 339	-	-	3 339
Recovery against income	(2 090)	(16 483)	(42 985)	(61 558)
Provisions used	(43 597)	-	(76 521)	(120 118)
Other movements	(3 199)	1 258	(2 940)	(4 881)
Balance at 31 December 2015	**312 089**	**106 251**	**329 624**	**747 964**

(*) See note 2.12 related to charge to provisions for pension funds and similar obligations.
(**) The category "Other movements" in 2014 includes the effect of the business combination provided in Note 1.2.

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 2015 and 2014 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 40.1.

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 2015 and 2014, and a breakdown of the related item “Other movements” during 2015 and 2014:

	Thousands of euros			
	Balance at end		Other movements (*)	
	2015	2014	2015	2014
Provisions for contingent liabilities	106 251	119 270	1 258	95 507
Provisions for contingent liabilities	-	-	-	-
	106 251	**119 270**	**1 258**	**95 507**

(*) The category “Other movements” in 2014 includes the effect of the business combination provided in Note 1.2

“Other movements" basically include increases and decreases in the provisions recognized for contingent exposures due to reclassifications between amounts utilized and contingent exposures. In 2015 and 2014 the amount of "Other movements" records the increases and decreases in the provisions allocated for contingent risks due to the reclassification between amounts drawn down and contingent risks. In 2014 this item also records the effect of the business combination with EspañaDuero described in Note 1.2.

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 2015 and 2014.

Other provisions

Set out below is a breakdown by nature of the balance in the item “Other provisions" at 31 December 2015 and 2014, and a breakdown of the related item “Other movements” during 2015 and 2014:

	Thousands of euros			
	Balance at end		Other movements (*)	
	2015	2014	2015	2014
Coverage for legal contingencies	230 254	188 372	(5 682)	164 651
Coverage contingencies associated with investees	13 608	6 399	7 939	-
Coverage of other contingencies	85 762	56 813	(5 197)	6 879
	329 624	**251 584**	**(2 940)**	**171 530**

(*) The category “Other movements” in 2014 includes the effect of the business combination provided in Note 1.2.

The main items included in “Other provisions” are described below:

- “Coverage of legal contingencies and similar”: This relates to provisions for legal and other similar (Note 2.12.6) 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.

  At 31 December 2015 and 2014 EspañaDuero had created a fund totalling €83 million and €93 million, respectively, for legal contingencies to cover the possible costs deriving from the legal claims relating to the subscription or acquisition of preferred shares or subordinated obligations issued by the Savings Banks that transferred their financial activity to EspañaDuero. This provision was created based on the best estimates possible, taking into consideration available information regarding the legal claims that had been received and the judgments that had taken place up until that time. In general, the outcome of the judgments is determined by the specific circumstances of each customer with respect to the marketing of the products involved in the claim and their personal circumstances (knowledge and investing experience with this type of product).

  To establish the most likely court judgment in each case for those claims that have not yet been completed, or if the judgment is not yet final, the Directors of EspañaDuero have taken into account the judgments already received and the opinion of the Bank's legal advisers. The evaluation of this contingency has taken into account the Compensation Mechanism approved by the FROB within the framework of the bid to acquire EspañaDuero by Unicaja Banco (Note 1.2.1). In accordance with this mechanism, the negative effects that could arise from the claims from the holders of mandatory and contingent convertible bonds in EspañaDuero that do not accept the Offer would be assumed by the FROB at 71%, up to a maximum of €241 million, net of any compensation that the FROB may receive.

  In the view of those responsible for the Group at year end are constituted the necessary coverage to address the outcomes of the risks and contingencies that may arise from these processes.

- “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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Accrued un-matured expenses	81 753	96 650
Operations in process	11 321	19 218
Other	78 002	111 922
	171 076	**227 790**

19. Assets and liabilities for insurance contracts

At 31 December 2015 and 2014 “Insurance contract” of the consolidated balance amounts €142,311 thousand and €147,763 thousand, respectively, (Note 40).

At 31 December 2015 and 2014 "Insurance policy liabilities" maintained by the Group total €31,040 thousand and €29,528 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 2015 and 2014 is as follows:

	Thousands of euros			
	2015		**2014**	
	Minority interests	**Income attributed to minority interests**	**Minority interests**	**Income attributed to minority interests**
Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero)	279 441	(2 843)	325 478	(27 008)
Viajes Caja España, S.A.	(70)	20	(93)	(11)
Conexiones y Servicios Duero, S.A.	40	(32)	72	(18)
Escuela Superior de Estudios de Empresa, S.A.	23	23	217	48
Privándalus Inversiones I, SICAV, S.A.	673	(17)	-	-
Parque Industrial Humilladero, S.L.	-	-	688	(18)
	280 107	**(2 849)**	**326 362**	**(27 007)**

As regards to paragraph B10 of IFRS 12, the Group considers that significant non-controlling interests are those that generate higher minority interests 0.5% of consolidated equity (ie, greater than €16,280 thousand at 31 December 2015).

As a result, as of December 31, 2015 and 2014, only Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero) has significant non-controlling interests, with minority interests as of December 31, 2015 and 2014 amounting to €279,441 thousand and €325,478 thousand, respectively, and losses attributed to minority interests during the years 2015 and 2014 amounting to €2,843 thousand and €27,008 thousand, respectively.

During the years 2015 and 2014, none of the subsidiaries composing the chapter of minority interests has made dividend distribution.

As it regards the summary financial information on the companies that make up the chapter of minority interests of consolidated balance sheet, and in consideration of the above as to the materiality of minority interests, in Annex IV to this document the summary financial information on EspañaDuero detailed.

21. Capital, share premium and other capital instruments

The breakdown and movements recorded under the heading “Equity” in the consolidated balance sheet during the years ended the 31 December 2015 and 2014 are presented in the accompanying consolidated statements of total changes in equity, together with an explanation of all movements that took place in this account during those years.

21.1 Share capital and share premium

At 31 December 2013 the Bank's share capital totalled €800,000 thousand consisting of 800,000,000 ordinary shares with a par value of one euro each, fully subscribed and paid in by Fundación Bancaria Unicaja (formerly Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén - Unicaja). These share premium totalled €1,649,044 thousand at 31 December 2013.

As a result of the share capital increase within the framework of the acquisition of EspañaDuero (Note 1.2), Unicaja Banco issued 81,287,822 ordinary shares with a par value of one euro each, all of the same class and series as those previously issued and with a total nominal value of €81,288 thousand and a share premium of €0.18827 per share, which represents a total share premium of €15,304 thousand.

Accordingly, the Bank's share capital at 31 December 2015 and 2014 amounts to €881,288 thousand consisting of 881,287,822 fully subscribed and paid ordinary shares with a par value of one euro each. At 31 December 2015 and 2014 90.78% of share capital was held by Fundación Bancaria Unicaja (formerly Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén - Unicaja).

In addition to the €15,304 thousand increase in the share premium Shareholders at a General Meeting of Unicaja Banco adopted a resolution on 7 March 2014 to reduce the share premium by €531,491 thousand to offset the losses incurred in prior years. This means that the share premium at 31 December 2015 and 2014 totalled €1,132,857 thousand.

21.2 Other equity instruments

The heading "Other equity instruments-Compound financial instruments" records the active balance for Mandatory and Contingent Convertible Bonds (NeCoCos) and Perpetual Contingent Convertible Bonds (PeCoCos) issued by Unicaja Banco at 31 December 2015 and 2014. Details of these issues at 31 December 2015 and 2014 are as follows:

			Euros	Thousands of euros			
Issues	**ISIN Code**	**Number of securities issued**	**Nominal amount**	**Balance at 31/12/2014**	**Balance at 31/12/2013**	**Nominal rate**	**Expiration date**
Bonds Necessarily and Contingently Convertible (NeCoCos)	ES0380907032	49 340 987	49 340 987	49 326	49 341	20,8236%	30/06/2016
Perpetual Bonds Contingently Convertible (PeCoCos)	ES0280907009	49 340 987	49 340 987	49 326	49 341	13,8824%	Perpetual
				98 652	**98 682**		

The NeCoCos and PeCoCos are bonds that are convertible into ordinary shares in Unicaja Banco with a par value of one euro each, respectively pertaining to a single class and series and represented by book entries. The conversion ratio for these bonds will be that resulting from the quotient of the unit face value of each of the bond issues and the value attributed to the ordinary shares in Unicaja Banco, which is established at €1.18827 per share, with the share premium considered to be the difference between the face value of the bonds being converted and the par value of the shares that are received in return. At 31 December 2015 and 2014 these issues are not listed for trading on any type of secondary market.

Both types of bonds grant their holders the right to discretional, predetermined and noncumulative compensation upon conversion into ordinary shares in Unicaja Banco, subject to certain conversion situations and the voting rights that derive from pertaining to the respective bond syndicates. The shares that will be obtained upon the conversion of those bonds will grant their holders the same rights as the shares in Unicaja Banco that are currently outstanding.

The accrual of the discretional compensation is subject to the four following conditions being met simultaneously: (i) the existence of distributable profits after covering the items established by Law and the bylaws of Unicaja Banco; (ii) the absence of limitations imposed by Spanish or European legislation regarding current or future equity that may be applicable; (iii) the Board of Directors of Unicaja Banco, at its sole discretion and based on the solvency situation of Unicaja Banco or Unicaja Banco Group, does not decide to declare no interest payment with the estimation that it is necessary to not make any such payments for an unlimited period, and in any event unpaid interest will not be cumulative; and (iv) the Bank of Spain has not required the cancellation of such payments based on the financial situation and solvency of Unicaja Banco or Unicaja Banco Group, in accordance with applicable law. In the event that part of the conditions established in paragraphs (i) through (iv) above are applicable, Unicaja Banco may proceed, at its sole discretion, to make partial payment of interest or to declare that no interest will be paid. If for any reason the interest is not paid in full or in part to the Bondholders on a payment date, they will not be entitled to claim that interest.

21.3 Treasury shares

At 31 December 2015 and 2014 the Bank did not hold any treasury shares. During 2015 no operations were carried out involving the Bank's treasury shares.

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 2015 and 2014 recognized in the item “Equity - Shareholders’ equity - Reserves” in the consolidated balance sheet, showing all movements during 2015 and 2014.

22.1 Reserves in fully-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 2015 and 2014, relating to the part of that balance resulting from the consolidation process:

	Thousands of euros	
	2015	**2014**
Unicaja Banco, S.A.	1 402 273	820 982
Banco de Caja España de Inversiones, Salamanca y Soria, S.A.	104 874	-
Unicorp Corporación Financiera, S.L.U.	15 272	25 662
Alteria Corporación Unicaja, S.L.U.	34 378	31 305
Inmobiliaria Acinipo, S.L.U. (*)	(113 153)	(113 131)
Gestión de Actividades y Servicios Empresariales, S.A.U.	3 054	3 022
Corporación Uninser, S.A.U.	13 653	12 249
Unimediterráneo de Inversiones, S.L.U.	4 423	4 406
Unicartera Gestión de Activos, S.L.U.	22 110	22 233
Andaluza de Tramitaciones y Gestiones, S.A.U.	6 596	6 596
Unicartera Internacional, S.L.U.	31 293	31 293
Unigest, S.G.I.I.C., S.A. (*)	(4 450)	2 343
Unicartera Renta, S.L.U.	17 495	16 943
Mijas Sol Resort, S.L.U. (*)	(1 860)	(2 087)
Gestión de Inmuebles Adquiridos, S.L.U. (*)	(708 601)	(589 688)
Desarrollos de Proyectos de Castilla y León, S.L.U. (*)	(9 427)	-
Grupo de Negocios Duero, S.A.U. (*)	(1 004)	-
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	49 244	-
Pinares del Sur, S.L.U. (*)	(14 734)	-
Unimediación, S.L.U.	4 297	4 297
Viproelco, S.A.U. (*)	(10 667)	(11 931)
Other entities (*)	(12 458)	22 115
	832 608	**286 609**

(*) 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 2015 and 2014, relating to the part of that balance resulting from the consolidation process:

	Thousands of euros	
	2014	2013
Autopista del Sol Concesionaria Española, S.A. (*)	(39 297)	(28 708)
Autopista del Guadalmedina, Concesionaria Española, S.A. (*)	(7 714)	(5 962)
E.B.N. Banco de Negocios, S.A. (*)	-	(9 483)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. (*)	(1 573)	(21 553)
Sociedad Municipal de Aparcamientos y Servicios, S.A.	4 638	4 304
Banco Europeo de Finanzas, S.A.	7 868	8 496
Hidrocartera, S.L.	7 668	6 933
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (*)	(5 687)	(4 421)
Pinares del Sur, S.L.U. (*)	-	(18 636)
A.I.E. Naviera Electra (*)	-	(2 425)
Deoleo, S.A. (*)	(97 651)	(90 061)
Alestis Aerospace, S.L. (*)	(28 544)	(28 857)
Creación de Suelos e Infraestructuras, S.L. (*)	(5 557)	(3 406)
Caja España Vida, Compañía de Seguros y Reaseguros, S.A. (*)	(25 190)	-
Capredo Investments GMBH (*)	(7 371)	-
Cartera Perseidas, S.L. (*)	(1 557)	-
Espacio Medina, S.L. (*)	(16 859)	-
Globalduero, S.A. (*)	(3 600)	-
Madrigal Participaciones, S.A. (*)	(31 016)	-
Muelle Uno-Puerto Málaga, S.A. (*)	(2 771)	-
Other entities (*)	(44 328)	(6 368)
	(298 541)	**(200 147)**

(*) 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 2015 and 2014 and of net gains/(losses) on measurement included in the consolidated statements of recognized income and expenses for 2015 and 2014 due to the effect of equity-consolidated entities:

	Thousands of euros			
	Balance in consolidated statements		Valuation Gains (losses)	
	2015	2014	2015	2014
Autopista del Sol Concesionaria Española, S.A.	-	(6 590)	9 414	(2 379)
Autopista del Guadalmedina, Concesionaria Española, S.A.	(6 975)	(4 591)	(3 406)	684
EBN Banco de Negocios, S.A.	-	193	(276)	(2 322)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	27 400	35 308	(11 297)	35 373
Ingeniería e Integración Avanzadas, S.A. (Ingenia)	(58)	58	(166)	83
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	-	(732)	1 046	(1 046)
Deoleo, S.A.	(597)	(1 696)	1 570	1 132
Alestis Aerospace, S.L.	(1 530)	(1 218)	(446)	(555)
Cartera Perseidas, S.L.	8 288	(11 180)	27 810	(15 971)
Capredo Investments GMBH	(856)	(3 373)	3 596	(4 820)
Corporación Hotelera Oriental, S.A.	920	-	1 271	-
Other entities	(13)	(6)	35	(16)
	26 579	**6 173**	**29 151**	**10 163**

23. Tax situation

23.1 Consolidated tax group

The Bank is part of the Tax Group number 660/10 which was created, parented by Fundación Bancaria 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) and the subsequent modifications.

This Tax Group includes, as investee companies, subsidiaries of Unicaja Banco S.A.U., and which, together with Fundación Unicaja Bancaria, form part of the consolidated Tax Group in 2014:

Company
Fundación Bancaria Unicaja
Unicorp Corporación Financiera, S.L.U.
Inmobiliaria Acinipo, S.L.U.
Unigest, S.G.I.I.C., S.A.
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.U.
Analistas Económicos de Andalucía, S.L.U.
Unicorp Patrimonio, Sociedad de Valores, S.A.U.
Mijas Sol Resort, S.L.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, Correduría de Seguros, S.A.U.
Renta Porfolio, S.L.U.
Parque Industrial Humilladero, S.L.
Unicaja Banco, S.A.
Altos de Jontoya Residencial para Mayores, S.L.U.
Unicaja Gestión de Activos Inmobiliarios, S.A.U.
Cartera de Inversiones Agroalimentarias, S.L.U.
Uniwindet, S.L.
Baloncesto Málaga, S.A.D.
La Algara Sociedad de Gestión, S.L.U.
Uniwindet Parque Eólico Las Lomillas, S.L.
Uniwindet Parque Eólico Loma de Ayala, S.L.
Uniwindet Parque Eólico Los Jarales, S.L.
Uniwindet Parque Eólico Tres Villas, S.L.

During the year 2015 have been included in the scope of fiscal consolidation societies societies "La Alagra Sociedad de Gestión, SLU", "Uniwindet Parque Eólico Tres Villas, SL", "Uniwindet Parque Eólico Las Lomillas, SL", "Uniwindet Parque Eólico Loma de Ayala, SL "and" Uniwindet Parque Eólico Los Jarales, SL ".

During fiscal year 2014, the companies Unic-as Promociones Inmobiliarias, S.L. and Urbasur, Actuaciones Urbanísticas, S.L and Promotora Guadalnervión. were absorbed by Gestión de Inmuebles Adquiridos, S.L.U.

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 2015, 2014, 2013 and 2012.

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 2015, as well as the comparative data for 2014:

	Thousands of euros	
	2015	**2014**
Profit before tax	217 026	474 424
Income tax (tax rate of 30%)	65 108	142 327
Due to eliminations in the consolidation process.	-	(73 630)
Positive permanent differences	10 417	6 456
Negative permanent differences	(18 240)	(1)
Revaluation Law 16/2012		
Deductions and allowances	-	(32 303)
Deduction for double taxation of dividends	(61)	4 661
Deduction for reinvestment of extraordinary gains		
Income tax expense	**57 224**	**47 510**

The new treatment of the elimination of double taxation on dividends and capital gains regulated by Law 27/2014, of 27 November, corporate income tax, which came into force on 1 January 2015 (instead exemption deduction) it is the legal novelty that explains the increase in negative permanent differences in 2015, with a corresponding decrease in deductions.

The total amount for the main components of income tax expense/(income) in the consolidated income statement (which resulted in a total expense of €57,224 thousand in 2015 and an expense totalling €47,150 thousand in 2014), relates to the current expense/(income) for the year. No adjustments have been made for current or deferred taxes in this year or in prior years, or for any other circumstances established by tax legislation.

Set out below is a breakdown of income tax credits recognized in the consolidated income statements for 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Expense/ (Income) from temporary differences of birth	112 079	78 105
Expense/ (Income) tax loss carry forwards to offset	(29 441)	(45 416)
Expense/ (Income) and deductions unapplied credited	(25 414)	14 821
Total expense / (income) income tax	**57 224**	**47 510**

With respect to the income tax recognized in the statements consolidated of recognized income and expenses for 2015 and 2014, the Group charged to consolidated equity a positive amount of €64,197 thousand and a negative amount €120,159 thousand, respectively, for the following items:

	Thousands of euros	
	2015	**2014**
Actuarial gains and losses on defined benefit plans	(1 151)	1 670
Valuation of financial assets available for sale	74 577	(107 900)
Valuation of derivatives hedging of cash flows	(456)	(10 755)
Valuation of the exchange differences	(28)	(29)
Valuation of non-current assets for sale	-	(96)
Valuation of entities using the equity method	(8 745)	(3 049)
Total expense / (income) income tax	**64 197**	**(120 159)**

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 the consolidated balance sheets at 31 December 2015 and 2014, deferred tax assets amount to €2,527,090 thousand and €2,658,257 thousand, respectively, and deferred tax liabilities amount to €283,190 thousand and €517,196 thousand, respectively.

In accordance with current Spanish tax legislation, quantification of assets and deferred tax liabilities is performed by applying to the temporary difference or credit corresponding to the tax rate that is expected to be recovered or settled, with currently applicable to the Group 30%.

Set out below is a breakdown of current and deferred tax assets and liabilities recognized in the consolidated balance sheets at 31 December 2015 and 2014:

	Thousands of euros			
	2015		2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Current taxes	**63 554**	**12 214**	**89 386**	**16 668**
Deferred taxes	**2 527 090**	**283 190**	**2 658 257**	**517 196**
Loss carryforwards	617 110	-	783 977	-
Unused tax credits	6 866	-	99 106	-
Temporary differences – insolvencies	1 318 215	-	1 376 947	-
Temporary differences – pensions	68 907	-	48 681	-
Temporary differences - foreclosed assets	69 400	-	44 841	-
Other items	446 592	4 484	304 705	4 754
Revaluations	-	273 842	-	486 239
Differences timing of recognition	-	4 864	-	26 203
	2 590 644	**295 404**	**2 747 643**	**533 864**

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 €1,457,518 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 2015, exemption was declared from certain income obtained by Unicartera Internacional, S.L., applying the Tax Regime for Holding Entities of Foreign Securities, amounting to €295 thousand. In the year 2014, the corresponding amount was €322 thousand.

Unicartera Internacional, S.L. has paid taxes abroad amounting to €72 thousand in 2015 and €58 thousand in 2014.

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. 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 Chapter VII of Title VII of the LIS (above, at the time of application, Chapter VIII of Title VII of TRLIS).

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

The Bank acts as acquirer, in respect of that operation under the special regime for mergers, transfers of assets and exchanges of securities corporate restructuring under Chapter VII of Title VII of the LIS. The information requirements established by this legislation contained in the memory part of the financial statements of the entities involved, for the year 2011.

23.7 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.

State Tax Administration Agency has already initiated procedures for the recovery of that State aid with inspection reports to structured, and the refund amount of State aid corresponds to the provisioned by the Bank.

The General Court of the European Union, Judgment of December 17, 2015, annulled the decision of the European Commission on the consideration of "State aid" to the Spanish Tax Lease tax regime for ship financing. This judgment has been appealed by the European Commission before the High Court of Justice of the European Union.

However, one effect of the judgment of the General Court of the European Union is the suspension of the proceedings initiated by the State Tax Agency to settle the repayment of state aid.

The opinion of the Directors and tax advisors of the Bank is that the possibility of material liabilities arising from this procedure, in addition to those already provisioned is remote.

24. Liquidity risk

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 the Group’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 Group). The Group's liquidity risk position is determined by analyzing 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 Group.

The following table shows contracted maturity dates related to balance sheet amounts of the main entities of the Group (Unicaja Banco and EspañaDuero) at 31 December 2015:

							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	**-**	**-**	**-**	**-**	**-**	**1 578 219**	**1 578 219**
Financial assets held for trading	**-**	**-**	**-**	**34 600**	**3 496**	**-**	**38 096**
Debt securities	-	-	-	34 600	3 496	-	38 096
Other equity instruments	-	-	-	-	-	-	-
Available-for-sale financial assets	**227 494**	**74 757**	**78 532**	**2 449 418**	**6 178 918**	**673 579**	**9 682 699**
Debt securities	227 494	74 757	78 532	2 449 418	5 943 503	-	8 773 704
Other equity instruments	-	-	-	-	235 416	673 579	908 995
Loans and receivables	**1 724 858**	**522 538**	**2 989 568**	**7 933 450**	**18 941 142**	**3 735 573**	**35 847 129**
Loans and advances to credit institutions	535 905	(315 656)	(16 642)	52 935	6 002	386 082	648 626
Loans and advances to other debtors	1 188 953	838 092	2 841 318	7 287 505	18 774 985	3 349 491	34 280 344
Debt securities	-	102	164 892	593 010	160 155	-	918 159
Investment portfolio held to maturity	**5 240**	**1 516 663**	**269 832**	**2 084 899**	**3 362 966**	**-**	**7 239 600**
Debt securities	5 240	1 516 663	269 832	2 084 899	3 362 966	-	7 239 600
Investments	**-**	**-**	**-**	**-**	**-**	**918 874**	**918 874**
Insurance contracts linked to pensions	**-**	**-**	**-**	**-**	**-**	**142 311**	**142 311**
Property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**1 204 299**	**1 204 299**
Other assets	**-**	**-**	**-**	**-**	**-**	**3 631 098**	**3 631 098**
Total assets	**1 957 592**	**2 113 958**	**3 337 932**	**12 502 368**	**28 486 523**	**11 883 953**	**60 282 325**

							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	**3 065 000**	**4 072 573**	**9 162 992**	**9 082 647**	**4 918 401**	**25 431 902**	**55 733 516**
Deposits from Central banks	1 450	-	-	2 414 680	-	906	2 417 036
Deposits from credit institution	371 679	308 214	101 551	129 555	41 451	293 302	1 245 752
Deposits from other creditors	2 691 871	3 271 580	9 053 451	6 398 242	4 215 604	24 175 724	49 806 472
Debt securities	-	492 779	-	140 170	57 346	-	690 295
Subordinated liabilities	-	-	7 990	-	604 000	9 617	621 607
Other financial liabilities	-	-	-	-	-	952 353	952 353
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**-**	**-**	**-**	**-**	**-**	**769 359**	**769 359**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**896 369**	**896 369**
Total liabilities	**3 065 000**	**4 072 573**	**9 162 992**	**9 082 647**	**4 918 401**	**27 097 630**	**57 399 243**
Difference	**(1 107 408)**	**(1 958 615)**	**(5 825 060)**	**3 419 720**	**23 568 122**	**(15 213 677)**	**2 883 082**

Memorandum 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
							Thousands of euros
Contingent risks	**-**	**-**	**-**	**-**	**-**	**1 090 735**	**1 090 735**
Drawable by third parties	**-**	**-**	**-**	**-**	**-**	**2 694 555**	**2 694 555**
Available immediately	-	-	-	-	-	2 130 851	2 130 851
With conditionally	-	-	-	-	-	563 704	563 704
Total contingent liabilities and commitments	**-**	**-**	**-**	**-**	**-**	**3 785 290**	**3 785 290**

The following table shows contracted maturity dates related to balance sheet amounts of the main entities of the Group (Unicaja Banco and EspañaDuero) at 31 December 2014:

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
							Thousands of euros
Cash and balances at central banks	**-**	**-**	**-**	**-**	**-**	**609 825**	**609 825**
Financial assets held for trading	**-**	**-**	**748**	**29 863**	**145 814**	**-**	**176 425**
Debt securities	-	-	748	29 863	145 814	-	176 425
Other equity instruments	-	-	-	-	-	-	-
Available-for-sale financial assets	**231 317**	**362 099**	**3 009 455**	**2 782 048**	**5 317 738**	**586 212**	**12 288 869**
Debt securities	231 317	362 099	3 009 455	2 782 048	5 151 583	-	11 536 502
Other equity instruments	-	-	-	-	166 155	586 212	752 367
Loans and receivables	**2 991 698**	**719 711**	**2 575 060**	**8 257 294**	**21 580 712**	**2 925 023**	**39 049 497**
Loans and advances to credit institutions	570 022	225	2 568	16 531	10 243	184 610	784 199
Loans and advances to other debtors	2 421 675	715 068	2 467 233	7 452 187	20 692 885	2 740 413	36 489 461
Debt securities	-	4 418	105 259	788 576	877 584	-	1 775 837
Investment portfolio held to maturity	**619 618**	**2 533 990**	**1 525 010**	**2 236 404**	**2 724 521**	**-**	**9 639 543**
Debt securities	619 618	2 533 990	1 525 010	2 236 404	2 724 521	-	9 639 543
Investments	**-**	**-**	**-**	**-**	**-**	**1 468 507**	**1 468 507**
Insurance contracts linked to pensions	**-**	**-**	**-**	**-**	**-**	**147 763**	**147 763**
Property, plant and equipment	**-**	**-**	**-**	**-**	**-**	**1 165 046**	**1 165 046**
Other assets	**-**	**-**	**-**	**-**	**-**	**3 034 431**	**3 034 431**
Total assets	**3 842 632**	**3 615 800**	**7 110 273**	**13 305 609**	**29 768 785**	**9 936 807**	**67 579 906**

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
							Thousands of euros
Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost	**6 291 822**	**8 941 695**	**9 200 081**	**11 418 724**	**6 372 355**	**20 981 968**	**63 206 645**
Deposits from Central banks	1 576 344	6 000 000	-	1 061 510	-	83 861	8 721 715
Deposits from credit institution	552 641	35 256	363 156	175 636	51 236	122 712	1 300 637
Deposits from other creditors	4 162 816	2 806 385	7 928 316	9 551 141	5 457 119	19 653 675	49 559 452
Debt securities	-	100 000	876 887	622 493	260 000	28 895	1 888 275
Subordinated liabilities	21	54	31 722	7 944	604 000	9 049	652 790
Other financial liabilities	-	-	-	-	-	1 083 776	1 083 776
Hedging derivatives	**54 330**	**-**	**-**	**-**	**-**	**-**	**54 330**
Provisions	**-**	**-**	**-**	**-**	**-**	**849 151**	**849 151**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**1 209 824**	**1 209 824**
Total liabilities	**6 346 152**	**8 941 695**	**9 200 081**	**11 418 724**	**6 372 355**	**23 040 943**	**65 319 950**
Difference	**(2 503 520)**	**(5 325 895)**	**(2 089 808)**	**1 886 885**	**23 396 430**	**(13 104 136)**	**2 259 956**

Memorandum 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
							Thousands of euros
Contingent risks	-	-	-	-	-	**1 354 058**	**1 354 058**
Drawable by third parties	**-**	**-**	**-**	**-**	**-**	**2 709 146**	**2 709 146**
Available immediately	-	-	-	-	-	2 061 157	2 061 157
With conditionally	-	-	-	-	-	647 989	647 989
Total contingent liabilities and commitments	**-**	**-**	**-**	**-**	**-**	**4 063 204**	**4 063 204**

The details of the contractual maturities of derivative financial liabilities and non-derivative at year-end 2015 and 2014, is as follows:

31 December 2015	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
							Thousands of euros
Non-derivative financial liabilities	2 533 046	4 082 117	9 533 218	9 008 526	4 475 942	26 058 573	55 691 423
Financial liabilities at amortized cost (including embedded derivatives)	2 528 763	4 075 789	9 523 379	8 973 382	4 467 996	26 008 014	55 577 323
Financial guarantees issued	4 283	6 328	9 839	35 144	7 946	50 559	114 100
Derivative financial liabilities	264	1 688	8 291	58 578	164 256	-	233 077
	2 533 310	**4 083 805**	**9 541 509**	**9 067 104**	**4 640 198**	**26 058 573**	**55 924 500**

31 December 2014	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
							Thousands of euros
Non-derivative financial liabilities	6 441 564	9 127 100	9 396 966	11 437 311	5 913 339	20 790 136	63 106 416
Financial liabilities at amortized cost (including embedded derivatives)	6 437 460	9 123 107	9 381 988	11 420 467	5 910 150	20 734 807	63 007 979
Financial guarantees issued	4 104	3 993	14 978	16 844	3 189	55 329	98 437
Derivative financial liabilities	83	9 053	5 188	71 364	33 178	2 274	121 140
	6 441 647	**9 136 153**	**9 402 154**	**11 508 675**	**5 946 517**	**20 792 410**	**63 227 556**

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 balance sheet of Unicaja Banco and EspañaDuero.

- 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.

- o 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.

- o 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 honored, 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 2015 and 2014 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 2015 and 2014.

- Under the heading of Credit Investments is estimated that there are no significant differences between their carrying value and their fair value since the Group 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 2015 and 2014, 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.

Set out below is a breakdown at 31 December 2015 and 2014 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
			2015		**2014**
Section of the balance	**Type of instrument**	**Book value**	**Fair value**	**Book value**	**Fair value**
Credit investments	Securities representing debt	963 772	976 328	1 821 438	1 963 640
Held-to-maturity investments	Securities representing debt	7 239 598	7 333 165	9 639 629	10 052 053
Financial liabilities at amortized cost	Marketable debt securities	681 271	681 271	1 877 739	1 881 783

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 2015 and 2014 totals €151,087 thousand and €240,791 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.

25.4 Information on Equity Instruments

At December 31, 2015, investments in equity instruments that meet separately listed any of the ranges indicated in Note 2.7 are:

							Thousands of euros
Share	Cost	Fall > 40%	Fair Value	Losses	> 18 months	Impaired registry	Coverage
COEMAC	19 778	SI	2 244	(17 534)	NO	SI	(17 534)

At December 31, 2015 and 2014, there are no quoted equity instruments for which has not been taken as a reference to fair value its stock price.

25.5 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 2015 and 2014, divided by classes of assets and liabilities and at the following levels:

- o 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.
- o Level 2: Financial instruments the fair value of which is estimated on the basis of quoted prices in organized 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.
- o 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
					2015
					Fair value
	Book value	Total	Level 1	Level 2	Level 3
Asset					
Cash and balances with central banks					
Working portfolio	94 012	94 012	39 895	54 012	105
Fixed income	38 096	38 096	38 096	-	-
Variable income	-	-	-	-	-
Derivatives	55 916	55 916	1 799	54 012	105
Financial assets available for sale	9 810 055	9 658 968	9 497 591	156 891	4 486
Fixed income	8 811 917	8 811 917	8 776 491	30 940	4 486
Variable income					
Coverage derivatives	738 060	738 060	-	729 209	8 851
Liability					
Working portfolio	125 280	125 280	-	125 242	38
Derivatives	125 280	125 280	-	125 242	38
Coverage derivatives	107 797	107 797	-	107 797	-

	Thousands of euros				
	2014				
		Fair value			
	Book value	Total	Level 1	Level 2	Level 3
Asset					
Cash and balances with central banks					
Working portfolio	228 871	228 871	96 918	130 564	1 389
Fixed income	176 425	176 425	96 431	79 994	-
Variable income	-	-	-	-	-
Derivatives	52 446	52 446	487	50 570	1 389
Financial assets available for sale	12 503 087	12 261 980	11 538 737	468 367	254 876
Fixed income	11 575 532	11 575 557	10 921 359	399 322	254 876
Variable income	927 555	686 423	617 378	69 045	-
Coverage derivatives	921 921	921 921	-	917 246	4 675
Liability					
Working portfolio	64 582	64 582	42	64 365	175
Derivatives	64 582	64 582	42	64 365	175
Coverage derivatives	56 725	56 725	-	56 276	449

Set out below are movements during 2015 and 2014 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	
	Debt securities	Derivatives (active)	Derivatives (liabilities)	Debt securities	Equity instruments
Balance at 31/12/2014	**-**	**1 389**	**175**	**254 876**	**-**
Additions to instruments	-	-	-	3 303	-
Casualties of instruments	-	(1 389)	(77)	-	-
Changes in fair value recognized in profit	-	105	(60)	-	-
Changes in fair value recognized in equity	-	-	-	(540)	-
Transfers level	-	-	-	(253 153)	-
Transfer to investment credit	-	-	-	-	-
Transfer to portfolio to-maturity investments	-	-	-	-	-
Balance at 31/12/2015	**-**	**105**	**38**	**4 486**	**-**

	Trading portfolio			Financial assets available for sale	
	Debt securities	**Derivatives (active)**	**Derivatives (liabilities)**	**Debt securities**	**Equity instruments**
					Thousands of euros
Balance at 31/12/2013	**-**	**-**	**-**	**-**	**319 385**
Additions to instruments	-	2 960	90	235 918	-
Casualties of instruments	-	(941)	-	-	-
Changes in fair value recognized in profit	-	(1 571)	(80)	-	-
Changes in fair value recognized in equity	-	-	-	17 446	46 926
Transfers level	-	941	165	1 512	(366 311)
Transfer to investment Credit	-	-	-	-	-
Transfer to portfolio to-maturity investments	-	-	-	-	-
Balance at 31/12/2014	**-**	**1 389**	**175**	**254 876**	**-**

Changes in fair value recognized in income are recorded in the consolidated income statement under the heading "Results from financial operations (net)", while adjustments in fair value recognized in equity are recognized under financial assets available for sale in the statement of recognized income and expense consolidated.

For the valuation of financial instruments Level 3 in the fair value hierarchy, characterized by using unobservable inputs on market data, the Bank uses models generally accepted as standard methods including credit institutions, among which the Model Hull & White, the method of Longstaff and Schwartz, the Monte Carlo method or the Black-Scholes model.

These theoretical valuation models are fed largely with observed data directly from the market through connections with Bloomberg and Reuters, in relation to the volatility of the underlying, the curves of interest rates, the correlations between the underlying, dividends and CDS (Credit Default Swaps), etc. As for the unobservable data, the Group uses generally accepted in the market for its estimate assumptions, including, among others:

- Have implied volatilities derived from options.
- Determine zero coupon curves from deposits and swaps traded in each currency from a process of "bootstrapping".
- Get the discount factors or implicit rates required for valuations under an assumption of no arbitrage opportunity (AOA).
- Resorting to historical data for the evaluation of correlations, generally using the weekly yields of the underlying during a historical period between 1 and 4 years.
- Build the curve estimated from future asset dividend in the event that they are liquid traded and dividends.
- Estimate dividends from dividends implicit in options on that asset (stock or index) listed on the market.
- Use the dividends forecast by market providers (Bloomberg, Reuters or DataStream) if there are no dividends futures or options quotes the asset.

Upon the valuation of financial instruments Level 3, the effect on fair value would be a variation within a reasonable range, the assumptions used in the valuation, concluding in each case measured the sensitivity of the fair value changes in the unobservable variables is not significant at December 31, 2015 and 2014, thereby applying no breakdown of information in memory on reasonably possible alternative assumptions in the valuation.

25.6 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 "First time Adoption of International Financial Reporting Standards", under which to restate the majority of its real estate assets, generating a gross gain of €227,811 thousand.

Subsequently, on June 21, 2013 tax efficiency to revaluation reserves recorded in connection with the entry into force of Circular 4/2004 Bank of Spain, corresponding to 516 properties for own use is granted, with a revaluation associated with same of €54,850 thousand, already recorded in equity.

At December 31 of 2015 and 2014, 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 Group 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 Parent Entity 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.

The Group did not maintain concentrations of risk of a significant nature to December 31, 2015 and 2014. Total mortgage-backed risk remained with the private sector living in Spain amounted to €20,646,589 thousand and €22,322,257 thousand at 31 December 2015 and 2014, 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 practices, 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 Group. 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 Group is exposed is measured at nominal value for financial assets carried at amortized cost. The measurement of the Group'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.

The cumulative amount of expired products and uncollected financial assets, according to the criteria explained in Note 2.7, have not been accounted for accrued as of December 31, 2015 and 2014 amounted to €135,726 thousand and €150,688 thousand, respectively.

Regarding lending operations Unicaja Banco Group retail mortgage segment have limits on the variation of interest rates, consider the statements that various courts are taking place regarding the validity of these agreements, respect concrete entities, following the judgment of the Supreme Court dated May 9, 2013 and following the judgment of the Court dated July 16, 2014 and March 25, 2015, under which, once declared void by court ruling , those agreements limited to changes in interest rates lack of transparency, the borrower shall refund the interest rate differential would have paid in implementation thereof from the date of publication of the judgment of May 2013.

In particular, you should consider, on the one hand, the class action lawsuit filed on November 11, 2010 by the Association of Users of Banks, Savings Banks and Insurance Spain (ADICAE) and a high number of additional plaintiffs, accumulating various actions whose substantial object is the application for declaration of invalidity abusive covenant which sets limits to the variation of interest rate. In this class action lawsuit, which is pending in the Commercial Court No. 11 Madrid against virtually all entities of the financial system (including those found Unicaja Banco and EspañaDuero) including such covenants in their loan agreements mortgage with individuals, cessation in its use and repayment of amounts charged by requesting application. The process was seen for sentencing in the first instance in June 2015, without, so far, the decision has been rendered. Moreover, one should consider collective action by the Association of Bank Users (AUSBANC), it is still facing EspañaDuero in connection with such covenants in the mortgage loan contracts formalized at the time by Caja Spain Investment; this procedure is pending the sentencing by the Provincial Court of León, where the appeal filed by EspañaDuero against the judgment of the Commercial Court of Leon, who estimated the lawsuit is resolved.

Whatever sense of sentences that fall in these proceedings, it must be regarded as the same may be appealed by any of the parties concerned, in the courts covered by the procedural law. In this regard, the Unicaja Banco Group believes that the covenants in its mortgage loan deeds, set limits on the variation of the interest rate, are fully in accordance with the law.

At December 31, 2015, they are incorporated hedges deemed necessary to cover possible losses on assets and deal with the outcomes of the risks and contingencies that may affect the Group.

Practices for the responsible granting of loans and credit facilities to consumers.

Order EHA/2899/2011 (28 October) on banking service customer transparency and protection enables the general principles established by Law 2/2011 on Sustainable Economy, with respect to the responsible granting of loans and credit facilities to consumers, such that the relevant obligations are introduced so that the Spanish financial system improves the levels of prudence applied to granting these types of transactions, to the benefit of customers and market stability.

Bank of Spain Circular 5/2012 (27 to June) defines the concept of "responsible lending", and establishes the responsible lending policies and procedures that are summarised below:

- When entities offer and grants loans or credit facilities to customers they must act with honesty, impartiality and professionalism, in accordance with the personal and financial situation of customers, together with their preferences and objectives.

- The entities that grant loans or credit facilities to the customers referred to by Rule Two of Circular 5/2012 must have specific policies, methods and procedures for studying and granting such loans or credit facilities to those customers, and they must be adequately documented and justified, approved by the Board of Directors or equivalent body, and include the general principles mentioned in Appendix 6 to that Circular. The aforementioned policies, methods and procedures, which must remain up-to-date, as well as the supporting documents regarding their approval by the entity's Board of Directors or equivalent body, must be available at all times to the Bank of Spain.

- The general principles referred to in the preceding section must be applied by entities and understood by its customers in a responsible way, such that the latter must provide the former with complete and accurate information regarding their financial situation and their desires and needs with respect to the purpose, amount and other conditions of a loan or credit facility, and the entities must appropriately inform its customers as to the characteristics of its products that adapt to their requests.

Unicaja Banco has detailed policies, methods and procedures to ensure that loans and credit facilities are granted responsibly to consumers. The principles that have been developed for this purpose are in line with the Bank's current situation, with the "Credit Risk Policy, Task and Procedures Manual" approved by the Bank's Board Directors on 25 March 2013, as well as with the regulatory requirements established by the Bank of Spain, and includes the following points:

- Criteria for the granting of credit associated with the borrower's payment capacity.
- A transaction repayment plan that meets the needs of the customer.
- Prudent relationship between the amount of the transaction and the value of any collateral.
- Transaction marketing policy.
- Collateral appraisal policy.
- Consideration of the variability of interest rates and exchange rates when granting loans denominated in a foreign currency.
- Hedging of interest rate risk
- Policy of exceptions to transaction conditions.
- Customer warnings regarding the failure to comply with payment obligations.
- Debt renegotiation policy (Note 10.1).
- Information regarding the cost of services associated with the granting of the credit transaction.
- The obligation to inform homebuyers when subrogating to a developer loan.
- Other aspects of the policies and procedures for granting responsible loans.

To ensure compliance with those principles and criteria the Group has implemented diverse control procedures when managing risks, most importantly the existence of various approval areas that ensure adequate levels of examination of decisions in accordance with their complexity and the proper evaluation of the customer risk profile and payment capacity.

Financial assets recovery is considered remote

Set out below are movements during 2015 and 2014 in the Entity's impaired financial assets that are not carried in the balance sheet consolidated since the probability of recovery is deemed to be remote, even though the Group has not discontinued actions to recover the amounts receivable:

	Thousands of euros	
	2015	**2014**
Balance of financial assets which recovery is considered to be remote at 1 January	**1 851 150**	**2 271 705**
Additions -	**1 186 909**	**520 069**
Under value adjustments for asset impairment (Note 10.3)	851 487	346 976
Direct charge to the profit and loss	73 623	62 537
Expired products uncollected	206 567	52 326
Other Concepts	55 232	58 230
Recoveries -	**(646 756)**	**(940 624)**
Balances recovered during the year for operations' refinancing or restructuring	(108 126)	(59 845)
Assets awarded through foreclosure	(5 670)	(38 664)
Bad sales	-	(484 868)
Other causes	(532 960)	(357 247)
Balance of financial assets which recovery is considered to be remote at 31 December	**2 391 303**	**1 851 150**

In 2015 and 2014, the recovery movement identified as “for other causes” relates mainly to loans that cease to be treated as remote recovery assets when the Group rules out any possibility of recovery**.**

The net amount in the consolidated income statement for the years 2015 and 2014 as a result of movements in these assets amounts a positive amount of €22,796 thousand and a negative amount of €7,570 thousand, 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 €73,623 thousand and €62,537 thousand in 2015 and 2014, respectively.

- Loan classified as "remote recovery assets" in the previous period in respect of which amounts have been collected, having a positive effect of €50,827 thousand and €70,107 thousand in 2015 and 2014, 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, 2015 and 2014 is as follows:

				Thousands of euros
				2015
	Trading portfolio	**Financial assets available for sale**	**Maturity investment portfolio**	**Loans and advances**
Spain	26 914	7 007 594	3 258 586	-
Italy	-	-	-	-
Portugal	-	-	-	-
Ecuador	-	-	-	-
	26 914	**7 007 594**	**3 258 586**	**-**

				Thousands of euros
				2014
	Trading portfolio	**Financial assets available for sale**	**Maturity investment portfolio**	**Loans and advances**
Spain	126 639	8 103 882	5 347 159	-
Italy	37 680	535 841	-	-
Portugal	-	28 375	-	-
Ecuador	-	-	-	37
	164 319	**8 668 098**	**5 347 159**	**37**

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 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Trading portfolio	38 096	176 425
Financial assets available for sale	8 811 917	11 575 532
Credit investments	963 772	1 821 438
Held-to-maturity investments	7 239 598	9 639 624
	17 053 383	**23 213 019**

At 31 December 2015 and 2014, 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 €80 thousand and €76 thousand, respectively. Set out below is a breakdown of these securities by credit rating at 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Rating Aaa	12 017	13 467
Rating Aa1-Aa3	119 299	606 171
Rating A1-A3	554 875	666 888
Rating Baa1-Baa3	13 325 801	18 144 611
Rating Ba1-Ba3	71 915	539 934
Rating B1-C (*)	38 982	26 966
No credit rating	2 930 494	3 214 982
	17 053 383	**23 213 019**

(*) At 31 December 2015 and 2014, this quantity includes mainly bonds issued by Fondo de Reestructuración Ordenada Bancaria (FROB) and by Sociedad de Activos Procedentes de la Reestructuración Bancaria, S.A. (SAREB).

Quality of Loans and advances to customers

The Bank classifies its risks in a normal situation in the following categories: negligible risk (public and cash collateral sector), low risk (security on finished homes with lower LTV 80% and companies with rating of A or above), medium risk low (rest of collateral), medium risk (personal guarantee except consumer loans, cards and overdrafts), medium-high risk (consumption) and high risk (cards and overdrafts). The details of these risks at December 31, 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
No material risk	**23 161 298**	**26 613 742**
Of which: Non-resident Public Administrations	270 273	536 316
Of which: Advances on pensions and salaries	266 670	382 593
Of which: Personal guarantees	5 324 916	5 760 333
Of which: Guaranteed by deposits and securities	63 069	70 584
Low risk	**17 187 435**	**18 754 721**
Of which: Guaranteed by monetary policy operations	47 088	77 795
Of which: Other highly-rated companies	13 065	619 734
Of which: Secured by real property	17 061 316	17 977 792
Medium-low risk	**2 604 799**	**3 111 048**
Of which: Finance leases	54 669	65 466
Medium risk	**3 297 864**	**4 303 386**
Of which: Other operations entered in Register of Forward Sales of Moveable Property	-	-
Medium-high risk	**615 923**	**693 631**
Of which: Acquisitions of goods and services	171 067	197 974
of which: Financing of land for property development or of property construction	444 453	494 798
High risk	**292 053**	**315 203**
	47 159 372	**53 791 731**

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 2015 and 2014, excluding exposures to public administrations, broken down by counterparty type, collateral type and LTV ratio.

				Thousands of euros				
				LTV Ratio of credit with real guarantee (f)				
Balance at 31/12/2015	**Total (a)**	**Of which: Mortgage collateral (e)**	**Of which: Other collateral(e)**	**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	3 770 725	24 606	1 981 602	2 787	3 457	6 256	12 106	1 981 602
Non-financial companies and sole traders	6 169 657	2 939 895	90 022	1 411 182	949 748	456 188	114 906	97 893
Property construction and development (b)	877 774	665 849	18 438	289 903	249 503	111 300	14 434	19 147
Civil engineering construction	417 824	24 378	2 081	6 455	9 262	1 864	3 159	5 719
Other purposes	4 874 059	2 249 668	69 503	1 114 824	690 983	343 024	97 313	73 027
Large companies (c)	1 031 725	131 480	638	53 361	54 876	17 048	3 414	3 419
SMEs and sole traders (c)	3 842 334	2 118 188	68 865	1 061 463	636 107	325 976	93 899	69 608
Other households and non-profit institutions serving households (ISFLSH)	21 151 194	19 378 809	20 682	4 792 506	6 896 336	6 849 041	753 284	108 324
Housing (d)	18 925 279	18 460 307	1 827	4 354 930	6 630 707	6 702 147	711 745	62 605
Consumption (d)	1 403 721	593 897	15 245	273 601	184 788	110 238	29 243	11 272
Other purposes (d)	822 194	324 605	3 610	163 975	80 841	36 656	12 296	34 447
	31 091 576	**22 343 310**	**2 092 306**	**6 206 475**	**7 849 541**	**7 311 485**	**880 296**	**2 187 819**

				Thousands of euros				
				LTV Ratio of credit with real guarantee (f)				
Balance at 31/12/2014	**Total (a)**	**Of which: Mortgage collateral (e)**	**Of which: Other collateral(e)**	**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	3 249 015	26 777	2 055 001	3 856	3 926	-	18 995	2 055 001
Non-financial companies and sole traders	7 206 250	3 478 288	85 652	1 496 426	1 223 983	557 873	170 752	114 906
Property construction and development (b)	1 124 832	869 544	15 986	339 949	358 498	131 764	38 902	16 417
Civil engineering construction	442 840	24 387	2 724	6 593	9 441	3 097	2 334	5 646
Other purposes	5 638 578	2 584 357	66 942	1 149 884	856 044	423 012	129 516	92 843
Large companies (c)	984 430	134 860	1 221	47 674	61 340	18 273	7 036	1 758
SMEs and sole traders (c)	4 654 148	2 449 497	65 721	1 102 210	794 704	404 739	122 480	91 085
Other households and non-profit institutions serving households (ISFLSH)	22 606 804	20 596 400	38 995	4 806 084	6 954 319	7 701 384	1 068 041	105 567
Housing (d)	20 102 753	19 592 814	2 407	4 419 660	6 655 196	7 523 804	928 438	68 123
Consumption (d)	1 529 320	663 810	33 929	308 231	206 678	136 518	37 334	8 978
Other purposes (d)	974 731	339 776	2 659	78 193	92 445	41 062	102 269	28 466
	33 062 069	**24 101 465**	**2 179 648**	**6 306 366**	**8 182 228**	**8 259 257**	**1 257 788**	**2 275 474**

(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 2015 and 2014 on the Unicaja Banco Group's risk concentration by geographic area and business segment, excluding exposures to public administrations.

					Thousands of euros
Balance at 31/12/2015	**Total (a)**	**Spain**	**Rest of European Union**	**America**	**Rest of World**
Financial institutions	1 911 118	1 643 120	247 044	20 954	-
Non-financial companies and sole traders	9 752 788	9 661 806	90 352	630	-
Property construction and development (b)	7 787 820	7 723 808	61 810	807	3
Civil engineering construction	1 091 666	1 080 865	10 801	-	-
Other purposes	501 161	501 121	40	-	-
Large companies (c)	6 194 993	6 141 822	50 969	807	1 395
SMEs and sole traders (c)	1 726 493	1 703 977	22 516	-	-
Other households and non-profit institutions serving households (ISFLSH)	4 468 500	4 437 845	28 453	807	1 395
Housing (d)	21 626 998	21 401 247	184 458	20 770	20 523
Consumption (d)	18 927 716	18 742 050	152 345	13 344	19 977
Other purposes (d)	1 411 465	1 385 822	19 274	6 197	172
Financial institutions	1 287 817	1 273 375	12 839	1 229	374
	41 078 724	**40 429 981**	**583 664**	**43 161**	**20 526**

					Thousands of euros
Balance at 31/12/2014	**Total (a)**	**Spain**	**Rest of European Union**	**America**	**Rest of World**
Financial institutions	2 915 111	2 536 415	367 744	9 685	1 267
Non-financial companies and sole traders	11 310 302	10 598 738	687 446	20 135	3 983
Property construction and development (b)	8 853 141	8 766 101	84 136	930	1 974
Civil engineering construction	1 372 351	1 354 816	17 535	-	-
Other purposes	545 383	544 658	725	-	-
Large companies (c)	6 935 407	6 866 627	65 876	930	1 974
SMEs and sole traders (c)	1 703 182	1 684 916	18 266	-	-
Other households and non-profit institutions serving households (ISFLSH)	5 232 225	5 181 711	47 610	930	1 974
Housing (d)	22 847 302	22 596 563	210 479	20 760	19 500
Consumption (d)	20 105 301	19 896 189	177 308	13 077	18 727
Other purposes (d)	1 537 912	1 512 816	18 557	6 285	254
Financial institutions	1 204 089	1 187 558	14 614	1 398	519
	45 925 856	**44 497 817**	**1 349 805**	**51 510**	**26 724**

(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 2015 and 2014 by autonomous region and by business segment, excluding exposures to public administrations:

						Thousands of euros
Balance at 31/12/ 2015	**Total (a)**	**Andalucía**	**Madrid**	**Castilla (*)**	**Levante (*)**	**Resto de comunidades autónomas**
Financial institutions	1 643 120	161 662	1 063 167	-	229 889	188 402
Other Financial institutions	9 661 806	190 386	9 289 216	135 339	44 196	2 669
Non-financial companies and sole traders	7 723 808	2 964 411	1 936 359	1 385 144	343 553	1 094 341
Property construction and development (b)	1 080 865	686 361	217 128	124 161	9 083	44 132
Civil engineering construction	501 121	119 648	362 021	14 890	428	4 134
Other purposes	6 141 822	2 158 402	1 357 210	1 246 093	334 042	1 046 075
Large companies (c)	1 703 977	226 598	631 796	17 436	154 715	673 432
SMEs and sole traders (c)	4 437 845	1 931 804	725 414	1 228 657	179 327	372 643
Other households and non-profit institutions serving households (ISFLSH)	21 401 247	10 259 007	2 293 364	5 958 871	652 819	2 237 186
Housing (d)	18 742 050	9 017 327	2 082 832	4 973 882	613 661	2 054 348
Consumption (d)	1 385 822	914 566	93 451	273 891	17 429	86 485
Other purposes (d)	1 273 375	327 114	117 081	711 098	21 729	96 353
	40 429 981	**13 575 466**	**14 582 106**	**7 479 354**	**1 270 457**	**3 522 598**

						Thousands of euros
Balance at 31/12/ 2'14	**Total (a)**	**Andalucía**	**Madrid**	**Castilla (*)**	**Levante (*)**	**Resto de comunidades autónomas**
Financial institutions	2 536 415	191 902	1 052 944	10 146	735 569	545 854
Other Financial institutions	10 598 738	194 558	10 007 065	380 449	4 248	12 418
Non-financial companies and sole traders	8 766 101	3 308 173	2 234 560	1 814 002	369 799	1 039 567
Property construction and development (b)	1 354 816	861 330	285 769	139 545	13 390	54 782
Civil engineering construction	544 658	130 040	391 251	15 936	1 461	5 970
Other purposes	6 866 627	2 316 803	1 557 540	1 658 521	354 948	978 815
Large companies (c)	1 684 916	156 852	721 632	124 878	157 525	524 029
SMEs and sole traders (c)	5 181 711	2 159 951	835 908	1 533 643	197 423	454 786
Other households and non-profit institutions serving households (ISFLSH)	22 596 563	10 866 778	2 408 899	6 188 186	704 852	2 427 848
Housing (d)	19 896 189	9 552 624	2 181 633	5 295 780	656 010	2 210 142
Consumption (d)	1 512 816	977 530	104 801	308 047	21 746	100 692
Other purposes (d)	1 187 558	336 624	122 465	584 359	27 096	117 014
	44 497 817	**14 561 411**	**15 703 468**	**8 392 783**	**1 814 468**	**4 025 687**

(*) The geographical area called "Castilla" includes Castilla-La Mancha and Castilla y León, and the geographical area called "Levante" includes Cataluña, Comunidad Valenciana and Murcia.

(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

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 analyze, 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 table shows a maturity matrix or revisions shown grouping the carrying value of assets and liabilities based on repricing dates of interest rates or maturity; depending on which of them is nearer in time, corresponding to the balances of the main entities of the group (in this case, Unicaja Banco and EspañaDuero) as of December 31, 2015 and 2014.

31 December 2015								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	10 817 424	9 770 487	16 904 417	1 024 133	2 358 361	1 547 603	464 467	9 208 053
After adjustments for coverage	10 717 424	10 786 759	16 986 417	1 274 133	2 869 361	1 647 603	464 467	7 348 780

31 December 2015								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	8 062 239	6 075 057	10 872 062	3 502 085	3 173 141	9 300 751	1 425 724	6 253 474
After adjustments for coverage	8 062 539	6 549 041	13 545 467	3 147 085	2 588 841	9 186 726	1 159 057	4 425 776

31 December 2014								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	9 314 022	10 024 286	23 153 151	2 728 078	435 814	1 558 214	1 671 232	7 778 089
After adjustments for coverage	8 914 022	12 736 098	23 528 151	2 728 078	685 814	1 558 214	635 134	5 877 374

31 December 2014								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	16 426 164	4 438 238	9 187 558	6 407 403	1 654 210	9 402 501	669 757	5 229 808
After adjustments for coverage	14 426 464	7 759 995	12 160 964	5 259 629	1 299 210	8 818 202	555 732	3 135 444

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 2015 and 2014, 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:

	2015	**2014**
Financial income expected in 12 months	Lower than 5%	Lower than 7%
Economic value	Lower than 4%	Lower than 8%

28. Exposure to other market risks

Market risk relates to the losses that the Group 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 Markets and Models 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 2015 and 2014:

	Thousands of euros		
Decline in the market price (quotations)	**Impact on results**	**Impact on valuation adjustments**	**Total impact on equity**
Impact at 31 December 2014 of a 1% decrease in the market price	-	5 929	5 929
Impact at 31 December 2013 of a 1% decrease in the market price	-	4 805	4 805

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 2015 and 2014 totals €151,087 thousand and €240,791 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 minimize potential adverse impacts of foreign exchange fluctuations on capital adequacy ratios and on contributions to the results of foreign currency investments.

At 31 December 2015 and 2014, 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 2015 and 2014 is analysed below:

	Thousands of euros	
	2015	**2014**
Equivalent value of the assets in foreign currency	**104 755**	**99 602**
Of which:% in U.S. dollars	83%	83%
Of which:% in sterling	8%	7%
Of which:% quoted in other currencies in the Spanish market	9%	10%
Equivalent value of foreign currency liabilities	**69 217**	**67 243**
Of which:% in U.S. dollars	84%	85%
Of which:% in sterling	6%	6%
Of which:% quoted in other currencies in the Spanish market	10%	9%

The equivalent value in euros of assets denominated in foreign currencies accounts for 0.17% and 0.15% of total consolidated assets at 31 December 2015 and 2014, respectively, while the equivalent value in euros of liabilities denominated in foreign currencies represents 0.12% and 0.10% of total consolidated assets at the respective dates.

29. Director’s duties of loyalty

In accordance with the provisions of Article 229 of Law 31/2014 (3) which amends the Spanish Companies Act 2010 to improve corporate governance and to reinforce the transparency of public limited liability companies, the Directors have informed the Entity that in 2015 they or persons associated with them, as defined by Article 231 of the Spanish Companies Act 2010:

a) Carried out transactions with the entity, excluding ordinary transactions carried out under standard customer conditions and of little relevance, with the understanding that the information for such transactions is not necessary to express a true and fair view of the equity, financial situation and the results of the entity.

b) They have not used the name of the Company or invoked their position as Director to unduly influence private transactions.

c) They have not made use of business assets, including the Company's confidential information, for private purposes.

d) Business opportunities with the entity have not been taken.

e) No advantages for compensation from third parties other than the Company and its group have not been obtained with respect to the performance of their duties, except when involving merely courtesy gifts.

f) No activities have been carried out on their own behalf or the behalf of a third party that represent effective competition, whether actual or potential, with the entity or which, in any other way, places them in permanent conflict with the entity's interests.

Without affecting the statements made in the preceding paragraphs, it should be noted that Mr. Manuel Atencia Robledo (Executive Vice Chair of the Bank), provided written notification to the Bank's Nomination and Compensation Committee on 13 November 2014 that he had subscribed to 120 shares representing 4% of the capital of GV&AR Newco Corporate & Investment Services, S.L., whose corporate purpose is "advisory services regarding capital structures, financial restructuring, industrial strategy and similar matters, as well as advisory and other services relating to the valuation of companies, mergers, spin-offs, sales, the acquisition of companies and obtaining financing, excluding legal and tax advisory services in these areas". The Company's bylaws expressly state that "under no circumstances does the corporate purpose include the activities reserved for credit institutions, which are expressly excluded".

The Bank's Executive Vice Chair also stated that he is not an administrator and has no responsibility whatsoever with respect to the company's management and his brothers, which own shares in that company, also do not hold management positions. He further stated that he understood that both his shareholding in the company and those held by persons associated with him do not constitute effective competition with Unicaja Banco that represents a permanent conflict of interest with the Bank's interests.

At the request of the Director, at a meeting held on 17 December 2014 the Nomination and Compensation Committee at Unicaja Banco adopted a resolution stating that there were no circumstances that impede the Director from holding the 120 shares representing 4% of the share capital of the company and that there were no circumstances, due to the sole reason of holding that interest, represent any incompatibility or limitation to the conditions necessary to being a Bank Director.

30. Other significant information

30.1 Contingent exposures

Set out below is a breakdown of contingent exposures assumed by the Group at 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Financial guarantees	114 100	98 437
Technical guarantees	977 495	1 105 051
Credit derivatives sold	-	150 000
Irrevocable documentary credits	2 517	2 609
Other commitments	2 310	1 615
	1 096 422	**1 357 712**

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 2015 and 2014 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 2015 and 2014 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 2015 and 2014 was as follows:

	Thousands of euros	
	2015	**2014**
Pledge of securities	6 767 700	10 044 005
Pledge of non-mortgage loans	596 892	791 600
	7 364 592	**10 835 605**

At 31 December 2015 and 2014, 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 2015 and 2014 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
		2015		2014
	Available amount	Limit granted	Available amount	Limit granted
With immediate availability -	**2 124 593**	**3 545 155**	**2 033 283**	**3 865 850**
Credit institutions	1 984	73 803	3 761	58 433
Public entities	130 414	199 151	109 272	317 372
Other sectors	1 992 195	3 272 201	1 920 250	3 490 045
Available subject to conditions -	**472 815**	**2 455 594**	**567 252**	**2 736 507**
Public entities	30 014	148 077	37 143	152 576
Other sectors	442 801	2 307 517	530 109	2 583 931
	2 597 408	**6 000 749**	**2 600 535**	**6 602 357**

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 2015 and 2014 is as follows:

		Thousands of euros
	2015	2014
Mutual funds	2 418 987	4 517 098
Investment funds	2 754 645	125 223
Other financial instruments	155 738	211 639
Assets under management	850 238	871 906
	6 179 608	**5 725 866**

Set out below is a breakdown of off-balance sheet customer funds marketed by the Group in 2015 and 2014:

		Thousands of euros
	2015	2014
Mutual funds	5 060 669	4 605 841
Investment funds	132 867	125 223
Pension funds	2 193 119	2 132 607
Assets under management	850 238	871 906
Insurance products	2 835 392	3 202 578
	11 072 285	**10 938 155**

Additionally, following is a breakdown of the fair value of third-party funds held in custody of the Group at 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Debt securities and equity instruments	4 049 414	10 263 531
Other financial instruments	-	356 484
	4 049 414	**10 620 015**

The balance of the heading "Debt and equity instruments" has been reduced significantly during the year 2015 as a result of the transfer of depository activity of investment funds Cecabank dated 18 September 2015 (Note 38).

30.5. Financial instrument reclassifications

During 2015 and 2014 the Group has not performed reclassifications of debt securities.

The balance of the heading "Debt and equity instruments" has been reduced significantly during the year 2015 as a result of the transfer of depository activity of investment funds Cecabank dated 18 September 2015 (Note 38).

30.6 Asset securitization

The outstanding balance for transfers of financial assets made by the Group at 31 December 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Written off the balance before January 1, 2004	-	-
Held entirely in balance sheet		
AyT Colaterales Global Hipotecario Caja España, I, F.T.A.	-	163 560
	-	**163 560**

The main characteristics of each securitization in the year 2015 and 2014 are the following:

	Thousands of euros					
	Serial	**Amount**	**31/12/15**	**31/12/14**	**Return**	**Maturity**
FUND						
	A	437 500	-	102 548	Euribor 6m + 0,30%	24/05/2047
	B	45 000	-	45 000	Euribor 6m + 0,60%	24/05/2047
AyT Colaterales Global Hipotecario I, F.T.A.	C	11 000	-	11 000	Euribor 6m + 1,50%	24/05/2047
Caja España, F.T.A.	D	6 500	-	6 500	Euribor 6m + 2,50%	24/05/2047
		500 000	**-**	**165 048**		

At December 31, 2014, as a result of the conditions agreed for the transfer of assets, the Group retained substantial risks and rewards of the asset-backed securities, and the same have not been written off the balance sheet and accounted for, as stated regulations, a financial liability for an amount equal to the consideration received, which is valued at amortized cost. Moreover, the Group recorded bonds issued by asset securitization funds that had subscribed in each of these transactions, netting the mentioned financial liability.

On April 22, 2015 was carried out by EspañaDuero repurchase all of the assets of the "Global Mortgage Collateral Series AyT Caja España I" Fund Asset Securitization "Global Mortgage Collateral AyT F.T.A." The repurchase price of the assets was €160,979 thousand, equal to the outstanding balance of such assets, including assets related to bad debts, plus interest accrued and unpaid. On April 29, 2015 it was agreed with the Management Company of the Fund early liquidation of the Series.

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 2015 and 2014 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
		2015		**2014**
Derivative financial instruments	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Gross exposure (book value)	**793 976**	**217 143**	**974 367**	**107 009**
Netting agreements and collaterals	**(788 540)**	**(97 436)**	**(741 640)**	**(104 210)**
Netting arrangements	-	-	-	-
Collateral received/furnished	(788 540)	(97 436)	(741 640)	(104 210)
Net exposure	**5 436**	**119 707**	**232 727**	**2 799**

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
		2015		**2014**
Guarantees associated with acquisitions and temporary assignment of assets	**Delivered**	**Received**	**Delivered**	**Received**
In cash	145 515	9 510	129 520	-
In stock	-	-	-	-
	145 515	**9 510**	**129 520**	**-**

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 2015 and 2014:

	Thousands of euros	
	2015	2014
Balances at central banks (Note 7)	69	472
Deposits with credit institutions (Note 10.1)	1 585	10 219
Money market operations through counterparties (Note 10.1)	389	6 179
Loans and advances to customers (Note 10.1)	856 690	912 484
Debt securities	385 137	519 130
Doubtful assets (Note 10.1)	27 467	17 742
Rectification of revenues arising from accounting hedges	1 581	3 333
Insurance contracts related to pensions and similar obligations	1 946	3 565
Other revenues	5 024	934
	1 279 888	**1 474 058**

Set out below is a breakdown of the amounts recognized in “Interest and similar income” in the consolidated income statements for 2015 and 2014, classified on the basis of the relevant financial instrument portfolio:

	Miles de euros	
	2015	2014
Financial assets at fair value through profit or loss - Trading portfolio (Note 8.1)	208	3 647
Financial assets available for sale (Note 9.1)	166 057	181 418
Maturity investment portfolio (Note 9.4)	202 496	261 181
Loans and receivables	902 117	1 013 801
Money market operations through counterparties	389	6 179
Rectification of income resulting from hedge accounting	1 581	3 333
Other income	7 040	4 499
	1 279 888	**1 474 058**

32. Interest expense and similar charges

The breakdown of the balance of this caption in the consolidated income statements for 2015 and 2014 is as follows:

	Thousands of euros	
	2015	2014
Deposits from central banks (Note 16.1)	3 005	14 262
Deposits from credit institutions (Note 16.2)	14 047	19 289
Money market operations through counterparties (Note 16.3)	1	4 288
Deposits from other creditors (Note 16.3)	603 925	718 084
Debt securities issued (Note 16.4)	56 077	101 969
Subordinated liabilities (Note 16.5)	55 072	40 073
Rectification of costs arising from accounting hedges	(148 654)	(151 581)
Costs attributable to pension funds arranged (Note 17)	3 339	5 498
Other interests	5 549	3 502
	592 361	**755 384**

Set out below is a breakdown of the amounts recognized in “Interest expense and similar charges” in the consolidated income statements for 2015 and 2014, classified on the basis of the relevant financial instrument portfolio:

	Thousands of euros	
	2015	2014
Financial liabilities at amortized cost	732 127	897 965
Rectification of costs arising from accounting hedges	(148 654)	(151 581)
Other interests	8 888	9 000
	592 361	**755 384**

33. Return on equity instruments

The breakdown of the balance of this caption in the consolidated income statements for 2015 and 2014 by portfolio and nature of the financial instruments is as follows:

	Thousands of euros	
	2015	2014
Equity instruments classified as:		
Financial assets held for trading	-	-
Available-for-sale financial assets	34 934	36 273
	34 934	36 273
Equity instruments having the nature of:		
Shares	34 934	36 273
Investments in Institutions of Collective Investment	-	-
	34 934	**36 273**

34. Results of equity-consolidated entities

A breakdown by company of this consolidated income statement caption for 2015 and 2014 is as follows:

	Thousands of euros	
	2015	2014
Autopista del Sol, Concesionaria Española, S.A.	(1 526)	(1 392)
E.B.N. Banco de Negocios, S.A.	-	1 489
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	22 706	20 416
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	4 504	3 658
Deoleo, S.A.	(3 739)	(2 422)
Sociedad Municipal de Aparcamientos y Servicios, S.A.	429	268
Ingeniería e Integración Avanzadas, S.A. (Ingenia)	(194)	(9)
Autopista del Guadalmedina, Concesionaria Española, S.A.	(1 232)	(1 934)
ADE Gestión Sodical, S.G.E.R., S.A.	(2)	3
Ahorro Gestión de Inmuebles, S.A.	(69)	(63)
Barrancarnes Transformación Artesanal, S.A.	16	(27)
Corporación Hotelera Oriental	(807)	25
Capredo Investments GMBH	(73)	616
Cartera Perseidas, S.L.	2	8
Centro de Tecnologías Informáticas, S.A.	36	9
Gestión e Investigación de Activos, S.A.	151	134
Investigación y Desarrollo de Energías Renovables, S.L.	333	525
Aciturri Aeronáutica, S.L.	3 505	1 835
Edigrup Producciones TV, S.A.	411	406
Resto de sociedades	(535)	(12 396)
	23 916	**11 149**

35. Fee and commission income

Set out below is fee revenue accrued in 2015 and 2014, 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	
	2015	2014
Interest and similar revenues		
Origination fees	24 656	27 683
	24 656	**27 683**
Fees received		
Fees relating to contingent risks	10 099	10 054
Fees relating to contingent commitments	3 994	3 565
Fees relating to collection and payment services	123 278	125 612
Fees relating to investment and complementary activities	48 334	30 800
Fees relating to foreign currency and note exchange	386	391
Fees relating to marketing of non-bank financial products	84 280	65 464
Other	4 722	14 566
	275 093	**250 452**
Other operating income		
Compensatory fees of direct costs (Note 38)	3 002	2 785
	3 002	**2 785**

36. Fee and commission expense

Set out below is fee and commission expense accrued in2015 and 2014, 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	
	2015	**2014**
Fee and commission expense		
Commissions paid to intermediaries	3 119	2 498
Other commissions	339	279
	3 458	**2 777**
Fees Paid		
Debit and credit operations	466	487
Commissions ceded to other Banks and correspondent banks	10 794	16 371
Commission expense on securities transactions	1 211	1 259
Other Fees	23 872	5 100
	36 343	**23 217**

37. Gains or losses on financial assets and liabilities

The breakdown of the balance of this caption in the consolidated income statements for 2015 and 2014 by portfolio of the financial instruments involved is as follows:

	Thousands of euros	
	2015	**2014**
Trading portfolio	(34 247)	(8 941)
Available-for-sale financial assets (Note 9.3)	128 763	273 733
Equity instruments	*276*	*13 324*
Debt	*128 487*	*260 409*
Credit investments	139 934	22 136
Held-to-maturity investments (Note 9.4)	327 024	103 246
Financial liabilities at amortized cost	-	13
Hedging derivatives	126	(121)
	561 600	**390 066**

In the years 2015 and 2014, the amount collected under the heading "Results from financial operations - assets held for sale - Equity instruments" mainly comprises disposal operations described in Note 9.1.

In 2015, profits recognized in relation to held-to-maturity securities, totalling €139,934 thousand (€103,246thousand in 2014), 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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Income from property investments (Note 13.2)	13 917	13 550
Income from insurance and reinsurance	41 659	31 432
Commissions offsetting direct costs (Note 35)	3 002	2 785
Sales and income from non-financial services	26 377	31 406
Other	86 304	15 247
	171 259	**94 420**

As part of the balance of the heading "Other non-recurring items" the result generated by the Group in the transmission of depository activity of investment funds Cecabank (Note 30.4) is included.

39. Other operating expense

This breakdown of this heading in the consolidated income statements for 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Operating expenses on Real State (Note 13.2)	2 408	2 187
Insurance and re-insurance contracts charges	29 206	21 246
Contribution to the Deposit Guarantee Fund (Note 1.10)	43 323	64 582
Contribution to the National Resolution Fund (Note 1.11)	19 220	-
Other	51 612	46 186
	145 769	**134 201**

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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Wages and salaries	330 590	306 335
Social securities costs	91 318	87 333
Appropriations to defined benefit pension plans	311	283
Appropriations to defined contribution pension plans	10 272	9 908
Indenisations	1 789	1 321
Staff training expenses	1 079	1 120
Other staff costs	10 051	8 672
	445 410	**414 972**

The average number of Group's employees, by professional category, at 31 December 2015 and 2014is as follows:

	Average number of Employees			
	2015		2014	
	Men	Women	Men	Women
Group 1	**2 402**	**1 748**	**2 566**	**1 784**
Level I	13	1	14	1
Level II	35	4	41	4
Level III	136	18	136	18
Level IV	306	74	325	70
Level V	697	288	708	267
Level VI	292	125	359	144
Level VII	352	302	367	299
Level VIII	307	370	301	327
Level IX	61	126	81	155
Level X	59	170	51	154
Level XI	128	240	163	308
Level XII	12	26	16	32
Level XIII	4	4	4	5
Group 2	**21**	**5**	**20**	**7**
Level I	3	-	3	-
Level II	12	5	12	5
Level III	2	-	2	2
Level IV	3	-	2	-
Level V	1	-	1	-
Cleaners	**-**	**10**	**-**	**12**
Total Parent	**2 423**	**1 763**	**2 586**	**1 803**
Other subsidiaries	**1 988**	**1 751**	**2 209**	**1 897**

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 2015 and 2014:

	Thousands of euros	
	2015	2014
Provisions - Provisions for pensions and similar obligations -	**312 089**	**353 633**
Post-employment benefits	179 579	190 288
Other long-term benefits	132 510	163 345
Insurance contracts linked to pensions	**142 311**	**147 763**
Post-employment benefits	142 311	147 763

Changes in the provisions recognized by the Group during the years ended 31 December 2015 and 2014 are detailed in Note 17.

40.1.1 Post-employment commitments

During 2002 the Parent Company agreed with its employees to modify and transform the employee pension supplement system into a mixed model of defined contribution and defined benefit, establishing a pension plan externalized employment was formalized in Unifondo Pensiones V, Fondo de Pensiones. To finish this modification and transformation, the Entity 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, 2015 and 2014, the balance of Unifondo Pensiones V, Fondo de Pensiones amounted to €308,011 thousand and €308,745 thousand, respectively. This amount covers needs of defined contribution and defined benefits commitments calculated in Note 2.12.

During 2014 Unicaja Banco Group acquired 60.70% in the share capital of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero) which, in accordance with its current employment agreements, must pay a supplement for Social Security benefits relating to its employees, or their heirs, in the case of retirement, widowhood, orphan hood, permanent disability or serious disability. EspañaDuero' post-employment commitments are included in the consolidated financial statements for Unicaja Banco starting on the date control was acquired (on 28 March 2014, as is stated in Note 1.2).

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 Group:

<u>Defined benefit plans</u>

The contributions made by the Group to the fund of external pension funds in 2015 amounted to €10,272 thousand (€9,908 thousand in 2014) and are recognized in “Staff costs” in the income statement.

<u>Defined contribution plans</u>

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: unbiased and mutually compatible

- 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 2015 and 2014 the fair value of the assets allocated to cover post-employment remuneration is as follows:

	Thousands of euros	
	2015	2014
Nature of assets allocated to cover commitments		
Assets of the plan covered by insurance policy with Unicorp Vida, S.A.	105 073	112 733
Insurance policies contracted by the plan with Unicorp Vida, S.A. and allocated to cover defined benefit commitments	144 825	147 762
Uninsured defined contribution pension plan	5 368	5 846
External defined contribution pension plan	461 706	478 911
	716 972	**745 252**

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 2015 and 2014 totaled €10,272 thousand and €9,908 thousand, respectively (Note 40.1.1.1).

40.1.1.3 Information on defined-benefit post-employment commitments

The total amount of actuarial gains and losses on defined benefit plans that have been recorded in the statement of recognized income and expense consolidated profit for 2015 will not be reclassified to income amounted to €3,836 thousand gross loss (€5,567 thousand the year 2014), which after the tax effect of €2,686 thousand represent net loss (€3,897 thousand in 2014).

Set out below is the reconciliation between the opening and closing balances of the present value of Unicaja Banco's defined benefit commitments for 2015 and 2014:

	Thousands of euros				
2015	**Plan 1 Unicaja**	**Plan 2 Unicaja**	**Plan 1 BCEISS**	**Plan 2 BCEISS**	**Total**
Present value of obligations at January 1, 2015	**114 083**	**41 346**	**7 438**	**108 364**	**271 231**
(i) Cost of current services	295	16	27	15	353
(ii) Borrowing costs	1 580	622	223	1 576	4 001
(iii) Contributions made by plan participants	-	-	-	-	-
(vi) Actuarial losses and gains	(2 480)	(1 737)	452	(7 326)	(11 091)
iv.1. Due to changes in demographic assumptions	(400)	167	198	(5 065)	(5 100)
iv.2. Due to changes in financial assumptions	(2 080)	(1 904)	254	(2 261)	(5 991)
iv.3. Adjustments due to experience	-	-	-	-	-
(v) Exchange rate changes	-	-	-	-	-
(vi) Benefits paid	(7 193)	(1 490)	(743)	(6 758)	(16 184)
(vii) Cost of past services	-	-	-	-	-
(viii) Business combinations (Note 1.13)	-	-	2 210	3 165	5 375
(ix) Reductions	-	-	(199)	-	(199)
(x) Plan settlements	(577)	-	-	-	(577)
Present value of obligations at December 31, 2015	**105 708**	**38 757**	**9 408**	**99 036**	**252 909**

2014	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 BCEISS	Plan 2 BCEISS	Total
					Thousands of euros
Present value of obligations at January 1, 2014	**105 074**	**36 378**	**-**	**-**	**141 452**
(i) Cost of current services	255	28	28	21	332
(ii) Borrowing costs	2 853	1 064	192	3 065	7 174
(iii) Contributions made by plan participants	-	-	-	-	-
(vi) Actuarial losses and gains	14 018	5 355	1 128	15 104	35 605
iv.1. Due to changes in demographic assumptions	916	123	(159)	(427)	453
iv.2. Due to changes in financial assumptions	13 102	5 232	1 287	15 531	35 152
iv.3. Adjustments due to experience	-	-	-	-	-
(v) Exchange rate changes	-	-	-	-	-
(vi) Benefits paid	(8 085)	(1 479)	(613)	(6 640)	(16 817)
(vii) Cost of past services	-	-	-	-	-
(viii) Business combinations (Note 1.13)	-	-	7 075	98 132	105 207
(ix) Reductions	-	-	(372)	(1 318)	(1 690)
(x) Plan settlements	(32)	-	-	-	(32)
Present value of obligations at December 31, 2014	**114 083**	**41 346**	**7 438**	**108 364**	**271 231**

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 2015 and 2014:

2015	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 BCEISS	Plan 2 BCEISS	Total
					Thousands of euros
Present value of obligations at January 1, 2015	**112 922**	**31 324**	**6 557**	**79 122**	**229 925**
(i) Cost of current services	213	-	6	(372)	(153)
(ii) Borrowing costs	1 469	462	364	1 156	3 451
(iii) Contributions made by plan participants	-	-	-	-	-
(iv) Actuarial losses and gains	(319)	(443)	216	(4 503)	(5 049)
iv.1. Due to changes in demographic assumptions	509	19	(80)	(4 742)	(4 294)
iv.2. Due to changes in financial assumptions	(828)	(462)	296	239	(755)
iv.3. Adjustments due to experience	-	-	-	-	-
(v) Exchange rate changes	-	-	-	-	-
(vi) Benefits paid	(7 193)	(1 490)	(743)	(5 067)	(14 493)
(vii) Cost of past services	-	-	-	-	-
(viii) Business combinations	-	-	2 210	3 165	5 375
(ix) Reductions	-	-	(182)	-	(182)
(x) Plan settlements	(394)	-	-	-	(394)
Present value of obligations at December 31, 2015	**106 698**	**29 853**	**8 428**	**73 501**	**218 480**

2014	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 BCEISS	Plan 2 BCEISS	Total
					Thousands of euros
Present value of obligations at January 1, 2014	**104 078**	**28 019**	**-**	**-**	**132 097**
(i) Cost of current services	276	77	13	(2 954)	(2 588)
(ii) Borrowing costs	2 740	800	282	2 228	6 050
(iii) Contributions made by plan participants	-	-	-	-	-
(iv) Actuarial losses and gains	13 921	3 907	-	12 185	30 013
iv.1. Due to changes in demographic assumptions	(841)	(37)	9	(310)	(1 179)
iv.2. Due to changes in financial assumptions	14 762	3 944	(9)	12 495	31 192
iv.3. Adjustments due to experience	-	-	-	-	-
(v) Exchange rate changes	-	-	-	-	-
(vi) Benefits paid	(8 085)	(1 479)	(613)	(4 912)	(15 089)
(vii) Cost of past services	-	-	-	-	-
(viii) Business combinations	-	-	7 300	73 881	81 181
(ix) Reductions	-	-	(425)	(1 306)	(1 731)
(x) Plan settlements	(8)	-	-	-	(8)
Present value of obligations at December 31, 2014	**112 922**	**31 324**	**6 557**	**79 122**	**229 925**

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 2015 and 2014:

					Thousands of euros
2015	**Plan 1 Unicaja**	**Plan 2 Unicaja**	**Plan 1 BCEISS**	**Plan 2 BCEISS**	**Total**
Present value of obligations at December 31, 2014	**105 708**	**38 757**	**9 408**	**99 036**	**252 909**
(i) Cost of past services not recognized in the balance sheet	-	-	-	-	-
(ii) Any amount not capitalized	-	-	-	2 787	2 787
(iii) Fair value of any reimbursement right Capitalized	169	-	-	-	169
(iv) Other amounts recognized in the balance sheet	-	(38 757)	(1 526)	(33 588)	(73 871)
Fair value of assets at December 31, 2015	**105 877**	**-**	**7 882**	**68 235**	**181 994**

					Thousands of euros
2014	**Plan 1 Unicaja**	**Plan 2 Unicaja**	**Plan 1 BCEISS**	**Plan 2 BCEISS**	**Total**
Present value of obligations at December 31, 2013	**114 083**	**41 346**	**7 438**	**108 364**	**271 231**
(i) Cost of past services not recognized in the balance sheet	-	-	-	-	-
(ii) Any amount not capitalized	-	-	-	1 220	1 220
(iii) Fair value of any reimbursement right Capitalized	-	-	-	-	-
(iv) Other amounts recognized in the balance sheet	(1 980)	(41 346)	(1 592)	(33 267)	(78 185)
Fair value of assets at December 31, 2014	**112 103**	**-**	**5 846**	**76 317**	**194 266**

Set out below is a breakdown of the total expense recognized in the consolidated income statements for 2015 and 2014:

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
2015	**Plan 1 Unicaja**	**Plan 2 Unicaja**	**Plan 1 BCEISS**	**Plan 2 BCEISS**	**Total**
a) Cost of current services	295	16	27	15	353
b) Borrowing costs	120	622	15	542	1 299
c) Expected return on assets	(8)	(462)	(156)	(109)	(735)
d) Cost of past services recognized during the period	-	-	-	-	-
e) Past service costs recognized in the year	(183)	-	(17)	-	(200)

					Thousands of euros
2014	**Plan 1 Unicaja**	**Plan 2 Unicaja**	**Plan 1 BCEISS**	**Plan 2 BCEISS**	**Total**
a) Cost of current services	255	28	28	21	332
b) Borrowing costs	134	1 064	28	982	2 208
c) Expected return on assets	(21)	(800)	(36)	(113)	(970)
d) Cost of past services recognized during the period	-	-	-	-	-
e) Past service costs recognized in the year	(25)	-	53	(106)	(78)

Set out below are the main actuarial assumptions used by Unicaja Banco at 31 December 2015:

Plan 1 Actuarial Assumptions of Unicaja Banco:

- 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 2015 for highly-rated Eurozone corporate bonds.
    - Each commitment has a term of between 19.31 and 9.38 for the commitments and between 12.53 and 2.28 for the assets.
    - The rates applied to each commitment fluctuate between 1.76% and 1.52% for the commitments and 1.65% and 0.42% 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 0.85% is applied.
    - For assets covering commitments insured under the Group III policy (Defined Benefit. Employees from Banco Urquijo), a rate of 0.85% is applied.
    - For assets covering commitments insured under the Group VI policy (Plan beneficiaries) with cash-flow matching, a rate of 1.40% 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 1.50% is applied.
    - For assets covering commitments insured under the policy for benefits not financed by the Plan due to contribution limits, a rate of 0.82% is applied and a rate of 1.49% for the liabilities.
- Estimated retirement age: 65, except for participants in respect of whom the retirement age is brought forward.
- Rotation: No

Plan 2 Actuarial Assumptions of Unicaja Banco:

- 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 2015 for highly-rated Eurozone corporate bonds.
    - Each commitment has a term of between 19.69 and 10.15 for the commitments and between 14.53 and 2.41 for the assets.
    - The rates applied to each commitment fluctuate between 1.76% and 1.55% for the commitments and 1.71% and 0.14% for the assets.
- Salary growth rate: 5%
- Social Security pension growth rate: 0%

- o 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%
- o Pension increase rate: 3%
- o 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 0.69% is applied and a rate of 1.55% for the liabilities.
  - For assets covering commitments insured under the policy for early-retired employees with cash-flow matching, a rate of 0.35% is applied.
  - For assets covering commitments insured under the policy of liabilities, a rate of 0.35% is applied.
  - For assets to cover obligations insured income policy, the applied rate is 1.44%.
- o Estimated retirement age: 65.
- o Rotation: No

On the other hand, the main actuarial assumptions used by EspañaDuero related to 31 December 2015 are the below:

Plan 1 of EspañaDuero Actuarial Assumptions:

- o Updated tables: PERMF 2000P
- o Discount rates:
  - Market rate as per the financial term of commitment flows and applying the IBOXX AA Corporate curve at 31 December 2015 for highly-rated bonds (AA).
  - Each commitment has a duration of 6.74 for the benefit pensions, 1.71% for the benefit of beneficiaries covered in the Plan but in turn insured by an insurance policy contracted by the Plan, and 15.83 for the asset pensions.
  - The rates applied for each commitment amount to 1.30% for the benefit of beneficiaries covered in the Plan, 1.71% for beneficiaries covered by the Plan but in turn insured by an insurance policy contracted by the Plan, 1,67% for asset performance.
- o Salary growth rate: 3.5%
- o Social Security pension growth rate: 0%
- o Contribution base growth rate: 2.5%
- o Pension increase rate: 2.5%
- o Expected yield of plan assets:
  - For assets and liabilities: 4%.
  - For excess policy: 6%.
  - For the policy excesses of the plan: 1.54%.
- o Estimated retirement age: 65

Plan 2 of EspañaDuero Actuarial Assumptions:

Commitment resulting from Caja Duero:

- o Updated tables: PERMF 2000P
- o Discount rates:
  - Market rate as per the financial term of commitment flows and applying the IBOXX AA Corporate curve at 31 December 2015 for highly-rated bonds (AA).
  - Each commitment has a term of between 15.83 and 6.42 for the commitments and between 20.83 and 0.14 for the assets.
  - The rates applied to each commitment fluctuate between 1.71% and 1.28% for the commitments and 1.79% and 0.14% for the assets.
- o Salary growth rate: 3.5%
- o Social Security pension growth rate: 0
- o Contribution base growth rate: 2.5%

- o Pension increase rate: 2.5%
- o Expected yield of plan assets:
  - For assets nos included in the plan: 1.63%.
  - For insurance policy 02/02: 1.3042%
  - For assets policy 07/2: 0.35%
- o Estimated retirement age: 65.
- o Rotation: No

Commitment resulting from Caja España:

- o Updated tables: PERMF 2000P
- o Tipo de descuento:
  - Market rate as per the financial term of commitment flows and applying the IBOXX AA Corporate curve at 31 December 2015 for highly-rated bonds (AA), according to the financial duration of the commitment ratio.
  - Interest rate and financial duration of each group:
    - o Benefit Pensions policy 8.118: 1.55% (financial duration of 10.87 years).
    - o Benefit Pensions policy PCP-1.001: 1.42% (financial duration of 8.01 years).
- o Salary growth rate: 3.5%
- o Social Security pension growth rate: 0
- o Contribution base growth rate: 2.5%
- o Pension increase rate: 2.5%
- o Appreciation rate for pensions:
  - o Policy 8.118: 2%
  - o Policy PCP-1.001: 2.91%
- o Expected yield of plan assets:
  - For assets related to policy 8.118: a cash flow matching of 1.45%
  - For assets related to policy 8.118: a cash flow matching of 1.32%.
- o Estimated retirement age: 65.
- o Rotation: No

Set out below are the amounts for 2015 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 liabilities
	Plan 1 Unicaja	**Plan 2 Unicaja**	**Plan 1 BCEISS**	**Plan 2 BCEISS**	**Total**
Year 2011					
Experience adjustments	(2 685)	(1 398)	-	-	(4 083)
Value at December 31, 2010	95 815	37 504	-	-	133 319
Year 2012					
Experience adjustments	(1 185)	(612)	-	-	(1 797)
Value at December 31, 2011	93 016	37 708	-	-	130 724
Year 2013					
Experience adjustments	(1 725)	567	-	-	(1 158)
Value at December 31, 2012	105 074	36 378	-	-	141 452
Year 2014					
Experience adjustments	-	-	-	-	-
Value at December 31, 2013	114 083	41 346	7 438	108 364	271 231
Year 2015					
Experience adjustments	-	-	-	-	-
Value at December 31, 2014	105 708	38 757	9 408	99 036	252 909

	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 BCEISS	Plan 2 BCEISS	Total
					Thousands of euros
					Fair value of the assets
Year 2011					
Experience adjustments	(260)	316	-	-	56
Value at December 31, 2010	94 608	27 451	-	-	122 059
Year 2012					
Experience adjustments	(199)	(679)	-	-	(878)
Value at December 31, 2011	91 764	27 594	-	-	119 358
Year 2013					
Experience adjustments	639	(137)	-	-	502
Value at December 31, 2012	104 078	28 019	-	-	132 097
Year 2014					
Experience adjustments	-	-	-	-	-
Value at December 31, 2013	112 922	31 324	6 557	79 122	229 925
Year 2015					
Experience adjustments	-	-	-	-	-
Value at December 31, 2014	106 698	29 853	8 428	73 501	218 480

Set out below are sensitivity data for the present value of the commitments at 31 December 2015 and 2014 in relation to interest rate and salary growth fluctuations:

2015	Percentage changes	
	Increase	**Decrease**
Change in present value of commitments in the event of a 0.5% fluctuation in salaries	0,14%	(0,13%)
Change in present value of commitments in the event of a 50 bp interest rate fluctuation	(5,23%)	5,73%

2014	Percentage changes	
	Increase	**Decrease**
Change in present value of commitments in the event of a 0.5% fluctuation in salaries	0,19%	(0,18%)
Change in present value of commitments in the event of a 50 bp interest rate fluctuation	(5,45%)	5,99%

Based on the mortality tables used, the remaining life expectancy for a person who would retire at year-end 2015 is 27 years and 22 years respectively for women and men (26 years and 22 years at year-end 2014) . Also, life expectancy for a person who would retire 20 years after the end of the year 2015 is 29 years and 24 years respectively for women and men.

The main categories of assets for plans financed externally as a percentage of total plan assets are as follows:

	Thousands of euros			
	2015	%	2014	%
Equity instruments	101 412	21,97	81 892	19,08
Debt Instruments	269 566	58,41	281 065	65,48
Investment funds	31 988	6,93	39 442	9,19
Financial derivatives	5 936	1,29	(17 947)	(4,18)
Other assets	52 597	11,40	44 759	10,43
	461 499	**100,00**	**429 211**	**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	
	2015	2014
Equity instruments	-	-
Debt Instruments	-	-
Deposits and current accounts	10 416	9 922
	10 416	**9 922**

Estimated payments of post-employment commitment benefits in the coming 10 years are as follows:

	Thousands of euros					
	2016	2017	2018	2019	2020	2021-2025
Post-employment benefit	16 227	15 740	15 516	15 311	15 067	70 486
Other long-term benefit	40 877	35 564	26 631	16 411	10 455	13 792
Total benefits	**57 104**	**51 304**	**42 147**	**31 722**	**25 522**	**84 278**

As regards benefits estimated for the following year:

- o 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.

- o 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.

- o 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 €1,315 thousand in 2015 (€1,674 thousand in 2014) 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 €4,802 thousand and €4,939 thousand, respectively at 31 December 2015 and 2014 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 market rate according to the financial duration of flows of commitment and curve IBOXX AA Corporate corresponding to corporate bonds with high credit ratings Euro zone.
- The duration for each commitment varies between 9.04 and 0.73.
- The rates applied for each commitment ranging from 1.54% to 0.14%.
- The estimated retirement age of each employee is agreed.

40.2 Other general administrative expenses

The breakdown of this consolidated income statement line for 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Buildings and facilities	27 372	25 107
Rent	9 650	9 324
Information technologies	35 800	31 168
Communications	20 989	19 906
Advertising	12 102	7 259
Legal costs	10 570	4 740
Technical reports	9 672	15 319
Security services	8 378	8 120
Insurance premiums	1 375	1 360
Governing bodies	2 664	1 920
Representation costs	3 794	3 085
Association charges	2 763	3 018
Outsourcing	4 559	3 237
Taxes	30 255	28 989
Other items	8 578	6 695
	188 521	**169 247**

Included in the balance of "Other general administrative expenses" the fees paid by the Group Auditors PricewaterhouseCoopers, S.L. for the audit of its annual accounts, amounting these expenses in the year 2015 to €845 thousand (€429 thousand in 2014). Moreover, in the year 2015, the amount of fees for services rendered to Group companies using the PricewaterhouseCoopers mark in relation to other works of accounting and regulatory verification amounts to €1,053 thousand (€1.211 thousand in 2014) , and other services amounting to €442 thousand (€36 thousand in 2014).

In addition, with respect it is considered that 2015 is the first year that PricewaterhouseCoopers Auditors, S.L. audit the annual accounts EspañaDuero and its subsidiaries. During fiscal 2014, the fees paid by the Group at Deloitte (with extensions which apply) amounted to €278 thousand for audit services, €68 thousand for accounting services and regulatory verification, and €939 thousand for other services, while fees paid by the Group to KPMG (with extensions which apply) amounted to €161 thousand for audit services and €829 thousand for other services

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 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Impairment losses		
Goodwill and other intangible assets (Notes 4)	1 907	1 907
Investments (Note 12)	15 200	17 219
Other assets	52 287	60 872
	69 394	**79 998**

There follows an itemized breakdown of the consolidated balance sheet caption “Other asset impairment losses” for 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Impairment of tangible assets for own use (net) (Note 13)	1 376	256
Impairment losses on investment property (net) (Note 13)	3 148	2 686
Impairment losses on inventories (net) (Note 15)	47 763	57 930
	52 287	**60 872**

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 2015 and 2014 is as follows:

	Thousands of euros			
	2015		**2014**	
	Gains	**Losses**	**Gains**	**Losses**
On disposal of tangible assets	2 461	(9 783)	1 088	(4 924)
On disposal of investments	15 188	(11 042)	2 201	-
Other items	202	(50)	255	(18)
	17 851	**(20 875)**	**3 544**	**(4 942)**

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 2015 and 2014 is as follows:

	Thousands of euros			
	2015		2014	
	Gains	Losses	Gains	Losses
On disposal of tangible assets	25 736	(5 359)	12 754	(17 417)
On disposal of associates		(37)		
Provision to impairment loses on non-current assets held for sale (Note 15)	-	(54 680)	-	(17 727)
Other items	-	-	40 335	(48 853)
	25 736	**(60 076)**	**53 089**	**(83 997)**

At 31 December 2015 and 2014, "Other" mainly includes results associated with equity instruments classified as non-current assets held for sale, and not considered discontinued operations.

44. Related parties

In addition to the information presented in Note 6 relative to the balances and transactions with the members of the Controlling Company'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 2015 and 2014 arising from transactions with related parties:

	Thousands of euros					
	2015			2014		
	Equity entities	Members of the board of directors and general managers	Other related parties	Equity entities	Members of the board of directors and general managers	Other related parties
ASSETS:						
Loans and advances	152 924	1 453	85 339	194 582	1 149	51 435
Securities portfolio	359 131	-	-	424 115	-	-
Other assets	287	-	4	261 409	5	6
Insurance contracts linked to pensions	136 502	-	-	147 763	-	-
LIABILITIES:						
Deposits	248 259	3 959	7 389	748 439	2 885	9 358
Subordinated liabilities	-	-	-	7	-	2
Other liabilities	-	-	-	9	-	-
Provisions for pensions and similar obligations	715	-	-	663	-	-
Debt certificates including bonds	9 023	-	-	10 536	-	-
INCOME STATEMENT:						
Expense-	-	-	-			
Interest expense and similar charges	5 094	27	378	9 228	54	101
Commissions and impairment losses	104	-	25	3 399	-	74
Income-						
Interest and similar income	2 968	23	1 996	8 413	19	1 331
Commissions	2 973	13	36	3 532	20	51
OTHER:						
Contingent risks and commitments	68 022	175	14 047	68 299	657	24 174

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

Article 12 of Law 2/1981 of 25 March, regulating the Mortgage Market, amended by Law 41/2007 of December 7 and by Law 1/2013, of 14 May, states that "the entity issuing mortgage bonds shall keep a special accounting register of loans and credits that serve as collateral for mortgage bonds and, if any, of the replacement assets frozen to cover them, as well as derivative financial instruments linked to each emission. Such special accounting register must also identify, for the purposes of calculating the limits laid down in Article 16, of all loans and credits registered, those who meet the conditions required in the second of this Law section. Accounts of the issuer collected in the manner determined by regulation, the essential data that record. "

The Board of Directors declares that the Group 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.

On 29 July 2014, it has been sold 100% shares of Unicaja Banco Group in Tasaciones Andaluzas, S.A.U. (TASA), which at December 31,2015 Unicaja Group has no involvement in any appraisal company.

As an issuer of mortgage covered bonds and ordinary mortgage bonds, there follows certain relevant information related to Unicaja Banco Group pursuant to the provisions of mortgage market regulations:

A) Active operations

At 31 December 2015 and 2014 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	
	2015	**2014**
Loans held in the asset transferred	**-**	**165 048**
Mortgage participations		-
Mortgage transfer certificates	-	165 048
Affects mortgage loans as collateral for loans received	**-**	**-**
Loans backing the issuance of bonds and mortgage bonds	**25 253 796**	**27 167 914**
Loans ineligible	5 280 198	5 942 218
Meet the eligibility requirements, except for the limit Article 5.1 of Royal Decree 716/2009	2 475 217	2 778 756
Rest	2 804 981	3 163 462
Eligible loans	19 973 598	21 225 696
Amounts not eligible	93 922	123 359
Amounts eligible	19 879 676	21 102 337
Loans covering mortgage bond	-	
Loans eligible for coverage of mortgage bonds	*19 879 676*	*21 102 337*
	25 253 796	**27 332 962**

At December 31, 2015 and 2014, the nominal value of outstanding loans and mortgage loans backing the issue of mortgage bonds totals to an amount of €25,253,796 thousand and €27,167,914 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 €19,973,598 thousand and €21,225,696 thousand, respectively. On the other hand, in 2015 and 2014, the Entity has not issued ordinary mortgage bonds.

As of December 31, 2015 non-mortgage operations, appearing in the portfolio, had been mobilized through mortgage participations or mortgage transfer certificates are maintained. Meanwhile, as of December 31, 2014, loans or mortgages that are kept in balance having been mobilized through mortgage transfer certificates amounted to €165,048 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 €2,475,217 thousand at 31 December 2015 (€2,778,756thousand at 31 December 2014).

The breakdown of loans that support the issue of mortgage bonds classified in accordance with diverse criteria at 31 December 2015 and 2014 is as follows:

	Thousands of euros	
	2015	
	Loans backing the issuance of bonds and mortgage bonds	**Of which: Eligible loans**
Nominal value of the total outstanding mortgage loans and credits	**25 253 796**	**19 973 599**
By origin:	25 253 796	19 973 599
- Entity	22 415 125	17 355 794
- Surrogate for other entities	2 490 033	2 288 253
- Rest	348 638	329 552
By currency:	25 253 796	19 973 599
- In euros	25 251 797	19 973 599
- Other currency	1 999	1 854
According the payment situation:	25 253 796	19 973 599
- Normality	23 176 152	18 866 386
- Other situations	2 077 644	1 107 213
According to the average maturity:	25 253 796	19 973 599
- To 10 years	11 087 487	7 895 519
- More than 10 years and to 20 years	8 324 474	7 359 717
- More than 20 years and to 30 years	4 412 193	3 699 158
- More than 30 years	1 429 642	1 019 205
According to the interest manner:	25 253 796	19 973 599
- Fixed	374 308	171 567
- Variable	24 622 287	19 573 103
- Mixed	257 201	228 929
Holders:	25 253 796	19 973 599
- Legal entities and individuals	4 812 244	2 297 660
Of which: property development	*983 997*	*332 849*
- Households	20 441 552	17 675 939
Depending on the warranty:	25 253 796	19 973 599
- Assets/ buildings completed	22 868 898	18 893 486
- Residential	21 034 964	17 794 579
Of which: official protection	*1 267 671*	*1 201 827*
- Commercial	865 640	536 842
- Rest	968 294	562 065
- Assets/ buildings under construction	553 025	332 673
- Residential	364 514	205 129
Of which: official protection	*16 198*	*10 584*
- Commercial	34 138	20 791
- Rest	154 373	96 753
- Lands	1 831 873	757 440
- Urbanized	940 172	239 418
- Rest	891 701	518 022

	Thousands of euros	
	2014	
	Loans backing the issuance of bonds and mortgage bonds	**Of which: Loans eligible**
Nominal value of the total outstanding mortgage loans and credits	**27 167 914**	**21 225 696**
By origin:	27 167 914	21 225 696
- Group	24 071 997	18 384 998
- Surrogate for other entities	2 713 366	2 481 888
- Rest	382 551	358 810
By currency:	27 167 914	21 225 696
- In euros	27 165 578	21 223 701
- Other currency	2 336	1 995
According the payment situation:	27 167 914	21 225 696
- Normality	24 562 126	19 825 756
- Other situations	2 605 788	1 399 940
According to the average maturity:	27 167 914	21 225 696
- To 10 years	8 486 119	5 135 683
- More than 10 years and to 20 years	9 194 913	8 157 155
- More than 20 years and to 30 years	7 532 772	6 478 926
- More than 30 years	1 954 110	1 453 932
According to the interest manner:	27 167 914	21 225 696
- Fixed	275 505	137 218
- Variable	26 506 375	20 862 235
- Mixed	386 034	226 243
Holders:	27 167 914	21 225 696
- Legal entities and individuals	5 794 451	2 766 518
Of which: property development	*1 379 176*	*464 187*
- Households	21 373 463	18 459 178
Depending on the warranty:	27 167 914	21 225 696
- Assets/ buildings completed	24 912 550	20 212 780
- Residential	22 301 482	18 699 525
Of which: official protection	*1 367 231*	*1 290 254*
- Commercial	1 197 254	703 757
- Rest	1 413 814	809 498
- Assets/ buildings under construction	671 791	376 316
- Residential	375 687	240 157
Of which: official protection	*17 995*	*11 716*
- Commercial	47 451	23 783
- Rest	248 653	112 376
- Lands	1 583 573	636 600
- Urbanized	1 082 912	314 154
- Rest	500 661	322 446

At 31 December 2015 and 2014 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:

	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
						Thousands of euros
						2015
Loans eligible						
- On housing	4 732 799	6 680 416	3 265 859	3 574 198	-	18 253 272
- On other goods	1 061 886	641 676	16 764	-	-	1 720 326
	5 794 685	**7 322 092**	**3 282 623**	**3 574 198**	**-**	**19 973 598**

	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
						Thousands of euros
						2014
Loans eligible						
- On housing	4 740 283	6 807 021	7 638 016	-	-	19 185 320
- On other goods	1 187 461	828 050	24 865	-	-	2 040 376
	5 927 744	**7 635 071**	**7 662 881**	**-**	**-**	**21 225 696**

Information relating to the nominal value of mortgage loans and credit that have been eliminated or added to the portfolio in 2015 and 2014 is set out below:

	2015 Loans eligible	2015 Loans not eligible	2014 Loans eligible	2014 Loans not eligible
				Thousands of euros
Beginning balance	**21 225 696**	**5 942 218**	**11 905 865**	**3 601 511**
Disposals	**(1 918 863)**	**(1 037 963)**	**(1 421 501)**	**(198 112)**
Cancellations due maturity	(179 964)	(259 332)	(15 327)	(29 412)
Advanced cancellations	(772 858)	(335 044)	(168 842)	(48 308)
Subrogation of other entities	(2 062)	(341)	(404)	-
Rest	(963 979)	(443 246)	(1 236 928)	(120 392)
Additions	**666 765**	**375 943**	**10 741 332**	**2 538 819**
Originated by Group	227 310	100 854	71 478	22 760
Subrogation of other entities	14 663	7 846	2 772	1 890
Rest	424 792	267 243	10 667 082	2 514 169
Final balance	**19 973 598**	**5 280 198**	**21 225 696**	**5 942 218**

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 2015 and 2014:

- 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 2015 and 2014:

- 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.

- Business combination with Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero) impact, included in Note 1.2.

The available balance of mortgage loans that support the issue of mortgage bonds at 31 December 2015 and 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Potentially eligible	197 215	210 993
Ineligible	192 470	211 385
	389 685	**422 378**

The nominal value of the available amounts (committed amounts not drawn down) relating to all mortgage loans and credit potentially eligible at 31 December 2015 and 2014 totals €197,215 thousand €210,993 thousand, respectively, and the amount that is not potentially eligible totals €192,470 thousand €211,385 thousand, respectively.

At 31 December 2015 and 2014 the Group does not have any replacement assets associated to issues of mortgage bonds or debentures.

B) Liability transactions

The breakdown at 31 December 2015 and 2014 of the nominal aggregate value of mortgage bonds in force issued by the Group 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	
	2015	2014
Mortgage bonds	**-**	**-**
Mortgage bonds issued	**9 292 002**	**11 607 402**
Issued for public offering	1 500 000	2 472 452
- Residual maturity to 1 year	500 000	972 452
- Residual maturity more than 1 year and to 2 years	500 000	500 000
- Residual maturity more than 2 years and to 3 years	-	500 000
- Residual maturity more than 3 years and to 5 years	500 000	500 000
- Residual maturity more than 5 years and to 10 years	-	-
- Residual maturity more than 10 years	-	-
Rest of issues	200 000	400 000
- Residual maturity to 1 year	-	-
- Residual maturity more than 1 year and to 2 years	70 000	-
- Residual maturity more than 2 years and to 3 years	70 000	70 000
- Residual maturity more than 3 years and to 5 years	-	70 000
- Residual maturity more than 5 years and to 10 years	60 000	260 000
- Residual maturity more than 10 years	-	-
Deposits	7 592 002	8 734 950
- Residual maturity to 1 year	1 024 074	1 142 949
- Residual maturity more than 1 year and to 2 years	1 300 000	1 024 074
- Residual maturity more than 2 years and to 3 years	819 000	1 300 000
- Residual maturity more than 3 years and to 5 years	993 025	1 487 024
- Residual maturity more than 5 years and to 10 years	1 793 903	1 436 852
- Residual maturity more than 10 years	1 662 000	2 344 051
Shares issues mortgage	**-**	**-**
Issued by public offering	-	-
Other issues	-	-
Mortgage transfer certificates issued	**-**	**165 048**
Issued by public offering	-	-
Other issues	-	165 048
	9 292 002	**11 772 450**

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, analyzing 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 2015 and 2014:

Chart 1						**Thousands of euros**
			2015			**2014**
	Gross	**Excess over de value of the collateral (2 22 22**	**Specific coverage**	**Gross**	**Excess over de value of the collateral (2 22 22**	**Specific coverage**
Registered credit (business in Spain)	1 374 117	212 099	450 738	1 961 940	342 270	756 989
Which doubtful	630 848	174 582	363 229	1 028 807	303 348	657 455
Of which substandard	307 079	27 424	87 507	345 798	28 675	99 534
Memorandum item						
Total general allowance (total business) (3)	-	-	13 043	-	-	14 628
Bad assets (4)	937 736	-	-	762 998	-	-

Memorandum item (5)		**Book value**
	2015	**2014**
Total lending to costumers excluding Government (business in Spain)	28 656 803	30 810 566
Total consolidated assets (total business)	60 311 829	67 950 415

(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) the amount of the excess is representing the gross amount of each loan on the value of real rights, if any, were received as collateral.

(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 2015 and 2014:

Chart 2	Thousands of euros	
	Gross amount (6)	
	2015	2014
Without mortgage guarantee	436 518	695 075
Whit mortgage (7)	937 600	1 266 865
Buildings completed (8)	632 439	838 485
Housing	445 309	592 921
Rest	187 130	245 564
Buildings under construction (8)	32 290	62 517
Housing	27 406	56 649
Rest	4 884	5 868
Land	272 871	365 863
Developed land	211 833	258 510
Other land	61 038	107 353
Total	**1 374 118**	**1 961 940**

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 2015 and 2014 of Home-buyer loans, operations recognized by credit entities (business in Spain):

Chart 3	Thousands of euros			
	2015		2014	
	Gross	Doubtful	Gross	Doubtful
Credit for house purchase	18 389 006	1 226 106	19 310 724	1 234 780
Without mortgage guarantee	226 818	2 321	250 489	2 856
With mortgage guarantee (7)	18 162 188	1 223 785	19 060 235	1 231 924

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 2015 and 2014:

Chart 4	Levels of LTV (10)				
	31 December 2015				
	LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	Total
Gross	10 139 968	6 937 936	862 247	222 037	18 162 188
Doubtful (9)	311 210	581 040	188 639	142 896	1 223 785

Chart 4	Levels of LTV (10)				
					2014
	LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	Total
Gross	10 071 622	7 709 162	1 075 679	203 772	19 060 235
Doubtful (9)	295 086	603 449	204 182	129 207	1 231 924

(9) The sum of the gross amounts and doubtful loans in each range of this table matches the amounts shown on the Chart 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 2015 and 2014:

Chart 5	Thousands of euros							
				2015				2014
	Gross cost of acquisition	Net book Value of assets (14)	Hedges prior to acquisition	Value adjustments for impairment assets	Gross cost of acquisition	Net book value of assets	On which: pre-acquisition coverage	Value adjustments for impairment of assets
Real Estate assets from fund intended to	1 707 391	642 467	604 358	460 566	1 840 971	742 279	619 497	479 195
Buildings completed	556 479	271 349	173 084	112 046	535 661	287 509	178 458	69 694
Housing	321 016	167 664	69 145	84 207	380 751	210 554	119 641	50 556
Others	235 463	103 684	103 939	27 840	154 910	76 955	58 817	19 138
Buildings under construction	121 552	47 792	38 487	35 272	160 306	74 556	50 575	35 175
Housing	110 866	43 138	33 735	33 992	159 569	74 245	50 213	35 111
Other	10 686	4 654	4 752	1 280	737	311	362	64
Land	1 029 361	323 326	392 787	313 248	1 145 004	380 214	390 464	374 326
Developed land	699 499	249 698	236 146	213 656	650 881	243 871	194 422	212 588
Other	329 862	73 629	156 641	99 592	494 123	136 343	196 042	161 738
Real Estate mortgage financing from	672 063	340 373	143 978	187 712	636 718	329 921	212 715	94 082
Other Real Estate assets (12)	301 733	130 561	64 481	106 691	89 383	42 012	41 107	6 264
Equity instruments, shares in and financing granted to entities holding real estate assets (13)	18 004	-	-	18 004	68 002	8 547	-	59 455
	2 699 192	**1 113 402**	**812 817**	**772 973**	**2 635 074**	**1 122 759**	**873 319**	**638 996**

(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.

(14) The amount by which the assets are recorded in the consolidated balance sheet of the Group after deducting, if any, value adjustments for impairment of such assets.

As shown in the table above, as of December 31, 2015 the gross acquisition cost of foreclosed assets amounted to €2,699,192 thousand, with a total coverage provisions of €1,585,790 thousand, representing a level of coverage of the cost of acquisition of 59.4% gross.

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 Group to suppliers solely for the provision of sundry services during 2015 totaled €435,628 thousand (€323,388thousand in 2014); the services were provided within the legal deadlines and as contractually stipulated. At 31 December 2015 and 2014, the balance pending payment to suppliers is immaterial and complies with the payment period requirements of Law 15/2010 (5 July).

According to the provisions of the second final provision of Law 31/2014, of December 3, in which the third additional provision of Law 15/2010 is modified, and in relation to information to be incorporated into memory the annual accounts on deferred payments to suppliers in commercial transactions calculated based on the provisions of the Resolution of 29 January 2016 the Institute of Accounting and Auditing, the average period of payment to suppliers of the Group during the year 2015 of 19.64 days, while the ratio of paid operations and the ratio of outstanding payment transactions amounted to 20.48 days and 28.19 days, respectively.

As set out in the Single Additional Provision of the Resolution of 29 January 2016 the Institute of Accounting and Auditing, the information to be included in the notes of the financial statements in relation to the average period of payment to suppliers in commercial operations, as this is the first year of application, comparative information is presented considering these initial financial statements for the sole purpose of the principle of uniformity and comparability requirement.

The average payment period is within the legal limits established in the regulations, so it does not apply the inclusion in the management report of the measures provided for in paragraph 1 of Article 262 of the Revised Text of the Companies Act Capital.

48. Customer service

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: 94.55% of the complaints and claims received in 2014 were resolved (89.6% at 31 December 2014); the remaining percentage pending at 31 December 2015 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.

APPENDIX I
SUBSIDIARIES AT 31 DECEMBER 2015

Company Name	Registered domicile	Activity	% Share owned by the Group		
			% Share		% Share
			Direct	Indirect	
Alqlunia Duero, S.L.U.	C/ Marqués de Villamagna 6-8 , Madrid	Real state development	0.00%	60.70%	60.70%
Alteria Corporación Unicaja, S.L.U.	C/ Bolsa nº 4, planta 5ª, Málaga	Asset investment and finance companies	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, Málaga	Study and analysis economic activity	100.00%	0.00%	100.00%
Andaluza de Tramitaciones y Gestiones, S.A.U.	C/ Angosta del Carmen, 2, Málaga	Management and settlement documents and deeds	0.00%	100.00%	100.00%
Banco de Caja España de Inversiones, Salamanca y Soria, S.A.	C/ Marqués de Villamagna, 6-8, Madrid	Credit institution	60.66%	0.04%	60.70%
Bruesa Duero, S.L.	C/ Bilbao 2 - 1º E, Zaragoza	Real state development	0.00%	50.18%	50.18%
Caja España Mediación Operador Banca-Seguros Vinculado, S.A.U.	Plaza de los Bandos 15-17, Salamanca	Insurance broker	0.00%	60.70%	60.70%
Cartera de Inversiones Agroalimentarias, S.L.U.	Plaza Jaén por la Paz, 2. Jaén	Food industry	100.00%	0.00%	100.00%
Conexiones y Servicios del Duero, S.A.	Carretera Salamanca 3, Tordesillas (Valladolid)	Auxiliary services	0.00%	31.56%	31.56%
Corporación Uninser, S.A.U.	C/ Ancla, 2, 3º -1ª, Málaga	Provision of multiple services	0.00%	100.00%	100.00%
Desarrollos de Proyectos de Castilla y León, S.L.U.	Avd. Madrid 120, León	Management and property management	0.00%	60.70%	60.70%
Finanduero Sociedad de Valores, S.A.U.	C/ Titán 8 - 2º 28045 - Madrid	Asset investment and finance companies	0.00%	60.70%	60.70%
Fonteduero, S.A.U.	C/ Antonio Maura nº 14, 2º Izqda. Madrid	Hotels and similar accommodation	0.00%	60.70%	60.70%
Gestión de Actividades y Servicios Empresariales, S.A.U.	C/ Federico Orellana Toledano, nº 4, Málaga	electronic recording and processing of data and documents	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 state development	0.00%	100.00%	100.00%
Grupo de Negocios Duero, S.A.U.	C/ Marqués de Villamagna 6-8, Madrid	financial management	0.00%	60.70%	60.70%
Inmobiliaria Acinipo, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real state development	100.00%	0.00%	100.00%
Inmobiliaria Uniex Sur, S.L.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real state development	0.00%	100.00%	100.00%
La Algara Sociedad de Gestión, S.L.U.	C/ Bartolomé de Medina nº 24, Sevilla	tourism sector	0.00%	100.00%	100.00%
Mijas Sol Resort, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Planta 6ª, Edificio Eurocom, Málaga	Real state development	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%

APPENDIX I
SUBSIDIARIES AT 31 DECEMBER 2015

Company Name	Registered domicile	Activity	% Share owned by the Group		
			% Share		% Share
			Direct	Indirect	
Pinares del Sur, S.L.U.	Avenida Portugal Edf. Abarzuza, bajo (Esquina Avda. Juan Carlos). Cádiz	Real state development	0.00%	100.00%	100.00%
Segurándalus Mediación, Correduría de Seguros, S.A.U.	C/ Cuarteles, nº 51, Entreplanta, Málaga	Insurance Brokers	0.00%	100.00%	100.00%
Tubos de Castilla y León, S.A.U.	Crta. Mayorga Km 1, Valencia de Don Juan (León)	Pipe Manufacturing	0.00%	60.70%	60.70%
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Avda. Andalucía, 10-12, Málaga	Holding real estate	100.00%	0.00%	100.00%
Unicartera Caja 2, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Planta 6ª, Edificio Eurocom, Málaga	Promotion or funding of R & D in the field of medicine	100.00%	0.00%	100.00%
Unicartera Gestión de Activos, S.L.U.	C/ San Agustín, nº 2, 1ª planta, Madrid	Recovery procedures and management of disputes	0.00%	100.00%	100.00%
Unicartera Internacional, S.L.U.	Avda. Andalucía, 10-12, Málaga	Asset investment and finance companies	100.00%	0.00%	100.00%
Unicartera Renta, S.L.U.	Avda. Andalucía, 10-12, Málaga	Asset investment and finance companies	100.00%	0.00%	100.00%
Unicorp Corporación Financiera, S.L.U.	C/ Bolsa, nº 4, 5ª planta, Málaga	Servicing	0.00%	100.00%	100.00%
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	C/ Bolsa, nº 4, 5ª planta, Málaga	wealth management	0.00%	100.00%	100.00%
Unigest, S.G.I.I.C., S.A.	C/ Bolsa, nº 4, 5ª planta, Málaga	Management of Collective Investment Institutions	0.00%	82.48%	82.48%
Unimediación, S.L.U.	C/ Bolsa, nº 4, planta 2, Málaga	Insurance Brokers	0.00%	100.00%	100.00%
Unimediterráneo de Inversiones, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Planta 6ª, Edificio Eurocom, Málaga	Asset investment and finance companies	100.00%	0.00%	100.00%
Unión del Duero, Compañía de Seguros Generales, S.A.	C/ Marqués de Villamagna 6-8, Madrid	insurance	0.00%	60.70%	60.70%
Uniwindet Parque Eólico Las Lomillas, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Wind power	10.00%	90.00%	100.00%
Uniwindet Parque Eólico Loma de Ayala, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Wind power	10.00%	90.00%	100.00%
Uniwindet Parque Eólico Los Jarales, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Wind power	10.00%	90.00%	100.00%
Uniwindet Parque Eólico Tres Villas, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Wind power	10.00%	90.00%	100.00%
Uniwindet, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Wind power	20.62%	79.38%	100.00%
Viajes Caja España, S.A.	Av. Madrid 120, León	Travel agency	0.00%	30.35%	30.35%
Viproelco, S.A.U.	Av. Madrid 120, León	Real state development	0.00%	60.70%	60.70%

APPENDIX II
JOINT VENTURES AT 31 DECEMBER 2015

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
			% Part. Presente		Total							
			Direct	Indirect								
Banco Europeo de Finanzas, S.A.	C/ Bolsa, 4, piso 1, Málaga	Credit institution	1.20%	39.52%	40.72%	77	2 752	92 550	35	273	937	(860)
Capredo Investments GMBH [1]	Schaffhauser Srt. 101, 8152 Glattbrugg (Suiza)	Investment in assets, securities and financial companies	0.00%	30.35%	30.35%	(146)	17 441	8	-	3 996	2	(148)
Cartera Perseidas, S.L. [1]	Paseo de Recoletos,29, Madrid	Investment in assets, securities and financial companies	2.36%	26.05%	28.41%	4	171 607	532	23 301	10	55	(51)
Cerro del Baile, S.A. [2]	Av. Bruselas, 15 - 4º , Arroyo de la Vega (Alcobendas)	Real state development	0.00%	48.56%	48.56%	110	-	25 424	1 573	47 343	131	(21)
Corporación Hotelera Oriental [3]	C/ Pedro Henríquez Ureña, nº 56 - La Esperilla Santo Domingo, Rep Dominicana	Hotels and similar accommodation	0.00%	30.35%	30.35%	(30)	-	24 727	-	9 422	-	(30)
Dolun Viviendas Sociales, S.L. [4]	C/ Muñoz Olivé, 1, Portal 2, 1º C, Sevilla	Real state development	0.00%	40.00%	40.00%	-	-	-	-	-	-	-
Espacio Medina, S.L. [5]	Paseo de la Castellana, 91, Piso 9, Madrid	Real state development	0.00%	30.00%	30.00%	(900)	-	61 421	1 767	29 226	-	(900)
Global Duero, S.A. [6]	C/ Alfonso XI nº 7 - 2º Dcha, Madrid	Investment in assets, securities and financial companies	0.00%	30.35%	30.35%	-	-	-	-	-	-	-
Hidrocartera, S.L. [5]	Avda. Andalucía, 10-12, Málaga	integrated water cycle	70.00%	0.00%	70.00%	4 699	69 438	4 893	-	6	4 704	(5)
Lares Val de Ebro, S.L. [1]	Avda. Talgo 155, Madrid	Real state development	0.00%	20.23%	20.23%	(532)	-	19 103	2	20 866	-	(532)
Madrigal Participaciones, S.A. [1]	C/ Santiago 7 - 1º E, Valladolid	Investment in assets, securities and financial companies	0.00%	45.94%	45.94%	(7 878)	11 698	23 680	2 500	8	596	(8 474)

APPENDIX II

JOINT VENTURES AT 31 DECEMBER 2015

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group – % Share – Direct	% Share owned by the Group – % Share – Indirect	% Share owned by the Group – Total	Individual net profit/ loss for the year	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total Revenue	Total expenditure
Muelle Uno - Puerto de Málaga, S.A. (7)	Avda. de Andalucía 21, Entreplanta, Málaga	Real state development	0.00%	39.74%	39.74%	(1 997)	56 486	7 670	5 824	44 815	6 174	(8 171)
Pagos Minería U.T.E.	Avda. de Burgos 109, Madrid	Services	0.00%	12.14%	12.14%	(4)	-	4	-	-	255	(260)
Rochduero, S.L.	C/ Armas 10 - A , Jerez de la Frontera (Cádiz)	Real state development	0.00%	32.83%	32.83%	(24)	1	36 301	420	36 577	3	(27)
San Marcos Cipsa, S.L.	Pº Gracia 103 - 4º, Barcelona	Real state development	0.00%	30.35%	30.35%	(1 330)	1	34 759	-	41 894	1	1 331
Sociedad de Gestión San Carlos, S.A. (5)	C/ Almirante Faustino Ruíz, 2, A-1, Cádiz	Real state development	0.00%	53.29%	53.29%	(520)	-	14 226	7 907	329	-	(520)
Soria Futuro, S.A. (8)	P.I. Las Casas - C/ C - Parcela 3, Soria	Investment in assets, securities and financial companies	0.00%	27.62%	27.62%	(67)	461	1 977	-	5	92	(158)

(1) Financial data at 30 November 2015.
(2) Financial data as of March 31, 2015.
(3) Financial data at 30 June 2015.
(4) Company in liquidation.
(5) Financial data as of December 31, 2015 (forecast at the end).
(6) Financial data at 28 February 2014.
(7) Financial data as of December 2015 (balance data to October 31).
(8) Financial data at 30 September 2015.

Note: The financial information used for equity participation in jointly controlled entities that are presented in this Annex is the last available by the Bank to the date of preparation of these financial statements. In cases where this financial information does not correspond with the December 31, 2015, it is because it has been used instead, information on a date very close to the end of 2015, or because the entity jointly controlled It has no relevant activity that may have a significant impact on these financial statements (for being in liquidation or other reasons that produce similar effects).

APPENDIX III
ASSOCIATES AT 31 DECEMBER 2015

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Financial Statements at year end				
			% Share		Total	% Share	Total	% Share	Total	% Share
			Direct	Indirect						
A.I.E. Naviera Malpica [1]	C/ García Barbón, 1. Vigo-Pontevedra	Maritime transport services	26.00%	0.00%	26.00%	48	22	26	(2)	(2)
A.I.E. Naviera Olimpia [2]	C/ García Barbón, 1. Vigo-Pontevedra	Maritime transport services	26.00%	0.00%	26.00%	64	40	24	(2)	(2)
A.I.E. Naviera San Simón	C/ García Barbón, 1. Vigo-Pontevedra	Maritime transport services	26.00%	0.00%	26.00%	43	17	26	(2)	(2)
ADE Capital Sodical S.C.R., S.A. [3]	C/ Jacinto Benavente, 2 - Piso 3º, Arroyo de la Encomienda (Valladolid)	Collective investment	0.00%	16.59%	16.59%	46 488	46 472	16	(602)	580
ADE Gestión Sodical S.G.E.C.R., S.A. [4]	C/ Jacinto Benavente, 2 - Piso 3º, Arroyo de la Encomienda (Valladolid)	Management Companies	0.00%	12.77%	12.77%	489	407	82	(11)	(10)
Ahorro Gestión Inmuebles S.L. [4]	C/ Ramón y Cajal, 23 (P.I.) 28914 - Leganés (Madrid)	Property management	0.00%	17.51%	17.51%	14 349	10 221	4 128	(96)	(239)
Ala Ingeniería y Obras, S.L. [5]	C/ Ferrocarril, 35 Meco (Madrid)	Manufacturing metal structures	0.00%	16.08%	16.08%	8 889	(5 005)	13 894	(1 275)	(1 178)
Alestis Aerospace, S.L. [6]	C/ Carlbraith P. Rodgers (Parque Tecnológico y Aeronáutico de Andalucía-AEROPOLIS). La Rinconada-Sevilla.	Aerospace industry	12.19%	1.85%	14.04%	483 215	(7 866)	491 081	(2 057)	(15 985)
Andalucía Económica, S.A. [7]	C/ Diego de Riano nº 11, Piso 2º. Sevilla	Publishing, graphic arts and television	23.80%	0.00%	23.80%	737	568	167	(19)	(15)
Autopista del Guadalmedina. Concesionaria Española, S.A. [8]	Carretera A-45 (AP 46 Km 6.200), Casabermeja-Málaga	Highways	30.00%	0.00%	30.00%	388 965	80 706	308 259	3 529	(4 107)
Autopista del Sol Concesionaria Española, S.A. [9]	Plaza Manuel Gómez-Moreno (Edf. Alfredo Mahou), 2.Madrid	Highways	20.00%	0.00%	20.00%	638 622	(49 687)	688 309	23 177	(42 632)
B.I.C. Euronova, S.A. [10]	Avenida Juan López Peñalver, 21 (Parque Tecnológico Andalucía). Campanillas-Málaga	Investment services and promotion	20.00%	0.00%	20.00%	1 678	1 090	588	(110)	(110)
Barrancarnes Transformación Artesanal, S.A. [11]	Eiras Altas-Barrancos, Barrancos (Portugal)	Feeding	0.00%	24.28%	24.28%	20 467	10 829	9 638	287	40
Caja España Vida Compañia de Seguros y Reaseguros S.A. [11] (*)	C/ Santa Nonia, 4 - 3ª Planta, León	Insurance and reinsurance	0.00%	30.35%	30.35%	1 420 669	149 653	1 271 016	32 665	26 805
Camping El Brao, S.A. [11]	C/ Uría, 56 - 2 C , Oviedo (Asturias)	Real state development	0.00%	15.18%	15.18%	584	576	8	-	-

APPENDIX III
ASSOCIATES AT 31 DECEMBER 2015

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Financial Statements at year end				
			% Share		Total	% Share	Total	% Share	Total	% Share
			Direct	Indirect						
Centro de Tecnologías Informáticas, S.A. (7)	Av. Condesa Sagasta, 6 - 1º, León	Computer Services	0.00%	12.14%	12.14%	773	625	149	151	180
Compañía de Servicios de Castilla y León, S.A. (12)	C/ Pico del Urbión, 4 Valladolid	Development administrative work	0.00%	17.04%	17.04%	141	(801)	942	(659)	(667)
Cortijo de la Loma, S.L. (12)	C/ Remedios, 4. Canena - Jaén	Manufacture of olive oil	0.00%	20.00%	20.00%	10 101	2 412	7 689	468	126
Creación de Suelo e Infraestructuras, S.L. (1)	C/ Ibiza, 35 -5ºA. Madrid	Real state development	0.00%	24.98%	24.98%	2 689	(10 247)	12 936	(1 804)	(1 804)
Cuatro Estaciones INM Siglo XXI, S.L. (9)	Plaza del Mío Cid 6 - 3º, Burgos	Real state development	0.00%	12.14%	12.14%	1 787	(632)	2 419	(10)	(10)
Deoleo, S.A. (1)	Autovía Madrid-Cádiz KM 388. Alcolea-Córdoba	Food industry	9.99%	0.06%	10.05%	1 450 872	533 691	917 181	4 123	(37 194)
Desarrollo Urbanísticos Cerro de Medianoche, S.L. (10)	Plaza Jaén por la Paz, 2. Jaén	Real state development	0.00%	24.72%	24.72%	3 574	3 574	-	(4)	(4)
Dibaq Diproteg, S.A. (11)	C/ La Cruz, nº 3, Fuentepelayo (Segovia)	Animal feeding	0.00%	20.06%	20.06%	52 504	(1 054)	53 558	(2 943)	(4 806)
Duero Pensiones, E.G.F.P. (1)	Pº de la Castellana, 167 Madrid	Management pension funds	0.00%	30.35%	30.35%	9 426	8 429	951	1 248	1 081
Edigrup Producciones TV, S.A. (1)	C/ Manuel Canesi Acevedo (Parquesol Sur), 1 Valladolid	audiovisual broadcasting	0.00%	13.41%	13.41%	19 089	17 541	1 549	1 817	1 859
Gestión e Investigación de Activos, S.A. (1)	C/ Zurbano, 76 Madrid	real estate	0.00%	37.54%	37.54%	21 336	10 236	11 100	811	477
Grupo Tecopy Cartera Empresarial, S.L. (6)	C/ Antracita, 7 - Planta 4ª - Ofic. 17 Madrid	Miscellaneous services	0.00%	12.14%	12.14%	15 241	4 328	10 914	(85)	(310)
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	C/ Alisios. Edf Ocaso, nº 1, Sevilla	Integrated Water Cycle	0.00%	35.00%	35.00%	291 636	114 778	176 858	10 610	12 868
Ingeniería de Suelos y Explotación de Recursos, S.A.	Paseo del Coso S/N. Minas de Riotinto-Huelva	Mining industry	30.00%	0.00%	30.00%	52 331	21 333	30 998	8 989	8 995
Ingeniería e Integración Avanzadas, S.A. (11)	C/ Severo Ochoa 43 (Parque Tecnológico de Andalucía). Campanillas-Málaga	New technologies	40.00%	0.00%	40.00%	15 072	3 657	11 415	490	(484)
Iniciativas y desarrollos industriales de Jaén, S.A.	Plaza de la Constitución nº 10,6ª, Jaén	Industrial Land Development	0.00%	30.00%	30.00%	77	70	7	(39)	(39)

APPENDIX III
ASSOCIATES AT 31 DECEMBER 2015

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Financial Statements at year end				
			% Share		Total	% Share	Total	% Share	Total	% Share
			Direct	Indirect						
Inversiones Alaris, S.L. (1)	Av. Carlos III El Noble,8 Pamplona/ Iruña (Navarra)	Holding of shares	0.00%	20.23%	20.23%	n/d	5 022	n/d	n/d	3 769
La Reserva de Selwo Golf, S.L(10)	C/ Linaje 3, Planta 1, Piso 1. Málaga	Real state development	0.00%	35.00%	35.00%	680	(3 787)	4 466	(13)	(13)
Malagaport, S.L. (1)	Edif. Instituto de Estudios Portuarios, Puerto de Málaga (Muelle de Cánovas), S/N. Málaga	Community services	26.07%	0.00%	26.07%	410	382	28	47	47
Marcos Sotoserrano, S.L. (6)	Crta. de Coria, nº 4, Sotoserrano (Salamanca)	Ham processing plant	0.00%	19.90%	19.90%	16 973	11 476	5 497	(595)	2 747
M-Capital, S.A. (7)	C/ Compositor Lhemberg Ruiz, 10 (Edf. Galaxia) Local 11 2º Planta. Málaga	Investment services and promotion	22.01%	0.00%	22.01%	11 388	2 169	9 219	(559)	(633)
Mejor Campo Abonos y Cereales, S.A. (12)	Callejón de San Francisco, 1 - Bajo Medina del Campo (Valladolid)	Commercial fertilizer and feed	0.00%	16.39%	16.39%	3	(58)	61	-	-
Metales Extruidos, S.L. (13)	C/ Parque de las Marismas de Santoña, nº 20, Valladolid	Manufacturing aluminum	0.00%	13.47%	13.47%	75 930	(13 555)	89 485	(6 236)	(6 818)
Numzaan, S.L. (14)	C/ Doctor Casas, nº 20 Zaragoza	Real state development	0.00%	13.03%	13.03%	38 760	(27 187)	65 947	(2)	(372)
Obenque, S.A. (1)	C/ Zurbano, nº 76, Madrid	Real state development	0.00%	26.98%	26.98%	37 854	16 424	21 430	726	174
Oleomedia, S.L. (15)	Plaza de la Constitución 12, 1-D. Jaén	New technologies	40.00%	0.00%	40.00%	265	265	-	-	-
Parque Científico-Tecnológico de Almería, S.A.	Avda. de la Innovación, nº 15, Almería	Real state development	0.00%	29.87%	29.87%	52 416	18 775	33 641	(933)	(1 814)
Patrimonio Inmobiliario Empresarial, S.A. (16)	C/ Santa Engracia, 69 Madrid	Real state development	0.00%	17.66%	17.66%	26 857	(21 423)	48 280	-	-
Privándalus Inversiones I SICAV, S.A.	C/ Bolsa Nª 4, 1ª Planta, Málaga	Investment Company with Variable Capital	27.20%	0.00%	27.20%	24 302	23 134	1 168	-	404
Prodesur Mediterráneo, S.L. (17)	Pz. Trabajadores del Calzado, 10 Elda (Alicante)	Real state development	0.00%	15.18%	15.18%	2 238	(3 504)	5 741	1	(212)
Proinsur Mediterráneo, S.L.U. (18)	Pz. Trabajadores del Calzado, 10 Elda (Alicante)	Real state development	0.00%	15.18%	15.18%	15 466	(20 051)	35 516	(41)	(2 023)
Promotora Vallisoletana Mercados, S.A. (19)	Crta. Ronda Norte (Mercaolid), s/n - Sector 15 Valladolid	Market management	0.00%	17.41%	17.41%	2 077	2 077	-	(2)	189
Qualia Lácteos, S.A. (20)	Crta. de Puertollano s/n, Almodovar del Campo (Ciudad Real)	Dairy industries	0.00%	17.83%	17.83%	15 443	(7 653)	23 096	(242)	(234)

APPENDIX III
ASSOCIATES AT 31 DECEMBER 2015

Thousands of euros

Company Name	Registered domicile	Activity	% Share owned by the Group			Financial Statements at year end				
			% Share		Total	% Share	Total	% Share	Total	% Share
			Direct	Indirect						
Residencial El Beato, S.L. [18]	Pz. Trabajadores del Calzado, 10, Elda (Alicante)	Real state development	0.00%	15.18%	15.18%	14	(17 866)	17 880	(4 505)	(4 878)
Servicios Funerarios Indálicos, S.A. [21]	C/ Magistral Domínguez, 11. Almería	Community services	20.00%	0.00%	20.00%	599	373	226	-	-
Sociedad de Investigación y Explotación Minera de Castilla y León, S.A. [1]	Av. Rodrigo Zamorano, 6 -P.T. de Boecillo- Boecillo (Valladolid)	Promoting mining research	0.00%	29.74%	29.74%	3 354	3 157	197	(337)	(334)
Sociedad Municipal de Aparcamientos y Servicios, S.A.	Plaza Jesús "El Rico" 2-3. Málaga	Parking lots	24.50%	0.00%	24.50%	71 297	36 014	35 283	3 905	1 751
Uncro, S.L. [1]	C/ Ibiza Nª 35 5ªC.Madrid	Real state development	0.00%	25.00%	25.00%	6 172	(4 180)	10 352	(5 298)	(5 298)
Unema Promotores Inmobiliarios, S.A.	C/ Strachan, nº1, planta 1. Málaga	Real state development	0.00%	40.00%	40.00%	74	(1 645)	1 719	(5)	(5)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	C/ Bolsa, nº 4, 3ª planta. Málaga	Insurance	42.40%	7.60%	50.00%	2 015 833	160 568	1 855 265	49 077	44 391
Unión del Duero Compañía Seguros de Vida, S.A. [1] [(*)]	Pº de la Castellana, nº 167, Madrid	Life insurances	0.00%	30.35%	30.35%	817 471	65 892	751 528	18 487	13 300

(*) The participation in this entity is classified under the heading "Non-current assets held for sale" in the consolidated balance sheet.

(1) Financial data at 30 November 2015.
(2) Estimated financial data as of 30 November 2015. Under IFRS-EU.
(3) Estimated financial data at December 31, 2015. Under IFRS-EU.
(4) Estimation of results to December 2015.
(5) Financial data as of December 31, 2014.
(6) Financial data as of September 31, 2015.
(7) Financial Data as of November 31, 2013.
(8) Financial data as of August 31, 2013.
(9) Financial Data as of October 2014. Company in liquidation.
(10) Financial data as of December 2015. Company in liquidation.
(11) Financial data as of October 31, 2015.
(12) Financial Data as of November 31, 2014.
(13) Financial Data as of November 2013. Company in liquidation.
(14) Financial Data as of February 2014. Company in liquidation.
(15) Financial data at 30 September 2003.
(16) Financial data as of March 31, 2013.
(17) Financial data as of August 31, 2015.
(18) Financial data as of August 2015. Company in liquidation.
(19) Financial data as of November 30, 2015. Company in liquidation.
(20) Financial data as of September 30, 2015. Company in liquidation.
(21) Financial data as of December 31, 2011.

Note: The financial information used for equity participation in associates presented in this Annex is the last available by the Bank to the date of preparation of these financial statements. In cases where this financial information does not correspond with the December 31, 2015, it is because it has been used instead, information on a date very close to the end of 2015, or because the associated entity It has no relevant activity that may have a significant impact on these financial statements (for being in liquidation or other reasons that produce similar effects).

APPENDIX IV
FINANCIAL STATEMENTS OF ESPAÑADUERO

a) Balance sheets for the years ended 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Cash and Due from Central Banks	827 205	218 572
Trading Portfolio	38 553	33 411
Availabl-for-sale Financial Assets	2 891 711	3 760 842
Lending Investments	16 724 540	17 338 840
Held-to-maturity Investment Portfolio	3 283 866	7 127 960
Hedging Derivates	129 868	184 704
Non-current Assets held for sale	474 459	511 952
Shares	336 732	617 465
Insurance Contracts related to Pensions	5 810	3 516
Tangible Assets	691 058	646 964
Intangible Assets	-	-
Tax Assets	1 949 462	1 847 314
Rest of Assets	126 554	93 541
Total Assets	**27 479 818**	**32 385 081**
Trading Portfolio	101 739	35 223
Financial Liabilities at depreciated cost	25 944 791	30 636 918
Hedging Derivates	21 061	8 062
Provisions	380 023	446 158
Tax Liabilities	174 248	351 133
Rest of Liabilities	64 541	80 320
Total of Liabilities	**26 686 403**	**31 557 814**
Valuation Adjustments	10 488	17 103
Own Funds:	782 927	810 164
Capital or endowment fund	289 802	289 802
Share Premium	869 406	869 406
Reserves	(252 243)	(196 853)
Other equity instruments	-	-
Less: Treasury shares	(113 339)	(43 795)
Profits/Losses for the period	(10 699)	(108 396)
Less: Dividends and remuneration	-	-
Total Equity	**793 415**	**827 267**
Total Liabilities and Equity	**27 479 818**	**32 385 081**
Contingent Risks	438 646	538 296
Contingent Commitments	1 110 726	1 155 454
Total off-balance-sheet	**1 549 372**	**1 693 750**

APPENDIX IV
FINANCIAL STATEMENTS OF ESPAÑADUERO

b) Income statements for the years ended 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Interest received and similar income	550 005	753 164
Interest and similar charges	(350 036)	(489 641)
Interest Margin	**199 969**	**263 523**
Return on Equity Instruments	18 322	11 406
Share of Results of entities accounted for using the Equity Method	119 324	138 084
Commissions received	(7 773)	(10 332)
Commissions paid	353 520	97 381
Gains/Losses on Financial Assets and Liabilities (net)	1 442	1 761
Exchange differences (net)	48 575	18 645
Other Operating Income	(60 045)	(55 662)
Other Operating Charges		
	673 334	**464 806**
Gross Margin		
	(256 332)	(277 327)
Administration costs	(17 714)	(15 875)
Amortization	(93 630)	(59 469)
Contributions to Provisions (net)	(321 553)	(235 825)
Impairment Losses of Financial Assets (net)		
	(15 895)	**(123 690)**
Net Operating Income		
	(238)	(11 676)
Impairment Losses of the rest of Assets (net)	(6 163)	67
Gains (Losses) on disposal of Assets not classified as non-current Assets held for sale	-	-
Negative Goodwill on Business Combinations	(29 123)	(31 103)
Gains (Losses) on non-current Assets held for sale not classified as discontinued operations		
	(51 419)	**(166 402)**
Earning before taxes		
	16 710	49 082
Profit tax	-	-
Result for the year from ongoing operations		
	(34 709)	**(117 320)**
Result for the year from interrupted operations (net)	24 010	8 924
Profit or Loss for the period	**(10 699)**	**(108 396)**

APPENDIX IV
FINANCIAL STATEMENTS OF ESPAÑADUERO

c) Cash flow statements for the years ended 31 December 2015 and 2014:

	Thousands of euros	
	2015	**2014**
Cash flows from operating activities	**(3 483 676)**	**(967 747)**
Net profit for the year	(10 699)	(108 396)
Adjustments to profit and loss	108 283	(62 922)
Net increase/decrease in operating assets	1 383 405	2 701 834
Net increase/decrease in operating liabilities	(4 962 382)	(3 549 771)
Collections/Payments of income tax	(2 283)	51 508
Cash flows from investment activities	**4 054 383**	**791 841**
Payments	(96 035)	(5 394)
Collections	4 150 418	797 235
Cash flows from financing activities	**569**	**(25 566)**
Payments	-	25 566
Collections	569	-
Effect of exchange rate fluctuations	**780**	**712**
Net increase (decrease) in cash and cash equivalents	**572 056**	**(200 749)**
Cash and cash equivalents at beginning of period	307 798	508 547
Cash and cash equivalents at end of period	879 854	307 798

APPENDIX V
BANK ANNUAL REPORT FOR THE YEAR 2015

Information for compliance with Article 89 of European Parliament Directive 2013/36/EU and its transposition into Spanish Legislation through Law 10/2014

In accordance with the provisions of Article 9 of European Parliament and Council Directive 2013/36/EU (26 June 2013), relating to accessing credit institution activities and the prudent supervision of credit institutions and investment companies, and in accordance with the provisions of Article 7 of Law 10/2014 (26 June) on the organization, supervision and solvency of credit institutions, which transposes this legislation into Spanish Law, the information relating to the annual bank report prepared by Unicaja Banco for the year ended 31 December 2014 is set out below.

	Business Volume (*) (thousands of euros)	**Number of employees (**)**	**Gross income before taxes (thousands of euros)**	**Profit tax (thousands of euros)**
Spain	1 345 689	8 480	471 631	47 496
Rest of European Union	591	15	2 793	14
Rest of world	-	-	-	-
Total	**1 346 280**	**8 495**	**474 424**	**47 510**

(*) It has been considered the gross consolidated income as business volume.
(**) Number of full-time equivalent employees, obtained from Company's workforce of the Unicaja Bank Group, with activity in each judicature.

At 31 December 2015 the performance of the assets held by Unicaja Banco Group, calculated as the quotient of "consolidated profits for the year" in the consolidated income statement and "Total assets" in the consolidated balance sheet, is 0.3%.

Detailed information regarding the companies within the scope of consolidation of Unicaja Banco Group that operate in each jurisdiction, including their name, geographic location and the nature of their activity, is available in Appendices I-II-III of these notes to the annual accounts.

As may be observed in those appendices, practically all of the activity carried out by the Group takes place in Spain and in the financial sector, notably the retail banking activity carried out by the credit institutions Unicaja Banco, S.A. (Unicaja Banco) and Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero).

Unicaja Banco has not received any subsidies or public assistance. As is noted in Note 1.2 of the notes to the consolidated annual accounts, in 2014, Unicaja Banco Group acquired a 60.70% stake in the capital of EspañaDuero which, before becoming part of Unicaja Banco Group, issued Contingent Convertible Bonds that were fully subscribed by Fondo de Reestructuración Ordenada Bancaria (FROB) as a recapitalization instrument (Note 16.5 of the notes to the consolidated annual accounts).

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

CONSOLIDATED DIRECTOR´S REPORT FOR THE YEAR 2015

Introduction

Unicaja Banco, S.A. (hereinafter Unicaja Banco, the parent company or the Bank) is a credit institution that was incorporated for an indefinite period on 1 December 2011. The commencement of its activities results from the approval by the General Assembly of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén - Unicaja (currently Unicaja Banking Foundation) of the indirect conducting of financial activities by means of a bank.

The Bank is subject to legislation and regulations governing banking institutions operating in Spain. Further public information on the Bank can be consulted on its web site (www.unicajabanco.es) or at its registered office (Avenida Andalucía, 10 y 12, Malaga).

The Bank's corporate objects consist of the performance of all kinds of activities, transactions, acts, contracts and services pertaining to the banking business in general or related directly or indirectly thereto, or which are complementary thereto or develop the same, provided that they are allowed, or not forbidden, by prevailing legislation.

The Bank’s objects include the provision of investment services and other services that are ancillary thereto, and the performance of activities pertaining to insurance agents, as an exclusive or related operator, without exercising both activities simultaneously.

In accordance with its By-laws, the activities that comply with Law 10/2014 of 26 June on the organization, supervision and solvency of credit institutions and that are covered by its objects may be carried out fully or in part, indirectly, in any legally admitted form and, in particular, through the ownership of shares or interests in companies or in other entities whose objects are identical, analogous or complementary to such activities.

The Bank is entered in the Mercantile Register of Malaga and is registered as a credit institution on the Bank of Spain's Special Register, with number 2103. The Bank holds a license to carry out banking activities granted by the Ministry of Finance in accordance with Article 1 et seq. of Royal Decree 1245/1995.

As a result of the takeover on 28 March 2014, involving a share exchange, of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (hereinafter, EspañaDuero), described in Note 1.2 and following the share exchange effected on 2 April 2014, Unicaja Banco, S.A. ceased to have the status of a single shareholder entity, as it had been since its incorporation.

At 31 December 2015, 90.78% of the Bank's share capital is owned by Fundación Bancaria Unicaja, formerly Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), the Bank's ultimate controlling entity and the parent of the Unicaja Group. Both the Bank and its controlling entity are domiciled in Malaga, are subject to Spanish legislation and file their financial statements with the Mercantile Registry of Malaga.

The Bank is the parent of a subgroup of subsidiaries devoted to various activities that make up the Unicaja Bank group.

	Million euro		Year-on-year change	
Balance sheet and revenue	**2015**	**2014**	**Million euro**	**%**
Total assets	60 312	67 950	(7 639)	(11.2%)
Loans and advances to customers (gross)	35 433	38 065	(2 632)	(6.9%)
Customer deposits	48 629	48 084	545	1.1%
Off-balance sheet customer funds	11 072	10 938	134	1.2%
Resources managed	60 977	61 484	(507)	(0.8%)
Of which: trade receivables (non-market)	*49 586*	*48 732*	*854*	*1.8%*
Revenue	96 410	99 549	(3 139)	(3.2%)
Revenue per employee	*12.2*	*11.7*	*0.4*	*3.8%*
Revenue per branch	71.2	70.1	1.1	1.6%

	Million euro		Year-on-year change	
Profit/(loss)	**2015**	**2014**	**Million euro**	**%**
Net interest income	687.5	718.7	(31)	(4.3%)
Gross operating income	1 574.9	1 346.3	229	17.0%
Operating margin *(before write-downs)*	893.6	718.2	175	24.4%
Write-downs and other income	676.6	616.2	60	9.8%
Profit/(loss) before taxes	217	102	115	112.8%
Consolidated profit/(loss) for the year	*183.8*	*75.1*	*109*	*144.9%*
Profit/(loss) attributed to the parent entity	186.7	102.1	85	82.9%

(*) Excluding negative goodwill generated in the acquisition of Bank of Spain Caja de Inversiones, Salamanca and Soria, S.A. (EspañaDuero) amounting to 372.5 million euros.

	Million euro		Year-on-year change	
Net return and efficiency	**2015**	**2014**	**Million euro**	**%**
ROE (attributed income/average equity)	6.7%	3.6%	n.a.	3.1pp
ROTE (attributed income/average tangible equity)	6.7%	3.6%	n.a.	3.1pp
ROA (net income/total average assets)	0.3%	0.1%	n.a.	0.2pp
RORWA (net income/APRs)	0.7%	0.2%	n.a.	0.4pp
Operating efficiency (unamortised operating expenses/gross margin)	40.3%	43.4%	n.a.	(3.1pp)

	Million euro		Year-on-year change	
Solvency	**2015**	**2014**	**Million euro**	**%**
Equity	3 256	3 292	(36)	(1.1%)
Total capital	3 510	3 348	162	4.8%
Tier one qualifying common capital (CET1)	3 480	3 334	146	4.4%
Tier one qualifying additional capital	30	14	16	115.1%
Tier two qualifying capital	-	-	-	-
Capital requirements	2 507	n.a	-	-
APRs	27 108	30 308	(3 200)	(10.6%)
Total capital ratio	12,9%	11.0%	n.a.	1.9 pp
CET-1 ratio	12,8%	11.0%	n.a.	1.8 pp
Fully loaded CET-1 ratio	11.1%	10.3%	n.a.	-
Leverage ratio	5.71%	4.97%	n.a.	0.74 pp
Fully loaded leverage ratio	5.06%	4.80%	n.a.	0.26 pp

Risk control	2015	2014	Million euros	% pp.
	Million euros		Year-on-year change	
Doubtful	3 556	4 814	(1 258)	(26.1%)
NPL ratio	10,0%	12.6%	n.a.	(2.6 pp)
NPL ratio ex-promotor	8,9%	10.5%	n.a.	(1.5 pp)
NPL coverage ratio	57.1%	61.9%	n.a.	(4.8 pp)
NPL coverage ratio ex-promotor	54.0%	60.2%	n.a.	(6.2 pp)
Foreclosed properties available for sale (net)	1 113	1 114	(1)	(0.1%)
Coverage ratio of foreclosed properties available for sale	58.5%	56.6%	n.a.	1.9 pp

Liquidity	2015	2014	Million euros	% pp.
	Million euros		Year-on-year change	
Gross liquid assets	23 932	27 040	(3 108)	(11.5%)
Net liquid assets	15 952	13 734	2 218	16.1%
Net liquid assets/total assets	26.4%	20.2%	n.a.	6.2 pp
LtD ratio	81.9%	91.4%	n.a.	(9.4 pp)
Liquidity coverage ratio (LCR)	410%	287%	n.a.	123 pp
Net stable funding ratio (NSFR)	126%	119%	n.a.	7 pp

Additional information	2015	2014	Million euros	% pp.
	Million euros		Year-on-year change	
Branches	1 354	1 420	(66)	(4.6%)
ATMs	1 583	2 114	(531)	(25.1%)
Personnel	7 925	8 495	(570)	(6.7%)

RATING		2015
Fitch	Long-term	BBB-
	Short-term	F3
	Outlook	Stable
Moody´s	Long-term deposits	Ba3
	Issuer's senior long-term debt	B1
	Short-term	NP
	Outlook	Stable

Economic and financial environment

In terms of the world-wide scenario, growth in the global economy in 2015 is expected to stand at around 3%. Growth will be more moderate in the USA, where the industrial sector has been hit by the appreciation of the dollar. Growth in emerging economies has slowed, particularly in China. There has been a sharp drop in oil prices and recessions in the economies of Brazil and, to a lesser extent, Russia that have been more severe than expected.

Euro-zone growth has been around 1.5%, based on consumption and exports, helped by monetary expansion, low oil prices and euro depreciation, while investment has been weaker due to uncertainty and high debt levels, with a new focus of latent risk at year-end: the Italian banking crisis.

In Spain the indicators point to growth at around 3.2% of GDP in 2015, thanks to low oil prices, the ECB's expansive policy and improving European demand, despite the increased uncertainty associated with market volatility, lower emerging market growth and the domestic political context, which has not significantly affected consumption and investment indicators. The risk premium at the year end stood at 115 basis points, while the official statistics indicate an improvement in the labour market in 2015. However, there has been a decline in consumer and industrial confidence, reaching negative figures at year-end.

The climate of global uncertainty led to the adoption of accommodative monetary policies by the main central banks:

- The ECB continued with its asset purchase programme, increased the cost of excess liquidity in the ECB which triggered a downward trend in interbank rates
- The FED started to raise rates to 0.25-0.50% but stopped after observing the slow-down in US GDP.
- The BoJ surprised the market by taking a further step in its policy of monetary stimulus by lowering its benchmark interest rate to -0.1%.

The good performance of the national economy in 2015 has contributed to the recovery of the banking sector. New credit is growing strongly thanks to higher demand for financing from companies and households. There has also been a fall in bad debts, but low interest rates have given rise to a reduction in profitability with particularly low margins and spreads at historic lows and this, coupled with a series of regulatory and supervisory measures carried out in 2015, has undermined growth in the sector.

Financial year highlights

With respect to the Unicaja Banco Group profits in 2015, profit attributable to the parent company amounted to €184 million against €75 million in 2014, excluding the accounting effect of “badwill” amounting to €372 million arising from the acquisition of EspañaDuero, which was incorporated into the Unicaja Banco Group on 28 March 2014.

This profit figure is based on obtaining net interest income and fees of €926 million, to which the policy of diversification of products and revenue-generating services has contributed. The evolution of net interest income has been adversely affected by various factors, such as the downward renegotiation of credit operations - including loans with “floor clauses” - the rotation of the fixed income portfolio or the reduction in rates of the SAREB securities in the EspañaDuero portfolio. However, the customer margin remains stable or has even improved, in cumulative terms for the year, thanks to the significant decrease in the cost of liabilities, specifically retail liabilities, which offset the decline in lending revenue.

In turn, active management of fixed income investments has meant that, despite market fluctuations, the Unicaja Banco Group has achieved significant revenue from financial operations (€562 million).

To the above figures we must add revenue from equity investments (€59 million) and the net result of other products/operating expenses (€25 million, an improvement compared with the 2014 figure thanks to the effect of the service outsourcing agreements and the improvement in the results of the Group’s property companies).

The implementation of a strict policy of expense containment and rationalization has been reflected in a 3.4% reduction in operating expenses (consistent perimeter), with the efficiency ratio (operating expenses over gross margin) standing at 43.3%.

Finally, a net figure of €677 million was assigned to provisions and write-downs. This figure includes, among other items, the provisions recorded to cover risks arising from possible adverse legal rulings regarding mortgage loans containing floor clauses granted to individuals.

With regard to the banking business, in an environment characterised by extraordinarily low interest rates, the data for 2015 confirm the consolidation of growth in retail customer deposits in the Unicaja Banco Group by over €800 million, particularly the year-on-year growth in demand deposits (+17.5%).

At the same time, although the Spanish economy is still going through a phase of net reduction in debt levels in the private sector, the Unicaja Banco Group has been very dynamic in the granting of credit to SMEs and households during the year, with new transactions totalling over €3,200 million and a 17.4% year-on-year increase in new loans granted to households.

Concerning solvency, the position is comfortable thanks to the Group's significant capacity with respect to the internal generation of resources which enables Unicaja Banco Group, without having to access the capital markets to obtain capital, to maintain high solvency levels with a tier one capital figure (CET1) of €3,480 million (99% of total equity), giving a ratio of 12.8% and fully loaded CET1 ratio of 11.1%.

In addition, the active liquidity management implemented by Unicaja Banco Group has enabled liquid assets to be optimised. At year-end 2015, the volume of liquid and discountable assets at the European Central Bank (ECB) (net of those utilised) accounted for 26.4% of total consolidated assets.

This comfortable liquidity position will enable Unicaja Banco Group to meet wholesale maturities in the coming years (€1,370 million 2017 and €3,910 million in 2018) without any difficulty.

The growth trend in retail deposits, along with continued deleveraging in the Spanish economy, have resulted in a reduction in structural funding needs in markets, with the LTD (Loan to Deposit) ratio standing at 82%.

With respect to credit quality and high provisioning levels, in 2015 the balance in the Group's doubtful assets has fallen by over €1,250 million, with reductions in both Unicaja Banco and EspañaDuero, which has improved the Group's NLP ratio to 10.0%

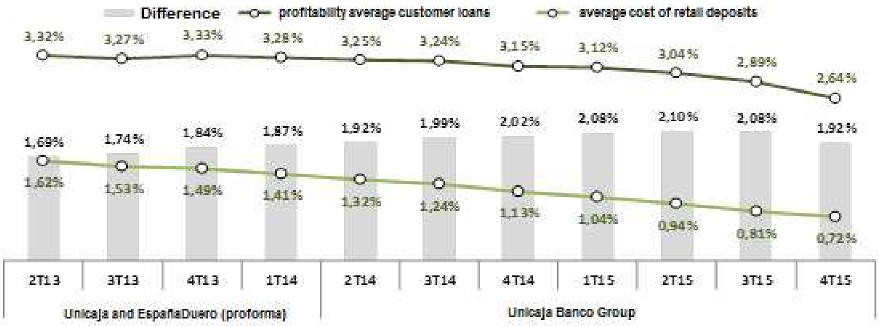
Profit/(loss)

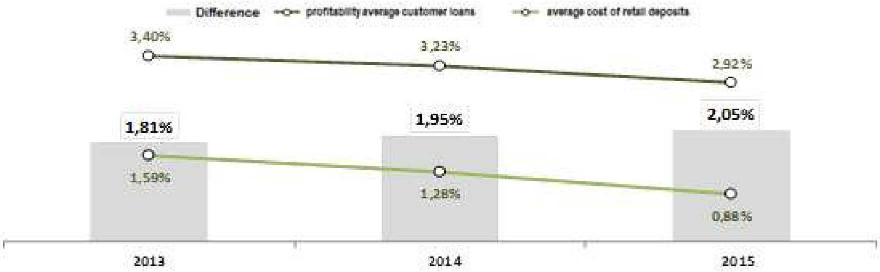
Income statement - Unicaja Banco Group	**2015**	**2014**	**T.V.I.**
Net interest income	**687.5**	**718.7**	**(4.3%)**
Customer margin	**544.6**	**534.8**	**1.8%**
Fees	238.8	227.2	5.1%
Dividends and other income from shareholdings	58.9	47.4	24.3%
ROFs + exchange differences	564.3	**392.7**	**43.7%**
Other operating income/expenses	**25.5**	**(39.8)**	**n.a.**
Gross margin	**1 574.9**	**1 346.3**	**17.0%**
Operating expenses	**681.3**	628.1	8.5%
Operating expenses (consistent perimeter)	**681.3**	**705.6**	**(3.4%)**
Operating margin (before write-downs)	**893.6**	**718.2**	**24.4%**
Write-downs and other income	676.6	616.2	9.8%
Profit/(loss) before taxes	**217**	**102**	**112.7%**
Corporate income tax	57.2	47.5	20.4%
Profit /(loss) from discontinued operations	24	20.6	16.5%
Consolidated profit/(loss) for the year	**183.8**	**75.1**	**144.7%**
Profit/(loss) attributed to the parent entity	**186.7**	**102.1**	**82.9%**

At the end of 2015, the Unicaja Banco Group recorded a profit attributable to the parent entity of €187 million, compared with €102 million in 2014 (excluding the accounting impact of the "badwill" arising from the acquisition of EspañaDuero).

	2015			**2014**			**Variation**		**Breakdown of variations**		
	Average balance	**Profit**	**Profitability /average cost**	**Average balance**	**Profit**	**Profitability /average cost**	**Average balance**	**Profit**	**Profitability /average cost**	**Balance effect**	**Price effect**	**Comb. effect**
Assets												
Financial intermediaries	3 481	4.4	0.13%	4 696	17.1	0.36%	(1 215)	(12.7)	-0.23%	(4.4)	(11.2)	2.9
Fixed-income portfolio	21 421	386.9	1.81%	21 173	522.4	2.47%	248	(135.5)	-0.66%	6.1	(140.0)	(1.6)
Credit non-doubtful receivables	28 925	857.9	2.97%	27 593	913.0	3.31%	1 332	(55.1)	-0.34%	44.1	(94.6)	(4.6)
ATMs/interest received	**64 352**	**1 279.9**	**1.99%**	**62 814**	**1 474.1**	**2.35%**	**1 538**	**(194.2)**	**-0.36%**	**36.1**	**(224.8)**	**(5.5)**
Liabilities												
Financial intermediaries	9 873	16.4	0.17%	11 821	52.8	0.45%	(1 948)	(36.4)	-0.28%	(8.7)	(33.1)	5.5
Deposits	37 870	329.6	0.87%	31 677	375.8	1.19%	6 193	(46.2)	-0.32%	73.5	(100.0)	(19.6)
Issues	9 022	176.8	1.96%	12 132	262.7	2.17%	(3 109)	(85.9)	-0.21%	(67.3)	(24.9)	6.4
Subordinated liabilities	625	55.1	8.81%	513	40.1	7.82%	113	15.0	0.99%	8.8	5.1	1.1
ATMs/interest paid	**64 352**	**592.4**	**0.92%**	**62 814**	**755.4**	**1.20%**	**1 538**	**(163.0)**	**-0.28%**	**18.5**	**(177.2)**	**(4.3)**
ATMs/Interest margin	**64 352**	**687.5**	**1.07%**	**62 814**	**718.7**	**1.14%**	**1 538**	**(31.1)**	**-0.08%**	**17.6**	**(47.6)**	**(1.2)**
ATMs/Int. marg. + fees	**64 352**	**926.3**	**1.44%**	**62 814**	**945.9**	**1.51%**	**1 538**	**(19.6)**	**-0.07%**	**23.2**	**(41.8)**	**(1.0)**

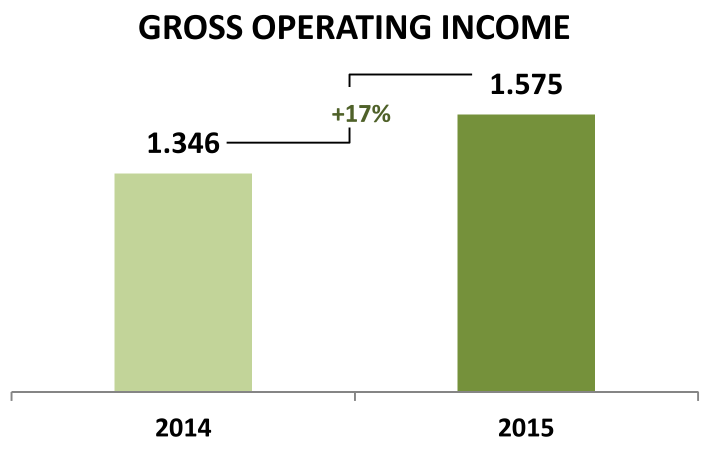
The evolution of net interest income has been adversely affected by various factors, such as the historically low level of interest, downward renegotiation of credit operations - including loans with "floor clauses" - the rotation of the fixed income portfolio or the reduction in rates of the SAREB securities in the EspañaDuero portfolio. Despite this, the interest margin derived from business with customers improved by 1.8% over the year to €545 million due among other reasons to the lower cost of retail financing which allowed the customer margin to increase from 1.95% in 2014 to 2.05% in 2015.





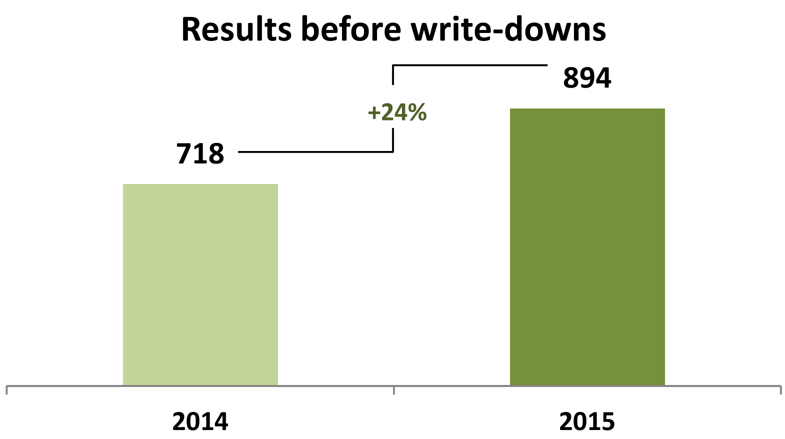
Active management of fixed interest investments has enabled the Group to achieve significant revenue from financial operations (€562 million), which will mainly be used to increase provisions to cover the legal risks still existing in EspañaDuero as a result of the management of hybrid instruments and the risk derived from possible unfavourable rulings in relation to floor clauses, and to ensure the feasibility of the integration of EspañaDuero into the Unicaja Banco Group.

The above income figures, together with results from investments in equity interests (€59 million) and the net result of other operating income/expenses (€25 million), affected by outsourcing agreements and the improvement in the results of the Group's property companies, principally, are the main reasons for the gross margin of €1575 million (17% higher than in 2014).



At the same time, operating expenses have amounted to €681 million, which, along with the year-on-year reduction of 3.4% in the aggregate of the Unicaja Banco and EspañaDuero Groups at 31 December 2014, has resulted in an efficiency ratio (operating expenses over gross margin) of 43.3%.

As a result of these developments, profits before write-downs amount to €894 million (24% higher than the figure at end-2014).



In line with the Unicaja Banco Group's traditionally prudent approach, the resources generated during the year have mostly been used to consolidate the high level of risk coverage. Among other items, a provision has been recorded for potential unfavourable rulings in relation to floor clauses, a net amount of €676.6 million being transferred to write-downs against income.

Breakdown of write-downs and other profits	December 2015	December 2014	Variation
			Million euros
Provisions (net)	145.1	148.8	(3.7)
Impairment loss (net)	494.1	435.8	58.3
Financial asset impairment losses (net)	*424.7*	*355.8*	*68.9*
Non-financial asset impairment losses (net)	*69.4*	*80*	*(10.6)*
Gains/(losses) from disposals of assets not classified as current assets held for sale	3.0	1.4	1.6
Gains/(losses) from non-current assets held for sale not classified as discontinued operations	34.3	30.9	3,4
Total write-downs and other income	**676.6**	**616.2**	**60.4**

Business

The volume of resources managed by the Group at the year end amounts to €60,977 million (without valuation adjustments). This figure is a decrease of €507 million (-0.8%) with respect to that recorded at the end of 2014, due to the reduction in financing obtained on wholesale markets (€-2,163 million).

Managed resources Unicaja Banco Group (without value adjustments)	December 2015	Structure	December 2014	Year-on-year change	% year-on-year change
					Million euros
Total funds on balance sheet	**49 891**	**81.8%**	**50 546**	**(654)**	**(1.3%)**
Customer deposits	**48 620**	**79.8%**	**48 084**	**536**	**1.1%**
Public authorities	**1 907**	**3.1%**	**1 689**	**219**	**12.9%**
Private sector	**46 713**	**76.6%**	**46 395**	**318**	**0.7%**
Demand deposits	20 239	33.2%	17 220	3 020	17.5%
Time deposits	22 775	37.4%	25 444	(2 669)	(10.5%)
Of which: mortgage secured bonds	7 400	12.1%	-	(1 140)	(13.3%)
Assets ceded under repurchase agreements	3 698	6.1%	3 731	(33)	(0.9%)
Issues	**1 271**	**2.1%**	**2 462**	**(1 191)**	**(48.4%)**
Mortgage securities	659	1.1%	1 611	(952)	(59.1%)
Other securities	-	-	212	(212)	n.s.
Subordinated liabilities	612	1.0%	639	(27)	(4.2%)
Off-balance sheet funds	**11 072**	**18.2%**	**10 938**	**134**	**1.2%**
Total managed resources	**60 964**	**100.0%**	**61 484**	**(520)**	**(0.8%)**
Of which:					
Customer funds (retail)	49 572	81.3%	48 732	840	1.7%
Markets	11 391	18.7%	12 752	(1 361)	(10.7%)

The figures at December 2015 confirm the growth in retail customer resources by over €800 million, with growth in demand deposits standing at 17.5%.

Most resources managed consist of customer deposits (€48,629 million), of which €20,159 million are demand deposits by private sector customers, €22,865 million are time deposits and €3,698 million relate to repos. Off-balance-sheet funds managed amount to €11,077 million, mainly comprising customer funds gained through investment funds (€5,061 million), pension funds (€2,193 million) and savings insurance (€2,835 million). The balance for issuances included in the aggregate of managed resources is limited to €1,271 million, down 48.4% on the end of 2014. It consists basically of issues of mortgage securities held by third parties (€659 million) and convertible bonds of EspañaDuero subscribed by the FROB (€604 million).

By origin, 81.3% (€49,586 million) relates to banking business with customers, while the remaining 18.7% (€11,391 million) comprise the funds raised in wholesale markets through bond issuances or repos.

Customer loans (without value adjustments) amounted to €35,433 million at 31 December 2015. The most significant item in the loan portfolio is secured private sector loans, representing 60% of total loans.

					Million euros
Unicaja Banco Group customer loans	**December 2015**	**Structure**	**December 2014**	**Absolute variation**	**Relative variation**
Public authorities	**2 009**	**6%**	**2 035**	**(27)**	**(1.3%)**
Private sector	**33 424**	**94%**	**36 030**	**(2 606)**	(7.2%)
Trade credit	207	1%	193	15	7.6%
Secured loans	20 947	59%	22 480	(1 534)	(6.8%)
Assets acquired under repurchase agreements	3 451	10%	2 993	458	15.3%
Other term loans	3 959	11%	4 329	(370)	(8.5%)
Demand loans and other	4 860	14%	6 035	(1 175)	(19.5%)
Total unadjusted customer loans per valuation	**35 433**	**100,0%**	**38 065**	**(2 632)**	**(6.9%)**
Impairment and other adjustments per valuation	(2 345)		(2 979)	634	(21.3%)
Total customer loans	**33 088**		**35 086**	**(1 998)**	**(5.7%)**

In comparison with December 2014, we should note the reduction in the relative importance of the development sector, which now represents only 4.7%. Conversely, loans to individuals have increased (from 70.4% to 73.4%).

					Million euros
Private sector loans by credit risk rating	**December 2015**	**Compos.**	**December 2014**	**Absolute variation**	**Relative variation**
Private sector loans	[illegible]	**100,0%**	[illegible]	[illegible]	[illegible]
Companies	**7 888**	**26,6%**	**9 722**	**(1 834)**	**(18.9%)**
Real-estate development and construction	1 385	4,7%	1 948	(562)	(28.9%)
Other companies	6 502	21,9%	7 774	(1 272)	(16.4%)
SMEs and independent contractors	4 855	16,4%	5 979	(1 125)	(18.8%)
Large companies	1 164	3,9%	1 238	(74)	(6.0%)
Civil works	483	1,6%	556	(73)	(13.1%)
Individuals	**21 747**	**73,4%**	**23 067**	**(1 321)**	**(5.7%)**
Housing	19 438	65,6%	20 513	(1 075)	(5.2%)
Rest	2 309	7,8%	2 555	(246)	(9.6%)

In 2015 the contraction of the total volume of credit that had characterised the Spanish economy in recent years due to the deleveraging of companies and households began to slow. In this respect, although new business is not sufficient to offset existing credit repayments, both Unicaja Banco and EspañaDuero have seen a notable increase in the volume of new transactions compared with the previous year.

During 2015 new loan operations with SMEs and households have totalled over €2,250 million. Of particular significance is the growth in new home loans, 26% higher than those granted by Unicaja Banco and EspañaDuero in 2014. This confirms the trend towards reactivation that had already been noted in the most recent quarters.

Credit quality

Following the increase in non-performing assets in 2014 after the acquisition of EspañaDuero, and consolidating the positive trend that emerged in the last quarter of 2014, in 2015 the balance of doubtful loans in Unicaja Banco Group has fallen by over €1,250 million (-26%), with decreases in both Unicaja Banco and EspañaDuero, which has led to an increase of 2.6% in the NPL ratio of the Unicaja Banco Group to 10%, less than the 10.2% for total Spanish deposit-taking entities at December 2015 announced by the Bank of Spain (provisional figure). Likewise, Unicaja Banco Group maintains a level of doubtful exposure coverage of 57.1%, above the 58% for Spanish deposit-taking entities as a whole at end-2015, according to the provisional data published by the Bank of Spain.

Thanks to the efforts made in recent years to clean up the balance sheet, enabling a level of risk coverage to be achieved that covers the hypothetical losses envisaged in adverse scenarios, and the expected recovery of the Spanish economy, which is reflected in a clear change of direction in the evolution of irregular assets, a major reduction in write-down needs in the coming years may be envisaged.

Repossessed assets

At end-2015 the balance of net repossessed assets stands at €1,113 million (€2,681 million in terms of gross value), which is only 1.85% of the Unicaja Banco Group's assets. 55% of the repossessed properties at carrying value are completed new constructions and used residential property.

Repossessed assets - Unicaja Banco Group				**Million euros 2015**
	Carrying value	**Value adjustments**	**Gross value**	**Coverage (%)**
Properties derived from construction and real estate development	642	1 065	1 707	62.4%
Finished buildings	271	285	556	51.2%
Buildings under construction	48	74	122	60.7%
Land	323	706	1 029	68.6%
Properties derived from home loans	340	332	672	49.4%
Other properties	131	171	302	56.7%
Total repossessed assets	**1 113**	**1 568**	**2 681**	**58.4%**

In line with Unicaja Banco Group's prudent approach, provisions for repossessed assets amounted to €1,568 million at end-2015, which entails coverage of these assets of 58.5%.

Solvency

Unicaja Banco Group maintained high levels of solvency at the end of 2015.

PHASE IN RATIOS	2015	2014	Variation	% variation
CET 1	12.8%	11.0%	184 p.b.	17%
T1	12.9%	11.0%	190 p.b.	17%
TOTAL CAPITAL	**12.9%**	**11.0%**	**190 p.b.**	**17%**

FULLY LOADED RATIOS	2015	2014	Variation	% variation
CET 1	11.1%	10.3%	80 p.b.	8%
T1	11.5%	10.7%	84 p.b.	8%
TOTAL CAPITAL	**11.5%**	**10.7%**	**84 p.b.**	**8%**

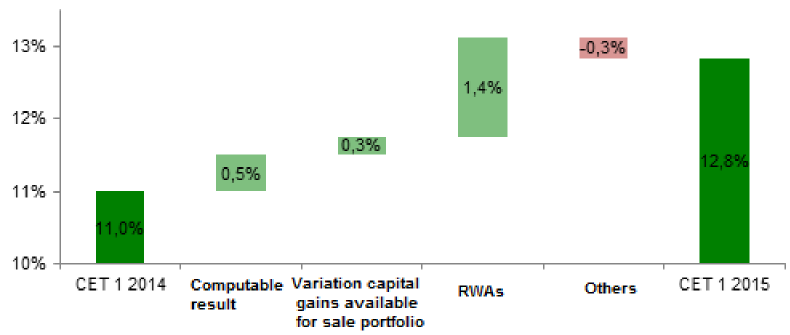
These ratios enable the Group to meet, or even exceed, the following:

- the requirements laid down in EU Regulation 575/2013 on prudential requirements in credit institutions and

- the prudential minima determined by the ECB following the results of the SREP review and evaluation process.

	2015
Regulatory minimum (CET 1 %)	4,5%
Regulatory minimum (surplus €M)	2 260
Prudential minimum (CET 1 %)	9.25%
Prudential minimum (surplus €M)	972

The positive development of CET 1 phase-in in 2015 is explained mainly by the generation of profits, higher capital gains in the Available for sale portfolio and the decrease in Risk Weighted Assets.



For complementary purposes, set out below is a detail of items making up qualifying capital together with a breakdown of the Pilar 1 capital requirements:

	December 2015	December 2014	Absolute variation	€million Relative variation
TOTAL T1 CAPITAL	**3 510**	**3 348**	**162**	**5%**
TOTAL CET1 CAPITAL	**3 480**	**3 334**	**146**	**4%**
Capital	881	881	-	-
Share premium	1 133	1 133	-	-
Reserves and profit/(loss) for the year	685	483	202	42%
Non-controlling interests	229	298	(68)	(23%)
Cash flow hedges	5	13	(7)	(59%)
Contingent convertible bonds subscribed by the FROB	604	604	-	-
Other accumulated comprehensive results	150	297	(147)	(49%)
Adjustment for unrealized gains	(101)	(327)	(226)	(69%)
Other	(1)	-	(1)	134%
Deduction goodwill and intangibles	(14)	(7)	(7)	91%
Deduction tax assets	(53)	(22)	(31)	142%
Deduction significant shareholdings	(39)	(18)	(21)	118%
TOTAL AT1 CAPITAL	**30**	**14**	**16**	**119%**
Hybrid instruments Cocos	99	99	-	-
Deduction goodwill	(22)	(30)	8	(28%)
Deduction significant shareholdings	(47)	(55)	8	(14%)
TOTAL T2 CAPITAL	**-**	**-**	**-**	**-**
Qualifying generic	9	10	-	(4%)
Qualifying subordinated	1	6	(5)	(78%)
Deduction significant shareholdings	(11)	(16)	5	(33%)
TOTAL CAPITAL	**3 510**	**3 348**	**162**	**5%**

Finally, the reconciliation between shareholders' equity and qualify capital for regulatory purposes is as follows:

Reconciliation shareholders' equity and qualifying capital	2015	2014	Variation	€million Change (%)
Shareholders' funds	2 834	2 674	160	6%
Valuation adjustments	142	292	(150)	(51%)
Non-controlling interests	280	326	(46)	(14%)
TOTAL EQUITY (published balance sheet)	**3 256**	**3 292**	**(36)**	**(1%)**
Difference between published and regulatory balance sheet	(1)	(1)	-	n.s.
TOTAL EQUITY (published balance sheet)	**3 255**	**3 291**	**(36)**	**(1%)**
Adjustments for non-qualifying valuation	(88)	(310)	221	(72%)
Non-qualifying minority interests	(50)	(28)	(22)	81%
Non-qualifying profit for the year	(36)	(78)	42	(54%)
Deductions	(186)	(148)	(38)	26%
Convertible contingent bonds subscribed by FROB	604	604	-	-
T2 capital	11	16	(5)	(33%)
TOTAL QUALIFYING CAPITAL	**3 510**	**3 348**	**162**	**5%**

Liquidity

At the end of 2015, Unicaja Banco Group has a liquid and discountable asset position with the ECB, net of utilized assets, of €15,952 million, which represents over 26% of the total balance sheet figure. This significant volume of liquid assets means that forthcoming bond maturities (€1,492 million in 2016) and the finalization of the ECB long-term liquidity operations (LTROs) in 2018 can be managed comfortably.

		€million
Unicaja Banco discountable liquid assets	**2015**	**2014**
Liquid assets:		
Cash surplus (*)	1 008	9
Discountable assets acquired under repurchase agreements	4 849	3 456
Fixed income portfolio and other discountable assets in the European Central Bank	18 075	23 575
Total liquid assets (ECB discount value)	**23 932**	**27 040**
Liquid assets utilized:		
In European Central Bank	2 417	8 722
Temporary assignment of assets	5 563	4 583
Total liquid assets utilized	**7 980**	**13 305**
Available discountable liquid assets	**15 952**	**13 734**
% of total assets	**26.4%**	**20.2%**

(*) Includes interbank deposits and surplus balance in central banks

			€million
Maturities of financing on markets for 2016-2018	**Issues**	**LTROs**	**Total**
FY 2016	1 492	-	1 492
FY 2017	1 370	-	1 370
FY 2018	1 493	2 417	3 910
Total	**4 355**	**2 417**	**6 772**

The growth trend in retail deposits and the contraction of customer loans have underlined the reduction in structural market funding needs in the Unicaja Group, a decline that is reflected in the evolution of the LTD (Loan to Deposits) ratio, which at end 2015 stands at 82%.

Unicaja Banco LTD ratio (*)	**% Ratio**
End FY 2013	109%
End FY 2014	91%
End FY 2015	82%

(*) Loans to deposits (without valuation adjustments in both cases). Both loans and deposits exclude balances of operations on wholesale markets.

Branch network

Unicaja Banco Group operates only in Spain (with the exception of a branch in Portugal) mainly in Andalusia and Castilla y León, as well as in the Autonomous Regions of Madrid and Murcia, the provinces of Albacete, Alicante, Badajoz, Barcelona, Ciudad Real, Toledo, Valencia and Valladolid and the Autonomous Cities of Ceuta and Melilla. 82% of its branches are concentrated in Andalusia and Castilla y León. Málaga (16%), Almería (8%), León (8%) and Valladolid (8%) are the most important provinces in the Group's business. At 31 December 2015, Unicaja Banco Group had a network of 1354 branches: 1352 branches in Spain, covering 38 provinces and Ceuta and Melilla; one branch in Portugal and one correspondent branch in the UK (according to Bank of Spain criteria from June 2010, offices open to the public include desks in other locations and branches abroad).

Business Network Distribution

Country	Autonomous Region	Branches operating at 31/12/2015		Branches operating at 31/12/2014	
		No. of branches	Distribution (%)	No. of branches	Distribution (%)
Spain	Andalusia	643	47.49%	666	46.90%
	Aragón	1	0.07%	2	0.14%
	Asturias	3	0.22%	5	0.35%
	Cantabria	1	0.07%	1	0.07%
	Castilla y León	471	34.79%	499	35.14%
	Castilla-La Mancha	77	5.69%	78	5.49%
	Catalonia	2	0.15%	2	0.14%
	Ceuta	1	0.07%	2	0.14%
	Autonomous region of Valencia	4	0.30%	4	0.28%
	Extremadura	54	3.99%	59	4.15%
	Galicia	6	0.44%	10	0.70%
	La Rioja	1	0.07%	1	0.07%
	Madrid	80	5.91%	81	5.70%
	Melilla	4	0.30%	4	0.28%
	Murcia	2	0.15%	2	0.14%
	Navarre	1	0.07%	1	0.07%
	Basque Country	1	0.07%	1	0.07%
Total number of branches in Spain		**1 352**	**99.85%**	**1 418**	**99,86%**

Country	City	Branches operating at 31/12/2015		Branches operating at 31/12/2014	
		No. of branches	Distribution (%)	No. of branches	Distribution (%)
Portugal	Lisbon	1	50.00%	1	50.00%
United Kingdom	London	1	50.00%	1	50.00%
Total number of branches abroad		**2**	**0.15%**	**2**	**0.14%**
Total branches		**1 354**	**100.00%**	**1 420**	**100.00%**

At 30 September 2015, according to the T7 statement published by the Bank of Spain, market share in the Autonomous Regions of Andalusia and Castilla Y León stands at 14.7% and the share in customer deposits in other resident sectors (i.e. entities not belonging to the public sector, nor credit institutions or non-resident entities) stands at 22.7%, while market share in relation to customer loans in other resident sectors stand at 9.9% and 15.3%, respectively. With regard to branches, Unicaja Banco Group's share in Andalusia is 13.2% and in Castilla y León is 20.9%, according the latest available Bank of Spain figures at 30 September 2015.

Risk exposure framework

On 30 January 2015, the Board of Unicaja Banco approved the Unicaja Banco Group's Risk Exposure Framework ("Risk Appetite Framework" or "RAF"). The Group will carry on its business within this framework.

The Risk Exposure Framework is a basic instrument which is used to implement the Bank's risk policy. It includes policies, processes, controls and systems to establish, report and monitor each form of risk exposure. The framework is the Group's general risk policy; it is the Bank's basic management tool used to formalize and update the integral framework that defines the risk which the Group is prepared to accept. It establishes several different metrics to quantify, control and monitor risk exposure. The metrics also make it possible to react in the face of certain levels or scenarios.

The approval and subsequent implementation of the Group's Risk Exposure Framework make it possible to:

- Explain the Group's risk objectives in line with corporate strategy, acting as a benchmark reference for the lines of business.
- Integrate all of the risk management processes in a common framework.
- Promote an internal culture of risk management.

The Unicaja Banco Group's business is focused mainly on business, retail and corporate banking, applying solid risk control and management standards. It finances lending mainly by using deposits banked by customers and issuing long-term deposits on wholesale markets. The main risks managed by the Group are credit risk and liquidity risk.

For the purpose of its strategic plan the Unicaja Banco Group's Risk Exposure Framework sets the level and type of risk exposure that it is prepared to accept, envisaging no significant changes at all even during stress testing. Unicaja Banco Group risk management aims to achieve a moderate risk profile through prudent management, a bespoke retail banking business model based on location, asset type, portfolio and client and sustainable growth over time.

The Risk Exposure Model of the Unicaja Banco Group is considered the result of the work of all of its subsidiaries and EspañaDuero in particular, due to the relevance and importance of the model in terms of the Group's solvency, by setting specific limits on solvency and references on which to base independent management. Historically, Unicaja has been characterised by the implementation and effective assumption of a prudential risk management culture. With respect to the consolidation of EspañaDuero, Unicaja Banco Group will continue to make its culture of prudence a priority across the Group as a whole.

Global risk control

The Group applies rigorous measures to maintain a permanent, prudent and balanced risk profile so as to preserve its solvency, profitability and liquidity. The Group's integrated risk management model allows service quality to be assured during the application of the lending policy and in all investment lines.

25 April 2014 the Risk Committee was created with the authority to advise the Bank's Board Directors regarding the current and future overall risk scenario at the Entity and its strategy in this area, to assist the Board in monitoring the application of that strategy by Senior Management and to examine whether the prices of assets and liabilities offered to customers fully take into account the business and risk strategy model at the Entity. The amendment of the bylaws of Unicaja Banco that was approved by shareholders at a General Meeting on 30 September 2014 brought the Risk Committee into the highest level of management.
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.

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 organization.

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 balance sheet date

On 4 January 2016 and 11 February 2016, Unicaja Banco Group, through Unimediación, S.L.U. and Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.U., respectively, have concluded agreements consisting of the assignment of exclusive distribution rights for various branches of insurance. In addition, on 11 February 2016 the Group has concluded, through Banco de Caja España de Inversiones, Salamanca y Soria, S.A. and Grupo de Negocios Duero, S.A.U., an agreement for the sale of 100% of the holding in Unión del Duero, Compañía de Seguros Generales, S.A.U. This agreement is subject to authorization by the Directorate General for Insurance and Pension Funds. The above operations have no significant impact on the 2015 consolidated annual accounts.

During the period between the end of the year on 31 December 2054 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 2015 and 2014.

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 2015 and 2014, 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.

Treasury shares

At 31 December 2015 the Bank did not hold any treasury shares. During 2015 no operations were carried out involving treasury shares.

Deferral of payments to suppliers

The payments made by Unicaja Banco Group to suppliers only rendering services and sundry services in 2015 totalled €435,628 thousand (€323,388 thousand in 2014), which were made within the deadlines established by law and by contract. The amount pending payment to suppliers at 31 December 2015 and 2014 is not significant and have been outstanding for a period less than that established by Law 15/2010.

Under Final Provision Two of Law 31/2014 of 3 December, which amended Additional Provision Three of Law 15/2010, and in relation to the information to be disclosed in the notes to the annual accounts on delays in payment to suppliers in business operations calculated on the basis of the Ruling of 29 January 2016 by the Spanish Institute of Accountants and Auditors, the average supplier payment period for the Group during 2015 is 19.64 days, while the transactions paid ratio and the transactions pending payment ratio stand at 20.48 days and 28.19 days, respectively.

As provided by the Single Additional Provision of the Ruling of 29 January 2016 by the Spanish Institute of Accountants and Auditors concerning disclosure in the annual accounts of the average supplier payment period in business operations, as this is the first year of application, no comparative information is presented and these annual accounts are regarded as being initial annual accounts solely for the purpose of the consistency principle and comparability requirement.

The Group's average payment period is within the legally established limit and therefore there is no need to disclose the measures envisaged in Article 262.1 of the Spanish Companies Act 2010 in the directors' report.

Annual Corporate Governance Report

Below is attached the Annual Corporate Governance Report of Unicaja Banco, S.A. for the year ended December 31, 2015, as an integral part of this consolidated management report.