UNICAJA BANCO, S.A.
& SUBSIDIARY COMPANIES
(UNICAJA BANCO GROUP)

Consolidated condensed interim financial statements
and consolidated interim management report
for the six months ending 30th June 2018

UNICAJA BANCO, S.A. AND SUBSIDIARIES (GRUPO UNICAJA BANCO)

CONSOLIDATED CONDENSED BALANCE SHEETS TO 30TH JUNE 2018 & TO 31ST DECEMBER 2017
(€ ´000)

ASSETS	Note	30/06/18	31/12/17 (*)
CASH, BALANCES IN CENTRAL BANKS AND OTHER DEMAND DEPOSITS	10.1	3 059 760	3 806 391
FINANCIAL ASSETS HELD FOR TRADING	8.2	65 294	31 462
Memorandum item: lent or provided as collateral (sell or pledge)		*4 904*	*11 849*
NON-TRADING FINANCIAL ASSETS MANDATORILY DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	8.3.1	76 985	
Memorandum item: lent or provided as collateral (sell or pledge)		-	
FINANCIAL ASSETS DESIGNATEDAT AT FAIR VALUE THROUGH PROFIT OR LOSS	8.3.2	4 886	-
Memorandum item: lent or provided as collateral (sell or pledge)		-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	8.4		3 701 538
Memorandum item: lent or provided as collateral (sell or pledge)			*1 903 978*
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	8.4	6 458 603	
Memorandum item: lent or provided as collateral (sell or pledge)		*561 373*	
LOANS AND RECEIVABLES	8.5		32 407 257
Memorandum item: lent or provided as collateral (sell or pledge)			*894 427*
HELD-TO-MATURITY INVESTMENTS	8.5		10 634 320
Memorandum item: lent or provided as collateral (sell or pledge)			*4 138 903*
FINANCIAL ASSETS CARRIED AT AMORTIZED COST.	8.5	42 282 144	
Memorandum item: lent or provided as collateral (sell or pledge)		*1 935 159*	
HEDGING DERIVATIVES	9	427 382	456 829
CHANGE IN FAIR VALUE OF HEDGED ITEMS HELD IN A PORTFOLIO AGAINST INTEREST RATE RISK		-	-
INVESTMENTS IN JOINT VENTURES AND ASSOCIATE COMPANIES	6	369 204	482 943
Joint ventures		38 250	74 409
Associates		330 954	408 534
ASSETS UNDER INSURANCE CONTRACTS	10.5	1 496	-
TANGIBLE ASSETS	10.3	1 224 232	1 290 684
Fixed tangible assets		856 652	872 636
For own use		856 652	872 636
Let under an operating lease agreement		-	-
Investment property		367 580	418 048
Of which: let under operating lease		*216 764*	*241 366*
Memorandum item: acquired under a financial lease		-	*3*
INTANGIBLE ASSETS	10.4	63 478	1 882
Goodwill		59 925	184
Other intangible assets		3 553	1 698
TAX ASSETS	29.3	2 651 166	2 613 094
Current tax asset		69 881	75 078
Deferred tax asset		2 581 285	2 538 016
OTHERS ASSETS	10.7	468 937	466 455
Insurance contracts linked to pensions		131 833	131 103
Inventory		222 908	266 596
All other assets		114 196	68 756
NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	10.2	452 862	439 053
TOTAL ASSETS		**57 606 429**	**56 331 908**

(*) Presented solely for comparison purposes (note 1.9).
Notes 1 to 36 below and Appendices I, II and III enclosed are an integral part of the consolidated interim financial statements to 30th June 2018.

LIABILITIES	Note	30/06/18	31/12/17 (*)
FINANCIAL LIABILITIES HELD FOR TRADING	8.2	25 010	27 412
FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Memorandum item: subordinated debt		-	-
FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	8.6	51 449 218	50 940 743
Memorandum item: subordinated debt		-	-
HEDGING DERIVATIVES	9	157 152	31 385
CHANGE IN FAIR VALUE OF ITEMS HELD IN A PORTFOLIO HEDGED AGAINST INTEREST RATE RISK		-	-
LIABILITES UNDER INSURANCE AND REINSURANCE CONTRACTS	10.6	632 492	4 290
PROVISIONS	11.2.1	843 299	935 351
Pensions and related post-employment defined benefits		163 692	163 480
Other long-term employee benefits		114 555	127 415
Provisions for taxes and other legal contingencies		-	-
Commitments and guarantees given		137 797	104 238
All other provisions		427 255	540 218
TAX LIABILITIES	29.3	282 696	208 984
Current tax liability		15 447	22 793
Deferred tax liability		267 249	186 191
EQUITY REDEEMABLE UPON DEMAND		-	-
OTHER LIABILITIES	10.8	260 038	281 405
LIABILITIES IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE		-	-
TOTAL LIABILITY		**53 649 905**	**52 429 570**

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EQUITY	Note	30/06/18	31/12/17 (*)
SHAREHOLDERS' EQUITY		**3 836 915**	**3 855 750**
CAPITAL	12	1 610 302	1 610 302
Paid-in capital		1 610 302	1 610 302
Called-up capital		-	-
Memorandum entry (p.m.): uncalled capital		-	-
SHARE PREMIUM	12	1 209 423	1 209 423
EQUITY INSTRUMENTS ISSUED OTHER THAN CAPITAL	12	48 242	49 021
Equity component of compound financial instruments		48 242	49 021
Other equity instruments		-	-
OTHER EQUITY ELEMENTS		-	-
RETAINED EARNINGS	14	1 040 213	871 757
REVALUATION RESERVES		-	-
OTHER RESERVES	14	(168,969)	(27,128)
(–) TREASURY SHARES	12	(7,572)	-
NET INCOME/LOSS ATTRIBUTABLE TO THE PARENT COMPANY		105 276	142 375
(–) INTERIM DIVIDENDS		-	-
ACCUMULATED OTHER COMPREHENSIVE INCOME		**96 074**	**16 910**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		20 887	183
Actuarial gain or loss in benefit pension scheme		161	183
Non-current assets and disposal groups classified as held for sale		-	-
Recognised revenues and expenses from joint ventures & associate companies		6 612	-
Change in fair value of equity instruments measured at fair value through other comprehensive income		14 114	
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income		-	
Change in fair value of equity instruments measured at fair value through other comprehensive income (hedged item)		-	
Change in fair value of equity instruments measured at fair value through other comprehensive income (hedging instrument)		-	
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in its credit risk		-	
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		75 187	16 727
Hedging of net investments abroad (effective portion)		-	-
Foreign currency translation		(156)	(79)
Hedging derivatives Cash flow hedges (effective portion)		(21 621)	(8 379)
Available-for-sale financial assets			2 145
Change in fair value of debt instruments measured at fair value through other comprehensive income		84 609	
Hedging instruments (non-designated items)		-	
Non-current assets and disposal groups classified as held for sale		-	-
Recognised revenues and expenses from joint ventures & associate companies		12 355	23 040
NON-CONTROLLING INTEREST (FROM MINORITY STAKES)	**13**	**23 535**	**29 678**
ACCUMULATED OTHER COMPREHENSIVE INCOME		2 120	392
OTHER ITEMS		21 415	29286
TOTAL EQUITY		**3 956 524**	**3 902 338**
TOTAL EQUITY AND LIABILITY		**57 606 429**	**56 331 908**
MEMORANDUM ITEM: OFF-BALANCE SHEET EXPOSURE			
LOAN COMMITMENTS GIVEN	11.2.2	2 745 230	2 786 416
FINANCIAL GUARANTEES GIVEN	11.2.2	69 677	77 230
OTHER COMITTMENTS GIVEN		2 973 661	1 818 194

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Notes 1 to 36 below and Appendices I, II and III enclosed are an integral part of the consolidated interim financial statements to 30th June 2018.

UNICAJA BANCO, S.A. AND SUBSIDIARIES (GRUPO UNICAJA BANCO)

CONSOLIDATED CONDENSED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDING ON 30TH JUNE 2018 AND 2017

(€ ´000)

	Note	(Debit) Credit	
		30/06/18	30/06/17 (*)
INTEREST INCOME AND OTHER INCOME	16	405 738	439 479
(INTEREST EXPENSE)	17	(102 788)	(148 877)
(REDEEMABLE EQUITY EXPENSES)		-	-
NET INTEREST INCOME		**302 950**	**290 602**
DIVIDEND INCOME	18	14 729	13 183
INCOME/LOSS FROM ENTITIES CARRIED AT EQUITY METHOD	19	20 646	20 286
FEE AND COMMISSION INCOME	20	119 112	121 178
(FEE AND COMMISSION EXPENSE)	21	(11 119)	(12 226)
NET GAINS OR LOSSES ON DERECOGNITION FROM THE STATEMENTS OF FINANCIAL ASSETS AND LIABILITIES (NOT MEASURED AT FAIR VALUE) THROUGH PROFIT OR LOSS	22	28 452	75 842
NET GAINS OR LOSSES FROM FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING	22	1 636	1 869
NET GAINS OR LOSSES FROM NON-TRADING FINANCIAL ASSETS MANDATORILY DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		1 035	
NET GAINS OR LOSSES FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	22	(2 998)	-
NET GAINS OR LOSSES FROM HEDGE ACCOUNTING		-	10
NET GAINS OR LOSSES FROM EXCHANGE DIFFERENCES		626	98
OTHER OPERATING INCOME	23	55 655	95 909
(OTHER OPERATING EXPENSES)	24	(48 804)	(47 508)
INCOME FROM ASSETS UNDER INSURANCE CONTRACTS	23	31 000	-
(EXPENSES FROM LIABILITIES UNDER INSURANCE CONTRACTS)	24	(21 156)	-
GROSS MARGIN		**491 764**	**559 243**
(ADMINISTRATIVE EXPENSES)	25	291 986)	(297 876)
(Staff)		(194 816)	(202 520)
(Other administrative expenses)		(97 170)	(95 356)
(DEPRECIATION AND AMORTIZATION)		(18 550)	(22 104)
(PROVISIONING OR PROVISIONING REVERSALS)	11.2.1	(61 792)	(90 032)
IMPAIRMENT OR REVERSAL IN THE VALUE OF FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS OR NET GAINS BY MODIFICATION	8.1	13 642	(32 083)
NET OPERATING INCOME		**133 078**	**117 148**
(IMPAIRMENT OR REVERSAL IN THE VALUE OF JOINT VENTURES OR ASSOCIATES)	26	-	(27 554)
(IMPAIRMENT OR REVERSAL OF NON-FINANCIAL ASSETS)	26	812	(20 992)
(Tangible assets)		4 347	(7 224)
(Intangible assets)		(3 995)	-
(Other)		460	(13 768)
NET GAINS OR LOSSES ON DERECOGNITION FROM THE STATEMENTS OF NON-FINANCIAL ASSETS	27	4 032	7 915
NEGATIVE GOODWILL RECOGNISED IN P&L		-	-
GAINS OR LOSSES ARISING FROM NON-CURRENT ASSETS AND DISPOSAL GROUPS OF ITEMS CLASSIFIED AS HELD FOR SALE THAT CANNOT BE CLASSIFIED AS DISCONTINUED OPERATIONS	28	2442	(2 383)
PRE-TAX INCOME (OR LOSS) FROM OPERATIONS		**140 364**	**74 134**
(TAX EXPENSE OR INCOME ON EARNINGS FROM CONTINUING OPERATIONS)	29.2	(36 310)	406
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS		**104 054**	**74 540**
PROFIT OR LOSS AFTER TAX FROM DISCONTINUED OPERATIONS	30	-	-
RESULT FOR THE PERIOD		**104 054**	**74 540**
Attributable to minority interests (non-controlling interest)	13	(1 222)	(11 139)
Attributable to the holders of the parent Company		105 276	85 679
EARNINGS PER SHARE	3		
Basic earnings per share (€)		0.065	0.093
Diluted earnings per share (€)		0.064	0.089

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UNICAJA BANCO, S.A. AND SUBSIDIARIES (GRUPO UNICAJA BANCO)

CONSOLIDATED CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE SIX-MONTH PERIOD ENDED 30TH JUNE 2018 & 2017
(€ ´000)

	Period 30/06/18	Period 30/06/17 (*)
RESULT FOR THE PERIOD	**104 054**	**74 540**
OTHER RESULTS	**(66 869)**	**10 914**
Items not subject to reclassification to income statement	**6 756**	**(73)**
Actuarial gain or loss in benefit pension scheme	(29)	(104)
Non-current assets and disposal groups held for sale	-	-
Recognised revenues and expenses from joint ventures & associate companies	9 445	-
Change in fair value of equity instruments measured at fair value through other comprehensive income	234	
Net gains or losses from hedge accounting of equity instruments measured at fair value through other comprehensive	-	
Change in fair value of equity instruments measured at fair value through other comprehensive income (hedged item)	-	
Change in fair value of equity instruments measured at fair value through other comprehensive income (hedging derivatives)	-	
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in its credit risk	-	
Income tax on earnings from items not subject to reclassification to income statement	(2 894)	31
Items subject to reclassification to income statement	**(73 625)**	**10 987**
Hedging of net investments abroad (effective portion)	-	-
Gain (loss) in value recognised in equity	-	-
Transfer to results	-	-
Other reclassifications	-	-
Foreign currency translation	(112)	(71)
Gain (loss) in currency exchange recognised in equity	(1 006)	(71)
Transfer to results	894	-
Other reclassifications	-	-
Cash flow hedges (effective portion)	(18 917)	12 230
Gain (loss) in value recognised in equity	(13 358)	1 648
Transfer to results	(5 559)	10 582
Transferred at the initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedging instruments (non-designated items)	-	
Gain (loss) in currency exchange recognised in equity	-	
Transfer to results	-	
Other reclassifications	-	
Available-for-sale financial assets		(21 969)
Gain (loss) in value recognised in equity		54 222
Transfer to results		(76 191)
Other reclassifications		-
Debt instruments designated at fair value through other comprehensive income	(70 886)	
Gain (loss) in value recognised in equity	(82 820)	
Transfer to results	11 934	
Other reclassifications	-	
Non-current assets and disposal groups held for sale	-	-
Gain (loss) in value recognised in equity	-	-
Transfer to results	-	-
Other reclassifications	-	-
Recognised revenues and expenses from joint ventures & associate companies	(15 264)	25 506
Income tax on items to be reclassified to income statement	31554	(4 709)
Profit for the year	**37 185**	**85 454**
Attributable to minority interests (non-controlling interest)	(1 222)	(11 139)
Attributable to owners of the parent Company	38 407	96 593

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UNICAJA BANCO, S.A. AND SUBSIDIARIES (GRUPO UNICAJA BANCO)

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS TO 30TH JUNE 2018 & 2017

(€ ´000)

	Capital	Share premium	Other non-equity instruments	Other equity items	Retained earnings	Revaluation reserves	Other reserves	Treasury shares (-)	Net income/loss attributable to the parent	Interim dividends (-)	Accumulated other comprehensive income	Non-controlling interests		Total
												Accumulated other comprehensive income	Other items	
Opening balance at 31.12.2017 (*)	**1 610 302**	**1 209 423**	**49 021**	**-**	**871 757**	**-**	**(27 128)**	**-**	**142 375**	**-**	**16 910**	**392**	**29 286**	**3 902 338**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IFRS 9 adjustments	-	-	-	-	-	-	(99 594)	-	-	-	146 033	2 892	(2 765)	46 566
Opening balance as of 01/01/2018 (*)	**1 610 302**	**1 209 423**	**49 021**	**-**	**871 757**	**-**	**(126 722)**	**-**	**142 375**	**-**	**162 943**	**3 284**	**26 521**	**3 948 904**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105 276**	**-**	**(66 869)**	**(1 222)**	**-**	**37 185**
Other changes to equity	**-**	**-**	**(779)**	**-**	**168 456**	**-**	**(42247)**	**(7 572)**	**(142 375)**	**-**	**-**	**58**	**(5 106)**	**(29 565)**
Issue of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity issues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt-to-equity conversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution (or shareholder remuneration) (Note 4)	-	-	-	-	(34 605)	-	-	-	-	-	-	-	-	(34 605)
Purchase of treasury shares	-	-	-	-	-	-	-	(7 572)	-	-	-	-	-	(7 572)
Sale or redemption of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between total equity entries	-	-	-	-	189 670	-	(42 247)	-	(142 375)	-	-	58	(5106)	-
Changes in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	(779)	-	13 391	-	-	-	-	-	-	-	-	12 612
Balance at 30.06.2018	**1 610 302**	**1 209 423**	**48 242**	**-**	**1 040 213**	**-**	**(168 969)**	**(7 572)**	**105 276**	**-**	**96 074**	**2 120**	**21 415**	**3 956 524**

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UNICAJA BANCO, S.A. AND SUBSIDIARIES (GRUPO UNICAJA BANCO)

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS TO 30TH JUNE 2018 & 2017

(€ ´000)

	Capital	Share premium	Other non-equity instruments	Other equity items	Retained earnings	Revaluation reserves	Other reserves	Treasury shares (-)	Net income/loss attributable to the parent	Interim dividends (-)	Accumulated other comprehensive income	Non-controlling interests		Total
												Accumulated other comprehensive income	Other items	
Opening balance at 31/12/2016 (*)	**922 802**	**1 140 673**	**49 263**	**-**	**535 674**	**-**	**127 900**	**-**	**142 117**	**-**	**34 648**	**5 409**	**224 637**	**3 183 123**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance as of 01/01/2017 (*)	**922 802**	**1 140 673**	**49 263**	**-**	**535 674**	**-**	**127 900**	**-**	**142 117**	**-**	**34 648**	**5 409**	**224 637**	**3 183 123**
Profit for the year	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**	**85 679**	**-**	**10 914**	**-**	**(11 139)**	**85 454**
Other changes to equity	**625 000**	**62 500**	**(60)**	**-**	**139 135**	**-**	**(114 952)**	**-**	**(142 117)**	**-**	**-**	**(1 316)**	**(46 971)**	**521 219**
Issue of ordinary shares	625 000	62 500	-	-	-	-	(23 786)	-	-	-	-	-	-	663 714
Issue of preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity issues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt-to-equity conversion	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reduction of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution (or shareholder remuneration) (Note 4)	-	-	-	-	(23 850)	-	-	-	-	-	-	-	-	(23 850)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or redemption of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between total equity entries	-	-	-	-	281 570	-	(91 166)	-	(142 117)	-	-	(1 316)	(46 971)	-
Changes in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity-	-	-	(60)	-	(118 585)	-	-	-	-	-	-	-	-	(118 645)
Balance at 30/06/2017 (*)	**1 547 802**	**1 203 173**	**49 203**	**-**	**674 809**	**-**	**12 948**	**-**	**85 679**	**-**	**45 562**	**4 093**	**166 527**	**3 789 796**

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UNICAJA BANCO, S.A. AND SUBSIDIARIES (GRUPO UNICAJA BANCO)

CONSOLIDATED CONDENSED CASH FLOW STATEMENTS FOR THE SIX-MONTH PERIODS TO 30TH JUNE 2018 & 2017

(€ ´000)

	Period 30/06/18	Period 30/06/17 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES	**(718 426)**	**(2 143 725)**
Profit for the year	**104 054**	**74 540**
Cash flow after adjustments to operating activities	**16 015**	**(202 337)**
Depreciation and amortization	18 550	22 104
Other adjustments	(2 535)	(224 441)
Net changes in operating assets	**(1 335 694)**	**(682 193)**
Financial assets held for trading	(11 795)	24 037
Non-trading financial assets mandatorily designated at fair value through profit and loss	2 256	
Financial assets designated at fair value through profit or loss	39,339	-
Available-for-sale financial assets		2 544 898
Financial assets designated at fair value through other comprehensive income	1 140 371	
Loans and receivables		(3 454 037)
Financial assets carried at amortized cost.	(2 545 632)	
Other operating assets	39 767	202 909
Net increase/decrease in operating liabilities	**499 470**	**(1 320 980)**
Financial liabilities held for trading	(2 402)	(20 662)
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities carried at amortized cost	508475	(1 628 010)
Other operating liabilities	(6 603)	327 692
Income taxes paid	**(2 271)**	**(12 755)**
B) CASH FLOW FROM INVESTMENT ACTIVITIES	**6 400**	**2 204 977**
Payments	**(89 308)**	**(180 512)**
Tangible assets	(24 025)	-
Intangible assets	(65 283)	-
Investments in joint ventures and associates	-	-
Subsidiaries and other business units	-	(660)
Non-current assets and liabilities classified as held for sale	-	(179 852)
Held-to-maturity investments		-
Other investment related payments	-	-
Collections	**95 708**	**2 385 489**
Tangible assets	79 839	102 845
Intangible assets	-	-
Investments in joint ventures and associates	-	41 500
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	15 869	-
Held-to-maturity investments		2 241 144
Other investment related collections	-	-
(Continues…)		

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Notes 1 to 36 below and Appendices I, II and III enclosed are an integral part of the consolidated interim financial statements to 30th June 2018.

	Period 30/06/18	Period 30/06/17 (*)
C) CASH FLOW FROM FINANCING ACTIVITIES	**(34 605)**	**634 142**
Payments	**(34 605)**	**(53 358)**
Dividends	(34 605)	(23 850)
Subordinated liabilities	-	(29 508)
Own equity instruments amortization	-	-
Acquisition of treasury stock	-	-
Other investment related payments	-	-
Collections	**-**	**687 500**
Subordinated liabilities	-	-
Share capital issues	-	687 500
Sale of share capital instruments	-	-
Other investment related collections	-	-
D) IMPACT OF FOREIGN EXCHANGE RATES	**-**	**-**
E) NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS (A + B + C + D)	**(746 631)**	**695 394**
F) CASH AND CASH EQUIVALENTS AT BEGINING OF PERIOD	**3 806 387**	**861 711**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3 059 756**	**1 557 105**
MEMORANDUM ITEM:		
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3 059 756**	**1 557 105**
Of which: held by consolidated entities but not drawable by group	-	-
Cash	314 090	313 644
Cash equivalents at central Banks	2 434 821	252 998
Other financial assets	310 845	990 463
Less: bank overdraft refundable on demand	-	-

(*) Presented solely for comparison purposes (note 1.9).
Notes 1 to 36 below and Appendices I, II and III enclosed are an integral part of the consolidated interim financial statements to 30th June 2018.

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

EXPLANATORY NOTES FOR THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDING 30TH JUNE 2018
In €´000)

1. Introduction, basis for presentation of consolidated condensed interim financial statements and other information of a general nature

1.1 Introduction and description of the bank

Unicaja Banco, S.A. (hereinafter Unicaja Bank, the parent Company or the Bank) was set up on 1st December 2011 as a credit institution for an indefinite period. The Bank is bound by the rules and regulations governing banking institutions that operate in Spain. Other public information about the Bank may be found both on its official website (www.unicajabanco.es) and at its corporate headquarters (Avenida de Andalucía, 10 y 12, Malaga).

The Bank's corporate purpose is to carry out and pursue all manner of banking activities, transactions, business, contracts and services, in general and those directly or indirectly related to this business. These activities may be complementary to the banking business or pursuant to it, provided that they are permitted and not forbidden under legislation current at the time.

The Bank's purpose includes the provision of investment and other ancillary services, as well as carrying out insurance broking activities, both as an independent operator and through a relationship with a particular provider; the two may not be exercised at the same time.

By virtue of the articles of association, the activities, which are in line with the requirements of Act 10/2014, 26th June, on the organisation, supervision and solvency of credit institutions and represent its corporate purpose, may be conducted wholly or in part, indirectly, in any of the forms admitted by law, and in particular by ownership of shares or interests in companies or in other entities whose purpose is identical, similar or complementary to such activities.

The Bank is registered in the Companies Registry of Malaga and as a credit institution in the Special Registry of the Bank of Spain with the number 2103. The Bank also holds a licence for the exercise of banking activity granted by the Ministry of Economy and Finance, in accordance with the provisions of article 1 and consistent with Royal Decree 1245/1995.

1.2 Consolidated Group

As of 30th June 2018, 49.68% of the Bank's share capital belongs to Fundación Bancaria Unicaja, the bank's parent Company that controls the Unicaja group. Both the bank and its parent Company are based in Malaga, are subject to Spanish law and file their annual accounts in that city's companies' registry. Since it is the group's controlling company, Fundación Bancaria Unicaja submits consolidated annual accounts, in accordance with article 42 of the code of commerce. The latest consolidated annual financial accounts prepared by Fundación Bancaria Unicaja cover the financial year ending 31st December 2017.

The Bank is at the head of a sub-group of subsidiary entities, with different activities that make up the Unicaja Banco Group. In line with article 6 of Royal Decree 1159/2010, 17th September, approving the regulations for filing consolidated annual accounts and modifying the *General Accounting Plan* passed by Royal Decree 1514/2007, 16th November, and the *General Accounting Plan* for Small and Medium companies approved by Royal Decree 1515/2007, 16th November, the bank has to file consolidated annual accounts because it is listed on a regulated market in a member state of the European Union, and as such the international financial reporting standards adopted by the European Union's regulations are applicable. As a result, as well as its own annual accounts, the bank prepares the consolidated annual accounts of Unicaja Banco, S.A. and its subsidiary companies (Unicaja Banco Group) in accordance with current regulations. The latest consolidated annual financial statements prepared by Unicaja Banco, S.A cover the financial year ending 31st December 2017.

The institutions in the Unicaja Banco Group to 30th June 2018 are as follows:

Company name	**Activity**
Alqlunia Duero, S.L.	Property development
Alteria Corporación Unicaja, S.L.U.	Investment in assets, transferable securities and financial companies
Altos de Jontoya Residencia para Mayores, S.L.U.	Residential care for the elderly
Analistas Económicos de Andalucía, S.L.U.	Economic research and analysis
Andaluza de Tramitaciones y Gestiones, S.A.U.	Management and settlement of documents and deeds
Banco de Caja España de Inversiones, Salamanca y Soria, S.A.	Banking, financial activities
Banco Europeo de Finanzas, S.A.	Banking, financial activities
Desarrollos de Proyectos de Castilla y León, S.L.U.	Property development
Duero Pensiones, E.G.F.P.S.A.	Pension fund management company
Finanduero Sociedad de Valores, S.A.U.	Securities broking
Gestión de Actividades y Servicios Empresariales S.A.U.	Electronic recording and processing of data and documents
Gestión de Inmuebles Adquiridos, S.L.U.	Property development
Inmobiliaria Acinipo, S.L.U.	Property development
Inmobiliaria Uniex Sur, S.L.U.	Property development
La Algara Sociedad de Gestión, S.L.	Holiday property management
Mijas Sol Resort, S.L.U.	Property development
Parque Industrial Humilladero, S.L.	Industrial land development
Pinares del Sur, S.L.U.	Property development
Propco Blue 1, S.L.	Real estate promotion
Segurándalus Mediación, Correduría de Seguros, S.A.U.	Insurance broking
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Asset management company
Unicartera Caja 2, S.L.U.	R&D promotion and financing in the medical sector
Unicartera Gestión de Activos, S.L.U.	Debt collection and litigation manager
Unicartera Internacional, S.L.U.	Investment in assets, transferable securities and financial companies
Unicartera Internacional, S.L.U.	Investment in assets, transferable securities and financial companies
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	Financial management
Unigest, S.G.I.I.C., S.A.	Fund management
Unimediación, S.L.U.	Insurance broking
Unimediterráneo de Inversiones, S.L.U.	Investment in assets, transferable securities and financial companies
Unión del Duero Seguros de Vida, S.A.	Life insurance
Uniwindet Tres Villas, S.L.Group	Renewable energies
Viajes Caja España, S.A.	Travel agency
Viproelco, S.A.U.	Property development

The following pages include the condensed individual balance sheets to 30th June 2018 and to 31st December 2017, individual profit and loss statements, the individual statements of recognised revenue and expenses, the complete individual net equity statements and individual cash flow statements of the parent Company for the six-month periods ending on 30th June 2018 and 2017. These financial statements have been prepared in compliance with the principles, accounting standards and valuation criteria laid out in the Bank of Spain's 4/2004 Circular, and at 1st January 2018, with the provisions in its 4/2017 Circular. These principles, accounting standards and valuation criteria are not significantly different from those applied in the Unicaja Banco Group's consolidated abridged interim financial statements

a) Individual balance sheets to 30th June 2018 and to 31st December 2017.

	€ ´000	
	30/06/2018	**31.12.2017 (*)**
Cash, balances in central banks and other demand deposits	1 160 056	2 329 526
Financial assets held for trading	42 992	25 594
Non-trading financial assets mandatorily designated at fair value through profit and loss	54 958	
Financial assets designated at fair value through profit or loss	153	
Available-for-sale financial assets		3 430 814
Financial assets designated at fair value through other comprehensive income	3 149 856	
Loans and receivables		19 989 319
Held-to-maturity investments		5 562 585
Financial assets carried at amortized cost.	27 864 452	
Hedging derivatives	416 646	444 524
Investments in subsidiaries, joint ventures and associates	937 891	907 930
Tangible assets	492 329	503 169
Intangible assets	1 166	-
Tax assets	834 099	813 973
Other assets	233 629	198 893
Non-current assets and disposal groups classified as held for sale	285 679	256 541
Total assets	**35 473 906**	**34 462 868**
Financial liabilities held for trading	23 995	19 740
Financial liabilities carried at amortized cost	30 065 595	29 332 909
Hedging derivatives	127 817	31 384
Provisions	493 387	496 228
Deferred tax liability	94 644	56 970
Other liability	710 210	686 037
Total liability	**31 515 648**	**30 623 268**
Shareholders' equity:	3 924 833	3 848 446
Capital	1 610 302	1 610 302
Share premium	1 322 995	1 322 995
Equity instruments other than capital	49 341	49 341
Retained earnings	847 262	687 620
Other reserves	(61 153)	(23 786)
Profit for the year	160 586	201 974
Treasury shares	(4 500)	-
Accumulated other comprehensive income:	33 425	(8 846)
Items not subject to reclassification to income statement	9 468	2 708
Items subject to reclassification to income statement	23 957	(11 554)
Total net equity	**3 958 258**	**3 839 600**
Total liability and equity	**35 473 906**	**34 462 868**
Loan commitments given	2 186 610	2 085 100
Financial guarantees given	33 949	733 445
Other commitments	2 151 841	683 340

(*) Information presented solely for comparison purposes.

b) Individual profit & loss statements for the six-month periods ending on 30th June 2018 and 2017:

	€ ´000	
	30/06/2018	30/06/2017 (*)
Interest income and other relevant income	308 645	281 878
(Interest expense)	(30 660)	(38 675)
Net interest income	**277 985**	**243 203**
Dividend income	73 201	18 200
Fee and commission income	65 312	61 923
(FEE AND COMMISSION EXPENSE)	(6 580)	(6 615)
Net gain (loss) on derecognition of financial assets and liabilities (not measured at fair value) through profit or loss	14 726	46 180
Net gains or losses from financial assets and liabilities held for trading	496	(134)
Net gains or losses from non-trading financial assets designated at fair value through profit or loss	(159)	
Net gains or losses from financial assets and liabilities designated at fair value through profit or loss	(3 552)	-
Net gains or losses from hedge accounting	-	10
Net exchange differences, gains or losses	403	(270)
Other operating income	8 553	7 332
(Other operating expenses)	(16 747)	(20 634)
Gross Margin	**413 638**	**349 195**
(Administrative expenses)	(168 732)	(165 943)
(Depreciation and amortisation)	(8 333)	(8 977)
(Provisioning or provisioning reversals)	(21 652)	(30 773)
(Impairment or reversal in the value of financial assets not measured at fair value through profit and loss or net gains by modification)	(10 621)	(29 244)
Net operating income	**204 300**	**114 258**
(Impairment or reversal in the value of joint ventures or associates)	(4 644)	8 318
(Impairment or reversal of non-financial assets)	(1 211)	188
Net gain or loss on derecognition from the statements of non-financial assets	372	(3)
Recognised negative goodwill	-	-
Gains or losses arising from non-current assets and disposal groups of items classified as held for sale not qualifying as discontinued operations	4 795	628
Pre-tax income (or loss) from continuing operations	**203 612**	**123 389**
(Tax expense or income on earnings from continued operations)	(43 026)	(17 757)
Profit or loss after tax from continuing operations	**160 586**	**105 632**
Profit or loss after tax from discontinued operations	-	-
Profit for the year	**160 586**	**105 632**

(*) Information presented solely for comparison purposes.

c) Individual statements of recognised income and expenses for the six-month periods ending on 30th June 2018 and 2017:

	€ ´000	
	30/06/2018	30/06/2017 (*)
Profit for the year	**160 586**	**105 632**
Other results	**(45 915)**	**(2 658)**
Items not subject to reclassification to income statement	**1 440**	**-**
Actuarial gain or loss in defined benefit pension scheme	-	-
Non-current assets and disposal groups held for sale	-	-
Change in fair value of equity instruments measured at fair value through other comprehensive income	2 057	
Net gains or losses from hedge accounting of equity instruments measured at fair value through other comprehensive income	-	
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in its credit risk	-	
Income tax on earnings from items not subject to reclassification to income statement	(617)	-
Items subject to reclassification to income statement	**(47 355)**	**(2 658)**
Hedging of net investments abroad (effective portion)	-	-
Foreign currency translation	(14)	(71)
Cash flow hedges (effective portion)	(18 917)	480
Hedging instruments (non-designated items)	-	
Available-for-sale financial assets		(4 126)
Debt instruments designated at fair value through other comprehensive income	(48 718)	
Non-current assets and disposal groups held for sale	-	-
Income tax on earnings from items subject to reclassification to income statement	20 294	1 059
Profit for the year	**114 671**	**102 974**

(*) Information presented solely for comparison purposes.

d) Individual statement of changes to net equity for the six-month periods ending on 30th June 2018 and 2017:

	Capital & share premium	Other non-equity instruments	Other equity items	Retained earnings	Revaluation reserves	Other reserves	Treasury shares (-)	Profit for the year	Interim dividends (-)	Accumulated other comprehensive income	Total
Opening balance at 31/12/2017 (*)	**2 933 297**	**49 341**	**-**	**687 620**	**-**	**(23 786)**	**-**	**201 974**	**-**	**(8 846)**	**3 839 600**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-
Adjustment as per first implementation of Bank of Spain Circular 4/2017	-	-	-	-	-	(37 367)	-	-	-	88 186	50 819
Opening balance as of 01/01/2018 (*)	**2 933 297**	**49 341**	**-**	**687 620**	**-**	**(61 153)**	**-**	**201 974**	**-**	**79 340**	**3 890 419**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**160 586**	**-**	**(45 915)**	**114 671**
Other changes to equity	**-**	**-**	**-**	**159 642**	**-**	**-**	**(4 500)**	**(201 974)**	**-**	**-**	**(46 832)**
Issue of ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Issue of preference shares	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity issues	-	-	-	-	-	-	-	-	-	-	-
Debt-to-equity conversion	-	-	-	-	-	-	-	-	-	-	-
Reduction of capital	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution (or shareholder remuneration)	-	-	-	(34 605)	-	-	-	-	-	-	(34 605)
Purchase of treasury shares	-	-	-	-	-	-	(4 500)	-	-	-	(4 500)
Sale or redemption of shares	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-
Transfers between total equity entries	-	-	-	201 974	-	-	-	(201 974)	-	-	-
Changes in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	(7 727)	-	-	-	-	-	-	(7 727)
Balance at 30/06/2018	**2 933 297**	**49 341**	**-**	**847 262**	**-**	**(61 153)**	**(4 500)**	**160 586**	**-**	**33 425**	**3 958 258**

(*) Information presented solely for comparison purposes.

	Capital & share premium	Other non-equity instruments	Other equity items	Retained earnings	Revaluation reserves	Other reserves	Treasury shares (-)	Profit for the year	Interim dividends (-)	Accumulated other comprehensive income	Total
Opening balance at 31/12/2016 (*)	**2 177 047**	**49 431**	**-**	**519 725**	**-**	**-**	**-**	**191 743**	**-**	**12 150**	**2 950 007**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
									-		
Opening balance as of 01/01/2017 (*)	**2 177 047**	**49 341**	**-**	**519 725**	**-**	**-**	**-**	**191 743**	**-**	**12 150**	**2 950 007**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105 632**	-	**(2 658)**	**102 974**
Other changes to equity	**687 500**	**-**	**-**	**167 893**	**-**	**(23 786)**	-	**(191 743)**	-	**-**	**639 864**
Issue of ordinary shares	687 500	-	-	-	-	(23 786)	-	-	-	-	663 714
Issue of preference shares	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
Exercise or maturity of other equity issues	-	-	-	-	-	-	-	-	-	-	-
Debt-to-equity conversion	-	-	-	-	-	-	-	-	-	-	-
Reduction of capital	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution (or shareholder remuneration)	-	-	-	(23 850)	-	-	-	-	-	-	(23 850)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Sale or redemption of shares	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-
Transfers between total equity entries	-	-	-	191 743	-	-	-	(191 743)	-	-	-
Changes in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-
Balance at 30/06/2017 (*)	**2 864 547**	**49 341**	**-**	**687 618**	**-**	**(23 786)**	-	**105 632**	**-**	**9 492**	**3 692 844**

(*) Information presented solely for comparison purposes.

e) Individual cash flow statements for the six-month periods ending on 30th June 2018 and 2017:

	€ ´000	
	30/06/2018	30/06/2017 (*)
Cash flows from operating activities	**(1 103 237)**	**80 243**
Profit for the year	160 586	105 632
Cash flow after adjustments to operating activities	(37 909)	(109 361)
Changes in operating assets	(2 078 465)	260 161
Changes in operating liabilities	854 822	(176 189)
Income taxes paid	(2 271)	-
Cash flow from investment activities	**(31 628)**	**(66 398)**
Payments	(48 177)	(179 852)
Collections	16 549	113 454
Cash flow from financing activities	**(34 605)**	**680 650**
Payments	(34 605)	(6 850)
Collections	-	687 500
Impact from foreign exchange rates	**-**	**-**
Net increase/decrease of cash and cash equivalents	**(1 169 470)**	**694 495**
Total cash and cash equivalents at beginning of period	2 329 526	486 675
Total cash and cash equivalents at end of period	1 160 056	1 181 170

(*) Information presented solely for comparison purposes.

1.3 Merger by absorption of EspañaDuero by Unicaja Banco

On 27th October 2017, Unicaja Banco’s Board of Directors resolved to propose to Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero) the merger by absorption of EspañaDuero (the company to be absorbed) by Unicaja Banco (as the acquiring company).

On 26th January 2018, the Boards of Directors of Unicaja Banco and of EspañaDuero agreed on the common draft terms of the merger between Unicaja Banco and EspañaDuero. EspañaDuero’s Board of Directors gave the mandate to conduct research and take decisions on the merger to a committee of its own members set up solely for this purpose consisting of four independent board members, to be known as the Merger Committee. During EspañaDuero’s Board Meeting on 26th January 2018 the Chair of this Committee expressed its favourable opinion of the transaction.

As described in the common draft terms of the merger between Unicaja Banco and EspañaDuero, the merger by absorption of EspañaDuero by Unicaja Banco is the culmination of the two companies’ integration process, initiated when EspañaDuero was acquired by Grupo Unicaja in March 2014. This earlier transaction turned EspañaDuero into a subsidiary of the Group, which is now its main shareholder, holding a nominal stake at 31 December 2017 of 76.68% of its share capital (95.77% of its effective participation). The merger thus represents the positive outcome of EspañaDuero’s restructuring and recapitalisation process.

The Group has progressed with the technological and operational integration of EspañaDuero and Unicaja Banco, with the latter gradually taking over the tasks and procedures inherent to EspañaDuero’s various central services. It is currently already working on consolidating this process which, once the merger has taken place, will culminate in the full integration of both entities.

In the context of this integration process, the Unicaja Group applied to the European Central Bank on behalf of EspañaDuero for an exemption from compliance with the individual solvency requirements, on a temporary basis in anticipation of the planned merger, as provided for under article 7 of EU Regulation 575/2013 (CRR). The events leading up to this were the buyback in August 2017 by Unicaja Banco of the CoCo bonds issued by EspañaDuero, which up to that point had been underwritten by the FROB; this was followed by the agreed buyback of EspañaDuero shares owned by the FROB in December 2017. The ECB authorised this on 27th November 2017. Since then, Unicaja Banco has been guaranteeing all the obligations taken on by EspañaDuero with third parties. This blanket assurance represents another step in the process described above since, in effect, it involves Unicaja Group bundling in all the commitments and obligations that EspañaDuero has with third parties together with its own.

As far as the merger's strategic aim is concerned, the integration of both entities will enable the Unicaja Group to improve its cost to income ratio, leveraging some of the existing synergies that up to now could not be optimised because of the continuing existence of two separate structures.

The merger of the two institutions is the natural culmination of a gradual process of legal, operating and technological integration which has been underway since EspañaDuero joined the Unicaja Group in 2014. The integration of the two structures will culminate in: (i) unification in a single corporate centre and a single management structure; (ii) the integration of intermediate structures; and (iii) now, the complete integration of the back offices, information and operating systems that up to now could not be completed. This has enabled Unicaja Group's cost structure to be rationalised and its resources optimised.

The merger is going ahead after the successful IPO and capital raising programme, completed in June 2017, such that this final phase of the integration is taking place with Unicaja Banco's solvency comfortably reinforced and liquid shares that can be delivered to the shareholders of the acquired company. In fact, both Unicaja Banco and EspañaDuero shareholders will benefit from the transaction:

- EspañaDuero's shareholders become shareholders in Unicaja Banco and because it is a listed company, their participation will be fully liquid. In their capacity as Unicaja Banco shareholders, EspañaDuero shareholders will also benefit from the merger's synergies, without prejudice to the fact that in deciding on the swap ratio, future synergies that are yet to materialise have also been taken into consideration.

- For Unicaja Banco shareholders, the transaction has a low implementation risk and will provide integration synergies.

The exchange ratio will be one Unicaja Banco share for every five EspañaDuero shares.

It should be noted that the independent expert report was received on 21st March 2018 about the common draft terms of the merger, as stipulated in article 34 of Act 3/2009 on Structural Amendments to Private Companies.

Furthermore, on 26th and 27th April 2018, the Annual General Meetings of EspañaDuero and Unicaja Banco, respectively, approved the merger by absorption of EspañaDuero by Unicaja Banco under the common draft terms described above; approved the consideration as the merger's balance sheets those of EspañaDuero's and Unicaja Banco's individual annual financial balance sheets closed at 31st December 2017; agreed that the tax regimen applicable to mergers should be applied and passed the relevant delegation of powers.

On the date of filing these financial statements, the merger by absorption is awaiting the necessary administrative authorisations.

1.4 Basis for presenting the consolidated condensed interim financial statements

The consolidated condensed interim financial statements of Unicaja Banco, S.A. and its subsidiary companies (Unicaja Banco Group) for the six-month period ending on 30th June 2018 were filed by the bank's directors at the Board of Directors' meeting held on 27th July 2018.

The consolidated condensed interim financial statements for the six-month period ending on 30th June 2018 have been prepared in accordance with the bank's accounting records and those of each of the companies making up the Group. They include the adjustments and reclassifications needed to standardise accounting and presentation criteria, and are presented in accordance with International Accounting Standard 34 "Interm Financial Reporting" contained in the International Financial Reporting Standards adopted by the European Union (hereinafter, EU-IFRS). They comply with the provisions of the Spanish National Securities' Commission (CNMV in the Spanish acronym) 1/2008 Circular, dated 30th January, specifying the information to be reported regularly by issuers of securities trading on regulated markets, and as amended thereafter, so that they give a true and fair view of the Group's equity and financial situation on 30th June 2018, as well as the consolidated results of its transactions, changes to consolidated net equity and to consolidated cash flows that have taken place in the Group during the six-month period ending on that date.

On 3rd July 2018, the Official State Gazette (Boletín Oficial del Estado) published Circular 3/2018, dated 28th June, issued by the National Securities Market Commission (CNMV), amending the regular information models for submitting half-year financial reports, effective from 1st January 2019, adapting them to the latest changes in the framework of financial information applicable to Spanish institutions. Appendix IV of these consolidated condensed interim financial statements contains a reconciliation between the statements prepared by the Board of Directors and the information submitted to the Securities Commission based on the models that were in force at 30th June 2018.

The consolidated condensed interim financial statements filed by the bank's directors must be read in tandem with the consolidated annual accounts for the year ending 31st December 2017, prepared according to EU-IFRS and which take into account the stipulations in the Bank of Spain's 4/2017 Circular, filed by the Board of Directors on 21th March 2018 and approved by the General Shareholders' Meeting on 27th April 2018. As a result, it was not necessary to repeat or update certain observations or estimates contained in the above-mentioned consolidated annual accounts. Instead, the selected explanatory notes attached herein include an explanation of those events or variations that have, where appropriate, a significant bearing on the explanation of the changes in the consolidated financial situation and on the consolidated operating results, of changes in consolidated net equity and on the consolidated cash flow in the Group between 31st December 2017, the date of the consolidated annual accounts cited above, to 30th June 2018.

When preparing the consolidated condensed interim financial statements of the bank and the subsidiary companies making up the Group for the six-month period to 30th June 2018, generally accepted accounting principles and appraisal criteria, as described in Note 1.5, were followed. No accounting principle or appraisal criterion of a mandatory nature and having a significant effect on the consolidated financial statements has been omitted from the process.

These consolidated condensed interim financial statements, unless where specified otherwise, are presented in thousands of euros.

1.5 Accounting principles and policies

The accounting principles and appraisal criteria applied when preparing these consolidated condensed interim financial statements to 30th June 2018 are the same as those applied when preparing the Group's consolidated annual accounts to 31st December 2017, that can be found in Note 2 of the Annual Report on these same consolidated annual accounts, except as provided by Note 1.6 below, stemming from the coming into force of certain EU-IFRS and Bank of Spain's 4/2017 Circular, dated 27th November, to credit institutions on public and confidential financial reporting rules and financial statement formats.

1.6 Changes to the International Financial Reporting Standards

During the six months at 30th June 2018, the following International Financial Reporting Standards and interpretations of these have become mandatory, and as such have been applied when preparing Unicaja Banco's consolidated condensed interim financial statements at 30th June 2018:

Standards, modifications & interpretations (Note 1.6.1)	**Description**	**Mandatory application in the year commencing**
Improvements to the IFRS	2014-2016 cycle	(*)
Amendment IFRS 2	Classification and measurement of share-based payment transactions	1st January 2018
IFRS 15	Revenue from contracts with customers	1st January 2018
Clarifications to IFRS 15	Revenue from contracts with customers	1st January 2018
IFRS 9	Financial instruments	1st January 2018
Amendment IFRS 4	Applying IFRS 9 on financial instruments with IFRS 4 over insurance contracts	1st January 2018
Amendment IAS 40	Investment property	1st January 2018
IFRIC 22	Foreign currency transactions and advanced consideration	1st January 2018

(*) These improvements to the IFRS come into force in the year commencing 1st January 2017 in the case of IFRS 12, and 1st January 2018 in the case of IFRS 1 and IAS 28.

On the date of filing these consolidated condensed interim financial statements, the following standards and interpretations (the most important ones adopted to that date) published by the IASB, had not come into force, either because their effective date was later than the date of the consolidated financial statements, or because they had not yet been adopted by the European Union:

Standards, modifications & interpretations (Note 1.6.2)	**Description**	**Mandatory application in the year commencing**
IFRS 16	Leases	1st January 2019
IFRIC 23	Uncertainty over income tax treatments	1st January 2019
Amendment IAS 28	Long-term interests in associates and joint ventures	1st January 2019
Amendment IFRS 9	Prepayment features with negative compensation	1st January 2019
Improvements to the IFRS	2015-2017 cycle	1st January 2019
Amendment IAS 19	Plan amendment, curtailment or settlement	1st January 2019
IFRS 17	Insurance contracts	1st January 2021
Amendment IFRS 10 & IAS 28	Sales or contributions of assets between an investor and its associate/joint venture	(*)

(*) Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015, the IASB made a decision to postpone the effective date (without setting a new specific one), as it is planning a more comprehensive review that may result in simplifying the accounting of these transactions and other aspects of 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 significant impact on the Group's consolidated financial statements.

1.6.1 Standards and interpretations effective for the period in review

During the first six months of 2018 the following modifications of the IFRS or interpretations thereof (hereinafter, "IFRIC") have come into force:

- IFRS Annual Improvements, Cycle 2014-2016: Improvements included in this cycle affect IFRS 1 "First-time adoption of the International Financial Reporting Standards: Withdrawal of short-term exemptions for first-time adopters", IFRS 12 "Disclosure of Interests in Other Entities: Clarification of the scope of the Standard"; and IAS 28 "Investments in associates and joint ventures: Measuring an associate or joint venture at fair value". Amendments to IFRS 12 came into force for the years beginning on or after 1 January 2017, while amendments to IFRS 1 and IAS 28 shall apply in the years beginning on or after 1st January 2018.

- IFRS 2 (Amendment) "Classification and measurement of share-based payment transactions": The amendment to IFRS 2, which was developed through the IFRS Interpretations Committee, clarifies how to account for certain types of share-based payment transactions. In this sense, it provides requirements for the accounting of:

  - The effects of the vesting conditions and the non-determining conditions for the irrevocability of the concession in the valuation of cash-settled share-based payments;
  - Share-based payment transactions with a net settlement feature for the withholding tax obligations; and
  - A modification in the terms and conditions of a share-based payment that changes the classification of the transaction from cash settled to settled by net equity.

  The amendment is effective for the annual periods commencing 1st January 2018, although early adoption was also permitted.

- IFRS 15 "Revenues from contracts with customers": In May 2014, the IASB and the FASB jointly issued a convergent standard in relation to the recognition of revenue from contracts with customers. Under this rule, revenues are recognized when a customer gains control of the good or service sold, that is, when it has both the ability to direct the use and to obtain the benefits of the good or service. This IFRS includes guidance to determining whether to recognise income over time or at a particular moment during the period. IFRS 15 requires extensive disclosure on both the recognized income and the income expected to be recognised in the future in relation to existing contracts. It also requires quantitative and qualitative information on the significant judgments made by management in determining the income that is recognized, as well as on the changes in these judgments. IFRS 15 is effective for annual periods beginning on or after 1st January 2018, although early adoption was also permitted.

- Clarifications to IFRS 15: "Revenue from customer contracts": Clarifications to IFRS 15 are intended to reduce the cost and complexity of implementing the standard and to clarify how some of its principles should be applied in identifying an obligation in a contract, determine whether the company is the principal or agent and whether the product of the concession must be recognised on a specific date or within a period of time. This clarification comes into force at the same time as IFRS 15.

- IFRS 9 "Financial instruments": Addresses the classification, measurement and recognition of financial assets and financial liabilities. The full version of IFRS 9 was published in July 2014 and replaces the guidance in IAS 39 on classification and valuation of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and establishes three main categories of valuation of financial assets: amortized cost, at fair value through profit or loss and at fair value through other comprehensive income. The basis for classification depends on the entity's business model and the features of the contractual cash flows of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable a priori option to present changes in fair value in other comprehensive income (OCI), provided that the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in the results.

  In relation to financial liabilities, there are no major changes with respect to classification and measurement, except for the recognition of changes in own credit risk in OCI for liabilities designated at fair value through profit or loss. Under IFRS 9 there is a new model of value impairment losses, the expected credit loss model, which replaces the model of losses incurred under IAS 39 and which will result in a recognition of losses earlier than was occurring under IAS 39. IFRS 9 relaxes the requirements for the effectiveness of the hedge. Under IAS 39, a hedge must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this line by requiring an economic relationship between the hedged item and the hedging instrument, that the credit risk does not prevail over any value changes resulting from said economic relationship and also that the hedged ratio be the same as the one the entity actually uses for its risk management. Contemporary documentation is still needed but is different from that which was being prepared under IAS 39.

  IFRS 9 is effective for annual periods beginning on or after 1st January 2018, although early adoption was also permitted. IFRS 9 requires retroactively application but does not call for restatement of comparative figures.

- IFRS 4 (amendment) “Applying IFRS 9 on financial instruments with IFRS 4 on insurance contracts” The amendments to IFRS 4, published by the IASB in September 2016, introduce two optional approaches for insurance companies:

  - A temporary exemption until 2021 from IFRS 9 for entities meeting specific requirements (applied at the level of the entity submitting the information); and
  - The "overlapping approach" will provide all companies that issue insurance contracts with the option of recognising in other comprehensive income, rather than in the result of the period, the volatility that may be triggered when IFRS 9, "Financial Instruments", applies before the new standard of insurance contracts is published.

  IFRS 4 (including the amendments that have now been published) will be superseded by the next new insurance contract standard. Consequently, both the temporary exemption and the "overlapping approach" are expected to cease to apply when the new insurance standard comes into force. This modification is effective for fiscal years beginning on or after 1st January 2018 and has no impact on Unicaja Banco Group due to the nature of its activities.

- IAS 40 (Amendment) "Transfers of Investment properties ": This modification clarifies that to transfer to or from Investment properties there must be a change in use. In order to conclude whether there has been a change in use there must be an assessment of whether the property meets the definition of an investment property. This change must be supported by evidence. The IASB confirmed that a change in intent, on its own, is not sufficient to warrant a transfer. This modification is effective, according to the IASB, for fiscal years beginning on or after 1st January 2018 although earl, y adoption was also permitted.

- IFRIC 22 " Foreign Currency Transactions and Advanced Consideration": This IFRIC addresses how to determine the date of the transaction when the foreign currency transaction standard, IAS 21, applies. Interpretation applies when an entity pays or receives an advance consideration for contracts denominated in foreign currency. The date of the transaction determines the exchange rate to be used for the initial recognition of the appropriate asset, expense or income. The interpretation provides guidance for when a single payment / collection is made, as well as for situations in which there are multiple payments / collections. The aim of the guide is to reduce divergent practices. The interpretation will be effective for fiscal years beginning on or after 1st January 2018, although early application is permitted.

Except in the case of IFRS 9 Financial Instruments, the application of these accounting standards and their interpretations has not had a significant impact on the Group's consolidated condensed interim financial statements.

The accounting principles and evaluation standards adopted by the Group after the IFRS 9 came into force are described below:

Classification and measurement of financial instruments

Classification of financial assets

Financial assets are classified using the following criteria:

- In the case of debt securities:
    - The business models approved by the Group for managing these assets.
    - Their compliance, or not, with the asset's contract flows, with the so-called "SPPI test" ("Solely Payment of Principal and Interest"), outlined below in this annual report note.
- In the case of equity instruments, it depends on the irrevocable choice the Group makes to present in other comprehensive income the subsequent changes to the fair value of an investment in an equity instrument that, falling within the scope of the IFRS 9, is not held for trading.

Following these criteria, debt securities will be included, for the purposes of their valuation, in one of the following portfolios: financial assets at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss.

If debt securities are classified in an amortized cost or fair value category, they have to pass two tests: the business model and the "SPPI test". The purpose of this test is to determine whether, consistent with the instrument's contractual nature, its cash flows represent solely the return of its principal and interest, understood essentially as compensation for the time value of the money and the debtor's credit risk.

- A financial instrument will be classified within the amortized cost portfolio when it is being managed with a business model whose aim is to hold the financial assets in order to receive contractual cash flows and when it also complies with the SPPI test.

- A financial instrument will be classified within the financial asset portfolio at fair value through other comprehensive income if it is being managed with a business model that has the aim of combining the collection of contractual cash flows and sales; it also has to pass the SPPI test.

- A financial instrument will be classified at fair value through profit or loss provided that it is not appropriate to classify it in either of the portfolios described above, whether because of the Group's business model or because of the nature of the contractual cash flows.

The Group has pre-defined criteria for determining the acceptable frequency and reasons for sale so that the instrument can remain in the category of 'held to receive contractual flows'. Whatever the frequency and volume of the sales, certain types of sales are not incompatible with this business model, such as sales as a result of a reduction in the credit quality, sales close to transaction maturity to prevent variations in market prices from having a significant effect on the cash flows of the financial asset, sales in response to regulatory or fiscal changes, sales resulting from internal restructuring or a significant business combination, or sales deriving from the implementation of a liquidity crisis plan when the crisis event is not reasonably foreseeable.

The Group segments the financial instruments portfolio for the purpose of carrying out the SPPI test, distinguishing between products with standard contracts (where all instruments have the same contractual features), for which the Group conducts said test by reviewing the standard framework contract and the individual contract characteristics. Financial instruments with specific contractual features, on the other hand, are analysed individually. Any financial assets that fail the SPPI test are not recorded according to the characteristics of their business model, but instead measured at fair value through profit or loss.

Classification of financial liabilities

Financial liabilities are included for valuation in the following categories: financial liabilities at amortized cost, financial liabilities held for trading and financial liabilities designated at fair value through profit or loss

- The portfolio of financial liabilities held for trading includes all financial liabilities meeting any of the following conditions: (i) they have been issued with the intention of buying them back in the near future, (ii) they are short security positions, (iii) they form part of a portfolio of identified and jointly managed financial instruments, for which there is evidence of recent actions taken to obtain short-term earnings, or (iv) they are derivatives which neither fulfil the definition of financial guarantee contract nor have been designated as hedging instruments. The fact that a financial liability is used to finance trading activities does not itself entail inclusion in this category.

- The portfolio of financial liabilities designated at fair value through profit or loss includes the financial liabilities that meet the following criteria: (i) they have been designated irrevocably as such when they were first recognised by the Group, or (ii) they have been designated at their initial recognition, or subsequently, by the Group as a hedged item for credit risk management using a credit derivative measured at fair value through profit or loss.

- Financial liabilities not meeting the conditions above are classified in the financial liabilities portfolio at amortized cost.

Initial measurement of financial instruments

When they are first recognised, all the financial instruments are recorded in books at fair value. For financial instruments that are not booked at fair value through profit or loss, the amount of the fair value is adjusted by adding or deducting the all costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, the aforementioned costs are recorded immediately on the consolidated income statement.

Unless there is evidence to the contrary, the fair value at the initial recognition is the price of the transaction, equivalent to the fair value of the consideration given. If the fair value at initial recognition is different from the transaction price, the difference is recorded as follows:

- Immediately on the income statement when it is a level 1 fair value, according to the fair value hierarchy.

- In all other cases, as a fair value correction. The difference is deferred and charged to the consolidated income statement solely according to changing factors, including time, which market players will take into consideration when valuing the instrument, such as when the difference in a debt instrument is charged to the consolidated income statement account during the term of the transaction.

Subsequent measurement of financial instruments

After their initial recognition, the Group values financial assets: at amortized cost, at fair value through other comprehensive income, at fair value through profit or loss, or at cost. The Group applies the requirements for value impairment to debt instruments that are valued at amortized cost and at fair value through other comprehensive profit and loss.

Similarly, after their initial recognition, the Group values financial liabilities: at amortized cost or at fair value through profit and loss. Financial liabilities held for trading or designated at fair value through profit and loss are subsequently measured for their fair value.

Impairments to financial assets and other credit exposures

The criteria described in this section are applicable both to debt instruments (loans and advances, and debt securities) and to other exposures that entail credit risk (loan commitments awarded, financial guarantees given and other commitments granted).

To this end, in accordance with the stipulations of IFRS 9, the bank has developed proprietary methodology for carrying out individual estimations for significant borrowers, internal models for collectively estimating provisions and internal models for estimating cuts to benchmark values for real estate collateral and for foreclosed assets.

In order to record the hedge for impairment losses, the Group recognises the credit losses expected from the transactions. It distinguishes between:

- Credit losses expected during the term of the transaction: these are the expected credit losses resulting from all the possible default events during the entire term of the transaction.

- Credit losses expected in the next twelve months: the part of the credit losses expected over the term of the transaction from expected credit losses due to default events that may occur in the transaction over the twelve months following the reference date.

Credit losses are the difference between all the contractual cash flows owed to the Group under the financial asset's contract and all the cash flows the Group actually expects to receive (i.e. all the cash flow gaps), discounted at the original effective interest rate or, in the case of financial assets that have been bought with or originated with credit impairment, discounted at the effective interest rate corrected for credit quality.

In the case of loan commitments given, contractual cash flows that would be owed to the Group in the event of drawdown (of the loan commitment) are compared with the cash flows the Group expects to receive if the drawdown on the commitment is materialised. In the case of financial guarantees given, the payments the Group expects to make, minus the cash flows it expects to receive from the guaranteed party, are considered.

The Group estimates the transaction's cash flows over its expected term, bearing in mind all the transaction's contractual terms and conditions (such as options for early amortization, extension, "put" or "callable" options and others of a similar nature). It is based on the working assumption that the expected term of a transaction can be reliably estimated. Nevertheless, in exceptional cases, in which the term cannot be reliably estimated, the Group uses the transaction's remaining contractual period, including extension options. Among the cash flows taken into consideration, the Group includes those from the sale of collateral received, or other credit enhancements that are integral to the contract conditions, such as the financial guarantees received.

Credit exposures are classified, depending on the credit risk, into one of the following categories:

- Performing risk (stage 1). Those transactions whose credit risk has not increased significantly since their initial recognition. Hedging for impairment is the same as the credit losses expected over twelve months.

- Watch-list performing risk (Stage 2) Those transactions whose credit risk has increased significantly since initial recognition but have had no default event. Hedging for impairment is the same as the credit losses expected over the transaction's lifetime.

- Non-performing risks (Stage 3) Those transactions with credit impairment, i.e. with a default event. Hedging is the same as the credit losses expected.

- Written off risk (or assets unlikely to be recovered). This category includes transactions for which there are no reasonable expectations of recovery. Classification in this category involves recognition in results of losses for the book value of the transaction and the asset being completely written off.

The sum of the hedge for impairment losses is calculated according to how the credit risk is classified, and to whether there has been a default event. Thus, a hedge for losses due to transaction impairments is the same as:

- Twelve-month expected credit losses, when the risk is classified as 'Performing risk' (Stage 1).
- Expected credit losses over the lifetime of the transaction, if the risk is classified as 'Watch-list performing risk' (Stage 2).
- Expected credit losses when there has been a default event and as such they are classified as 'Non-performing risk' (Stage 3).

The Unicaja Banco Group has developed automatic classification criteria that are part of the classification algorithm and that allow scenarios of objective default, tenders, refinancing criteria and the drag-along effect to be identified. In addition, the Institution has established individual and collective triggers that enable early identification of weaknesses and objective evidence of impairment.

On the basis of the group classification indicators developed by the Group as part of its internal methodology for estimating provisions, debt instruments that do not meet the criteria to be classified as non-performing or write-off risk, but which display weaknesses that could entail higher losses than the rest of the transactions classified as normal risk, are considered “Stage 2”.

To establish this classification, the entity responds to both automatic triggers, entailing straight classification in this category, and synthetic triggers, which may involve objective signs or evidence of a significant increase in risk, individually, or in combination with others.

The most important automatic triggers –meaning classification directly as Stage 2- include but are not limited to:

- Risks for sums that are more than 30 days overdue.
- Refinanced or restructured risks that do not meet the conditions for being considered re-performing, under the Group’s classification policy, although without signs of impairment.

On the other hand, a modification in the collective classification indicators is being developed by the Group to reflect the significant increase in risk through the worsening in the probabilities of "life-time" default, taking as reference the first estimate of transactional PD (probability of default) of the transactions. Meanwhile it is objectively measuring significantly increased risk based on factors such as high indebtedness compared to when the transaction was signed off, drop in turnover, constricting the borrower’s operating margins, score below a certain threshold in a scoring model for individuals, the holder belonging to sectors undergoing difficulties, significant annotations in credit bureaus and others.

Similarly, the Group has put in place objective criteria for classifying debt instruments in which some of the following circumstances apply as “Stage 3” Non-performing risks:

- Risks with over 90 days’ non-payment (plus the so-called ‘drag-along effect’: transactions in default making up more than 20% of the amounts still payable by the borrower).
- A 50% fall in the borrower’s equity as a result of losses in the previous period or negative net equity.
- Continued losses or substantial reduction, or significantly inadequate economic-financial structure.
- Repeated late payments or insufficient cash flows.
- Credit rating conducted by a specialised company showing that the borrower is in default or close to defaulting.
- Overdue commitments to public institutions or employees.
- Balances claimed or in which judicial claim for reimbursement has been decided as the course of action.
- Company in bankruptcy proceedings

The Group estimates a given transaction’s credit losses in such a way that these losses reflect: (i) a weighted, unbiased sum, arrived at by assessing a series of possible outcomes; (ii) the time value of money, and (iii) credible information, supported by evidence available at the reporting date, without incurring a disproportionate cost or effort, about past events, current conditions and forecasts of future economic conditions.

Estimations in the changes to future cash flows reflect and are consistent with the amendments forecast in observable variables: The Group has determined that the most significant variables influencing the estimate of credit losses are the Gross Domestic Product (GDP) growth rate, the unemployment rate, the change in housing price index and in the consumer price index. In estimating the expected loss, the Group looks at different potential loss scenarios, prepared using macroeconomic variables, weighting each scenario based on its probability of occurrence, resulting from the distribution function of the variables.

Impairment is calculated by the Group: (i) on a case-by-case basis for those exposures which show objective evidence of impairment, held with borrowers who are individually significant, (ii) on a cluster basis for the key portfolios which can be modelled, and (iii) using the alternative solution set up by the Bank of Spain for the remaining exposures. For these purposes, the transactions are grouped together according to their shared credit risk features, which highlight holders' ability to pay all sums due, principal and interest, according to the contractual conditions.

- Individual hedges are estimated using future cash flow discounting techniques. To do this, the Group has current, reliable information about the holder or guarantors' solvency and ability to pay. Individual hedging estimates for watch-list performing transactions (Stage 2) take into consideration not only credit losses, as in the case of non-performing transactions, but also the probability of default (PD). To factor the default risk into the individual hedging estimate for these transactions, the Group generally uses the PD estimated for groups of transactions with similar risk characteristics.

- Group hedging estimates are calculated by using models based on the following parameters: PD (probability of default), LGD (loss given default) and EAD (exposure at default). The methodology and hypotheses used to estimate expected credit losses using these models are regularly reviewed by the Group, to reduce any disparities there may be between estimated and real losses.

- The alternative solution, established by the Bank of Spain in its 4/2017 Circular, is based on a standard guideline methodology designed for borrowers who do not meet the criteria for individual hedging estimates, or who belong to a segment for which no internal model exists, or when the latter has not been updated with the necessary frequency.

Hedge accounting:

IFRS 9 also contains some modifications to hedge accounting since the new standard aligns the accounting with the economic management of the risk, which is handled differently under IAS 39. IFRS 9 also allows hedge accounting to be used for a wider range of risks and hedging instruments.

In any case, the new Standard does not regulate the accounting of the so-called "macro hedge strategies" For this reason, to avoid a conflict between current macro hedge accounting and the new general regime for hedge accounting, IFRS 9 allows application of hedge accounting under IAS 39 rules.

The Group's governance bodies have addressed the implications of IFRS 9 on hedge accounting and have decided to continue, for the moment, following IAS 39 rules in the accounting for these financial instruments.

1.6.2 Issued standards and interpretations not yet effective

On the date of filing these consolidated condensed interim financial statements, new International Financial Reporting Standards had been issued, as well as interpretations of these, whose application was not mandatary as of 30th June 2018 and which the Group had not proceeded to apply by that date. At the current time, analysis of the future impact that adopting these standards may have is still underway although significant impacts are not anticipated when they come into force. These standards are the following:

- IFRS 16 "Leases": In January 2016, the IASB published a new lease standard, which repeals IAS 17 "Leases", the result of a joint project with the FASB. The IASB and the FASB have reached the same conclusions in many areas related to the accounting of leases, including the definition of a lease, the requirement, as a general rule, to reflect leases on the balance sheet and the valuation of liabilities for leases. The IASB and the FASB have also agreed not to incorporate substantial changes to the accounting by the lessor, maintaining similar requirements to those previously in force. Differences continue to exist between the IASB and the FASB regarding the recognition and presentation of lease-related expenses in the income statement and in the statement of cash flows. Application of IFRS 16 is compulsory as of January 1, 2019, but may be applied in advance only if IFRS 15 "Revenues from contracts with customer" is applied at the same time.

  Based on the preliminary analysis conducted by the group to this date, which is expected to be completed by Q4 2018, the application in the future of this standard is not expected to have a significant impact on Unicaja Banco Group’s equity situation.

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sales or contributions of assets between an investor and its associate/joint venture": These amendments clarify the accounting treatment of asset sales and contributions between an investor and its associates and joint ventures which will depend on whether the non-monetary assets sold or contributed constitute a "business". The investor will recognise the full gain or loss when the non-monetary assets constitute a "business". If the assets do not meet the definition of business, the investor recognises the gain or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or supplies assets to its associate or joint venture. Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015, the IASB made a decision to postpone the effective date (without setting a new specific date), as it is planning a more comprehensive review that may result in simplifying the accounting of these transactions and other aspects of accounting for associates and joint ventures. Either way, these modifications have not yet been adopted by the European Union.

- IFRIC 23 "Uncertainty over income tax treatment": The purpose of the interpretation is to reduce the diversity of the recognition and measurement of a tax liability or an asset when there is uncertainty about the treatment of taxes. This interpretation is applicable for determining taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty about the treatment of taxes under IAS 12. IFRIC 23 will be applied for financial years beginning on or after 1st January 2019. In any case, this interpretation has not yet been adopted by the European Union.

- IFRS 9 (Amendment) “Prepayment features with negative compensation”: The terms of instruments with early payment features and negative compensation, in which the lender could be required to accept a sum for early payment that is substantially lower than the unpaid amounts (principal and interest), were inconsistent with the notion of “additional reasonable compensation” for the early termination of a contract under IFRS 9. As a result, these instruments would not have contractual cash flows that are solely payments of principal and interest, by virtue of which they were being booked at fair value through profit or loss. The amendment to IFRS 9 makes clear that one party may pay or receive reasonable compensation when a contract is terminated early, which could allow these instruments to be valued at amortized cost or fair value through profit or loss in other comprehensive income. The amendment will be effective for annual periods beginning on or after 1st January 2019, although application is permitted.

- IAS 28 (Amendment) “Long-term Interests in Associates and Joint Ventures”: This narrow-scope amendment makes clear that long-term stakes in an associated company or joint venture that, in real terms, form part of the net investment in the associate or joint venture, but to which the equity method is not being applied, are recorded under IFRS 9 requirements for “Financial instruments”. The IASB has published an example that illustrates how IAS 28 and IFRS 9 requirements should be applied to these long-term stakes. The amendment will be effective for annual periods beginning on or after 1st January 2019, although early application is permitted. In any case, this amendment has not yet been adopted by the European Union.

- IFRS Annual Improvements, Cycle 2015-2017: The amendments affect IFRS 3, IFRS 11, IAS 12 and IAS 23 and will apply to annual periods from 1st January 2019 onwards and they are all subject to adoption by the EU. The most important amendments concern:

    - IFRS 3 "Business combinations": An interest that has previously been held in a joint transaction is measured again when control is acquired over the business
    - IFRS 11 "Joint agreements": When an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.
    - IAS 12 "Income taxes": All the tax impacts of paying dividends are subject to the same accounting criteria.
    - IAS 23 "Borrowing costs": All specific loans originally made to develop a qualifying asset are treated as generic loans when the asset is ready for use or sale.

  These modifications have not yet been adopted by the European Union.

- IAS 19 (Amendment) “Amendment, reduction or settlement of the plan”: This amendment specifies how companies should decide on expenses for pensions when there are changes in a defined benefits plan. This amendment comes into effect on 1st January 2019, subject to adoption by the European Union. In any case, this amendment has not yet been adopted by the European Union.

- IFRS 17 "Insurance contracts": IFRS 17 requires a current measurement model where the estimates are revalued in each reporting period. Contracts are measured using the basic components of: (i) discounted cash flows weighted by probability; (ii) an explicit risk adjustment, and (iii) a contractual service margin (CSM) that represents the unrealized profit of the contract that is recognized uniformly. The standard enables a choice to be made between recognizing the changes in discount rates in the income statement or directly in other comprehensive result. IFRS 17 will be mandatory for financial years beginning on or after 1st January 2021. In any case, this amendment has not yet been adopted by the European Union.

1.6.3 Impact when IFRS 9 is first applied

The table below breaks down the consolidated condensed balance sheet at 31st December 2017 reconciled under IAS 39 Financial instruments: recognition and assessment, and at 1st January 2018 after IFRS 9 Financial instruments was first applied. It differentiates between impacts from changes in nomenclature, in classification and valuation of financial instruments, and from financial assets impairment:

	€ ´000				
	31.12.2017 IAS 39	**Change in nomenclature**	**Classification & measurement**	**Impairment**	**01.01.2018 IFRS 9**
Cash, balances in central banks and other demand deposits	3 806 391	-	-	-	3 806 391
Financial assets held for trading	31 462	-	-	-	31 462
Financial assets designated at fair value through profit or loss (1)	-	-	44 000	-	44 000
Non-trading financial assets mandatorily designated at fair value through profit and loss (2)		-	79 241	-	79 241
Available-for-sale financial assets (3)	3 701 538	(3 701 538)	-	-	
Financial assets designated at fair value through other comprehensive income (3)		3 701 538	3 226 846	-	6 928 384
Loans and receivables (4)	32 407 257	(32 407 257)	-	-	
Held-to-maturity investments (4)	10 634 320	(10 634 320)	-	-	
Financial assets carried at amortized cost (5) (6)		43 041 577	(3 159 062)	(116 188)	39 766 327
Hedging derivatives	456 829	-	-	-	456 829
Investments in subsidiaries, joint ventures and associates	482 943	-	-	-	482 943
Tangible assets	1 290 684	-	-	-	1 290 684
Intangible assets	1 882	-	-	-	1 882
Tax assets (7)	2 613 094	-	4 978	39 278	2 657 350
Other assets	466 455	-	-	-	466 455
Non-current assets and disposal groups classified as held for sale	439 053	-	-	-	439 053
Total assets	**56 331 908**	**-**	**196 003**	**(76 910)**	**56 451 001**

The main impacts on assets are as follows:

(1) Some of the financial assets that were classified in the loans and receivables portfolio under IAS 39, amounting to EUR 50,594 thousand, have been booked in the portfolio of financial assets at fair value through profit or loss under IFRS 9, because the Group has established a business model of selling in the case of those credit transactions where it expects to recover their book value by selling them to a third party before maturity. The gross negative impact on the valuation from this portfolio change is EUR 6,594 thousand.

(2) Certain financial assets that do not pass the SPPI test, worth EUR 87,947 thousand, are no longer recorded at amortized cost, because of the characteristics of their business model and have been booked at fair value through profit or loss, with a gross negative impact on the valuation of EUR 8,706 thousand.

(3) Equity instruments classified as financial assets available for sale under IAS 39 have been reclassified in the portfolio of financial assets at fair value through other comprehensive income, affecting the valuation by EUR 14,993 thousand. Turning to debt securities, a part that had been booked in the loans and receivables portfolio and in investments held to maturity have been recorded in the portfolio of financial assets at fair value through other comprehensive income, representing a net transfer of EUR 3,020,521 thousand, because they are included in a business model whose purpose combines the collecting of contractual cash flows and sales, with a gross positive impact on the valuation of EUR 191,332 thousand, entered as “Accumulated other comprehensive income”.

(4) The financial assets that were booked in the loans and receivables portfolio and the investments held to maturity portfolio have been reclassified as “Financial assets at amortized cost” as per IFRS 9 nomenclature and the Bank of Spain’s 4/2017 Circular.

(5) Part of the loans and receivables recognised at amortized cost under IAS 39, worth EUR 50,594 thousand, have been booked in the portfolio of financial assets at fair value through profit or loss under IFRS 9 (see note 1). Similarly, some of the debt securities that were recognised at amortized cost under IAS 39, for EUR 87,947 thousand, have been moved to the portfolio of non-trading financial assets mandatorily designated at fair value through profit and loss under IFRS 9, since they did not pass the SPPI test (see note 2). Finally, some of the debt securities at amortized cost under IAS 39 have been recorded in the portfolio of financial assets at fair value through in other comprehensive income under IFRS 9, amounting to a net transfer of EUR 3,020,521 thousand (see note 3).

(6) The sum of EUR 116,188 thousand in the "Impairment" column is the variation in gross terms of value adjustments resulting from impairment to financial assets because of changes in the Group's accounting policies.

(7) The sums in this line show the tax effect (in the case of tax assets) of the impacts on reserves recorded when IFRS 9 was first applied in the part corresponding to losses from financial assets impairment at amortized cost and provisioning for risks and contingent commitments.

	€ ´000				
	31.12.2017 IAS 39	**Change in nomenclature**	**Classification & measurement**	**Impairment**	**01.01.2018 IFRS 9**
Financial liabilities held for trading	27 412	-	-	-	27 412
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Financial liabilities carried at amortized cost	50 940 743	-	-	-	50 940 743
Hedging derivatives	31 385	-	-	-	31 385
Change in fair value of hedged securities held in a portfolio hedged against interest rate risk	-	-	-	-	-
Liabilities under insurance contracts	4 290	-	-	-	4 290
Provisions (1)	935 351	-	-	14 739	950 090
Deferred tax liability (2)	208 984	-	57 788	-	266 772
Equity redeemable upon demand	-	-	-	-	-
Other liability	281 405	-	-	-	281 405
Liabilities in disposal groups classified as held for sale	-	-	-	-	-
Total liability	**52 429 570**	**-**	**57 788**	**14 739**	**52 502 097**

The main impacts on liabilities have been as follows:

(1) The variation to the provisions recorded on loan commitments, financial guarantees and other commitments given deriving from changes in the Group's accounting policies.

(2) The sums in this line correspond to the tax effect of impacts on reserves and against accumulated other comprehensive income booked when IFRS 9 was first applied to the classification and value measurement of financial assets.

	€ ´000				
	31.12.2017 IAS 39	**Change in nomenclature**	**Classification & measurement**	**Impairment**	**01.01.2018 IFRS 9**
Shareholders' equity:	3 855 750	-	(10 710)	(88 884)	3 756 156
Capital	1 610 302	-	-	-	1 610 302
Share premium	1 209 423	-	-	-	1 209 423
Equity instruments other than capital	49 021	-	-	-	49 021
Other equity items	-	-	-	-	-
Retained earnings	871 757	-	-	-	871 757
Revaluation reserves	-	-	-	-	-
Other reserves (1)	(27 128)	-	(10 710)	(88 884)	(126 722)
Less: Treasury stock	-	-	-	-	-
Net income/loss attributable to the parent	142 375	-	-	-	142 375
Less: Interim dividend	-	-	-	-	-
Accumulated other comprehensive income:	16 910	-	146 033	-	162 943
Items not subject to reclassification to income statement (2)	183	-	-	-	183
Items subject to reclassification to income statement (2)	16 727	-	146 033	-	162 760
Minority interest (non-controlling interest)	29 678	-	2 892	(2 765)	29 805
Accumulated other comprehensive income (3)	392	-	2 892	-	3 284
Other items (3)	29 286	-	-	(2 765)	26 521
Total net equity	**3 902 338**	**-**	**138 215**	**(91 649)**	**3 948 904**
Total liability and equity	**56 331 908**	**-**	**196 003**	**(76 910)**	**56 451 001**

The main impacts on total equity are as follows:

(1) The effect on reserves of the first application of IFRS 9, both from the classification and measurement of financial assets and as a result of the new accounting policies for financial assets impairment.

(2) The effect on accumulated other comprehensive income due to the first application of IFRS 9 as it touches on the classification and measurement of financial assets.

(3) The impact on retail interest of the changes described above, both in accumulated other comprehensive income and in other items (reserves).

	€ ´000				
	31.12.2017 IAS 39	**Change in nomenclature**	**Classification & measurement**	**Impairment**	**01.01.2018 IFRS 9**
Memorandum item: Off-balance sheet exposure (1)					
Loan commitments given		2 786 416	-	-	2 786 416
Financial guarantees given	1 056 588	(1 056 588)	-	-	
Contingent commitments given	3 625 252	(3 625 252)	-	-	
Financial guarantees given		77 230	-	-	77 230
Other commitments		1 818 194	-	-	1 818 194
Total off-balance sheet exposure	**4 681 840**	**-**	**-**	**-**	**4 681 840**

The main impact on off-balance sheet exposures is as follows:

(1) As a result of the coming into force of the Bank of Spain's 4/2017 Circular, there has been a change of terminology for the items covering off-balance exposures.

1.7 Responsibility for information

The information contained in these consolidated condensed interim financial statements is the responsibility of the Bank's Directors.

1.8 Estimations

The Group's consolidated condensed interim financial statements at 30th June 2018 have occasionally used estimations made by Group Directors to quantify some of the assets, liabilities, expenses and commitments that appear there. Essentially, these estimations refer to:

- Losses of certain assets due to impairment
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment benefits and other long-term commitments with employees.
- The useful life of tangible and intangible assets.
- The valuation of goodwill from consolidation.
- Losses due to future obligations arising from contingent risks.
- The fair value of certain unlisted assets.
- The fair value of certain guarantees related to the collection of assets.
- Estimation of corporate tax expenses.

Although these estimates were made on the basis of the best information available at 30th June 2018 on the facts analysed, it is possible that events that may occur in the future could require them to be modified (upwards or downwards) significantly; if necessary, this would be done in accordance with IAS 8 "Accounting policies, changes in estimates and errors", in a prospective manner, recognizing the effects of the change of estimate in the consolidated income statement of the periods affected.

In the six-month period ending on 30th June 2018 there were no changes in the Group's accounting estimates that had a significant effect either on the consolidated balance sheet or on the period's consolidated results.

1.9 Changes in accounting criteria and information comparison

As required by IAS 1, the information contained in the consolidated condensed interim financial statements for the six-month period ended June 30, 2018 is presented, for comparison purposes only, together with the information relating to the six-month period ended 30th June 2017 for consolidated income statement items, consolidated statement of recognized income and expenses, consolidated statement of changes in equity and consolidated cash flow statement, together with balances at 31st December 2017 for the items in the consolidated balance sheet.

Turning to the changes in accounting criteria with effect 1st January 2018, and as provided for under IFRS 9, the Group has chosen not to restate its comparative financial statements; the comparative information on the six-month period ending on 30th June 2017 has not been prepared a second time under the new accounting criterion, nor the equivalent information covering the period to 31st December 2017, such that it is not comparable. In any event, Note 1.6.3 contains a reconciliation of the consolidated condensed balance at 31st December 2017 under IAS 39 and the balance at 1st January 2018 as a result of the first application of IFRS 9.

At this juncture we should point out that in order to adapt the accounting regime for Spanish credit institutions to the changes in EU-IFRS, the Bank of Spain published its 4/2017 Circular, 27th November, with the regulations for public and confidential financial information as well as templates for financial statements, replacing its own 4/2004 Circular for periods starting from 1st January 2018. The adoption of the 4/2017 Circular has involved amending the breakdown and presentation of certain sections of the financial statements in order to meet IFRS 9 requirements. The information for the six-month period ending on 30th June 2017 and that for the period to 31st December 2017 has not been restated under the terms of this Circular.

1.10 Seasonality of operations

Given the nature of the most significant activities and operations carried out by the Unicaja Banco Group, which basically correspond to the typical activities of financial institutions, it can be said that their operations are not affected by seasonal factors of the kind that may exist in other types of businesses.

1.11 Relative importance

For the purposes of the preparation of the present consolidated condensed interim financial statements at 30th June 2018, the relative importance of the items and information presented has been assessed considering the figures shown in these consolidated condensed interim financial statements and not according to the amounts or balances corresponding to an annual period.

1.12 Correction of mistakes

During the six-month period ending on 30th June 2018 no mistake having a significant effect on consolidated condensed interim financial statements occurred nor was corrected.

1.13 Individual information about the parent Company

Individual information about Unicaja Banco, S.A. which has been considered relevant for the adequate understanding of these explanatory notes to the consolidated interim financial statements has been included in the corresponding sections and notes of the consolidated condensed interim financial statements attached.

1.14 Minimum equity ratio

At 30th June 2018 and at 31st December 2017, Unicaja Banco Group's equity were EUR 3,712,051 thousand and EUR 3,650,408 thousand, respectively, of which 3,663,809 thousand and EUR 3,531,781 thousand, respectively, were part of Common Equity Tier 1 (CET1).

This represents a surplus of total capital over the requirement on equity (Pilar 1), according to the Regulation of Directive 2013/36/EU (CRD-IV) and EU Directive 575/2013 (CRR) of EUR 1,354,075 thousand at 30th June 2018, which includes a capital conservation buffer of 1.875% (EUR 1,408,277 thousand at 31st December 2017, including a 1.25% buffer). The surplus of CET1 at 30th June 2018 over the minimum requirement was EUR 2,141,571 thousand, including a capital conservation buffer of 1.875% (EUR 2,138,024 thousand at 31st December 2017, including a 1.25% buffer).

For the year 2018, the European Central Bank established for Unicaja Banco Group, within the SREP framework, a minimum CET1 ratio of 8.125% and a minimum total capital ratio of 11.625%. These requirements include the minimum needed for Pillar 1 of 4.50% and of 8%, respectively, a Pillar 2 requirement of 1.75% and a capital conservation buffer of 1.875%.

The total capital surplus taking into consideration the additional requirements (Pillar 2) demanded from the Unicaja Banco Group, as a result of the 2018 SREP, comes to EUR 936,205 thousand at 30th June 2018, while the CET 1 surplus, factoring in the SREP requirements for 2018, comes to EUR 1,723,702 thousand on the same date.

		€ ´000
	30/06/2018	**31/12/2017**
Tier one eligible common capital (CET1) (a)	3 663 809	3 531 781
Additional Tier (AT) 1 eligible capital (b)	48 242	42 134
Tier 2 eligible capital (c)	-	76 493
Risks (d)	23 878 240	24 239 256
CET1 ratio 1 (A)=(a)/(d)	15.34%	14.57%
AT 1 capital ratio (B)=(b)/(d)	0.21%	0.17%
Tier 1 capital ratio 1 (A)+(B)	15.55%	14.74%
Tier 2 capital ratio (C)=(c)/(d)	-	0.32%
Total Capital Ratio (A)+(B)+(C)	**15.55%**	**15.06%**

		€ ´000
	30/06/2018	**31/12/2017**
Tier 1 Capital 1 (a)	3 712 051	3 573 915
Exposure (b)	58 140 913	57 366 221
Leverage ratio (a)/(b)	**6.38%**	**6.23%**

Ordinary tier 1 capital basically includes capital, the share premium, the Bank's net reserves (intangible assets) and the share of net profit allocated to reserves (as the case may be).

As regards the process of capital self-assessment and solvency risk management, the Unicaja Banco Group pursues, as far as risk management processes are concerned, the following basic principles:

- Rigorous attention to maintain a permanently conservative and balanced risk profile, upholding the objectives of solvency, profitability and adequate liquidity.
- Active participation and supervision on the part of Senior Management, who approves the general business strategies and policies of the Bank and sets the general lines of risk management and control in the entity.
- General internal control environment.
- Segregation of functions, with the process of measurement and control of risks in the entity being completely independent of the risk-taking function.
- Judicious management of credit risk exposure, in particular by circumventing projects of uncertain viability and quantitative limitation of investment on the basis of sufficient guarantee parameters.
- Selection of appropriate methodologies to measure risks incurred.

At the bank, policies, methods and procedures related to Global Risk Management are approved by the Board of Directors. The duties of the Audit and Compliance Committee, the Risk Committee, the Assets & Liabilities & Budget Committee (ALBCO), the Internal Audit Division and the bank's Global Risk Control Division include ensuring proper compliance with said policies, methods and procedures, ensuring that they are adequate, effectively implemented and regularly reviewed.

1.15 Minimum reserve ratio

During the six-month period ending on 30th June 2018, the consolidated entities have met the required minimums applicable under Spanish law for this ratio.

1.16 Contributions to the guarantee and resolution funds

The Group's credit institutions are part of the Credit Institutions Deposit Guarantee Fund (FGDEC in the Spanish acronym). In application of the accounting framework applicable to the Group (Note 1.4), and in particular in application of IFRIC 21 "Levies", no contribution was accrued during the six-month period ending on 30th June 2018, nor during the same period of the previous year.

This Fund came into operation on 1st January 2016 and is administered by the Single Resolution Board, which is also responsible for calculating the contributions to be made by credit institutions and investment services companies defined in Article 2 Regulation, in accordance with the rules laid down in the Commission’s Delegated Regulation EU 2015/63, 21st October 2014 completing Directive 2014/59/EU of the European Parliament and of the Council as regards ex ante contributions to the funding mechanisms of the resolution.

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

The expense recorded in the consolidated income statement during the six-month periods ending on 30th June 2018 and 2017 for contributions paid to the Single Resolution Fund amounted to EUR 12,848 thousand and EUR 13,987 thousand, respectively.

2. Information by segments

The Group's main activity is retail banking. It operates almost exclusively in Spain, and the directors believe that its client profile is similar throughout the territory in which it works. As such, in accordance with the regulations, the information about the segmentation of operations in different lines of business and geographical segments of the Group is not considered to be of relevance.

The relative importance of business segments in the Unicaja Banco Group at 30th June 2018 and at 31 December 2017 is given below in detail for each segmentation type or parameter defined in paragraphs 32 to 34 of IFRS 8.

Information by sectors (products and services)

Unicaja Banco Group's balance sheet organised by sectors, at 30th June 2018 and at 31st December 2017, is shown below, with the same breakdown as the sector information reported to the Bank of Spain.

At 30th June 2018, the credit and insurance entities sector accounted for virtually all the consolidated total assets and consolidated total equity

a) Consolidated balance sheet at 30th June 2018:

				Breakdown (€ ´000)
ASSETS	**Total**	**Credit and insurance institutions**	**Other entities**	**Adjustments and eliminations**
Cash, balances in central banks and other demand deposits	3 059 760	3 063 490	54 063	(57 793)
Financial assets held for trading	65 294	65 294	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	76 985	76 985	-	-
Financial assets designated at fair value through profit or loss	4 886	4 886	-	-
Financial assets designated at fair value through other comprehensive income	6 458 603	6 459 784	7 245	(8 426)
Financial assets carried at amortized cost.	42 282 145	42 309 366	48 396	(75 617)
Hedging derivatives	427 382	427 382	-	-
Investments in subsidiaries, joint ventures and associates	369 204	565 933	-	(196 729)
Assets under insurance and reinsurance contracts	1 496	1 496	-	-
Tangible assets	1 224 232	1 214 251	12 192	(2 211)
Intangible assets	63 477	2 254	1 299	59 924
Tax assets	2 651 166	2 642 677	5 164	3 325
Other assets	468 937	466 639	66 322	(64 024)
Non-current assets and disposal groups classified as held for sale	452 862	452 862	-	-
Total assets	**57 606 429**	**57 753 299**	**194 681**	**(341 551)**

LIABILITY AND EQUITY	Total	Credit and insurance institutions	Other entities	Adjustments and eliminations
				Breakdown (€ ´000)
Financial liabilities held for trading	25 010	25 010	-	-
Financial liabilities carried at amortized cost	51 449 218	51 521 119	103 599	(175 500)
Hedging derivatives	157 152	157 152	-	-
Liabilities under insurance or reinsurance contracts	632 492	632 492	-	-
Provisions	843 299	840 568	2 777	(46)
Deferred tax liability	282 696	282 516	182	(2)
Other liability	260 038	264 200	12 399	(16 561)
Total liability	**53 649 905**	**53 723 057**	**118957**	**(192 109)**
Shareholders’ equity	3 836 915	3 968 936	75 197	(207 218)
Accumulated other comprehensive income	96 074	61 306	527	34 241
Minority interest (non-controlling interest)	23 535	-	-	23 535
Total net equity	**3 956 524**	**4 030 242**	**75 724**	**(149 442)**
Total liability and equity	**57 606 429**	**57 753 299**	**194 681**	**(341 551)**

b) Consolidated balance at 31st December 2017:

ASSETS	Total	Credit and insurance institutions	Other entities	Adjustments: and eliminations
				Breakdown (€ ´000)
Cash, balances in central banks and other demand deposits	3 806 391	3 811 529	39 513	(44 651)
Financial assets held for trading	31 462	31 462	-	-
Available-for-sale financial assets	3 701 538	3 706 703	44	(5 209)
Loans and receivables	32 407 257	32 444 971	41 479	(79 193)
Held-to-maturity investments	10 634 320	10 634 320	-	-
Hedging derivatives	456 829	456 829	-	-
Investments in joint ventures and associates	482 943	399 255	-	83 688
Assets under insurance or reinsurance contracts	-	-	-	-
Tangible fixed assets	1 290 684	1 279 277	13 611	(2 204)
Intangible assets	1 882	581	1 280	21
Tax assets	2 613 094	2 606 345	4 839	1 910
Other assets	466 455	452 767	68 958	(55 270)
Non-current assets and disposal groups classified as held for sale	439 053	439 053	-	-
Total assets	**56 331 908**	**56 263 092**	**169 724**	**(100 908)**

LIABILITY AND EQUITY	Total	Credit and insurance institutions	Other entities	Adjustments and eliminations
				Breakdown (€ ´000)
Financial liabilities held for trading	27 412	27 412	-	-
Financial liabilities carried at amortized cost	50 940 743	50 964 784	88 648	(112 689)
Hedging derivatives	31 385	31 385	-	-
Liabilities under insurance or reinsurance contracts	4 290	4 290	-	-
Provisions	935 351	937 179	2 735	(4 563)
Deferred tax liability	208 984	209 271	2	(289)
Other liability	281 405	283 421	11 215	(13 231)
Total liability	**52 429 570**	**52 457 742**	**102 600**	**(130 772)**
Shareholders' equity	3 855 750	3 855 751	67 135	(67 136)
Accumulated other comprehensive income	16 910	16 910	(12)	12
Minority interest (non-controlling interest)	29 678	29 189	-	489
Total net equity	**3 902 338**	**3 901 850**	**67 123**	**(66 635)**
Total liability and equity	**56 331 908**	**56 359 592**	**169 723**	**(197 407)**

Information about geographical areas

Unicaja Banco Group operates in Spain, and its customer profile is similar throughout the country. As such, the Group only concentrates on one geographic segment for its operations, so the information stipulated in paragraph 33 of IFRS 8 is not required.

To illustrate this, the revenue breakdown from interest and other similar revenues by geographical areas for the six-month periods ending on 30th June 2018 and 2017 is shown below.

				€ ´000
	Breakdown of revenues by geography			
	Individual		Consolidated	
	30/06/2018	**30/06/2017**	**30/06/2018**	**30/06/2017**
Spain	308 645	281 878	405 738	439 479
Exports	-	-	-	-
European Union	-	-	-	-
OECD Countries	-	-	-	-
Rest of World	-	-	-	-
Total	308 645	**281 878**	**405 738**	**439 479**

Information about key customers

Unicaja Banco Group is mainly involved in retail banking business; no client is responsible for more than 10% of the Group's ordinary income, so the Group considers that the breakdown of information stipulated in paragraph 34 of IFRS 8 is not required.

3. Earnings per share

Basic earnings per share is determined by dividing the net income for the year attributed to the Bank by the weighted average number of shares outstanding during that year, excluding the average number of treasury shares held throughout the year.

Diluted earnings per share is calculated in a similar fashion to basic earnings per share, but the weighted average number of outstanding shares is adjusted to take into account the potential dilutive effect of the options on shares, warrants and convertible debt in force at the close of the period.

The basic and diluted earnings per Unicaja Banco Group share for the six-month periods ending on 30th June 2018 and 2017 are as follows:

	30/06/2018	30/06/2017
Attributable net income to the parent Company (€ ´000)	105 276	85 679
Adjustments: Financial cost of mandatory convertible bond issues (€´000)	-	-
Adjusted net income (€ ´000)	105 276	85 679
Of which: Income from operations (net of minority holdings)	105 276	85 679
Of which: Income from discontinued operations	-	-
Weighted average of outstanding ordinary shares (less treasury stock)	1 607 665	922 802
Basic earnings per share from continuing operations (€)	0.065	0.093
Basic earnings per share from discontinued operations (€)	0.000	0.000
Basic earnings per share (€)	**0.065**	**0.093**

	30/06/2018	30/06/2017
Attributable net income to the parent Company (€ ´000)	105 276	85 679
Adjustments: Financial cost of mandatory convertible bond issues (€´000)	-	-
Adjusted net income (€ ´000)	105 276	85 679
Of which: Income from operations (net of minority holdings)	-	-
Of which: Income from discontinued operations	-	-
Weighted average of outstanding ordinary shares (less treasury stock)	1 607 665	922 802
Average number of shares resulting from bond conversion (‘000)	40 927	41 433
Adjusted total average number of shares for calculation of diluted earnings per share (€)	1 648 592	964 235
Diluted earnings per share from continuing operations (€)	0.064	0.089
Diluted earnings per share from discontinued operations (€)	0.000	0.000
Diluted earnings per share (€)	**0.064**	**0.089**

To 30th June 2018 and at 31st December 2017, the Unicaja Banco Group maintains instruments with potential dilutive effect. Unicaja Banco Group currently has issues of Perpetual Contingent Convertible Bonds (PeCoCos) recorded under the item "Other equity instruments", whose discretionary remuneration is subject to compliance with a number of conditions (Note 12.2).

Pursuant to IAS 33 "Earnings per share", the average number of shares and other instruments outstanding during the period under review has been used. Perpetual contingent convertible bonds (PeCoCos) have only been included in the diluted earnings.

To calculate the average number of outstanding shares, the capital expansions carried out on 29th June 2017 and 25th July 2017 have been taken into account (Note 12.1), each from their respective execution date.

4. Dividends paid and remuneration from other equity instruments

Unicaja Banco, S.A. disbursed the following dividend payments during the six-month periods ending on 30th June 2018 and 2017:

						€ ´000
			30/06/2018			30/06/2017
	% of nominal value	Euros per share	Amount	% of nominal value	Euros per share	Amount
Ordinary shares	2.15%	0.02	34 605	1.84%	0.02	17 000
All other shares (no vote, redeemable, etc.)	-	-	-	-	-	-
Total dividends paid	**2.15%**	**0.02**	**34 605**	**1.84%**	**0.02**	**17 000**
Dividends paid from net income			34 605			17 000
Dividends paid against retained earnings or share premium			-			-
Dividends in kind			-			-

The calculation above was carried out using the number of shares existing on the date on which the profits were distributed, excluding convertible instruments with dilutive effect.

On 21st March 2018, Unicaja Banco's Board of Directors included a pay-out of EUR 34,605 thousand in dividends in the proposal for distribution of profits for the 2017 fiscal year (which was subsequently approved by the General Shareholders' Meeting on 27th April, 2018 and paid on 10th May, 2018). Similarly, on 24th March 2017, the Board of Directors included a dividend of EUR 17,000 thousand in the proposed for distribution of profits for the year 2016 (subsequently approved by the General Shareholders' Meeting on 26th April, 2017 and paid on 10th May 2017).

Also, on 21st March 2018, Unicaja Banco's Board of Directors, after confirming that the conditions set out in the issue prospectus were met, agreed to pay the discretionary remuneration of the Perpetual Contingent Convertible Bonds (PeCoCos) issued by the Bank, for a total gross amount of EUR 6,850 thousand, for the period between March 2017 and March 2018; they were paid on 28th March 2018. Similarly, on 24th March 2017, the Board of Directors agreed to pay the discretionary remuneration of the Perpetual Contingent Convertible Bonds (PeCoCos) issued by the Bank, for a total gross amount of EUR 6,850 thousand; this was paid on 24th March 2017.

5. Goodwill from entities under the equity method

At 30th June 2018 and at 31st December 2017, the Bank's goodwill in entities carried under the equity method (excluding impairment) was EUR 26,899 thousand and EUR 27,626 thousand, respectively. This goodwill resulted mainly upon comparing the net fair value of the assets, liabilities and contingent liabilities acquired by the Bank when it took a stake in Autopistas del Sol, S.A. and Hidralia, Gestión Integral de Aguas de Andalucía, S.A., the latter through the company Hidrocartera, S.L. This goodwill is recorded on 30th June 2018 and on 31st December 2017 as part of the cost of acquiring the entities, under "Equity holdings - Associates" in the consolidated balance sheet. The outstanding amount of impairment results from the expected profits (by the parent company's directors) of the acquired entities, based on the strength of its customer base and the average revenue per customer.

During the six-month periods ending on 30th June 2018 and 2017, the aforementioned goodwill was impaired by EUR 727 and EUR 954 thousand, respectively (Note 26).

The following is an explanatory table showing the initial date when the goodwill was recorded in associated companies and its initial gross amount, as well as the amounts impaired vis-á-vis the original amount (accumulated impairment) and the net amount of goodwill at 30th June 2018 and at 31st December 2017:

						€ ´000
			Accumulated impairment		Net amount	
	Initial amount	Date of recognition	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Autopista del Sol, C.E.S.A.	34 833	June 2005	11 470	11 045	23 363	23 788
Hidralia, G.I.A.A., S.A.	20 467	Sep. 2005	16 931	16 629	3 536	3 838
	55 300		**28 401**	**27 674**	**26 899**	**27 626**

Since this goodwill is linked to corporate concessions and administrative licenses that last for a certain period of time, the parent Company directors understand that, unless there is evidence of impairment, the recoverable amount of recorded goodwill is amortized in proportion to the number of years remaining on the concession or administrative license. The Group conducts regular measurements of goodwill, based on the sum recoverable, for the purpose of verifying whether it would be necessary to apply a further impairment in addition to amortization, in line with the stipulations of IAS 36.

6. Composition of the Unicaja Banco Group

6.1 Subsidiary entities

"Subsidiary entities" are those over which the Entity can exercise control; this is manifested, in general, but not only, by ownership, direct or indirect, of 50% or more of the political rights of the investees or, even if this percentage is lower or nil, if, for example, there are agreements with shareholders of these entities granting control to the Entity. In accordance with IFRS 10, an investee is considered to be controlled if and only if all of the following factors are in place: (i) power over the investee, (ii) exposure, or right, to variable returns arising from its involvement in the investee, and (iii) the ability to use its power over the investee to influence the amount of the investor's returns.

At 30th June 2018 and at 31st December 2017, entities controlled by an affiliate are considered to be subsidiaries; taking into account the Group's participation in said affiliate, it is considered to control them (see details in Appendix I).

The annual accounts of subsidiaries are consolidated with those of the Bank by application of the full consolidation method, in accordance with the consolidation procedure described in IAS 27. Consequently, all balances arising from transactions between companies consolidated through this method that are significant have been removed in the consolidation process. In addition, third-party stakes in:

- The Group’s net equity is presented in the "Minority Interests" section in the consolidated balance sheet.

- The consolidated results for the period are presented in the "Income from minority interests" section in the consolidated income statement.

The consolidation of the results generated by the subsidiaries acquired in a period only takes into account those relating to the period between the date of acquisition and the close of that period. At the same time, the consolidation of the results generated by the subsidiaries disposed of in the year is carried out taking into account only those relating to the time between the beginning of the period and the date of disposal.

Relevant information on these companies is given in Appendix I.

6.2 Joint ventures

Joint ventures or multi-group entities are participations in companies that are not subsidiaries but are jointly controlled by two or more companies that are not linked to one another.

In accordance with IFRS 11 "Joint Arrangements", joint ventures arise when a venturer is entitled to the net profit/loss or net assets of the entity in which it participates and, therefore, the equity method is used to account for its interest in the entity. In this regard, in consolidated condensed interim financial statements, the multi-group entities are classified as joint ventures and for the purposes of IFRS 11 they are valued by the "equity method".

Relevant information on these companies is given in Appendix II.

6.3 Associates

"Associated entities" are those companies over which the Bank has the capacity to exert significant influence; although not control or joint control. Usually this capability is manifested in a participation (direct or indirect) equal to or greater than 20% of the voting rights of the investee Company.

At 30th June 2018, Alestis Aerospace, S.L. and Deoleo, S.A. were considered associates of the Group, although less than 20% of their voting rights were held. The main reasons why the Group is considered to have significant influence on these entities are:

- With respect to Alestis Aerospace, SL, Unicaja Banco Group signed a partners' agreement dated 18th December 2013, allowing it to be part of the Board of Directors, participate in the organization and operation of the governing bodies and participate, even in some cases, to block certain corporate agreements.

- With regard to the holding held in Deoleo, S.A., Unicaja Banco Group has the right to appoint a total of two directors.

Associates of affiliates are treated thus where, after considering Unicaja Banco's participation in said affiliates, significant influence can be seen to be exerted over them (see detail in Appendix III).

In the consolidated financial statements, associates are valued by the "equity method", as defined in IAS 28.

If, as a result of the losses incurred by an associate, its shareholders' equity was negative, the value reflected in the Group's consolidated balance sheet would be nil; unless there is an obligation on the part of the Group to support it financially.

Relevant information on these companies is given in Appendix III.

6.4 Changes in the composition of the Group

During the six-month period ending on 30th June 2018, there has been the following increase in participation in Group entities, joint ventures or associates:

Entity	Category	Effective date of transaction	Net purchase amount + other acquisition related costs of business combination	% voting rights acquired	% total voting rights in the entity after acquisition
Propco Blue 1, S.L.	Group	07/02/2018	3	100.00%	100.00%
Propco Orange 1, S.L.	Group	07/02/2018	3	100.00%	100.00%
Unión del Duero, Compañía de Seguros de Vida, S.A.	Group	14/03/2018	134 407	38.34%	77.46%
Duero Pensiones, E.G.F.P., S.A.	Group	14/03/2018	7 269	38.34%	77.46%
Banco Europeo de Finanzas, S.A.	Group	28/03/2018	-	59.28%	100.00%
Parque Industrial Humilladero, S.L.	Group	01/03/2018	300	1.63%	88.61%
Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero)	Group	17/04/2018	2 000	0.78%	77.46%
Propco Orange 1, S.L.	Group	19/06/2018	6 500	-	100.00%

As regards changes to the classification between entities in the Group, jointly controlled entities and associate companies in the first half of the 2018 financial year, after receiving the relevant authorisations on 27th February 2018 which fulfil the conditions precedent for the contract of sale between EspañaDuero and Mapfre Vida, S.A. de Seguros y Reaseguros sobre la Vida Humana (Mapfre), the companies Unión del Duero, Compañía de Seguros de Vida, S.A. and Duero de Pensiones, E.G.F.P., S.A. have come into the Group as associate companies. Furthermore, after the capital reduction in Banco Europeo de Finanzas, S.A. through a share buybacks, the company has been classified as a Group institution instead of a jointly controlled entity.

During the six-month period ending on 30th June 2018, the following divestments have occurred due to combinations of business or other sales or decreased stakes in subsidiaries, joint ventures and/or investments in associates:

Entity name (or activity) acquired or merged	Category	Effective date of transaction	% voting rights disposed or derecognised	% voting rights controlled after divestment	Resulting gain or loss
Cartera de Inversiones Agroalimentaria, S.L.	Group	25/01/2018	100.00%	-	-
Numzaan, S.L.	Associate	16/02/2018	16.46%	-	-
Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.U.	Group	14/05/2018	76.68%	-	-
Propco Orange 1, S.L.	Associate	19/06/2018	51.00%	49.00%	-
Compañía de Servicios de Castilla y León, S.A.	Associate	29/06/2018	21.52%	-	-

These changes in the composition of the Group have not had a significant impact on the consolidated condensed interim financial statements at 30th June 2018.

On 14th May 2018, Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.U. was taken over by Unimediación, S.L.U., which at the time of the merger by absorption owned 100% of the absorbed company.

With respect to the restructuring process of Unicaja Banco Group's insurance banking business, on 9th May 2017, Unicaja Banco, EspañaDuero and Aviva Europe SE (Aviva) signed an agreement to terminate the strategic business alliances between these entities in the joint marketing and distribution of insurance banking in Spain for personal insurance and pension plans using the Unicaja Bank network and that of EspañaDuero taken over from the former Caja España (hereinafter, the "Termination Agreement").

Simultaneously with the Termination Agreement, Unicaja Banco, EspañaDuero and Santa Lucía, S.A. ("Santa Lucia") have entered into an exclusive and fixed-term partnership agreement for the development, joint marketing and distribution in Spain of Unicorp Vida and Caja España Vida life insurance and pension plans (hereinafter, the "Partnership with Santa Lucia").

The agreements mentioned above became effective on 14th September 2017, once the appropriate regulatory authorisations were obtained, involving the exit by Aviva from the share capital of Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. (Unicorp Vida) and from Caja España Vida, Compañía de Seguros y Reaseguros, S.A. (Caja España Vida), as well as the termination of the agreements between Unicaja Banco, EspañaDuero and Aviva concerning these companies. The partnership between Unicaja Banco and Aviva in terms of their participation in Caja de Granada Vida, Compañía de Seguros y Reaseguros, S.A., was not affected by this agreement, and the company was subsequently sold on 22nd February 2018 and wound up on 10th July 2018.

On the other hand, on June 8, 2017, EspañaDuero has entered into a sale agreement with Mapfre Vida, SA de Seguros y Reaseguros sobre la Vida Humana ("Mapfre") under which it will acquire 50% of the share capital of the companies Union del Duero, Compañía de Seguros de Vida, SA and Duero de Pensiones, E.G.F.P., S.A.. The effectiveness of this purchase agreement was subject, at year-end 2017, to compliance with certain conditions precedent, consisting in obtaining the appropriate regulatory authorizations. These authorisations were received on 27th February 2018, and the transaction was settled on 14th March 2018.

On 14th September 2017 the insurance broking and pension plan contract between Caja España Mediación, Operador de Banca-Seguros Vinculado, S.A.U. (subsequently absorbed by Unimediación, S.L.U.) and Caja España Vida, Compañía de Seguros y Reaseguros, S.A., was renewed with amendments, including the network brought in from Caja Duero.

In this restructuring of banking insurance agreements, the variable price agreed upon in the 2008 sale by EspañaDuero of its 50% stake in Unión del Duero, Compañía de Seguros y Reaseguros, S.A. and Duero Pensiones, E.G.F.P., S.A. amounting to EUR 25.3 million, was charged and recorded as income under the item "Other operating income" in the consolidated income for the year 2017.

During the six-month period ending on 30th June 2018, the above-mentioned restructuring process has not had a significant impact on the Group's consolidated income statement. In this respect, the Group has recorded in 2017 a provision of EUR 70.8 million charged to "Provisions / reversal" in the consolidated income statement and a EUR 27.1 million impairment of participations charged to "Impairment or reversal in the value of joint ventures or associates" in the consolidated income statement. Considering the income of EUR 25.3 million for the variable price agreed in the sale of 2008, referred to in the previous paragraph, and considering a total tax effect of EUR 22 million, the total net impact of the restructuring process in 2017 was EUR 50.5 million.

7. Remuneration paid to the Directors and Senior Management

The breakdown of remuneration received and balances held with members of Unicaja Banco's Board of Directors, together with remuneration received by Unicaja Banco's senior management during the six-month periods ending on el 30th June 2018 and 2017 is shown below:

		€ ´000
Directors	**30/06/2018**	**30/06/2017**
Item:		
Fixed remuneration	909	876
Variable remuneration	-	-
Per diems	198	217
Attendance fees	-	-
Transactions on shares and/or other financial instruments	-	-
Other	-	-
Other benefits:		
Advances	-	-
Loans	10	279
Contributions to annuity and pension schemes	100	-
Pension and annuity benefits commitments	-	-
Life insurance premiums	-	-
Guarantees given to directors	-	-
Management		
Total Remuneration	1 516	1 384

In preparing these consolidated condensed interim financial statements, those members of staff who are on the Management Committee, as well as other key staff for the daily development of the business, have been classified as Senior Management.

8. Financial instruments

8.1 Reclassifications of financial instruments

8.1.1 Breakdown of financial assets and liabilities by type and category

The breakdown of financial assets in Unicaja Banco's individual condensed balance sheet and in Unicaja Banco Group's consolidated ones, by type and category, at 30th June 2018 and at 31st December 2017 is shown below:

						€ ´000
						30/06/2018
Financial assets	**Financial assets held for trading**	**Non-trading financial assets mandatorily designated at fair value through profit and loss**	**Financial assets designated at fair value through profit or loss**	**Financial assets designated at fair value through other comprehensive income**	**Financial assets carried at amortized cost**	**Total**
Derivatives	17 750	-	-	-	-	17 750
Equity instruments	12 359	-	-	436 371	-	448 730
Debt securities	12 883	54 958	-	2 71 3485	8 865 633	11 646 959
Loans and advances	-	-	153	-	18 998 819	18 998 972
Central Banks	-	-	-	-	-	-
Financial institutions	-	-	-	-	242 990	242 990
Customers	-	-	153	-	18 755 829	18 755 982
TOTAL INDIVIDUAL	**42 992**	**54 958**	**153**	**3 149 856**	**27 864 452**	**31 112 411**
Derivatives	18 014	-	-	-	-	18 014
Equity instruments	34 397	-	-	576 887	-	625 026
Debt securities	12 883	76 985	-	5 881 716	12 714 158	18 685 742
Loans and advances	-	-	4 886	-	29 567 986	29 572 872
Central Banks	-	-	-	-	-	-
Financial institutions	-	-	-	-	277 576	277 576
Customers	-	-	4 886	-	29 290 410	29 295 296
TOTAL CONSOLIDATED	**65 294**	**76 985**	**4 886**	**6 458 603**	**42 282 144**	**48 887 912**

					€ ´000
					31/12/2017
Financial assets	**Financial assets held for trading**	**Available-for-sale financial assets**	**Loans and accounts receivables**	**Held-to-maturity investments**	**Total**
Derivatives	12 614	-	-	-	12 614
Equity instruments	-	355 538	-	-	355 538
Debt securities	12 980	3 075 276	917 764	5 562 585	9 568 605
Loans and advances	-	-	19 071 555	-	19 071 555
Central Banks	-	-	-	-	-
Financial institutions	-	-	164 945	-	164 945
Customers	-	-	18 906 610	-	18 906 610
TOTAL INDIVIDUAL	**25 594**	**3 430 814**	**19 989 319**	**5 562 585**	**29 008 312**
Derivatives	18 482	-	-	-	18 482
Equity instruments	-	536 062	-	-	536 062
Debt securities	12 980	3 165 476	2 585 205	10 634 320	16 397 981
Loans and advances	-	-	29 822 052	-	29 822 052
Central Banks	-	-	-	-	-
Financial institutions	-	-	184 175	-	184 175
Customers	-	-	29 637 877	-	29 637 877
TOTAL CONSOLIDATED	**31 462**	**3 701 538**	**32 407 257**	**10 634 320**	**46 774 577**

The breakdown of financial liabilities in Unicaja Banco's individual condensed balance sheet and in Unicaja Banco Group's consolidated ones, by type and category, at 30th June 2018 and at 31st December 2017 is shown below:

				€ ´000
				30/06/2018
Financial liabilities	**Financial liabilities held for trading**	**Financial liabilities designated at fair value through profit or loss**	**Financial liabilities carried at amortized cost**	**Total**
Derivatives	23 995	-	-	23 995
Short positions	-	-	-	-
Deposits	-	-	29 120 925	29 120 925
Central Banks	-	-	2 136 278	2 136 278
Credit institutions	-	-	1 850 010	1 850 010
Customers	-	-	25 134 637	25 134 637
Issued debt securities	-	-	129 960	129 960
Other financials liabilities	-	-	814 710	814 710
TOTAL INDIVIDUAL	**23 995**	**-**	**30 065 595**	**30 089 590**
Derivatives	25 010	-	-	25 010
Short positions	-	-	-	-
Deposits	-	-	50 055 691	50 055 691
Central Banks	-	-	3 323 289	3 323 289
Credit institutions	-	-	1 960 038	1 960 038
Customers	-	-	44 772 364	44 772 364
Issued debt securities	-	-	129 960	129 960
Other financials liabilities	-	-	1 263 567	1 263 567
TOTAL CONSOLIDATED	**25 010**	**-**	**51 449 218**	**51 474 228**

Financial liabilities	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities carried at amortized cost	€ ´000 31/12/2017 Total
Derivatives	19 740	-	-	19 740
Short positions	-	-	-	-
Deposits	-	-	28 650 347	28 650 347
Central Banks	-	-	2 140 613	2 140 613
Credit institutions	-	-	596 976	596 976
Customers	-	-	25 912 758	25 912 758
Issued debt securities	-	-	129 845	129 845
Other financials liabilities	-	-	552 717	552 717
TOTAL INDIVIDUAL	**19 740**	**-**	**29 332 909**	**29 352 649**
Derivatives	27 412	-	-	27 412
Short positions	-	-	-	-
Deposits	-	-	50 086 072	50 086 072
Central Banks	-	-	3 330 034	3 330 034
Credit institutions	-	-	714 873	714 873
Customers	-	-	46 041 165	46 041 165
Issued debt securities	-	-	129 848	129 848
Other financials liabilities	-	-	724 823	724 823
TOTAL CONSOLIDATED	**27 412**	**-**	**50 940 743**	**50 968 155**

8.1.2 Impairment or reversal in the value of financial assets not measured at fair value through profit and loss or net gains by modification

The breakdown of this heading by portfolio in the consolidated income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

	30/06/2018	€ ´000 30/06/2017
Financial assets designated at fair value through other comprehensive income	-	
Available-for-sale financial assets		13 373
Financial assets carried at amortized cost (Notes 8.5.4 & 8.5.7)	13 642	(45 456)
	13 642	**(32 083)**

8.2 Financial assets and liabilities held for trading

8.2.1 Detail of the balance and credit risk threshold – debit balances

A breakdown of financial assets included in this category at 30th June 2018 and at 31st December 2017, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2018	**31/12/2017**
By type of counterparty -		
Credit institutions	5 026	1 890
Resident public administrations	12 883	12 980
Non-resident public administrations	-	-
Other resident sectors	47 385	16 592
Other non-resident sectors	-	-
	65 294	**31 462**
By type of instrument -		
Listed shares	34 397	-
Listed bonds and notes	12 883	12 980
Exchange traded derivatives	2 244	1 608
Non-OTC derivatives	15 770	16 874
	65 294	**31 462**

The book value recorded in the table above represents the Group's credit risk exposure at the close of these periods, with regards to the financial instruments listed above.

8.2.2 Detail of the balance – credit balances

A breakdown of the financial liabilities in this category at 30th June 2018 and at 31st December 2017, classified by kinds of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2018	**31/12/2017**
By type of counterparty -		
Credit institutions	24 245	13 286
Other resident sectors	765	14 126
	25 010	**27 412**
By type of instrument -		
Exchange traded derivatives	3 189	880
Non-OTC derivatives	21 821	26 532
	25 010	**27 412**

8.2.3 Financial derivatives held for trading

Below is a breakdown, by class of derivatives, of the fair value of the Group's trading derivatives, as well as its notional amount (amount on which future payments and receipts of these derivatives are calculated) at 30th June 2018 and at 31st December 2017:

€ ´000

	30/06/2018				31/12/2017			
	Debit balance		Credit balance		Debit balance		Credit balance	
	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional
Forward foreign exchange contracts	**2 135**	**160 724**	**1 283**	**35 171**	**1 701**	**39 978**	**963**	**23 648**
Currencies purchased against euro	1 147	14 016	994	17 432	1 595	19 649	179	11 641
Currencies sold against euro	988	146 708	289	17 739	106	20 329	784	12 007
Equity and interest rate futures	**-**	**-**	**-**	**339**	**-**	**-**	**-**	**301**
Purchased	-	-	-	116	-	-	-	152
Sold	-	-	-	223	-	-	-	149
Options on securities:	**3 325**	**754 655**	**11 954**	**2 738 645**	**4 957**	**565 161**	**15 961**	**2 563 687**
Purchased	2 244	753 574	1 081	1 081	1 636	558 480	3 321	3 321
Issued	1 081	1 081	10 873	2 737 564	3 321	6 681	12 640	2 560 366
Interest rates options:	**35**	**10 329**	**323**	**206 850**	**73**	**290 115**	**186**	**60 065**
Purchased	35	10 329	-	38 206	73	98 322	-	-
Sold	-	-	323	168 644	-	191 793	186	60 065
Other transactions involving securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Security swaps	-	-	-	-	-	-	-	-
Forward contracts	-	-	-	-	-	-	-	-
Currency options:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased	-	-	-	-	-	-	-	-
Issued	-	-	-	-	-	-	-	-
Other currency transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Currency swaps	-	-	-	-	-	-	-	-
Other interest rate transactions	**12 519**	**56 288**	**11 450**	**176 699**	**11 751**	**120 970**	**10 302**	**121 388**
Swaps (IRS)	12 519	56 288	11 450	176 699	11 751	120 970	10 302	121 388
Other products	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	18 014	**981 996**	**25 010**	**3 157 704**	**18 482**	**1 016 224**	**27 412**	**2 769 089**

The notional amount of the contracts does not represent the real risk assumed by the Group, since the net position in these financial instruments is the outcome of the compensation and / or combination thereof.

Note 9 details the methods applied by the Group in the valuation of financial instruments classified in this category.

8.3 Other Financial assets designated at fair value through profit or loss

8.3.1 Non-trading financial assets mandatorily designated at fair value through profit and loss

A breakdown of financial assets included in this category at 30th June 2018, classified by classes of counterparty and type of instrument is shown below:

	€ ´000
	30/06/2018
By type of counterparty -	
Credit institutions	17 069
Resident public administrations	-
Non-resident public administrations	-
Other resident sectors	69 916
Other non-resident sectors	-
(Losses due to impairment) (*)	(10 000)
Other valuation adjustments	-
	76 985
By type of instrument -	
Debt securities:	76 985
Spanish public debt securities	-
Treasury bills	-
Sovereign debt	-
Other Spanish government bodies	-
Foreign sovereign debt	-
Issued by financial institutions	17 069
Other fixed income securities	69 916
(Losses due to impairment) (*)	(10 000)
Other valuation adjustments	-
Other equity instruments	-
Shares of listed Spanish companies	-
Shares of unlisted Spanish companies	-
Shares of listed foreign companies	-
Shares of unlisted foreign companies	-
Holdings of mutual fund equity	-
	76 985

This is a category of financial assets that has been introduced under the new IFRS 9 which did not exist under the previous IAS 39 accounting regulation; for this reason, comparative information is not available.

Interest accrued on debt securities classified in this financial assets portfolio for the six-month period ending on 30th June 2018 amounted to EUR 1,329 thousand, is recorded under "Interest income and other relevant income" in the consolidated income statement (Note 16).

8.3.2 Financial assets designated at fair value through profit or loss

A breakdown of financial assets included in this category at 30th June 2018, classified by classes of counterparty and type of instrument is shown below:

	€ ´000
	30/06/2018
By type of counterparty -	
Credit institutions	-
Resident public administrations	-
Non-resident public administrations	-
Other resident sectors	11 020
Other non-resident sectors	-
(Impairment losses)	(4 212)
Other valuation adjustments	(1 922)
	4 886
By type of instrument -	
Credit and loans at variable interest rate	11 020
Credit and loans at fixed interest rate	-
Reverse purchase agreements	-
Term deposits in financial institutions	-
Other deposits in financial institutions	-
Other financial assets	-
(Impairment losses)	(4 212)
Other valuation adjustments	(1 922)
	4 886

This is a category of financial assets that has been introduced under the new IFRS 9 which did not exist under the previous IAS 39 accounting regulation; for this reason, comparative information is not available.

8.4 Financial assets designated at fair value through other comprehensive income

8.4.1 Available-for-sale financial assets

A breakdown of financial assets included in this category at 31th December 2017, classified by classes of counterparty and type of instrument is shown below:

	€ ´000
	31/12/2017
By type of counterparty -	
Credit institutions	85 938
Resident public administrations	1 879 972
Non-resident public administrations	960 785
Other resident sectors	503 076
Other non-resident sectors	276 188
	3 705 959
(Losses due to impairment) (*)	(78)
Other valuation adjustments	(4 343)
	3 701 538
By type of instrument -	
Debt securities:	3 165 476
Spanish public debt securities	1 729 580
Treasury bills	-
Sovereign debt	*1 729 580*
Other Spanish government bodies	150 392
Foreign sovereign debt	960 785
Issued by financial institutions	63 945
Other fixed income securities	265 195
(Losses due to impairment) (*)	(78)
Other valuation adjustments	(4 343)
Other equity instruments	536 062
Shares of listed Spanish companies	37 970
Shares of unlisted Spanish companies	236 313
Shares of listed foreign companies	131 544
Shares of unlisted foreign companies	27
Holdings of mutual fund equity	130 208
	3 701 538

(*) This amount corresponds to impairment losses recorded for credit risk hedging.

The book value recorded in the table above represents the Group's credit risk exposure at the close of these periods, with regards to the financial instruments listed above.

Interest accrued on debt securities classified in this financial assets portfolio for the six-month period ending on 30th June 2017 amounted to EUR 26,250 thousand, is recorded under "Interest income and other relevant income" in the consolidated income statement (Note 16).

As regards the debt securities classified in this portfolio, there were no provisions or impairment recoveries for these instruments in the six-month period ended 30th June 2017.

This financial assets portfolio is retired with the first implementation of IFRS 9.

8.4.2 Financial assets designated at fair value through other comprehensive income

A breakdown of financial assets included in this category at 30th June 2018, classified by classes of counterparty and type of instrument is shown below:

	€ ´000
	30/06/2018
By type of counterparty -	
Credit institutions	74 642
Resident public administrations	5 494 537
Non-resident public administrations	178 882
Other resident sectors	341 472
Other non-resident sectors	325 836
(Losses due to impairment) (*)	-
Other valuation adjustments	43 234
	6 458 603
By type of instrument -	
Debt securities:	5 881 716
Spanish public debt securities	548 6887
Treasury bills	*4 694*
Sovereign debt	*5 482 193*
Other Spanish government bodies	7 650
Foreign sovereign debt	178 882
Issued by financial institutions	46 251
Other fixed income securities	118 812
(Losses due to impairment) (*)	-
Other valuation adjustments	43 234
Other equity instruments	576 887
Shares of listed Spanish companies	47 692
Shares of unlisted Spanish companies	223 238
Shares of listed foreign companies	201 782
Shares of unlisted foreign companies	19
Holdings of mutual fund equity	104 156
	6 458 603

(*) This amount corresponds to impairment losses recorded for credit risk hedging.

The book value recorded in the table above represents the Group’s credit risk exposure at the close of these periods, with regards to the financial instruments listed above.

Interest accrued on debt securities classified in the portfolio of financial assets for the six-month period ending on 30th June 2018 amounted to EUR 91,308 thousand and EUR, is recorded under "Interest income and other relevant income" in the consolidated income statement (Note 16).

As regards the debt securities classified in this portfolio, there were no provisions or impairment recoveries for these instruments in the six-month period ended 30th June 2018.

8.5 Financial assets carried at amortized cost

A breakdown of financial assets included in this category at 30th June 2018 and at 31st December 2017, classified by nature of exposure:

		€ ´000
	30/06/2018	**31/12/2017**
Debt securities	12 714 158	13 219 525
Loans and advances	29 567 986	29 822 052
Central Banks	-	-
Credit institutions	*274 374*	*184 175*
Customers	*29 293 612*	*29 637 877*
	42 282 144	**43 041 577**

The comparative figures presented above corresponding to 31st December 2017 refer to "Loans and receivables" and "Investments held to maturity" under IAS 39, before these sections were merged and the terminology changed under the new in IFRS 9 standards and the Bank of Spain's 4/2017 Circular.

8.5.1 Detail of balance and credit risk threshold

A breakdown of financial assets included in this category at 30th June 2018 and at 31st December 2017, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2018	**31/12/2017**
By type of counterparty -		
Credit institutions	513 081	415 012
Resident public administrations	7 121 107	9 676 193
Non-resident public administrations	4 097 914	1 608 175
Other resident sectors	31 518 174	32 460 859
Other non-resident sectors	331 274	278 431
	43 581 550	44 438 670
(Impairment losses)	(1 279 814)	(1 355 112)
Other valuation adjustments	(19 592)	(41 981)
	42 282 144	**43 041 577**
By type of instrument -		
Credit and loans at variable interest rate	25 025 673	25 388 221
Credit and loans at fixed interest rate	3 683 017	3 230 283
Debt securities	12 697 151	13 219 525
Reverse purchase agreements	1 841 917	2 221 239
Term deposits in financial institutions	20 567	120 069
Other deposits in financial institutions	-	-
Other financial assets	313 225	259 333
	43 581 550	44 438 670
(Impairment losses)	(1 279 814)	(1 355 112)
Other valuation adjustments	(19 592)	(41 981)
	42 282 144	**43 041 577**

The book value recorded in the table above represents the Group's exposure to credit risk at the close of these periods, in proportion to the financial instruments held.

Interest accrued on financial assets under this category during the six-month periods ending on 30th June 2018 and 2017 amounted to EUR 302,971 thousand and EUR 399,294 thousand, respectively, and was recorded as "Interest income and other relevant income" in the consolidated income statement (Note 16).

8.5.2 Classification by credit risk stages

The breakdown of financial assets at amortized cost by credit risk stages at 30th June 2018 (not including losses from impairment or other measurement adjustments) is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Stage 1: Performing risk	39 485 713	40 003 088
Stage 2: Watch-list performing risk	1 771 188	1 725 373
Stage 3: Non-performing risk	2 328 861	2 710 209
	43 585 762	**44 438 670**

The movement of financial assets at amortized cost classified as Stage 3 (non-performing risk) during the six-month periods ending 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Balance at beginning of period	**2 710 209**	**3 215 128**
Gross entries net & other movements	(141 738)	19 454
Transfers to write-off	(61 577)	(232 672)
Asset foreclosures	(178 033)	(291 701)
Balance at end of period	**2 328 861**	**2 710 209**

8.5.3 Debt securities

The breakdown by counterparty and type of debt securities' issue recorded at amortized cost at 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
By type of counterparty -		
Credit institutions	238 729	230 667
Resident public administrations	5 492 942	8 151 922
Non-resident public administrations	4 102 261	1 608 175
Other resident sectors	2 826 282	3 189 201
Other non-resident sectors	53 944	39 560
	12 714 158	**13 219 525**
By type of instrument -		
Spanish public debt securities	4 958 849	7 699 773
Treasury bills	-	-
Sovereign debt	*4 958 849*	*7 699 773*
Other Spanish government bodies	534 093	452 149
Foreign sovereign debt	4 102 261	1 608 175
Issued by financial institutions	238 729	230 666
Other fixed income securities	2 880 226	3 228 762
	12 714 158	**13 219 525**

The breakdown of debt securities recorded under this heading at 30th June 2018 based on the credit rating of the issue and the credit risk stage is as follows:

	€ ´000		
	Stage 1	Stage 2	Stage 3
Rating Aaa	-	-	-
Rating Aa1-Aa3	211 697	-	-
Rating A1-A3	8 013 626	-	-
Rating Baa1-Baa3	4 436 350	-	-
Rating Ba1-Ba3	-	-	-
Rating B1-C	20 237	-	-
No credit rating	15 241	-	-
	12 697 151	-	-
Valuation adjustments	17 007	**-**	**-**
	12 714 158	**-**	**-**

8.5.4 Assets past due and impaired

Financial assets classified as loans and receivables and considered as impaired due to their credit risk at 30th June 2018 and 31 December 2017 amount to EUR 2,339,881 thousand and EUR 2,710,209 thousand, respectively.

On the other hand, financial assets that, whilst not considered impaired, have an amount due at 30th June 2018 and at 31st December 2017 amounted to EUR 104,443 thousand and EUR 59,003 thousand, respectively.

The following is the detail on those financial assets classified as loans and receivables and considered as impaired due to their credit risk at 30th June 2018 and at 31st December 2017. It includes those that, whilst not considered impaired, have some amount due at such dates, classified by counterparties, as well as on the basis of the time elapsed between the expiration of the oldest unpaid amount to said dates of each operation**.**

Impaired Assets at 30th June 2018

					€ ´000
	Up to 180 days	**180 to 270 days**	**270 days to one year**	**More than one year**	**Total**
By type of counterparty -					
Resident public administrations	12	5	-	1 898	1 915
Other resident sectors	971 762	76 017	62 088	1 189 354	2 299 220
Non-resident public administrations	-	-	-	-	-
Other non-resident sectors	11 622	8 642	124	7 338	27 726
	983 396	**84 664**	**62 212**	**1 198 590**	**2 328 861**

Impaired assets at 31st December 2017

					€ ´000
	Up to 180 days	**180 to 270 days**	**270 days to one year**	**More than one year**	**Total**
By type of counterparty -					
Resident public administrations	28	714	4	1 523	2 269
Other resident sectors	1 081 032	76 100	66 588	1 455 725	2 679 445
Non-resident public administrations	-	-	-	-	-
Other non-resident sectors	13 079	150	221	15 045	28 495
	1094139	**76 964**	**66 813**	**1 472 293**	**2 710 209**

Assets with past due balances not considered to be impaired at 30th June 2018

				€ ´000
	Less than 1 month	**1 to 2 months**	**2 months to 90 days**	**Total**
By type of counterparty -				
Credit institutions	39	-	-	39
Resident public administrations	13 215	5	1 224	14 444
Other resident sectors	54 422	5 217	30 178	89 817
Non-resident public administrations	-	-	-	-
Other non-resident sectors	100	27	16	143
	67 776	**5 249**	**31 418**	**104 443**

Assets with past due balances not considered to be impaired at 31st December 2017

				€ ´000
	Less than 1 month	**1 to 2 months**	**2 months to 90 days**	**Total**
By type of counterparty -				
Credit institutions	33	-	5	38
Resident public administrations	918	5	2 908	3 831
Other resident sectors	33 590	5 971	15 475	55 036
Non-resident public administrations	-	-	-	-
Other non-resident sectors	41	30	27	98
	34 582	**6 006**	**18 415**	**59 003**

8.5.5 Credit risk hedging

The movement of impairment losses recorded for credit risk hedging and the cumulative amount thereof of the instruments classified as loans and receivables during the six-month periods ending on 30th June 2018 and during the 2017 financial year are shown below.

Impairment losses at each stage into which the Group's credit risk exposures are classified, for the six-month period ending on 30th June 2018, is as follows:

				€ ´000
				30/06/2018
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of period	**111 053**	**104 759**	**1 139 300**	**1 355 112**
Allowance recorded against net income for the period	8 683	19 868	87 176	115 727
Reversals credited to net income for the period	(12 208)	(15 961)	(80 791)	(108 960)
IFRS 9 adjustments	27 537	12 787	75 864	116 188
Other movements	(79 117)	(606)	(118 530)	(198 253)
Balance at the end of the period	**55 948**	**120 847**	**1 103 019**	**1 279 814**
Of which:				
Individually determined	-	33 097	172 579	205 676
Collectively determined	55 948	87 750	930 440	1 074 138
	55 948	**120 847**	**1 103 019**	**1 279 814**

The movement of impairment losses for the six-month period ended June 30, 2017 is as follows:

	€ ´000
	30/06/2017
Balance at beginning of period	**1 999 360**
Allowance recorded against net income for the period	264 137
Reversals credited to net income for the period	(216 184)
Other movements	(593 471)
Balance at the end of the period	**1 453 842**
Of which:	
Individually determined	215 589
Collectively determined	1 238 253
	1 453 842

The "Other movements" item for the six-month period ending on 30th June 2017 included the transfer to the "Provisions" item of the consolidated balance sheet of the hedges established to cover litigation and claims in connection with the agreements to limit the changes in interest rates, amounting to EUR 329 million (Note 11.2.1).

8.5.6 Refinancing, refinanced and restructured transactions

The following are the refinancing and restructuring balances at 30th June 2018 and at 31st December 2017:

				€ ´000
	30/06/2018		31/12/2017	
	Total	Of which: Stage 3	Total	Of which: NPL
Gross amount	**2 094 605**	**1 271 881**	**2 382 293**	**1 521 075**
Asset impairment adjustments	**825 621**	**736 966**	**848 151**	**768 281**
Of which: Collectively determined	702 215	613 560	695 351	615 481
Of which: Individually determined	123 406	123 406	152 800	152 800
Net amount	**1 268 984**	**534 915**	**1 534 142**	**752 794**
Of which: granted to customers	1 268 984	534 915	1 534 142	752 794
Value of guarantees received	**1 346 911**	**762 396**	**1 541 316**	**961 390**
Of which: value of collateral	1 346 911	762 396	1 541 316	961 390
Of which: value of other guarantees	-	-	-	-

The conciliation of the book value of refinanced and restructured transactions for the six-month periods ended June 30, 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	30/06/2017
Opening balance	**1 534 142**	**1 911 985**
Refinanced and restructured in the period	34 726	53 663
Debt repayments	(117 536)	(152 105)
Foreclosures	(95 166)	(59 605)
Derecognition (reclassified to write-offs)	(22 010)	(80 861)
Other changes	(65 172)	91 300
Of which: Changes to gross balance (*)	*(87 703)*	*(16 698)*
Of which: Changes in hedging for insolvencies	*22 531*	*107 998*
Balance at the end of the period	**1 268 984**	**1 764 377**

(*) Includes transactions that are no longer identified as Refinancing, Refinanced or Restructured Transactions because they have met the requirements for classification as re-performing (see criteria used by the group later in this note).

At 30th June 2018, the breakdown of refinanced and restructured transactions, according to the criteria used in the Bank of Spain's Circular 5/2014, is as follows:

	€ ´000						
	30/06/2018						
	Total						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	Gross amount	Real estate secured loan	Rest of secured loans	Number of transactions	Gross amount	Impairment of cumulative value or loss in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public administrations	18	45	45	-	18	29 537	(81)
Other financial institutions and individual entrepreneurs (finance related business)	3	234	192	-	8	2 709	(1 767)
Non-financial corporations and individual entrepreneurs (non-finance related business)	4 191	713 599	483 127	27 724	1 677	250 572	(361 052)
Of which: financing real estate development & construction (including land)	*618*	*197 423*	*126 831*	*2 379*	*82*	*26 059*	*(77 073)*
Rest of households	14 228	1 079 657	793 704	6 566	2 646	18 252	(462 721)
	18 440	**1 793 535**	**1 277 068**	**34 290**	**4 349**	**301 070**	**(825 621)**
Other information							
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-

	€ ´000						
	30/06/2018						
	Of which: Stage 3						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	Gross amount	Real estate secured loan	Rest of secured loans	Number of transactions	Gross amount	Impairment of cumulative value or loss in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public administrations	12	38	38	-	1	725	-
Other financial institutions and individual entrepreneurs (finance related business)	2	132	90	-	1	2 359	(1 764)
Non-financial corporations and individual entrepreneurs (non-finance related business)	2 569	460 518	285 037	9 932	562	97 591	(322 691)
Of which: financing real estate development & construction (including land)	*419*	*126 077*	*60 114*	*2 055*	*55*	*19 128*	*(72 411)*
Rest of households	8 363	704 152	453 110	4 396	752	6 366	(412 511)
	10 946	**1 164 840**	**738 275**	**14 328**	**1 316**	**107 041**	**(736 966)**
Other information							
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-

At 31st December 2017, the detail of refinanced and restructured transactions, according to the criteria used in the Bank of Spain's Circular 5/2014, is as follows:

							€ ´000
							31/12/2017
	Total						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	Gross Amount	Real estate secured loan	Rest of secured loans	Number of transactions	Gross amount	Impairment of cumulative value or loss in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public administrations	22	89	89	-	23	31 744	(5)
Other financial corporations and individual entrepreneurs (finance related business)	3	246	237	-	7	2 713	(1 774)
Non-financial corporations and individual entrepreneurs (non-finance related business)	4 491	889 130	527 353	82 139	1 857	289 577	(400 746)
Of which: financing real estate development & construction (including land)	*794*	*321 307*	*188 695*	*11 181*	*94*	*26 930*	*(181 694)*
Rest of households	14 671	1 147 986	904 821	16 487	2861	20 808	(445 626)
	19 187	**2 037 451**	**1 432 500**	**98 626**	**4 748**	**344 842**	**(848 151)**
Other information							
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-

							€ ´000
							31/12/2017
	Of which: defaulted/NPLs						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	Gross amount	Real estate secured loan	Rest of secured loans	Number of transactions	Gross amount	Impairment of cumulative value or loss in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public administrations	16	84	84	-	5	1 073	(5)
Other financial corporations and individual entrepreneurs (finance related business)	1	70	70	-	1	2 359	(1 764)
Non-financial corporations and individual entrepreneurs (non-finance related business)	2 793	614 009	333 033	58 286	612	125 787	(371 161)
Of which: financing real estate development & construction (including land)	*564*	*240 011*	*116 225*	*7 434*	*57*	*19 981*	*(172 184)*
Rest of households	8 893	770 129	552 448	11 055	819	7 564	395 351
	11 703	**1 384 292**	**885 635**	**69 341**	**1 437**	**136 783**	**(768 281)**
Other information							
Financing classified as non-current assets and disposal groups of items classified as held for sale	-	-	-	-	-	-	-

Although the control of refinanced risks has always been part of Unicaja Banco Group's conservative supervision of the credit portfolio, the bank has adapted its management, identification and monitoring systems for credit risk transactions to the definitions contained in the appropriate regulation. Specifically, the Bank has a policy covering refinancing, restructuring, renewing and renegotiating transactions, which details the requirements, conditions and circumstances under which a range of measures is offered to assist the entity's clients if they are experiencing financial difficulties.

In general terms, these renegotiated transactions do not include substantial modifications to the terms and conditions, that go beyond extensions of the terms thereof, inclusions and extensions of grace periods, and improvements in the guarantees associated with such transactions. As such, for accounting purposes, they do not entail the derecognition of the original assets and the subsequent recognition of new assets at fair value.

The policies and procedures applied in risk management allow lending operations to be monitored individually. Any transaction that may require modifications to its terms and conditions as a result of worsening in the creditworthiness of the borrower already includes, at the date of its novation, the appropriate provision for impairment. Therefore, as the transactions are correctly valued, there is no evidence of additional requirements for impairment provisions on refinanced loans.

As for the accounting treatment of interest, the Group does not recognize in the income statement accruing interest once a credit has been moved to non-performing. In the event that due to the refinancing or restructuring of a non-performing transaction the outstanding interest is received, this is recorded as income in the income statement for the period.

Transactions that, as a consequence of the refinancing, provide the Bank with a reasonable certainty that the client will be able to honour their payments in the planned schedule are classified as performing risk. In order to do so, a number of factors are taken into account, such as the provision of new, effective guarantees. As a consequence, in such cases, it may become clear that these transactions have a lower need for correction with the use of credit risk hedging.

Renegotiated or refinanced assets are classified according to their risk based on aspects such as determining of borrowers' ability to pay, the updated valuation of the collateral provided and, in addition, other factors such as the grace periods on the transactions or the number of times it has been restructured.

Subsequent to the initial rating, for those transactions classified as non-performing or in watch-list, conservative remediation criteria exist, so that according to how the transaction progresses, risk may be reclassified again as re-performing. These criteria are based on an effective repayment of the refinanced product transactions, so that doubts about collection are assuaged, and take into account both the repayment amount and the time that the borrower has been fulfilling its payment obligations.

8.5.7 Derecognised assets due to unlikely recovery

The following shows the movement during the six-month periods ending on 30th June 2018 and 2017 of Unicaja Banco's impaired financial assets that are not recorded in the balance sheet because their recovery is considered unlikely, although the Bank has not put a stop to attempts to recover the amounts owed.

		€ ´000
	30/06/2018	**30/06/2017**
Beginning of period balance of financial assets of unlikely recovery	**1 616 834**	**2 114 885**
Additions -	**65 312**	**194 075**
Recorded against value corrections due to impairment of assets (Note 10.3)	51 391	145 057
Recorded in the income statement	10 186	43 976
Matured receivables	3 735	5 042
Other items	-	-
Recoveries -	**(39 267)**	**(83 969)**
Cash collections during the period	(34 055)	(45 549)
Asset foreclosures	(5 212)	(38 420)
Derecognitions -	**(235 199)**	**(106 593)**
Sale of write-off portfolio	(194 337)	(50 220)
Other	(40 862)	(56 373)
End of period balance of financial assets of unlikely recovery	**1 407 680**	**2 118 398**

The movement identified as "Write-offs" in the above table mainly refers to transactions that are no longer recorded as assets that are unlikely to be recovered, since any possibility of recovery by the Bank has been ruled out.

8.6 Financial liabilities carried at amortized cost

The breakdown under the heading of financial liabilities at amortised cost for the six-month period ending on 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Deposits	50 055 691	50 086 072
Central Banks	*3 323 289*	*3 330 034*
Credit institutions	*1 960 038*	*714 873*
Customers	*44 772 364*	*46 041 165*
Issued debt securities	129 960	129 848
Other financials liabilities	1 263 567	724 823
	51 449 218	**50 940 743**

The positive cash flow included in the consolidated cash flows statement for the six-month period ending on 30th June 2018 for financial liabilities at amortised cost amounts to EUR 508,475 thousand (negative flow of EUR1,628,010 thousand in the period ending on 30th June 2017).

8.6.1 Central bank deposits

The detail of the balances under this heading in the condensed consolidated balance sheets at 30th June 2018 and at 31st December 2017 was as follows:

	30/06/2018	31/12/2017
		€ ´000
Bank of Spain	3 340 420	3 340 420
Valuation adjustments - Accrued interest	(17 131)	(10 386)
	3 323 289	**3 330 034**

In the six-month period ending on 30th June 2018 no interest expense on deposits with central banks was accrued (and neither in the six-month period ending on 30th June 2017). Interest accrued on these deposits during the six-month periods ending on 30th June 2018 and 2017 amounted to EUR 6,745 thousand and EUR 3,475 thousand, respectively, which are recorded under “Interest income and other relevant income - Other gains” (Note 16 and 17).

8.6.2 Credit institutions deposits

The detail of the balances under this heading in the condensed consolidated balance sheets at 30th June 2018 and at 31st December 2017, taking into account the nature of the transactions, is as follows:

	30/06/2018	31/12/2017
		€ ´000
Term deposits	485 669	383 452
Repurchase agreements	1 349 424	153 963
Other accounts	124 090	177 265
Valuation adjustments	855	193
	1 960 038	**714 873**

Interest accrued on deposits of credit institutions during the six-month periods ending on 30th June 2018 and 2017 amounted to EUR 1,126 thousand and EUR 2,597 thousand, respectively, is recorded as "Interest expenses" in the consolidated income statement (Note 17).

8.6.3 Deposits from customers

The balance under this heading in the condensed consolidated balance sheets at 30th June 2018 and at 31st December 2017, classified by type and by the counterparties in the transactions, is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
By type -		
Current accounts	13 146 564	12 131 781
Savings accounts	16 241 343	15 589 667
Term deposits	13 245 902	14 436 053
Repurchase agreements	1 515 439	3 156 833
Other	40 598	58 899
Valuation adjustments	582 516	667 932
Of which:		
Micro-hedging	*486 415*	*524 963*
Accrued interest	*215 220*	*264 084*
Other adjustments	*(119 119)*	*(121 115)*
	44 772 362	**46 041 165**
By type of counterparty -		
Resident public administrations	2 413 619	2 637 694
Non-resident public administrations	-	-
Other resident sectors	41 558 272	42 496 830
Other non-resident sectors	217 955	238 709
Valuation adjustments	582 516	667 932
Of which:		
Micro-hedging	*486 415*	*524 963*
Accrued interest	*215 220*	*264 084*
Other adjustments	*(119 119)*	*(121 115)*
	44 772 362	**46 041 165**

Interest accrued on customer deposits during the six-month periods ending on 30th June 2018 and 2017 amounted to EUR 148,206 thousand and EUR 170,646 thousand, respectively, is recorded under "Interest expenses" in the consolidated income statement (Note 17).

Mortgage covered bonds, issued under the provisions of Law 2/1981, 25th March, on Mortgage Market Regulation are filed under "Term deposits" as follows:

				€ ´000
Date of issue	**Maturity date**	**Nominal interest rate**	**30/06/2018**	**31/12/2017**
02/12/2003	30/11/2018	(a) 4.757%	16 258	16 258
02/12/2003	30/11/2018	(a) 4.757%	67 742	67 742
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
16/11/2004	16/11/2019	(a) 4.257%	52 316	52 316
24/11/2004	27/11/2019	(b) 4.125%	200 000	200 000
29/03/2005	29/03/2020	(a) 4.003%	58 333	58 333
29/03/2005	29/03/2020	(b) 4.003%	58 333	58 333
29/03/2005	29/03/2020	4.003%	58 334	58 334
18/05/2005	21/05/2025	(a) 3.875%	200 000	200 000
10/06/2005	13/06/2020	(b) 3.510%	150 000	150 000
28/06/2005	28/06/2025	(a) 3.754%	76 923	76 923
28/06/2005	28/06/2025	(b) 3.754%	76 923	76 923
28/06/2005	28/06/2025	3.754%	12 8205	12 8205
16/11/2005	21/05/2025	(a) 3.875%	200 000	200 000
12/12/2005	12/12/2022	(a) 3.754%	51 852	51 852
12/12/2005	12/12/2022	(b) 3.754%	100 000	100 000
20/02/2006	20/02/2018	3 months Euribor + 0.12%	-	90 000
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	08/04/2021	4.125%	100 000	100 000
12/06/2006	12/06/2018	(a) 4.255%	-	100 000
12/06/2006	12/06/2018	(a) 4.255%	-	100 000
19/10/2006	19/10/2018	(a) 4.000%	300 000	300 000
23/10/2006	23/10/2023	(b) 4.254%	200 000	200 000
23/10/2006	23/10/2023	4.254%	100 000	100 000
23/11/2006	08/04/2031	4.250%	400 000	400 000
23/03/2007	26/03/2027	(b) 4.250%	150 000	150 000
23/03/2007	08/04/2031	4.250%	100 000	100 000
20/04/2007	08/04/2021	(a) 4.125%	200 000	200 000
23/05/2007	22/05/2019	3 months Euribor + 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	(b) 4.755%	100 000	100 000
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
20/07/2007	26/03/2027	4.250%	100 000	100 000
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	3 months Euribor + 0.13%	-	145 000
10/04/2008	10/04/2048	(a) 5.280%	-	22 000
30/11/2009	30/11/2019	4.511%	154 000	154 000
			4 810 927	**5 267 927**

(a) The fixed interest rate paid by the Group has been converted into variable by means of financial swaps on the nominal amount.

(b) Issue with the interest rate divided into two tranches, with the interest rate fixed at 2.891% until 8th July 2006. Since then, the rate has been Euribor 3 months + 0.06%

8.6.4 Issued debt securities

The detail of this item in the consolidated condensed balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

	€ ´000	
	30/06/2018	31/12/2017
Mortgage securities	130 000	130 000
Other non-convertible securities	-	-
Convertible subordinated debt	-	-
Treasury stock	-	-
Valuation adjustments - Accrued interest	(40)	(152)
	129 960	**129 848**

Interest accrued on debits represented by tradable securities during the six-month periods ending on 30th June 2018 and 2017 amounted to EUR 30 thousand and EUR 99 thousand, respectively, which are recorded as "Interest expenses" in the consolidated income statement (Note 17).

The detail and movement of issues, repurchases or repayments of debt securities, including convertible subordinated debt, made in the six-month period ending on 30th June 2018, both by the parent and by other Group companies is the following:

					€ ´000
	Balance at 01/01/2018	**Issues**	**Repurchases / repayments**	**Adjustments due to exchange rate & other**	**Balance at 30/06/2018**
Issued debt securities in a EU member state which required the registration of a prospectus	129 848	-	-	112	129 960
Issued debt securities in a EU member state which did not require the registration of a prospectus	-	-	-	-	-
Other debt securities issued outside the EU	-	-	-	-	-
TOTAL	**129 848**	**-**	**-**	**112**	**129 960**

There were no issues of debt instruments in the six-month period ending on 30th June 2018 carried out by associates or multigroup entities valued by the equity method or by entities outside the Group that were guaranteed by any Group entity.

The detail and movement of issues, repurchases or redemptions of debt securities, including convertible subordinated liabilities, carried out in 2017 by both the parent Company and other Group companies is as follows:

					€ ´000
	Balance at 01/01/2017	**Issues**	**Repurchases / repayments**	**Adjustments due to exchange rate & other**	**Balance at 31.12.2017**
Issued debt securities in a EU member state which required the registration of a prospectus	814 010	-	(679 862)	(4 300)	129 848
Issued debt securities in a EU member State which did not require the registration of a prospectus	-	-	-	-	-
Other debt securities issued outside the EU	-	-	-	-	-
TOTAL	**814 010**	**-**	**(679 862)**	**(4 300)**	**129 848**

There were no issues of debt instruments in 2017 carried out by associates or multigroup entities valued by the equity method or by entities outside the Group that were guaranteed by any Group entity.

The breakdown of the mortgage securities (specifically mortgage covered bonds) issued by Unicaja Banco Group at 30th June 2018 and at 31st December 2017 is as follows:

Issue	**ISIN code**	**Date of issue**	**Issue amount**	**Balance at 30/06/2018**	**Balance at 31.12.2017**	**Maturity date**	**Interest rate**
9th Unicaja issue	ES0464872086	17/12/2009	30 000	30 000	30 000	17/12/2021	6 m. Euribor + 0.75%
2nd Unicaja issue	ES0458759018	22/11/2010	70 000	70 000	70 000	22/11/2018	6 m. Euribor + 2.00%
3rd Unicaja issue	ES0458759026	22/11/2010	30 000	30 000	30 000	22/11/2022	6 m. Euribor + 2.00%
				130 000	**130 000**		

These issues are listed for trading on the AIAF fixed income market. They are backed by mortgage on all those that for any time period are formally registered in the name of the issuer and not earmarked for issuing mortgage bonds, or are released as mortgage securities or mortgage transfer notes, without prejudice to the universal liability of the issuer.

8.6.5 Other financials liabilities

The breakdown of this item in the consolidated balance sheets to 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Payment obligations	69 137	131 398
Collection accounts	723 668	91 404
Special accounts	79 229	28 608
Financial guarantees	1 623	1 777
Surety bonds received and other	389 910	471 636
	1 263 567	**724 823**

The amount recorded by the Group at 30th June 2018 and at 31st December 2017 under the heading of surety bonds received is accounted for mainly by guarantees in favour of the Group deposited in other financial entities as a result of its operations with hedging derivatives.

8.7 Reclassifications of financial instruments

During the first half of 2018, the Group did not make significant reclassifications between portfolios of financial instruments.

9. Hedging derivatives

At 30th June 2018 and at 31st December 2017, the negotiated derivatives designated as hedges and their hedged items were the following:

- Interest Rate Swaps, which provide hedge to mortgage covered bonds issued by the Bank and bonds issued by third parties acquired by the Group.

- Futures and options on listed securities, which provide cover for changes in market prices prior to the sale of such securities.

The valuation methods used to determine fair value of the derivatives were the discounted cash flow for valuations of interest rate derivatives and the Montecarlo simulation technique for valuations of structured products with an optional component.

Below is a breakdown, by type of product, of the debtor and creditor fair value of derivatives designated as hedging instruments in fair value hedges and cash flow transactions at 30th June 2018 and at 31st December 2017, indicating the type of hedge accounting, the hedging instrument and the hedged item:

						€ ´000	
			30/06/2018			31/12/2017	
Type of hedge and hedging instrument	**Fair Value debtor**	**Fair Value creditor**	**Notional**	**Fair Value debtor**	**Fair Value creditor**	**Notional**	**Hedged item**
Fair Value hedges:							
Futures on securities and interest rates	**2 128**	**21034**	**3435418**	**5386**	**1043**	**1436717**	
Sale of interest rate futures	2 128	21034	3435418	5386	1043	1436717	Debt securities
Other transactions involving securities	**-**	**-**	**-**	**-**	**-**	**-**	
Forward contracts	-	-	-	-	-	-	
Currency options:	**2107**	**984**	**65113**	**2171**	**908**	**64537**	
Options on bought currencies	-	-	-	-	-	-	Exchange hedge
Currency options issued	2107	984	65113	2171	908	64537	
Other interest rate transactions	**395385**	**53276**	**7486174**	**448948**	**4643**	**3126675**	
Interest rate swaps (IRS bonds)	392437	872	2386214	448948	2165	2507433	Issued MBS & bonds
Interest rate swaps (IRS FTD customers)	1204	10706	875000	-	-	-	
Interest rate swaps (IRS loan portfolio)	-	5295	500000	-	961	500000	Loans and advances to customers
Interest rate swaps (IRS fixed income)	-	-	-	-	758	59621	
Interest rate swaps (IRS fixed income)	1744	36403	3724960	-	758	56300	Debt securities
Interest rate swaps (Structured Terms)	-	-	-	-	1	3 321	Structured products
Forward contracts	-	-	-	-	-	-	
Other derivatives	-	-	-	-	-	-	
Equity swap & embedded derivative	-	-	-	-	-	-	
Subtotal	**399620**	**75294**	**10986705**	**456505**	**6594**	**4627929**	
Cash flow hedges:							
Other interest rate transactions	**27762**	**81858**	**2780948**	**325**	**25547**	**750000**	
Interest rate swaps (IRS loan portfolio)	-	-	-	-	-	-	Loans and advances to customers
Interest rate swaps (IRS balances with Central Bank)	-	-	-	-	25 547	700 000	Deposits in central banks
Interest rate swaps (IRS fixed income)	27762	81858	2780948	325	-	50 000	Debt securities
Subtotal	**27762**	**81858**	**2780948**	**325**	**25547**	**750000**	
Total	**427382**	**157152**	**13767653**	**456830**	**32141**	**5377929**	

At 30th June 2018 and at 31st December 2017, Unicaja Banco Group had no financial instruments that had to be classified as hedges of net investment in businesses abroad.

Unicaja Banco Group classifies as "hedging operations" only those that are considered highly effective over the duration of these operations. A hedge is considered to be highly effective if, during its expected term, changes in the fair value or cash flows of the hedged risk are almost completely offset by variations in the fair value or in the cash flows, as the case may be, of the hedging instruments.

Hedges known as "cash flow hedges" cover the change in cash flows attributed to a particular risk associated with a financial asset or financial liability or a transaction that is forecast as highly probable, as long as it might affect the consolidated income statement. The information required pursuant to paragraph 23 of IFRS 7 in relation to these cash flow hedges is as follows:

- Periods in which flows are expected to occur: The flows associated with debt securities will occur until November 2030.
- Periods in which flows are expected to occur: These coincide with the years in which cash flows are anticipated.
- The amount recognised at 30th June 2018 under "Interest income and other relevant income" in the consolidated income statement as an income correction due to hedging operations: loss of EUR 6,280 thousand (profit of EUR 2,533 thousand at 30th June 2017).
- The amount recognised during the six-month period ending on 30th June 2018 under "Interest expenses" in the consolidated income statement as a rectification of hedging expenses: loss of EUR 55,276 thousand (profit of EUR 59,170 thousand at 30th June 2017).
- At 30th June 2018 and 31st December 2017, there were no recognised inefficiencies in the results for the period arising from cash flow hedges.

During the six-month period ending on 30th June 2018, net payments recorded in the consolidated cash flow statement for non-current assets held for sale amounted to EUR 10,976 thousand (net charges of EUR 1,648 thousand in the period ending on 30th June 2017). In addition, in the six-month period ended June 30, 2018, net earnings of EUR 7,941 thousand was transferred to the consolidated income statement (net earnings of EUR 10,582 thousand in the six-month period ending on 30th June 2017).

Hedges designated as "fair value hedges" cover exposure to changes in the fair value of financial assets and liabilities or of unrecognised firm commitments or an identified portion of such assets, liabilities or firm commitments, attributable to a particular risk and provided they may impact the consolidated income statement. The information required pursuant to paragraph 24 of IFRS 7 about these fair value hedges is presented below:

- Losses and gains on hedging instruments: The losses associated with hedging instruments for fair value hedges in the six months ending on 30th June 2018 and 2017 amount to EUR 91,461 thousand and EUR 56,313 thousand.
- Loses and gains on the hedged item that are attributable to the hedged risk: Gains associated with hedges that are effectively attributable to the risks hedged by fair value hedges in the six months ending on 30th June 2018 and 2017 came to EUR 91,461 thousand and EUR 56,323 thousand.
- Inefficiency recognised in income over the period arising from hedges of net investments in foreign operations: The Group does not hold this type of hedge.

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

The Group applies fair value hedge accounting primarily to those transactions in which it is exposed to variations in the fair value of certain assets and liabilities sensitive to changes in interest rates, i.e. mainly assets and liabilities indexed to a fixed rate, which is converted into a variable interest rate using hedging instruments.

In the opinion of the Group's Directors, at 30th June 2018 and at 31st December 2017 there was no doubt that the transactions planned will take place.

10. Other assets and liabilities

10.1 Cash, balances in central banks and other demand deposits

The breakdown of the balance under this heading in the consolidated condensed balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Cash	314 090	346 589
Deposits in Bank of Spain	2 434 821	3 352 231
Other sight deposits	310 845	107 567
Valuation adjustments - Accrued interest	4	4
	3 059 760	**3 806 391**

10.2 Non-current assets and disposal groups classified as held for sale

The breakdown of "Non-Current Assets for Sale" is shown below, which includes the carrying amount of the assets that are not part of the bank's operations and whose book value is expected to be recovered through the sale price. At 30th June 2018, these assets amounted to EUR 452,862 thousand (EUR 439,053 thousand at 31st December 2017).

The Group has estimated the fair value of the non-current assets held for sale as the value obtained through an updated appraisal made pursuant to Ministerial Order ECO/805/2003 by an appraiser authorised by the Bank of Spain.

The detail of non-current asset items for sale classified according to their purpose at 30th June 2018 and at 31st December 2017 is as follows:

	€ ´000	
	30/06/2018	**31/12/2017**
Equity instruments	**-**	**-**
Residential real estate	**270 934**	**269 828**
Buildings and other finished assets	**106 851**	**104 554**
Residential	30 208	28 581
Others	76 643	75 973
Buildings and buildings under construction	**16 069**	**17 213**
Residential	16 069	17 213
Others	-	-
Land	**59 008**	**47 458**
	452 862	**439 053**

At 30th June 2018 and 2017 there were no gains or losses recorded on the consolidated statement of recognised income and expense for as non-current assets held for sale.

During the six-month period ending on 30th June 2018, no amount was recorded in the consolidated cash flow statement for non-current assets held for sale (net payments of EUR 179,852 thousand in the period ending on 30th June 2017).

At 30th June 2018 and 31st December 2017, all assets recorded under "Non-current Assets Held for Sale" on the consolidated balance sheet had been received by the bank or by other consolidated companies for the total or partial satisfaction of their debtors' payment obligations.

10.3 Tangible assets

The detail of the balance under this heading in the consolidated balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

	€ ´000	
	30/06/2018	**31/12/2017**
Fixed tangible assets	856 652	872 636
For own use	856 652	872 636
Let under an operating lease agreement	-	-
Investment property	367 580	418 048
	1 224 232	**1 290 684**

The "Real Estate Investment" heading in the consolidated balance sheet reflects the net values of land, buildings and other constructions held, whether for operation as rentals or to obtain a capital gain from their sale as a result of future increases in their respective market prices.

At 30th June 2018 and at 31st December 2017, there were no items corresponding to fixed tangible assets that Group companies are acquiring under finance leases.

The Group has taken out several insurance policies to cover the risk to which the goods of the tangible assets are subject. The coverage of these policies is considered sufficient.

10.4 Intangible assets

The detail of the balance under this heading in the consolidated balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

	€ ´000	
	30/06/2018	**31/12/2017**
Goodwill	59 925	184
Other intangible assets	3 553	1 698
	63 478	**1 882**

Below is a breakdown of goodwill recorded under "Intangible Assets - Goodwill" in the Group's consolidated balance sheets at 30th June 2018 and at 31st December 2017, by the companies that generated it:

	€ ´000	
	30/06/2018	**31/12/2017**
Unión del Duero, Compañía de Seguros de Vida, S.A.	56 877	-
Duero Pensiones, E.G.F.P., S.A.	3 048	-
Caja España Fondos, S.A., S.G.I.I.C.	-	122
Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.	-	62
	59 925	**184**

Changes in recorded goodwill for the period between 31st December 2017 and 30th June 2018 is shown below:

			€ ´000			
			Accumulated impairment		**Net amount**	
	Initial amount	**Date of recognition**	**30/06/2018**	**31/12/2017**	**30/06/2018**	**31/12/2017**
Unión Duero Vida	59 804	Feb. 2018	2 927	-	56 877	-
Duero Pensiones	3 205	Feb. 2018	157	-	3 048	-
Caja España Fondos	122	Mar. 2014	122	-	-	122
Caja España Mediación	62	Mar. 2014	62	-	-	62
	63 193		**3 268**	**-**	**59 925**	**184**

During the six-month period ending on 30th June 2018, the aforementioned goodwill was written down by EUR 3,268 thousand (Note 26).

Based on the estimates and projections available to the Group's Directors, income forecasts attributable to the Group for these companies, reasonably support the net value of the goodwill recorded. In the case of both Unión del Duero, Compañía de Seguros de Vida, S.A. and Duero Pensiones, E.G.F.P., S.A., the goodwill was the result of the acquisition, settled on 27th February 2018, of these companies by EspañaDuero (Note 6.4), with respect to the valuation of the current bancassurance business (without taking future business estimates into account). According to senior management's estimates, the portfolio has an average duration of 10.21 years.

The item "Other intangible assets" corresponds mainly to computer applications used by Unicaja Banco Group companies in the course of business.

The amount recorded under "Amortisation - Intangible Assets" in the consolidated income statement amounts to EUR 238 thousand in the period ending on 30th June 2018 (EUR 416 thousand in the period ending on 30th June 2017).

10.5 Assets under insurance or reinsurance contracts

At 30th June 2018 and at 31st December 2017, the "Assets under insurance or reinsurance contracts" item of the consolidated balance sheet includes assets recorded by the insurance companies of the Group in the course of business.

10.6 Liabilities under insurance or reinsurance contracts

At 30th June 2018 and at 31st December 2017, the “Liabilities under insurance or reinsurance contracts” item of the consolidated balance sheet includes liabilities recorded by the insurance companies of the Group in the course of business. The composition of this heading is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Provision for life insurance	596 034	-
Provision for employee benefit	10 311	-
Provision for bonuses and rebates	565	-
Provision for accounting asymmetry	20 606	-
Other provisions	4 976	4 290
	632 492	**4 290**

10.7 Other assets

The composition of the balances under this heading in the consolidated balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Insurance contracts linked to pensions	131 833	131 103
Inventory	222 908	266 596
Other	114 196	68 756
	468 937	**466 455**

At 30th June 2018 and at 31st December 2017, the "Others" item under this heading of the consolidated balance sheet mainly includes asset accrual accounts.

The "Inventory" heading in the consolidated balance sheet reflects the non-financial assets held for sale by the consolidated companies in the ordinary course of their business; they are in the process of being produced, built or otherwise developed for that purpose, or are expected to be consumed in the production process or in the service provision. Consequently, land and other properties held for sale or for real estate development are considered as inventory.

Inventories are valued at the lower value of between their cost, which includes all the disbursements arising from their acquisition and transformation, the direct and indirect costs that would have been incurred to give them their current condition and location, as well as the related financial costs (provided they need a period of more than one year to be sold), and their net realizable value. The "net realizable value" of inventories means the estimated selling price in the ordinary course of business, less the estimated costs to complete production and the costs involved in carrying out their sale.

Pursuant to paragraph 36 of IAS 2, "Inventory", both reductions and, as the case may be, subsequent recoveries of the net realizable value of inventories below their net book value are recognised in the consolidated income statement for the period in which they occur, under "Impairment losses on rest of assets (net) - Other assets".

Provisions for impairment and reversals of impairments under the "Inventory" heading are recorded under "Impairment or reversal of non-financial assets" in the consolidated income statement. At 30th June 2018, the portion of such provisions or reversals corresponding to "Inventory" amounted to EUR 996 (net reversal), and EUR 11,821 thousand at 30th June 2017 (Note 26).

The detail of inventory sales completed at 30th June 2018 and 2017 by Unicaja Banco Group, giving the sales price, cost of sales, use of provisions and selling fees, is as follows:

		€ ´000
	30/06/2018	**30/06/2017**
Sale price	69 783	79 233
Cost of sales	(102 237)	(118 298)
Use of provisions	52 825	66 871
Selling fees	(776)	(1 247)
	19 595	**26 559**

With regard to real estate appraisals recorded under "Inventory", in accordance with current regulations on the use of valuation figures, the policy followed by Unicaja Banco Group on the assessment of real estate is based on the following criteria:

- In general, the appraisals used by the Entity and its Group, both for real estate used as collateral for lending transactions and foreclosed assets or received in lieu of debts, must be carried out by an appraisal company approved by the Bank of Spain and according to the requirements established in Order ECO/805/2003, 27th March.

- In general, the bank applies for appraisals when approving transactions, submitting the necessary documentation on all the assets encumbered in the operation.

- Unicaja Banco Group has a procedure for selecting appraisal companies that restricts appraisals assignments, among other requirements, exclusively to those that are conducted online and which have internal rules of conduct covering all the requirements under current regulations.

- When it comes to reviewing the quality of appraisals, Unicaja Banco Group has established procedures to review the appraisal report, especially with regard to the conditions and, if there are concerns about the appraisal value and/or these conditions, this is compared with one obtained recently for similar properties and/or in the same area. Likewise, internal controls have been established to review the consistency and suitability of each appraiser's valuations.

- To safeguard the independence of appraisers and avoid conflicts of interest, the Group has developed sufficient mechanisms and barriers to prevent the possibility of their activity being influenced for reasons other than ensuring the quality of valuation, by the bank's operational units or those of its subsidiaries.

- With regard to the frequency with which appraisals are reviewed, in compliance with current regulations, the value of the assets mortgaged (at least, those transactions classified as non-performing or performing watch-list), foreclosed assets and those received in lieu of debts by the Group are reviewed at least every three years, depending on the status of the operation and the asset type.

- For those valuations that do not have to comply with the requirements of Appendix IX of Circular 4/2017 of the Bank of Spain, the Credit Committee establishes a procedure that may combine both the appraisals under the ECO Order 805/2003 that do not involve an internal inspection of the property, and estimation of value using statistical methods or others provided for in the regulation.

Finally, at 30th June 2018 and at 31st December 2017, Unicaja Banco Group did not hold inventory on the consolidated balance sheet that was pledged as collateral for the fulfilment of debts.

10.8 Other liability

The detail of the balance under this heading in the consolidated balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Accrued expenses payable	91 918	109 386
Transactions in progress	36 146	42 812
Others	13 1974	129 207
	260 038	**281 405**

11. Changes in Group contingent assets and liabilities

11.1 Contingent assets

During the six-month period ending on 30th June 2018 there was no significant change in the contingent assets of Unicaja Banco Group with respect to that shown in the Group's consolidated annual statement at 31st December 2017.

11.2 Provisions and Contingent liabilities

When formulating these consolidated condensed interim financial statements, the Bank's Directors have made a distinction between:

- Provisions: Creditor balances covering obligations existing on the date of the balance sheet arising as a result of past events that may result in pecuniary losses for the Group, which are considered likely to happen; they are specific as to their nature but indeterminate as to their amount and/or time of release.

- Contingent liabilities: Possible obligations arising as a result of past events, which can materialise depending on one or more future events that are beyond the control of the consolidated entities.

Unicaja Banco Group's consolidated condensed interim financial statements include all significant provisions for those scenarios in which the probability of having to meet the obligation is greater than otherwise. Contingent liabilities are not recognised in the consolidated financial statements, but are reported in line with IAS 37 requirements.

The provisions, which are quantified taking into account the best information available on the consequences of their causal event and re-estimated at each accounting closure, are used to meet the specific obligations for which they were originally recognised; when those obligations cease to exist or decrease they are partly or wholly reversed.

11.2.1 Provisions

The breakdown of "Provisions" in the consolidated balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Pensions funds and related obligations	163 692	163 480
Other long-term employee benefits	114 555	127 415
Provisions for contingent risks and commitments	137 797	104 238
All other provisions	427 255	540 218
	843 299	**935 351**

The following are movements during the six-month period ending on 30th June 2018 classified by the purpose of the provisions recorded:

					€ ´000
	Pensions and related post-employment defined benefits	**Other long-term employee benefits**	**Provisions for contingent risks and commitments**	**All other provisions**	**Total**
Balance at 1st January 2018	**163 480**	**127 415**	**104 238**	**540 218**	**935 351**
Provisions recorded against results:	864	4 230	16 302	69 490	90 886
Provisions	-	*4 204*	*16 302*	*69 490*	*89 996*
Interest costs (Note 17)	*864*	*26*	-	-	*890*
Recoveries recorded in results	-	-	(6 342)	(21 863)	(28 205)
Provisions used	(652)	(17 090)	-	(130 642)	(148 384)
Other movements	-	-	23 599	(29 948)	(6 349)
Balance at 30th June 2018	**163 692**	**114 555**	**137 797**	**427 255**	**843 299**

The movements for the six-month period ending on 30th June 2017 classified by the purpose of the provisions recorded, where as follows:

					€ ´000
	Pensions and related post-employment defined benefits	**Other long-term employee benefits**	**Provisions for contingent risks and commitments**	**All other provisions**	**Total**
Balance at 1st January 2017	**174 254**	**152 103**	**115 975**	**264 683**	**707 015**
Provisions recorded against results:	**1 125**	**4 232**	**8 289**	**91 952**	**105 598**
Provisions	*44*	*4 157*	*8 289*	*91 952*	*104 442*
Interest costs (Note 17)	*1 081*	*75*	*-*	*-*	*1 156*
Recoveries recorded in results	-	-	(12 127)	(2 283)	(14 410)
Provisions used	(722)	(18 950)	-	(83 584)	(103 256)
Other movements	-	-	1 143	370 313	371 456
Balance at 30th June 2017	**174 657**	**137 385**	**113 280**	**641 081**	**1 066 403**

The provisions recorded by the Group represent the best estimate of future obligations. The Directors of the Bank consider that there is no significant risk that the realisation of these estimates, taking into account the amount of these provisions, will entail a material adjustment to the carrying amount of the Group's assets and liabilities. The financial effect estimated when calculating provisioning and the amount for recovering provisions was insignificant during the six-month periods ending on 30th June 2018 and 2017.

The Group quantifies provisions taking into account the best available information on the consequences of the event in which they are providing for, consequences that are re-estimated at each accounting period closing. These provisions are used to meet the specific obligations for which they were originally recognised, with the total or partial reversal thereof, when those obligations cease to exist or decrease.

The sub-heading "Pension fund and similar obligations" corresponds to the commitments undertaken by the Group on behalf of its employees.

"Provisions for contingent risks and contingent liabilities" includes the amount of provisions to hedge contingent liabilities, understood as those operations in which the Group guarantees third party obligations arising as a result of financial guarantees given or other type of contracts that have been awarded; and contingent commitments, understood as irrevocable commitments that may give rise to the recognition of financial assets.

Finally, the "Other Provisions" subheading includes the balances at 30th June 2018 and at 31st December 2017, whose purpose is to provide for contingencies not covered by other specific funds, according to the following breakdown:

- Coverage of miscellaneous risks, for which provisions have been established that cover unresolved matters in which the Bank estimates that a disbursement is likely.

- Coverage of probable disbursements which the Group estimates that it will have to face arising from its normal course of business.

- As yet non-realized losses, but ones likely to do so, resulting from Group activity from which contingencies arise that have to be faced.

In addition, the balance of "Remaining Provisions" includes hedging for the disputes and claims relating to the interest rate limitation agreements (Notes 35.2).

In the opinion of the Group's managers, at the end of the period, the necessary hedges to cover the risks and contingencies that may arise from these processes had been set up.

The Group periodically reassesses the risks to which its activity is exposed in accordance with the economic environment in which it operates. Once the valuation and initial recording of the provisions have been made, they are reviewed at the date of each balance sheet and adjusted, if necessary, to reflect the best estimate at that time.

11.2.2 Contingent liabilities

Below is a breakdown of the main variations in the Group's contingent liabilities at 30th June 2018, with respect to the situation in the consolidated annual accounts of the Group at 31st December 2017, also showing a breakdown of said contingent liabilities at those dates. There has been no significant additional variation in the contingent liabilities of the Group with respect to the situation in the Group's financial statements at 31st December 2017.

11.2.2.1 Contingent risks

The breakdown of contingent risks at 30th June 2018 and at 31st December 2017, whose nominal value is recorded in off-balance sheet accounts, is shown below:

		€ ´000
	30/06/2018	**31/12/2017**
Financial guarantees	69 677	77 230
Performance guarantees	987 563	966 796
Credit derivatives sold	-	-
Irrevocable letter of credit	13 310	8 682
Other commitments	1 347	3 880
	1 071 897	**1 056 588**

A significant part of these amounts will reach maturity without any payment obligation materialising for the consolidated companies, such that the joint balance of these commitments cannot be considered as a real future need for financing or liquidity from third parties.

The proceeds from the guarantee instruments are recorded under "Fees” and “Interest income and other relevant income" (for the amount corresponding to the restatement of commissions) in the consolidated income statements for the six- month period ending on 30th June 2018 and 2017, and are calculated by applying the rate established in the contract on the nominal amount of the guarantee.

The provisions recorded for the coverage of these guarantees, which have been calculated using criteria similar to those applied when calculating the impairment of financial assets measured at amortised cost, are recorded under "Provisions - Provisions for risks and contingent commitments" in the consolidated balance sheet (Note 11.2.1).

11.2.2.2 Available by third parties

At 30th June 2018 and at 31st December 2017, the thresholds on financing given and the amounts drawn down for these financing agreements, for which the Group had taken on any kind of credit commitment higher than the amount recorded on the assets side of the consolidated balance sheet at said dates, were as follows:

				€ ´000
		30/06/2018		31/12/2017
	Undrawn amounts	**Credit limit**	**Undrawn amounts**	**Credit limit**
Instant availability	**2 057 833**	**2 940 162**	**2 185 673**	**3 005 391**
Credit institutions	228	242	236	266
Public administrations	173 329	312 182	155 471	224 940
Other sectors	1 884 276	2 627 738	2 029 966	2 780 185
Available subject to conditions	**687 396**	**1 798 355**	**600 743**	**1 858 226**
Public administrations	23 690	168 928	31 866	171 799
Other sectors	663 706	1 629 427	568 877	1 686 427
	2 745 229	**4 738 517**	**2 786 416**	**4 863 617**

11.3 Assets assigned and received under guarantee

At 30th June 2018 and at 31st December 2017, assets owned by the Group guaranteed its transactions, as well as various liabilities and contingent liabilities undertaken by the Group. At both dates, the carrying amount of the Group's financial assets given as collateral for these liabilities or contingent and assimilated liabilities was as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Pledged securities	6 099 593	5 824 243
Pledged non-mortgage loans	-	-
	6 099 593	**5 824 243**

At 30th June 2018 and at 31st December 2017, these amounts were mainly accounted for by pledged securities and non-mortgage loans, via a Bank of Spain policy, in pledge to obtain long-term financing.

With respect to the terms and conditions of the pledges, the guarantees made by Unicaja Banco to Bank of Spain will not be affected, and are extended, as the parties expressly and irrevocably agree, to any extensions, renewals or novations of any kind, tacit or express, that could be placed on the guaranteed obligations and will remain in force until the total cancellation of these and of any that are renewed or replaced by others.

The Bank has not received assets as collateral which it is authorised to sell or pledge, regardless of whether there has been a default by the owner of the assets.

12. Share capital, share premium and equity instruments issued other than capital

The detail and movement recorded under "Equity" in the consolidated condensed balance sheet during the six-month periods ending on 30th June 2018 and 2017 is presented in the accompanying consolidated statements of changes in equity, including an explanation of all movements in the same during these periods.

12.1 Capital & share premium

On 29th June 2017, as a result of the initial public offering of bank shares, there was a capital increase for a nominal amount of EUR 625,000 thousand through the issuance of 625,000,000 new shares at a nominal value of one euro and with a total issue premium of EUR 62,500 thousand euros (EUR 0.1 per share).

On 25th June 2017 Unicaja Banco increased its capital by a nominal amount of EUR 62,500 thousand, through the issue of 62,500,000 new shares of one euro par value and with a total share premium of EUR 6,250 thousand (EUR 0.1 per share), to complement the capital increase of 625,000,000 shares executed on 29th June 2017.

The bank's share capital at 30th June 2018 and 31st December 2017 amounted to EUR 1,610,302 thousand, comprising 1,610,302,121 ordinary shares with a par value of one euro, fully subscribed and paid up. At this date, 49.68% of the capital belonged to Fundación Bancaria Unicaja.

The issue premium increases by EUR 68,750 thousand in 2017 as a result of the aforementioned capital increases. Thus, the issue premium at 30th June 2018 and at 31st December 2017 amounted to EUR 1,209,423 thousand.

Since 30th June 2017, all of the Bank's shares have been admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, and are included in the Stock Market Interconnection System (S.I.B.E. or Continuous Market).

12.2 Equity instruments issued other than capital

The heading "Equity instruments issued other than capital - Equity components of compound financial instruments" recorded at 30th June 2018 and 31st December 2017 the outstanding balance of the issuances of Unicaja Banco Perpetual Contingent Convertible Bonds (PeCoCos). The breakdown of these issues at 30th June 2018 and at 31st December 2017 is as follows:

			€	€ ´000			
Issue	**ISIN code**	**Number of securities issued**	**Nominal amount**	**Balance at 30/06/2018**	**Balance at 31/12/2017**	**Nominal interest rate**	**Maturity**
Perpetual Contingent Convertible Bonds (PeCoCos)	ES0280907009	48 242 045	48 242 045	48 242	49 021	13.8824%	Perpetual
				48 242	**49 021**		

PeCoCos Bonds are bonds convertible into ordinary Unicaja Banco shares of one euro par value each, belonging, respectively, to a single class and series, represented by means of book entries. The conversion ratio of these bonds shall be the resulting quotient between the nominal unit value of each of these bond issues and the value attributed to common Unicaja Banco shares, which is set at EUR 1.18827 per share. The issue premium will be the difference between the nominal value of the bonds being converted and the nominal value of the shares that are received in exchange. At 30th June 2018 and at 31st December 2017 this issue could not trade on any type of secondary market.

The bonds grant their holders the right to non-cumulative, pre-determined discretionary remuneration, to conversion into ordinary Unicaja Banco shares, subject to certain conversion assumptions and to the political rights resulting from belonging to the appropriate bond syndicates. The shares into which such bonds will eventually be converted will grant their holders the same rights as those of currently floating Unicaja Banco shares.

The accrual of discretionary remuneration is subject to the following four conditions being met simultaneously: (i) the existence of a profit that can be distributed, after the services provided under law and Unicaja Banco Statutes are covered; (ii) the absence of applicable limitations imposed by existing or future Spanish or European regulations over shareholder's equity; (iii) that the Board of Directors of Unicaja Banco, at its sole discretion, taking into account the liquidity of Unicaja Banco and Unicaja Banco Group, has not decided to declare a non-remuneration scenario, one in which it considers it necessary not to proceed to the payment of remuneration for an unlimited period, considering in any case that unpaid interest will not be cumulative; and (iv) that Bank of Spain has not exacted the cancellation of the remuneration because of the financial situation and liquidity of Unicaja Banco or Unicaja Banco Group, pursuant to the applicable regulations. In the event of partial application of the conditions mentioned in sections (i) to (iv) above, Unicaja Banco may proceed, at its sole discretion, to pay the remuneration in part or to declare a situation of non-remuneration. If for any reason the remuneration to the bondholders is not paid in full or in part on a payment date, they will not be able to claim such remuneration.

Perpetual Contingent Convertible Bonds (PeCoCos) will necessarily be converted into shares, in their entirety, in the cases hereinafter indicated, and partially, in the amount necessary to recover, where appropriate, the imbalance of shareholder's equity by the amount fixed by the competent authority, in the remaining cases:

- Total mandatory advance conversion: Bonds will be converted into shares in the following cases: (i) if Unicaja Banco adopts any measure tending towards its dissolution and liquidation, voluntary or involuntary, or if it is declared bankrupt, or (ii) if Unicaja Banco adopts any measure that results in the approval of a share capital reduction under the provisions of article 320 et seq. of the Corporations Act, or article 343 by reference to article 418.3 of the Corporations Act.

- Contingency events: The bonds will be converted into shares if the capital ratios of Unicaja Banco Group, calculated quarterly, are below the limits indicated in the securities prospectus note relating to the issuance of these instruments.

- Viability events: Bonds will be converted into shares in the following cases: (i) if the Bank of Spain determines that, without the conversion of the instrument, the Entity would not be viable, or (ii) if the decision is taken to inject public capital or any other measure of financial support, without which the Entity would not be viable.

- Regulatory event: Bonds will be converted into shares in the following circumstances: (i) if, with the entry into force and pursuant to the capital adequacy rules known as Basel III (CRD IV/CRR) in 2014, the bonds can no longer be classified as at least additional Tier 1 capital; (ii) if the bonds can no longer be classified as core capital; or (iii) if the bonds can no longer be classified as ordinary capital.

Taking into account the foregoing, the Directors of the parent Company consider that these convertible instruments do not represent an unconditional contractual obligation to deliver cash or another financial asset, nor to exchange financial assets or financial liabilities under conditions that are potentially damaging to the Group; therefore they should be classified as shareholder's equity instruments and fully recorded in shareholders' equity under "Equity instruments issued other than capital" in the consolidated balance sheet.

12.3 Treasury shares

At 30th June 2018, the Group owned 7,572,246 treasury shares (the Group had none at 31st December 2017). The treasury stock acquired directly by Unicaja Banco comes to 4,500,000 shares, purchased to meet the swap needs in executing the merger by absorption of Banco de Caja España de Inversiones, Salamanca y Soria, S.A.

The breakdown of treasury shares at 30th June 2018 and at 31st December 2017 is as follows:

	30/06/2018		31/12/2017	
	Number of treasury shares	€ ´000	Number of treasury shares	€ ´000
Balance of treasury shares at beginning of period	**-**	**-**	**-**	**-**
Purchase of treasury shares by Unicaja Banco	4 500 000	4 500	-	-
Purchase by other group entities	5 765	6	-	-
Changes in perimeter of consolidation	3 066 481	3 066	-	-
Balance of treasury shares at end of period	**7 572 246**	**7 572**	**-**	**-**

Purchases of treasury shares by Unicaja Banco in the first half of 2018 had an effective cost of EUR 6,795 thousand and were duly notified as relevant events.

13. Minority interests and income

The breakdown of "Minority Interests" (non-controlling interests) in the consolidated balance sheet and “Income attributable to minority interests" in the consolidated income statement at 30th June 2018 and at 31st December 2017 is as follows:

				€ ´000
	30/06/2018		31/12/2017	
	Non-controlling interests	Minority interests and income	Non-controlling interests	Minority interests and income
Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero)	23 086	(1 218)	29 189	(3 924)
Viajes Caja España, S.A.	(64)	-	(63)	-
Conexiones y Servicios Duero, S.A.	-	-	-	(1)
Parque Industrial Humilladero, S.L.	513	(4)	552	(11)
	23 535	**(1 222)**	**29 678**	**(3 936)**

14. Retained earnings and other reserves

The attached condensed consolidated statements of changes in equity show, inter alia, a conciliation of the carrying amount at the beginning and end of the six-month periods ending on 30th June 2018 and 2017 under the heading “Equity-Shareholder’s Equity-Other reserves" in the consolidated balance sheets, with an explanation of all movements over the aforementioned periods under these headings.

The breakdown of reserves at 30th June 2018 and at 31st December 2017 is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Retained earnings	1 040 213	871 757
Revaluation reserves	-	-
Other reserves	(168 969)	(27 128)
Retained earnings or losses of investments in joint and associated businesses	*(408 802)*	*(406 640)*
Other reserves	*239 833*	*379 512*
	871 244	**844 629**

The "Retained earnings" item records net earnings (profit or loss) recognised in previous periods through the income statement that were allocated to equity in the distribution of the parent's or other Group companies' profit. It therefore includes the legal, statutory and voluntary reserves that are required in the case of a profit share-out.

"Other reserves" includes reserves or accumulated losses of investments in companies accounted for using the equity method (joint ventures and associates), as well as other reserves not included in other equity ledger entries.

The breakdown of these headings based on origin and type is as follows:

		€ ´000
	30/06/2018	**31/12/2017**
Parent Company reserve	786 108	663 834
Legal reserve	106 969	86 772
Revaluation reserves	-	-
Capitalization reserve	19 001	17 501
Unrestricted reserves	660 138	559 561
Consolidation reserves attributed to the parent Company, consolidated subsidiaries and investments in joint ventures and associates	85 136	180 795
	871 244	**844 629**

The breakdown of these reserves by company is shown below.

		€ ´000
	30/06/2018	**31/12/2017**
Unicaja Banco, S.A. (parent)	2 003 300	1 893 413
Gestión de Inmuebles Adquiridos, S.L.U. (*)	(611 130)	(618 586)
Grupo EspañaDuero (*)	(235 796)	(167 814)
Deoleo, S.A. (*)	(123 736)	(121 891)
Inmobiliaria Acinipo, S.L.U. (*)	(109 955)	(107 635)
Autopista del Sol Concesionaria Española, S.A. (*)	(43 244)	(43 062
Alteria Corporación Unicaja, S.L.U.	23 633	35 745
Alestis Aerospace, S.L. (*)	(32 357)	(31 226)
Unicartera Gestión de Activos, S.L.U.	23 423	22 183
Other companies (*)	(22 893)	(16 498)
	871 245	**844 629**

(*) Negative balances show cumulative losses.

15. Asset securitisation

At 30th June 2018 and 31st December 2017 there were no financial asset transfers using securitisation instruments.

16. Interest income and other relevant income

The breakdown of the most significant sources of interest income accrued by the Group for the six-month periods ending on 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	**30/06/2017**
Deposits in credit institutions and central banks	32	628
Loans to customers	262 513	308 108
Debt securities	124 196	105 709
NPAs	10 816	11 494
Reclassification of hedge accounting income (note 9)	(6 280)	2 533
Gains of pension contracts linked to pensions funds and similar obligations	557	749
Other income	13 904	10 258
	405 738	**439 479**

Below is a breakdown of the amounts recorded under "Interest income" in the Group's income statements for the six-month periods ending on 30th June 2018 and 2017, classified according to the portfolio of financial instruments that produced to them:

		€ ´000
	30/06/2018	**30/06/2017**
Financial assets held for trading	215	395
Non-trading financial assets mandatorily designated at fair value through profit and loss (Note 8.3.1)	1 329	
Financial assets designated at fair value through profit or loss (Note 8.3.2)	-	-
Available-for-sale financial assets (Note 8.4)		26 250
Financial assets at fair value through other comprehensive income (Note 8.4)	91 308	
Financial assets carried at amortized cost (Note 8.5)	302 971	399 294
Reclassification of hedge accounting income (note 9)	(6 280)	2 533
Other income	16 196	11 007
	405 739	**439 479**

17. Interest expenses

The breakdown of the balance under this heading in the Group's consolidated income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	30/06/2017
Central bank deposits (Note 8.6.1)	-	-
Credit institutions deposits (Note 8.6.2)	1 126	2 597
Customer deposits (Note 8.6.3)	148 206	170 646
Marketable debt securities (Note 8.6.4)	30	99
Subordinated liabilities	-	29 716
Reclassification of hedge accounting costs (note 9)	(55 276)	(59 170)
Costs allocated to established pension funds	890	1 156
Other interests	7 812	3 833
	102 788	**148 877**

A breakdown of the amounts recorded under "Interest expenses" in the Group's consolidated income statements for the six-month periods ending on 30th June 2018 and 2017, classified according to the financial instrument portfolio that gave rise to them is shown below:

		€ ´000
	30/06/2018	30/06/2017
Financial liabilities carried at amortized cost	149 362	203 059
Reclassification of hedge accounting cost	(55 276)	(59 170)
Others	8 702	4 988
	102 788	**148 877**

18. Dividend income

The breakdown of the balance under this heading in the consolidated income statements for the six-month periods ending on 30th June 2018 and 2017, by portfolios and by type of financial instruments, is as follows:

		€ ´000
	30/06/2018	30/06/2017
Equity instruments classified as:		
Trading book	368	-
Available-for-sale financial assets	14 361	13 183
	14 729	**13 183**
Equity instruments with attributes of:		
Shares	14 729	13 183
Interests in Collective Investment Institutions	-	-
	14 729	**13 183**

19. Results of entities accounted for using the equity method

The breakdown by company of the balance under this heading in the income statement for the six-month periods ending on 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	30/06/2017
Autopista del Sol Concesionaria Española, S.A.	(21)	(512)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	10 606	10 457
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	1 510	2 568
Deoleo, S.A.	(1,055)	(781)
Sociedad Municipal de Aparcamientos y Servicios, S.A.	560	450
Ingeniería e Integración Avanzadas, S.A. (Ingenia)	21	(25)
Ahorro Andaluz, S.A.	781	-
Autopista del Guadalmedina, Concesionaria Española, S.A.	(921)	(738)
Gestión e Investigación de Activos, S.A.	2 257	82
Unión del Duero, Compañía de Seguros de Vida, S.A.	-	4 515
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	5 983	7 405
Madrigal Equity participations, S.A.	(16)	(3 701)
Ingeniería de Suelos y Explotación de Recursos, S.A.	1 260	818
Other companies	(319)	(252)
	20 646	**20 286**

20. Fee and commission income

The following are the fees accruing for the six-month periods ending on 30th June 2018 and 2017 classified by the activity that generated them, and also by the headings under which they have been filed in the consolidated income statements for these periods:

		€ ´000
	30/06/2018	30/06/2017
Interest income and other relevant income		
Arrangement fees (Note 16)	13 154	14 485
	13 154	**14 485**
Fee and commission income		
Contingent risk fees	3 568	3 723
Contingent commitment fees	1 216	1 285
Collections and payment fees	60 640	64 569
Securities services fees	23 151	21 703
Exchange services fees	154	165
Non-banking financial products marketing fees	27 813	26 271
Others	2 570	3 462
	119 112	**121 178**
Other operating income		
Direct costs compensation fees (Note 23)	2 112	1 649
	2 112	**1 649**

21. Fee and commission expense

The following are the fee expenses accruing for the six-month periods ending on 30th June 2018 and 2017 classified by the appropriate activity, and also by the headings under which they have been filed in the consolidated income statements for these periods:

	€ ´000	
	30/06/2018	**30/06/2017**
Interest expense		
Intermediaries' fees	443	374
Other fees	251	382
	694	**756**
Fee and commission expense		
Lending and borrowing transactions	547	342
Fees paid to other institutions and correspondents	5 774	5 050
Security trading fees	1 324	1 298
Other fees	3 474	5 536
	11 119	**12 226**

22. Gains or losses on financial assets and liabilities (net)

A breakdown of the balance under this heading in the Group's consolidated income statements for the six-month periods ending on 30th June 2018 and 2017, classified according to the financial instrument portfolio that gave rise to them is shown below:

	€ ´000	
	30/06/2018	**30/06/2017**
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit and loss	**28 452**	**75 842**
Financial assets designated at fair value through other comprehensive income (formerly, financial assets available for sale)	28 452	75 842
Equity instruments	*-*	*30 841*
Debt securities	*28 452*	*45 001*
Financial liabilities carried at amortized cost	-	-
Gains (losses) from financial assets and liabilities held for trading	**1 636**	**1 869**
Gains (losses) from hedge accounting	**-**	**10**
Gains (losses) from non-trading financial assets mandatorily designated at fair value through profit or loss	**1 035**	
Gains or losses on financial assets and liabilities designated at fair value ·through profit or loss	**(2 998)**	**-**
	28 125	**77 721**

23. Other operating income

The breakdown of the balance under this heading in the consolidated income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	30/06/2017
Income from assets under insurance or reinsurance contracts	**31 000**	**-**
Other operating income	**55 655**	**95 909**
Income from investment property	7 567	8 414
Direct costs compensation fees (Note 20)	2 112	1 649
Income from non-financial services	5 993	15 618
Floating price in the 2008 sale of Unión Duero Vida, Compañía de Seguros y Reaseguros y Duero Pensiones, E.G.F.P., S.A.	-	25 325
Income from companies with real estate operations	26 171	26 185
Other items	13 812	18 718
	86 655	**95 909**

At 30th June 2018 and 2017, the heading "Other items" includes income from the sale of real estate properties by Unicaja Banco Group companies.

24. Other operating expenses

The breakdown of the balance under this heading in the consolidated income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	30/06/2017
Expenses from liabilities under insurance or reinsurance contracts	**21 156**	**-**
Other operating expenses	**48 804**	**47 508**
Operating expenses of property investments	1 015	908
Contributions to the National Resolution Fund (Note 1.16)	12 848	13 987
DTA monetisation levy (*Prestación patrimonial*)	7 900	7 650
Expenses from companies with real estate operations	7 136	6 415
Other items	19 905	18 548
	69 960	**47 508**

"Other items" includes the cost of sales for the provision of services that constitute the normal course of business of the consolidated non-financial corporations that form part of the Group.

25. Administrative expenses

25.1 Staff expenses

The composition of "Staff Expenses" in the consolidated income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	30/06/2017
Wages and salaries	14 4231	15 0816
Social security	39 476	38 818
Appropriations to defined benefit pension plans	80	99
Appropriations to defined contribution pension plans	4 945	5 682
Compensation	262	280
Training expenses	568	810
Other staff expenses	5 254	6 015
	194 816	**202 520**

"Other Staff Expenses" at 30th June 2018 and 2017 consists mainly of study grants, staff insurance, occupational risk prevention, and other similar expenses.

Below is a breakdown of the parent Company's average workforce and that of the Group at 30th June 2018 and 31st December 2017:

	Unicaja Banco		Unicaja Banco Group	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Men	2 125	2 202	3 596	3 793
Women	1 763	1 765	3 320	3 407
	3 888	**3 967**	**6 916**	**7 200**

The breakdown of the number of branches in the Unicaja Banco Group network at 30th June 2018 and at 31st December 2017 is as follows:

	Unicaja Banco Group	
	30/06/2018	31/12/2017
Number of branches	**1 197**	**1 228**
Spain	1 196	1 227
RoW	1	1

25.2 Other administrative expenses

The breakdown of the balance under this heading in the consolidated income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	**30/06/2017**
Property & building	15 379	14 509
Rents	4 520	4 847
IT	24 369	18 355
Communications	7 602	10 787
Advertising	7 468	7 404
Legal fees	712	12 37
Technical reports	6 090	4 134
Security services	4 421	4 498
Insurance premiums	719	679
Public administrations	1 582	1 774
Entertainment expenses	2 316	2 016
Association membership dues	3 210	2 918
Outsourced services	1 332	7
Taxes	14 343	16 492
Other items	3 107	5 699
	97 170	**95 356**

26. Impairment or reversal of investments in joint ventures or associates and of non-financial assets

The composition of these headings of the consolidated income statements at 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	**30/06/2017**
Impairment or reversal in the value of joint ventures or associates	**-**	**(27 554)**
Impairment or reversal of non-financial assets	**812**	**(20 992)**
Goodwill (Notes 5 & 10.4)	(3 995)	(954)
Other assets	4 807	(20 038)
	812	**(48 546)**

The breakdown of the consolidated balance of "Impairment Losses - Other Assets" in the table above as of 30th June 2018 and 2017 is as follows:

		€ ´000
	30/06/2018	**30/06/2017**
Impairment losses on tangible assets (net)	4 347	(7 224)
Impairment losses on intangible assets (net)	-	-
Impairment losses on inventory (net) (Note 10.7)	996	(11 821)
Impairment losses on other assets (net)	(536)	(993)
	4 807	**(20 038)**

Impairment losses on inventory include the amounts set aside by the Group for asset impairments in investee companies engaged principally in the real estate business.

27. Gains (losses) on disposal of non-financial assets and investments

The breakdown of the balance under these headings in the consolidated income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

				€ ´000
		30/06/2018		30/06/2017
	Gain	Loss	Gain	Loss
Sale of tangible asset	4 198	(368)	3 859	(516)
Sale of equity stakes	-	-	4 556	(10)
Other items	366	(164)	27	(1)
	4 564	**(532)**	**8 442**	**(527)**

28. Gains or losses arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations

The breakdown of the balance under this heading in the income statements for the six-month periods ending on 30th June 2018 and 2017 is as follows:

				€ ´000
		30/06/2018		30/06/2017
	Gain	Loss	Gain	Loss
Sale of tangible asset	23 458	(18 770)	14 796	(9 224)
Other items	-	(2 246)	-	(7 955)
	23 458	**(21 016)**	**14 796**	**(17 179)**

29. Taxes

29.1 Consolidated Tax Group

The Bank is the parent entity of the Fiscal Consolidation Group number 660/10, and for corporate income tax purposes it files payments under the Special Tax Consolidation Regime, regulated in Chapter VI of Title VII of the Corporation Tax Act 27/2014, 27th November (hereinafter, CTA).

The consolidated Tax Group is composed of the following entities in 2018:

- Unicaja Banco, S.A.
- Fundación Bancaria Unicaja
- Inmobiliaria Acinipo, S.L.U.
- Unigest, S.G.I.I.C., S.A.
- 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.
- Parque Industrial Humilladero, S.L.
- Altos de Jontoya Residencia para Mayores, S.L.U.
- Unicaja Gestión de Activos Inmobiliarios, S.A.U.
- Uniwindet, S.L.
- La Algara Sociedad de Gestión, S.L.
- Pinares del Sur, S.L.U.
- Banco de Caja España de Inversiones, Salamanca y Soria, S.A.
- Grupo de Negocios Duero, S.A.U.
- Finanduero Sociedad de Valores, S.A.U.
- Viproelco, S.A.U.
- PropCo Blue 1, S.L.

During the six-month period ending on 30th June 2018 the company Caja España Mediación Operador de Banca Seguros Vinculado, S.A.U. left the group perimeter as a result of the merger by absorption conducted by Unimediación, S.L.U.

On the other hand, the company PropCo Blue 1, S.L. joined the group upon its establishment on 7th February 2018.

29.2 Conciliation of accounting and tax results

The following is a conciliation between the income tax expense resulting from the application of the general tax rate in force in Spain and the expenditure recorded for this tax for the six-months period ending on 30th June 2018 and 2017:

		€ ´000
	30/06/2018	**30/06/2017**
Pre-tax income	140 364	74 134
Corporate income tax (30% tax rate)	42 109	22 240
Eliminations in the consolidation process	(6 194)	(506)
Permanent positive differences	2 347	14 889
Permanent negative differences	(1 922)	(36 999)
Tax deductions and credits	(30)	(30)
Net income after taxes from operations	**36 310**	**(406)**

29.3 Tax assets and liabilities

The breakdown of the balance under these headings in the consolidated balance sheets at 30th June 2018 and at 31st December 2017 is as follows:

				€ ´000
		Tax assets		**Tax liabilities**
	30/06/2018	**31/12/2017**	**30/06/2018**	**31/12/2017**
Current	69 881	75 078	15 447	22 793
Deferred	2 581 285	2 538 016	267 249	186 191
	2 651 166	**2 613 094**	**282 696**	**208 984**

In this regard, the Bank's Directors consider that the deferred tax assets recorded will be realised in the future as the tax group to which it belongs starts to earn taxable income, forecast to occur in coming years. The Directors estimate that the Bank and its tax group will obtain taxable gains in the coming years that can be recovered within the time threshold set in the tax regulations for offsetting negative tax bases and applying deductions.

The entry into force of Royal Decree-Law 14/2013, 29th November on urgent measures for the adaptation of Spanish law to European Union legislation on the supervision and solvency of financial institutions basically means that some deferred tax assets recorded in the accompanying balance sheet, may, under certain conditions, be converted into receivables from the Tax Authorities. This legislation is still pending regulatory development and, where appropriate, an administrative interpretation.

However, it should be noted that the Group to which the Bank belongs has made an initial estimate of the amount of deferred tax assets likely to become a receivable vis-à-vis the Tax Authorities. These sums are therefore guaranteed by the Spanish authorities, coming to EUR 1,492,667 thousand at 30th June 2018 (EUR 1,477,393 thousand at 31st December 2017).

The DTA monetisation levy (*prestación patrimonial*) paid by the Group vis-à-vis the monetisation of these deferred tax assets is recorded under "Other operating expenses" (Note 24).

29.4 Report on the European Commission's "Recovery procedure of illegal state aid" from the Tax Lease for Financing of Vessels

On 30th October 2013, the bank received formal notice from the European Commission's Directorate-General for Competition, informing Unicaja Banco of its final decision on 17th July 2013 on the tax regime applicable to certain leasing contracts, also known as the Spanish system of tax leasing, in which it qualified such schemes as "State aid" and urged the Kingdom of Spain to take steps for such aid to be reimbursed from among beneficiaries, which include Unicaja Bank.

The bank lodged an appeal against this decision, together with the Kingdom of Spain and other institutions concerned, before the European Union Court of Justice, which is pending resolution.

The Tax Authorities have already initiated proceedings for the recovery of this State Aid, issuing inspection reports, and the amount of State Aid to be reimbursed matches the bank's provisioning.

The European General Court (EGC), in a ruling on 17th December 2015, annulled the decision of the European Commission's decision that the Spanish Tax Lease regime for the financing of vessels constituted "State aid". The European Commission has in turn appealed against this ruling at the High Court of Justice of the European Union.

However, one of the effects of the EGC's ruling is the suspension of proceedings initiated by AEAT, the Spanish Tax Authority, to settle the reimbursement of State aid.

In the opinion of the entity's Directors and tax advisors, the likelihood of significant liabilities arising from this proceeding, in addition to those already provisioned, is remote.

30. Profit or loss after tax from discontinued operations

Revenues and expenses, of whatever type, including those for impairment losses, generated over the period by operations of a Group component that have been classified as discontinued operations, even if they have been generated prior to said classification, are presented net of the tax effect in the consolidated income statement as a single ledger entry under "Profit or losses after tax from discontinued operations", regardless of whether the component remains on the consolidated balance sheet or has been removed; the item also includes the results obtained from its sale or disposal.

In the six-month periods ending on 30th June 2018 and 2017 no income or losses have been recorded from discontinued operations.

31. Information on the mortgage market

Under Article 12 of Law 2/1981, 25th March, on Mortgage Market Regulation, as amended by Law 41/2007, 7th December and Law 1/2013, 14th May, "the issuer of the mortgage covered bonds shall keep a special accounting record of the loans and credits that serve as collateral for the issuances of mortgage covered bonds and, if they exist, of the replacement fixed assets backing them, as well as the derivative financial instruments linked to each issue. This same special accounting record shall also identify, for the purpose of calculating the limit established in article 16, from all loans and credits filed, those that meet the conditions required under section two of this Law. The accounts of the issuing entity will report, in the manner required under law, the key data of said filing".

The Board of Directors declares that the Group has the policies and procedures in place expressly to cover all the activities carried out in the field of mortgage market issuances, ensuring strict compliance with the mortgage market regulations applicable to these activities.

The policies and procedures referred to include the following criteria:

- The proportion between the amount of the loan and the appraisal value of the mortgaged property as well as the influence of other collateral and the selection of the valuation companies.

- The proportion between the debt and the borrower's income, as well as verification of the information provided by the borrower and their solvency.

- Avoidance of imbalances between the flows coming from the hedging portfolio and those stemming from satisfying the payments due on the securities issued.

Article 3 of Law 41/2007, 7th December, establishes that the appraisal companies that render their services to credit institutions within the group, shall, whenever any of those credit institutions has issued and has outstanding mortgage securities, have adequate mechanisms to safeguard the independence of the appraisal activity and avoid conflicts of interest.

As an issuer of MBS & mortgage bonds, the following information is presented at the level of Unicaja Banco Group in compliance with the provisions of the mortgage market regulations:

A) Active operations

At 30th June 2018 and 31st December 2017, the detail of the nominal value of the mortgage loans and credits backing the issuance of MBS & mortgage bonds, together with lending or borrowing using mortgage participations or mortgage transfer certificates, is as follows:

	€ ´000	
	30/06/2018	**31/12/2017**
Transferred loans held in assets	**-**	**-**
Mortgage participations	-	-
Mortgage transfer certificates	-	-
Mortgages held as collateral for financing received	**-**	**-**
Loans securing MBS & mortgage bonds	**21 270 718**	**21 934 278**
Non-eligible loans	4 324 463	4 738 945
Compliant with eligibility criteria except for limits established under article 5.1 of Royal Decree 716/2009	1 273 447	1 353 040
Others	3 051 016	3 385 905
Eligible loans	16 946 255	17 195 333
Non-eligible amount	61 785	70 558
Eligible amount	16 884 470	17 124 775
Loans securing mortgage bonds	-	-
Loans eligible for securing mortgage covered bonds	*16 884 470*	*17 124 775*
	21 270 718	**21 934 278**

At 30th June 2018 and at 31st December 2017, the outstanding nominal value of the mortgage loans and credits backing the issuance of mortgage covered bonds amounts to EUR 21,270,718 thousand and EUR 21,934,278 thousand respectively. The outstanding nominal value of the mortgage loans and credits that meet the eligibility criteria to support the issuance of said mortgage covered bonds amounts to 16,946,255 thousand euros and 17,195,333 thousand euros, respectively.

At 30th June 2018 and at 31st December 2017, the Group had not made any mortgage bonds issues. At 30th June 2018 and at 31st December 2017 the Group held no loans mobilised through mortgage assignment certificates.

The nominal value of all ineligible mortgage loans and credits that do not meet the limits described in article 5.1 of Royal Decree 716/2009, but that nevertheless meet the remaining requirements to be eligible, referred to in Article 4 of that regulation, amounted to EUR 1,273,447 thousand and EUR 1,353,040 thousand at 30th June 2018 and at 31st December 2017, respectively.

The detail of the loans backing the issuance of MBS & mortgage bonds, classified by different criteria, at 30th June 2018 and at 31st December 2017, is as follows:

	€ ´000	
	30/06/2018	
	Loans securing MBS & mortgage bonds	**Of which: Eligible loans**
Nominal value of outstanding loans and mortgages	**21 270 718**	**16 946 255**
By source of operation:	21 270 718	16 946 255
- Originated by the bank	21 078 329	16 789 237
- Subrogated by other institutions	192 389	157 018
- Others	-	
By currency:	21 270 718	16 946 255
- In euros	21 269 124	16 944 931
- Other currencies	1 594	1 324
By payment status:	21 270 718	16 946 255
- Performing	20 904 813	16 946 255
- Other	365 905	-
By average residual maturity:	21 270 718	16 946 255
- Up to 10 years	9 742 172	6 616 318
- 10 to 20 years	7 633 863	6 961 901
- 20 to 30 years	3 783 772	3 306 916
- More than 30 years	110 911	61 120
By type of interest rate:	21 270 718	16 946 255
- Fixed rate	507 697	351 656
- Floating rate	20 763 021	16 594 599
- Mixed rate	-	
By loan holder:	21 270 718	16 946 255
- Legal person and entrepreneurs	3 181 698	1 486 612
Of which: real estate development	*369 551*	*169 408*
- Households	18 089 020	15 459 643
By type of guarantee:	21 270 718	16 946 255
- Finished assets/buildings and other structures	19 220 218	15 916 141
Residential use	18 506 464	15 508 929
Of which: social housing	*872 995*	*835 408*
Business premises	581 884	336 565
Others	131 870	70 647
- Assets/buildings and other structures under construction	345 072	240 700
Residential use	316 910	217 071
Of which: social housing	*5 285*	*5 193*
Business premises	20 401	16 685
Others	7 761	6 944
- Land	1 705 428	789 414
Permitted and ready for development	712 722	191 119
Others	992 706	598 295

	€ ´000	
	31/12/2017	
	Loans securing MBS & mortgage bonds	Of which: Eligible loans
Nominal value of outstanding loans and mortgages	**21 934 278**	**17 195 333**
By source of operation:	21 934 278	17 195 333
- Originated by the bank	21 674 755	16 988 479
- Subrogated by other institutions	259 523	206 854
- Others	-	-
By currency:	21 934 278	17 195 333
- In euros	21 932 646	17 193 712
- Other currencies	1 632	1 621
By payment status:	21 934 278	17 195 333
- Performing	21 530 142	17 195 333
- Other	404 136	-
By average residual maturity:	21 934 278	17 195 333
- Up to 10 years	10 072 707	6 555 495
- 10 to 20 years	7 885 198	7 224 603
- 20 to 30 years	3 794 381	3 306 548
- More than 30 years	181 992	108 687
By type of interest rate:	21 934 278	17 195 333
- Fixed rate	537 821	361 424
- Floating rate	21 396 457	16 833 909
- Mixed rate	-	-
By loan holder:	21 934 278	17 195 333
- Legal person and entrepreneurs	3 425 521	1 498 275
Of which: real estate development	427 296	166 030
- Households	18 508 757	15 697 058
By type of guarantee:	21 934 278	17 195 333
- Finished assets/buildings and other structures	19 799 300	16 163 699
Residential use	19 013 231	15 749 304
Of which: social housing	923 243	878 966
Business premises	631 605	360 344
Others	154 464	54 051
- Assets/buildings and other structures under construction	322 626	238 330
Residential use	299 309	220 342
Of which: social housing	5 607	5 514
Business premises	20 308	15 842
Others	3 009	2 146
- Land	1 812 352	793 304
Permitted and ready for development	746 901	169 117
Others	1 065 451	624 187

At 30th June 2018 and 31st December 2017, the breakdown of the nominal value of all eligible loans and mortgages, based on the ratios between the transaction figures and the latest appraisal available of the mortgaged real estate in question, is as follows:

						€ ´000
						30/06/2018
	Less than or equal to 40%	**More than 40% but less than or equal to 60%**	**More than 60% but less than or equal to 80%**	**More than 80% but less than or equal to 100%**	**More than 100%**	**Total**
Eligible loans						
- On homes	4 491 016	6 178 095	5 056 890	-	-	15 726 001
- On rest of assets	701 644	490 998	27 612	-	-	1 220 254
	5 192 660	**6 669 093**	**5 084 502**	**-**	**-**	**16 946 255**

						€ ´000
						31/12/2017
	Less than or equal to 40%	**More than 40% but less than or equal to 60%**	**More than 60% but less than or equal to 80%**	**More than 80% but less than or equal to 100%**	**More than 100%**	**Total**
Eligible loans						
- On homes	4 520 781	6 218 834	5 230 031	-	-	15 969 646
- On rest of assets	722 678	472 609	30 400	-	-	1 225 687
	5 243 459	**6 691 443**	**5 260 431**	**-**	**-**	**17 195 333**

The mortgage portfolio flows during the six-month period ending on 30th June 2018 and during the 2017 fiscal year is as follows:

				€ ´000
		30/06/2018		**30/06/2017**
	Eligible loans	**Non-eligible loans**	**Eligible loans**	**Non-eligible loans**
Balance at beginning of fiscal year	**17 195 332**	**4 738 945**	**18 257 324**	**5 248 679**
Derecognitions for the period	**(807 013)**	**(519 282)**	**(908 085)**	**(441 411)**
Cancellations at maturity	(12 782)	(1 099)	(15 517)	(1 832)
Early repayments	(199 250)	(159 151)	(175 361)	(133 908)
Subrogated by other institutions	(1 508)	(300)	(2 244)	(102)
Others	(593 473)	(358 732)	(714 963)	(305 569)
New mortgages	**557 936**	**104 800**	**484 663**	**229 169**
Originated by the Bank	26 962	4 133	22 021	6 548
Subrogated by other institutions	52	70	633	651
Others	530 922	100 597	462 009	221 970
Balance end of period	**16 946 255**	**4 324 463**	**17 833 902**	**5 036 437**

The available balance of the mortgage loans securing the issuance of MBS and mortgage bonds at 30th June 2018 and at 31st December 2017 is as follows:

	€ ´000	
	30/06/2018	**31/12/2017**
Potentially eligible	193 693	176 150
Non-eligible	187 138	156 272
	380 831	**332 422**

At 30th June 2018 and at 31st December 2017, the Group did not have replacement assets earmarked for mortgage bonds and MBS issues.

B) Liability transactions

The breakdown at 30th June 2018 and at 31st December 2017 of the aggregate nominal value of the outstanding mortgage covered bonds issued by the Group and of the mortgage participations and mortgage transfer certificates outstanding at that date, taking into account their residual maturity, is as follows:

	€ ´000	
	30/06/2018	**31/12/2017**
Outstanding mortgage bonds	**-**	**-**
Issued mortgage covered bonds	**4 940 928**	**5 397 928**
Issued through public offering	-	-
- Residual maturity up to 1 year	-	-
- Residual maturity of more than 1 year but less than 2 years	-	-
- Residual maturity of more than 2 years but less than 3 years	-	-
- Residual maturity of more than 3 years but less than 5 years	-	-
- Residual maturity of more than 5 years but less than 10 years	-	-
- Residual maturity of more than 10 years	-	
Other issues	130 000	130 000
- Residual maturity up to 1 year	70 000	70 000
- Residual maturity of more than 1 year but less than 2 years	-	-
- Residual maturity up to 3 years	-	-
- Residual maturity of more than 3 years but less than 5 years	60 000	60 000
- Residual maturity of more than 5 years but less than 10 years	-	-
- Residual maturity of more than 10 years	-	-
Deposits	4 810 928	5 267 928
- Residual maturity up to 1 year	584 000	819 000
- Residual maturity of more than 1 year but less than 2 years	793 024	668 024
- Residual maturity up to 3 years	660 000	325 000
- Residual maturity of more than 3 years but less than 5 years	151 852	811 852
- Residual maturity of more than 5 years but less than 10 years	1 542 052	1 542 052
- Residual maturity of more than 10 years	1 080 000	1 102 000
Mortgage participations issued	**-**	**-**
Issued through public offering	-	-
Other issues	-	-
Mortgage transfer participations issued	**-**	**-**
Issued through public offering	-	-
Other issues	-	-
	4 940 928	**5 397 928**

32. Information transparency in relation to financing for construction, real estate development, housing acquisition and assets acquired in lieu of payment

a) Qualitative information

With regard to the minimum information to be disclosed by consolidated credit institution groups and by individual independent credit institutions, the following considerations must be taken into account:

- In the area of financing for construction and real estate development, entities are asked to make public their policies and strategies for dealing with distressed assets in this sector, whether in the short, medium or long term. In addition, such exposures should be assessed within the framework of stress tests published before the summer, if the entities have stakes in them.

- An assessment of the market financing needs should be included, as well as the short, medium and long-term strategies that have been implemented (but the Bank of Spain may still subsequently send details of the minimum information requirements on financing and liquidity needs).

- Quantitative information

At 30th June 2018 and at 31st December 2017, the breakdown of the financing for construction and real estate development and their hedges (a) was as follows:

€ ´000

	30/06/2018				31/12/2017			
	Gross book value (b)	Excess over collateral value (c)	Impairment (d)	Net value	Gross book value (b)	Excess over collateral value (c)	Impairment (d)	Net value
Financing for construction and real estate development (including land) (business in Spain)	877 948	302 312	165 588	712 360	1 073 118	301 160	240 423	832 695
Of which: Non-performing	199 886	117 867	151 295	48 591	346 430	169 349	219 993	126 437
Memorandum item:								
Write-offs (e)	268 363				407 581			

Memorandum item: Consolidated Group information

	Book Value	
	30/06/2018	31/12/2017
Loans to customers, excluding Public administrations (business in Spain) (book value) (f)	25 762 982	25 705 696
Total consolidated assets (total business) (book value) (g)	57 606 429	56 331 908
Impairment and provisions of performing exposure (total business) (h)	55 948	111 053

(a) Funding in this statement will be classified by purpose, and not by the debtor's CNAE (National Classification of Economic Activities). For example, if the debtor is: 1) a real estate company but uses the financing for a purpose other than construction or real estate development, it will not be included in this statement, and 2) a company whose main activity is neither construction nor real estate development, but which intends to use the loan to finance real estate for real estate promotion, will be included in this statement.

(b) Amount before deduction, if any, of valuation adjustments for impairment losses.

(c) Amount calculated as per implementation of standard 64.16.k) of the Bank of Spain Circular 4/2017

(d) Amount provisioned by the entity to cover these transactions.

(e) Gross amount of financing for construction and real estate development (business in Spain) that has been written off.

(f) Includes all financing, in the form of loans, with or without mortgage collateral, and debt securities, intended for construction and real estate development, for activity in Spain (business in Spain).

(g) Amount recorded in the assets of the balance sheet after deducting, if applicable, sums earmarked for hedges.

(h) Total amount of the value adjustments and general hedging provisions for credit risk set up to cover performing risks, as per Appendix 9 to Circular 4/2017, corresponding to their entire activity (total business).

The breakdown of the item for financing of construction and real estate development in transactions recorded by credit institutions (business in Spain), at 30th June 2018 and at 31st December 2017, is as follows:

	€ ´000	
	Gross book value (d)	
	30/06/2018	**31/12/2017**
With no mortgage (*)	278 974	327 418
With mortgage		
(classified by type of collateral) (a)	598 974	745 700
Buildings and other finished buildings	330 480	466 998
Residential	272 993	389 920
Others	57 487	77 078
Buildings and other structures under construction (b)	85 317	62 567
Residential	76 321	61 338
Others	8 996	1 229
Land	183 177	216 135
Permitted and ready for development	135 324	169 116
Other	47 853	47 019
Total (c)	**877 948**	**1 073 118**

(*) At 30th June 2018, the book value of "Without full real estate collateral" financing includes EUR 70,568 thousand for transactions with real estate collateral whose exposure was not fully covered (94,474 thousand at 31st December 2017). Additionally, it includes secured transactions with Public Administrations for EUR 172,471 thousand (EUR 191,490 thousand at 31st December 2017).

(a) Amount before deducting, if applicable, the accumulated impairment.

(b) If a building is used for both residential purposes (housing) and other purposes, financing is allocated to the predominant purpose category.

(c) This amount coincides with the gross book value of the item "Financing for construction and real estate development (including land) (business in Spain)" in statement PC 7-1.

The following is a list of the guarantees received and financing guarantee given for construction and real estate development financing, in transactions registered by credit institutions (business in Spain) for the six-month period to 30th June 2018 and at 31st December 2017:

		€ ´000
Guarantees received	**30/06/2018**	**31/12/2017**
Value of collateral	683 352	639 385
Of which: guaranteeing non-performing risks	97 549	172 209
Value of other guarantees	-	-
Of which: guaranteeing non-performing risks	-	-
Total value of guarantees received	**683 352**	**639 385**

		€ ´000
Financial guarantees given	**30/06/2018**	**31/12/2017**
Financial guarantees given vis-à-vis construction and real estate development	314 545	420 191
Amount recorded in liabilities of the balance sheet	*11 431*	*29 664*

At 30th June 2018 and at 31st December 2017, the breakdown of loans to households for house purchase (a) in transactions recorded by credit institutions (business in Spain) is as follows:

				€ ´000
	30/06/2018		31/12/2017	
	Gross amount (b)	**of which: Stage 3**	**Gross amount (b)**	**of which: NPLs**
Lending for house purchase	16 704 426	1 145 712	17 029 041	1 251 685
Without mortgage	236 719	7 328	316 110	11 636
With mortgage (c)	16 467 707	1 138 385	16 712 931	1 240 049

(a) Loans, with or without real estate mortgage collateral, to households to buy housing generated by business in Spain.

(b) Amount before deducting, if applicable, the accumulated value impairment.

(c) All transactions with real estate mortgage collateral, regardless of the loan-to-value ratio, will be included.

The breakdown of mortgage-backed loans to households for the purchase of housing, by LTV (1), in transactions recorded by credit institutions (business in Spain) at 30th June 2018 and at 31st December 2017 is as follows:

						30th June 2018
	Risk over latest available appraisal (Loan to Value range) (a)					
	LTV≤40%	**40%<LTV≤60%**	**60%<LTV≤80%**	**80%<LTV≤100%**	**LTV>100%**	**Total**
Gross book value (b)	3 989 401	6 073 358	5 471 208	414 215	519 525	16 467 707
Of which: Stage 3 (b)	86 850	203 771	349 486	116 181	382 097	1 138 385

						31st December 2017
	Risk over latest available appraisal (Loan to Value range) (a)					
	LTV≤40%	**40%<LTV≤60%**	**60%<LTV≤80%**	**80%<LTV≤100%**	**LTV>100%**	**Total**
Gross book value (b)	3 973 086	6 080 204	5 701 978	442 284	515 379	16 712 931
Of which: NPLs (b)	89 265	224 930	415 779	119 287	390 788	1 240 049

(a) “Loan to Value” is the ratio reached by dividing the risk current at the date of compiling the information by the amount of the latest available appraisal.

(b) Amount before deducting, if applicable, the accumulated value impairment. The sums given in the “Total” column for the “Carrying amount” and “Of which: Non-performing” entries in this statement concur with the amounts in the entry “With mortgage” in the PC 7-3 statement.

The breakdown of the foreclosed assets to the entities in the consolidated Group (business in Spain) (a) at 30th June 2018 and at 31st December 2017, is as follows:

€ ´000

	30/06/2018			31/12/2017		
	Gross book value (b)	**Accumulated impairment**	**Net value**	**Gross book value (b)**	**Accumulated impairment**	**Net value**
Foreclosed real estate or received in lieu of payment	**1 772 464**	**(1 131 671)**	**640 793**	**1 871 698**	**(1 196 962)**	**674 736**
Real estate assets from loans to construction and real estate development companies	958 913	(705 564)	253 349	1 069 831	(769 426)	300 405
Buildings and other finished buildings	171 958	(94 032)	77 926	212 768	(111 472)	101 296
Residential	113 415	(59 338)	54 077	151 933	(76 323)	75 610
Others	58 543	(34 694)	23 849	60 835	(35 149)	25 686
Buildings and other structures under construction	129 121	(77 891)	51 230	139 313	(80 992)	58 321
Residential	127 283	(76 888)	50 395	137 767	(80 129)	57 638
Others	1 838	(1 003)	845	1 546	(863)	683
Land	657 834	(533 641)	124 193	717 750	(576 962)	140 788
Permitted and ready for development	413 472	(294 725)	118 747	461 865	(357 747)	104 118
Other	244 362	(238 916)	5 446	255 885	(219 215)	36 670
Real estate assets from retail mortgages	535 674	(264 740)	270 934	530 069	(260 241)	269 828
Rest of foreclosed real estate assets or received in lieu of payment (d)	277 877	(161 367)	116 510	271 798	(167 295)	104 503
Foreclosed equity instruments or received in lieu of payment	**20 434**	**(19 147)**	**1 287**	**20 434**	**(19 147)**	**1 287**
Investment in real estate companies	-	-	-	-	-	-
Equity instruments in companies holding foreclosed real estate assets or received in payment of debts (e)	-	-	-	-	-	-
Financing of entities holding foreclosed real estate assets or received in payment of debts will (e)	-	-	-	-	-	-
						-
	1 792 898	**(1 150 818)**	**642 080**	**1 892 132**	**(1 216 109)**	**676 023**

(a) Foreclosed assets or received in lieu of debt arising from financing granted by the entity in the course of its business in Spain, as well as equity investments and financing to entities holding such assets, are included.

(b) Amount before deducting, if applicable, the accumulated value impairment.

(c) All real estate assets arising from financing for construction and real estate development, irrespective of the sector and main economic activity of the individual company or entrepreneur handing over the asset, are included.

(d) Real estate assets coming neither from financing for construction and real estate development nor from retail mortgages are included.

(e) All stakes in the capital and financing of entities holding foreclosed real estate assets or received in payment of debts will be recorded.

33. Related parties

In addition to the information presented in Note 7 on the balances and transactions carried out with members of the Board of Directors of the parent Company and with Senior Management thereof, the tables below show the remaining balances recorded on the consolidated balance sheets at 30th June 2018 and at 31st December 2017, and in the consolidated income statements for the periods ending on those dates, all of which arising from transactions with related parties:

					€ ´000
					30/06/2018
Income, expenses and other transactions	**Significant shareholder**	**Directors and senior management**	**People, companies or group entities**	**Other Related parties**	**Total**
Financial expenses	-	(4)	(8)	(7)	(19)
Management or collaboration contracts	-	-	(2 445)	-	(2 445)
R&D transfers and licensing agreements	-	-	-	-	-
Leases	-	-	-	-	-
Reception of services	-	-	-	-	-
Asset purchases (finished or work in progress)	-	-	-	-	-
Valuation allowance for bad debts	-	-	-	-	-
Loss on assets' disposal	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	**-**	**(4)**	**(2 453)**	**(7)**	**(2 464)**
Financial income	-	7	1 462	43	1 512
Management or collaboration contracts	202	-	-	-	202
R&D transfers and licensing agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leases	-	-	-	-	-
Provision of services	-	-	-	-	-
Sale of assets (finished or work in progress))	-	-	-	-	-
Profit on assets' disposal	-	-	-	-	-
Other income	-	-	-	-	-
Total income	**202**	**7**	**1 462**	**43**	**1 714**
Purchase of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (lender)	34	1 495	157 488	76 474	235 491
Financial lease contracts (lessor)	-	-	-	-	-
Amortisation or cancellation of credits and lease contracts (lessor)	-	-	-	-	-
Sale of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (borrower)	67 065	6 313	221 408	2 793	297 579
Financial lease contracts (lessee)	-	-	-	-	-
Amortisation or cancellation of credits and lease contracts (lessee)	-	-	-	-	-
Guarantees and collaterals given	-	169	131 402	24 597	156 168
Guarantees and collaterals received	-	-	-	-	-
Contingent commitments	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other distributed income	17 192	-	-	-	17 192
Other operations	-	-	-	-	-
Total other transactions	**84 291**	**79 77**	**510 298**	**103 864**	**706 430**

Income, expenses and other transactions	Significant shareholder	Directors and senior management	People, companies or group entities	Other Related parties	€ ´000 31/12/2017 Total
Financial expenses	-	(10)	(876)	(16)	(902)
Management or collaboration contracts	-	-	(4 915)	-	(4 915)
R&D transfers and licensing agreements	-	-	-	-	-
Leases	-	-	-	-	-
Reception of services	-	-	-	-	-
Asset purchases (finished or work in progress)	-	-	-	-	-
Valuation allowance for bad debts	-	-	-	-	-
Loss on assets' disposal	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	**-**	**(10)**	**(5 791)**	**(16)**	**(5 817)**
Financial income	-	26	4 099	98	4 223
Management or collaboration contracts	268	-	5 335	-	5 603
R&D transfers and licensing agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leases	-	-	-	-	-
Provision of services	-	-	-	-	-
Sale of assets (finished or work in progress))	-	-	-	-	-
Profit on assets' disposal	-	-	8 851	-	8 851
Other income	-	-	-	-	-
Total income	**268**	**26**	**18 285**	**98**	**18 677**
Purchase of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (lender)	33	1 567	151 017	73 322	225 939
Financial lease contracts (lessor)	-	-	-	-	-
Amortisation or cancellation of credits and lease contracts (lessor)	-	-	-	-	-
Sale of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (borrower)	71 673	6 019	167 358	3 561	248 611
Financial lease contracts (lessee)	-	-	-	-	-
Amortisation or cancellation of credits and lease contracts (lessee)	-	168	117 607	24 102	141 877
Guarantees and collaterals given	-	-	-	-	-
Guarantees and collaterals received	-	-	-	-	-
Contingent commitments	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other distributed income	14 738	-	-	-	14 738
Other operations	-	-	-	-	-
Total other transactions	**86 444**	**7 754**	**435 982**	**100 985**	**631 165**

The information in the tables above has been presented in aggregate since in all cases transactions with related parties were of scarce significance in terms of both size and importance in the context of an adequate understanding of the financial information provided.

Transactions with related parties were carried out under normal market conditions.

34. Fair Value

34.1 Fair value of financial assets and liabilities not recorded at fair value

The estimation of the fair value of financial assets and liabilities that are stated in the balance sheet at amortised cost at 30th June 2018 and at 31st December 2017 was carried out by the Bank as follows:

- For financial assets and liabilities indexed to floating interest rates, the Group has estimated that their book value does not differ significantly from their fair value as the counterparties' initial credit risk conditions have not changed significantly.

- In the case of unhedged financial assets and liabilities at fixed interest rate, the fair value for each of the periods has been obtained by restating flows, using as the discount rate the risk-free rate (Spanish government debt) on all the terms, corrected by the credit spread on the item in question. Considering these instruments' maturity period and their relative balance, the difference between the amortised cost and the fair value of these products was not significant at 30th June 2018 and at 31st December 2017.

- In the case of loans and receivables, the differences between book value and fair value are considered insignificant since the bank has quantified its provisioning for its credit risk portfolio in accordance with applicable accounting standards, considered sufficient to cover this credit risk.

However, in an environment such as the present one and given that there is no market for this type of financial assets, the sums for which such assets may be exchanged between stakeholders may differ from their net book value.

34.2 Instruments at amortised cost trading on markets

The fair value estimate at 30th June 2018 and at 31st December 2017 of financial assets and liabilities that are stated at amortised cost in the balance sheet, but which trade on the market does not differ significantly from the instruments' book value.

However, in the case of debt securities recorded under "Loans and receivables at amortised cost", their fair value cannot be determined in a sufficiently reliable manner, since the market for these instruments is hardly active and illiquid. It should be noted that the Group does not intend to hold them for trading.

The detail at 30th June 2018 and at 31st December 2017 of the book value and fair value of Unicaja Banco Group's financial instruments valued at amortised cost and trading on the markets is as follows:

					€ ´000
			30/06/2018		31/12/2017
Balance sheet heading	**Instrument**	**Book value**	**Fair Value**	**Book value**	**Fair Value**
Financial liabilities carried at amortized cost.	Debt securities	12 714 158	12 827 773	13 219 525	13 624 103
Financial liabilities carried at amortized cost	Marketable debt securities	129 960	129 960	129 848	129 848

34.3 Fair value of financial assets and liabilities recorded at fair value

Below is a breakdown of the fair values of the balance sheet headings at 30th June 2018 and at 31st December 2017 listed by asset and liability classes and into the following three levels.

- Level 1: Financial instruments whose fair value is determined by taking the prices quoted on active markets or from recent transactions (last 12 months) that have been updated to current conditions.

- Level 2: Financial instruments whose fair value is estimated based on prices quoted on organized markets for similar instruments or by valuation techniques in which all significant inputs used are based on data that are directly or indirectly available in the market.

- Level 3: Financial instruments whose fair value is estimated based on valuation techniques in which some input is not based on available market data.

					€ ´000
					30/06/2018
	Book value				**Fair Value**
		Total	**Level 1**	**Level 2**	**Level 3**
Assets					
Financial assets held for trading	65 294	65 294	49 524	15 770	-
Derivatives	18 014	18 014	2 244	15 770	-
Equity instruments	34 397	34 397	34 397	-	-
Debt securities	12 883	12 883	12 883	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	76 985	76 985	53 687	15 190	8 108
Debt securities	76 985	76 985	53 687	15 190	8 108
Financial assets designated at fair value through profit or loss	4 886	4 886	-	4 886	-
Loans and advances	4 886	4 886	-	4 886	-
Financial assets designated at fair value through other comprehensive income	6 458 603	6 272 142	6 235 345	36 797	-
Equity instruments	576 887	390 426	353 629	36 797	-
Debt securities	5 881 716	5 881 716	5 881 716	-	-
Hedging derivatives	427 382	427 382	-	427 382	-
Liability					
Financial liabilities held for trading	25 010	25 010	3 189	21 821	-
Derivatives	25 010	25 010	3 189	21 821	-
Hedging derivatives	157 152	157 152	-	157 152	-

					€ ´000
					31/12/2017
	Book value				**Fair Value**
		Total	**Level 1**	**Level 2**	**Level 3**
Assets					
Financial assets held for trading	31 462	31 462	14 588	16 846	28
Derivatives	18 482	18 482	1 608	16 846	28
Equity instruments	-	-	-	-	
Debt securities	12 980	12 980	12 980	-	-
Financial assets available for sale	3 701 538	3 497 882	3 385 103	112 779	-
Equity instruments	536 062	332 406	299 658	32 748	-
Debt securities	3 165 476	3 165 476	3 085 445	800 31	-
Hedging derivatives	456 829	456 829	-	456 476	353
Liability					
Financial liabilities held for trading	27 412	27 412	-	26 532	880
Derivatives	27 412	27 412	-	26 532	880
Hedging derivatives	31 385	31 385	-	31 385	-

34.4 Valuation methods

The methods used by Unicaja Banco Group for calculating the fair value of the main financial instruments recognised on the balance sheet are as follows:

- **Debt securities** The fair value of listed debt instruments is determined by the quotation on official markets (Bank of Spain's Settlement Department), AIAF, AIAF panels (credit institutions) or by applying prices obtained from information service providers, mainly Bloomberg and Reuters, who construct their prices on the basis of prices reported by contributors.

- **Equity instruments** The fair value of listed equity instruments has been determined by taking into account official market quotations. In the case of non-listed companies, their fair value has been determined taking into account independent expert valuations, which have used, among others:

    - Discounted cash flow (free operating cash flows or dividends), restated at a discount rate matched to each investee's operating and financial risk, calculated from the risk-free rate, and adding a risk premium.

    - Multiplier of comparable listed companies (EV/EBITDA, PER, Price/Book Value, Price/Premiums), less a discount for illiquidity.

    - ANAV (Adjusted Net Asset Value): Is the result of aggregating capital gains to book equity; the capital gains are calculated as the difference between the market value of the assets and their book value. For Venture Capital entities, NAV has been calculated by the managers whose estimates have on the whole taken into account European Venture Capital Association regulations and the provisions in the Spanish Stock Exchange Commission's Circular 5/2000, 19th September.

    - Price resulting from market transactions or acquisition offers, made or received at a moment close to the valuation date.

- **Derivatives** The fair value of interest rate derivatives is determined, for **non-derivative (option) financial instruments (mainly swaps)**, by discounting future flows using implied money market curves and the swap curve. In the case of **interest rate options**, generally accepted valuation methods based on the Black-Scholes model and implied volatility tables are used. For derivatives of equity instruments or stock indices bought to hedge the risk of customers' structured deposits that contain an embedded derivative, and for currency derivatives without optional components, fair value was obtained by discounting estimated cash flows using forward, market-listed curves of the respective underlying assets. In the case of options, a generally accepted valuation method is based on the Black-Scholes model that, by means of a formula and appropriate market inputs, enables the valuation of these underlying assets. Where applicable, to calculate CVA (credit valuation adjustment) and DVA (debt valuation adjustment), models and severities in line with the market were used. To obtain Unicaja Banco's spread, generic spread vs. swap curves are repeatedly calibrated according to the ratings of different debt issues by Spanish financial institutions with different priority levels, including senior debt.

34.5 Fair value of property, plant and equipment

On 1st January 2004, the Group complied with the provisions of IFRS 1 "First-time Adoption of the International Financial Reporting Standards", under which it revaluated most of its real estate assets, generating a gross capital gain of EUR 227,811 thousand.

Subsequently, on 21st June 2013, revaluation reserves recorded in response to the entry into force of the Bank of Spain's 4/2004 Circular, consisting of 516 properties for own use resulted in tax efficiency, with an associated revaluation of EUR 54,850 thousand, already registered as equity.

At 30th June 2018 and at 31st December 2017, the Group estimated that there were no significant differences between the book value and the fair value of property, plant and equipment.

35. Risk management

35.1 Liquidity risk with financial instruments

Unicaja Banco Group's liquidity risk profile at 30th June 2018 has not changed significantly since the close of 2017 (see Note 25 of the annual report of Unicaja Banco's consolidated annual statements and its subsidiaries at 31st December 2017).

The Assets & Liabilities & Budget Committee (ALBCO), a committee formed by senior management, manages the liquidity risk inherent to the Bank's activity and its financial instruments to ensure that it will have sufficient liquidity at all times to meet its payment commitments to cancel its liabilities, on their respective maturity dates, without compromising the Bank Group's ability to respond quickly to strategic market opportunities.

The Group uses a centralised approach to manage liquidity risk, applying integrated computer tools to test liquidity risk, based on the cash flows estimated by the Group's parent entity for its assets and liabilities, as well as the additional collateral or instruments available to it to guarantee additional liquidity sources that may be required (for example, liquidity lines not used by the Group). The Group's liquidity risk position is based on a variety of scenarios. Trialling different scenarios takes into account not only normal market situations, but also extreme conditions that could affect collection and payment flows, whether due to factors in the market or in the Group.

35.2 Exposure to credit risk

Unicaja Banco Group's credit risk profile at 30th June 2018 had not changed significantly since the end of 2017 (see Note 27 in the annual report accompanying Unicaja Banco's consolidated annual statements and those of its subsidiaries at 31st December 2017).

Credit risk represents the loss experienced by the Group if a customer or a counterparty defaults on their contractual obligations to pay. This risk is ingrained to the financial system in institutions' traditional banking products (loans, credits, financial guarantee given, etc.), as well as in other types of financial assets.

Credit risk affects both financial assets that are recorded in the financial statements at amortised cost and assets that are recorded at fair value in these statements. Irrespective of the accounting criteria used to record the Group's financial assets in these financial statements, the parent entity applies the same policies and procedures for controlling credit risk.

At the bank, policies, methods and procedures related to Global Risk Management are approved by the Board of Directors. The duties of the Audit Committee, the Internal Audit Division and the bank's Global Risk Control Division include ensuring proper compliance with said policies, methods and procedures, ensuring that they are adequate, effectively implemented and regularly reviewed.

The credit risk control activities of the parent Company are performed by the Global Risk Control Division, which reports to Unicaja Banco's Control, Strategy and Supervisor Relations Division. This unit is responsible for implementing the policies, methods and procedures approved by the Bank's Board of Directors, for controlling credit risk. It fulfils its counterparty risk duties by establishing the requirements for credit risk coverage, following the parent's internal policies and applicable regulations. Likewise, this unit is responsible for applying Unicaja Bank's risk concentration limits, approved by the Board of Directors.

The parent entity has policies and procedures that limit the concentration of counterparty credit risk, whether of individuals or economic groups. The parent entity establishes the risk concentration limit after taking into account factors such as the activities in which the counterparties are engaged, their credit rating, as well as other characteristics shared by them. The parent Company performs sensitivity analysis to estimate the effects of possible variations in the delinquency rates of the different risk concentration groups.

In addition, the Unicaja Banco Group has tools which enable it to classify risk appropriately. It uses Scoring and Rating models in its admittance and tracking processes. PD, LGD and EAD estimates, components used in calculating expected loss, play a part in managing risk efficiently. The criteria on which these models and estimates are based are approved by the Group's Senior Management, and the necessary review systems are in place to ensure updating as appropriate.

The maximum credit risk to which the Group is exposed is measured at nominal value or fair value based on the accounting valuation of financial assets. According to the extent of the maximum credit risk to which the Group is exposed, certain compensation agreements entered into between the Group and certain counterparties have been considered.

The Group makes an internal classification of those financial assets that are subject to credit risk according to the characteristics of the transactions, taking into account, among other factors, the counterparties involved in the transactions and each transaction's collateral.

As to Unicaja Banco Group's credit transactions in retail mortgages that have interest rate limits, or "floor clauses" on their interest rates, we should bear in mind the rulings that are being handed down in a number of different courts as to the validity of these pacts, impacting specific institutions, in the light of the Supreme Court's ruling of 9th May 2013 and after the same Court's rulings on 16th July 2014 and 25th March 2015. Pursuant to these, where those pacts limiting the variation of interest rates are lacking in transparency are declared void, the borrower will be refunded the difference in interests that they will have paid, starting from the date the May 2013 judgement was published.

Specifically, we should consider, on the one hand, the ruling by Madrid's Commercial Court 11, from 7th April 2016, following the class action filed on 11th November 2010 by the Association of Bank Users, (ADICAE) and a large number of additional claimants, against virtually all entities in the financial system (including Unicaja Banco and EspañaDuero) that had included these types of agreements in their mortgage loan agreements with individuals. This ruling obliges financial institutions to eliminate certain floor clauses that are not transparent on the grounds that they are unfair, and to refund consumers the amounts wrongfully charged, dating from publication of the Supreme Court's 9th May 2013 ruling, together with the appropriate interests under law. In addition, the ruling dated 13th April 2016, handed down by the Provincial Courts of Leon, in the matter of the class action brought by the Association of Users of Banking Services (AUSBANC), against EspañaDuero for this type of agreement in the mortgage contracts formalised by Caja España de Inversiones, obliges the bank to cancel certain floor clauses for lack of transparency.

These rulings confirm the criterion that, once a particular pact to limit interest rates has been declared invalid, the refund to the borrower must be made for the difference in interest, starting at the date of publication of the Supreme Court's ruling of May 2013. However, on 21st December 2016, the European Union Court of Justice issued a judgment which, contrary to the Supreme Court's doctrine, puts a time limit on the declaration invalidating the floor clause. This time limit deprives Spanish consumers who signed a mortgage before the date of the Supreme Court's ruling of the right to obtain a refund for the amounts unduly paid to the banking entities.

In any event, on the scope of the rulings handed down in class action proceedings, we should point to the rulings by the Constitutional Court on 19th September 2016 and 12th December 2016. These state that the automatic extension of a res judicata effect resulting from a class action not only is not provided for in the regulations for said class action, but may even impinge upon the independent will of consumers not wishing their contracts to be voided, or curtail their options for individual claims in the event of the class action being dismissed. Therefore, for the amounts to be properly paid back to the affected consumers, they must lodge individual suits, and rulings must be handed down on that basis by the courts in question.

Whatever the resolutions reached in these rulings, we should bear in mind that they are not final, and can be appealed by any of the parties concerned, before the judicial authorities provided for under procedural law. On this matter, Unicaja Banco Group considers that the covenants in its mortgage deeds setting limits to interest rate variations or floor clauses, are fully in accordance with the law.

Lastly, on 21st January 2017 the Official State Gazette published Royal Decree Act 1/2017, dated 20th January, setting out measures to protect consumers with interest rate variation limits or floor clauses on their mortgage contracts, so that agreements with the credit institutions can be reached, to solve the controversies that may arise from the latest legal rulings on this subject. These measures are in addition to those in the legal system and provide for out-of-court procedures which consumers can access if they wish without incurring further costs.

At 30th June 2018, the hedges deemed necessary to cover potential asset impairments and deal with the risks and contingencies that may impact the Group were in place (Note 11.2.1). In this regard, the Group has provisioned of EUR 223 million (EUR 268 million at 31st December 2017).

The creditworthiness of the loan and receivables portfolio at 30th June 2018 and at 31st December 2017 is shown below:

				€ ´000
				30/06/2018
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**26 503 159**	**1 771 188**	**2 339 881**	**30 614 228**
Asset impairment adjustments	55 948	120 847	1 107 231	1 284 026
Of which: individual	-	33 097	172 579	205 676
Of which: collective	55 948	87 750	934 652	1 078 350
Net amount	**26 447 211**	**1 650 341**	**1 232 650**	**29 330 202**

		€ ´000
		31/12/2017
	Total risk	**Of which: NPL**
Gross amount	31 036 578	2 710 209
Asset impairment adjustments	(1 355 112)	(1 139 300)
Of which: individual	(191 857)	(191 857)
Of which: collective	(1 163 255)	(947 443)
Net amount	**29 681 466**	**1 570 909**

Guarantees received and given at 30th June 2018 and at 31st December 2017 are outlined below:

Guarantees received	**30/06/2018**	**31/12/2017**
		€ ´000
Value of collateral	18 999 866	20 311 749
Of which: guaranteeing non-performing risks	*1 433 307*	*1 734 665*
Value of other guarantees	2 051 496	2 011 813
Of which: guaranteeing non-performing risks	*109 131*	*108 422*
Total value of guarantees received	**21 051 362**	**22 323 562**

Financial guarantees given	**30/06/2018**	**31/12/2017**
		€ ´000
Loan commitments	2 745 230	2 786 416
Of which amount classified as NPL	33 461	63 508
Amount recorded in liabilities of the balance sheet	6 185	6 185
Financial guarantees given	69 677	77 230
Of which amount classified as NPL	-	-
Amount recorded in liabilities of the balance sheet	131 612	98 053
Other commitments	2 973 661	1 818 194
Of which amount classified as NPL	238 693	264 022
Amount recorded in liabilities of the balance sheet	-	-
Total value of financial guarantees given	**5 788 568**	**4 681 840**

Risk concentration by activity and region

The table below shows the book value of all Unicaja Banco Group's financing given to customers at 30th June 2018 and at 31st December 2017 broken down by type of counterparty, guarantee and LTV ratio, and excluding exposures held with public administrations.

								€ ´000
				LTV ratio of secured loans (e)				
30th June 2018	**Total (a)**	**Of which: Real estate secured loan (d)**	**Of which: Other collateral (d)**	**Less than or equal to 40%**	**More than 40% but less than or equal to 60%**	**More than 60% but less than or equal to 80%**	**More than 80% but less than or equal to 100%**	**More than 100%**
Financial institutions	1 989 976	21 122	1 846 397	4 553	292	16 658	-	1 846 016
Non-financial corporations and individual entrepreneurs	5 746 917	2 240 489	197 655	1 079 515	687 506	310 835	89 336	270 952
Real estate construction & development (b)	619 566	536 262	14 081	230 086	141 208	87 691	23 164	68 194
Civil works	253 791	6 730	4 736	7 317	425	108	777	2 839
Other purposes	4 873 560	1 697 497	178 838	842 112	545 873	223 036	65 395	199 919
Large corporations (c)	1 790 977	319 376	67 243	144 239	107 538	39 472	15 272	80 098
SMEs and individual entrepreneurs (c)	3 082 583	1 378 121	111 595	697 873	438 335	183 564	50 123	119 821
Rest of households and NPISHs	19 918 572	17 685 741	104 152	4 760 779	6 594 113	5 607 735	443 525	383 741
Housing	17 106 721	16 712 219	23 560	4 258 284	6 336 373	5 459 993	400 667	280 462
Consumer loans	461 543	11 989	3 125	10 721	2 761	1 242	289	101
Other purposes	2 350 308	961 533	77 467	491 774	254 979	146 500	42 569	103 178
Total	**27 655 465**	**19 947 352**	**2 148 204**	**5 844 847**	**7 281 911**	**5 935 228**	**532 861**	**2 500 709**
Memorandum item: Refinancing, refinanced and restructured transactions	**1 335 984**	**1 156 734**	**40 070**	**320 534**	**332 207**	**196 482**	**121 895**	**225 686**

31st December 2017	Total (a)	Of which: Real estate secured loan (d)	Of which: Other collateral (d)	LTV ratio of secured loans (e) Less than or equal to 40%	More than 40% but less than or equal to 60%	More than 60% but less than or equal to 80%	More than 80% but less than or equal to 100%	More than 100%
								€ ´000
Financial institutions	2 692 030	21 797	2 375 744	4 826	90	5 808	11 209	2 375 608
Non-financial corporations and individual entrepreneurs	6 016 925	2 016 341	400 251	1 009 154	689 841	325 913	118 078	273 606
Real estate construction & development (b)	674 618	569 846	35 224	173 588	152 906	104 805	32 059	141 712
Civil works	198 542	7 151	6 218	8 258	476	95	1 887	2 653
Other purposes	5 143 765	1 439 344	358 809	827 308	536 459	221 013	84 132	129 241
Large corporations (c)	1 887 270	85 902	37 978	22 414	26 629	27 851	16 059	30 927
SMEs and individual entrepreneurs (c)	3 256 495	1 353 442	320 831	804 894	509 830	193 162	68 073	98 314
Rest of households and NPISHs	19 406 374	17 689 534	173 802	4 746 219	6 464 186	5 846 809	475 154	330 968
Housing	17 088 934	16 699 876	82 226	4 214 611	6 186 403	5 681 951	430 456	268 681
Consumer loans	460 523	12 696	3 082	10 694	3 053	1 358	343	330
Other purposes	1 856 917	976 962	88 494	520 914	274 730	163 500	44 355	61 957
Total	**28 115 329**	**19 727 672**	**2 949 797**	**5 760 199**	**7 154 117**	**6 178 530**	**604 441**	**2 980 182**
Memorandum item: Refinancing, refinanced and restructured transactions	**1 534 142**	**1 256 717**	**120 478**	**328 829**	**313 577**	**380 878**	**125 123**	**228 788**

(a) The definition of loans and advances to customers and the scope of information in this table are the same as those used when drawing up the balance sheets. The sum shown is the book value of the transactions, i.e. after deducting value adjustments made to hedge specific transactions.

(b) This item covers all activities relating to construction and real estate development, including financing land for real estate development.

(c) Non-financial companies are classified as "Large corporations" or "SMEs" according to the definition applicable to the latter for the purposes of calculating shareholders' equity. Activity conducted by natural persons in carrying out their entrepreneurial activities is treated as individual entrepreneurial activity.

d) Includes the book value of all transactions with real estate guarantee and with other collateral, whatever their loan-to-value ratio.

(e) Loan-to-value ratio is calculated by dividing the book value of transactions on the statement date by the latest appraisal or valuation available for the collateral.

The table below shows the year-to-date information at 30th June 2018 and at 31st December 2017 on Unicaja Banco Group's risk concentration, broken down by geography and segment of activity, excluding exposures held with public administrations.

30th June 2018	Total (a)	Spain	Rest of European Union	America	RoW
					€ ´000
Credit institutions	4 060 074	4 020 896	37 402	1 383	393
Other financial institutions	5 157 659	5 026 850	124 118	1 116	5 575
Non-financial corporations and individual entrepreneurs	7 701 855	7 377 560	301 947	21 366	982
Real estate construction & development (b)	642 525	640 744	1 744	-	37
Civil works	253 791	253 791	-	-	-
Other purposes	6 805 539	6 483 025	300 203	21 366	945
Large corporations (c)	3 316 286	2 995 672	298 751	21 353	510
SMEs and individual entrepreneurs (c)	3 489 253	3 487 353	1 452	13	435
Rest of households and NPISHs	19 918 592	19 814 817	71 020	11 844	20 911
Housing	17 106 721	17 005 655	69 333	11 616	20 117
Consumer loans	461 563	461 039	283	31	210
Other purposes	2 350 308	2 348 123	1 404	197	584
	36 838 180	**36 240 123**	**534 487**	**35 709**	**27 861**

31st December 2017	Total (a)	Spain	Rest of European Union	America	RoW
					€ ´000
Credit institutions	4 340 748	4 204 106	134 766	1 332	544
Other financial institutions	6 632 758	6 512 365	116 048	-	4 345
Non-financial corporations and individual entrepreneurs	7 919 006	7 696 853	198 836	22 341	976
Real estate construction & development (b)	852 436	850 435	1 958	-	43
Civil works	198 543	198 543	-	-	-
Other purposes	6 868 027	6 647 875	196 878	22 341	933
Large corporations (c)	3 276 119	3 061 801	194 245	20 073	-
SMEs and individual entrepreneurs (c)	3 591 908	3 586 074	2 633	2 268	933
Rest of households and NPISHs	19 420 117	19 265 864	121 977	11 900	20 376
Housing	17 088 934	16 941 155	116 603	11 527	19 649
Consumer loans	460 541	460 002	194	23	322
Other purposes	1 870 642	1 864 707	5 180	350	405
	38 312 629	**37 679 188**	**571 627**	**35 573**	**26 241**

(a) The definition of risk for the purposes of this table includes the following balance-sheet items: Deposits in credit institutions, loans and advances to customers, debt securities, equity instruments, trading derivatives, hedge derivatives, participations and contingent risks. The sum shown for assets is the book value of transactions; i.e. after deducting value adjustments for hedging specific transactions. The distribution of activity by geography depends on the country or autonomous region where borrowers, securities issuers and counterparty derivatives and contingent risks are domiciled.

(b) This item covers all activities relating to construction and real estate development, including financing land for real estate development.

(c) Non-financial companies are classified as "Large corporations" or "SMEs" according to how the latter are defined in Commission's 2003/361/CE Guidelines, dated 6th May 2003, on definition of micro, small and medium-sized enterprises. Transactions with individual entrepreneurs include only those transactions with natural persons with the purpose of financing their entrepreneurial activities, whether these are conducted directly as individual entrepreneurs or carried out through entities with no legal personality.

The table below shows the breakdown at 30th June 2018 and at 31st December 2017 of Unicaja Banco Group's loans and advances to customers by autonomous community and by activity segment, excluding exposures held with public administrations.

30th June 2018	Total (a)	Andalusia	Madrid	Castile (*)	East (*)	Rest of autonomous communities
						€ ´000
Credit institutions	4 020 896	-	4 020 824	5	67	-
Other financial institutions	5 026 850	122 315	4 841 193	62 919	399	24
Non-financial corporations and individual entrepreneurs	7 377 560	3 777 515	1 552 243	1 382 832	320 011	344 959
Real estate construction & development (b)	640 744	455 851	55 714	98 214	2 141	28 824
Civil works	253 791	169 736	53 084	24 019	8	6 944
Other purposes	6 483 025	3 151 928	1 443 445	1 260 599	317 862	309 191
Large corporations (c)	2 995 672	1 297 013	1 101 343	240 865	283 128	73 323
SMEs and individual entrepreneurs (c)	3 487 353	1 854 915	342 102	1 019 734	34 734	235 868
Rest of households and NPISHs	19 814 817	10 271 582	2 136 122	5 267 193	394 442	1 745 478
Housing	17 005 655	8 765 309	1 950 612	4 334 288	367 963	1 587 483
Consumer loans	461 039	317 717	15 836	103 881	1 822	21 783
Other purposes	2 348 123	1 188 556	169 674	829 024	24 657	136 212
	36 240 123	**14 171 412**	**12 550 382**	**6 712 949**	**714 919**	**2 090 461**

31st December 2017	Total (a)	Andalusia	Madrid	Castile (*)	East (*)	€ ´000 Rest of autonomous communities
Credit institutions	4 204 106	-	4 204 106	-	-	-
Other financial institutions	6 512 365	472 354	5869575	130	170 278	28
Non-financial corporations and (finance related business)	7 696 853	3 699 403	1 581 901	1 793 366	240 931	381 252
Real estate construction & development (b)	850 435	633 566	92 837	93 849	2 033	28 150
Civil works	198 543	126 139	54 508	9 138	82	8 676
Other purposes	6 647 875	2 939 698	1 434 556	1 690 379	238 816	344 426
Large corporations (c)	3 061 801	1 266 853	1 186 390	334 156	183 201	91 201
SMEs and individual entrepreneurs (c)	3 586 074	1 672 845	248 166	1 356 223	55 615	253 225
Rest of households and NPISHs	19 265 864	9 718 641	2 151 415	5 176 759	411 179	1 807 870
Housing	16 941 155	8 518 193	1 990 905	4 401 259	38 3612	1 647 186
Consumer loans	460 002	325 318	15 587	96 654	1 750	20 693
Other purposes	1 864 707	875 130	144 923	678 846	25 817	139 991
	37 679 188	**13 890 398**	**13 806 997**	**6 970 255**	**822 388**	**2 189 150**

(*) The geographical area identified as “Castile” covers the autonomous communities of Castile-La Mancha and Castile-Leon, while the geographical area of “Levant” includes the autonomous communities of Catalonia, Valencian Community and Murcia.

(a) The definition of risk for the purposes of this table includes the following balance-sheet items: Deposits in credit institutions, loans and advances to customers, debt securities, equity instruments, trading derivatives, hedge derivatives, participations and contingent risks. The sum shown for assets is the book value of transactions; i.e. after deducting value adjustments for hedging specific transactions. The distribution of activity by geography depends on the country or autonomous region where borrowers, securities issuers and counterparty derivatives and contingent risks are domiciled.

(b) This item covers all activities relating to construction and real estate development, including financing land for real estate development.

(c) Non-financial companies are classified as “Large corporations” or “SMEs” according to how the latter are defined in Commission’s 2003/361/CE Guidelines, dated 6th May 2003, on definition of micro, small and medium-sized enterprises. Transactions with individual entrepreneurs include only those transactions with natural persons with the purpose of financing their entrepreneurial activities, whether these are conducted directly as individual entrepreneurs or carried out through entities with no legal personality.

35.3 Exposure to interest rate risk

Unicaja Banco Group's interest rate risk profile at 30th June 2018 has not changed significantly since the end of 2017 (see Note 28 in the annual report accompanying the consolidated annual statements of Unicaja Banco and its subsidiaries at 31st December 2017) and continues to progressively improve its sound position against a rise in interest rates in the medium term.

The interest rate risk control is carried out in an integrated manner by the Assets and Liabilities and Budget Committee (ALBCO). T This committee is in charge of implementing procedures to ensure that the Banco Unicaja Group complies at all times with interest rate control and risk management policies, as set by the Board of Directors.

In the analysis, measurement and control of the interest rate risk taken on by the Group, techniques to measure sensitivity and testing of scenarios that could significantly affect this risk environment are used.

The Group uses hedging operations to manage individually the interest rate risk of all significant financial instruments that may expose it to equally significant interest rate risks.

35.4 Exposure to other market risks

Unicaja Banco Group's market risk profile at 30th June 2018 has not changed significantly since the end of 2017 (see Note 29 in the annual report accompanying the consolidated annual statements of Unicaja Banco and its subsidiaries at 31st December 2017).

Market risk represents the Group's potential losses from changes in the value of its trading and available-for -sale portfolio positions resulting from adverse movements in their market price levels or their volatility, or due to foreign exchange rates.

These changes will sometimes be defined based on their primary factors, such as credit risk and interest rates for the price of fixed income instruments. In the case of options, there are several risk factors to take into account, volatility being one of the most important.

At the bank, policies, methods and procedures related to market risk control are approved by the Board of Directors of the parent entity. The functions of the parent Company's Global Risk Control Division, through the "Stress Test" and Model Validation unit, include ensuring proper compliance with the group's policies, methods and risk control procedures, ensuring that they are adequate, effectively implemented and regularly reviewed.

The unit responsible for monitoring and controlling financial risks is the "Stress Test" and Model Validation Unit, which is responsible for ensuring that risks taken on are identified, analysed, assessed and reported correctly, operating appropriate risk management tools, improving position evaluation models so that they are most appropriately matched to markets reality, and manage the distance from defined risk thresholds. Furthermore, it controls and monitors Treasury and Capital Markets transactions on a permanent and systematic basis.

In order to manage market risk adequately, the Group has tools that enable it to define, calculate and monitor market risks and the limits authorised therein, in particular "Value at Risk" (VaR) and operating limits on credit /counterparty risk that affect Unicaja Banco Group's transactions in capital markets.

36. Subsequent events

In the period between 30th June 2018 and the date these consolidated condensed interim financial statements were filed, no other event that significantly affects Unicaja Banco Group and which has not been detailed in the explanatory notes to these consolidated condensed interim financial statements has taken place.

APPENDIX I
GROUP ENTITIES AT 30th JUNE 2018

Company name	Registered domicile	Activity	% Share owned by Group		
			% Share		Total Share
			Direct	Indirect	
Alqlunia Duero, S.L.	C/ Titán 8 – 2º, Madrid	Property development	0.00%	77.46%	77.46%
Alteria Corporación Unicaja, S.L.U.	C/ Bolsa nº 4, planta 5ª, Málaga	Investment in assets, transferable securities and financial companies	100.00%	0.00%	100.00%
Altos de Jontoya Residencia para Mayores, S.L.U.	Plaza Jaén por la Paz, nº 2 Jaén	Residential care for the elderly	0.00%	100.00%	100.00%
Analistas Económicos de Andalucía, S.L.U.	C/ San Juan de Dios 1-2, Entreplanta, Málaga	Economic research and analysis	100.00%	0.00%	100.00%
Andaluza de Tramitaciones y Gestiones, S.A.U.	C/ Angosta del Carmen, 2, Málaga	Management and settlement of documents and deeds	0.00%	100.00%	100.00%
Banco de Caja España de Inversiones, Salamanca y Soria, S.A.	C/ Titán 8, Madrid	Banking, financial activities	77.41%	0.05%	77.46%
Banco Europeo de Finanzas, S.A.	C/ La Bolsa, 4, Piso 1, Málaga	Banking, financial activities	100.00%	0.00%	100.00%
Desarrollos de Proyectos de Castilla y León, S.L.U.	Avd. Madrid 120, León	Property development	0.00%	77.46%	77.46%
Duero Pensiones, E.G.F.P.S.A.	C/ Titán 8, Madrid	Pension fund management company	0.00%	77.46%	77.46%
Finanduero Sociedad de Valores, S.A.U.	C/ Titán 8 - 2º 28045 - Madrid	Securities broking	0.00%	77.46%	77.46%
Gestión de Actividades y Servicios Empresariales S.A.U.	C/ Federico Orellana Toledano, nº 14, 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, Edif. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
Inmobiliaria Acinipo, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Edif. Eurocom, Málaga	Property development	100.00%	0.00%	100.00%
Inmobiliaria Uniex Sur, S.L.U.	C/ Mauricio Moro Pareto, nº6. Edif. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
La Algara Sociedad de Gestión, S.L	C/ Mauricio Moro Pareto, nº 6, Edif. Eurocom, Málaga	Holiday property management	0.00%	100.00%	100.00%
Mijas Sol Resort, S.L.U.	Avda. Andalucía, 10-12, Málaga	Property development	0.00%	100.00%	100.00%
Parque Industrial Humilladero, S.L.	C/ Miguel Hernández nº 1, Málaga	Industrial land development	0.00%	88.61%	88.61%
Pinares del Sur, S.L.U.	Avenida Portugal Edf. Abarzuza, bajo (Esquina Avda. Juan Carlos). Cádiz	Property development	0.00%	100.00%	100.00%
Propco Blue 1, S.L.	C/ Mauricio Moro Pareto, nº 6, Edif. Eurocom, Málaga	Real estate promotion	0.00%	100.00%	100.00%
Segurándalus Mediación, Correduría de Seguros, S.A.U.	C/ Cuarteles, nº 51, Entreplanta, Málaga	Insurance broking	0.00%	100.00%	100.00%
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Avda. Andalucía, 10-12, Málaga	Asset management company	100.00%	0.00%	100.00%
Unicartera Caja 2, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Edif. Eurocom, Málaga	R&D promotion and financing in the medical sector	100.00%	0.00%	100.00%
Unicartera Gestión de Activos, S.L.U.	C/ Bolsa, nº 4, 5ª planta, Málaga	Debt collection and litigation manager	0.00%	100.00%	100.00%
Unicartera Internacional, S.L.U.	Avda. Andalucía, 10-12, Málaga	Investment in assets, transferable securities and financial companies	100.00%	0.00%	100.00%
Unicartera Renta, S.L.U.	Avda. Andalucía, 10-12, Málaga	Investment in assets, transferable securities and financial companies	100.00%	0.00%	100.00%

APPENDIX I
GROUP ENTITIES AT 30th JUNE 2018

Company name	Registered domicile	Activity	% Share owned by Group		
			% Share		Total Share
			Direct	Indirect	
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	C/ Bolsa, nº 4, 1ª planta, Málaga	Asset management	0.00%	100.00%	100.00%
Unigest, S.G.I.I.C., S.A.	C/ Bolsa, nº 4, 5ª planta, Málaga	Collective Investment Institution management company	0.00%	89.95%	89.95%
Unimediación, S.L.U.	C/ Bolsa, nº 4, 2ª planta, Málaga	Insurance broking	0.00%	100.00%	100.00%
Unimediterráneo de Inversiones, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Edif. Eurocom, Málaga	Investment in assets, transferable securities and financial companies	100.00%	0.00%	100.00%
Unión del Duero Seguros de Vida, S.A.	C/ Titán nº 8, Madrid	Life insurance	0.00%	77.46%	77.46%
Uniwindet, S.L.	C/ Bolsa, nº 4, 5ª planta, Málaga	Renewable energies	20.62%	79.38%	100.00%
Viajes Caja España, S.A.	Av. Madrid 120, León	Travel agency	0.00%	38.73%	38.73%
Viproelco, S.A.U.	Av. Madrid 120, León	Property development	0.00%	77.46%	77.46%

APPENDIX II
MULTI-GROUP ENTITIES AT 30th JUNE 2018

€ ´000

Company name	Registered domicile	Activity	% Share owned by Group			Individual Results at date of analysis	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total income	Total expenses
			% Share		Total Share							
			Direct	Indirect								
Cartera Perseidas, S.L. [1]	Paseo de Recoletos 29, Madrid	Investment in assets, transferable securities and financial companies	2.36%	33.24%	35.60%	(26)	-	234	-	6	-	(26)
Cerro del Baile, S.A. [3]	Av. Bruselas, 15 - 4º, Arroyo de la Vega (Alcobendas)	Property development	0.00%	61.97%	61.97%	(6)	-	23 590	179	47 090	-	(6)
Dolun Viviendas Sociales, S.L. [4]	C/ Muñoz Olivé 1, portal 1-1ºC Sevilla	Property development	0.00%	40.00%	40.00%	-	-	-	-	-	-	-
Espacio Medina, S.L. [1]	Pº de la Castellana (Torre Espacio) 259, Madrid	Property development	0.00%	30.00%	30.00%	(362)	5 342	104 293	4 931	54 902	84	(714)
Lares Val de Ebro, S.L. [4]	Avda. Talgo 155, Madrid	Property development	0.00%	25.82%	25.82%	(292)	-	19 277	2	21 381	-	(292)
Madrigal Equity participations, S.A. [2]	C/ Santiago 7 - 1º E, Valladolid	Investment in assets, transferable securities and financial companies	0.00%	58.64%	58.64%	(21)	4 894	13 600	1 163	66	28	(49)
Muelle Uno - Puerto de Málaga, S.A. [1]	Avda. de Andalucía 21, Entreplanta, Málaga	Property development	0.00%	39.74%	39.74%	(8)	48 220	3 255	24 328	3 138	2 768	(2 776)
Rochduero, S.L. [4]	C/ Armas 10 - A, Jerez de la Frontera (Cádiz)	Property development	0.00%	41.90%	41.90%	(359)	-	35 758	420	36 535	25	(385)
Sociedad de Gestión San Carlos, S.A. [2]	Avda. San Juan Bosco, 46. San Fernando - Cádiz	Property development	0.00%	53.29%	53.29%	(174)	-	14 272	7 828	905	-	(174)

(1) Financial data at 31st May 2018.
(2) Financial data at 30th June 2018.
(3) Financial data at 31st March 2018.
(4) Company being wound up.

Note: The financial information used for the equity method of stakes in jointly controlled entities presented in this appendix is the latest available to the bank on the date of filing these consolidated condensed interim financial statements. In those cases where this financial information is not stated to 30th June 2018, it is because information has been used instead with a date very close to it, or otherwise because the activity of the jointly controlled entity does not have a significant influence on these consolidated condensed interim financial statements (being in the process of liquidation or for other causes).

APPENDIX III
ASSOCIATES ENTITIES AT 30th JUNE 2018

€ ´000

Company name	Registered domicile	Activity	% Share owned by Group			Financial statements at date of analysis				
			% Share		Total	Total assets at EOP	Net equity	Liability	Results for the period	Operating expenses
			Direct	Indirect						
Ahorro Andaluz, S.A. (2)	Avenida Andalucía, 10-12; Málaga	Securities holding firm	42.40%	7.60%	50.00%	43 774	436	43 338	3 648	(13)
Ala Ingeniería y Obras, S.L. (8)	Crta. De la Estación, naves 7 y 8 - Meco (Madrid)	Fabrication of metal structures	0.00%	20.52%	20.52%	8 889	(5 005)	13 894	(1 178)	(1 275)
Alestis Aerospace, S.L. (*) (1)	C/ Infeniero Rafael Rubio Enola nº 1 (Parque Tecnológico y Aeronáutico de Andalucía-AEROPOLIS). La Rinconada-Sevilla	Aerospace industry	12.19%	1.85%	14.04%	457 037	1 451	455 586	(2 987)	1 744
Andalucía Económica, S.A. (3)	C/ Diego de Riano nº 11, Piso 2º, Sevilla	Publishing, graphic design & TV	23.80%	0.00%	23.80%	765	554	211	1	1
Autopista del Guadalmedina, Concesionaria Española, S.A. (1) (9)	Carretera A-45 (AP 46 Km 6,200), Casabermeja-Málaga	Motorways	30.00%	0.00%	30.00%	380 306	49 608	330 698	(3 039)	937
Autopista del Sol Concesionaria Española, S.A. (1) (9)	Plaza Manuel Gómez-Moreno (Edf. Alfredo Mahou), nº 2, Madrid	Motorways	20.00%	0.00%	20.00%	687 687	(10 096)	697 783	(103)	13 026
B.I.C. Euronova, S.A. (2)	Avenida Juan López Peñalver, 21 (Parque Tecnológico Andalucía), Campanillas-Málaga	Investment and promotion services	20.00%	0.00%	20.00%	1 280	830	449	16	19
Caja España Vida Compañia de Seguros y Reaseguros S.A. (1)	C/ Santa Nonia, 4 - 3ª Planta, León	Insurance and reinsurance	0.00%	38.73%	38.73%	1 470 127	83 487	1 377 324	11 965	10 358
Camping El Brao, S.A. (8)	C/ Uría, 56 - 2 C, Oviedo (Asturias)	Property development	0.00%	19.37%	19.37%	5	(10)	15	(4)	(4)
Creación de Suelo e Infraestructuras, S.L. (7) (10)	C/ Ibiza, 35 -5ºA. Madrid	Property development	0.00%	25.00%	25.00%	625	(12 311)	12 935	(253)	(253)
Cuatro Estaciones INM Siglo XXI, S.L. (8)	Plaza del Mío Cid 6 - 3º, Burgos	Property development	0.00%	15.49%	15.49%	1 787	(632)	2 419	(10)	(10)
Deoleo, S.A. (3)	Autovía Madrid-Cádiz KM 388. Alcolea-Córdoba	Agrofood industry	9.99%	0.06%	10.05%	1 133 814	291 639	842 175	(10 496)	3 447
Desarrollo Urbanísticos Cerro de Medianoche, S.L. (2)	Plaza Jaén por la Paz, nº 2, Jaén	Property development	0.00%	24.72%	24.72%	3 566	3 565	-	(1)	(1)
Gestión e Investigación de Activos, S.A. (3)	Paseo General Martínez Campos, nº 46, 2ª planta, Madrid	Real Estate	0.00%	42.85%	42.85%	10 111	9 942	170	(1 383)	(1 204)
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (3)	C/ Alisios. Edf Ocaso, nº 1, Sevilla	Integrated water cycle	20.00%	0.00%	20.00%	271 499	115 247	271 499	7 549	12 077
Ingeniería de Suelos y Explotación de Recursos, S.A. (4)	Paseo del Coso S/N. Minas de Riotinto-Huelva	Mining	30.00%	0.00%	30.00%	80 510	28 140	52 370	2 503	2 531
Ingeniería e Integración Avanzadas, S.A. (3)	C/ Severo Ochoa 43 (Parque Tecnológico de Andalucía) Campanillas-Málaga	New technologies	40.00%	0.00%	40.00%	13 132	5 589	7 543	54	103
Inversiones Alaris, S.L. (1)	Av. Carlos III El Noble 8, Pamplona/ Iruña (Navarra)	Holding company	0.00%	25.82%	25.82%	16 547	7 930	8 617	(243)	(243)

APPENDIX III
ASSOCIATES ENTITIES AT 30th JUNE 2018

€ ´000

Company name	Registered domicile	Activity	% Share owned by Group			Financial statements at date of analysis				
			% Share		Total	Total assets at EOP	Net equity	Liability	Results for the period	Operating expenses
			Direct	Indirect						
La Reserva de Selwo Golf, S.L. [5]	Pasaje Linaje 3, Planta 1, Piso 1 Málaga	Property development	0.00%	35.00%	35.00%	535	(3 831)	4 366	(9)	(9)
Malagaport, S.L. [2]	Edif. Instituto de Estudios Portuarios, Puerto de Málaga (Muelle de Cánovas), S/N. Málaga	Ancillary services	26.07%	0.00%	26.07%	507	367	139	42	42
Mejor Campo Abonos y Cereales, S.A. [8]	Callejón de San Francisco, 1 - Bajo Medina del Campo (Valladolid)	Fertilizer and fodder sales	0.00%	20.91%	20.91%	3	(58)	61	-	-
Obenque, S.A. [3]	Pº del Gral. General Martínez Campos, nº 46, 2ª planta, Madrid	Property development	0.00%	26.98%	26.98%	6 052	436	5 617	(117)	(33)
Parque Científico-Tecnológico de Almería, S.A. [3]	Avda. de la Innovación, nº 15, Edificio Pitágoras, Almería	Property development	0.00%	30.08%	30.08%	48 288	27 599	20 689	(289)	(30)
Patrimonio Inmobiliario Empresarial, S.A. [8]	C/ Santa Engracia, nº 69, Madrid	Property development	0.00%	22.53%	22.53%	26 857	(21 423)	48 280	(566)	-
Propco Rosaleda, S.L.U. [2]	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Property development	0.00%	25.00%	25.00%	88 976	87 028	1 948	2 134	2 847
Propco Orange 1, S.L. [2]	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Property development	0.00%	49.00%	49.00%	7 763	6 503	1 261	-	(1)
Proyecto Lima, S.L. [2]	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Real Estate	0.00%	19.37%	19.37%	56 181	54 954	1 227	275	367
Santa Justa Residencial [1]	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Property development	0.00%	49.50%	49.50%	84 435	15 029	84 435	(80)	(42)
Sociedad Municipal de Aparcamientos y Servicios, S.A. [2]	Plaza Jesús "El Rico" 2-3, Málaga	Aparcamientos	24.50%	0.00%	24.50%	66 120	41 137	24 983	2 286	3 195
Uncro, S.L. [8]	C/ Ibiza nº 35, 5ºC, Madrid	Property development	0.00%	25.00%	25.00%	874	(9 606)	10 480	(35)	(35)
Unema Promotores Inmobiliarios, S.A. [6] [10]	C/ Strachan, nº 1, planta 1, Málaga	Property development	0.00%	40.00%	40.00%	37	(1 669)	1 706	(22)	-
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. [1]	C/ Bolsa, nº 4, 3ª planta, Málaga	Insurance	42.40%	7.60%	50.00%	2 316 064	125 334	2 190 730	23 101	30 143

(1) Data from the company's best estimates at 30th June 2018.
(2) Financial data at 30th June 2018.
(3) Financial data at 31st May 2018.
(4) Financial data at 30th April 2018.
(5) Financial data at 31st December 2017.
(6) Financial data at 30st September 2017.
(7) Financial data at 30st September 2016.
(8) Company being wound up.
(9) Financial data under EU-IFRS
(10) Company in bankruptcy proceedings

Note: The financial information used for the equity method of stakes in jointly controlled entities presented in this appendix is the latest available to the bank on the date of filing these consolidated condensed interim financial statements. In those cases where this financial information is not stated to 30th June 2018, it is because information has been used instead with a date very close to it, or otherwise because the activity of the jointly controlled entity does not have a significant influence on these consolidated condensed interim financial statements (being in the process of liquidation or for other causes).

APPENDIX IV:
RECONCILIATION OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS WITH THE INFORMATION SUBMITTED TO THE NATIONAL SECURITIES MARKET COMMISSION (CNMV) BASED ON THE CURRENT PERIODIC REPORTING MODEL

Introduction

In its 3/2018 Circular of 28th June on the periodic reporting by issuers of listed securities in regulated markets of their half-yearly financial statements, interim management declarations and, where forthcoming, quarterly financial reports, the National Securities Market Commission, the CNMV, changed the periodic financial reporting models that will be used by issuing entities to remit their half-yearly and quarterly financial reports from 1st January 2019 onwards.

In the case of the first half-year financial report for the 2018 fiscal year, the Single Transitional Provision (*Disposición Transitoria Única)* in Circular 3/2018 stipulates that issuing institutions must use the format published in Circular 5/2015, and therefore must fill out Chapter IV, with financial information selected from the periodic reporting model, included in the same circular, with the exception of Table 13: “Breakdown of financial instruments by type and category”. Nevertheless, in Chapter V, in the explanatory notes to the interim financial statements/half-yearly accounts for the interim period, there is a section for reconciling, where necessary, those items specific to the financial statements in Chapter IV, which could be affected when this new Circular comes into force, and those actually used in the half-yearly accounts contained in Chapter V. The purpose of this Appendix IV to the consolidated abridged interim financial statements of the Unicaja Banco Group for the six-month period ending on 30th June 2018 is to comply with this temporary regulation.

In order to carry out this reconciliation, the Senior Management of the institution has linked the new portfolios of financial instruments under IFRS 9 with the old portfolios under IAS 39 considering the subsequent valuation method used for these assets, such that:

- Financial assets held for trading under IFRS 9 and the financial assets not for trading measured on a mandatory basis at fair value through profit or loss under IFRS 9 have been presented in the information submitted to the CNMV in the “Financial assets held for trading” (IAS 39) entry.
- Financial assets at fair value through other comprehensive income under IFRS 9 have been presented in the information submitted to the CNMV in the “Financial assets available for sale” (IAS 39) entry.
- Financial assets at amortized cost under IFRS 9 have been presented in the information submitted to the CNMV in the “Loans and receivables” (IAS 39) and “Investments held to maturity” (IAS 39) entries, making a distinction between both entries based on the nature of the asset (loans and advances or debt securities).

The reconciliation of Unicaja Banco Group’s consolidated condensed interim financial statements at 30th June 2018 with the information submitted to the CNMV based on the current model for periodic reporting is presented below. This model, according to the 3/2018 Circular referenced earlier, is specified in the Commission’s 5/2015 Circular.

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Reconciliation of the consolidated condensed balance sheet

Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
ASSETS		**ASSETS**	
Cash, balances in central banks and other demand deposits	3 059 760	1. Cash, balances in central banks and other demand deposits	3 059 760
Financial assets held for trading	65 294	2. Financial assets held for trading	142 279
Non-trading financial assets mandatorily designated at fair value through profit and loss	76 985		
Financial assets designated at fair value through profit or loss	4 886	3. Financial assets designated at fair value through profit or loss	4 886
Financial assets designated at fair value through other comprehensive income	6 458 603	4. Available-for-sale financial assets	6 458 603
Financial assets carried at amortized cost.	42 282 144	5. Loans and receivables	29 567 986
		6. Held-to-maturity investments	12 714 158
Hedging derivatives	427 382	7. Hedging derivatives	427 382
Change in fair value of items held in a portfolio hedged against interest rate risk	-	8 Change in fair value of items held in a portfolio hedged against interest rate risk	-
Investments in joint ventures and associates	369 204	9 Investments in joint ventures and associates	369 204
Assets under insurance or reinsurance contracts	1 496	10. Assets under insurance or reinsurance contracts	1 496
Tangible assets	1 224 232	11. Tangible assets	1 224 232
Intangible assets	63 478	12. Intangible assets	63 478
Tax assets	2 651 166	13. Tax assets	2 651 166
Other assets	468 937	14. Other assets	468 937
Non-current assets and disposal groups classified as held for sale	452 862	15. Non-current assets and disposal groups classified as held for sale	452 862
Total assets	**57 606 429**	**Total assets**	**57 606 429**

Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
LIABILITIES		**LIABILITIES**	
Financial liabilities held for trading	25 010	1. Financial liabilities held for trading	25 010
Financial liabilities designated at fair value through profit or loss	-	2. Financial liabilities designated at fair value through profit or loss	-
Financial liabilities carried at amortized cost	51 449 218	3. Financial liabilities carried at amortized cost	51 449 218
Hedging derivatives	157 152	4. Hedging derivatives	157 152
Change in fair value of items held in a portfolio hedged against interest rate risk	-	5. Change in fair value of items held in a portfolio hedged against interest rate risk	-
Liabilities under insurance or reinsurance contracts	632 492	6. Liabilities under insurance or reinsurance contracts	632 492
Provisions	843 299	7. Provisions	843 299
Tax liability	282 696	8 Tax liability	282 696
Equity redeemable upon demand	-	9 Equity redeemable upon demand	-
Other liability	260 038	10. Other liability	260 038
Liabilities in disposal groups classified as held for sale	-	11. Liabilities in disposal groups classified as held for sale	-
Total liability	**53 649 905**	**Total liability**	**53 649 905**

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Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
EQUITY		**EQUITY**	
Shareholders' equity	**3 836 915**	**Shareholders' equity**	**3 836 915**
Capital	1 610 302	1. Capital	1 610 302
Share premium	1 209 423	2. Share premium	1 209 423
Equity instruments other than capital	48 242	3. Equity instruments other than capital	48 242
Other equity items	-	4. Other equity items	-
Retained earnings	1 040 213	5. Retained earnings	1 040 213
Revaluation reserves	-	6. Revaluation reserves	-
Other reserves	(168,969)	7. Other reserves	(168 969)
(-) Treasury Shares	(7,572)	8. (-) Treasury shares	(7 572)
Net income attributable to the owners of the parent Company	105 276	9 Net income attributable to the owners of the parent Company	105 276
(-) Interim dividend	-	10. (-) Interim Dividends	-
Accumulated other comprehensive income	**96 074**	**Accumulated other comprehensive income**	**96 074**
Items not subject to reclassification to income statement	20 887	1. Items not subject to reclassification to income statement	161
Items subject to reclassification to income statement	75 187	2. Items subject to reclassification to income statement	95 913
Non-controlling interests (from minority stakes)	**23 535**	**Non-controlling interests (from minority stakes)**	**23 535**
Accumulated other comprehensive income	2 120	1. Accumulated other comprehensive income	2 120
Other items	21 415	2. Other items	21 415
Total net equity	**3 956 524**	**Total net equity**	**3 956 524**
TOTAL EQUITY AND LIABILITY	**57 606 429**	**TOTAL EQUITY AND LIABILITY**	**57 606 429**

Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
Memorandum item: off-balance sheet exposure		**Memorandum item: off-balance sheet exposure**	
Loan commitments given	2 745 230	1. Guarantees given	69 677
Financial guarantees given	69 677	2. Contingent commitments given	5 718 891
Other commitments	2 973 661		

Reconciliation of the consolidated condensed income statement

Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
Interest income and other relevant income	405 738	Interest income	405 738
(Interest expense)	(102 788)	(Interest expense)	(102 788)
(Redeemable equity expenses)	-	(Redeemable equity expenses)	-
NET INTEREST INCOME	**302 950**	**A) NET INTEREST INCOME**	**302 950**
Dividend income	14 729	Dividend income	14 729
Results of entities valued using the equity method	20 646	Results of entities valued using the equity method	20 646
Fee and commission income	119 112	Fee and commission income	119 112
(Fee and commission expense)	(11 119)	(Fee and commission expense)	(11 119)
Net gains or losses on derecognition from the statements of financial assets and liabilities not measured at fair value through profit or loss	28 452	Net gains or losses on derecognition from the statements of financial assets and liabilities not measured at fair value through profit or loss	28 452
Net gains or losses from financial assets and liabilities held for trading	1 636	Net gains or losses from financial assets and liabilities held for trading	2 671
Net gains or losses from non-trading financial assets mandatorily designated at fair value through profit or loss	1 035		

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Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
Net gains or losses from financial assets and liabilities designated at fair value through profit or loss	(2 998)	Net gains or losses from financial assets and liabilities designated at fair value through profit or loss	(2 998)
Net gains or losses from hedge accounting	-	Net gains or losses from hedge accounting	-
Net exchange differences, gains or losses	626	Net exchange differences	626
Other operating income	55 655	Other operating income	55 655
(Other operating expenses)	(48 804)	(Other operating expenses)	(48 804)
Income from assets under insurance or reinsurance contracts	31 000	Income from assets under insurance or reinsurance contracts	31 000
(Expenses from liabilities under insurance or reinsurance contracts)	(21 156)	(Expenses from liabilities under insurance or reinsurance contracts)	(21 156)
GROSS MARGIN	**491 764**	**B) GROSS MARGIN**	**491 764**
(Administrative expenses)	(291 986)	(Administrative expenses)	(291 986)
(Depreciation and amortisation)	(18 550)	(Depreciation and amortisation)	(18 550)
(Provisioning or provisioning reversals)	(61 792)	(Provisioning or provisioning reversals)	(61 792)
(Impairment or reversal in the value of financial assets not measured at fair value through profit and loss or net gains by modification)	13 642	(Impairment or reversal in the value of financial assets not measured at fair value through profit and loss)	13 642
NET OPERATING INCOME	**133 078**	**C) NET OPERATING INCOME**	**133 078**
(Impairment or reversal in the value of joint ventures or associates)	-	(Impairment or reversal in the value of joint ventures or associates)	-
(Impairment or reversal of non-financial assets)	812	(Impairment or reversal of non-financial assets)	812
Net gain or loss on derecognition from the statements of non-financial assets	4 032	Net gain or loss on derecognition from the statements of non-financial assets	4 032
Recognised negative goodwill	-	Recognised negative goodwill	-
Gains or losses arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations	2 442	Gains or losses arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations	2 442
PRE-TAX INCOME (OR LOSS) FROM CONTINUING OPERATIONS	**140 364**	**D) PRE-TAX INCOME (OR LOSS) FROM CONTINUING OPERATIONS**	**140 364**
(Tax expense or income on earnings from continued operations)	(36 310)	(Tax expense or income on earnings from continued operations)	(36 310)
PROFIT (OR LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**104 054**	**E) PROFIT (OR LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**104 054**
Profit or loss after tax from discontinued operations	-	Profit or loss after tax from discontinued operations	-
RESULT FOR THE PERIOD	**104 054**	**F) RESULT FOR THE PERIOD**	**104 054**
Attributable to minority interests (non-controlling interest)	(1 222)	Attributable to minority interests (non-controlling interest)	(1 222)
Attributable to the holders of the parent Company	105 276	Attributable to the holders of the parent Company	105 276
EARNINGS PER SHARE		**EARNINGS PER SHARE**	
Basic earnings per share (€)	0.065	Basic	0.065
Diluted earnings per share (€)	0.064	Diluted	0.064

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Reconciliation of the consolidated condensed recognised income and expenses statement

Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
RESULT FOR THE PERIOD	**104 054**	**RESULT FOR THE PERIOD**	**104 054**
OTHER RESULTS	**(66 869)**	**OTHER RESULTS**	**(66 869)**
Items not subject to reclassification to income statement	**6 756**	**1. Items not subject to reclassification to income statement**	**(20)**
Actuarial gain or loss in defined benefit pension scheme	(29)	a) Actuarial gain or loss in defined benefit pension scheme	(29)
Non-current assets and disposal groups held for sale	-	b) Non-current assets and disposal groups held for sale	-
Recognised revenues and expenses from joint ventures & associate companies	9 445	c) All other valuation adjustments	-
Change in fair value of equity instruments measured at fair value through other comprehensive income	234		
Net gain losses from hedge accounting of equity instruments measured at fair value through other comprehensive income	-		
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in its credit risk	-		
Income tax on earnings from items not subject to reclassification	(2 894)	d) Income tax on earnings from items not subject to reclassification	9
Items subject to reclassification to income statement	**73 625**	**2. Items subject to reclassification to income statement**	**(66 849)**
Hedging of net investments abroad (effective portion)	-	a) Hedging of net investments abroad (effective portion)	-
Foreign currency translation	(112)	b) Foreign currency translation	(112)
Cash flow hedges (effective portion)	(18 917)	c) Cash flow hedges (effective portion)	(18 917)
Hedging instruments (non-designated items)	-		
Debt instruments designated at fair value through other comprehensive income	(70 886)	d) Available-for-sale financial assets	(70 652)
Non-current assets and disposal groups held for sale	-	e) Non-current assets and disposal groups held for sale	-
Recognised revenues and expenses from joint ventures & associate companies	(15 264)	f) Recognised revenues and expenses from joint ventures and associate companies	(5 819)
Income tax on items to be reclassified to income statement	31 554	g) Income tax on items to be reclassified to income statement	28 651
PROFIT FOR THE YEAR	**37 185**	**PROFIT FOR THE YEAR**	**37 185**
Attributable to minority interests (non-controlling interest)	(1 222)	Attributable to minority interests (non-controlling interest)	(1 222)
Attributable to the holders of the parent Company	38 407	Attributable to the holders of the parent Company	38 407

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Reconciliation of the consolidated condensed statement of changes in equity

Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
Opening balance at 31/12/2017 (*)	**3 902 338**	**Opening balance (before restatement)**	**3 902 338**
Effects of corrections of errors	-	Effects of corrections of errors	-
IFRS 9 adjustments	46 566	Effects of changes in accounting policies	46 566
Opening balance as of 01/01/2018	**3 948 904**	**Opening balance (current period)**	**3 948 904**
Profit for the year	**37 185**	**Profit for the year**	**37 185**
Other changes to equity	**(29 565)**	**Other changes to equity**	**(29 565)**
Issue of ordinary shares	-	Issue of ordinary shares	-
Issue of preference shares	-	Issue of preference shares	-
Issue of other equity instruments	-	Issue of other equity instruments	-
Exercise or maturity of other equity issues	-	Exercise or maturity of other equity issues	-
Debt-to-equity conversion	-	Debt-to-equity conversion	-
Reduction of capital	-	Reduction of capital	-
Dividend distribution (or shareholder remuneration) (Note 4)	(34 605)	Dividend distribution (or shareholder remuneration) (Note 4)	(34 605)
Purchase of treasury shares	(7 572)	Purchase of treasury shares	(7 572)
Sale or redemption of shares	-	Sale or redemption of shares	-
Reclassification of equity financial instruments to liabilities	-	Reclassification of equity financial instruments to liabilities	-
Reclassification of financial liabilities to equity	-	Reclassification of financial liabilities to equity	-
Transfers between equity entries	-	Transfers between equity entries	-
Changes in equity due to business combinations	-	Changes in equity due to business combinations	-
Share-based payments	-	Share-based payments	-
Other changes in equity	12 612	Other changes in equity	12 612
Balance at 30/06/2018	**3 956 524**	**Balance at closing of current period**	**3 956 524**

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Reconciliation of consolidated condensed of cash flow hedges statement

Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
A) CASH FLOWS FROM OPERATING ACTIVITIES	**(718 426)**	**A) CASH FLOWS FROM OPERATING ACTIVITIES**	**(718 426)**
Results for the period	**104 054**	**1. Results for the period**	**104 054**
Cash flow after adjustments to operating activities	**16 015**	**2. Cash flow after adjustments to operating activities**	**16 015**
Depreciation and amortization	18 550	Depreciation and amortization	18 550
Other adjustments	(2 535)	Other adjustments	(2 535)
Net changes in operating assets	**(1 335 694)**	**3. Net changes in operating assets**	**(1 335 694)**
Financial assets held for trading	(11 795)	Financial assets held for trading	(9 539)
Non-trading financial assets mandatorily designated at fair value through profit and loss	2 256		
Financial assets designated at fair value through profit or loss	39 339	Financial assets designated at fair value through profit or loss	39 339
Financial assets designated at fair value through other comprehensive income	1 140 371	Available-for-sale financial assets	1 140 371
Financial assets carried at amortized cost.	(2 545 632)	Loans and receivables	(2 545 632)
Other operating assets	39 767	Other operating assets	39 767
Net increase/decrease in operating liabilities	**499 470**	**4. Net increase/decrease in operating liabilities**	**499 470**
Financial liabilities held for trading	(2 402)	Financial liabilities held for trading	(2 402)
Financial liabilities designated at fair value through profit or loss	-	Financial liabilities designated at fair value through profit or loss	-
Financial liabilities carried at amortized cost	508 475	Financial liabilities carried at amortized cost	508 475
Other operating liabilities	(6 603)	Other operating liabilities	(6 603)
Income taxes paid	**(2 271)**	**5. Income taxes paid**	**(2 271)**
B) CASH FLOW FROM INVESTMENT ACTIVITIES	**6 400**	**B) CASH FLOW FROM INVESTMENT ACTIVITIES**	**6 400**
Payments	**(89 308)**	**1. Payments**	**(89 308)**
Tangible assets	(24 025)	Tangible assets	(24 025)
Intangible assets	(65 283)	Intangible assets	(65 283)
Investments in joint ventures and associates	-	Investments in joint ventures and associates	-
Subsidiaries and other business units	-	Subsidiaries and other business units	-
Non-current assets and liabilities classified as held for sale	-	Non-current assets and liabilities classified as held for sale	-
Held-to-maturity investments		Held-to-maturity investments	-
Other investment related payments	-	Other investment related payments	-
Collections	**95 708**	**2. Collections**	**95 708**
Tangible assets	79 839	Tangible assets	79 839
Intangible assets	-	Intangible assets	-
Investments in joint ventures and associates	-	Investments in joint ventures and associates	-
Subsidiaries and other business units	-	Subsidiaries and other business units	-
Non-current assets and liabilities classified as held for sale	15 869	Non-current assets and liabilities classified as held for sale	15 869
Held-to-maturity investments		Held-to-maturity investments	-
Other investment related collections	-	Other investment related collections	-
(Continues…)		*(Continues…)*	

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Consolidated condensed interim financial statements	June 2018	Information submitted to CNMV as per Circular 5/2015	June 2018
C) CASH FLOW FROM FINANCING ACTIVITIES	**(34 605)**	**C) CASH FLOW FROM FINANCING ACTIVITIES**	**(34 605)**
Payments	**(34 605)**	**1. Payments**	**(34 605)**
Dividends	(34 605)	Dividends	(34 605)
Subordinated liabilities	-	Subordinated liabilities	-
Own equity instruments amortization	-	Own equity instruments amortization	-
Acquisition of treasury stock	-	Acquisition of treasury stock	-
Other investment related payments	-	Other investment related payments	-
Collections	**-**	**2. Collections**	**-**
Subordinated liabilities	-	Subordinated liabilities	-
Share capital issues	-	Share capital issues	-
Sale of share capital instruments	-	Sale of share capital instruments	-
Other investment related collections	-	Other investment related collections	-
D) IMPACT OF FOREIGN EXCHANGE RATES	**-**	**D) IMPACT OF FOREIGN EXCHANGE RATES**	**-**
E) NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS (A + B + C + D)	**(746 631)**	**E) NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS (A + B + C + D)**	**(746 631)**
F) CASH AND CASH EQUIVALENTS AT BEGINING OF PERIOD	**3 806 387**	**F) CASH AND CASH EQUIVALENTS AT BEGINING OF PERIOD**	**3 806 387**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3 059 756**	**G) CASH AND CASH EQUIVALENTS AT END OF PERIOD**	**3 059 756**
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3 059 756**	**BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD**	**3 059 756**
Of which: held by consolidated entities but not drawable by group	-	*Of which: held by consolidated entities but not drawable by group*	-
Cash	314 090	Cash	314 090
Cash equivalents at central Banks	2 434 821	Cash equivalents at central Banks	2 434 821
Other financial assets	310 845	Other financial assets	310 845
Less: bank overdraft refundable on demand	-	Less: bank overdraft refundable on demand	-

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

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDING 30TH JUNE 2018

Introduction

This Interim Management Report presents the relevant facts and figures for the first six months of 2018, so that Unicaja Banco Group's situation and its business performance can be understood. The consolidated condensed interim financial statements for the six-month period ending on 30th June 2018, which this Management Report accompanies, have been filed in line with the International Financial Reporting Standards adopted by the European Union (EU-IFRS) and comply with the Bank of Spain Circular 4/2004, 22nd December, and subsequent amendments.

Unicaja Banco, S.A. (hereinafter Unicaja Bank, the parent Company or the Bank) was set up on 1st December 2011 as a credit institution for an indefinite period. The Bank is bound by the rules and regulations governing banking institutions that operate in Spain. Other public information about the Bank may be found both on its official website (www.unicajabanco.es) and at its corporate headquarters (Avenida de Andalucía, 10 y 12, Malaga).

The Bank's corporate purpose is to carry out and pursue all manner of banking activities, transactions, business, contracts and services, in general and those directly or indirectly related to this business. These activities may be complementary to the banking business or pursuant to it, provided that they are permitted and not forbidden under legislation current at the time.

The Bank's purpose includes the provision of investment and other ancillary services, as well as carrying out insurance broking activities, both as an independent operator and through a relationship with a particular provider; the two may not be exercised at the same time.

By virtue of the articles of association, the activities, which are in line with the requirements of Act 10/2014, 26th June, on the organisation, supervision and solvency of credit institutions and represent its corporate purpose, may be conducted wholly or in part, indirectly, in any of the forms admitted by law, and in particular by ownership of shares or interests in companies or in other entities whose purpose is identical, similar or complementary to such activities.

The Bank is registered in the Companies Registry of Malaga and as a credit institution in the Special Registry of the Bank of Spain with the number 2103. The Bank also holds a licence for the exercise of banking activity granted by the Ministry of Economy and Finance, in accordance with the provisions of article 1 and consistent with Royal Decree 1245/1995.

As of 30th June 2018, and after the IPO, 49.68% of the Bank's share capital belongs to Fundación Bancaria Unicaja, the bank's parent Company that also controls the Unicaja group. Both the bank and its parent Company are based in Malaga, are subject to Spanish law and file their annual accounts in that city's companies' registry.

The Bank is at the head of a sub-group of subsidiary entities, with different activities that make up the Unicaja Banco Group. This is detailed in the consolidated condensed interim financial statements for the six months ending 30th June 2018.

YoY	€ ´000		YTD	
Balance sheet & business turnover	**June´18**	**December'17**	**€ ´000**	**%**
Total assets	57 606	56 332	1 275	2.3%
Performing loans and advances to customers (excluding valuation adjustments)[1]	26 369	25 908	461	1.8%
Deposits from customers (excluding valuation adjustments)	44 190	45 373	(1 183)	(2.6%)
Off balance sheet funds	13 063	12 699	364	2.9%
Funds under management	57 383	58 202	(819)	(1.4%)
Of which: customers (non-market)[2]	*51 393*	*50 418*	975	1.9%

(1) Not including non-performing loans, repurchase agreements through counterparties institutions or with financial intermediaries, or other financial assets (mainly bonds to hedge market transactions)
(2) Not including repurchase agreements through counterparty institutions or financial intermediaries, or market issues

	€ ´000		YoY	
Results	**June´18**	**June'17**	**€ ´000**	**%**
Net interest income	302.9	290.6	12.3	4.2%
Gross Margin	491.8	559.2	(67.5)	(12.1%)
Operating income (before impairments)	181.2	239.3	(58.0)	(24.3%)
Impairments and other results	40.9	165.1	(124.3)	(75.3%)
Pre-tax income	140.4	74.1	66.2	89.3%
Consolidated results for the period	*104.1*	74.5	29.5	39.6%
Attributable net income to the parent Company	105.3	85.7	19.6	22.9%

	%		YTD	
Profitability and efficiency	**June´18**	**December'17**	**€ ´000**	**%**
ROE (net income for the year/average shareholders' equity)	5.5%	4.1%	n.a.	1.4pp
ROTE (net income for the year / average. tangible comm shareholders' eq.)	5.6%	4.1%	n.a.	1.5pp
ROA (net income for the year/average total assets)	0.4%	0.3%	n.a.	0.1pp
RORWA (Net income for the year/RWA)	0.9%	0.6%	n.a.	0.3pp
Cost-to-income ratio (op. exp. excluding amort. / gross margin)	59.4%	59.2%	n.a.	0.2pp

	€ ´000		YTD	
Solvency	**June´18**	**December'17**	**€ ´000**	**%**
Total equity	3 957	3 902	54	1.4%
Total Capital	3 712	3 650	62	1.7%
Common equity tier 1 (CET1)	3 664	3 532	132	3.7%
Additional tier 1 capital	48	42	6	14.3%
Tier 2 capital	-	76	(76)	
Capital requirements	1 731	1 757	(26)	(1.5%)
RWA	23 878	24 239	(361)	(1.5%)
Total Capital Ratio	15.5%	15.1%	n.a.	0.5pp
CET1 ratio	15.3%	14.6%	n.a.	0.8pp
CET1 ratio fully loaded	13.5%	12.8%	n.a.	0.7pp

Risk Control	€ ´000 June´18	€ ´000 December'17	YTD € ´000	YTD %
Non-performing loans	2 340	2 710	(370)	(13.7%)
NPL ratio	7.6%	8.7%	n.a.	(1.1) pp
NPL coverage ratio	54.9%	50.0%	n.a.	4.9 pp
Cost of credit risk	(0.1%)	0.2%	n.a.	(0.2) pp
Foreclosed assets available for sale (net)	641	675	(34)	(5.0%)
Foreclosed assets coverage	63.8%	64.0%	n.a.	(0.1) pp

Liquidity	€ ´000 June´18	€ ´000 December'17	YTD € ´000	YTD %
Gross liquid assets	20 727	20 829	(102)	(0.5%)
Net liquid assets	14 539	14 177	(365)	2.6%
Net liquid assets / Total assets	25.2%	25.2%	n.a.	0.1 pp
LTD Ratio	75%	76%	n.a.	(1.1) pp
Liquidity Coverage Ratio (LCR)	470%	701%	n.a.	(230.8) pp
Net Stable Financial Ratio (NSFR))	132%	134%	n.a.	(2.0) pp

Other information	Units June´18	Units December'17	YTD Units	YTD %
Branches	1 196	1 227	(31)	(2.5%)
ATMs	1 496	1 515	(19)	(1.3%)
Average number of employees	6 916	7 200	(284)	(3.9%)

Credit rating		June 2018
Fitch	Short term	F3
	Long term	BBB-
	Outlook	Stable
Moody´s	Long term deposits	Baa3
	Short term	Prime-3
	Outlook	Stable

Economic and financial environment

In the first half of 2018 the world economy has continued to show fairly positive signs, consistent with performance at the end of last year, when global GDP growth exceeded expectations. Existing momentum has enabled activity to move on briskly in the last few months, while inflation rates have shown some very modest upticks, despite the rise in the oil price and the reduction in unemployment rates. Divergences between global inflation rates across different areas (advanced and emerging markets) have in fact been unusually low. Likewise, financial conditions in most economies remain reasonably relaxed, although monetary policy is going through a process of normalisation.

In view of this favourable behaviour, the OECD has reviewed its growth forecast for the world economy upwards by 0.1 and 0.3 percentage points (p.p.), respectively, compared to its forecasts last November, bringing its estimates to 3.8% for 2018 and 3.9% for 2019. The growth rate for advanced countries has also been corrected to the upside, by 0.2 and 0.4 p.p., respectively, to 2.6% (2018) and 2.5% (2019), partly as a result of improved forecasts for the US, thanks to the effects of the tax reform. Projected growth for the Spanish economy has also been corrected upwards, to 2.8% in 2018 and 2.4% in 2019.

These optimistic forecasts are, however, compatible with symptoms of exhaustion and a possible gradual slowdown. Some activity indicators have begun to flatten slightly, consistent with the deceleration of GDP growth in the first quarter of 2018 in certain major economies (in the Eurozone, for example). Business confidence and industrial production have remained stable in recent months, although export orders, retail sales and container port traffic have slackened a little.

At the same time, key central banks have kept their monetary policy very loose, although with some divergences between major areas. So, the Federal Reserve is continuing its progressive rise in Federal Funds interest rates, and agreed another rise in middle of June (25 b.p.), the seventh since the end of 2015, setting the target range at 1.75%-2.00%, as forecast. Furthermore, it is still gradually reducing its balance and plans additional increases to interest rates between 2018 and 2020.

The Board of the European Central Bank (ECB) meanwhile, at its 14th June meeting, decided to maintain interest rates, declaring that they will remain at present levels until at least the summer of 2019 and, in any event, for as long as is necessary to ensure that inflation targets are met. The main news from the ECB was the announcement that, from September 2018 onwards –provided there is no scenario change –, the monthly rate of net asset purchases will be cut to EUR 15 billion (it is currently buying EUR 30 billion a month) to the end of December 2018, and that on that date net purchases will cease.

Although this change in the direction of monetary policy is being announced in advance, it may have an impact on the decisions made by stakeholders. Indeed, there have been movements in the price of shares in the principal economies, with falls in stock market indexes, at the same time as volatility has spiked from the unusually low levels of last year. Nor should we forget that monetary policy normalisation can impact on the sustainability of public sector finances.

On the other hand, attention in the last quarter has again focused on oil prices, which have been boosted by the steady expansion of global demand, and also by supply restrictions agreed by OPEC and other countries outside this organisation. Although this uptick is forecast to be a temporary one, there can be no doubt that if it were to be prolonged, this could have a negative effect on production supply in upcoming quarters.

The factors determining inflation, such as the expected price behaviour of oil and other raw materials, as well as monetary variables go to make up the technical assumptions that shape the macroeconomic outlook for the Eurozone and therefore for the Spanish economy. Thus the ECB's working assumptions, on a timeline to 2020, argues that GDP growth in the Eurozone will diminish gradually over the next few quarters, with 2018 expected to post at 2.1%, at 1.9% the following year, and at 1.7% in 2020.

This slowdown is compatible with the forecast of a sustained increase in production activity in the euro area as a whole, consistent with the high levels of business and consumer confidence. The anticipated curb on the rate of GDP growth over the forecast horizon is accounted for by the exhaustion of certain favourable factors, such as slack monetary policy measures, the strength of external demand and decelerating job creation –some countries in the EMU will be short of labour– and, as a result, of private consumption. The latter may also be squeezed by the recovery in the household savings rate. Indeed, the EU is designing its long-term budgets with the aim of encouraging growth and future job creation in mind, to guarantee that its priorities are sufficiently funded, in a context of lower resources resulting from the United Kingdom's exit from the Union.

The ECB, meanwhile, expects that the euro's exchange rate against the dollar will remain stable throughout the rest of this year at close to USD 1.2, and anticipates that in the following two years the exchange rate will stay at USD 1.18 per euro, thus correcting expectations of an exchange rate around USD 1.24, given in its March 2018 estimates. This review is undoubtedly a response to the recent behaviour of the currency markets, where political uncertainty in Europe, expectations of new hikes in US interest rates and a rather lower-than-expected performance on the part of certain Eurozone macroeconomic indicators all strengthened the dollar during April and May.

Despite persistent risks, and taking into consideration the new circumstances influencing expected performance internationally, the Spanish economy is continuing a fairly solid expansion phase. In line with other institutions and analysts, in June the Bank of Spain (BoS) forecast real GDP growth this year of 2.7%, unchanged from its estimate three months before, while for 2019 it has made a slight correction to the upside, of 0.1 p.p., bringing its projection for GDP growth up to 2.4%, while estimating that this growth rate will moderate to 2.1% in 2020. So, it will continue to expand, although at a slightly lower rate than for the previous two years, because of a degree of slowdown in external markets (the Eurozone will grow less than expected in the spring) and due to the impact of more expensive oil.

In the European context, the Spanish economy continues to stand out, with a year-on-year growth rate in the first quarter this year of 3.0%, (quarter-on-quarter 0.7%), better than most neighbouring countries and with a scarcely noticeable curb compared to the Eurozone (2.5% between January and March, 0.3% less than the previous quarter) and also compared to the three main EMU economies (Germany, France and Italy), where the tailwinds are coming to an end more clearly than in Spain.

Another key indicator for assessing the course of an economy, the job market, shows the unemployment rate in the Eurozone as a whole at 8.5% in April 2018 (0.7% less than a year earlier), well below the rate in Spain (15.9%, according to Eurostat's standardised methodology), although the latter has shown a much steeper fall than in the major neighbouring economies.

According to the Bank of Spain's prognoses, together with the consensus of analysts and other forecasting bodies, the cycle of the Spanish economy between 2018 and 2020 will continue to be supported fundamentally by the dynamism of domestic demand. While the contribution of the external sector to GDP growth is expected to be positive, this is forecast to wane slightly over the forecast horizon. The view of the BoS is that growth in goods and services exports in 2018 could come in at 4.6%, 0.3% below its estimate three months ago, and that the rates for 2019 and 2020 will be 4.8% and 4.5%, respectively.

Highlights of the period

Unicaja Banco Group posted net profit of EUR 104 million over the first half-year, 39.6% higher than that recorded during the same period a year earlier.

Unicaja Banco achieved this result by improving its key banking activity indicators:

- Net interest income is up against the same period last year (4.2%).
- Operating expenses have fallen by 3% vis-à-vis the same period in the previous year.
- Total impairments have fallen significantly over the same period in the previous year; for the third consecutive quarter there have been net recoveries in loan impairments.

Commercial activity continues to improve, with growing share of wallet:

- Performing loans, excluding reverse repurchase agreements and other financial assets, have grown over the first half-year.
- New loan transactions increased by 45% in the corporates segment and 36% in the case of individuals compared to the second semester of 2017.
- Retail customer funds grow by 3.8% over the same period last year, notably with a year-on-year growth of 12% in sight funds and 7.1% in off-balance sheet funds. The at sight and term deposits mix also showed improvement against 2017.

The risk indicators illustrate the Group's ability to reduce its NPAs without negatively impacting results nor coverage levels.

- NPAs fell by 23.3% (EUR -1,248 million) against the same period last year (10.3% in the year), with NPLs and foreclosed assets falling by 19.6% and 27.7%, respectively, over the same period.
- The NPL ratio dropped by -1.1 p.p. in the first half-year to 7.6%, while the coverage ratio for non-performing loans increased and foreclosed assets remain at the same level (54.9% and 63.8%, respectively.)

Financial robustness and high liquidity levels:

- The Group has a comfortable liquidity position, with its net liquid assets accounting for 25.2% of the balance sheet.
- The regulatory CET1 stands at 15.3% and has a surplus of 722 basis points above SREP requirements for 2018.

Profitability and impairments

The Group reported a net profit of EUR 104 million in the first six months of 2018. This net profit comes in the first instance from core income (net revenues from interest and fees) of EUR 411 million, which, when annualised, amounts to 1.4% of total average assets, and which has risen by 2.9% from the same period last year (a 3.7% if the integration of the insurance companies is stripped out). Net interest income is growing by 4.2% compared to the same period the previous year. This improvement is due to lower funding costs and to the higher contribution made by the fixed income portfolio.

Income Statements. Unicaja Banco Group
€ millions

	jun-18	jun-17	Abs. Val.	% change
Net interest income	**302.9**	**290.6**	**12.3**	**4.2%**
Fees	108.0	109.0	-1.0	-0.9%
Dividends and other income from shareholdings	35.4	33.5	1.9	5.7%
Trading income	28.8	77.8	-49.1	-63.1%
Other operating income/expenses	16.7	48.4	-31.7	-65.5%
Gross income	**491.8**	**559.2**	**-67.5**	**-12.1%**
Operating expenses	310.5	320.0	-9.4	-3.0%
Operating income before write downs	**181.2**	**239.3**	**-58.0**	**-24.3%**
Provisions, impairments and other results	40.9	165.1	-124.3	-75.3%
Pre-tax income	**140.4**	**74.1**	66.2	**89.3%**
Corporate income tax	36.3	-0.4	36.7	n.a.
Consolidated results for the period	**104.1**	**74.5**	**29.5**	**39.6%**
Results attributed to the parent company	***105.3***	***85.7***	**19.6**	***22.9%***

Customer spread has fallen when compared with the previous quarter, mainly as a result of the impact on the retail mortgage portfolio of the outcome of “floor-clause” claims, in the application of Royal Decree 1/2017.

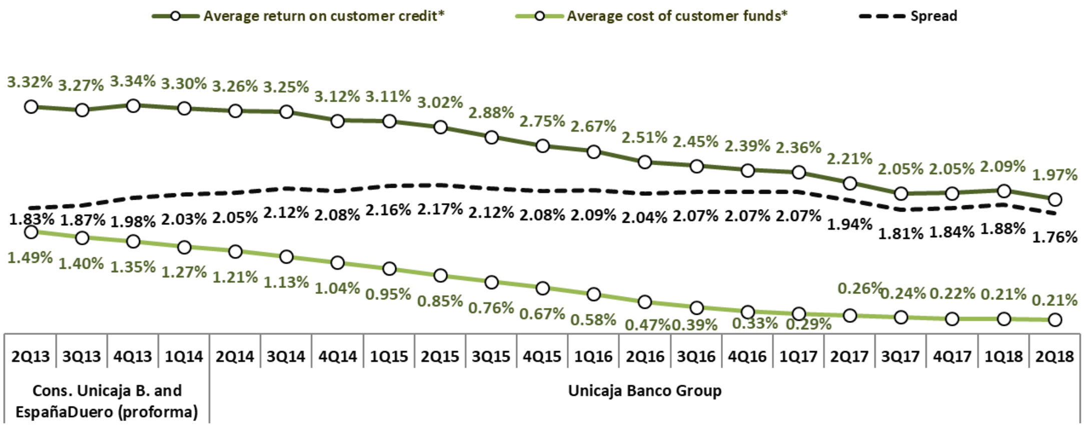
€ millions / %	Q2 2018			Q2 2017			YoY June 18-June 17			Breakdown YoY (18/17)		
	Ave. Bal.	FI/FC	%	Ave. Bal.	FI/FC	%	Ave. Bal.	FI/FC	%	Impact balance	Impact price	Net
F.I. intermediaries & reverse repos	5,174	-7	-0.27	4,107	-6	-0.29	1,067	-1	0.02	-2	1	0.1
F.I. fixed income portfolio	17,735	118	1.34	17,488	111	1.26	247	7	0.08	2	5	0.1
F.I. credit to performing customers	**26,089**	**263**	**2.03**	**26,413**	**273**	**2.05**	**-324**	**-11**	**-0.02**	**-3**	**-7**	**0.1**
F.I. other assets (including NPLs)	8,641	16	0.36	8,396	18	0.42	245	-2	-0.06	1	-3	-0.1
TOTAL ASSETS	57,639	389	1.36	56,404	396	1.39	1,235	-7	-0.03	9	-16	-0.3
F.C: Intermediaries & sight accounts	8,013	-10	-0.25	6,757	-9	-0.26	1,256	-1	0.01	-2	1	0.1
F.C. issues (incl. mortgage c.b.)	4,990	53	2.13	5,744	57	1.97	-754	-4	0.16	-7	4	-0.5
C.F. customer funds*	**37,125**	**38.7**	**0.21**	**36,863**	**43**	**0.23**	**263**	**-4**	**-0.02**	**0**	**-4**	**0.0**
Of which: sight deposits	25,847	7	0.05	24,658	7	0.06	1,189	0	-0.01	0	-1	0.0
Of which: term deposits	8,702	32	0.73	9,878	35	0.70	-1,176	-3	0.03	-4	1	-0.1
F.C: subordinated liabilities	0	0		151	10	13.59	-151	-10	-13.59	-10		
F.C: other liabilities	7,511	5	0.12	6,890	3	0.09	621	2	0.03	0	1	0.1
TOTAL LIABILITIES & EQUITY	57,639	86	0.30	56,404	104	0.37	1,235	-18	-0.07	2	-20	-0.4
INCOME FROM CUSTOMERS *			1.82			1.82			0.00			
NET INTEREST INCOME	57,639	303	1.06	56,404	292	1.03	1,235	11	0.03	6	4	0.1

F.I : Financial income
C.F.: Financial costs
P.S.: Private sector

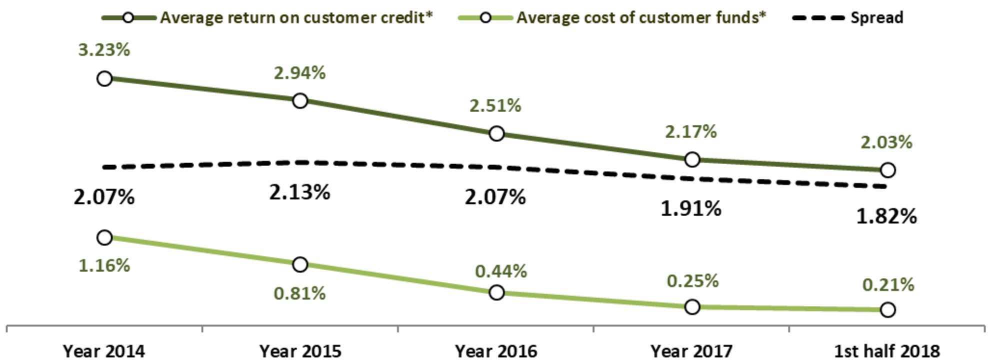
Quaterly performance of average customer business spread. Unicaja Banco Group.

	Cons. Unicaja B. and EspañaDuero (proforma)				Unicaja Banco Group																					
	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	Average 2014	Average 2015	Average 2016	Average 2017	Average 2018
Average return on customer credit*	3.32%	3.27%	3.34%	3.30%	3.26%	3.25%	3.12%	3.11%	3.02%	2.88%	2.75%	2.67%	2.51%	2.45%	2.39%	2.36%	2.21%	2.05%	2.05%	2.09%	1.97%	3.23%	2.94%	2.51%	2.17%	2.03%
Average cost of customer funds*	1.49%	1.40%	1.35%	1.27%	1.21%	1.13%	1.04%	0.95%	0.85%	0.76%	0.67%	0.58%	0.47%	0.39%	0.33%	0.29%	0.26%	0.24%	0.22%	0.21%	0.21%	1.16%	0.81%	0.44%	0.25%	0.21%
Spread	1.83%	1.87%	1.98%	2.03%	2.05%	2.12%	2.08%	2.16%	2.17%	2.12%	2.08%	2.09%	2.04%	2.07%	2.07%	2.07%	1.94%	1.81%	1.84%	1.88%	1.76%	2.07%	2.13%	2.07%	1.91%	1.82%

(*)Excluding Repo and reverse repurchase agreements



(*)Excluding Repo and reverse repurchase agreements



(*)Excluding Repo and reverse repurchase agreements

Net fee income has grown by 2.1% from the same period the year before, excluding the integration of the insurance companies. The growth in fee income for the period is mainly in selling non-banking securities and products (+6.2%).

Net trading income and exchange differences, which amounted to EUR 29 million, are 63% below the previous year in which performance was particularly good.

Results from other products and operating charges fell by 65% from the same period in the previous year. In 2017 this item posted income of EUR 25 million, corresponding to restructuring of the bancassurance agreement, with the rest of the difference corresponding to the loss of income as a result of selling certain Group companies in the first quarter of 2017.

The application of a strict policy of cost containment and rationalization, part of a plan to improve efficiency and achieve the synergies envisaged in the Business Plan, continues to bear fruit, with a 3% improvement of operating expenses (administrative expenses plus amortisation and depreciation) which means a fall of EUR 9 million as compared with the corresponding ones from a year earlier.

Finally, impairments and other net income is down 74.9% YoY. This drop is particularly sharp, partly because of loan impairments, which for the second consecutive quarter has brought in net fund recoveries, and partly because of the results from foreclosed assets.

Breakdown of impairments and other results
€ millions

	Jun-18	Jun-17	Change
Credit impairments	-14.1	45.5	-59.6
Impairments of foreclosed assets	-2.5	21.4	-23.9
Provisions & other results	57.4	85.7	-28.2
TOTAL IMPAIRMENTS AND OTHER RESULTS	**40.9**	**152.5**	**-111.7**

Business magnitudes

Total customer funds managed by the Group rose at the end of the second quarter of 2018 to EUR 57,268 million.

Customer funds. Unicaja Banco Group.
€ millions. Excludes value adjustments.

	30/06/2018	Compos.	31/12/2017	chg. year.	%chg. year.
Total funds on balance sheet	**44,320**	**77.2%**	**45,503**	**-1,183**	**-2.6%**
Customer deposits	**44,190**	**77.0%**	**45,373**	**-1,183**	**-2.6%**
Public sector	**2,414**	**4.2%**	**2,638**	**-224**	**-8.5%**
Private sector	**41,776**	**72.8%**	**42,736**	**-959**	**-2.2%**
Sight deposits	27,283	47.5%	25,356	1,927	7.6%
Term deposits	12,978	22.6%	14,222	-1,245	-8.8%
Repurchase agreements	1,515	2.6%	3,157	-1,641	-52.0%
Issues	**130**	**0.2%**	**130**	**0**	**0.0%**
Promissory notes	0	0.0%	0	0	0.0%
Mortgage securities	130	0.2%	130	0	0.0%
Other securities	0	0.0%	0	0	0.0%
Subordinated liabilities	0	0.0%	0	0	0.0%
Off-balance sheet funds	**13,063**	**22.8%**	**12,699**	**364**	**2.9%**
TOTAL CUSTOMER FUNDS	**57,383**	**100.0%**	**58,202**	**-819**	**-1.4%**
Of which:					
Retail customer funds	**51,393**	**89.6%**	**50,417**	**977**	**1.9%**
Of which: on balance sheet	*38,330*	*66.8%*	*37,718*	*612*	*1.6%*
Markets	**5,990**	**10.4%**	**7,785**	**-1,796**	**-23.1%**

The bulk of customer funds are customer deposits (EUR 44,190 million), of which EUR 27,283 million are private sector clients' sight deposits, EUR 12,978 million are term deposits (including EUR 4,635 million in non-negotiable mortgage covered bond issues) and EUR 1,515 million are repos. Customer Funds managed with off-balance sheet instruments already account for EUR 13,063 million, made up mostly of customer funds tied in with investment funds (EUR 6,202 million), pension funds (EUR 2,223 million) and savings insurance (EUR 3,582 million). The balance of issues included in the aggregate of customer funds is limited to EUR 130 million and consists only of mortgage securities exclusively in the hands of third parties.

As to the origin of the resources, 90% (87% at year-end 2017 and 86% at June 2017) relates to retail customers' business (EUR 51,393 million), while the remaining 10% (EUR 5,990 million) is represented by funds raised in wholesale markets through issuances and repos.

Both in the half-year and on a year-on-year basis, the weight of retail customer funds has gone up. The variation in customer funds reflects the strategic direction taken by the institution to improve its margins in attracting resources. Total retail customer funds rose 3.8% in the previous 12 months, while the total in the balance sheet is up by 2.7%, with an increase of 13.2% in public sector funds and 12% in at sight deposits.

Additionally, off balance sheet funds are up 7.1% against the same period a year earlier. The half-year evolution of retail customer funds posted an 1.9% hike, with a drop in term deposits and public sector funds. At sight balances recorded an 7.6% increase and off-balance sheet funds are up 2.9%, continuing with the trend established in 2017. This higher growth in off-balance sheet resources is the result of stronger customer demand due to the interest rates scenario and is in line with the entity's strategy of giving greater weight to these resources, within total resources managed, and showing a positive performance on a quarter-on-quarter basis since the start of 2017.

Loans and advances to customers (without valuation adjustments) amounted to EUR 30,614 million at the end of the first half of 2018. The largest weight in the loan portfolio corresponds to credit to the private sector, supported by collateral representing 57% of all credit.

Loans & advances to customers of Unicaja Banco Group
€ millions.

	30/06/2018	Compos.	31/12/2017	abs. v.	rel.v.
Public sector	**1,641**	**5%**	**1,524**	**117**	**7.7%**
Private sector	**28,973**	**95%**	**29,511**	**-539**	**-1.8%**
Retail credit	352	1%	336	16	4.7%
Debtors with collateral	17,553	57%	17,811	-258	-1.4%
Reverse purchase agreements	1,723	6%	2,221	-498	-22.4%
Other financial assets	182	1%	196	-14	-7.0%
Other term loans	5,572	18%	5,377	195	3.6%
Overdrafts and other	3,591	12%	3,570	20	0.6%
Total loans and advances to customer, excluding valuation adjustments	**30,614**	**100.0%**	**31,036**	**-422**	**-1.4%**
Impairment corrections and other valuation adjustments	-1,324		-1,398	74	-5.3%
Total loans and advances to customers	**29,290**		**29,638**	**-347**	**-1.2%**
Memorandum entry:					
Performing loans and advances - customers (no valuation adjustments)(*)	***26,369***		***25,908***	***461***	***1.8%***

(*) Not including doubtful loans, repurchase agreements through counterparties or with financial intermediaries, or other financial assets (mainly bonds to hedge market transactions)

Note that the weight of credit to the property development sector has fallen again in the year, now accounting for only 1.7% of the Group's total performing loans to the private sector.

Loans classified by credit risk(*)
€ millions

	30/06/2018	Compos.	31/12/2017	abs. v.	rel.v.
TOTAL LOANS AND ADVANCES TO CUSTOMERS	**30,614**		**31,036**	**-422**	**-1.4%**
1. Performing loans to public sector	**1,639**		**1,522**	**117**	**7.7%**
2. Performing loans to private sector	**24,729**	**81%**	**24,386**	**343**	**1.4%**
Corporates	**6,381**	**20.8%**	**6,144**	**237**	**3.9%**
Real Estate development and construction	511	1.7%	572	-61	-10.7%
All other companies	5,870	19.2%	5,572	298	5.4%
SMEs and self-employed	3,725	12.2%	3,518	208	5.9%
Large corporations	1,958	6.4%	1,864	94	5.0%
Civil engineering works	188	0.6%	191	-3	-1.5%
Individuals	**18,348**	**59.9%**	**18,242**	**106**	**0.6%**
Housing	15,598	51.0%	15,900	-301	-1.9%
Other	2,750	9.0%	2,343	407	17.4%
3. NPLs	**2,340**		**2,710**	**-370**	**-13.7%**
4. Reverse purchase agreements and other	**1,906**		**2,417**	**-512**	**-21.2%**

(*) Excludes valuation adjustments

Performing loans balance of the entity stands at EUR 28,274 million. Of this, EUR 1,639 million correspond to loans to public sectors, EUR 24,729 million to private sector credit and EUR 1,906 million to reverse repos and other unclassified balances, mainly collateral for financing transactions and derivatives. By portfolio type, the most important are retail loans with mortgage guarantees, representing 55.3% of total performing loans, and the SME and self-employed portfolio, accounting for another 13.2% with the latter growing in weight since the close of 2017.

Performing loan balances have grown, both in Public Administrations and in the private sector over the year, showing the strength of the Group's commercial activity, characterized by an increase in lending operations, which amount to EUR 1,804 million, a rise of 42% over the previous half year. In the public sector, lending has risen by 55% in the quarter, just ahead of the private sector, up by 41%.

The balance of performing loans to the public sector and private sector is up 7.7% and 1.4% respectively in the year to date. In the private sector, the SME and the self-employed segments have grown by 5.9%, while other corporates have expanded by 4.4%, an increase that has been driven by new originations, which shot up by 45%. New lending to individuals, which is up by 36% from the last half-year of 2017, has not yet offset the shrinking portfolio in this segment, if the effect in the second quarter of the temporary balances booked to the "consumer and others" section, is excluded, but the rate of the fall has slowed, from 0.9% in the previous quarter to 0.5% in the current one.

Credit quality

In line with the recovery and the positive performance it has been delivering since the end of 2014, the Group continues to show a solid ability to reduce NPAs which stood at EUR 2,340 million at the end of the first six-month period of 2018. This is less than half of the NPAs existing at the end of 2014 (51% less).

In the previous 12 months, it has fallen by 19.6% (EUR -570 million), representing a further improvement in the NPL ratio, which has edged to 7.6%. Over the quarter, this has dropped by EUR 230 million, compared to EUR 141 million in the previous quarter, with gross entries accounting for EUR 56 million, going down for the third quarter in a row from EUR 100 million per quarter. On the other hand, there is an improvement in recoveries, which, excluding write-off´s, means the Entity has recorded nine consecutive quarters of net outflows (if the effect of the Banks of Spain Circular 4/2016 in Q4 2016 is stripped out).

This drop in non-performing balances is occurring without damaging our high coverage ratios, which have been reinforced since IFRS 9 came into effect and amounted to 54.9% at the close of June 2018, the same as the previous quarter. Unicaja Group's adoption of IFRS9 has entailed, at 1st January 2018, increased credit provisioning which has enabled the Group to improve the coverage ratios. The Group continues to show a solid ability to reduce NPAs which stood at EUR 2,340 million at the end of the first six-month period of 2018. This is less than half of the NPAs existing at the end of 2014 (51% less).

Foreclosed assets

At the end of the first half-year of 2018, the net balance of foreclosed assets, net of provisions, amounted to EUR 641 million euros (Eur 1,772 million gross), representing only 1.1% of Unicaja Banco Group's total assets.

Foreclosed real estate assets. Unicaja Banco Group
June 2018. € millions

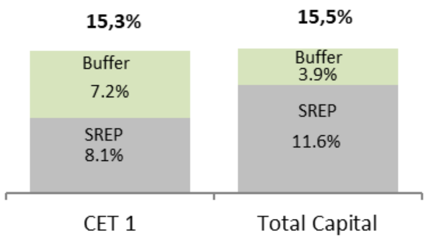
	Net book value	Value adjust.	Gross value	Coverage (%)
Real estate from construction & development	**253**	**706**	**959**	**73.6%**
Finished buildings	78	94	172	54.7%
Buildings under construction	51	78	129	60.3%
Land	124	534	658	81.1%
From retail mortgages	**271**	**265**	**536**	**49.4%**
Other foreclosed assets	**117**	**161**	**278**	**58.1%**
TOTAL FORECLOSED ASSETS	**641**	**1,132**	**1,772**	**63.8%**

Note: The amount of the coverage includes both the impairment losses due to foreclosures and the coverages prior to acquiring the assets, which covered the impairment of the credit instruments from which they came

Following Unicaja Banco Group's conservative policy, the provisioning for foreclosures was EUR 1,132 million at the end of the first half of 2018. This represents a coverage of 63.8%.

Solvency

Unicaja Banco Group has a common equity tier 1 ratio (CET1) of 15.3% and a total capital ratio of 15.5%. This represents an increase of 0.8 pp in CET1 and 0.5 pp total capital versus the 2017 year-end closing. On the other hand, restructuring agreements in the life insurance and pensions segments have involved certain corporate operations, which have finally materialised in the course of Q1 2018 and have had a negative impact on capital of 0.4 pp. In addition, the final application of IFRS 9 has had a positive 0.7 pp impact at 1st January 2018, made possible thanks to the transition period applicable with the entry into force of the regulation (without this period, the impact would have been 0.4 pp).



In fully loaded terms Unicaja Banco has a CET1 ratio of 13.5% and a total capital ratio of 13.7%. This represents 0.7 pp increase in the CET1 ratio and a 0.4 pp increase in the total capital ratio, compared to December 2017.

We should point out that the supervisory authorities have notified the institution of the SREP's requirements for 2018, setting the CET1 ratio at 8.125% and the total capital ratio at 11.625%. This means that at June end of 2018 the Group has a surplus of 722 basis points (EUR 1,724 million) over its CET1 requirements and of 372 basis points (EUR 936 million) over its total capital requirements, a tangible evidence of the institution's high capitalisation and low risk profile.

The Texas ratio comes in at 65.9% at the close of the first six months of 2018. The latter ratio measures the percentage represented by the sum of NPLs and foreclosed assets divided by the sum of: i) provisions for NPLs, ii) provisions for foreclosures, and iii) equity. The lower this ratio, the better the quality of the balance sheet and solvency. In the case of the Group, the ratio has gone down by 15.9 pp since 30 June 2017, and by 6.5 pp year-to-date, which again underlines the quality of its balance sheet and its liquidity.

Liquidity

Unicaja Banco Group had at 30 June 2018 a liquid and discountable assets position at the European Central Bank, net of assets used, of EUR 14,539 million, representing 25.2% of the total balance sheet. This large volume of liquid assets will enable the forthcoming wholesale funding maturities in the markets to be managed comfortably (EUR 464 million in 2018 and EUR 668 million in 2019).

Discountable liquid assets of the Unicaja Banco Group
€ millions

Liquid Assets	Jun'18
Cash surplus (1)	2,228
Discountable reverse repos	1,842
Fixed income portfolio and other discountable assets at ECB	16,657
Total liquid assets (at ECB discount value)	**20,727**
Used liquid assets	
Taken in the ECB	3,323
Reverse purchase agreement	2,865
Total used liquid assets	**6,188**
Discountable liquid assets available	**14,539**
Percent of total assets	**25.2%**

(1) Interbanking deposits + surplus in ECB account and operating accounts

Debt securities
€ millions

	Issues (*)
2018	454
2019	668
2020	325

(*) Includes multi-issuer covered bonds.

The Group's high liquidity levels are reflected in its LtD (loan to deposit ratio) which, at the end of the second quarter of 2018, stands at around 75%, lower than at the end of 2017, due to the growth of customer deposits more so than to credit balances.

LTD ratio performance Unicaja Banco Group (*)	Ratio %
Year-end 2013	109%
Year-end 2014	91%
Year-end 2015	82%
Year-end 2016	83%
Year-end 2017	76%
First half 2018	75%

(*) Loan to deposits (no valuation adjustments in either case). Balances of transactions in wholesale markets are excluded for both credits and deposits.

Branch network

Unicaja Banco Group operates exclusively in Spain and mainly in Andalusia and Castile-Leon, as well as in the autonomous communities of Madrid and Murcia, the provinces of Albacete, Alicante, Badajoz, Barcelona, Ciudad Real, Toledo and Valencia and in the autonomous cities of Ceuta and Melilla. 82% of Unicaja Banco Group's offices are in the Communities of Andalusia and Castile-Leon; of these, the provinces of Málaga (with 17%), Leon (8%), Almeria (7%), Valladolid (7%) and Salamanca (7%) have the greatest specific weighting in the Unicaja Banco Group. At 30th June 2018, Unicaja Banco Group had a network of 1,197 offices: 1,196 offices in Spain, in 38 provinces and in Ceuta and Melilla; and 1 correspondent office in the United Kingdom (offices "open to the public" according to the Bank of Spain's definition include "ventanillas desplazadas" (or small branches with reduced business hours and offices abroad).

Business network distribution					
Country	**Autonomous Region**	**Branches open to public at 30/06/2018**		**Branches open to public at 31/12/2017**	
		Number of branches	**Share (%)**	**Number of branches**	**Share (%)**
SPAIN	Andalucia	564	47.1%	584	47.6%
	Aragon	1	0.1%	1	0.1%
	Asturias	3	0.3%	3	0.2%
	Cantabria	1	0.1%	1	0.1%
	Castile-Leon	418	34.9%	419	34.1%
	Castile-La Mancha	56	4.7%	66	5.4%
	Catalonia	2	0.2%	2	0.2%
	Ceuta	1	0.1%	1	0.1%
	Community of Valencia	4	0.3%	4	0.3%
	Extremadura	52	4.3%	52	4.2%
	Galicia	6	0.5%	6	0.5%
	La Rioja	1	0.1%	1	0.1%
	Madrid	80	6.7%	80	6.5%
	Melilla	3	0.3%	3	0.2%
	Murcia	2	0.2%	2	0.2%
	Navarra	1	0.1%	1	0.1%
	Basque Country	1	0.1%	1	0.1%
Total number of branches Spain		**1,196**	**99.9%**	**1,227**	**99.9%**
Country	**City**	**Branches open to public at 30/06/2018**		**Branches open to public at 31/12/2017**	
		Number of branches	**Share (%)**	**Number of branches**	**Share (%)**
UK	London	1	100.0%	1	100.0%
Total num. of branches abroad		**1**	**0.1%**	**1**	**0.1%**
Total branches		**1,197**	**100%**	**1,228**	**100%**

At 31st March 2018, according to the Statement FI-132 on market share published by Bank of Spain, in the autonomous communities of Andalusia and Castile-Leon, the bank's market share of customer deposits was 13.1% and 22.4% respectively, and of customer loans 10.3% and 14.4% respectively. Unicaja Banco Group had 13.2% market share of the offices in Andalusia and 20.8% of those in Castile-Leon, according to the latest information available from the Bank of Spain on 31st March 2018.

Global Risk Control

The Group strives to maintain a permanently conservative and balanced risk profile, upholding the objectives of solvency, profitability and adequate liquidity. In applying credit policy and as a common element to any line of investment, it uses an underlying risk management model that comprehensively guarantees that our service is of sufficient quality.

The Risk Commission was created on 25th April 2014, with powers to advise the bank's Board of Directors on the entity's current and future global risk appetite and its strategy in this area, supporting senior management's implementation of this strategy and verifying whether the prices of assets and liabilities offered to clients are fully aligned with the entity's business model and risk strategy. The amendments made to Unicaja Banco's articles of association, approved by the General Shareholders' Meeting on 30th September 2014, introduced the Risk Committee at the highest level of the institution.

The Group continues to be involved in a continuous process to improve and update systems covering global credit or counterparty risk, market risk, operational risk, interest rate risk and liquidity risk.

Unicaja Banco Group designs and implements its own specific action plans and participates in sector-wide Global Risk Control projects, enabling it to improve the procedures, systems and methodologies necessary for the comprehensive and effective management of the range of risk types the Company takes on in the course of its activities.
In the area of Credit Risk, the Group has implemented scoring systems for certain products (retail consumer, mortgage and credit cards), which, up to certain threshold, allow retail segment transactions to be approved automatically or support the risk analyst's decision taking.

In the area of Market Risk, understood as the risk of changes in the value of the trading portfolio's positions as a result of adverse movements in market price levels or their volatility, Unicaja Banco Group is using measurement and control tools and conducts permanent, systematic monitoring and control of the transactions completed, due to their special complexity in both operational and accounting terms.

Unicaja Banco Group has integrated the management of operational risk, (understood as the risk of loss resulting from a lack of adequacy or a failure of processes, human error and faults in internal systems or external events) into its risk control policy. This risk policy has been shared and rolled out across the different areas of the organization.

Global interest rate risk occurs as a result of the time lag between the maturities and interest repricing applying to a number of asset and liability classes. It can be measured in terms of the impact that a particular change in market interest rates would have over the entity's brokerage margin in a given period. Structural interest rate risk is actively managed and continuously monitored by the Assets and Liabilities and Budget Committee (ALBCO).

Unicaja Banco Group evaluates and manages Liquidity Risk both from a short-term point of view (by controlling daily liquidity needs to meet deposit maturities and customers' demand for credit) and from a structural point of view, inasmuch as it assesses possible medium and long-term financing needs on the capital markets to sustain the expected growth rate of the activity.

Subsequent events

In the period between 30th June 2018 and the date these consolidated condensed interim financial statements were filed, no other event that significantly affects Unicaja Banco Group and which has not been detailed in the explanatory notes to these statements or in the consolidated interim management report has taken place.

Research and development (R&D)

During the six-month periods ending on 30th June 2018 and 2017, the Group's research and development work did not involve a significant sum.

Environmental impact

The Group's global operations are governed by environmental protection Laws ("environmental laws"). The parent considers that it substantially complies with such Laws and has procedures in place designed to ensure and promote compliance.

The parent entity considers that it has adopted the appropriate measures for the protection and improvement of the environment and the minimization, where applicable, of environmental impact, complying with the current regulations in this regard. During the six-month periods ending on 30th June 2018 and 2017, the Group has not made significant environmental investments nor deemed it necessary to record any provision for risks and charges of this nature, nor does it consider that there are significant contingencies relating to the protection and improvement of the environment.

In any event, since the Unicaja Banco Group is aware of the importance of safeguarding the environment, it endeavours to support those initiatives and lines of action that are designed to protect it.

This commitment is laid out in the institution's Environmental Policy, published on the corporate website, which is based on the following principles:

- Ensuring compliance with current environmental legislation, regulation and stipulations as they apply to us, as well as other requirements that are entered into voluntarily.
- Promoting continuous improvement in the area of the environment, adopting sustainable practices and contributing to improving the institution's social responsibility.
- Developing all our activities within a global framework aimed at protecting the environment, encouraging the principle of prevention and control of pollution, as well as an efficient use of natural resources and energy.
- Rapid and responsible action in mitigating incidents that may involve a risk to health, safety or the environment, promptly informing the authorities and affected parties.
- Promoting awareness of and involvement with the environment among all Group employees, integrating the environmental component in our daily activity and in our relationships with stakeholders, providing active support for the reuse and recycling of materials.

- Making environmental training available to employees that is commensurate with their level of responsibility, providing them with the skillset needed to implement and track sound environmental practices.
- Working with our customers, suppliers, other financial institutions, public administrations and with wider society to reduce environmental risk and promote sustainable development.
- Incorporating environmental criteria into decision-making about awarding service provision contracts.
- Rolling out programs that set annual goals and targets, entered into by the institution voluntarily, for continuous improvement in environmental performance, carrying out rigorous audits and self-assessments in compliance with our Environmental Policy and producing follow-up reports.
- Making the “Environmental Policy” available to all interested parties.

Unicaja Banco’s environmental policy is certified under the UNE-EN ISO14001:2004 standard, meaning that its appropriate management of the waste it generates is accredited. This certification also ensures that respecting certain environmental considerations is integrated, with particular emphasis on the consumption of natural resources (paper, cardboard, water, energy) and noise pollution.

The Institution has an Environmental Operating Committee in charge of management, coordination and supervision of this environmental policy.

Treasury shares

At 30th June 2018, the Group owned 7,572,246 treasury shares (the Group had none at 31st December 2017). The treasury stock acquired directly by Unicaja Banco comes to 4,500,000 shares, purchased to meet the swap needs in executing the merger by absorption of Banco de Caja España de Inversiones, Salamanca y Soria, S.A.

APPENDIX I
ALTERNATIVE PERFORMANCE MEASURES (APM)

The information contained in this Appendix is prepared in accordance with the International Financial Reporting Standards adapted by the European Union (EU-IFRS). In addition, Unicaja Banco Group considers that certain Alternative Performance Measures (APM), as defined in the Directive on Alternative Performance Measures issued by the European Securities Market Authority (ESMA) on 5th October 2015 (ESMA / 2015 / 1415en), provide additional information that may be useful for analysing the Group's financial performance.

The Group considers that the APMs included in this appendix comply with ESMA Guidelines. These APMs have not been audited and in no way are a substitute for the financial information prepared under IFRS. Likewise, the definition that the Group uses of these APMs may differ from other similar measures calculated by other companies and therefore may not be comparable.

Following the recommendations of the aforementioned Guidelines, the breakdown of the APMs used by Unicaja Banco Group is attached below (in EUR million):

ALTERNATIVE PERFORMANCE MEASURES (APM)		June'18	December'17
Cost of risk	Impairment / reversal of impairment in value of loans and receivables to customers	-14.1	48.6
	Average between start/end of period for loans and receivables from customers (excluding valuation adjustments)	30,825	31,884
	Ratio	**-0.09%**	**0.15%**
Cost to income ratio (Operating Expenses excl. amort. & depre. / gross margin)	Administrative expenses	292	590
	Gross Income	492	997
	Ratio	**59.4%**	**59.2%**
Customer spread	Yields on performing loans and advances to customers (excluding repos) over average quarterly balances of loans and advances to performing customers (without valuation adjustments and excluding repos and other financial assets)	2.03%	2.17%
	Cost in the year of customer deposits (excluding repos) over average quarterly balances for the year of customer deposits (without valuation adjustments and excluding repos)	0.21%	0.25%
	Difference between yield & cost	**1.82%**	**1.91%**
Foreclosed assets coverage	Impairment of Real Estate foreclosed assets	1,132	1,197
	Gross carrying amount of Real Estate foreclosed assets	1,772	1,872
	Ratio	**63.8%**	**64.0%**

ALTERNATIVE PERFORMANCE MEASURES (APM)		June'18	December'17
Net Interest Margin	Net interest income	303	583
	Total average assets (average of quarterly average balances)	57,637	56,413
	Ratio	**1.06%**	**1.03%**
NPL coverage ratio	Credit risk provisions	1,284	1,355
	Gross non-performing loans	2,340	2,710
	Ratio	**54.9%**	**50.0%**
NPL ratio	Gross non-performing loans	2,340	2,710
	Loans and advances to customers (excluding valuation adjustments)	30,614	31,038
	Ratio	**7.6%**	**8.7%**
ROA	Consolidated net income	104.1	138.4
	Total average assets (average of quarterly average balances)	57,637	56,413
	Ratio	**0.4%**	**0.2%**
ROE	Net income attributed to the parent company	104.1	138.4
	Average shareholders' equity (excluding adjustments from accumulated other comprehensive income) (average of quarterly average balances)	3,816	3,397
	Ratio	**5.5%**	**4.1%**
RoRWA (management)	Consolidated net income	104.1	138.4
	Risk Weighted Assets (RWAs)	23,878	24,239
	Ratio	**0.9%**	**0.6%**
RoTE	Net income to the parent Company	104.1	138.4
	Average shareholders' equity (excluding adjustments from accumulated other comprehensive income) less average intangible assets (average of quarterly average balances)	3,768	3,397
	Ratio	**5.5%**	**4.1%**
Performing loans and advances to customers (excluding valuation adjustments)	1. Loans and receivables. Credit and loans at variable interest rate	25,026	25,388
	2. Loans and receivables. Credit and loans at fixed interest rate	3,683	3,230
	3. Gross non-performing loans.	2,340	2,710
	Performance measure (1+2+3)	**26,369**	**25,908**

Customer funds	1. Financial liabilities carried at amortized cost Loans and advances to customers (excluding valuation adjustments)	44,190	45,373
	2. Issued debt securities	130	130
	3. Off-balance sheet exposure	13,063	12,699
	Performance measure (1+2+3)	**57,383**	**58,202**

ALTERNATIVE PERFORMANCE MEASURES (APM)		**June'18**	**December'17**
Retail Customer funds. (non-market).	1. Total customer funds	57,383	58,202
	2. Covered bonds under the heading "Term deposits"	4,635	5,092
	3. Customer Funds- Repos (excluding valuation adjustments)	1,515	3,157
	4. Deposits from customers. Other (excluding valuation adjustments)	41	59
	5. Issued Mortgage Securities (excluding valuation adjustments)	130	130
	6. Repos controlled by retail customers. *Performance measure*	332	654
	Performance measure (1-2-3-4-5+6)	**51,393**	**50,417**
Wholesale funds (Markets)	1. Covered bonds under the heading "Term deposits"	4,635	5,093
	2. Customer Funds- Repos (excluding valuation adjustments)	1,515	3,157
	3. Deposits from customers. Other (excluding valuation adjustments)	41	59
	4. Issues Mortgage Securities (excluding valuation adjustments)	130	130
	5. Repos controlled by retail customers. *Performance measure*	332	654
	Performance measure (1+2+3+4-5)	**5,990**	**7,785**
Loan to Deposits (LtD)	1. Loans and receivables Credit and loans at variable interest rate	25,026	25,388
	2. Loans and receivables Credit and loans at fixed interest rate	3,683	3,230
	(1+2) NUMERATOR. Loans and advances Customers -excluding valuation adjustments-	**28,709**	**28,618**
	1. Financial liabilities carried at amortized cost Deposits from customers (excluding valuation adjustments)	44,190	45,373
	2. Covered bonds under the heading "Term deposits"	4,635	5,092
	3. Customer Funds- Repos (excluding valuation adjustments)	1,515	3,157
	4. Deposits from customers. Other (excluding valuation adjustments)	41	59

	5. Repos controlled by retail customers. *Performance measure*	332	654
	(1-2-3-4+5) DENOMINATOR. Customer deposits (non-market) -excluding valuation adjustments-	**38,330**	**37,718**
	Ratio	**74.9%**	**75.8%**

ALTERNATIVE PERFORMANCE MEASURES (APM)		June'18	December'17
Gross liquid assets	1. Cash surplus (interbank deposits + balance surplus in ECB and operating accounts)	2,228	3,073
	2. Discountable reverse repos	1,842	2,222
	3. Fixed income portfolio and other discountable assets in ECB	16,657	15,534
	Performance measure (1+2+3)	**20,727**	**20,829**

Sum of:

- Surplus/deficit of deposits in Bank of Spain with respect to the minimum reserve ratio in effect on the date, surplus/ deficit in operating accounts open in credit institutions compared to the average during the previous 12 months

- Net position of interbank deposits with other credit institutions.

- Fixed-income portfolio that the Entity can discount in ECB, both in fixed assets and through repos, including the own portfolio issued for use as collateral in ECB and pledged loans, valued at discount value in ECB.

Net liquid assets	1. Gross liquid assets	20,727	20,829
	2. Taken in the ECB	3,323	3,340
	3. Repos	2,865	3,311
	Performance measure (1-2-3)	**14,539**	**14,177**

Any part of the gross assets already used or being used as collateral for financing, either with the ECB, for repos or other pledges, has been discounted.

Performing Loans	1. Loans and accounts receivables (gross amount) Note 35.2	30,614	31,037
	5. Gross non-performing loans	2,340	2,710
	Performance measure (1-2)	**28,274**	**28,326**

ALTERNATIVE PERFORMANCE MEASURES (APM)		June'18	June'17
Operating expenses	1. Administrative expenses	292.0	297.9
	2. Depreciation and amortization	18.5	22.1
	Performance measure (1+2)	**310.5**	**320.0**
Credit impairments	Impairment in / reversal of impairment in value of loans and receivables to customers	-14.1	45.5

Provisions	Provisioning or provisioning reversals	61.8	90.0

Pre-provision profit	1. Gross income	491.8	559.2
	2. Administrative expenses	292.0	297.9
	3. Depreciation and amortization	18.5	22.1
	Performance measure (1-2-3)	**181.2**	**239.3**

ALTERNATIVE PERFORMANCE MEASURES (APM)		June'18	June'17
Impairments and other results	1. Provisioning or reversal of provisions	61.8	90.0
	2. Impairment or reversal in the value of financial assets not measured at fair value through profit and loss	-13.6	32.1
	3. Impairment or reversal in the value of joint ventures or associates	0.0	27.6
	4. Impairment or reversal in the value of non-financial assets	-0.8	21.0
	5. Gain or loss on derecognition from the statements non-financial assets and stakes, netted out	4.0	7.9
	6. Recognised negative goodwill	0.0	0.0
	7. Gains or (-) losses arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations	2.4	-2.4
	Performance measure (1+2+3+4-5-6-7)	**40.9**	**165.1**

Net Fee Income	1. Fee and commission income	119.1	121.2
	2. Fee and commission expense	11.1	12.2
	Performance measure (1-2)	**108.0**	**109.0**

Trading income	1. Net gain or (-) losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss, netted out	28.5	75.8
	2. Net gain or (-) losses from financial assets and liabilities held for trading	-1.4	1.9
	3. Net gain or losses from non-trading financial assets mandatorily designated at fair value through profit or loss, netted out	1.0	-
	4. Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss, netted out	0.0	0.0
	5. Net gain (-) losses from hedge accounting, netted out	0.0	0.0
	6. Net exchange differences, gains or (-) losses, netted out	0.6	0.1
	Performance measure (1+2+3+4+5+6)	**28.8**	**77.8**

Other operating income / expenses	1. Other operating income	55.7	95.9
	2. Other operating expenses	48.8	47.5
	3. Income from assets under insurance or reinsurance contracts	31.0	0.0
	4. Expenses from liabilities under insurance or reinsurance contracts	21.2	0.0
	Performance measure (1-2+3-4)	**16.7**	**48.4**

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

FILING OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED INTERIM MANAGEMENT REPORT

At the meeting of the Board of Directors of Unicaja Banco, S.A. on 27th July 2018 in Malaga, and in compliance with current legal requirements, the Board resolved to file the Consolidated Condensed Interim Financial Statements for the six-month period ending on 30th June 2018. This document contains the consolidated condensed balance sheet at 30th June 2018, the consolidated condensed income statement, the consolidated condensed recognised income and expense statement, the statement of changes in shareholders' consolidated condensed net equity and the consolidated condensed statement of cash flows as well as a summary of the most significant accounting principles and other explanatory notes. Also included is the consolidated interim management report, for the six-month period ending on 30th June 2018. All of the above is shown on the front side of official governmental die-stamped paper, numbered consecutively from ON3014831 to ON3014991, all inclusive, Series ON, Class 8, costing 3 cents per sheet.

To the best of our knowledge, the consolidated condensed interim financial statements for the six-month period ending on 30 June 2018, prepared in accordance with the applicable accounting principles, give a true and fair view of the net assets, financial position and results of Unicaja Banco, SA and the subsidiaries that make up Unicaja Banco Group. Likewise, the consolidated interim management report for the six-month period ending on 30th June 2018 includes a fair analysis of the performance, results and position of Unicaja Banco, S.A. and the subsidiaries that make up Unicaja Banco Group.

For a thorough understanding of these condensed financial statements, the background events and the results impacting them, the consolidated annual accounts and the consolidated management report for the year ending on 31st December 2017 should be consulted.

In Malaga, 27th of july 2018

Manuel Atencia Robledo Executive Chair	Enrique Sánchez del Villar Boceta Chief Executive Officer
Juan Fraile Cantón Vice Chair	Victorio Valle Sánchez Vice Chair
Isabel Martín Castellá Coordinating member	Dª. Ana Bolado Valle Member

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

FILING OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED INTERIM MANAGEMENT REPORT

Manuel Conthe Gutiérrez Member	Eloy Domínguez-Adame Cobos Member
Petra Mateos-Aparicio Morales Member	Agustín Molina Morales Member
Manuel Muela Martín-Buitrago Member	Mª Antonia Otero Quintas Member
Teresa Sáez Ponte Secretary to the Board	