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 2019

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

CONSOLIDATED CONDENSED BALANCE SHEETS TO 30TH JUNE 2019 & TO 31ST DECEMBER 2018
(€ ´000)

ASSETS	**Note**	**30/06/19**	**31/12/18 (*)**
CASH, CASH BALANCES IN CENTRAL BANKS AND OTHER DEMAND DEPOSITS	10.1	2 040 362	4 279 598
FINANCIAL ASSETS HELD FOR TRADING	8.2	34 216	44 349
Memorandum item: lent or provided as collateral (sell or pledge)		-	-
NON-TRADING FINANCIAL ASSETS MANDATORILY DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS	8.3.1	85 140	85 371
Memorandum item: lent or provided as collateral (sell or pledge)		-	-
FINANCIAL ASSETS DESIGNATEDAT AT FAIR VALUE THROUGH PROFIT OR LOSS	8.3.2	-	2 050
Memorandum item: lent or provided as collateral (sell or pledge)		-	-
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	8.4	2 859 622	3 425 138
Memorandum item: lent or provided as collateral (sell or pledge)		*56 523*	*402 876*
FINANCIAL ASSETS CARRIED AT AMORTIZED COST	8.5	45 286 112	44 113 307
Memorandum item: lent or provided as collateral (sell or pledge)		*8 113 362*	*9 354 348*
DERIVATIVES - HEDGE ACCOUNTING	9	519 474	411 394
CHANGE IN FAIR VALUE OF SECURITIES HELD IN A PORTOFOLIO HEDGED AGAINTS INTEREST RATE RISK		-	-
INVESTMENTS IN JOINT VENTURES AND ASSOCIATE COMPANIES	6	346 716	359 128
Joint ventures		33 850	38 301
Associates		312 866	320 827
ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS	10.5	1 844	2 585
TANGIBLE ASSETS	10.3	1 222 419	1 188 447
Fixed tangible assets		882 973	848 638
For own use		882 973	848 638
Let under an operating lease agreement		-	-
Investment property		339 446	339 809
Of which: let under operating lease		*223 675*	*215 668*
Memorandum item: acquired under a lease		*44 918*	-
INTANGIBLE ASSETS	10.4	61 112	62 505
Goodwill		53 756	56 840
Other intangible assets		7 356	5 665
TAX ASSETS	29.4	2 623 542	2 653 442
Current tax asset		44 847	84 735
Deferred tax asset		2 578 695	2 568 707
OTHERS ASSETS	10.7	450 606	502 735
Insurance contracts linked to pensions		119 476	118 615
Inventory		255 972	283 380
All other assets		75 158	100 740
NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	10.2	390 339	374 130
TOTAL ASSETS		**55 921 504**	**57 504 179**

(*) Presented solely for comparison purposes (note 1.8).
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 2019.

LIABILITIES	Note	30/06/19	31/12/18 (*)
FINANCIAL LIABILITIES HELD FOR TRADING	8.2.2	27 131	17 978
FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Memorandum item: subordinated liabilities		-	-
FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	8.6	49 573 632	51 375 861
Memorandum item: subordinated liabilities		-	-
DERIVATIVES - HEDGE ACCOUNTING	9	413 230	143 299
CHANGE IN FAIR VALUE OF SECURITIES HELD IN A PORTOFOLIO HEDGED AGAINST INTEREST RATE RISK		-	-
LIABILITES UNDER INSURANCE AND REINSURANCE CONTRACTS	10.6	629 406	642 350
PROVISIONS	11.2.1	832 587	885 380
Pensions and related post-employment defined benefits		146 836	146 468
Other long term employee benefits		116 284	127 070
Provisions for taxes and other legal contingencies		-	-
Commitments and guarantees given		131 495	129 301
All other provisions		437 972	482 541
TAX LIABILITIES	29.4	274 411	232 010
Current tax liabilities		37 909	21 128
Deferred tax liabilities		236 502	210 882
OTHER LIABILITIES	10.8	212 181	289 645
LIABILITIES IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE		-	-
TOTAL LIABILITIES		**51 962 578**	**53 586 523**

(*) Presented solely for comparison purposes (note 1.8).
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 2019.

EQUITY	Note	30/06/19	31/12/18 (*)
SHAREHOLDERS' EQUITY		**3 933 336**	**3 921 020**
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	47 752	47 897
Equity component of compound financial instruments		47 752	47 897
Other equity instruments issued		-	-
OTHER EQUITY ITEMS		-	-
RETAINED EARNINGS	14	973 579	969 426
REVALUATION RESERVES		-	-
OTHER RESERVES	14	(21 202)	(66 431)
(–) TREASURY SHARES	12	(2 410)	(2 147)
NET INCOME/(LOSS) ATTRIBUTABLE TO THE PARENT COMPANY	3	115 892	152 550
(–) INTERIM DIVIDENDS		-	-
ACCUMULATED OTHER COMPREHENSIVE INCOME		**25 171**	**(3 784)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		22 687	7 105
Actuarial gain (loss) in benefit pension scheme		1 644	1 644
Non-current assets and disposal groups classified as held for sale		-	-
Share of other recognised income revenues and expense of investments in joint ventures & associates		6 052	8 523
Change in fair value of equity instruments measured at fair value through other comprehensive income		14 991	(3 062)
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		-	-
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		2 484	(10 889)
Hedging of net investments abroad (effective portion)		-	-
Foreign currency translation		(87)	(54)
Hedging derivatives. Reserve of cash flow hedges (effective portion)		(35 500)	7 018
Change in fair value of debt instruments measured at fair value through other comprehensive income		23 075	(20 157)
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		14 996	2 304
NON-CONTROLLING INTEREST (FROM MINORITY STAKES)	**13**	**419**	**420**
ACCUMULATED OTHER COMPREHENSIVE INCOME		-	-
OTHER ITEMS		419	420
TOTAL EQUITY		**3 958 926**	**3 917 656**
TOTAL LIABILITIES AND EQUITY		**55 921 504**	**57 504 179**
MEMORANDUM ITEM: OFF-BALANCE SHEET EXPOSURE			
LOAN COMMITMENTS GIVEN	11.2.2.2	2 928 796	2 579 238
FINANCIAL GUARANTEES GIVEN	11.2.2.1	65 518	64 537
OTHER COMMITMENTS GIVEN		2 444 891	2 021 991

(*) Presented solely for comparison purposes (note 1.8).
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 2019.

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

CONSOLIDATED CONDENSED INCOME STATEMENT
FOR THE SIX-MONTH PERIODS
ENDING ON 30TH JUNE 2019 AND 2018:
(€ ´000)

	Note	(Debit) Credit 30/06/19	(Debit) Credit 30/06/18 (*)
INTEREST INCOME AND OTHER INCOME	16	388 497	405 738
Financial assets designated at fair value through other comprehensive income		46 604	92 852
Financial assets carried at amortized cost		324 736	302 971
Other		17 157	9 915
INTEREST EXPENSES	17	(95 688)	(102 788)
REDEEMABLE EQUITY EXPENSES		-	-
NET INTEREST INCOME		**292 809**	**302 950**
DIVIDEND INCOME	18	19 636	14 729
INCOME/LOSS FROM ENTITIES CARRIED AT EQUITY METHOD	19	20 703	20 646
FEE AND COMMISSION INCOME	20	125 915	119 112
(FEE AND COMMISSION EXPENSE)	21	(12 314)	(11 119)
NET GAIN (LOSS) ON DERECOGNITION FROM THE STATEMENTS OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	22	23 454	28 452
NET GAIN (LOSS) FROM FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING	22	(214)	1 636
NET GAINS (LOSS) FROM NON-TRADING FINANCIAL ASSETS MANDATORILY DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	22	3 527	1 035
NET GAIN (LOSS) FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	22	-	(2 998)
NET GAINS (LOSSES) FROM HEDGE ACCOUNTING		(1 052)	-
NET GAINS (LOSSES) FROM EXCHANGE DIFFERENCES		160	626
OTHER OPERATING INCOME	23	61 208	55 655
(OTHER OPERATING EXPENSES)	24	(52 125)	(48 804)
INCOME FROM ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS	23	36 268	31 000
(EXPENSES FROM LIABILITIES UNDER INSURANCE OR REINSURANCE CONTRACTS)	24	(23 483)	(21 156)
GROSS MARGIN		**494 492**	**491 764**
(ADMINISTRATIVE EXPENSES)	25	(280 535)	(291 986)
(Staff expenses)	25.1	(193 106)	(194 816)
(Other administrative expenses)	25.2	(87 429)	(97 170)
(DEPRECIATION AND AMORTIZATION)		(21 557)	(18 550)
(PROVISIONS OR REVERSALS OF PROVISIONS)	11.2.1	(42 561)	(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)	8.1.2	(18 531)	13 642
NET OPERATING INCOME		**131 308**	**133 078**
(IMPAIRMENT OR REVERSAL IN THE VALUE OF JOINT VENTURES OR ASSOCIATES)	26	-	-
(IMPAIRMENT OR REVERSAL IN THE VALUE OF NON-FINANCIAL ASSETS)	26	(11 136)	812
(Tangible assets)		(662)	4 347
(Intangible assets)		(3 812)	(3 995)
(Other)		(6 662)	460
NET GAIN (LOSS) ON DERECOGNITION FROM THE STATEMENTS OF NON-FINANCIAL ASSETS	27	22 789	4 032
NEGATIVE GOODWILL RECOGNISED IN P&L		-	-
GAINS (LOSSES) ARISING FROM NON-CURRENT ASSETS AND DISPOSAL GROUPS OF ITEMS CLASSIFIED AS HELD FOR SALE THAT CANNOT BE CLASSIFIED AS DISCONTINUED OPERATIONS	28	3 196	2 442
PRE-TAX INCOME (LOSS) FROM CONTINUING OPERATIONS		**146 157**	**140 364**
(TAX EXPENSE OR INCOME ON EARNINGS FROM CONTINUED OPERATIONS)	29.3	(30 267)	(36 310)
PROFIT (LOSS) AFTER TAX FROM CONTINUED OPERATIONS		**115 890**	**104 054**
PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	30	-	-
PROFIT/(LOSS) FOR THE YEAR		**115 890**	**104 054**
Attributable to minority interests (non-controlling interest)	13	(2)	(1 222)
Attributable to owners of the parent company		115 892	105 276
EARNINGS PER SHARE	3		
Basic earnings per share (€)		0.072	0.065
Diluted earnings per share (€)		0.070	0.064

(*) Presented solely for comparison purposes (note 1.8).
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 2019.

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

CONSOLIDATED CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE SIX-MONTH PERIODS
ENDING ON 30TH JUNE 2019 AND 2018:
(€ ´000)

	Period 30/06/19	**Period 30/06/18 (*)**
PROFIT/LOSS FOR THE YEAR	**115 890**	**104 054**
OTHER COMPREHENSIVE INCOME	**28 955**	**(66 869)**
Items not subject to reclassification to income statement	**15 582**	**6 756**
Actuarial gain (loss) in benefit pension scheme	-	(29)
Non-current assets and disposal groups held for sale	-	-
Share of other recognised income revenues and expense of investments in joint ventures & associates	(3 530)	9 445
Change in fair value of equity instruments measured at fair value through other comprehensive income	25 790	234
Net gains (losses) from hedge accounting 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	-	-
Income tax on earnings from items not subject to reclassification	(6 678)	(2 894)
Items subject to reclassification to income statement	**13 373**	**(73 625)**
Hedging of net investments abroad (effective portion)	-	-
Gain (loss) in value recognised in equity	-	-
Transferred to results	-	-
Other reclassifications	-	-
Foreign currency translation	(47)	(112)
Gain (loss) in currency exchange recognised in equity	*(47)*	*(1 006)*
Transferred to results	-	*894*
Other reclassifications	-	-
Cash flow hedges (effective portion)	(60 740)	(18 917)
Gain (loss) in value recognised in equity	*(68 876)*	*(13 358)*
Transferred to results	*8 136*	*(5 559)*
Transferred at the initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedging instruments (non-designated items)	-	-
Gain (loss) in currency exchange recognised in equity	-	-
Transferred to results	-	-
Other reclassifications	-	-
Debt instruments designated at fair value through other comprehensive income	61 760	(70 886)
Gain (loss) in value recognised in equity	*83 567*	*(82 820)*
Transferred to results	*(21 807)*	*11 934*
Other reclassifications	-	-
Non-current assets and disposal groups held for sale	-	-
Gain (loss) in value recognised in equity	-	-
Transferred to results	-	-
Other reclassifications	-	-
Share of other recognised income revenues and expense of investments in joint ventures & associates	18 131	(15 264)
Income tax on items to be reclassified to income statement	(5 731)	31 554
Total comprehensive income/loss for the year	**144 845**	**37 185**
Attributable to minority interests (non-controlling interest)	*(2)*	*(1 222)*
Attributable to owners of the parent company	*144 847*	*38 407*

(*) Presented solely for comparison purposes (note 1.8).
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 2019.

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS TO 30TH JUNE 2019 & 2018

(€ ´000)

	Capital	Share premium	Equity instruments issued other than capital	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 31.12.2018 (*)	**1 610 302**	**1 209 423**	**47 897**	**-**	**969 426**	**-**	**(66 431)**	**(2 147)**	**152 550**	**-**	**(3 784)**	**-**	**420**	**3 917 656**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 01/01/2019	**1 610 302**	**1 209 423**	**47 897**	**-**	**969 426**	**-**	**(66 431)**	**(2 147)**	**152 550**	**-**	**(3 784)**	**-**	**420**	**3 917 656**
Total comprehensive income/loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**115 892**	**-**	**28 955**	**-**	**(2)**	**144 845**
Other changes to equity	**-**	**-**	**(145)**	**-**	**4 153**	**-**	**45 229**	**(263)**	**(152 550)**	**-**	**-**	**-**	**1**	**(103 575)**
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration) (Note 4)	-	-	-	-	(67 867)	-	-	-	-	-	-	-	-	(67 867)
Purchase of treasury shares	-	-	-	-	-	-	-	(957)	-	-	-	-	-	(957)
Sale or redemption of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity entries	-	-	-	-	107 322	-	45 229	-	(152 550)	-	-	-	(1)	-
Changes in equity due to business combinations	-	-	-	-	-	-	-	694	-	-	-	-	-	694
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	(145)	-	(35 302)	-	-	-	-	-	-	-	2	(35 445)
Balance at 30/06/2019	**1 610 302**	**1 209 423**	**47 752**	**-**	**973 579**	**-**	**(21 202)**	**(2 410)**	**115 892**	**-**	**25 171**	**-**	**419**	**3 958 926**

(*) Presented solely for comparison purposes (note 1.8).

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 2019.

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS TO 30TH JUNE 2019 & 2018

(€ ´000)

	Capital	Share premium	Equity instruments issued other than capital	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments for first-time IFRS 9 application	-	-	-	-	-	-	(99 594)	-	-	-	146 033	2 892	(2 765)	46 566
Opening balance at 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**
Total comprehensive income/loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105 276**	**-**	**(66 869)**	**(1 222)**	**-**	**37 185**
Other changes to equity	**-**	**-**	**(779)**	**-**	**168 456**	**-**	**(42 247)**	**(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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration) (Note 4)	-	-	-	-	(34 605)	-	-	-	-	-	-	-	-	(34 605)
Purchase of treasury shares	-	-	-	-	-	-	-	(7 572)	-	-	-	-	-	(7 572)
Sale or redemption of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity entries	-	-	-	-	189 670	-	(42 247)	-	(142 375)	-	-	58	(5 106)	-
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**

(*) Presented solely for comparison purposes (note 1.8).

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 2019.

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

CONSOLIDATED CONDENSED CASH FLOW STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED 30TH JUNE 2019 & 2018
(€ ´000)

	Period 30/06/19	Period 30/06/18 (*)
A) CASH FLOWS FROM OPERATIONS	**(2 205 822)**	**(718 426)**
Profit for the year	**115 890**	**104 054**
Adjustments to obtain cash flows from operating activities	**71 081**	**16 015**
Depreciation and amortization	21 557	18 550
Other adjustments	49 524	(2 535)
Net changes in operating assets	**(673 589)**	**(1 335 694)**
Financial assets held for trading	10 133	(11 795)
Non-trading financial assets mandatorily designated at fair value through profit and loss	231	2 256
Financial assets designated at fair value through profit or loss	2 050	39 339
Financial assets designated at fair value through other comprehensive income	565 516	1 140 371
Financial assets carried at amortized cost	(1 210 986)	(2 545 632)
Other operating assets	(40 533)	39 767
Net changes in operating liabilities	**(1 713 192)**	**499 470**
Financial liabilities held for trading	9 153	(2 402)
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities carried at amortized cost	(1 802 229)	508 475
Other operating liabilities	79 884	(6 603)
Income taxes paid	**(6 012)**	**(2 271)**
B) CASH FLOW FROM INVESTMENT ACTIVITIES	**27 603**	**6 400**
Payments	**(3 881)**	**(89 308)**
Tangible assets	(719)	(24 025)
Intangible assets	(2 489)	(65 283)
Investments in joint ventures and associates	(673)	-
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	-	-
Other investment related payments	-	-
Collections	**31 484**	**95 708**
Tangible assets	-	79 839
Intangible assets	-	-
Investments in joint ventures and associates	31 484	-
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	-	15 869
Other investment related collections	-	-

(Continues…)

(*) Presented solely for comparison purposes (note 1.8).
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 2019.

	Period 30/06/19	Period 30/06/18 (*)
C) CASH FLOW FROM FINANCING ACTIVITIES	**(61 017)**	**(34 605)**
Payments	**(61 017)**	**(34 605)**
Dividends	(61 017)	(34 605)
Subordinated liabilities	-	-
Own equity instruments amortization	-	-
Acquisition of treasury stock	-	-
Other financing related payments	-	-
Collections	**-**	**-**
Subordinated liabilities	-	-
Share capital issues	-	-
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)	**(2 239 236)**	**(746 631)**
F) CASH AND CASH EQUIVALENTS AT BEGINING OF PERIOD	**4 279 594**	**3 806 387**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2 040 358**	**3 059 756**
MEMORANDUM ITEM:		
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2 040 358**	**3 059 756**
Of which: held by group entities but not drawable by the group		-
Cash	371 169	314 090
Cash equivalents at central Banks	1 278 066	2 434 821
Other financial assets	391 123	310 845
Less: bank overdraft refundable on demand	-	-

(*) Presented solely for comparison purposes (note 1.8).
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 2019.

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

EXPLANATORY NOTES FOR THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDING 30TH JUNE 2019
(Expressed in €´000)

1. Introduction, presentation of consolidated 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 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.

1.2 Consolidated Group

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. Since it is the group’s controlling company, Fundación Bancaria Unicaja files 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 2018.

Likewise, the Bank is head of a subgroup of subsidiaries, engaged in various activities and forming 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 country 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 2018.

The institutions in the Unicaja Banco Group to 30th June 2019 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
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 Europeo de Finanzas, S.A.	Banking, financial activities
Desarrollos de Proyectos de Castilla y León, S.L.U.	Property development
Finanduero Sociedad de Valores, S.A.U.	Securities firm
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.	Vacation property management
Parque Industrial Humilladero, S.L.	Industrial land development
Pinares del Sur, S.L.U.	Property development
Propco Blue 1, S.L.	Property development
Propco Eos, S.L.	Property development
Propco Epsilon, S.L.	Property development
Segurándalus Mediación, Correduría de Seguros, S.A.U.	Insurance broking
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Real estate asset management
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 Renta, S.L.U.	Investment in assets, transferable securities and financial companies
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	Wealth management
Unigest, S.G.I.I.C., S.A.	Collective investment institutions management company
Unimediación Operador de Banca Seguros, 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, S.L.	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 2019 and to 31st December 2018, 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 2019 and 2018. These financial statements have been prepared in compliance with the principles, accounting standards and valuation criteria laid out in the Bank of Spain's 4/2017 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 2019 and to 31st December 2018.

	€ ´000	
	30/06/2019	31.12.2018 (*)
Cash, cash balances in central banks and other demand deposits	2 039 852	4 277 106
Financial assets held for trading	15 594	23 733
Non-trading financial assets mandatorily designated at fair value through profit and loss	79 652	77 263
Financial assets designated at fair value through profit or loss	-	2 050
Financial assets designated at fair value through other comprehensive income	2 115 830	2 727 591
Financial assets carried at amortized cost	45 775 207	44 573 999
Derivatives - Hedge accounting	519 473	411 394
Investments in subsidiaries, joint ventures and associates	904 657	1 058 024
Tangible assets	1 150 155	1 113 744
Intangible assets	5 419	3 457
Tax assets	2 783 217	2 818 515
Other assets	240 008	238 499
Non-current assets and disposal groups classified as held for sale	390 926	374 715
Total assets	**56 019 990**	**57 700 090**
Financial liabilities held for trading	17 102	17 978
Financial liabilities carried at amortized cost	49 775 711	51 621 885
Derivatives - Hedge accounting	413 229	143 299
Provisions	816 339	868 916
Tax liabilities	230 371	205 850
Other liabilities	547 334	608 904
Total liabilities	**51 800 086**	**53 466 832**
Shareholders' equity:	4 237 680	4 228 278
Capital	1 610 302	1 610 302
Share premium	1 322 995	1 322 995
Equity instruments issued other than capital	47 752	47 897
Other equity items	-	-
Retained earnings	906 613	787 527
Other reserves	261 485	261 485
Profit for the year	90 851	200 127
Treasury shares	(2 318)	(2 055)
Accumulated other comprehensive income:	(17 776)	4 980
Items not subject to reclassification to income statement	22 151	2 417
Items subject to reclassification to income statement	(39 927)	2 563
Total equity	**4 219 904**	**4 233 258**
Total liabilities and equity	**56 019 990**	**57 700 090**
Loan commitments given	2 976 538	2 627 040
Financial guarantees given	66 026	65 210
Other commitments given	2 440 379	2 019 858

(*) Information presented solely for comparison purposes.

b) Individual profit & loss statements for the six-month periods ending on 30th June 2019 and 2018:

	€ ´000	
	30/06/2019	30/06/2018 (*)
Interest income and other income	388 550	308 708
Financial assets designated at fair value through other comprehensive income	11 094	68 171
Financial assets carried at amortized cost	358 886	234 262
Other	18 570	6 275
(Interest expenses)	(95 811)	(30 721)
Net interest income	**292 739**	**277 987**
Dividend income	39 509	73 201
Fee and commission income	120 146	65 312
(Fee and commission expenses)	(11 827)	(6 580)
Net gain (loss) on derecognition from the statements of financial assets and liabilities not measured at fair value through profit or loss	23 455	14 726
Net gain or (losses) from financial assets and liabilities held for trading	(243)	496
Net gain (loss) from non-trading financial assets designated at fair value through profit or loss	3 528	(159)
Net gain (loss) from financial assets and liabilities designated at fair value through profit or loss	-	(3 552)
Net gains or losses from hedge accounting	(1 052)	-
Net gains or losses from exchange differences	161	403
Other operating income	22 840	8 552
(Other operating expenses)	(38 903)	(16 748)
Gross Margin	**450 353**	**413 638**
(Administrative expenses)	(266 191)	(168 732)
(Depreciation and amortization)	(20 060)	(8 333)
(Provisions or reversals of provisions)	(42 795)	(21 652)
(Impairment or reversal in the value of financial assets not measured at fair value through profit and loss or net gains by modification)	33 812	(10 621)
Net operating income	**155 119**	**204 300**
(Impairment or reversal in the value of joint ventures or associates)	1 859	(4 644)
(Impairment or reversal in the value of non-financial assets)	(1 977)	(1 211)
Net gain or loss on derecognition from the statements of non-financial assets	(27 289)	372
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	2 827	4 795
Pre-tax income (or loss) from continuing operations	**130 539**	**203 612**
(Tax expense or income on earnings from continued operations)	(39 688)	(43 026)
Profit (loss) after tax from continued operations	**90 851**	**160 586**
Profit (loss) after tax from discontinued operations	-	-
Profit for the year	**90 851**	**160 586**

(*) Information presented solely for comparison purposes.

c) Individual statements of recognised income and expenses for the six-month periods ending on 30th June 2019 and 2018:

	€ ´000	
	30/06/2019	**30/06/2018 (*)**
Profit for the year	**90 851**	**160 586**
Other comprehensive income	**(22 756)**	**(45 915)**
Items not subject to reclassification to income statement	**19 734**	**1 440**
Actuarial gain (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	28 191	2 057
Net gains (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	(8 457)	(617)
Items subject to reclassification to income statement	**(42 490)**	**(47 355)**
Hedging of net investments abroad (effective portion)	-	-
Foreign currency translation	-	(14)
Cash flow hedges (effective portion)	(60 740)	(18 917)
Hedging instruments (non-designated items)	-	-
Debt instruments designated at fair value through other comprehensive income	40	(48 718)
Non-current assets and disposal groups held for sale	-	-
Income tax on items to be reclassified to income statement	18 210	20 294
Total comprehensive income/loss for the year	**68 095**	**114 671**

(*) Information presented solely for comparison purposes.

d) Individual statement of changes to net equity for the six-month periods ending on 30th June 2019 and 2018:

	Capital & share premium	Equity instruments issued other than capital	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 31.12.2018 (*)	**2 933 297**	**47 897**	**-**	**787 527**	**-**	**261 485**	**(2 055)**	**200 127**	**-**	**4 980**	**4 233 258**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 01/01/2019	**2 933 297**	**47 897**	**-**	**787 527**	**-**	**261 485**	**(2 055)**	**200 127**	**-**	**4 980**	**4 233 258**
Total comprehensive income/loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**90 851**	**-**	**(22 756)**	**68 095**
Other changes to equity	**-**	**(145)**	**-**	**119 086**	**-**	**-**	**(263)**	**(200 127)**	**-**	**-**	**(81 449)**
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	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration)	-	-	-	(67 687)	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(957)	-	-	-	-
Sale or redemption of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity entries	-	-	-	200 127	-	-	-	(200 127)	-	-	-
Changes in equity due to business combinations	-	-	-	-	-	-	694	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	(145)	-	(13 174)	-	-	-	-	-	-	-
Balance at 30/06/2019	**2 933 297**	**47 752**	**-**	**906 613**	**-**	**261 485**	**(2 318)**	**90 851**	**-**	**(17 776)**	**4 219 904**

(*) Information presented solely for comparison purposes.

	Capital & share premium	Equity instruments issued other than capital	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 for first-time implementation of Bank of Spain Circular 4/2017	-	-	-	-	-	(37 367)	-	-	-	88 186	50 819
Opening balance at 01/01/2018	**2 933 297**	**49 341**	**-**	**687 620**	**-**	**(61 153)**	**-**	**201 974**	**-**	**79 340**	**3 890 419**
Total comprehensive income/loss 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	-	-	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration)	-	-	-	(34 605)	-	-	-	-	-	-	(34 605)
Purchase of treasury shares	-	-	-	-	-	-	(4 500)	-	-	-	(4 500)
Sale or redemption of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-
Transfers between 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.

e) Individual cash flow statements for the six-month periods ending on 30th June 2019 and 2018:

	€ ´000	
	30/06/2019	30/06/2018 (*)
Cash flows from operating activities	**(2 245 713)**	**(1 103 237)**
Profit for the year	90 851	160 586
Cash flow after adjustments to operating activities	94 159	(37 909)
Net changes in operating assets	(670 559)	(2 078 465)
Net changes in operating liabilities	(1 754 152)	854 822
Income taxes paid	(6 012)	(2 271)
Cash flow from investments activities	**69 476**	**(31 628)**
Payments	(5 494)	(48 177)
Collections	74 970	16 549
Cash flow from financing activities	**(61 017)**	**(34 605)**
Payments	(61 017)	(34 605)
Collections	-	-
Impact from foreign exchange rates	**-**	**-**
Net increase/decrease of cash and cash equivalents	**(2 237 254)**	**(1 169 470)**
Cash and cash equivalents at beginning of period	4 277 106	2 329 526
Cash and cash equivalents at end of period	2 039 852	1 160 056

(*) Information presented solely for comparison purposes.

1.3 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 2019 were filed by the bank's directors at the Board of Directors' meeting held on 28th July 2019.

The consolidated condensed interim financial statements for the six-month period ending on 30th June 2019 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 on interim financial information, 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 subsequent modifications, so that they give a true and fair view of the Group's equity and financial situation on 30th June 2019, 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.

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 2018, prepared according to EU-IFRS and which take into account the stipulations in the Bank of Spain's 4/2017 Circular, as well as its subsequent modifications, filed by the Board of Directors on 27th February 2019 and approved by the General Shareholders' Meeting on 25th April 2019. As a result, some of the notes and estimates contained in these consolidated annual accounts did not need to be repeated or updated. Instead, the selected explanatory notes attached herein include an explanation of those events or variations that have 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 2018, the date of the consolidated annual accounts cited above, to 30th June 2019.

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 2019, generally accepted accounting principles and appraisal criteria, as described in Note 1.4, 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.

1.4 Accounting principles and policies

The accounting principles and valuation criteria used in drawing up these consolidated abridged interim financial statements to 30th June 2019 are the same as those that were applied when preparing the Group's consolidated annual accounts to 31st December 2018, which are available for consultation in Section 2 of said consolidated annual accounts, except where stated otherwise in Section 1.5.1 below, as a result of the coming into effect of IFRS 16 and the Bank of Spain's Circular 2/2018, dated 21st December. These amended Circular 4/2017, dated 27th November, directed to credit institutions and addressing public and confidential financial reporting standards and financial statement models, and also amended Circular 1/2013, dated 24th May, regarding the Central Credit Register.

1.5 Changes in the International Financial Reporting Standards

During the six months ended 30th June 2019, 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 2019:

Standards, amendments & interpretations (Note 1.5.1)	**Description**	**Mandatory adoption 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

On the date of filing these consolidated condensed interim financial statements, the following standards and interpretations (the most important ones adopted to that date) that had been 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, amendments & interpretations (Note 1.5.2)	**Description**	**Mandatory application in the year commencing**
Amendment to the IFRS conceptual framework	Amendment to references to the IFRS conceptual framework	1st January 2020
Amendment IFRS 3	Definition of a business	1st January 2020
Amendment IAS 1 and AIS 8	Definition of material	1st January 2020
IFRS 17	Insurance contracts	1st January 2021
Amendment IFRS 10 & IAS 28	Sales or contributions of assets between an investor and its associate or joint venture	(*)

(*) Originally, these amendments to IFRS 10 and IAS 28 were 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.

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

1.5.1 Standards and interpretations effective for the period in review

During the six months of 2019 the following modifications of the IFRS or interpretations thereof (hereinafter, "IFRIC") have come into force:

- IFRS 16 "Leases": IFRS 16 provides for a single lessee accounting model, according to which right of use assets and liabilities must be recognised on all leasing contracts, unless the lease term is 12 months or less or if the underlying asset has a low value. IFRS 16 applies to accounting periods on or after 1st January 2019; the Unicaja Banco Group has not exercised the early application option.

  The most important aspects of the transition to this Standard, the implementation programme followed by the Group and its main impact are outlined below:

  - The Group has undertaken a project involving several organizational units, including the Property Division and Unicaja Banco's Financial & Tax Information Division; the governing bodies, including the Board of Directors of Unicaja Banco in its capacity as the Group's parent company, have been duly informed.

  - The Group has applied IFRS 16 retroactively, recognising the accumulated effect of the initial application of the standard on the date of initial application (1st January 2019), and without restating comparative information (Note 1.8).

  - The Group has applied the practical solution permitted under the Standard to not assess in the first application whether the contracts represent a lease under the new definition, and therefore has applied IFRS 16 to those contracts that were previously identified as lease contracts under IAS 17.

  - The Group has recognised a lease liability of EUR 46,846 thousand on the date of initial application for leases that were previously classified as operating leases, using IAS 17. The Group measures this lease liability by the present value of the remaining leasing payments, discounted using the incremental rate for lessee loans on the initial application date.

  - The Group has recognised a right-of-use asset, valued at EUR 46,846 thousand, on the initial application date for leases that were previously classified as operating leases using IAS 17. From the options permitted under the Standard, the Group chose to measure the right-of-use asset of all the contracts affected by a sum that is the same as the lease liability (asset equivalence method).

- The impact of the initial application of IFRS 16 has been measured as 3 basis points of the Group's Fully Loaded CET1 ratio to 1st January 2019.

The accounting principles and valuation criteria adopted by the Group after IFRS 16 came into effect, insofar as they concern the leases from the leaseholder's perspective, are explained below:

- *Lease term*: The lease term is the period during which a lease may not be revoked, to which periods covered by the option of extending the lease may be added, if there is reasonable certainty that the lessee will exercise this option, as well as the periods covered by the option to rescind the lease, if reasonable certainty exists that the lessee will not exercise it.

- *General criterion for recognition*: Assets and liabilities arising from the lease contracts are recognised on the date the lease starts, which will be when the lessor makes the leased good available for use to the lessee.

- *Initial measurement of the lease liability*: On the inception date of the contract, the Group recognises a lease liability for the present value of the lease payments that have not been paid before that date.

  The discount rate used to measure the value of these payments, takes the interest rate that the lessee would have to pay to borrow, for a similar period and with similar collateral, the funds necessary to obtain a good of a similar value to the right-of-use asset in comparable economic conditions (incremental borrowing rate).

- *Initial right-of-use value of the asset:* At the contract inception date, the Group recognises an asset by the right of use, valued at cost, and including:

  a) The sum of the initial measurement of the lease liability, as described above.

  b) Any lease payment made on or before the commencement of the lease, less any collection received from the lessor (such as incentives received to sign the contract).

  c) Initial direct costs borne by the leaseholder. These include, among others, those costs directly relating to the location of a tangible good in the place and in the conditions necessary so that it can be operated by the leaseholder.

  d) Costs expected to be incurred to dismantle and remove the leased good, restore the site where it is located and return the good to the condition required by virtue of the contract, unless these costs are incurred for the production of inventory. These costs are recognised as part of the cost of the right-of-use asset when the Group takes on the obligation to incur them.

  Right-of use assets, for accounting purposes, are classified as tangible or intangible assets depending on the nature of the good being leased.

- *Subsequent measurement of the lease liability:* After its initial recognition, the Group measures the lease liability in order to:

  a) Increase its carrying value to reflect the accrued interest, calculated by applying the interest rate used at the initial measurement over the liability balance.

  b) Reduce its carrying value to reflect the lease payments made.

c) Reflect the changes in: (i) the lease term, if there has been an adjustment in how the exercise of extension or rescission options is valued, (ii) the lease term and lease payments as a result of an alteration in how the purchase option of the leased good is valued, (iii) lease payments as a result of an alteration in the amounts expected to be settled for the residual value guarantee, (iv) the amounts of future variable lease payments because of a variation in an index or rate used to determine those payments. In the cases covered in points (i) and (ii), since the lease term has been changed, the revised payments will be discounted at a revised discount rate, which shall be the same as the implicit interest rate for the remainder of the lease term, if that rate can be readily determined, or at the lessee's incremental borrowing rate at the date of reassessment, if not. In the situations provided for in points (iii) and (iv), since the lease term has not changed, the revised payment amounts will be discounted at the discount rate used for the initial measurement, unless the variation in the payments results from a change in floating interest rates. In that case, the lessee shall use a revised discount rate that reflects changes in the interest rate. The Group revises the lease term or the sums expected to be paid for residual value guarantees when there is a significant event or change to the exercise of options provided for in the contract. Likewise, the Group revises the payments that are linked to an index or rate when, under the terms of the contract, it is required to update the amounts of these payments.

d) Reflect any changes made to the lease.

e) Reflect those lease payments that had not been considered inevitable, such as those contingent on events that were not certain to happen before they did, but which on the reference date are considered fixed in nature because they are inevitable.

Variable lease payments not included in the measurement of the lease liability will be recognised on the profit and loss statement of the financial period in which the event or circumstance giving rise to said payments occurred.

- *Subsequent measurement of the right-of-use asset:* After its initial recognition, the Group measures the right-of-use asset at cost:

  a) Less the accumulated amortization and depreciation and any accumulated impairment loss. If the ownership of the leased asset is transfered by the end of the lease term or if the initial measurement of the right-of-use asset's cost reflects the fact that the lessee will exercise the purchase option, the right-of-use asset is depreciated during the useful life of the underlying asset. Otherwise, it will depreciate at the end of its useful life, or the end of the lease term, whichever is earlier.

  b) Adjusted to reflect changes in the present value of the lease payments that need to be made in line with the stipulations above.

- *Simplified treatment for recognition and measurement:* The Group treats the following lease payments as expenses:

  a) Short-term leases (understood as those which at the commencement date have a duration of twelve months or less), provided that they do not contain a purchase option.

  b) Leases of low-value underlying assets, provided that the asset can be used without depending to a large extent on other goods (nor closely related to these) and that the lessee can obtain advantage from using the good on its own (or together with other easily accessible resources). The value of the underlying asset leased is measured in absolute terms based on its value in its new situation.

  In both cases, the item is booked on a straight-line basis to the profit and loss account during the lease term.

- *Amendment to the lease:* The Group accounts for the amendment to a lease by separately recording a new lease if said amendment extends the scope of the contract (by adding one or several underlying assets) in exchange for an increase in the consideration for an amount similar to the specific price that would be paid if a separate lease contract were to be created for the underlying assets added to the contract.

  In the event that these requirements are not met, on the date on which the parties agree the amendment, the Group: (a) distributes the consideration from the amended contract between the lease components and the other components, (b) decides on the amended lease term, (c) re-evaluates the lease liability, discounting the revised lease payment using a revised discount rate, set for the remainder of the lease term on the date of the amendment, and (d) accounts for the new measurement of the lease liability.

o 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 to the determination of 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 applies for financial years beginning on or after 1st January 2019.

o 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 is effective for the fiscal years commencing 1st January 2019 onwards. Although permitted, Unicaja Group chose not to adopt this amendment early.

- IAS 28 (Amendment) “Long-term Interests in Associates and Joint Ventures”: This narrow-scope amendment makes clear that long-term stakes in an associate 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 is effective for the fiscal years commencing 1st January 2019 onwards. Although permitted, Unicaja Group chose not to adopt this amendment early.

- IFRS Annual Improvements, Cycle 2015-2017: The amendments affect IFRS 3, IFRS 11, IAS 12 and IAS 23 will apply to fiscal years starting 1st January 2019 onwards. 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": The tax effects 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.

- 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. The amendment will come into force on 1st January 2019.

The application of these accounting standards and their interpretations has not had a significant impact on the Group’s consolidated financial statements.

1.5.2 Standards and interpretations issued but not yet in force

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 2019 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:

- Revised Conceptual Framework of the IFRS: The Conceptual Framework of the IFRS sets out the basic concepts that have been applied in developing the new standards and helps to ensure that these are consistent and that similar transactions are booked in the same way, with the aim of providing useful information to users. The revised Conceptual Framework came into force in March 2018 and, among other issues, reintroduced the concept of prudence, amending the definitions of asset and liability, adding clarifications regarding taking assets and liabilities on and off the balance sheet, and on measuring items in the financial statements, and positioning results as the key performance indicator of an institution. Furthermore, the IASB has published its revised Conceptual Framework. These revisions will come into force from 1st January 2020 onwards, and may be applied before that. In any case, this amendment has not yet been adopted by the European Union.

- IFRS 3 (amendment) “Definition of a business": Changes have been made to the definition of “business”, with pointers being given to help institutions to determine whether the acquisition in question is a business or a group of assets. The amendment will come into force on 1st January 2020. In any case, this amendment has not yet been adopted by the European Union.

- IAS 1 (amendment) and IAS 8 (amendment) “Definition of material”: There is a new definition of material. The amendments clarify the accounting treatment of sales or the contribution of assets between an investor and its associates or joint businesses, and confirm that this depends on whether non-monetary assets that are sold or contributed to an associate company or joint business constitute a "business" (as defined in IFRS 3). The amendment will come into force on 1st January 2020. 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 income. IFRS 17 will be mandatory for financial years beginning on or after 1st January 2021. In any case, this standard has not yet been adopted by the European Union.

- 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 sales and contributions of assets 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 fiscal years 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. In any case, these amendments have not yet been adopted by the European Union.

The Bank’s Directors understand that the coming into force of most of these standards will not have a major impact on the Group’s consolidated financial statements.

1.6 Responsibility for information

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

1.7 Estimations

The Group’s consolidated condensed interim financial statements at 30th June 2019 have occasionally used estimations made by Group Directors to quantify some of the assets, liabilities, expenses and commitments that appear therein. 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 unquoted 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 2019 on the facts analysed, it is possible that events that may occur in the future may require them to be modified (upwards or downwards) significantly; if necessary, this would be done in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", in a prospective manner, recognizing the effects of the change of estimate in the consolidated income statement of the periods in question.

In the six-month period ending on 30th June 2019 there were no changes in the Group's accounting estimates that had a significant effect either on the consolidated interim balance sheet or on the period's consolidated results.

1.8 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, 2019 is presented, for comparison purposes only, together with the information relating to the six-month period ended 30th June 2018 for consolidated condensed income statement items, consolidated condensed statement of recognized income and expenses, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement, together with balances at 31st December 2018 for the items in the consolidated condensed balance sheet.

Turning to the changes in accounting criteria with effect 1st January 2019, and as provided for under IFRS 16, the Group has not restated its comparative financial statements; the comparative information has not been prepared a second time under the new accounting criterion for the six-month period ending on 30th June 2018 nor that to 31st December 2018, such that it is not comparable. The impact of first-time adoption of IFRS 16 is detailed in Note 1.5.1.

At this juncture we should point out that in order to adapt the accounting regime for Spanish credit institutions to the changes in IFRS 16, the Bank of Spain published its 2/2018 Circular, 21th December, which amends 4/2017 Circular, 27th November, with the regulations for public and confidential financial information as well as templates for financial statements, replacing its own 1/2013 Circular, 24th May, on the Central Credit Register, for fiscal years starting from 1st January 2019. These consolidated condensed interim financial statements have been adapted to the detail requirements of this Circular.

1.9 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.

1.10 Relative importance

For the purposes of the preparation of the present consolidated condensed interim financial statements at 30th June 2019, 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.

1.11 Correction of mistakes

During the six-month period ending on 30th June 2019 no mistake having a significant effect on consolidated condensed interim financial statements occurred nor was corrected.

1.12 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.

1.13 Minimum equity ratio

At 30th June 2019 and at 31st December 2018, Unicaja Banco Group's equity amounted to EUR 3,509,515 thousand and EUR 3,580,498 thousand, respectively, of which EUR 3,461,763 thousand and EUR 3,532,601 thousand respectively, are part of Common Equity Tier 1 (CET1).

The total capital surplus talking into account the equity requirements in accordance with the regulation of Directive 2013/36/ EU (CRD-IV) and EU Regulation 575/2013 (CRR) (Pillar 1), the additional requirements demanded from the Unicaja Banco Group, as a result of the 2018 SREP (Pillar 2) and the capital conservation buffer, comes to EUR 590,392 thousand at 30th June 2019 (EUR 921,686 thousand at 31st December 2018), while the CET1 surplus, comes to EUR 1,376,675 thousand on the same date (EUR 1,674,292 thousand at 31st December 2018. Both include a 2.500% and 1.875% buffer, respectively.

For the year 2019, the European Central Bank established for Unicaja Banco Group, within the SREP framework, a minimum CET1 ratio of 8.75% and a minimum total capital ratio of 12.25% (phase-in in both instances). 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 2.50%.

Furthermore, during the 2019 financial period, the Unicaja Banco Group has been notified by the Bank of Spain of the minimum requirement for equity and liabilities (hereinafter MREL) on a consolidated basis, set by the Single Resolution Board (SRB). This requirement has been set at 8.88% of total consolidated liabilities and equity, calculated using information to 31st December 2017, which must be reached, at the latest by 1st January 2022. With data to 31st December 2017, the consolidated MREL stood at 20.59% in risk-weighted asset terms. In line with the contents of the significant event published by the Bank on 8th May 2019, the MREL set is consistent with the previsions of the 2019-2021 Company Capital Plan, which allows us to confirm that it can be comfortably surpassed.

Total capital surplus, taking into account the additional requirements (Pillar 2) required of the Unicaja Banco Group as a consequence of the 2018 SREP stood at EUR 1,007,410 thousand at 30th June 2019, while the CET 1 surplus, when set against the 2019 SREP requirements, came to EUR 1,793,693 thousand on the same date.

	30/06/2019	31/12/2018
	€ ´000	
Tier one eligible common capital (CET1) (a)	3 461 763	3 532 601
Additional Tier (AT) 1 eligible capital (b)	47 752	47 897
Tier 2 eligible capital (c)	-	-
Risks (d)	23 829 575	22 871 497
CET1 ratio 1 (A)=(a)/(d)	14.53%	15.45%
AT 1 capital ratio (B)=(b)/(d)	0.20%	0.21%
Tier 1 capital ratio 1 (A)+(B)	14.73%	15.66%
Tier 2 capital ratio (C)=(c)/(d)	-	-
Total Capital Ratio (A)+(B)+(C)	**14.73%**	**15.66%**

	30/06/2019	31/12/2018
	€ ´000	
Tier 1 Capital (a)	3 509 515	3 580 498
Exposure (b)	55 075 001	57 158 157
Leverage ratio (a)/(b)	**6.37%**	**6.26%**

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 pays close attention to support, as far as risk management processes are concerned, the following basic principles:

- Rigorous attention to maintain a permanently prudent and balanced risk profile, preserving the objectives of solvency, profitability and adequate liquidity.
- Participation and active supervision on the part of Senior Management, who approve 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.
- Separation of functions, with the process of measurement and control of risks in the entity being completely independent of the risk-taking function.
- Prudent management of credit risk exposure, in particular by avoiding projects of uncertain viability and quantitative limitation of investment on the basis of adequate 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 verifying proper compliance with said policies, methods and procedures, ensuring that they are adequate, effectively implemented and regularly reviewed.

1.14 Minimum reserve ratio

During the six-month period ending on 30th June 2019, the consolidated entities have met the required minimums applicable under Spanish law for this ratio.

1.15 Contributions to the guarantee fund and resolution

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 1.3), and in particular in application of IFRIC 21 "Levies", no contribution was accrued during the six-month period ending on 30th June 2019, nor during the same period of the previous year.

The Single Resolution 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 of the aforementioned 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.

Expenditure booked in the consolidated abridged profit and loss statement in the six-month periods ending on 30th June 2019 and 2018 for the contributions made to the Single Resolution Fund came to EUR 7,630 thousand and EUR 12,848 thousand, respectively (Note 24).

2. Information by segments

The Group's main activity is to 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 segmentation in the Unicaja Banco Group at 30th June 2019 and at 31 December 2018 is given below in detail for each type or parameter defined in paragraphs 32 to 34 of IFRS 8.

Information by sectors (products and services)

Unicaja Banco Group's consolidated condensed balance sheet organised by sectors, at 30th June 2019 and at 31st December 2018, is shown below, with the same breakdown as the sector information reported to the Bank of Spain.

At 30th June 2019, the credit and insurance entities sector accounted for virtually all the consolidated total assets to that date and consolidated total equity.

a) Consolidated balance sheet at 30th June 2019:

ASSETS	Total	Credit and insurance institutions	Other entities	Adjustments and eliminations
	Breakdown (€ ´000)			
Cash, cash balances in central banks and other demand deposits	2 040 362	2 054 319	50 087	(64 044)
Financial assets held for trading	34 216	34 216	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	85 140	85 140	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets designated at fair value through other comprehensive income	2 859 622	2 861 197	40	(1 615)
Financial assets carried at amortized cost	45 286 112	45 297 774	64 429	(76 091)
Derivatives - Hedge accounting	519 474	519 474	-	-
Investments in subsidiaries, joint ventures and associates	346 716	532 378	-	(185 662)
Assets under insurance and reinsurance contracts	1 844	2 585	-	(741)
Tangible assets	1 222 419	1 211 472	12 074	(1 127)
Intangible assets	61 112	6 134	1 223	53 755
Tax assets	2 623 542	2 614 795	5 414	3 333
Other assets	450 606	449 710	29 037	(28 141)
Non-current assets and disposal groups classified as held for sale	390 339	390 339	1 086	(1 086)
Total assets	**55 921 504**	**56 059 533**	**163 390**	**(301 419)**

NET LIABILITIES AND EQUITY	Total	Credit and insurance institutions	Other entities	Adjustments and eliminations
	Breakdown (€ ´000)			
Financial liabilities held for trading	27 131	27 130	-	1
Financial liabilities carried at amortized cost	49 573 632	49 617 849	106 144	(150 361)
Derivatives - Hedge accounting	413 230	413 230	-	-
Liabilities under insurance or reinsurance contracts	629 406	629 406	-	-
Provisions	832 587	829 694	2 939	(46)
Tax liabilities	274 411	274 515	2	(106)
Other liabilities	212 181	211 887	5 632	(5 338)
Total liabilities	**51 962 578**	**52 003 711**	**114 717**	**(155 850)**
Shareholders' equity	3 933 336	3 978 604	48 687	(93 955)
Accumulated other comprehensive income	25 171	77 218	(14)	(52 033)
Minority interest (non-controlling interest)	419	-	-	419
Total equity	**3 958 926**	**4 055 822**	**48 673**	**(145 569)**
Total liabilities and equity	**55 921 504**	**56 059 533**	**163 390**	**(301 419)**

b) Consolidated condensed balance at 31st December 2018:

ASSETS	Total	Credit and insurance institutions	Other entities	Adjustments and eliminations
	Breakdown (€ ´000)			
Cash, cash balances in central banks and other demand deposits	4 279 598	4 306 756	44 358	(71 516)
Financial assets held for trading	44 349	44 349	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	85 371	85 371	-	-
Financial assets designated at fair value through profit or loss	2 050	2 050	-	-
Financial assets designated at fair value through other comprehensive income	3 425 138	3 419 640	7 130	(1 632)
Financial assets carried at amortized cost	44 113 307	44 134 933	56 592	(78 218)
Derivatives - Hedge accounting	411 394	411 394	-	-
Investments in subsidiaries, joint ventures and associates	359 128	526 351	-	(167 223)
Assets under insurance and reinsurance contracts	2 585	2 585	-	-
Tangible assets	1 188 447	1 178 581	12 074	(2 208)
Intangible assets	62 505	4 398	1 267	56 840
Tax assets	2 653 442	2 643 531	6 592	3 319
Other assets	502 735	495 315	31 910	(24 490)
Non-current assets and disposal groups classified as held for sale	374 130	374 130	-	-
Total assets	**57 504 179**	**57 629 384**	**159 923**	**(285 128)**

NET LIABILITIES AND EQUITY	Total	Credit and insurance institutions	Other Credit	Adjustments and eliminations
	Breakdown (€ ´000)			
Financial liabilities held for trading	17 978	17 978	-	-
Financial liabilities carried at amortized cost	51 375 861	51 432 604	99 237	(155 980)
Derivatives - Hedge accounting	143 299	143 299	-	-
Liabilities under insurance or reinsurance contracts	642 350	642 350	-	-
Provisions	885 380	883 274	2 800	(694)
Tax liabilities	232 010	232 889	(876)	(3)
Other liabilities	289 645	288 558	4 593	(3 506)
Total liabilities	**53 586 523**	**53 640 952**	**105 754**	**(160 183)**
Shareholders' equity	3 921 020	3 956 602	53 715	(89 297)
Accumulated other comprehensive income	(3 784)	31 830	454	(36 068)
Minority interest (non-controlling interest)	420	-	-	420
Total equity	**3 917 656**	**3 988 432**	**54 169**	**(124 945)**
Total liabilities and equity	**57 504 179**	**57 629 384**	**159 923**	**(285 128)**

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 of interest income and other similar income by geographical areas for the six-month periods ending on 30th June 2019 and 2018 is shown below.

				€ ´000
	Breakdown of revenues by geography			
	Individual		**Consolidated**	
	30/06/2019	**30/06/2018**	**30/06/2019**	**30/06/2018**
Spain	388 550	308 708	388 497	405 738
Exports	-	-	-	-
European Union	-	-	-	-
OECD Countries	-	-	-	-
Rest of World	-	-	-	-
Total	**388 550**	**308708**	**388 497**	**405 738**

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 outstanding shares during that year, excluding the average number of treasury shares held throughout the year.

Diluted earnings per share is determined 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 shares for the six-month periods ending on 30th June 2019 and 2018 are as follows:

	30/06/2019	**30/06/2018**
Net income to the parent Company (€ ´000)	115 892	105 276
Adjustments: Financial cost of mandatory convertible bond issues (€ ´000)	-	-
Adjusted net income (€ ´000)	115 892	105 276
Of which: Income from operations (net of minority holdings)	115 892	105 276
Of which: Income from discontinued operations	-	-
Weighted average number of outstanding ordinary shares less treasury stock	1 607 983	1 607 665
Basic earnings per share from continuing operations (€)	0.072	0.065
Basic earnings per share from discontinued operations (€)	0,000	0,000
Basic Earnings per share (€)	**0.072**	**0.065**

	30/06/2019	30/06/2018
Net income to the parent Company (€ ´000)	115 892	105 276
Adjustments: Financial cost of mandatory convertible bond issues (€´000)	-	-
Adjusted net income (€ ´000)	115 892	105 276
Of which: Income from operations (net of minority holdings)	-	-
Of which: Income from discontinued operations	-	-
Weighted average of outstanding ordinary shares less treasury stock (‘000)	1 607 983	1 607 665
Average number of shares resulting from bond conversion (‘000)	40 247	40 927
Adjusted total average number of shares for calculation of diluted earnings per share (‘000)	1 648 230	1 648 592
Diluted earnings per share from continuing operations (€)	0.070	0.064
Diluted earnings per share from discontinued operations (€)	0,000	0,000
Diluted earnings per share (€)	**0,070**	**0.064**

At 30th June 2019 and 31st December 2018, the Unicaja Banco Group holds instruments with potential dilutive effect. Unicaja Banco Group currently has issues of Perpetual Contingent Convertible Bonds (PeCoCos) recorded under "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. In this sense, PeCoCos have only been considered in the diluted profit.

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 2019 and 2018:

						€ ´000
	30/06/2019			30/06/2018		
	% of nominal value	**Euros per share**	**Amount**	**% of nominal value**	**Euros per share**	**Amount**
Ordinary shares	3.79%	0.04	61 017	2.15%	0.02	34 605
All other shares (no vote, redeemable, etc.)	-	-	-	-	-	-
Total dividends paid	**3.79%**	**0.04**	**61 017**	**2.15%**	**0.02**	**34 605**
Dividends paid from net income			61 017			34 605
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 27th February 2019, Unicaja Banco’s Board of Directors included a pay-out of EUR 61,017 thousand in dividends in the proposal for distribution of profits for the 2018 fiscal year (which was subsequently approved by the General Shareholders' Meeting on 25th April, 2019 and paid on 10th May, 2019). Similarly, on 21st March 2018, the Board of Directors included a dividend of EUR 34,605 thousand in the proposal for distribution of profits for the year 2017 (subsequently approved by the General Shareholders' Meeting on 27th April, 2018 and paid on 10th May 2018).

Also, on 27th February 2019, 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 2018 and March 2019; they were paid on 28th March 2019. Similarly, on 21st March 2018, 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, for the period between March 2017 and March 2018; this was paid on 28th March 2018.

5. Goodwill from entities carried under the equity method

At 30th June 2019 and at 31st December 2018, the Bank has goodwill in entities carried under the equity method (excluding impairment) of EUR 25,020 thousand and EUR 26,172 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, Concesionaria España S.A. and Hidralia, Gestión Integral de Aguas de Andalucía, S.A. This goodwill is recorded on 30th June 2019 and at 31st December 2018 as part of the cost of acquiring the above businesses, under “Investments in joint ventures and associates - Associates" in the consolidated condensed 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 period ending on 30th June 2019 and 2018, the aforementioned goodwill was impaired by EUR 727 thousand, in both periods (Note 26).

The following is an explanatory table with 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 impairments) and the net amount of goodwill at 30th June 2019 and at 31st December 2018:

						€ ´000
			Accumulated impairment		**Net amount**	
	Initial amount	**Date of recognition**	**30/06/2019**	**31/12/2018**	**30/06/2019**	**31/12/2018**
Autopista del Sol, C.E.S.A.	34 833	June 2005	12 320	11 895	22 513	22 938
Hidralia, G.I.A.A., S.A.	20 467	September 2005	17 535	17 233	2 932	3 234
	55 300		**29 855**	**29 128**	**25 445**	**26 172**

Since this goodwill is linked to 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 the amortization, in line with the stipulations of IAS 36.

On this point we should point out that on 13th June 2019 the Unicaja Banco Group formalised the sale of its stake in Autopista del Sol, Concesionaria Española, S.A., subject to the usual authorisations, for which reason it was not yet effective by 30th June 2019 (Note 6.4).

6. Composition of the Unicaja Banco Group

6.1 Subsidiary entities

"Subsidiary entities" are those over which the Entity can exercise control; this is exercised, 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 2019 and at 31st December 2018, entities controlled by an affiliate are considered to be subsidiaries, where 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 eliminated in the consolidation process. In addition, the involvement of third parties in:

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

- The consolidated results for the period are presented in the "Income from minority interests" section in the consolidated condensed 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 are stakes 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 or loss 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 Associated entities

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

At 30th June 2019 Alestis Aerospace, S.L, in which the Group has less than 20 per cent of the voting rights, is considered an associate entity. Regarding this participation, Unicaja Banco Group signed a partners' agreement on 18th December 2013 allowing it to form part of the Board of Directors, participate in the organisation and operation of the governance bodies and in certain cases participate in or block certain company resolutions. The stake grants Unicaja Banco Group significant influence but does not go as far as representing control or joint control over the company.

Associates of affiliates are treated thus where, after considering Unicaja Banco's stake 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 equity was negative, it would be reflected as nil in the Group's consolidated condensed balance sheet; 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 2019, there has been the following increase in stakes in Group entities, joint ventures or associates:

Company name	**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 Eos, S.L.	Group	04/03/2019	-	100.00%	100.00%
Propco Epsilon, S.L.	Group	04/03/2019	-	100.00%	100.00%
Sociedad de Gestión San Carlos, S.A.	Joint ventures	29/05/2019	900	6.89%	60.18%
Parque Científico-Tecnológico de Almería, S.A.	Associate	29/05/2019	375	0.05%	30.13%

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

Company name	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 the changes in classification between entities in the Group, jointly controlled entities and associate companies in the first half of 2018, after receiving the necessary authorisations on 27th February 2018 fulfilling 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. are no longer associate companies, having been incorporated into the Group. Furthermore, after the capital reduction in Banco Europeo de Finanzas, S.A. through a share repurchase, the company has been classified as a Group institution instead of a jointly controlled entity.

During the six-month period ending on 30th June 2019, 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
Obenque, S.A.	Associate	08/01/2019	26.98%	0.00%	-
Caja España Vida, Compañía de Seguros y Reaseguros, S.A.	Associate	22/03/2019	50.00%	0.00%	-
Autopista del Guadalmedina, Concesionaria Española, S.A.	Associate	28/03/2019	15.00%	15.00%	9 802
Autopista del Guadalmedina, Concesionaria Española, S.A.	Associate	06/06/2019	15.00%	0.00%	9 628

On 13th June 2019 the Unicaja Banco Group formalised the sale of its stake in Autopista del Sol, Concesionaria Española, S.A., subject to the usual authorisations, for a sum of EUR 137.6 million which, when made effective, will result in a net profit after taxes of EUR 111.9 million recorded in the profit and loss account. As pointed out in Note 36, at the date of preparation of the present consolidated condensed interim financial statements, the required authorization had not yet been obtained from the appropriate competent body.

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 Agroalimentarias, S.L.U.	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%	-	-

(*) Caja España Mediación, Operador Banca-Seguros Vinculado, S.A.U. was absorbed on 14th May 2018 by Unimediación, S.L.U. At the time of this merger by absorption, the latter company already owned 100% of the shares of the former.

These changes in the composition of the Group have not had a significant impact on the consolidated condensed interim financial statements at 30th June 2019.

Lastly, on 11th July 2019, the deed of merger was executed between Unicartera Gestión de Activos, S.L.U. (as the absorbing company) and Unicartera Renta, S.L.U., Unimediterráneo de Inversiones, S.L.U., Unicartera Caja 2, S.L.U. and Unicartera Internacional, S.L.U. (the absorbed companies). Directly or indirectly, Unicaja Banco controls 100% of these companies. This merger will have no effect on the consolidated financial statements, except inasmuch as the absorbed companies leave the consolidation perimeter.

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 2019 and 2018 is shown below:

		€ ´000
Directors	**30/06/2019**	**30/06/2018**
Item:		
Fixed remuneration	958	909
Variable remuneration	-	-
Per diems	158	198
Attendance fees	-	-
Transactions on shares and/or other financial instruments	-	-
Other	-	-
Other benefits:		
Advances	-	-
Loans	1 322	10
Contributions to annuity and pension schemes	85	100
Pension and annuity benefits commitments	-	-
Life insurance premiums	-	-
Guarantees given to directors	-	-
Management		
Total Remuneration	2 018	1 516

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 Detail of financial instruments

8.1.1 Detail 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 2019 and at 31st December 2018 is shown below:

						€ ´000
						30/06/2019
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	12 086	-	-	-	-	12 086
Equity instruments	3 508	-	-	554 303	-	557 811
Debt securities	-	79 652	-	1 561 527	16 081 419	17 722 598
Loans and advances	-	-	-	-	29 693 788	29 693 788
Central Banks	-	-	-		-	-
Credit institutions	-	-	-		636 668	636 668
Customers	-	-	-		29 057 120	29 057 120
TOTAL INDIVIDUAL	**15 594**	**79 652**	**-**	**2 115 830**	**45 775 207**	**47 986 283**
Derivatives	12 086	-	-	-	-	12 086
Equity instruments	22 130	-	-	577 158	-	599 288
Debt securities	-	85 140	-	2 282 464	16 081 419	18 449 023
Loans and advances	-	-	-	-	29 204 693	29 204 693
Central Banks	-	-	-	-	-	-
Credit institutions	-	-	-	-	639 195	639 195
Customers	-	-	-	-	28 565 498	28 565 498
TOTAL CONSOLIDATED	**34 216**	**85 140**	**-**	**2 859 622**	**45 286 112**	**48 265 090**

						€ ´000
						31/12/2018
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	11 294	-	-	-	-	11 294
Equity instruments	-	-	-	483 277	-	483 277
Debt securities	12 439	77 263	-	2 244 314	14 763 464	17 097 480
Loans and advances	-	-	2 050	-	29 810 535	29 812 585
Central Banks	-	-	-	-	-	-
Credit institutions	-	-	-	-	1 700 677	1 700 677
Customers	-	-	2 050	-	28 109 858	28 111 908
TOTAL INDIVIDUAL	**23 733**	**77 263**	**2 050**	**2 727 591**	**44 573 999**	**47 404 636**
Derivatives	11 294	-	-	-	-	11 294
Equity instruments	20 616	-	-	547 253	-	567 869
Debt securities	12 439	85 371	-	2 877 885	14 763 449	17 739 144
Loans and advances	-	-	2 050	-	29 349 858	29 351 908
Central Banks	-	-	-	-	-	-
Credit institutions	-	-	-	-	1 699 075	1 699 075
Customers	-	-	2 050	-	27 650 783	27 652 833
TOTAL CONSOLIDATED	**44 349**	**85 371**	**2 050**	**3 425 138**	**44 113 307**	**47 670 215**

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 2019 and at 31st December 2018 is shown below:

				€ ´000
				30/06/2019
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	17 102	-	-	17 102
Short positions	-	-	-	-
Deposits	-	-	48 660 107	48 660 107
Central Banks	-	-	3 309 728	3 309 728
Credit institutions	-	-	1 933 077	1 933 077
Customers	-	-	43 417 302	43 417 302
Issued debt securities	-	-	60 004	60 004
Other financial liabilities	-	-	1 055 600	1 055 600
TOTAL INDIVIDUAL	**17 102**		**49 775 711**	**49 792 813**
Derivatives	27 131	-	-	27 131
Short positions	-	-	-	-
Deposits	-	-	48 425 082	48 425 082
Central Banks	-	-	3 309 728	3 309 728
Credit institutions	-	-	1 897 518	1 897 518
Customers	-	-	43 217 836	43 217 836
Issued debt securities	-	-	60 004	60 004
Other financial liabilities	-	-	1 088 546	1 088 546
TOTAL CONSOLIDATED	**27 131**	**-**	**49 573 632**	**49 600 763**

Financial liabilities	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Financial liabilities carried at amortized cost	€ ´000 31/12/2018 Total
Derivatives	17 978	-	-	17 978
Short positions	-	-	-	-
Deposits	-	-	50 636 046	50 636 046
Central Banks	-	-	3 316 446	3 316 446
Credit institutions	-	-	3 610 727	3 610 727
Customers	-	-	43 708 873	43 708 873
Issued debt securities	-	-	59 958	59 958
Other financial liabilities	-	-	925 881	925 881
TOTAL INDIVIDUAL	**17 978**	**-**	**51 621 885**	**51 639 863**
Derivatives	17 978	-	-	17 978
Short positions	-	-	-	-
Deposits	-	-	50 357 347	50 357 347
Central Banks	-	-	3 316 446	3 316 446
Credit institutions	-	-	3 578 774	3 578 774
Customers	-	-	43 462 127	43 462 127
Issued debt securities	-	-	59 958	59 958
Other financial liabilities	-	-	958 556	958 556
TOTAL CONSOLIDATED	**17 978**	**-**	**51 375 861**	**51 393 839**

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 by portfolio of this heading in the consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018 is as follows:

	30/06/2019	€ ´000 30/06/2018
Financial assets designated at fair value through other comprehensive income	-	-
Financial assets carried at amortized cost (Notes 8.5.4 and 8.5.7)	(18 531)	13 642
	(18 531)	**13 642**

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 2019 and at 31st December 2018, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2019	**31/12/2018**
By type of counterparty -		
Credit institutions	4 298	2 700
Resident public administrations	-	12 439
Non-resident public administrations	-	-
Other resident sectors	26 410	29 210
Other non-resident sectors	3 508	-
	34 216	**44 349**
By type of instrument -		
Listed shares	22 130	20 616
Listed bonds and notes	-	12 439
Exchange traded derivatives	1 136	-
Non-OTC derivatives	10 950	11 294
	34 216	**44 349**

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

8.2.2 Detail of the balance – credit balances

A breakdown of the financial liabilities in this category at 30th June 2019 and at 31st December 2018, classified by kinds of counterparty and type of instrument:

		€ ´000
	30/06/2019	**31/12/2018**
By type of counterparty -		
Credit institutions	19 890	7 962
Other resident sectors	7 241	10 016
	27 131	**17 978**
By type of instrument -		
Exchange traded derivatives	1 161	2 611
Non-OTC derivatives	25 970	15 367
	27 131	**17 978**

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 2019 and at 31st December 2018:

€ ´000

	30/06/2019				31/12/2018			
	Debit balance		Credit balance		Debit balance		Credit balance	
	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional
Forward foreign exchange contracts	**2 068**	**225 829**	**693**	**(2)**	**1 750**	**204 437**	**379**	**(2)**
Currencies purchased against euro	1 345	47 798	693	(2)	1 349	36 222	379	(2)
Currencies sold against euro	723	178 031	-	-	401	168 215	-	-
Securities and interest rates futures	**-**	**-**	**-**	**20 393**	**-**	**-**	**-**	**29 443**
Purchased	-	-	-	-	-	-	-	-
Sold	-	-	-	20 393	-	-	-	29 443
Options on securities:	**1 136**	**34 000**	**6 369**	**1 707 440**	**-**	**60 000**	**8 946**	**1 836 600**
Purchased	1 136	34 000	-	-	-	60 000	-	-
Issued	-	-	6 369	1 707 440	-	-	8 946	1 836 600
Interest rate options:	**-**	**19 904**	**179**	**78 490**	**13**	**24 124**	**407**	**101 105**
Purchased	-	9 952	-	-	13	24 124	-	-
Sold	-	9 952	179	78 490	-	-	407	101 105
Other transactions involving securities	**-**	**-**	**1 081**	**12 178**	**-**	**-**	**-**	**-**
Security swaps	-	-	-	-	-	-	-	-
Forward contracts	-	-	1 081	12 178	-	-	-	-
Currency options:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased	-	-	-	-	-	-	-	-
Issued	-	-	-	-	-	-	-	-
Other currency transactions				**-**	**-**	**-**	**-**	**-**
Currency swaps	-	-	-	-	-	-	-	-
Other interest rate transactions	**8 882**	**43 091**	**18 809**	**356 492**	**9 531**	**53 665**	**8 246**	**174 076**
Swaps (IRS)	8 882	43 091	18 809	356 492	9 531	53 665	8 246	174 076
Other products	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	12 086	**322 824**	**27 131**	**2 174 991**	**11 294**	**342 226**	**17 978**	**2 141 222**

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 2019 and at 31st December 2018, classified by classes of counterparty and type of instrument is shown below:

	€ ´000	
	30/06/2019	**31/12/2018**
By type of counterparty -		
Credit institutions	37 219	16 789
Resident public administrations	-	-
Non-resident public administrations	-	-
Other resident sectors	56 303	43 487
Other non-resident sectors	4 238	35 095
(Impairment losses)	(12 620)	(10 000)
Other valuation adjustments	-	-
	85 140	**85 371**
By type of instrument -		
Debt securities:	85 140	85 371
Spanish public debt securities	-	-
Treasury bills	-	-
Sovereign debt	-	-
Other Spanish government bodies	-	-
Foreign sovereign debt	-	-
Issued by financial institutions	37 219	16 789
Other fixed income securities	60 541	78 582
(Impairment losses)	(12 620)	(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	-	-
	85 140	**85 371**

Interest accrued on debt securities classified in this financial assets portfolio for the six-month periods ending on 30th June 2019 and 2018 amounted to EUR 1,453 thousand and EUR 1,329 thousand, respectively, are recorded under "Interest income and other income" in the consolidated condensed 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 2019 and at 31st December 2018, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2019	**31/12/2018**
By type of counterparty -		
Credit institutions	-	-
Resident public administrations	-	-
Non-resident public administrations	-	-
Other resident sectors	-	3 972
Other non-resident sectors	-	-
(Accumulated losses in the fair value due to credit risk)	-	(1 922)
Other valuation adjustments	-	-
	-	**2 050**
By type of instrument -		
Credit and loans at variable interest rate	-	3 972
Credit and loans at fixed interest rate	-	-
Reverse purchase agreements	-	-
Term deposits in financial institutions	-	-
Other deposits in credit institutions	-	-
Other financial assets		
(Accumulated losses in the fair value due to credit risk)	-	(1 922)
Other valuation adjustments	-	-
	-	**2 050**

8.4 Financial assets designated at fair value through other comprehensive income

A breakdown of financial assets included in this category at 30th June 2019 and at 31st December 2018, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2019	**31/12/2018**
By type of counterparty -		
Credit institutions	125 004	106 365
Resident public administrations	1 873 910	2 514 205
Non-resident public administrations	167 432	168 785
Other resident sectors	208 648	281 046
Other non-resident sectors	427 359	331 627
	2 802 353	
(Impairment losses)	-	-
Other valuation adjustments	57 269	23 110
	2 859 622	**3 425 138**
By type of instrument -		
Debt securities:	2 282 464	2 877 885
Spanish public debt securities	1 873 911	2 514 205
Treasury bills	-	*4 658*
Sovereign debt	1 873 911	*2 509 547*
Other Spanish government bodies	-	-
Foreign sovereign debt	167 432	168 785
Issued by financial institutions	94 906	70 649
Other fixed income securities	-	101 136
(Impairment losses) (*)	88 946	-
Other valuation adjustments	57 269	23 110
Other equity instruments:	577 158	547 253
Shares of listed Spanish companies	69 774	62 475
Shares of unlisted Spanish companies	155 669	154 707
Shares of listed foreign companies	227 002	248 997
Shares of unlisted foreign companies	-	-
Holdings of mutual fund equity	124 713	81 074
	2 859 622	**3 425 138**

(*) 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, in proportion to the financial instruments held.

All the debt instruments at fair value through other comprehensive income are classified as performing risk (stage 1) for credit risk purposes.

Interest accrued on debt securities classified in this financial assets portfolio for the six-month periods ending on 30th June 2019 and 2018 amounted to EUR 45,139 thousand and EUR 91,308 thousand, respectively, are recorded under "Interest income and other income" in the consolidated condensed 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 periods ended 30th June 2019 and 2018.

8.5 Financial assets carried at amortized cost

A breakdown of financial assets included in this category at 30th June 2019 and 31st December 2018, classified by nature of exposure is shown below:

		€ ´000
	30/06/2019	**31/12/2018**
Debt securities	16 081 419	14 763 449
Loans and advances	29 204 693	29 349 858
Central Banks	-	-
Credit institutions	*639 195*	*1 699 075*
Customers	*28 565 498*	*27 650 783*
	45 286 112	**44 113 307**

8.5.1 Detail of balance and credit risk threshold

A breakdown of financial assets included in this category at 30th June 2019 and at 31st December 2018, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2019	**31/12/2018**
By type of counterparty -		
Credit institutions	1 752 773	1 945 684
Resident public administrations	8 891 227	8 448 018
Non-resident public administrations	4 385 144	4 402 103
Other resident sectors	30 296 665	29 877 660
Other non-resident sectors	688 002	441 317
	46 013 811	45 114 782
(Impairment losses)	(902 275)	(1 014 452)
Other valuation adjustments	174 576	12 977
	45 286 112	**44 113 307**
By type of instrument -		
Credit and loans at variable interest rate	23 728 143	23 860 958
Credit and loans at fixed interest rate	4 514 439	3 669 057
Debt securities	15 929 270	14 721 077
Reverse purchase agreements	1 431 441	2 293 359
Term deposits in credit institutions	18 515	322 762
Other deposits in credit institutions	-	-
Other financial assets	392 003	247 569
	46 013 811	45 114 782
(Impairment losses)	(902 275)	(1 014 452)
Other valuation adjustments	174 576	12 977
	45 286 112	**44 113 307**

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 this financial assets category portfolio for the six-month periods ending on 30th June 2019 and 2018 amounted to EUR 324,736 thousand and EUR 302,971 thousand, respectively, are recorded under "Interest income and other income" in the consolidated condensed income statement (Note 16).

8.5.2 Loans and advances

The breakdown by counterparty of the amounts of gross loans and advances recorded at amortized cost at 30th June 2019 and 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Credit institutions	639 031	1 699 075
Resident public administrations	1 570 817	1 366 494
Non-resident public administrations	-	-
Other resident sectors	27 605 131	27 055 972
Other non-resident sectors	269 562	271 939
	30 084 541	**30 393 480**

The breakdown at 30th June 2019 and 31st December 2018 as well as the movements during the six-month periods ending on 30th June 2019 and in the course of 2018 of loans and advances carried at amortized cost by credit risk stages (not including losses from impairment or other measurement adjustments) is as follows:

				€ ´000
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2018	**26 785 171**	**1 725 373**	**2 710 209**	**31 220 753**
Transfers between stages:	(35 017)	(35 673)	70 690	-
To performing risk (stage 1).	239 729	(227 684)	(12 045)	-
To watch-list performing risk (Stage 2)	(194 659)	311 092	(116 433)	-
To non-performing loans (Stage 3)	(80 087)	(119 081)	199 168	-
Additions of financial assets	3 689 894	-	-	3 689 894
Derecognition of financial assets (excluding write-offs)	(3 453 091)	(200 079)	(427 933)	(4 081 103)
Reclassified to write-offs	-	-	(125 790)	(125 790)
Asset foreclosures	-	-	(301 590)	(301 590)
Other movements	-	-	(8 684)	(8 684)
Balance at 31 December 2018	**26 986 957**	**1 489 621**	**1 916 902**	**30 393 480**
Transfers between stages:	(68 789)	50 705	18 084	-
To performing risk (stage 1).	162 295	(160 232)	(2 063)	-
To watch-list performing risk (Stage 2)	(208 107)	267 889	(59 782)	-
To non-performing loans (Stage 3)	(22 977)	(56 952)	79 929	-
Additions of financial assets	2 247 530	-	-	2 247 530
Derecognition of financial assets (excluding write-offs)	(2 249 883)	(102 501)	(80 262)	(2 432 646)
Reclassified to write-offs	-	-	(44 521)	(44 521)
Asset foreclosures	-	-	(85 485)	(85 485)
Other movements	-	-	6 183	6 183
Balance at 30 June 2019	**26 915 815**	**1 437 825**	**1 730 901**	**30 084 541**

8.5.3 Debt securities

A breakdown of financial assets included in this category at 30th June 2019 and at 31st December 2018, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2019	**31/12/2018**
By type of counterparty -		
Credit institutions	1 113 740	246 384
Resident public administrations	7 320 410	7 081 526
Non-resident public administrations	4 385 144	4 402 143
Other resident sectors	2 843 685	2 864 019
Other non-resident sectors	418 440	169 377
	16 081 419	**14 763 449**
By type of instrument -		
Spanish public debt securities	6 716 629	6 459 735
Treasury bills	-	-
Sovereign debt	*6 716 629*	*6 459 735*
Other Spanish government bodies	603 781	621 791
Foreign sovereign debt	4 385 144	4 402 143
Issued by credit institutions	1 113 740	246 384
Other fixed income securities	3 262 125	3 033 396
	16 081 419	**14 763 449**

The breakdown of debt securities recorded under this heading at 30th June 2019 based on the credit rating of the issue and the credit risk threshold (excluding valuation adjustments) is as follows:

			€ ´000
	Stage 1	**Stage 2**	**Stage 3**
Rating Aaa	-	-	-
Rating Aa1-Aa3	160 540	-	-
Rating A1-A3	10 591 538	-	-
Rating Baa1-Baa3	5 307 691	-	-
Rating Ba1-Ba3	-	-	-
Rating B1-C	-	6 480	-
No credit rating	15 170	-	-
	16 074 939	**6 480**	**-**

The breakdown of debt securities recorded under this heading at 31st December 2018 based on the credit rating of the issue and the credit risk threshold (excluding valuation adjustments) is as follows:

			€ ´000
	Stage 1	**Stage 2**	**Stage 3**
Rating Aaa	9 497	-	-
Rating Aa1-Aa3	499 776	-	-
Rating A1-A3	9 471 519	-	-
Rating Baa1-Baa3	4 735 368	-	-
Rating Ba1-Ba3	-	-	-
Rating B1-C	20 717	6 514	-
No credit rating	20 058	-	-
	14 756 935	**6 514**	**-**

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 2019 and 31 December 2018 amount to EUR 1,730,901 thousand and EUR 1,916,903 thousand, respectively.

On the other hand, balances that, whilst not considered impaired, have an amount due at 30th June 2019 and at 31st December 2018 amounted to EUR 100,282 thousand and EUR 58,932 thousand, respectively.

The following is the detail on those financial assets classified as credit investments and considered as impaired due to their credit risk at 30th June 2019 and at 31st December 2018, as well as those that, whilst not considered impaired, have some amount due at such dates, classified by counterparties, as well as on the basis of the period elapsed between the earliest dates of each transaction and the expiration of the payment date.

Impaired Assets at 30th June 2019

					€ ´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	592	12 198	-	1 083	13 873
Other resident sectors	-	-	-	-	-
Non-resident public administrations	827 296	55 424	54 855	753 191	1 690 766
Other non-resident sectors	14 014	589	6	11 653	26 262
	841 902	**68 211**	**54 861**	**765 927**	**1 730 901**

Impaired assets at 31st December 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	13 000	-	-	943	13 943
Other resident sectors	896 294	59 361	52 004	869 139	1 876 798
Non-resident public administrations	-	-	-	-	-
Other non-resident sectors	12 363	405	285	13 109	26 162
	921 657	**59 766**	**52 289**	**883 191**	**1 916 903**

Past due balances not considered to be impaired at 30th June 2019

				€ ´000
	Less than 1 month	**1 to 2 months**	**2 months to 90 days**	**Total**
By type of counterparty -				
Credit institutions	-			-
Resident public administrations	3	16	2 951	2 970
Other resident sectors	21 228	4 185	71 286	96 699
Non-resident public administrations	-	-	-	-
Other non-resident sectors	17	13	583	613
	21 248	**4 214**	**74 820**	**100 282**

Past due balances not considered impaired at 31st December 2018

				€ ´000
	Less than 1 month	**1 to 2 months**	**2 months to 90 days**	**Total**
By type of counterparty -				
Credit institutions	36	-	-	36
Resident public administrations	299	1	1 639	1 939
Other resident sectors	-	-	-	-
Non-resident public administrations	39 641	4 893	12 231	56 765
Other non-resident sectors	153	26	13	192
	40 129	**4 920**	**13 883**	**58 932**

8.5.5 Credit risk hedging

The movement of impairment losses recorded for credit risk hedging and the accrued amount thereof of the instruments classified as credit investments during the six-month period ending on 30th June 2019 and during the 2018 fiscal year are shown below.

Changes in impairment losses at each stage into which the Group's credit risk exposures are classified for the six-month period ending on 30th June 2019, is as follows:

				€ ´000
				30/06/2019
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**50 329**	**105 880**	**857 291**	**1 013 500**
Transfers between stages:	3 104	3 942	(7 046)	-
To performing risk (stage 1).	6 186	(5 632)	554	-
To watch-list performing risk (Stage 2)	(2 107)	12 491	(10 384)	-
To non-performing loans (Stage 3)	(975)	(2 917)	3 892	-
From additions of new financial assets	10 241	-	-	10 241
Changes in parameters	(10 153)	(5 302)	3 588	(11 867)
Changes in methodologies	297	290	1 769	2 357
Derecognition of financial assets (excluding write-offs)	(2 591)	(1 755)	(12 858)	(17 205)
Reclassification to write-offs	-	-	(39 503)	(39 503)
Foreclosed assets	-	-	(40 417)	(40 417)
Other movements	-	-	(14 831)	(14 831)
Balance at the end of the period	**51 227**	**103 055**	**747 993**	**902 275**
Of which:				
Individually determined	-	23 121	159 402	182 523
Collectively determined	51 227	79 934	588 591	719 752
	51 227	**103 055**	**747 993**	**902 275**

The movement of impairment losses for year 2018 is as follows:

				€ ´000
				31/12/2018
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**111 053**	**104 759**	**1 139 300**	**1 355 112**
First-time IFRS 9 application	21 412	18 916	75 864	116 192
Transfers between stages:	3 588	6 738	(10 326)	-
To performing risk (stage 1).	7 515	(5 139)	(2 376)	-
To watch-list performing risk (Stage 2)	(2 617)	15 700	(13 083)	-
To non-performing loans (Stage 3)	(1 310)	(3 823)	5 133	-
From additions of new financial assets	16 320	-	-	16 320
Changes in parameters	(13 383)	(9 577)	33 810	10 850
Changes in methodologies	(9 333)	(1 714)	9 851	(1 196)
Derecognition of financial assets (excluding write-offs)	(10 328)	(6 657)	(153 710)	(170 695)
Reclassification to write-offs	-	-	(106 133)	(106 133)
Foreclosed assets	-	-	(145 404)	(145 404)
Other movements	(69 000)	(6 585)	14 039	(61 546)
Balance at the end of the period	**50 329**	**105 880**	**857 291**	**1 013 500**
Of which:				
Individually determined	202	23 194	198 942	222 338
Collectively determined	50 127	82 686	658 349	791 162
	50 329	**105 880**	**857 291**	**1 013 500**

8.5.6 Refinancing, refinanced and restructured transactions

The following are the refinancing and restructuring balances at 30th June 2019 and at 31st December 2018:

				€ ´000
		30/06/2019		**31/12/2018**
	Total	**Of which: Stage 3**	**Total**	**Of which: NPL**
Gross amount	**1 577 357**	**981 380**	**1 811 614**	**1 108 910**
Asset impairment adjustments	**582 929**	**502 823**	**674 296**	**591 839**
Of which: Collectively determined	511 641	431 535	558 334	475 877
Of which: Individually determined	71 288	71 288	115 962	115 962
Net amount	**994 428**	**478 557**	**1 137 318**	**517 071**
Of which: granted to customers	994 428	478 557	1 137 318	517 071
Value of guarantees received	**1 033 850**	**639 357**	**1 121 178**	**688 191**
Of which: value of collateral	1 033 841	639 348	1 121 160	688 173
Of which: value of other guarantees	9	9	18	18

The conciliation of the book value of refinanced and restructured transactions for the six-month period ending on 30th June 2019 and during 2018 is as follows:

	€ ´000	
	30/06/2019	31/12/2018
Opening balance	**1 137 308**	**1 534 142**
Refinanced and restructured in the period	37 174	126 635
Debt repayments	(91 419)	(240 226)
Foreclosures	(48 199)	(149 357)
Derecognition (reclassified to write-offs)	(21 468)	(39 349)
Other changes	(18 968)	(94 537)
Of which: Changes to gross balance (*)	*(110 335)*	*(268 392)*
Of which: Changes in hedging for insolvencies	*91 367*	*173 855*
Balance at the end of the period	**994 428**	**1 137 308**

At 30th June 2019, 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 30/06/2019 Total						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	Gross amount	Real estate secured	Other collateral	Number of transactions	Gross amount	Accumulated impairment or loss in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public administrations	12	98	98	-	12	21 167	(335)
Other financial institutions and individual entrepreneurs (finance related business)	4	213	154	-	6	2 732	(1 978)
Non-financial corporations and individual entrepreneurs (non-finance related business)	3 242	488 603	352 203	14 177	1 645	226 123	(246 386)
Of which: financing real estate development & construction (including land)	445	131 328	95 983	1 006	49	24 828	(41 023)
Rest of households	11 516	826 330	629 878	865	1 330	12 091	(334 230)
	14 774	**1 315 244**	**982 333**	**15 042**	**2 993**	**262 113**	**582929**
Other information							
Financing classified as non-current assets and disposable groups classified as held for sale	-	-	-	-	-	-	-

	€ ´000						
	30/06/2019						
	Of which: Non-performing (Stage 3)						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	Gross amount	Real estate secured	Other collateral	Number of transactions	Gross amount	Accumulated impairment or loss in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public administrations	12	98	98	-	1	539	(324)
Other financial institutions and individual entrepreneurs (finance related business)	4	213	154	-	4	2 534	(1 978)
Non-financial corporations and individual entrepreneurs (non-finance related business)	2 106	311 703	220 825	250	615	76 143	(207 297)
Of which: financing real estate development & construction (including land)	309	77 696	48 200	55	28	18 749	(37 317)
Rest of households	7 388	584 913	410 440	8	350	5 237	(293 224)
	9 510	**896 927**	**631 517**	**258**	**970**	**84 453**	**502823**
Other information							
Financing classified as non-current assets and disposable groups classified as held for sale	-	-	-	-	-	-	-

At 31st December 2018, 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						
	31/12/2018						
	Total						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	Gross amount	Real estate secured	Other collateral	Number of transactions	Gross amount	Accumulated impairment or loss in fair value due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public administrations	15	54	54	-	17	26 959	(372)
Other financial institutions and individual entrepreneurs (finance related business)	5	321	240	-	6	2 769	(1 996)
Non-financial corporations and individual entrepreneurs (non-finance related business)	3 750	592 154	417 208	14 917	1 417	245 874	(299 747)
Of which: financing real estate development & construction (including land)	*483*	*158 479*	*108 562*	*1 379*	*56*	*25 755*	*(57 182)*
Rest of households	12 831	926 811	699 250	941	2 265	16 672	(372 181)
	16 601	**1 519 340**	**1 116 752**	**15 858**	**3 705**	**292 274**	**(674 296)**
Other information							
Financing classified as non-current assets and disposable groups classified as held for sale	-	-	-	-	-	-	-

€ ´000

							31/12/2018
	Of which: Non-performing (Stage 3)						
	Secured loans				Unsecured loans		
			Maximum amount of collateral that can be considered				
	Number of transactions	**Gross amount**	**Real estate secured**	**Other collateral**	**Number of transactions**	**Gross amount**	**Accumulated impairment or loss in fair value due to credit risk**
Credit institutions	-	-	-	-	-	-	-
Public administrations	15	54	54	-	1	540	(324)
Other financial institutions and individual entrepreneurs (finance related business)	5	321	240	-	1	2 493	(1 984)
Non-financial corporations and individual entrepreneurs (non-finance related business)	2 360	384 751	256 811	125	506	88 030	(264 135)
Of which: financing real estate development & construction (including land)	*328*	*101 328*	*57 185*	*55*	*31*	*19 627*	*(53 489)*
Rest of households	7 801	626 462	426 660	16	518	6 259	(325 396)
	10 181	**1 011 588**	**683 765**	**141**	**1 026**	**97 322**	**(591 839)**
Other information							
Financing classified as non-current assets and disposable groups classified as held for sale	-	-	-	-	-	-	-

Although the control of refinanced risks has always been part of Unicaja Banco Group's prudential 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 relevant regulations. Specifically, the Bank has a policy covering refinancing, restructuring, renewing and renegotiating transactions, which details the requirements, conditions and situations 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 modifications to conditions considered to be substantial, 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 has, 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 interest accruing in the income statement once a credit has been moved to NPL. 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.

Those 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 giving 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 the determination 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 NPL or needing special supervision, prudent remediation criteria exist, so that according to how the transaction progresses, risk may be reclassified again as normal. These criteria are based on an effective repayment of the refinanced transactions, so that doubts about collection are assuaged, and take into account both the repayment amount and the time that the borrower takes in fulfilling their payment obligations.

8.5.7 Derecognised assets

The following shows the movement during the six-month periods ending on 30th June 2019 and 2018 of Unicaja Banco's impaired financial assets that are not recorded in the balance sheet because any reasonable expectations of recovery is considered unlikely, although the Bank has not put a stop to attempts to recover the amounts owed.

		€ ´000
	30/06/2019	**30/06/2018**
Beginning of period balance of financial assets of unlikely recovery	**1 393 761**	**1 616 834**
Additions -	**48 954**	**65 312**
Recorded to value corrections due to asset impairments (Note 10.3)	39 503	51 391
Recorded in the income statement	5 018	10 186
Matured uncollected receivables	4 433	3 735
Other items	-	-
Recoveries	**(15 545)**	**(39 267)**
Cash collections during the period	(12 496)	(34 055)
From repossessed assets	(3 049)	(5 212)
Derecognitions-	**(26 677)**	**(235 199)**
Sale of write-offs	(7 040)	(194 337)
Other	(19 637)	(40 862)
End of period balance of financial assets of unlikely recovery	**1 400 493**	**1 407 680**

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 at amortised cost

The breakdown under the heading of financial liabilities at amortised cost for the six-month period ending on 30th June 2019 and at 31st December 2018 is as follows:

	€ ´000	
	30/06/2019	**31/12/2018**
Deposits	48 425 082	50 357 347
Central Banks	*3 309 728*	*3 316 446*
Credit institutions	*1 897 518*	*3 578 774*
Customers	*43 217 836*	*43 462 127*
Issued debt securities	60 004	59 958
Other financial liabilities	1 088 546	958 556
	49 573 632	**51 375 861**

The negative cash flow included in the consolidated condensed cash flows statement for the six-month period ending on 30th June 2019 for financial liabilities at amortised cost amounts to EUR 1,802,229 thousand (positive flow of EUR 508,475 thousand in the period ending on 30th June 2018).

8.6.1 Central bank deposits

The detail of the balances under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 was as follows:

	€ ´000	
	30/06/2019	**31/12/2018**
Other Central Banks	3 340 420	3 340 420
Valuation adjustments	(30 692)	(23 974)
	3 309 728	**3 316 446**

At 30th June 2019 and 31st December 2018, the amounts recorded under the item “Other central banks” represent the financing taken out by the Group through the second series of targeted longer-term refinancing operations (TLTRO II). Interest accrued on these deposits during the six-month periods ending on 30th June 2019 and 2018 amounted to EUR 13,439 thousand and EUR 16,196 thousand, respectively, which are recorded under "Interest income and other income - Other gains" in the consolidated income statement (Note 16).

During the six-month periods ending on June 30th June 2019 and 2018 no interest expenses were accrued associated with these deposits (Note 17).

8.6.2 Credit institutions deposits

The detail of the balances under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018, taking into account the nature of the transactions, is as follows:

	€ ´000	
	30/06/2019	**31/12/2018**
Term deposits	516 697	541 751
Repurchase agreements	1 110 251	2 955 148
Other accounts	258 709	78 992
Valuation adjustments	11 861	2 883
	1 897 518	**3 578 774**

Interest accrued on deposits with credit institutions during the six-month periods ending on 30th June 2019 and 2018 amounted to EUR 1,371 thousand and EUR 1,126 thousand, respectively, recorded as "Interest expense" in the consolidated condensed income statement (Note 17).

8.6.3 Deposits from customers

The balance under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018, classified by type and by the counterparties in the transactions, is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
By type -		
Current accounts	12 898 878	12 994 322
Savings accounts	17 391 660	16 658 265
Term deposits	10 528 499	11 906 443
Repos	1 725 849	1 268 299
Other	31049	34 016
Valuation adjustments	641 901	600 782
Of which:		
Micro-hedging transactions	*542 445*	*459 733*
Accrued interest	*211 305*	*253 484*
Other adjustments	*(111 849)*	*(112 435)*
	43 217 836	**43 462 127**
By counterparty -		
Resident public administrations	2 592 870	2 568 486
Other resident sectors	39 761 319	40 077 631
Other non-resident sectors	221 746	215 228
Valuation adjustments	641 901	600 782
Of which:		
Micro-hedging transactions	*542 445*	*459 733*
Accrued interest	*211 305*	*253 484*
Other adjustments	*(111 849)*	*(112 435)*
	43 217 836	**43 462 127**

Interest accrued on customer deposits during the six-month periods ending on 30th June 2019 and 2018 amounted to EUR 132,352 thousand and EUR 148,206 thousand, respectively, recorded under "Interest expenses" in the consolidated condensed income statement (Note 17).

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

				€ ´000
Date of issue	Maturity date	Nominal interest rate	Nominal 30/06/2019	Nominal 31/12/2018
16/11/2004	14/11/2019	(a) 4.257%	53 659	53 659
16/11/2004	14/11/2019	(a) 4.257%	8 049	8 049
16/11/2004	14/11/2019	(a) 4.257%	52 317	52 317
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%	58 333	58 333
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%	128 205	128 205
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
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
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
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
30/11/2009	28/11/2019	4.511%	154 000	154 000
			4 226 927	**4 426 927**

(a) The fixed interest rate paid by the Group has been converted into variable by means of 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 Debt securities issued

The detail of this item in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

	€ ´000	
	30/06/2019	**31/12/2018**
Mortgage securities	60 000	60 000
Other non-convertible securities	-	-
Convertible subordinated debt	-	-
Treasury stock	-	-
Valuation adjustments - Accrued interest	4	(42)
	60 004	**59 958**

Interest accrued on debits represented by tradable securities during the six-month periods ending on 30th June 2019 and 2018 amounted to EUR 33 thousand and EUR 30 thousand, respectively, which are recorded as "Interest expenses" in the consolidated condensed income statement (Note 17).

The breakdown of the mortgage securities issued by Unicaja Banco Group (specifically mortgage backed securities) at 30th June 2019 and at 31st December 2018 is as follows:

Issue	**ISIN code**	**Date of issue**	**Issue amount** (€ ´000)	**Balance at 30/06/2019** (€ ´000)	**Balance at 31/12/2018** (€ ´000)	**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%
3rd Unicaja issue	ES0458759026	22/11/2010	30 000	30 000	30 000	22/11/2022	6 m. Euribor + 2.00%
				60 000	**60 000**		

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 assigned as mortgage securities or mortgage transfer certificates, without prejudice to the liability of the issuer.

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 2019, both by the Parent and by other Group companies is the following:

					€ ´000
	Opening balance at 01/01/2019	**Issues**	**Repurchases/repayments**	**Adjustments due to exchange rate & other**	**Balance at 30/06/2019**
Issued debt securities in a EU member state which required the registration of a prospectus	59 958	-	-	46	60 004
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	**59 958**	**-**	**-**	**46**	**60 004**

There were no issues of debt instruments in the six-month period ending on 30th June 2019 carried out by associates or joint ventures valued by the equity method or by entities outside the Group that were guaranteed by any Group entity.

The detail and changes in issues, repurchases or redemptions of debt securities, including convertible subordinated liabilities, carried out in 2018 by both the parent company and other Group companies is as follows:

					€ ´000
	Opening balance at 01/01/2018	**Issues**	**Repurchases/repayments**	**Adjustments due to exchange rate & other**	**Balance at 31/12/2018**
Issued debt securities in a EU member state which required the registration of a prospectus	129 848	-	(70 000)	110	59 958
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**	**-**	**(70 000)**	**110**	**59 958**

There were no issues of debt instruments in 2018 carried out by associates or joint ventures valued by the equity method or by entities outside the Group that were guaranteed by any Group entity.

8.6.5 Other financial liabilities

The detail of the balance of this item in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Payment obligations	109 916	102 368
Collection accounts	417 890	329 573
Special accounts	147 912	159 310
Financial guarantees	1 320	1 361
Guarantees received and other	411 508	365 944
	1 088 546	**958 556**

The amount recorded by the Group at 30th June 2019 and at 31st December 2018 under the heading of surety bonds 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 2019, the Group did not make significant reclassifications between portfolios of financial instruments.

9. Hedging derivatives

At 30th June 2019 and at 31st December 2018, the main contracted derivatives designated as hedges and their hedged items were the following:

- Interest Rate Swaps, to cover 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 Group applies fair value hedge accounting primarily to those transactions which are 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.

The valuation methods used to determine the fair value of OTC derivatives were discounted cash flow for valuations of interest rate derivatives and the Montecarlo simulation technique for valuations of structured products with an optional component. In the case of transactions of listed securities, the listed price has been taken as its fair value.

The table below shows the fair value and cash flow hedging instruments used by the Group at 30th June 2019 and 31st December 2018:

								€ ´000	
	30/06/2019				31/12/2018				
	Fair Value debtor	**Fair Value creditor**	**Notional**	**Changes in fair value used to calculate hedging ineffectiveness**	**Fair Value debtor**	**Fair Value creditor**	**Notional**	**Changes in fair value used to calculate hedging ineffectiveness**	**Hedged item**
Fair value hedges:	**463 936**	**261 010**	**7 122 550**	**298 690**	**390 729**	**85 633**	**6 483 214**	**334 672**	
Futures on securities and interest rates	**12**	**44 626**	**1 288 641**	**(58 128)**	**168**	**6 442**	**967 961**	**(6 275)**	
Sale of interest rate futures	12	44 626	1 288 641	(58 128)	168	6 442	967 961	(6 275)	Debt securities
Currency options	**2 346**	**993**	**30 621**	**497**	**2 107**	**1 011**	**30 170**	**550**	
Currency options issued	2 346	993	30 621	497	2 107	1 011	30 170	550	Foreign currency balances
Other interest rate transactions	**461 578**	**215 391**	**5 803 288**	**356 321**	**388 454**	**78 180**	**5 485 083**	**340 397**	
Interest rate swaps (IRS bonds)	449 247	-	2 719 338	544 717	388 454	-	2 001 133	370 598	Issued MBS & bonds
Interest rate swaps (IRS deposits in credit institutions)	12 331	-	300 000	11 676	-	-	-	-	Loans and advances
Interest rate swaps (IRS loan portfolio)	-	44 725	556 300	(44 138)	-	15 641	556 300	(13 404)	Loans and advances
Interest rate swaps (IRS fixed income)	-	170 666	2 227 650	(155 934)	-	62 539	2 927 650	(16 797)	Debt securities
Currency swaps interest rate (IRS fixed term deposits)	-	-	-	-	-	-	-	-	Deposits from customers
Cash flow hedges	**55 538**	**152 220**	**3 721 214**	**50 800**	**20 665**	**57 666**	**3 452 948**	**(43 440)**	
Other interest rate transactions	**55 538**	**152 220**	**3 721 214**	**50 800**	**20 665**	**57 666**	**3 452 948**	**(43 440)**	
Interest rate swaps (IRS deposits in central banks)	-	-	-	-	-	-	-	-	Deposits in central banks
Interest rate swaps (IRS fixed income)	55 538	152 220	3 721 214	50 800	20 665	57 666	3 452 948	(43 440)	Debt securities
Total	**519 474**	**413 230**	**10 843 764**	**349 490**	**411 394**	**143 299**	**9 936 162**	**291 232**	

The table below shows the Group's hedged items at 30th June 2019 and 31st December 2018 using the hedging instruments listed above:

€ ´000

30/06/2019

	Book value of hedged items		Accumulated fair value adjustment in the hedged item		Changes in fair value used to calculate hedging ineffectiveness	Reserve of cash flow hedges
	Assets	Liabilities	Assets	Liabilities		
Fair Value hedges:	**4 637 099**	**3 212 874**	**256 325**	**556 067**	**(299 742)**	**-**
Debt securities	4 030 044	-	212 798	-	212 798	-
Foreign currency balances	-	-	-	-	-	-
Issued MBS & bonds	-	-	-	-	-	-
Deposits from customers	-	2 912 303	-	544 433	544433	-
Credit institutions' deposits	-	300 572	-	11 634	(11 634)	-
Loans and advances	607 055	-	43 527	-	43 527	-
Cash flow hedges:	**3 588 829**	**-**	**-**	**-**	-	**50800**
Deposits in central banks	-	-	-	-	-	-
Debt securities	**3 588 829**	**-**	**-**	-	(50 800)	50800
Total	**8 225 928**	**3 212 874**	**256 325**	**556 067**	**(350 542)**	**50800**

€ ´000

31/12/2018

	Book value of hedged items		Accumulated fair value adjustment in the hedged item		Changes in fair value used to calculate hedging ineffectiveness	Reserve of cash flow hedges
	Assets	Liabilities	Assets	Liabilities		
Fair Value hedges:	**4 929 196**	**3 953 144**	**35 925**	**370 597**	**(334 672)**	**-**
Debt securities	4 337 761	-	23 071	-	- 23 071	-
Foreign currency balances	48 734	-	(550)	-	(550)	-
Issued MBS & bonds	-	-	-	-	-	-
Deposits from customers	-	3 652 572	-	367 569	(367 569)	-
Credit institutions' deposits	-	300 572	-	3 028	(3 028)	-
Loans and advances	542 701	-	13 404	-	13 404	-
Cash flow hedges:	**3 409 508**	**-**	**43 440**	**-**	**43 440**	**10 026**
Deposits in central banks	-	-	-	-	-	-
Debt securities	3 409 508	-	43 440	-	43 440	10 026
Total	**8 338 704**	**3 953 144**	**79 365**	**370 597**	**(291 232)**	**10 026**

Unicaja Banco Group classifies as "hedging operations" only those that are considered highly effective over the life 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 condensed 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.

- Fiscal years in which the result of the period is expected to be affected: These coincide with the fiscal years in which cash flows are anticipated.

- Amount recognised during the previous fiscal year under "Interest income" in the consolidated condensed income statement as an income correction due to hedging operations: positive correction of EUR 3,718 thousand in the six-month period ended 30th June 2019 (negative correction of EUR 6,280 thousand in the six-month period ended 30th June 2018) (Note 16).

- Amount recognised during the previous fiscal year under "Interest expense" in the consolidated condensed income statement as an expense correction due to hedging operations: negative correction of EUR 47,854 thousand during the six-month period ended 30th June 2019 (negative correction of EUR 55,276 thousand in the six-month period ended 30th June 2018) (Note 17).

- Recognised inefficiency in the results for the period arising from cash flow hedges: During the six-month period ending on 30th June 2019 and the 2018 financial year there were no inefficiencies.

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 affect the consolidated condensed 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: See table above, with the breakdown of losses and gains associated with hedging instruments for the six-month period ending on 30th June 2019 and the 2018 financial year.

- Losses and gains on the hedged item that are attributable to the hedged risk: See table above, with the breakdown of losses and gains for the six-month period ending on 30th June 2019 and the 2018 financial year associated with hedged instruments and that can be attributed to hedged risk.

In both cases, the Group considers that the sources of the inefficient hedging of fair value or cash flows may be the following:

- Possible economic events affecting the institution (e.g. non-compliances).

- Possible movements or differences relative to the market in the collateralised and non-collateralised curves used in the valuation of derivatives and hedged items.

- Possible differences between the nominal value, the settlement/repricing dates and the credit risk of the hedged item and the hedging item.

The effect of the inefficient hedging of fair value and/or cash flows is not material to the Group's consolidated condensed income statement.

10. Other assets and liabilities

10.1 Cash, cash balances with central banks and other sight deposits

The breakdown of the balance under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Cash	371 169	377 073
Deposits in Bank of Spain	1 278 066	3 771 140
Other sight deposits	391 123	131 381
Valuation adjustments - Accrued interest	4	4
	2 040 362	**4 279 598**

10.2 Non-current assets and disposal groups of items 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 core operations and whose book value is expected to be recovered through the sale price. These assets at 30th June 2019 amounted to EUR 390,339 thousand (EUR 374,130 thousand at 31st December 2018).

The Group has estimated the fair value of the non-current assets held for sale as the value obtained through an updated measurement 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 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Equity instruments	**-**	**-**
Residential real estate	**272 789**	**253 619**
Buildings and other finished constructions	**68 040**	**68 666**
Residential	25 230	26 851
Other	42 810	41 815
Buildings and other structures under construction	**7 171**	**9 141**
Residential	5 162	6 292
Other	2 009	2 849
Land	**42 339**	**42 704**
	390 339	**374 130**

At 30th June 2019 and 2018 there were no gains or losses recorded on the consolidated condensed statement of recognised income and expense for non-current assets held for sale.

During the six-month period ending on 30th June 2019 and the 2018 fiscal year, no amount was recorded in the consolidated condensed cash flow statement for non-current assets held for sale.

At 30th June 2019 and 31st December 2018, all assets recorded under "Non-current Assets Held for Sale" on the consolidated condensed 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 breakdown of the balance under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Fixed tangible assets	882 973	848 638
For own use	882 973	848 638
Let under an operating lease agreement	-	-
Of which: Leasehold rights of use	*44 918*	-
Investment property	339 446	339 809
	1 222 419	**1 188 447**

The "Investment properties" heading in the consolidated condensed 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 due to future increases in their market prices.

At 30th June 2019 and at 31st December 2018, 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.

Rights of use by virtue of lease

The Group holds rights of use from its leaseholds, mainly on buildings, commercial premises and offices used to conduct its activity together with, to a lesser extent, over vehicles, equipment for information processes and parking.

The detail of the leasehold rights of use and the variation therein for the first six months of 2019 is as follows:

	€ ´000		
	Land and buildings	Other	Total
Balance at 1 January 2019	**46 846**	**-**	**46 846**
Additions	2 602	-	2 602
Derecognitions	(908)	-	(908)
Depreciation and amortization	(3 622)	-	(3 622)
Other movements	-	-	-
Balance at 30 June 2019	**44 918**	**-**	**44 918**

The lease liabilities from rights of use (recorded under the heading "Financial liabilities carried at amortized cost") are broken down as follows:

	€ ´000	
	30/06/2019	01/01/2019
Lease liabilities		
Current lease liabilities	45 212	46 846
Non-current lease liabilities	-	-
	45 212	**46 846**

Maturities on the Group's lease liabilities stood as follows at 30th June 2019:

	€ ´000					
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Lease liabilities	605	1.179	5 001	23 462	14 965	45 212

The impact on the consolidated condensed abridged profit and loss statement of the Group's lease rights of use at 30th June 2019 was:

	€ ´000
	30/06/2019
Rights of use amortization expenses	3 622
Land and buildings	3 622
Other	-
Interest expenses of lease liabilities	405
	4 027

Finally, the Group has excluded contracts of 12 months or less, as well as lease contracts of low-value assets, from its general treatment of leases. Although these exclusions have not represented significant sums, their impact on the Group's statements to 30th June 2019 is presented below:

	€ ´000
	30/06/2019
Short term lease expense	47
Low-value lease expense	457
	504

10.4 Intangible assets

The breakdown of the balance under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

	€ ´000	
	30/06/2019	31/12/2018
Goodwill	53 756	56 840
Other intangible assets	7 356	5 665
	61 112	**62 505**

Below is a breakdown of goodwill recorded under "Intangible Assets - Goodwill" in the Group's consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018, by the companies that generated it:

	€ ´000	
	30/06/2019	31/12/2018
Unión del Duero, Compañía de Seguros de Vida, S.A.U.	51 022	53 949
Duero Pensiones, E.G.F.P., S.A.U. (absorbed by Unión del Duero, Compañía de Seguros de Vida, S.A.U.)	2 734	2 891
	53 756	**56 840**

The breakdown of the goodwill recorded in Unión del Duero, Compañía de Seguros de Vida, S.A.U. y Duero Pensiones, E.G.F.P., S.A.U. is as follows:

			€ ´000			
			Accumulated impairment		Net amount	
	Initial amount	Date of recognition	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Unión del Duero, Compañía de Seguros de Vida, S.A.U.	59 804	March 2018	(8 782)	(5 855)	51 022	53 949
Duero Pensiones, E.G.F.P. S.A.U.	3 205	March 2018	(471)	(314)	2 734	2 891
	63 009		**(9 253)**	**(6 169)**	**53 756**	**56 840**

During the six-month period ending on 30th June 2019, the aforementioned goodwill was impaired by EUR 3,084 thousand, in (Note 26).

In accordance with the estimates and projections available to the Group's Directors, the income forecasts attributable to the Group of 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 generated by the purchase, executed on 27th February 2018, of these companies by EspañaDuero, and came from the assessment of the current bancassurance business (without taking into account future business estimates). 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.

10.5 Assets under insurance and reinsurance contracts

At 30th June 2019 and at 31st December 2018, the "Assets under insurance or reinsurance contracts" item of the consolidated condensed balance sheet includes assets recorded by the Group's insurance companies in the course of doing business.

10.6 Liabilities under insurance or reinsurance contracts

At 30th June 2019 and at 31st December 2018, the "Liabilities under insurance or reinsurance contracts" item includes liabilities taken on by the Group's insurance companies of the Group in the course of business. The composition of this item is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Provisions for life insurance	560 644	571 402
Provision for benefits	9 501	10 311
Provision for bonuses and rebates	415	726
Provision for accounting asymmetry	51 361	53 561
Other provisions	7 485	6 350
	629 406	**642 350**

10.7 Other assets

The composition of the balances under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Insurance contracts linked to pensions	119 476	118 615
Inventory	255 972	283 380
Other	75 158	100 740
	450 606	**502 735**

At 30th June 2019 and at 31st December 2018, the "Others" item under this heading of the consolidated condensed balance sheet mainly includes asset accrual accounts.

The "Inventory" heading in the consolidated condensed balance sheet reflects the non-financial assets held by the consolidated companies for sale 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 is 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 condensed 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 condensed profit and loss statement. At 30th June 2019, the portion of such provisions or reversals corresponding to "Inventory" amounted to EUR 5,374 thousand (net reversal), and EUR 996 thousand (net reversal) at 30th June 2018 (Note 26).

The detail of inventory sales completed at 30th June 2019 and 2018 by Unicaja Banco Group, giving the sales price, cost of sales, use of provisions and selling fees, is as follows:

		€ ´000
	30/06/2019	**30/06/2018**
Sale price	53 546	69 783
Cost of sales	(112 274)	(102 237)
Use of provisions	73 972	52 825
Selling fees	(753)	(776)
	14 491	**19 595**

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 that backs up lending transactions and assets awarded 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 appraisal 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, foreclosed assets and those received in lieu of debts by the Group are reviewed at least every three years, depending on the situation of the operation and the asset type and value of the assets mortgaged (at least, those encumbrances in a "NPL" or "performing" situation that are under watchlist).

- For those valuations that do not have to comply with the requirements of Circular 4/2017, the Credit Committee is responsible for establishing a procedure that combines both the appraisals under Bank of Spain's ECO Order 805/2003, Annex 9, 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 2019 and at 31st December 2018, Unicaja Banco Group did not hold inventory on the consolidated condensed balance sheet that was pledged as collateral for the fulfilment of debts.

10.8 Other liabilities

The breakdown of the balance under this heading in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Accrued expenses payable	67 059	79 428
Transactions in progress	32 270	80 664
Other	112 852	129 553
	212 181	**289 645**

11. Changes in Group contingent assets and liabilities

11.1 Contingent assets

During the six-month period ending on 30th June 2019 there was no significant change in the contingent assets of Unicaja Banco Group with respect to the situation shown in the Group's consolidated annual statement at 31st December 2018.

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, and 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 condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Pensions funds and related obligations	146 836	146 468
Other long term employee benefits	116 284	127 070
Provisions for contingent risks and commitments	131 495	129 301
All other provisions	437 972	482 541
	832 587	**885 380**

The following are movements during the six-month period ending on 30th June 2019, 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 1 January 2019	**146 468**	**127 070**	**129 301**	**482 541**	**885 380**
Provisions recorded against results:	**1 023**	**4 381**	**5 846**	**41 388**	52 638
Provisions	-	4 200	5 846	41 388	51 434
Interest costs (Note 17)	1 023	181	-	-	1 204
Recoveries recorded in results	-	-	(4 870)	(4 003)	(8 873)
Provisions used	(655)	(15 167)	-	(113 117)	(128 939)
Other movements	-		1 218	31163	32 381
Balance at 30 June 2019	**146 836**	**116 284**	**131 495**	**437 972**	**832 587**

On the other hand, the movements during the six-month period ending on 30th June 2018, classified by the purpose of the provisions booked, were 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 1 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 30 June 2018	**163 692**	**114 555**	**137 797**	**427 255**	**843 299**

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 materialisation 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 2019 and 2018.

The Group has quantified 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 closure. 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" refers to the commitments undertaken by the Group on behalf of its employees.

"Provisions for contingent risks and liabilities" includes provisions to hedge contingent liabilities, understood as those operations in which the Group guarantees third party obligations arising as a result of financial guarantees 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 2019 and at 31st December 2018, 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-materialized 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.

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, once those pacts limiting the variation of interest rates that lack transparency are declared void, the borrower will be refunded the interest rate differential that they have paid, starting from the date the May 2013 judgement was published.

In particular, we should consider, on the one hand, the ruling by Madrid’s Commercial Court 11, 7th April 2016, following the class action filed on 11th November 2010 by the Association of Bank Users, (ADICAE in the Spanish acronym) 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 contracts with individuals. This ruling requires 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 any interests under law. In addition, the ruling dated 13th April 2016, handed down by León Provincial Courts, in the matter of the collective action brought by the Association of Users of Banking Services (AUSBANC in the Spanish acronym), 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 2019, the hedges deemed necessary to cover potential asset impairments and deal with the risks and contingencies that may impact the Group were in place. In this regard, the Group has provisioned of EUR 151 million (EUR 203 million at 31st December 2018).

In the opinion of the Group's top management, 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 2019, with respect to the situation in the consolidated annual accounts of the Group at 31st December 2018, 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 2018.

11.2.2.1 Contingent risks

The breakdown of contingent risks at 30th June 2019 and at 31st December 2018, whose nominal value is recorded in off-balance sheet accounts, is shown below:

		€ ´000
	30/06/2019	**31/12/2018**
Financial guarantees given	**65 518**	**64 537**
Financial guarantees	65 518	64 537
Other commitments given	**2 444 891**	**2 021 991**
Performance guarantees	1 104 304	1 020 660
Credit derivatives sold	-	-
Irrevocable letter of credit	23 843	9 123
Other commitments	1 316 744	992 208
	2 510 409	**2 086 528**

At 30th June 2019 and 31st December 2018, the line “Other commitments” mainly includes commitments arising from simultaneous transactions in organised markets within market parameters awaiting formalisation.

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 income" (for the amount corresponding to the restatement of commissions) in the consolidated condensed income statements for the six- month period ending on 30th June 2019 and 2018, 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 contingent risks and commitments" in the consolidated condensed balance sheet (Note 11.2.1).

11.2.2.2 Available by third parties

At 30th June 2019 and at 31st December 2018, the thresholds on financing given and the amounts drawn down for these financing agreements, for which the Group had assumed 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
		30/06/2019		**31/12/2018**
	Undrawn amounts	**Credit limit**	**Undrawn amounts**	**Credit limit**
Instant availability	**1 969 228**	**2 763 282**	**1 814 901**	**2 556 029**
Credit institutions	133	2 223	225	2 108
Public administrations	263 157	309848	91 870	138 258
Other sectors	1 705 938	2 451 211	1 722 806	2 415 663
Available subject to conditions	**959 568**	**1 252 126**	**764 337**	**959 194**
Public administrations	16 035	23 685	255	7 905
Other sectors	943 533	1 228 441	764 082	951 289
	2 928 796	**4 015 408**	**2 579 238**	**3 515 223**

11.3 Assets assigned and received under guarantee

At 30th June 2019 and at 31st December 2018, 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 liabilities and similar items was as follows:

		€ ´000
	30/06/2019	**31/12/2018**
Pledged securities	5 065 978	5 238 593
Pledged non-mortgage loans	-	-
	5 065 978	**5 238 593**

At 30th June 2019 and at 31st December 2018, 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 collateral, the guarantees made by Unicaja Banco to Bank of Spain will not be affected, and apply, 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 asset instruments issued other than capital

The detail and movement recorded under "Equity" in the consolidated condensed balance sheet during the six-month period ending on 30th June 2019 and 2018 is presented in the accompanying consolidated statements of changes in equity, with an explanation of all movements in the same during these periods.

12.1 Capital and share premium

The bank’s share capital at 30th June 2019 and 31st December 2018 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.

Thus, the issue premium at 30th June 2019 and 31st December 2018 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 2019 and 31st December 2018 the outstanding balance of the issuances of Unicaja Banco Perpetual Contingent Convertible Bonds (PeCoCos). The breakdown of these issues at 30th June 2019 and at 31st December 2018 is as follows:

				30/06/2019			31/12/2018		
			€	€ ´000		€	€ ´000		
Issue	ISIN code	Number of securities issued	Nominal amount	Year-end balance	Number of securities issued	Nominal amount	Year-end balance	Nominal interest	Maturity
Perpetual Contingent Convertible Bonds (PeCoCos)	ES0280907009	47 752 045	47 752 045	47 752	47 896 938	47 896 938	47 897	13.8824%	Perpetual
				47 752			**47 897**		

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 will be the ratio 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, taking as the share premium 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 2019 and at 31st December 2018 this issue does not listed to trading 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 assumptions of conversion and to the political rights resulting from belonging to the respective 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 reserves 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 own resources; (iii) that the Board of Directors of Unicaja Banco, at its sole discretion, having regard to 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 own resources 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 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 unfavourable to the Group; therefore they should be classified as equity instruments and fully recorded in own funds under "Equity instruments issued other than capital" in the consolidated condensed balance sheet.

12.3 Treasury shares

At 30th June 2019 and at 31st December 2018, the Group had 2,410,234 and 2,146,738 treasury shares, respectively.

The breakdown of treasury shares at 30th June 2019 and at 31st December 2018 is as follows:

	30/06/2019		31/12/2018	
	Number of shares	€ ´000	Number of shares	€ ´000
Opening balance of treasury shares	**2 146 738**	**2 147**	**-**	**-**
Purchase of treasury shares by Unicaja Banco	957 568	957	8 143 462	8 144
Purchase by other group entities	-	-	92 058	92
Share swap from merger with EspañaDuero	-	-	(6 088 782)	(6 089)
Sale of treasury shares by Unicaja Banco	(694 072)	(694)	-	-
Balance of treasury shares at end of period	**2 410 234**	**2 410**	**2 146 738**	**2 147**

Purchases of treasury shares by Unicaja Banco during the first half of 2019 had an effective cost of EUR 957 thousand and were duly notified as relevant events.

13. Minority interests and income

The breakdown of "Minority Interests" (non-controlling interests) in the consolidated condensed balance sheet and "Attributable to minority interests" in the consolidated income statement at 30th June 2019 and at 31st December 2018 is as follows:

				€ ´000
	30/06/2019		31/12/2018	
	Non-controlling interests	Results attributable to minority holdings	Non-controlling interests	Results attributable to minority holdings
Viajes Caja España, S.A.	(63)	-	(63)	-
Parque Industrial Humilladero, S.L.	482	(2)	483	(9)
	419	**(2)**	**420**	**(9)**

14 Retained earnings and other reserves

The accompanying consolidated condensed statements of changes in equity show, inter alia, a conciliation of the carrying amount at the beginning and end of the six-month period ending on 30th June 2019 and 2018 under the heading "Equity-Own funds Other reserves" in the consolidated condensed balance sheets, with an explanation of all movements over the aforementioned periods under these headings.

The breakdown of these reserves at 30th June 2019 and at 31st December 2018 is as follows:

		€ ´000
	30/06/2019	31/12/2018
Retained earnings	973 579	969 426
Revaluation reserves	-	-
Other reserves	(21 202)	(66 431)
Reserves or accumulated losses of investments in joint ventures and associates	*(275 687)*	*(320 916)*
Other reserves	*254 485*	*254 485*
	952 377	**902 995**

The "Retained earnings" item records net earnings (profit or loss) recognised in previous periods through the income statement that were allocated to net 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
	30/06/2019	31/12/2018
Parent Company reserves	1 168 098	1 049 012
Legal reserve	126 981	106 959
Revaluation reserves	(25 288)	(22 407)
Capitalization reserve	19 601	19 001
Unrestricted reserves	1 046 804	945 459
Consolidation reserves attributed to the parent Company, consolidated subsidiaries and investments in joint ventures and associates	(215 721)	(146 017)
	952 377	**902 995**

The breakdown of these reserves by company is shown below:

		€ ´000
	30/06/2019	31/12/2018
Unicaja Banco, S.A. (parent)	1 758 706	1 662 525
Gestión de Inmuebles Adquiridos, S.L.U. (*)	(593 518)	(611 130)
Inmobiliaria Acinipo, S.L.U. (*)	(109 893)	(109 160)
Autopista del Sol Concesionaria Española, S.A. (*)	(42 281)	(43 244)
Alteria Corporación Unicaja, S.L.U.	15 488	10 757
Alestis Aerospace, S.L. (*)	(37 329)	(33 121)
Unicartera Gestión de Activos, S.L.U. (*)	(44 362)	21 805
Other companies	5 566	4 563
	952 377	**902 995**

(*) Negative balances show losses.

15. Asset securitisation

At 30th June 2019 and 31st December 2018 there were no financial asset transfers using securitisation instruments.

16. Interest income and other income

The breakdown of the most significant sources of interest income and other income accrued by the Group for the six-month periods ending on 30th June 2019 and 2018 is as follows:

		€ ´000
	30/06/2019	30/06/2018
Deposits in credit institutions and central banks	584	32
Loans to customers	257 099	262 513
Debt securities	104 439	124 196
NPAs	9 218	10 816
Reclassification of hedge accounting income (Note 9)	3 718	(6 280)
Gains of pension contracts linked to pensions funds and similar obligations	715	557
Other income	12 724	13 904
	388 497	**405 738**

Below is a breakdown of the amounts recorded under "Interest income" in the Group's consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018, classified according to the portfolio of financial instruments that produced to them:

		€ ´000
	30/06/2019	30/06/2018
Financial assets held for trading	12	215
Non-trading financial assets mandatorily designated at fair value through profit and loss (Note 8.3.1)	1 453	1 329
Financial assets designated at fair value through profit or loss (Note 8.3.1)	-	-
Financial assets designated at fair value through other comprehensive income (Note 8.4)	45 139	91 308
Financial assets carried at amortized cost (Note 8.5)	324 736	30 2971
Reclassification of hedge accounting income (Note 9)	3 718	(6 280)
Other income	13 439	16 195
	388 497	**405 738**

17. Interest expenses

The breakdown of the balance under this heading in the Group's consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018 is as follows:

		€ ´000
	30/06/2019	30/06/2018
Central bank deposits (Note 8.6.1)	-	-
Credit institutions deposits (Note 8.6.2)	1 371	1 126
Customer deposits (Note 8.6.3)	132 352	148 206
Marketable debt securities (Note 8.6.4)	33	30
Subordinated liabilities	-	-
Reclassification of hedge accounting costs (note 9)	(47 854)	(55 276)
Costs allocated to established pension funds	1 204	890
Other interests	8 582	7 812
	95 688	**102 788**

A breakdown of the amounts recorded under "Interest expenses" in the Group's consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018, classified according to the financial instrument portfolio that gave rise to them is shown below:

		€ ´000
	30/06/2019	30/06/2018
Financial liabilities carried at amortized cost	133 756	149 362
Reclassification of hedge accounting cost	(47 854)	(55 276)
Other	9 786	8 702
	95 688	**102 788**

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 2019 and 2018, by portfolios and by type of financial instruments, is as follows:

		€ ´000
	30/06/2019	30/06/2018
Equity instruments classified as:		
Trading book	-	368
Available-for-sale financial assets	19 636	14 361
	19 636	**14 729**
Equity instruments with attributes of:		
Shares	19 636	14 729
Interests in Collective Investment Institutions	-	-
	19 636	**14 729**

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 2019 and 2018 is as follows:

	€ ´000	
	30/06/2019	30/06/2018
Autopista del Sol Concesionaria Española, S.A.	754	(21)
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	15 547	10 606
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	1 583	1 510
Deoleo, S.A.	-	(1 055)
Sociedad Municipal de Aparcamientos y Servicios, S.A.	567	560
Ingeniería e Integración Avanzadas, S.A. (Engineering)	62	21
Ahorro Andaluz, S.A.	(3)	781
Autopista del Guadalmedina, Concesionaria Española, S.A.	(323)	(921)
Gestión e Investigación de Activos, S.A.	(5)	2 257
Caja España Vida, Compañía de Seguros y Reaseguros, S.A.	-	5 983
Madrigal Participaciones, S.A.	922	(16)
Ingeniería de Suelos y Explotación de Recursos, S.A.	1 140	1 260
Propco Malagueta, S.L.	466	534
Proyecto Lima, S.L.	276	69
Other companies	(283)	(922)
	20 703	**20 646**

20. Fee income

The following are the fees accruing for the six-month periods ending on 30th June 2019 and 2018 classified by the activity that generated them, and also by the headings under which they have been filed in the consolidated condensed income statements for these periods:

	€ ´000	
	30/06/2019	30/06/2018
Interest income and other income		
Arrangement fees	12 699	13 154
	12 699	**13 154**
Fee and commission income		
Contingent risk fees	3 790	3 568
Contingent commitment fees	1 146	1 216
Collections and payment fees	68 593	60 640
Securities services fees	20 874	23 151
Exchange services fees	172	154
Non-banking financial products marketing fees	28 533	27 813
Other	2 807	2 570
	125 915	**119 112**
Other operating income		
Direct costs compensation fees (Note 23)	1 776	2 112
	1 776	**2 112**

21. Fee Expenses

The following are the fee expenses accruing for the six-month periods ending on 30th June 2019 and 2018 classified by the appropriate activity, and also by the headings under which they have been filed in the consolidated condensed income statements for these periods:

		€ ´000
	30/06/2019	**30/06/2018**
Interest expense		
Intermediaries' fees	419	443
Other fees	239	251
	658	**694**
Fee and commission expense		
Lending and borrowing transactions	1 323	547
Fees paid to other institutions and correspondents	5 757	5 774
Security trading fees	1 275	1 324
Other fees	3 959	3 474
	12 314	**11 119**

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

A breakdown of the balance under this heading in the Group's consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018, classified according to the financial instrument portfolio that gave rise to them is shown below:

		€ ´000
	30/06/2019	**30/06/2018**
Profit or (losses) on derecognition from the statements financial assets and liabilities not valuated at fair value through profit or loss	**23 454**	**28 452**
Financial assets designated at fair value through other comprehensive income	23 454	28 452
Equity instruments	-	-
Debt securities	*23 454*	*28 452*
Financial liabilities carried at amortized cost	-	-
Gains or (losses) from financial assets and liabilities held for trading	**(214)**	**1 636**
Gains or (losses) from hedge accounting	**(1 052)**	**-**
Gain or (losses) from non-trading financial assets mandatorily designated at fair value through profit or loss	**3 527**	**1 035**
Gains or (losses) from financial assets and liabilities designated at fair value through profit or loss	**-**	**(2 998)**
	25 715	**28 125**

23. Other operating income

The breakdown of the balance under this heading in the consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018 is as follows:

		€ ´000
	30/06/2019	30/06/2018
Income from assets under insurance or reinsurance contracts	**36 268**	**31000**
Other operating income	**61 208**	**55 655**
Income from investment property	7 353	7 567
Direct costs compensation fees (Note 20)	1 776	2 112
Income from non-financial services	6 018	5 993
Income from companies with real estate operations	27 642	26 171
Other items	18 419	13 812
	97 476	**86 655**

The heading "Other items" includes income from operating activities that are not covered by other headings in this item, such as considerations for certain expenses, compensation received, income from miscellaneous bank services or from other Group-owned companies, etc.

24. Other operating expenses

The breakdown of the balance under this heading in the consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018 is as follows:

		€ ´000
	30/06/2019	30/06/2018
Expenses from liabilities under insurance or reinsurance contracts	**23 483**	**21 156**
Other operating expenses	**52 125**	**48 804**
Operating expenses of real estate investments	715	1 015
Contributions to the Single Resolution Fund (Note 1.15)	7 630	12 848
DTA monetisation levy (*Prestación patrimonial*)	7 900	7 900
Expenses from companies with real estate operations	12 527	7 136
Other items	23 353	19 905
	75 608	**69 960**

"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. Administration fees

25.1 Staff costs

The composition of "Staff Expenses" in the consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018 is as follows:

		€ ´000
	30/06/2019	**30/06/2018**
Wages and salaries	141 849	144 231
Social security	40 730	39 476
Appropriations to defined benefit pension plans	63	80
Appropriations to defined contribution pension plans	5 145	4 945
Compensation	17	262
Training expenses	592	568
Other staff expenses	4 710	5 254
	193 106	**194 816**

"Other Staff Expenses" at 30th June 2019 and 2018 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 2019 and 31st December 2018:

	Unicaja Banco		(UNICAJA BANCO GROUP)	
	30/06/2019	**31/12/2018**	**30/06/2019**	**31/12/2018**
Men	3 218	3 310	3 495	3 577
Women	3 057	3 086	3 308	3 343
	6 275	**6 396**	**6 803**	**6 920**

The breakdown of the number of offices in the Unicaja Banco Group network at 30th June 2019 and at 31st December 2018 is as follows:

	(UNICAJA BANCO GROUP)	
	30/06/2019	**31/12/2018**
Number of branches	**1 106**	**1 154**
Spain	1 105	1 153
ROW	1	1

25.2 Other administrative expenses

The breakdown of the balance under this heading in the consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018 is as follows:

		€ ´000
	30/06/2019	**30/06/2018**
Properties & buildings	14 587	15 379
Rents	504	4 520
IT	20 367	24 369
Communications	8 001	7 602
Advertising	6 635	7 468
Legal fees	366	712
Technical reports	7 110	6 090
Security services	4 279	4 421
Insurance premiums	653	719
Public administrations	1 239	1 582
Entertainment expenses	2 981	2 316
Association membership dues	3 507	3 210
Outsourced services	1 403	1 332
Taxes	12 774	14 343
Other items	3 023	3 107
	87 429	**97 170**

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

The composition of these headings of the consolidated condensed income statements at 30th June 2019 and 2018 is as follows:

		€ ´000
	30/06/2019	**30/06/2018**
Impairment or reversal in the value of joint ventures or associates	**-**	**-**
Impairment or reversal in the value of non-financial assets	**(11 136)**	**812**
Goodwill (Notes 5 & 10.4)	(3 812)	(3 995)
Other assets	(7 324)	4 807
	(11 136)	**812**

The breakdown per items of the consolidated condensed balance sheet of "Impairment Losses - Other Assets" as of 30th June 2019 and 2018 is as follows:

	€ ´000	
	30/06/2019	30/06/2018
Impairment losses on tangible assets (net)	(662)	4 347
Impairment losses on intangible assets (net)	-	-
Impairment losses on inventory (net) (Note 10.7)	(5 374)	996
Impairment losses on other assets (net)	(1 288)	(536)
	(7 324)	**4 807**

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

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

The breakdown of the balance under these headings in the consolidated condensed income statements for the six-month periods ending on 30th June 2019 and 2018 is as follows:

				€ ´000
	30/06/2019		30/06/2018	
	Gain	Loss	Gain	Loss
Sale of tangible asset	3 679	(959)	4 198	(368)
Sale of equity stakes	19 430	-	-	-
Other items	683	(44)	366	(164)
	23 792	**(1 003)**	**4 564**	**(532)**

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 2019 and 2018 is as follows:

				€ ´000
	30/06/2019		30/06/2018	
	Gain	Loss	Gain	Loss
Sale of tangible asset	6 797	(776)	23 458	(18 770)
Other items	-	(2 825)	-	(2 246)
	6 797	**(3 601)**	**23 458**	**(21 016)**

29. Taxes

29.1 Consolidated Tax Group

The Bank is the parent entity of the Tax 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 2019:

- 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.
- 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.
- Unicaja Gestión de Activos Inmobiliarios, S.A.U.
- Uniwindet, S.L.
- La Algara Sociedad de Gestión, S.L.U.
- Pinares del Sur, S.L.U.
- Finanduero Sociedad de Valores, S.A.U.
- Viproelco, S.A.U.
- Propco Blue 1, S.L.
- Banco Europeo de Finanzas, S.A.
- Madrigal Participaciones, S.A.
- Duero Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.U.
- Unión del Duero, Compañía de Seguros de Vida, S.A.U.

During the six-month period ending on 30th June 2019, the following companies left the consolidated tax group: Altos de Jontoya Residencia de Mayores, S.L., Banco de Caja España de Inversiones, Salamanca y Soria, S.A., Grupo de Negocios Duero S.A. and Mijas Sol Resort, S.L.

The companies joining the tax group are: Banco Europeo de Finanzas, S.A., Madrigal Participaciones S.A., Duero Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.U. and Unión del Duero, Compañía de Seguros de Vida, S.A.U.

29.2 Fiscal years subject to tax inspection

On 11th January 2019, the Tax Authorities notified the Group that it was beginning inspection proceedings of the Tax Consolidation Group with regard to the following taxes and accounting periods:

- Corporation Tax, Corporate Groups regime, years 2014 to 2016.
- Value Added Tax, years 2015 and 2016.
- Withholding obligations on personal income tax, on corporation tax and on non-residents' income tax, for the periods 2015 and 2016.

Subsequently, as part of the inspection procedure, the Tax Authorities notified the Group that it is opening a investigation into the Tax on Credit Institutions' Deposits (IDEC in the Spanish acronym) for the 2014 to 2016 tax years.

In addition, on 4th July 2019 the Tax Authorities notified Unicaja Banco that they were opening an inspection into the tax settlements made by Banco de Caja España, Salamanca y Soria, S.A. (EspañaDuero), of which Unicaja Banco is successor through absorption, on the following taxes and periods:

- Corporation tax, 2014 to 2016 financial periods (in the case of 2014, a partial inspection, on the data relative to deferred tax assets).
- Value Added Tax, years 2015 and 2016.
- Withholding obligations on personal income tax, on corporation tax and on non-residents' income tax, for the periods 2015 and 2016.

29.3 Conciliation of accounting and tax results

The following is a conciliation between the Corporate 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-month period ending on 30th June 2019 and 2018:

		€ ´000
	30/06/2019	**30/06/2018**
Pre-tax income	146 157	140 364
Corporate income tax (30% tax rate)	43 847	42 109
Eliminations in the consolidation process	(8 777)	(6 194)
Permanent positive differences	430	2 347
Permanent negative differences	(4 201)	(1 922)
Tax deductions and credits	(1 032)	(30)
Tax expense or income on earnings from continued operations	**30 267**	**36 310**

29.4 Tax assets and liabilities

The breakdown of the balance under these headings in the consolidated condensed balance sheets at 30th June 2019 and at 31st December 2018 is as follows:

				€ ´000
		Tax assets		**Tax Liabilities**
	30/06/2019	**31/12/2018**	**30/06/2019**	**31/12/2018**
Current	44 847	84 735	37 909	21 128
Deferred	2 578 695	2 568 707	236 502	210 882
	2 623 542	**2 653 442**	**274 411**	**232 010**

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 to adapt Spanish law to European Union legislation on the supervision and liquidity 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 guaranteed by the Spanish authorities, coming to EUR 1,488,710 thousand at 30th June 2019.

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).

29.5 Information on the procedure for recovering State aid from the “Tax Lease" for Financing of Vessels by the European Commission

On 30th October 2013, the bank received formal notice from the European Commission's Directorate-General for Competition, informing Unicaja Banco of its definitive 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 condensed statement as a single ledger entry under "Profit or losses after tax from discontinued operations", regardless of whether the component remains on the consolidated condensed balance sheet or has been removed; the item also includes the results obtained from its sale or disposal.

In the six-month period ending on 30th June 2019 and 2018 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 validation of the information provided by the borrower and their solvency.

- Avoidance of imbalances between the flows coming from the hedging portfolio and those deriving 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, should, 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 2019 and 31st December 2018, 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
	30/06/2019	**31/12/2018**
Transferred loans held in assets	**-**	**-**
Mortgage participations	-	-
Mortgage transfer certificates	-	-
Mortgages held as collateral for financing received	**-**	**-**
Loans securing MBS & mortgage bonds issues	**20 151 248**	**20 513 172**
Non-eligible loans	3 754 255	3 818 451
Compliant with eligibility criteria except for limits established under article 5.1 of Royal Decree 716/2009	1 405 354	1 368 743
Other	2 348 901	2 449 708
Eligible loans	16 396 993	16 694 721
Non-eligible amount	61 115	51 148
Eligible amount	16 335 878	16 643 573
Loans securing mortgage bond issues	-	-
Loans eligible for securing mortgage covered bonds	*16 335 878*	*16 643 573*
	20 151 248	**20 513 172**

At 30th June 2019 and at 31st December 2018, the outstanding face value of the mortgage loans and credits backing the issuance of mortgage covered bonds amounts to EUR 20,151,248 thousand and EUR 20,513,172 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 16,396,993 thousand euros and 16,694,721 thousand euros, respectively.

At 30th June 2019 and at 31st December 2018, the Group had not made any mortgage bond issues. At 30th June 2019 and at 31st December 2018 the Group held no loans linked to mortgage transfer 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 1,405,354 thousand and EUR 1,368,743 thousand at 30th June 2019 and at 31st December 2018, respectively.

The detail of the loans backing the issuance of MBS & mortgage bonds, classified by different criteria, at 30th June 2019 and at 31st December 2018, is as follows:

	€ ´000	
	30/06/2019	
	Loans securing MBS & mortgage bonds issues	**Of which: Eligible loans**
Nominal value of outstanding loans and mortgages	**20 151 248**	**16 396 994**
By source of operation:	20 151 248	16 396 994
- Originated by the bank	19 982 907	16 257 935
- Subrogated by other institutions	168 341	139 059
- Others	-	-
By currency:	20 151 248	16 396 994
- In euros	20 149 856	16 396 152
- Other currencies	1 392	842
By payment status:	20 151 248	16 396 994
- Performing	19 876 262	16 396 994
- Other	274 986	-
By average residual maturity:	20 151 248	16 396 994
- Up to 10 years	9 225 131	6 815 978
- 10 to 20 years	7 082 639	6 283 096
- 20 to 30 years	3 815 485	3 286 729
- More than 30 years	27 993	11 191
By type of interest rate:	20 151 248	16 396 994
- Fixed rate	490 117	345 825
- Floating rate	19 661 131	16 051 169
- Mixed rate	-	-
By loan holder:	20 151 248	16 396 994
- Legal person and entrepreneurs	2 931 739	1 482 086
Of which: real estate development	*353 481*	*136 174*
- Households	17 219 509	14 914 908
By type of guarantee:	20 151 248	16 396 994
- Completed assets/buildings and other structures	18 159 639	15 322 892
Residential use	17 521 288	14 935 419
Of which: social housing	*773 802*	*737 505*
Business premises	530 548	322 102
Other	107 803	65 371
- Assets/buildings and other structures under construction	409 743	263 915
Residential use	386 455	245 950
Of which: social housing	*4 524*	*4 513*
Business premises	22 005	17 422
Other	1 283	543
- Land	1 581 866	810 187
Permitted and ready for development	639 238	198 942
Other	942 628	611 245

	Loans securing MBS & mortgage bonds issues	Of which: Eligible loans
	€ ´000	
	31/12/2018	
Nominal value of outstanding loans and mortgages	**20 513 172**	**16 694 721**
By source of operation:	20 513 172	16 694 721
- Originated by the bank	20 334 450	16 546 371
- Subrogated by other institutions	178 722	148 350
- Others	-	-
By currency:	20 513 172	16 694 721
- In euros	20 511 633	16 693 731
- Other currencies	1 539	990
By payment status:	20 513 172	16 694 721
- Performing	20 218 440	16 694 721
- Other	294 732	-
By average residual maturity:	20 513 172	16 694 721
- Up to 10 years	9 349 718	6 758 423
- 10 to 20 years	7 373 653	6 668 547
- 20 to 30 years	3 739 792	3 242 083
- More than 30 years	50 009	25 668
By type of interest rate:	20 513 172	16 694 721
- Fixed rate	484 997	348 035
- Floating rate	20 028 175	16 346 686
- Mixed rate	-	-
By loan holder:	20 513 172	16 694 721
- Legal person and entrepreneurs	3 003 096	1 474 101
Of which: real estate development	*348 066*	*135 792*
- Households	17 510 076	15 220 620
By type of guarantee:	20 513 172	16 694 721
- Completed assets/buildings and other structures	18 560 730	15 655 215
Residential use	17 890 296	15 253 379
Of which: social housing	*819 850*	*780 953*
Business premises	548 568	331 931
Other	121 866	69 904
- Assets/buildings and other structures under construction	343 563	243 736
Residential use	320 893	225 867
Of which: social housing	*4 871*	*4 860*
Business premises	20 980	17 306
Other	1 690	563
- Land	1 608 879	795 770
Permitted and ready for development	676 598	201 576
Other	932 281	594 194

At 30th June 2019 and 31st December 2018, 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

	30/06/2019					
	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	4 576 468	5 970 014	4 634 887	-	-	15 181 369
- On rest of assets	680 091	507 856	27 677	-	-	1 215 624
	5 256 559	**6 477 870**	**4 662 564**	**-**	**-**	**16 396 993**

€ ´000

	31/12/2018					
	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	4 579 736	6 143 621	4 755 888	-	-	15 479 245
- On rest of assets	681 346	509 413	24 717	-	-	1 215 476
	5 261 082	**6 653 034**	**4 780 605**	**-**	**-**	**16 694 721**

The mortgage portfolio flows during the six-month period ending on 30th June 2019 and during the 2018 fiscal year is as follows:

€ ´000

	30/06/2019		30/06/2018	
	Eligible loans	Non-eligible loans	Eligible loans	Non-eligible loans
Balance at beginning of fiscal year	**16 694 721**	**3 758 819**	**17 195 332**	**4 738 945**
Derecognitions for the period	**(899 481)**	**(186 714)**	**(807 013)**	**(519 282)**
Cancellations at maturity	(14 951)	(1 540)	(12 782)	(1 099)
Early repayments	(205 297)	(135 000)	(199 250)	(159 151)
Subrogated by other institutions	(930)	-	(1 508)	(300)
Other	(678 303)	(50 174)	(593 473)	(358 732)
New mortgages	**601 753**	**182 150**	**557 936**	**104 800**
Originated by the Bank	32 200	3 471	26 962	4 133
Subrogated by other institutions	-	540	52	70
Other	569 553	178 139	530 922	100 597
Balance at the end of the period	**16 396 993**	**3 754 255**	**16 946 255**	**4 324 463**

The available balance of the mortgage loans securing the issuance of MBS and mortgage bonds at 30th June 2019 and at 31st December 2018 is as follows:

	€ ´000	
	30/06/2019	**31/12/2018**
Potentially eligible	170 712	174 045
Non-eligible	265 984	204 793
	436 696	**378 838**

At 30th June 2019 and at 31st December 2018, the Group did not have replacement assets earmarked for mortgage bonds and MBS issues.

B) Liability transactions

The breakdown at 30th June 2019 and at 31st December 2018 of the aggregate nominal value of the outstanding mortgage covered bonds issued by the Group and of the mortgage shares and mortgage transfer certificates outstanding at that date, taking into account their residual maturity, is as follows:

	€ ´000	
	30/06/2019	**31/12/2018**
Outstanding mortgage bonds	**-**	**-**
Issued mortgage covered bonds	**4 286 927**	**4 486 927**
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	60 000	60 000
- 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	30 000	30 000
- Residual maturity of more than 3 years but less than 5 years	30 000	30 000
- Residual maturity of more than 5 years but less than 10 years	-	-
- Residual maturity of more than 10 years	-	-
Deposits	4 226 927	4 426 927
- Residual maturity up to 1 year	793 024	668 024
- Residual maturity of more than 1 year but less than 2 years	660 000	325 000
- Residual maturity of more than 2 years but less than 3 years	-	660 000
- Residual maturity of more than 3 years but less than 5 years	451 852	451 852
- Residual maturity of more than 5 years but less than 10 years	1 242 051	1 242 051
- Residual maturity of more than 10 years	1 080 000	1 080 000
Mortgage participations issued	**-**	**-**
Issued through public offering	-	-
Other issues	-	-
Mortgage transfer certificates issued	**-**	**-**
Issued through public offering	-	-
Other issues		
	4 286 927	**4 486 927**

32. Information transparency in relation to financing for construction, real estate development, housing acquisition and assets acquired from foreclosures

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 financing needs in the markets should be included, as well as the short, medium and long-term strategies (but the Bank of Spain may still subsequently send details of the minimum information requirements on financing and liquidity needs).

b) Quantitative information

At 30th June 2019 and at 31st December 2018, the breakdown of the financing for construction and real estate development and their hedges (a) was as follows:

€ ´000

	30/06/2019				31/12/2018			
	Gross book value (b)	Excess over collateral value (c)	Accumulated impairment (d)	Net value	Gross book value (b)	Excess over collateral value (c)	Accumulated impairment (d)	Net value
Financing for construction and real estate development (including land) (business in Spain)	**843 608**	**281 927**	**(106 384)**	**737 224**	**829 387**	**273 443**	**(118 673)**	**710 714**
Of which: Non-performing	126 953	68 337	(93 398)	33 555	152 126	82 775	(105 479)	46 647
Memorandum item:								
Write-offs (e)	266 855				260 614			

Memorandum item: Consolidated Group information	Book Value	
	30/06/2019	31/12/2018
Loans to customers, excluding Public administrations (business in Spain) (book value) (f)	25 797 637	25 166 469
Total consolidated assets (total business) (book value) (g)	55 921 504	57 504 179
Impairment and provisions of performing exposure (total business) (h)	154 282	156 209

(a) Funding in this statement will be classified by purpose, and not by the debtor's CNAE (National Classification of Economic Activities). This means, for example, that 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, it will be included in this statement.

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

(c) Amount calculated as per implementation of standard 64.16.k) of the Bank of Spain's 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) derecognised from assets because it 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 normal risks, as per Appendix 9 to Circular 4/2017, corresponding to their entire activity (total business).

The breakdown of the item for financing for construction and real estate development in transactions recorded by credit institutions (businesses in Spain), at 30th June 2019 and at 31st December 2018, is as follows:

		€ ´000
	Gross book value (d)	
	30/06/2019	**31/12/2018**
Without real estate collateral (*)	299 397	282 052
With mortgage (classified by type of pledged collateral) (a)	544 211	547 335
Buildings and other finished constructions	238 385	290 682
Residential	187 548	237 133
Other	50 837	53 549
Buildings and other structures under construction (b)	135 679	78 760
Residential	134 410	75 195
Other	1 269	3 565
Land	170 147	177 893
Permitted and ready for development	120 587	129 447
Other land	49 560	48 446
Total (c)	**843 608**	**829 387**

(*) At 30th June 2019, the book value of "Without full real estate collateral" financing included EUR 88,229 thousand for transactions with real estate collateral whose exposure was not fully hedged (78,853 thousand at 31st December 2018). Additionally, it included secured transactions with Government agencies for EUR 161,351 thousand (EUR 168,387 thousand at 31st December 2018).

(a) Amount before deduction, where applicable, of 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 pledged collateral and financing awarded for construction and real estate development financing, in transactions registered by credit institutions (business in Spain) for the six-month period to 30th June 2019 and at 31st December 2018:

		€ ´000
Guarantees received	**30/06/2019**	**31/12/2018**
Value of collateral	714 477	704 041
Guaranteeing non-performing risks	*172 529*	*107 289*
Value of other guarantees	-	-
Guaranteeing non-performing risks	-	-
Total value of guarantees received	**714 477**	**704 041**

Financial guarantees given	30/06/2019	31/12/2018
		€ ´000
Financial guarantees given vis-à-vis construction and real estate development	308113	364 530
Amount recorded in liabilities of the balance sheet	*7 800*	*8 237*

At 30th June 2019 and at 31st December 2018, the breakdown of loans to households for house purchase (a) in transactions recorded by credit institutions (business in Spain) is as follows:

	30/06/2019		31/12/2018	€ ´000
	Gross amount (b)	of which: Stage 3	Gross amount (b)	of which: NPL
Lending for house purchase	15 895 627	839 140	16 068 933	900 997
Without mortgage	196 777	1 954	204 333	2 050
With mortgage (c)	15 698 850	837 186	15 864 600	898 947

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

(b) Amount before deduction, where applicable, of the accumulated 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 (businesses in Spain) at 30th June 2019 and at 31st December 2018 is as follows:

30/06/2019	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)	3 995 894	5 756 251	4 903 321	474 928	568 456	15 698 850
Of which: Stage 3 (b)	70 682	141 082	217 903	114 839	292 680	837 186

31/12/2018	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)	3 983 910	5 921 181	5 036 830	425 806	496 873	15 864 600
Of which: Stage 3 (b)	78 815	170 188	258 442	107 102	284 399	898 946

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

(b) Amount before deduction, where applicable, of the accumulated impairment. The amounts in the "Total" column for "Gross Amount" and "Of which: NPLs" ledger entries in this statement coincide with the amounts shown in the ledger entry "With mortgage collateral" in statement S.7.3

The breakdown of the assets allocated to the entities in the consolidated Group (business in Spain) (a) at 30th June 2019 and at 31st December 2018, is as follows:

€ ´000

	30/06/2019			31/12/2018		
	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	**1 603 504**	**(985 946)**	**617 558**	**1 661 437**	**(1 034 078)**	**627 359**
Real estate assets from loans to construction and real estate development companies	822 201	572082	250 119	911 218	(634 276)	276 942
Buildings and other finished constructions	141 882	(79 049)	62 833	138 492	(75 704)	62 788
Residential	103 731	(54 887)	48 844	93 799	(48 081)	45 718
Other	38 151	(24 162)	13 989	44 693	(27 623)	17 070
Buildings and other structures under construction	88 593	(50 700)	37 893	128 756	(74 805)	53 951
Residential	87 194	(49 889)	37 305	127 012	(73 832)	53 180
Other	1 399	(811)	588	1 744	(973)	771
Land	591 726	(442 333)	149 393	643 970	(483 767)	160 203
Permitted and ready for development	350 241	(245 794)	104 447	402 301	(287 473)	114 828
Other land	241 485	(196 539)	44 946	241 669	(196 294)	45 375
Real estate assets from retail mortgages	526 167	(253 378)	272 789	493 786	(240 167)	253 619
Rest of foreclosed real estate assets or received in lieu of payment (d)	255 136	(160 486)	94 650	256 433	(159 635)	96 798
Foreclosed equity instruments or received in lieu of payment	-	-	-	-	-	-
Investment in real estate companies	-	-	-	-	-	-
Equity instruments of companies holding foreclosed real estate assets or received in lieu of payment (e)	-	-	-	-	-	-
Financing of companies holding foreclosed real estate assets or received in lieu of payment (e)		-	-	-	-	-
	1 603 504	**(985 946)**	**617 558**	**1 661 437**	**(1 034 078)**	**627 359**

(a) Foreclosed assets or those received in lieu of debt from financing granted in the course of doing business in Spain, as well as equity investments and financing to entities holding these assets, are included, independently of how the title was acquired, and of the balance sheet item under which they are booked, except those classified as fixed tangible assets for own use.

(b) Amount for which the assets were booked on the balance sheet, as stipulated in point 164, appendix 9 of Circular 4/2017, dated 27th November, before deductions for 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 mortgage financing to households to buy housing are included.

(e) All stakes in the capital and financing of entities holding foreclosed real estate assets or received in lieu 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 condensed balance sheets at 30th June 2019 and at 31st December 2018, and in the consolidated condensed income statements for the periods ending on those dates, arising from transactions with related parties:

					€ ´000
					30/06/2019
Income, expenses and other transactions	**Significant shareholder**	**Directors and senior management**	**People, companies or group entities**	**Other Related parties**	**Total**
Financial expense	-	(8)	(149)	(14)	(171)
Management or collaboration contracts	-	-	(1 923)	-	(1 923)
R&D transfers and licensing agreements	-	-	-	-	-
Leases	-	-	-	-	-
Reception of services	-	-	-	-	-
Asset purchases (completed or work in progress)	-	-	-	-	-
Valuation allowance for bad debts	-	-	-	-	-
Loss on assets' disposal	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	**-**	**(8)**	**(2 072)**	**(14)**	**(2 094)**
Financial income	-	4	2 219	72	2 295
Management or collaboration contracts	204	-	-	-	204
R&D transfers and licensing agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leases	-	-	-	-	-
Provision of services	-	-	-	-	-
Sale of assets (completed or work in progress)	-	-	-	-	-
Profit on assets' disposal	-	-	19 430	-	19 430
Other income	-	-	-	-	-
Total revenues	**204**	**4**	**21649**	**72**	**21 929**
Purchase of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (lender)	-	1 753	165 881	81 351	248 985
Financial lease contracts (lessor)	-	-	-	-	-
Repayment or cancellation of credits and lease contracts (lessor)	-	-	-	-	-
Sale of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (borrower)	46 861	7 919	334 805	5 602	395 187
Financial lease contracts (lessee)	-	-	-	-	-
Repayment or cancellation of credits and lease contracts (lessee)	-	-	-	-	-
Guarantees and collaterals given	-	217	112 600	20 749	133 566
Guarantees and collaterals received	-	-	-	-	-
Commitments	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other distributed income	30 357	-	-	-	30 357
Other operations	-	-	-	-	-
Total other transactions	**77 218**	**9 889**	**613 286**	**107 702**	**808 095**

Income, expenses and other transactions	Significant shareholder	Directors and senior management	People, companies or group entities	Other Related parties	Total
					€ ´000
					31/12/2018
Financial expense	-	(31)	(475)	(18)	(524)
Management or collaboration contracts	-	-	(5 477)	-	(5 477)
R&D transfers and licensing agreements	-	-	-	-	-
Leases	-	-	-	-	-
Reception of services	-	-	-	-	-
Asset purchases (completed or work in progress)	-	-	-	-	-
Valuation allowance for bad debts	-	-	-	-	-
Loss on assets' disposal	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenses	**-**	**(31)**	**(5 952)**	**(18)**	**(6 001)**
Financial income	-	19	2 817	138	2 974
Management or collaboration contracts	479	-	10	-	489
R&D transfers and licensing agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leases	-	-	-	-	-
Provision of services	-	-	-	-	-
Sale of assets (completed or work in progress)	-	-	-	-	-
Profit on assets' disposal	-	-	-	-	-
Other income	-	-	-	-	-
Total revenues	**479**	**19**	**2 827**	**138**	**3 463**
Purchase of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (lender)	59	2 066	162 713	78 444	243 282
Financial lease contracts (lessor)	-	-	-	-	-
Repayment or cancellation of credits and lease contracts (lessor)	-	-	-	-	-
Sale of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (borrower)	51 156	7 844	232 722	57 104	348 826
Financial lease contracts (lessee)	-	-	-	-	-
Repayment or cancellation of credits and lease contracts (lessee)	-	-	-	-	-
Guarantees and collaterals given	-	244	119 803	16 999	137 046
Guarantees and collaterals received	-	-	-	-	-
Commitments	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other distributed income	17 192	-	-	-	17 192
Other operations	-	-	-	-	-
Total other transactions	**68 407**	**10 154**	**515 238**	**152 547**	**746 346**

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 at amortised cost at 30th June 2019 and at 31st December 2018 was carried out by the Bank as follows:

- For financial assets and liabilities at 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 fixed interest rate financial assets and liabilities, the fair value for each of the periods has been obtained by restating flows, using the discount rate as the risk-free interest 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 2019 and at 31st December 2018.

- 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 amounts for which such assets may be exchanged between interested parties may differ from their net book value.

34.2 Instruments at amortised cost trading on markets

The fair value estimate at 30th June 2019 and at 31st December 2018 of financial assets and liabilities that are stated at amortised cost but which trade on the market does not differ significantly from the instruments' book value.

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

The detail at 30th June 2019 and at 31st December 2018 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

		30/06/2019		31/12/2018	
Balance sheet heading	**Instrument**	**Book value**	**Fair Value**	**Book value**	**Fair Value**
Financial assets carried at amortised cost	Debt securities	16 081 419	16 680 019	14 763 449	14 774 219
Financial liabilities carried at amortized cost	Marketable debt securities	60 004	60 004	59 958	59 958

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

Below is a breakdown of the fair values of the consolidated condensed balance sheet headings at 30th June 2019 and at 31st December 2018 broken down 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 measuring techniques in which all significant inputs used are based on information that is 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 information.

					€ ´000
					30/06/2019
	Net				**Fair Value**
	book value	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets					
Financial assets held for trading	34 216	34 216	23 266	10 950	-
Derivatives	12 086	12 086	1 136	10 950	-
Equity instruments	22 130	22 130	22 130	-	-
Debt securities	-	-		-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	85 140	85 140	46 315	33 337	5 488
Debt securities	85 140	85 140	46 315	33 337	5 488
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Loans and advances	-	-	-	-	-
Financial assets designated at fair value through other comprehensive income	2 859 622	2 771 828	2 708 384	63 444	-
Equity instruments	577 158	489 364	425 920	63 444	-
Debt securities	2 282 464	2 282 464	2 282 464	-	-
Derivatives - Hedge accounting	519 474	519 474	-	519 474	-
Liabilities					
Financial liabilities held for trading	27 131	27 131	1 161	25 970	-
Derivatives	27 131	27 131	1 161	25 970	-
Derivatives - Hedge accounting	413 230	413 230	-	413 230	-

	€ ´000				
	31/12/2018				
	Net	Fair Value			
	book value	Total	Level 1	Level 2	Level 3
Assets					
Financial assets held for trading	44 349	44 349	33 055	11 294	-
Derivatives	11 294	11 294	-	11 294	-
Equity instruments	20 616	20 616	20 616	-	-
Debt securities	12 439	12 439	12 439	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	85 371	85 371	72 717	4 546	8 108
Debt securities	85 371	85 371	72 717	4 546	8 108
Financial assets designated at fair value through profit or loss	2 050	2 050	-	2 050	-
Loans and advances	2 050	2 050	-	2 050	-
Financial assets designated at fair value through other comprehensive income	3 425 138	3 330 794	3 267 247	63 547	-
Equity instruments	547 252	452 908	389 361	63 547	-
Debt securities	2 877 886	2 877 886	2 877 886	-	-
Derivatives - Hedge accounting	411 394	411 394	-	411 394	-
Liabilities					
Financial liabilities held for trading	17 978	17 978	2 611	15 367	-
Derivatives	17 978	17 978	2 611	15 367	-
Derivatives - Hedge accounting	143 299	143 299	-	143 299	-

34.4 Valuation methods used

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 on the basis of the quotation on official markets (Bank of Spain's Book Entry 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.

- NAV (Adjusted Net Asset Value): Is the result of adding capital gains to shareholder's 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 management 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-options financial instruments (mainly swaps), by discounting future flows using implied money market curves and the swap curve. In the case of interest rate options derivatives, 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 non-options currency derivatives, 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 measurement 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 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, tax efficiency was given to the revaluation reserves recorded in response to the entry into force of the Bank of Spain's 4/2004 Circular; this applied to 516 properties for own use, with an associated revaluation of EUR 54,850 thousand, already registered as equity.

At 30th June 2019 and at 31st December 2018, 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 2019 has not changed significantly since the close of 2018 (see Note 25 of Unicaja Banco's consolidated annual statements and its subsidiaries at 31st December 2018).

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 2019 had not changed significantly since the end of 2018 (see Note 27 in the report accompanying Unicaja Banco's consolidated annual statements and those of its subsidiaries at 31st December 2018).

Credit risk represents the Group's losses if a customer or a counterparty defaults on their contractual obligations to pay. This risk is inherent to the financial system in institutions' traditional banking products (loans, credits, financial collateral provided, 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.

The parent company's policies, methods and procedures to control credit risk are approved by the parent company's Board of Directors. The functions of Unicaja Banco's Audit Committee, its Internal Audit Department and its Corporate Global Risk Control Division include the task of ensuring that these policies, methods and procedures are properly complied with, ensuring that they are fit for purpose, and reviewed on a regular basis.

The credit risk control activities of the parent Company are performed by the Corporate 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 for controlling credit risk approved by the Bank's Board of Directors. 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 stress tests to estimate the effects of possible variations in the NPL 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 features of the transactions, taking into account, among other factors, the counterparties involved in the transactions and each transaction's guarantees.

The creditworthiness of the loan and receivables portfolio at 30th June 2019 and at 31st December 2018 is shown below:

				€ ´000
				30/06/2019
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**26 276 780**	**1 437 825**	**1 730 901**	**29 445 506**
Asset impairment adjustments	51 227	103 055	747 993	902 275
Of which: individual	-	23 121	159 402	182 523
Of which: collective	51 227	79 934	588 591	719 752
Net amount	**26 225 553**	**1 334 770**	**982 908**	**28 543 231**

				€ ´000
				31/12/2018
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**25 287 881**	**1 489 621**	**1 925 587**	**28 703 089**
Asset impairment adjustments	**50 329**	**105 880**	**863 925**	**1 020 134**
Of which: individual	202	23 194	198 942	222 338
Of which: collective	50 127	82 686	664 983	797 796
Net amount	**25 237 552**	**1 383 741**	**1 061 662**	**27 682 955**

Collateral sums received and given at 30th June 2019 and at 31st December 2018 are outlined below:

		€ ´000
Guarantees received	**30/06/2019**	**31/12/2018**
Value of collateral	18 305 935	18 509 135
Of which: guaranteeing NPL risks	*1 127 553*	*1 216 971*
Value of other guarantees	2 075 962	2 043 497
Of which: guaranteeing NPL risks	*113 132*	*110 513*
Total value of guarantees received	**20 381 897**	**20 552 632**

Financial guarantees given	30/06/2019	31/12/2018
		€ ´000
Loan commitments given	2 938 797	2 579 238
Of which amount classified as NPL	3 359	3 176
Amount recorded in liabilities of the balance sheet	2 850	2 270
Financial guarantees given	65 518	64 537
Of which amount classified as NPL	-	-
Amount recorded in liabilities of the balance sheet	7 135	8 107
Other commitments given	2 444 891	2 021 992
Of which amount classified as NPL	226 088	232 579
Amount recorded in liabilities of the balance sheet	121 510	119 014
Total value of financial guarantees given	**5 449 206**	**4 665 767**

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 2019 and 31st December 2018 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 2019	**Total (a)**	**Of which: Real estate secured (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	1 423 623	20 373	1 132 597	4 011	434	16 077		1 132 448
Non-financial corporations and individual entrepreneurs	6 816 366	2 196 233	124 834	997 924	707 489	309688	82 444	223 522
Real estate construction & development (b)	593 825	501 571	11 919	236 796	131 232	69 053	38 019	38 390
Civil works	113 059	732	137	755		40	30	44
Other purposes	6 109 482	1 693 930	112 778	760 373	576 257	240 595	44 395	185 088
Large corporations (c)	2 401 554	73 222	34 300	39 514	12 436	27 543	520	27 509
SMEs and individual entrepreneurs (c)	3 707 928	1 620 708	78 478	720 859	563 821	213 052	43 875	157 579
Rest of households and NPISHs	18 760 245	16 871 224	33 985	4 731 137	6 101 013	5 070 021	498 282	504 756
Housing	16 139 863	15 925 009	6 307	4 247 901	5 861 684	4 935 194	458 450	428 087
Consumer loans	404 237	17 559	2 022	13 312	4 152	1 471	218	428
Other purposes	2 216 145	928 656	25 656	469 924	235 177	133 356	39 614	76 241
Total	**27 000 234**	**19 087 830**	**1 291 416**	**5 733 072**	**6 808 936**	**5 395 786**	**580 726**	**1 860 726**
Memorandum item: Refinancing, refinanced and restructured transactions	**994 428**	**801 387**	**20 886**	**201 539**	**173 054**	**198559**	**96 076**	**153 045**

31st December 2018	Total (a)	Of which: Real estate secured (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	1 288 645	21 334	1 164 427	4 580	524	10 911	5 538	1 164 208
Non-financial corporations and individual entrepreneurs	6 411 744	2 219 309	153 778	1 021 131	700 395	319 534	77 676	254 351
Real estate construction & development (b)	557 840	511 524	10 882	219 722	149 923	68 987	32 757	51 017
Civil works	123 383	788	204	791	102			99
Other purposes	5 730 521	1 706 997	142 692	800 618	550 370	250 547	44 919	203 235
Large corporations (c)	2 216 258	116 878	37 265	37 874	27 039	11 130	455	77 645
SMEs and individual entrepreneurs (c)	3 514 263	1 590 119	105 427	762 744	523 331	239 417	44 464	125 590
Rest of households and NPISHs	18 590 081	17 277 723	40 960	4 762 026	6 440 133	5 207 688	447 376	461 460
Housing	16 296 015	16 259 276	5 364	4 243 403	6 180 954	5 052 081	407 738	380 464
Consumer loans	442 447	42 157	4 247	28 474	10 797	3 767	1 177	2 189
Other purposes	1 851 619	976 290	31 349	490 149	248 382	151 840	38 461	78 807
Total	**26 290 470**	**19 518 366**	**1 359 165**	**5 787 737**	**7 141 052**	**5 538 133**	**530 590**	**1 880 019**
Memorandum item: Refinancing, refinanced and restructured transactions	**1 137 318**	**1 002 137**	**21 601**	**279 877**	**291 058**	**136 668**	**115 782**	**200 353**

(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 real estate construction and 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 aggregate information to 30th June 2019 and 31st December 2018 on Unicaja Banco Group's risk concentration, broken down by geography and segment of activity, excluding exposures held with public administrations.

30th June 2019	Total (a)	Spain	Rest of European Union	America	RoW
					€ ´000
Credit institutions	4 335 225	3 556 372	606 549	156 070	16 234
Other financial institutions	5 500 891	4 944 089	544 311	2 092	10 399
Non-financial corporations and individual entrepreneurs	9 413 783	8 769 118	582 957	35 858	25 850
Real estate construction & development (b)	749 657	748 065	1 568		24
Civil works	204 689	204 689			
Other purposes	8 459 437	7 816 364	581 389	35 858	25 826
Large corporations (c)	4 329 834	3 692 969	577 000	35 052	24 813
SMEs and individual entrepreneurs (c)	4 129 603	4 123 395	4 389	806	1 013
Rest of households and NPISHs	18 891 511	18 735 009	121 926	12 491	22 085
Housing	16 139 864	16 002 033	104 067	12 376	21 388
Consumer loans	404 257	403 836	221	30	170
Other purposes	2 347 390	2 329 140	17 638	85	527
	38 141 410	**36 004 588**	**1 855 743**	**206 511**	**74 568**

31st December 2018	Total (a)	Spain	Rest of European Union	America	RoW
					€ ´000
Credit institutions	6 687 967	5 454 390	1 232 466	661	450
Other financial institutions	5 041 713	4 829 824	205 141	1 429	5 319
Non-financial corporations and individual entrepreneurs	7 856 118	7 434 800	297 493	121 237	2 588
Real estate construction & development (b)	673 086	671 456	1 600	-	30
Civil works	216 949	216 949	-	-	-
Other purposes	6 966 083	6 546 395	295 893	121 237	2 558
Large corporations (c)	3 059 426	2 646 342	290 995	120 361	1 728
SMEs and individual entrepreneurs (c)	3 906 657	3 900 053	4 898	876	830
Rest of households and NPISHs	18 617 878	18 500 365	84 089	12 627	20 797
Housing	16 296 015	16 197 591	65 993	12 408	20 023
Consumer loans	444 574	444 143	190	32	209
Other purposes	1 877 289	1 858 631	17 906	187	565
	38 203 676	**36 219 379**	**1 819 189**	**135 954**	**29 154**

(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 real estate construction and 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 under Commission Recommendation 2003/361/EC of 6 May 2003, on the definition of a micro-enterprise and SMEs. 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 2019 and 31st December 2018 of Unicaja Banco Group’s loan risks by autonomous community and by activity segment, excluding exposures held with public administrations.

30th June 2019	Total (a)	Andalusia	Madrid	Castile (*)	East (*)	Rest of autonomous communities
						€ ´000
Credit institutions	3 556 372	-	3 556 306	-	66	-
Other financial institutions	4 944 089	360 654	4 568 252	14 850	198	135
Non-financial corporations and individual entrepreneurs	8 769 118	4 559 460	2 108 647	1 351 066	369 124	380 821
Real estate construction & development (b)	748 065	559 024	100 060	57 472	1 715	29 794
Civil works	204 689	109 244	67 113	17 798	1 517	9 017
Other purposes	7 816 364	3 891 192	1 941 474	1 275 796	365 892	342 010
Large corporations (c)	3 692 969	1 520 311	1 635 785	162 869	310 983	63 021
SMEs and individual entrepreneurs (c)	4 123 395	2 370 881	305689	1 112 927	54 909	278 989
Rest of households and NPISHs	18 735 009	10 153 065	2 018 911	4 572 517	362 683	1 627 833
Housing	16 002 033	8 330 816	1 865 761	3 987 839	337 989	1 479 628
Consumer loans	403 836	280 173	12 723	89 899	1 641	19 400
Other purposes	2 329 140	1 542 076	140 427	494 779	23 053	128 805
	36 004 588	**15 073 179**	**12 252 116**	**5 938 433**	**732 071**	**2 008 789**

31st December 2018	Total (a)	Andalusia	Madrid	Castile (*)	East (*)	€ ´000 Rest of autonomous communities
Credit institutions	5 454 390	-	5 454 227	22	67	74
Other financial institutions	4 829 824	726 961	4 090 598	11 943	232	90
Non-financial corporations and individual entrepreneurs	7 434 800	3 885 672	1 536 380	1 342 000	323 020	347 728
Real estate construction & development (b)	671 456	516 039	69 249	57 490	1 906	26 772
Civil works	216 949	100 191	86 914	19 190	1 492	9 162
Other purposes	6 546 395	3 269 442	1 380 217	1 265 320	319 622	311 794
Large corporations (c)	2 646 342	1 101 294	1 063 212	159 059	269 446	53 331
SMEs and individual entrepreneurs (c)	3 900 053	2 168 148	317 005	1 106 261	50 176	258 463
Rest of households and NPISHs	18 500 365	9 721 651	2 029 122	4 692 379	377 548	1 679 665
Housing	16 197 591	8 346 634	1 874 899	4 100 824	351 483	1 523 751
Consumer loans	444 143	291 925	16 305	109 365	2 132	24 416
Other purposes	1 858 631	1 083 092	137 918	482 190	23 933	131 498
	36 219 379	**14 334 284**	**13 110 327**	**6 046 344**	**700 867**	**2 027 557**

(*) 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 real estate construction and 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 under Commission Recommendation 2003/361/EC of 6 May 2003, on the definition of a micro-enterprise and SMEs. 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 2019 has not changed significantly since the end of 2018 (see Note 28 in the annual report accompanying the consolidated annual statements of Unicaja Banco and its subsidiaries at 31st December 2018) and continues its progressively more favourable positioning against possible interest rate rises in the medium term.

The duty of interest rate risk control is carried out in an integrated manner by the Assets and Liabilities and Budget Committee (ALBCO). 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 stress 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 2019 has not changed significantly since the end of 2018 (see Note 29 in the report accompanying the consolidated annual statements of Unicaja Banco and its subsidiaries at 31st December 2018).

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.

The Group's policies, methods and procedures to control market risk are approved by the parent company’s Board of Directors. The functions of the parent company’s Corporate Global Risk Control Division, conducted through the “Stress test” and “Model validation” Areas, include ensuring proper compliance with the group's policies, methods and risk control procedures, ensuring that these are effectively implemented and reviewed on a regular basis.

The unit responsible for monitoring and controlling financial risks is the “Stress test” and “Model validation” Areas, which is responsible for ensuring that risks 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 limits. 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

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 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.

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.

APPENDIX I
GROUP INSTITUTIONS AT 30th JUNE 2019

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	100.00%	0.00%	100.00%
Alteria Corporación Unicaja, S.L.U.	C/ Bolsa, nº 4, 5ª planta, Málaga	Investment in assets, transferable securities and financial companies	100.00%	0.00%	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 Europeo de Finanzas, S.A.U.	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	100.00%	0.00%	100.00%
Finanduero Sociedad de Valores, S.A.U.	C/ Titán 8 - 2º 28045 - Madrid	Securities firm	100.00%	0.00%	100.00%
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, nº 6, Edif. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
La Algara Sociedad de Gestión, S.L.U.	C/ Mauricio Moro Pareto, nº 6, Edif. Eurocom, Málaga	Vacation property management	0.00%	100.00%	100.00%
Parque Industrial Humilladero, S.L.	C/ Miguel Hernández nº 1, Málaga	Industrial land development	0.00%	89.77%	89.77%
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.U.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
Propco Eos, S.L.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
Propco Epsilon, S.L.	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Property development	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	Real estate holding companies	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%
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	C/ Bolsa nº 4, 1ª planta, Málaga	Wealth management	0.00%	100.00%	100.00%
Unigest, S.G.I.I.C., S.A.U.	C/ Bolsa nº 4, 5ª planta, Málaga	Collective investment institutions management company	0.00%	100.00%	100.00%
Unimediación Operador de Banca Seguros, 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.U.	C/ Titán nº 8, Madrid	Life insurance	100.00%	0.00%	100.00%
Uniwindet, S.L.U.	C/ Bolsa nº 4, 5ª planta, Málaga	Renewable energies	0.00%	100.00%	100.00%
Viajes Caja España, S.A.	Av. Madrid 120, León	Travel agency	50.00%	0.00%	50.00%
Viproelco, S.A.U.	Av. Madrid 120, León	Property development	100.00%	0.00%	100.00%

APPENDIX II
JOINT VENTURES AL 30 DE JUNIO DE 2019

€ ´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 revenues	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	45.27%	0.00%	45.27%	(18)	-	190	-	4	-	(18)
Cerro del Baile, S.A. (3) (6)	Av. Bruselas, 15 - 4º, Arroyo de la Vega (Alcobendas)	Property development	80.00%	0.00%	80.00%	-	-	23 590	179	47 091	-	-
Dolun Viviendas Sociales, S.L. (6)	C/ Muñoz Olivé 1, portal 1-1ºC Sevilla	Property development	0.00%	40.00%	40.00%	-	-	-	-	-	-	-
Espacio Medina, S.L. (2)	Pº de la Castellana (Torre Espacio) 259, Madrid	Property development	0.00%	30.00%	30.00%	(616)	3 116	138 022	9 217	90 664	211	(827)
Lares Val de Ebro, S.L. (5) (6)	Avda. Talgo 155 Madrid	Property development	33.33%	0.00%	33.33%	(292)	-	19 277	2	21 381	-	(292)
Madrigal Participaciones, S.A. (1) (6)	C/ Santiago 7, 1º E, Valladolid	Investment in assets, transferable securities and financial companies	75.68%	0.00%	75.68%	(111)	3 467	15 098	-	209	33	(144)
Muelle Uno - Puerto de Málaga, S.A. (2)	Avda. de Andalucía 21, Entreplanta, Málaga	Property development	0.00%	39.74%	39.74%	381	45 919	3 753	21 988	3 212	3 977	(3 597)
Rochduero, S.L. (4) (6)	C/ Armas 10 - A , Jerez de la Frontera (Cádiz)	Property development	54.09%	0.00%	54.09%	(359)	-	35 758	420	36 535	25	(385)
Sociedad de Gestión San Carlos, S.A. (1)	Avda. San Juan Bosco, 46. San Fernando - Cádiz	Property development	0.00%	60.18%	60.18%	(167)	-	14 365	90	8 141	-	(167)

(1) Financial data at 30 June 2019.
(2) Financial data at 31st May 2019.
(3) Financial data at 31st March 2019.
(4) Financial data at 31st August 2016.
(5) Financial data at 30 June 2016.
(6) 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 2019, 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
ASSOCIATE COMPANIES AT 30th JUNE 2019

€ ´000

Company name	Registered domicile	Activity	% Share owned by Group			Financial statements at date of analysis				
			% Share		Total	Total assets at EOP	Equity	Liabilities	Profit for the year	Operating income
			Direct	Indirect						
Ahorro Andaluz, S.A. (1)	Avenida Andalucía, 10-12; Málaga	Securities holding firm	50.00%	0.00%	50.00%	8 850	8 279	570	(6)	(5)
Ala Ingeniería y Obras, S.L. (9)	Crta. De la Estación, naves 7 y 8 - Meco (Madrid)	Fabrication of metal structures	0.00%	26.49%	26.49%	8 889	(5 005)	13 894	(1 178)	(1 275)
Alestis Aerospace, S.L. (2)	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%	390 845	(26 587)	417 432	1 709	6 166
Andalucía Económica, S.A. (6)	C/ Diego de Riano nº 11, Piso 2º, Sevilla	Publishing, graphic design & TV	23.80%	0.00%	23.80%	721	550	171	(7)	(7)
Autopista del Sol Concesionaria Española, S.A. (1)	Plaza Manuel Gómez-Moreno (Edf. Alfredo Mahou), nº 2, Madrid	Tollroads	20.00%	0.00%	20.00%	678 373	2 836	675 537	3 769	17 381
B.I.C. Euronova, S.A. (1)	Avenida Juan López Peñalver, 21 (Parque Tecnológico Andalucía), Campanillas-Málaga	Investment and promotion services	20.00%	0.00%	20.00%	1 508	983	525	94	90
Camping El Brao, S.A. (8) (9)	C/ Uría, 56, 2 C, Oviedo (Asturias)	Property development	25.00%	0.00%	25.00%	5	(10)	15	(4)	(4)
Creación de Suelo e Infraestructuras, S.L. (5) (9)	C/ Ibiza, 35 -5ºA. Madrid	Property development	0.00%	24.98%	24.98%	53	(12 455)	12 508	-	-
Cuatro Estaciones INM Siglo XXI, S.L. (9)	Plaza del Mío Cid 6 - 3º, Burgos	Property development	20.00%	0.00%	20.00%	1 787	(632)	2 419	(10)	(10)
Desarrollo Urbanísticos Cerro de Medianoche, S.L. (1)	Plaza Jaén por la Paz, nº 2, Jaén	Property development	0.00%	24.72%	24.72%	3 586	3 574	11	(9)	(9)
Gestión e Investigación de Activos, S.A. (4)	Paseo General Martínez Campos 46, 2ª Planta, Madrid	Real Estate	31.71%	18.29%	50.00%	483	478	5	(10)	(10)
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (1)	C/ Alisios. Edf Ocaso, nº 1, Sevilla	Integrated water cycle	20.00%	0.00%	20.00%	258 898	101 197	157 701	7 914	7 606
Ingeniería de Suelos y Explotación de Recursos, S.A. (3)	Paseo del Coso S/N. Minas de Riotinto-Huelva	Mining	30.00%	0.00%	30.00%	95 470	33 480	61 990	2 676	2 387
Ingeniería e Integración Avanzadas, S.A. (2)	C/ Severo Ochoa, 43 (Parque Tecnológico de Andalucía). Campanillas-Málaga	New technologies	40.00%	0.00%	40.00%	13 560	6 171	7 388	154	205
Inversiones Alaris, S.L. (1) (9)	Av. Carlos III El Noble 8, Pamplona/ Iruña (Navarra)	Holding company	33.33%	0.00%	33.33%	16 022	7 105	8 918	(177)	(177)
La Reserva de Selwo Golf, S.L. (4) (9)	Pasaje Linaje 3, Planta 1, Piso 1 Málaga	Property development	0.00%	35.00%	35.00%	274	(3 772)	4 047	68	68
Malagaport, S.L. (1)	Edif. Instituto de Estudios Portuarios, Puerto de Málaga (Muelle de Cánovas), S/N. Málaga	Freight and warehousing services	26.77%	0.00%	26.77%	313	278	35	(40)	(40)
Mastercajas S.A. (2)	Calle Alcalá 27, Madrid	Financial and insurance activities	25.39%	0.00%	25.39%	3 989	3 264	725	30	37
Mejor Campo Abonos y Cereales, S.A. (8) (9)	Callejón de San Francisco 1, Bajo Medina del Campo (Valladolid)	Fertilizer and fodder sales	27.00%	0.00%	27.00%	3	(58)	61	-	-
Parque Científico-Tecnológico de Almería S.A. (1)	Avda. de la Innovación, nº 15, Edificio Pitágoras, Almería	Property development	0.00%	30.13%	30.13%	50 068	30 338	19 730	(430)	(216)
Patrimonio Inmobiliario Empresarial, S.A. (9)	C/ Santa Engracia, nº 69, Madrid	Property development	29.09%	0.00%	29.09%	26 857	(21 423)	48 280	(566)	-
Propco Malagueta, S.L. (1)	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Property development	0.00%	25.00%	25.00%	79 968	77 570	2 398	1 999	2 665
Propco Orange 1, S.L. (1)	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Property development	0.00%	49.00%	49.00%	17 182	13 406	3 775	(60)	(65)

APPENDIX III
ASSOCIATE COMPANIES AT 30th JUNE 2019

€ ´000

Company name	Registered domicile	Activity	% Share owned by Group			Financial statements at date of analysis				
			% Share		Total	Total assets at EOP	Equity	Liabilities	Profit for the year	Operating income
			Direct	Indirect						
Proyecto Lima, S.L. [(1)]	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Property development	25.00%	0.00%	25.00%	54 384	53 448	937	1 185	1 579
Santa Justa Residencial [(1)]	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6. Málaga	Property development	0.00%	49.50%	49.50%	85 085	14 814	70 271	(108)	(45)
Sociedad Municipal de Aparcamientos y Servicios, S.A. [(1)]	Plaza Jesús "El Rico" 2-3, Málaga	Car park	24.50%	0.00%	24.50%	63 966	44 060	20 237	2 314	3 915
Uncro, S.L. [(4) (9)]	C/ Ibiza nº 35, 5ºC, Madrid	Property development	0.00%	25.00%	25.00%	871	(9 649)	10 520	(9)	(9)
Unema Promotores Inmobiliarios, S.A. [(7) (9)]	C/ Strachan, nº 1, planta 1, Málaga	Property development	0.00%	40.00%	40.00%	37	(1 669)	1 706	-	-
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. [(1)]	C/ Bolsa, nº 4, 3ª planta, Málaga	Insurance	45.29%	4.71%	50.00%	4 670 538	278 141	4 392 397	21 395	30 205

(1) Financial data at 30 June 2019.
(2) Financial data at 31st May 2019.
(3) Financial data at 30th April 2019.
(4) Financial data at 31st March 2019.
(5) Financial data at 31st December 2018.
(6) Financial data at 30st September 2018.
(7) Financial data at 30st September 2017.
(8) Financial data at 31st December 2016.
(9) 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 2019, 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).

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		YTD	
	June ´19	December ´18	€ 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		YoY	
	June ´19	June ´18	€ 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	%		YoY	
	June ´19	June ´18	€ 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/%		YTD	
	June ´19	December ´18	€ 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	June ´19	December ´18	€ million	%
	€ m/%		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	June ´19	December ´18	€ million	%
	€ m/%		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	June ´19	December ´18	Number	%
	Units		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

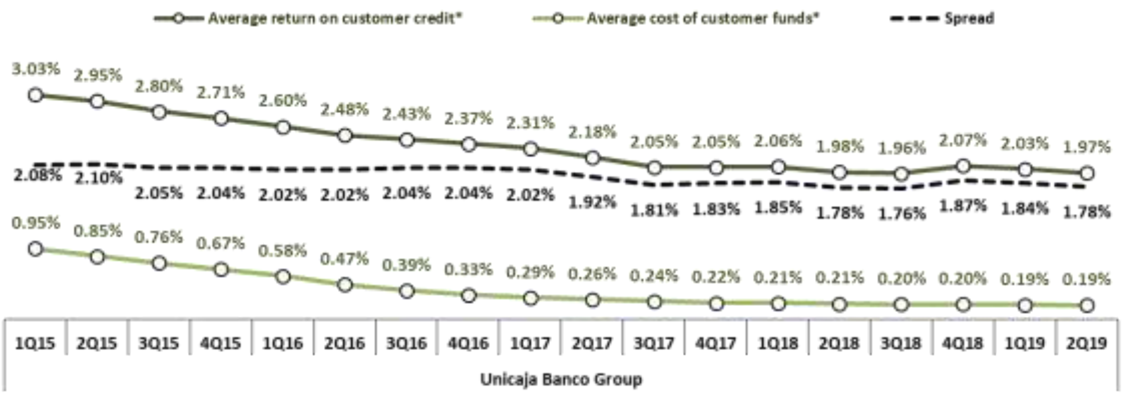
	jun-19	jun-18	Abs. Val.	% change
Net interest income	**292.8**	**302.9**	**-10.1**	**-3.3%**
Fees	113.6	108.0	5.6	5.2%
Dividends and other income from shareholdings	40.3	35.4	5.0	14.0%
Trading income	25.9	28.8	-2.9	-10.0%
Other operating income/expenses	21.9	16.7	5.2	31.0%
Gross income	**494.5**	**491.8**	**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**

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

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 28th July 2019 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 2019. This document contains the consolidated condensed balance sheet at 30th June 2019, 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, and the consolidated interim management report, for the six-month period ending on 30th June 2019, all of which are shown on the front side of official governmental die-stamped paper, numbered consecutively from [●] to [●], all inclusive, Series [●], 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 2019, 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 2019 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 2018 should be consulted.

Malaga, 30th July 2019

Signed by the Directors.