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

CONSOLIDATED INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDING 30TH JUNE 2019

Introduction

This Management Report presents the relevant facts and figures for the first half of 2019, so that Unicaja Banco Group's (hereinafter Unicaja Banco Group or the Group) situation and its business performance can be understood. The consolidated condensed interim financial statements for the first six months of 2019, 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 4/2017, 6th December, and subsequent amendments.

Unicaja Banco, S.A. (hereinafter Unicaja Banco, the parent company or the bank) was set up as a credit institution for an unlimited period on 1st December 2011. It originally operated indirectly through the financial bank of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén - Unicaja (currently Fundación Bancaria Unicaja), as a result of the entry into law of Act 26/2013, 27th December.

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 services and other related ancillary services, as well as carrying out insurance broking activities, either as an independent operator or 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.

At 30th June 2019, 49.68% of the Bank's share capital belonged to Fundación Bancaria Unicaja, the parent entity of both the bank and the Unicaja Group. Both the bank and its parent entity are based in Malaga, are subject to Spanish legislation and file their annual accounts in the Mercantile Registry of this city.

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 interim financial statements for fiscal year 2019.

Balance sheet & business turnover	€ million June ´19	December ´18	YTD € million	%
Total assets	55 922	57 504	(1,582)	-2.8%
Performing loans and advances to customers (excluding valuation adjustments)[1]	26 512	25 613	900	3.5%
Deposits from customers (excluding valuation adjustments)	42 576	42 861	(285)	-0.7%
Off balance sheet funds	12 923	12 586	337	2.7%
Total customer funds	55 559	55 507	52	0.1%
Of which: customers (non- market)[2]	*49 896*	*50 383*	(488)	-1.0%

(1) Excluding 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

Results	€ million June ´19	June ´18	YoY € million	%
Net interest income	292.8	302.9	(10.1)	-3.3%
Gross Margin	494.5	491.8	2.7	0.6%
Operating income *(before impairments)*	192.4	181.2	11.2	6.2%
Impairments and other results	46.2	40.9	5.4	13.2%
Pre-tax income	146.2	140.4	5.8	4.1%
Consolidated results for the period	115.9	104.1	11.8	11.4%
Net income attributed to the parent company	115.9	105.3	10.6	10.1%

Profitability and cost-to-income ratio	% June ´19	June ´18	YoY € million	%
ROE (net income for the year/average shareholders' equity)	6.0%	5.5%	n.a.	0.5pp
ROTE (net income for the year/ave. tangible comm shareholders' eq.)	6.1%	5.6%	n.a.	0.5pp
ROA (net income for the year/average total assets)	0.4%	0.4%	n.a.	0.0 pp
RORWA (Net income for the period/RWA)	1.0%	0.9%	n.a.	0.1 pp
Cost-to-income ratio (op. exp. excluding amort./gross margin)	56.7%	59.4%	n.a.	-2.6 pp

Solvency	€ m/% June ´19	December ´18	YTD € million	%
Equity	3 959	3 918	41	1.1%
Total Capital	3 510	3 580	(70)	-2.0%
Pro forma total capital*	3 570	3 580	(10)	-0.3%
Tier 1 eligible common capital (CET1)	3 462	3 533	(71)	-2.0%
Pro forma tier 1 eligible common capital (CET1)	3 523	3 533	(10)	-0.3%
Additional Tier 1 eligible capital	48	48	(0)	-
Tier 2 eligible capital	-	-	-	-
RWA	23 830	22 871	959	4.2%
Pro forma RWAs	23 853	22 871	981	4.3%
Total Capital Ratio	14.7%	15.7%	n.a.	-1.0 pp
Pro forma total capital*	15.0%	15.7%	n.a.	-0.7pp
CET1 ratio	14.5%	15.4%	n.a.	-0.9 pp
Pro forma CET1 ratio	14.8%	15.4%	n.a.	-0.6pp
Fully loaded CET1 Ratio	12.9%	13.5%	n.a.	-0.6pp
Pro forma fully loaded CET1 Ratio	13.2%	13.5%	n.a.	-0,3pp

(*) Pro forma data: Excluding the deduction of the authorised limit on unused treasury stock.

Risk Control	€ m/% June ´19	€ m/% December ´18	YTD € million	YTD %
Non-performing	1 731	1 926	(195)	-10.1%
NPL ratio	5.9%	6.7%	n.a.	-0,8pp
NPL coverage ratio	52.1%	53.0%	n.a.	-0.9 pp
Cost of credit risk	0.1%	0.0%	n.a.	0.1 pp
Foreclosed real estate available for sale (gross)	1 604	1 661	(58)	-3.5%
Foreclosed assets coverage ratio	61.5%	62.2%	n.a.	-0,8pp

Liquidity	€ m/% June ´19	€ m/% December ´18	YTD € million	YTD %
Gross liquid assets	18 851	21 919	(3.068)	-14.0%
Net liquid assets	11 937	13 939	(2.002)	-14.4%
Net liquid assets/Total assets	21.3%	24.2%	n.a.	-2.9 pp
LTD Ratio	76%	73%	n.a.	3.5 pp
Liquidity Coverage Ratio (LCR)	336%	468%	n.a.	-132.0 pp
Net Stable Financial Ratio (NSFR))	134%	139%	n.a.	-5.0 pp

Other information	Units June ´19	Units December ´18	YTD Number	YTD %
Branches in Spain	1 105	1 153	(48)	-4.2%
ATMs	1 451	1 462	(11)	-0.8%
Average number of employees	6 803	6 920	(117)	-1.7%

Credit rating		June ´19
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

The most recent reports by a cross-section of international bodies agree in noting that the global slowdown in economic activity, first noted in the second half of 2018, has continued. This has triggered an adjustment to the downside of growth expectations for this year. Specifically, the OECD's latest Economic Outlook report points to how commercial and political uncertainties have affected growth, which will remain more moderate as long as commercial tensions persist. The rate of growth in trade and investment has slowed, while business and consumer confidence has fallen. Nevertheless, monetary policy continues to be loose and fiscal policy has provided stimulus to some countries, China in particular. At the same time, the small boost to wages in the main economies is helping to support household incomes and consumption.

Global Gross Domestic Product (GDP) forecasts have been revised to the downside for this year and the next to 3.2% and 3.4%, respectively, 0.3 and 0.1 percentage points (pp) under the rates estimated in November 2018, below the growth rates of the last three decades and in the two-year 2017-2018 period. This correction has affected both advanced economies as a group (especially the eurozone), and also emerging economies, which may grow by 1.8% and 4.3% respectively in 2019. Growth previsions for world trade, meanwhile, have been shaved by 1.6 pp, down to 2.1%, the lowest rate since the outset of the crisis.

Furthermore, according to the OECD, risks to growth are tilted to the downside, particularly because of the persistence of trade tensions between the US and China and the likelihood of new trade barriers between the US and the EU. This comes on top of a greater slowdown than expected of the Chinese economy, political uncertainty (linked to a large degree to Brexit) and the rapid growth of private-sector debt in the major economies.

In the European Union, despite the slower growth expected for 2019, GDP is forecast to grow in all member states, and at a slightly faster rate in 2020, supported by domestic demand, better employment rates and the low cost of financing. For the eurozone, the European Commission estimates an average increase of 1.2% in GDP, 0.7 pp lower than in 2018 and than the forecast made last autumn, because of the slowdown in global trade and weakness in the industrial sector. Despite the improvement in job market conditions, the rate of employment growth is expected to slow, such that the unemployment rate in the eurozone could come in at around 7.7% in 2019 and 7.3% in 2020. These rates are lower than those before the financial crisis, although in certain countries (Greece, Spain and Italy) they will remain higher.

Public-sector deficit in the EMU is expected to increase from 0.5% of GDP in 2018 to 0.9% in 2019, mainly as a consequence of more sluggish GDP growth and the expansive fiscal policies being applied in some member states, and this deficit will remain unaltered in 2020, unless there are policy changes, which would also reduce public indebtedness ratios. The Commission forecasts that inflation will fall to 1.4% this year (the European Central Bank puts this at 1.3%), similar to the rate in May, when inflation stood at 1.2%, down from 1.7% in April, mainly as a result of falls in energy prices and other services. In view of current prices of oil futures, headline inflation is likely to shrink over the next few months, before edging back up again by the end of the year.

In order to provide the necessary monetary loosening needed to keep inflation under 2%, while close to it, in the long term, the European Central Bank (ECB) decided at its 6th June meeting to keep its official interest rates unchanged, and these may remain at current levels until the first half of 2020. Furthermore, it plans to continue ploughing back all the principal on the securities bought in its asset purchasing programme as these assets mature for a long period after the date on which interest rates begin to rise and in any event, as long as it takes to maintain favourable liquidity conditions and widespread monetary accommodation. Similarly, in the case of the new series of targeted longer term refinancing operations (TLTRO III), the ECB has provided details about the transaction conditions. It should be noted here that central banks have hardly relaxed their expansionary policies at all, and a cut in US rates cannot be ruled out at forthcoming Federal Reserve meetings; nor can a new stimulus package in the eurozone if the climate does not improve.

Turning to the Spanish economy, growth expectations for this year have not experienced the same degree of downward correction as those of other eurozone economies (Germany and Italy, among them). The European Commission has kept its growth forecast from last autumn practically unchanged (at 2.1%, or 0.1 pp lower than its November prevision). This estimate is similar to the Government estimate used in its Stability Programme Update for 2019-2022. Specifically, the government is forecasting slower growth in private consumption and investment than in 2018, but stronger performance in the external sector. This would enable it to continue correcting some of the Spanish economy's imbalances, such as public deficit, which is around 2% of GDP, while public debt is expected to end the year at 95.8% of GDP (it was 98.7% in the first quarter).

The Bank of Spain's most recent projections point to an extension of the current expansionary period in the short and medium term, with GDP estimated to grow by 2.4% this year, 0.2 percentage points higher than the March forecast, as a result of slightly higher than expected growth in the first half of the year. Less dynamic export markets and higher oil prices could be offset by slightly lower financing costs, consistent with expectations of lower interest rates. Specifically, oil prices are more volatile, and after a sharp rise towards the end of April (due to cuts by OPEC and its partners, the drop in Venezuelan production and sanctions against Iran) there has been a fall, which could be due to weak demand in a more unfavourable external context as result of renewed trade tensions; indeed, futures markets appear to be anticipating further falls in prices.

GDP is expected to continue its gradual slowdown over the horizon of these estimates, in a scenario in which the expansionary effects on growth of monetary policy measures will be progressively attenuated, and the expansive tone of fiscal policy will become neutral in the medium term. Likewise, we expect private consumption to slow, since households may increase their savings rate somewhat (currently at historic lows), in view of high global uncertainty. Nevertheless, GDP growth will continue to be underpinned by domestic demand, although its positive contribution to the progress of production will moderate, while the contribution of external demand could be fractionally positive this year (0.1 pp), whereas three months ago it looked to be making a negative contribution. Employment growth, meanwhile, will also moderate, although job creation will enable the unemployment rate to fall to 12% by the end of 2021.

Within Europe, the Spanish economy continues to be the most buoyant of the main eurozone countries, increasing its GDP by 0.7% in the first quarter of the year, above the EMU average (0.4%) and higher than the growth rates in some of the area's largest countries, such as Germany (0.4%), France (0.3%) and Italia (0.1%). Looking at year-on-year figures, the increase in production was 2.4%, or 0.1 pp higher than the fourth quarter of 2018, and double the growth recorded for the eurozone as a whole, a margin of difference that is expected to hold over the next few quarters, although for 2020 and 2021 this growth gap will narrow somewhat compared to 2019.

Highlights of the period

Unicaja Banco Group posted net profit for 2019 of EUR 116 million, 11.4% higher than that recorded during the same period the previous year.

Unicaja Banco improves its key banking activity indicators:

- Net income grows 11.4% with respect to the first half 2018.
- Gross income is up against the same period last year (0.6%).
- Pre-provision profits (before impairments) rose by 6.2% compared to the same semester the previous year, boosted by the improvement in fees, which gained 5.2% year-on-year, and in operating expenses, which fell by 2.7% year-on-year.
- Impairments have remained low, with a cost-of-credit risk at around 11 bps.

Commercial activity continued to improve, both in terms of loans and customer funds:

- Performing loans to clients has grown over the last 12 months by 0.5% and by 3.5% in the current year. Excluding transactions with advances, growth so far this year is 2%.
- New loan production increased by 30% in the SMEs and individuals segment compared to 2018.
- Off-balance sheet customer funds have increased this year by 2.7%, while sight balances to the private sector have risen by 2.2%.

Risk indicators remain positive, having exceeded in the first half of 2019, the targets set for 2020 for non-productive assets when the bank was listed on the stock exchange:

- Non-performing assets (NPAs) fell by 18.9% year on year (EUR 778 million); of these, NPLs dropped by 26.0% and foreclosed assets by 9.5%.
- NPL ratio dropped by 1.8 pp in the last twelve months, with the coverage ratio remaining comfortable, both for doubtful loans and foreclosed assets.

Financial strength and high liquidity levels:

- The Group has a comfortable liquidity position, with a LTD ratio of 76.4% and net liquid assets accounting for 21.3% of the balance sheet.
- The regulatory CET1 stands at 14.8% and fully loaded at 13.2% and has a surplus of EUR 1,442 million above SREP requirements for 2019.

(*) Pro forma data: Excluding the deduction of the authorised limit on unused treasury stock

Profitability and impairments

The Group reported a net profit of EUR 116 million for the first half of 2019, which is an 11.4% improvement over the same period a year earlier. This net profit comes in the first instance from core revenues (net interest income and fees) of EUR 406 million, which amounts to 1.45% of total average assets, with net fees up by 5.2% compared to the same period a year earlier.

Income Statements. Unicaja Banco Group
€ millions

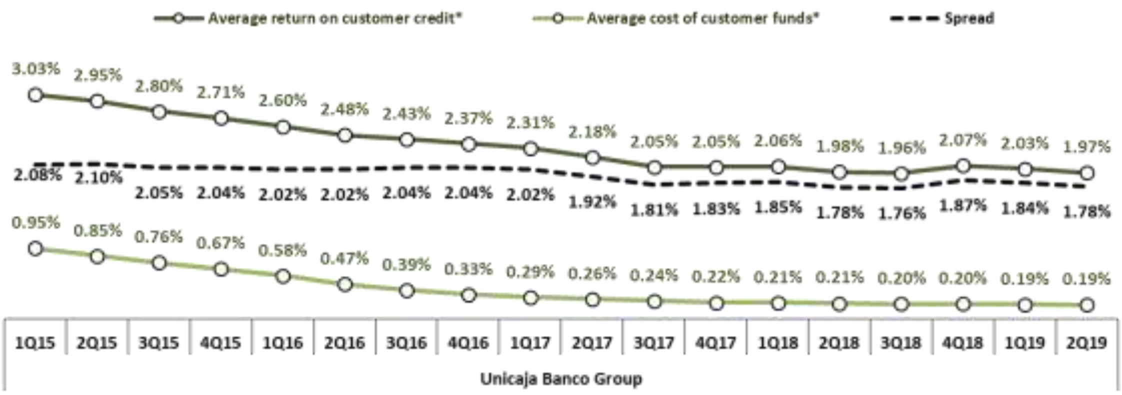
	jun-19	jun-18	Abs. Val.	% change
Net interest income	**292.8**	**302.9**	**-10.1**	**-3.3%**
Fees	113.6	108.0	5.6	5.2%
Dividends and other income from shareholdings	40.3	35.4	5.0	14.0%
Trading income	25.9	28.8	-2.9	-10.0%
Other operating income/expenses	21.9	16.7	5.2	31.0%
Gross income	**494.5**	**491.8**	**2.7**	**0.6%**
Operating expenses	302.1	310.5	-8.4	-2.7%
Pre-provision profit	**192.4**	**181.2**	**11.2**	**6.2%**
Provisions, impairments and other results	46.2	40.9	5.4	13.2%
Pre-tax income	**146.2**	**140.4**	5.8	**4.1%**
Corporate income tax	30.3	36.3	-6.0	-16.6%
Consolidated results for the period	**115.9**	**104.1**	**11.8**	**11.4%**
Results attributed to the parent company	***115.9***	***105.3***	**10.6**	***10.1%***

Customer spread has remained stable from the same quarter of the preceding year.

YIELDS & COSTS

Million euros / %	June '19			June '18			YoY June '19-June '18			Breakdown YoY(June '19/June '18)		
	Average balances	FI/FE	Yield/ cost (%)	Average balances	FI/FE	Yield/ cost (%)	Average balances	FI/FE	Yield/ cost (%)	Impact balance	Impact price	Net
F.I. intermediaries & reverse repos	4,539	-6	-0.28	5,174	-7	-0.27	-635	1	-0.01	1	0	0.0
F.I. fixed income portfolio	17,375 [1]	108	1.26	17,735 [1]	118	1.34	-360	-10	-0.09	-2	-8	0.2
F.I. Net loans	**26,876**	**266**	**2.00**	**27,277**	**273**	**2.02**	**-401**	**-7**	**-0.02**	**-4**	**-3**	**0.0**
F.I. other assets	7,770	1	0.04	7,452	3	0.09	317	-2	-0.05	0	-2	-0.1
TOTAL ASSETS	**56,560**	**370**	**1.32**	**57,639**	**388**	**1.36**	**-1,079**	**-18**	**-0.04**	**-7**	**-11**	**0.2**
F.E: intermediaries & sight accounts	6,943	-10	-0.28	8,013	-10	-0.25	-1,070	0	-0.04	1	-1	0.2
F.E. issues (incl. mortgage c.b.)	4,259	49	2.30	4,990	53	2.13	-732	-4	0.17	-8	4	-0.6
F.E. customer deposits*	**37,477**	**35.0**	**0.19**	**37,125**	**38.7**	**0.21**	**352**	**-4**	**-0.02**	**0**	**-4**	**0.0**
Sight deposits	27,827	4	0.03	25,847	7	0.05	1,979	-2	-0.02	0	-2	-0.2
Term deposits	7,042	30	0.86	8,702	32	0.73	-1,661	-2	0.13	-6	6	-1.1
F.E: other liabilities	7,881	3	0.08	7,511	3	0.09	370	0	-0.01	0	0	0.0
TOTAL LIABILITIES & EQUITY	**56,560**	**77**	**0.27**	**57,639**	**85**	**0.30**	**-1,079**	**-8**	**-0.02**	**-2**	**-7**	**0.1**
CUSTOMER SPREAD*			**1.81**			**1.81**			**0.00**	**0**	**0**	**0.0**
NET INTEREST INCOME	**56,560**	**293**	**1.04**	**57,639**	**303**	**1.06**	**-1,079**	**-10**	**-0.02**	**-6**	**-5**	**0.1**

F.I : Financial income
F.E. Financial expense
(*) F.I. Net lending less F.C. of customer deposits
(1) It does not include Fixed Income Portfolio from Unión del Duero Vida.



(*)Excluding Repo and reverse repurchase agreements

Growth in fees and commissions compared to the same period last year has focused on collections and payments (+13.1%) and, to a lesser degree, on contingent risks and other fees. Fee income has enjoyed a notable increase of 4.7% during the quarter and of 5.7% compared to the same quarter of the preceding year.

Trading income, with revenues of EUR 25.9 million, was 10% lower than the previous year and was accounted for, mainly, by sales of fixed income.

Other operating income and expenses stand at EUR 21.9 million, or 31% higher than the figure for the first semester of 2018. Results from the variable income and associated portfolios have also improved from the same period last year, both in terms of dividends and in equity method results.

Another significant feature of the statement for this period is the change in transformation expenses (administrative expenses plus amortizations and depreciations), which have fallen by 2.7% from the previous period. The application of a strict policy of cost containment and rationalization, and the attainment of the synergies envisaged in the Business Plan, have resulted in a decrease in administrative expenses amortisation & depreciation of EUR 8 million.

Lastly, impairments and other results come to EUR 46.2 million, of which EUR 15.7 million are accounted for by loan impairments, inasmuch as foreclosed asset write-downs have been practically non-existent this semester. Compared to the same six month period of the previous year, if we exclude sales of write-offs from this period booked as income from loan impairments worth EUR 17.8 million, impairments and other results taken together have remained low, and actually lower than the 2018. All this demonstrates the Group's capacity to reduce its exposure to NPAs and foreclosed assets, without having a negative impact on the income statement and, as we have pointed out in earlier paragraphs, without affecting its high coverage ratios.

Breakdown of impairments and other results
€ millions

	Jun-19	Jun-18	Change
Credit impairments	-15.7	14.1	-29.8
Impairments of foreclosed assets	-0.5	2.5	-3.0
Provisions & other results	-30.1	-57.4	27.3
TOTAL IMPAIRMENTS AND OTHER RESULTS	**-46.2**	**-40.9**	**-5.4**

Business magnitudes

Total customer funds managed by the Group at the end of the first half of 2019 came to EUR 55,559 million.

Customer funds. Unicaja Banco Group.
€ millions. Excludes value adjustments.

	30/06/2019	Compos.	31/12/2018	chg. year.	%chg. year.
Total funds on balance sheet	**42,636**	**76.7%**	**42,921**	**-285**	**-0.7%**
Customer deposits	**42,576**	**76.6%**	**42,861**	**-285**	**-0.7%**
Public sector	**2,593**	**4.7%**	**2,568**	**24**	**0.9%**
Private sector	**39,983**	**72.0%**	**40,293**	**-310**	**-0.8%**
Sight deposits	27,920	50.3%	27,312	609	2.2%
Term deposits	10,337	18.6%	11,713	-1,376	-11.7%
Repurchase agreements	1,726	3.1%	1,268	458	36.1%
Issues	**60**	**0.1%**	**60**	**0**	**0.0%**
Promissory notes	0	0.0%	0	0	-
Mortgage securities	60	0.1%	60	0	0.0%
Other securities	0	0.0%	0	0	-
Subordinated liabilities	0	0.0%	0	0	-
Off-balance sheet funds	**12,923**	**23.3%**	**12,586**	**337**	**2.7%**
TOTAL CUSTOMER FUNDS	**55,559**	**100.0%**	**55,507**	**52**	**0.1%**
Of which:					
Retail customer funds	**49,896**	**89.8%**	**50,383**	**-488**	**-1.0%**
Of which: on balance sheet	*36,973*	*66.5%*	*37,798*	*-825*	*-2.2%*
Markets	**5,663**	**10.2%**	**5,124**	**539**	**10.5%**

The bulk of managed funds are customer deposits (EUR 42,576 million), of which EUR 27,920 million are private sector clients' sight deposits, EUR 10,337 million are term deposits (including EUR 4,049 million in non-negotiable mortgage covered bond issues) and EUR 1,726 million are repos. Off-balance sheet funds managed with various instruments and insurance reached EUR 12,923 million, made up mostly of customer funds raised through investment funds (EUR 5,504 million), pension funds (EUR 2,353 million) and savings insurance (EUR 4,241 million).

As to the origin of the funds, 90% (91% at year-end 2018) relates to retail customers' banking business (EUR 49,896 million), while the remaining 10% (EUR 5,663 million) is represented by funds raised in wholesale markets through issuances or repos. The balance of issues is limited to EUR 60 million and consists of mortgage securities exclusively in the hands of third parties booked under the markets section.

In the last 12 months, the weight of retail customer funds managed has slid a little, mainly because of a replacement by corporate banking customers of certain short-term positions in favour of market funds, making the most of the comfortable liquidity position to reduce the cost of funds.

Total retail customer funds managed have fallen by 2.2%, with clear differentiations in performance. On the one hand, there has been an improvement in lower-cost funds or those generating greater profitability, such as sight balances and off-balance sheet funds, which have expanded by 2.2% and 2.7%, respectively, so far this year; on the other, there have been falls in term deposits that, as indicated, are mainly held for corporate banking customers.

Loans and advances to customers (without valuation adjustments) came to EUR 29,446 million at the end of June 2019. The largest weight in the loan portfolio corresponds to credit to the private sector, supported by collateral representing 58% of all credit.

Loans & advances to customers of Unicaja Banco Group
€ millions.

	30/06/2019	Compos.	31/12/2018	abs. v.	rel.v.
Public sector	**1,571**	**5%**	**1,366**	**204**	**15.0%**
Private sector	**27,875**	**95%**	**27,337**	**538**	**2.0%**
Retail credit	389	1%	356	33	9.3%
Debtors with collateral	17,072	58%	17,206	-134	-0.8%
Reverse purchase agreements	1,133	4%	1,041	92	8.8%
Other financial assets	70	0%	123	-53	-43.0%
Other term loans	6,060	21%	5,666	394	7.0%
Overdrafts and other	3,151	11%	2,945	206	7.0%
Total loans and advances to customer, excluding valuation adjustments	**29,446**	**100.0%**	**28,703**	**742**	**2.6%**
Impairment corrections and other valuation adjustments	-880		-1,052	172	-16.4%
Total loans and advances to customers	**28,565**		**27,651**	**915**	**3.3%**
Memorandum entry:					
Performing loans and advances - customers (no valuation adjustments)(*)	***26,512***		***25,613***	***898***	***3.5%***

(*) Not including doubtful loans, repurchase agreements through counterparties or with financial intermediaries, or other financial assets (mainly bonds to hedge market transactions)

Loans classified by credit risk(*)
€ millions

	30/06/2019	Compos.	31/12/2018	v.abs.	v.rel.
TOTAL LOANS AND ADVANCES TO CUSTOMERS	**29,446**	**100%**	**28,703**	**744**	**2.6%**
1. Performing loans to public sector	**1,557**	**5%**	**1,353**	**204**	**15.1%**
2. Performing loans to private sector	**24,956**	**85%**	**24,260**	**695**	**2.9%**
Corporates	**7,038**	**23.9%**	**6,557**	**481**	**7.3%**
Real Estate development and construction	549	1.9%	496	53	10.6%
All other companies	6,489	22.0%	6,061	428	7.1%
SMEs and self-employed	3,821	13.0%	3,626	195	5.4%
Large corporations	2,551	8.7%	2,307	243	10.6%
Civil engineering works	117	0.4%	128	-11	-8.2%
Individuals	**17,917**	**60.8%**	**17,703**	**214**	**1.2%**
Housing	15,003	51.0%	15,299	-296	-1.9%
Other	2,914	9.9%	2,404	510	21.2%
3. NPLs	**1,731**	**5.9%**	**1,926**	**-195**	**-10.1%**
4. Reverse purchase agreements and other	**1,203**	**4.1%**	**1,164**	**39**	**3.3%**

(*) Excludes valuation adjustments

Performing loans balance of the Entity stands at EUR 27,715 million. Of this, EUR 1,557 million correspond to loans to public sector, EUR 24,956 million to private sector loans and EUR 1,203 million to reverse repos and other unclassified balances, the latter being mainly collateral for financing transactions in markets and derivatives. By portfolio type, the most important are retail loans with mortgage guarantees, representing 54.1% of total performing loans, and the SME and self-employed portfolio, accounting for another 13.8% with latter growing in weight since the close of 2018.

Performing balances show a positive evolution, thanks to the Group's strong commercial effectiveness, characterised by significant volumes of new lending, which stand at EUR 2,352 million at the close of the first half 2019, representing increases of 12% in SMEs, 9% in mortgages to individuals and 46% in consumer loans and others, compared to the same period in the previous financial year. In the public sector, new loans amounted to EUR 387 million and in corporates to EUR 568 million.

Over the year, the balance of performing loans to the public sector has grown by 15.1%, while in the private sector it has increased by 2.9%. If we strip out from the latter growth the effect of advances, the increase in performing loans is 1.3%. This positive variation over several quarters is a demonstration of the entity's commercial vibrancy.

Finally, in the last 12 months performing loans to corporates have grown by 10.3%, against loans to individual customers, which have shrunk. This change in the balances of individuals is essentially due to the fall in loans with mortgage guarantees, although each quarter the fall is less steep, and is partly offset by the positive performance of consumption and other items, which has grown by 6.0%.

Credit quality

The Group continues with its effective strategy of reducing its non-performing assets, with the balance of the latter standing at EUR 1,731 million at the end of June 2019, representing a drop of 64% over existing non-performing balances at the end of 2014.

In the previous 12 months, it has fallen by 26% (EUR 609 million), representing a further improvement in the NPL ratio, which has edged to 5.9%. Over the quarter, this has dropped by EUR 102 million, with gross entries accounting for EUR 36 million, and so falling by EUR 100 million for the seventh consecutive quarter. On the other hand, there is considerable improvement in recoveries, which, excluding write-offs, means the Entity has recorded thirteen 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 amounted to 52.1% at the end of June 2019. A comfortable hedging level, given the high collateral ratios, the positive trend of net outflows and of non-performing balances in general, as reflected in the modest cost of risk.

Foreclosures assets

At year to June 2019, the net balance of foreclosed assets, net of provisions, amounted to EUR 618 million euros (Eur 1,604 million gross), representing only 1% of Unicaja Banco Group's total assets.
54.3% of the foreclosed assets, at net book value, are finished new housing.

Foreclosed real estate assets. Unicaja Banco Group
June 2019. € millions

	Net book value	Value adjust.	Gross value	Coverage (%)
Real estate from construction & development	**250**	**572**	**822**	**69.6%**
Finished buildings	63	79	142	55.7%
Buildings under construction	38	51	89	57.2%
Land	149	442	592	74.8%
From retail mortgages	**273**	**253**	**526**	**48.2%**
Other foreclosed assets	**95**	**160**	**255**	**62.9%**
TOTAL FORECLOSED ASSETS	**618**	**986**	**1,604**	**61.5%**

Note: The amount of the hedge includes both value corrections from impairments linked to foreclosures and the hedges 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 foreclosed assets was EUR 986 million at the end of June 2019. This represents a coverage of 61.5%.

Solvency

Unicaja Banco Group has a common equity tier 1 ratio (CET1) of 14.5% and a total capital ratio of 14.7%. In fully loaded terms Unicaja Banco has a CET1 ratio of 12.9% and a total capital ratio of 13.1%. If we exclude from this ratio the deduction of the authorised limit on unused treasury stock to 30th June, the ratios would stand at 13.2% and 13.4%. respectively.

The levels required by the ECB (including progressive application of systemic and conservation buffers) for 2019, sets the CET1 ratio at 8.75% and the total capital ratio at 12.25%. This means that the Group has, excluding the limit on unused treasury stock mentioned above at June 2019, a surplus of 602 basis points (EUR 1,436 million) over its CET1 requirements and of 272 basis points (EUR 646 million) over its total capital requirements.

The Texas ratio comes in at 58.1% at the close of June 2019. The lower this ratio, the better the quality of the balance sheet and liquidity. In the case of the Group, the ratio has gone down by 3.1 pp in the year.

Liquidity

Unicaja Banco Group had at 30 June 2019 a liquid and discountable assets position at the European Central Bank, net of assets used, of EUR 11,937 million, representing 21.3% of the balance sheet total. This large volume of liquid assets will enable the forthcoming wholesale funding maturities in the markets to be managed comfortably (EUR 468 million in 2019 and EUR 325 million in 2020).

Discountable liquid assets of the Unicaja Banco Group
€ millions

Liquid Assets	June '19
Cash surplus (1)	979
Discountable reverse repos	1,431
Fixed income portfolio and other discountable assets at ECB	16,440
Total liquid assets (at ECB discount value)	**18,851**
Used liquid assets	
Taken in the ECB	3,310
Reverse purchase agreement	3,604
Total used liquid assets	**6,913**
Discountable liquid assets available	**11,937**
Percent of total assets	**21.3%**

(1) Interbanking deposits + surplus in ECB account and operating accounts

Debt securities maturities
€ millions

	Debt securities (*)
2019	468
2020	325
2021	690

(*) Includes multi issuer covered bonds

The Group's high liquidity levels are reflected in its LTD ratio which, at the end of June 2019, stands at 76.4%. This ratio, which continues to reflect a very comfortable liquidity situation, has risen, as a result of actively managing short-term financing between markets and corporates in order to minimize the already low cost of financing.

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%
Year-end 2018	73%
June 2019	76%

(*) Loan to deposits (no valuation adjustments in either case). Balances of transactions in wholesale markets are excluded for both credits and deposits.

(*) Loan to deposits (no valuation adjustments in either case). Excludes transactions balances in wholesale markets for both loans and deposits.

Branch network

Unicaja Banco Group operates exclusively in Spain and mainly in the autonomous communities of Andalusia, Castilla y León and Madrid, Castilla La Mancha and Extremadura. 83% of Unicaja Banco Group's offices are in the Communities of Andalusia and Castilla y León; of these, the provinces of Málaga (with 16%), León (8%), Valladolid (8%), Salamanca (7%) and Almería (7%), have the greatest specific weighting in the Unicaja Banco Group. At 30th June 2019, Unicaja Banco Group had a network of 1,106 offices: 1,105 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 30/06/2019		Branches open to public at 31/12/2018	
		Number of branches	Share (%)	Number of branches	Share (%)
SPAIN	Andalucia	519	46.9%	544	49.2%
	Aragon	1	0.1%	1	0.1%
	Asturias	3	0.3%	3	0.3%
	Cantabria	1	0.1%	1	0.1%
	Castile-Leon	395	35.7%	415	37.5%
	Castile-La Mancha	51	4.6%	53	4.8%
	Catalonia	1	0.1%	1	0.1%
	Ceuta	1	0.1%	1	0.1%
	Community of Valencia	2	0.2%	2	0.2%
	Extremadura	51	4.6%	52	4.7%
	Galicia	6	0.5%	6	0.5%
	La Rioja	1	0.1%	1	0.1%
	Madrid	67	6.1%	67	6.1%
	Melilla	3	0.3%	3	0.3%
	Murcia	1	0.1%	1	0.1%
	Navarra	1	0.1%	1	0.1%
	Basque Country	1	0.1%	1	0.1%
Total number of Branches in Spain		**1,105**	**99.9%**	**1,153**	**104.2%**
Country	City	Branches open to public at 30/06/2019		Branches open to public at 31/12/2018	
		Number of branches	Share (%)	Number of branches	Share (%)
UK	London	1	100.0%	1	100.0%
Total number of Branches abroad		**1**	**0.1%**	**1**	**0.1%**
Total Branches		**1,106**	**100%**	**1,154**	**100%**

At 31st September 2019, according to the Statement FI-132 on market share published by Bank of Spain, in the autonomous communities of Andalusia and Castilla-Leon, the bank's market share of customer deposits was 13.1% and 21.6% respectively, and of customer loans 10.0% and 13.6% respectively. Unicaja Banco Group has 12.5% of the offices in Andalusia and 21.2% of those in Castilla y León, according to the latest information available from the Bank of Spain on 31st March 2019.

Risk management

The Group strives to maintain a permanently prudent and balanced risk profile, keeping to its solvency, profitability and capital adequacy targets. 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, monitoring 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 modifications made to Unicaja Banco's articles of association, approved by the General Shareholders' Meeting on 30th September 2014, incorporated 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 variations 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 changes of the interest rates applying to a number of asset and liability classes. It can be measured in terms of the impact that a particular variation 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

As we reported on 26th July 2019 under the category of relevant event posted on the National Securities Market Commission (CNMV)'s website, after a competitive process the Unicaja Banco Group has carried out the sale of NPL and real estate asset portfolios as part of its Asset Management Plan.

The non-performing portfolios consist of 5,400 mortgage loans, with a gross cost of EUR 389 million, while the real estate assets contain 4,100 units, with a gross cost of EUR 560 million.

A framework contract has been signed for the sale of the real estate portfolios and an agreement reached for Gestión de Inmuebles Adquiridos S.L.U. (GIA), a company in the Unicaja Banco Group specialising in this type of work, to handle the sale of these units.

These transactions will be completed over the course of the next few months (before the end of 2019), resulting in a drop in the non-performing assets of EUR 830 million and the generation of approximately EUR 17 million before tax in capital gains, as well as a rise in the CET ratio of 50 basis points. The NPL rate will fall to 4.7%.

In the period between 30th June 2019 and the date of filing the 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.

We should note that on 13th June 2019 the Group formalised the sale of its stake in Autopista del Sol, Concesionaria Española, S.A., subject to the relevant authorisations, for EUR 137.6 million. When it materialises, it will bring in a profit of EUR 111.9 million net of tax onto the income statement. On the date of presenting the consolidated abridged interim financial statements, the transaction had not yet been authorized by the competent authorities.

Research and development (R&D)

During the six-month periods ending on 30th June 2019 and 2018, 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 company considers that it substantially complies with such Laws and has procedures in place designed to ensure and promote compliance.

The parent considers that it has adopted the appropriate measures for the protection and improvement of the environment and the minimisation, where applicable, of environmental impact, complying with the current regulations in this regard. During the six-month periods ending on 30th June 2019 and 2018, 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, the Unicaja Banco Group is fully aware of the importance of protecting the environment and is reinforcing the programmes and actions in place that are designed for this end.

This commitment is described in the institution's Environmental Policy statement on the corporate website, which is underpinned by the following principles:

- To uphold compliance with the law, regulations and all provisions in force affecting the environment that apply to us, as well as other requirements that have been voluntarily taken on.
- To promote continuous improvement in all environmental issues, adopting sustainable practices and contributing to raising the bar on the institution's social responsibility.
- To conduct all our affairs within an overall framework of environmental conservation, encouraging the principle of pollution prevention and mitigation, as well as the efficient use of natural and energy resources.
- Prompt and responsible response to correct incidents that might represent a risk to health, safety or the environment, reporting swiftly to the authorities and the affected parties.
- To support environmental engagement and awareness among all Group employees, building the environmental approach into our daily routines and into our relationships with stakeholders, promoting the reuse and recycling of materials.
- To provide environmental training to employees according to their level of responsibility, providing them with the necessary skills to implement and monitor good environmental practices.
- To work with our customers, suppliers, other financial institutions, public administrations and wider society on everything concerning the reduction of environmental risks and promoting sustainable development.
- To integrate environmental criteria into decision-taking on service provision agreement tenders.
- To set up programmes with specific annual goals and targets that are voluntarily endorsed by the institution for the continuous improvement of its environmental performance, conducting audits and rigorous self-assessment of the level of compliance achieved with our Environmental Policy, and also producing monitoring reports.
- To make the Environmental Policy freely available to all stakeholders.

Unicaja Banco's environmental policy is validated by the UNE-EN ISO14001:2004 certification standard, attesting to its appropriate management of waste generated, as well as its systematic tracking of environmental issues relating to, among others, consumption of natural resources (paper, cardboard, water, energy) and noise pollution.

The institution has an Environmental Operating Committee that is in charge of managing, coordinating and supervising this environmental policy.

Treasury shares

At 30th June 2019 the Group had 2,410,234 treasury shares (2,146,738 31st December 2018). This movement is described in Note 12.3 of the consolidated condensed interim financial statements at 30th June 2019.

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:

ALTERNATIVE PERFORMANCE MEASURES (APM)		June '19	December '18
Cost of risk	Impairment or (-) reversal of impairment in value of loans and receivables to customers	15.7	(4.0)
	Average between start/end of period for loans and receivables from customers (excluding valuation adjustments)	29 074	29 870
	Ratio (*annualized to June '19*)	**0.11%**	**(0.01%)**
Cost to income ratio (Operating Expenses excl. amort. & depre. / gross margin)	Administrative expenses	281	292
	Gross Margin	494	492
	Ratio (*annualized*)	**56.7%**	**59.4%**
Customer spread	Yields in the year on loans and advances to customers (excluding reverse repos) over net average yearly balances of loans and advances to customers (excluding repos and other financial assets)	1.97%	1.98%
	Cost in the year of customer deposits (excluding reverse repos) over average yearly balances of customer deposits (excluding repos)	0.19%	0.21%
	Difference between yield & cost	**1.78%**	**1.87%**
Foreclosed assets coverage	Impairment of foreclosed Real Estate assets	986	1 034
	Gross carrying amount of foreclosed Real Estate assets	1 604	1 661
	Ratio	**61.5%**	**62.2%**

ALTERNATIVE PERFORMANCE MEASURES (APM)		June '19	December '18
NPL coverage ratio	Loans and receivables portfolio. Total adjustments for impairment of assets (Note 35.2).	902	1 020
	Loans and receivables portfolio. Gross amount Stage 3 (Note 35.2)	1 731	1 926
	Ratio	**52.1%**	**53.0%**
NPL ratio	Loans and receivables portfolio. Gross amount Stage 3 (Note 35.2)	1 731	1 926
	Loans and receivables portfolio. Total gross amount (Note 35.2)	29 446	28 703
	Ratio	**5.9%**	**6.7%**
ROA	Profit for the year (consolidated)	115.9	104.1
	Total average assets (average of quarterly average balances)	56 562	57 637
	Ratio (*annualized*)	**0.4%**	**0.4%**
ROE	Profit for the year (consolidated)	115.9	104.1
	Average Own Funds (average of quarterly average balances)	3 915	3 816
	Ratio (*annualized*)	**6.0%**	**5.5%**
RoRWA (management)	Profit for the year (consolidated)	115.9	104.1
	Risk weighted assets (RWA)	23 836	23 878
	Ratio (*annualized*)	**1.0%**	**0.9%**
RoTE	Profit for the year (consolidated)	115.9	104.1
	Average Own Funds less average intangible assets (average of quarterly average balances)	3 853	3 768
	Ratio (*annualized*)	**6.1%**	**5.6%**
Performing loans and advances to customers (excluding reverse respos, other financial assets and valuation adjustments)	1. Loans and receivables. Credit and loans at variable interest rate (Note 8.5.1)	23 728	23 861
	2. Loans and receivables. Credit and loans at fixed interest rate (Note 8.5.1)	4 514	3 669
	3. Other assets designated at fair value. Credit at variable interest rate	-	9
	4. Loans and receivables portfolio. Gross amount Stage 3 (Note 35.2)	1 731	1 926
	Performance measure (1+2+3-4)	**26 512**	**25 613**
Total customer funds	1. Financial liabilities measured at amortized cost. Deposits from customers (excluding valuation adjustments) (Note 8.6.3)	42 576	42 861
	2. Issued debt securities (excluding valuation adjustments) (Note 8.6.4)	60	60
	3. Funds managed through off-balance sheet instruments	12 923	12 586
	Performance measure (1+2+3)	**55 559**	**55 507**

ALTERNATIVE PERFORMANCE MEASURES (APM)		June ’19	December ’18
Retail Customer funds (non-market)	1. Total customer funds	55 559	55 507
	2. Covered bonds under the heading “Term deposits” Transactional value. *Management measure*	4 049	4 249
	3. Deposits from customers. Repurchase agreements (excluding valuation adjustments)	1 726	1 268
	4. Issued debt securities (excluding valuation adjustments)	60	60
	5. Repos controlled by retail customers *Management measure*	172	454
	Performance measure (1-2-3-4+5)	**49 896**	**50 383**
Wholesale funds (Markets)	1. Covered bonds under the heading “Term deposits” Transactional value. *Management measure*	4 049	4 249
	2. Deposits from customers. Repurchase agreements (excluding valuation adjustments) (Note 8.6.3)	1 726	1 268
	3. Issued debt securities (excluding valuation adjustments) (Note 8.6.4)	60	60
	4. Repos controlled by retail customers *Management measure*	172	454
	Performance measure (1+2+3-4)	**5 663**	**5 124**
Loan to Deposits (LtD)	1. Loans and receivables. Credit and loans at variable interest rate (Note 8.5.1)	23 728	23 861
	2. Loans and receivables. Credit and loans at fixed interest rate (Note 8.5.1)	4 514	3 669
	3. Other assets designated at fair value. Credit at variable interest rate	-	9
	(1+2+3) NUMERATOR. Loans and advances. Customers -excluding valuation adjustments	**28 243**	**27 539**
	1. Financial liabilities measured at amortized cost. Deposits from customers (excluding valuation adjustments) (Note 8.6.3)	42 576	42 861
	2. Covered bonds under the heading “Term deposits” Transactional value. *Management measure*	4 049	4 249
	3. Deposits from customers. Repurchase agreements (excluding valuation adjustments) (Note 8.6.3)	1 726	1 268
	4. Repos controlled by retail customers *Management measure*	172	454
	(1-2-3+4) DENOMINATOR. Customer deposits (non-market) -excluding valuation adjustments	**36 973**	**37 798**
	Ratio	**76.4%**	**72.9%**
Gross liquid assets	1. Cash surplus (interbank deposits + balance surplus in ECB and operating accounts)	979	3 712
	2. Reverse repos	1 431	2 293
	3. Fixed income portfolio and other discountable assets in ECB	16 440	15 914
	Performance measure (1+2+3)	**18 851**	**21 919**

Sum of:
- Surplus/deficit of deposits in Bank of Spain with respect to the minimum reserve ratio in effect on the date and 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 reverse repos, including the own portfolio issued for use as collateral in ECB and pledged loans, valued at discount value in ECB.

ALTERNATIVE PERFORMANCE MEASURES (APM)		June ’19	December ’18
Net liquid assets	1. Gross liquid assets	18 851	21 919
	2. Taken in the ECB	3 310	3 316
	3. Repos and other pledges	3 604	4 664
	Performance measure (1-2-3)	**11 937**	**13 939**
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 receivables portfolio. Gross amount (Note 27) (Note 35.2)	29 446	28 703
	2. Loans and receivables portfolio. Gross amount Stage 3 (Note 27) (Note 35.2)	1 731	1 926
	Performance measure (1-2)	**27 715**	**26 777**
Operating expenses	1. Administrative expenses	280.5	292.0
	2. Depreciation and amortization	21.6	18.5
	Performance measure (1+2)	**302.1**	**310.5**
Credit and loans impairment	Impairment or (-) reversal of impairment in value of loans and receivables to customers	15.7	-4.0
Provisions	Provisioning or (-) provisioning reversals	42.6	61.8
Pre-provision profit (before impairments)	1. Gross Margin	494.5	491.8
	2. Administrative expenses	280.5	292.0
	3. Depreciation and amortization	21.6	18.5
	Performance measure (1-2-3)	**192.4**	**181.2**
Provisions, impairments and other results	1. Provisioning or (-) provisioning reversals	42.6	61.8
	2. Impairment or (-) reversal in the value of financial assets not measured at fair value through profit and loss	18.5	-13.6
	3. Impairment or (-) reversal in the value of joint ventures or associates	0.0	0.0
	4. Impairment or (-) reversal in the value of non-financial assets	11.1	-0.8
	5. Net gain or (-) loss on derecognition from the statements non-financial assets and stakes	22.8	4.0
	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	3.2	2.4
	Performance measure (1+2+3+4-5-6-7)	**46.2**	**40.9**
Net Fees	1. Fee and commission income	125.9	119.1
	2. Fee and commission expense	12.3	11.1
	Performance measure (1-2)	**113.6**	**108.0**

ALTERNATIVE PERFORMANCE MEASURES (APM)		June ’19	December ’18
Net trading income + exchange differences	1. Net gain or (-) losses on derecognition from the statements of financial assets and liabilities (not measured at fair value) through profit or loss	23.5	28.5
	2. Net gain or (-) losses from financial assets and liabilities held for trading	(0.2)	(1.4)
	3. Net gain or (-) losses from non-trading financial assets mandatorily designated at fair value through profit or loss	3.5	1.0
	4. Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss	-	-
	5. Net gain (-) losses from hedge accounting	(1.1)	-
	6. Net exchange differences, gains or (-) losses	0.2	0.6
	Performance measure (1+2+3+4+5+6)	**25.9**	**28.8**

Other products / operating charges	1. Other operating income	61.2	55.7
	2. Other operating expenses	52.1	48.8
	3. Income from assets under insurance or reinsurance contracts	36.3	31.0
	4. Expenses from liabilities under insurance or reinsurance contracts	23.5	21.2
	Performance measure (1-2+3-4)	**21.9**	**16.7**